

West Japan Railway Company

Flash Report [Based on Japanese GAAP] (Consolidated Basis)

Results for the second quarter ended September 30, 2010

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;
- infectious disease outbreak and epidemic;
- 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 28, 2010 based on information available to JR-West as of the date October 28, 2010 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 10, 2010

Start of dividend payments (Planned): November 30, 2010

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: Yes

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

1. Results for the Second Quarter of Fiscal 2010 (from April 1, 2010 to September 30, 2010)

(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	%
2010	595,631	0.8	64,694	47.4	49,675	80.1	28,762	67.9
2009	591,033	(6.9)	43,886	(39.8)	27,577	(51.6)	17,125	(48.7)

	Net income per share	Net income per share after dilution
	Yen	Yen
2010	14,853.61	—
2009	8,844.12	—

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2010	2,621,829	722,409	26.3	356,272.87
March 31, 2010	2,546,384	702,141	26.3	345,568.31

(Reference) Total shareholders' equity: September 30, 2010: ¥689,892 million, March 31, 2010: ¥669,164 million

2. Dividends

Year ended/ ending March 31

	Dividends per share				
	June 30	September 30	December 31	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2010	—	3,500.00	—	3,500.00	7,000.00
2011	—	4,000.00			
2011 (Forecast)			—	4,000.00	8,000.00

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

Regarding the revision of forecasts, refer to the press release "Notice of Variance between Forecasts and Actual Results for the First Half of the Fiscal Year Ending March 2011 (Consolidated and Non-consolidated), and Revision to Full-Year Forecasts (Consolidated and Non-consolidated)" released today (October 28, 2010).

3. Forecasts for Fiscal 2010 Ending March 31, 2011

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	1,204,500	1.2	89,500	16.9	60,500	25.8

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	34,500	38.8	17,816.42

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

4. Other

1. Significant changes in subsidiaries during the subject period: None

Note: Indicates whether there was any change in a specific subsidiary related to a change in the scope of consolidation during the subject accounting period.

2. Adoption of simplified accounting practices and special accounting policy for quarterly financial reporting: None

Note: Indicates whether simplified accounting practices or special accounting practices in the preparation of the consolidated financial statements were applied.

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: None

Note: Indicates whether there were any changes in accounting principles and procedures, or presentation method, related to the preparation of the consolidated financial statements, noted in "Significant Changes Fundamental to the Preparation of Financial Statements."

4. Number of shares issued and outstanding (Common share)

1) Number of shares issued and outstanding (including treasury stock):

Fiscal 2010 2Q	2,000,000	Fiscal 2009	2,000,000
Fiscal 2010 2Q	63,584	Fiscal 2009	63,584
Fiscal 2010 2Q	1,936,416	Fiscal 2009 2Q	1,936,416

2) Number of treasury stock

3) Average number of shares outstanding for each period (cumulative term):

* Indication regarding the status of quarterly review procedures

These financial statements are not subject to quarterly review procedures under the Financial Instruments and Exchange Act. The review of these financial statements in accordance with the Financial Instruments and Exchange Act had not been completed at the time of disclosure.

<Reference>

1. Results for the Second Quarter of Fiscal 2010 (from July 1, 2010 to September 30, 2010)

(1) Consolidated 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	%
2010	306,870	(0.6)	33,255	17.8	25,744	29.7	15,161	16.8
2009	308,607	(5.6)	28,240	(25.0)	19,853	(33.2)	12,975	(24.7)

	Net income per share	Net income per share after dilution
	Yen	Yen
2010	7,829.84	—
2009	6,700.91	—

2. Non-Consolidated Forecasts for Fiscal 2010 Ending March 31, 2011

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	827,000	1.3	74,000	26.5	46,000	54.4

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	27,500	33.6	14,194.67

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

1. QUALITATIVE INFORMATION ON THE RESULTS FOR THE SUBJECT PERIOD

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 with regard to its three pillars of management, specifically “Measures to have ourselves accepted as acting with the best of intentions by the victims of the train accident,” “Measures to enhance safety,” and “Furthering of reform.” We have also 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 proposals, opinions and other issues raised.

