

**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>

President: Seiji Manabe

For further information, please contact: Fumito Ogata, General Manager, Corporate Communications Department

Telephone: +81-6-6375-8889

Quarterly report filing date (Planned): February 13, 2014

Start of dividend payments (Planned): —

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: None

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

**1. Results for the Nine Months Ended December 31, 2013 (from April 1, 2013 to December 31, 2013)****(1) Operating Results**

Nine months ended December 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	985,942	1.5	120,875	4.4	101,894	7.3	60,786	4.2
2012	971,022	1.1	115,760	15.5	94,960	23.2	58,347	94.1

(Note) Comprehensive Income: Nine months ended December 31, 2013: ¥62,646 million, 23.7%;

Nine months ended December 31, 2012: ¥50,655 million, 79.7%

	Net income per share	Net income per share after dilution
	Yen	Yen
2013	313.91	—
2012	301.32	—

**(2) Financial Position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2013	2,610,436	809,395	30.1
March 31, 2013	2,613,743	768,174	28.5

(Reference) Total shareholders' equity: December 31, 2013: ¥786,392 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	1,316,000	1.3	130,000	0.4	107,000	2.2

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	60,500	0.5	312.43

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

#### Notes

- (1) Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
- (2) Adoption of simplified accounting practices and special accounting policy for quarterly financial reporting: None
- (3) Changes from accounting methods, procedures and the presentation of the quarterly consolidated financial statements:
  - 1) Changes based on revision of accounting standards: None
  - 2) Changes other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Restatements: None

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

	Nine months ended December 31, 2013	Years ended March 31, 2013
1) Number of shares issued and outstanding (including treasury stock):	193,735,000	198,256,600
2) Number of treasury stock	96,571	4,615,100
		Nine months ended December 31, 2012
3) Average number of shares outstanding for each period (cumulative term):	193,641,377	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	869,500	0.1	99,000	(3.3)	76,000	(2.0)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	46,000	9.7	237.44

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

## 1. QUALITATIVE INFORMATION ON THE RESULTS FOR THE SUBJECT PERIOD

On April 25, 2005, JR-West caused an extremely serious accident when one of its trains derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, resulting in 106 fatalities and more than 500 injuries of passengers. Since the accident JR-West has exerted its full effort with regard to its three pillars of management, specifically "Measures to have ourselves accepted as acting with the best of intentions by the victims of the train accident," "Measures to enhance safety," and "Furthering of reform."

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 third quarter period (April 1, 2013 to December 31, 2013), JR-West continued to make sincere efforts for the victims of the Fukuchiyama Line accident. Along with conducting a memorial service, in May 2013 we held an explanatory briefing for the "Safety Think-and-Act Plan 2017," and in November a briefing regarding the accident site. In addition, we implemented 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 on the job. We immediately took measures to prevent a reoccurrence, and as a corporate group reaffirmed the seriousness of the principles of "No accidents that cause injury or death to customers" and "No labor accidents that result in fatalities among our employees," and resolved to make a concerted effort to attain these goals.

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. To prepare for the opening of the Kanazawa segment of the Hokuriku Shinkansen, we established a special office in our Kanazawa Branch Office. In October 2013 we decided on the service type and train names, and in December began conducting running tests between Nagano and Kurobe-Unazukionsen stations.

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 last 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 third quarter cumulative period (April 1, 2013 to December 31, 2013) rose 1.5% from the same period of the previous fiscal year to ¥985.9 billion. Operating income increased 4.4% from a year earlier to ¥120.8 billion, while recurring profit rose 7.3% to ¥101.8 billion, with net income up 4.2% to ¥60.7 billion.

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

Consolidated Results for the Nine Months Ended December 31, 2013 (April –December 2013)

Operating revenues:	¥985.9 billion
Operating income:	¥120.8 billion
Recurring profit:	¥101.8 billion
Net income:	¥60.7 billion

### **Results by Business Segment**

#### **a. Transportation Operations**

In the railway business, JR-West continued to pursue improvement measures that reflected the

remarks, including the proposals and opinions, noted in the investigation report on the Fukuchiyama Line accident. Further, 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, including testing of automatic platform gates (rope style). 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. We also made steady efforts to improve transport quality, including updating the operation control system, as well as newly installing and expanding facilities to turn trains .

