

# **West Japan Railway Company**

## **Flash Report (Consolidated Basis)**

Results for the first quarter ended June 30, 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 August 3, 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 August 3, 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its posting on August 3, 2004, to determine whether it remains accurate, and information in this document may have been superseded by subsequent announcements.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

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### 1. Items related to the preparation of this summary of quarterly results

**(1) There were no changes in accounting methods.**

**(2) Changes in consolidated financial conditions**

Consolidated subsidiaries:	66
Non-consolidated subsidiaries accounted for by equity method:	0
Affiliated companies accounted for by equity method:	4
Number of consolidated subsidiaries added:	1
Number of consolidated subsidiaries removed:	1
Number of equity method affiliated companies added:	0
Number of equity method affiliated companies removed:	0

### 2. Results for the first quarter of fiscal 2005 (from April 1, 2004 to June 30, 2004)

**(1) Operating results**

(Figures less than ¥1 million have been omitted)

	Operating revenues		Operating income		Recurring profit	
	(% change from the same quarter of the previous year)		(% change from the same quarter of the previous year)		(% change from the same quarter of the previous year)	
	Millions of yen		Millions of yen		Millions of yen	
First quarter of FY2005	292,269	(2.3)	31,295	(22.2)	21,206	(40.4)
First quarter of FY2004	285,666	(-)	25,606	(-)	15,106	(-)
(Reference) Year ended March 31, 2004	1,215,735		126,930		85,863	

	Net income		Net income per share	Net income per share after dilution
	(% change from the same quarter of the previous year)			
	Millions of yen		Yen	Yen
First quarter of FY2005	13,340	(40.5)	6,673.10	-
First quarter of FY2004	9,496	(-)	4,750.59	-
(Reference) Year ended March 31, 2004	47,016		23,423.19	-

**(2) Financial Position**

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
First quarter of FY2005 (as of June 30, 2004)	2,331,464	483,697	20.7	241,955.71
First quarter of FY2004 (as of June 30, 2003)	2,389,086	447,205	18.7	223,701.64
(Reference) FY2004 (as of March 31, 2004)	2,410,358	479,762	19.9	239,876.24

**(3) Cash flows**

	Operating activities	Investing activities	Financing activities	Cash at the end of the first quarter
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First quarter of FY2005	-19,577	-28,028	11,940	34,990
First quarter of FY2004	-26,703	-34,833	28,093	56,600
(Reference) FY 2004 (as of March 31, 2004)	140,229	-91,691	-67,991	70,655

**3. Forecasts for fiscal 2005 (from April 1, 2004 to March 31, 2005)**

	Operating revenues	Recurring profit	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Interim 2005	597,800	47,400	41,300	-
Fiscal 2005	1,220,800	91,500	63,900	31,868.63

**(Reference)****Forecasts for fiscal 2005 on a non-consolidated basis (from April 1, 2004 to March 31, 2005)**

	Operating revenues	Recurring profit	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Interim 2005	421,000	41,700	37,500	-
Fiscal 2005	846,700	73,500	55,800	27,849.50

\* See cautionary statement regarding Forward-Looking Statements on the front page of this report with respect to some risks and uncertainties that may cause actual results of differ from these forecasts.

## Performance Highlights

### Consolidated Results for the First Quarter of Fiscal 2005

Operating revenues: ¥292.2 billion

Operating income: ¥31.2 billion

Recurring profit: ¥21.2 billion

Net income: ¥13.3 billion

#### 1. Results by Business Segment ( Consolidated Basis )

##### 1) *Transportation Operations*

JR-West worked to bolster the competitive strength of its Sanyo Shinkansen services by striving to continue to realize the benefits of the October 2003 revision of the Sanyo Shinkansen Line timetable and enhancing the customer convenience of its *Nozomi* train services, achieving the latter by broadening the scope of the *Nozomi* early reservation discount tickets, in terms of period covered and area of use, for customers that make early reservations.

As for conventional lines, JR-West took steps to improve its Urban Network service, including the ongoing introduction of new rolling stock, and worked to augment the transportation capacity of its intercity transportation service through such initiatives as increasing departures of the Limited Express *Maizuru* and adding cars to the Limited Express *Kita-Kinki* and other trains.

