

West Japan Railway Company

Flash Report (Consolidated Basis)

Results for the third quarter ended December 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 January 31, 2007 based on information available to JR-West as of the date January 31, 2007 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: Masao Yamazaki

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

- 1) Adoption of simplified method: none
- 2) Changes from accounting methods used in recent fiscal years: none
- 3) Change in scope of consolidation and equity method:
Number of consolidated subsidiaries added: 0
Number of consolidated subsidiaries removed: 2

2. Results for the third quarter of fiscal 2007 (from April 1, 2006 to December 31, 2006)

(1) Operating results

Nine months ended December 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 | 941,268 | 1.6 | 118,129 | (5.7) | 91,778 | (6.1) |
| 2005 | 926,264 | 1.7 | 125,257 | 12.3 | 97,726 | 20.3 |
| (Reference) Year ended March 31, 2006 | 1,240,098 | | 135,218 | | 102,181 | |

| | Net income | | Net income per share | Net income per share after dilution |
|--|-----------------|--------|----------------------|-------------------------------------|
| | Millions of yen | % | Yen | Yen |
| 2006 | 49,677 | (1.2) | 24,849.58 | --- |
| 2005 | 50,256 | (12.2) | 25,139.15 | --- |
| (Reference) Year ended March 31, 2006 | 46,525 | | 23,281.96 | --- |

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

(2) Financial Position

December 31

(Figures less than ¥1 million have been omitted)

| | Total assets | Net assets | Owners' equity ratio | Net assets per share |
|-------------------------------|-----------------|-----------------|----------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| 2006 | 2,348,129 | 630,345 | 25.6 | 300,532.00 |
| 2005 | 2,362,585 | 566,867 | 24.0 | 283,559.44 |
| (Reference) March 31, 2006 | 2,355,969 | 564,254 | 23.9 | 282,245.00 |

(3) Cash flows

Nine months ended December 31

(Figures less than ¥1 million have been omitted)

| | Operating activities | Investing activities | Financing activities | Cash at the end of the third quarter |
|--|----------------------|----------------------|----------------------|--------------------------------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| 2006 | 118,182 | (79,322) | (41,063) | 53,230 |
| 2005 | 124,039 | (63,126) | (38,299) | 85,131 |
| (Reference) Year ended March 31, 2006 | 164,080 | (101,765) | (69,397) | 55,433 |

3. Forecasts for fiscal 2007 (from April 1, 2006 to March 31, 2007)

Consolidated Basis

| | Operating revenues | Recurring profit | Net income | Net income per share |
|-------------|--------------------|------------------|-----------------|----------------------|
| | Millions of yen | Millions of yen | Millions of yen | Yen |
| Fiscal 2007 | 1,255,400 | 95,400 | 51,300 | 25,668.34 |

Non-Consolidated Basis

| | Operating revenues | Recurring profit | Net income | Net income per share |
|-------------|--------------------|------------------|-----------------|----------------------|
| | Millions of yen | Millions of yen | Millions of yen | Yen |
| Fiscal 2007 | 861,000 | 71,000 | 41,000 | 20,500.00 |

* JR-West is not making any changes at this time to the forecast for the fiscal year ending March 31, 2007, announced on October 31, 2006.

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 to differ from these forecasts.

Accompanying Material

(1) BUSINESS PERFORMANCE AND FINANCIAL POSITION

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 deep apologies to passengers, shareholders and local residents for the excessive strain and trouble that we have caused.

JR West is currently steadily implementing its Safety Enhancement Plan, and in accordance with its new Corporate Philosophy and Safety Charter, has made the establishment of a corporate culture that places top priority on safety its Group-wide medium-term management target, is making a concerted effort to provide a safe and reliable railway service, and working to regain the trust of customers and society.

1. Business Performance

(1) Overview of Results for the Third Quarter

Consolidated results for the third quarter of the fiscal year ending March 31, 2007, are as follows.

| | |
|--------------------|----------------|
| Operating revenues | ¥941.2 billion |
| Operating income | 118.1 billion |
| Recurring profit | 91.7 billion |
| Net income | 49.6 billion |

Results by business segment are as follows.

