

West Japan Railway Company

Flash Report (Consolidated Basis)

Results for the third quarter ended December 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 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 January 30, 2009 based on information available to JR-West as of the date January 30, 2009 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.

FLASH REPORT (CONSOLIDATED BASIS)

Company name: **West Japan Railway Company**

Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya and Fukuoka Stock Exchanges

Code number: 9021 URL: <http://www.westjr.co.jp>

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

1. Results for the third quarter of fiscal 2009 (from April 1, 2008 to December 31, 2008)

(1) Operating results

Nine months ended December 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	961,787	—	113,346	—	89,751	—	52,655	—
2007	955,718	1.5	121,909	3.2	98,005	6.8	52,175	5.0

	Net income per share	Net income per share after dilution
	Yen	Yen
2008	26,667.50	—
2007	26,129.31	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2008	2,472,038	696,002	26.8	338,961.74
March 31, 2008	2,462,831	670,838	25.9	322,294.60

(Reference) Total shareholders' equity: December 31, 2008: ¥662,101 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)	28,476.92

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

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):
December 31, 2008: 2,000,000 shares March 31, 2008: 2,000,000 shares
 - 2) Number of treasury stock
December 31, 2008: 46,678 shares March 31, 2008: 18,365 shares
 - 3) Average number of shares outstanding for each period (cumulative term):
Nine months ended December 31: 2008: 1,974,508 shares 2007: 1,996,807 shares

<Reference>

1. Consolidated Results for the third quarter of fiscal 2009 (from October 1, 2008 to December 31, 2008)

Operating results

Three months ended December 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	326,835	—	40,487	—	32,738	—	19,268	—
2007	323,467	—	42,637	—	34,761	—	18,267	—

	Net income per share	Net income per share after dilution
	Yen	Yen
2008	9,822.60	—
2007	9,169.26	—

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 nine-month period ended December 31, 2008, to further enhance the safety program we formulated a Basic Safety Plan, 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 third quarter period (the nine months from April 1, 2008 to December 31, 2008) rose 0.6% over the same period of the previous fiscal year to ¥961.7 billion, though earnings were affected by increased energy and miscellaneous costs stemming from the rise in oil prices, and by an increase in depreciation from safety-related investments. Operating income declined 7.0% to ¥113.3 billion, and recurring profit was down 8.4% to ¥89.7 billion, while net income rose 0.9% over the same period of the previous fiscal year to ¥52.6 billion.

1. Qualitative Information on Consolidated Business Results

Consolidated Results for the Third Quarter Period of Fiscal 2009 (April – December 2008)

Operating revenues:	¥961.7 billion
Operating income:	¥113.3 billion
Recurring profit:	¥89.7 billion
Net income:	¥52.6 billion

Results by Business Segment

(1) Transportation Operations

In the railway business, JR-West continued to pursue improvement measures that reflected the remarks including “proposals” and “opinions” noted in the investigation report on the Fukuchiyama Line accident. Further, to help “build a corporate system to ensure no accidents to produce casualties among our customers and no serious labor accidents to our employees” in accordance with the Basic Safety Plan formulated in April 2008, we implemented a risk assessment system, as well as continued to move forward with 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 crossings, replaced grade crossings with overpasses, and strengthened pillars supporting elevated tracks against earthquakes. We also installed windbreak screens on the Kosei Line between Hira and Omi-Maiko stations, which have been in use since December 2008. 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, JR-West took steps to improve customer convenience, including increasing the number of *Nozomi* trains on the Sanyo Shinkansen during peak travel periods, and for conventional lines in October JR-West opened Katsuragawa Station on the JR Kyoto Line between Nishioji and Mukomachi stations. At the end of November 2008 JR-West ceased regular operation of 0-series Shinkansen trains, replacing them in December with 500-series trains operating a *Kodama* service. We also held a ceremonial last running of a 0-series train.