In response to the serious compliance issues uncovered in September 2009 that occurred during the investigation of the Fukuchiyama Line accident conducted by the Aircraft and Railway Accidents Investigation Commission, JR-West implemented measures to prevent a reoccurrence, and stepped up its efforts with regard to the three pillars of management adopted for corporate revitalization.

During the subject first half period (April 1, 2010 to September 30, 2010), JR-West held a memorial service for the victims of the Fukuchiyama Line accident, and continued to make concerted efforts with regard to the families of the victims that they would be able to accept with sincerity. Further, in consideration of the Fukuchiyama Line accident, JR-West implemented measures to help foster a safe and secure society through the JR West Anshin Foundation established in April 2009.

JR-West also worked to achieve the goal of JR-West Group’s Medium-Term Management Plan, formulated in May 2008. 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 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.

As part of its reform effort, JR-West, in accordance with the recommendations submitted by the Advisory Panel for reform of corporate culture made up of experts from outside the Company, implemented a range of measures that include raising awareness and general operations, in the recognition that such measures are the necessary counterpart to improving safety.

In response to the serious compliance issues uncovered in September 2009, JR-West is currently making concerted efforts toward preventing a reoccurrence and corporate revitalization. Specifically, we convened regular meetings of the Corporate Ethics Committee that acts as a consultative body for the Board of Directors, and implemented measures aimed at firmly establishing corporate ethics, including corporate ethics training for directors, and employee training utilizing case studies that call for difficult decisions in everyday operations. We also undertook various measures to reform the corporate culture, centered on the Corporate Revival Headquarters established in

December 2009. In April 2010 JR-West made a report to the Minister of Land, Infrastructure and Transport on the progress of its improvement measures.

The business environment for JR-West was extremely challenging, with uncertainty regarding the future of the Japanese economy and deep discounts for expressway tolls and other issues. Faced with these conditions, with the aim of long-term improvements in its corporate value, JR-West has devoted its full effort to enhancing safety in its mainstay railway business, while also working to enhance 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. We also developed various marketing strategies to stimulate travel demand, worked to secure earnings, and under the Management Improvement Headquarters established in March 2009, revised the entire business operating structure to strengthen management foundations.

As a result, on a consolidated basis, operating revenues for the subject first half (April 1 to September 30, 2010) rose 0.8% from the same period of the previous fiscal year to ¥595.6 billion. Operating income increased 47.4% from a year earlier to ¥64.6 billion, recurring profit 80.1% to ¥49.6 billion, and net income 67.9% to ¥28.7 billion.

(1) Qualitative Information on Consolidated Business Results

Consolidated Results for the Second Quarter of Fiscal 2010 (April – September 2010)

Operating revenues:	¥595.6 billion
Operating income:	¥64.6 billion
Recurring profit:	¥49.6 billion
Net income:	¥28.7 billion

Results by Business Segment

a. Transportation Operations

In the railway business, JR-West continued to pursue improvement measures that reflected the remarks, including the proposals and opinions, noted in the investigation report on the Fukuchiyama Line accident. Further, to enhance safety we continued to implement risk assessment measures aimed at “building 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. Specifically, these measures were enhanced through efforts that include sharing information on risks, and the horizontal development of recommended initiatives for effective countermeasures and risk assessment. 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, JR-West took additional steps that included enhancing the safety of crossings, and strengthening pillars supporting elevated tracks against earthquakes. Further, taking to heart the seriousness of accidents now and in the future, we expanded to all JR-West Group employees the safety training session conducted at the Railway Safety Education Center, established to teach systematically the lessons learned from accidents.

Various types of training sessions were also conducted on caring for passengers and improved response in the event of an accident.

In transportation operations, JR-West worked to enhance convenience with measures that included increasing the number of *Nozomi* trains providing direct service between Tokyo and Okayama, Hiroshima and Hakata during the “golden week” holidays from April 28 to May 5, as well as during the peak summer period, three-day weekends and regular weekends. We also increased the number of limited express trains on conventional lines.

