

October 31, 2008

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West Japan Railway Company

Flash Report (Consolidated Basis)

Results for the second quarter ended September 30, 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 airline 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 October 31, 2008 based on information available to JR-West as of the date October 31, 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>

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Quarterly report filing date (Planned): November 12, 2008

Start of dividend payments (Planned): November 28, 2008

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

1. Results for the second quarter of fiscal 2009 (from April 1, 2008 to September 30, 2008)

(1) Operating results

Six months ended September 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	%
2008	634,952	—	72,859	—	57,013	—	33,386	—
2007	632,251	2.3	79,272	3.5	63,243	7.9	33,907	6.8

	Net income per share	Net income per share after dilution
	Yen	Yen
2008	16,853.70	—
2007	16,961.52	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2008	2,455,816	690,799	26.7	334,302.24
March 31, 2008	2,462,831	670,838	25.9	322,294.60

(Reference) Total shareholders' equity: September 30, 2008: ¥655,808 million, March 31, 2008: ¥638,670 million

2. Dividends

Record date	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2008	—	3,000.00	—	3,000.00	6,000.00
2009	—	3,500.00	—	—	—
2009 (Forecast)	—	—	—	3,500.00	7,000.00

(Note) Revision of dividends forecast for this period: None

3. Forecasts for fiscal 2009 (from April 1, 2008 to 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	%
Fiscal 2009	1,293,000	0.2	127,000	(7.6)	98,000	(10.0)

	Net income		Net income per share
	Millions of yen		Yen
Fiscal 2009	56,000	(3.0)	28,406.53

(Note) Revision of earnings forecast for this period: Yes

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 and special accounting policy for quarterly financial reporting: None
3. Changes from accounting methods, procedures and the presentation of the quarterly consolidated financial statements:
 - 1) Changes based on revision of accounting standards: Yes
 - 2) Changes other than 1) above: Yes
4. Number of shares issued and outstanding (Common share)
 - 1) Number of shares issued and outstanding (including treasury stock):
September 30, 2008: 2,000,000 shares March 31, 2008: 2,000,000 shares
 - 2) Number of treasury stock
September 30, 2008: 38,278 shares March 31, 2008: 18,365 shares
 - 3) Average number of shares outstanding for each period (cumulative term):
Six months ended September 30 2008: 1,980,982 shares 2007: 1,999,099 shares

<Reference>

1. Consolidated Results for the second quarter of fiscal 2009 (from July 1, 2008 to September 30, 2008)

Operating results

Three months ended September 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	%
2008	326,861	—	37,636	—	29,740	—	17,233	—
2007	327,128	—	42,668	—	34,790	—	17,610	—

	Net income per share	Net income per share after dilution
	Yen	Yen
2008	8,702.21	—
2007	8,809.12	—

2. Non-Consolidated Forecasts for fiscal 2009 (from April 1, 2008 to 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	%
Fiscal 2009	886,500	0.8	104,000	(5.3)	75,000	(6.2)

	Net income	Net income per share
	Millions of yen	Yen
Fiscal 2009	45,500 0.8	23,069.41

(Note) Revision of earnings forecast for this period: Yes

QUALITATIVE INFORMATION RELATED TO BUSINESS PERFORMANCE AND FINANCIAL STATEMENTS

On April 25, 2005, JR-West 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.

JR-West has also undertaken a range of measures to improve safety. We have humbly accepted the report on the Fukuchiyama Line accident released by the Aircraft and Railway Accidents Investigation Commission in June 2007, and are working to make improvements by sincerely and quickly addressing its recommendations, findings and other issues raised.

During the subject first half, to further enhance the safety program we formulated a Basic Safety Plan in April 2008, and implemented other measures that included briefing sessions on the Basic Safety Plan for everyone affected by the Fukuchiyama Line accident, along with a memorial service.

JR-West has also formulated a new medium-term management plan in May 2008 for the five-year period through the fiscal year ending March 2013. Under this plan, in accordance with the Corporate Philosophy and Safety Charter adopted in March 2006, we will establish “a corporate culture that places top priority on safety,” make further improvements in safety and regain customer trust, building on this foundation to achieve sustainable growth into the future. In particular, as part of our measures to address the most essential issue of improving safety, we have incorporated the Basic Safety Plan at the heart of the new medium-term management plan. Working to “Build a corporate system to ensure no accidents to produce casualties among our customers and no serious labor accidents to our employees,” we have established a safety management system based on risk assessment, and implemented a range of other measures.