On the sales and marketing side, JR-West worked to generate and expand tourism demand by continuing to develop the “Discover West” campaign to boost demand for travel from the Tokyo metropolitan area to western Japan and launching the “Japanese Beauty Hokuriku” campaign to promote travel from the Tokyo metropolitan and Kansai areas to the Hokuriku area. In addition, JR-West introduced “F tickets”—discount packages that include train tickets from the Kyoto-Osaka-Kobe area to the Nanki area and the use of a rental car to promote travel to the latter’s high-profile sites registered on the World Heritage List, created new “Tabi Sapuri” day trip packages exclusively for women that can only be booked via the Internet, and moved forward with other proactive sales and marketing activities.

Against a backdrop of intensifying competition in highway bus services, JR-West worked to enhance the customer convenience of its bus operations through such measures as the introduction of Reward Cards for the highway bus routes between Kyoto/ Osaka/Kobe and Tokyo/Shinjuku.

As a result, operating revenues for Transportation Operations increased 2.8%, to ¥207.0 billion, and operating income climbed 23.5%, to ¥26.5 billion, as compared with the same period of the previous fiscal year.

##### 2) *Sales of Goods and Food Services*

As part of “NexStation Plan” efforts to bolster the competitiveness of its stations, JR-West worked to expand its business in and around stations by opening a convenience store inside Hiroshima Station, Daily•in mini-convenience stores inside Sannomiya Station and Tennoji Station, and an accessory shop MONiQUE in the Wakayama JOWA shopping center in front of Wakayama Station. In addition, sales of souvenirs have taken off along with the rise in passenger traffic subsequent to the timetable revisions implemented in the previous fiscal year. JR-West strove to bring customer service at the JR Kyoto Isetan department store to an even higher level by extending the store’s hours of operation. The performance of JR Kyoto Isetan remained strong throughout the fiscal period under review, as it has since its opening.

As a result, operating revenues for the Sales of Goods and Food Services segment rose 3.4%, to ¥57.0 billion, and operating income climbed 17.7%, to ¥1.3 billion, as compared with the same period of the previous fiscal year.

##### 3) *Real Estate*

JR-West’s efforts to develop its operations in and around stations include the remodeling of the third

floor of the Tennoji Station shopping center Station Plaza Tennoji to better meet the needs of families and the opening of a mini-station building on the west side of Hiroshima Station. Also, JR-West commenced sales of condominiums at the States Gran Ashiya, completing the signing of all 100 units built during the first stage of development.

As a result, operating revenues for the Real Estate segment edged up 1.9%, to ¥17.1 billion, and operating income jumped 17.3%, to ¥4.7 billion, as compared with the same period of the previous year.

#### *4) Other Businesses*

JR-West's hotel operations posted robust accommodation revenues and showed generally strong performance, owing mainly to a recovery from the downturn spurred by the SARS outbreak in the previous fiscal year. JR-West also worked to expand its business opportunities, making forays into car sharing, day care for the elderly, and living support businesses and opening its second station-based comprehensive child care center, JR Kawanishi-Ikeda Kids Room, on the premises of Kawanishi-Ikeda Station on the JR Takarazuka Line. As for JR-West's travel agency operations and maintenance and engineering services, which are included in the Other Businesses segment, revenues generally tend to be concentrated in the latter half of the fiscal year due to seasonal fluctuation.

As a result, operating revenues decreased 1.7% from the same period of the previous fiscal year, to ¥50.6 billion, and an operating loss of ¥1.3billion was posted, remaining at around the same level.

## **2. Forecasts for Fiscal 2005**

JR-West has decided not to make changes at this time to the consolidated results forecasts for the fiscal year ending March 31, 2005, announced on June 23, 2004, as performance for the period under review is in line with the previously announced plans. This is also the case with non-consolidated forecasts for fiscal 2005.

## **3. Financial Position**

### **(1) Cash flows from operating activities**

Income before income taxes amounted to ¥24.2 billion; however, corporate tax, bonuses, and other payments resulted in a cash outflow from operating activities of ¥19.5 billion.

### **(2) Cash flows from investing activities**

Cash flows used in investing activities came to ¥28.0 billion due to measures to ensure safe and stable transportation and capital expenditures for improvements in transport capabilities.

### **(3) Cash flows from financing activities**

In spite of the reduction in long-term debt and payables and the payment of dividends, cash inflow came to ¥1.9 billion thanks to the issue of commercial paper and other factors.

