

West Japan Railway Company

Flash Report (Consolidated and Non-Consolidated Basis)

Results for the year ended March 31, 2004

Forward-Looking Statements

Statements made in this release with respect to JR-West's plans, objectives, strategies, beliefs, including any forecasts or projections, and other statements that are not historical facts are forward-looking statements about the future performance of JR-West that are based on management expectations, assumptions, estimates and beliefs in light of the information currently available to it. Such forward-looking statements are subject to various risks and uncertainties that could cause actual results to be different, possibly materially, from the results anticipated in the statements. Potential risks and uncertainties include, without limitation, the following:

- economic recession, deflation, declines in population or other factors that negatively affect our businesses;
- adverse changes in governmental regulations and guidelines;
- service improvements and decreases in price among competitors;
- declines in operating revenues or unexpected increases in costs;
- liability or adverse publicity associated with property or casualty losses; and
- earthquake and other natural disaster risks.

Information for which the date is not specified in this release is as of May 14, 2004. JR-West does not undertake to revise forward-looking statements to reflect future events or circumstances.

The contents of this document were, to be best of our knowledge, current and accurate as of May 14, 2004. However, the passage of time may have rendered the information in this document stale. We will not review this document after its posting on May 14, 2004 to determine whether it remains accurate, and information in this document may have been superseded by subsequent announcements. We disclaim any responsibility to update, revise or correct this document, whether as a result of new information, future events or otherwise.

FLASH REPORT (CONSOLIDATED BASIS)

Company name: West Japan Railway Company

Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya and Fukuoka Stock Exchanges

Code number: 9021

URL: <http://www.westjr.co.jp>

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Date for Convening the Board of Directors Meeting for the Settlement of Accounts: May 14, 2004

Adoption of U.S. GAAP : No

1. Results for fiscal 2004 (April 1, 2003 to March 31, 2004)

(1) Operating results

(Figures less than ¥1 million have been omitted)

	Operating revenues (% change from the previous year)		Operating income (% change from the previous year)		Recurring profit (% change from the previous year)	
	Millions of yen		Millions of yen		Millions of yen	
Fiscal 2004	1,215,735	(4.3)	126,930	(3.5)	85,863	(9.0)
Fiscal 2003	1,165,571	(-2.1)	122,636	(4.2)	78,739	(12.4)

	Net income (% change from the previous year)		Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total capital ratio	Recurring profit-to-operating revenues ratio
	Millions of yen		Yen	Yen	%	%	%
Fiscal 2004	47,016	(12.9)	23,423.19	-	10.2	3.5	7.1
Fiscal 2003	41,644	(-8.5)	20,740.12	-	9.8	3.2	6.8

Notes: 1. Gain/(loss) on investment in equity method affiliates:

Year ended March 31, 2004: ¥1,018 million

Year ended March 31, 2003: ¥468 million

2. Average number of shares outstanding during fiscal years:

Fiscal 2004: 1,999,115 shares

Fiscal 2003: 1,999,115 shares

3. There were no changes in accounting methods.

4. Percentages indicate year-on-year increase/decrease in operating revenues, operating income, recurring profit, and net income.

(2) Financial position

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2004	2,410,358	479,762	19.9	239,876.24
Fiscal 2003	2,432,713	440,556	18.1	220,284.84

Note: Number of shares outstanding at fiscal year-end:

Year ended March 31, 2004: 1,999,115 shares

Year ended March 31, 2003: 1,999,115 shares

(3) Cash flows

	Operating activities	Investing activities	Financing activities	Cash at end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2004	140,229	-91,691	-67,991	70,655
Fiscal 2003	130,222	-63,392	-71,543	89,310

(4) Number of subsidiaries and affiliates

Consolidated subsidiaries: 66

Unconsolidated subsidiaries accounted for by the equity method: 0

Affiliates accounted for by the equity method: 4

(5) Changes in the scope of consolidation

The number of consolidated companies added: 2

The number of consolidated companies removed: 0

The number of equity method affiliates added: 0

The number of equity method affiliates removed: 0

2. Forecasts for fiscal 2005 (April 1, 2004 to March 31, 2005)

	Operating revenues	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim 2005	597,800	47,100	26,900
Fiscal 2005	1,220,800	91,200	49,500

(Reference) Consolidated net income per share for the fiscal year is forecast to be ¥24,665.45

(1) BASIC MANAGEMENT POLICIES

1. Management Policy

The West Japan Railway Company Group companies (the JR-West Group) are principally engaged in railway operations. Complementary operations in sales of goods and food services and real estate are undertaken with the aim of providing services primarily to the JR-West Group's railway passengers and leveraging the commercial potential of station premises and surrounding properties.

In the execution of these various operations and in line with its basic management policy, West Japan Railway Company (JR-West) and its affiliated companies are working together to realize optimal use of their corporate resources and enhanced competitive strength in their markets. At the same time, they have steadily worked to reinforce their operating structures through focused and effective capital investments and by reconfiguring their administrative and operational systems for increased efficiency.

Amid today's difficult operating environment, JR-West will strive to increase corporate value and maximize the consolidated profit levels of the JR-West Group as a whole. Toward this goal, JR-West will accurately identify market trends while implementing all possible measures and enhance competitive strength in a strategic and timely manner by achieving optimal use of corporate resources.

2. Basic Policy Regarding the Distribution of Profits

JR-West's basic policy is to make stable dividend payments while securing adequate internal capital reserves to maintain a management foundation that is capable of supporting stable, long-term growth.

Regarding shareholders' dividends, in addition to the interim dividend of ¥2,500 per share paid earlier, JR-West intends to add an extra ¥1,500 to its regular year-end dividend of ¥2,500 per share, in commemoration of its complete privatization, for a total annual cash dividend of ¥6,500 per share.

