

West Japan Railway Company

Flash Report (Consolidated Basis)

Results for the first quarter ended June 30, 2005

Forward-Looking Statements

This release contains forward-looking statements that are based on JR-West's current expectations, assumptions, estimates and projections about its business, industry, and capital markets around the world.

These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may" "will" "expect" "anticipate" "plan" or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of JR-West's financial condition, or state other forward-looking information.

Known or unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.

Important risks and factors that could cause actual results to be materially different from expectations include, but are not limited to:

- expenses, liability, loss of revenue or adverse publicity associated with property or casualty losses;
- economic downturn, deflation and population decreases;
- adverse changes in laws, regulations and government policies in Japan;
- service improvements, price reductions and other strategies undertaken by competitors such as passenger railway and airlines companies;
- earthquake and other natural disaster risks; and
- failure of computer telecommunications systems disrupting railway or other operations

All forward-looking statements in this release are made as of August 9, 2005 based on information available to JR-West as of the date August 9, 2005 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.

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>

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

President: Takeshi Kakiuchi

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

- 1) Adoption of simplified method: N/A
- 2) Difference in accounting policies from the fiscal year ended March 31, 2005: N/A
- 3) Change in scope of consolidation and equity method:
 - Number of consolidated subsidiaries added: 3
 - Number of consolidated subsidiaries removed: 0

2. Results for the first quarter of fiscal 2006 (from April 1, 2005 to June 30, 2005)

(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 FY2006 | 293,705 | (0.5) | 34,012 | (8.7) | 24,754 | (16.7) |
| First quarter of FY2005 | 292,269 | (2.3) | 31,295 | (22.2) | 21,206 | (40.4) |
| (Reference) Year ended March 31, 2005 | 1,220,847 | | 133,100 | | 95,933 | |

| | 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 FY2006 | 13,867 | (4.0) | 6,936.79 | - |
| First quarter of FY2005 | 13,340 | (40.5) | 6,673.10 | - |
| (Reference) Year ended March 31, 2005 | 58,996 | | 29,462.96 | - |

(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 FY2006 (as of June 30, 2005) | 2,300,899 | 531,205 | 23.1 | 265,720.39 |
| First quarter of FY2005 (as of June 30, 2004) | 2,331,464 | 483,697 | 20.7 | 241,955.71 |
| (Reference) FY2005 (as of March 31, 2005) | 2,364,322 | 524,357 | 22.2 | 262,232.61 |

(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 FY2006 | -955 | -5,668 | -1,507 | 54,117 |
| First quarter of FY2005 | -19,577 | -28,028 | 11,940 | 34,990 |
| (Reference) FY 2005 (as of March 31, 2005) | 142,970 | -84,918 | -66,480 | 62,241 |

3. Forecasts for fiscal 2006 (from April 1, 2005 to March 31, 2006)

| | Operating revenues | Recurring profit | Net income | Net income per share |
|--------------|---------------------------|-------------------------|-------------------|-----------------------------|
| | Millions of yen | Millions of yen | Millions of yen | Yen |
| Interim 2006 | 605,500 | 55,200 | 29,100 | - |
| Fiscal 2006 | 1,232,500 | 103,300 | 57,600 | 28,764.54 |

(Reference)**Forecasts for fiscal 2006 on a non-consolidated basis (from April 1, 2005 to March 31, 2006)**

| | Operating revenues | Recurring profit | Net income | Net income per share |
|--------------|---------------------------|-------------------------|-------------------|-----------------------------|
| | Millions of yen | Millions of yen | Millions of yen | Yen |
| Interim 2006 | 425,000 | 48,000 | 26,000 | - |
| Fiscal 2006 | 849,000 | 82,000 | 49,000 | 24,500.00 |

* JR-West is not making any changes at this time to the forecast for the fiscal year ending March 31, 2006, announced on April 27, 2005.

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.

Operating Results and Financial Position

On April 25, 2005, a rapid train of the Company was the cause of a very serious accident when it derailed between Tsukaguchi and Amagasaki on the Fukuchiyama Line, resulting in a high number of fatalities and injuries among the passengers.

