

July 30, 2007
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West Japan Railway Company

Flash Report (Consolidated Basis)

Results for the first quarter ended June 30, 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 July 30, 2007 based on information available to JR-West as of the date July 30, 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>

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

1. Results for the first quarter of fiscal 2008 (from April 1, 2007 to June 30, 2007)

(1) Operating results

Three months ended June 30

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	305,122	1.7	36,603	(1.3)	28,453	(0.1)	16,297	(2.6)
2006	300,082	2.2	37,093	9.1	28,478	15.0	16,726	20.6
Year ended March 31, 2007	1,262,935	---	135,341	---	104,154	---	56,791	---

	Net income per share	Net income per share after dilution
	Yen	Yen
2007	8,152.40	---
2006	8,366.89	---
Year ended March 31, 2007	28,415.07	---

(2) Financial Position

June 30

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2007	2,363,106	648,321	26.2	309,158.35
2006	2,298,125	601,560	25.0	287,000.60
March 31, 2007	2,401,667	637,849	25.3	303,906.52

(3) Cash flows

Three months ended June 30

	Operating activities	Investing activities	Financing activities	Cash at the end of the first quarter
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2007	2,611	(42,758)	25,407	42,845
2006	(2,216)	(30,311)	12,194	35,099
Year ended March 31, 2007	188,618	(131,776)	(54,690)	57,584

2. Forecasts for fiscal 2008 (from April 1, 2007 to March 31, 2008) [Reference]

Consolidated Basis

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim 2008	627,200	1.5	74,100	(3.2)	57,200	(2.4)
Fiscal 2008	1,285,000	1.7	129,200	(4.5)	98,500	(5.4)

	Net income		Net income per share
	Millions of yen		Yen
Interim 2008	31,500	(0.8)	15,756.97
Fiscal 2008	54,800	(3.5)	27,412.13

3. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
2. Adoption of simplified accounting practices: None
3. Changes from accounting methods used in recent fiscal years: Yes

Note: For further details see page 4, "4. Other in Qualitative Information and Financial Statements"

* JR-West is not making any changes at this time to the forecast for the fiscal year ending March 31, 2008, announced on April 27, 2007.

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

QUALITATIVE INFORMATION ON BUSINESS RESULTS AND FINANCIAL STATEMENTS

On April 25, 2005, we caused an extremely serious accident when one of our trains 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 customers, shareholders and local residents for the excessive strain and trouble that we have caused.

We pledge never to forget this accident, and to remain conscious of our responsibility for protecting the truly precious lives of our customers. We also persistently act on the basis of safety first, and are working to build a railway that assures our customers of safety and reliability, in accordance with our Corporate Philosophy and Safety Charter.

1. Qualitative Information on Consolidated Business Results

Consolidated Results for the First Quarter of Fiscal 2008

Operating revenues:	¥305.1 billion
Operating income:	¥36.6 billion
Recurring profit:	¥28.4 billion
Net income:	¥16.2 billion

Results by Business Segment

(1) Transportation Operations

In the railway business, JR-West continued to steadily implement its Safety Enhancement Plan with the goal of building a corporate culture that places a top priority on safety. Specifically, we worked to advance toward establishing and realizing the principles of our Safety Charter, including promotion of “safety checks by pointing and calling” We also created and utilized a collection of case studies of unequivocal verbal communications, which remove any fuzzy information from the conversations. To ensure that the Fukuchiyama Line accident is never forgotten we also established a Railway Safety Education Center to provide a systematic understanding of the lessons learned from past accidents, and are conducting safety training. We further took steps to firmly establish a Safety Management System based on the Railway Safety Management Manual formulated in October 2006, and published a Railway Safety Report.

In transportation operations, JR-West undertook measures to provide a transport service best suited to the needs of customers, such as by increasing the number of additional *Nozomi* trains during the “golden week” holidays and other peak travel times.

Sales and marketing initiatives included efforts to encourage the use of the Shinkansen service to maximize the benefits of the Shinkansen timetable revisions mainly for the N700 Series introduced in July 2007. These included advance PR, along with proactive posting of such basic information on the Shinkansen service as fares, number of trains and travel times, as well as the convenience of the Express Reservation system. We also worked to stimulate demand for tourism with the Okayama Destination Campaign, implemented in cooperation with travel agencies, local governments and other JR companies, and by establishing and promoting sales of the Osaka Gururin Pass (a sightseeing package).