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, we expanded services for overseas visitors to Japan, including the launch of free public Wi-Fi services at major stations, and the addition of a FAQ on our website regarding use of JR-West lines. Further, to contribute to the sustainable development of communities and railways, we took steps to realize the principle of coexistence with communities, including deepening connections with local governments and companies, and promoting community and regional development centered on train 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.

Of note, JR-West acquired shares in Asia Air Survey Co., Ltd., and concluded a business partnership agreement with the aim of supporting major changeovers in railway operations, and bolstering disaster response measures.

As a result, operating revenues for the Transportation Operations segment increased 0.1% from the same period of the previous fiscal year, to ¥641.3 billion, with operating income up 1.9%, to ¥89.8 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 for Sannomiya Station opening an Entrée Marché hybrid convenience store, along with fashion and variety goods stores, for Osaka Station opening the Eki QoI Pharmacy JR Osaka Store, a station-style drug store, and for Fukuyama Station, opening restaurants and other stores. We also opened the business hotel, Viainn Nagoya. In July 2013, 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 1.7% from the previous fiscal year, to ¥179.4 billion, with operating income of ¥3.8 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 pirole HIMEJI in conjunction with the renovation of the commercial facility underneath the elevated tracks. We opened a new station building at Nada Station and the Higashi-Maizuru Station Building, while also renovating and reopening the MEDIO Shin-Osaka fashion zone at Shin-Osaka Station. 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. In addition, we made efforts to utilize former sites of company housing, including developing residential buildings, and leasing land to an education institution.

As a result, operating revenues for the Real Estate Business segment increased 7.6% from the previous fiscal year to ¥70.6 billion, though operating income down 4.2% from a year earlier to ¥20.1 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. For the ICOCA e-money service, we maximized the effect of nationwide reciprocal service of transport IC cards that started in March 2013, and worked to expand opportunities to use the service, including introducing services at large commercial facilities around town. We also conducted a variety of campaigns to mark the 10th anniversary of ICOCA, and made efforts to promote its use. In addition, JR-West developed and nurtured new businesses, including the launch of a "Rail & Car Share" service at Shinkansen stations, and 12 stations in the Kyoto-Osaka-Kobe region.

As a result, operating revenues for the Other Businesses segment increased 7.2% from the previous fiscal year, to ¥94.4 billion, with operating income up 2.2%, to ¥6.0 billion.

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

JR-West's total assets at the end of the third quarter of the subject fiscal year (December 31, 2013) amounted to ¥2,610.4 billion, a decrease of ¥3.3 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 ¥1,801.0 billion, a decrease of ¥44.5 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥809.3 billion, an increase of ¥41.2 billion from the end of the previous fiscal year. This was due mainly to an increase in retained earnings.

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

In light of current trends in railway transportation revenues, expenses, and other factors, forecasts for consolidated operating revenues, operating income, recurring profit, and net income for the year ending March 2014 have all been revised upward from those announced on October 29, 2013.

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

Operating revenues:	¥1,316.0 billion	(up 1.3% YoY)
Operating income:	¥130.0 billion	(up 0.4% YoY)
Recurring profit:	¥107.0 billion	(up 2.2% YoY)
Net income:	¥60.5 billion	(up 0.5% YoY)

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	December 31, 2013
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	48,636	57,328
Notes and accounts receivable-trade	20,656	19,800
Railway fares receivable	28,657	24,529
Accounts receivable	46,431	36,640
Inventories	37,928	59,892
Deferred income taxes	19,011	11,392
Other current assets	44,846	55,581
Less allowance for doubtful accounts	(757)	(666)
Total current assets	245,410	264,499
<b>Fixed assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	1,080,462	1,061,049
Machinery and transport equipment	297,927	284,148
Land	659,045	659,639
Construction in progress	50,631	62,911
Other property, plant and equipment	32,753	30,831
Total property, plant and equipment	2,120,820	2,098,580
<b>Intangible fixed assets</b>	34,146	29,079
<b>Investments and other assets:</b>		
Investments in securities	62,940	68,475
Deferred tax assets	120,804	121,772
Other investments and assets	30,778	29,104
Less allowance for doubtful accounts	(1,281)	(1,169)
Total investments and other assets	213,243	218,183
Total fixed assets	2,368,209	2,345,843
<b>Deferred income taxes</b>	122	93
<b>Total assets</b>	<b>2,613,743</b>	<b>2,610,436</b>

