

**FLASH REPORT (CONSOLIDATED BASIS)**Company name: **West Japan Railway Company**

Stock listings: Tokyo, Nagoya and Fukuoka Stock Exchanges

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

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Quarterly report filing date (Planned): November 13, 2013

Start of dividend payments (Planned): November 29, 2013

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: Yes

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

**1. Results for the Six Months Ended September 30, 2013 (from April 1, 2013 to September 30, 2013)****(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	%
2013	642,197	0.4	74,826	4.3	61,563	6.4	36,862	6.0
2012	639,471	1.8	71,773	18.8	57,835	29.4	34,764	34.9

(Note) Comprehensive Income: Six months ended September 30, 2013: ¥38,377 million, 47.9%;

Six months ended September 30, 2012: ¥25,956 million, 3.9%

	Net income per share	Net income per share after dilution
	Yen	Yen
2013	190.37	—
2012	179.53	—

**(2) Financial Position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2013	2,586,919	795,794	29.9
March 31, 2013	2,613,743	768,174	28.5

(Reference) Total shareholders' equity: September 30, 2013: ¥772,970 million, March 31, 2013: ¥745,678 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
2013	—	55.00	—	55.00	110.00
2014	—	55.00			
2014 (Forecast)			—	55.00	110.00

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

### 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	%
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
Fiscal year	57,500	(4.5)	296.94

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

#### 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: None
  - 2) Changes other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Restatements: None

#### (4) Number of Shares Outstanding (Common stock)

	Six months ended September 30, 2013	Years ended March 31, 2013
1) Number of shares issued and outstanding (including treasury stock):	198,256,600	198,256,600
2) Number of treasury stock	4,615,273	4,615,100
		Six months ended September 30, 2012
3) Average number of shares outstanding for each period (cumulative term):	193,641,425	193,641,500

#### \* 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. 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, 2014**

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	866,500	(0.2)	94,000	(8.1)	71,000	(8.5)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	43,500	3.8	224.53

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

## 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.”

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 newly establishing “Our Future Direction—The Ideal Form for JR-West” to explicate our management vision. For the realization of this plan, following the principle of each and every employee “thinking and acting based on the field,” we are implementing 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,” and “Business Development.”

During the subject second quarter period (April 1, 2013 to September 30, 2013), JR-West conducted memorial services, held explanatory briefings in May 2013 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.

In terms of “Safety,” the highest priority of the Three Basic Strategies that JR-West is currently pursuing, based on a determination to “never allow an accident such as that on the Fukuchiyama Line to again occur,” JR-West made a concerted effort as a corporate group to implement specific measures of the “Safety Think-and-Act Plan 2017” formulated in March 2013, so that customers would be able to truly feel safe and secure. Unfortunately, however, in September 2013 a work-related accident at one of JR-West’s contractors resulted in the death of an employee while at work, prompting us to reaffirm the seriousness of the principle of “No labor accidents that result in fatalities among our employees.”

For “Customer Satisfaction,” JR-West sought “customer-based management,” and made efforts to meet the needs and expectations of customers.

For “Technologies,” JR-West pursued technical development aimed at fostering advances in railway operations systems, and explored ways to resolve issues through technology.

Regarding the “Four Business Strategies,” for “Shinkansen” JR-West implemented various travel campaigns, expanded product offerings for seniors and overseas visitors to Japan, and made other efforts to enhance the potential of the Shinkansen. We also established a special office in our Kanazawa Branch Office to prepare for the opening of the Kanazawa segment of the Hokuriku Shinkansen.

For “Kansai Urban Area,” JR-West worked to ensure a high-quality transport rail service through such measures as enhancing safety at level crossings. We also pursued business development and other steps to enhance the appeal of urban areas.

For “Other West Japan Area,” JR-West pursued business development with close ties to areas as a means of leveraging the positive qualities and strengths of the region.

For “Business Development,” JR-West implemented measures for the development of terminal stations and to enhance the appeal of areas along railway belts. We also established structures for business matching, and took steps to cultivate and nurture new business fields.

JR-West also pursued initiatives 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 motivation.

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

Of note, there were several instances this summer of damage to railways as a result of heavy rains. Services are currently still suspended along certain sections of the San-in Line, Yamaguchi Line, and Sanko Line, and we are working with the local governments concerned in a concentrated effort to restore services.

