

FLASH REPORT [JAPANESE GAAP] (CONSOLIDATED BASIS)Company name: **West Japan Railway Company**

Stock listings: Tokyo Stock Exchange, Nagoya and Fukuoka Stock Exchanges

Code number: 9021

URL: <http://www.westjr.co.jp>

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Date for the General Meeting of Shareholders: June 24, 2014

Filing of annual security report: June 25, 2014

Start of dividend payments: June 25, 2014

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	%
2014	1,331,019	2.5	134,593	3.9	112,961	7.9	65,640	9.0
2013	1,298,913	0.9	129,497	17.9	104,671	26.9	60,198	104.1

(Note) Comprehensive Income: Year ended March 31, 2014: ¥67,943 million, 23.4%;

Year ended March 31, 2013: ¥55,053 million, 98.9%

	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	%	%	%
2014	338.98	—	8.6	4.3	10.1
2013	310.87	—	8.3	4.0	10.0

(Reference) Gain on investment by equity method: Year ended March 31, 2014: ¥1,445 million;

Year ended March 31, 2013: ¥579 million

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2014	2,687,890	807,378	29.2	4,048.31
2013	2,613,743	768,174	28.5	3,850.82

(Reference) Total shareholders' equity: March 31, 2014: ¥ 783,908 million, March 31, 2013: ¥745,678 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
2014	237,733	(165,356)	(47,811)	72,956
2013	238,010	(154,741)	(85,267)	48,390

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			
2013	—	55.00	—	55.00	110.00	21,310	35.4	2.9
2014	—	55.00	—	60.00	115.00	22,279	33.9	2.9
2015 (Forecast)	—	60.00	—	60.00	120.00		39.7	

3. Forecasts for Fiscal Year ending March 31, 2015

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	645,000	0.4	71,000	(5.1)	60,000	(2.5)
Fiscal year	1,319,500	(0.9)	117,500	(12.7)	98,500	(12.8)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	41,000	11.2	211.77
Fiscal year	58,500	(10.9)	302.16

4. Notes

- Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
- Changes in Accounting Policies, Changes in Accounting Estimates, Restatements
 - Changes based on revision of accounting standards: Yes
 - Changes other than 1) above: None
 - Changes in Accounting Estimates: None
 - Restatements: None
- Number of Shares Outstanding (Common stock)

	Years ended March 31	
	2014	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
3) Average number of shares outstanding for each period (cumulative term):	193,640,651	193,641,500

(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	%
2014	873,651	0.6	101,773	(0.5)	79,991	3.1	48,680	16.1
2013	868,514	0.7	102,335	14.6	77,565	23.4	41,915	89.2

	Net income per share		Net income per share after dilution	
	Yen		Yen	
2014	251.28		—	
2013	216.35		—	

(2) Financial position

At March 31

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
2014	2,392,624		639,490		26.7		3,300.86	
2013	2,333,300		611,609		26.2		3,156.95	

(Reference) Total shareholders' equity: March 31, 2014: ¥639,490 million, March 31, 2013: ¥611,609 million

2. Forecasts for Fiscal Year ending March 31, 2015

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	434,000	0.1	63,000	1.1	51,000	2.7
Fiscal year	874,500	0.1	95,000	(6.7)	75,000	(6.2)

	Net income		Net income per share	
	Millions of yen	%	Yen	
Interim period	30,000	(1.5)	154.85	
Fiscal year	43,000	(11.7)	221.95	

* 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. 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.”

During the subject fiscal year (April 1, 2013 to March 31, 2014), 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.

For this first year of the “JR-West Group Medium-Term Management Plan 2017” formulated in March 2013, and its core component, the “Safety Think-and-Act Plan 2017,” we retained the “three pillars of management” as our 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 implemented 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.”

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 are making a concerted effort to adhere to these principles.

The business environment for JR-West remains harsh, due to such factors as population decline, competition from other modes of transport, and an increase in the number of natural disasters. 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 fiscal year (April 1, 2013

to March 31, 2014) rose 2.5% from the previous fiscal year to ¥1,331.0 billion. Operating income increased 3.9% from a year earlier to ¥134.5 billion, while recurring profit rose 7.9% to ¥112.9 billion, with net income up 9.0% to ¥65.6 billion.

(2) Results by Business Segment

a. Transportation Operations

As part of the specific measures for the “Safety Think-and-Act Plan 2017,” JR-West continued to push forward with its “Continual effort to realize safe, reliable transport service.” One example of this effort was a shift to more appropriate operating procedures on conventional lines following an earthquake, made with priority on ensuring safety. We also moved ahead with efforts to “Increase the level of risk assessment,” and took other steps to improve safety. Further, to achieve the goal of “Increasing safety awareness and implementing think-and-act initiatives with the highest priority on human life,” 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.

