

**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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Filing of annual security report: June 24, 2013

Start of dividend payments: June 24, 2013

Supplemental explanatory material prepared: Yes

Results briefing held: Yes

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

**1. Performance****(1) Operating results**

Years ended March 31

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

	Operating revenues		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2013	1,298,913	0.9	129,497	17.9	104,671	26.9	60,198	104.1
2012	1,287,679	6.1	109,799	14.4	82,458	19.6	29,489	(15.7)

(Note) Comprehensive Income: Year ended March 31, 2013: ¥55,053 million, 98.9%;

Year ended March 31, 2012: ¥27,680 million, (18.2)%

	Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total assets ratio	Operating income-to-operating revenues ratio
	Yen	Yen	%	%	%
2013	310.87	—	8.3	4.0	10.0
2012	152.29	—	4.2	3.1	8.5

(Reference) Gain on investment by equity method: Year ended March 31, 2013: ¥579 million;

Year ended March 31, 2012: ¥(847) million

**(2) Financial position**

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2012	2,613,743	768,174	28.5	3,850.82
2012	2,642,994	733,546	26.6	3,632.41

(Reference) Total shareholders' equity: March 31, 2013: ¥745,678 million, March 31, 2012: ¥703,385 million

**(3) Cash flows**

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2013	238,010	(154,741)	(85,267)	48,390
2012	206,228	(199,153)	(36,840)	50,389

## 2. Dividends

Year ended/ ending March 31

	Dividends per share					Total amount of dividends (for the entire fiscal year) Millions of yen	Payout ratio (Consolidated) %	Dividends-to- net assets ratio (Consolidated) %
	June 30	Sept. 30	Dec. 31	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
2012	—	40.00	—	50.00	90.00	17,436	59.1	2.5
2013	—	55.00	—	55.00	110.00	21,310	35.4	2.9
2014 (Forecast)	—	55.00	—	55.00	110.00		37.0	

## 3. Forecasts for Fiscal Year ending March 31, 2014

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	639,000	(0.1)	68,000	(5.3)	55,000	(4.9)
Fiscal year	1,310,500	0.9	125,000	(3.5)	101,500	(3.0)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	31,000	(10.8)	160.09
Fiscal year	57,500	(4.5)	296.94

## 4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
2. Changes in Accounting Policies, Changes in Accounting Estimates, Restatements
  - 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 “(5). Changes in Accounting Policies, Changes in Accounting Estimates, Restatements” on page 23 of the accompanying material.

### 3. Number of Shares Outstanding (Common stock)

	Years ended March 31	
	2013	2012
1) Number of shares issued and outstanding (including treasury stock):	198,256,600	200,000,000
2) Number of treasury stock	4,615,100	6,358,499
3) Average number of shares outstanding for each period (cumulative term):	193,641,500	193,641,581

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.

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

### 1. Performance

#### (1) Operating results

Years ended March 31

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

	Operating revenues		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2013	868,514	0.7	102,335	14.6	77,565	23.4	41,915	89.2
2012	862,180	4.0	89,282	17.8	62,879	29.6	22,158	(22.3)

	Net income per share	Net income per share after dilution
	Yen	Yen
2013	216.35	—
2012	114.37	—

#### (2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2013	2,333,300	611,609	26.2	3,156.95
2012	2,381,774	588,394	24.7	3,037.12

(Reference) Total shareholders' equity: March 31, 2013: ¥611,609 million, March 31, 2012: ¥588,394 million

### 2. Forecasts for Fiscal Year ending March 31, 2014

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	433,000	(0.9)	59,000	(3.7)	46,000	(2.5)
Fiscal year	866,500	(0.2)	94,000	(8.1)	71,000	(8.5)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	28,000	9.8	144.53
Fiscal year	43,500	3.8	224.53

#### \* Indication regarding the status of auditing procedures

These financial statements are not subject to auditing procedures under the Financial Instruments and Exchange Act. The auditing procedures 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.

## **1. BUSINESS PERFORMANCE**

### **1. Analysis of Business Performance**

#### **(1) Overview of 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.”

In October 2010, JR-West formulated and announced the “Revision of the JR-West Group’s Medium-Term Management Plan 2008-2012.” This plan set as a management vision for JR-West to be “a corporate group that excels in safety management, and is trusted by customers, local communities, and society, in order to contribute to the invigoration of the West Japan area through its business activities.” We have continually worked to realize this plan.

Based on our progress achieving the plan targets, in March 2013 JR-West formulated and announced the “JR-West Group Medium-Term Management Plan 2017,” together with its core component, the “Safety Think-and-Act Plan 2017.” The new plan retains the “three pillars of management” as its highest priority, while setting as a new vision “Our Future Direction – The Ideal Form for JR-West.” We will implement priority strategies to realize this plan.

During the subject fiscal year (April 1, 2012 to March 31, 2013), JR-West conducted memorial services, held explanatory briefings in November 2012 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 Relief 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 formulated in April 2008 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 all employees take a leading role at their workplace, and think and act for on their own initiative.

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, to prevent a recurrence of the misconduct that resulted in a serious loss of customer trust, we have strengthened the safeguards and management structure at stations and other facilities, and conducted thorough training and guidance for employees.

In terms of CSR initiatives, in an effort to realize its Corporate Philosophy, JR-West publicized and shared specific cases of thinking and action among employees. For measures to further compliance and corporate governance, we firmly established our management foundation and corporate ethics, and further enhanced management monitoring and supervisory functions.

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 fiscal year (April 1, 2012 to March 31, 2013) rose 0.9% from the previous fiscal year to ¥1,298.9 billion. Operating income increased 17.9% from a year earlier to ¥129.4 billion, while recurring profit rose 26.9% to ¥104.6 billion. Net income rose 104.1% to ¥60.1 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.

## **(2) 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, we enhanced safety by implementing 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," the attainment target of the Basic Safety Plan.