In marketing initiatives, JR-West promoted use of the Sanyo 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 also worked in cooperation with local governments, travel agents and other

JR companies to stimulate demand for tourism, such as through the DISCOVER WEST Campaign. We further made reservations more convenient by introducing a ticket-less limited express service for the Haruka and Biwako Express trains.

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. We also completed installation of AED (automated external defibrillator) systems on all Sanyo Shinkansen trains.

In environmental issues, JR-West established a structure for Group-wide promotion of measures to address the social issue reducing CO₂ emissions, and released information to promote itself as a railway friendly to the global environment.

In ferry services (the Miyajima Line) JR-West established a subsidiary to which it transferred the ferry services business, establishing a structure that allows for timely and appropriate decision-making. We also further enhanced safety and developed detailed marketing measures.

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 by revising timetables in December for routes from the Kyoto, Osaka and Kobe area to Shinjuku, Tokyo, and for routes to Awajishima and Naruto.

As a result, operating revenues for Transportation Operations segment increased 0.8% over the same period of the previous fiscal year, to ¥651.3 billion. Operating income, however, declined 5.0%, to ¥89.4 billion due to increased energy and miscellaneous costs related to higher fuel prices, and an increase in depreciation and amortization stemming from safety-related investments.

JR-West's railway revenues (on a non-consolidated basis) for the third quarter declined 0.2% (¥0.4 billion), from the same period of the previous fiscal year, due to the growing impact from the economic slowdown.

(2) Sales of Goods and Food Services

JR-West moved forward with preparations for the opening of a new department store in the New North Building of Osaka Station through the planning office of West Japan Railway Isetan Ltd. We also continued to work to make stations more attractive, such as through opening a Daily Inn convenience store stand at Himeji Station following completion of work to elevate railway tracks.

As a result, operating revenues in the Sales of Goods and Food Services segment rose 2.8% over the same period of the previous fiscal year, to ¥163.8 billion, with operating income up 2.7%, to ¥4.5 billion.

(3) Real Estate Business

JR-West worked to develop station premises and surrounding areas, including opening the JR Fukuchiyama Station No. 2 NK Building, with a large sporting good volume retailer as a tenant, on the south side of Fukuchiyama Station, and the opening of PLiE HIMEJI shopping center at the main central entrance of Himeji station. We also moved steadily forward with the plan for the Osaka Station Development Project, including making progress with the renovation of Osaka Station and work to develop the New North Building. 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 were on a par with the same period of the previous fiscal year at ¥52.9 billion, with operating income down 3.2%, to ¥17.9 billion.

(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 facilities, as well as hosted various events.

For the ICOCA e-money service we worked to enhance the value of ICOCA through efforts to expand the number of stores in stations and around town where the service can be used.

As a result, operating revenues in the Other Businesses segment declined 3.5% over the same period of the previous fiscal year, to ¥93.6 billion, with operating income down 84.3% to ¥0.6 billion. This was due mainly to a falloff in income in the travel and hotel business during the third quarter due to the impact from the sluggish economy.

2. Qualitative Information on the Consolidated Financial Position

(1) Cash flows from operating activities

Cash provided by operating activities amounted to ¥111.0 billion, a decline of ¥19.7 billion from the same period of the previous fiscal year. This was due mainly to an increase in income taxes paid.

(2) Cash flows from investing activities

Cash used in investing activities amounted to ¥105.3 billion, a decline of ¥7.0 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 ¥10.4 billion. This was due mainly to the issuance of corporate bonds.

As a result, cash and cash equivalents at the end of the subject period, increased ¥16.7 billion from March 31, 2008, to ¥61.3 billion.

The year-on-year percentages and amounts presented in the Qualitative Information on pages five through eight are references for comparison with the same period of the previous fiscal year.

3. Qualitative Information on Consolidated Forecasts

The outlook for the Japanese economy is likely to remain uncertain, as the slowdown in the world economy precipitated by the turmoil in global financial markets has begun to impact the domestic real economy.

