

April 27, 2007

Last posted on April 27, 2007

West Japan Railway Company

Flash Report (Consolidated and Non-Consolidated Basis)

Results for the year ended March 31, 2007

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, 2007 based on information available to JR-West as of the date April 27, 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>

President: Masao Yamazaki

For further information, please contact: Michio Utsunomiya, General Manager, Corporate Communications Department

Telephone: +81-6-6375-8889

Date of the General Meeting of the Shareholders: Late June 2007

(Slated to be decided at the May 2007 Board of Directors Meeting)

Planned filing of an annual security report: Undecided

Planned start of dividend payments: Undecided

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

1. Performance

(1) Operating results

1. Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2007	1,262,935	1.8	135,341	0.1	104,154	1.9	56,791	22.1
2006	1,240,098	1.6	135,218	1.6	102,181	6.5	46,525	(21.1)

	Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total assets ratio	Operating income-to-operating revenues ratio
	Yen	Yen	%	%	%
2007	28,415.07	---	9.7	4.4	10.7
2006	23,281.96	---	8.5	4.3	10.9

(Reference) Gain (Loss) on investment by equity method: Year ended March 31, 2007: ¥1,016 million,
Year ended March 31, 2006: ¥1,214 million

(2) Financial position

At March 31

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

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2007	2,401,667	637,849	25.3	303,906.52
2006	2,355,969	564,254	23.9	282,245.00

(Reference) Total shareholders' equity: March 31, 2007: ¥607,544 million, March 31, 2006: ---

(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 and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2007	188,618	(131,776)	(54,690)	57,584
2006	164,080	(101,765)	(69,397)	55,433

2. Dividends

Years ended/ending March 31

Record date	Dividends per share			Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	Interim dividends	Year-end dividends	Total			
	Yen	Yen	Yen	Millions of yen	%	%
2006	3,000.00	3,000.00	6,000.00	12,000	25.8	2.2
2007	3,000.00	3,000.00	6,000.00	12,000	21.1	2.0
2008 (Forecast)	3,000.00	3,000.00	6,000.00		21.9	

3. Forecasts for Fiscal Year ending March 31, 2008

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	627,200	1.5	74,100	(3.2)	57,200	(2.4)
Fiscal year	1,285,000	1.7	129,200	(4.5)	98,500	(5.4)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	31,500	(0.8)	15,756.97
Fiscal year	54,800	(3.5)	27,412.13

4. Other

- Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
- Changes in accounting rules, procedures or method of presentation relating to the preparation of the consolidated financial statements (Matters included in changes to significant items that form the basis for preparation of the consolidated financial statements).
 - Changes in accordance with revisions to accounting standards: Yes
 - Other changes: None
- Number of Shares Outstanding (Common stock)

Number of shares outstanding at fiscal year-end:

2007: 2,000,000 shares 2006: 2,000,000 shares

Number of treasury stocks at fiscal year-end:

2007: 885 shares 2006: 885 shares
- Dividend payments for the fiscal year ended March 31, 2007, upon approval at a meeting of the Company's Board of Directors in May, will be submitted as a proposition during the General Meeting of Shareholders to be held in June.

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

1. Performance

(1) Operating results

Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2007	865,810	1.7	108,966	(0.0)	77,686	2.2	44,683	27.2
2006	851,280	0.6	108,978	(1.0)	75,989	2.2	35,140	(26.8)

	Net income per share	Net income per share after dilution
	Yen	Yen
2007	22,341.69	---
2006	17,570.30	---

(2) Financial position

At March 31

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

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2007	2,151,875	533,320	24.8	266,660.13
2006	2,102,166	502,229	23.9	251,114.87

(Reference) Total shareholders' equity: March 31, 2007: ¥533,320 million, March 31, 2006: ---

2. Forecasts for Fiscal Year ending March 31, 2008

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	431,000	0.4	64,000	(3.9)	47,000	(4.5)
Fiscal year	869,500	0.4	102,000	(6.4)	71,000	(8.6)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	27,000	(2.2)	13,500.00
Fiscal year	42,000	(6.0)	21,000.00

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.

QUALITATIVE INFORMATION RELATED TO BUSINESS PERFORMANCE AND FINANCIAL STATEMENTS

1. BUSINESS PERFORMANCE

1. Analysis of 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. Since the accident JR-West has exerted its full effort to support the bereaved families and all those who were victims of the accident. These efforts included the holding of a memorial ceremony, as well as briefing sessions to report on the progress of our Safety Enhancement Plan and other measures.

In accordance with our determination that such an accident will never occur again, we newly formulated a Corporate Philosophy showing the cause and the value to pursue as a corporate entity, along with a Safety Charter identifying practical guidelines for safety, and have made a concerted effort to ensure that these are fully understood and put into practice by all employees. Especially, regarding the issue of safety enhancement that is the most important management issue, we have worked to steadily implement our Safety Enhancement Plan that covers both the human and technology aspects of our operations, and in according with revisions to the Railway Business Law enacted in October 2006 have newly formulated a Railway Safety Management Manual, and worked to establish a Safety Management System. In addition, we have made revisions to the group medium-term management targets formulated in March 2005, setting as our highest management goal the building of a corporate culture that places a top priority on safety, and have implemented a variety of measures aimed at achieving these goals.

We also increased the number of external directors in June 2006, and made other efforts to further enhance supervision and oversight functions related to the conduct of business operations.

Through these efforts JR-West has devoted its full effort to enhancing safety in its mainstay transportation business, while in other Group operations has developed a variety of measures that draw on the unique characteristics of each business and effectively utilize their assets.

As a result, on a consolidated basis, operating revenues for the subject fiscal year rose 1.8% over the previous year to ¥1,262.9 billion, with operating income up 0.1% to ¥135.3 billion. Recurring profit increased 1.9% to ¥104.1 billion, with net income up 22.1% to ¥56.7 billion.

