April 30, 2008

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West Japan Railway Company

Flash Report (Consolidated and Non-Consolidated Basis)

Results for the year ended March 31, 2008

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 30, 2008 based on information available to JR-West as of the date April 30, 2008 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

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Telephone: +81-6-6375-8889

Scheduled Date for the General Meeting of Shareholders: June 2008

(Final date to be determined at the Board of Directors meeting held in May)

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	%
2008	1,290,190	2.2	137,413	1.5	108,857	4.5	57,707	1.6
2007	1,262,935	1.8	135,341	0.1	104,154	1.9	56,791	22.1

	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	%	%	%
2008	28,954.78	---	9.3	4.5	10.7
2007	28,415.07	---	9.7	4.4	10.7

(Reference) Gain (Loss) on investment by equity method: Year ended March 31, 2008: ¥1,298 million,
Year ended March 31, 2007: ¥1,016 million

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2008	2,462,831	670,838	25.9	322,294.60
2007	2,401,667	637,849	25.3	303,906.52

(Reference) Total shareholders' equity: March 31, 2008: ¥638,670 million, March 31, 2007: ¥607,544 million

(3) Cash flows

Years ended March 31

	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
2008	222,183	(179,281)	(55,879)	44,606
2007	188,618	(131,776)	(54,690)	57,584

2. Dividends

Years ended/ending March 31

Record date	Dividends per share: Interim dividends	Dividends per share: Year-end dividends	Dividends per share: Total	Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	Yen	Yen	Yen	Millions of yen	%	%
2007	3,000.00	3,000.00	6,000.00	12,000	21.1	2.0
2008	3,000.00	3,000.00	6,000.00	11,947	20.7	1.9
2009 (Forecast)	3,000.00	3,000.00	6,000.00		18.6	

3. Forecasts for Fiscal Year ending March 31, 2009

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	636,200	0.6	79,300	0.0	63,300	0.1
Fiscal year	1,298,000	0.6	143,000	4.1	114,800	5.5

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	37,200	9.7	18,772.38
Fiscal year	64,000	10.9	32,296.56

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. 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).
   a. Changes in accordance with revisions to accounting standards: Yes
   b. Other changes: Yes

3. Number of Shares Outstanding (Common stock)
   Number of shares outstanding at fiscal year-end:
   2008: 2,000,000 shares 2007: 2,000,000 shares
   Number of treasury stocks at fiscal year-end:
   2008: 18,365 shares 2007: 885 shares

4. Dividend payments for the fiscal year ended March 31, 2008, 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	%
2008	879,460	1.6	109,824	0.8	79,974	2.9	45,128	1.0
2007	865,810	1.7	108,966	(0.0)	77,686	2.2	44,683	27.2

	Net income per share	Net income per share after dilution
	Yen	Yen
2008	22,632.52	---
2007	22,341.69	---

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2008	2,222,947	552,445	24.9	278,651.89
2007	2,151,875	533,320	24.8	266,660.13

(Reference) Total shareholders' equity: March 31, 2008: ¥552,445 million, March 31, 2007: ¥533,320 million

2. Forecasts for Fiscal Year ending March 31, 2009

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	441,000	0.8	69,000	0.1	53,000	0.9
Fiscal year	886,500	0.8	115,000	4.7	85,500	6.9

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	32,000	9.7	16,140.70
Fiscal year	51,000	13.0	25,724.24

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 a series of briefing sessions to report on such matters as the Company's response to the investigative report received from the Aircraft and Railway Accidents Investigation Commission.

JR-West has also implemented measures aimed at realizing "a corporate culture that places top priority on safety" as outlined in the JR-West Group's medium-term management targets, formulated in accordance with the Corporate Philosophy and Safety Charter formulated in March 2006. With regard to safety enhancement in particular—the highest priority management issue—we are implementing all items in our Safety Enhancement Plan. These items cover both the software and hardware aspects of our operations, and we have made visible progress with the majority of them. We further worked to establish a Safety Management System based on the Railway Safety Management Manual formulated in according with revisions to the Railway Business Law.

On June 28, 2007, the Aircraft and Railway Accidents Investigation Commission published its report on the Fukuchiyama Line accident, which along with its findings on the causes of the accident called attention to numerous matters covering a wide range of the Company's railway operations. We humbly accept the report, and are working to make improvements by sincerely and quickly addressing its recommendations, findings and other issues raised.

The publication of the investigative report has prompted JR-West to begin formulating a new safety plan. In September 2007, we established an Advisory Panel for Safety Promotion composed of safety specialists, and have received advice regarding means to improve safety going forward. Based on these recommendations, JR-West has formulated a Basic Safety Plan covering the five-year period from April 2008. We have also established an Advisory Panel for reform of corporate culture made up of experts from outside the Company, and are moving ahead with measures aimed at reforming the corporate culture and atmosphere.

JR-West has also strengthened the functions of the railway business and other divisions. This included measures aimed at creating a unified planning and operational structure for the Shinkansen business, such as the establishment of the Shinkansen Supervising Department within the Railway Operations Headquarters, and the creation of the Shinkansen Management Division, which functions as an operations office.

Through these efforts JR-West has devoted its full effort to enhancing safety in its mainstay railway 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 2.2% over the previous fiscal year to ¥1,290.1 billion, with operating income up 1.5% to ¥137.4 billion. Recurring profit increased 4.5% to ¥108.8 billion, net income rose 1.6% over the previous fiscal year to ¥57.7 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 promotion of the “point and call” principle. The term “accident origins,” from the standpoint of further fostering a corporate culture promoting reporting, has been replaced by the term “safety reports.”