Other measures included installation of automatic ticket gates in the Okayama and Hiroshima regions, as posting of notices of emergency buttons in trains as a means of preventing disruptive behavior.

In bus services, JR-West worked to enhance its services by installing new types of seats in its Dream Bus and Premier Dream Bus, and introducing discounts using the Highway Bus Net internet reservation service.

As a result, operating revenues for Transportation Operations rose 1.5% over the same period of the previous year to ¥213.2 billion. Operating income, however, decreased 1.7% to ¥30.8 billion.

(2) Sales of Goods and Food Services

Although this segment was negatively impacted by such factors as the closure of shops during the renovation of Osaka Station, JR-West worked to expand its business within stations by opening new “self-service” style Kiosk stands.

In addition, JR Kyoto ISETAN, marking its tenth anniversary, continued to perform strongly.

As a result, operating revenues in the Sales of Goods and Food Services segment rose 3.4% over the same period of the previous year, to ¥60.8 billion, with operating income down 7.3% to ¥1.1 billion.

(3) Real Estate Business

JR-West developed the areas in and around stations with such projects as the renewal of the north wing zone of GARE Osaka, a shopping area below elevated railway tracks in Osaka Station, and opening of the Station Building in Kanazawa Station.

Further, two consolidated subsidiaries operating shopping centers in the Hiroshima and Yamaguchi Prefecture Area were merged in April 2007 to more quickly and accurately respond to changes in the business environment.

As a result, operating revenues for the Real Estate segment rose 5.6% over the same period of the previous year, to ¥19.0 billion, and operating income increased 6.0%, to ¥5.4 billion.

(4) Other Businesses

Construction business was strong because of an increase in orders.

As for travel agency operations, we made an effort to stimulate demand for travel by utilizing new product systems.

As a result, operating revenues in the Other Businesses segment rose 5.9% from the same period of the previous year, to ¥57.2 billion, though the operating loss decreased 5.7%, to ¥1.0 billion.

The travel and construction businesses, which are included in this segment, generally experience a seasonal fluctuation in which revenue generated in the latter half of the fiscal year is much higher than in the first half of the fiscal year.

2. Financial Position

(1) Cash Flows from Operating Activities

Cash provided by operating activities amounted to ¥2.6 billion, an increase of ¥4.8 billion from the same period of the previous fiscal year. The main factor affecting cash was a decrease in payments of income taxes.

(2) Cash Flows from Investing Activities

Cash used in investing activities amounted to ¥42.7 billion, a rise of ¥12.4 billion from the same period of the previous fiscal year. The main factor affecting cash was an increase in purchases of property, plant and equipment.

(3) Cash flows from financing activities

Cash provided by financing activities amounted to ¥25.4 billion, ¥13.2 billion more than in the same period of the previous fiscal year, due mainly to long-term borrowings and the issue of corporate bonds.

As a result, cash and cash equivalents at end of the subject period decreased ¥14.7 billion from the end of the previous fiscal year to ¥42.8 billion.

3. Qualitative Information on Consolidated Forecasts

There is no change to the forecasts for the fiscal year ending March 31, 2008, announced on April 27, 2007.

4. Other

(1) Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None

(2) Adoption of simplified accounting practices: None

(3) Changes from accounting methods used in recent fiscal years

Change in the depreciation method for tangible fixed assets

In accordance with the fiscal 2007 revision to the corporate tax code, from the subject fiscal year JR-West has adopted the new declining-balance method for tangible fixed assets acquired on or after April 1, 2007. The impact from this change was minor in the subject quarter.

Also from the subject fiscal year, the remaining book value of tangible fixed assets acquired on or before March 31, 2007, where the depreciable amount has been reached, will be evenly depreciated over a five-year period. The impact from this was ¥1,820 million in the subject quarter.