We in all sincerity will exert our company-wide efforts to respond to the bereaved family and the wounded passengers, as well as the residents in the condominium into which the train collided.

As a railway operator whose role it is to assure the safety of passengers, we should not have been the cause of accident. In an effort to prevent the recurrence of any such accident, we formulated a "Safety Enhancement Plan", which we submitted to the Minister of Land, Infrastructure and Transportation on May 31, 2005. Based on this plan, we the officers responsible for management shall, by exercising strength of will and leadership, lead the way in our dedicated endeavors to build a corporate culture which places a top priority on safety and incessantly act on the basis of safety-first. Thus, to restore the confidence of our passengers and many others, we prove ourselves worthy of our shareholders' trust.

Safety Enhancement Plan calls for efforts to reform culture and sense of value, improvement of response to reports on "Accident Origins", revision of current state of education and training, revision of current state of information communication and sharing, measures to prevent the recurrence of accidents, safety measures in transport operations and facilities, formulation of new management philosophy and pervasion thereof among all employees, and investment plan to assure safety. We will work to accomplish the tasks outlined in this plan.

Performance Highlights

Consolidated Results for the First Quarter of Fiscal 2006

Operating revenues: ¥293.7 billion

Operating income: ¥34.0 billion

Recurring profit: ¥24.7 billion

Net income: ¥13.8 billion

Note: As of fiscal period under review, Railway Track & Structures Technology Co., Ltd., West Japan Electric Technologies Co., Ltd. and JR West Financial Management Co., Ltd. were added to the scope of consolidation.

1. Results by Business Segment

1) *Transportation Operations*

As part of efforts under its Safety Enhancement Plan, JR-West has designated the three-month period from June 2005 to August 2005 as an "Emergency Safety Inspection Period." During this period, "Emergency Safety Meetings" will be held wherein all officers from the headquarters and branch offices will visit workplaces and exchange views directly with employees to promote strict awareness of "safety as a top priority" In addition, JR-West established a Safety Consultative Committee comprised of third-party experts, which convened for the first time in June 2005. In addition to the implementation of the Safety Enhancement Plan, JR-West has continued to move forward with the anti-seismic reinforcement of pillars supporting elevated tracks and other initiatives to protect against earthquakes in light of the derailment of the Joetsu Shinkansen at the time of the Niigata Chuetsu Earthquake in October 2004.

In sales and marketing, JR-West implemented various public relations activities, including initiatives to bolster awareness of the March 2005 timetable revisions and regional tourism materials, while working to promote its products and services through such measures as continuing sales of the mainstay Shinkansen product *Nozomi* early reservation discount tickets as well as introducing Aichi World Expo round-trip tickets and other special products.

Against a backdrop of intensifying competition in overnight highway bus services, JR-West worked to expand ridership through such measures as the introduction of direct service to the World Expo in Aichi, Japan.

Despite these initiatives, operating revenue for Transportation Operations edged down 0.7% from the same period of the previous fiscal year, to ¥205.6 billion, primarily as a result of the suspension of transportation service between Amagasaki and Takarazuka stations from April 25, 2005, to June 18, 2005, due to the accident involving the derailment of a train on the Fukuchiyama Line. Operating income, however, rose 7.5%, to ¥28.5 billion.

2) Sales of Goods and Food Services

JR-West worked to expand its business in and around stations through such initiatives as opening the “Daily-in Ishiyama” and “Daily-in Tokuyama” mini convenience stores as part of “NexStation Plan” efforts to bolster the competitiveness of its stations.

As a result, the Sales of Goods and Food Services segment generated operating revenue of ¥57.0 billion, remaining at around the same level as in the same period of the previous fiscal year, and operating income declined 12.7%, to ¥1.1 billion.

3) Real Estate

JR-West commenced sales of condominiums at J.Gran Koshienguchi and City Tower Gran Tennoji and opened a shopping center below the elevated railway tracks at Fukui station called Prism Fukui, which is based on the concept of making life more convenient.