	Millions of yen	
	March 31, 2013	December 31, 2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	50,919	41,098
Short-term loans	24,124	30,764
Current portion of long-term debt	38,774	37,656
Current portion of long-term payables for acquisition of railway properties	39,669	39,397
Current portion of long-term accounts payable	31	31
Accounts payable	97,368	58,474
Accrued consumption tax	9,083	7,975
Accrued income tax	29,921	13,605
Prepaid railway fares received	32,828	37,477
Advances received	29,441	43,515
Allowance for bonuses	35,054	17,648
Allowance for point program	1,193	1,765
Other current liabilities	126,211	121,611
Total current liabilities	514,620	451,022
<b>Fixed liabilities:</b>		
Bonds	449,973	459,975
Long-term debt	244,614	264,449
Long-term payables for acquisition of railway properties	209,904	193,909
Long-term accounts payable	127	104
Deferred tax liabilities	357	399
Accrued retirement benefits	304,486	310,879
Allowance for environmental safety measures	10,712	10,413
Provision for unredeemed gift certificates	2,609	2,272
Other long-term liabilities	108,162	107,616
Total fixed liabilities	1,330,948	1,350,018
<b>Total liabilities</b>	<b>1,845,569</b>	<b>1,801,040</b>

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	Millions of yen	
	March 31, 2013	December 31, 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	627,333
Treasury stock, at cost	(21,995)	(359)
Total shareholders' equity	742,512	781,974
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gain on securities	2,677	4,330
Deferred gains or losses on hedges	488	86
Total Valuation and translation adjustments	3,165	4,417
<b>Minority interests</b>	22,495	23,003
<b>Total net assets</b>	768,174	809,395
<b>Total liabilities and net assets</b>	2,613,743	2,610,436

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

### Consolidated Statements of Income

Nine months ended December 31

	Millions of yen	
	2012	2013
<b>Operating revenues</b>	971,022	985,942
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	726,178	734,149
Selling, general and administrative expenses	129,083	130,917
Total operating expenses	855,261	865,066
<b>Operating income</b>	115,760	120,875
<b>Non-operating revenues:</b>		
Interest income	43	40
Dividend income	323	395
Transfer from administrative fee of contracted construction	224	201
Equity in earnings of affiliates	640	957
Other	1,657	1,372
Total non-operating revenues	2,890	2,966
<b>Non-operating expenses:</b>		
Interest expense	23,127	21,184
Other	562	762
Total non-operating expenses	23,689	21,947
<b>Recurring profit</b>	94,960	101,894
<b>Extraordinary profits:</b>		
Gain on contributions received for construction	7,552	4,408
Reversal of provision for retirement benefits	18,418	—
Other	2,870	1,394
Total extraordinary profits	28,841	5,803
<b>Extraordinary losses:</b>		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	6,703	4,268
Impairment loss	18,841	—
Other	4,464	3,548
Total extraordinary losses	30,010	7,817
<b>Income before income taxes</b>	93,791	99,881
<b>Income taxes- Current</b>	30,857	32,477
<b>Income taxes- Deferred</b>	12,753	5,949
<b>Total income taxes</b>	43,610	38,427
<b>Income before minority interests</b>	50,181	61,453
<b>Minority interests in income (loss)</b>	(8,165)	667
<b>Net income</b>	58,347	60,786

## Consolidated Statements of Comprehensive Income

Nine months ended December 31

	Millions of yen	
	2012	2013
Income before minority interests	50,181	61,453
Other comprehensive income		
Valuation difference on available-for-sale securities	245	1,621
Deferred gains or losses on hedges	207	(503)
Share of other comprehensive income of associates accounted for using equity method	20	74
Total of other comprehensive income	473	1,192
Comprehensive income	50,655	62,646
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	58,778	62,037
Comprehensive income attributable to minority interests	(8,122)	608

## Business Segment Information

Nine months ended December 31

		Billions of yen		Change from the same period of the previous period
		2012	2013	
Transportation	Operating revenues	640.7	641.3	0.6
	Operating income	88.1	89.8	1.6
Retail Business	Operating revenues	176.4	179.4	2.9
	Operating income	(0.4)	3.8	4.2
Real Estate Business	Operating revenues	65.6	70.6	5.0
	Operating income	21.0	20.1	(0.8)
Other Businesses	Operating revenues	88.1	94.4	6.3
	Operating income	5.9	6.0	0.1

Note: Revenues by each segment are from third parties.