As a result of the aforementioned factors, cash and cash equivalents at the end of the first quarter of fiscal 2005 declined ¥35.6 billion, to ¥34.9 billion, compared with the end of the previous fiscal year.

## CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	First quarter of FY 2005 (as of June 30, 2004)	FY2004 (as of March 31, 2004)	Change	First quarter of FY 2004 (as of June 30, 2003)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	35,650	71,317	-35,667	57,416
Accounts receivable	32,368	35,747	-3,379	30,184
Deferred tax assets	15,511	25,436	-9,925	14,028
Other current assets	71,967	69,865	2,102	73,816
Total current assets	<b>155,497</b>	<b>202,366</b>	<b>-46,868</b>	<b>175,446</b>
<b>Fixed assets:</b>				
<b>Property, plant and equipment</b>	<b>2,032,208</b>	<b>2,062,505</b>	<b>-30,297</b>	<b>2,065,983</b>
<b>Investments and other assets:</b>	<b>143,755</b>	<b>145,482</b>	<b>-1,726</b>	<b>147,625</b>
Investment securities	53,378	56,188	-2,810	58,395
Deferred tax assets	67,233	65,030	2,203	64,306
Other investments and assets	23,143	24,263	-1,119	24,924
Total fixed assets	<b>2,175,964</b>	<b>2,207,988</b>	<b>-32,024</b>	<b>2,213,609</b>
<b>Deferred assets</b>	<b>3</b>	<b>4</b>	<b>-1</b>	<b>30</b>
<b>Total assets</b>	<b>2,331,464</b>	<b>2,410,358</b>	<b>-78,894</b>	<b>2,389,086</b>

	Millions of yen			
	First quarter of FY 2005 (as of June 30, 2004)	FY2004 (as of March 31, 2004)	Change	First quarter of FY 2004 (as of June 30, 2003)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Current portion of long-term debt	54,399	96,997	-42,597	104,848
Accounts payable	50,536	84,926	-34,389	44,291
Other current liabilities	325,027	363,018	-37,990	337,418
Total current liabilities	<b>429,964</b>	<b>544,942</b>	<b>-114,978</b>	<b>486,558</b>
<b>Long-term liabilities:</b>				
Bonds and long-term debt	1,079,095	1,041,549	37,546	1,090,752
Retirement allowances for employees	207,353	208,934	-1,580	180,677
Other long-term liabilities	107,759	111,572	-3,813	162,146
Total long-term liabilities	<b>1,394,209</b>	<b>1,362,056</b>	<b>32,152</b>	<b>1,433,576</b>
<b>Total liabilities</b>	<b>1,824,173</b>	<b>1,906,998</b>	<b>-82,825</b>	<b>1,920,135</b>
<b>Minority interest</b>	<b>23,594</b>	<b>23,598</b>	<b>-4</b>	<b>21,746</b>
<b>Shareholders' equity</b>				
Capital stock	100,000	100,000	-	100,000
Capital surplus	55,000	55,000	-	55,000
Consolidated retained earnings	324,638	319,491	5,146	286,935
Evaluation differences on other securities	4,386	5,597	-1,211	5,596
Treasury stock	-327	-327	-	-327
<b>Total shareholders' equity</b>	<b>483,697</b>	<b>479,762</b>	<b>3,935</b>	<b>447,205</b>
<b>Total liabilities, minority interest, and shareholders' equity</b>	<b>2,331,464</b>	<b>2,410,358</b>	<b>-78,894</b>	<b>2,389,086</b>

