

**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 14, 2012

Start of dividend payments (Planned): November 30, 2012

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 2012 (from April 1, 2012 to September 30, 2012)****(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	%
2012	639,471	1.8	71,773	18.8	57,835	29.4	34,764	34.9
2011	628,118	5.5	60,391	(6.7)	44,701	(10.0)	25,764	(10.4)

(Note) Comprehensive Income: Six months ended September 30, 2012: ¥25,956 million, 3.9%;

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

	Net income per share	Net income per share after dilution
	Yen	Yen
2012	179.53	—
2011	133.05	—

**(2) Financial Position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2012	2,573,264	749,762	28.3
March 31, 2012	2,642,994	733,546	26.6

(Reference) Total shareholders' equity: September 30, 2012: ¥727,987 million, March 31, 2012: ¥703,385 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
2012	—	40.00	—	50.00	90.00
2013	—	55.00			
2013 (Forecast)			—	55.00	110.00

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

For further information on the dividend forecast revision, see today's (October 30, 2012) press release, "Notice of Issuance of Dividend Payments (Interim) and Revision to the Forecast of Dividends for the Year Ending March 31, 2013 (the 26th Fiscal Year)."

### 3. Forecasts for Fiscal 2012 Ending March 31, 2013

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	1,289,000	0.1	121,000	10.2	96,000	16.4

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	56,000	89.9	289.19

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

#### Notes

(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: None

3) Changes in accounting estimates: Yes

4) Restatements: None

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

(4) Number of Shares Outstanding (Common stock)

	Six months ended September 30, 2012	Years ended March 31, 2012
1) Number of shares issued and outstanding (including treasury stock):	200,000,000	200,000,000
2) Number of treasury stock	6,358,500	6,358,499
		Six months ended September 30, 2011
3) Average number of shares outstanding for each period (cumulative term):	193,641,500	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.

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

**Forecasts for the Fiscal Year Ending March 31, 2013**

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	863,500	0.2	99,000	10.9	74,500	18.5

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	41,000	85.0	211.63

(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.” 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.

During the subject second quarter period (April 1, 2012 to September 30, 2012), 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. 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.

In addition, we made improvements based on customer feedback and enhanced our customer service mindset, and took steps to improve services and work quality. We also pursued measures for human resource development to support individual growth for employees, and to establish on-site management that is compliant with rules and regulations.

At the same time, JR-West takes seriously the misconduct that resulted in a serious loss of customer trust. We have taken steps to prevent a reoccurrence, including strengthening the check and management structure at stations and other facilities, and providing employees with strict training and guidance.

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.

In terms of promoting CSR, in an effort to realize its Corporate Philosophy, JR-West published and shared specific cases of thinking and action among employees. To further compliance and corporate governance, we continued to step up measures to solidify our management foundation and corporate ethics, and to enhance the monitoring and supervision of management.

In addition, to build a new crisis management structure, JR-West expanded and updated its business continuity plan (BCP) based on the lessons from the Great East Japan Earthquake in March 2011. We also took measures in terms of both policies and infrastructure to enhance safety with regard to large earthquakes or tsunami. In particular, in terms of measures to deal with disruptions to the power supply and other types of energy crisis, we recognize the issues facing Japan, and while remaining mindful of our customers' safety and convenience, we will ask for understanding and cooperation as we implement power reduction measures to the greatest extent possible in stations, trains, offices and other locations. In addition, we will pursue technical development for power storage systems and take other steps to cut energy consumption.

The business climate for JR-West remains challenging as a result of such factors as the uncertainties in the economic outlook, the falling birthrate and aging population, and competition from other modes of transportation. 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 and promote coexistence with local communities in an effort to realize a mutual benefit in the Western Japan region, 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 priority strategies for the corporate group, including maximizing the benefit from its two major projects, direct service operations between the Sanyo and Kyushu Shinkansen services, and 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 second quarter period (April 1, 2012 to September 30, 2012) rose 1.8% from the same period of the previous fiscal year to ¥639.4 billion. Operating income increased 18.8% from a year earlier to ¥71.7 billion, while recurring profit rose 29.4% to ¥57.8 billion. Net income for the period rose 34.9% to ¥34.7 billion as a result of the recording of an extraordinary gain on a reduction in retirement benefit obligations stemming from the establishment of a new reemployment system for managerial-level employees, along with an extraordinary loss on impairment for the JR Osaka Mitsukoshi Isetan department store in Osaka Station City.