In terms of facilities, along with expansion of the ATS-P system we have improved the safety of crossings, installed train proximity warning devices to help prevent accidents involving ground engineering staff, introduced emergency earthquake warning systems, increased the number of anemometers, and strengthened pillars supporting elevated tracks against earthquakes. Further, taking to heart the seriousness of the accident now and in the future, we enhanced safety education through utilization of the Railway Safety Education Center established in April 2007 to teach systematically the lessons learned from accidents, and introduced “case studies of unequivocal verbal communication,” a training method to help prevent mistakes arising from miscommunication. We have also established a committee to prevent transportation disruptions caused by engineering work and made steady progress with accident prevention measures, as well as conducted comprehensive training for train accidents in order to better aid passengers and provide an improved response when an accident occurs.

In transportation operations, on the Sanyo Shinkansen JR-West introduced the new N700 Series in July 2007, and in March 2008 began running one N700 Series *Nozomi* train between Tokyo and Hakata each hour, as well as increased the number of *Nozomi* trains operating between Tokyo and Hiroshima. For conventional railway lines, we worked to increase convenience with a timetable revision in March 2008 reflecting the start of service on a portion of the Osaka Higashi line between Hanaten and Kyuhoji stations, as well as increasing the number of through-service rapid trains to Osaka from the Hanwa line, and opening new stations.

Sales and marketing initiatives included proactive publication of information on the Sanyo Shinkansen to promote utilization, including timetable revisions, the comfort of the N700 Series, and the increased number of trains in operation, as well as the convenience and price advantages of the Express Reservation system. In September 2007 we introduced ICOCA service in the Okayama and Hiroshima regions, and from March 2008 offered interoperability of ICOCA and TOICA (operated by JR Central). We further worked in cooperation with local governments, travel agents and other JR companies to develop strategies for the DISCOVER WEST Campaign and other travel promotions, and stimulate demand for tourism.

For customer service initiatives we worked to make railways more user-friendly through such measures as increasing the number of Green Ticket Vending Machines, and installing elevators, escalators and other barrier-free facilities, as well as introducing “women only” seat on certain limited express trains, renewing the JR Odekake.net website, and offering information on train operations to customers through email to mobile phones. We also steadily increased the number of automatic external defibrillator (AED) devices available, and worked to raise awareness of emergency buttons on station platforms, in trains and at crossings to prepare for emergencies.

In research and development, the Safety Research Institute conducted research that would lead to improvements in safety from the standpoint of the human factor, such as motions related to effective basic movement. New technology development focused on such areas as ensuring safety and enhancing service. We began using on a trial basis a GPS-based train proximity warning system that functions as a back-up system to prevent train accidents involving ground engineering staff.

To address environmental issues, JR-West worked to firmly implement its environmental management system, and released information to promote itself as a railway friendly to the global environment. Also, the N700 Series received the environment minister's award for global warming prevention activities 2007.

In ferry services, the Company worked to establish safety management systems based on the Marine Safety Management Manual.

In bus services, JR-West worked to further ensure transportation safety by upgrading safety equipment in buses, enhancing employee education, and other measures. We also made an effort to provide routes that fit the varied needs of customers, such as beginning bus service between Kobe and Shirahama.

As a result, operating revenues for Transportation Operations segment increased 1.5% over the previous fiscal year, to ¥877.8 billion, with operating income up 0.2%, to ¥97.4 billion.

Sales of Goods and Food Services

JR-West continued its efforts to improve the attractiveness of stations, such as by opening SUN FESTA OKAYAMA in Okayama Station and Shin-Kobe Entree Marche in Shin-Kobe Station, as well as promoting the opening of new types of Kiosk stands, such as a “self-service” style. For the JR Kyoto Isetan department store we took steps to increase store revenues in accordance with the 10th anniversary of the opening of the Kyoto Station building, including a renewal of the men’s clothing floor, and the opening of SUVACO JR Kyoto Isetan, a new station commercial facility along the north-south passage through Kyoto Station.

As a result, operating revenues in the Sales of Goods and Food Services segment rose 1.3% over the previous fiscal year, to ¥255.5 billion, with operating income up 4.3%, to ¥5.2 billion.

Real Estate Business

JR-West continued to develop station premises and surrounding areas, including the opening of the JR Kyoto Station NK Building at Kyoto Station with a large-scale electronics retailer, the JR Kanazawa Station NK Building at Kanazawa Station, and SUN STATION TERRACE FUKUYAMA shopping center at Fukuyama Station. We worked to move steadily forward with the plan for the Osaka Station Renovation, including the New North Building Development and ACTY Osaka expansion. In addition, we continuously developed condominium apartments on land formerly used for housing for company employees, making an effort to effectively utilize assets.

As a result, operating revenues for the Real Estate segment rose 19.2% over the previous fiscal year, to ¥90.6 billion, with operating income up 16.2%, to ¥24.6 billion.

Other Businesses

In travel agency operations, JR-West pursued sales and marketing activities utilizing the New Domestic Travel Information System recently put into operation. We also formulated the Nippon Travel Agency Group Medium-Term Business Plan (Fiscal 2009 through Fiscal 2011), which sets a policy of stable growth in core fields and a shift of management resources to growth fields.

In hotel operations, the Company promoted sales with renovations to its guest rooms and dining facilities, as well as hosted various events.

For the ICOCA e-money service we began offering the service in the Okayama and Hiroshima regions, began providing interoperability with JR East's Suica, and expanded the number of stores around town and in stations where the service can be used.

As a result, operating revenues in the Other Businesses segment increased 1.6% over the previous fiscal year, to ¥304.9 billion, though operating income fell 11.8%, to ¥11.0 billion.