## CONSOLIDATED STATEMENTS OF INCOME

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	First quarter of FY 2005 (as of June 30, 2004)	First quarter of FY 2004 (as of June 30, 2003)	Change	(Reference) FY 2004
Operating revenues	<b>292,269</b>	<b>285,666</b>	<b>6,603</b>	<b>1,215,735</b>
Operating expenses	<b>260,973</b>	<b>260,059</b>	<b>913</b>	<b>1,088,804</b>
Operating income	<b>31,295</b>	<b>25,606</b>	<b>5,689</b>	<b>126,930</b>
Nonoperating revenues	<b>776</b>	<b>1,291</b>	<b>-515</b>	<b>7,336</b>
Nonoperating expenses	<b>10,865</b>	<b>11,791</b>	<b>-925</b>	<b>48,403</b>
Recurring profit	<b>21,206</b>	<b>15,106</b>	<b>6,100</b>	<b>85,863</b>
Extraordinary profits	<b>5,621</b>	<b>14,487</b>	<b>-8,866</b>	<b>110,915</b>
Extraordinary losses	<b>2,606</b>	<b>14,370</b>	<b>-11,763</b>	<b>108,044</b>
Income before income taxes	<b>24,221</b>	<b>15,224</b>	<b>8,997</b>	<b>88,734</b>
Corporation, inhabitants and enterprise taxes	10,380	5,822	4,557	39,799
Minority interests in earnings of consolidated subsidiaries	500	-	500	1,918
Minority interests in loss of consolidated subsidiaries	-	95	-95	-
<b>Net income</b>	<b>13,340</b>	<b>9,496</b>	<b>3,843</b>	<b>47,016</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	First quarter of FY 2005 (as of June 30, 2004)	First quarter of FY 2004 (as of June 30, 2003)	Change	FY 2004
I. Cash flows from operating activities				
Net cash provided by operating activities	<b>-19,577</b>	<b>-26,703</b>	<b>7,126</b>	<b>140,229</b>
II. Cash flows from investing activities				
Purchases of property, plant and equipment	-38,052	-45,689	7,637	-142,773
Other	10,023	10,856	-832	51,081
Net cash used in investing activities	<b>-28,028</b>	<b>-34,833</b>	<b>6,804</b>	<b>-91,691</b>
III. Cash flows from financing activities				
Change in long-term borrowings, net	-5,051	-5,114	63	-67,168
Other	16,992	33,208	-16,216	-823
Net cash used in financing activities	<b>11,940</b>	<b>28,093</b>	<b>-16,153</b>	<b>-67,991</b>
IV. Change in cash and cash equivalents, net	<b>-35,665</b>	<b>-33,443</b>	<b>-2,222</b>	<b>-19,453</b>
V. Cash and cash equivalents at beginning of the period	<b>70,655</b>	<b>89,310</b>	<b>-18,655</b>	<b>89,310</b>
VI. Change in cash and cash equivalents accompanying consolidation of additional subsidiaries	-	<b>732</b>	<b>-732</b>	<b>798</b>
VII. Cash and cash equivalents at the end of the period	<b>34,990</b>	<b>56,600</b>	<b>-21,610</b>	<b>70,655</b>



## SEGMENT INFORMATION

### 1. Information by business segment

First quarter of fiscal 2004 (from April 1, 2003 to June 30, 2003)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues	201,543	55,123	16,851	51,535	325,054	-39,387	285,666
Operating expenses	180,000	54,002	12,845	52,731	299,579	-39,519	260,059
Operating income	21,542	1,121	4,005	-1,195	25,474	131	25,606

First quarter of fiscal 2005 (from April 1, 2004 to June 30, 2004)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues	207,095	57,018	17,166	50,647	331,927	-39,657	292,269
Operating expenses	180,498	55,699	12,465	51,966	300,629	-39,655	260,973
Operating income	26,597	1,319	4,700	-1,319	31,298	-2	31,295

(Reference) Fiscal 2004 (from 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	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

Figures less than ¥1 million have been omitted

# Reference Materials

## CONSOLIDATED STATEMENTS OF INCOME (Reference)

	Billions of yen		
	First quarter of FY 2005	First quarter of FY 2004	Change from the same period of the previous year
Operating revenues	<1.41> 292.2	<1.41> 285.6	6.6
Operating expenses	260.9	260.0	0.9
Operating income	31.2	25.6	5.6
Nonoperating revenues and expenses, net	-10.0	-10.4	0.4
Recurring profit	21.2	15.1	6.1
Extraordinary profit and loss, net	3.0	0.1	2.8
Income before income taxes	24.2	15.2	8.9
Income taxes	10.3	5.8	4.5
Minority interests in consolidated subsidiaries	0.5	-0	0.5
Net income	<1.17> 13.3	<1.07> 9.4	3.8

Note: Figures in parenthesis are the consolidated-to-parent ratio

## SEGMENT INFORMATION (Reference)

	Billions of yen		
	First quarter of FY 2005	First quarter of FY 2004	Change from the same period of the previous year
<b>Transportation</b>			
Operating revenues	207.0	201.5	5.5
Operating income	26.5	21.5	5.0
<b>Sales of goods and food services</b>			
Operating revenues	57.0	55.1	1.8
Operating income	1.3	1.1	0.1
<b>Real estate</b>			
Operating revenues	17.1	16.8	0.3
Operating income	4.7	4.0	0.6
<b>Other</b>			
Operating revenues	50.6	51.5	-0.8
Operating income	-1.3	-1.1	-0.1