(2) Results by Business Segment

Transportation Operations

In the railway business, the Company concentrated on implementing its Safety Enhancement Plan and various other measures aimed at building a corporate culture that places top priority on safety. Specific measures included efforts to foster an attitude 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, along with analysis of the nature of the potential causes of accidents and matters for concern reported by employees in workplaces. The authorization process for safety-related

investment was also revised in order to allow for more flexible implementation of capital expenditure policies necessary for safety measures. We have expanded and enhanced training for train conductors using simulators, computer-aided instruction (CAI) for station staff engaged in transportation, and made other efforts to bolster structures for providing effective safety education. Comprehensive training for train accidents has also been conducted with the aim of enhancing response capabilities in the event of an accident, such as in the area of cooperation with rescue crews, police and other authorities. In terms of facilities, the Company has expanded the area of tracks with both the ATS-SW and ATS-P automatic train stop systems that prevent trains from exceeding speed limits at points and other portions of track. We have also worked to strengthen pillars supporting elevated tracks against earthquakes, increased the number of anemometers to help counter strong winds, and upgraded the train proximity warning system as means of helping protect workers from train collisions. Further, based on the recommendations of the Safety Consultative Committee, which is made up of third-party experts, in June 2006 we established a Safety Research Institute dedicated to research on safety and related matters, and took other necessary actions. The proposals, measures implemented and record of discussions by the committee were published in the Interim Report.

In transportation operations, JR-West expanded the coverage area for the operations management system and made other efforts to enhance safe and reliable transportation services. For conventional lines, in October 2006 we completed work to convert the electric supply from AC to DC of the Hokuriku Line and the Kosei Line in order to permit extension of special rapid service to Tsuruga Station. Timetables were revised in March 2007, including the opening of the Sakura Shukugawa Station. On the Sanyo Shinkansen line, the timetable revision in March 2006 added more *Nozomi* trains 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. The Company did suffer some negative impact as a result of natural disasters, including heavy rains along the Geibi and Sanko lines in July 2006 that led to delays, as well as rock slides along the Tsuyama Line in November that caused a derailment.

Sales and marketing initiatives included expansion 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. Other efforts to make Shinkansen lines more convenient included frequent postings of basic information on Shinkansen services, such as number of trains, time required, and fares. To increase the number of cardholders of the J-WEST Card necessary to use the Express Reservation system, we conducted PR and other campaigns to highlight the privileges of membership. Further, we worked in cooperation with local municipalities, travel agents and other JR companies to develop strategies for the DISCOVER WEST and other travel campaigns, and stimulate demand for tourism. We also launched the travel association Club DISCOVER WEST for persons over 50 years of age, in an effort to stimulate demand for travel.

As part of our customer service initiatives we increased the number of Green Ticket Vending Machines, as well as installed elevators, escalators and other barrier-free facilities. Initiatives to make railways more user-friendly included the expansion of the Lost Articles Management System, which has been in operation in the Kyoto-Osaka-Kobe area, and is designed to provide quick responses to inquiries regarding lost articles, to the Okayama, Hiroshima, and Fukuoka regions. We also steadily installed

automatic external defibrillator (AED) systems at major stations, and conducted courses in life-saving for station staff and other personnel.

In terms of technology development, the Company placed priority on such areas as ensuring safety and enhancing service. We developed a GPS-based train proximity warning system used as a back-up system to prevent accidents caused by human error, as well as a passenger guidance system for use by station staff to help improve service to customers.

In response to environmental issues, JR-West conducted environmental management based on relevant laws and regulations in cooperation with all Group companies, as well as made other efforts to lower the environmental burden, including introducing energy-efficient rail cars, and reducing the amount of waste. We also published an environmental report.

In ferry services, the Company worked to establish safety management systems based on the Marine Safety Management Manual, with the aim of providing safe and reliable transport.

In bus services, the Company made efforts aimed at further ensuring safety, including equipping vehicles with safety devices, and enhancing employee training. Also, with competition for highway bus services becoming more intense, we strengthened our marketing capabilities with full-scale operation of the Highway Bus Net, an Internet reservation service. We also began operating the Youth Mega Dream Bus, and took other steps to provide services to respond to the varied needs of customers.

As a result, operating revenues for Transportation Operations increased 1.7% over the previous fiscal year, to ¥864.9 billion. Operating income, however, decreased 0.8%, to ¥97.2 billion.

Sales of Goods and Food Services

JR-West continued to move forward with its NexStation Plan designed to improve the quality of stations. We also opened new style Kiosk stands and small convenience stores “Daily in”, developed original products, and made efforts to stimulate sales at existing stores. Further, we opened the Dessert Terrace, a collection of well-known dessert shops, in Osaka Station, and took other measures to enhance retail operations within 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 unique products.

As a result, operating revenues in the Sales of Goods and Food Services segment rose 3.2% from the previous year to ¥252.1 billion. Operating income, however, was down 15.2% to ¥5.0 billion.

Real Estate Business

JR-West continued to develop station premises and surrounding areas during the subject fiscal year. The “bridge station building” (a type of station with ticket gates and other station facilities above the tracks) was opened in Okayama Station, along with the SUN STATION TERRACE OKAYAMA, a shopping center facing the walk-through linking the east and west sides of the station. The JR Kanazawa Station NK Building was also opened across from Kanazawa Station, attracting a large-scale shopping center as a tenant.

The Company also developed condominium apartments on land formerly used for housing for Company employees, and made other efforts to effectively utilize assets. The plan for renovation of

Osaka Station and the development of the New North Building is steadily moving forward, with construction begun on the New North Building.

Three group companies in the Hyogo Prefecture area, managing station building, were merged and consolidated in order to allow for swift and accurate responses to such changes in the business environment as intensified competition, and diversification of consumer needs.

As a result, operating revenues for the Real Estate segment rose 0.4% from the previous year to ¥76.0 billion, with operating income up 3.5%, to ¥21.2 billion.

Other Businesses

In travel agency operations, JR-West undertook aggressive marketing measures that included enhancing the Red Balloon Centennial product established to mark the 100th anniversary of Nippon Travel Agency, and a strengthening of sales via the Internet. In hotel operations, the Company promoted sales with renovations to its banquet halls and guest rooms, along with various events organized by the banquet and culinary divisions.