3. Medium-Term Management Strategy

In November 2001, the JR-West Group established new medium-term management targets for fiscal 2002 to fiscal 2006. Under the collective title "The Second Stage of Railway Revitalization," these targets set the following basic policies:

1. Enhance the security and reliability we offer to our customers
2. Contribute to the advancement and development of society and the economy, with the railway as our core business
3. Increase corporate value and live up to the expectations of our shareholders
4. Strive for business operations that are friendly to the global environment

The following are JR-West's numerical targets for fiscal 2006:

1. Operating income ROA (Return on Assets): 5.4% (Consolidated)
2. Net income ROE (Return on Equity): 9.6% (Consolidated)
3. Operating income: ¥130.0 billion (Consolidated)
4. Net income: ¥50.0 billion (Consolidated)
5. Long-term debt and payables: ¥1,100.0 billion (Consolidated), ¥1,000.0 billion (Non-consolidated)
6. Number of employees at the start of the fiscal year: 32,000 (Non-consolidated)

4. Management Issues

Although Japan's economy is slowly recovering, the operating environment surrounding the JR-West Group is expected to remain challenging, owing to such factors as decline in the size of Japan's labor force due to a declining birth rate and an aging population and intensifying competition from rival transportation operations.

Against this background, the JR-West Group aims to raise its profitability by providing value-added products and services that take customer needs into account. In addition, JR-West intends to reinforce its operational structure by reconfiguring its administrative and operational systems and steadily implementing a variety of cost-cutting strategies, including the reduction of engineering expenses, and is making utmost efforts to meet the needs of its customers and shareholders for years to come.

JR-West will drive forward with ongoing initiatives to ensure safety and stability in its core railway operations. On the sales and marketing side, JR-West will continue to implement measures to reap maximum benefit from its October 2003 revision of the Sanyo Shinkansen timetable and pricing system. At the same time, JR-West will further expand its "Discover West" campaign, which it is currently running in the greater Tokyo area, generating ongoing demand for travel and tourism to western Japan. In its urban network, to increase the convenience of JR-West's "ICOCA" IC card system, which it launched in November 2003, JR-West will make preparations to begin the use of the card with other transportation companies. Meanwhile, it plans to add new rolling stock and augment its Special Rapid and Rapid networks. In addition, JR-West will take a variety of steps to provide customer-friendly railway services, including the reorganization of its currently individually run customer access points, consolidating their operations with the launch of a new JR-West Customer Center, which will primarily serve the Kyoto-Osaka-Kobe region.

Meanwhile, in its Sales of Goods and Food Services and Real Estate operations, JR-West will continue to work toward the Osaka Station renovation and the New North Building development, thereby bolstering station's competitiveness in line with its "NexStation Plan" to improve the quality of its stations. JR-West will also seek to optimize Group assets to enhance its operating base as it strives to maximize sales and profits.

Further, JR-West is utilizing its Shanghai Office, which it established in September 2003, to form partnerships with travel agencies in China, generating tourism demand there for the Kansai region and western Japan, as part of efforts to pursue the development of new areas of business that match user needs.

5. Corporate Governance Policy and Implementation of Initiatives

In the interest of ensuring efficiency in corporate management and legality in its operations, JR-West is working to augment its corporate governance activities through such measures as accelerating the decision-making process, improving supervision of management, and increasing transparency.

(1) Administrative organization for corporate decision-making, executive, and supervisory functions and other mechanisms of corporate governance

To reinforce the supervisory function of the Board of Directors and accelerate the decision-making process, JR-West has reduced the number of directors, introduced the corporate executive officer system, and delegated substantial authority to its executive officers.

In addition to such reforms, since its establishment, JR-West has welcomed individuals from outside the company who possess outstanding management prowess and considerable insight to serve as directors and auditors. At present, two of JR-West's nine directors are external directors and three of its four auditors are external auditors. By receiving valuable administrative advice and appropriate supervision from outside perspectives, JR-West ensures the transparency and fairness of operations.

The Board of Directors, as a rule, convenes monthly to review reports on the state of business execution in a timely and appropriate manner as well as deliberate crucial management issues and implement swift decision making. In addition, a managerial council composed of representative directors and executive officers deliberates on fundamental issues regarding business execution.

Based on the supervisory plans formulated by the board of auditors, JR-West's auditors attend Board of Directors' meetings and other important conferences and conduct on-site audits of branch offices and operations, thereby supervising the Board of Directors' execution of its duties as well as providing necessary advice and counsel. Auditors also obtain business reports from subsidiaries and affiliates with which to survey the state of their operations and their financial situations. In addition, through regularly held auditors' conferences, JR-West's auditors review reports on crucial supervisory issues and discuss and decide action measures.

Thus, JR-West has long been putting into practice the basic tenets of the "company with committees" system, and JR-West believes that the ongoing implementation of its current auditor system is the most appropriate approach to augmenting corporate governance.

Regarding internal control mechanisms, in addition to building a framework to apply a systems check with such tools as a collective decision-making system, JR-West is establishing the appropriate committees and organization revisions needed to ensuring transparency and efficiency in the execution of its operations. Moreover, the Auditing Office, an internal supervisory body, conducts supervision of all of JR-West's operations to confirm compliance with laws and regulations and the proper running of operations. Most importantly, JR-West recognizes that ensuring safe and stable transportation is its most important task, and, to this end, the Safety Measures Committee, an internal deliberative organ, determines accident prevention measures and provides the Board of Directors with timely and appropriate reports on its efforts.

Furthermore, to improve its efforts to ensure legal compliance and otherwise promote corporate ethics, in November 2002, JR-West established an employee ethics code, an ethics consultation office, which offers counsel in matters related to corporate ethics, and an ethics committee. While this committee is composed of executive directors, auditors are also invited to attend meetings. In addition, JR-West conducts seminars and other educational activities in its efforts to optimize its corporate ethics.

In financial auditing, JR-West has commissioned Shin Nihon & Co. as its independent auditor to provide proper auditing based on auditing principles that are generally accepted as fair and adequate. JR-West also commissions certain attorneys to receive advice and guidance pertinent to specific areas.