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 and tsunami, we conducted seismic retrofitting for pillars supporting elevated tracks, continued work to install derailment prevention guards on the Sanyo Shinkansen, and upgraded our evacuation equipment. 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 conventional lines was positive as a result of increases in the frequency of Shinkansen services, and limited express services on conventional lines, mainly during the Obon and New Year holidays. We also took steps to enhance convenience with timetable revisions implemented in March 2014 that included on Shinkansen lines a partial revision in the operating structure of *Nozomi* and *Sakura* services and increase in the frequency of *Mizuho* trains, as well as on conventional lines an increase in the frequency of *Biwako Express* limited express trains. In addition, in anticipation of the opening of the Kanazawa segment of the Hokuriku Shinkansen in spring 2015, we established a special preparatory office. In October 2013 we decided on the service type and train names, and in December began conducting tests on certain rail segments.

During 2013 there were several instances 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.

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 conducting the “Discover Shin-Hokuriku! Campaign” and the “Japanese Beauty Hokuriku” campaign, as part of an effort to increase use of railways to the Hokuriku region. We also 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 global website regarding use of JR-West lines. Further, JR-West took steps to enhance services for seniors, including expanding products for Zipangu Club members, and launching sales of the Nori-nori Kippu tickets for persons over 60 years old.

For the ICOCA e-money service, we worked to enhance usage convenience for customers by expanding the usage area through alliances with Nankai Electric Railway and Shikoku Railway Company.

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 0.8% from the previous fiscal year, to ¥851.3 billion, with operating income up 1.0%, to ¥91.0 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 2.3% from the previous fiscal year, to ¥240.1 billion, with operating income of ¥4.4 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. We also opened a new station building at Nada Station, the Higashi-Maizuru Station Building, and “ripie” at the Shimonoseki Station Building. As part of the Osaka Loop Line Renovation Project, we opened VIERRA Tamatsukuri at Tamatsukuri Station. Further, we renovated and reopened the MEDIO Shin-Osaka fashion zone at Shin-Osaka Station, as well as Porta and The Cube at Kyoto Station. 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 12.5% from the previous fiscal year to ¥102.2 billion, though operating income down 0.8% from a year earlier to ¥27.7 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, and running a campaign to waive the membership fee for the first year. 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 6.8% from the previous fiscal year, to ¥137.1 billion, though operating income down 4.0%, to ¥11.8 billion.

(3) Qualitative Information on Consolidated Forecasts

JR-West anticipates that the fiscal year ending March 31, 2015, in addition to still unclear circumstances presented by such factors as the increase in the consumption tax in April 2014, will present a harsh business environment preceded by costs for future growth, including preparations for the opening of the Kanazawa segment of the Hokuriku Shinkansen, and the fundamental renovation of the OSAKA STATION CITY North Gate Building.

Under such circumstances, we will steadily implement the “JR-West Group Medium-Term Management Plan 2017” and its core component, the “Safety Think-and-Act Plan 2017,” strengthen our business foundation with concrete measures, and achieve sustainable growth.

Consolidated Forecasts for the Year Ending March 31, 2015

Operating revenues:	¥1,319.5 billion	(down 0.9% YoY)
Operating income:	¥117.5 billion	(down 12.7% YoY)
Recurring profit:	¥98.5 billion	(down 12.8% YoY)
Net income:	¥58.5 billion	(down 10.9% YoY)

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

2. Analysis of Financial Condition

(1) Assets, Liabilities and Net Assets

Total assets at the end of the subject fiscal year (March 31, 2014) amounted to ¥2,687.8 billion, an increase of ¥74.1 billion from the end of the previous fiscal year (March 31, 2013). This was due mainly to an increase in accounts receivable.

Total liabilities amounted to ¥1,880.5 billion, an increase of ¥34.9 billion from the end of the previous fiscal year. This was due mainly to an increase in accounts payable.

Total net assets amounted to ¥807.3 billion, an increase of ¥39.2 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 ¥237.7 billion, a decrease of ¥0.2 billion from the previous fiscal year. This was due mainly to an increase in income taxes paid.

Cash used in investing activities amounted to ¥165.3 billion, an increase of ¥10.6 billion from the previous fiscal year. This was due mainly to an increase in expenditures for purchases of property, plant and equipment.

Cash used in financing activities amounted to ¥47.8 billion, a decrease of ¥37.4 billion from the previous fiscal year. This was due mainly to a decrease in expenditures for the redemption of bonds and long-term payables.

As a result, cash and cash equivalents at the end of the subject fiscal year (March 31, 2014) amounted to ¥72.9 billion, an increase of ¥24.5 billion from the end of the previous fiscal year (March 31, 2013).

(Reference) Cash Flow Indicators

Years ended March 31

	2010	2011	2012	2013	2014
Equity ratio (%)	26.3	25.8	26.6	28.5	29.2
Equity ratio, based on market value (%)	24.5	23.3	24.4	33.4	30.4
Interest-bearing debt to cash flow ratio (Times)	6.3	4.9	5.1	4.1	4.1
Interest coverage ratio (Times)	2.2	2.9	3.3	4.3	4.8

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/ 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 “JR-West Group Medium-Term Management Plan 2017” announced in March 2013, the Company set a target of around 3% of total distribution on net assets* for the fiscal year ending March 2018, based on such factors as expected usage following the opening of the Kanazawa segment of the Hokuriku Shinkansen, and progress in achieving the targets in the medium-term management plan.