Transportation Operations

In railway operations, the Company concentrated on implementing the measures outlined in its Safety Enhancement Plan, working to establish a corporate culture of placing top priority on safety. Specific measures included efforts to foster a consciousness of prioritizing safety through regular convening of safety meetings to allow management and officers on the one hand and employees in the field on the other to directly exchange opinions. We also continued to analyze and examine the nature of the potential causes of accidents and matters for concern reported by employees in workplaces, as well as made a revision in June 2006 to the authorization process for safety-related capital expenditures. Further, in October 2006 we formulated the Railway Safety Management Manual as a means of establishing a safety management structure, by formulating basic policies, business operating procedures and other structures to ensure transport safety in accordance with revisions to the Railway Business Law.

In November 2006 we conducted general training for responding to Shinkansen accidents, which helped to improve response capabilities, including first aid and safety guidance for passengers, and procedures for providing information as part of the initial response, along with an examination of manuals and other documents. It also strengthened cooperation with related organizations such as police and fire departments.

In terms of facilities, the Company completed installation of the automatic train stop (ATS) systems that prevent trains from exceeding speed limits, on all curved portions of the track in March 2006, and began installing these at points and crossings. We also made efforts to improve the safety facilities at crossings, and to strengthen pillars supporting elevated tracks against earthquakes. Simulators used for educating train crews were enhanced, and the computer-aided instruction (CAI) facilities installed at stations and crew offices were also upgraded. Further, based on the recommendations of the Safety Consultative Committee, which is made up of third-party experts, we established a Safety Research Institute dedicated to research on safety and related matters.

In transportation operations, JR-West worked to provide safe and stable transportation services that included analyzing the operating status of conventional lines under the timetable revisions enacted in March 2006 in accordance with the Safety Enhancement Plan, and making adjustments as necessary. In October 2006 we completed work to convert the electric supply from AC to DC between the Nagahama to Tsuruga stations of the Hokuriku Line and the Nagahara to Omi-Shiotsu stations of the Kosei Line, and timetable revisions to reflect extended operation of the rapid train to Tsuruga Station and other changes. On the Sanyo Shinkansen line, the timetable revision in March 2006 included additional *Nozomi* train service, providing direct service from Hakata and Hiroshima to Tokyo, which along with other measures resulted in a steady rise in passengers, prompting the Company to operate special trains, and make efforts to further enhance convenience.

Sales and marketing initiatives included proactive efforts to provide such basic information as the number of Shinkansen trains, travel time and prices, along with the convenience of the Express Reservation system—which allows passengers to easily make or change Shinkansen reservations through a computer or mobile telephone—to all of the Tokaido and Sanyo Shinkansen lines. We also made efforts to increase the number of J-WEST cardholders who can use these services.

We further conducted PR campaigns such as DISCOVER WEST, Kyushu Destination and other campaigns in cooperation with local municipalities, travel agents and other JR companies, and began offering CLUB DISCOVER WEST, a membership-based travel information service aimed at persons in their 50s, in an effort to create demand for tourism.

Customer service initiatives were designed to make railways more passenger-friendly, and included the addition of more Green Ticket Vending Machines (sophisticated ticket vending machines offering express tickets, commuter passes and other advanced functions), and installation of elevators, escalators and other barrier-free facilities. We also successively installed automatic external defibrillator (AED) systems at major stations, and trained station staff and other personnel in lifesaving.

In response to environmental issues, JR-West implemented an environmental management system compliant with ISO14001 standards at all Group companies, and continued to make other efforts

to lower the environmental burden, including introducing energy-conserving rail cars, and promoting recycling of used materials.

In bus services, the Company began operating the Youth Mega Dream Bus, a super-jumbo bus running between Osaka and Tokyo, and making other efforts to maintain profitability in the face of increasing fierce competition for long-distance bus services.

As a result, operating revenues for Transportation Operations rose 1.0% over the same period of the previous year to ¥648.3 billion. Operating income, however, decreased 8.8% to ¥90.9 billion.

Sales of Goods and Food Services

JR-West expanded and improved the retail aspects of its stations, continuing to move forward with the NexStation Plan, formulated in the fiscal year ended March 31, 2003 to improve the quality of stations. For the JR Kyoto Isetan department store we took steps to increase profitability, including a freshening up of the sales floors to reflect the change in the seasons, and further expanding our lineup of strong-selling products.

As a result, operating revenues in the Sales of Goods and Food Services segment rose 2.8% over the same period of the previous year, to ¥186.1 billion, with operating income down 2.5% to ¥4.8 billion.

Real Estate Business

JR-West opened SUN STATION TERRACE OKAYAMA, a shopping center on the second floor of Okayama Station, and KANAZAWA FORUS, a commercial building located on the east end of Kanazawa Station, as well as pursued such development of stations and surrounding areas as the construction of condominium apartments on land formerly used for housing for Company employees. The plan for renovation of Osaka Station and the development of the New North Building is proceeding smoothly according to plan.