(3) Forecast for Fiscal 2009 (ending March 31, 2009)

The JR-West Group, focusing on its core railway business, is working together as a Group to establish a corporate culture that places top priority on safety, seeking to regain trust as quickly as possible, and achieve sustainable growth as a corporate group.

In the railway business, we have made substantial improvements to our safety management system in accordance with the Railway Safety Management Manual formulated in October 2006, and will continue to strive to provide a safe, trusted, and high-quality transportation service based on the newly formulated Basic Safety Plan.

In the areas of sales of goods and food services and real estate, JR-West will work to improve the attractiveness of areas along our railway lines through such measures as creation of convenient stations together with the railway operations division, development of the areas around stations in cooperation with local governments and communities, and beautification and revitalization of the areas under elevated tracks. We will also steadily continue with the Osaka Station Renovation and other projects, paving the way for opening of new department stores by West Japan Railway Isetan Limited. For the ICOCA e-money service we will expand the number of stores accepting ICOCA in order to improve the convenience of the service.

Forecasts for the fiscal year ending March 31, 2009, as of the date of this statement, are as follows:

Operating revenues:	¥1,298.0 billion	Up 0.6% YOY
Operating income:	¥143.0 billion	Up 4.1% YOY
Recurring profit:	¥114.8 billion	Up 5.5% YOY
Net income:	¥64.0 billion	Up 10.9% YOY

Note: Results forecasts presented above are based on certain assumptions considered rational as of the date of this statement, and are subject to change.

2. Financial Position

(1) Cash flows from operating activities

Cash provided by operating activities amounted to ¥222.1 billion, a rise of ¥33.5 billion from the previous fiscal year. The main factor affecting cash was an increase in operating revenues.

(2) Cash flows from investing activities

Cash used in investing activities amounted to ¥179.2 billion, a rise of ¥47.5 billion from 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 ¥55.8 billion, ¥1.1 billion more than in the previous fiscal year. Although expenditures for repayment of long-term debt and payables declined, expenditures for acquisition of treasury stock increased.

As a result, cash and cash equivalents at end of this fiscal year decreased ¥12.9 billion to ¥44.6 billion.

(Reference) Cash Flow Indicators

Years ended March 31

	2004	2005	2006	2007	2008
Equity ratio (%)	19.9	22.2	23.9	25.3	25.9
Equity ratio, based on market value (%)	34.6	36.9	42.2	45.3	35.2
Interest-bearing debt to cash flow ratio (Times)	8.0	7.4	6.1	5.1	4.2
Interest coverage ratio (Times)	2.8	3.1	3.4	3.6	3.9

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.

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. Basic Management Policies

The JR-West Group will work together as a group to foster a corporate culture that 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 that 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 management indices for the fiscal year ending March 31, 2009, revised in October 2006 were 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:	¥1,275.0 billion
Transportation revenues:	¥767.5 billion

Because consolidated operating revenues and transportation revenues exceeded the above forecasts during fiscal 2008 (ended March 31, 2008), for its forecast for fiscal 2009 (ending March 31, 2009) JR-West is revising upward its forecast for consolidated operating revenues to ¥1,298.0 billion, and transportation revenues to ¥786.0 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.

In its support for the bereaved families and all those who suffered as a result of the accident JR-West continues to take seriously their opinions and requests, and will continue to respond with sincerity and even more careful attention to their needs and feelings.

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 basic recognition, along with developing a new vision for the next age, JR-West is devoting its full effort to ensure that the Corporate Philosophy and Safety Charter formulated in 2006 are understood and embodied by all employees, with the aim of achieving the goal of the Group’s medium-term management target, “building a corporate culture that places top priority on safety.”

Measures to improve safety are being implemented to realize the principle of “Build a corporate system to ensure no accidents to produce causalities among our customers and no serious labor accidents to our employees” in accordance with the newly formulated Basic Safety Plan. These include the introduction of risk assessments, along with a revision of the basic concept of an accident to encompass a wider analysis and countermeasure strategy with regard to events that reveal problems with safety. We will move forward with measures to ensure that we never forget the Fukuchiyama Line accident, raise our awareness of safety, and enhance the various requirements that make up the foundation of our safety management structure.

To promote reform of the corporate culture and atmosphere that goes hand in hand with measures to improve safety, JR-West will follow the recommendations of an Advisory Panel for reform of corporate culture made up of experts from outside the Company to create a corporate culture that emphasizes safe operations and the earning of trust, as well as proactive thinking and action on the part of each individual.

In the railway business, we have made substantial improvements to our safety management system in accordance with the Railway Safety Management Manual formulated in October 2006, and under the Basic Safety Plan will work to establish safety management based on risk assessments. In addition, for the various requirements that comprise safety, such as increases in technological capabilities, improvement in communication, and the securing and development of high-quality personnel, we will implement measures that enhance these aspects. Further, we will make regular investments to maintain and upgrade equipment and facilities, as well as investments to improve railway safety and enhance disaster prevention, such as expansion of the ATS-P system, measures to counter excessive speed buildup on downward grades, and antiseismic measures such as the reinforcement of elevated track supports.

