

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

Stock listings: Tokyo, Nagoya and Fukuoka Stock Exchanges

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

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Quarterly report filing date (Planned): August 6, 2014 Planned start of dividend payments: —

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: None

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

1. Results for the Three Months Ended June 30, 2014 (from April 1, 2014 to June 30, 2014)**(1) Operating Results**

Three months ended June 30

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

	Operating revenues		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2014	315,216	1.4	38,392	3.5	33,869	11.0	28,182	51.6
2013	310,870	0.1	37,090	5.6	30,525	7.7	18,588	13.9

(Note) Comprehensive Income: Three months ended June 30, 2014: ¥28,614 million, 46.2%;
Three months ended June 30, 2013: ¥19,577 million, 23.9%

	Net income per share	Net income per share after dilution
	Yen	Yen
2014	145.56	—
2013	95.99	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2014	2,679,517	811,743	28.7
March 31, 2014	2,687,890	807,378	29.2

(Reference) Total shareholders' equity: June 30, 2014: ¥768,316 million, March 31, 2014: ¥783,908 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
2014	—	55.00	—	60.00	115.00
2015	—				
2015 (Forecast)		60.00	—	60.00	120.00

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

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

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

Notes

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

(4) Number of shares outstanding (Common stock)

	Three months ended June 30, 2014	Years ended March 31, 2014
1) Number of shares issued and outstanding (including treasury stock):	193,735,000	193,735,000
2) Number of treasury stock	129,581	96,571
		Three months ended June 30, 2013
3) Average number of shares outstanding for each period (cumulative term):	193,605,419	193,641,492

* 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.

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.”

During the subject first quarter period (April 1, 2014 to June 30, 2014), JR-West conducted a memorial service for the victims of the Fukuchiyama Line accident, and continued to make concerted efforts with regard to the families of the victims. 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 the “JR-West Group Medium-Term Management Plan 2017” and its core component, the “Safety Think-and-Act Plan 2017,” based on the principles of “thinking and acting based on the field” and “customer-based management,” we took deliberate measures to achieve our strategic targets, centered on safety and customer satisfaction.

In particular, for the highest priority measure of “Safety,” JR-West made a concerted effort as a corporate group to implement specific measures in the “Safety Think-and-Act Plan 2017,” taking a solid step forward toward achieving our targets. However, in response to a fatal work-related accident that occurred in the previous fiscal year, the entire JR-West 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 is making a concerted effort to realize our goals during the remaining period of the plan.

The fiscal year ending March 2015 is important in terms of building the foundations to ensure future growth, with upfront costs including preparations for the opening of the Kanazawa segment of the Hokuriku Shinkansen, and a thorough renovation of the West Wing of the OSAKA STATION CITY North Gate Building.

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 first quarter period (April 1, 2014 to June 30, 2014) rose 1.4% from the same period of the previous fiscal year to ¥315.2 billion. Operating income increased 3.5% from a year earlier to ¥38.3 billion, while recurring profit rose 11.0% to ¥33.8 billion, with net income up 51.6% to ¥28.1 billion.

(1) Qualitative Information on Consolidated Business Results

Consolidated Results for the Three Months Ended June 30, 2014 (April – June 2014)

Operating revenues:	¥315.2 billion
Operating income:	¥38.3 billion
Recurring profit:	¥33.8 billion
Net income:	¥28.1 billion

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.” For measures to “Increase the level of risk assessment,” we created a Risk Assessment Handbook systematically organizing relevant information, and distributed it among all employees. 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. 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 tsunami evacuation equipment.

In transportation operations, we 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 an increase in the frequency of *Mizuho* trains, and on conventional lines, an increase in the frequency of *Biwako Express* limited express trains. We also increased the number of trains during the Golden Week holidays and on weekends, including the *Nozomi* and *Mizuho* trains on the Shinkansen lines, and the *Thunderbird* limited express on conventional lines. In anticipation of the opening of the Kanazawa segment of the Hokuriku Shinkansen in spring 2015, we steadily made preparations to ensure a safe and reliable transport service, including beginning trial runs of the new W7 series Shinkansen at the Hakusan Car Maintenance Center.

For the sections of the San-in Line, Yamaguchi Line, and Sanko Line where services remain suspended from the previous fiscal year as a result of heavy rains, we have made a concentrated effort to restore services. (Services on the Sanko Line resumed on July 19, 2014.)