As a result, operating revenues in the Other Businesses segment increased 7.2% from the previous fiscal year to ¥300.3 billion, with operating income climbing 9.2%, to ¥12.5 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, 2008, are as follows:

Operating revenues	¥1,285.0 billion
Operating income	¥129.2 billion
Recurring profit	¥98.5 billion
Net income	¥54.8 billion

2. Financial Position

(1) Cash flows from operating activities

Cash provided by operating activities amounted to ¥188.6 billion, a rise of ¥24.5 billion from the same period of the previous fiscal year. The main factor affecting cash was an increase in income before income taxes adjustments.

(2) Cash flows from investing activities

Cash used in investing activities amounted to ¥131.7 billion, a rise of ¥30.0 billion from the same period of the previous fiscal year. The main factor affecting cash was purchases of property, plant and equipment.

(3) Cash flows from financing activities

Cash used in financing activities amounted to ¥54.6 billion, a decrease of ¥14.7 billion from the previous fiscal year. The main factors affecting cash were repayment of long-term debt of ¥38.1 billion and payment of cash dividends.

As a result, cash and cash equivalents at end of this fiscal year increased ¥2.1 billion to ¥57.5 billion.

(Reference) Cash Flow Indicators

Years ended March 31

	2003	2004	2005	2006	2007
Equity ratio (%)	18.1	19.9	22.2	23.9	25.3
Equity ratio, based on market value (%)	30.8	34.6	36.9	42.2	45.3
Interest-bearing debt to cash flow ratio (%)	9.1	8.0	7.4	6.1	5.1
Interest coverage ratio (Times)	2.5	2.8	3.1	3.4	3.6

Notes:

Equity ratio: shareholders' equity/ total assets

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

Interest-bearing debt to cash flow ratio: interest-bearing debt/ operating cash flows

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. Cash flow is defined as operating cash flow.
4. Interest-bearing debt is defined as interest-bearing debt of long-term debt and payables.

3. 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.

2. MANAGEMENT POLICIES

On April 25, 2005, an extremely serious accident between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line resulted in 106 fatalities and injuries to more than 500 passengers.

We pray for all the victims of the accident and offer our sincerest apologies to their bereaved families. We would also like to express our deepest sympathies and sincerest apologies to the injured, 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, in accordance with its Corporate Philosophy and Safety Charter, has steadily implemented its Safety Enhancement Plan aimed at fostering a corporate culture that places a top priority on safety. We have also established a Safety Management System, and made other concerted efforts to provide a safe and reliable railway service, and regain the trust of customers and society.

1. Basic Management Policies

The JR-West Group will work together as a group to foster a corporate culture which places a top priority on safety, concentrating on its core business of railway operations. We will further seek to regain trust as quickly as possible, and pursue sustainable development as a corporate group.

The JR-West Group, with railway operations as its core business, is engaged in sales of goods and food services, real estate and other businesses aimed at providing services mainly to railway passengers, as well as efficient utilization of assets in the vicinity of railway stations. In its business development, the Company works to strengthen its sense of unity, as well as effectively utilize its business assets and otherwise further strengthen its management foundation as a means of attaining sustainable development and enhancement of corporate value as a group.

Going forward, JR-West will continue to strive to improve its corporate value by accurately identifying market trends, providing high-quality services and products which customers repeatedly select with confidence, and implementing various measures in a strategic and timely manner. Amid a difficult operating environment, these efforts will be made in accordance with the Corporate Philosophy and Safety Charter, and founded on the principle of safety as a priority.

2. Medium-Term Management Strategy and Targets

The JR-West Group revised its medium-term management targets for the fiscal year ending March 31, 2009, in October 2006. We set the goal of establishing a “corporate culture of placing top priority on safety” as a management target, and, based on our Corporate Philosophy and Safety Charter, have designated as vital management issues such goals as providing a “response to the victims of the accident in all sincerity” and “promotion of measures to enhance safety,” which we have made a full effort to achieve.

Numerical targets for the fiscal year ending March 31, 2009, were set as follows:

Consolidated return on assets (ROA) (operating income basis):	5.8%
Consolidated return on equity (ROE) (net income basis):	9.4%
Consolidated operating revenues:	¥1,275 billion
Transportation revenues:	¥767.5 billion

3. Management Issues

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

We maintain our commitment to helping those who have suffered as a result of the accident, and will continue to devote our full effort to respond sincerely to their needs and feelings.

We continue to cooperate fully with the investigation being conducted by the Aircraft and Railway Accident Investigation Commission of the Ministry of Land, Infrastructure and Transport. We will gravely accept whatever is presented in the commission's report, and make an appropriate response.

JR-West has made redoubling its efforts with regard to prioritizing safety, and recovering the trust of customers and society its highest business priority. 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 safe, high-quality, trusted transportation service.

In accordance with this fundamental recognition, JR-West is making sure that its newly formulated Corporate Philosophy and Safety Charter are understood and followed by all employees. We are also further stepping up our focused efforts to improve safety and recovery trust, in order to realize the status of our group medium-term business plan, "No accident to produce casualties among our customers," and "No serious labor accident to our employees." Further, as we approach the 20th anniversary of our launch as a private company, we are working to formulate a new vision for the new age, and will implement reforms stretching from the awareness of employees to general operations.

In the railway business, in accordance with the steady implementation of the Safety Enhancement Plan, and based on a recognition of the need to achieve the management goal of fostering a corporate culture that places a top priority on safety, we will continue to install ATS and other safety equipment, and seek to become the "Only-One Corporate Group the Rigorously Performs Safety Checks by Pointing and Call," working to make certain that this basic action, which is an important activity to ensuring safety, is routinely followed. The Company is also focusing on such measures to improve safety as strengthening its safety training by utilizing the Railway Safety Education Center, established with a grave recognition of the importance of never forgetting the accident as time goes by. We are also working to establish safety management systems based on the Railway Safety Management Manual that include monitoring for safety, identifying important issues, and making improvements.

In July 2007, with the aim of creating a unified planning and operational structure for the Shinkansen business, JR-West will establish within the Railway Operations Headquarters the Shinkansen Supervising Department, along with the Shinkansen Management Division, which functions as a branch office for Shinkansen-related sites.