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, with the aim of building corporate value over the long term, by deepening interaction and ties with communities, and working together as a corporate group to develop businesses with close ties to areas, JR-West took steps to enhance the quality of the railway, to expand non-transportation operations, and to promote new business creation, establishing a foundation for sustainable growth.

As a result, on a consolidated basis, operating revenues for the subject second quarter cumulative period (April 1, 2013 to September 30, 2013) rose 0.4% from the same period of the previous fiscal year to ¥642.1 billion. Operating income increased 4.3% from a year earlier to ¥74.8 billion, while recurring profit rose 6.4% to ¥61.5 billion, with net income up 6.0% to ¥36.8 billion.

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

### Consolidated Results for the Six Months Ended September 30, 2013 (April –September 2013)

Operating revenues:	¥642.1 billion
Operating income:	¥74.8 billion
Recurring profit:	¥61.5 billion
Net income:	¥36.8 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, as part of our specific measures for the “Safety Think-and-Act Plan 2017”

JR-West maintained its “Continual effort to realize safe, reliable transport service,” moved ahead with efforts to “Increase the level of risk assessment,” and took other steps to improve safety. One example of this effort was revisions, made with priority on ensuring safety, to allow for more appropriate operating procedures on conventional lines following an earthquake. To achieve the goal of “Increasing safety awareness and implementing think-and-act initiatives with the highest priority on human life,” taking to heart the seriousness of accidents now and in the future, we conducted employee training and other measures through the Railway Safety Education Center, established to teach systematically the lessons learned from accidents. We also conducted trainings in accordance with the “Rules for Tsunami Evacuation Guidance” and other manuals formulated based on the lessons of the Great East Japan Earthquake, and took other steps to facilitate communication of information on earthquakes and tsunami, and to provide for the smooth evacuation of passengers. Various types of training sessions were also conducted to enhance capabilities to aid customers in the event of a major disaster or accident.

In terms of safety-related investments, JR-West enhanced safety for level crossing systems and implemented safety measures for platforms. For 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.

In transportation operations, usage of the Sanyo Shinkansen and urban network was positive as a result of timetable revisions implemented in March 2013 to increase the frequency of *Nozomi* and *Sakura* Shinkansen services, and to expand the 12-car special rapid service on the JR Kyoto Line and JR Kobe Line. We also took steps to enhance convenience by increasing the frequency of Shinkansen services, and limited express services on conventional lines, mainly during the “Golden Week” and Obon holidays, and on weekends.

In marketing initiatives, to compete with other modes of transport JR-West launched the “Super Haya-toku” early discount ticket, and made efforts to promote use of the Shinkansen through such initiatives as the “Remember Kyushu Campaign” to firmly establish use of direct through-services between the Sanyo and Kyushu Shinkansens, now in its third year of operation, and the “Detective Conan Kumamoto/Aso Mystery Tour.” We also drew customers from throughout Japan by conducting the “Hiroshima Destination Campaign,” and worked to stimulate tourism in cooperation with local communities, including efforts to increase use of railways between the Kansai and Hokuriku regions by conducting the “Discover Shin-Hokuriku! Campaign.” In addition, to further draw customers to Osaka, which has become more attractive with the opening of GRAND FRONT OSAKA and other large-scale commercial facilities, JR-West conducted “City Hike Osaka,” jointly promoted by six rail companies in the Kansai region. Further, we expanded services for overseas visitors to Japan, including the launch of free public Wi-Fi services at major stations.

In bus services, JR-West worked to enhance customer convenience with measures including transportation improvements and 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.

As a result, operating revenues for the Transportation Operations segment decreased 0.6% from the same period of the previous fiscal year, to ¥422.3 billion, though operating income rose 3.9%, to ¥57.1 billion.

#### **b. Retail Business**

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 took steps to enhance the appeal of stations, including opening in Sannomiya Station an Entrée Marché hybrid convenience store, along with fashion and variety goods stores, as well as in Osaka Station, Eki QoI Pharmacy JR Osaka Store, a station-style drug store. We also opened the business hotel, Viainn Nagoya. In July, JR-West merged two consolidated subsidiaries in the San-in Area with differing industries and types of business, with the aim of developing and operating more convenient and attractive commercial facilities.