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

### Consolidated Results for the Second Quarter of Fiscal 2012 (April – September 2012)

Operating revenues:	¥639.4 billion
Operating income:	¥71.7 billion
Recurring profit:	¥57.8 billion
Net income:	¥34.7 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 increased its ATS maintenance, enhanced safety for crossing systems, and implemented safety measures for platforms such as installing emergency buttons. In terms of measures to limit damage from earthquakes, we conducted seismic retrofitting for pillars supporting elevated tracks and continued to move forward with the installation of derailment prevention guards on the Sanyo Shinkansen. Drawing on the lessons of the Great East Japan Earthquake, we put in place a system to prepare employees to provide evacuation instructions in the event of a tsunami, and took other steps to enhance infrastructure to facilitate communication of information on earthquakes and tsunami, and to provide for the smooth evacuation of passengers.

Further, for safety measures to respond to earthquakes and tsunami, we are implementing various measures including establishing systems for the relay of information on earthquakes and tsunami, and smooth evacuation of passengers. In addition, taking to heart the seriousness of accidents now and in the future, we took steps to provide employee training 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, use of the Sanyo Shinkansen and JR-West’s urban network increased as a result of such measures as revisions to the timetable made in March 2012 to increase the frequency of *Mizuho* and *Sakura* direct train services between the Sanyo and Kyushu Shinkansen, and the boost provided by Osaka Station City. We also took steps to enhance convenience, including increasing the frequency of the *Sakura* Shinkansen trains, the *Nozomi* Shinkansen trains providing direct service between Tokyo and Hakata, and *Thunderbird* trains on conventional lines, mainly during the early May Golden Week and mid-August Obon holidays. Of note, there were several instances of disruptions to railway services this summer as a result of localized torrential rains that forced service suspensions and delays for many trains on the urban network and other lines.

In marketing initiatives, JR-West further expanded mutual exchange between the West Japan and Kyushu regions through more frequent direct service operations between the Sanyo and Kyushu Shinkansen services. We also conducted promotional campaigns utilizing various media,

and implemented “Kagoshima College,” a social media campaign aimed at highlighting the pleasures of travel through exchange with university students in tourist areas of Kagoshima Prefecture. We also 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.” We conducted a variety of campaigns to stimulate travel demand, such as the “Miyajima / Kure Campaign,” the “Hagi / Nagato / Mine Campaign,” the “Sanyo Destination Campaign Pre-campaign,” and the “Detective Conan Nagasaki Mystery Tour.” We also promoted use by overseas visitors to Japan by expanding the coverage area for the JR-West Rail Pass area, creating the new JR Sanyo-Shikoku-Kyushu Rail Pass, and conducting the “Detective Conan Okayama/Kurashiki Mystery Tour” originating in Taiwan.

For customer service initiatives, in terms of measures to enhance customer service, JR-West began issuing delay certificates that can be confirmed via computer or mobile phone, and took other steps to further develop customer-oriented services.

Osaka Station City, opened in May 2011, continues to enjoy broad customer support as a result of one year anniversary events and other initiatives.

JR-West also worked toward “transformation through technology” in such areas as the transfer of technology skills to younger workers, improving practical capabilities and skills, furthering system changeovers in railroad operations, and global environment conservation measures.

In bus services, JR-West worked to enhance customer convenience with measures including flexible pricing schemes designed around usage trends.

In ferry services (the Miyajima Line), JR-West marketed the service to travel companies and took other steps to secure revenue.

For railway car technology, JR-West acquired a stake in The Kinki Sharyo Co., Ltd., and concluded an operational tie-up agreement with the company with the aim of strengthening our cooperative relationship, and improving train car technologies overall. Also, to further develop the railway business through international exchange, we concluded a partnership agreement with Spanish national railway operator Renfe, and the state company for management of most of Spain’s railway infrastructure, Adif.