In transportation operations, JR-West is working to provide a safe, trusted and high-quality transportation service amid a harsh competitive environment, including timetable revisions for conventional lines conducted in March 2007, and planned timetable revisions for the Sanyo Shinkansen line in July 2007 that will include introduction of the new N700 series trains. We will continue with the DISCOVER WEST campaign, and through the development of the travel association Club DISCOVER WEST for persons over 50 years of age, pursue initiatives in cooperation with local agencies to draw attention to the Kyoto area. Also, a Customer Service Department has been established within the Marketing Division to enhance the level of service overall, from customer services to station and train facilities. We will increase the number of Green Ticket Vending Machines, conduct employee training aimed at improving sales capabilities, upgrade "barrier-free" facilities in cooperation with local municipalities, and make other efforts to create user-friendly stations. We will also work to enhance customer service through greater use of IT, including promoting use of the Express Reservation system, introducing ICOCA in the Okayama and Hiroshima regions, and renovating JR Odekake Net, our homepage providing a wide range of information.

In the areas of sales of goods and food services and real estate, to enhance the appeal of stations and gain the trust of customers we will move forward with development plans, renovate the hotel and department store at the Kyoto Station Building to mark its 10th anniversary, as well as upgrade and expand facilities within stations and at surrounding sites. Regarding the renovation of Osaka Station and development plan for the New North Building, we will continue with the construction of the New North Building begun in October 2006, make preparations for the expansion of ACTY OSAKA, and steadily pursue other measures. Also, to enhance convenience for customers using the ICOCA e-money service, we will increase the number of affiliated stores, and continue to actively pursue alliances with other companies. Further, in July 2007, in order to strengthen its strategy, JR-West will restructure its Corporate Resource Development Headquarters as the Business Development Headquarters, and further strengthen other initiatives.

With regard to the pursuit of corporate social responsibility (CSR), JR-West recognizes the importance of and is further implementing CSR, centering on its CSR Promotion Committee. We will also pursue measures that include the establishment of proper business operations for all business activities in general, led by the Compliance Committee and Crisis Management Committee. Also, we will further enhance our internal control functions in preparation for the evaluation and auditing system for internal controls for financial reporting, which will be required from fiscal 2008.

3. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

March 31

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

	Millions of yen		
	2007	2006	Change from the previous year
ASSETS			
Current assets:			
Cash	57,814	56,093	1,721
Notes and accounts receivable-trade	19,069	19,095	(26)
Railway fares receivable	22,667	15,432	7,235
Accounts receivable	51,605	47,328	4,277
Marketable securities	---	3	(3)
Inventories	19,379	17,939	1,439
Deferred tax assets	18,679	19,426	(747)
Other current assets	37,281	32,891	4,390
Less allowance for doubtful accounts	(397)	(351)	(45)
Total current assets	226,100	207,859	18,241
Fixed assets:			
Property, plant and equipment:	1,973,146	1,950,880	22,266
Buildings and structures	967,045	961,711	5,334
Machinery and transport equipment	254,147	250,498	3,648
Land	658,519	655,311	3,207
Construction in progress	66,296	59,442	6,853
Other property, plant and equipment	27,138	23,916	3,221
Intangible fixed assets	22,197	22,292	(94)
Investments and other assets:	180,139	174,894	5,244
Investments in securities	64,847	65,027	(179)
Deferred tax assets	92,698	88,022	4,676
Other investments and assets	23,253	22,552	700
Less allowance for doubtful accounts	(660)	(708)	47
Total fixed assets	2,175,484	2,148,067	27,416
Deferred assets	82	42	40
Total assets	2,401,667	2,355,969	45,698

March 31

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

	Millions of yen		
	2007	2006	Change from the previous year
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Notes and accounts payable-trade	50,272	46,157	4,114
Short-term loans	13,137	14,445	(1,307)
Current portion of long-term debt	49,352	88,904	(39,551)
Current portion of long-term payables for acquisition of railway properties	36,530	36,139	391
Current portion of long-term accounts payable	31	31	---
Accounts payable	124,567	105,110	19,456
Accrued consumption tax	5,312	3,272	2,039
Accrued income tax	21,713	30,239	(8,525)
Railway deposits received	7,764	1,810	5,954
Deposits received	66,601	60,390	6,211
Prepaid railway fares received	30,507	30,503	3
Advances received	56,475	53,068	3,406
Deferred tax liabilities	198	---	198
Allowance for bonuses	34,348	34,356	(7)
Allowance for compensation of completion of construction	51	44	7
Allowance for loss on restructuring of subsidiary	---	259	(259)
Other current liabilities	31,890	36,413	(4,522)
Total current liabilities	528,757	541,148	(12,391)
Fixed liabilities:			
Bonds	249,981	220,000	29,981
Long-term debt	223,211	215,663	7,547
Long-term payables for acquisition of railway properties	427,372	463,857	(36,484)
Long-term accounts payable	316	348	(31)
Deferred tax liabilities	113	76	37
Accrued retirement benefits	219,693	201,677	18,016
Allowance for antiseismic reinforcement measures	9,931	14,400	(4,468)
Allowance for environmental safety measures	7,426	7,543	(116)
Negative goodwill	238	262	(24)
Other long-term liabilities	96,773	98,968	(2,194)
Total long-term liabilities	1,235,060	1,222,797	12,262
Total liabilities	1,763,817	1,763,945	(128)
Minority interest	---	27,769	---
Shareholders' equity:			
Common stock	---	100,000	---
Capital surplus	---	55,000	---
Retained earnings	---	398,910	---
Net unrealized holding gain on securities	---	10,670	---
Treasury stock, at cost	---	(327)	---
Total shareholders' equity	---	564,254	---
Total liabilities, minority interest, and shareholders' equity	---	2,355,969	---

(continued on page 15)

	Millions of yen		
	2007	2006	Change from the previous year
NET ASSETS			
Total shareholders' equity:	598,331	---	---
Common stock	100,000	---	---
Capital surplus	55,000	---	---
Retained earnings	443,658	---	---
Treasury stock, at cost	(327)	---	---
Valuation and translation adjustments:	9,212	---	---
Net unrealized holding gain on securities	8,864	---	---
Deferred gains or losses on hedges	348	---	---
Minority interests	30,305	---	---
Total net assets	637,849	---	---
Total liabilities and net assets	2,401,667	---	---

