

**FLASH REPORT [JAPANESE GAAP] (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 9, 2011

Start of dividend payments (Planned): November 30, 2011

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: Yes

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

**1. Results for the First Half of the Fiscal Year (from April 1, 2011 to September 30, 2011)****(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	%
2011	628,118	5.5	60,391	(6.7)	44,701	(10.0)	25,764	(10.4)
2010	595,631	0.8	64,694	47.4	49,675	80.1	28,762	67.9

(Note) Comprehensive Income: Six months ended September 30, 2011: ¥24,978 million, (7.8)%;

Six months ended September 30, 2010: ¥27,085 million, —%

	Net income per share	Net income per share after dilution
	Yen	Yen
2011	133.05	—
2010	148.54	—

**(2) Financial Position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2011	2,630,064	738,689	26.9
March 31, 2011	2,672,423	721,251	25.8

(Reference) Total shareholders' equity: September 30, 2011: ¥707,043 million, March 31, 2011: ¥688,808 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
2011	—	4,000.00	—	4,000.00	8,000.00
2012	—	40.00			
2012 (Forecast)			—	40.00	80.00

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

### 3. Forecasts for Fiscal Year Ending March 31, 2012

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	1,282,000	5.6	96,000	0.0	67,500	(2.1)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	40,000	14.3	206.57

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

- For information on the revision to forecasts see "Notice of Variance between First Half Forecasts and Results, and Revision to Full-Year Forecasts for the Fiscal Year Ending March 2012" released today (October 27, 2011).

### 4. Other

- 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.

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

- Changes from accounting methods, procedures and the presentation of the quarterly consolidated financial statements:

- Changes based on revision of accounting standards: Yes
- Changes other than 1) above: None
- Changes in Accounting Estimates: None
- Restatements: None

Note: For details, see "Matters Regarding Summary Information (Other)" on page 9 of the accompanying material.

- Number of Shares Outstanding (Common stock)

	September 30, 2011	March 31, 2011
1) Number of shares issued and outstanding (including treasury stock):	200,000,000	200,000,000
2) Number of treasury stock	6,358,400	6,358,400
		Six months ended September 30, 2010
3) Average number of shares outstanding for each period (cumulative term):	193,641,600	193,641,600

The Company conducted a stock split on July 1, 2011, at a ratio of 100 ordinary shares for each ordinary share. Figures for number of shares have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.

\* 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.

Notes

1. The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.
2. The Company conducted a stock split on July 1, 2011, at a ratio of 100 ordinary shares for each ordinary share. Figures for net income have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.
3. Supplementary materials for the financial statements are posted on our homepage. The results briefing for analysts is scheduled for October 28, 2011. The materials and other information from this briefing will be posted on our homepage soon after the meeting.

**(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)**

**Forecasts for the Fiscal Year Ending March 31, 2012**

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	856,000	3.3	81,000	6.8	54,000	11.3

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	31,500	10.4	162.59

(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 October 2010, JR-West formulated and announced the “Revision of the JR-West Group’s Medium-Term Management Plan 2008-2012” in response to the unprecedented harsh situation the Company faced, and the rapid deterioration in the business climate since fall 2008. The revisions shift the focus of management more toward long-term sustainability, while clarifying the direction of medium to long-term management, along with specific measures. We have been steadily implementing these measures.

The Great East Japan Earthquake that occurred in March 2011 had a considerable impact not only on regions directly affected by the disaster, but all of Japan. The JR-West Group’s entire business operations were also affected, including railway operations. While making efforts to aid in disaster relief and rehabilitation, JR-West was forced to reduce the frequency of train operations, or to shorten train configurations due to shortages of certain parts necessary for train maintenance. However, we took steps to ensure as little inconvenience as possible to the users of our service. We are also reaffirming the current state of our risk management, and implementing a broad range of measures to ensure safety in the event of massive earthquake and tsunami. JR-West recognizes that power supply issues are a problem affecting all of Japan. We will implement energy conservation measures in stations, trains, offices and other areas to the fullest extent possible, with due consideration to the safety and convenience of users.

During the subject first half period (April 1, 2011 to September 30, 2011), JR-West conducted memorial services 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. We also conducted measures to help foster a safe and secure society through the JR-West Anshin Foundation, a public-interest association established in the wake of the Fukuchiyama Line accident.