Thanks to these efforts, operating revenue edged up 0.8%, to ¥17.3 billion, and operating income rose 4.0%, to ¥4.8 billion, as compared with the same period of the previous fiscal year.

4) Other Businesses

In its hotel business, JR-West strove to boost accommodation revenues through such measures as enhancing Internet reservation services. As for the travel agency business, overseas travel packages performed well, encouraged by the introduction of special products commemorating the 100th anniversary of Nippon Travel Agency’s establishment.

Revenues for the travel agency business and maintenance and engineering services, which are included in the Other Businesses segment, generally tend to be concentrated in the latter half of the fiscal year due to seasonal fluctuation.

As a result, operating revenues rose 2.0% year on year, to ¥51.6 billion, and an operating loss of ¥0.8 billion was posted, reflecting a 32.7% decline from the operating loss recorded in the same period of the previous fiscal year.

2. Forecasts for Fiscal 2006

Although JR-West expects to incur substantial costs as a result of the accident involving the derailment of a rapid train between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, we have decided not to make any changes at this time to the consolidated results forecasts for the fiscal year ending March 31, 2006—announced on April 27, 2005, as operating revenues of ¥1,232.5 billion, operating income of ¥138.4 billion, recurring profit of ¥103.3 billion, and net income of ¥57.6 billion—as we are currently unable to make rational projections as to the amount of funds that will be required in the future or when these costs will be incurred.

3. Financial Position

(1) Cash flows from operating activities

Income before income taxes amounted to ¥23.0 billion; however, corporate tax, bonuses, and other payments resulted in a cash outflow from operating activities of ¥0.9 billion.

(2) Cash flows from investing activities

Cash flows used in investing activities came to ¥5.6 billion due to measures to ensure safe and stable transportation and capital expenditures for improvements in transportation capacity.

(3) Cash flows from financing activities

Cash flows used in financing activities came to ¥1.5 billion, mainly owing to the reduction in long-term debt and the payment of dividends.

As a result of the aforementioned factors, cash and cash equivalents at the end of the first quarter of fiscal 2006 declined ¥8.1 billion, to ¥54.1 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 2006 (as of June 30, 2005) | FY2005 (as of March 31, 2005) | Change | First quarter of FY 2005 (as of June 30, 2004) |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | 54,777 | 62,901 | -8,124 | 35,650 |
| Accounts receivable | 31,824 | 42,911 | -11,087 | 32,368 |
| Deferred tax assets | 11,706 | 19,079 | -7,372 | 15,511 |
| Other current assets | 82,510 | 89,227 | -6,717 | 71,967 |
| Total current assets | 180,819 | 214,120 | -33,300 | 155,497 |
| Fixed assets: | | | | |
| Property, plant and equipment | 1,967,644 | 2,002,218 | -34,574 | 2,032,208 |
| Investments and other assets: | 152,394 | 147,939 | 4,454 | 143,755 |
| Investment securities | 54,028 | 53,695 | 333 | 53,378 |
| Deferred tax assets | 76,438 | 73,014 | 3,423 | 67,233 |
| Other investments and assets | 21,927 | 21,229 | 698 | 23,143 |
| Total fixed assets | 2,120,038 | 2,150,158 | -30,119 | 2,175,964 |
| Deferred assets | 41 | 44 | -2 | 3 |
| Total assets | 2,300,899 | 2,364,322 | -63,422 | 2,331,464 |