As a result, operating revenues for the Real Estate segment rose 4.4% over the same period of the previous year, to ¥56.1 billion, and operating income increased 5.1%, to ¥16.3 billion.

Other Businesses

In travel agency operations, JR-West made aggressive efforts with regard to marketing, including promotion of coordinated group tour sales, and conduct of clearly targeted in-store marketing. In hotel operations, the Company promoted sales with renovation its banquet halls, various events held by banquet and culinary departments, and other initiatives.

As a result, operating revenues in the Other Businesses segment increased 7.4% from the same period of the previous year, to ¥194.7 billion, and operating income climbed 18.1%, to ¥5.2 billion.

(3) Outlook

Consolidated results for the fiscal year ending March 31, 2007, are currently within the anticipated range of the plan for the subject fiscal year, and there is no change in our forecasts disclosed on October 31, 2006.

Non-consolidated forecasts are also unchanged.

2. Financial Position

(1) Cash Flows from Operating Activities

Cash provided by operating activities amounted to ¥118.1 billion, a decrease of ¥5.8 billion from the same period of the previous fiscal year. The main factor affecting cash was an increase in payments of income taxes.

(2) Cash Flows from Investing Activities

Cash used in investing activities amounted to ¥79.3 billion, a rise of ¥16.1 billion from the same period of the previous fiscal year. The main factor affecting cash was an increase in capital expenditures.

(3) Cash Flows from Financing Activities

Cash used in financing activities amounted to ¥41.0 billion, a rise of ¥2.7 billion from the same period of the previous fiscal year. The main factors affecting cash were repayment of long-term debt of ¥29.6 billion, and payment of cash dividends.

As a result, cash and cash equivalents at end of the subject period decreased ¥2.2 billion from the end of the previous fiscal year to ¥53.2 billion.

CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

| | Millions of yen | | | |
|--------------------------------------|----------------------|------------------|----------------|----------------------|
| | December 31, 2006 | March 31, 2006 | Change | December 31, 2005 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | 53,460 | 56,093 | (2,633) | 97,291 |
| Accounts receivable | 42,512 | 47,328 | (4,816) | 36,674 |
| Deferred tax assets | 10,392 | 19,426 | (9,033) | 11,492 |
| Other current assets | 104,604 | 85,010 | 19,594 | 95,721 |
| Total current assets | 210,969 | 207,859 | 3,110 | 241,179 |
| Fixed assets: | | | | |
| Property, plant and equipment | 1,955,426 | 1,973,172 | (17,746) | 1,954,621 |
| Investments and other assets: | | | | |
| Investments in securities | 65,035 | 65,027 | 8 | 62,579 |
| Deferred tax assets | 95,087 | 88,022 | 7,064 | 83,644 |
| Other investments and assets | 21,526 | 21,844 | (317) | 20,519 |
| Total investments and other assets | 181,649 | 174,894 | 6,754 | 166,743 |
| Total fixed assets | 2,137,075 | 2,148,067 | (10,992) | 2,121,364 |
| Deferred assets | 84 | 42 | 42 | 40 |
| Total assets | 2,348,129 | 2,355,969 | (7,839) | 2,362,585 |

(Figures less than ¥1 million have been omitted)