【Reference】 Capital Expenditures

1. Consolidated

Three months ended June 30

	Billions of yen			%
	2006	2007	Change from the same period of the previous year	
Capital expenditures	18.3	29.2	10.9	59.5
Capital expenditures, excluding contributions received for constructions	16.4	27.2	10.8	66.1
Contributions received for constructions	1.9	1.9	0	2.3

2. Non-Consolidated

Three months ended June 30

	Billions of yen			%
	2006	2007	Change from the same period of the previous year	
Capital expenditures	13.1	24.8	11.6	88.8
Capital expenditures, excluding contributions received for constructions	11.2	22.9	11.6	103.5
Contributions received for constructions	1.9	1.9	0.0	2.3

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	Millions of yen			
	March 31, 2007	June 30, 2007	Change	June 30, 2006
ASSETS				
Current assets:				
Cash	57,814	43,075	(14,739)	35,759
Accounts receivable	51,605	37,116	(14,488)	34,446
Deferred tax assets	18,679	11,700	(6,978)	11,814
Other current assets	98,000	100,232	2,231	85,347
Total current assets	226,100	192,124	(33,975)	167,368
Fixed assets:				
Property, plant and equipment	1,995,344	1,987,721	(7,622)	1,956,156
Investments and other assets:	180,139	183,179	3,040	174,558
Investments in securities	64,847	65,540	692	63,243
Deferred tax assets	92,698	95,109	2,410	89,194
Other investments and assets	22,592	22,529	(63)	22,120
Total fixed assets	2,175,484	2,170,901	(4,582)	2,130,715
Deferred assets	82	80	(2)	41
Total assets	2,401,667	2,363,106	(38,561)	2,298,125

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

	Millions of yen			
	March 31, 2007	June 30, 2007	Change	June 30, 2006
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt	85,914	115,313	29,399	120,815
Accounts payable	124,567	53,004	(71,563)	40,830
Other current liabilities	318,275	328,385	10,110	310,016
Total current liabilities	528,757	496,703	(32,053)	471,662
Fixed liabilities:				
Bonds and long-term debt	900,881	878,003	(22,878)	903,691
Accrued retirement benefits	219,693	226,740	7,046	202,550
Other	114,484	113,337	(1,147)	118,660
Total long-term liabilities	1,235,060	1,218,081	(16,978)	1,224,902
Total liabilities	1,763,817	1,714,784	(49,032)	1,696,564

	Millions of yen			
	March 31, 2007	June 30, 2007	Change	June 30, 2006
NET ASSETS				
Total shareholders' equity:				
Common stock	100,000	100,000	---	100,000
Capital surplus	55,000	55,000	---	55,000
Retained earnings	443,658	453,955	10,297	409,636
Treasury stock, at cost	(327)	(327)	---	(327)
Total shareholders' equity	598,331	608,628	10,297	564,309
Valuation and translation adjustments:				
Net unrealized holding gain on securities	8,864	9,178	313	9,334
Deferred gains or losses on hedges	348	235	(112)	103
Total valuation and translation adjustments	9,212	9,414	201	9,437
Minority interests	30,305	30,278	(27)	27,813
Total net assets	637,849	648,321	10,471	601,560
Total liabilities and net assets	2,401,667	2,363,106	(38,561)	2,298,125

(2) Consolidated Statements of Income

Three months ended June 30

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

	Millions of yen			
	2006	2007	Change	Year ended March 31, 2007
Operating revenues	300,082	305,122	5,040	1,262,935
Operating expenses	262,989	268,518	5,529	1,127,593
Operating income	37,093	36,603	(489)	135,341
Non-operating revenues	1,039	908	(130)	7,117
Non-operating expenses	9,653	9,058	(594)	38,304
Recurring profit	28,478	28,453	(25)	104,154
Extraordinary profits	7,982	6,502	(1,479)	47,328
Extraordinary losses	8,303	7,705	(597)	50,610
Income before income taxes and minority interests	28,158	27,250	(907)	100,872
Income taxes	11,273	10,852	(420)	41,504
Minority interests	158	100	(58)	2,576
Net income	16,726	16,297	(428)	56,791

(3) Consolidated Statements of Shareholders' Equity

Three months ended June 30, 2006

(Millions of Yen)

	Total 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 three months ended June 30, 2006										
Dividends from surplus			(6,000)		(6,000)					(6,000)
Net income			16,726		16,726					16,726
Net increase/decrease during the term under review except in shareholders' equity						(1,336)	103	(1,233)	44	(1,189)
Total	---	---	10,726	---	10,726	(1,336)	103	(1,233)	44	9,537
Balance at June 30, 2006	100,000	55,000	409,636	(327)	564,309	9,334	103	9,437	27,813	601,560