In terms of reforming of the corporate culture and atmosphere that goes hand in hand with measures to improve safety, based on the recommendations of an Advisory Panel for reform of corporate culture made up of experts from outside the Company, we have established and are implementing a range of measures that cover everything from raising awareness to general operations.

Further, in July 2008 JR-West established an additional basic organization framework to help strengthen the technologies unique to railroad operations, including a Transport Security Systems Office, Structural Engineering Office, and Rolling Stock Design Office. We also bolstered the functions of our branch offices, which are the centers of operations.

Through these efforts JR-West has devoted its full effort to enhancing safety in its mainstay railway business, while also working to improve the value of our railway belts, by developing a variety of measures that draw on the unique characteristics of each of its businesses, including other Group operations, and effectively utilizing their assets.

As a result, on a consolidated basis, operating revenues for the subject first half (April 1, 2008 to September 30, 2008) rose 0.4% over the same period of the previous fiscal year to ¥634.9 billion, though operating income declined 8.1% to ¥72.8 billion due to rising costs for fuel and other materials, along with greater expenses stemming from safety-related investments. Recurring profit fell 9.9% to ¥57.0 billion, while net income was down 1.5% over the same period of the previous fiscal year to ¥33.3 billion.

1. Qualitative Information on Consolidated Business Results

Consolidated Results for the First Half of Fiscal 2009 (April – September 2008)

Operating revenues:	¥634.9 billion
Operating income:	¥72.8 billion
Recurring profit:	¥57.0 billion
Net income:	¥33.3 billion

Results by Business Segment

(1) Transportation Operations

In the railway business, JR-West continued to pursue improvement measures that reflected the recommendations, findings and other issues raised by the Fukuchiyama Line accident. Further, to help “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 Basic Safety Plan formulated in April 2008, we introduced a new risk assessment system, as well as continued to implement and establish measures to analyze and respond to safety issues identified through reports and other feedback from employees. We also continued with such measures as convening regular safety meetings to allow top management and officers on the one hand, and employees in the field on the other, to directly exchange opinions.

In terms of facilities, along with expansion of the ATS-P system, we enhanced the safety of rolling stock through revision to the structure of train cars, improved the safety of train cars and crossings, 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 further expanded our program of “case studies of unequivocal verbal communication,” a training method to help prevent mistakes arising from miscommunication. We also conducted a series of simulation trainings in order to better aid passengers and provide an improved response when an accident occurs.

In transportation operations and marketing initiatives, on the Sanyo Shinkansen JR-West increased the number of *Nozomi* trains during the “golden week” holidays and summer peak travel periods, along with other measures to further improve customer convenience. We also promoted use of the Shinkansen by revising the timetable to include additional trains, and implementing a proactive campaign to highlight the comfort of the N700 Series, as well as the convenience and price advantages of the Express Reservation system. We further worked in cooperation with local governments, travel agents and other JR companies to stimulate demand for tourism, including the DISCOVER WEST Campaign, Yamaguchi Destination Campaign, and other campaigns to promote sightseeing in the Miyajima and Takamatsu regions. We also made reservations more convenient by launching the “5489” telephone reservation service in Shikoku, and expanding the service area for the “e5489plus” internet reservation service.

For customer service initiatives we worked to make railways more user-friendly through such measures as increasing the number of multi-functional ticket machines, and installing elevators,

escalators and other barrier-free facilities, as well as introducing and steadily expanding system of screens that display current information on train operations during emergencies or other disruptions.

To address environmental issues, JR-West established carbon offset benefits for J-WEST points, and released information to promote itself as a railway friendly to the global environment.

In bus services, with competition for highway bus services continuing to intensify, JR-West made an effort to provide routes that fit the varied needs of customers, such as establishing a service route between Hokuriku and Nagoya, and introducing discount tickets for less busy days.

