

April 27, 2006

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West Japan Railway Company

Flash Report (Consolidated and Non-Consolidated Basis)

Results for the year ended March 31, 2006

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 April 27, 2006 based on information available to JR-West as of the date April 27, 2006 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>

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Date for Convening the Board of Directors Meeting for the Settlement of Accounts: April 27, 2005

Adoption of U.S. GAAP : No

1. Performance

(1) Operating results

Years ended March 31

(Figures less than ¥1 million have been omitted.)

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2006	1,240,098	1.6	135,218	1.6	102,181	6.5
2005	1,220,847	0.4	133,100	4.9	95,933	11.7

	Net income		Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total capital ratio	Recurring profit-to-net sales ratio
	Millions of yen	%	Yen	Yen	%	%	%
2006	46,525	(21.1)	23,281.96	—	8.5	4.3	8.2
2005	58,996	25.5	29,462.96	—	11.8	4.0	7.9

1. Gain (Loss) on investment by equity method: 2006: ¥1,214 million, 2005: ¥239 million
2. Average number of shares outstanding during the period: 2006: 1,999,115 shares, 2005: 1,999,115 shares
3. Change in accounting method: none
4. Percentages indicate year-on-year increase/ (decrease) in operating revenues, operating income, recurring profit, and net income.

(2) Financial position

At March 31

(Figures less than ¥1 million have been omitted.)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2006	2,355,969	564,254	23.9	282,245.00
2005	2,364,322	524,357	22.2	262,232.61

Number of shares outstanding at fiscal year-end: 2006: 1,999,115 shares, 2005: 1,999,115 shares

(3) Cash flows

Years ended March 31

(Figures less than ¥1 million have been omitted.)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2006	164,080	(101,765)	(69,397)	55,433
2005	142,970	(84,918)	(66,480)	62,241

(4) Number of subsidiaries and affiliates

Consolidated subsidiaries: 69

Unconsolidated subsidiaries accounted for by the equity method: 0

Affiliates accounted for by the equity method: 4

(5) Changes in the scope of consolidation

Additions: Consolidated subsidiaries: 3, Affiliates: 0

Deletions: Consolidated subsidiaries: 0, Affiliates: 0

2. Forecasts for Fiscal Year ending March 31, 2007

	Operating revenues	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim period	609,000	53,500	28,500
Fiscal year	1,245,000	92,000	48,600

(Reference)

Consolidated net income per share for the fiscal year is forecast to be ¥24,317.74.

MANAGEMENT POLICIES

On April 25, 2005, a rapid train of the Company caused an extremely serious accident when it derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, resulting in 106 fatalities and more than 500 injuries of passengers.

We pray for all the victims of the accident and would like to express our sincerest apologies to their bereaved families. We would also like to express our deepest sympathies and sincerest apologies to the injured passengers and hope they recover as soon as possible. We further offer our sincerest apologies to the residents of the condominium into which the train collided, and to all others affected by the accident, for the excessive strain and trouble that we have caused.

We are committed to helping to the fullest extent those who have suffered as a result of the accident, and redoubling our efforts to ensure that safety is a priority, as we work to regain the trust and confidence of society.

1. Basic Management Policies

The JR-West Group will work to further develop a corporate culture which places a top priority on safety, concentrating on its core business of railway operations, and will redouble its efforts with regard to the principle of "safety first."

The JR-West Group, building on its core railway operations, is developing distribution, real estate and other businesses aimed at providing services to railway passengers, efficient utilization of assets in the vicinity of railway stations, and other related business. In its business development, the Company seeks to leverage the collective power of the corporate Group, strengthening its business foundation through efficient utilization of assets and other measures, with the aim of realizing sustainable growth.

Amid a difficult operating environment, JR-West will continue to strive to improve its corporate value by accurately identifying market trends, maximizing its management assets, and making a determined effort to implement various measures in a strategic and timely manner, so as to provide a service with which passengers feel at ease and repeatedly choose to use. These efforts will be made in accordance with the newly formulated Corporate Philosophy statement and Safety Charter, and founded on the principle of safety as a priority.

2. Basic Policy Regarding Distribution of Earnings

JR-West's basic policy is to emphasize sustained, stable dividend payments while securing adequate internal capital reserves to maintain a solid and stable management foundation that will continue into the future.

Regarding the specific policy for dividends, as previously announced the Company plans to pay annual dividends of ¥6,000 per share through the fiscal year ending March 31, 2009. This policy has been formulated in accordance with shareholders' equity, the status of long-term debt, and other aspects of our capital structure, and on the premise that we can secure sustained and stable growth in operating revenues.

For the subject fiscal year, the Company has paid an interim dividend of ¥3,000 per share, and plans to pay a year-end dividend of ¥3,000 per share.

3. Medium-Term Management Strategy and Targets

In setting its medium-term management targets for the fiscal year ending March 31, 2009, the JR-West Group established basic policies aimed at achieving sustainable growth and development and enhancing corporate value, drawing on the collective power of the corporate Group. It also initiated several action plans, such as one designed to encourage constant consideration of the customer's perspective. Numerical targets for the fiscal year ending March 31, 2009, were set as follows:

Consolidated return on assets (ROA) (operating income basis):	6.4%
Consolidated return on equity (ROE) (net income basis):	10.0%
Consolidated operating revenues:	¥1,250 billion
Transportation revenues:	¥756.5 billion

We intend to revise these targets, however, as part of the implementation of the Safety Enhancement Plan, which is designed to restore customer trust by placing priority on safety in accordance with the newly formulated Corporate Philosophy statement and Safety Charter.