For the fiscal year ended March 2014, in consideration of the steady progress toward achieving the “JR-West Group Medium-Term Management Plan 2017,” the Company plans to pay a year-end dividend of ¥60 per share, a ¥5 per share increase from the ¥55 per share forecast announced in January 2014. As a result, combined with the interim dividend of ¥55 per share already paid, the full-year dividend will be ¥115 per share.

For the fiscal year ending March 2015, the Company plans to pay a full-year dividend of ¥120 per share.

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

2. MANAGEMENT POLICIES

1. Basic Management Policies and 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. In March 2013, JR-West formulated the “JR-West Group Medium-Term Management Plan 2017” and its core component, the “Safety Think-and-Act Plan 2017.” This medium-term management plan retains as its highest priority the “Three Pillars of Management” of “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 also newly establishing as “Our Future Direction – The Ideal Form for JR-West,” the objectives of fulfilling “Our Mission” of sustained railway operations, and contributing to the invigoration of local areas as a “Company Coexisting with Communities.” To achieve the goals of this plan, as our basic strategy we will concentrate on the three aspects of “Safety,” “Customer Satisfaction,” and “Technologies.” In our four business areas of “Shinkansen,” “Kansai Urban Area,” “Other West Japan Area,” “Business Development,” we will set five-year targets and clarify our direction, and seek long-term, sustainable growth through various strategies to achieve these targets, 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.

For the principle of “No accidents that cause injury or death to customers,” JR-West will continue to implement such measures as incorporating systems to assist drivers that prevent train accident caused by excessive speed, as well as ground and train equipment that prevent wider damage should an accident occur.

For the principle of “No labor accidents that result in fatalities among our employees,” JR-West was reminded of the seriousness of this issue when a fatal accident occurred involving an employee of an affiliated company while on the job. We thoroughly analyzed the causes that led to this accident, and by taking the necessary countermeasures, are working to ensure that a similar accident does not occur again. Further, by enhancing the specific actions and processes during the remaining four years of this plan, we will make a concerted effort to realize our ambitious targets.

In terms of “Customer Satisfaction,” JR-West set a goal of making customers “JR-West fans,” and will seek “customer-based management” that establishes as part of its corporate culture business activities conducted consistently from the customer’s perspective. We will meet the needs and expectations of customers, and pursue measures to enhance transport quality, such 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 provide 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 steadily forward with preparations for the opening of the Kanazawa segment of the Hokuriku Shinkansen in spring 2015, including fostering personnel exchanges, and will enhance the potential of the Shinkansen.

For “Kansai Urban Area,” through a focus on further 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 and brighten the appeal of the urban area with such measures as refurbishment of the Osaka Loop Line through the Osaka Loop Line Renovation Project, and newly establishing the Kyoto Railway Museum scheduled to open in spring 2016.

For “Other West Japan Area,” JR-West will increase the safety and convenience of inter-city and intra-city transport, and from the standpoint of “coexistence with communities” develop businesses with close ties to specific areas, such as promoting tourism through Destination Campaigns, and introducing new sleeper trains. 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 through such efforts as a business alliance with Seven-Eleven Japan Co., Ltd. for in-station stores, and will enhance the value of group assets through such measures as the development of terminal stations, and a fundamental renovation of the commercial facilities in the west wing of the OSAKA STATION CITY North Gate Building. We will also foster business creation through the cultivation and nurturing of new business fields.

To effectively achieve these strategies, JR-West will 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 on their own, 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 population decline, competition from other modes of transport, and an increase in the number of natural disasters. We are also incurring up-front costs for future growth, such as the various preparations for the opening of the Hokuriku Shinkansen to Kanazawa. 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, and while working together with communities, strive to enhance our corporate value over the long term.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2013	March 31, 2014
ASSETS		
Current assets:		
Cash	48,636	55,203
Notes and accounts receivable-trade	20,656	20,794
Railway fares receivable	28,657	36,721
Accounts receivable	46,431	57,365
Securities	—	18,000
Income taxes receivable	36	338
Inventories	37,928	44,215
Deferred income taxes	19,011	18,622
Other current assets	44,809	47,791
Less allowance for doubtful accounts	(757)	(638)
Total current assets	245,410	298,414
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	1,080,462	1,073,890
Machinery and transport equipment	297,927	292,710
Land	659,045	659,947
Construction in progress	50,631	75,521
Other property, plant and equipment	32,753	33,129
Total property, plant and equipment	2,120,820	2,135,199
Intangible fixed assets	34,146	30,243
Investments and other assets:		
Investments in securities	62,940	67,359
Deferred tax assets	120,804	128,520
Net defined benefit asset	—	1,469
Other investments and assets	30,778	27,738
Less allowance for doubtful accounts	(1,281)	(1,136)
Total investments and other assets	213,243	223,950
Total fixed assets	2,368,209	2,389,393
Deferred income taxes		
Business commencement expenses	122	83
Total deferred income taxes	122	83
Total assets	2,613,743	2,687,890