As a result, operating revenues in the Retail Business segment rose 1.4% from the previous fiscal year, to ¥116.8 billion, with operating income of ¥2.0 billion.

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

JR-West moved forward with the development of stations and surrounding areas. At the Himeji Station Building, completed in April 2013, we opened piole HIMEJI in conjunction with the renovation of the commercial facility underneath the elevated tracks, while at Nada Station we opened a new station building, and also opened the Higashi-Maizuru Station Building. For existing commercial facilities, JR-West took proactive steps to bring in tenants with customer-drawing power, and to invigorate business at stores. To stimulate business in the area around Osaka Station, JR-West conducted area management activities in association with local business operators. We also worked to effectively utilize land held, including leasing the site of Suita Katayama company housing to an educational institution.

However, operating revenues for the Real Estate Business segment declined 2.2% from the previous fiscal year to ¥42.8 billion, with operating income down 13.8% from a year earlier to ¥12.2 billion.

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

In hotel operations, JR-West 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 made efforts to acquire cardholders through an online application service, while for the ICOCA e-money service, we maximized the effect of nationwide reciprocal service of transport IC cards that started in March 2013, and we worked to expand opportunities to use the service, including introducing services at large commercial facilities around town. In addition, JR-West developed and nurtured new businesses, including the launch of a “Rail & Car Share” service at Shinkansen stations, and 10 major stations in the Kyoto-Osaka-Kobe region.

As a result, operating revenues for the Other Businesses segment increased 8.6% from the previous fiscal year, to ¥60.2 billion, with operating income up 3.3%, to ¥2.5 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 (September 30, 2013) amounted to ¥2,586.9 billion, a decrease of ¥26.8 billion from the end of the previous fiscal year (March 31, 2013). This was due mainly to a decrease in property, plant and equipment.

Total liabilities amounted to ¥1,791.1 billion, a decrease of ¥54.4 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥795.7 billion, an increase of ¥27.6 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**

Because at this point consolidated earnings for the subject fiscal year are generally in line with expectations, there is no change to the consolidated earnings forecasts from those announced on July 30, 2013.

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



## 2. CONSOLIDATED FINANCIAL STATEMENTS

### (1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2013	September 30, 2013
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	48,636	44,814
Notes and accounts receivable-trade	20,656	16,543
Railway fares receivable	28,657	27,264
Accounts receivable	46,431	35,506
Inventories	37,928	51,294
Deferred income taxes	19,011	18,960
Other current assets	44,846	50,649
Less allowance for doubtful accounts	(757)	(662)
Total current assets	245,410	244,372
<b>Fixed assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	1,080,462	1,064,647
Machinery and transport equipment	297,927	281,781
Land	659,045	659,782
Construction in progress	50,631	59,510
Other property, plant and equipment	32,753	31,732
Total property, plant and equipment	2,120,820	2,097,454
<b>Intangible fixed assets</b>	34,146	30,901
<b>Investments and other assets:</b>		
Investments in securities	62,940	65,568
Deferred tax assets	120,804	119,919
Other investments and assets	30,778	29,853
Less allowance for doubtful accounts	(1,281)	(1,253)
Total investments and other assets	213,243	214,088
Total fixed assets	2,368,209	2,342,444
<b>Deferred income taxes</b>	122	102
<b>Total assets</b>	<b>2,613,743</b>	<b>2,586,919</b>

	Millions of yen	
	March 31, 2013	September 30, 2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	50,919	38,702
Short-term loans	24,124	32,813
Current portion of long-term debt	38,774	38,130
Current portion of long-term payables for acquisition of railway properties	39,669	39,406
Current portion of long-term accounts payable	31	31
Accounts payable	97,368	43,172
Accrued consumption tax	9,083	5,637
Accrued income tax	29,921	24,739
Prepaid railway fares received	32,828	38,548
Advances received	29,441	42,943
Allowance for bonuses	35,054	34,907
Allowance for point program	1,193	1,584
Other current liabilities	126,211	113,843
Total current liabilities	514,620	454,462
<b>Fixed liabilities:</b>		
Bonds	449,973	459,974
Long-term debt	244,614	255,895
Long-term payables for acquisition of railway properties	209,904	193,900
Long-term accounts payable	127	112
Deferred tax liabilities	357	396
Accrued retirement benefits	304,486	305,377
Allowance for environmental safety measures	10,712	10,547
Provision for unredeemed gift certificates	2,609	2,407
Other long-term liabilities	108,162	108,052
Total fixed liabilities	1,330,948	1,336,663
<b>Total liabilities</b>	<b>1,845,569</b>	<b>1,791,125</b>