| | Millions of yen | | | |
|--|---------------------|------------------|-----------------|---------------------|
| | December31, 2006 | March31, 2006 | Change | December31, 2005 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Current portion of long-term debt | 94,531 | 125,074 | (30,543) | 108,271 |
| Accounts payable | 56,322 | 105,110 | (48,788) | 49,175 |
| Other current liabilities | 331,745 | 310,962 | 20,783 | 345,690 |
| Total current liabilities | 482,599 | 541,148 | (58,548) | 503,136 |
| Fixed liabilities: | | | | |
| Bonds and long-term debt | 900,774 | 899,869 | 904 | 947,521 |
| Accrued retirement benefits | 216,857 | 201,677 | 15,180 | 207,393 |
| Other long-term liabilities | 117,552 | 121,250 | (3,697) | 110,860 |
| Total fixed liabilities | 1,235,184 | 1,222,797 | 12,387 | 1,265,774 |
| Total liabilities | 1,717,784 | 1,763,945 | (46,161) | 1,768,911 |
| Minority interests | --- | 27,769 | --- | 26,805 |
| SHAREHOLDERS' EQUITY | | | | |
| Common stock | --- | 100,000 | --- | 100,000 |
| Capital surplus | --- | 55,000 | --- | 55,000 |
| Retained earnings | --- | 398,910 | --- | 402,640 |
| Net unrealized holding gain on securities | --- | 10,670 | --- | 9,554 |
| Treasury stock, at cost | --- | (327) | --- | (327) |
| Total shareholders' equity | --- | 564,254 | --- | 566,867 |
| Total liabilities, minority interests, and shareholders' equity | --- | 2,355,969 | --- | 2,362,585 |
| NET ASSETS | | | | |
| Shareholders' equity: | | | | |
| Common stock | 100,000 | --- | --- | --- |
| Capital surplus | 55,000 | --- | --- | --- |
| Retained earnings | 436,544 | --- | --- | --- |
| Treasury stock, at cost | (327) | --- | --- | --- |
| Total shareholders' equity | 591,217 | --- | --- | --- |
| Valuation and translation adjustments: | | | | |
| Net unrealized holding gain on securities | 9,359 | --- | --- | --- |
| Deferred gains or losses on hedges | 221 | --- | --- | --- |
| Total valuation and translation adjustments | 9,580 | --- | --- | --- |
| Minority interests | 29,547 | --- | --- | --- |
| Total net assets | 630,345 | --- | --- | --- |
| Total liabilities and net assets | 2,348,129 | --- | --- | --- |

CONSOLIDATED STATEMENTS OF INCOME

Nine months ended December 31

(Figures less than ¥1 million have been omitted)

| | Millions of yen | | | |
|---|-----------------|---------|----------|---|
| | 2006 | 2005 | Change | (Reference) Year ended March 31, 2006 |
| Operating revenues | 941,268 | 926,264 | 15,004 | 1,240,098 |
| Operating expenses | 823,139 | 801,006 | 22,132 | 1,104,880 |
| Operating income | 118,129 | 125,257 | (7,128) | 135,218 |
| Non-operating revenues | 2,549 | 2,968 | (418) | 7,466 |
| Non-operating expenses | 28,900 | 30,499 | (1,598) | 40,503 |
| Recurring profit | 91,778 | 97,726 | (5,947) | 102,181 |
| Extraordinary profit | 18,071 | 36,895 | (18,824) | 78,594 |
| Extraordinary loss | 23,037 | 48,720 | (25,682) | 100,880 |
| Income before income taxes and minority interests | 86,811 | 85,901 | 910 | 79,896 |
| Income taxes | 35,326 | 34,208 | 1,118 | 30,974 |
| Minority interests | 1,807 | 1,437 | 370 | 2,396 |
| Net income | 49,677 | 50,256 | (578) | 46,525 |

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Figures less than ¥1 million have been omitted)

| | Millions of yen | | | | |
|---|----------------------|-----------------|-------------------|-------------------------|----------|
| | Shareholders' equity | | | | |
| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total |
| Balance at March 31, 2006 | 100,000 | 55,000 | 398,910 | (327) | 553,583 |
| Change in nine months ended December 31, 2006 | | | | | |
| Dividends from surplus | | | (12,000) | | (12,000) |
| Net income | | | 49,677 | | 49,677 |
| Decrease due to the merger of consolidated subsidiaries | | | (43) | | (43) |
| Net increase/decrease during the term under review except in shareholders' equity | | | | | |
| Total | | | 37,634 | | 37,634 |
| Balance at December 31, 2006 | 100,000 | 55,000 | 436,544 | (327) | 591,217 |

| | Millions of yen | | | | |
|---|---|------------------------------------|---------|--------------------|------------------|
| | Valuation and translation adjustments | | | Minority interests | Total net assets |
| | Net unrealized holding gain on securities | Deferred gains or losses on hedges | Total | | |
| Balance at March 31, 2006 | 10,670 | --- | 10,670 | 27,769 | 592,023 |
| Change in nine months ended December 31, 2006 | | | | | |
| Dividends from surplus | | | | | (12,000) |
| Net income | | | | | 49,677 |
| Decrease due to the merger of consolidated subsidiaries | | | | | (43) |
| Net increase/decrease during the term under review except in shareholders' equity | (1,311) | 221 | (1,090) | 1,778 | 687 |
| Total | (1,311) | 221 | (1,090) | 1,778 | 38,321 |
| Balance at December 31, 2006 | 9,359 | 221 | 9,580 | 29,547 | 630,345 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine months ended December 31