	Millions of yen	
	March 31, 2013	March 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	50,919	53,542
Short-term loans payable	24,124	25,754
Current portion of bonds	—	20,000
Current portion of long-term debt	38,774	25,625
Current portion of long-term payables for acquisition of railway properties	39,669	38,073
Current portion of long-term accounts payable	31	31
Accounts payable	97,368	118,198
Accrued consumption tax	9,083	4,069
Accrued income tax	29,921	29,419
Inter-line fares received	1,815	5,077
Deposits received	62,931	66,615
Prepaid railway fares received	32,828	50,997
Advances received	29,441	28,165
Allowance for bonuses	35,054	35,921
Allowance for point program	1,193	1,418
Other current liabilities	61,463	36,609
Total current liabilities	514,620	539,520
Fixed liabilities:		
Bonds	449,973	439,975
Long-term debt	244,614	285,189
Long-term payables for acquisition of railway properties	209,904	171,795
Long-term accounts payable	127	96
Deferred tax liabilities	357	405
Accrued retirement benefits	304,486	—
Net defined benefit liability	—	326,823
Allowance for environmental safety measures	10,712	10,204
Provision for unredeemed gift certificates	2,609	2,568
Other long-term liabilities	108,162	103,934
Total fixed liabilities	1,330,948	1,340,991
Total liabilities	1,845,569	1,880,511

(continued on page 14)

	Millions of yen	
	March 31, 2013	March 31, 2014
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	609,508	632,187
Treasury stock, at cost	(21,995)	(359)
Total shareholders' equity	742,512	786,828
Valuation and translation adjustments:		
Net unrealized holding gain on securities	2,677	3,429
Deferred gains or losses on hedges	488	557
Remeasurements of defined benefit plans	—	(6,906)
Total Valuation and translation adjustments	3,165	(2,920)
Minority interests	22,495	23,470
Total net assets	768,174	807,378
Total liabilities and net assets	2,613,743	2,687,890

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

Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2013	2014
Operating revenues	1,298,913	1,331,019
Operating expenses:		
Transportation, other services and cost of sales	993,333	1,015,174
Selling, general and administrative expenses	176,082	181,251
Total operating expenses	1,169,416	1,196,426
Operating income	129,497	134,593
Non-operating revenues:		
Interest income	61	50
Dividend income	332	465
Dividends income of insurance	2,376	2,436
Transfer from administrative fee of contracted construction	1,445	1,400
Equity in earnings of affiliates	579	1,445
Other	2,038	1,970
Total non-operating revenues	6,834	7,769
Non-operating expenses:		
Interest expense	30,490	28,053
Other	1,169	1,347
Total non-operating expenses	31,659	29,400
Recurring profit	104,671	112,961
Extraordinary profits:		
Gain on contributions received for construction	14,447	15,955
Compensation income for expropriation	4,120	5,601
Gain on sales of noncurrent assets	2,754	2,125
Reversal of provision for retirement benefits	18,418	—
Other	1,851	2,707
Total extraordinary profits	41,593	26,390
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	12,166	13,972
Loss on reduction for expropriation	3,362	5,220
Impairment loss	19,706	54
Provision for environmental safety measures	4,709	—
Other	6,643	8,416
Total extraordinary losses	46,588	27,664
Income before income taxes	99,676	111,687
Income taxes- Current	45,169	47,965
Income taxes- Deferred	2,062	(3,339)
Total income taxes	47,231	44,625
Income before minority interests	52,444	67,061
Minority interests in income (loss)	(7,754)	1,421
Net income	60,198	65,640

Consolidated Statements of Comprehensive Income

Years ended March 31

	Millions of yen	
	2013	2014
Income before minority interests	52,444	67,061
Other comprehensive income		
Valuation difference on available-for-sale securities	1,669	754
Deferred gains or losses on hedges	829	86
Share of other comprehensive income of associates accounted for using equity method	109	41
Total of other comprehensive income	2,608	881
Comprehensive income	55,053	67,943
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	62,635	66,460
Comprehensive income attributable to minority interests	(7,582)	1,482

Business Segment Information

Years ended March 31

		Billions of yen		
		2013	2014	Change from the same period of the previous period
Transportation	Operating revenues	844.9	851.3	6.4
	Operating income	90.1	91.0	0.9
Retail	Operating revenues	234.6	240.1	5.4
	Operating income	(0.4)	4.4	4.9
Real Estate	Operating revenues	90.9	102.2	11.3
	Operating income	28.0	27.7	(0.2)
Other Businesses	Operating revenues	128.4	137.1	8.7
	Operating income	12.3	11.8	(0.4)

Note: Revenues by each segment are from third parties.