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, implemented safety measures for platforms such as installing emergency buttons, and took steps to counter snow damage, including enhancements to snow removal equipment and facilities. 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, usage of the Sanyo Shinkansen and urban network was positive. We also took steps to enhance convenience with timetable revisions implemented in March 2013, including increasing the frequency of *Nozomi* and *Sakura* Shinkansen services, and for conventional lines increasing the frequency of *Kuroshio* trains, and expanding the 12-car limited express service on the JR Kyoto Line and JR Kobe Line. Of note, there were several instances of disruptions to railway services during summer 2012 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, building on the direct service operations between the Sanyo and Kyushu Shinkansen services, JR-West took measures to further expand mutual exchange between the West Japan and Kyushu regions, including conducting promotional campaigns utilizing various media, and implementing “Kagoshima College,” an information 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 Shinkansen through an ongoing proactive information campaign stressing the convenience and price advantages of the internet reservation service “e5489.” In addition, JR-West conducted a variety of campaigns to stimulate travel demand, such as the “Miyajima / Kure Campaign” and the “San-in Destination Campaign,” and launched the “Super Haya-toku” early discount ticket as a means of competing with other modes of transport. We also promoted use by overseas visitors to Japan by expanding the coverage area for the JR-West Rail Pass area, and conducting the “Detective Conan Okayama/Kurashiki Mystery Tour” originating

in Taiwan. JR-West further worked to enhance convenience for railway users with the launch of the ICOCA Connection Pass for three railway companies, newly including Kintetsu Corporation along with the current Keihan Electric Railway Co., Ltd., and by initiating nationwide reciprocal service for all transportation IC cards.

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, with the number of customer visits surpassing 200 million in November 2012.

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 0.7% from the previous fiscal year, to ¥844.9 billion, with operating income up 17.4%, to ¥90.1 billion.

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

For the JR Osaka Mitsukoshi Isetan department store, JR-West worked to offer highly original goods and services. In response to the tight commercial climate, we took steps to establish shops that appeal to local customers, and are considering fundamental measures aimed at business revitalization. We also continued efforts to make stations more attractive, including opening the Eki Marché Osaka commercial facility in Osaka Station and locations of the Entrée Marché combined convenience store and gift shop in Osaka and Tennoji stations, and developing a merchandise zone at Tottori Station. JR-West also opened the Viainn Okayama business hotel at the west exit of Okayama Station.

As a result, operating revenues in the Sales of Goods and Food Services segment rose 0.5% from the previous fiscal year, to ¥234.6 billion. In terms of earnings, however, the segment posted an operating loss for the period of ¥0.4 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

opened Sun Station Terrace Okayama West Building at the west exit of Okayama Station. We also made various renovations at existing shopping centers, such as the Tennoji Mio Plaza in the Tennoji Station building and Okayama First Avenue beneath Okayama Station, and developed educational and commercial facilities on land owned near Nijo Station and Takatsuki Station. At the 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 decreased 2.9% from the previous fiscal year to ¥90.9 billion, though operating income rose 7.7% to ¥28.0 billion.

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

In hotel operations, JR-West opened the Granvia Floor, a special floor of premium guest rooms on the top floor of the Hotel Granvia Osaka. We also worked to expand sales through such measures as hosting various events. In travel agency operations, JR-West expanded internet sales, and took steps to increase sales of products that utilize railways. For the J-West Card, we launched an online application service, and 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 expand opportunities to use the service, including initiating nationwide reciprocal service for all transportation IC cards. JR-West also entered the rehabilitation services business with the opening of J-Palette Minami-tanabe.

As a result, operating revenues for the Other Businesses segment increased 5.7% from the previous fiscal year, to ¥128.4 billion, with operating income up 19.0%, to ¥12.3 billion.

### **(3) Forecasts for the Fiscal Year Ending March 2014**

The fiscal year ending March 31, 2014, is important as the initial year for the “JR-West Group Medium-Term Management Plan 2017” and its core component, the “Safety Think-and-Act Plan 2017.” To bring about a new form for the JR-West Group in the coming era, we will steadily implement key strategies based on the Three Basic Strategies and the Four Business Strategies in this plan, and seek long-term, sustainable growth.

Of the Three Basic Strategies, for the highest priority “Safety” JR-West will launch the “Safety Think-and-Act Plan 2017” in an aim to achieve a higher level of safety. For “Customer Satisfaction,” we will seek “customer-based management,” and will respond to the needs and expectations of customers. For “Technologies,” we will pursue technical development aimed at fostering advances in railway operations systems.

In terms of the Four Business Strategies, amid a harsh business environment resulting from competition from other modes of transport, and recent power supply issues, JR-West will work to raise competitiveness for the Shinkansen through such means as increasing the frequency of *Nozomi* service, and enhancing the communication environment in trains. We will also expand services for seniors and overseas visitors to Japan in an effort to generate new demand, and will move steady forward with preparations for the opening of the Kanazawa segment of the Hokuriku Shinkansen. For the Kansai Urban Area, JR-West will increase the value of our railway belts with such measures as



renovation of the interior of Sannomiya Station, and will work to make the Kansai Urban Area more attractive through such projects as refurbishment of the Osaka Loop Line. For the West Japan area, we will work with local regions to stimulate tourism, including conducting the Hiroshima Destination Campaign from July 2013. In terms of business development, JR-West will open the “piole Himeji” shopping center in Himeji Station, and pursue the real estate development business to help achieve more comfortable lifestyles. We will also take on new business challenges, such as car-sharing directly connected to stations, and rehabilitation services.