In marketing initiatives, to compete with other modes of transport, JR-West made efforts to promote use of the Shinkansen, including expanding the applicable routes for the “Super

Haya-toku” early discount ticket, increasing the number of reserved seats and adopting a four-row seat layout for the increasingly used *Kodama* trains, and conducting the “Remember Kyushu Campaign.” We also worked to stimulate tourism in cooperation with local communities, including efforts in conjunction with the Setouchi Shimanowa 2014 event to establish a new wide-area sightseeing route through commercialization of the seaside route between Hiroshima and Matsuyama. In anticipation of the opening of the Kanazawa segment of the Hokuriku Shinkansen, we made efforts to increase use of railways to the Hokuriku region, including promoting use of the “e5489 Hayatoku3” discount ticket, and conducting the “Detective Conan Kanazawa/Kaga Mystery Tour.” JR-West also expanded services for overseas visitors to Japan, including broadening the areas of free public Wi-Fi services at major stations, and providing information on train operations in multiple languages. In addition, we took steps to stimulate demand among seniors by expanding information offered to Zipangu Club members, and offering *Nori-nori Kippu* tickets.

JR-West also moved forward with measures to establish win-win relationships with local governments and companies from a longer term perspective, and achieve synergetic relationships with regional areas. As part of this effort, we held a local traditional performing arts festival, and publicized information on regional areas.

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 established a sales structure to handle the peak customer season, and took other steps to secure revenue.

As a result, operating revenues for the Transportation Operations segment increased 1.5% from the same period of the previous fiscal year, to ¥207.5 billion, with operating income up 1.1%, to ¥29.6 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. JR-West also took steps to enhance the appeal of stations, including a business alliance with Seven-Eleven Japan Co., Ltd. to open six convenience store locations, including in Kyoto and Okayama stations. We also acquired business operations for budget hotels, and actively expanded the Via-inn hotel chain.

As a result, operating revenues in the Retail Business segment declined 2.2% from the same period of the previous fiscal year, to ¥55.4 billion, though operating income rose 8.7% from a year earlier to ¥0.9 billion.

c. Real Estate Business

JR-West moved forward with the development of stations and surrounding areas, including renovation of the retail and café areas of MEDIO Shin-Osaka and Aji-no-Koji at Shin-Osaka Station. We also have been conducting renovation work at major stations, including Shin-Osaka, Hiroshima, and Kanazawa stations, to support future growth. To stimulate business in the area around Osaka

Station, JR-West conducted area management activities in association with local business operators. We also developed residential apartments in areas along railway lines.

As a result, operating revenues for the Real Estate Business segment decreased 3.4% from the same period of the previous fiscal year to ¥20.6 billion, though operating income rose 12.2% from a year earlier to ¥6.9 billion.

d. Other Businesses

In hotel operations, JR-West worked to expand sales, including measures to capture inbound demand. 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, and worked to expand opportunities to use the service, including introducing services at large commercial facilities around town. JR-West also developed and nurtured new businesses, including participation in the agriculture business through capital participation in Farm Alliance Management Co., Ltd.

Of note, two companies, DAITETSU KOGYO CO., LTD. and JR WEST BUILT CO., LTD., became consolidated subsidiaries in April 2014. We will continue to pursue efforts to enhance safety and quality in construction and other businesses.

As a result, operating revenues for the Other Businesses segment increased 11.3% from the same period of the previous fiscal year, to ¥31.6 billion, with operating income up 50.2%, to ¥0.3 billion.

(2) Qualitative Information on the Consolidated Financial Position

JR-West's total assets at the end of the first quarter of the subject fiscal year (June 30, 2014) amounted to ¥2,679.5 billion, a decrease of ¥8.3 billion from the end of the previous fiscal year (March 31, 2014). This was due mainly to a decrease in accounts receivable.

Total liabilities amounted to ¥1,867.7 billion, a decrease of ¥12.7 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥811.7 billion, an increase of ¥4.3 billion from the end of the previous fiscal year. This was due mainly to the inclusion of DAITETSU KOGYO CO., LTD. and its subsidiary as consolidated subsidiaries.

(3) Qualitative Information on Consolidated Forecasts

Because at this point consolidated earnings for the subject fiscal year are generally in line with expectations, there is no change to the consolidated earnings forecasts from those announced on April 30, 2014.

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

2. MATTERS REGARDING SUMMARY INFORMATION (NOTES)

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

(Changes in Accounting Policies)

From the beginning of the first quarter period of the subject fiscal year, 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, “Retirement Benefits Application Guidance”), as prescribed by Paragraph 35 of the Accounting Standard for Retirement Benefits, and Paragraph 67 of the Retirement Benefits Application Guidance. The method for calculating retirement benefit obligations and service cost has been revised, with the period attribution method for projected benefit obligations changed from straight-line attribution to a benefit formula standard, and a change in the method for determining the discount rate.