In marketing initiatives, JR-West worked to promote use of the Sanyo Shinkansen by operating additional trains, and implementing a proactive campaign to highlight the comfort of the N700 Series, along with the convenience and price advantages of the EX-IC service and the Express Reservation system. We also enhanced railway convenience by launching in May the ICOCA direct commuter pass service with Keihan Electric Railway Co., Ltd. Further, JR-West worked in cooperation with local governments, travel agents and other JR companies to stimulate demand for tourism by offering various campaigns such as the Nara Destination Campaign, and the Japanese Beauty Hokuriku Campaign.

For customer service initiatives, JR-West expanded the use of video on station and in-car displays to provide guidance to help passengers use the railway in safety and comfort.

In environmental issues, JR-West implemented the “Think and Act Eco” initiative to encourage every employee to reconsider their lifestyles and work from an environmental perspective. We also continued with Group-wide measures incorporating customer participation, such as the “Eco Life Point” service.

In ferry services (the Miyajima Line), JR-West held special events to commemorate the first anniversary of its ferry operations, marketed the service to travel companies, and took other steps to secure revenue.

In bus services, JR-West worked to enhance customer convenience with measures including timetable revisions and flexible pricing schemes.

As a result, operating revenues for the Transportation Operations segment increased 0.6% from the same period of the previous fiscal year, to ¥403.3 billion, with operating income up 56.5%, to ¥49.8 billion.

b. Sales of Goods and Food Services

For the new department store JR Osaka Mitsukoshi Isetan in the new North Gate Building on the north side of Osaka Station, JR-West began making preparations for opening centered on the development planning office for the facility’s main business operator West Japan Railway Isetan Ltd. We also continued efforts to make stations more attractive, including opening new retail outlets such as the prepared foods shop Eki-Deli in Osaka Station following station renovations, as well as retail shops and restaurants in the renovated Hakata Station, such as Café Estación.

As a result, operating revenues in the Sales of Goods and Food Services segment fell 0.9% from the same period of the previous fiscal year, to ¥99.7 billion, on revenue declines in department store operations. Operating income, however, rose 36.9% to ¥2.0 billion due to a reduction in personnel expenses and other cuts.

c. Real Estate Business

JR-West moved forward with the development of stations and surrounding areas, including opening the JR Oji Station NK Building centered on restaurants, and the JR Tamatsukuri Station NK Building comprising health clinics. For the Osaka Station Development Project, JR-West moved steadily forward with the development of the North Gate Building and the expansion of the ACTY Osaka South Gate Building, and made various provisions for the opening of Osaka Station City, such as preparing for the opening of the Lucua specialty shop zone. We also developed condominiums on former sites of company housing. In April 2010 JR-West merged with two consolidated subsidiaries in the Hiroshima area that operate shopping centers, with the aim of strengthening their competitiveness and overall capabilities.

As a result, operating revenues for the Real Estate segment fell 1.6% from the same period of the previous fiscal year, to ¥35.9 billion, on declines in real estate development, with operating income down 1.9% to ¥11.4 billion.

d. Other Businesses

In hotel operations, JR-West worked to expand sales through such measures as renovation of restaurant facilities, and hosting various events.

In travel agency operations, JR-West worked to increase sales by developing and enhancing the convenience of travel packages sold through the internet sales system, and by expanding the lineup of products that utilize the railway.

For the ICOCA e-money service, we worked to provide more opportunities to use the service around town, such as for tickets to events and tourist facilities.

As a result, operating revenues in the Other Businesses segment rose 6.8% from the same period of the previous fiscal year, to ¥56.6 billion, with operating income of ¥0.8 billion.

(2) Qualitative Information on the Consolidated Financial Position

a. Cash Flows from Operating Activities

Cash provided by operating activities amounted to ¥90.4 billion, an increase of ¥18.9 billion compared to the same period of the previous fiscal year. This was due mainly to an increase in income before income taxes and minority interests, along with a decline in income taxes paid.

b. Cash Flows from Investing Activities

Cash used in investing activities amounted to ¥128.6 billion, an increase of ¥6.5 billion compared to the same period of the previous fiscal year. This was due mainly to increases in expenditures for acquisition of fixed assets, and investments in securities.

c. Cash Flows from Financing Activities

Cash provided by financing activities amounted to ¥58.1 billion, an increase of ¥1.2 billion compared to the same period of the previous fiscal year. This was due mainly to a decrease in repayment of long-term loans.

