

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

Stock listings: Tokyo, Nagoya and Fukuoka Stock Exchanges

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

President: Seiji Manabe

For further information, please contact: Shoji Kurasaka, General Manager, Corporate Communications

Department Telephone: +81-6-6375-8889

Quarterly report filing date (Planned): November 12, 2014

Planned start of dividend payments: December 2, 2014

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: Yes

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

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

Six months ended September 30

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

| | Operating revenues | | Operating income | | Recurring profit | | Net income | |
|------|--------------------|-----|------------------|-----|------------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 2014 | 651,555 | 1.5 | 82,175 | 9.8 | 72,463 | 17.7 | 54,423 | 47.6 |
| 2013 | 642,197 | 0.4 | 74,826 | 4.3 | 61,563 | 6.4 | 36,862 | 6.0 |

(Note) Comprehensive Income: Six months ended September 30, 2014: ¥55,596 million, 44.9%;

Six months ended September 30, 2013: ¥38,377 million, 47.9%

| | Net income per share | Net income per share after dilution |
|------|----------------------|-------------------------------------|
| | Yen | Yen |
| 2014 | 281.11 | — |
| 2013 | 190.37 | — |

(2) Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| September 30, 2014 | 2,695,530 | 838,724 | 29.5 |
| March 31, 2014 | 2,687,890 | 807,378 | 29.2 |

(Reference) Total shareholders' equity: September 30, 2014: ¥795,263 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 | — | 60.00 | | | |
| 2015 (Forecast) | | | — | 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 | % |
| Fiscal year | 1,330,000 | (0.1) | 124,000 | (7.9) | 105,000 | (7.0) |

| | Net income | | Net income per share |
|-------------|-----------------|-------|----------------------|
| | Millions of yen | % | Yen |
| Fiscal year | 65,500 | (0.2) | 338.32 |

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

Regarding the revision of forecasts, refer to the press release "Notice of Variance between Forecasts and Actual Results for the First Half of the Fiscal Year Ending March 2015 and Revision to Full-Year Forecasts" released today (October 29, 2014).

Notes

- (1) Significant changes in subsidiaries during the subject period (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)

| | Six months ended September 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 |
| | | Six months ended September 30, 2013 |
| 3) Average number of shares outstanding for each period (cumulative term): | 193,605,419 | 193,641,425 |

* Indication regarding the status of quarterly review procedures

These financial statements are not subject to quarterly review procedures under the Financial Instruments and Exchange Act. The review of these financial statements in accordance with the Financial Instruments and Exchange Act had not been completed at the time of disclosure.

Notes

1. The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.
2. Supplementary materials for the financial statements are posted on our homepage.

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

Forecasts for the Fiscal Year Ending March 31, 2015

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

| | Operating revenues | | Operating income | | Recurring profit | |
|-------------|--------------------|-----|------------------|-------|------------------|-----|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year | 881,000 | 0.8 | 101,500 | (0.3) | 81,500 | 1.9 |

| | Net income | | Net income per share |
|-------------|-----------------|-----|----------------------|
| | Millions of yen | % | Yen |
| Fiscal year | 50,000 | 2.7 | 258.09 |

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

1. QUALITATIVE INFORMATION ON THE RESULTS FOR THE SUBJECT PERIOD

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

During the subject second quarter period (April 1, 2014 to September 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.” We are making a concerted effort to realize our goals of “No accidents that cause injury or death to customers” and “No labor accidents that result in fatalities among our employees.”

During the fiscal year ending March 2015, JR-West is steadily moving forward with preparations for the opening of the Kanazawa segment of the Hokuriku Shinkansen, and the transfer of the parallel conventional lines. This fiscal year is important in terms of building the foundations to ensure future growth, with further upfront costs including 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, measures to counter natural disasters stemming from increasingly frequent localized torrential rains, and rising electricity and other costs. Amid such circumstances, with the aim of building corporate value over the medium to long term, by deepening interaction and ties with communities, and working together as a corporate group to develop businesses with close ties to specific areas, JR-West took steps to enhance the quality of the railway, to expand non-transportation operations, and to promote new business creation, thereby establishing a foundation for sustainable growth. Of note, for the Kosei Line, in July 2014 the lease period from the Japan Railway Construction, Transport and Technology Agency (JR-CTTA) terminated and JR-West received the line with compensation.