As a result, operating revenues for Transportation Operations segment increased 1.0% over the same period of the previous fiscal year, to ¥433.2 billion. Operating income, however, declined 6.8%, to ¥58.6 billion due to increased power and operating costs related to increases in fuel prices, and an increase in depreciation and amortization stemming from safety-related investments.

(2) Sales of Goods and Food Services

JR-West decided on West Japan Railway Isetan Ltd. as the main business operator for the new department store in the New North Building of Osaka Station, established a development planning office in the company, and began making preparations for opening. We also opened the Kobe Food Terrace restaurant zone within Kobe Station, and continued to work to make stations more attractive, such as through renovation of a portion of the “fashion zone” at Central Court in the Osaka Station Central Exit area.

As a result, operating revenues in the Sales of Goods and Food Services segment rose 3.0% over the same period of the previous fiscal year, to ¥107.8 billion, with operating income up 8.6%, to ¥3.0 billion.

(3) Real Estate Business

JR-West continued to develop station premises and surrounding areas, including the opening of AISTA Yano, a small-scale station building along the west side of Yano Station on the Kure Line, and launching a renovation to expand the floor space of the “west hall food zone” of Shamine Matsue retail center in San-in Line Matsue Station. JR-West also worked to move steadily forward with the plan for the Osaka Station Development Project, including beginning work on the ACTY Osaka expansion. In addition, we continued to actively develop condominium apartments on land formerly used for housing for company employees.

As a result, operating revenues for the Real Estate segment declined 5.1% over the same period of the previous fiscal year, to ¥34.0 billion, with operating income down 3.9%, to ¥11.6 billion. This was due mainly to a year-on-year decline in condominium sales at JR West Real Estate & Development Company.

(4) Other Businesses

In travel agency operations, JR-West worked to expand Internet-related sales, such as by expanding the lineup of Internet-only products. We also strengthened development of products utilizing a new overseas travel information system.

In hotel operations, JR-West promoted sales with renovations to its guest rooms, restaurants and banquet halls, as well as hosted various events.

For the ICOCA e-money service we worked to expand the number of stores in stations and around town where the service can be used, such as at Kiosk stands in the Kinki region. We also worked to enhance convenience by allowing various types of credit card to be used with the SMART ICOCA charge system.

As a result, operating revenues in the Other Businesses segment declined 4.9% over the same period of the previous fiscal year, to ¥59.8 billion. This was due mainly to a falloff in income in the travel business due to a slowdown in overseas travel. The segment posted an operating loss for the first half of ¥1.0 billion.

2. Qualitative Information on the Consolidated Financial Position

(1) Cash flows from operating activities

Cash provided by operating activities amounted to ¥76.1 billion, a decline of ¥5.6 billion from the same period of the previous fiscal year, due mainly to an increase in income taxes paid.

(2) Cash flows from investing activities

Cash used in investing activities amounted to ¥74.8 billion, a decline of ¥1.3 billion from the same period of the previous fiscal year. This was due mainly to a decrease in expenditures for purchases of property, plant and equipment.

(3) Cash flows from financing activities

Cash provided by financing activities amounted to ¥4.7 billion, an increase of ¥21.3 billion from the same period of the previous fiscal year. This was due mainly to the issuance of corporate bonds.

As a result, cash and cash equivalents at the end of the subject first half, increased ¥6.5 billion from March 31, 2008, to ¥51.1 billion.

3. Qualitative Information on Consolidated Forecasts

The outlook for the Japanese economy has become increasingly uncertain due to turmoil in global financial markets, rising prices for fuel and raw materials, and other concerns.

JR-West's transport revenue is subject to the slowdown in the worldwide economy, sluggish consumer spending and other elements of uncertainty, while operating expenses must necessarily increase due to appreciation in prices and other factors.

Consolidated subsidiaries, despite an expectation for increased revenue from retail outlets, restaurants and shopping center operations, are being affected in the travel agency, hotel, construction and other businesses by the economic slowdown, as well as by rising material costs.

As a result, at this time JR-West is revising downward its forecasts for operating revenue, operating income, recurring profit and net income for the full term of fiscal 2009 (ending March 31, 2009) from those announced on July 30, 2008.