#### Consolidated Forecasts for the Year Ending March 31, 2014

Operating revenues:	¥1,310.5 billion	(up 0.9% YoY)
Operating income:	¥125.0 billion	(down 3.5% YoY)
Recurring profit:	¥101.5 billion	(down 3.0% YoY)
Net income:	¥57.5 billion	(down 4.5% YoY)

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

## **2. Qualitative Information on the Consolidated Financial Position**

### **(1) Assets, Liabilities and Net Assets**

JR-West's total assets at the end of the subject fiscal year (March 31, 2013) amounted to ¥2,613.7 billion, a decrease of ¥29.2 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 ¥1,845.5 billion, a decrease of ¥63.8 billion from the end of the previous fiscal year. This was due mainly to a decline in long-term debt and other long-term liabilities.

Total net assets amounted to ¥768.1 billion, an increase of ¥34.6 billion from the end of the previous fiscal year. This was due mainly to an increase in retained earnings.

### **(2) Cash Flows**

Cash provided by operating activities amounted to ¥238.0 billion, an increase of ¥31.7 billion from the previous fiscal year. This was due mainly to a gain in income before income taxes.

Cash used in investing activities amounted to ¥154.7 billion, a decrease of ¥44.4 billion from the previous fiscal year. This was due mainly to a decrease in expenditures for purchases of property, plant and equipment.

Cash used in financing activities amounted to ¥85.2 billion, an increase of ¥48.4 billion from the previous fiscal year. This was due mainly to an increase in expenditures for the redemption of bonds.

As a result, cash and cash equivalents at the end of the subject fiscal year (March 31, 2013) amounted to ¥48.3 billion, a decrease of ¥1.9 billion from the end of the previous fiscal year (March 31, 2012).

### (Reference) Cash Flow Indicators

Years ended March 31

	2009	2010	2011	2012	2013
Equity ratio (%)	26.7	26.3	25.8	26.6	28.5
Equity ratio, based on market value (%)	24.5	24.5	23.3	24.4	33.4
Interest-bearing debt to cash flow ratio (Times)	5.2	6.3	4.9	5.1	4.1
Interest coverage ratio (Times)	3.6	2.2	2.9	3.3	4.3

Notes: Equity ratio: shareholders' equity/ total assets  
Market-based rate of equity ratio: total market capitalization/ total assets  
Interest-bearing debt to cash flow ratio: interest-bearing debt/ operating cash flows  
Interest coverage ratio: (operating income + interest & dividend income)/ interest expense

Notes:

1. All of the figures in the above table were calculated on a consolidated basis.
2. Total market capitalization was calculated by multiplying the closing stock price at the end of the term by the total amount of outstanding stock at the end of the term (excluding treasury stock).
3. Cash flow is defined as operating cash flow.
4. Interest-bearing debt is defined as interest-bearing debt of long-term debt and payables.

### 3. Basic Policy Regarding Distribution of Earnings, and Dividends for the Subject and Next Fiscal Years

JR-West considers it important to provide stable shareholder returns over the long term.

In the "Revision of the JR-West Group's Medium-Term Management Plan 2008-2012" announced in October 2010, the Company set a target of 3% of consolidated dividend on equity (DOE) for the fiscal year ended March 2013, on the premise that current project achieve results as planned.

For the fiscal year ended March 2013, the Company plans to pay a full-year dividend of ¥110 per share, comprising an interim dividend of ¥55 per share already paid, and a year-end dividend of ¥55 per share.

In the "JR-West Group Medium-Term Management Plan 2017" announced in March 2013, in light of the usage situation following the commencement of operations to Kanazawa on the Hokuriku Shinkansen Line and progress toward achievement of the targets set out in Medium-Term Management Plan 2017, we are aiming for around 3% for the rate of total distribution on net assets\* in FY2018. For the fiscal year ending March 2014, the Company plans to pay a full-year dividend of ¥110 per share.

\* (total dividends + acquisitions of treasury stock) ÷ consolidated net assets ×100

## **2. MANAGEMENT POLICIES**

On April 25, 2005, JR-West caused an extremely serious accident between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line that injured and killed many customers.

We pray that the deceased may rest in peace, and extend our deepest apologies to the bereaved families and the injured. We further offer deep apologies to customers, shareholders, and everyone in the region.

We pledge never to forget this accident, and to remain conscious of our responsibility for protecting the truly precious lives of our customers. We steadfastly act on the basis of safety first, and are working to build a railway that assures our customers of safety and reliability, in accordance with our Corporate Philosophy and Safety Charter.

### **(1) Basic Management Policies**

The JR-West Group formulated the “JR-West Group Medium-Term Management Plan 2017” and its core component, the “Safety Think-and-Act Plan 2017,” in March 2013. This plan retains as its highest priority the “Three Pillars of Management” from the previous plan, “Measures to Have Ourselves Accepted as Acting with the Best Intentions by the Victims of the Train Accident,” “Measures to Enhance Safety,” and “Furthering of Reform,” while to embody the management vision, sets as the future direction for the JR-West Group, “Our Future Direction – The Ideal Form for JR-West.” For the realization of this plan, we have marked the five-year period through fiscal 2017 as the “period for contributing to the establishment of a foundation for decisive management,” and will implement as priority strategies the “Three Basic Strategies” of “Safety,” “Customer Satisfaction,” and “Technologies,” and the “Four Business Strategies” of “Shinkansen,” “Kansai Urban Area,” “Other West Japan Area,” “Business Development.”

The business environment for JR-West remains harsh, due to such factors as competition from other modes of transport, and the recent power supply issues. Going forward, the operating environment is expected to become even more difficult with population decline, globalization, networking, regional inequality, and the diversification of values. Amid such circumstances, JR-West will make a concerted effort as a corporate group to take the next step into a new era, work together with communities, and enhance our corporate value over the long term.

### **(2) Issues for the Company to Address**

The JR-West Group takes very seriously its responsibility for the Fukuchiyama Line accident and the gravity of its consequences, and is making a concerted effort to establish a safe and trusted rail service. We will continue to make strenuous efforts to regain trust.