(2) Overview of personal, capital, and transactional relations and other interests between JR-West and its external directors and auditors.

External director Yoshio Tateishi, as the Representative Director and Chairman of Omron Corporation, external director Akio Nomura, as the Representative Director and Chairman of Osaka Gas Co., Ltd., and external auditor Josei Ito, as the Representative Director and Chairman of Nippon Life Insurance Company, have transactional relations with JR-West.

(3) Implementation of measures to augment corporate governance over the past year.

During fiscal 2004, the Board of Directors convened 12 times, received reports on the execution of operations in a timely and appropriate manner, deliberated on crucial managerial issues, and conducted prompt decision making.

Through attendance in meetings of the Board of Directors and other important conferences, JR-West's auditors carried out supervision of the directors' execution of their duties and provided necessary advice and counsel. The Board of Auditors convened 14 times, reviewed reports on crucial supervisory matters, and discussed and made decisions on the formulation of auditing plans and other necessary issues.

(2) Performance Highlights

The Japanese economy slowly began to recover in fiscal 2004. Although employment remained weak, such positive signs as an improvement in private sector capital investment were seen in the latter half of the term.

Also, on March 12, 2004, all JR-West shares held by the Japan Railway Construction, Transport and Technology Agency were sold, thereby making JR-West an entirely private company, an accomplishment that was the objective of JNR privatization reforms and a mission assumed by JR-West ever since its establishment.

Fiscal 2004 is also a highly significant year as it marks the halfway point in JR-West's new medium-term management targets, which it established in November 2001. To reach its targets, JR-West has carried out a wide range of initiatives to further strengthen its business foundation by improving profitability in its core railway operations and making effective use of its assets.

In addition, during the fiscal year under review, JR West Japan Transportation Service Co., Ltd., and Hakushin Sharyo Industries Co., Ltd., were newly added as consolidated subsidiaries and the income statements of Nippon Travel Agency Co., Ltd., were added to the scope of consolidated accounting.

As a result, the JR-West Group achieved the following consolidated results in fiscal 2004: operating revenues of ¥1,215.7 billion, up 4.3% year on year; operating income of ¥126.9 billion, up 3.5%; recurring profit of ¥85.5 billion, up 9.0%; and net income after taxes of ¥47.0 billion, up 12.9%.

1. Results by Business Segment (Consolidated Basis)

(1) Transportation Operations

JR-West worked to bolster its competitive strength and enhance customer convenience by adding more 700-Series trains to the Sanyo Shinkansen Line and revising its timetable. In addition, JR-West increased the number of *Nozomi* departures on the Tokaido and Sanyo Shinkansen lines and expanded the number of stations at which *Nozomi* trains stop. JR-West also worked to raise the level of its conventional line services through such initiatives as revising the timetable of its Urban Network service, introducing new rolling stock, especially on the JR Kobe and Takarazuka lines, increasing the number of departures during morning and evening rush hours on its Special Rapid and Rapid trains, and adding new stops. In its intercity transportation service, JR-West took steps to reduce travel time and boost comfort by completing construction work to enable express services as well as by introducing new rolling stock between Tottori and Yonago on the Sanin Line and between Tottori and Chizu on the Imbi Line. New rolling stock was also added to the Limited Express Shirasagi, the Limited Express Kaetsu, and the Rapid Service Marine Liner trains. Furthermore, due to significant changes in the railway environment brought on by a decline in population and the construction of expressways, following the legally required community consultative meeting procedures, JR-West discontinued services on the Kabe Line from Kabe to Sandankyo on December 1, 2003.

On the sales and marketing side, in addition to the previously mentioned revisions to the Sanyo Shinkansen Line's timetable, JR-West worked to enhance user convenience by lowering additional changes on the *Nozomi* Super Express and adding more non-reserved seating as well as launching its new ICOCA IC-card ticket-gate system in November 2003. At the same time, JR-West proactively developed such sales promotions as its "Discover West" campaign, generating ongoing demand in the Tokyo metropolitan area for travel to western Japan, while continuing its "Tale of the Kanmon Straight" Campaign, spotlighting the Shimonoseki and Moji regions.

In its bus operations, JR-West worked to meet customer needs through a number of improvements, including the expansion of such highway bus services as the *Tokaido Afternoon Limited Express Kyoto* and *Keihin Kibi Dream* services as well as the introduction of the *Ladies Dream Osaka*—a night express bus exclusively for women—and new late-night limited express bus routes that depart from Osaka and head toward Kyoto, Kobe, and Sakai.

As a result, operating revenues for the Transportation Operations segment slipped 0.3%, due to a decline in railway transportation revenues, to ¥844.2 billion, while operating income grew 1.2%, to ¥94.4 billion.

(2) Sales of Goods and Food Services

As part of "NexStation Plan" efforts to boost the competitiveness of its stations, JR-West renovated the Midosuji exit area of Osaka Station, opening a shopping mall called "EAST COURT mido" which comprises eight stores including an upscale supermarket. JR-West also enhanced its Sales of Goods and Food Services business through such proactive development of station premises as the opening of a new shopping mall, with 10 retail stores and eateries, near the central exit of Takatsuki Station. In addition, JR-West strove to increase its profitability by converting kiosks that offered essential goods mainly for commuters into mini-convenience stores offering a greater variety of products and opening a branch of its "Jenne" fashion store in Nara Kashihara Diamond City.

JR-West completed the remodeling of the JR Kyoto Isetan department store, including the addition of more floors, as part of efforts to enhance its ladies fashions business, both in terms of service and products. JR Kyoto Isetan continues to thrive as it has since its opening.

As a result, operating revenues for the Sales of Goods and Food Services segment rose 1.0%, to ¥229.8 billion, and operating income leaped 30.7%, to ¥5.6 billion.