Further, in accordance with the Corporate Philosophy and Safety Charter adopted in March 2006, and in order to establish “a corporate culture that places top priority on safety,” make further improvements in safety, regain customer trust, and realize the goal of the Basic Safety Plan to “Build a corporate system to ensure no accidents that produce casualties among our customers and no serious labor accidents to our employees,” JR-West implemented measures to establish a safety management system based on risk assessment.

For its reform efforts, in the recognition that operational reform is the necessary counterpart to improving safety, JR-West built on efforts toward “reform” and “revitalization” implemented up to now

to help establish the principle of “Thinking and Acting based on the field,” in which each employee takes a leading role at his or her workplace.

JR-West convened regular meetings of the Corporate Ethics Committee that acts as a consultative body for the Board of Directors. We also 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.

The business climate for JR-West remains challenging as a result of such factors as the impact from the Great East Japan Earthquake in March and Typhoon No. 12 in September, as well as the uncertainties in the economic outlook. 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 our businesses, including other Group operations, and effectively utilizing their assets. We also have been developing various marketing strategies to stimulate travel demand.

In addition, JR-West formulated and implemented priority strategies for the corporate group, including maximizing the benefit from its two major projects, the commencement of full service on the Kyushu Shinkansen and the start of direct service operations, and the opening of Osaka Station City. We also took steps to secure earnings and strengthen our management structures.

As a result, on a consolidated basis, operating revenues for the subject first half period (April 1, 2011 to September 30, 2011) rose 5.5% from the previous fiscal year to ¥628.1 billion. Operating income, however, declined 6.7% from a year earlier to ¥60.3 billion, with recurring profit down 10.0% to ¥44.7 billion, and net income 10.4% to ¥25.7 billion.

## **(1) Qualitative Information on Consolidated Business Results**

### Consolidated Results for the First Half of the Fiscal Year (April – September 2011)

Operating revenues:	¥628.1 billion
Operating income:	¥60.3 billion
Recurring profit:	¥44.7 billion
Net income:	¥25.7 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 casualties 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, JR-West enhanced the maintenance of ATS and the safety of crossing systems, and took other measures that included strengthening pillars supporting elevated tracks against earthquakes. For the Sanyo Shinkansen, we updated the functionality of the earthquake early warning system, and installed derailment prevention guards. For safety measures in response to earthquakes and tsunami, we are pursuing initiatives that take account of the lessons from the Great East Japan Earthquake. In addition, 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 took steps to enhance the convenience of travel to Kyushu following the full opening of the Kyushu Shinkansen. Use of the Sanyo Shinkansen and JR-West's urban network increased as a result of the opening of Osaka Station City and other measures.

In marketing initiatives, following the full opening of the Kyushu Shinkansen in March 2011 and the commencement of direct service operations between the Sanyo and Kyushu Shinkansen services, JR-West worked to promote use of the railway through an ongoing proactive information campaign stressing the convenience and price advantages of the internet reservation service "e5489." Further, for the "Kyushu Shinkansen de Ikou! Campaign" conducted in cooperation with local governments, JR Kyushu and travel agents, JR-West developed travel packages and held tourism events in conjunction with local governments to help expand mutual exchanges between West Japan and Kyushu. We also conducted a variety of campaigns to stimulate travel demand, such as the "Detective Conan Okayama and Kurashiki Mystery Tour."

For customer service initiatives, JR-West expanded efforts including the use of video on station and in-car displays to provide guidance to help passengers use the railway in safety and comfort. In addition, in April we expanded service hours for "women only" cars to all day.

For the renovation of Osaka Station, in April we fully opened the renewed facilities and in May held the grand opening of Osaka Station City, an event that attracted an extremely large number of customers.

In September, Typhoon No. 12 caused extensive damage, including washing out a bridge on the Kisei Main Line. We will continue with restoration efforts, and plan to resume operations on all lines by the end of 2011.

In environmental issues, JR-West implemented the "Think and Act Eco" initiative to encourage all employees 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 bus services, JR-West worked to enhance customer convenience with measures including flexible pricing schemes designed around usage trends, and enhancing the functionality of the Osaka Station Bus Terminal.

In ferry services (the Miyajima Line), JR-West marketed the service to travel companies and

took other steps to secure revenue.

As a result, operating revenues for the Transportation Operations segment increased 2.8% from the same period of the previous fiscal year, to ¥414.6 billion. Operating income, however, declined 0.6%, to ¥49.5 billion, due mainly to increases in non-personnel costs and depreciation expenses.