(Figures less than ¥1 million have been omitted)

| | Millions of yen | | | |
|---|-----------------|----------|----------|---|
| | 2006 | 2005 | Change | (Reference) Year ended March 31, 2006 |
| I. Cash flows from operating activities | | | | |
| Net cash provided by operating activities | 118,182 | 124,039 | (5,857) | 164,080 |
| II. Cash flows from investing activities | | | | |
| Purchases of property, plant and equipment | (108,197) | (92,609) | (15,587) | (156,155) |
| Other | 28,874 | 29,482 | (608) | 54,389 |
| Net cash used in investing activities | (79,322) | (63,126) | (16,196) | (101,765) |
| III. Cash flows from financing activities | | | | |
| Change in long-term debt and payables | (29,639) | (25,875) | (3,763) | (57,109) |
| Other | (11,424) | (12,423) | 998 | (12,288) |
| Net cash used in financing activities | (41,063) | (38,299) | (2,764) | (69,397) |
| IV. Change in cash and cash equivalents, net | (2,203) | 22,614 | (24,817) | (7,083) |
| V. Cash and cash equivalents at beginning of the period | 55,433 | 62,241 | (6,807) | 62,241 |
| VI. Change in cash and cash equivalents accompanying consolidation of additional subsidiaries | --- | 275 | (275) | 275 |
| VII. Cash and cash equivalents at the end of the period | 53,230 | 85,131 | (31,901) | 55,433 |

SEGMENT INFORMATION

Information by business segment

Nine months ended December 31, 2005

(Figures less than ¥1 million have been omitted)

| | Millions of yen | | | | | | |
|--------------------|-----------------|----------------------------------|-------------|---------|-----------|-----------------------------|--------------|
| | Transportation | Sales of goods and food services | Real estate | Other | Total | Eliminations and intergroup | Consolidated |
| Operating revenues | 641,743 | 181,052 | 53,803 | 181,364 | 1,057,963 | (131,699) | 926,264 |
| Operating expenses | 541,977 | 176,071 | 38,244 | 176,933 | 933,227 | (132,220) | 801,006 |
| Operating income | 99,766 | 4,981 | 15,558 | 4,430 | 124,736 | 520 | 125,257 |

Nine months ended December 31, 2006

(Figures less than ¥1 million have been omitted)

| | Millions of yen | | | | | | |
|--------------------|-----------------|----------------------------------|-------------|---------|-----------|-----------------------------|--------------|
| | Transportation | Sales of goods and food services | Real estate | Other | Total | Eliminations and intergroup | Consolidated |
| Operating revenues | 648,340 | 186,142 | 56,162 | 194,701 | 1,085,347 | (144,078) | 941,268 |
| Operating expenses | 557,348 | 181,286 | 39,812 | 189,469 | 967,917 | (144,777) | 823,139 |
| Operating income | 90,991 | 4,856 | 16,350 | 5,231 | 117,429 | 699 | 118,129 |

Year ended March 31, 2006

(Figures less than ¥1 million have been omitted)

| | Millions of yen | | | | | | |
|--------------------|-----------------|----------------------------------|-------------|---------|-----------|-----------------------------|--------------|
| | Transportation | Sales of goods and food services | Real estate | Other | Total | Eliminations and intergroup | Consolidated |
| Operating revenues | 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 |

Reference Materials

CONSOLIDATED STATEMENTS OF INCOME (Reference)

Nine months ended December 31

| | Billions of yen | | | % |
|--|-----------------|--------|--|-------|
| | 2006 | 2005 | Change from the same period of the previous year | |
| | <1.45> | <1.44> | | |
| Operating revenues | 941.2 | 926.2 | 15.0 | 101.6 |
| Operating expenses | 823.1 | 801.0 | 22.1 | 102.8 |
| Operating income | 118.1 | 125.2 | (7.1) | 94.3 |
| Non-operating revenues and expenses: | | | | |
| Non-operating revenues | 2.5 | 2.9 | (0.4) | |
| Non-operating expenses | 28.9 | 30.4 | (1.5) | |
| | (26.3) | (27.5) | 1.1 | 95.7 |
| Recurring profit | 91.7 | 97.7 | (5.9) | 93.9 |
| Extraordinary profit and loss: | | | | |
| Extraordinary profit | 18.0 | 36.8 | (18.8) | |
| Extraordinary loss | 23.0 | 48.7 | (25.6) | |
| | (4.9) | (11.8) | 6.8 | |
| Income before income taxes and minority interests | 86.8 | 85.9 | 0.9 | 101.1 |
| Income taxes | 35.3 | 34.2 | 1.1 | |
| Minority interests | 1.8 | 1.4 | 0.3 | |
| | <1.20> | <1.20> | | |
| Net income | 49.6 | 50.2 | (0.5) | 98.8 |