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the previous year-end	100,000	55,000	577,999	(30,343)	702,656
Change in the fiscal year:					
Dividends from surplus			(20,342)		(20,342)
Net income			60,198		60,198
Purchase of treasury stock				(0)	(0)
Retirement of treasury stock			(8,347)	8,347	—
Change of scope of equity method				—	—
Net changes of items other than shareholders' equity					
Total	—	—	31,508	8,347	39,856
Balance at the current year-end	100,000	55,000	609,508	(21,995)	742,512

	Millions of yen					
	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gain on securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total		
Balance at the previous year-end	902	(173)	—	728	30,161	733,546
Change in the fiscal year:						
Dividends from surplus						(20,342)
Net income						60,198
Purchase of treasury stock						(0)
Retirement of treasury stock						—
Change of scope of equity method						—
Net changes of items other than shareholders' equity	1,775	661	—	2,437	(7,665)	(5,228)
Total	1,775	661	—	2,437	(7,665)	34,627
Balance at the current year-end	2,677	488	—	3,165	22,495	768,174

Year ended March 31, 2014

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the previous year-end	100,000	55,000	609,508	(21,995)	742,512
Change in the fiscal year:					
Dividends from surplus			(21,310)		(21,310)
Net income			65,640		65,640
Purchase of treasury stock				(0)	(0)
Retirement of treasury stock			(21,649)	21,649	—
Change of scope of equity method				(12)	(12)
Net changes of items other than shareholders' equity					
Total	—	—	22,679	21,636	44,316
Balance at the current year-end	100,000	55,000	632,187	(359)	786,828

	Millions of yen					
	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gain on securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total		
Balance at the previous year-end	2,677	488	—	3,165	22,495	768,174
Change in the fiscal year:						
Dividends from surplus						(21,310)
Net income						65,640
Purchase of treasury stock						(0)
Retirement of treasury stock						—
Change of scope of equity method						(12)
Net changes of items other than shareholders' equity	751	68	(6,906)	(6,086)	974	(5,111)
Total	751	68	(6,906)	(6,086)	974	39,204
Balance at the current year-end	3,429	557	(6,906)	(2,920)	23,470	807,378

(4) Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2013	2014
Cash flows from operating activities		
Income before income taxes and minority interests	99,676	111,687
Depreciation and amortization	160,852	153,903
Impairment loss	19,706	54
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	12,166	13,972
Loss on disposal of property, plant and equipment	8,179	5,182
Increase (decrease) in net defined benefit liability	—	11,377
Increase (decrease) in provision for retirement benefits	(12,389)	—
Increase (decrease) in allowance for doubtful accounts	18	(263)
Increase (decrease) in provision for bonuses	567	867
Increase (decrease) in other provision	4,611	(260)
Interest and dividend income	(393)	(516)
Interest expenses	30,490	28,053
Equity in earnings of affiliates	(579)	(1,445)
Proceeds from contribution for construction	(14,447)	(15,955)
Decrease (increase) in notes and accounts receivable-trade	(6,230)	(18,894)
Decrease (increase) in inventories	(4,567)	(6,286)
Increase (decrease) in notes and accounts payable-trade	2,418	36,982
Increase (decrease) in accrued consumption taxes	1,171	(5,013)
Other	4,461	829
Subtotal	305,712	314,275
Interest and dividends income received	399	516
Interest paid	(30,325)	(28,222)
Income taxes paid	(37,775)	(48,835)
Net cash provided by operating activities	238,010	237,733
Cash flows from investing activities		
Payments for time deposits with a maturity of more than three months	(245)	(231)
Proceeds for time deposits with a maturity of more than three months	230	230
Purchases of property, plant and equipment	(169,400)	(182,585)
Proceeds from sales of property, plant and equipment	1,658	2,153
Contributions received for constructions	17,062	20,009
Increase in investments in securities	(1,655)	(2,464)
Proceeds from sales of investments in securities	323	127
Payments on long-term loans receivable	(529)	(302)
Collections of long-term loans receivable	754	431
Other	(2,939)	(2,724)
Net cash used in investing activities	(154,741)	(165,356)

(continued on page 20)

	Millions of yen	
	2013	2014
Cash flows from financing activities		
Change in short-term loans	615	1,541
Proceeds from long-term loans	32,200	66,200
Repayment of long-term debt	(72,098)	(38,805)
Proceeds from issuance of bonds	25,000	10,000
Redemption of bonds	(30,000)	—
Repayment of long-term payables for acquisition of railway properties	(40,869)	(39,705)
Purchase of treasury stock	(0)	(0)
Cash dividends paid to the Company's shareholders	(20,319)	(21,300)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(49)	(115)
Other	20,253	(25,624)
Net cash used in financing activities	(85,267)	(47,811)
Change in cash and cash equivalents, net	(1,998)	24,565
Cash and cash equivalents at the beginning of the period	50,389	48,390
Cash and cash equivalents at the end of the period	48,390	72,956

(5) Note on Assumptions for Going Concern

Not applicable

(6) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements

(Changes in Accounting Policies)

From the end of the subject consolidated fiscal period, the Company has applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012, “Retirement Benefits Accounting Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012). The Company has changed to a method of recording the amount of retirement benefit obligations less pension assets as liabilities pertaining to retirement benefits, and has recorded the transition obligation, unrecognized actuarial loss and unrecognized prior service cost, as liabilities pertaining to retirement benefits.