For transportation operations, as well as sales and marketing JR-West is working amid a harsh competitive environment to create Shinkansen timetables that maximize the benefits from the introduction of the N700 Series, along with other efforts to offer a comfortable and highly reliable transportation service responsive to demand. We are also moving ahead with measures to increase use of the Shinkansen, including advertising campaigns promoting the environmentally friendly aspects of Shinkansen service. JR-West will also steadily move forward with a variety of projects in the railway business, such as preparing for the start of Kyushu Shinkansen service to Hakata with its operator, JR Kyushu, including through-service operations between the Kyushu and Sanyo Shinkansen commence in spring 2011. Further, JR-West will proactively implement measures to make stations and trains more user-friendly and enhance customer satisfaction, including bolstering the overall level of service, from ticket windows and other station and train services; introducing special displays at station entrances to provide better information when a transport disorder occurs; and moving forward with the installation of “barrier free” facilities in conjunction with local governments. In addition, we will promote use of the Express Reservation system to further enhance the convenience of sales channels, and expand the Express IC (EX-IC) service to include the Sanyo Shinkansen from summer 2009.

In the areas of sales of goods and food services and real estate, JR-West will work to improve the attractiveness of areas along our railway lines through such measures as creation of convenient stations together with the railway operations division, development of the areas around stations in cooperation with local governments and communities, and beautification and revitalization of the areas under elevated tracks. We will also steadily continue with the Osaka Station Renovation and other projects, paving the way for opening of new department stores by West Japan Railway Isetan Limited. For the ICOCA e-money service we will expand the number of stores accepting ICOCA in order to improve the convenience of the service.

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 year ending March 2009.

3. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

March 31 (Figures less than ¥1 million have been omitted.)

	Millions of yen		
	2007	**2008**	Change from the previous year
ASSETS			
Current assets:			
Cash	57,814	44,836	(12,978)
Notes and accounts receivable-trade	19,069	19,139	70
Railway fares receivable	22,667	21,836	(831)
Accounts receivable	51,605	48,559	(3,045)
Inventories	19,379	22,246	2,866
Deferred tax assets	18,679	19,938	1,258
Other current assets	37,281	44,917	7,635
Less allowance for doubtful accounts	(397)	(335)	62
Total current assets	**226,100**	**221,138**	**(4,961)**
Fixed assets:			
Property, plant and equipment:	1,973,146	2,028,639	55,492
Buildings and structures	967,045	979,074	12,028
Machinery and transport equipment	254,147	282,599	28,452
Land	658,519	657,469	(1,049)
Construction in progress	66,296	81,301	15,004
Other property, plant and equipment	27,138	28,195	1,057
Intangible fixed assets	22,197	20,017	(2,180)
Investments and other assets:	180,139	192,973	12,833
Investments in securities	64,847	60,038	(4,809)
Deferred tax assets	92,698	109,035	16,336
Other investments and assets	23,253	24,897	1,644
Less allowance for doubtful accounts	(660)	(998)	(338)
Total fixed assets	**2,175,484**	**2,241,630**	**66,146**
Deferred assets	**82**	**62**	**(20)**
Total assets	**2,401,667**	**2,462,831**	**61,164**

March 31 (Figures less than ¥1 million have been omitted.)

	Millions of yen		
	2007	**2008**	Change from the previous year
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Notes and accounts payable-trade	50,272	48,109	(2,162)
Short-term loans	13,137	13,630	492
Current portion of redemption of corporate bonds	---	45,000	45,000
Current portion of long-term debt	49,352	42,979	(6,372)
Current portion of long-term payables for acquisition of railway properties	36,530	34,598	(1,931)
Current portion of long-term accounts payable	31	31	---
Accounts payable	124,567	126,772	2,205
Accrued consumption tax	5,312	3,135	(2,177)
Accrued income tax	21,713	37,589	15,875
Railway deposits received	7,764	1,560	(6,204)
Deposits received	66,601	59,171	(7,430)
Prepaid railway fares received	30,507	31,260	753
Advances received	56,475	66,574	10,099
Deferred tax liabilities	198	---	(198)
Allowance for bonuses	34,348	34,817	468
Allowance for compensation of completion of construction	51	54	2
Allowance for point program	---	670	670
Other current liabilities	31,890	32,740	850
Total current liabilities	**528,757**	**578,698**	**49,941**
Fixed liabilities:			
Bonds	249,981	234,964	(15,016)
Long-term debt	223,211	206,531	(16,679)
Long-term payables for acquisition of railway properties	427,372	392,872	(34,500)
Long-term accounts payable	316	285	(31)
Deferred tax liabilities	113	141	27
Accrued retirement benefits	219,693	257,038	37,344
Allowance for antiseismic reinforcement measures	9,931	2,222	(7,709)
Allowance for environmental safety measures	7,426	11,466	4,039
Provision for unredeemed gift certificates	---	2,667	2,667
Other long-term liabilities	97,012	105,105	8,093
Total fixed liabilities	**1,235,060**	**1,213,294**	**(21,765)**
Total liabilities	**1,763,817**	**1,791,993**	**28,175**

(continued on page 16)

	Millions of yen		
	2007	**2008**	Change from the previous year
NET ASSETS			
Total shareholders' equity:	**598,331**	**634,022**	**35,691**
Common stock	100,000	100,000	---
Capital surplus	55,000	55,000	---
Retained earnings	443,658	489,366	45,707
Treasury stock, at cost	(327)	(10,343)	(10,016)
Valuation and translation adjustments:	**9,212**	**4,647**	**(4,565)**
Net unrealized holding gain on securities	8,864	4,552	(4,312)
Deferred gains or losses on hedges	348	95	(253)
Minority interests	**30,305**	**32,167**	**1,862**
Total net assets	**637,849**	**670,838**	**32,988**
Total liabilities and net assets	**2,401,667**	**2,462,831**	**61,164**

2. Consolidated Statements of Income

Years ended March 31 (Figures less than ¥1 million have been omitted)