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

SEGMENT INFORMATION (Reference)

Nine months ended December 31

| | Billions of yen | | | % |
|---|-----------------|-------|--|-------|
| | 2006 | 2005 | Change from the same period of the previous year | |
| Transportation | | | | |
| Operating revenues | 648.3 | 641.7 | 6.5 | 101.0 |
| Operating income | 90.9 | 99.7 | (8.7) | 91.2 |
| Sales of goods and food services | | | | |
| Operating revenues | 186.1 | 181.0 | 5.0 | 102.8 |
| Operating income | 4.8 | 4.9 | (0.1) | 97.5 |
| Real estate | | | | |
| Operating revenues | 56.1 | 53.8 | 2.3 | 104.4 |
| Operating income | 16.3 | 15.5 | 0.7 | 105.1 |
| Other | | | | |
| Operating revenues | 194.7 | 181.3 | 13.3 | 107.4 |
| Operating income | 5.2 | 4.4 | 0.8 | 118.1 |

CONSOLIDATED BALANCE SHEETS (Reference)

| | Billions of yen | | |
|-------------------------------|-------------------|----------------|--------------|
| | December 31, 2006 | March 31, 2006 | Change |
| ASSETS | | | |
| Current assets: | | | |
| Total current assets | 210.9 | 207.8 | 3.1 |
| Fixed assets: | | | |
| Property, plant and equipment | 1,903.9 | 1,913.7 | (9.8) |
| Construction in progress | 51.5 | 59.4 | (7.9) |
| Investments and other assets | 181.6 | 174.8 | 6.7 |
| Total fixed assets | 2,137.0 | 2,148.0 | (10.9) |
| Total assets | 2,348.1 | 2,355.9 | (7.8) |

| | Billions of yen | | |
|--|-------------------|----------------|---------------|
| | December 31, 2006 | March 31, 2006 | Change |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Current portion of long-term debt | 94.5 | 125.0 | (30.5) |
| Accounts payable | 388.0 | 416.0 | (28.0) |
| Total current liabilities | 482.5 | 541.1 | (58.5) |
| Fixed liabilities: | | | |
| Bonds and long-term debt | 900.7 | 899.8 | 0.9 |
| Accrued retirement benefits | 216.8 | 201.6 | 15.1 |
| Deposits received | 117.5 | 121.2 | (3.6) |
| Total fixed liabilities | 1,235.1 | 1,222.7 | 12.3 |
| Total liabilities | 1,717.7 | 1,763.9 | (46.1) |
| Minority interests | --- | 27.7 | (27.7) |
| Shareholders' equity: | | | |
| Common stock | 100.0 | 100.0 | --- |
| Capital surplus | 55.0 | 55.0 | --- |
| Retained earnings | 436.5 | 398.9 | 37.6 |
| Treasury stock, at cost | (0.3) | (0.3) | --- |
| Total shareholders' equity | 591.2 | 553.5 | 37.6 |
| Valuation and translation adjustments | 9.5 | 10.6 | (1.0) |
| Minority interests | 29.5 | --- | 29.5 |
| Total net assets | 630.3 | 564.2 | 66.0 |
| Total liabilities and net assets | 2,348.1 | 2,355.9 | (7.8) |

CONSOLIDATED STATEMENTS OF CASH FLOWS (Reference)