Three months ended June 30, 2007

(Millions of Yen)

	Total 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, 2007	100,000	55,000	443,658	(327)	598,331	8,864	348	9,212	30,305	637,849
Change in three months ended June 30, 2007										
Dividends from surplus			(6,000)		(6,000)					(6,000)
Net income			16,297		16,297					16,297
Net increase/decrease during the term under review except in shareholders' equity						313	(112)	201	(27)	174
Total	---	---	10,297	---	10,297	313	(112)	201	(27)	10,471
Balance at June 30, 2007	100,000	55,000	453,955	(327)	608,628	9,178	235	9,414	30,278	648,321

Year ended March 31, 2007

(Millions of Yen)

	Total 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 three months 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

(4) Consolidated Statements of Cash Flows

Three months ended June 30

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

	Millions of yen			
	2006	2007	Change	Year ended March 31, 2007
I. Cash flows from operating activities				
Net cash provided by (used in) operating activities	(2,216)	2,611	4,828	188,618
II. Cash flows from investing activities				
Purchases of property, plant and equipment	(43,098)	(59,525)	(16,427)	(175,024)
Other	12,786	16,767	3,980	43,247
Net cash used in investing activities	(30,311)	(42,758)	(12,446)	(131,776)
III. Cash flows from financing activities				
Change in long-term debt and payables, net	(437)	6,520	6,957	(38,148)
Other	12,632	18,886	6,254	(16,542)
Net cash used in financing activities	12,194	25,407	13,212	(54,690)
IV. Change in cash and cash equivalents, net	(20,334)	(14,739)	5,594	2,151
V. Cash and cash equivalents at the beginning of the period	55,433	57,584	2,151	55,433
VI. Cash and cash equivalents at the end of the period	35,099	42,845	7,745	57,584

(5) SEGMENT INFORMATION

Information by business segment

Three months ended June 30, 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	210,089	58,822	18,044	54,065	341,021	(40,939)	300,082
Operating expenses	178,653	57,545	12,879	55,217	304,295	(41,306)	262,989
Operating income	31,435	1,276	5,165	(1,151)	36,725	367	37,093

Three months ended June 30, 2007

(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	213,221	60,847	19,050	57,278	350,398	(45,276)	305,122
Operating expenses	182,326	59,665	13,577	58,364	313,933	(45,414)	268,518
Operating income	30,894	1,182	5,473	(1,085)	36,465	138	36,603

Year ended March 31, 2007

(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	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

Reference Materials

CONSOLIDATED STATEMENTS OF INCOME

Three months ended June 30

	Billions of yen			%
	2006	2007	Change from the same period of the previous year	
	<1.43>	<1.43>		
Operating revenues	300.0	305.1	5.0	1.7
Operating expenses	262.9	268.5	5.5	2.1
Operating income	37.0	36.6	(0.4)	(1.3)
Non-operating revenues and expenses, net:				
Non-operating revenues	1.0	0.9	(0.1)	
Non-operating expenses	9.6	9.0	(0.5)	
	(8.6)	(8.1)	0.4	(5.4)
Recurring profit	28.4	28.4	(0.0)	(0.1)
Extraordinary profit and loss, net:				
Extraordinary profit	7.9	6.5	(1.4)	
Extraordinary loss	8.3	7.7	(0.5)	
	(0.3)	(1.2)	(0.8)	
Income before income taxes	28.1	27.2	(0.9)	(3.2)
Corporation, inhabitants and enterprise taxes	11.2	10.8	(0.4)	
Minority interests	0.1	0.1	(0.0)	
	<1.09>	<1.08>		
Net income	16.7	16.2	(0.4)	(2.6)

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

SEGMENT INFORMATION

Three months ended June 30

	Billions of yen			%
	2006	2007	Change from the same period of the previous year	
Transportation				
Operating revenues	210.0	213.2	3.1	1.5
Operating income	31.4	30.8	(0.5)	(1.7)
Sales of goods and food services				
Operating revenues	58.8	60.8	2.0	3.4
Operating income	1.2	1.1	(0.0)	(7.3)
Real estate				
Operating revenues	18.0	19.0	1.0	5.6
Operating income	5.1	5.4	0.3	6.0
Other				
Operating revenues	54.0	57.2	3.2	5.9
Operating income	(1.1)	(1.0)	0.0	(5.7)