In March 2013, JR-West formulated the “JR-West Group Medium-Term Management Plan 2017.” This plan retains as its highest priority the “Three Pillars of Management” from the previous plan, “Measures to Have Ourselves Accepted as Acting with the Best Intentions by the Victims of the Train Accident,” “Measures to Enhance Safety,” and “Furthering of Reform,” while setting as new specific management vision “Our Future Direction – The Ideal Form for JR-West.” To achieve the goals of this plan, we will implement priority strategies derived from the “Three Basic Strategies” of “Safety,” “Customer Satisfaction,” and “Technologies,” and the “Four

Business Strategies” of “Shinkansen,” “Kansai Urban Area,” “Other West Japan Area,” “Business Development.” Further, we will seek long-term, sustainable growth through foundation building, and fulfilling our responsibilities as a member of society.

Regarding JR-West’s response to the victims of the Fukuchiyama Line accident (one of the “Three Pillars of Management”), we will continue to listen carefully to their opinions, and make every effort to deal with them honestly.

In terms of “Safety,” the highest priority of the Three Basic Strategies, JR-West has formulated the “Safety Think-and-Act Plan 2017,” which defines specific issues to address and sets targets. Based on a determination to “never allow an accident such as that on the Fukuchiyama Line to again occur,” we have set such goals as “No railway accidents that result in casualties among our customers, and no labor accidents that result in fatalities among our employees,” as we seek to realize a higher level of safety.

Specifically, for the principle of “Continual effort to realize safe, reliable transport service,” we will focus on observance of rules and the execution of basic operations, as well as the analysis of factors that hinder safe and reliable transport, and measures to counter them. In addition, we will utilize feedback from risk reports in order to “Increase level of risk assessment.” Moreover, we will put into practice “Increasing safety awareness and implementing think-and-act initiatives with the highest priority on human life” through safety education and training. In terms of infrastructure, we will launch a program of safety investments such as installing security systems with higher levels of safety, and taking safety measures for platforms and level crossings. Further, we will establish the necessary foundations to ensure safety management, such as the understanding and utilization of the human factor.

For “Customer Satisfaction,” JR-West will seek “customer-based management” that establishes as part of its corporate culture business activities conducted consistently from the customer’s perspective. We will respond to the needs and expectations of customers, and pursue such measures as minimizing the effects of transport disruptions, and improving guidance information.

For “Technologies,” JR-West will focus on continuous innovation to support the basic strategies of “Safety” and “Customer Satisfaction,” in order to pursue technical development aimed at fostering advances in railway operations systems. We will also seek to use technology to address such issues as engineer training and the development of gauge change trains.

Regarding the “Four Business Strategies,” for “Shinkansen” JR-West will work to further improve safety and reliability, and offer a competitive transport service. We will also generate new demand by expanding services for seniors, and overseas visitors to Japan. In addition, we will move ahead with preparations for the opening of the Kanazawa segment of the Hokuriku Shinkansen, including fostering personnel exchanges, and enhance the potential of the Shinkansen.

For “Kansai Urban Area,” through a focus on safety and measures for a thoroughly reliable transport service, JR-West will build a rail service that offers high-quality transport and is used repeatedly by customers. We will also enhance the value of our railway belts with such measures as refurbishment of the Osaka Loop Line, and brighten the appeal of the urban area.

For “Other West Japan Area,” JR-West will increase the safety and convenience of inter-city and intra-city transport, and develop businesses with close ties to areas, such as promoting tourism through Destination Campaigns. We will also leverage the positive qualities and strengths of the region by working together with local communities to establish sustainable local transport.

For “Business Development,” JR-West will expand lifestyle-related services, and enhance the value of group assets through such measures as the development of terminal stations, and a fundamental reevaluation of the OSAKA STATION CITY North Gate Building. We will also foster business creation through the cultivation and nurturing of new business fields.

JR-West will also undertake specific measures toward “building foundations” for sound business and operational management as a company. These including “Enhance Front-Line Capabilities,” in which employees at all workplaces identify issues and resolve them of their own accord, as well as securing and training human resources, and raising their motivation.

In terms of measures for compliance, corporate governance, disclosure, crisis management, and the global environment, JR-West will fulfill its responsibilities as a member of society.

The business environment for JR-West remains harsh, due to such factors as competition from other modes of transport, and the recent power supply issues. Going forward, the operating environment is expected to become even more difficult with population decline, globalization, networking, regional inequality, and the diversification of values. Amid such circumstances, through the principle of “thinking and acting based on the field,” JR-West will make a concerted effort as a corporate group to take the next step into a new era, work together with communities, and enhance our corporate value over the long term.

### 3. CONSOLIDATED FINANCIAL STATEMENTS

#### (1) Consolidated Balance Sheets

March 31

	Millions of yen	
	2012	2013
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	50,619	48,636
Notes and accounts receivable-trade	15,504	20,656
Railway fares receivable	27,280	28,657
Accounts receivable	46,256	46,431
Income tax refundable	89	36
Inventories	33,360	37,928
Deferred income taxes	19,455	19,011
Other current assets	49,170	44,809
Less allowance for doubtful accounts	(835)	(757)
Total current assets	240,902	245,410
<b>Fixed assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	1,097,120	1,080,462
Machinery and transport equipment	328,154	297,927
Land	656,358	659,045
Construction in progress	41,282	50,631
Other property, plant and equipment	36,608	32,753
Total property, plant and equipment	2,159,523	2,120,820
<b>Intangible fixed assets</b>	30,053	34,146
<b>Investments and other assets:</b>		
Investments in securities	58,452	62,940
Deferred tax assets	123,584	120,804
Other investments and assets	31,500	30,778
Less allowance for doubtful accounts	(1,185)	(1,281)
Total investments and other assets	212,352	213,243
Total fixed assets	2,401,929	2,368,209
<b>Deferred income taxes:</b>		
Development expenses	162	122
Total deferred income taxes	162	122
<b>Total assets</b>	<b>2,642,994</b>	<b>2,613,743</b>