Nine months ended December 31

| | Billions of yen | | |
|---|-----------------|---------------|--|
| | 2006 | 2005 | Change from the same period of the previous year |
| I. Cash flows from operating activities | | | |
| Income before income taxes and minority interests | 86.8 | 85.9 | 0.9 |
| Depreciation and amortization | 83.1 | 82.4 | 0.6 |
| Loss on deduction of contributions received for construction from acquisition costs of property, plan and equipment | 15.5 | 33.4 | (17.9) |
| Change in allowance for retirement benefits | 15.1 | 7.4 | 7.7 |
| Change in allowance for accrued bonuses | (17.3) | (18.2) | 0.9 |
| Gain on contributions received for construction | (15.7) | (33.5) | 17.7 |
| Income taxes paid | (55.2) | (46.1) | (9.0) |
| Other | 5.8 | 12.8 | (6.9) |
| Net cash provided by operating activities (A) | 118.1 | 124.0 | (5.8) |
| II. Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | (108.1) | (92.6) | (15.5) |
| Contributions received for constructions | 30.4 | 31.2 | (0.7) |
| Other | (1.6) | (1.7) | 0.1 |
| Net cash used in investing activities(B) | (79.3) | (63.1) | (16.1) |
| Free cash flow (C= A+B) | 38.8 | 60.9 | (22.0) |
| III. Cash flows from financing activities | | | |
| Change in long-term debt and payables: | | | |
| Increase in long-term debt and payables | 34.9 | --- | 34.9 |
| Decrease in long-term debt and payables | (64.6) | (25.8) | (38.7) |
| | (29.6) | (25.8) | (3.7) |
| Change in short-term loans | 2.1 | 3.3 | (1.2) |
| Cash dividends paid to the Company's shareholders | (11.7) | (12.7) | 1.0 |
| Other | (1.7) | (3.0) | 1.2 |
| Net cash used in financing activities (D) | (41.0) | (38.2) | (2.7) |
| Change in cash and cash equivalents, net (E=C+D) | (2.2) | 22.6 | (24.8) |
| Cash and cash equivalents at beginning of the period (F) | 55.4 | 62.2 | (6.8) |
| Change in cash and cash equivalents accompanying consolidation of additional subsidiaries (G) | --- | 0.2 | (0.2) |
| Cash and cash equivalents at the end of the period (H= E+F+G) | 53.2 | 85.1 | (31.9) |

NON-CONSOLIDATED STATEMENTS OF INCOME (Reference)

Nine months ended December 31

| | Billions of yen | | | % |
|--|-----------------|--------|--|-------|
| | 2006 | 2005 | Change from the same period of the previous year | |
| Operating revenues: | | | | |
| Transportation | 579.0 | 573.2 | 5.8 | 101.0 |
| Transportation incidentals | 16.6 | 16.7 | (0.1) | 99.2 |
| Other operations | 13.5 | 13.1 | 0.4 | 103.1 |
| Miscellaneous | 39.1 | 38.2 | 0.9 | 102.5 |
| | 648.5 | 641.4 | 7.0 | 101.1 |
| Operating expenses: | | | | |
| Personnel costs | 205.2 | 208.4 | (3.1) | 98.5 |
| Non personnel costs | 231.8 | 213.3 | 18.5 | 108.7 |
| Rental payments | 18.5 | 18.5 | (0.0) | 99.9 |
| Taxes | 24.2 | 25.1 | (0.8) | 96.6 |
| Depreciation | 68.9 | 68.2 | 0.7 | 101.1 |
| | 548.9 | 533.6 | 15.2 | 102.9 |
| Operating income | 99.5 | 107.8 | (8.2) | 92.4 |
| Non-operating revenues and expenses, net: | | | | |
| Non-operating revenues | 1.7 | 1.5 | 0.2 | |
| Non-operating expenses | 27.6 | 28.8 | (1.1) | |
| | (25.8) | (27.3) | 1.4 | 94.8 |
| Recurring profit | 73.6 | 80.5 | (6.8) | 91.5 |
| Extraordinary profit and loss, net: | | | | |
| Extraordinary profit | 17.1 | 35.4 | (18.3) | |
| Extraordinary loss | 21.2 | 46.6 | (25.4) | |
| | (4.1) | (11.1) | 7.0 | |
| Income before income taxes | 69.5 | 69.3 | 0.2 | 100.4 |
| Income taxes | 28.0 | 27.2 | 0.7 | |
| Net income | 41.4 | 42.0 | (0.5) | 98.7 |