For the application of the Retirement Benefits Accounting Standard, in accordance with provisional treatment as prescribed by Paragraph 37 of the Retirement Benefits Accounting Standard, the amount of financial impact resulting from the subject change is assessed to the adjusted cumulative total pertaining to retirement benefits of accumulated other comprehensive income (AOCI).

As a result, at the end of the subject fiscal year, the Company recorded ¥1,469 million in net defined benefit asset, and ¥326,823 million in net defined benefit liability. Accumulated other comprehensive income (AOCI) decreased ¥6,906 million.

(7) Note to Consolidated Financial Statements

(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,” “Retail” 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,” “Retail” and “Real Estate.” The “Transportation” segment comprises the railway business, ferry business, and passenger vehicle transport operations. The “Retail” 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, 2013 (April 1, 2012 to March 31, 2013)

	Millions of yen						
	Transportation	Retail	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 Retail Business segment decreased ¥106 million.

Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

	Millions of yen						
	Transportation	Retail	Real estate	Other businesses	Total	Eliminations and intergroup	Consolidated
Operating revenues:							
Operating revenues from third parties	851,385	240,179	102,261	137,193	1,331,019	—	1,331,019
Intergroup operating revenues and transfers	17,248	54,311	18,716	189,060	279,337	(279,337)	—
Total operating revenues	868,634	294,490	120,978	326,253	1,610,356	(279,337)	1,331,019
Segment income	91,013	4,429	27,793	11,860	135,097	(504)	134,593
Segment assets	1,949,883	111,280	399,263	295,959	2,756,387	(68,496)	2,687,890
Other items							
Depreciation and amortization	128,200	5,084	17,414	3,203	153,903	—	153,903
Investment in affiliates accounted for by equity method	20,509	—	—	21,839	42,349	—	42,349
Increase in property, plant and equipment and intangible assets	163,768	5,210	14,610	8,341	191,932	—	191,932

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 ¥504 million is elimination of intersegment transactions.
- (2) The segment assets adjustment of minus ¥68,496 million reflects ¥192,060 million in companywide assets not attributed to any segment, less ¥260,557 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.

(Per Share Information)

	Years ended March 31	
	2013	2014
Net assets (Yen)	3,850.82	4,048.31
Net income (Yen)	310.87	338.98

Notes: 1. “Net income per share, adjusted for latent shares” is not stated because there are no latent shares.

2. The basis for calculating “Net income per share” is as follows.

	Years ended March 31	
	2013	2014
Net income per share		
Net income (Millions of yen)	60,198	65,640
Net income applicable to common shares (Millions of yen)	60,198	65,640
Average number of shares outstanding for each period (Thousands of shares)	193,641	193,640

(Material subsequent events)

Business Combination through Acquisition

1. Overview of the Business Combination

(1) Name of the acquired company

DAITETSU KOGYO CO., LTD.

(2) Description of business of the acquired company

Contracting for construction and track work; contracting for surveying, design, and supervision

(3) Main reasons for the business combination

The combination is to enhance the safety and quality of the JR-West Group's construction operations.

(4) Date of the business combination

April 24, 2014

(5) Legal form of the business combination

Acquisition of treasury stock through an equity-method affiliate

(6) Name of the company after the combination

The company name will be unchanged after the combination.

(7) Proportion of voting rights

Prior to the acquisition: 37.90%

After the acquisition: 51.63%

(8) Basis for the determination of the acquiring company

JR-West holds a majority of voting rights in the acquired company, so is the acquiring company.

2. Acquisition Cost and Other Details of the Acquired Company

Not confirmed at present.

3. Amounts and Other Principal Details of Assets Received and Liabilities Assumed on the Combination Date

Not confirmed at present.

4. Amount of Goodwill Generated

Not confirmed at present.

5. Other

As DAITETSU KOGYO CO., LTD. will become a consolidated subsidiary, the subject company's consolidated subsidiary noted below will also become a consolidated subsidiary of JR-West on the same date.

(1) Name of company

JR WEST BUILT CO., LTD.

(2) Description of business of the company

Design, execution, and supervision for construction and civil engineering works, and consulting

(3) Name of the company after the combination

The company name will be unchanged after the combination.

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2013	March 31, 2014	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	168.1	207.7	39.6
Fixed assets:			
Fixed assets for railway operations	1,787.9	1,773.4	(14.5)
Construction in progress	47.3	72.9	25.6
Investments and other assets	329.8	338.4	8.6
Total fixed assets	2,165.1	2,184.8	19.6
Total assets	2,333.3	2,392.6	59.3

	March 31, 2013	March 31, 2014	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	76.4	81.7	5.2
Accounts payable	441.0	462.9	21.9
Total current liabilities	517.4	544.7	27.2
Fixed liabilities:			
Bonds and long-term debt	896.1	890.5	(5.5)
Accrued retirement benefits	284.3	295.0	10.6
Other long-term liabilities	23.7	22.8	(0.9)
Total fixed liabilities	1,204.2	1,208.4	4.2
Total liabilities	1,721.6	1,753.1	31.4
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	475.9	481.6	5.7
Treasury stock, at cost	(21.6)	(0.0)	21.6
Total shareholders' equity	609.2	636.6	27.3
Valuation and translation adjustments	2.3	2.8	0.5
Total net assets	611.6	639.4	27.8
Total liabilities and net assets	2,333.3	2,392.6	59.3