As a result, cash and cash equivalents at the end of the subject second quarter period amounted to ¥71.0 billion, an increase of ¥19.9 billion from the end of the previous fiscal year (March 31, 2010).

(3) Qualitative Information on Consolidated Forecasts

JR-West expects the business climate for the corporate group to remain tight as a result of uncertainties in the outlook for the Japanese economy and other factors.

In response to these circumstances, JR-West will work to expand earnings by strengthening its management structure through revision to the entire operational framework. At the same time, we will continue to implement measures to further improve safety, as well as steadily implement business strategies for sustainable development, including direct through-service operations on the Sanyo and Kyushu Shinkansen lines from March 2011, and the opening of Osaka Station City in spring 2011.

Considering that at this point full-year earnings for the corporate group are expected to exceed initial forecasts, JR-West is revising upward its forecasts for consolidated operating revenues, operating income, recurring profit and net income for the fiscal year ending March 2011 from those disclosed on July 28, 2010.

Consolidated forecasts for the Year Ending March 31, 2011

Operating revenues:	¥1,204.5 billion	(up 1.2% YoY)
Operating income:	¥89.5 billion	(up 16.9% YoY)
Recurring profit:	¥60.5 billion	(up 25.8% YoY)
Net income:	¥34.5 billion	(up 38.8% YoY)

Note: Forecasts are based on certain assumptions considered reasonable at the time of this announcement, and are subject to change.

In addition, the JR-West Group has clarified and specified the focus of its medium to long-term management as outlined in the press release "Revisions to the JR-West Group's Medium-term Management Plan 2008 - 2012" released today.

2. OTHER INFORMATION

(1) Changes in Accounting Principles, Procedures or Presentation Method

Application of "Accounting Standard for Equity Method of Accounting for Investments" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"

From the first quarter of the subject fiscal year, JR-West has applied "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, March 10, 2008), and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, March 10, 2008).

There is no impact on the consolidated financial statements as a result of this change.

Application of accounting standard for asset retirement obligations

From the first quarter of the subject fiscal year, JR-West has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 10, 2008).

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

Application of accounting standards for business combinations

From the first quarter of the subject fiscal year, JR-West has applied “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008); “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008); “Partial amendments to ‘Accounting Standard for Research and Development Costs’” (ASBJ Statement No. 23, December 26, 2008); “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008); “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008); and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

3. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

	Millions of yen	
	September 30, 2010	March 31, 2010
ASSETS		
Current assets:		
Cash	53,872	51,314
Notes and accounts receivable-trade	12,875	14,282
Railway fares receivable	22,877	22,714
Accounts receivable	33,271	42,038
Short-term investment securities	47,400	—
Inventories	41,897	29,534
Deferred income taxes	18,694	17,857
Other current assets	48,980	46,351
Less allowance for doubtful accounts	(827)	(840)
Total current assets	279,043	223,254
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	964,820	989,472
Machinery and transport equipment	294,100	285,890
Land	659,003	658,809
Construction in progress	148,600	107,533
Other property, plant and equipment	28,690	30,570
Total property, plant and equipment	2,095,214	2,072,276
Intangible fixed assets	22,690	24,933
Investments and other assets:		
Investments in securities	58,855	59,327
Deferred tax assets	138,232	139,030
Other investments and assets	28,934	28,729
Less allowance for doubtful accounts	(1,157)	(1,188)
Total investments and other assets	224,864	225,898
Total fixed assets	2,342,769	2,323,107
Deferred assets:	16	22
Total assets	2,621,829	2,546,384

	Millions of yen	
	September 30, 2010	March 31, 2010
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	33,894	47,999
Short-term loans	27,780	12,932
Current portion of long-term debt	30,858	33,428
Current portion of long-term payables for acquisition of railway properties	35,328	30,020
Current portion of long-term accounts payable	31	31
Accounts payable	61,468	102,385
Accrued consumption tax	4,311	1,901
Accrued income tax	21,572	13,793
Prepaid railway fares received	36,153	31,450
Advances received	64,483	35,060
Allowance for bonuses	32,854	33,032
Allowance for point program	827	580
Other current liabilities	93,529	85,586
Total current liabilities	443,095	428,201
Fixed liabilities:		
Bonds	434,969	384,968
Long-term debt	274,241	260,820
Long-term payables for acquisition of railway properties	313,338	329,474
Long-term accounts payable	206	222
Deferred tax liabilities	234	213
Accrued retirement benefits	321,113	324,801
Allowance for environmental safety measures	8,165	9,039
Provision for unredeemed gift certificates	2,493	2,715
Other long-term liabilities	101,561	103,785
Total fixed liabilities	1,456,324	1,416,040
Total liabilities	1,899,419	1,844,242