	Millions of yen		
	2007	**2008**	Change from the previous year
Operating revenues	**1,262,935**	**1,290,190**	**27,254**
Operating expenses:			
Transportation, other services and cost of sales	919,294	944,207	24,913
Selling, general and administrative expenses	208,299	208,569	270
	1,127,593	**1,152,777**	**25,183**
Operating income	**135,341**	**137,413**	**2,071**
Non-operating revenues:			
Interest and dividend income received	331	461	129
Equity in earnings of affiliates	1,016	1,298	281
Other	5,769	6,158	389
	7,117	**7,918**	**800**
Non-operating expenses:			
Interest expense	37,298	35,424	(1,873)
Other	1,006	1,049	42
	38,304	**36,473**	**(1,830)**
Recurring profit	**104,154**	**108,857**	**4,702**
Extraordinary profits:			
Gain on contributions received for construction	31,714	25,891	(5,822)
Compensation for expropriation	2,514	3,666	1,151
Proceeds from sales of fixed assets	9,993	8,097	(1,895)
Other	3,106	7,019	3,913
	47,328	**44,675**	**(2,653)**
Extraordinary losses:			
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	31,076	24,864	(6,212)
Loss on reduction entry of compensation for expropriation	2,513	3,644	1,131
Other	17,021	23,439	6,418
	50,610	**51,948**	**1,337**
Income before income taxes and minority interests	**100,872**	**101,584**	**712**
Income taxes:			
Current	44,320	56,559	12,238
Deferred	(2,816)	(14,737)	(11,920)
Minority interests	2,576	2,054	(522)
Net income	**56,791**	**57,707**	**916**

3. Consolidated Statements of Changes in Net Assets

Year ended March 31, 2007

	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

Year ended March 31, 2008

	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, 2007	100,000	55,000	443,658	(327)	598,331	8,864	348	9,212	30,305	637,849
Change in year ended March 31, 2008										
Dividends from surplus			(12,000)		(12,000)					(12,000)
Net income			57,707		57,707					57,707
Decrease in equity of affiliates accounted for under the equity method				(16)	(16)					(16)
Acquisition of treasury stock				(9,999)	(9,999)					(9,999)
Net increase/decrease during the term under review except in shareholders' equity						(4,312)	(253)	(4,565)	1,862	(2,703)
Total	---	---	45,707	(10,016)	35,691	(4,312)	(253)	(4,565)	1,862	32,988
Balance at March 31, 2008	100,000	55,000	489,366	(10,343)	634,022	4,552	95	4,647	32,167	670,838

Figures less than ¥1 million have been omitted.

4. Consolidated Statements of Cash Flows

Years ended March 31 (Figures less than ¥1 million have been omitted)

	Millions of yen		
	2007	**2008**	Change from the previous year
I. Cash flows from operating activities			
Income before income taxes and minority interests	100,872	101,584	712
Depreciation and amortization	112,827	128,085	15,258
Loss on Impairment of fixed assets	242	4,103	3,861
Loss on deduction of contributions received for construction from acquisition costs of property, plan and equipment	31,076	24,864	(6,212)
Loss on disposal of property, plan and equipment	12,692	11,111	(1,580)
Change in allowance for retirement benefits	18,016	37,344	19,328
Change in allowance for accrued bonuses	(7)	468	475
Change in other reserves	(4,649)	(157)	4,491
Interest and dividend income	(331)	(461)	(129)
Interest expenses	37,298	35,424	(1,873)
Equity in earnings of affiliates	(1,016)	(1,298)	(281)
Gain on contributions received for construction	(31,714)	(25,891)	5,822
Change in notes and accounts receivable	(10,731)	4,235	14,967
Change in inventories	(1,439)	(2,866)	(1,427)
Change in notes and accounts payable	20,738	(21,504)	(42,242)
Change in accrued consumption tax	2,039	(2,177)	(4,217)
Other	(7,295)	5,882	13,177
Subtotal	278,617	298,747	20,130
Interest and dividends income received	265	472	207
Interest paid	(37,398)	(35,564)	1,833
Income taxes paid	(52,865)	(41,472)	11,393
Net cash provided by operating activities	**188,618**	**222,183**	**33,564**
II. Cash flows from investing activities			
Payments for time deposits with a maturity of more than three months	(335)	(230)	105
Proceeds for time deposits with a maturity of more than three months	765	230	(535)
Purchases of property, plant and equipment	(175,024)	(224,864)	(49,840)
Proceeds from sales of property, plant and equipment	4,272	2,847	(1,425)
Contributions received for constructions	41,858	45,027	3,169
Increase in investments in securities	(1,961)	(1,198)	762
Payments on long-term loans receivable	(689)	(641)	48
Collections of long-term loans receivable	266	736	469
Other	(928)	(1,188)	(259)
Net cash used in investing activities	**(131,776)**	**(179,281)**	**(47,504)**

(continued on page 20)

	Millions of yen		
	2007	**2008**	Change from the previous year
III. Cash flows from financing activities			
Change in short-term loans	2,139	1,526	(612)
Proceeds from long-term loans	57,100	26,300	(30,800)
Repayment of long-term debt	(89,135)	(49,383)	39,751
Proceeds from issuance of bonds	29,981	29,982	1
Repayment of long-term payables for acquisition of railway properties	(36,093)	(36,431)	(338)
Payment of acquisition of treasury stock	---	(9,999)	(9,999)
Cash dividends paid to the Company's shareholders	(12,002)	(12,025)	(22)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(112)	(112)	---
Other	(6,566)	(5,735)	830
Net cash used in financing activities	**(54,690)**	**(55,879)**	**(1,189)**
IV. Change in cash and cash equivalents, net	**2,151**	**(12,978)**	**(15,129)**
V. Cash and cash equivalents at the beginning of the period	**55,433**	**57,584**	**2,151**
VI. Change in cash and cash equivalents accompanying consolidation of additional subsidiaries	**---**	**---**	**---**
VII. Cash and cash equivalents at the end of the period	**57,584**	**44,606**	**(12,978)**

4. SIGNIFICANT CHANGES FROM ACCOUNTING METHODS

1. Application of Accounting Standard for Measurement of Inventories

The Company will apply the "Accounting Standard for Measurement of Inventories" (Corporate Accounting Standard No. 9, July 5, 2006) from the subject fiscal year, as it has become able do so for consolidated financial statements related to financial years that began prior to March 31, 2008.