As a result, despite the impact from such factors as inclement weather and the national holiday schedule, results were boosted as the negative effects of the April consumption tax increase were less than anticipated, along with the implementation of various measures. On a consolidated basis, operating revenues for the subject second quarter cumulative period (April 1, 2014 to September 30, 2014) rose 1.5% from the same period of the previous fiscal year to ¥651.5 billion. Operating income increased 9.8% from a year earlier to ¥82.1 billion, while recurring profit rose 17.7% to ¥72.4 billion, with net income up 47.6% to ¥54.4 billion.

(1) Qualitative Information on Consolidated Business Results

Consolidated Results for the Six Months Ended September 30, 2014

| | |
|---------------------|----------------|
| Operating revenues: | ¥651.5 billion |
| Operating income: | ¥82.1 billion |
| Recurring profit: | ¥72.4 billion |
| Net income: | ¥54.4 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 September 2014, JR-West released its “Railway Safety Report” compiling these initiatives and measures. Further, as a measure to counter strong winds on the Kosei Line, we decided to extend the protective wind fence between Shiga and Hira stations by January 2016.

In transportation operations, JR-West took steps to enhance convenience by increasing the frequency of Shinkansen and conventional line limited express trains, centering on the spring Golden Week and mid-summer Obon holidays, and weekends. Further, in anticipation of the opening of the Kanazawa segment of the Hokuriku Shinkansen in March 2015, we steadily made preparations to ensure a safe and reliable transport service, including beginning trial runs of the new W7 series

Shinkansen between Kanazawa and Joetsu-Myoko stations, and deciding on the outline of the operating schedule for the opening of the segment between Nagano and Kanazawa stations.

For the sections of the San-in Line, Yamaguchi Line, and Sanko Line where services had been suspended from the previous fiscal year as a result of heavy rains, with the cooperation of local authorities and residents, we were able to resume operations by August 2014. During the subject fiscal year, services were suspended on segments of the Fukuchiyama and Kabe lines from August to September, but operations have now resumed on all lines.

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, conducting the “Remember Kyushu Campaign,” and introducing a “Plarail Car” on the 500 Series *Kodama* trains of the Sanyo Shinkansen. Further, in conjunction with the new Harry Potter area at the Universal Studios Japan theme park, we attracted customers from a broad area by launching the “USJ Special Ticket” combined with a guaranteed entrance pass, and establishing special trains.

JR-West also worked to stimulate tourism in cooperation with local communities, including holding the “Wakayama Destination Campaign” as the nationwide promotion by JR Group companies, and running the “Yamaguchi Line/San-in Line Service Resumption Campaign” in conjunction with the resumption of services on the Yamaguchi and San-in lines. 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, and setting up a new ticket reservation office for overseas visitors at Kansai Airport Station. In addition, we took steps to stimulate demand among seniors by launching special discount “Nori-nori Kippu” tickets and the “San-in Meguri Pass 50” for customers 60 and older.

In terms of measures to establish mutually beneficial relationships with local communities, JR-West launched the “San-in limono Tankentai” program, and concluded a comprehensive agreement with Okayama Prefecture regarding stimulating tourism and other measures.

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 1.7% from the same period of the previous fiscal year, to ¥429.3 billion, with operating income up 10.4%, to ¥63.1 billion.

b. Retail Business

For the JR Osaka Mitsukoshi Isetan department store, from late July JR-West moved steadily forward with renovation work to create a new type of commercial mall fusing highly popular specialty stores with department store retailers with strengths in particular areas.