4. Management Issues

With the extremely serious accident it caused on April 25, 2005, when a train derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, the Company lost a considerable amount of the trust it had established among customers and society.

In response, we have made it a top management priority to help to the fullest extent those who have suffered as a result of the accident, as we redouble our commitment to safety, and work to regain the trust of society. We recognize that we must, as a Group, provide a beneficial service to society, and establish a solid foundation to ensure sustainable growth, built on providing a worry-free, high-quality, trusted transportation service.

In keeping with this fundamental awareness, we are devoting our full effort to improving safety and regaining passengers' trust, based on the Corporate Philosophy statement and Safety Charter newly formulated on the occasion of this accident.

In the railway business, we are concentrating on measures to improve safety, recognizing that our highest management priority is to implement the Safety Enhancement Plan to establish a corporate culture that prioritizes safety. We are taking all actions necessary to respond to the proposals and recommendations of the Aircraft and Railway Accident Investigation Commission of the Ministry of Land, Infrastructure and Transport, the Safety Consultative Committee, and other organizations, and will cooperate fully with the Accident Investigation Commission in determining the causes of the accident. Moreover, we are studying to the best of our ability the circumstances that led to the accident, and will take whatever steps necessary to address any issues that are uncovered. We will also establish a Safety Research Institute to conduct full-time R&D activity regarding investment in safety-related issues.

In railway operations, faced with an extremely competitive business environment we revised our timetables in March 2006, and are working to provide a worry-free, trusted transportation service. We are also making efforts to develop stations that require less waiting and are easy to use, through such measures as improving the customer service level of our employees, increasing the number and functionality of Green Ticket Vending Machines (sophisticated ticket vending machines offering express tickets, commuter passes and other advanced functions), and working in conjunction with local government and other authorities to expand and upgrade barrier-free facilities. We are also further expanding our Internet train reservation system. In terms of sales measures, we are pushing ahead with strategies to incorporate IT and the use of IC cards, and making efforts to increase the number of holders of the J-WEST Card with which these services are used.

In ferry operations, we are reforming our operational structure through a strengthening of the responsibility framework and other measures, with the aim of providing a trusted, reliable transport service while taking all measures necessary to ensure safety. These efforts are helping to ensure healthy operations in this business.

In sales of goods and food services and real estate businesses, we are making steady progress with efforts to renovate Osaka Station and development of the New North Building, and are moving ahead with our NexStation Plan and other initiatives. These measures will expand business within stations and surrounding areas, and increase revenues for the entire Group. We are also working to increase the value of ICOCA by expanding the network of affiliated stores accepting electronic money, and forming partnerships with other companies.

Further, we recognize the importance of our Company's role in and duty to society. Working together as a Group, and squarely facing the fundamental issue of making efforts to improve safety and quality, we will faithfully implement corporate social responsibility (CSR) and other measures to ensure compliance in all of our business activities, centered on our newly formed Compliance Committee and Risk Management Committee.

BUSINESS PERFORMANCE AND FINANCIAL POSITION

1. Business Performance

(1) Overview of Results for the Subject Period

On April 25, 2005, the Company caused an extremely serious accident when one of its trains derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, resulting in 106 fatalities and more than 500 injuries of passengers. Immediately following the accident we devoted our full effort to aid the families of those whose lives were lost, and everyone who suffered as a result of the accident, while holding briefings to announce the status of the situation, our response and other issues, as well as conducting neighborhood meetings with local accident victims and families. In March 2006 we established a dedicated office to further improve support by providing full-time assistance to those who suffered, enhancing our structure as part of our Company-wide effort to do as much as possible.

To help ensure that such an accident will never be repeated, we formulated a Safety Enhancement Plan, which was submitted to the Minister of Land, Infrastructure and Transport on May 31, 2005. This plan details our efforts to reform our corporate culture and values, areas for improvement in reporting the underlying factors leading to the accident and other aspects, the status of our reform of employee training and supervision, the status of our reform of information disclosure, and our efforts in such areas as structural and functional enhancements. It also outlines our safety strategies with regard to operations and facilities, the formulation of our new corporate philosophy and its dissemination among employees, our plan for investments to improve safety, and other measures. We recognize that faithful implementation of these initiatives is essential to regaining trust, and will devote our full effort to their execution.

In particular, in the formulation of our new corporate philosophy statement we held repeated discussions throughout the Company regarding what should be the ordinary stance for the Company and the values we should cherish, adopting a new Corporate Philosophy statement founded on building a corporate culture that prioritizes safety. We have also extensively revised our Safety Charter detailing explicit action plans, so that every employee is prompted to take specific actions, and so that we never forget this accident, and will work to meet our highest obligation of maintaining safety.

Through these initiatives we are devoting our full effort to progressively implementing the Safety Enhancement Plan in our mainstay business of transportation operations, while in other Group operations we are making steady efforts with regard to business operations, including developing specific measures that draw on the unique characteristics of each business, and effectively utilizing their assets.