(3) Real Estate

In its shopping center operations, JR-West added floors and refurbished to "Medio Shin-Osaka" at Shin-Osaka Station and "The Cube" at Kyoto Station. In addition, JR-West opened "Kyoto Ramen Koji" on the 10th floor of the Kyoto Station Building as well as "VIERRA Kobe," a shopping complex with 13 tenants, including a fresh produce store, under the elevated tracks to the west of Kobe Station. JR-West also worked to expand operations and raise profitability by making effective use of its assets in and around stations. It promoted the "NexStation Plan" by opening a series of mini-station buildings for such tenants as stores, restaurants, and medical-clinics.

In addition, JR-West completed its sales of condominiums at *States Gran Koshienguchi Matsunamicho* and maintained healthy sales at its *Park Gran NishiOkamoto*.

As a result, operating revenues in the Real Estate segment climbed 2.5%, to ¥69.9 billion, and operating income increased 11.8%, to ¥18.0 billion.

(4) Other Businesses

In its hotel operations, JR-West worked to attract more customers by reopening the newly renovated first-floor lobby of the Hotel Granvia Osaka and by refurbishing some of its directly managed stores in the Hotel Granvia Kyoto and the Hotel Granvia Hiroshima. In advertising agency services, JR-West worked to expand purchase orders through such measures as the proactive development of new advertising media. In its travel agency operations, JR-West established a comprehensive travel web site, "Tabi Plaza," designed to offer travel arrangements other than lodging, worked on alliances with other companies in the industry, and took steps to clarify the marketing concept of its branches and reorganize its branch network.

As a result of aforementioned factors as well as the addition of newly consolidated subsidiaries, operating revenues in the Other Businesses segment leaped 34.7%, to ¥257.2 billion, and operating income rose 1.8%, to ¥9.6 billion.

2. Forecasts for Fiscal 2005

The operating conditions surrounding JR-West are expected to remain extremely challenging. Although the Japanese economy is gradually beginning to recover, the labor force continues to diminish due to the declining birth rate and aging population, while competition from rival companies continues to intensify. Against this backdrop, the JR-West Group is implementing various initiatives to optimize its corporate resources to secure stable earnings and profits and ultimately maximize corporate value.

Consolidated results forecasts for the year ending March 31, 2005 are as follows:

Operating revenue	¥	1,220.8 billion
Operating income	¥	130.3 billion
Recurring profit	¥	91.2 billion
Net income	¥	49.5 billion

3. Financial Position

(1) Cash flows from operating activities

As a result of such factors as an increase in income before taxes, cash flows from operating activities rose ¥10.0 billion, to ¥140.2 billion.

(2) Cash flows from investing activities

As a result of such capital expenditures as the manufacture of new rolling stock, transport stability measures, and transport capacity improvement, as well as the effect of extraordinary cash in-flow in the previous term through the consolidation of Nippon Travel Agency Co., Ltd., for the first time, cash flows used in investing activities increased ¥28.2 billion, to ¥91.6 billion.

(3) Cash flows from financing activities

A ¥62.1 billion reduction in long-term debt and payables and the payment of dividends resulted in a ¥67.9 billion outflow, which is ¥3.5 billion less than the outflow from the same period in the previous fiscal year.

As a result of the aforementioned factors, cash and cash equivalents at the end of fiscal 2004 declined ¥18.6 billion, to ¥70.6 billion, compared with the previous fiscal year-end.

Cash Flow Indicators

	FY2000	FY2001	FY2002	FY2003	FY2004
Equity Ratio (%)	13.6	16.1	17.0	18.1	19.9
Market-based rate of equity ratio (%)	28.6	41.6	41.3	30.8	34.6
Number of years of extinguishment of debt	13.7	12.3	10.5	9.7	8.8
Interest coverage ratio	1.6	1.8	2.2	2.5	2.8

Notes:

Equity ratio : shareholders' equity/total assets

Market-based rate of equity ratio: total market capitalization/total assets

Number of years of extinguishment of debt: interest-bearing debt / (operating income + interest & dividend income)

Interest coverage ratio: (operating income + interest & dividend income) / interest expense

Notes:

1. All of the figures in the above table were calculated on a consolidated basis.

2. Total market capitalization was calculated by multiplying the closing stock price at the end of the term by the total amount of outstanding stock at the end of the term (excluding treasury stock).

3. Interest-bearing debt is defined as interest-bearing debt of long-term debt and payables.

CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	FY 2004	FY 2003	Change from the previous year
ASSETS			
Current assets:			
Cash	71,317	90,016	-18,699
Trade notes receivable	12,464	11,814	649
Railway fares receivable	12,681	10,952	1,729
Accounts receivable	35,747	35,025	722
Refund of Income tax receivable	55	546	-490
Marketable securities	12	2	10
Inventory	16,241	13,988	2,252
Deferred tax assets	25,436	20,153	5,282
Other current assets	28,761	32,096	-3,334
Less allowance for doubtful accounts	-352	-520	167
Total current assets	202,366	214,075	-11,709
Fixed assets:			
Property, plant and equipment:	2,041,726	2,064,287	-22,561
Buildings	1,005,173	1,039,369	-34,196
Machinery and transport equipment	249,047	219,272	29,775
Land	678,705	681,118	-2,412
Construction in progress	67,705	86,083	-18,378
Other property, plant and equipment	41,094	38,443	2,651
Intangible fixed assets	20,779	11,629	9,149
Consolidation goodwill	335	437	-102
Other intangible fixed assets	20,443	11,192	9,251
Investments and other assets:	145,482	142,681	2,800
Investment securities	56,188	55,858	330
Deferred tax assets	65,030	61,394	3,636
Other investments and assets	25,717	26,785	-1,067
Less allowance for doubtful accounts	-1,454	-1,356	-98
Total fixed assets	2,207,988	2,218,599	-10,610
Deferred assets	4	39	-34
Total assets	2,410,358	2,432,713	-22,354

CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	FY 2004	FY 2003	Change from the previous year
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade notes payable	42,710	40,655	2,054
Short-term loans	9,943	4,138	5,805
Current portion of long-term debt	59,273	55,927	3,345
Current portion of long-term payables for acquisition of railway properties	37,723	35,488	2,235
Accounts payable	84,926	90,040	-5,114
Accrued consumption tax	8,678	4,608	4,069
Accrued income tax	29,293	24,254	5,039
Railway deposits received	2,539	4,323	-1,784
Deposits received	71,943	75,426	-3,482
Prepaid railway fares received	30,080	28,576	1,504
Advances received	81,685	88,189	-6,503
Allowance for bonuses	37,044	38,283	-1,239
Provision for loss on guarantees	-	100	-100
Reserve for compensation of completion of construction	39	40	-1
Reserve for repairs on concrete structures	-	3,616	-3,616
Reserve for losses on liquidation of businesses	20,660	-	20,660
Other current liabilities	28,398	24,287	4,111
Total current liabilities	544,942	517,956	26,985
Long-term liabilities:			
Bonds	210,000	215,000	-5,000
Long-term debt	293,351	318,524	-25,173
Long-term payables for acquisition of railway properties	538,197	575,774	-37,576
Long-term payables for leased railway facilities	-	46,817	-46,817
Deferred tax liabilities	977	1,360	-382
Retirement allowances for employees	208,934	181,763	27,171
Other long-term liabilities	110,594	113,629	-3,034
Total long-term liabilities	1,362,056	1,452,869	-90,813
Total liabilities	1,906,998	1,970,826	-63,828
Minority interest	23,598	21,330	2,268
Shareholders' equity			
Capital stock	100,000	100,000	-
Capital surplus	55,000	55,000	-
Consolidated retained earnings	319,491	281,695	37,796
Evaluation differences on other securities	5,597	4,188	1,408
Treasury stock	-327	-327	-
Total shareholders' equity	479,762	440,556	39,205
Total liabilities, minority interest, and shareholders' equity	2,410,358	2,432,713	-22,354

CONSOLIDATED STATEMENTS OF INCOME

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	FY 2004	FY 2003	Change from the previous year
Operating revenues	1,215,735	1,165,571	50,163
Operating expenses:			
Transportation and other services and cost of sales	882,886	889,386	-6,500
Selling, general and administrative expenses	205,918	153,548	52,369
	1,088,804	1,042,935	45,869
Operating income	126,930	122,636	4,294
Nonoperating revenues:			
Interest and dividend	398	298	100
Equity in earnings of affiliates	1,018	468	549
Other	5,918	5,600	318
	7,336	6,368	968
Nonoperating expenses:			
Interest	45,736	49,151	-3,415
Other	2,666	1,113	1,553
	48,403	50,264	-1,861
Recurring profit	85,863	78,739	7,124
Extraordinary profits:			
Proceeds from construction contract	29,792	29,944	-152
Compensation for expropriation	7,684	6,202	1,481
Reversal of long-term payables for leased railway facilities	52,797	-	52,797
Other	20,640	8,387	12,253
	110,915	44,534	66,380
Extraordinary losses:			
Loss on reduction entry of proceeds from construction	28,988	29,593	-605
Loss on reduction entry of compensation for expropriation	6,777	6,189	588
Recognition of the prior service cost of retirement benefits due to change in retirement system	38,669	-	38,669
Provision for losses on liquidation of businesses	20,660	-	20,660
Other	12,949	9,869	3,080
	108,044	45,652	62,392
Income before income taxes	88,734	77,622	11,112
Corporation, inhabitants and enterprise taxes	49,832	44,453	5,378
Income taxes-deferred	-10,033	-9,934	-99
Minority interests in earnings of consolidated subsidiaries	1,918	1,458	459
Net income	47,016	41,644	5,372

APPROPRIATION OF CONSOLIDATED RETAINED EARNINGS

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	FY 2004	FY 2003	Change from the previous year
Capital surplus at beginning of the period	55,000	55,000	-
Capital surplus at the end of the period	55,000	55,000	-
Retained earnings at beginning of the period	281,695	250,513	31,181
Increase in retained earnings	47,979	41,644	6,335
Net income	47,016	41,644	5,372
Increase in retained earnings due to addition of consolidated subsidiaries	926	-	926
Increase in retained earnings due to a merger between a consolidated subsidiary and an affiliate	36	-	36
Appropriations of retained earnings	10,183	10,462	-279
Cash dividends	10,000	10,000	-
Directors' bonuses (Including corporate auditors' bonuses)	183 (23)	151 (23)	31 (0)
Decrease in retained earnings due to a newly consolidated subsidiary which had been accounted for by the equity method	-	46	-46
Decrease in retained earnings due to change in ownership ratio of a consolidated subsidiary	-	264	-264
Retained earnings at the end of the period	319,491	281,695	37,796