March 31

	Millions of yen	
	2012	2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	46,205	50,919
Short-term loans	27,562	24,124
Current portion of bonds	30,000	—
Current portion of long-term debt	72,067	38,774
Current portion of long-term payables for acquisition of railway properties	40,823	39,669
Current portion of long-term accounts payable	31	31
Accounts payable	92,380	97,368
Accrued consumption tax	7,911	9,083
Accrued income tax	22,631	29,921
Railway deposits received	6,902	1,815
Deposits received	63,119	62,931
Prepaid railway fares received	32,359	32,828
Advances received	29,191	29,441
Allowance for bonuses	34,486	35,054
Allowance for point program	1,005	1,193
Other current liabilities	40,163	61,463
Total current liabilities	546,842	514,620
<b>Fixed liabilities:</b>		
Bonds	424,972	449,973
Long-term debt	251,188	244,614
Long-term payables for acquisition of railway properties	249,620	209,904
Long-term accounts payable	159	127
Deferred tax liabilities	244	357
Accrued retirement benefits	316,876	304,486
Allowance for environmental safety measures	6,394	10,712
Provision for unredeemed gift certificates	2,550	2,609
Other long-term liabilities	110,599	108,162
Total fixed liabilities	1,362,605	1,330,948
<b>Total liabilities</b>	<b>1,909,447</b>	<b>1,845,569</b>

(continued on page 16)

	Millions of yen	
	2012	2013
<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	609,508
Treasury stock, at cost	(30,343)	(21,995)
Total shareholders' equity	702,656	742,512
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gain on securities	902	2,677
Deferred gains or losses on hedges	(173)	488
Total Valuation and translation adjustments	728	3,165
<b>Minority interests</b>	30,161	22,495
<b>Total net assets</b>	733,546	768,174
<b>Total liabilities and net assets</b>	2,642,994	2,613,743



## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2012	2013
<b>Operating revenues</b>	1,287,679	1,298,913
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	999,745	993,333
Selling, general and administrative expenses	178,133	176,082
Total operating expenses	1,177,879	1,169,416
<b>Operating income</b>	109,799	129,497
<b>Non-operating revenues:</b>		
Interest income	77	61
Dividend income	377	332
Insurance bonus	2,303	2,376
Transfer from administrative fee of contracted construction	1,514	1,445
Equity in earnings of affiliates	—	579
Other	3,681	2,038
Total non-operating revenues	7,954	6,834
<b>Non-operating expenses:</b>		
Interest expense	32,948	30,490
Equity in losses of affiliates	847	—
Other	1,500	1,169
Total non-operating expenses	35,295	31,659
<b>Recurring profit</b>	82,458	104,671
<b>Extraordinary profits:</b>		
Gain on contributions received for construction	16,182	14,447
Compensation for expropriation	2,971	4,120
Proceeds from sales of fixed assets	3,588	2,754
Reversal of provision for retirement benefits	—	18,418
Other	4,864	1,851
Total extraordinary profits	27,607	41,593
<b>Extraordinary losses:</b>		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	15,162	12,166
Loss on reduction entry of compensation for expropriation	2,970	3,362
Impairment loss	170	19,706
Provision for environmental and safety measures	—	4,709
Other	11,505	6,643
Total extraordinary losses	29,808	46,588
<b>Income before income taxes</b>	80,256	99,676

(continued on page 18)

	Millions of yen	
	2012	2013
<b>Income taxes- Current</b>	35,023	45,169
<b>Income taxes- Deferred</b>	17,887	2,062
<b>Total income taxes</b>	52,910	47,231
<b>Income before minority interests</b>	27,345	52,444
<b>Minority interests in loss</b>	(2,143)	(7,754)
<b>Net income</b>	29,489	60,198

### Consolidated Statements of Comprehensive Income

Years ended March 31

	Millions of yen	
	2012	2013
Income before minority interests	27,345	52,444
Other comprehensive income		
Valuation difference on available-for-sale securities	316	1,669
Deferred gains or losses on hedges	(14)	829
Share of other comprehensive income of associates accounted for using equity method	32	109
Total of other comprehensive income	334	2,608
Comprehensive income	27,680	55,053
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	29,833	62,635
Comprehensive income attributable to minority interests	(2,153)	(7,582)

### Business Segment Information

Years ended March 31

		Year ended March 31, 2012	Year ended March 31, 2013	Change from the same period of the previous period
		Billions of yen	Billions of yen	Billions of yen
Transportation	Operating revenues	839.0	844.9	5.8
	Operating income	76.7	90.1	13.3
Sales of Goods and Food Services	Operating revenues	233.5	234.6	1.1
	Operating income	(2.9)	(0.4)	2.4
Real Estate Business	Operating revenues	93.5	90.9	(2.6)
	Operating income	25.9	28.0	2.0
Other Businesses	Operating revenues	121.4	128.4	6.9
	Operating income	10.3	12.3	1.9

Note: Revenues by each segment are from third parties.

### (3) Consolidated Statements of Changes in Net Assets

Years ended March 31

	Millions of yen	
	2012	2013
<b>Shareholders' equity:</b>		
Common stock:		
Balance at the previous year-end	100,000	100,000
Balance at the current year-end	100,000	100,000
Capital surplus:		
Balance at the previous year-end	55,000	55,000
Balance at the current year-end	55,000	55,000
Retained earnings:		
Balance at the previous year-end	563,766	577,999
Change in the fiscal year:		
Dividends from surplus	(15,498)	(20,342)
Net income	29,489	60,198
Change of scope of consolidation	242	—
Retirement of treasury stock	—	(8,347)
Total	14,233	31,508
Balance at the current year-end	577,999	609,508
Treasury stock, at cost:		
Balance at the previous year-end	(30,343)	(30,343)
Change in the fiscal year		
Purchase of treasury stock	0	0
Retirement of treasury stock	—	8,347
Total	0	8,347
Balance at the current year-end	(30,343)	(21,995)
Total shareholders' equity:		
Balance at the previous year-end	688,423	702,656
Change in the fiscal year:		
Dividends from surplus	(15,498)	(20,342)
Net income	29,489	60,198
Change of scope of consolidation	242	—
Purchase of treasury stock	0	0
Total	14,232	39,856
Balance at the current year-end	702,656	742,512