2. NON-CONSOLIDATED STATEMENTS OF INCOME

	Years ended March 31		Change from the same period of the previous period		Forecasts for year ending March 31, 2015	
	2013	2014			Change	
	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen	
Operating revenues:						
Transportation	769.1	780.6	11.4	1.5	781.5	0.8
Transportation incidentals	19.1	19.1	(0.0)	(0.0)	18.7	(0.4)
Other operations	23.6	23.1	(0.5)	(2.3)	23.4	0.2
Miscellaneous	56.5	50.7	(5.7)	(10.2)	50.9	0.1
	868.5	873.6	5.1	0.6	874.5	0.8
Operating expenses:						
Personnel costs	233.3	235.4	2.0	0.9	233.0	(2.4)
Non personnel costs:						
Energy costs	37.1	43.1	5.9	16.1		
Maintenance costs	136.5	139.0	2.4	1.8		
Miscellaneous costs	169.1	169.5	0.4	0.3		
	342.7	351.6	8.8	2.6	369.0	17.3
Rental payments, etc	23.4	23.6	0.1	0.6	18.5	(5.1)
Taxes	31.7	31.6	(0.0)	(0.2)	32.0	0.3
Depreciation	134.7	129.3	(5.3)	(4.0)	127.0	(2.3)
	766.1	771.8	5.6	0.7	779.5	7.6
Operating income	102.3	101.7	(0.5)	(0.5)	95.0	(6.7)
Non-operating revenues and expenses, net:						
Non-operating revenues	6.4	6.5	0.1		—	—
Non-operating expenses	31.1	28.3	(2.8)		—	—
	(24.7)	(21.7)	2.9	(12.1)	(20.0)	1.7
Recurring profit	77.5	79.9	2.4	3.1	75.0	(4.9)
Extraordinary profit and loss, net:						
Extraordinary profit	39.9	23.8	(16.1)		—	—
Extraordinary loss	39.7	22.6	(17.1)		—	—
	0.1	1.2	1.0		(8.5)	(9.7)
Income before income taxes	77.7	81.1	3.4	4.5	66.5	(14.6)
Income taxes	35.8	32.5	(3.2)	(9.2)	23.5	(9.0)
Net income	41.9	48.6	6.7	16.1	43.0	(5.6)

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Years ended March 31		Change		Years ended March 31		Change	
	2013	2014	Amount	%	2013	2014	Amount	%
Sanyo Shinkansen								
Commuter Passes	736	762	26	3.6	9.0	9.3	0.2	2.6
Non-Commuter Passes	16,434	16,854	419	2.6	347.9	355.1	7.1	2.1
Total	17,171	17,617	446	2.6	357.0	364.4	7.4	2.1
Conventional Lines								
Commuter Passes	22,728	23,157	428	1.9	140.2	141.0	0.8	0.6
Non-Commuter Passes	14,869	15,119	249	1.7	271.8	275.0	3.2	1.2
Total	37,598	38,276	678	1.8	412.0	416.1	4.0	1.0
Kansai Urban Area								
Commuter Passes	18,398	18,724	325	1.8	113.2	113.8	0.5	0.5
Non-Commuter Passes	10,091	10,288	197	2.0	175.7	178.3	2.5	1.5
Total	28,490	29,012	522	1.8	288.9	292.1	3.1	1.1
Other Lines								
Commuter Passes	4,330	4,433	103	2.4	26.9	27.1	0.2	0.9
Non-Commuter Passes	4,778	4,830	51	1.1	96.1	96.7	0.6	0.7
Total	9,108	9,264	155	1.7	123.0	123.9	0.8	0.7
Total								
Commuter Passes	23,465	23,920	455	1.9	149.3	150.3	1.0	0.7
Non-Commuter Passes	31,304	31,973	669	2.1	619.8	630.2	10.4	1.7
Total	54,769	55,894	1,124	2.1	769.1	780.6	11.4	1.5

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. NON- CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Year ended March 31, 2013

	Millions of yen						
	Shareholders' equity						
	Common stock	Capital surplus	Retained earnings				Total
		Legal capital surplus	Legal retained earnings	Other retained earnings		Retained earnings brought forward	
			Reserve for advanced depreciation of noncurrent assets	General reserve			
Balance at the previous year-end	100,000	55,000	11,327	21,698	360,000	69,659	462,684
Change in the fiscal year:							
Dividends from surplus						(20,342)	(20,342)
Net income						41,915	41,915
Provision of reserve for advanced depreciation of noncurrent assets				1,947		(1,947)	—
Reversal of reserve for advanced depreciation of noncurrent assets				(1,512)		1,512	—
Purchase of treasury stock							
Retirement of treasury stock						(8,347)	(8,347)
Net changes of items other than shareholders' equity							
Total	—	—	—	434	—	12,790	13,225
Balance at the current year-end	100,000	55,000	11,327	22,132	360,000	82,449	475,909