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	FY 2004	FY 2003	Change from the previous year
I. Cash flows from operating activities			
Income before income taxes adjustments	88,734	77,622	11,112
Depreciation and amortization	115,361	113,040	2,321
Loss on reduction entry of fixed assets	28,988	29,593	-605
Loss from disposal of fixed assets	9,024	8,603	421
Loss on write-down of investment securities	460	3,509	-3,048
Amortization of consolidation adjustment	104	50	53
Change in allowance for doubtful accounts	-78	138	-217
Change in allowance for retirement benefits	27,082	-14,836	41,918
Change in allowance for bonuses	-1,406	-2,094	687
Change in other reserves	16,032	-5,864	21,897
Interest and dividend income	-398	-298	-100
Interest expenses	45,736	49,151	-3,415
Equity in earnings of affiliates	-1,018	-468	-549
Gain on contributions received for construction	-29,792	-29,944	152
Change in accounts receivable	-1,327	5,893	-7,221
Change in inventories	-2,095	-1,761	-334
Change in accounts payable	-72,696	3,892	-76,588
Change in accrued consumption tax	4,023	-3,287	7,310
Other	3,661	-2,677	6,339
Sub-total	230,397	230,263	134
Interest and dividends received	389	349	39
Interest paid	-46,178	-49,481	3,302
Income taxes paid	-44,378	-50,909	6,531
Net cash provided by operating activities	140,229	130,222	10,007
II. Cash flows from investing activities			
Cash placed in time deposits (maturities of more than 3 months)	-771	-0	-771
Cash withdrawn from time deposits (maturities of more than 3 months)	816	379	436
Purchases of property, plant and equipment	-142,773	-137,715	-5,057
Proceeds from sales of property, plant and equipment	5,551	5,750	-198
Receipts of contributions for the construction of railway facilities	36,719	42,515	-5,795
Purchases of investment securities	-650	-2,302	1,651
Proceeds from sales of investment securities	10,243	3,847	6,395
Increases due to changes in the scope of consolidation	-	25,036	-25,036
Increase in loans	-328	-250	-77
Collections of loans and advances	454	519	-64
Other	-953	-1,171	217
Net cash used in investing activities	-91,691	-63,392	-28,299
III. Cash flows from financing activities			
Change in short-term borrowings, net	1,126	-4,156	5,282
Increase in long-term debt	39,500	24,700	14,800
Repayment of long-term debt	-61,327	-43,374	-17,953
Proceeds from issuance of bonds	20,000	-	20,000
Payments for amortization of bonds	-25,000	-	-25,000
Repayment of long-term payables for acquisition of railway properties	-35,340	-38,571	3,230
Cash dividends	-10,011	-10,015	3
Payment of cash dividends to minority interests	-112	-125	12
Other	3,174	-	3,174
Net cash used in financing activities	-67,991	-71,543	3,551
IV. Change in cash and cash equivalents, net	-19,453	-4,713	-14,740
V. Cash and cash equivalents at beginning of the period	89,310	94,023	-4,713
VI. Change in cash and cash equivalents accompanying consolidation of additional subsidiaries	798	-	798
VII. Cash and cash equivalents at the end of the period	70,655	89,310	-18,655

SEGMENT INFORMATION

1. Information by business segment

Fiscal 2003 (April 1, 2002 to March 31, 2003)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues and income:							
Operating revenues from third parties	831,521	193,083	57,265	83,700	1,165,571	-	1,165,571
Intergroup operating revenues and transfers	15,638	34,491	11,004	107,299	168,434	-168,434	-
Total sales	847,160	227,574	68,270	191,000	1,334,006	-168,434	1,165,571
Operating expenses	753,895	223,239	52,149	181,516	1,210,801	-167,865	1,042,935
Operating income	93,265	4,335	16,120	9,483	123,205	-569	122,636
Assets, depreciation, and capital expenditures:							
Total assets	1,820,808	67,267	292,546	260,662	2,441,285	-8,571	2,432,713
Depreciation	93,237	2,036	12,031	5,734	113,040	-	113,040
Capital expenditures	116,554	4,059	7,564	8,874	137,052	-	137,052

Fiscal 2004 (April 1, 2003 to March 31, 2004)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues and income:							
Operating revenues from third parties	827,639	196,856	57,970	133,269	1,215,735	-	1,215,735
Intergroup operating revenues and transfers	16,618	32,959	12,016	123,964	185,559	-185,559	-
Total sales	844,258	229,815	69,987	257,233	1,401,294	-185,559	1,215,735
Operating expenses	749,841	224,147	51,967	247,580	1,273,537	-184,733	1,088,804
Operating income	94,417	5,667	18,019	9,653	127,757	-826	126,930
Assets, depreciation, and capital expenditures:							
Total assets	1,818,223	67,621	288,274	237,882	2,412,002	-1,643	2,410,358
Depreciation	94,524	2,209	11,451	7,174	115,361	-	115,361
Capital expenditures	125,081	2,332	7,425	13,058	147,897	-	147,897

Notes: 1. Fractional sums less than ¥1 million have been omitted.

- Method of defining business segments: With the standard breakdown of Japanese manufacturers as a base, business segments have been determined in a way that shows as precisely and accurately as possible the actual diversity of present business conditions.
- Main activities of business segments
 Transportation: railways, ferries, buses
 Sales of goods and food services: department store, sales of goods, food and beverages, wholesale of various goods, etc.
 Real estate business: brokerage and leasing of real estate, operation of shopping center
 Other: hotels, travel agency services*, rental of goods, construction, etc.
- * Beginning with the consolidated statements for the fiscal year under review, travel agency services have been included in the Other segment
- The principal all-company assets included within the elimination and intergroup item are parent company's surplus funds under management (cash and negotiable securities) and deferred tax assets.

Fiscal 2003: ¥105,775 million

Fiscal 2004: ¥128,359 million

2. Information by location

As there were no overseas subsidiaries in fiscal 2003 or 2004, this item was not included.

3. Overseas sales

As there were no overseas sales in fiscal 2003 or 2004, this item was not included.