| | Millions of yen | | | |
|---|--|-------------------------------------|----------------|--|
| | First quarter of FY 2006 (as of June 30, 2005) | FY2005 (as of March 31, 2005) | Change | First quarter of FY 2005 (as of June 30, 2004) |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Current liabilities: | | | | |
| Current portion of long-term debt | 68,630 | 69,511 | -881 | 54,399 |
| Accounts payable | 39,047 | 92,964 | -53,917 | 50,536 |
| Other current liabilities | 321,157 | 334,787 | -13,629 | 325,027 |
| Total current liabilities | 428,835 | 497,263 | -68,428 | 429,964 |
| Long-term liabilities: | | | | |
| Bonds and long-term debt | 1,008,585 | 1,012,156 | -3571 | 1,079,095 |
| Retirement allowances for employees | 203,006 | 199,779 | 3,227 | 207,353 |
| Other long-term liabilities | 103,811 | 105,288 | -1,476 | 107,759 |
| Total long-term liabilities | 1,315,403 | 1,317,224 | -1,821 | 1,394,209 |
| Total liabilities | 1,744,238 | 1,814,488 | -70,250 | 1,824,173 |
| Minority interest | 25,455 | 25,476 | -20 | 23,594 |
| Shareholders' equity | | | | |
| Capital stock | 100,000 | 100,000 | - | 100,000 |
| Capital surplus | 55,000 | 55,000 | - | 55,000 |
| Consolidated retained earnings | 372,037 | 365,303 | 6,733 | 324,638 |
| Evaluation differences on other securities | 4,495 | 4,381 | 114 | 4,386 |
| Treasury stock | -327 | -327 | - | -327 |
| Total shareholders' equity | 531,205 | 524,357 | 6,847 | 483,697 |
| Total liabilities, minority interest, and shareholders' equity | 2,300,899 | 2,364,322 | -63,422 | 2,331,464 |

CONSOLIDATED STATEMENTS OF INCOME

(Figures less than ¥1 million have been omitted)

| | Millions of yen | | | |
|---|--|--|---------------|------------------------|
| | First quarter of FY 2006 (as of June 30, 2005) | First quarter of FY 2005 (as of June 30, 2004) | Change | (Reference) FY 2005 |
| Operating revenues | 293,705 | 292,269 | 1,435 | 1,220,847 |
| Operating expenses | 259,692 | 260,973 | -1,280 | 1,087,747 |
| Operating income | 34,012 | 31,295 | 2,716 | 133,100 |
| Nonoperating revenues | 970 | 776 | 194 | 6,284 |
| Nonoperating expenses | 10,228 | 10,865 | -637 | 43,451 |
| Recurring profit | 24,754 | 21,206 | 3,547 | 95,933 |
| Extraordinary profits | 17,525 | 5,621 | 11,904 | 79,204 |
| Extraordinary losses | 19,210 | 2,606 | 16,604 | 69,725 |
| Income before income taxes | 23,069 | 24,221 | -1,152 | 105,411 |
| Corporation, inhabitants and enterprise taxes | 9,102 | 10,380 | -1,277 | 43,987 |
| Minority interests in earnings of consolidated subsidiaries | 99 | 500 | -401 | 2,428 |
| Net income | 13,867 | 13,340 | 527 | 58,996 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Figures less than ¥1 million have been omitted)

| | Millions of yen | | | |
|---|--|--|----------------|----------------|
| | First quarter of FY 2006 (as of June 30, 2005) | First quarter of FY 2005 (as of June 30, 2004) | Change | FY 2005 |
| I. Cash flows from operating activities | | | | |
| Net cash provided by operating activities | -995 | -19,577 | 18,582 | 142,970 |
| II. Cash flows from investing activities | | | | |
| . Purchases of property, plant and equipment | -30,714 | -38,052 | 7,338 | -145,371 |
| . Other | 25,045 | 10,023 | 15,022 | 60,452 |
| Net cash used in investing activities | -5,668 | -28,028 | 22,360 | -84,918 |
| III. Cash flows from financing activities | | | | |
| Change in long-term borrowings, net | -4,453 | -5,051 | 598 | -56,878 |
| Other | 2,945 | 16,992 | -14,047 | -9,602 |
| Net cash used in financing activities | -1,507 | 11,940 | -13,448 | -66,480 |
| IV. Change in cash and cash equivalents, net | -8,171 | -35,665 | 27,493 | -8,427 |
| V. Cash and cash equivalents at beginning ..of the period | 62,241 | 70,655 | -8,413 | 70,655 |
| VI. Change in cash and cash equivalents ..accompanying consolidation of additional subsidiaries | 47 | - | 47 | 14 |
| VII. Cash and cash equivalents ..at the end of the period | 54,117 | 34,990 | 19,127 | 62,241 |