(continued on page 13)

	Millions of yen	
	September 30, 2010	March 31, 2010
NET ASSETS		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	565,295	543,323
Treasury stock, at cost	(30,343)	(30,343)
Total shareholders' equity	689,952	667,980
Valuation and translation adjustments:		
Net unrealized holding gain on securities	411	1,292
Deferred gains or losses on hedges	(470)	(108)
Total Valuation and translation adjustments	(59)	1,183
Minority interests	32,517	32,977
Total net assets	722,409	702,141
Total liabilities and net assets	2,621,829	2,546,384

2. Consolidated Statements of Income

Six months ended September 30

	Millions of yen	
	2009	2010
Operating revenues	591,033	595,631
Operating expenses:		
Transportation, other services and cost of sales	448,651	449,790
Selling, general and administrative expenses	98,495	81,146
Total operating expenses	547,146	530,936
Operating income	43,886	64,694
Non-operating revenues:		
Interest income	82	85
Dividend income	178	167
Transfer from administrative fee of contracted construction	78	115
Equity in earnings of affiliates	402	1,227
Other	949	1,340
Total non-operating revenues	1,691	2,937
Non-operating expenses:		
Interest expense	17,178	16,850
Other	822	1,106
Total non-operating expenses	18,001	17,956
Recurring profit	27,577	49,675
Extraordinary profits:		
Gain on contributions received for construction	8,422	8,497
Other	3,414	1,674
Total extraordinary profits	11,837	10,171
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	8,073	8,283
Other	3,262	1,863
Total extraordinary losses	11,335	10,146
Income before income taxes and minority interests	28,079	49,700
Income taxes- Current	18,820	20,427
Income taxes- Deferred	(7,426)	858
Total income taxes	11,394	21,286
Income before minority interests in loss	—	28,413
Minority interests in loss	(440)	(348)
Net income	17,125	28,762

Three months ended September 30

	Millions of yen	
	2009	2010
Operating revenues	308,607	306,870
Operating expenses:		
Transportation, other services and cost of sales	231,764	232,788
Selling, general and administrative expenses	48,602	40,826
Total operating expenses	280,366	273,614
Operating income	28,240	33,255
Non-operating revenues:		
Interest income	53	55
Dividend income	79	85
Transfer from administrative fee of contracted construction	69	100
Equity in earnings of affiliates	—	748
Other	561	563
Total non-operating revenues	764	1,553
Non-operating expenses:		
Interest expense	8,738	8,525
Other	413	539
Total non-operating expenses	9,151	9,064
Recurring profit	19,853	25,744
Extraordinary profits:		
Gain on contributions received for construction	5,402	3,595
Other	2,390	851
Total extraordinary profits	7,793	4,446
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	5,223	3,470
Other	1,016	872
Total extraordinary losses	6,240	4,343
Income before income taxes and minority interests	21,406	25,848
Income taxes- Current	17,606	16,733
Income taxes- Deferred	(9,074)	(6,137)
Total income taxes	8,531	10,595
Income before minority interests in loss	—	15,252
Minority interests in loss	(100)	91
Net income	12,975	15,161