The impact of this change on the financial statements is minimal.

2. Change in the Depreciation Method for Tangible Fixed Assets

From the subject fiscal year, in accordance with revisions to the corporate tax code JR-West has changed its accounting method for tangible fixed assets, with the exception of buildings, acquired on or after April 1, 2007, mainly to the declining balance method based on the revised corporate tax code. The residual value of assets acquired on or before March 31, 2007 that have been depreciated to their full depreciable amount, is depreciated in an equal amount over five years.

For the depreciation of buildings the Company had mainly used the former declining balance method, but for buildings acquired on or after April 1, 2007, the method has been changed to the declining balance method as prescribed by the revised corporate tax code.

In addition, the method for depreciation of the residual value of assets acquired on or before March 31, 2007 that have been depreciated to their full depreciable amount, has been changed to depreciation in an equal amount over five years. This is due to consideration of the status of retirement of the Company's buildings and other factors amid the increasingly established accounting practice of setting the residual value at a reminder value of one (1) yen.

In accordance with these changes, deprecation expenses included as part of operating expenses increased ¥9,433 million, with corresponding decreases in operating income, recurring profit, and net income before income taxes and minority interests.

Also, of the portion of increase in depreciation expenses equivalent to the equal depreciation over five years of the residual value of existing assets, is ¥7,199 million.

The impact on segment information is presented in the relevant section.

3. Recording of a Provision for Unredeemed Gift Certificates

Gift certificates issued by certain consolidated subsidiaries had previously been recorded as revenue once a set period had passed since issue, and treated as expenses at the time of redemption. However, with the issue of "Audit treatment for reserves in accordance with the special taxation measures law, provisions in accordance with special laws, regulatory deposits, and allowances for retirement benefit for officers" (JICPA Audit and Assurance Practice Committee Report No. 42, April 13, 2007), from the subject fiscal year, in order to prepare for future redemption, at the end of the subject fiscal year the Company records an amount anticipated for future redemption that it estimates to be reasonable based on historical redemption rates.

Accordingly, compared to the former method operating revenues increased ¥67 million, operating income ¥67 million, and recurring profit ¥63 million, while net income before income taxes and minority interests declined ¥2,667 million.

The impact on segment information is presented in the relevant section.

Changes in significant items fundamental to the preparation of the consolidated financial statements, because they were made in the second half of the subject fiscal year due to the formation during that period of a computation structure to provide a reasonable estimate for the provision, has led to a lack of consistency between the interim period and full financial year.

Accordingly, for the subject interim period, when compared with the same method used for the subject fiscal year, the change added ¥2 million to recurring profit, and ¥2,734 million to net income before income taxes and minority interests.

5. CONSOLIDATED FINANCIAL STATEMENTS OF CHANGES IN NET ASSETS

1. Kind and number of shares outstanding

Kind of shares	Number of shares at March 31, 2007	Year ended March 31, 2008		Number of shares at March 31, 2008
		Increase	Decrease	
Common stock	2,000,000	---	---	2,000,000

2. Kind and number of treasury stock

Kind of shares	Number of shares at March 31, 2007	Year ended March 31, 2008		Number of shares at March 31, 2008
		Increase	Decrease	
Common stock	885	17,480	---	18,365

The increase of 17,480 common stocks of treasury stock consisted of 46 shares of treasury stock (JR-West shares) held by equity-method affiliates that were attributed to the Company following an increase in the Company's stake in those equity-method affiliates, along with 17,434 shares acquired by the Company.

3. Dividends

(1) Dividends paid

Resolution	Kind of shares	Total amount of dividends paid	Dividends per share	Date of record	Effective date
		Millions of yen	Yen		
June 22, 2007 General Meeting of the Shareholders	Common stock	6,000	3,000	March 31, 2007	June 25, 2007
October 30, 2007 Board of Directors Meeting	Common stock	6,000	3,000	September 30, 2007	November 30, 2007

(2) Dividend payments for which the record date is the subject year have an effective date in the succeeding consolidated fiscal year.

Resolution (Plan)	Kind of shares	Total amount of dividends paid	Dividend resource	Dividends per share	Date of record	Effective date
		Millions of yen		Yen		
June 2008 General Meeting of the Shareholders	Common stock	5,947	Retained earnings	3,000	March 31, 2008	Undecided

6. RETIREMENT BENEFITS FOR EMPLOYEES

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

The Company and its 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, 2008)

	Millions of yen
(1) Retirement benefit obligation	(377,161)
(2) Plan assets at fair value	10,927
(3) Unfunded retirement benefit obligation [(1) + (2)]	(366,233)
(4) Unrecognized net retirement benefit obligation at transition	67,824
(5) Unrecognized actuarial loss	43,747
(6) Unrecognized prior service cost	(2,004)
(7) Net retirement benefit obligation [(3) + (4) + (5) + (6)]	(256,666)
(8) Prepaid pension cost	372
(9) Accrued retirement benefits [(7) – (8)] (Note)	(257,038)