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	Millions of yen	
	March 31, 2013	September 30, 2013
<b>NET ASSETS</b>		
<b>Total shareholders' equity:</b>		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	609,508	635,715
Treasury stock, at cost	(21,995)	(21,996)
Total shareholders' equity	742,512	768,719
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gain on securities	2,677	3,819
Deferred gains or losses on hedges	488	431
Total Valuation and translation adjustments	3,165	4,251
<b>Minority interests</b>	22,495	22,823
<b>Total net assets</b>	768,174	795,794
<b>Total liabilities and net assets</b>	2,613,743	2,586,919

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

### Consolidated Statements of Income

Six months ended September 30

	Millions of yen	
	2012	2013
<b>Operating revenues</b>	639,471	642,197
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	481,663	480,936
Selling, general and administrative expenses	86,034	86,434
Total operating expenses	567,698	567,370
<b>Operating income</b>	71,773	74,826
<b>Non-operating revenues:</b>		
Interest income	30	27
Dividend income	248	281
Transfer from administrative fee of contracted construction	104	82
Equity in earnings of affiliates	407	294
Other	1,059	905
Total non-operating revenues	1,850	1,590
<b>Non-operating expenses:</b>		
Interest expense	15,579	14,186
Other	209	667
Total non-operating expenses	15,788	14,854
<b>Recurring profit</b>	57,835	61,563
<b>Extraordinary profits:</b>		
Gain on contributions received for construction	4,418	2,711
Reversal of provision for retirement benefits	18,418	—
Other	978	617
Total extraordinary profits	23,815	3,329
<b>Extraordinary losses:</b>		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	3,734	2,645
Impairment loss	18,841	—
Other	2,348	1,279
Total extraordinary losses	24,925	3,924
<b>Income before income taxes</b>	56,726	60,967
<b>Income taxes- Current</b>	22,543	23,482
<b>Income taxes- Deferred</b>	7,776	217
<b>Total income taxes</b>	30,319	23,699
<b>Income before minority interests</b>	26,406	37,267
<b>Minority interests in income (loss)</b>	(8,357)	404
<b>Net income</b>	34,764	36,862

## Consolidated Statements of Comprehensive Income

Six months ended September 30

	Millions of yen	
	2012	2013
Income before minority interests	26,406	37,267
Other comprehensive income		
Valuation difference on available-for-sale securities	(541)	1,122
Deferred gains or losses on hedges	124	(71)
Share of other comprehensive income of associates accounted for using equity method	(32)	58
Total of other comprehensive income	(449)	1,110
Comprehensive income	25,956	38,377
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	34,289	37,948
Comprehensive income attributable to minority interests	(8,332)	429

## Business Segment Information

Six months ended September 30

		Billions of yen		Change from the same period of the previous period
		2012	2013	
Transportation	Operating revenues	424.9	422.3	(2.6)
	Operating income	55.0	57.1	2.1
Retail Business	Operating revenues	115.2	116.8	1.5
	Operating income	(0.6)	2.0	2.6
Real Estate Business	Operating revenues	43.7	42.8	(0.9)
	Operating income	14.1	12.2	(1.9)
Other Businesses	Operating revenues	55.4	60.2	4.7
	Operating income	2.4	2.5	0.0

Note: Revenues by each segment are from third parties.