## CONSOLIDATED BALANCE SHEETS (Reference)

	Billions of yen		
	First quarter of FY 2005 (as of June 30, 2004)	FY2004 (as of March 31, 2004)	Change
<b>ASSETS</b>			
<b>Current assets:</b>			
Total current assets	155.4	202.3	-46.8
<b>Fixed assets:</b>			
Property, plant and equipment	1,963.0	1,994.8	-31.7
Construction in progress	69.1	67.7	1.4
Investments and other assets	143.7	145.4	-1.7
Total fixed assets	2,175.9	2,207.9	-32.0
<b>Total assets</b>	<b>2,331.4</b>	<b>2,401.3</b>	<b>-78.8</b>

	Billions of yen		
	First quarter of FY 2005 (as of June 30, 2004)	FY2004 (as of March 31, 2004)	Change
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Current portion of long-term debt	54.3	96.9	-42.5
Accounts payable	375.5	447.9	-72.3
Total current liabilities	<b>429.9</b>	<b>5,449</b>	<b>-114.9</b>
<b>Long-term liabilities:</b>			
Bonds and Long-term debt	1,079.0	1,041.5	37.5
Retirement allowances for employees	207.3	208.9	-1.5
Deposits received	107.7	111.5	-3.8
Total long-term liabilities	<b>1,394.2</b>	<b>1,362.0</b>	<b>32.1</b>
<b>Total liabilities</b>	<b>1,824.1</b>	<b>1,906.9</b>	<b>-82.8</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>23.5</b>	<b>23.5</b>	<b>-0</b>
Capital stock	100	100	-
Capital surplus	55.0	55.0	-
Capital reserve	324.6	319.4	5.1
Evaluation differences on other securities	4.3	5.5	-1.2
Treasury stock	-0.3	-0.3	-
<b>Total shareholders' equity</b>	<b>483.6</b>	<b>479.7</b>	<b>3.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,331.4</b>	<b>2,410.3</b>	<b>-78.8</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS (Reference)

	Billions of yen		
	First quarter of FY 2005	First quarter of FY 2004	Change from the same period of the previous year
<b>I. Cash flows from operating activities</b>			
Income before income taxes adjustments	24.2	15.2	8.9
Depreciation and amortization	27.4	27.0	0.3
Loss on deduction of contributions received for construction	1.9	13.0	-11.1
Change in allowance for retirement benefits	-1.5	-1.1	0.4
Change in allowance for bonuses	-18.6	-19.5	0.8
Gain on contributions received for construction	-2.0	-13.0	11.0
Income taxes paid	-28.6	-23.5	-5.1
Other	-22.2	-24.8	2.5
<b>Net cash provided by operating Activities (A)</b>	<b>-19.5</b>	<b>-26.7</b>	<b>7.1</b>
<b>II. Cash flows from investing activities</b>			
Purchases of property, plant and equipment	-38.0	-45.6	7.6
Receipts of contributions for the construction of railway facilities	9.9	9.4	0.4
Other (B)	0.1	1.3	-1.2
<b>Net cash used in investing activities</b>	<b>-28.0</b>	<b>-34.8</b>	<b>6.8</b>
<b>Free cash flow (C= A+B)</b>	<b>-47.6</b>	<b>-61.5</b>	<b>13.9</b>
<b>III. Cash flows from financing activities</b>			
Change in long-term borrowings, net	-5.0	-5.1	0
Increase in long-term debt	42.0	32.7	9.3
Repayment of long-term debt	-47.0	-37.8	-9.2
Cash dividends	-7.6	-4.8	-2.8
Other	24.6	38.0	-13.3
<b>Net cash used in financing activities (D)</b>	<b>11.9</b>	<b>28.0</b>	<b>-16.1</b>
<b>Total</b>	<b>-35.6</b>	<b>-33.4</b>	<b>-2.2</b>
<b>Change in cash and cash equivalents accompanying consolidation of additional subsidiaries (E)</b>	<b>-</b>	<b>0.7</b>	<b>-0.7</b>
<b>Change in cash and cash equivalents, net (F= C+D+E)</b>	<b>-35.6</b>	<b>-32.7</b>	<b>-2.9</b>