As a result, operating revenues for the Transportation Operations segment increased 2.5% from the same period of the previous fiscal year, to ¥424.9 billion, with operating income up 11.0%, to ¥55.0 billion.

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

For the JR Osaka Mitsukoshi Isetan department store in the North Gate Building of Osaka Station City, JR-West worked to offer highly original goods and services, and in response to the tight commercial climate, take steps to establish shops that appeal to local customers. We also continued efforts to make stations more attractive, including opening an Entree Marche combined convenience store in the central court area of the Chuo exit to Osaka Station, opening a location of Ekimaru Sweets, a sweet shop with constantly changing offerings, at the Sakurabashi exit of Osaka Station, and developing a merchandise zone at Tottori Station.

As a result, operating revenues in the Sales of Goods and Food Services segment rose

0.2% from the same period of the previous fiscal year, to ¥115.2 billion. In terms of earnings, however, the segment posted an operating loss for the period of ¥0.6 billion.

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

JR-West moved forward with the development of stations and surrounding areas. We developed the ALBi Suminodo commercial facility underneath the elevated tracks at Suminodo Station and the Nagahama Station Building, made various renovations at existing shopping centers, and developed educational and commercial facilities on land owned near Nijo Station and Takatsuki Station. At the North Gate Building at Osaka Station City, results from the LUCUA specialty shop zone were positive, and we made efforts to lease 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.

As a result, operating revenues for the Real Estate Business segment amounted to ¥43.7 billion, on a par with the same period of the previous fiscal year, though operating income rose 21.7% to ¥14.1 billion.

### **d. Other Businesses**

In hotel operations, the Hotel Granvia Osaka opened the premier Granvia Floor on the top floor of the South Gate Building of Osaka Station City. JR-West also worked to expand sales through such measures as hosting various events. In travel agency operations, JR-West expanded internet sales of such products as the “Akai Fusen JR Jaran Pack,” and took steps to increase sales of products that utilize railways. For the J-West Card, we took other steps to expand the number of cardholders for the Osaka Station City J-WEST Card. For the ICOCA e-money service, we worked to provide more opportunities to use the service around town. For the ANGELBE powder room, a popular amenity at Osaka Station, we expanded opportunities for use by opening a similar facility at Kyoto Station.

As a result, operating revenues for the Other Businesses segment increased 1.4% from the same period of the previous fiscal year, to ¥55.4 billion, with operating income up 569.6%, to ¥2.4 billion.

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

JR-West's total assets at the end of the second quarter of the subject fiscal year (June 30, 2012) amounted to ¥2,573.2 billion, a decrease of ¥69.7 billion from the end of the previous fiscal year (March 31, 2012). This was due mainly to a decrease in property, plant and equipment.

Total liabilities amounted to ¥1,823.5 billion, a decrease of ¥85.9 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥749.7 billion, an increase of ¥16.2 billion from the end of the previous fiscal year. This was due mainly to an increase in retained earnings.



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

In consideration of the recent trends in railway transportation revenue, expenses and other factors, JR-West is revising upward its forecasts for operating revenues, operating income, recurring profit and net income for the fiscal year ending March 2013, from those announced on July 27, 2012.

The business environment for the JR-West Group is expected to continue to offer little cause for optimism, due to such factors as the lack of transparency in the domestic economic outlook. However, JR-West will make a concerted effort as a corporate group to maximize the benefit from its two major projects, the direct service with the Kyushu Shinkansen, and Osaka Station City, in order to secure earnings.

The subject fiscal year is also the final year for the "Revision of the JR-West Group's Medium-Term Management Plan 2008-2012." We will steadily implement the strategies outlined in the revised plan, while making a concerted effort to ensure peace of mind by establishing even greater levels of safety, and realizing sustainable growth.