## Reference Materials

### 1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2013	<b>December 31, 2013</b>	Change
	Billions of yen	Billions of yen	Billions of yen
<b>ASSETS</b>			
<b>Current assets:</b>			
Total current assets	168.1	184.7	16.6
<b>Fixed assets:</b>			
Fixed assets for railway operations	1,787.9	1,751.2	(36.7)
Construction in progress	47.3	60.9	13.6
Investments and other assets	329.8	325.7	(4.0)
Total fixed assets	2,165.1	2,137.9	(27.1)
<b>Total assets</b>	2,333.3	2,322.7	(10.5)

	March 31, 2013	<b>December 31, 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	75.0	(1.3)
Accounts payable	441.0	383.2	(57.7)
Total current liabilities	517.4	458.3	(59.1)
<b>Fixed liabilities:</b>			
Bonds and long-term debt	896.1	911.2	15.1
Accrued retirement benefits	284.3	290.1	5.8
Other long-term liabilities	23.7	23.1	(0.6)
Total fixed liabilities	1,204.2	1,224.5	20.3
<b>Total liabilities</b>	1,721.6	1,682.9	(38.7)
<b>Total shareholders' equity:</b>			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	475.9	481.0	5.1
Treasury stock, at cost	(21.6)	(0.0)	21.6
Total shareholders' equity	609.2	636.0	26.8
<b>Valuation and translation adjustments</b>	2.3	3.7	1.3
<b>Total net assets</b>	611.6	639.8	28.2
<b>Total liabilities and net assets</b>	2,333.3	2,322.7	(10.5)

## 2. NON-CONSOLIDATED STATEMENTS OF INCOME

	Nine months ended December 31		Change from the same period of the previous period		Forecasts for year ending March 31, 2014	
	2012	2013			Change	
	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen	
<b>Operating revenues:</b>						
Transportation	583.0	589.7	6.7	1.2	778.0	3.0
Transportation incidentals	14.3	14.2	(0.1)	(1.0)	18.9	—
Other operations	17.7	17.4	(0.3)	(1.8)	23.0	—
Miscellaneous	43.2	36.6	(6.5)	(15.3)	49.6	—
	658.4	658.1	(0.3)	(0.1)	869.5	3.0
<b>Operating expenses:</b>						
Personnel costs	174.7	175.6	0.8	0.5	235.0	—
Non personnel costs:						
Energy costs	27.9	32.2	4.2	15.2	43.0	(1.0)
Maintenance costs	91.4	92.7	1.2	1.4	139.5	(1.0)
Miscellaneous costs	123.3	120.8	(2.5)	(2.0)	167.0	—
	242.7	245.7	2.9	1.2	349.5	(2.0)
Rental payments, etc	17.7	17.7	0.0	0.0	23.5	—
Taxes	25.9	25.8	(0.1)	(0.4)	31.5	—
Depreciation	99.6	95.3	(4.3)	(4.4)	131.0	—
	560.9	560.3	(0.5)	(0.1)	770.5	(2.0)
<b>Operating income</b>	97.5	97.7	0.2	0.2	99.0	5.0
<b>Non-operating revenues and expenses, net:</b>						
Non-operating revenues	2.2	2.3	0.1			—
Non-operating expenses	23.3	21.2	(2.0)			—
	(21.1)	(18.8)	2.2	(10.6)	(23.0)	—
<b>Recurring profit</b>	76.3	78.8	2.4	3.2	76.0	5.0
<b>Extraordinary profit and loss, net:</b>						
Extraordinary profit	27.8	5.3	(22.4)		—	—
Extraordinary loss	25.4	6.0	(19.4)		—	—
	2.3	(0.7)	(3.0)		(1.0)	(1.0)
<b>Income before income taxes</b>	78.7	78.1	(0.5)	(0.7)	75.0	4.0
<b>Income taxes</b>	35.7	29.9	(5.8)	(16.2)	29.0	1.5
<b>Net income</b>	42.9	48.1	5.2	12.2	46.0	2.5

## Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Nine months ended December 31		Change		Nine months ended December 31		Change	
	2012	2013	Amount	%	2012	2013	Amount	%
Sanyo Shinkansen								
Commuter Passes	558	561	3	0.6	6.8	6.9	0.0	1.2
Non-Commuter Passes	12,592	12,849	256	2.0	265.5	269.9	4.4	1.7
Total	13,151	13,411	260	2.0	272.4	276.9	4.5	1.7
Conventional Lines								
Commuter Passes	17,451	17,431	(20)	(0.1)	106.7	107.2	0.4	0.4
Non-Commuter Passes	11,181	11,317	136	1.2	203.9	205.6	1.7	0.9
Total	28,632	28,749	116	0.4	310.6	312.8	2.2	0.7
Kansai Urban Area								
Commuter Passes	14,090	14,080	(10)	(0.1)	86.1	86.5	0.4	0.5
Non-Commuter Passes	7,591	7,698	107	1.4	131.7	133.2	1.4	1.1
Total	21,682	21,779	97	0.4	217.9	219.8	1.9	0.9
Other Lines								
Commuter Passes	3,361	3,350	(10)	(0.3)	20.6	20.6	0.0	0.2
Non-Commuter Passes	3,589	3,619	29	0.8	72.1	72.3	0.2	0.4
Total	6,950	6,969	19	0.3	92.7	93.0	0.2	0.3
Total								
Commuter Passes	18,010	17,993	(16)	(0.1)	113.6	114.1	0.5	0.5
Non-Commuter Passes	23,773	24,167	393	1.7	469.4	475.6	6.1	1.3
Total	41,783	42,160	376	0.9	583.0	589.7	6.7	1.2

Note: The breakdown of transportation revenues is based on certain assumptions. To better reflect actual circumstances, we have revised the allocation method for revenue from non-commuter passes on conventional lines (Kansai Urban Area and Other Lines).

### 3. CAPITAL EXPENDITURES

#### Consolidated Basis

	Nine months ended December 31		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	90.7	91.9	1.2	1.3	
Capital expenditures, excluding contributions received for constructions	83.1	82.3	(0.8)	(1.0)	192.0
Contributions received for constructions	7.5	9.5	2.0	26.8	

#### Non-Consolidated Basis

	Nine months ended December 31		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	71.9	78.9	7.0	9.8	
Capital expenditures, excluding contributions received for constructions	64.3	69.4	5.0	7.8	165.0
[Safety-related capital expenditures]	[33.3]	[42.7]	[9.3]	[28.1]	[89.0]
Contributions received for constructions	7.5	9.5	2.0	26.8	

#### 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.

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

	Year ended March 31, 2013	Year ending March 31, 2014		Change		
	A	Previous forecasts (Oct. 29)	Current forecasts (Jan. 30)	C-A	C/A-1	C-B
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen
<b>Consolidated-basis:</b>	<1.50>	<1.51>	<1.51>			
Operating revenues	1,298.9	1,310.5	1,316.0	17.0	1.3	5.5
Operating income	129.4	125.0	130.0	0.5	0.4	5.0
Recurring profit	104.6	101.5	107.0	2.3	2.2	5.5
	<1.44>	<1.32>	<1.32>			
Net income	60.1	57.5	60.5	0.3	0.5	3.0
<b>Non-consolidated-basis:</b>						
Operating revenues	868.5	866.5	869.5	0.9	0.1	3.0
Transportation	769.1	775.0	778.0	8.8	1.2	3.0
Operating expenses	766.1	772.5	770.5	4.3	0.6	(2.0)
Operating income	102.3	94.0	99.0	(3.3)	(3.3)	5.0
Recurring profit	77.5	71.0	76.0	(1.5)	(2.0)	5.0
Net income	41.9	43.5	46.0	4.0	9.7	2.5

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

		Year ended March 31, 2013	Year ending March 31, 2014		Change		
		A	Previous forecasts (Oct. 29)	Current forecasts (Jan. 30)	C-A	C/A-1	C-B
		Billions of yen	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen
Transportation	Operating revenues	844.9	844.0	847.0	2.0	0.2	3.0
	Operating income	90.1	82.7	87.7	(2.4)	(2.7)	5.0
Retail Business	Operating revenues	234.6	236.4	236.4	1.7	0.7	—
	Operating income	(0.4)	3.1	3.1	3.5	—	—
Real Estate Business	Operating revenues	90.9	103.8	103.8	12.8	14.2	—
	Operating income	28.0	27.7	27.7	(0.3)	(1.1)	—
Other Businesses	Operating revenues	128.4	126.3	128.8	0.3	0.3	2.5
	Operating income	12.3	11.9	11.9	(0.4)	(3.7)	—

Note: Revenues by each segment are from third parties.

## **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 January 2014 based on information available to JR-West as of January 2014 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.