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, from the beginning of the first quarter period of the subject fiscal year, the amount of financial impact resulting from the change in the method for calculating retirement benefit obligations and service cost, has been assessed to retained earnings.

As a result, net defined benefit liability at the beginning of the first quarter period of the subject fiscal year increased ¥50,992 million, and retained earnings decreased ¥32,454 million. The impact on operating income, recurring profit, and income before income taxes, is negligible.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2014	June 30, 2014
ASSETS		
Current assets:		
Cash	55,203	58,655
Notes and accounts receivable-trade	20,794	22,291
Railway fares receivable	36,721	23,111
Accounts receivable	57,365	34,258
Securities	18,000	—
Inventories	44,215	68,373
Deferred income taxes	18,622	12,190
Other current assets	48,129	55,704
Less allowance for doubtful accounts	(638)	(693)
Total current assets	298,414	273,891
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	1,073,890	1,061,894
Machinery and transport equipment	292,710	285,152
Land	659,947	666,854
Construction in progress	75,521	93,929
Other property, plant and equipment	33,129	32,696
Total property, plant and equipment	2,135,199	2,140,526
Intangible fixed assets	30,243	29,311
Investments and other assets:		
Investments in securities	67,359	57,728
Net defined benefit asset	1,469	1,724
Deferred tax assets	128,520	149,697
Other investments and assets	27,738	27,725
Less allowance for doubtful accounts	(1,136)	(1,159)
Total investments and other assets	223,950	235,714
Total fixed assets	2,389,393	2,405,552
Deferred income taxes	83	73
Total assets	2,687,890	2,679,517

	Millions of yen	
	March 31, 2014	June 30, 2014
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	53,542	57,638
Short-term loans payable	25,754	17,131
Current portion of bonds	20,000	20,000
Current portion of long-term debt	25,625	25,306
Current portion of long-term payables for acquisition of railway properties	38,073	38,062
Current portion of long-term accounts payable	31	31
Accounts payable	118,198	51,021
Accrued consumption tax	4,069	9,336
Accrued income tax	29,419	6,026
Prepaid railway fares received	50,997	38,698
Advances received	28,165	45,950
Allowance for bonuses	35,921	18,371
Allowance for point program	1,418	1,661
Other current liabilities	108,302	133,586
Total current liabilities	539,520	462,823
Fixed liabilities:		
Bonds	439,975	449,976
Long-term debt	285,189	283,580
Long-term payables for acquisition of railway properties	171,795	171,805
Long-term accounts payable	96	88
Deferred tax liabilities	405	1,739
Allowance for environmental safety measures	10,204	10,101
Provision for unredeemed gift certificates	2,568	2,497
Net defined benefit liability	326,823	380,287
Other long-term liabilities	103,934	104,873
Total fixed liabilities	1,340,991	1,404,950
Total liabilities	1,880,511	1,867,774

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	Millions of yen	
	March 31, 2014	June 30, 2014
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	632,187	616,291
Treasury stock, at cost	(359)	(480)
Total shareholders' equity	786,828	770,811
Valuation and translation adjustments:		
Net unrealized holding gain on securities	3,429	3,354
Deferred gains or losses on hedges	557	274
Remeasurements of defined benefit plans	(6,906)	(6,123)
Total Valuation and translation adjustments	(2,920)	(2,494)
Minority interests	23,470	43,426
Total net assets	807,378	811,743
Total liabilities and net assets	2,687,890	2,679,517

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

Consolidated Statements of Income

Three months ended June 30

	Millions of yen	
	2013	2014
Operating revenues	310,870	315,216
Operating expenses:		
Transportation, other services and cost of sales	231,264	232,024
Selling, general and administrative expenses	42,515	44,799
Total operating expenses	273,780	276,823
Operating income	37,090	38,392
Non-operating revenues:		
Interest income	17	19
Dividend income	192	196
Transfer from administrative fee of contracted construction	6	13
Equity in earnings of affiliates	168	1,230
Other	461	694
Total non-operating revenues	846	2,154
Non-operating expenses:		
Interest expense	7,030	6,496
Other	380	181
Total non-operating expenses	7,411	6,677
Recurring profit	30,525	33,869
Extraordinary profits:		
Gain on contributions received for construction	1,611	1,392
Gain on bargain purchase	—	6,403
Other	507	634
Total extraordinary profits	2,118	8,430
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	1,601	1,350
Other	622	1,210
Total extraordinary losses	2,224	2,561
Income before income taxes	30,419	39,738
Income taxes- Current	5,272	5,333
Income taxes- Deferred	6,449	6,253
Total income taxes	11,722	11,587
Income before minority interests	18,696	28,151
Minority interests in income (loss)	108	(30)
Net income	18,588	28,182