### (3) Consolidated Statements of Cash Flows

Six months ended September 30

	Millions of yen	
	2012	2013
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	56,726	60,967
Depreciation and amortization	78,953	75,009
Impairment loss	18,841	—
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	3,734	2,645
Loss on disposal of property, plant and equipment	2,753	1,049
Change in allowance for doubtful accounts	28	(123)
Change in allowance for retirement benefits	(20,392)	891
Change in allowance for accrued bonuses	(290)	(146)
Interest and dividend income	(279)	(308)
Interest expenses	15,579	14,186
Equity in earnings of affiliates	(407)	(294)
Gain on contributions received for construction	(4,418)	(2,711)
Change in notes and accounts receivable	16,021	18,641
Change in inventories	(13,485)	(13,366)
Change in notes and accounts payable	(20,108)	(30,778)
Change in accrued consumption tax	583	(3,445)
Other	(5,778)	(10,729)
Subtotal	128,063	111,487
Interest and dividends income received	278	309
Interest paid	(15,397)	(14,240)
Income taxes paid	(20,441)	(27,869)
<b>Net cash provided by operating activities</b>	<b>92,502</b>	<b>69,686</b>
<b>Cash flows from investing activities</b>		
Payments for time deposits with a maturity of more than three months	(80)	(81)
Proceeds for time deposits with a maturity of more than three months	80	80
Purchases of property, plant and equipment	(72,508)	(70,175)
Proceeds from sales of property, plant and equipment	532	205
Contributions received for constructions	9,407	10,820
Increase in investments in securities	(1,594)	(653)
Payments on long-term loans receivable	(339)	(283)
Collections of long-term loans receivable	466	342
Other	(1,511)	(543)
<b>Net cash used in investing activities</b>	<b>(65,547)</b>	<b>(60,288)</b>

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	Millions of yen	
	2012	2013
<b>Cash flows from financing activities</b>		
Change in short-term loans	1,755	1,860
Proceeds from long-term loans	—	15,000
Repayment of long-term debt	(4,830)	(4,378)
Proceeds from issuance of bonds	—	10,000
Redemption of bonds	(15,000)	—
Repayment of long-term payables for acquisition of railway properties	(16,356)	(16,267)
Purchase of treasury stock	(0)	(0)
Cash dividends paid to the Company's shareholders	(9,672)	(10,648)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(49)	(115)
Other	4,204	(8,670)
<b>Net cash used in financing activities</b>	<b>(39,949)</b>	<b>(13,220)</b>
<b>Change in cash and cash equivalents, net</b>	<b>(12,994)</b>	<b>(3,823)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>50,389</b>	<b>48,390</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>37,395</b>	<b>44,567</b>

#### (4) Significant Events after the Reporting Period

##### Cancellation of Treasury Stock

The Company, at a meeting of its Board of Directors held on October 29, 2013, decided to cancel treasury stock, based on Article 178 of the Companies Act.

1. Type of shares to be canceled      Common stock of the Company
2. Number of shares to be canceled    4,521,600 shares (2.28% of the total number of shares outstanding prior to the cancellation)
3. Scheduled cancellation date        November 15, 2013

##### *(Reference)*

The total number of shares outstanding after the cancellation will be 193,735,000 shares.

## Reference Materials

### 1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2013	<b>September 30, 2013</b>	Change
	Billions of yen	Billions of yen	Billions of yen
<b>ASSETS</b>			
<b>Current assets:</b>			
Total current assets	168.1	175.7	7.5
<b>Fixed assets:</b>			
Fixed assets for railway operations	1,787.9	1,753.1	(34.8)
Construction in progress	47.3	57.6	10.2
Investments and other assets	329.8	323.0	(6.8)
Total fixed assets	2,165.1	2,133.7	(31.3)
<b>Total assets</b>	2,333.3	2,309.4	(23.8)

	March 31, 2013	<b>September 30, 2013</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	76.4	75.5	(0.9)
Accounts payable	441.0	390.8	(50.1)
Total current liabilities	517.4	466.4	(51.0)
<b>Fixed liabilities:</b>			
Bonds and long-term debt	896.1	902.3	6.2
Accrued retirement benefits	284.3	284.9	0.5
Other long-term liabilities	23.7	23.3	(0.3)
Total fixed liabilities	1,204.2	1,210.6	6.4
<b>Total liabilities</b>	1,721.6	1,677.1	(44.5)
<b>Total shareholders' equity:</b>			
Common stock	100.0	100.0	
Capital surplus	55.0	55.0	
Retained earnings	475.9	495.7	19.8
Treasury stock, at cost	(21.6)	(21.6)	(0.0)
Total shareholders' equity	609.2	629.0	19.8
<b>Valuation and translation adjustments</b>	2.3	3.2	0.9
<b>Total net assets</b>	611.6	632.3	20.7
<b>Total liabilities and net assets</b>	2,333.3	2,309.4	(23.8)