Operating revenues:	¥1,293 billion (up 0.2% YoY)
Operating income:	¥127 billion (down 7.6% YoY)
Recurring profit:	¥98 billion (down 10.0% YoY)
Net income:	¥56 billion (down 3.0% YoY)

Note: The above forecasts are based on certain assumptions JR-West considers reasonable at the present time, and are subject to change.

4. Significant Changes in Accounting Principles, Procedures or Presentation of Results Relevant to Preparation of the Quarterly Financial Statement

(1) Changes due to changes in accounting standards

Accounting standards relevant to the quarterly financial statement

From the subject fiscal year JR-West has adopted Accounting Standards Board of Japan (ASBJ) Statement No. 12 *Accounting Standard for Quarterly Financial Reporting* and its Implementation Guidance, ASBJ Guidance No. 14 *Guidance on Accounting Standard for Quarterly Financial Reporting*. The consolidated quarterly financial statement was prepared in accordance with regulations for quarterly financial statements.

(2) Other changes

Accounting standards for lease transactions

From the subject fiscal year JR-West has adopted *Accounting Standard for Lease Transactions* (ASBJ Statement No. 13, revised March 30, 2007) and *Guidance on Accounting Standard for Lease Transactions* (ASBJ Guidance No. 16, revised March 30, 2007), as this accounting standard and guidance was available for application in quarterly financial statements for consolidated fiscal years beginning on April 1, 2008. Financial lease transactions other than ownership transfers with a commencement date up to March 31, 2008, are accounted for in accordance with ordinary methods for lease transactions, while those with a commencement date from April 1, 2008, are accounted for as ordinary sales transactions. Depreciation for these lease assets is calculated by the straight-line method, with the lease period equivalent to the serviceable life of the asset, with no residual value.

The impact on quarterly consolidated financial statements as a result of this change is minimal.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	September 30, 2008	March 31, 2008
ASSETS		
Current assets:		
Cash	51,398	44,836
Notes and accounts receivable-trade	11,792	19,139
Railway fares receivable	22,186	21,836
Accounts receivable	40,655	48,451
Inventories	34,982	22,246
Deferred tax assets	21,641	19,938
Other current assets	44,073	45,025
Less allowance for doubtful accounts	(515)	(335)
Total current assets	226,214	221,138
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	963,233	979,074
Machinery and transport equipment	278,038	282,599
Land	657,501	657,469
Construction in progress	86,237	81,301
Other property, plant and equipment	25,487	28,195
Total Property, plant and equipment	2,010,498	2,028,639
Intangible fixed assets	19,120	20,017
Investments and other assets:		
Investments in securities	60,406	60,038
Deferred tax assets	116,169	109,035
Other investments and assets	24,495	24,897
Less allowance for doubtful accounts	(1,140)	(998)
Total Investments and other assets	199,930	192,973
Total fixed assets	2,229,549	2,241,630
Deferred assets	52	62
Total assets	2,455,816	2,462,831

	Millions of yen	
	September 30, 2008	March 31, 2008
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes and accounts payable-trade	35,105	48,109
Short-term loans	14,705	13,630
Current portion of redemption of corporate bonds	45,000	45,000
Current portion of long-term debt	42,950	42,979
Current portion of long-term payables for acquisition of railway properties	34,356	34,598
Current portion of long-term accounts payable	31	31
Accounts payable	54,178	126,772
Accrued consumption tax	5,870	3,135
Accrued income tax	33,072	37,589
Prepaid railway fares received	36,445	31,260
Advances received	95,034	66,574
Allowance for bonuses	35,151	34,817
Allowance for point program	836	670
Other current liabilities	100,308	93,526
Total current liabilities	533,048	578,698
Fixed liabilities:		
Bonds	259,965	234,964
Long-term debt	198,768	206,531
Long-term payables for acquisition of railway properties	381,938	392,872
Long-term accounts payable	269	285
Deferred tax liabilities	144	141
Accrued retirement benefits	275,103	257,038
Allowance for antiseismic reinforcement measures	1,699	2,222
Allowance for environmental safety measures	10,835	11,466
Allowance for unredeemed gift tickets	2,465	2,667
Other long-term liabilities	100,778	105,105
Total fixed liabilities	1,231,968	1,213,294
Total liabilities	1,765,017	1,791,993