JR-West also took steps to enhance the appeal of stations, including a business alliance with

Seven-Eleven Japan Co., Ltd. to open 17 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 4.7% from the same period of the previous fiscal year, to ¥111.3 billion, with operating income down 3.9% from a year earlier to ¥1.9 billion.

c. Real Estate Business

JR-West has been conducting renovation work at major stations, including Shin-Osaka, Hiroshima, and Kanazawa stations, to support future growth. In July, in anticipation of the opening of the Kanazawa segment of the Hokuriku Shinkansen, we reopened with expanded floor space the renovated “Kanazawa 100 Bangai Anto” commercial facility underneath the elevated tracks at Kanazawa Station.

Further, for the OSAKA STATION CITY North Gate Building, in August we renovated the East Wing LUCUA section, ahead of the opening of the West Wing scheduled for spring 2015. 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 increased 0.3% from the same period of the previous fiscal year to ¥42.9 billion, with operating income up 14.8% from a year earlier to ¥14.0 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 strengthened marketing for inbound tourism, expanded internet sales, and took steps to increase sales of products that utilize railways.

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 investment in Farm Alliance Management Co., Ltd., and participation in the food production business through capital investment in Gomangoku Chisatosanso Co., Ltd.

For the golf business, which we expect will face a difficult business environment, with the consent of the local community and club members, we decided to transfer the business to the major golf course operating company Accordia Golf 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 13.0% from the same period of the previous fiscal year, to ¥68.0 billion, though operating income declined 10.5%, to ¥2.2 billion.

(2) Qualitative Information on the Consolidated Financial Position

JR-West's total assets at the end of the second quarter of the subject fiscal year (September 30, 2014) amounted to ¥2,695.5 billion, an increase of ¥7.6 billion from the end of the previous fiscal year (March 31, 2014). This was due mainly to an increase in construction in progress.

Total liabilities amounted to ¥1,856.8 billion, a decrease of ¥23.7 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥838.7 billion, an increase of ¥31.3 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

In consideration of railway transportation revenues and other results during the subject second quarter cumulative period, JR-West is revising upward its forecasts for operating revenues, operating income, recurring profit, and net income for the fiscal year ending March 31, 2015, from those announced on July 30, 2014.

Looking ahead, the economic outlook is uncertain, while income trends and other factors remain unpredictable. However, JR-West considers this to be an important year in terms of establishing a foundation for future growth, and is steadily moving forward with such measures as preparations for the opening of the Kanazawa segment of the Hokuriku Shinkansen in spring 2015, and the renovation of the West Wing of the OSAKA STATION CITY North Gate Building.

Consolidated Forecasts for the Year Ending March 31, 2015

| | | |
|---------------------|------------------|-----------------|
| Operating revenues: | ¥1,330.0 billion | (down 0.1% YoY) |
| Operating income: | ¥124.0 billion | (down 7.9% YoY) |
| Recurring profit: | ¥105.0 billion | (down 7.0% YoY) |
| Net income: | ¥65.5 billion | (down 0.2% YoY) |

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 second quarter cumulative 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 second quarter cumulative 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 for the second quarter cumulative period of the subject fiscal year, is negligible.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

| | Millions of yen | |
|---------------------------------------|-----------------|--------------------|
| | March 31, 2014 | September 30, 2014 |
| ASSETS | | |
| Current assets: | | |
| Cash | 55,203 | 46,885 |
| Notes and accounts receivable-trade | 20,794 | 24,293 |
| Railway fares receivable | 36,721 | 30,122 |
| Accounts receivable | 57,365 | 37,838 |
| Securities | 18,000 | — |
| Inventories | 44,215 | 76,292 |
| Deferred income taxes | 18,622 | 19,341 |
| Other current assets | 48,129 | 53,357 |
| Less allowance for doubtful accounts | (638) | (743) |
| Total current assets | 298,414 | 287,387 |
| Fixed assets: | | |
| Property, plant and equipment: | | |
| Buildings and structures | 1,073,890 | 1,056,623 |
| Machinery and transport equipment | 292,710 | 276,456 |
| Land | 659,947 | 667,111 |
| Construction in progress | 75,521 | 111,873 |
| Other property, plant and equipment | 33,129 | 31,258 |
| Total property, plant and equipment | 2,135,199 | 2,143,323 |
| Intangible fixed assets | 30,243 | 27,494 |
| Investments and other assets: | | |
| Investments in securities | 67,359 | 59,519 |
| Net defined benefit asset | 1,469 | 1,795 |
| Deferred tax assets | 128,520 | 149,769 |
| Other investments and assets | 27,738 | 27,285 |
| Less allowance for doubtful accounts | (1,136) | (1,107) |
| Total investments and other assets | 223,950 | 237,261 |
| Total fixed assets | 2,389,393 | 2,408,079 |
| Deferred income taxes | 83 | 63 |
| Total assets | 2,687,890 | 2,695,530 |