FLASH REPORT (NON-CONSOLIDATED BASIS)

Company name: West Japan Railway Company

Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya and Fukuoka Stock Exchanges

Code number: 9021

URL: <http://www.westjr.co.jp>

Address of headquarters: 4-24, Shibata 2-chome, Kita-ku, Osaka 530-8341, Japan

President Takeshi Kakiuchi

For further information, please contact: Tatsuo Kijima, General Manager, Corporate Communications Department

Telephone: +81-6-6375-8889

Date for Convening the Board of Directors Meeting for the Settlement of Accounts: May 14, 2004

Date of the General Meeting of the Shareholders: June 23, 2004

Interim dividends: Yes

Unit stock system: No

1. Results for fiscal 2003 (April 1, 2003 to March 31, 2004)

(1) Operating results

(Figures less than ¥1 million have been omitted)

	Operating revenues (% change from the previous year)		Operating income (% change from the previous year)		Recurring profit (% change from the previous year)	
	Millions of yen		Millions of yen		Millions of yen	
Fiscal 2004	845,892	(-0.4)	105,475	(2.1)	65,028	(5.9)
Fiscal 2003	849,090	(-2.4)	103,293	(3.8)	61,391	(13.5)

	Net income (% change from the previous year)		Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total capital ratio	Recurring profit-to-operating revenues ratio
	Millions of yen		Yen	Yen	%	%	%
Fiscal 2004	37,174	(11.0)	18,536.62	-	8.7	3.1	7.7
Fiscal 2003	33,490	(2.9)	16,695.59	-	8.4	2.9	7.2

Notes: 1. Average number of shares outstanding during fiscal years:

Fiscal 2004: 2,000,000 shares

Fiscal 2003: 2,000,000 shares

2. There were no changes in accounting methods.

3. Percentages indicate year-on-year increase/decrease in operating revenues, operating income, recurring profit, and net income.

(2) Dividends

	Dividends per share for the fiscal year			Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-shareholders' equity ratio
	Interim dividends		Year-end dividends			
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2004	6,500.00	2,500.00	4,000.00	13,000	35.1	3.0
Fiscal 2003	5,000.00	2,500.00	2,500.00	10,000	29.9	2.4

Note: Breakdown of dividends for the end of fiscal 2004: Commemorative dividend: ¥1,500.00 per share, Special dividend: ¥0.0 per share.

(3) Financial position

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2004	2,126,893	439,381	20.7	219,640.07
Fiscal 2003	2,116,874	410,745	19.4	205,323.44

Notes: 1. Number of shares outstanding at fiscal year-end:

Fiscal 2004: 2,000,000 shares

Fiscal 2003: 2,000,000 shares

2. Number of shares of treasury stock at fiscal year-end:

Fiscal 2004: 0 shares

Fiscal 2003: 0 shares

2. Forecasts for fiscal 2005 (April 1, 2004 to March 31, 2005)

	Operating revenues	Recurring profit	Net income	Dividends per share for the fiscal year		
				Interim dividends	Year end dividends	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
Interim 2005	421,000	41,700	25,200	2,500.00	-	-
Fiscal 2005	846,700	73,500	43,500	-	2,500.00	5,000.00

(Reference) Net income per share for the fiscal year is forecast to be ¥21,699.50.

NON-CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	FY 2004	FY 2003	Change from the previous year
ASSETS			
Current assets:			
Cash	42,746	38,440	4,306
Railway fares receivable	14,271	12,271	1,999
Accounts receivable	11,951	9,921	2,030
Accrued income	4,383	4,945	-561
Short-term loans	8,432	8,405	27
Real estate for sale	45	85	-40
Materials and supplies	4,405	2,979	1,425
Prepaid expenses	1,961	1,894	67
Deferred tax assets	21,050	15,537	5,513
Other current assets	6,676	7,747	-1,070
Less allowance for doubtful accounts	-197	-96	-101
Total current assets	115,727	102,131	13,596
Fixed assets:			
Railway	1,582,454	1,566,303	16,151
Ferry	187	189	-2
Other operations	57,885	60,831	-2,945
Related business	82,805	88,360	-5,555
Construction in progress	66,876	85,149	-18,273
Investments and advances:	220,956	213,909	7,047
Investment securities	15,755	16,233	-478
Stocks of subsidiaries	127,042	126,391	650
Long-term loans	13,221	9,574	3,647
Long-term prepaid expense	2,805	3,011	-206
Deferred tax assets	54,882	51,814	3,068
Other investments and advances	8,012	7,870	141
Less allowance for doubtful accounts	-762	-987	224
Total fixed assets	2,011,165	2,014,743	-3,577
Total assets	2,126,893	2,116,874	10,019

NON-CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	FY 2004	FY 2003	Change from the previous year
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	103,166	66,427	36,739
Current portion of long-term debt	51,026	44,976	6,050
Current portion of long-term payables for acquisition of railway properties	37,723	35,488	2,235
Current portion of long-term payables	1,168	1,168	-
Accounts payable	98,599	99,547	-948
Accrued expenses	18,264	14,641	3,622
Accrued consumption tax	6,501	2,873	3,628
Accrued income tax	23,268	20,410	2,858
Railway deposits received	3,359	5,056	-1,696
Deposits	11,672	12,800	-1,127
Prepaid railway fares received	30,012	28,510	1,501
Deposits received	79,630	85,853	-6,222
Advance payments received	412	433	-21
Allowance for bonuses	30,432	31,768	-1,336
Reserve for repairs on concrete structures	-	3,616	-3,616
Reserve for losses on liquidation of businesses	21,210	-	21,210
Other current liabilities	460	609	-148
Total current liabilities	516,909	454,180	62,728
Long-term liabilities:			
Bonds	210,000	215,000	-5,000
Long-term debt	198,221	214,947	-16,726
Long-term payables for acquisition of railway properties	538,197	575,774	-37,576
Long-term payables	27,675	28,843	-1,168
Long-term payables for leased railway facilities	-	46,817	-46,817
Retirement allowances for employees	191,647	165,583	26,063
Other long-term liabilities	4,861	4,983	-121
Total long-term liabilities	1,170,603	1,251,948	-81,345
Total liabilities	1,687,512	1,706,128	-18,616
Shareholders' equity:			
Capital stock	100,000	100,000	-
Capital surplus	55,000	55,000	-
Capital reserve	55,000	55,000	-
Retained earnings:	280,588	253,513	27,075
Earned legal surplus	11,327	11,327	-
Voluntary reserves	193,426	172,820	20,605
Reserved for advanced depreciation on property	3,426	2,820	605
Other reserves	190,000	170,000	20,000
Unappropriated retained earnings	75,834	69,364	6,469
Evaluation differences on other securities	3,792	2,232	1,560
Total shareholders' equity	439,381	410,745	28,635
Total liabilities and shareholders' equity	2,126,893	2,116,874	10,019