As a result, on a consolidated basis, operating revenues for the subject fiscal year rose 1.6% over the same period of the previous year to ¥1,240.0 billion, with operating income up 1.6% to ¥135.2 billion. Recurring profit increased 6.5% to ¥102.1 billion, though net income declined 21.1% to ¥46.5 billion.

(2) Results by Business Segment

Transportation Operations

In railway operations, the Company proceeded with the steady implementation of its Safety Enhancement Plan, aimed at establishing a corporate culture that prioritizes safety, in the recognition that safety is the foundation of its management. Specific measures included efforts to foster safety consciousness through the direct exchange of opinions between managers and on-site employees during emergency safety meetings, and the implementation of facility improvement and other measures based on these discussions. Reporting rules aimed at eliminating the underlying causes of accidents and other human error were reviewed and improved.

In terms of education, the Company took steps to make training programs more effective, including expanding safety training through further upgrading and safety training and the use of simulators, from the standpoint of training personnel to support solid safety measures. In particular, with regard to training of train crews in accident prevention, we established a standard educational curriculum and other content, and revised the program to focus on practical training tailored to the type and cause of an accident. As a further part of its accident prevention initiatives, JR-West formed a new Safety Consultative Committee comprised of third-party experts, established the post of Special Deputies to the President, and enhanced the functions of the Safety Promotion Department.

In terms of facilities, the Company took initiatives including installation of automatic train stop (ATS) systems that prevent trains from exceeding speed limits on curved portions of the track, improving the safety facilities at train crossings, and undertaking construction to strengthen pillars supporting elevated tracks against earthquakes. The Company is also making efforts to eliminate accidents stemming from inadequate passing areas, following the unfortunate accident that occurred along the Hakubi Line in January 2006, when a train hit four workers engaged in rail maintenance work.

In transportation operations, JR-West implemented a revision of timetables effective from March 2005, based on the Safety Enhancement Plan and centered on its urban network. The timetables were revised from the standpoint of consistently providing a stable transportation services premised on safety, incorporating revised stopping times that take into account the actual status of use by passengers, and such elements as setting running times with sufficient leeway.

Transportation service was also made more convenient through the addition of more Nozomi trains on the Sanyo Shinkansen, providing service from Hakata and Hiroshima to Tokyo, and the addition of the new express train Hikari Rail Star. Service between Toyama and Iwasehama stations on the Toyamako Line was discontinued from March 1, 2006, due to the decision by the city of Toyama to adopt a light rail system.

Sales and marketing initiatives included sales campaigns for such key products as Nozomi early reservation discount tickets, and new services for the Sankyo Shinkansen; activities to promote the DISCOVER WEST and other campaigns developed in cooperation with local municipalities, other JR companies and travel agents; and efforts to provide basic information on revision of timetables, tourism opportunities and other announcements. The Company also expanded the use of IT and IC cards, through such initiatives as an Internet reservation service offered to J-WEST cardholders, launching the Smart ICOCA service, a cashless system with which passengers can charge credits to a

card, and launching a system allowing for interoperability between our ICOCA IC card and the PiTaPa IC card used by private railways in Kansai, and others.

Customer service initiatives were designed to improve the passenger-friendliness of the JR-West system, and included the installation of additional Green Ticket Vending Machines and expansion of functions, installation of more elevators, escalators and other barrier-free facilities, and the introduction in the Kyoto-Osaka-Kobe region of a new Lost and Found Management System, providing prompt responses to inquiries regarding lost items, and proper management of services.

Technology development initiatives included efforts to develop technology to contribute to safety assurance and stable transportation services, as well as research aimed at building new types of railway systems for the future, such as development of a low-energy power supply system utilizing storage batteries.

Environmental initiatives included efforts to further reduce the use of energy and resources, in order to lower the environmental burden of the railway business. We also took steps to build an environmental management system for the station and maintenance divisions that is compliant with ISO14001 standards, and lower the environmental burden at all Group companies.

In bus services, the Company worked to provide services that respond to the varied needs of customers, including the comfort-oriented Super Dream bus, and the low-cost Super-Discount Youth bus, both operating along the route between Osaka and Tokyo.

As a result, operating revenues for Transportation Operations increased 0.6% over the same period of the previous year, to ¥850.8 billion, however operating income decreased 1.4%, to ¥98.0 billion.

Sales of Goods and Food Services

The Company continued to move forward with the implementation of the NexStation Plan, formulated in the fiscal year ending March 31, 2004 to improve the quality of its stations. Other initiatives to expand and improve retail businesses within stations included the opening of a shopping area near the first-floor entrance to the Shinkansen tracks in Hiroshima Station, and the opening of the Umesan Koji commercial facility in the space under the elevated tracks in Osaka Station, following the completion of station renovations.

As a result, operating revenues in the Sales of Goods and Food Services segment rose 5.0% over the same period of the previous year, to ¥244.4 billion, and operating income was up 13.7% to ¥5.9 billion.

Real Estate Business

JR-West opened Prism Fukui, a shopping center beneath recently elevated tracks at Fukui Station. Other initiatives to develop stations and surrounding areas included the renewal of the Est Ichiban-gai shopping centers beneath elevated tracks in Umeda, Osaka, reopened as EST locations. We also developed condominium apartments on land formerly used for housing for Company employees, and made other efforts to effectively utilize assets. The renovation of Osaka Station and the development of the New North Building is proceeding smoothly according to plan, with renewal work continuing, and removal of the existing North Building now underway.