#### Consolidated Forecasts for the Year Ending March 31, 2013

Operating revenues:	¥1,289.0 billion	(up 0.1% YoY)
Operating income:	¥121.0 billion	(up 10.2% YoY)
Recurring profit:	¥96.0 billion	(up 16.4% YoY)
Net income:	¥56.0 billion	(up 89.9% 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 (NOTES)**

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

(Change in Accounting Policy Difficult to Distinguish from a Change in Accounting Estimate)

In accordance with revisions to the Corporation Tax Act, from the first quarter of the subject fiscal year, the Company changed its accounting policy for property, plant and equipment (with the exception of buildings and structures) acquired on or after April 1, 2012, for which the declining-balance method had been applied, to the depreciation method based on the revised Corporation Tax Act.

The effect on consolidated financial statements for the subject second quarter period is negligible.

### 3. CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Consolidated Balance Sheets

	Millions of yen	
	March 31, 2012	September 30, 2012
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	50,619	37,625
Notes and accounts receivable-trade	15,504	12,490
Railway fares receivable	27,280	28,311
Accounts receivable	46,256	34,405
Inventories	33,360	46,845
Deferred income taxes	19,455	19,421
Other current assets	49,259	49,401
Less allowance for doubtful accounts	(835)	(837)
Total current assets	240,902	227,663
<b>Fixed assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	1,097,120	1,062,151
Machinery and transport equipment	328,154	311,483
Land	656,358	658,855
Construction in progress	41,282	42,546
Other property, plant and equipment	36,608	31,715
Total property, plant and equipment	2,159,523	2,106,754
<b>Intangible fixed assets</b>	30,053	32,433
<b>Investments and other assets:</b>		
Investments in securities	58,452	59,461
Deferred tax assets	123,584	116,122
Other investments and assets	31,500	31,898
Less allowance for doubtful accounts	(1,185)	(1,211)
Total investments and other assets	212,352	206,270
Total fixed assets	2,401,929	2,345,458
<b>Deferred income taxes</b>	162	142
<b>Total assets</b>	<b>2,642,994</b>	<b>2,573,264</b>

	Millions of yen	
	March 31, 2012	September 30, 2012
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	46,205	36,209
Short-term loans	27,562	34,227
Current portion of bonds	30,000	15,000
Current portion of long-term debt	72,067	71,616
Current portion of long-term payables for acquisition of railway properties	40,823	40,717
Current portion of long-term accounts payable	31	31
Accounts payable	92,380	50,479
Accrued consumption tax	7,911	8,495
Accrued income tax	22,631	23,903
Prepaid railway fares received	32,359	37,124
Advances received	29,191	41,625
Allowance for bonuses	34,486	34,195
Allowance for point program	1,005	1,334
Other current liabilities	110,186	108,468
Total current liabilities	546,842	503,428
<b>Fixed liabilities:</b>		
Bonds	424,972	424,972
Long-term debt	251,188	246,825
Long-term payables for acquisition of railway properties	249,620	233,369
Long-term accounts payable	159	143
Deferred tax liabilities	244	321
Accrued retirement benefits	316,876	296,483
Allowance for environmental safety measures	6,394	6,262
Provision for unredeemed gift certificates	2,550	2,338
Other long-term liabilities	110,599	109,357
Total fixed liabilities	1,362,605	1,320,074
<b>Total liabilities</b>	<b>1,909,447</b>	<b>1,823,502</b>

(continued on page 12)

	Millions of yen	
	March 31, 2012	September 30, 2012
<b>NET ASSETS</b>		
<b>Total shareholders' equity:</b>		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	577,999	603,077
Treasury stock, at cost	(30,343)	(30,343)
Total shareholders' equity	702,656	727,733
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gain on securities	902	328
Deferred gains or losses on hedges	(173)	(73)
Total Valuation and translation adjustments	728	254
<b>Minority interests</b>	30,161	21,774
<b>Total net assets</b>	733,546	749,762
<b>Total liabilities and net assets</b>	2,642,994	2,573,264