(continued on page 20)

Years ended March 31

	Millions of yen	
	2012	2013
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gain on securities:		
Balance at the previous year-end	546	902
Change in the fiscal year:		
Net changes in items other than shareholders' equity	355	1,775
Total	355	1,775
Balance at the current year-end	902	2,677
Deferred gains or losses on hedges:		
Balance at the previous year-end	(161)	(173)
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(11)	661
Total	(11)	661
Balance at the current year-end	(173)	488
Total valuation and translation adjustments:		
Balance at the previous year-end	384	728
Change in the fiscal year:		
Net changes in items other than shareholders' equity	344	2,437
Total	344	2,437
Balance at the current year-end	728	3,165
<b>Minority interests:</b>		
Balance at the previous year-end	32,443	30,161
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(2,281)	(7,665)
Total	(2,281)	(7,665)
Balance at the current year-end	30,161	22,495
<b>Total net assets:</b>		
Balance at the previous year-end	721,251	733,546
Change in the fiscal year:		
Dividends from surplus	(15,498)	(20,342)
Net income	29,489	60,198
Change of scope of consolidation	242	—
Purchase of treasury stock	0	0
Net changes in items other than shareholders' equity	(1,937)	(5,228)
Total	12,295	34,627
Balance at the current year-end	733,546	768,174

#### (4) Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2012	2013
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	80,256	99,676
Depreciation and amortization	169,330	160,852
Impairment loss	170	19,706
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	15,162	12,166
Loss on disposal of property, plant and equipment	8,058	8,179
Change in allowance for doubtful accounts	18	18
Change in allowance for retirement benefits	(5,861)	(12,389)
Change in allowance for accrued bonuses	295	567
Change in other reserves	(184)	4,611
Interest and dividend income	(454)	(393)
Interest expenses	32,948	30,490
Equity in earnings of affiliates	847	(579)
Gain on contributions received for construction	(16,182)	(14,447)
Change in notes and accounts receivable	2,075	(6,230)
Change in inventories	(5,311)	(4,567)
Change in notes and accounts payable	(20,227)	2,418
Change in accrued consumption tax	4,585	1,171
Other	1,056	4,461
Subtotal	266,583	305,712
Interest and dividends income received	454	399
Interest paid	(32,900)	(30,325)
Income taxes paid	(27,909)	(37,775)
<b>Net cash provided by operating activities</b>	<b>206,228</b>	<b>238,010</b>
<b>Cash flows from investing activities</b>		
Payments for time deposits with a maturity of more than three months	(230)	(245)
Proceeds for time deposits with a maturity of more than three months	230	230
Purchases of property, plant and equipment	(222,806)	(169,400)
Proceeds from sales of property, plant and equipment	2,363	1,658
Contributions received for constructions	23,090	17,062
Increase in investments in securities	(334)	(1,655)
Proceeds from sales of investments in securities	177	323
Payments on long-term loans receivable	(603)	(529)
Collections of long-term loans receivable	980	754
Other	(2,021)	(2,939)
<b>Net cash used in investing activities</b>	<b>(199,153)</b>	<b>(154,741)</b>

(continued on page 22)

	Millions of yen	
	2012	2013
<b>Cash flows from financing activities</b>		
Change in short-term loans	595	615
Proceeds from long-term loans	40,100	32,200
Repayment of long-term debt	(44,796)	(72,098)
Proceeds from issuance of bonds	10,000	25,000
Redemption of bonds	—	(30,000)
Repayment of long-term payables for acquisition of railway properties	(39,065)	(40,869)
Purchase of treasury stock	(0)	(0)
Cash dividends paid to the Company's shareholders	(15,487)	(20,319)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(49)	(49)
Other	11,863	20,253
<b>Net cash used in financing activities</b>	<b>(36,840)</b>	<b>(85,267)</b>
<b>Change in cash and cash equivalents, net</b>	<b>(29,765)</b>	<b>(1,998)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>79,512</b>	<b>50,389</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	<b>1</b>	<b>—</b>
<b>Increase in cash and cash equivalents resulting from merger</b>	<b>641</b>	<b>—</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>50,389</b>	<b>48,390</b>

## **(5) 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 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.

As a result of this change, compared to the previous method, operating income, recurring profit, and net income for the subject fiscal year each increased by ¥1,787 million.

## **(6) Notes to Consolidated Financial Statements**

### **(Notes to Consolidated Statements of Income)**

#### **1. 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).

#### **2. 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 and other assets 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 (¥19,706 million) in extraordinary losses.

Use	Location	Category	Impairment Loss
Directly operated store (department store)	Osaka-shi, Osaka	Building, etc.	¥18,841 million
Others	Ibaraki-shi, Osaka	Land, etc.	¥864 million

The breakdown of the impairment loss is as follows:

Osaka	Buildings and structures	¥15,240 million
	Land	¥306 million
	Others	¥3,649 million
Tottori and others	Buildings and structures	¥332 million
	Land	¥177 million
	Others	¥1 million

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

## (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

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

	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	839,072	233,542	93,576	121,488	1,287,679	—	1,287,679
Intergroup operating revenues and transfers	17,364	47,918	19,829	173,245	258,358	(258,358)	—
Total operating revenues	856,436	281,461	113,406	294,733	1,546,037	(258,358)	1,287,679
Segment income	76,736	(2,996)	25,989	10,376	110,106	(306)	109,799
Segment assets	1,919,576	137,809	389,750	300,368	2,747,504	(104,510)	2,642,994
Other items							
Depreciation and amortization	139,621	6,055	19,456	4,196	169,330	—	169,330
Investment in affiliates accounted for by equity method	18,949	—	—	19,010	37,960	—	37,960
Increase in property, plant and equipment and intangible assets	143,075	22,240	41,747	3,797	210,861	—	210,861

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. Adjustments are as follows:

(1) The segment income adjustment of minus ¥306 million is elimination of intersegment transactions.