As a result, operating revenues for the Real Estate segment rose 6.8% over the same period of the previous year, to ¥75.7 billion, and operating income rose 8.3%, to ¥20.5 billion.

Other Businesses

In travel agency operations, JR-West's subsidiary Nippon Travel Agency marked the 100th anniversary of its establishment with a new corporate logo, and other revisions to its corporate identity. It also developed several new products and services, including the introduction of Red Balloon Centennial, a high-value-added travel product, and other tour packages using chartered transportation.

In hotel operations, JR-West renovated guest rooms, restaurants, and banquet halls, while banquet and culinary departments promote sales by holding various events, and other initiatives.

In advertising operations, the Company began showing in-train video advertisements in new commuting train cars, and making other efforts to develop new advertising media.

In addition, the Company undertook new initiatives to provide services that respond to the varied needs of customers, including launching the ICOCA electronic money service, and expanding the credit card business with the issue of the J-WEST card.

As a result, operating revenues in the Other Businesses segment increased 8.0% from the same period of the previous year, to ¥280.2 billion, and operating income climbed 12.5%, to ¥11.4 billion.

(3) Outlook

While the operating environment will be challenging, JR-West will seek to enhance its corporate value by maximizing its management resources, while keeping fixedly in mind the basic principle of prioritizing safety.

Current forecasts for the fiscal year ending March 31, 2007, are as follows:

Operating revenues	¥1,245.0 billion
Operating income	¥124.3 billion
Recurring profit	¥92.0 billion
Net income	¥48.6 billion

2. Financial Position

(1) Cash flows from operating activities

Cash provided by operating activities amounted to ¥164.0 billion, a rise of ¥21.1 billion from the previous fiscal year. The main factors affecting cash were an increase in retirement allowance paid, and a decline in enterprise taxes.

(2) Cash flows from investing activities

Cash used in investing activities amounted to ¥101.7 billion, a rise of ¥16.8 billion from the previous fiscal year. The main factors affecting cash were purchases of property, plant and equipment, and a decline in proceeds from sales of securities.

(3) Cash flows from financing activities

Cash used in financing activities amounted to ¥69.3 billion, a rise of ¥2.9 billion from the previous fiscal year. The main factors affecting cash were repayment of long-term debt of ¥57.1 billion, and payment of cash dividends.

As a result, cash and cash equivalents at end of year declined ¥6.8 billion to ¥55.4 billion.

3. Cash Flow Indicators

Years ended March 31

	2002	2003	2004	2005	2006
Equity ratio (%)	17.0	18.1	19.9	22.2	23.9
Equity ratio, based on market value (%)	41.3	30.8	34.6	36.9	42.2
Number of years for amortization (years)	10.5	9.7	8.8	8.0	7.4
Interest coverage ratio	2.2	2.5	2.8	3.1	3.4

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

March 31

(Figures less than ¥1 million have been omitted.)

	Millions of yen		
	2006	2005	Change from the previous year
ASSETS			
Current assets:			
Cash	56,093	62,901	(6,807)
Trade notes receivable	19,095	14,584	4,510
Railway fares receivable	15,432	13,853	1,578
Accounts receivable	47,328	42,959	4,368
Marketable securities	3	2	1
Inventories	17,939	15,696	2,242
Deferred tax assets	19,426	19,079	347
Other current assets	32,891	45,350	(12,459)
Less allowance for doubtful accounts	(351)	(308)	(43)
Total current assets	207,859	214,120	(6,260)
Fixed assets:			
Property, plant and equipment:	1,950,880	1,982,660	(31,780)
Buildings	961,711	978,474	(16,762)
Machinery and transport equipment	250,498	248,451	2,047
Land	655,311	662,910	(7,598)
Construction in progress	59,442	69,296	(9,853)
Other property, plant and equipment	23,916	23,529	386
Intangible fixed assets	22,292	19,557	2,734
Consolidation goodwill	---	170	(170)
Other intangible fixed assets	22,292	19,387	2,904
Investments and other assets:	174,894	147,939	26,954
Investment securities	65,027	53,695	11,332
Deferred tax assets	88,022	73,014	15,007
Other investments and assets	22,552	22,678	(126)
Less allowance for doubtful accounts	(708)	(1,449)	740
Total fixed assets	2,148,067	2,150,158	(2,091)
Deferred assets	42	44	(1)
Total assets	2,355,969	2,364,322	(8,353)

CONSOLIDATED BALANCE SHEETS

March 31

(Figures less than ¥1 million have been omitted.)