Consolidated Statements of Comprehensive Income

Three months ended June 30

	Millions of yen	
	2013	2014
Income before minority interests	18,696	28,151
Other comprehensive income		
Valuation difference on available-for-sale securities	776	211
Deferred gains or losses on hedges	80	(354)
Remeasurements of defined benefit plans, net of tax	—	796
Share of other comprehensive income of associates accounted for using equity method	23	(189)
Total of other comprehensive income	881	463
Comprehensive income	19,577	28,614
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	19,430	28,607
Comprehensive income attributable to minority interests	147	7

Business Segment Information

Three months ended June 30

		Billions of yen		
		2013	2014	Change from the same period of the previous year
Transportation	Operating revenues	204.4	207.5	3.1
	Operating income	29.3	29.6	0.3
Retail	Operating revenues	56.7	55.4	(1.2)
	Operating income	0.8	0.9	0.0
Real Estate	Operating revenues	21.3	20.6	(0.7)
	Operating income	6.2	6.9	0.7
Other Businesses	Operating revenues	28.4	31.6	3.2
	Operating income	0.1	0.3	0.1

Note: Revenues by each segment are from third parties.

(3) Other

(Material subsequent events)

Business Combination through Acquisition

DAITETSU KOGYO CO., LTD., an equity-method affiliate in the previous fiscal year, acquired treasury stock, and reduced the total number of voting rights. As a result, the proportion of JR-West's voting rights in the company increased, and it became a subsidiary on April 24, 2014.

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

To enhance the safety and quality of the company's construction work

(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. Period in which the earnings of the acquired company will be included in the quarterly consolidated income statement for the quarterly consolidated cumulative period

April 1, 2014, to Jun 30, 2014

3. Acquisition cost of the acquired company

The acquisition cost of the acquired company is ¥14,234 million.

4. Amount of negative goodwill generated and cause of generation

(1) Amount of negative goodwill generated

¥5,195 million

(2) Cause of generation

Because the market value of net assets at the time of the combination exceeded the acquisition cost of the acquired company, the difference was recognized as negative goodwill.

5. Other

As DAITETSU KOGYO CO., LTD. became a consolidated subsidiary, the subject company's consolidated subsidiary noted below also became 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, 2014	June 30, 2014	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	207.7	157.4	(50.2)
Fixed assets:			
Fixed assets for railway operations	1,773.4	1,754.1	(19.3)
Construction in progress	72.9	89.3	16.4
Investments and other assets	338.4	356.2	17.7
Total fixed assets	2,184.8	2,199.7	14.9
Total assets	2,392.6	2,357.2	(35.3)

	March 31, 2014	June 30, 2014	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	81.7	81.3	(0.3)
Accounts payable	462.9	391.7	(71.2)
Total current liabilities	544.7	473.1	(71.5)
Fixed liabilities:			
Bonds and long-term debt	890.5	899.2	8.7
Accrued retirement benefits	295.0	349.8	54.8
Other long-term liabilities	22.8	22.8	(0.0)
Total fixed liabilities	1,208.4	1,271.9	63.5
Total liabilities	1,753.1	1,745.1	(7.9)
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	481.6	454.1	(27.5)
Treasury stock, at cost	(0.0)	(0.0)	—
Total shareholders' equity	636.6	609.1	(27.5)
Valuation and translation adjustments	2.8	3.0	0.1
Total net assets	639.4	612.1	(27.3)
Total liabilities and net assets	2,392.6	2,357.2	(35.3)