#### **b. Sales of Goods and Food Services**

The JR Osaka Mitsukoshi Isetan department store in the new North Gate Building opened in May, and we have worked to offer highly original goods and services. We also continued efforts to make stations more attractive, including opening new retail outlets and restaurants such as Daily-In and Deli Cafe Express as part of the renovation of Osaka Station.

As a result, operating revenues for the Sales of Goods and Food Services segment increased 15.4% from the same period of the previous fiscal year, to ¥115.0 billion. However, the segment posted an operating loss for the period of ¥1.9 billion for the subject period, due mainly to an increase in non-personnel costs stemming from the opening of the JR Osaka Mitsukoshi Isetan department store.

#### **c. Real Estate Business**

JR-West moved forward with the development of stations and surrounding areas, including opening the VIERA Okubo commercial facility on the south side of Okubo Station, and the ALBi commercial facility underneath the elevated tracks on the west side of Osaka Station.

For the Osaka Station Development Project, in May 2011 we held the grand opening of Osaka Station City. In the North Gate Building, we opened the LUCUA specialty shop zone, which has continued to attract many customers, and began leasing the office building portion. We also worked in cooperation with local businesses around Osaka Station to promote activities in the area, and developed condominiums on former sites of company housing. Two consolidated subsidiaries that manage shopping centers at Tennoji Station were merged in July from the standpoint of enhancing competitiveness and collective effectiveness.

As a result, operating revenues for the Real Estate Business segment increased 21.8% from the same period of the previous fiscal year, to ¥43.7 billion, with operating income up 1.3% to ¥11.6 billion.

#### **d. Other Businesses**

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

In travel agency operations, JR-West strengthened inbound marketing and expanded internet sales, and took steps to increase sales of products that utilize railways, such as the Sanyo and Kyushu Shinkansen services.

For the J-West Card, we worked to encourage applications for the Osaka Station City J-WEST Card, and took other steps to expand the number of cardholders. For the ICOCA e-money service, we began offering compatibility with payments for services for a major home delivery company, and

worked to provide more opportunities to use the service around town, such as for tickets to events and tourist attractions.

As a result, operating revenues for the Other Businesses segment decreased 3.5% from the same period of the previous fiscal year, to ¥54.6 billion, due mainly to revenue declines in the travel business stemming from sluggish demand for domestic travel. Operating income fell 58.3% to ¥0.3 billion.

## **(2) Qualitative Information on the Consolidated Financial Position**

### **a. Cash Flow from Operating Activities**

Cash provided by operating activities amounted to ¥62.6 billion, a decrease of ¥27.7 billion from the same period of the previous fiscal year. This was due mainly to a decrease in income before income taxes and minority interests.

### **b. Cash Flow from Investing Activities**

Cash used in investing activities amounted to ¥106.4 billion, a decrease of ¥22.2 billion from the same period of the previous fiscal year. This was due mainly to decreases in expenditures for acquisition of investment securities, which exceeded an increase in expenditures for acquisition of property, plant and equipment.

### **c. Cash Flow from Financing Activities**

Cash provided by financing activities amounted to ¥4.0 billion, a decrease of ¥54.0 billion from the same period of the previous fiscal year. This was due mainly to a decrease in proceeds from the issuance of bonds.

As a result, cash and cash equivalents at the end of the subject first half totaled ¥40.4 billion, a decrease of ¥39.0 billion from the end of the previous fiscal year (March 31, 2011).

## **(3) Qualitative Information on Consolidated Forecasts**

In view of the positive revenue trends for railway operations, centered on the Shinkansen, the JR-West Group is revising upward its forecasts for operating revenues, operating income, recurring profit and net income for the fiscal year ending March 2012, from those announced on July 27, 2011.

The business environment for the JR-West Group, as a result of the uncertainties in the outlook for the Japanese economy and other factors, is expected to remain difficult, with little cause for optimism. Nonetheless, we will continue to work to derive the maximize the benefit from our two major projects, the direct service operations with the Sanyo Shinkansen launched following the commencement of full service on the Kyushu Shinkansen, and the Osaka Station City development.

We will also steadily implement the strategies outlined in the “Revision of the JR-West Group’s Medium-Term Management Plan 2008-2012” announced in October 2010, establish higher standards of safety in pursuit of greater peace of mind, and devote our full effort to realizing sustainable growth.