CONSOLIDATED BALANCE SHEETS

	Billions of yen		
	March 31, 2007	June 30, 2007	Change
ASSETS			
Current assets:			
Total current assets	226.1	192.1	(33.9)
Fixed assets:			
Property, plant and equipment	1,929.0	1,920.8	(8.1)
Construction in progress	66.2	66.8	0.5
Investments and other assets	180.1	183.1	3.0
Total fixed assets	2,175.4	2,170.9	(4.5)
Total assets	2,401.6	2,363.1	(38.5)

	Billions of yen		
	March 31, 2007	June 30, 2007	Change
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	85.9	115.3	29.3
Accounts payable	442.8	381.3	(61.4)
Total current liabilities	528.7	496.7	(32.0)
Long-term liabilities:			
Bonds and Long-term debt	900.8	878.0	(22.8)
Accrued retirement benefits	219.6	226.7	7.0
Deposits received	114.4	113.3	(1.1)
Total long-term liabilities	1,235.0	1,218.0	(16.9)
Total liabilities	1,763.8	1,714.7	(49.0)
Total shareholders' equity:			
Common stock	100.0	100.0	---
Capital surplus	55.0	55.0	---
Retained earnings	443.6	453.9	10.2
Treasury stock	(0.3)	(0.3)	---
Total shareholders' equity	598.3	608.6	10.2
Valuation and translation adjustments	9.2	9.4	0.2
Minority interests	30.3	30.2	(0.0)
Total net assets	637.8	648.3	10.4
Total liabilities and net assets	2,401.6	2,363.1	(38.5)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three months ended June 30

	Billions of yen		
	2006	2007	Change from the same period of the previous year
I. Cash flows from operating activities			
Income before income taxes and minority interests	28.1	27.2	(0.9)
Depreciation and amortization	26.9	29.7	2.7
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	7.6	6.0	(1.6)
Change in allowance for retirement benefits	0.8	7.0	6.1
Change in allowance for bonuses	(17.3)	(17.2)	0.1
Gain on contributions received for construction	(7.7)	(6.1)	1.5
Income taxes paid	(29.9)	(20.0)	9.8
Other	(10.8)	(24.0)	(13.1)
Net cash provided by operating activities (A)	(2.2)	2.6	4.8
II. Cash flows from investing activities			
Purchases of property, plant and equipment	(43.0)	(59.5)	(16.4)
Contributions received for constructions	13.0	16.8	3.7
Other	(0.2)	(0.0)	0.2
Net cash used in investing activities(B)	(30.3)	(42.7)	(12.4)
Free cash flow (C= A+B)	(32.5)	(40.1)	(7.6)
III. Cash flows from financing activities			
Change in long-term debt and payables, net:	(0.4)	6.5	6.9
Proceeds from long-term loans	10.0	12.4	2.4
Repayment of long-term loans	(10.4)	(5.9)	4.4
Change in short-term loans net	(0.3)	0.9	1.3
Cash dividends	(5.7)	(5.7)	0.0
Other	18.7	23.6	4.9
Net cash used in financing activities (D)	12.1	25.4	13.2
Change in cash and cash equivalents, net (E=C+D)	(20.3)	(14.7)	5.5
Cash and cash equivalents at the beginning of the period (F)	55.4	57.5	2.1
Change in cash and cash equivalents, net (G = E+F)	35.0	42.8	7.7

NON-CONSOLIDATED STATEMENTS OF INCOME

Three months ended June 30

	Billions of yen			%
	2006	2007	Change from the same period of the previous year	
Operating revenues:				
Transportation	187.9	191.0	3.1	1.7
Transportation incidentals	5.4	5.3	(0.0)	(1.1)
Other operations	4.4	4.8	0.4	9.6
Miscellaneous	12.5	12.5	(0.0)	(0.1)
	210.3	213.8	3.4	1.7
Operating expenses:				
Personnel costs	68.6	67.7	(0.8)	(1.3)
Non personnel costs	66.2	69.3	3.1	4.7
Rental payments, etc	6.2	6.2	0.0	0.6
Taxes	12.5	11.7	(0.7)	(6.2)
Depreciation	22.3	24.7	2.3	10.7
	176.0	179.9	3.9	2.2
Operating income	34.3	33.8	(0.4)	(1.2)
Non-operating revenues and expenses, net:				
Non-operating revenues	0.6	0.7	0.1	
Non-operating expenses	9.2	8.9	(0.2)	
	(8.5)	(8.1)	0.4	(4.8)
Recurring profit	25.7	25.7	(0.0)	0.0
Extraordinary profit and loss, net:				
Extraordinary profit	7.7	6.3	(1.4)	
Extraordinary loss	7.9	7.2	(0.7)	
	(0.1)	(0.8)	(0.6)	
Income before income taxes	25.5	24.8	(0.7)	(2.8)
Income taxes	10.1	9.7	(0.4)	
Net income	15.4	15.1	(0.2)	(1.6)