	Millions of yen		
	2006	2005	Change from the previous year
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade notes payable	46,157	38,283	7,874
Short-term loans	14,445	13,420	1,024
Current portion of long-term debt	88,904	30,888	58,015
Current portion of long-term payables for acquisition of railway properties	36,139	38,623	(2,483)
Current portion of long-term accounts payable	31	---	31
Accounts payable	105,110	92,964	12,146
Accrued consumption tax	3,272	4,068	(795)
Accrued income tax	30,239	23,879	6,359
Railway deposits received	1,810	2,011	(201)
Deposits received	60,390	72,142	(11,752)
Prepaid railway fares received	30,503	30,434	69
Advances received	53,068	85,077	(32,008)
Allowance for bonuses	34,356	35,850	(1,493)
Reserve for compensation of completion of construction	44	38	6
Reserve for losses on liquidation of businesses	259	—	259
Other current liabilities	36,413	29,580	6,833
Total current liabilities	541,148	497,263	43,884
Long-term liabilities:			
Bonds	220,000	220,000	—
Long-term debt	215,663	292,362	(76,698)
Long-term payables for acquisition of railway properties	463,857	499,794	(35,936)
Long-term accounts payable	348	—	348
Deferred tax liabilities	76	76	0
Retirement allowances for employees	201,677	199,779	1,897
Reserve for earthquake reinforcement measures	14,400	—	14,400
Reserve for environmental safety measures	7,543	—	7,543
Adjustments due to consolidation	262	—	262
Other long-term liabilities	98,968	105,211	(6,243)
Total long-term liabilities	1,222,797	1,317,224	(94,427)
Total liabilities	1,763,945	1,814,488	(50,542)
Minority interest	27,769	25,476	2,292
Shareholders' equity:			
Capital stock	100,000	100,000	—
Capital surplus	55,000	55,000	—
Consolidated retained earnings	398,910	365,303	33,606
Evaluation differences on other securities	10,670	4,381	6,289
Treasury stock	(327)	(327)	—
Total shareholders' equity	564,254	524,357	39,896
Total liabilities, minority interest, and shareholders' equity	2,355,969	2,364,322	(8,353)

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2006	2005	Change from the previous year
Operating revenues	1,240,098	1,220,847	19,250
Operating expenses:			
Transportation and other services and cost of sales	899,513	880,106	19,406
Selling, general and administrative expenses	205,367	207,640	(2,273)
	1,104,880	1,087,747	17,133
Operating income	135,218	133,100	2,117
Non-operating revenues:			
Interest and dividend	372	330	41
Equity in earnings of affiliates	1,214	239	975
Other	5,879	5,714	165
	7,466	6,284	1,182
Non-operating expenses:			
Interest	39,799	42,653	(2,854)
Other	704	798	(93)
	40,503	43,451	(2,948)
Recurring profit	102,181	95,933	6,248
Extraordinary profits:			
Proceeds from construction contract	58,724	38,919	19,804
Compensation for expropriation	4,391	6,525	(2,134)
Proceeds from sales of investment securities	77	25,050	(24,972)
Proceeds from sales of fixed assets	8,971	2,497	6,474
Other	6,429	6,212	217
	78,594	79,204	(609)
Extraordinary losses:			
Loss on reduction entry of proceeds from construction	58,328	38,526	19,802
Loss on reduction entry of compensation for expropriation	4,388	6,510	(2,122)
Loss on disposal of property, plant and equipment	7,442	13,102	(5,659)
Impairment losses	—	4,429	(4,429)
Reserve for earthquake reinforcement measures	14,400	—	14,400
Reserve for environmental safety measures	7,543	—	7,543
Other	8,777	7,156	1,620
	100,880	69,725	31,154
Income before income taxes	79,896	105,411	(25,515)
Corporation, inhabitants and enterprise taxes	50,280	45,412	4,867
Income taxes-deferred	(19,306)	(1,424)	(17,881)
Minority interests in earnings of consolidated subsidiaries	2,396	2,428	(31)
Net income	46,525	58,996	(12,470)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Years ended March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2006	2005	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	365,303	319,491	45,811
Increase in retained earnings	46,740	59,005	(12,265)
Net income	46,525	58,996	(12,470)
Increase in retained earnings due to a merger between a consolidated subsidiary and an affiliate	215	9	205
Appropriations of retained earnings	13,134	13,193	(59)
Cash dividends	13,000	13,000	—
Directors' bonuses	92	193	(100)
[Including corporate auditors' bonuses]	[6]	[24]	[(18)]
Increase in the number of consolidated subsidiaries	41	—	41
Retained earnings at the end of the period	398,910	365,303	33,606

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2006	2005	Change from the previous year
I. Cash flows from operating activities			
Income before income taxes adjustments	79,896	105,411	(25,515)
Depreciation and amortization	111,900	113,682	(1,782)
Impairment losses	—	4,429	(4,429)
Loss on reduction entry of fixed assets	58,328	38,526	19,802
Loss from disposal of fixed assets	13,368	19,342	(5,973)
Amortization of consolidation adjustment	(18)	181	(199)
Change in allowance for doubtful accounts	(717)	(48)	(668)
Change in allowance for retirement benefits	1,711	(9,154)	10,866
Change in allowance for bonuses	(1,625)	(1,194)	(430)
Change in other reserves	22,212	9	22,203
Equity in earnings of affiliates	(1,214)	(239)	(975)
Interest and dividend income	(372)	(330)	(41)
Interest expenses	39,799	42,653	(2,854)
Loss on sale of investment securities	(77)	(25,035)	24,957
Gain on contributions received for construction	(58,724)	(38,919)	(19,804)
Change in accounts receivable	(8,476)	(9,709)	1,232
Change in inventories	(2,159)	544	(2,703)
Change in accounts payable	(12,877)	4,065	(16,943)
Change in accrued consumption tax	(821)	(4,611)	3,790
Other	10,051	(518)	10,569
Sub-total	250,184	239,084	11,099
Interest and dividends received	373	323	50
Interest paid	(40,271)	(43,044)	2,772
Income taxes paid	(46,205)	(53,392)	7,186
Net cash provided by operating activities	164,080	142,970	21,110
II. Cash flows from investing activities			
Cash placed in time deposits (maturities of more than 3 months)	(12,160)	(660)	(11,500)
Cash withdrawn from time deposits (maturities of more than 3 months)	12,160	661	11,498
Purchases of property, plant and equipment	(156,155)	(145,371)	(10,784)
Proceeds from sales of property, plant and equipment	4,172	7,039	(2,866)
Receipts of contributions for the construction of railway facilities	42,899	40,284	2,615
Purchases of investment securities	(513)	(1,556)	1,043
Proceeds from sales of investment securities	329	26,436	(26,106)
Payment for acquisition of shares of subsidiaries accompanying changes in the scope of consolidation	(327)	---	(327)
Increase in loans	(282)	(10,129)	9,846
Collections of loans and advances	10,396	672	9,723
Other	(2,284)	(2,295)	10
Net cash used in investing activities	(101,765)	(84,918)	(16,847)