3. Consolidated Statements of Cash Flows

Six months ended September 30

	Millions of yen	
	2009	2010
Cash flows from operating activities		
Income before income taxes and minority interests	28,079	49,700
Depreciation and amortization	67,985	71,954
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	8,073	8,283
Loss on disposal of property, plant and equipment	2,439	2,674
Change in allowance for doubtful accounts	152	(44)
Change in allowance for retirement benefits	16,592	(3,688)
Change in allowance for accrued bonuses	91	(178)
Interest and dividend income	(260)	(253)
Interest expenses	17,178	16,850
Equity in earnings of affiliates	(402)	(1,227)
Gain on contributions received for construction	(8,422)	(8,497)
Change in notes and accounts receivable	22,273	12,496
Change in inventories	(12,914)	(12,362)
Change in notes and accounts payable	(13,106)	(7,721)
Change in accrued consumption tax	(1,717)	2,410
Other	(13,760)	(12,052)
Subtotal	112,284	118,342
Interest and dividends income received	228	224
Interest paid	(17,112)	(16,797)
Income taxes paid	(23,948)	(11,319)
Net cash provided by (used in) operating activities	71,452	90,450
Cash flows from investing activities		
Payments for time deposits with a maturity of more than three months	(35,050)	(50)
Proceeds for time deposits with a maturity of more than three months	—	50
Purchase of short-term investment securities	—	(30,000)
Purchases of property, plant and equipment	(108,634)	(121,687)
Proceeds from sales of property, plant and equipment	1,539	248
Contributions received for constructions	20,982	23,484
Increase in investments in securities	(812)	(248)
Payments of loans receivable	(390)	(614)
Collections of long-term loans receivable	327	560
Other	(88)	(428)
Net cash used in investing activities	(122,127)	(128,684)

(continued on page 17)

	Millions of yen	
	2009	2010
Cash flows from financing activities		
Change in short-term loans	(16,031)	1,953
Proceeds from long-term loans	61,900	18,300
Repayment of long-term debt	(37,962)	(7,464)
Proceeds from issuance of bonds	65,000	50,000
Repayment of long-term payables for acquisition of railway properties	(11,036)	(10,827)
Cash dividends paid to the Company's shareholders	(6,761)	(6,771)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(117)	(117)
Other	1,862	13,064
Net cash provided by financing activities	56,853	58,137
Change in cash and cash equivalents, net	6,178	19,903
Cash and cash equivalents at the beginning of the period	41,184	51,084
Increase in cash and cash equivalents from newly consolidated subsidiaries	2,201	54
Cash and cash equivalents at the end of the period	49,563	71,042

4. Segment Information

Information by Business Segment

Six months ended September 30, 2009

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other businesses	Total	Eliminations and intergroup	Consolidated
Operating revenues:							
Operating revenues from third parties	400,809	100,673	36,528	53,201	591,033	—	591,033
Intergroup operating revenues and transfers	8,119	23,850	6,555	68,605	107,131	(107,131)	—
Total operating revenues	408,929	124,523	43,084	121,626	698,164	(107,131)	591,033
Operating income (loss)	31,872	1,493	11,726	(1,490)	43,602	284	43,886

Notes: 1. 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.

2. 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 businesses:	Hotels, travel services, construction, etc.

Segment Information

(1) Overview of Reportable Segments

The JR-West Group's reportable segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources, and evaluate earnings performance.

The JR-West Group's principal business segments are "Transportation," "Sales of Goods and Food Services" and "Real Estate." Classification by category of the businesses that compose JR-West and its Group companies allows for management of business operations by JR-West or the respective Group company.

Accordingly, the JR-West Group comprises segments by business, and has the three reportable segments of "Transportation," "Sales of Goods and Food Services" and "Real Estate." The "Transportation" segment comprises the railway business, ferry business, and passenger vehicle transport operations. The "Sales of Goods and Food Services" segment comprises department store operations, retail goods and food service operations, and wholesale operations for various types of goods. The "Real Estate" segment comprises real estate sales and leasing operations, and shopping center management operations.

(2) Operating Revenues and Earnings (or Loss) by Reportable Segment

Six months ended September 30, 2010

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other businesses	Total	Eliminations and intergroup	Consolidated
Operating revenues:							
Operating revenues from third parties	403,332	99,728	35,941	56,628	595,631	—	595,631
Intergroup operating revenues and transfers	8,812	24,332	6,869	64,482	104,496	(104,496)	—
Total operating revenues	412,144	124,060	42,811	121,111	700,128	(104,496)	595,631
Operating income	49,882	2,044	11,498	874	64,300	393	64,694

Notes: 1. The "Other Businesses" category is a business segment not including in reportable segments. It includes such operations as hotels, travel services, and construction business.