(2) The segment assets adjustment of minus ¥104,510 million reflects ¥165,340 in companywide assets not



attributed to any segment, less ¥269,851 million in elimination of intersegment credits and debts.

3. Segment earnings (or loss) are adjusted to the operating income figure on the Consolidated Statements of Income.
4. Impairment loss has been omitted because it has little relevance.

Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

	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	844,915	234,691	90,900	128,406	1,298,913	—	1,298,913
Intergroup operating revenues and transfers	17,325	50,780	20,281	182,902	271,290	(271,290)	—
Total operating revenues	862,241	285,472	111,182	311,308	1,570,204	(271,290)	1,298,913
Segment income	90,105	(498)	28,004	12,351	129,962	(465)	129,497
Segment assets	1,916,315	106,625	395,131	290,031	2,708,103	(94,360)	2,613,743
Other items							
Depreciation and amortization	133,455	5,270	18,321	3,804	160,852	—	160,852
Impairment loss	177	18,935	239	354	19,706	—	19,706
Investment in affiliates accounted for by equity method	19,514	—	—	19,303	38,817	—	38,817
Increase in property, plant and equipment and intangible assets	138,410	6,979	21,155	5,843	172,388	—	172,388

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. Adjustments are as follows:

- (1) The segment income adjustment of minus ¥465 million is elimination of intersegment transactions.
- (2) The segment assets adjustment of minus ¥94,360 million reflects ¥160,453 in companywide assets not attributed to any segment, less ¥254,813 million in elimination of intersegment credits and debts.

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

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

As a result of this change, compared to the previous method, segment earnings for the subject fiscal year increased ¥1,552 million in the Transportation Operations segment, ¥68 million in the Real Estate Business segment, and ¥60 million in the Other Businesses segment, while the segment loss in the Sales of Goods and Food Services segment decreased ¥106 million.

**(Per Share Information)**

	Years ended March 31	
	2012	2013
Net assets (Yen)	3,632.41	3,850.82
Net income (Yen)	152.29	310.87

- Notes: 1. "Net income per share, adjusted for latent shares" is not stated because there are no latent shares.
2. The Company, based on a resolution at a meeting of its Board of Directors on May 18, 2011, conducted a stock split on July 1, 2011, at a ratio of 100 ordinary shares for each ordinary share, and adopted a stock trade unit system with a stock trade unit of 100 shares.
3. Figures for net income have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.
4. The basis for calculating "Net income per share" is as follows.

	Years ended March 31	
	2012	2013
Net income per share		
Net income (Millions of yen)	29,489	60,198
Net income applicable to common shares (Millions of yen)	29,489	60,198
Average number of shares outstanding for each period (Thousands of shares)	193,641	193,641

## Reference Materials

### 1. NON-CONSOLIDATED BALANCE SHEETS

March 31

	2012	2013	Change
	Billions of yen	Billions of yen	Billions of yen
<b>ASSETS</b>			
<b>Current assets:</b>			
Total current assets	182.7	168.1	(14.5)
<b>Fixed assets:</b>			
Fixed assets for railway operations	1,812.0	1,787.9	(24.0)
Construction in progress	38.5	47.3	8.7
Investments and other assets	348.4	329.8	(18.6)
Total fixed assets	2,199.0	2,165.1	(33.9)
<b>Total assets</b>	2,381.7	2,333.3	(48.4)

	2012	2013	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	76.4	(64.4)
Accounts payable	420.2	441.0	20.7
Total current liabilities	561.1	517.4	(43.7)
<b>Fixed liabilities:</b>			
Bonds and long-term debt	915.4	896.1	(19.3)
Accrued retirement benefits	297.5	284.3	(13.1)
Other long-term liabilities	19.2	23.7	4.5
Total fixed liabilities	1,232.1	1,204.2	(27.9)
<b>Total liabilities</b>	1,793.3	1,721.6	(71.6)
<b>Total shareholders' equity:</b>			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	462.6	475.9	13.2
Treasury stock, at cost	(29.9)	(21.6)	8.3
Total shareholders' equity	587.6	609.2	21.5
<b>Valuation and translation adjustments</b>	0.7	2.3	1.6
<b>Total net assets</b>	588.3	611.6	23.2
<b>Total liabilities and net assets</b>	2,381.7	2,333.3	(48.4)