(Continued to the next page)

	Millions of yen		
	2006	2005	Change from the previous year
III. Cash flows from financing activities			
Change in short-term borrowings, net	2,863	1,437	1,426
Increase in long-term debt	12,300	32,000	(19,700)
Repayment of long-term debt	(30,983)	(61,373)	30,390
Proceeds from issuance of bonds	---	10,000	(10,000)
Repayment of long-term payables for acquisition of railway properties	(38,420)	(37,504)	(916)
Payments for amortization of bonds	(5)	---	(5)
Cash dividends	(13,001)	(12,972)	(29)
Payment of cash dividends to minority interests	(112)	(112)	---
Other	(2,038)	2,045	(4,083)
Net cash used in financing activities	(69,397)	(66,480)	(2,917)
IV. Change in cash and cash equivalents, net	(7,083)	(8,427)	1,344
V. Cash and cash equivalents at beginning of the period	62,241	70,655	(8,413)
VI. Change in cash and cash equivalents accompanying consolidation of additional subsidiaries	275	14	260
VII. Cash and cash equivalents at the end of the period	55,433	62,241	(6,807)

SEGMENT INFORMATION

1. Information by business segment

Year ended March 31, 2005 (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 and income:							
Operating revenues from third parties	829,450	196,684	58,878	135,834	1,220,847	—	1,220,847
Intergroup operating revenues and transfers	16,552	36,178	12,013	123,764	188,507	(188,507)	—
Total sales	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
Assets, depreciation, and capital expenditures:							
Total assets	1,788,767	66,699	286,064	222,013	2,363,546	776	2,364,322
Depreciation	93,803	2,132	10,702	7,043	113,682	—	113,682
Capital expenditures	126,482	3,183	7,990	10,330	147,986	—	147,986

Year ended March 31, 2006 (April 1, 2005 to March 31, 2006)

	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	834,537	203,942	62,884	138,734	1,240,098	---	1,240,098
Intergroup operating revenues and transfers	16,308	40,532	12,818	141,503	211,162	(211,162)	---
Total sales	850,846	244,474	75,702	280,238	1,451,261	(211,162)	1,240,098
Operating expenses	752,835	238,517	55,201	268,778	1,315,332	(210,452)	1,104,880
Operating income	98,010	5,957	20,501	11,459	135,928	(710)	135,218
Assets, depreciation, and capital expenditures:							
Total assets	1,769,956	72,445	286,432	216,572	2,345,406	10,563	2,355,969
Depreciation	91,955	2,307	10,395	7,241	111,900	---	111,900
Capital expenditures	140,262	3,548	9,080	8,186	161,078	---	161,078

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

2. 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.

3. 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 services, rental of goods, construction, etc.

4. 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.

FY2005/3: ¥133,295 million FY2006/3: ¥154,818 million

2. Information by location

As there were no overseas subsidiaries or branch offices in FY2005/3or FY2006/3, this item was not included.

3. Overseas sales

As there were no overseas sales in FY2005/3or FY2006/3, 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: Masao Yamazaki

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: April 27, 2006

Planned start of dividend payments: Undecided

Adoption of unit stock system: No

Interim dividends: Yes

Date of the General Meeting of the Shareholders: Late June 2006

(Slated to be decided at the May 2006 Board of Directors Meeting)

1. Performance

(1) Operating results

Years ended March 31

(Figures less than ¥1 million have been omitted.)

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2006	851,280	0.6	108,978	(1.0)	75,989	2.2
2005	846,477	0.1	110,057	4.3	74,379	14.4

	Net income		Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total capital ratio	Recurring profit-to-net sales ratio
	Millions of yen	%	Yen	Yen	%	%	%
2006	35,140	(26.8)	17,570.30	—	7.2	3.6	8.9
2005	48,005	29.1	24,002.61	—	10.5	3.5	8.8

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

FY2006/3: 2,000,000 shares

FY2005/3: 2,000,000 shares

2. Changes in accounting methods from the previous consolidated fiscal year: Yes

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

(2) Dividends

Years ended March 31

	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	Million of yen	%	%
2006	6,000.00	3,000.00	3,000.00	12,000	34.1	2.4
2005	6,000.00	2,500.00	3,500.00	12,000	25.0	2.5

(3) Financial position

At March 31

(Figures less than ¥1 million have been omitted.)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2006	2,102,166	502,229	23.9	251,114.87
2005	2,098,076	474,315	22.6	237,157.57

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

FY2006/3: 2,000,000 shares

FY2005/3: 2,000,000 shares

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

FY2006/3: 0 shares

FY2005/3: 0 shares

2. Forecasts for Fiscal Year ending March 31, 2007

	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 period	425,000	45,000	25,000	3,000.00	—	—
Fiscal year	856,000	69,000	39,000	—	3,000.00	6,000.00

(Reference) Net income per share for the fiscal year is forecast to be ¥19,500.00.