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	Millions of yen	
	September 30, 2008	March 31, 2008
NET ASSETS		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	516,963	489,366
Treasury stock, at cost	(20,343)	(10,343)
Total shareholders' equity	651,619	634,022
Valuation and translation adjustments:		
Net unrealized holding gain on securities	4,142	4,552
Deferred gains or losses on hedges	45	95
Total valuation and translation adjustments	4,188	4,647
Minority interests	34,991	32,167
Total net assets	690,799	670,838
Total liabilities and net assets	2,455,816	2,462,831

(2) Consolidated Statements of Income

Six months ended September 30, 2008

	Millions of yen
	Six months ended September 30, 2008
Operating revenues	634,952
Operating expenses:	
Transportation, other services and cost of sales	458,805
Selling, general and administrative expenses	103,287
	562,092
Operating income	72,859
Non-operating revenues:	
Interest received	46
Dividend income received	296
Reversal of administrative fee for entrusted construction	85
Equity in earnings of affiliates	224
Other	1,218
	1,871
Non-operating expenses:	
Interest expense	17,285
Other	433
	17,718
Recurring profit	57,013
Extraordinary profits:	
Gain on contributions received for construction	19,201
Other	1,722
	20,923
Extraordinary losses:	
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	18,974
Other	2,158
	21,132
Income before income taxes and minority interests	56,804
Income taxes:	
Current	31,454
Deferred	(8,494)
	22,960
Minority interests	456
Net income	33,386

Three months ended September 30, 2008

	Millions of yen
	Three months ended September 30, 2008
Operating revenues	326,861
Operating expenses:	
Transportation, other services and cost of sales	237,623
Selling, general and administrative expenses	51,601
	289,224
Operating income	37,636
Non-operating revenues:	
Interest received	28
Dividend income received	79
Reversal of administrative fee for entrusted construction	57
Equity in earnings of affiliates	99
Other	841
	1,105
Non-operating expenses:	
Interest expense	8,771
Other	230
	9,002
Recurring profit	29,740
Extraordinary profits:	
Gain on contributions received for construction	5,637
Other	1,029
	6,666
Extraordinary losses:	
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	5,572
Other	1,419
	6,991
Income before income taxes and minority interests	29,415
Income taxes:	
Current	24,463
Deferred	(12,584)
	11,878
Minority interests	303
Net income	17,233

(3) Consolidated Statements of Cash Flows

	Millions of yen
	Six months ended September 30, 2008
Cash flows from operating activities:	
Income before income taxes and minority interests	56,804
Depreciation and amortization	66,596
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	18,974
Loss on disposal of property, plant and equipment	2,060
Change in allowance for doubtful accounts	292
Change in allowance for retirement benefits	18,057
Change in allowance for accrued bonuses	302
Interest and dividend income	(343)
Interest expenses	17,285
Equity in earnings of affiliates	(224)
Gain on contributions received for construction	(19,201)
Change in notes and accounts receivable	17,476
Change in inventories	(12,664)
Change in notes and accounts payable	(20,401)
Change in accrued consumption tax	2,722
Other	(19,622)
Subtotal	128,115
Interest and dividends income received	189
Interest paid	(17,263)
Income taxes paid	(34,915)
Net cash provided by operating activities	76,126
Cash flows from investing activities:	
Purchases of property, plant and equipment	(97,027)
Proceeds from sales of property, plant and equipment	677
Contributions received for constructions	25,272
Increase in investments in securities	(3,275)
Payments on long-term loans receivable	(571)
Collections of long-term loans receivable	211
Other	(143)
Net cash used in investing activities	(74,855)

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	Millions of yen
	Six months ended September 30, 2008
Cash flows from financing activities:	
Change in short-term loans, net	(544)
Proceeds from long-term loans	30,200
Repayment of long-term loans	(38,007)
Proceeds from issuance of bonds	25,000
Repayment of long-term payables for acquisition of railway properties	(11,176)
Purchases of treasury stock	(9,999)
Cash dividends paid to the Company's shareholders	(5,952)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(126)
Other	15,324
Net cash used in financing activities	4,716
Change in cash and cash equivalents, net	5,987
Increase in cash and cash equivalent due to the merger of nonconsolidated subsidiaries	574
Cash and cash equivalents at the beginning of the period	44,606
Cash and cash equivalents at the end of the period	51,168