NON-CONSOLIDATED STATEMENTS OF INCOME

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	FY 2004	FY 2003	Change from the previous year
Operating revenues	845,892	849,090	-3198
Transportation	750,813	752,390	-1,577
Transportation incidentals	23,074	23,808	-734
Other operations	18,536	18,451	85
Travel Business	1,656	1,799	-142
Miscellaneous	51,810	52,640	-829
Operating expenses	740,416	745,796	-5,379
Personnel costs	294,508	301,671	-7,162
Non-personnel costs	291,014	288,252	2,762
Energy costs	36,617	38,480	-1,863
Maintenance costs	121,963	122,605	-642
Miscellaneous costs	132,433	127,165	5,267
Rental payments, etc.	30,866	31,096	-230
Taxes	28,259	29,308	-1,048
Depreciation	95,767	95,468	299
Operating income	105,475	103,293	2,181
Nonoperating revenues	5,173	5,331	-158
Nonoperating expenses	45,620	47,233	-1,613
Recurring profit	65,028	61,391	3,636
Extraordinary profit	109,053	42,699	66,354
Extraordinary loss	105,559	41,165	64,393
Income before income taxes	68,523	62,926	5,597
Income taxes-current	41,007	38,023	2,984
Income taxes-deferred	-9,658	-8,587	-1,071
Net income			
Retained earnings carried forward from the previous period	37,174	33,490	3,684
Interim dividends	75,834	69,364	6,469
Unappropriated retained earnings			

APPROPRIATION OF RETAINED EARNINGS

(Figures less than ¥1 million have been omitted) Years ended March 31

	Millions of yen		
	FY 2004	FY 2003	Change from the previous year
Unappropriated retained earnings for the current year	75,834	69,364	6,469
Reversal of reserve for advanced depreciation of fixed assets	421	288	132
Total	76,255	69,653	6,601
Appropriation is proposed as follows:			
Cash dividends to shareholders	8,000	5,000	3,000
Cash dividend per share	¥4,000	¥2,500	
(Regular dividend)	(2,500)		
(Commemorative dividend)	(1,500)		
Directors' bonuses	101	99	2
(Including corporate auditors' bonuses]	(18)	(18)	(-)
Voluntary reserve	24,641	20,894	3,747
Reserve for advanced depreciation of fixed assets	4,641	894	3,747
General reserve	20,000	20,000	-
Retained earnings carried forward to the next period	43,512	43,660	-147

Notes: 1. Interim dividends for fiscal 2003 were paid on December 10, 2002: ¥5 billion (¥2,500 per share)

2. Interim dividends for fiscal 2004 were paid on December 10, 2001: ¥5 billion (¥2,500 per share)

Supplemental Financial Data

1.Forecasts for fiscal 2005(Consolidated Basis)

	Forecast for FY2005	FY 2004	Change from the previous year
	Billions of yen	Billions of yen	Billions of yen
Operating revenues	1,220.8	1,215.7	5.0
Operating income	130.3	126.9	3.3
Recurring profit	91.2	85.8	5.3
Net income	49.5	47.0	2.4

2. Earnings forecasts for fiscal 2005 by segment (Consolidated Basis)

	Transportation	Sales of goods and food services	Real estate	Other
	Billions of yen	Billions of yen	Billions of yen	Billions of yen
Operating revenues	845.9	229.0	70.3	258.3
Operating income	99.7	4.3	17.3	10.0

3.Forecasts for fiscal 2005 (Non-Consolidated Basis)

	Forecast for FY 2005	FY 2004	Change from the previous year
	Billions of yen	Billions of yen	Billions of yen
Operating revenues (Transportation)	846.7 (753.3)	845.8 (750.8)	0.8 2.4
Operating income	110.0	105.4	4.5
Recurring profit	73.5	65.0	8.4
Net income	43.5	37.1	6.3

4.Other detailed data

(People, Billions of yen, %)

	FY 2004		FY 2003	
	Consolidated Basis	Non- Consolidated Basis	Consolidated Basis	Non- Consolidated Basis
Employees at the end of period (Includes staff seconded to other companies)	44,080 -	27,581 (32,367)	42,031 -	28,688 (34,114)
Retirement payment costs	61.8	56.9	60.3	57.0
Number of employees entitled to retirement payment	3,748	2,450	3,545	2,537
Maintenance costs	-	121.9	-	122.6
Depreciation and amortization	115.3	95.7	113.0	95.4
Financial expenses, net	-45.3	-42.8	-48.8	-46.0
Interest and dividend income	0.3	0.4	0.2	0.5
Interest expenses	-45.7	-43.3	-49.1	-46.6
Capital expenditures	147.8	129.4	137.0	117.3
Own funds	120.8	102.3	105.4	85.7
Long-term debt and payables	1,138.5	1,064.0	1,200.7	1,116.1

Notes: 1. Figures less than ¥100 million have been omitted.

2. The number of employees on a consolidated and non-consolidated basis refers to regular staff only.

5. Comparison with numeric targets of Medium-Term Management Strategy

			FY2004	Forecast for FY 2005	Medium-Term Management Targets (FY2006)
ROA (Operating Income)	(consolidated)	%	5.2	5.4	5.4
Operating Income	(consolidated)	billion yen	126.9	130.3	130.0
Net Income	(consolidated)	billion yen	47.0	49.5	50.0
Long-term Debt and Payables	(consolidated)	billion yen	1,138.5	1,105.0	1,100.0
Long-term Debt and Payables	(non-consolidated)	billion yen	1,064.0	1,035.0	1,000.0
Number of employees at the start of the fiscal year	(non-consolidated)	people	34,569	32,854	32,000