NON-CONSOLIDATED BALANCE SHEETS

March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2006	2005	Change from the previous year
ASSETS			
Current assets:			
Cash	44,700	36,771	7,928
Railway fares receivable	16,923	15,905	1,018
Accounts receivable	21,414	16,090	5,323
Accrued income	4,070	3,895	174
Short-term loans	12,053	20,354	(8,300)
Real estate for sale	---	16	(16)
Materials and supplies	5,409	4,604	804
Prepaid expenses	1,729	1,820	(90)
Deferred tax assets	14,521	15,073	(551)
Other current assets	10,656	13,620	(2,963)
Less allowance for doubtful accounts	(64)	(183)	119
Total current assets	131,417	127,971	3,445
Fixed assets:			
Railway	1,539,246	1,550,306	(11,059)
Ferry	616	172	443
Other operations	53,869	55,944	(2,074)
Affiliated business	74,415	77,420	(3,004)
Construction in progress	57,817	67,825	(10,007)
Investments and advances:	244,783	218,436	26,347
Investment securities	24,672	15,155	9,517
Stocks of subsidiaries	122,829	122,470	358
Long-term loans	14,964	14,265	698
Long-term prepaid expense	4,611	3,466	1,145
Deferred tax assets	75,609	61,608	14,000
Other investments and advances	2,379	2,267	112
Less allowance for doubtful accounts	(282)	(796)	514
Total fixed assets	1,970,748	1,970,104	644
Total assets	2,102,166	2,098,076	4,089

NON-CONSOLIDATED BALANCE SHEETS

March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2006	2005	Change from the previous year
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	128,567	108,978	19,589
Current portion of long-term debt	41,471	21,476	19,995
Current portion of long-term payables for acquisition of railway properties	36,139	38,623	(2,483)
Current portion of long-term payables	19,600	5,842	13,758
Accounts payable	122,473	105,366	17,106
Accrued expenses	19,058	19,004	53
Accrued consumption tax	1,381	2,430	(1,048)
Accrued income tax	23,207	16,597	6,610
Railway deposits received	2,334	2,653	(318)
Deposits	10,862	11,590	(727)
Prepaid railway fares received	30,455	30,381	73
Deposits received	50,752	83,380	(32,627)
Advance payments received	344	152	192
Allowance for bonuses	26,987	28,950	(1,963)
Other current liabilities	36	67	(31)
Total current liabilities	513,672	475,495	38,177
Long-term liabilities:			
Bonds	220,000	220,000	---
Long-term debt	177,474	206,645	(29,171)
Long-term payables for acquisition of railway properties	463,857	499,794	(35,936)
Long-term payables	2,612	21,833	(19,220)
Retirement allowances for employees	182,969	181,718	1,251
Reserve for earthquake reinforcement measures	14,400	---	14,400
Reserve for environmental safety measures	7,543	---	7,543
Other long-term liabilities	17,407	18,275	(868)
Total long-term liabilities	1,086,264	1,148,266	(62,002)
Total liabilities	1,599,936	1,623,761	(23,824)
Shareholders' equity:			
Capital stock	100,000	100,000	---
Capital surplus	55,000	55,000	---
Capital reserve	55,000	55,000	---
Retained earnings:	337,633	315,492	22,140
Earned legal surplus	11,327	11,327	---
Voluntary reserves	248,982	217,647	31,335
Reserved for advanced depreciation on property	8,982	7,647	1,335
Other reserves	240,000	210,000	30,000
Unappropriated retained earnings	77,323	86,518	(9,194)
Evaluation differences on other securities	9,596	3,822	5,774
Total shareholders' equity	502,229	474,315	27,914
Total liabilities and shareholders' equity	2,102,166	2,098,076	4,089

NON-CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2006	2005	Change from the previous year
Operating revenues	851,280	846,477	4,803
Transportation	756,506	750,949	5,556
Transportation incidentals	22,561	22,864	(302)
Other operations	17,720	17,781	(60)
Miscellaneous	54,492	54,882	(389)
Operating expenses	742,302	736,420	5,882
Personnel costs	276,194	286,863	(10,668)
Non-personnel costs	320,081	300,572	19,509
Energy costs	34,861	36,943	(2,082)
Maintenance costs	140,793	127,198	13,595
Miscellaneous costs	144,426	136,430	7,996
Rental payments, etc.	24,722	24,624	97
Taxes	28,735	29,760	(1,025)
Depreciation	92,568	94,599	(2,031)
Operating income	108,978	110,057	(1,079)
Non-operating revenues	5,218	5,049	169
Non-operating expenses	38,207	40,727	(2,519)
Recurring profit	75,989	74,379	1,609
Extraordinary profit	76,703	73,628	3,075
Extraordinary loss	95,635	65,877	29,757
Income before income taxes	57,057	82,130	(25,072)
Income taxes-current	39,327	34,877	4,450
Income taxes-deferred	(17,410)	(752)	(16,657)
Net income	35,140	48,005	(12,864)
Retained earnings carried forward from the previous period	48,182	43,512	4,670
Interim dividends	6,000	5,000	1,000
Unappropriated retained earnings	77,323	86,518	(9,194)