(continued on page 29)

	Millions of yen			
	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total	Valuation difference on available-for-sale securities	
Balance at the previous year-end	(29,999)	587,684	709	588,394
Change in the fiscal year:				
Dividends from surplus		(20,342)		(20,342)
Net income		41,915		41,915
Provision of reserve for advanced depreciation of noncurrent assets		—		—
Reversal of reserve for advanced depreciation of noncurrent assets		—		—
Purchase of treasury stock	(0)	(0)		(0)
Retirement of treasury stock	8,347	—		—
Net changes of items other than shareholders' equity			1,642	1,642
Total	8,347	21,572	1,642	23,215
Balance at the current year-end	(21,651)	609,257	2,352	611,609

Year ended March 31, 2014

	Millions of yen						
	Shareholders' equity						
	Common stock	Capital surplus	Retained earnings				Total
		Legal capital surplus	Legal retained earnings	Other retained earnings		Retained earnings brought forward	
			Reserve for advanced depreciation of noncurrent assets	General reserve			
Balance at the previous year-end	100,000	55,000	11,327	22,132	360,000	82,449	475,909
Change in the fiscal year:							
Dividends from surplus						(21,310)	(21,310)
Net income						48,680	48,680
Provision of reserve for advanced depreciation of noncurrent assets				1,013		(1,013)	—
Reversal of reserve for advanced depreciation of noncurrent assets				(1,311)		1,311	—
Purchase of treasury stock							
Retirement of treasury stock						(21,649)	(21,649)
Net changes of items other than shareholders' equity							
Total	—	—	—	(298)	—	6,018	5,720
Balance at the current year-end	100,000	55,000	11,327	21,834	360,000	88,468	481,629

(continued on page 31)

	Millions of yen			
	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total	Valuation difference on available-for-sale securities	
Balance at the previous year-end	(21,651)	609,257	2,352	611,609
Change in the fiscal year:				
Dividends from surplus		(21,310)		(21,310)
Net income		48,680		48,680
Provision of reserve for advanced depreciation of noncurrent assets		—		—
Reversal of reserve for advanced depreciation of noncurrent assets		—		—
Purchase of treasury stock	(0)	(0)		(0)
Retirement of treasury stock	21,649	—		—
Net changes of items other than shareholders' equity			511	511
Total	21,649	27,369	511	27,880
Balance at the current year-end	(2)	636,626	2,863	639,490

4. CAPITAL EXPENDITURES

Consolidated Basis

	Years ended March 31		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2015
	2013	2014	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	170.3	189.0	18.6	11.0	
Capital expenditures, excluding contributions received for constructions	152.9	166.7	13.7	9.0	224.0
Contributions received for constructions	17.4	22.3	4.9	28.1	

Non-Consolidated Basis

	Years ended March 31		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2015
	2013	2014	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	142.2	166.9	24.6	17.3	
Capital expenditures, excluding contributions received for constructions	124.8	144.5	19.7	15.8	188.0
[Safety-related capital expenditures]	[72.7]	[89.3]	[16.5]	[22.7]	[90.0]
Contributions received for constructions	17.4	22.3	4.9	28.1	

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.

5. FORECASTS FOR THE FISCAL YEAR ENDING MARCH 31, 2015

	Year ended March 31, 2014	Year ending March 31, 2015	Change from the same period of the previous period	
	Billions of yen	Billions of yen	Billions of yen	%
Consolidated-basis:	<1.52>	<1.51>		
Operating revenues	1,331.0	1,319.5	(11.5)	(0.9)
Operating income	134.5	117.5	(17.0)	(12.7)
Recurring profit	112.9	98.5	(14.4)	(12.8)
Net income	<1.35> 65.6	<1.36> 58.5	(7.1)	(10.9)
Non-consolidated-basis:				
Operating revenues	873.6	874.5	0.8	0.1
Transportation operations	780.6	781.5	0.8	0.1
Operating expenses	771.8	779.5	7.6	1.0
Operating income	101.7	95.0	(6.7)	(6.7)
Recurring profit	79.9	75.0	(4.9)	(6.2)
Net income	48.6	43.0	(5.6)	(11.7)

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

Business Segment Information

		Billions of yen		
		Year ended March 31, 2014	Year ending March 31, 2015	Change from the same period of the previous period
Transportation	Operating revenues	851.3	852.8	1.4
	Operating income	91.0	83.8	(7.2)
Retail	Operating revenues	240.1	214.3	(25.8)
	Operating income	4.4	1.0	(3.4)
Real Estate	Operating revenues	102.2	89.2	(13.0)
	Operating income	27.7	23.7	(4.0)
Other Businesses	Operating revenues	137.1	163.2	26.0
	Operating income	11.8	9.5	(2.3)

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 April 2014 based on information available to JR-West as of April 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 the Fukuchiyama Line that occurred on April 25, 2005, is NOT considered in this report.