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

### Consolidated Statements of Income

Six months ended September 30

	Millions of yen	
	2011	2012
<b>Operating revenues</b>	628,118	639,471
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	481,861	481,663
Selling, general and administrative expenses	85,865	86,034
Total operating expenses	567,727	567,698
<b>Operating income</b>	60,391	71,773
<b>Non-operating revenues:</b>		
Interest income	47	30
Dividend income	222	248
Transfer from administrative fee of contracted construction	115	104
Equity in earnings of affiliates	—	407
Co-sponsor fee	632	—
Other	1,450	1,059
Total non-operating revenues	2,468	1,850
<b>Non-operating expenses:</b>		
Interest expense	16,666	15,579
Other	1,491	209
Total non-operating expenses	18,158	15,788
<b>Recurring profit</b>	44,701	57,835
<b>Extraordinary profits:</b>		
Gain on contributions received for construction	5,954	4,418
Reversal of provision for retirement benefits	—	18,418
Other	3,474	978
Total extraordinary profits	9,428	23,815
<b>Extraordinary losses:</b>		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	5,801	3,734
Impairment loss	—	18,841
Other	4,008	2,348
Total extraordinary losses	9,810	24,925
<b>Income before income taxes</b>	44,319	56,726
<b>Income taxes- Current</b>	19,113	22,543
<b>Income taxes- Deferred</b>	257	7,776
<b>Total income taxes</b>	19,371	30,319
<b>Income before minority interests</b>	24,948	26,406
<b>Minority interests in loss</b>	(816)	(8,357)
<b>Net income</b>	25,764	34,764

## Consolidated of Comprehensive Income

Six months ended September 30

	Millions of yen	
	2011	2012
Income before minority interests	24,948	26,406
Other comprehensive income		
Valuation difference on available-for-sale securities	(241)	(541)
Deferred gains or losses on hedges	283	124
Share of other comprehensive income of associates accounted for using equity method	(11)	(32)
Total of other comprehensive income	29	(449)
Comprehensive income	24,978	25,956
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	25,742	34,289
Comprehensive income attributable to minority interests	(763)	(8,332)

## Business Segment Information

Six months ended September 30

		Millions of yen		Change from the same period of the previous period
		2011	2012	
Transportation	Operating revenues	414.6	424.9	10.3
	Operating income	49.5	55.0	5.4
Sales of Goods and Food Services	Operating revenues	115.0	115.2	0.1
	Operating income	(1.9)	(0.6)	1.2
Real Estate Business	Operating revenues	43.7	43.7	(0.0)
	Operating income	11.6	14.1	2.5
Other Businesses	Operating revenues	54.6	55.4	0.7
	Operating income	0.3	2.4	2.0

Note: Revenues by each segment are from third parties.

### 3. Consolidated Statements of Cash Flows

Six months ended September 30

	Millions of yen	
	2011	2012
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	44,319	56,726
Depreciation and amortization	82,227	78,953
Impairment loss	—	18,841
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	5,801	3,734
Loss on disposal of property, plant and equipment	2,735	2,753
Change in allowance for doubtful accounts	(110)	28
Change in allowance for retirement benefits	(5,526)	(20,392)
Change in allowance for accrued bonuses	(336)	(290)
Interest and dividend income	(269)	(279)
Interest expenses	16,666	15,579
Equity in earnings of affiliates	944	(407)
Gain on contributions received for construction	(5,954)	(4,418)
Change in notes and accounts receivable	23,588	16,021
Change in inventories	(16,728)	(13,485)
Change in notes and accounts payable	(45,637)	(20,108)
Change in accrued consumption tax	1,646	583
Other	(11,211)	(5,778)
Subtotal	92,153	128,063
Interest and dividends income received	268	278
Interest paid	(16,553)	(15,397)
Income taxes paid	(13,213)	(20,441)
<b>Net cash provided by operating activities</b>	<b>62,655</b>	<b>92,502</b>
<b>Cash flows from investing activities</b>		
Payments for time deposits with a maturity of more than three months	(80)	(80)
Proceeds for time deposits with a maturity of more than three months	80	80
Purchases of property, plant and equipment	(123,280)	(72,508)
Proceeds from sales of property, plant and equipment	1,296	532
Contributions received for constructions	16,270	9,407
Purchase of investment securities	(143)	(1,594)
Payments on long-term loans receivable	(461)	(339)
Collections of long-term loans receivable	448	466
Other	(543)	(1,511)
<b>Net cash used in investing activities</b>	<b>(106,413)</b>	<b>(65,547)</b>