2. Consolidated Statements of Income

Years ended March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2007	2006	Change from the previous year
Operating revenues	1,262,935	1,240,098	22,837
Operating expenses:			
Transportation, other services and cost of sales	919,294	899,513	19,781
Selling, general and administrative expenses	208,299	205,367	2,932
	1,127,593	1,104,880	22,713
Operating income	135,341	135,218	123
Non-operating revenues:			
Interest and dividend income received	331	372	(40)
Equity in earnings of affiliates	1,016	1,214	(198)
Other	5,769	5,879	(110)
	7,117	7,466	(349)
Non-operating expenses:			
Interest expense	37,298	39,799	(2,500)
Other	1,006	704	302
	38,304	40,503	(2,198)
Recurring profit	104,154	102,181	1,973
Extraordinary profits:			
Gain on contributions received for construction	31,714	58,724	(27,009)
Compensation for expropriation	2,514	4,391	(1,876)
Proceeds from sales of fixed assets	9,993	8,971	1,021
Other	3,106	6,507	(3,401)
	47,328	78,594	(31,266)
Extraordinary losses:			
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	31,076	58,328	(27,252)
Loss on reduction entry of compensation for expropriation	2,513	4,388	(1,874)
Provision of allowance for antiseismic reinforcement measures	---	14,400	(14,400)
Provision of allowance for environmental safety measures	---	7,543	(7,543)
Other	17,021	16,220	800
	50,610	100,880	(50,269)
Income before income taxes and minority interests	100,872	79,896	20,976
Income taxes:			
Current	44,320	50,280	(5,959)
Deferred	(2,816)	(19,306)	16,490
Minority interests	2,576	2,396	180
Net income	56,791	46,525	10,265

3. Consolidated Statements of Shareholders' Equity and Consolidated Statements of Retained Earnings

Consolidated Statements of Shareholders' Equity

Year ended March 31, 2007

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

	Millions of yen									
	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total	Net unrealized holding gain on securities	Deferred gains or losses on hedges	Total		
Balance at March 31, 2006	100,000	55,000	398,910	(327)	553,583	10,670	---	10,670	27,769	592,023
Change in year ended March 31, 2007										
Dividends from surplus			(12,000)		(12,000)					(12,000)
Net income			56,791		56,791					56,791
Decrease due to the merger of consolidated subsidiaries			(43)		(43)					(43)
Net increase/decrease during the term under review except in shareholders' equity						(1,806)	348	(1,458)	2,536	1,078
Total			44,748		44,748	(1,806)	348	(1,458)	2,536	45,826
Balance at March 31, 2007	100,000	55,000	443,658	(327)	598,331	8,864	348	9,212	30,305	637,849

Consolidated Statements of Retained Earnings

Year ended March 31

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

	Millions of yen
	2006
Capital surplus at beginning of the period	55,000
Capital surplus at the end of the period	55,000
Retained earnings at beginning of the period	365,303
Increase in retained earnings:	46,740
Net income	46,525
Increase in retained earnings due to a merger between a consolidated subsidiary and an affiliate	215
Appropriations of retained earnings:	13,134
Cash dividends	13,000
Directors' bonuses	92
[Including corporate auditors' bonuses]	[6]
Increase in the number of consolidated subsidiaries	41
Retained earnings at the end of the period	398,910

4. Consolidated Statements of Cash Flows

Years ended March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2007	2006	Change from the previous year
I. Cash flows from operating activities			
Income before income taxes and minority interests	100,872	79,896	20,976
Depreciation and amortization	112,827	111,900	926
Loss on deduction of contributions received for construction from acquisition costs of property, plan and equipment	31,076	58,328	(27,252)
Loss on disposal of property, plan and equipment	12,692	13,368	(676)
Change in allowance for retirement benefits	18,016	1,711	16,304
Change in allowance for accrued bonuses	(7)	(1,625)	1,618
Change in other reserves	(4,649)	22,212	(26,861)
Interest and dividend income	(331)	(372)	40
Interest expenses	37,298	39,799	(2,500)
Equity in earnings of affiliates	(1,016)	(1,214)	198
Gain on contributions received for construction	(31,714)	(58,724)	27,009
Change in notes and accounts receivable	(10,731)	(8,476)	(2,254)
Change in inventories	(1,439)	(2,159)	719
Change in notes and accounts payable	20,738	(12,877)	33,615
Change in accrued consumption tax	2,039	(821)	2,861
Other	(7,053)	9,238	(16,291)
Subtotal	278,617	250,184	28,433
Interest and dividends income received	265	373	(108)
Interest paid	(37,398)	(40,271)	2,873
Income taxes paid	(52,865)	(46,205)	(6,660)
Net cash provided by operating activities	188,618	164,080	24,537
II. Cash flows from investing activities			
Payments for time deposits with a maturity of more than three months	(335)	(12,160)	11,825
Proceeds for time deposits with a maturity of more than three months	765	12,160	(11,395)
Purchases of property, plant and equipment	(175,024)	(156,155)	(18,868)
Proceeds from sales of property, plant and equipment	4,272	4,172	100
Contributions received for constructions	41,858	42,899	(1,041)
Increase in investments in securities	(1,961)	(513)	(1,447)
Payments on long-term loans receivable	(689)	(282)	(407)
Collections of long-term loans receivable	266	10,396	(10,130)
Other	(928)	(2,282)	1,354
Net cash used in investing activities	(131,776)	(101,765)	(30,010)

(continued on page 19)