## 2. NON-CONSOLIDATED STATEMENTS OF INCOME

Six months ended September 30

	2012	2013	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
<b>Operating revenues:</b>				
Transportation	385.0	388.6	3.6	0.9
Transportation incidentals	9.5	9.5	(0.0)	(0.4)
Other operations	11.8	11.5	(0.2)	(2.0)
Miscellaneous	30.4	23.8	(6.5)	(21.5)
	436.7	433.5	(3.2)	(0.7)
<b>Operating expenses:</b>				
Personnel costs	116.9	117.2	0.3	0.3
Non personnel costs:				
Energy costs	18.7	21.4	2.7	14.6
Maintenance costs	60.1	59.9	(0.2)	(0.4)
Miscellaneous costs	84.0	79.9	(4.0)	(4.8)
	162.9	161.3	(1.5)	(1.0)
Rental payments, etc	11.9	11.8	(0.0)	(0.3)
Taxes	17.9	17.9	(0.0)	(0.1)
Depreciation	65.8	62.8	(3.0)	(4.6)
	375.5	371.2	(4.2)	(1.1)
<b>Operating income</b>	61.2	62.3	1.0	1.8
<b>Non-operating revenues and expenses, net:</b>				
Non-operating revenues	1.4	1.5	0.0	
Non-operating expenses	15.5	14.2	(1.2)	
	(14.0)	(12.6)	1.3	(9.8)
<b>Recurring profit</b>	47.1	49.6	2.4	5.2
<b>Extraordinary profit and loss, net:</b>				
Extraordinary profit	23.2	3.0	(20.2)	
Extraordinary loss	20.4	3.3	(17.0)	
	2.8	(0.3)	(3.2)	
<b>Income before income taxes</b>	50.0	49.3	(0.7)	(1.5)
<b>Income taxes</b>	24.5	18.8	(5.7)	(23.4)
<b>Net income</b>	25.4	30.4	4.9	19.5

## 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	
	2012	2013	Amount	%	2012	2013	Amount	%
Sanyo Shinkansen								
Commuter Passes	376	380	4	1.1	4.6	4.6	0.0	1.5
Non-Commuter Passes	8,219	8,341	122	1.5	174.2	176.4	2.2	1.3
Total	8,595	8,722	126	1.5	178.8	181.1	2.3	1.3
Conventional Lines								
Commuter Passes	11,763	11,760	(3)	(0.0)	71.3	71.6	0.2	0.4
Non-Commuter Passes	7,381	7,458	77	1.0	134.7	135.8	1.0	0.8
Total	19,145	19,219	73	0.4	206.1	207.4	1.2	0.6
Kansai Urban Area								
Commuter Passes	9,486	9,487	1	0.0	57.5	57.8	0.2	0.4
Non-Commuter Passes	5,013	5,077	64	1.3	88.3	89.7	1.4	1.6
Total	14,499	14,565	66	0.5	145.8	147.5	1.6	1.1
Other Lines								
Commuter Passes	2,277	2,272	(4)	(0.2)	13.8	13.8	0.0	0.1
Non-Commuter Passes	2,368	2,380	12	0.5	46.4	46.0	(0.4)	(0.9)
Total	4,645	4,653	7	0.2	60.3	59.9	(0.3)	(0.6)
Total								
Commuter Passes	12,140	12,141	0	0.0	75.9	76.3	0.3	0.4
Non-Commuter Passes	15,600	15,799	199	1.3	309.0	312.2	3.2	1.1
Total	27,741	27,941	200	0.7	385.0	388.6	3.6	0.9

### 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, 2014
	2012	2013	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	54.5	50.3	(4.2)	(7.8)	
Capital expenditures, excluding contributions received for constructions	49.9	46.2	(3.6)	(7.3)	192.0
Contributions received for constructions	4.6	4.0	(0.6)	(13.5)	

#### Non-Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2014
	2012	2013	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	42.3	41.3	(0.9)	(2.2)	
Capital expenditures, excluding contributions received for constructions	37.6	37.3	(0.3)	(0.8)	165.0
[Safety-related capital expenditures]	[19.4]	[24.0]	[4.6]	[23.7]	[89.0]
Contributions received for constructions	4.6	4.0	(0.6)	(13.5)	

#### Major Capital Expenditures

Capital investments included earthquake and tsunami countermeasures, new rolling stock (Shinkansen N700A Series), and expenditures related to the opening of the Hokuriku Shinkansen.

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

- This report 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 2013 based on information available to JR-West as of October 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 report.