| | Millions of yen | |
|---|-----------------|--------------------|
| | March 31, 2014 | September 30, 2014 |
| LIABILITIES | | |
| Current liabilities: | | |
| Notes and accounts payable-trade | 53,542 | 49,019 |
| Short-term loans payable | 25,754 | 17,539 |
| Current portion of bonds | 20,000 | 20,000 |
| Current portion of long-term debt | 25,625 | 24,987 |
| Current portion of long-term payables for acquisition of railway properties | 38,073 | 37,508 |
| Current portion of long-term accounts payable | 31 | 31 |
| Accounts payable | 118,198 | 47,743 |
| Accrued consumption tax | 4,069 | 11,398 |
| Accrued income tax | 29,419 | 23,858 |
| Prepaid railway fares received | 50,997 | 42,722 |
| Advances received | 28,165 | 50,229 |
| Allowance for bonuses | 35,921 | 36,321 |
| Allowance for point program | 1,418 | 1,930 |
| Other current liabilities | 108,302 | 116,596 |
| Total current liabilities | 539,520 | 479,888 |
| Fixed liabilities: | | |
| Bonds | 439,975 | 449,976 |
| Long-term debt | 285,189 | 287,108 |
| Long-term payables for acquisition of railway properties | 171,795 | 156,342 |
| Long-term accounts payable | 96 | 80 |
| Deferred tax liabilities | 405 | 1,811 |
| Allowance for environmental safety measures | 10,204 | 10,018 |
| Provision for unredeemed gift certificates | 2,568 | 2,377 |
| Net defined benefit liability | 326,823 | 370,898 |
| Other long-term liabilities | 103,934 | 98,303 |
| Total fixed liabilities | 1,340,991 | 1,376,916 |
| Total liabilities | 1,880,511 | 1,856,805 |

(continued on page 12)

| | Millions of yen | |
|---|-----------------|--------------------|
| | March 31, 2014 | September 30, 2014 |
| NET ASSETS | | |
| Total shareholders' equity: | | |
| Common stock | 100,000 | 100,000 |
| Capital surplus | 55,000 | 55,000 |
| Retained earnings | 632,187 | 642,532 |
| Treasury stock, at cost | (359) | (480) |
| Total shareholders' equity | 786,828 | 797,052 |
| Valuation and translation adjustments: | | |
| Net unrealized holding gain on securities | 3,429 | 3,569 |
| Deferred gains or losses on hedges | 557 | 87 |
| Remeasurements of defined benefit plans | (6,906) | (5,446) |
| Total Valuation and translation adjustments | (2,920) | (1,789) |
| Minority interests | 23,470 | 43,461 |
| Total net assets | 807,378 | 838,724 |
| Total liabilities and net assets | 2,687,890 | 2,695,530 |