### Consolidated Forecasts for the Year Ending March 31, 2012

Operating revenues:	¥1,282.0 billion	(up 5.6% YoY)
Operating income:	¥96.0 billion	(On a par with previous year)
Recurring profit:	¥67.5 billion	(down 2.1% YoY)
Net income:	¥40.0 billion	(up 14.3% YoY)

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

## **2. MATTERS REGARDING SUMMARY INFORMATION (OTHER)**

### **(1) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements**

#### **(Application of Accounting Standards for Per-Share Net Income)**

From the first quarter of the subject fiscal year, the Company has applied “Accounting Standard for Earnings Per Share” (ASBJ Statement No.2, June 30, 2010); “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No.4, June 30, 2010); and “Practical Solution on Accounting for Earnings Per Share” (ASBJ PITF No.9, June 30, 2010).

The Company conducted a stock split during the subject first half period. Per-share earnings have been calculated supposing that the stock split had been conducted at the beginning of the previous fiscal year.

#### **(Additional Information)**

For accounting changes and error corrections to be conducted from the beginning of the first quarter of the subject fiscal year, the Company has applied “Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4, 2009).

### 3. CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Consolidated Balance Sheets

	Millions of yen	
	March 31, 2011	September 30, 2011
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	79,742	40,693
Notes and accounts receivable-trade	16,734	11,644
Railway fares receivable	26,689	24,515
Accounts receivable	47,064	32,779
Inventories	28,043	44,777
Deferred tax assets	18,961	19,940
Other current assets	46,070	50,207
Less allowance for doubtful accounts	(872)	(781)
Total current assets	262,432	223,778
<b>Fixed assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	1,001,337	1,091,803
Machinery and transport equipment	323,914	326,507
Land	655,872	655,105
Construction in progress	139,615	48,260
Other property, plant and equipment	29,877	32,286
Total property, plant and equipment	2,150,617	2,153,962
<b>Intangible fixed assets</b>	25,798	23,413
<b>Investments and other assets:</b>		
Investments in securities	60,407	57,747
Deferred tax assets	142,069	140,787
Other investments and assets	32,213	31,294
Less allowance for doubtful accounts	(1,126)	(1,108)
Total investments and other assets	233,564	228,720
Total fixed assets	2,409,979	2,406,096
<b>Deferred income taxes</b>	11	188
<b>Total assets</b>	<b>2,672,423</b>	<b>2,630,064</b>

	Millions of yen	
	March 31, 2011	September 30, 2011
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	51,207	34,827
Short-term loans payable	17,515	29,380
Current portion of bonds	—	15,000
Current portion of long-term debt	44,764	44,700
Current portion of long-term payables for acquisition of railway properties	39,101	39,284
Current portion of long-term accounts payable	31	31
Accounts payable	134,824	47,964
Accrued consumption tax	3,324	4,971
Accrued income tax	15,450	20,417
Prepaid railway fares received	31,183	37,529
Advances received	24,790	41,505
Allowance for bonuses	34,173	33,854
Allowance for point program	660	985
Other current liabilities	90,807	102,773
Total current liabilities	487,837	453,226
<b>Fixed liabilities:</b>		
Bonds	444,970	439,971
Long-term debt	283,155	286,841
Long-term payables for acquisition of railway properties	290,408	274,074
Long-term accounts payable	190	175
Deferred tax liabilities	241	225
Accrued retirement benefits	322,737	317,211
Allowance for environmental safety measures	7,033	6,687
Provision for unredeemed gift certificates	2,670	2,436
Other long-term liabilities	111,925	110,525
Total fixed liabilities	1,463,334	1,438,148
<b>Total liabilities</b>	1,951,172	1,891,375

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	Millions of yen	
	March 31, 2011	September 30, 2011
<b>NET ASSETS</b>		
<b>Total shareholders' equity:</b>		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	563,766	582,024
Treasury stock, at cost	(30,343)	(30,343)
Total shareholders' equity	688,423	706,681
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gain on securities	546	298
Deferred gains or losses on hedges	(161)	64
Total Valuation and translation adjustments	384	362
<b>Minority interests</b>	32,443	31,645
<b>Total net assets</b>	721,251	738,689
<b>Total liabilities and net assets</b>	2,672,423	2,630,064