PASSENGER-KILOMETERS AND TRANSPORTATION REVENUES

	Millions of passenger-kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Three months ended June 30		Change		Three months ended June 30		Change	
	2006	2007	Amount	%	2006	2007	Amount	%
Sanyo Shinkansen								
Commuter Passes	168	175	6	4.0	2.0	2.1	0.0	3.5
Non-Commuter Passes	3,505	3,663	157	4.5	78.0	81.2	3.1	4.1
Total	3,674	3,838	164	4.5	80.1	83.3	3.2	4.1
Conventional Lines								
Commuter Passes	6,113	6,114	0	0.0	36.8	36.8	(0.0)	(0.1)
Non-Commuter Passes	3,605	3,662	57	1.6	70.8	70.7	(0.0)	(0.1)
Total	9,718	9,776	57	0.6	107.7	107.5	(0.1)	(0.1)
Kyoto-Osaka-Kobe Area								
Commuter Passes	4,907	4,918	11	0.2	29.6	29.7	0.0	0.1
Non-Commuter Passes	2,432	2,485	53	2.2	46.0	46.1	0.1	0.3
Total	7,340	7,404	64	0.9	75.6	75.8	0.1	0.3
Other Lines								
Commuter Passes	1,206	1,195	(10)	(0.9)	7.1	7.0	(0.0)	(0.8)
Non-Commuter Passes	1,172	1,176	4	0.3	24.8	24.6	(0.2)	(1.0)
Total	2,378	2,371	(6)	(0.3)	32.0	31.7	(0.3)	(0.9)
Total								
Commuter Passes	6,281	6,289	7	0.1	38.9	38.9	0.0	0.1
Non-Commuter Passes	7,110	7,325	214	3.0	148.8	151.9	3.0	2.1
Total	13,392	13,614	221	1.7	187.8	190.9	3.1	1.7

NON-CONSOLIDATED BALANCE SHEETS

	Billions of yen		
	March 31, 2007	June 30, 2007	Change
ASSETS			
Current assets:			
Total current assets	143.7	109.9	(33.7)
Fixed assets:			
Fixed assets for railway operations	1,681.9	1,674.7	(7.1)
Construction in progress	61.2	61.7	0.5
Investments and other assets	264.9	268.1	3.2
Total fixed assets	2,008.1	2,004.6	(3.4)
Total assets	2,151.8	2,114.6	(37.2)

	Billions of yen		
	March 31, 2007	June 30, 2007	Change
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	71.7	101.5	29.7
Accounts payable	433.9	373.5	(60.3)
Total current liabilities	505.6	475.0	(30.5)
Long-term liabilities:			
Bonds and long-term debt	879.3	856.8	(22.4)
Retirement allowances for employees	201.1	208.4	7.2
Other long-term liabilities	32.3	31.5	(0.8)
Total long-term liabilities	1,112.9	1,096.8	(16.0)
Total liabilities	1,618.5	1,571.9	(46.6)
Total shareholders' equity:			
Common stock	100.0	100.0	---
Capital surplus	55.0	55.0	---
Retained earnings	370.3	379.4	9.1
Regal reserves	11.3	11.3	---
Other reserves	358.9	368.1	9.1
Reserves for advanced depreciation on fixed assets	15.4	15.4	---
Other reserve	260.0	290.0	30.0
Earned surplus carried forward	83.5	62.7	(20.8)
Total shareholders' equity	525.3	534.4	9.1
Valuation and translation adjustments	8.0	8.2	0.2
Total net assets	533.3	542.7	9.4
Total liabilities and net assets	2,151.8	2,114.6	(37.2)