(continued on page 16)

	Millions of yen	
	2011	2012
<b>Cash flows from financing activities</b>		
Change in short-term loans payable	(322)	1,755
Proceeds from long-term loans	8,500	—
Repayment of long-term debt	(4,894)	(4,830)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	—	(15,000)
Repayment of long-term payables for acquisition of railway properties	(16,151)	(16,356)
Purchase of treasury stock	—	(0)
Cash dividends paid to the Company's shareholders	(7,739)	(9,672)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(49)	(49)
Other	14,722	4,204
<b>Net cash used in financing activities</b>	4,066	(39,949)
<b>Change in cash and cash equivalents, net</b>	(39,691)	(12,994)
<b>Cash and cash equivalents at the beginning of the period</b>	79,512	50,389
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	1	—
<b>Increase in cash and cash equivalents resulting from merger</b>	641	—
<b>Cash and cash equivalents at the end of the period</b>	40,463	37,395



#### 4. Note on Assumptions for Going Concern

Not applicable

#### 5. Notes in the Event of Major Change in Shareholders' Equity

Not applicable

#### 6. Others

##### (i) Recording of Reversal of Provision for Employee Retirement Benefits

JR-West, with the aim of ensuring a smooth transfer of technical expertise to the next generation of employees, established a new reemployment system for managerial-level employees, separate from its existing reemployment system. This increased the range of options in retirement systems, and resulted in a reduction in retirement benefit obligations for the early retirement system. Accordingly, the Company recorded as an extraordinary profit a reversal of the provision for employee retirement benefits (¥18,418 million).

##### (ii) Recording of Impairment Loss on Fixed Assets

The JR-West Group, in its calculation of impairment losses in the business segments for which it continually monitors revenue and expenditure, generally consolidates assets by business segment for the Transportation Operations, Sales of Goods and Food Services, and Other Businesses segments. In the Real Estate Business, assets slated for disposal, and idle assets are generally grouped by individual property.

As a result, for those asset groups for which we project earnings will fall short of initial estimates, the Company has written down the book value to a recoverable amount, with the subject reduction amount recorded as an impairment loss (¥18,841 million) in extraordinary losses.

Use	Location	Category	Impairment Loss
Directly operated store (department store)	Osaka-shi, Osaka	Building, etc.	¥18,841 million

The breakdown of the impairment loss is as follows:

Buildings and structures      ¥15,191 million

Other      ¥3,649 million

Note: The recoverable amount is calculated as the net sale value based on the projected sale amount.

##### (iii) Significant Subsequent Events

###### *Retirement of Treasury Stock*

JR-West, at a meeting of its Board of Directors held on October 30, 2012, decided to retire treasury stock in accordance with the provisions of Article 178 of the Companies Act.

1. Class of shares to be retired      Ordinary shares
2. Number of shares to be retired      1,743,400 shares  
(Representing 0.87% of total issued shares prior to the retirement)
3. Planned date of retirement      November 15, 2012

Reference: Total issued shares after the retirement will be 198,256,600 shares.

## Reference Materials

### 1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2012	<b>September 30, 2012</b>	Change
	Billions of yen	Billions of yen	Billions of yen
<b>ASSETS</b>			
<b>Current assets:</b>			
Total current assets	182.7	162.8	(19.9)
<b>Fixed assets:</b>			
Fixed assets for railway operations	1,812.0	1,785.0	(26.9)
Construction in progress	38.5	35.4	(3.0)
Investments and other assets	348.4	324.8	(23.6)
Total fixed assets	2,199.0	2,145.3	(53.6)
<b>Total assets</b>	2,381.7	2,308.1	(73.5)