## 2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

Six months ended September 30

	Millions of yen	
	2010	2011
<b>Operating revenues</b>	595,631	628,118
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	449,790	481,861
Selling, general and administrative expenses	81,146	85,865
Total operating expenses	530,936	567,727
<b>Operating income</b>	64,694	60,391
<b>Non-operating revenues:</b>		
Interest income	85	47
Dividend income	167	222
Transfer from administrative fee of contracted construction	115	115
Equity in earnings of affiliates	1,227	—
Co-sponsor fee	—	632
Other	1,340	1,450
Total non-operating revenues	2,937	2,468
<b>Non-operating expenses:</b>		
Interest expense	16,850	16,666
Other	1,106	1,491
Total non-operating expenses	17,956	18,158
<b>Recurring profit</b>	49,675	44,701
<b>Extraordinary profits:</b>		
Gain on contributions received for construction	8,497	5,954
Other	1,674	3,474
Total extraordinary profits	10,171	9,428
<b>Extraordinary losses:</b>		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	8,283	5,801
Other	1,863	4,008
Total extraordinary losses	10,146	9,810
<b>Income before income taxes</b>	49,700	44,319
<b>Income taxes- Current</b>	20,427	19,113
<b>Income taxes- Deferred</b>	858	257
<b>Total income taxes</b>	21,286	19,371
<b>Income before minority interests</b>	28,413	24,948
<b>Minority interests in loss</b>	(348)	(816)
<b>Net income</b>	28,762	25,764

**Consolidated of Comprehensive Income**

Six months ended September 30

	Millions of yen	
	2010	2011
Income before minority interests	28,413	24,948
Other comprehensive income		
Valuation difference on available-for-sale securities	(807)	(241)
Deferred gains or losses on hedges	(453)	283
Share of other comprehensive income of associates accounted for using equity method	(66)	(11)
Total of other comprehensive income	(1,328)	29
Comprehensive income	27,085	24,978
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	27,519	25,742
Comprehensive income attributable to minority interests	(433)	(763)

### 3. Consolidated Statements of Cash Flows

Six months ended September 30

	Millions of yen	
	2010	2011
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	49,700	44,319
Depreciation and amortization	71,954	82,227
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	8,283	5,801
Loss on disposal of property, plant and equipment	2,674	2,735
Change in allowance for doubtful accounts	(44)	(110)
Change in allowance for retirement benefits	(3,688)	(5,526)
Change in allowance for accrued bonuses	(178)	(336)
Interest and dividend income	(253)	(269)
Interest expenses	16,850	16,666
Equity in earnings of affiliates	(1,227)	944
Gain on contributions received for construction	(8,497)	(5,954)
Change in notes and accounts receivable	12,496	23,588
Change in inventories	(12,362)	(16,728)
Change in notes and accounts payable	(7,721)	(45,637)
Change in accrued consumption tax	2,410	1,646
Other	(12,052)	(11,211)
Subtotal	118,342	92,153
Interest and dividends income received	224	268
Interest paid	(16,797)	(16,553)
Income taxes paid	(11,319)	(13,213)
<b>Net cash provided by operating activities</b>	<b>90,450</b>	<b>62,655</b>
<b>Cash flows from investing activities</b>		
Payments for time deposits with a maturity of more than three months	(50)	(80)
Proceeds for time deposits with a maturity of more than three months	50	80
Purchase of short-term investment securities	(30,000)	—
Purchases of property, plant and equipment	(121,687)	(123,280)
Proceeds from sales of property, plant and equipment	248	1,296
Contributions received for constructions	23,484	16,270
Purchase of investment securities	(248)	(143)
Payments on long-term loans receivable	(614)	(461)
Collections of long-term loans receivable	560	448
Other	(428)	(543)
<b>Net cash used in investing activities</b>	<b>(128,684)</b>	<b>(106,413)</b>

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	Millions of yen	
	2010	2011
<b>Cash flows from financing activities</b>		
Change in short-term loans payable	1,953	(322)
Proceeds from long-term loans	18,300	8,500
Repayment of long-term debt	(7,464)	(4,894)
Proceeds from issuance of bonds	50,000	10,000
Repayment of long-term payables for acquisition of railway properties	(10,827)	(16,151)
Cash dividends paid to the Company's shareholders	(6,771)	(7,739)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(117)	(49)
Other	13,064	14,722
<b>Net cash used in financing activities</b>	<b>58,137</b>	<b>4,066</b>
<b>Change in cash and cash equivalents, net</b>	<b>19,903</b>	<b>(39,691)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>51,084</b>	<b>79,512</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	<b>54</b>	<b>1</b>
<b>Increase in cash and cash equivalents resulting from merger</b>	<b>—</b>	<b>641</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>71,042</b>	<b>40,463</b>