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

3. Retirement Benefit Expenses (Year ended March 31, 2008)

	Millions of yen
(1) Service cost	15,656
(2) Interest cost	7,450
(3) Expected return on plan assets	(262)
(4) Amortization of net retirement benefit obligation at transition	31,458
(5) Amortization of actuarial loss	7,208
(6) Amortization of prior service cost	2,582
(7) Total [(1) + (2) + (3) + (4) + (5) + (6)]	64,093

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

7. TAX-EFFECT ACCOUNTING

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

	Millions of yen
	March 31, 2008
Deferred tax assets	
Allowance for Accrued bonuses	14,202
Accrued enterprise tax included in accrued income taxes	3,161
Allowance for retirement benefits	104,403
Unrealized gain on property, plant and equipment	7,061
Tax loss carryforwards	152
Others	24,011
Subtotal	152,993
Valuation allowance	(6,279)
Total	146,714
Deferred tax liabilities	
Unrealized holding gain on securities	(2,892)
Contributions for construction deducted from acquisition costs of property, plant and equipment	(12,883)
Gain on valuation of assets of consolidated subsidiaries	(1,443)
Others	(661)
Total	(17,881)
Deferred tax assets, net	128,832

（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	19,938
Fixed assets --- Deferred tax assets	109,035
Fixed liabilities --- Deferred tax liabilities	141

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.

8. SEGMENT INFORMATION

1. Information by business segment

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

Year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

	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	861,273	212,803	76,757	139,356	1,290,190	---	1,290,190
Intergroup operating revenues and transfers	16,577	42,772	13,883	165,640	238,873	(238,873)	---
Total sales	877,850	255,576	90,640	304,996	1,529,064	(238,873)	1,290,190
Operating expenses	780,371	250,305	65,994	293,959	1,390,631	(237,853)	1,152,777
Operating income	97,479	5,270	24,646	11,036	138,433	(1,020)	137,413
Assets, depreciation, and capital expenditures:							
Total assets	1,846,782	89,093	305,049	266,962	2,507,888	(45,056)	2,462,831
Depreciation	107,026	2,866	11,665	6,527	128,085	---	128,085
Capital expenditures	194,365	5,320	15,686	9,215	224,588	---	224,588

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 company-wide assets included in “Eliminations and Intergroup” consist mainly of the Company’s surplus funds (cash and cash equivalents), and deferred tax assets.

   Fiscal 2007: ¥151,261 million, Fiscal 2008: ¥152,610 million

5. Changes in Accounting Methods

   Fiscal 2007: None

   Fiscal 2008

   Change in Method for Depreciation of Tangible Fixed Assets

   As noted in “SIGNIFICANT CHANGES FROM ACCOUNTING METHODS” the method for depreciation of tangible fixed assets has changed from the subject fiscal year. As a result of this change, compared to the former method operating expenses for the subject fiscal year increased ¥8,809 million in the Transportation segment; ¥8.6 million the Sales of Goods and Food Services segment; ¥332 million in the Real Estate segment; and ¥205 million in the Other segment, with corresponding decreases in operating income.

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	March 31, 2007	March 31, 2008	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	**143.7**	**148.8**	**5.1**
Fixed assets:			
Fixed assets for railway operations	1,681.9	1,715.7	33.8
Construction in progress	61.2	76.3	15.1
Investments and other assets	264.9	281.8	16.9
Total fixed assets	**2,008.1**	**2,074.0**	**65.9**
Total assets	**2,151.8**	**2,222.9**	**71.0**

	March 31, 2007	March 31, 2008	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	71.7	120.0	48.3
Accounts payable	433.9	467.5	33.6
Total current liabilities	**505.6**	**587.5**	**81.9**
Fixed liabilities:			
Bonds and long-term debt	879.3	815.6	(63.6)
Accrued retirement benefits	201.1	238.5	37.3
Other long-term liabilities	32.3	28.7	(3.6)
Total long-term liabilities	**1,112.9**	**1,082.9**	**(30.0)**
Total liabilities	**1,618.5**	**1,670.5**	**51.9**
Total shareholders' equity:			
Common stock	100.0	100.0	---
Capital surplus	55.0	55.0	---
Retained earnings	370.3	403.4	33.1
Treasury stock, at cost	---	(9.9)	(9.9)
Total shareholders' equity	**525.3**	**548.4**	**23.1**
Valuation and translation adjustments	**8.0**	**4.0**	**(4.0)**
Total net assets	**533.3**	**552.4**	**19.1**
Total liabilities and net assets	**2,151.8**	**2,222.9**	**71.0**

2. NON-CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31

	2007	2008	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues:				
Transportation	765.8	781.7	15.8	2.1
Transportation incidentals	22.5	22.2	(0.2)	(1.0)
Other operations	18.2	19.6	1.3	7.7
Miscellaneous	59.1	55.7	(3.4)	(5.8)
	865.8	**879.4**	**13.6**	**1.6**
Operating expenses:				
Personnel costs	272.5	269.9	(2.5)	(0.9)
Non personnel costs:				
Energy costs	34.3	34.4	0.0	0.2
Maintenance costs	148.9	148.6	(0.3)	(0.2)
Miscellaneous costs	154.5	155.8	1.2	0.8
	337.9	338.8	0.9	0.3
Rental payments, etc	24.6	24.6	(0.0)	(0.2)
Taxes	28.1	28.6	0.4	1.7
Depreciation	93.5	107.5	14.0	15.0
	756.8	**769.6**	**12.7**	**1.7**
Operating income	**108.9**	**109.8**	**0.8**	**0.8**
Non-operating revenues and expenses, net:				
Non-operating revenues	5.5	6.2	0.6	
Non-operating expenses	36.7	36.0	(0.7)	
	(31.2)	**(29.8)**	**1.4**	**(4.6)**
Recurring profit	**77.6**	**79.9**	**2.2**	**2.9**
Extraordinary profit and loss, net:				
Extraordinary profit	45.1	40.9	(4.1)	
Extraordinary loss	47.0	44.8	(2.1)	
	(1.8)	**(3.8)**	**(1.9)**	
Income before income taxes	**75.7**	**76.0**	**0.2**	**0.4**
Income taxes	31.1	30.9	(0.1)	
Net income	**44.6**	**45.1**	**0.4**	**1.0**