SEGMENT INFORMATION

1. Information by business segment

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 |

First quarter of fiscal 2006 (from April 1, 2005 to June 30, 2005)

| | Millions of yen | | | | | | |
|--------------------|-----------------|----------------------------------|-------------|--------|---------|-----------------------------|--------------|
| | Transportation | Sales of goods and food services | Real estate | Other | Total | Eliminations and intergroup | Consolidated |
| Operating revenues | 205,680 | 57,034 | 17,300 | 51,638 | 331,653 | -37,948 | 293,705 |
| Operating expenses | 177,100 | 55,883 | 12,410 | 52,525 | 297,920 | -38,227 | 259,692 |
| Operating income | 28,579 | 1,151 | 4,889 | -887 | 33,733 | 279 | 34,012 |

(Reference) Fiscal 2005 (from April 1, 2004 to March 31, 2005)

| | Millions of yen | | | | | | |
|--------------------|-----------------|----------------------------------|-------------|---------|-----------|-----------------------------|--------------|
| | Transportation | Sales of goods and food services | Real estate | Other | Total | Eliminations and intergroup | Consolidated |
| Operating revenues | 846,002 | 232,862 | 70,891 | 259,598 | 1,409,354 | -188,507 | 1,220,847 |
| Operating expenses | 746,636 | 227,625 | 51,969 | 249,413 | 1,275,644 | -187,897 | 1,087,747 |
| Operating income | 99,365 | 5,237 | 18,922 | 10,185 | 133,710 | -609 | 133,100 |

Figures less than ¥1 million have been omitted

Reference Materials

CONSOLIDATED STATEMENTS OF INCOME (Reference)

| | Billions of yen | | |
|---|--------------------------|--------------------------|--|
| | First quarter of FY 2006 | First quarter of FY 2005 | Change from the same period of the previous year |
| Operating revenues | <1.43> 293.7 | <1.41> 292.2 | 1.4 |
| Operating expenses | 259.6 | 260.9 | -1.2 |
| Operating income | 34.0 | 31.2 | 2.7 |
| Nonoperating revenues and expenses, net | -9.2 | -10.0 | 0.8 |
| Recurring profit | 24.7 | 21.2 | 3.5 |
| Extraordinary profit and loss, net | -1.6 | 3.0 | -4.6 |
| Income before income taxes | 23.0 | 24.2 | -1.1 |
| Corporation, inhabitants and enterprise taxes | 9.1 | 10.3 | -1.2 |
| Minority interests in consolidated subsidiaries | 0 | 0.5 | -0.4 |
| Net income | <1.10> 13.8 | <1.17> 13.3 | 0.5 |

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

SEGMENT INFORMATION (Reference)

| | Billions of yen | | |
|---|--------------------------|--------------------------|--|
| | First quarter of FY 2006 | First quarter of FY 2005 | Change from the same period of the previous year |
| Transportation | | | |
| Operating revenues | 205.6 | 207.0 | -1.4 |
| Operating income | 28.5 | 26.5 | 1.9 |
| Sales of goods and food services | | | |
| Operating revenues | 57.0 | 57.0 | 0 |
| Operating income | 1.1 | 1.3 | -0.1 |
| Real estate | | | |
| Operating revenues | 17.3 | 17.1 | 0.1 |
| Operating income | 4.8 | 4.7 | 0.1 |
| Other | | | |
| Operating revenues | 51.6 | 50.6 | 0.9 |
| Operating income | -0.8 | -1.3 | 0.4 |