## 2. NON-CONSOLIDATED STATEMENTS OF INCOME

	Years ended March 31		Change		Forecasts for year ending March 31	
	2012	2013			2014	Change
	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen	
<b>Operating revenues:</b>						
Transportation	758.7	769.1	10.3	1.4	775.0	5.8
Transportation incidentals	19.5	19.1	(0.4)	(2.1)	18.9	(0.2)
Other operations	23.2	23.6	0.3	1.6	23.0	(0.6)
Miscellaneous	60.5	56.5	(4.0)	(6.7)	49.6	(6.9)
	862.1	868.5	6.3	0.7	866.5	(2.0)
<b>Operating expenses:</b>						
Personnel costs	237.9	233.3	(4.5)	(1.9)	235.0	1.6
Non personnel costs:						
Energy costs	36.2	37.1	0.9	2.5		
Maintenance costs	133.3	136.5	3.1	2.4		
Miscellaneous costs	169.9	169.1	(0.8)	(0.5)		
	339.5	342.7	3.2	0.9	351.5	8.7
Rental payments, etc	23.6	23.4	(0.1)	(0.5)	23.5	0.0
Taxes	30.9	31.7	0.7	2.5	31.5	(0.2)
Depreciation	140.7	134.7	(6.0)	(4.3)	131.0	(3.7)
	772.8	766.1	(6.7)	(0.9)	772.5	6.3
<b>Operating income</b>	89.2	102.3	13.0	14.6	94.0	(8.3)
<b>Non-operating revenues and expenses, net:</b>						
Non-operating revenues	7.1	6.4	(0.7)	—	—	—
Non-operating expenses	33.5	31.1	(2.3)	—	—	—
	(26.4)	(24.7)	1.6	(6.2)	(23.0)	1.7
<b>Recurring profit</b>	62.8	77.5	14.6	23.4	71.0	(6.5)
<b>Extraordinary profit and loss, net:</b>						
Extraordinary profit	23.1	39.9	16.8	—	—	—
Extraordinary loss	24.8	39.7	14.9	—	—	—
	(1.7)	0.1	1.9	—	—	(0.1)
<b>Income before income taxes</b>	61.1	77.7	16.5	27.1	71.0	(6.7)
<b>Income taxes</b>	38.9	35.8	(3.1)	(8.1)	27.5	(8.3)
<b>Net income</b>	22.1	41.9	19.7	89.2	43.5	1.5

## Passenger-Kilometers and Transportation Revenues

	Passenger-Kilometers				Transportation Revenues			
	Millions of Passenger-Kilometers				Billions of yen			
	Years ended March 31		Change		Years ended March 31		Change	
	2012	2013	Amount	%	2012	2013	Amount	%
Sanyo Shinkansen								
Commuter Passes	722	736	13	1.9	8.9	9.0	0.1	1.3
Non-Commuter Passes	16,155	16,434	279	1.7	342.5	347.9	5.4	1.6
Total	16,878	17,171	293	1.7	351.5	357.0	5.5	1.6
Conventional Lines								
Commuter Passes	22,788	22,728	(59)	(0.3)	140.4	140.2	(0.2)	(0.2)
Non-Commuter Passes	14,450	14,869	419	2.9	266.7	271.8	5.0	1.9
Total	37,239	37,598	359	1.0	407.2	412.0	4.8	1.2
Kyoto-Osaka-Kobe Area								
Commuter Passes	18,440	18,398	(41)	(0.2)	113.4	113.2	(0.1)	(0.2)
Non-Commuter Passes	9,778	10,091	313	3.2	173.8	178.1	4.2	2.4
Total	28,218	28,490	271	1.0	287.3	291.4	4.0	1.4
Other Lines								
Commuter Passes	4,348	4,330	(18)	(0.4)	27.0	26.9	(0.0)	(0.3)
Non-Commuter Passes	4,672	4,778	106	2.3	92.8	93.7	0.8	0.9
Total	9,020	9,108	87	1.0	119.8	120.6	0.7	0.7
Total								
Commuter Passes	23,511	23,465	(46)	(0.2)	149.4	149.3	(0.1)	(0.1)
Non-Commuter Passes	30,605	31,304	699	2.3	609.2	619.8	10.5	1.7
Total	54,117	54,769	652	1.2	758.7	769.1	10.3	1.4

### 3. CAPITAL EXPENDITURES

#### Consolidated Basis

	Years ended March 31		Change from the same period of the previous period		Plan for year ending March 31, 2014
	2012	2013	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	208.8	170.3	(38.4)	(18.4)	
Capital expenditures, excluding contributions received for constructions	195.4	152.9	(42.4)	(21.7)	192.0
Contributions received for constructions	13.4	17.4	4.0	30.0	

#### Non-Consolidated Basis

	Years ended March 31		Change from the same period of the previous period		Plan for year ending March 31, 2014
	2012	2013	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	164.3	142.2	(22.0)	(13.4)	
Capital expenditures, excluding contributions received for constructions	150.8	124.8	(26.0)	(17.3)	165.0
[Safety-related capital expenditures]	[97.7]	[72.7]	[(24.9)]	[(25.5)]	[89.0]
Contributions received for constructions	13.4	17.4	4.0	30.0	

#### Major Capital Expenditures

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

#### 4. FORECASTS FOR THE FISCAL YEAR ENDING MARCH 31, 2014

	Year ended March 31, 2013	Year ending March 31, 2014	Change from the same period of the previous period	
	Billions of yen	Billions of yen	Billions of yen	%
<b>Consolidated-basis:</b>	<1.50>	<1.51>		
Operating revenues	1,298.9	1,310.5	11.5	0.9
Operating income	129.4	125.0	(4.4)	(3.5)
Recurring profit	104.6	101.5	(3.1)	(3.0)
Net income	<1.44> 60.1	<1.32> 57.5	(2.6)	(4.5)
<b>Non-consolidated-basis:</b>				
Operating revenues	868.5	866.5	(2.0)	(0.2)
Transportation operations	769.1	775.0	5.8	0.8
Operating expenses	766.1	772.5	6.3	0.8
Operating income	102.3	94.0	(8.3)	(8.1)
Recurring profit	77.5	71.0	(6.5)	(8.5)
Net income	41.9	43.5	1.5	3.8

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

#### Business Segment Information

		Year ended March 31, 2013	Year ending March 31, 2014	Change from the same period of the previous period
		Billions of yen	Billions of yen	Billions of yen
Transportation	Operating revenues	844.9	844.0	(0.9)
	Operating income	90.1	82.7	(7.4)
Sales of Goods and Food Services	Operating revenues	234.6	236.4	1.7
	Operating income	(0.4)	3.1	3.5
Real Estate Business	Operating revenues	90.9	103.8	12.8
	Operating income	28.0	27.7	(0.3)
Other Businesses	Operating revenues	128.4	126.3	(2.1)
	Operating income	12.3	11.9	(0.4)

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 March 2013 based on information available to JR-West as of March 2013 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.