JR-West's Transportation Operations revenue is subject to the slowdown in the domestic economy and the deterioration of personal consumption. Consolidated subsidiaries may also be affected by recession in such areas of the domestic economy as travel, hotel and construction.

Despite these uncertainties in the business environment affecting the Company, since as of this time consolidated earnings are basically in line with forecasts, JR-West is making no changes to the forecasts for the fiscal year ending March 31, 2009 announced on October 31, 2008.

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	
	December 31, 2008	March 31, 2008
ASSETS		
Current assets:		
Cash	61,537	44,836
Notes and accounts receivable-trade	15,009	19,139
Railway fares receivable	19,381	21,836
Accounts receivable	42,698	48,451
Inventories	40,542	22,246
Deferred tax assets	13,296	19,938
Other current assets	63,821	45,025
Less allowance for doubtful accounts	(516)	(335)
Total current assets	255,771	221,138
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	959,804	979,074
Machinery and transport equipment	273,881	282,599
Land	657,813	657,469
Construction in progress	78,800	81,301
Other property, plant and equipment	24,985	28,195
Total Property, plant and equipment	1,995,286	2,028,639
Intangible fixed assets	19,069	20,017
Investments and other assets:		
Investments in securities	56,541	60,038
Deferred tax assets	121,954	109,035
Other investments and assets	24,544	24,897
Less allowance for doubtful accounts	(1,177)	(998)
Total Investments and other assets	201,863	192,973
Total fixed assets	2,216,219	2,241,630
Deferred assets	47	62
Total assets	2,472,038	2,462,831

	Millions of yen	
	December 31, 2008	March 31, 2008
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes and accounts payable-trade	36,080	48,109
Short-term loans	14,774	13,630
Current portion of redemption of corporate bonds	25,000	45,000
Current portion of long-term debt	42,867	42,979
Current portion of long-term payables for acquisition of railway properties	34,346	34,598
Current portion of long-term accounts payable	31	31
Accounts payable	54,453	126,772
Accrued consumption tax	8,495	3,135
Accrued income tax	15,715	37,589
Prepaid railway fares received	34,307	31,260
Advances received	90,886	66,574
Allowance for bonuses	17,585	34,817
Allowance for point program	926	670
Other current liabilities	119,216	93,526
Total current liabilities	494,688	578,698
Fixed liabilities:		
Bonds	289,965	234,964
Long-term debt	211,804	206,531
Long-term payables for acquisition of railway properties	381,948	392,872
Long-term accounts payable	261	285
Deferred tax liabilities	151	141
Accrued retirement benefits	285,926	257,038
Allowance for antiseismic reinforcement measures	1,208	2,222
Allowance for environmental safety measures	10,751	11,466
Allowance for unredeemed gift tickets	2,333	2,667
Other long-term liabilities	96,994	105,105
Total fixed liabilities	1,281,346	1,213,294
Total liabilities	1,776,035	1,791,993

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	Millions of yen	
	December 31, 2008	March 31, 2008
NET ASSETS		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	529,362	489,366
Treasury stock, at cost	(23,710)	(10,343)
Total shareholders' equity	660,651	634,022
Valuation and translation adjustments:		
Net unrealized holding gain on securities	1,697	4,552
Deferred gains or losses on hedges	(248)	95
Total valuation and translation adjustments	1,449	4,647
Minority interests	33,901	32,167
Total net assets	696,002	670,838
Total liabilities and net assets	2,472,038	2,462,831