STATEMENT OF RETAINED EARNINGS

Years ended March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2006	2005	Change from the previous year
Unappropriated retained earnings for the current year	77,323	86,518	(9,194)
Reversal of reserve for advanced depreciation of fixed assets	991	806	185
Total	78,315	87,324	(9,009)
Appropriation is proposed as follows:			
Cash dividends to shareholders	6,000	7,000	(1,000)
[Cash dividend per share]	[¥3,000]	[¥3,500]	
Voluntary reserve	24,185	32,141	(7,956)
Reserve for advanced depreciation of fixed assets	4,185	2,141	2,043
General reserve	20,000	30,000	(10,000)
Retained earnings carried forward to the next period	48,129	48,182	(53)

Notes: 1. Interim dividends for FY2005/3 were paid on December 10, 2004: ¥5 billion (¥2,500 per share)

2. Interim dividends for FY2006/3 were paid on December 9, 2005: ¥6 billion (¥3,000 per share)

Supplemental Financial Data

1. Forecasts for Year ending March 31, 2007 (Consolidated Basis)

Years ended March 31

	Forecast for 2007	2006	Change from the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues	1,245.0	1,240.0	4.9	0.4
Operating expenses	1,120.7	1,104.8	15.8	1.4
Operating income	124.3	135.2	(10.9)	(8.1)
Non-operating income/ expenses	(323)	(330)	0.7	(2.2)
Recurring profit	92.0	102.1	(10.1)	(10.0)
Extraordinary gain/ loss	(56)	(22.2)	16.6	(74.9)
Income before income taxes	86.4	79.8	6.5	8.1
Net income	48.6	46.5	2.0	4.5

2. Earnings forecasts for Year ending March 31, 2007 by segment (Consolidated Basis)

Years ended March 31

		Forecast for 2007	2006	Change from the previous year	
		Billions of yen	Billions of yen	Billions of yen	%
Transportation	Operating revenues	855.5	850.8	4.6	0.5
	Operating income	89.1	98.0	(8.9)	(9.1)
Sales of goods and food services	Operating revenues	244.5	244.4	0	0.0
	Operating income	4.3	5.9	(1.6)	(27.8)
Real estate	Operating revenues	74.1	75.7	(1.6)	(2.1)
	Operating income	20.0	20.5	(0.5)	(2.4)
Others	Operating revenues	288.3	280.2	8.0	2.9
	Operating income	11.6	11.4	0.1	1.2

3. Forecasts for Year ending March 31, 2007 (Non-Consolidated Basis)

Years ended March 31

	Forecast for 2007	2006	Change from the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues	856.0	851.2	4.7	0.6
Transportation	757.5	756.5	0.9	0.1
Other businesses	98.5	94.7	3.7	3.9
Operating expenses	755.5	742.3	13.1	1.8
Operating income	100.5	108.9	(8.4)	(7.8)
Non-operating income/ expenses	(31.5)	(32.9)	1.4	(4.5)
Recurring profit	69.0	75.9	(6.9)	(9.2)
Extraordinary gain/ loss	(3.5)	(18.9)	15.4	(81.5)
Income before income taxes	65.5	57.0	8.4	14.8
Net income	39.0	35.1	3.8	11.0

4. Other Detailed Data

Years ended March 31

(People, Billions of yen, %)

	2006		2005	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
	Basis	Basis	Basis	Basis
Employees at the end of period [Includes staff seconded to other companies]	43,093 —	25,830 [29,493]	43,118 —	26,525 [30,745]
Retirement payment costs	¥59.0	¥54.3	¥61.3	¥56.2
Number of employees entitled to retirement payment	3,202	1,829	3,801	2,345
Maintenance costs	—	¥140.7	—	¥127.1
Depreciation and amortization	¥111.9	¥92.5	¥113.6	¥94.5
Financial expenses, net	¥(39.4)	¥(37.2)	¥(42.3)	¥(39.9)
Interest and dividend income	¥0.3	¥0.5	¥0.3	¥0.5
Interest expenses	¥(39.7)	¥(37.8)	¥(42.6)	¥(40.4)
Capital expenditures	¥161.0	¥142.1	¥147.9	¥127.6
Own funds	¥125.3	¥106.3	¥113.1	¥92.8
Long-term debt and payables	¥1,024.9	¥961.1	¥1,081.6	¥1,014.2

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.

Years ended March 31

			2005	2006	Forecast for 2007
ROA	(consolidated)	%	5.6	5.7	5.2
Operating income	(consolidated)	billion yen	133.1	135.2	124.3
Net income	(consolidated)	billion yen	58.9	46.5	48.6
Long-term debt and payables	(consolidated)	billion yen	1,081.6	1,024.9	1,000.0
Long-term debt and payables	(non-consolidated)	billion yen	1,014.2	961.1	960.0
Number of employees at the start of the fiscal year	(non-consolidated)	people	32,854	31,213	30,357