2. The segment earnings adjustment of ¥393 million mainly comprises unrealized gains on fixed assets that straddle segments.

3. Segment earnings (or loss) are adjusted to the operating income figure on the Consolidated Statements of Income.

Additional Information

From the first quarter of the subject fiscal year, JR-West has applied "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009), and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008).

Reference Materials

Non-Consolidated Balance Sheets

	Billions of yen		
	March 31, 2010	September 30, 2010	Change
ASSETS			
Current assets:			
Total current assets	157.5	206.8	49.3
Fixed assets:			
Fixed assets for railway operations	1,734.9	1,720.6	(14.2)
Construction in progress	65.5	84.8	19.3
Investments and other assets	329.0	344.9	15.8
Total fixed assets	2,129.4	2,150.4	21.0
Total assets	2,286.9	2,357.3	70.4

	Billions of yen		
	March 31, 2010	September 30, 2010	Change
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	61.2	64.0	2.7
Accounts payable	368.0	375.3	7.3
Total current liabilities	429.3	439.3	10.0
Fixed liabilities:			
Bonds and long-term debt	960.8	1,009.1	48.3
Accrued retirement benefits	303.8	300.7	(3.1)
Other fixed liabilities	24.8	22.9	(1.9)
Total fixed liabilities	1,289.5	1,332.8	43.3
Total liabilities	1,718.8	1,772.2	53.3
Shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	442.0	459.8	17.8
Treasury stock, at cost	(29.9)	(29.9)	—
Total shareholders' equity	567.0	584.8	17.8
Valuation and translation adjustments	1.0	0.2	(0.8)
Total net assets	568.1	585.1	17.0
Total liabilities and net assets	2,286.9	2,357.3	70.4

Non-Consolidated Statements of Income

Six months ended September 30

	Billions of yen			%
	2009	2010	Change from the same period of the previous year	
Operating revenues:				
Transportation	362.6	365.0	2.4	0.7
Transportation incidentals	10.1	9.7	(0.3)	(3.9)
Other operations	10.5	10.9	0.3	3.5
Miscellaneous	27.2	28.5	1.3	4.8
	410.5	414.3	3.7	0.9
Operating expenses:				
Personnel costs	134.2	116.6	(17.6)	(13.1)
Non personnel costs:				
Energy costs	17.1	16.9	(0.1)	
Maintenance costs	56.8	55.4	(1.4)	
Miscellaneous costs	75.6	76.1	0.4	
	149.6	148.5	(1.0)	(0.7)
Rental payments	12.6	12.6	(0.0)	(0.1)
Taxes	18.2	18.2	0.0	0.0
Depreciation and amortization	57.2	61.2	4.0	7.0
	371.9	357.3	(14.6)	(3.9)
Operating income	38.5	57.0	18.4	47.7
Non-operating revenues and expenses, net:				
Non-operating revenues	1.1	1.8	0.6	
Non-operating expenses	17.5	17.0	(0.4)	
	(16.3)	(15.1)	1.1	(7.0)
Recurring profit	22.2	41.8	19.5	87.9
Extraordinary profit and loss, net:				
Extraordinary profit	11.3	9.3	(1.9)	
Extraordinary loss	9.1	9.3	0.2	
	2.1	(0.0)	(2.1)	
Income before income taxes	24.3	41.7	17.3	71.2
Income taxes	9.7	17.0	7.3	
Net income	14.6	24.6	9.9	68.2