CONSOLIDATED BALANCE SHEETS (Reference)

| | Billions of yen | | |
|-------------------------------|---|----------------------------------|--------------|
| | First quarter of FY 2006 (as of June 30, 2005) | FY2005 (as of March 31, 2005) | Change |
| ASSETS | | | |
| Current assets: | | | |
| ...Total current assets | 180.8 | 214.1 | -33.3 |
| Fixed assets: | | | |
| Property, plant and equipment | 1,914.1 | 1,932.9 | -18.8 |
| Construction in progress | 53.5 | 69.2 | -15.7 |
| Investments and other assets | 152.3 | 147.9 | 4.4 |
| Total fixed assets | 2120.0 | 2,150.1 | -30.1 |
| Total assets | 2,300.8 | 2,364.3 | -63.4 |

| | Billions of yen | | |
|--|---|----------------------------------|--------------|
| | First quarter of FY 2006 (as of June 30, 2005) | FY2005 (as of March 31, 2005) | Change |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Current portion of long-term debt | 68.6 | 69.5 | -0.8 |
| Accounts payable | 360.2 | 427.7 | -67.5 |
| Total current liabilities | 428.8 | 497.2 | -68.4 |
| Long-term liabilities: | | | |
| Bonds and Long-term debt | 1,008.5 | 1,012.1 | -3.5 |
| Retirement allowances for employees | 203.0 | 199.7 | 3.2 |
| Deposits received | 103.8 | 105.2 | -1.4 |
| Total long-term liabilities | 1,315.4 | 1,317.2 | -1.8 |
| Total liabilities | 1,744.2 | 1,814.4 | -70.2 |
| Minority interests in consolidated subsidiaries | 25.4 | 25.4 | -0 |
| Capital stock | 100.0 | 100.0 | - |
| Capital surplus | 55.0 | 55.0 | - |
| Capital reserve | 372.0 | 365.3 | 6.7 |
| Evaluation differences on other securities | 4.4 | 4.3 | 0.1 |
| Treasury stock | -0.3 | -0.3 | - |
| Total shareholders' equity | 531.2 | 524.3 | 6.8 |
| Total liabilities and shareholders' equity | 2,300.8 | 2,364.3 | -63.4 |

CONSOLIDATED STATEMENTS OF CASH FLOWS (Reference)

| | Billions of yen | | |
|--|--------------------------|--------------------------|--|
| | First quarter of FY 2006 | First quarter of FY 2005 | Change from the same period of the previous year |
| I. Cash flows from operating activities | | | |
| Income before income taxes adjustments | 23.0 | 24.2 | -1.1 |
| Depreciation and amortization | 26.9 | 27.4 | -0.4 |
| Loss on deduction of contributions received for construction | 16.9 | 1.9 | 14.9 |
| Change in allowance for retirement benefits | 3.0 | -1.5 | 4.6 |
| Change in allowance for bonuses | -18.1 | -18.6 | 0.5 |
| Gain on contributions received for construction | -16.9 | -2.0 | -14.9 |
| Income taxes paid | -23.6 | -28.6 | 5.0 |
| Other | -12.2 | -22.2 | 9.9 |
| Net cash provided by operating Activities (A) | -0.9 | -19.5 | 18.5 |
| II. Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | -30.7 | -38.0 | 7.3 |
| Receipts of contributions for the construction of railway facilities | 15.9 | 9.9 | 6.0 |
| Other | 9.1 | 0.1 | 8.9 |
| Net cash used in investing activities (B) | -5.6 | -28.0 | 22.3 |
| Free cash flow (C= A+B) | -6.6 | -47.6 | 40.9 |
| III. Cash flows from financing activities | | | |
| Change in long-term borrowings, net | -4.4 | -5.0 | 0.5 |
| Increase in long-term debt | - | 42.0 | -42.0 |
| Repayment of long-term debt | -4.4 | -47.0 | 42.5 |
| Cash dividends | -6.7 | -7.6 | 0.9 |
| Other | 8.1 | 24.8 | -16.6 |
| Net cash used in financing activities (D) | -1.5 | 11.9 | -13.4 |
| Total | -8.1 | -35.6 | -27.4 |
| Change in cash and cash equivalents accompanying consolidation of additional subsidiaries (E) | 0 | - | 0 |
| Change in cash and cash equivalents, net (F= C+D+E) | -8.1 | -35.6 | 27.5 |