(2) Consolidated Statements of Income

Nine months ended December 31, 2008

	Millions of yen
	Nine months ended December 31, 2008
Operating revenues	961,787
Operating expenses:	
Transportation, other services and cost of sales	692,804
Selling, general and administrative expenses	155,635
	848,440
Operating income	113,346
Non-operating revenues:	
Interest received	102
Dividend income received	409
Reversal of administrative fee for entrusted construction	189
Equity in earnings of affiliates	386
Other	1,951
	3,039
Non-operating expenses:	
Interest expense	25,972
Other	661
	26,634
Recurring profit	89,751
Extraordinary profits:	
Gain on contributions received for construction	35,196
Other	3,316
	38,512
Extraordinary losses:	
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	34,068
Other	3,962
	38,031
Income before income taxes and minority interests	90,233
Income taxes:	
Current	40,742
Deferred	(4,067)
	36,675
Minority interests	902
Net income	52,655

Three months ended December 31, 2008

	Millions of yen
	Three months ended December 31, 2008
Operating revenues	326,835
Operating expenses:	
Transportation, other services and cost of sales	233,999
Selling, general and administrative expenses	52,348
	286,347
Operating income	40,487
Non-operating revenues:	
Interest received	55
Dividend income received	112
Reversal of administrative fee for entrusted construction	104
Equity in earnings of affiliates	162
Other	732
	1,167
Non-operating expenses:	
Interest expense	8,686
Other	228
	8,915
Recurring profit	32,738
Extraordinary profits:	
Gain on contributions received for construction	15,995
Other	1,593
	17,588
Extraordinary losses:	
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	15,094
Other	1,803
	16,898
Income before income taxes and minority interests	33,429
Income taxes:	
Current	9,288
Deferred	4,426
	13,715
Minority interests	445
Net income	19,268

(3) Consolidated Statements of Cash Flows

Nine months ended December 31, 2008

	Millions of yen
	Nine months ended December 31, 2008
Cash flows from operating activities:	
Income before income taxes and minority interests	90,233
Depreciation and amortization	101,196
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	34,068
Loss on disposal of property, plant and equipment	3,362
Change in allowance for doubtful accounts	331
Change in allowance for retirement benefits	28,880
Change in allowance for accrued bonuses	(17,263)
Interest and dividend income	(511)
Interest expenses	25,972
Equity in earnings of affiliates	(386)
Gain on contributions received for construction	(35,196)
Change in notes and accounts receivable	15,024
Change in inventories	(18,224)
Change in notes and accounts payable	(8,989)
Change in accrued consumption tax	5,347
Other	(31,061)
Subtotal	192,784
Interest and dividends income received	260
Interest paid	(18,818)
Income taxes paid	(63,180)
Net cash provided by operating activities	111,045
Cash flows from investing activities:	
Purchases of property, plant and equipment	(132,589)
Proceeds from sales of property, plant and equipment	1,691
Contributions received for constructions	32,311
Increase in investments in securities	(6,127)
Payments on long-term loans receivable	(684)
Collections of long-term loans receivable	349
Other	(298)
Net cash used in investing activities	(105,347)

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	Millions of yen
	Nine months ended December 31, 2008
Cash flows from financing activities:	
Change in short-term loans, net	106
Proceeds from long-term loans	45,200
Repayment of long-term loans	(40,062)
Proceeds from issuance of bonds	55,000
Redemption of corporate bonds	(20,000)
Repayment of long-term payables for acquisition of railway properties	(11,176)
Purchases of treasury stock	(13,367)
Cash dividends paid to the Company's shareholders	(12,842)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(126)
Other	7,697
Net cash used in financing activities	10,428
Change in cash and cash equivalents, net	16,126
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	61,307

(4) Segment Information

Information by business segment

Nine months ended December 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	651,316	163,856	52,988	93,624	961,787	—	961,787
Intergroup operating revenues and transfers	12,600	33,755	9,754	103,684	159,794	(159,794)	—
Total sales	663,916	197,612	62,743	197,309	1,121,581	(159,794)	961,787
Operating income	89,486	4,584	17,957	672	112,699	647	113,346

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 agency, 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, had acquired 28,313 shares of its own stock by December 31, 2008.

As a result, during the subject period the value of treasury stock increased ¥13,367 million, to ¥23,710 million at the end of the subject third quarter (December 31, 2008).