PASSENGER-KILOMETERS AND TRANSPORTATION REVENUES

| | Millions of Passenger-Kilometers | | | | Billions of yen | | | |
|-----------------------|----------------------------------|--------|--------|-------|----------------------------------|-------|--------|-------|
| | Passenger-Kilometers | | | | Transportation Revenues | | | |
| | Nine months ended December 31 | | Change | | Nine months ended December 31 | | Change | |
| | 2006 | 2005 | Amount | % | 2006 | 2005 | Amount | % |
| Sanyo Shinkansen | | | | | | | | |
| Commuter Passes | 493 | 480 | 12 | 102.6 | 6.2 | 6.0 | 0.1 | 102.5 |
| Non-Commuter Passes | 11,048 | 10,877 | 170 | 101.6 | 243.8 | 240.6 | 3.1 | 101.3 |
| Total | 11,542 | 11,358 | 183 | 101.6 | 250.0 | 246.7 | 3.3 | 101.3 |
| Conventional Lines | | | | | | | | |
| Commuter Passes | 17,617 | 17,416 | 200 | 101.1 | 108.6 | 107.0 | 1.6 | 101.5 |
| Non-Commuter Passes | 11,555 | 11,490 | 64 | 100.6 | 220.1 | 219.2 | 0.9 | 100.4 |
| Total | 29,172 | 28,907 | 264 | 100.9 | 328.7 | 326.2 | 2.5 | 100.8 |
| Kyoto-Osaka-Kobe Area | | | | | | | | |
| Commuter Passes | 14,204 | 13,966 | 238 | 101.7 | 87.6 | 85.9 | 1.6 | 102.0 |
| Non-Commuter Passes | 7,650 | 7,516 | 134 | 101.8 | 140.5 | 138.5 | 1.9 | 101.4 |
| Total | 21,855 | 21,482 | 372 | 101.7 | 228.1 | 224.5 | 3.6 | 101.6 |
| Other Lines | | | | | | | | |
| Commuter Passes | 3,412 | 3,450 | (37) | 98.9 | 20.9 | 21.0 | (0.0) | 99.7 |
| Non-Commuter Passes | 3,904 | 3,974 | (69) | 98.2 | 79.6 | 80.6 | (1.0) | 98.7 |
| Total | 7,317 | 7,424 | (107) | 98.5 | 100.5 | 101.6 | (1.0) | 98.9 |
| Total | | | | | | | | |
| Commuter Passes | 18,110 | 17,897 | 212 | 101.2 | 114.8 | 113.0 | 1.7 | 101.6 |
| Non-Commuter Passes | 22,604 | 22,368 | 235 | 101.1 | 463.9 | 459.8 | 4.0 | 100.9 |
| Total | 40,714 | 40,266 | 448 | 101.1 | 578.7 | 572.9 | 5.8 | 101.0 |

NON-CONSOLIDATED BALANCE SHEETS (Reference)

| | Billions of yen | | |
|-------------------------------------|-------------------|----------------|--------------|
| | December 31, 2006 | March 31, 2006 | Change |
| ASSETS | | | |
| Current assets: | | | |
| Total current assets | 119.5 | 131.4 | (11.8) |
| Fixed assets: | | | |
| Fixed assets for railway operations | 1,656.2 | 1,668.1 | (11.9) |
| Construction in progress | 48.1 | 57.8 | (9.6) |
| Investments and other assets | 269.6 | 244.7 | 24.8 |
| Total fixed assets | 1,974.0 | 1,970.7 | 3.2 |
| Total assets | 2,093.6 | 2,102.1 | (8.5) |

| | Billions of yen | | |
|--|-------------------|----------------|---------------|
| | December 31, 2006 | March 31, 2006 | Change |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Current portion of long-term debt | 79.8 | 97.2 | (17.3) |
| Accounts payable | 369.6 | 416.4 | (46.8) |
| Total current liabilities | 449.5 | 513.6 | (64.1) |
| Fixed liabilities: | | | |
| Bonds and long-term debt | 878.3 | 863.9 | 14.3 |
| Retirement allowances for employees | 198.0 | 182.9 | 15.0 |
| Other long-term liabilities | 37.1 | 39.3 | (2.2) |
| Total fixed liabilities | 1,113.5 | 1,086.2 | 27.2 |
| Total liabilities | 1,563.0 | 1,599.9 | (36.8) |
| Shareholders' equity: | | | |
| Common stock | 100.0 | 100.0 | --- |
| Capital surplus | 55.0 | 55.0 | --- |
| Retained earnings: | 367.1 | 337.6 | 29.4 |
| Legal reserves | 11.3 | 11.3 | --- |
| Other retained reserves: | 355.7 | 326.3 | 29.4 |
| Reserves for advanced depreciation on fixed assets | 12.1 | 8.9 | 3.1 |
| Special reserves | 260.0 | 240.0 | 20.0 |
| Earned surplus carried forward | 83.6 | 77.3 | 6.2 |
| Total shareholders' equity | 522.1 | 492.6 | 29.4 |
| Valuation and translation adjustments | 8.4 | 9.5 | (1.1) |
| Total net assets | 530.5 | 502.2 | 28.3 |
| Total liabilities and net assets | 2,093.6 | 2,102.1 | (8.5) |