	March 31, 2012	<b>September 30, 2012</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	140.9	125.3	(15.5)
Accounts payable	420.2	387.8	(32.4)
Total current liabilities	561.1	513.1	(47.9)
<b>Fixed liabilities:</b>			
Bonds and long-term debt	915.4	895.8	(19.6)
Accrued retirement benefits	297.5	276.5	(20.9)
Other long-term liabilities	19.2	18.9	(0.2)
Total fixed liabilities	1,232.1	1,191.3	(40.8)
<b>Total liabilities</b>	1,793.3	1,704.5	(88.8)
<b>Total shareholders' equity:</b>			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	462.6	478.4	15.8
Treasury stock, at cost	(29.9)	(29.9)	(0.0)
Total shareholders' equity	587.6	603.4	15.8
<b>Valuation and translation adjustments</b>	0.7	0.1	(0.5)
<b>Total net assets</b>	588.3	603.6	15.2
<b>Total liabilities and net assets</b>	2,381.7	2,308.1	(73.5)

## 2. NON-CONSOLIDATED STATEMENTS OF INCOME

Six months ended September 30

	2011	2012	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
<b>Operating revenues:</b>				
Transportation	377.1	385.0	7.8	2.1
Transportation incidentals	9.6	9.5	(0.1)	(1.2)
Other operations	11.6	11.8	0.1	1.3
Miscellaneous	27.7	30.4	2.7	9.8
	426.2	436.7	10.5	2.5
<b>Operating expenses:</b>				
Personnel costs	117.9	116.9	(0.9)	(0.8)
Non personnel costs:				
Energy costs	17.9	18.7	0.8	4.6
Maintenance costs	55.4	60.1	4.7	8.5
Miscellaneous costs	80.4	84.0	3.5	4.5
	153.7	162.9	9.1	5.9
Rental payments, etc	12.6	11.9	(0.6)	(5.5)
Taxes	17.9	17.9	0.0	0.3
Depreciation	67.9	65.8	(2.1)	(3.1)
	370.1	375.5	5.3	1.5
<b>Operating income</b>	56.0	61.2	5.1	9.3
<b>Non-operating revenues and expenses, net:</b>				
Non-operating revenues	1.7	1.4	(0.2)	
Non-operating expenses	16.6	15.5	(1.0)	
	(14.8)	(14.0)	0.8	(5.5)
<b>Recurring profit</b>	41.1	47.1	6.0	14.6
<b>Extraordinary profit and loss, net:</b>				
Extraordinary profit	7.0	23.2	16.2	
Extraordinary loss	7.7	20.4	12.6	
	(0.7)	2.8	3.6	
<b>Income before income taxes</b>	40.4	50.0	9.6	23.8
<b>Income taxes</b>	16.3	24.5	8.2	50.1
<b>Net income</b>	24.0	25.4	1.4	6.0

## 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	
	2011	2012	Amount	%	2011	2012	Amount	%
Sanyo Shinkansen								
Commuter Passes	368	376	8	2.3	4.5	4.6	0.0	1.3
Non-Commuter Passes	7,991	8,219	227	2.8	169.8	174.2	4.4	2.6
Total	8,359	8,595	236	2.8	174.3	178.8	4.4	2.6
Conventional Lines								
Commuter Passes	11,755	11,763	8	0.1	71.4	71.3	(0.0)	(0.1)
Non-Commuter Passes	7,082	7,381	298	4.2	131.3	134.7	3.4	2.6
Total	18,838	19,145	307	1.6	202.8	206.1	3.3	1.7
Kyoto-Osaka-Kobe Area								
Commuter Passes	9,478	9,486	7	0.1	57.6	57.5	(0.0)	(0.1)
Non-Commuter Passes	4,804	5,013	209	4.4	85.8	88.3	2.4	2.8
Total	14,282	14,499	216	1.5	143.4	145.8	2.4	1.7
Other Lines								
Commuter Passes	2,276	2,277	0	0.0	13.8	13.8	(0.0)	0.0
Non-Commuter Passes	2,278	2,368	89	3.9	45.5	46.4	0.9	2.1
Total	4,555	4,645	90	2.0	59.3	60.3	0.9	1.6
Total								
Commuter Passes	12,123	12,140	16	0.1	75.9	75.9	0.0	0.0
Non-Commuter Passes	15,074	15,600	526	3.5	301.1	309.0	7.8	2.6
Total	27,197	27,741	543	2.0	377.1	385.0	7.8	2.1