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Years ended March 31		Change		Years ended March 31		Change	
	2007	**2008**	Amount	%	2007	**2008**	Amount	%
Sanyo Shinkansen								
Commuter Passes	650	679	29	4.5	8.2	8.5	0.3	3.7
Non-Commuter Passes	14,514	15,252	738	5.1	320.4	335.0	14.5	4.5
Total	15,164	15,931	767	5.1	328.6	343.5	14.8	4.5
Conventional Lines								
Commuter Passes	22,922	23,052	130	0.6	142.6	143.2	0.5	0.4
Non-Commuter Passes	15,592	15,600	7	0.1	294.1	294.5	0.4	0.1
Total	38,514	38,653	138	0.4	436.8	437.8	1.0	0.2
Kyoto-Osaka-Kobe Area								
Commuter Passes	18,536	18,659	122	0.7	115.3	115.8	0.5	0.4
Non-Commuter Passes	10,265	10,303	38	0.4	187.1	187.5	0.4	0.2
Total	28,801	28,962	160	0.6	302.4	303.3	0.9	0.3
Other Lines								
Commuter Passes	4,385	4,393	7	0.2	27.3	27.4	0.0	0.3
Non-Commuter Passes	5,327	5,296	(30)	(0.6)	107.0	106.9	(0.0)	0.0
Total	9,712	9,690	(22)	(0.2)	134.3	134.4	0.0	0.0
Total								
Commuter Passes	23,572	23,731	159	0.7	150.8	151.7	0.8	0.6
Non-Commuter Passes	30,106	30,853	746	2.5	614.5	629.5	14.9	2.4
Total	53,678	54,585	906	1.7	765.4	781.3	15.8	2.1

3. CAPITAL EXPENDITURES

Consolidated Basis

Years ended March 31

	2007	2008	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	183.4	224.5	41.1	22.4
Capital expenditures, excluding contributions received for constructions	144.9	187.9	43.0	29.6
Contributions received for constructions	38.5	36.6	(1.8)	(4.9)

Non-Consolidated Basis

Years ended March 31

	2007	2008	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	155.7	196.2	40.5	26.0
Capital expenditures, excluding contributions received for constructions	117.2	159.6	42.4	36.2
[Safety-related capital expenditures]	[81.4]	[99.8]	[18.4]	[22.6]
Contributions received for constructions	38.5	36.6	(1.8)	(4.9)

Major Capital Expenditures

Safety and accident-prevention measures, including installation of ATS; introduction of new rolling stock (N700 Series Shinkansen and the 223 Series), Osaka Station Renovation and the New North Building; Others

4. FORECASTS FOR FISCAL 2009, ENDING MARCH 31, 2009

Consolidated Statements of Income

	Year ended March 31, 2008	Forecast for year ending March 31, 2009	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
	<1.47>	<1.46>		
Operating revenues:				
Transportation	861.2	866.8	5.5	0.6
Sales of goods and food services	212.8	217.0	4.1	2.0
Real estate	76.7	69.5	(7.2)	(9.5)
Others	139.3	144.7	5.3	3.8
	1,290.1	[636.2] 1,298.0	7.8	0.6
Operating expenses	1,152.7	1,155.0	2.2	0.2
Operating income:				
Transportation	97.4	101.7	4.2	4.3
Sales of goods and food services	5.2	5.5	0.2	4.4
Real estate	24.6	23.8	(0.8)	(3.4)
Others	11.0	13.0	1.9	17.8
Elimination and corporation	(1.0)	(1.0)	0.0	
	137.4	[79.3] 143.0	5.5	4.1
Recurring profit	108.8	114.8	5.9	5.5
	<1.28>	<1.25>		
Net income	57.7	[37.2] 64.0	6.2	10.9

Note: 1. Figures in bracket [ ] are for the six months ending September 30, 2008.

2. Figures in bracket < > are the consolidated-to-parent ratio.

3. Revenues by each segment are from third parties.

<u>Fiscal year ending March 31, 2009</u>

Consolidated return on assets (ROA) (operating income basis):	5.8%
Consolidated return on equity (ROE) (net income basis):	9.6%
Capital expenditures (own fund):	¥175.0 billion
Balance of long-term debt and payables:	¥935.0 billion

Non-Consolidated Statements of Income

	Year ended March 31, 2008	Forecast for year ending March 31, 2009	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues	879.4	[441.0] 886.5	7.0	0.8
Operating income	109.8	[69.0] 115.0	5.1	4.7
Recurring profit	79.9	[53.0] 85.5	5.5	6.9
Net income	45.1	[32.0] 51.0	5.8	13.0

Note: Figures in bracket [ ] are for the six months ending September 30, 2008.

Fiscal year ending March 31, 2009

Capital expenditures, excluding contributions received for constructions

Capital expenditures (own fund): ¥135.0 billion

(Safety-related capital expenditures: ¥77.0 billion)

Balance of long-term debt and payables: ¥915.0 billion