Reference Materials

Consolidated Statements of Income

Nine months ended December 31, 2007

	Millions of yen
	Nine months ended December 31, 2007
Operating revenues	955,718
Operating expenses	833,808
Operating income	121,909
Non-operating revenues	3,204
Non-operating expenses	27,109
Recurring profit	98,005
Extraordinary profits	14,972
Extraordinary loss	23,743
Income before income taxes and minority interests	89,235
Income taxes	35,867
Minority interests	1,192
Net income	52,175

Three months ended December 31, 2007

	Millions of yen
	Three months ended December 31, 2007
Operating revenues	323,467
Operating expenses	280,829
Operating income	42,637
Non-operating revenues	1,039
Non-operating expenses	8,915
Recurring profit	34,761
Extraordinary profits	3,964
Extraordinary loss	6,982
Income before income taxes and minority interests	31,743
Income taxes	13,006
Minority interests	469
Net income	18,267

Consolidated Statements of Cash Flows

Nine months ended December 31, 2007

	Millions of yen
	Nine months ended December 31, 2007
Cash flows from operating activities:	
Income before income taxes and minority interests	89,235
Depreciation and amortization	93,324
Change in allowance for retirement benefits	26,783
Income taxes paid	(41,150)
Other	(37,384)
Net cash provided by operating activities	130,808
Cash flows from investing activities:	
Purchases of property, plant and equipment	(145,402)
Contributions received for constructions	33,000
Other	17
Net cash used in investing activities	(112,384)
Cash flows from financing activities:	
Change in long-term debt, net	(21,418)
Cash dividends paid	(11,810)
Other	(8,440)
Net cash used in financing activities	(41,668)
Change in cash and cash equivalents, net	(23,244)
Cash and cash equivalents at the beginning of the period	57,584
Cash and cash equivalents at the end of the period	34,340

Segment Information

Information by business segment

Nine months ended December 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	646,460	159,417	52,850	96,989	955,718	—	955,718
Intergroup operating revenues and transfers	12,388	31,534	10,257	100,285	154,465	(154,465)	—
Total sales	658,848	190,952	63,108	197,275	1,110,184	(154,465)	955,718
Operating expenses	564,607	186,487	44,557	192,980	988,633	(154,824)	833,808
Operating income	94,241	4,464	18,551	4,294	121,551	358	121,909

Reference Materials

Non-Consolidated Balance Sheets

	Billions of yen		
	March 31, 2008	December 31, 2008	Change
ASSETS			
Current assets:			
Total current assets	148.8	169.8	20.9
Fixed assets:			
Fixed assets for railway operations	1,715.7	1,685.9	(29.8)
Construction in progress	76.3	60.0	(16.3)
Investments and other assets	281.8	300.9	19.0
Total fixed assets	2,074.0	2,046.9	(27.0)
Total assets	2,222.9	2,216.8	(6.0)

	Billions of yen		
	March 31, 2008	December 31, 2008	Change
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	120.0	99.8	(20.1)
Accounts payable, etc.	467.5	388.5	(79.0)
Total current liabilities	587.5	488.3	(99.2)
Fixed liabilities:			
Bonds and long-term debt	815.6	866.5	50.8
Accrued retirement benefits	238.5	266.4	27.9
Other fixed liabilities	28.7	26.7	(1.9)
Total fixed liabilities	1,082.9	1,159.7	76.8
Total liabilities	1,670.5	1,648.1	(22.3)
Shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	403.4	435.7	32.3
Treasury stock, at cost	(9.9)	(23.3)	(13.3)
Total shareholders' equity	548.4	567.4	18.9
Valuation and translation adjustments	4.0	1.3	(2.6)
Total net assets	552.4	568.7	16.2
Total liabilities and net assets	2,222.9	2,216.8	(6.0)