NON-CONSOLIDATED STATEMENTS OF INCOME (Reference)

| | Billions of yen | | |
|--|--------------------------|--------------------------|--|
| | First quarter of FY 2006 | First quarter of FY 2005 | Change from the same period of the previous year |
| Operating revenues: | | | |
| Transportation | 184.0 | 185.2 | -1.1 |
| Transportation incidentals | 5.5 | 5.6 | -0.0 |
| Other operations | 4.3 | 4.5 | -0.1 |
| Miscellaneous | 11.8 | 11.9 | -0.1 |
| | 205.8 | 207.3 | -1.4 |
| Operating expenses: | | | |
| .Personnel costs | 69.9 | 72.0 | -2.0 |
| Nonpersonnel costs | 62.6 | 62.5 | 0.1 |
| Rental payments, etc | 6.1 | 6.2 | -0.1 |
| Taxes | 13.4 | 14.3 | -0.9 |
| Depreciation | 22.3 | 22.8 | -0.4 |
| | 174.6 | 178.1 | -3.4 |
| Operating income: | 31.2 | 29.2 | 2.0 |
| Nonoperating revenues and expenses, net | -8.9 | -9.7 | 0.7 |
| Nonoperating revenues | 0.6 | 0.5 | 0.1 |
| Nonoperating expenses | 9.6 | 10.2 | -0.6 |
| Recurring profit: | 22.2 | 19.4 | 2.7 |
| Extraordinary profit and loss, net | -1.6 | 0.1 | -1.8 |
| Extraordinary profit | 17.2 | 2.1 | 15.0 |
| Extraordinary loss | 18.8 | 1.9 | 16.8 |
| Income before income taxes | 20.6 | 19.6 | 0.9 |
| Income taxes | 7.9 | 8.3 | -0.3 |
| Net income | 12.6 | 11.3 | 1.2 |

NON-CONSOLIDATED BALANCE SHEETS (Reference)

| | Billions of yen | | |
|-------------------------------------|---|----------------------------------|--------------|
| | First quarter of FY 2006 (as of June 30, 2005) | FY2005 (as of March 31, 2005) | Change |
| ASSETS | | | |
| Current assets: | | | |
| Total current assets | 106.7 | 127.9 | -21.1 |
| Fixed assets: | | | |
| Fixed assets for railway operations | 1,665.7 | 1,683.8 | -18.0 |
| Construction in progress | 52.4 | 67.8 | -15.4 |
| Investments and other assets | 223.2 | 218.4 | 4.7 |
| Total fixed assets | 1,941.3 | 1,970.1 | -28.7 |
| Total assets | 2,048.1 | 2,098.0 | -49.8 |

| | First quarter of FY 2006 (as of June 30, 2005) | FY2005 (as of March 31, 2005) | Change |
|--|---|----------------------------------|--------------|
| | LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | | |
| Current portion of long-term debt | 72.8 | 65.9 | 6.9 |
| Accounts payable | 353.4 | 409.5 | -56.1 |
| Total current liabilities | 426.2 | 475.4 | -49.2 |
| Long-term liabilities: | | | |
| Bonds and long-term debt | 938.6 | 948.2 | -9.5 |
| Retirement allowances for employees | 185.0 | 181.7 | 3.3 |
| Other long-term liabilities | 18.1 | 18.2 | -1 |
| Total long-term liabilities | 1,141.8 | 1,148.2 | -6.3 |
| Total liabilities | 1,568.1 | 1,623.7 | -55.6 |
| Capital stock | 100.0 | 100.0 | - |
| Capital surplus | 55.0 | 55.0 | - |
| Retained earnings: | | | |
| Earned legal surplus | 11.3 | 11.3 | - |
| Reserved for advanced depreciation on property | 8.9 | 7.6 | 1.3 |
| Other reserves | 240.0 | 210.0 | 30.0 |
| Unappropriated income for current year (Net income) | 60.8 | 86.5 | -25.6 |
| Total retained earnings | 321.1 | 315.4 | 5.6 |
| Evaluation differences on other securities | 3.8 | 3.8 | 0 |
| Total shareholders' equity | 480.0 | 474.3 | 5.7 |
| Total liabilities and shareholders' equity | 2,048.1 | 2,098.0 | -49.8 |