(4) Segment Information

Information by business segment

Six months ended September 30, 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	433,221	107,877	34,007	59,844	634,952	—	634,952
Intergroup operating revenues and transfers	8,483	22,153	6,436	66,121	103,195	(103,195)	—
Total sales	441,704	130,031	40,444	125,966	738,147	(103,195)	634,952
Operating income (loss)	58,604	3,051	11,673	(1,003)	72,325	533	72,859

Notes: 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: selling and leasing of real estate, operation of shopping center

Other: hotels, travel services, rental of goods, construction, etc.

(5) Notes on Significant Changes in the Value of Shareholders' Equity

JR-West, in accordance with a resolution passed at the Board of Directors meeting held May 16, 2008, acquired 19,913 shares of its own stock for ¥9,999 million on September 25, 2008.

As a result, during the subject first half the value of treasury stock increased ¥9,999 million, to ¥20,343 million at the end of the subject first half (September 30, 2008).

Reference Materials

Consolidated Statements of Income

Six months ended June 30, 2007

	Millions of yen
	Six months ended September 30, 2007
Operating revenues	632,251
Operating expenses:	
Transportation, other services and cost of sales	450,188
Selling, general and administrative expenses	102,790
	552,978
Operating income	79,272
Non-operating revenues:	
Interest and dividend income received	298
Equity in earnings of affiliates	466
Other	1,400
	2,165
Non-operating expenses:	
Interest and bond interest expense	17,919
Other	273
	18,193
Recurring profit	63,243
Extraordinary profits:	
Gain on contributions received for construction	8,000
Other	3,007
	11,007
Extraordinary loss:	
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	7,884
Other	8,875
	16,760
Income before income taxes and minority interests	57,491
Income taxes	33,203
Income taxes- deferred	(10,342)
Minority interests	722
Net income	33,907

Consolidated Statements of Income

Three months ended June 30, 2007

	Millions of yen
	Three months ended September 30, 2007
Operating revenues	327,128
Operating expenses:	
Transportation, other services and cost of sales	233,032
Selling, general and administrative expenses	51,428
	284,460
Operating income	42,668
Non-operating revenues:	
Interest and dividend income received	92
Equity in earnings of affiliates	248
Other	916
	1,256
Non-operating expenses:	
Interest and bond interest expense	9,034
Other	100
	9,134
Recurring profit	34,790
Extraordinary profits:	
Gain on contributions received for construction	1,891
Other	2,613
	4,505
Extraordinary loss:	
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	1,879
Other	7,174
	9,054
Income before income taxes and minority interests	30,241
Income taxes	26,590
Income taxes- deferred	(14,581)
Minority interests	622
Net income	17,610

Consolidated Statements of Cash Flows

	Millions of yen
	Six months ended September 30, 2007
Cash flows from operating activities:	
Income before income taxes and minority interests	57,491
Depreciation and amortization	60,878
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	7,884
Loss on disposal of property, plant and equipment	3,336
Change in allowance for retirement benefits	16,506
Change in allowance for accrued bonuses	98
Other allowances	2,754
Interest and dividend income	(298)
Interest expenses	17,919
Equity in earnings of affiliates	(466)
Gain on contributions received for construction	(8,000)
Change in notes and accounts receivable	20,339
Change in inventories	(11,232)
Change in notes and accounts payable	(41,944)
Change in accrued consumption tax	1,289
Other	(7,490)
Subtotal	119,067
Interest and dividends income received	260
Interest paid	(17,881)
Income taxes paid	(19,681)
Net cash provided by operating activities	81,765
Cash flows from investing activities:	
Purchases of property, plant and equipment	(101,594)
Proceeds from sales of property, plant and equipment	1,398
Contributions received for constructions	25,107
Increase in investments in securities	(317)
Payments on long-term loans receivable	(414)
Collections of long-term loans receivable	121
Other	(468)
Net cash used in investing activities	(76,166)

(continued on page 20)