	Millions of yen		
	2007	2006	Change from the previous year
III. Cash flows from financing activities			
Change in short-term loans	2,139	2,863	(724)
Proceeds from long-term loans	57,100	12,300	44,800
Repayment of long-term debt	(89,135)	(30,983)	(58,152)
Proceeds from issuance of bonds	29,981	---	29,981
Repayment of long-term payables for acquisition of railway properties	(36,093)	(38,425)	2,332
Cash dividends paid to the Company's shareholders	(12,002)	(13,001)	998
Cash dividends paid to minority shareholders of consolidated subsidiaries	(112)	(112)	0
Other	(6,566)	(2,038)	(4,527)
Net cash used in financing activities	(54,690)	(69,397)	14,707
IV. Change in cash and cash equivalents, net	2,151	(7,083)	9,234
V. Cash and cash equivalents at the beginning of the period	55,433	62,241	(6,807)
VI. Change in cash and cash equivalents accompanying consolidation of additional subsidiaries	---	275	(275)
VII. Cash and cash equivalents at the end of the period	57,584	55,433	2,151

5. Retirement Benefits for Employees

1. Overview of the Retirement Benefits System Adopted by the Company

The Company and its domestic consolidated subsidiaries have established defined benefit plans, consisting of a qualified pension plan and a retirement lump-sum payment plan. Certain consolidated subsidiaries have a funded defined contribution pension plan administered by a government agency. In addition, premium severance pay may be available for retiring employees.

2. Retirement Benefit Obligation (March 31, 2007)

	Millions of yen
(1) Retirement benefit obligation	(376,375)
(2) Plan assets at fair value	11,943
<hr/>	
(3) Unfunded retirement benefit obligation [(1) + (2)]	(364,431)
(4) Unrecognized net retirement benefit obligation at transition	99,283
(5) Unrecognized actuarial loss	48,009
(6) Unrecognized prior service cost	(2,235)
<hr/>	
(7) Net retirement benefit obligation [(3) + (4) + (5) + (6)]	(219,375)
(8) Prepaid pension cost	318
<hr/>	
(9) Accrued retirement benefits [(7) – (8)] (Note)	(219,693)

Note: Some subsidiaries adopt the simplified method in calculating retirement benefit obligations.

3. Retirement Benefit Expenses (Year ended March 31, 2007)

	Millions of yen
(1) Service cost	15,852
(2) Interest cost	7,932
(3) Expected return on plan assets	(264)
(4) Amortization of net retirement benefit obligation at transition	31,458
(5) Amortization of actuarial loss	7,291
(6) Amortization of prior service cost	1,975
<hr/>	
(7) Total [(1) + (2) + (3) + (4) + (5)]	64,245

Note: Retirement benefit expenses of consolidated subsidiaries which adopt the simplified method are stated in (1) Service cost.

4. Items related to Basis for Calculation of Retirement Benefit Obligation

(1) Method allocating projected retirement benefits over period	Straight-line standards
(2) Discount rates	Mainly 2.0%
(3) Expected rate of return on plan assets	Mainly 2.5%
(4) Amortization period of net obligation at transition	Mainly 10 years
(5) Amortization period of actuarial gain or loss	Mainly 10 years
(6) Amortization period of prior service	Mainly amortized in the year occurred

6. Tax-Effect Accounting

1. Breakdown and Principal Sources of Deferred Tax Assets and Liabilities

March 31, 2007

	Millions of yen
Deferred tax assets	
Accrued bonuses included in accrued expenses	14,010
Accrued enterprise tax included in accrued income taxes	1,931
Accrued retirement benefits	89,236
Unrealized gain on property, plant and equipment	6,698
Tax loss carryforwards	207
Others	23,415
Subtotal	135,499
Valuation allowance	(5,444)
Total	130,055
Deferred tax liabilities	
Unrealized holding gain on securities	(5,702)
Contributions for construction deducted from acquisition costs of property, plant and equipment	(11,313)
Gain on valuation of assets of consolidated subsidiaries	(1,443)
Others	(530)
Total	(18,989)
Deferred tax assets, net	111,065

(Note) Deferred tax assets and deferred tax liabilities, net are included in the following items on the consolidated balance sheet.

	Millions of yen
Current assets --- Deferred tax assets	18,679
Fixed assets --- Deferred tax assets	92,698
Current liabilities --- Deferred tax liabilities	198
Fixed liabilities --- Deferred tax liabilities	113

2. Difference in the Burden of Corporate and Other Taxes between the Statutory Tax Rate and after Application of Tax-Effect Accounting

The presentation of corresponding information has been omitted because the difference between the statutory tax rate and the effective tax rates was less than five percent of the statutory tax rate.

7. Segment Information

1. Information by business segment

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

Year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

	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	848,586	208,185	62,725	143,438	1,262,935	---	1,262,935
Intergroup operating revenues and transfers	16,391	43,993	13,308	156,884	230,578	(230,578)	---
Total sales	864,978	252,178	76,033	300,323	1,493,514	(230,578)	1,262,935
Operating expenses	767,703	247,125	54,814	287,814	1,357,457	(229,863)	1,127,593
Operating income	97,274	5,053	21,219	12,508	136,056	(715)	135,341
Assets, depreciation, and capital expenditures:							
Total assets	1,792,324	76,218	282,757	256,404	2,407,704	(6,037)	2,401,667
Depreciation	93,079	2,503	10,481	6,763	112,827	---	112,827
Capital expenditures	146,156	3,922	23,246	10,115	183,440	---	183,440

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.

Fiscal 2005: ¥154,818 million, Fiscal 2006: ¥151,261 million

2. Information by location

As there were no overseas subsidiaries or branch offices in fiscal 2005 or fiscal 2006, this item was not included.

3. Overseas sales

As there were no overseas sales in fiscal 2005 or fiscal 2006, this item was not included.

3. NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Non-Consolidated Balance Sheets

March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2007	2006	Change from the previous year
ASSETS			
Current assets:			
Cash	39,536	44,700	(5,164)
Railway fares receivable	26,298	16,923	9,375
Accounts receivable	24,634	21,414	3,220
Accrued income	4,076	4,070	5
Short-term loans	18,404	12,053	6,350
Inventories	6,217	5,409	808
Prepaid expenses	1,805	1,729	75
Deferred tax assets	13,907	14,521	(614)
Other current assets	9,049	10,656	(1,607)
Less allowance for doubtful accounts	(161)	(64)	(97)
Total current assets	143,769	131,417	12,351
Fixed assets:			
Railway	1,548,292	1,539,246	9,045
Ferry	556	616	(59)
Other operations	60,445	53,869	6,576
Affiliated business	72,617	74,415	(1,797)
Construction in progress	61,251	57,817	3,433
Investments and advances:	264,943	244,783	20,159
Stocks of subsidiaries	122,987	122,829	158
Investments in securities	21,950	24,672	(2,721)
Long-term loans	32,882	14,964	17,918
Long-term prepaid expenses	4,316	4,611	(295)
Deferred tax assets	79,845	75,609	4,236
Other investments and advances	3,252	2,379	872
Less allowance for doubtful accounts	(291)	(282)	(8)
Total fixed assets	2,008,106	1,970,748	37,357
Total assets	2,151,875	2,102,166	49,709

March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2007	2006	Change from the previous year
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term loans	117,139	128,567	(11,428)
Current portion of long-term debt	34,876	41,471	(6,595)
Current portion of long-term payables for acquisition of railway properties	36,530	36,139	391
Current portion of long-term accounts payable	319	19,600	(19,281)
Accounts payable	147,882	122,473	25,408
Accrued expenses	18,797	19,058	(260)
Accrued consumption tax	3,474	1,381	2,092
Accrued income tax	15,065	23,207	(8,142)
Railway deposits received	8,101	2,334	5,767
Deposits received	12,162	10,862	1,299
Prepaid railway fares received	30,463	30,455	8
Advances received	53,894	50,752	3,142
Advance payments received	371	344	26
Allowance for bonuses	26,505	26,987	(482)
Other current liabilities	47	36	10
Total current liabilities	505,630	513,672	(8,041)
Long-term liabilities:			
Bonds	249,981	220,000	29,981
Long-term debt	199,698	177,474	22,224
Long-term payables for acquisition of railway properties	427,372	463,857	(36,484)
Long-term accounts payables	2,292	2,612	(319)
Accrued retirement benefits	201,188	182,969	18,219
Allowance for antiseismic reinforcement measures	9,931	14,400	(4,468)
Allowance for environmental safety measures	7,426	7,543	(116)
Other long-term liabilities	15,032	17,407	(2,374)
Total long-term liabilities	1,112,924	1,086,264	26,660
Total liabilities	1,618,555	1,599,936	18,618
Shareholders' equity:			
Capital stock	---	100,000	---
Capital surplus	---	55,000	---
Additional paid-in capital	---	55,000	---
Retained earnings:	---	337,633	---
Legal reserve	---	11,327	---
Voluntary reserves:	---	248,982	---
Reserve for advanced depreciation on fixed assets	---	8,982	---
Other reserves	---	240,000	---
Unappropriated retained earnings	---	77,323	---
Evaluation differences on other securities	---	9,596	---
Total shareholders' equity	---	502,229	---
Total liabilities and shareholders' equity	---	2,102,166	---

(continued on page 26)

	Millions of yen		
	2007	2006	Change from the previous year
NET ASSETS		---	---
Shareholders' equity:	525,316	---	---
Common stock	100,000	---	---
Capital surplus:	55,000	---	---
Additional paid-in capital	55,000	---	---
Retained earnings:	370,316	---	---
Legal reserve	11,327	---	---
Other retained earnings:	358,989	---	---
Reserve for advanced depreciation on fixed assets	15,436	---	---
Other reserve	260,000	---	---
Earned surplus carried forward	83,553	---	---
Valuation and translation adjustments:	8,003	---	---
Valuation difference on available-for-sale securities	8,003	---	---
Total net assets	533,320	---	---
Total liabilities and net assets	2,151,875	---	---

2. Non-Consolidated Statements of Income

Years ended March 31

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	2007	2006	Change from the previous year
Operating revenues	865,810	851,280	14,529
Transportation	765,893	756,506	9,387
Transportation incidentals	22,503	22,561	(57)
Other operations	18,229	17,720	509
Miscellaneous	59,183	54,492	4,690
Operating expenses	756,844	742,302	14,541
Personnel costs	272,509	276,194	(3,685)
Non-personnel costs	337,967	320,081	17,885
Energy costs	34,376	34,861	(484)
Maintenance costs	148,995	140,793	8,202
Miscellaneous costs	154,594	144,426	10,167
Rental payments, etc.	24,684	24,722	(37)
Taxes	28,149	28,735	(585)
Depreciation	93,533	92,568	964
Operating income	108,966	108,978	(11)
Non-operating revenues	5,507	5,218	288
Non-operating expenses	36,787	38,207	(1,420)
Recurring profit	77,686	75,989	1,697
Extraordinary profit	45,112	76,703	(31,591)
Extraordinary loss	47,003	95,635	(48,631)
Income before income taxes	75,795	57,057	18,737
Income taxes-current	33,640	39,327	(5,687)
Income taxes-deferred	(2,528)	(17,410)	14,881
Net income	44,683	35,140	9,542
Retained earnings carried forward from the previous period	---	48,182	---
Interim dividends	---	6,000	---
Unappropriated retained earnings	---	77,323	---

3. Non-Consolidated Statements of Shareholders' Equity

(Figures less than ¥1 million have been omitted)

	Millions of yen									
	Shareholders' equity								Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus		Retained earnings				Total	Net unrealized holding gain on securities	
		Additional paid-in capital	Legal reserve	Other retained earnings						
Reserves for advanced depreciation on fixed assets				Other reserve	Earned surplus carried forward					
Balance at March 31, 2006	100,000	55,000	11,327	8,982	240,000	77,323	337,633	492,633	9,596	502,229
Change in year ended March 31, 2007										
Dividends from surplus						(12,000)	(12,000)	(12,000)		(12,000)
Net income						44,683	44,683	44,683		44,683
Provision of reserve for advanced depreciation on fixed assets (Fiscal 2005)				4,185		(4,185)				
Provision of reserve for advanced depreciation on fixed assets (Fiscal 2006)				4,512		(4,512)				
Reversal of reserve for advanced depreciation on fixed assets (Fiscal 2005)				(991)		991				
Reversal of reserve for advanced depreciation on fixed assets (Fiscal 2006)				(1,252)		1,252				
Other reserve					20,000	(20,000)				
Net increase/decrease during the term under review except in shareholders' equity									(1,592)	(1,592)
Total				6,453	20,000	6,229	32,683	32,683	(1,592)	31,090
Balance at March 31, 2007	100,000	55,000	11,327	15,436	260,000	83,553	370,316	525,316	8,003	533,320