## Reference Materials

### 1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2011	<b>September 30, 2011</b>	Change
	Billions of yen	Billions of yen	Billions of yen
<b>ASSETS</b>			
<b>Current assets:</b>			
Total current assets	206.2	151.8	(54.3)
<b>Fixed assets:</b>			
Fixed assets for railway operations	1,778.1	1,791.7	13.5
Construction in progress	74.9	45.4	(29.4)
Investments and other assets	346.3	381.1	34.7
Total fixed assets	2,199.4	2,218.3	18.8
<b>Total assets</b>	2,405.7	2,370.2	(35.5)

	March 31, 2011	<b>September 30, 2011</b>	Change
	Billions of yen	Billions of yen	Billions of yen
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Current portion of long-term debt	81.7	96.9	15.1
Accounts payable	412.6	369.7	(42.8)
Total current liabilities	494.4	466.7	(27.7)
<b>Fixed liabilities:</b>			
Bonds and long-term debt	1,006.2	989.5	(16.6)
Accrued retirement benefits	302.0	296.4	(5.5)
Other long-term liabilities	21.6	19.9	(1.6)
Total fixed liabilities	1,329.9	1,306.0	(23.8)
<b>Total liabilities</b>	1,824.3	1,772.7	(51.6)
<b>Total shareholders' equity:</b>			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	456.0	472.3	16.3
Treasury stock, at cost	(29.9)	(29.9)	—
Total shareholders' equity	581.0	597.3	16.3
<b>Valuation and translation adjustments</b>	0.3	0.1	(0.2)
<b>Total net assets</b>	581.3	597.4	16.0
<b>Total liabilities and net assets</b>	2,405.7	2,370.2	(35.5)

## 2. NON-CONSOLIDATED STATEMENTS OF INCOME

Six months ended September 30

	2010	2011	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
<b>Operating revenues:</b>				
Transportation	365.0	377.1	12.1	3.3
Transportation incidentals	9.7	9.6	(0.0)	(0.9)
Other operations	10.9	11.6	0.7	6.4
Miscellaneous	28.5	27.7	(0.8)	(2.9)
	414.3	426.2	11.8	2.9
<b>Operating expenses:</b>				
Personnel costs	116.6	117.9	1.2	1.1
Non personnel costs:				
Energy costs	16.9	17.9	0.9	
Maintenance costs	55.4	55.4	(0.0)	
Miscellaneous costs	76.1	80.4	4.3	
	148.5	153.7	5.2	3.5
Rental payments, etc	12.6	12.6	(0.0)	(0.3)
Taxes	18.2	17.9	(0.3)	(1.9)
Depreciation	61.2	67.9	6.6	10.9
	357.3	370.1	12.8	3.6
<b>Operating income</b>	57.0	56.0	(0.9)	(1.6)
<b>Non-operating revenues and expenses, net:</b>				
Non-operating revenues	1.8	1.7	(0.0)	
Non-operating expenses	17.0	16.6	(0.4)	
	(15.1)	(14.8)	0.3	(2.1)
<b>Recurring profit</b>	41.8	41.1	(0.6)	(1.5)
<b>Extraordinary profit and loss, net:</b>				
Extraordinary profit	9.3	7.0	(2.2)	
Extraordinary loss	9.3	7.7	(1.5)	
	(0.0)	(0.7)	(0.7)	
<b>Income before income taxes</b>	41.7	40.4	(1.3)	(3.1)
<b>Income taxes</b>	17.0	16.3	(0.7)	
<b>Net income</b>	24.6	24.0	(0.5)	(2.4)