2. NON-CONSOLIDATED STATEMENTS OF INCOME

Three months ended June 30

	2013	2014	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues:				
Transportation	188.2	190.8	2.6	1.4
Transportation incidentals	4.7	4.5	(0.1)	(3.3)
Other operations	5.7	5.8	0.1	2.6
Miscellaneous	11.5	12.1	0.5	4.8
	210.2	213.4	3.2	1.5
Operating expenses:				
Personnel costs	58.6	58.4	(0.2)	(0.4)
Non personnel costs:				
Energy costs	9.9	10.8	0.8	9.0
Maintenance costs	24.8	27.5	2.7	10.9
Miscellaneous costs	39.0	40.2	1.1	3.0
	73.8	78.6	4.7	6.5
Rental payments, etc	5.9	4.6	(1.3)	(22.3)
Taxes	8.4	8.3	(0.0)	(0.6)
Depreciation	31.1	30.4	(0.6)	(2.2)
	178.0	180.5	2.5	1.4
Operating income	32.1	32.9	0.7	2.2
Non-operating revenues and expenses, net:				
Non-operating revenues	0.9	0.9	0.0	
Non-operating expenses	7.0	6.5	(0.5)	
	(6.1)	(5.5)	0.5	(8.4)
Recurring profit	26.0	27.3	1.2	4.7
Extraordinary profit and loss, net:				
Extraordinary profit	1.9	1.4	(0.4)	
Extraordinary loss	2.0	2.1	0.1	
	(0.1)	(0.6)	(0.5)	
Income before income taxes	25.9	26.6	0.6	2.6
Income taxes	9.8	9.2	(0.5)	(6.1)
Net income	16.1	17.4	1.2	7.9

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Three months ended June 30		Change		Three months ended June 30		Change	
	2013	2014	Amount	%	2013	2014	Amount	%
Sanyo Shinkansen								
Commuter Passes	190	180	(10)	(5.6)	2.3	2.3	0.0	2.7
Non-Commuter Passes	3,947	4,024	77	2.0	84.3	85.9	1.5	1.9
Total	4,137	4,204	66	1.6	86.7	88.3	1.6	1.9
Conventional Lines								
Commuter Passes	5,997	5,908	(89)	(1.5)	36.0	36.4	0.3	1.0
Non-Commuter Passes	3,529	3,570	40	1.2	65.3	66.0	0.7	1.1
Total	9,527	9,478	(48)	(0.5)	101.4	102.5	1.0	1.0
Kansai Urban Area								
Commuter Passes	4,828	4,772	(55)	(1.1)	29.1	29.3	0.2	0.8
Non-Commuter Passes	2,457	2,477	20	0.8	43.2	43.8	0.5	1.3
Total	7,285	7,250	(34)	(0.5)	72.3	73.1	0.7	1.1
Other Lines								
Commuter Passes	1,169	1,135	(34)	(2.9)	6.9	7.0	0.1	1.7
Non-Commuter Passes	1,072	1,092	20	1.9	22.1	22.2	0.1	0.7
Total	2,242	2,228	(13)	(0.6)	29.0	29.3	0.2	0.9
Total								
Commuter Passes	6,188	6,088	(100)	(1.6)	38.4	38.8	0.4	1.1
Non-Commuter Passes	7,476	7,595	118	1.6	149.7	152.0	2.2	1.5
Total	13,665	13,683	18	0.1	188.2	190.8	2.6	1.4

3. 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	22.1	38.7	16.5	74.9	—
Capital expenditures, excluding contributions received for constructions	20.3	37.1	16.7	82.0	224.0
Contributions received for constructions	1.7	1.6	(0.1)	(8.4)	—

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	17.1	29.3	12.1	70.8	—
Capital expenditures, excluding contributions received for constructions	15.4	27.7	12.3	79.8	188.0
[Safety-related capital expenditures]	[9.7]	[10.9]	[1.2]	[12.4]	[90.0]
Contributions received for constructions	1.7	1.6	(0.1)	(8.4)	—

Major Capital Expenditures

Capital investments included earthquake and tsunami countermeasures, new rolling stock (227 series commuter train), and expenditures related to the opening of the Hokuriku Shinkansen.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

- This report contains forward-looking statements that are based on JR-West's current expectations, assumptions, estimates and projections about its business, industry, and capital markets around the world.
- These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "plan" or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of JR-West's financial condition, or state other forward-looking information.
- Known or unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.
- Important risks and factors that could cause actual results to be materially different from expectations include, but are not limited to:
 - expenses, liability, loss of revenue or adverse publicity associated with property or casualty losses;
 - economic downturn, deflation and population decreases;
 - adverse changes in laws, regulations and government policies in Japan;
 - service improvements, price reductions and other strategies undertaken by competitors such as passenger railway and airlines companies;
 - infectious disease outbreak and epidemic;
 - earthquake and other natural disaster risks; and
 - failure of computer telecommunications systems disrupting railway or other operations
- All forward-looking statements in this release are made as of July 2014 based on information available to JR-West as of July 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.