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

Consolidated Statements of Income

Six months ended September 30

| | Millions of yen | |
|--|-----------------|---------|
| | 2013 | 2014 |
| Operating revenues | 642,197 | 651,555 |
| Operating expenses: | | |
| Transportation, other services and cost of sales | 480,936 | 478,694 |
| Selling, general and administrative expenses | 86,434 | 90,685 |
| Total operating expenses | 567,370 | 569,380 |
| Operating income | 74,826 | 82,175 |
| Non-operating revenues: | | |
| Interest income | 27 | 22 |
| Dividend income | 281 | 489 |
| Transfer from administrative fee of contracted construction | 82 | 63 |
| Equity in earnings of affiliates | 294 | 1,815 |
| Other | 905 | 1,336 |
| Total non-operating revenues | 1,590 | 3,727 |
| Non-operating expenses: | | |
| Interest expense | 14,186 | 13,092 |
| Other | 667 | 346 |
| Total non-operating expenses | 14,854 | 13,439 |
| Recurring profit | 61,563 | 72,463 |
| Extraordinary profits: | | |
| Gain on contributions received for construction | 2,711 | 3,203 |
| Gain on bargain purchase | — | 6,403 |
| Other | 617 | 1,343 |
| Total extraordinary profits | 3,329 | 10,949 |
| Extraordinary losses: | | |
| Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment | 2,645 | 3,107 |
| Loss on disaster | 115 | 2,647 |
| Other | 1,163 | 2,028 |
| Total extraordinary losses | 3,924 | 7,783 |
| Income before income taxes | 60,967 | 75,629 |
| Income taxes- Current | 23,482 | 22,510 |
| Income taxes- Deferred | 217 | (1,285) |
| Total income taxes | 23,699 | 21,225 |
| Income before minority interests | 37,267 | 54,404 |
| Minority interests in income (loss) | 404 | (18) |
| Net income | 36,862 | 54,423 |

Consolidated Statements of Comprehensive Income

Six months ended September 30

| | Millions of yen | |
|---|-----------------|--------|
| | 2013 | 2014 |
| Income before minority interests | 37,267 | 54,404 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,122 | 482 |
| Deferred gains or losses on hedges | (71) | (588) |
| Remeasurements of defined benefit plans, net of tax | — | 1,482 |
| Share of other comprehensive income of associates accounted for using equity method | 58 | (184) |
| Total of other comprehensive income | 1,110 | 1,191 |
| Comprehensive income | 38,377 | 55,596 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of the parent | 37,948 | 55,554 |
| Comprehensive income attributable to minority interests | 429 | 41 |

Business Segment Information

Six months ended September 30

| | | Billions of yen | | |
|------------------|--------------------|-----------------|-------|--|
| | | 2013 | 2014 | Change from the same period of the previous year |
| Transportation | Operating revenues | 422.3 | 429.3 | 6.9 |
| | Operating income | 57.1 | 63.1 | 5.9 |
| Retail | Operating revenues | 116.8 | 111.3 | (5.5) |
| | Operating income | 2.0 | 1.9 | (0.0) |
| Real Estate | Operating revenues | 42.8 | 42.9 | 0.1 |
| | Operating income | 12.2 | 14.0 | 1.8 |
| Other Businesses | Operating revenues | 60.2 | 68.0 | 7.8 |
| | Operating income | 2.5 | 2.2 | (0.2) |

Note: Revenues by each segment are from third parties.