	Millions of yen
	Six months ended September 30, 2007
Cash flows from financing activities:	
Change in short-term loans, net	1,258
Proceeds from long-term loans	2,500
Repayment of long-term loans	(19,445)
Proceeds from issuance of bonds	9,998
Repayment of long-term payables for acquisition of railway properties	(11,289)
Cash dividends paid to the Company's shareholders	(6,026)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(112)
Other	6,442
Net cash used in financing activities	(16,674)
Change in cash and cash equivalents, net	(11,075)
Cash and cash equivalents at the beginning of the period	57,584
Cash and cash equivalents at the end of the period	46,509

Segment Information

Information by business segment

Six months ended September 30, 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	428,724	104,723	35,851	62,950	632,251	—	632,251
Intergroup operating revenues and transfers	8,218	20,405	6,678	63,893	99,195	(99,195)	—
Total sales	436,943	125,128	42,529	126,844	731,446	(99,195)	632,251
Operating expenses	374,051	122,318	30,376	125,519	652,266	(99,287)	552,978
Operating income	62,891	2,810	12,153	1,325	79,180	91	79,272

Reference Materials

Non-Consolidated Balance Sheets

	Billions of yen		
	March 31, 2008	September 30, 2008	Change
ASSETS			
Current assets:			
Total current assets	148.8	148.3	(0.5)
Fixed assets:			
Fixed assets for railway operations	1,715.7	1,694.0	(21.7)
Construction in progress	76.3	68.6	(7.7)
Investments and other assets	281.8	297.5	15.6
Total fixed assets	2,074.0	2,060.2	(13.8)
Total assets	2,222.9	2,208.5	(14.3)

	Billions of yen		
	March 31, 2008	September 30, 2008	Change
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	120.0	119.8	(0.1)
Accounts payable, etc.	467.5	416.6	(50.9)
Total current liabilities	587.5	536.5	(51.0)
Fixed liabilities:			
Bonds and long-term debt	815.6	823.1	7.4
Accrued retirement benefits	238.5	256.1	17.6
Other fixed liabilities	28.7	27.3	(1.3)
Total fixed liabilities	1,082.9	1,106.7	23.8
Total liabilities	1,670.5	1,643.2	(27.2)
Shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	403.4	426.7	23.2
Treasury stock, at cost	(9.9)	(19.9)	(9.9)
Total shareholders' equity	548.4	561.7	13.2
Valuation and translation adjustments	4.0	3.5	(0.4)
Total net assets	552.4	565.3	12.8
Total liabilities and net assets	2,222.9	2,208.5	(14.3)

Non-Consolidated Statements of Income

Six months ended September 30

	Billions of yen			%
	2007	2008	Change from the same period of the previous year	
Operating revenues:				
Transportation	390.9	394.4	3.4	0.9
Transportation incidentals	11.0	11.0	(0.0)	(0.1)
Other operations	9.7	10.4	0.7	7.3
Miscellaneous	25.9	26.8	0.9	3.5
	437.6	442.7	5.1	1.2
Operating expenses:				
Personnel costs	135.5	135.0	(0.4)	(0.3)
Non personnel costs	151.3	154.2	2.9	1.9
Rental payments, etc	12.4	12.7	0.3	2.7
Taxes	18.5	19.0	0.4	2.4
Depreciation and amortization	50.8	56.3	5.5	10.8
	368.7	377.4	8.7	2.4
Operating income	68.9	65.2	(3.6)	(5.3)
Non-operating revenues and expenses, net:				
Non-operating revenues	1.5	1.7	0.2	
Non-operating expenses	17.9	17.6	(0.2)	
	(16.4)	(15.9)	0.4	(2.9)
Recurring profit	52.5	49.3	(3.1)	(6.1)
Extraordinary profit and loss, net:				
Extraordinary profit	9.9	19.6	9.7	
Extraordinary loss	14.4	20.0	5.6	
	(4.5)	(0.4)	4.1	
Income before income taxes	47.9	48.9	0.9	1.9
Income taxes	18.8	19.6	0.8	
Net income	29.1	29.2	0.0	0.3