### 3. CAPITAL EXPENDITURES

#### Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2013
	2011	2012	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	90.6	54.5	(36.0)	(39.8)	
Capital expenditures, excluding contributions received for constructions	87.1	49.9	(37.1)	(42.7)	157.0
Contributions received for constructions	3.5	4.6	1.0	30.9	

#### Non-Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2013
	2011	2012	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	60.7	42.3	(18.4)	(30.4)	
Capital expenditures, excluding contributions received for constructions	57.2	37.6	(19.5)	(34.2)	127.0
[Safety-related capital expenditures]	[37.4]	[19.4]	[(18.0)]	[(48.2)]	[69.0]
Contributions received for constructions	3.5	4.6	1.0	30.9	

#### Major Capital Expenditures

Safety and accident-prevention measures, including installation of ATS, introduction of new rolling stock (*Kuroshio* limited express trains), Osaka Station Development Project, etc.

### 4. LONG-TERM DEBT AND PAYABLES

	Billions of yen			
	March 31, 2012	September 30, 2012	Change	March 31, 2013 Forecasts
Consolidated-basis	1,068.8	1,032.6	(36.1)	1,000.0
Non-consolidated-basis	1,056.3	1,021.1	(35.1)	990.0

## 5. FORECASTS FOR THE FISCAL YEAR ENDING MARCH 31, 2013

	Year ended March 31, 2012	Year ending March 31, 2013		Change from the same period of the previous period		Change (B-A)  Billions of yen
		Previous forecast (A) (July 27)	Revised forecast (B) (Oct. 30)	Billions of yen	%	
	Billions of yen	Billions of yen	Billions of yen			Billions of yen
<b>Consolidated-basis :</b>	<1.49>	<1.49>	<1.49>			
Operating revenues	1,287.6	1,288.0	1,289.0	1.3	0.1	1.0
Operating income	109.7	111.5	121.0	11.2	10.2	9.5
Recurring profit	82.4	86.5	96.0	13.5	16.4	9.5
	<1.33>	<1.24>	<1.37>			
Net income	29.4	51.0	56.0	26.5	89.9	5.0
<b>Non-consolidated-basis :</b>						
Operating revenues	862.1	862.5	863.5	1.3	0.2	1.0
Transportation	758.7	760.0	765.0	6.2	0.8	5.0
Operating expenses	772.8	772.0	764.5	(8.3)	(1.1)	(7.5)
Operating income	89.2	90.5	99.0	9.7	10.9	8.5
Recurring profit	62.8	66.0	74.5	11.6	18.5	8.5
Net income	22.1	41.0	41.0	18.8	85.0	

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

		Year ended March 31, 2012	Year ending March 31, 2013		Change from the same period of the previous period		Change (B-A)  Billions of yen
			Previous forecast (A) (July 27)	Revised forecast (B) (Oct. 30)	Billions of yen	%	
		Billions of yen	Billions of yen	Billions of yen			Billions of yen
Transportation	Operating revenues	839.0	839.4	840.4	1.3	0.2	1.0
	Operating income	76.7	78.0	86.5	9.7	12.7	8.5
Sales of Goods and Food Services	Operating revenues	233.5	235.8	235.8	2.2	1.0	—
	Operating income	(2.9)	(2.4)	(1.6)	1.3		0.8
Real Estate Business	Operating revenues	93.5	89.5	89.5	(4.0)	(4.4)	—
	Operating income	25.9	26.0	26.2	0.2	0.8	0.2
Other Businesses	Operating revenues	121.4	123.3	123.3	1.8	1.5	—
	Operating income	10.3	10.2	10.2	(0.1)	(1.7)	—

Note: Revenues by each segment are from third parties.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

- This presentation 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 2012 based on information available to JR-West as of October 2012 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Compensation for damages caused by the accident on Fukuchiyama Line happened on April 25, 2005 is NOT considered in this presentation.