**NON-CONSOLIDATED STATEMENTS OF INCOME (Reference)**

	Billions of yen		
	First quarter of FY 2005	First quarter of FY 2004	Change from the same period of the previous year
<b>Operating revenues:</b>			
Transportation	185.2	180.3	4.8
Transportation incidentals	5.6	5.7	-0.1
Other operations	4.5	4.6	-0.1
Miscellaneous	11.9	11.5	0.4
	<b>207.3</b>	<b>202.2</b>	<b>5.1</b>
<b>Operating expenses:</b>			
Personnel costs	72.0	73.7	-1.7
Nonpersonnel costs	62.5	59.3	3.1
Rental payments, etc	6.2	7.8	-1.5
Taxes	14.3	14.6	-0.2
Depreciation	22.8	22.3	0.4
	<b>178.1</b>	<b>178.0</b>	<b>0</b>
<b>Operating income:</b>	<b>29.2</b>	<b>24.1</b>	<b>5.0</b>
<b>Nonoperating revenues and expenses, net</b>			
Operating revenues	0.5	0.5	-0
Nonoperating expenses	10.2	11.0	-0.7
	<b>-9.7</b>	<b>-10.5</b>	<b>0.7</b>
<b>Recurring profit:</b>	<b>19.4</b>	<b>13.6</b>	<b>5.8</b>
<b>Extraordinary profit and loss, net</b>			
Extraordinary profit	2.1	14.2	-12.0
Extraordinary loss	1.9	13.9	-11.9
	<b>0.1</b>	<b>0.3</b>	<b>-0.1</b>
<b>Income before income taxes</b>	<b>19.6</b>	<b>14.0</b>	<b>5.6</b>
Income taxes	8.3	5.1	3.1
<b>Net income</b>	<b>11.3</b>	<b>8.8</b>	<b>2.5</b>

**NON-CONSOLIDATED BALANCE SHEETS (Reference)**

	Billions of yen		
	First quarter of FY 2005 (as of June 30, 2004)	FY12004 (as of March 31, 2004)	Change
<b>ASSETS</b>			
<b>Current assets:</b>			
Total current assets	<b>80.1</b>	<b>115.7</b>	<b>-35.5</b>
<b>Fixed assets:</b>			
Fixed assets for railway operations	1,713.9	1,723.3	-9.3
Construction in progress	68.1	66.8	1.2
Investments and other assets	212.4	220.9	-8.5
Total fixed assets	<b>1,994.5</b>	<b>2,011.1</b>	<b>-16.6</b>
<b>Total assets</b>	<b>2,074.6</b>	<b>2,126.8</b>	<b>-52.1</b>

	First quarter of FY 2005 (as of June 30, 2004)	FY2004 (as of March 31, 2004)	Change
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Current portion of long-term debt	47.8	89.9	-42.0
Accounts payable	363.3	426.9	-63.6
Total current liabilities	<b>411.1</b>	<b>516.9</b>	<b>-105.7</b>
<b>Total long-term liabilities:</b>			
Bonds and long-term debt	1,013.4	974.0	39.3
Retirement allowances for employees	190.2	191.6	-1.3
Other long-term liabilities	17.3	4.8	12.4
Total long-term liabilities	<b>1,221.0</b>	<b>1,170.6</b>	<b>50.4</b>
<b>Total liabilities</b>	<b>1,632.1</b>	<b>1,687.5</b>	<b>-55.3</b>
<b>Capital stock</b>	<b>100.0</b>	<b>100.0</b>	-
<b>Capital surplus</b>	<b>55.0</b>	<b>55.0</b>	-
<b>Retained earnings:</b>			
Earned legal surplus	11.3	11.3	-
Reserved for advanced depreciation on property	7.6	3.4	4.2
Other reserves	210.0	190.0	20.0
Unappropriated income for current year (Net income)	54.8	75.8	-20.9
Total retained earnings	<b>283.8</b>	<b>280.5</b>	<b>3.2</b>
Evaluation differences on other securities	<b>3.6</b>	<b>3.7</b>	<b>-0.1</b>
<b>Total shareholders' equity</b>	<b>442.4</b>	<b>439.3</b>	<b>3.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,074.6</b>	<b>2,126.8</b>	<b>-52.1</b>