Passenger-Kilometers and Transportation Revenues

	Millions of passenger-kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Six months ended September 30		Change		Six months ended September 30		Change	
	2009	2010	Amount	%	2009	2010	Amount	%
Sanyo Shinkansen								
Commuter Passes	363	368	5	1.4	4.5	4.5	0	0.8
Non-Commuter Passes	7,054	7,328	273	3.9	152.7	156.4	3.7	2.5
Total	7,418	7,696	278	3.8	157.2	161.0	3.8	2.4
Conventional Lines								
Commuter Passes	11,791	11,747	(43)	(0.4)	71.9	71.4	(0.5)	(0.7)
Non-Commuter Passes	7,219	7,175	(44)	(0.6)	133.4	132.5	(0.8)	(0.6)
Total	19,011	18,923	(88)	(0.5)	205.3	204.0	(1.3)	(0.6)
Kyoto-Osaka-Kobe Area								
Commuter Passes	9,510	9,463	(47)	(0.5)	58.0	57.5	(0.4)	(0.9)
Non-Commuter Passes	4,847	4,847	0	0.0	86.1	86.1	(0.0)	0.0
Total	14,357	14,310	(46)	(0.3)	144.2	143.6	(0.5)	(0.4)
Other Lines								
Commuter Passes	2,281	2,284	3	0.2	13.9	13.8	(0.0)	(0.1)
Non-Commuter Passes	2,372	2,327	(45)	(1.9)	47.2	46.4	(0.7)	(1.7)
Total	4,653	4,612	(41)	(0.9)	61.1	60.3	(0.8)	(1.3)
Total								
Commuter Passes	12,154	12,116	(38)	(0.3)	76.4	76.0	(0.4)	(0.6)
Non-Commuter Passes	14,274	14,503	228	1.6	286.1	289.0	2.9	1.0
Total	26,429	26,619	190	0.7	362.5	365.0	2.4	0.7

Capital Expenditures

Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for year ending March 31, 2011
	2009	2010	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	84.1	102.3	18.1	21.6	
Capital expenditures, excluding contributions received for constructions	75.5	96.3	20.8	27.5	285.0
Contributions received for constructions	8.6	5.9	(2.6)	(30.8)	

Non-Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for year ending March 31, 2011
	2009	2010	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	56.6	75.9	19.2	34.1	
Capital expenditures, excluding contributions received for constructions	48.0	69.9	21.9	45.7	215.0
[Safety-related capital expenditures]	[25.7]	[37.4]	[11.7]	[45.7]	[120.0]
Contributions received for constructions	8.6	5.9	(2.6)	(30.8)	

Major Capital Expenditures

Safety and accident-prevention measures, including installation of ATS; introduction of new rolling stock (the 225 Series), Osaka Station Development Project, etc.

Forecasts for Fiscal 2010, Ending March 31, 2011

Consolidated Basis

	Year ended March 31, 2010	Forecast for year ending March 31, 2011		Change from the same period of the previous year	
	Billions of yen	Billions of yen		Billions of yen	%
Operating revenues:	<1.46>	<1.46>			
Transportation	797.4	805.4		7.9	1.0
Sales of goods and food services	201.9	199.2		(2.7)	(1.4)
Real estate	70.9	74.2		3.2	4.6
Others	119.6	125.7		6.0	5.0
	1,190.1	[1,193.0]	1,204.5	14.3	1.2
Operating expenses	1,113.6	[1,115.0]	1,115.0	1.3	0.1
Operating income:					
Transportation	45.2	59.8		14.5	32.3
Sales of goods and food services	3.1	2.4		(0.7)	(24.4)
Real estate	22.5	21.0		(1.5)	(6.7)
Others	6.7	7.8		1.0	15.9
Elimination and corporation	(1.0)	(1.5)		(0.4)	
	76.5	[78.0]	89.5	12.9	16.9
Recurring profit	48.1	[49.0]	60.5	12.3	25.8
Net income	<1.21> 24.8	<1.25> [28.0]	34.5	9.6	38.8

Note: 1. Figures in bracket [] are current as of July 28, 2010, and were announced previously on April 28, 2010.

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, 2010	Forecast for year ending March 31, 2011		Change from the same period of the previous year	
	Billions of yen	Billions of yen		Billions of yen	%
Operating revenues:	816.7	[818.0]	827.0	10.2	1.3
Transportation	720.0	[717.0]	726.0	5.9	0.8
Operating expenses	758.2	[755.0]	753.0	(5.2)	(0.7)
Operating income:	58.5	[63.0]	74.0	15.4	26.5
Recurring profit	29.8	[35.0]	46.0	16.1	54.4
Net income	20.5	[21.0]	27.5	6.9	33.6

Note: Figures in bracket [] are current as of July 28, 2010, and were announced previously on April 28, 2010.