Passenger-Kilometers and Transportation Revenues

Six months ended September 30

	Millions of passenger-kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	2007	2008	Change		2007	2008	Change	
Amount			%	Amount			%	
Sanyo Shinkansen								
Commuter Passes	345	357	11	3.4	4.2	4.4	0.1	3.4
Non-Commuter Passes	7,620	7,732	112	1.5	168.0	169.1	1.0	0.6
Total	7,966	8,090	124	1.6	172.3	173.5	1.2	0.7
Conventional Lines								
Commuter Passes	11,887	11,965	78	0.7	72.7	73.1	0.4	0.6
Non-Commuter Passes	7,708	7,802	93	1.2	145.6	147.4	1.7	1.2
Total	19,595	19,768	172	0.9	218.3	220.6	2.2	1.0
Kyoto-Osaka-Kobe Area								
Commuter Passes	9,587	9,649	62	0.7	58.7	59.0	0.3	0.5
Non-Commuter Passes	5,115	5,186	70	1.4	93.2	94.2	1.0	1.1
Total	14,703	14,835	132	0.9	151.9	153.2	1.3	0.9
Other Lines								
Commuter Passes	2,300	2,316	16	0.7	14.0	14.1	0.1	1.0
Non-Commuter Passes	2,592	2,615	23	0.9	52.3	53.1	0.7	1.5
Total	4,892	4,932	39	0.8	66.3	67.3	0.9	1.4
Total								
Commuter Passes	12,232	12,323	90	0.7	77.0	77.5	0.5	0.8
Non-Commuter Passes	15,328	15,535	206	1.3	313.7	316.6	2.8	0.9
Total	27,561	27,858	296	1.1	390.7	394.1	3.4	0.9

Capital Expenditures

Consolidated Basis

	Six months ended September 30		Change from the same period of the previous year		Plan for year ending March 31, 2009
	2007	2008	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	72.9	68.2	(4.7)	(6.5)	
Capital expenditures, excluding contributions received for constructions	64.2	56.4	(7.7)	(12.1)	175.0
Contributions received for constructions	8.7	11.7	3.0	34.7	

Non-Consolidated Basis

	Six months ended September 30		Change from the same period of the previous year		Plan for year ending March 31, 2009
	2007	2008	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	60.8	47.3	(13.4)	(22.1)	
Capital expenditures, excluding contributions received for constructions	52.0	35.6	(16.4)	(31.6)	135.0
[Safety-related capital expenditures]	[32.2]	[20.5]	[(11.7)]	[(36.4)]	[77.0]
Contributions received for constructions	8.7	11.7	3.0	34.7	

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 Development, etc.

Forecasts for Fiscal 2009, Ending March 31, 2009

Consolidated Basis

	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:	<1.47>	<1.46>			
Transportation	861.2	867.1		5.8	0.7
Sales of goods and food services	212.8	218.4		5.5	2.6
Real estate	76.7	71.3		(5.4)	(7.1)
Other	139.3	136.2		(3.1)	(2.3)
	1,290.1	[1,298.0]	1,293.0	2.8	0.2
Operating expenses:	1,152.7	1,166.0		13.2	1.1
Operating income:					
Transportation	97.4	90.7		(6.7)	(7.0)
Sales of goods and food services	5.2	5.0		(0.2)	(5.1)
Real estate	24.6	23.5		(1.1)	(4.7)
Other	11.0	8.8		(2.2)	(20.3)
Eliminations and intergroup	(1.0)	(1.0)		0.0	
	137.4	[143.0]	127.0	(10.4)	(7.6)
Recurring profit	108.8	[114.8]	98.0	(10.8)	(10.0)
	<1.28>	<1.23>			
Net income	57.7	[64.0]	56.0	(1.7)	(3.0)

Notes: 1. Figures in bracket [] are for the year ending March 31, 2009, announced on July 30, 2008.

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

3. Revenues by each segment are from third parties.

Non-Consolidated Basis

	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	[886.5]	886.5	7.0	0.8
Operating income	109.8	[115.0]	104.0	(5.8)	(5.3)
Recurring profit	79.9	[85.5]	75.0	(4.9)	(6.2)
Net income	45.1	[51.0]	45.5	0.3	0.8

Note: Figures in bracket [] are for the year ending March 31, 2009, announced on July 30, 2008.