## 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	
	2010	2011	Amount	%	2010	2011	Amount	%
Sanyo Shinkansen								
Commuter Passes	368	368	(0)	(0.1)	4.5	4.5	(0.0)	(0.2)
Non-Commuter Passes	7,328	7,991	663	9.1	156.4	169.8	13.3	8.5
Total	7,696	8,359	663	8.6	161.0	174.3	13.3	8.3
Conventional Lines								
Commuter Passes	11,747	11,755	7	0.1	71.4	71.4	(0.0)	0.0
Non-Commuter Passes	7,175	7,082	(92)	(1.3)	132.5	131.3	(1.2)	(0.9)
Total	18,923	18,838	(84)	(0.4)	204.0	202.8	(1.2)	(0.6)
Kyoto-Osaka-Kobe Area								
Commuter Passes	9,463	9,478	15	0.2	57.5	57.6	0.0	0.1
Non-Commuter Passes	4,847	4,804	(43)	(0.9)	86.1	85.8	(0.2)	(0.3)
Total	14,310	14,282	(27)	(0.2)	143.6	143.4	(0.1)	(0.1)
Other Lines								
Commuter Passes	2,284	2,276	(7)	(0.3)	13.8	13.8	(0.0)	(0.4)
Non-Commuter Passes	2,327	2,278	(49)	(2.1)	46.4	45.5	(0.9)	(2.1)
Total	4,612	4,555	(57)	(1.2)	60.3	59.3	(1.0)	(1.7)
Total								
Commuter Passes	12,116	12,123	7	0.1	76.0	75.9	(0.0)	0.0
Non-Commuter Passes	14,503	15,074	570	3.9	289.0	301.1	12.1	4.2
Total	26,619	27,197	578	2.2	365.0	377.1	12.1	3.3

### 3. CAPITAL EXPENDITURES

#### Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for year ending March 31, 2012
	2010	2011	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	102.3	90.6	(11.6)	(11.4)	
Capital expenditures, excluding contributions received for constructions	96.3	87.1	(9.2)	(9.6)	205.0
Contributions received for constructions	5.9	3.5	(2.4)	(40.4)	

#### Non-Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for year ending March 31, 2012
	2010	2011	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	75.9	60.7	(15.1)	(19.9)	
Capital expenditures, excluding contributions received for constructions	69.9	57.2	(12.7)	(18.2)	155.0
[Safety-related capital expenditures]	[37.4]	[37.4]	[(0.0)]	[(0.1)]	[96.0]
Contributions received for constructions	5.9	3.5	(2.4)	(40.4)	

#### Major Capital Expenditures

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

#### 4. FORECASTS FOR THE FISCAL YEAR ENDING MARCH 31, 2012

##### Consolidated Statements of Income

	Year ended March 31, 2011	Year ending March 31, 2012		Change from the same period of the previous year	
	Billions of yen	Billions of yen		Billions of yen	%
Operating revenues:	<1.46>	<1.50>			
Transportation	806.4	833.9		27.4	3.4
Sales of goods and food services	201.3	235.9		34.5	17.2
Real estate	75.7	93.2		17.4	23.0
Other businesses	129.9	119.0		(10.9)	(8.4)
	1,213.5	[1,272.0]	1,282.0	68.4	5.6
Operating expenses	1,117.5	[1,194.0]	1,186.0	68.4	6.1
Operating income:					
Transportation	61.1	68.2		7.0	11.5
Sales of goods and food services	3.5	(3.1)		(6.6)	
Real estate	22.2	24.0		1.7	7.9
Other businesses	9.6	7.5		(2.1)	(22.5)
Elimination and corporation	(0.6)	(0.6)		0.0	
	95.9	[78.0]	96.0	0.0	0.0
Recurring profit	68.9	[51.5]	67.5	(1.4)	(2.1)
	<1.23>	<1.27>			
Net income	34.9	[30.5]	40.0	5.0	14.3

- Note: 1. Figures in bracket [ ] were announced previously on July 27, 2011.  
2. Figures in bracket < > are the consolidated-to-parent ratio.  
3. Revenues by each segment are from third parties.

##### Non-Consolidated Statements of Income

	Year ended March 31, 2011	Year ending March 31, 2012		Change from the same period of the previous year	
	Billions of yen	Billions of yen		Billions of yen	%
Operating revenues	828.6	[835.5]	856.0	27.3	3.3
Transportation	728.0	[735.0]	754.0	25.9	3.6
Operating expenses	752.8	[772.0]	775.0	22.1	2.9
Operating income	75.8	[63.5]	81.0	5.1	6.8
Recurring profit	48.5	[36.5]	54.0	5.4	11.3
Net income	28.5	[21.5]	31.5	2.9	10.4

- Note: Figures in bracket [ ] were announced previously on July 27, 2011.