Note: Fiscal 2005: Year ended March 31, 2006, Fiscal 2006: Year ended March 31, 2007

SUPPLEMENTAL FINANCIAL DATA

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Year ended March 31		Change		Year ended March 31		Change	
	2007	2006	Amount	%	2007	2006	Amount	%
Sanyo Shinkansen								
Commuter Passes	650	630	19	3.1	8.2	7.9	0.2	2.9
Non-Commuter Passes	14,514	14,218	295	2.1	320.4	315.8	4.6	1.5
Total	15,164	14,848	315	2.1	328.6	323.8	4.8	1.5
Conventional Lines								
Commuter Passes	22,922	22,708	213	0.9	142.6	140.8	1.7	1.3
Non-Commuter Passes	15,592	15,270	322	2.1	294.1	291.3	2.7	1.0
Total	38,514	37,979	535	1.4	436.8	432.2	4.5	1.1
Kyoto-Osaka-Kobe Area								
Commuter Passes	18,536	18,280	256	1.4	115.3	113.4	1.8	1.6
Non-Commuter Passes	10,265	9,992	273	2.7	187.1	184.0	3.0	1.6
Total	28,801	28,272	529	1.9	302.4	297.5	4.8	1.6
Other Lines								
Commuter Passes	4,385	4,428	(42)	(1.0)	27.3	27.4	(0.0)	(0.2)
Non-Commuter Passes	5,327	5,278	48	0.9	107.0	107.2	(0.2)	(0.2)
Total	9,712	9,706	5	0.1	134.3	134.7	(0.3)	(0.2)
Total								
Commuter Passes	23,572	23,339	232	1.0	150.8	148.8	2.0	1.4
Non-Commuter Passes	30,106	29,488	617	2.1	614.5	607.1	7.3	1.2
Total	53,678	52,828	850	1.6	765.4	756.0	9.4	1.2

Forecasts for Year ending March 31, 2008 (Consolidated Basis)

Years ending/ended March 31

	Forecast for 2008	2007	Change from the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues	1,285.0	1,262.9	22.0	1.7
Operating expenses	1,155.8	1,127.5	28.2	2.5
Operating income	129.2	135.3	(6.1)	(4.5)
Non-operating revenues / expenses	(30.7)	(31.1)	0.4	(1.6)
Recurring profit	98.5	104.1	(5.6)	(5.4)
Extraordinary profit / loss	(1.7)	(3.2)	1.5	(48.2)
Income before income taxes and minority interests	96.8	100.8	(4.0)	(4.0)
Net income	54.8	56.7	(1.9)	(3.5)

Earnings Forecasts for Year ending March 31, 2008 by Segment (Consolidated Basis)

Years ending/ended March 31

		Forecast for 2008	2007	Change from the previous year	
		Billions of yen	Billions of yen	Billions of yen	%
Transportation	Operating revenues	867.6	864.9	2.6	0.3
	Operating income	90.1	97.2	(7.1)	(7.4)
Sales of goods and food services	Operating revenues	253.6	252.1	1.4	0.6
	Operating income	5.2	5.0	0.1	2.9
Real estate	Operating revenues	89.2	76.0	13.1	17.3
	Operating income	22.2	21.2	0.9	4.6
Others	Operating revenues	303.5	300.3	3.1	1.1
	Operating income	12.4	12.5	(0.1)	(0.9)

Forecasts for Year ending March 31, 2008 (Non-Consolidated Basis)

Years ending/ended March 31

	Forecast for 2008	2007	Change from the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues	869.5	865.8	3.6	0.4
Transportation	772.0	765.8	6.1	0.8
Other businesses	97.5	99.9	(2.4)	(2.4)
Operating expenses	767.5	756.8	10.6	1.4
Operating income	102.0	108.9	(6.9)	(6.4)
Non-operating revenues/ expenses	(31.0)	(31.2)	0.2	(0.9)
Recurring profit	71.0	77.6	(6.6)	(8.6)
Extraordinary profit/ loss	0.0	(1.8)	1.8	
Income before income taxes	71.0	75.7	(4.7)	(6.3)
Net income	42.0	44.6	(2.6)	(6.0)

Other Detailed Data

Years ended March 31

(People, Billions of yen)

	2007		2006	
	Consolidated Basis	Non-Consolidated Basis	Consolidated Basis	Non-Consolidated Basis
Employees at the end of period [Includes staff seconded to other companies]	43,354 —	25,465 [28,768]	43,093 —	25,830 [29,493]
Retirement payment costs	¥61.7	¥57.4	¥59.0	¥54.3
Number of employees entitled to retirement payment	3,264	1,697	3,202	1,829
Maintenance costs	—	¥148.9	—	¥140.7
Depreciation and amortization	¥112.8	¥93.5	¥111.9	¥92.5
Financial expenses, net	¥(36.9)	¥(35.4)	¥(39.4)	¥(37.2)
Interest and dividend income	¥0.3	¥0.7	¥0.3	¥0.5
Interest expenses	¥(37.2)	¥(36.2)	¥(39.7)	¥(37.8)
Long-term debt and payables	¥986.7	¥951.0	¥1,024.9	¥961.1

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

Years ended/ ending March 31

		2006	2007	Forecast for 2008
ROA	(consolidated) %	5.7	5.7	5.3
ROE	(consolidated) %	8.5	9.7	8.7
Operating revenues	(consolidated) Billions of yen	1,240.0	1,262.9	1285.0
Transportation revenues	(non-consolidated) Billions of yen	756.5	765.8	772.0

Capital expenditures	(consolidated) Billions of yen	125.3	144.9	190.0
	(non-consolidated) Billions of yen	106.3	117.2	160.0
Long-term debt and payables	(consolidated) Billions of yen	1,024.9	986.7	972.0
	(non-consolidated) Billions of yen	961.1	951.0	947.0