Non-Consolidated Statements of Income

Nine months ended December 31

	Billions of yen			%
	2007	2008	Change from the same period of the previous year	
Operating revenues:				
Transportation	589.5	592.6	3.0	0.5
Transportation incidentals	16.4	16.3	(0.0)	(0.5)
Other operations	14.7	15.7	1.0	6.9
Miscellaneous	38.8	40.5	1.6	4.3
	659.7	665.3	5.6	0.9
Operating expenses:				
Personnel costs	202.7	202.1	(0.5)	(0.3)
Non personnel costs	232.7	234.2	1.5	0.7
Rental payments, etc	18.5	19.0	0.5	2.8
Taxes	24.1	24.8	0.7	3.0
Depreciation and amortization	78.2	85.6	7.4	9.5
	556.3	566.0	9.6	1.7
Operating income	103.3	99.3	(4.0)	(3.9)
Non-operating revenues and expenses, net:				
Non-operating revenues	2.1	2.6	0.4	
Non-operating expenses	26.8	26.6	(0.1)	
	(24.6)	(24.0)	0.5	(2.4)
Recurring profit	78.7	75.2	(3.4)	(4.4)
Extraordinary profit and loss, net:				
Extraordinary profit	13.2	37.1	23.9	
Extraordinary loss	18.1	36.6	18.5	
	(4.9)	0.4	5.3	
Income before income taxes	73.7	75.7	1.9	2.6
Income taxes	29.3	30.5	1.2	
Net income	44.4	45.1	0.6	1.5

Passenger-Kilometers and Transportation Revenues

Nine months ended December 31

	Millions of passenger-kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	2007	2008	Change		2007	2008	Change	
Amount			%	Amount			%	
Sanyo Shinkansen								
Commuter Passes	512	526	14	2.8	6.4	6.6	0.1	2.9
Non-Commuter Passes	11,594	11,763	168	1.5	253.9	255.3	1.3	0.5
Total	12,107	12,290	182	1.5	260.4	261.9	1.5	0.6
Conventional Lines								
Commuter Passes	17,640	17,703	62	0.4	108.8	109.3	0.4	0.5
Non-Commuter Passes	11,658	11,778	120	1.0	219.9	220.9	0.9	0.4
Total	29,299	29,482	182	0.6	328.8	330.2	1.4	0.4
Kyoto-Osaka-Kobe Area								
Commuter Passes	14,241	14,289	47	0.3	87.8	88.1	0.3	0.4
Non-Commuter Passes	7,728	7,819	91	1.2	140.5	141.1	0.5	0.4
Total	21,969	22,108	139	0.6	228.4	229.3	0.8	0.4
Other Lines								
Commuter Passes	3,399	3,414	14	0.4	20.9	21.1	0.1	0.9
Non-Commuter Passes	3,930	3,959	29	0.7	79.4	79.8	0.3	0.5
Total	7,330	7,373	43	0.6	100.4	100.9	0.5	0.6
Total								
Commuter Passes	18,153	18,230	76	0.4	115.3	115.9	0.6	0.6
Non-Commuter Passes	23,253	23,542	288	1.2	473.9	476.2	2.3	0.5
Total	41,407	41,772	365	0.9	589.2	592.2	2.9	0.5

Capital Expenditures

Consolidated Basis

	Nine months ended December 31		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	117.8	104.6	(13.1)	(11.2)	
Capital expenditures, excluding contributions received for constructions	102.8	86.1	(16.6)	(16.2)	175.0
Contributions received for constructions	15.0	18.5	3.4	23.1	

Non-Consolidated Basis

	Nine months ended December 31		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	100.0	76.9	(23.0)	(23.0)	
Capital expenditures, excluding contributions received for constructions	84.9	58.4	(26.5)	(31.2)	135.0
[Safety-related capital expenditures]	[53.2]	[34.4]	[(18.8)]	[(35.3)]	[77.0]
Contributions received for constructions	15.0	18.5	3.4	23.1	

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.