(3) Consolidated Statements of Cash Flows

Six months ended September 30

| | Millions of yen | |
|--|-----------------|----------|
| | 2013 | 2014 |
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 60,967 | 75,629 |
| Depreciation and amortization | 75,009 | 72,245 |
| Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment | 2,645 | 3,107 |
| Loss on disposal of property, plant and equipment | 1,049 | 1,458 |
| Increase (decrease) in net defined benefit liability | — | (5,171) |
| Increase (decrease) in provision for retirement benefits | 891 | — |
| Increase (decrease) in allowance for doubtful accounts | (123) | (111) |
| Increase (decrease) in provision for bonuses | (146) | (634) |
| Interest and dividend income | (308) | (512) |
| Interest expenses | 14,186 | 13,092 |
| Equity in earnings of affiliates | (294) | (1,815) |
| Proceeds from contribution for construction | (2,711) | (3,203) |
| Gain on bargain purchase | — | (6,403) |
| Decrease (increase) in notes and accounts receivable-trade | 18,641 | 35,207 |
| Decrease (increase) in inventories | (13,366) | (23,039) |
| Increase (decrease) in notes and accounts payable-trade | (30,778) | (51,083) |
| Increase (decrease) in accrued consumption taxes | (3,445) | 7,022 |
| Other | (10,729) | (13,388) |
| Subtotal | 111,487 | 102,400 |
| Interest and dividends income received | 309 | 515 |
| Interest paid | (14,240) | (13,155) |
| Income taxes paid | (27,869) | (27,970) |
| Net cash provided by operating activities | 69,686 | 61,789 |
| Cash flows from investing activities | | |
| Payments for time deposits with a maturity of more than three months | (81) | (80) |
| Proceeds for time deposits with a maturity of more than three months | 80 | 81 |
| Purchases of property, plant and equipment | (70,175) | (93,798) |
| Proceeds from sales of property, plant and equipment | 205 | 867 |
| Contributions received for constructions | 10,820 | 16,120 |
| Purchase of investment securities | (653) | (905) |
| Payments on long-term loans receivable | (283) | (136) |
| Collections of long-term loans receivable | 342 | 89 |
| Other | (543) | (212) |
| Net cash used in investing activities | (60,288) | (77,974) |

(continued on page 16)

| | Millions of yen | |
|---|-----------------|-----------------|
| | 2013 | 2014 |
| Cash flows from financing activities | | |
| Change in short-term loans | 1,860 | 1,210 |
| Proceeds from long-term loans | 15,000 | 5,000 |
| Repayment of long-term debt | (4,378) | (3,734) |
| Proceeds from issuance of bonds | 10,000 | 10,000 |
| Repayment of long-term payables for acquisition of railway properties | (16,267) | (16,016) |
| Purchase of treasury stock | (0) | — |
| Cash dividends paid to the Company's shareholders | (10,648) | (11,624) |
| Cash dividends paid to minority shareholders of consolidated subsidiaries | (115) | (143) |
| Other | (8,670) | 5,178 |
| Net cash used in financing activities | (13,220) | (10,131) |
| Change in cash and cash equivalents, net | (3,823) | (26,316) |
| Cash and cash equivalents at the beginning of the period | 48,390 | 72,956 |
| Cash and cash equivalents at the end of the period | 44,567 | 46,639 |

(4) 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 was 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 September 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 was unchanged after the combination.

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

| | March 31, 2014 | September 30, 2014 | Change |
|-------------------------------------|-----------------|---------------------------|-----------------|
| | Billions of yen | Billions of yen | Billions of yen |
| ASSETS | | | |
| Current assets: | | | |
| Total current assets | 207.7 | 165.7 | (42.0) |
| Fixed assets: | | | |
| Fixed assets for railway operations | 1,773.4 | 1,738.7 | (34.6) |
| Construction in progress | 72.9 | 105.5 | 32.6 |
| Investments and other assets | 338.4 | 365.0 | 26.5 |
| Total fixed assets | 2,184.8 | 2,209.3 | 24.5 |
| Total assets | 2,392.6 | 2,375.0 | (17.5) |

| | March 31, 2014 | September 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 | 80.5 | (1.2) |
| Accounts payable | 462.9 | 417.6 | (45.3) |
| Total current liabilities | 544.7 | 498.1 | (46.5) |
| Fixed liabilities: | | | |
| Bonds and long-term debt | 890.5 | 888.0 | (2.5) |
| Accrued retirement benefits | 295.0 | 341.3 | 46.3 |
| Other long-term liabilities | 22.8 | 13.7 | (9.1) |
| Total fixed liabilities | 1,208.4 | 1,243.0 | 34.6 |
| Total liabilities | 1,753.1 | 1,741.2 | (11.9) |
| Total shareholders' equity: | | | |
| Common stock | 100.0 | 100.0 | — |
| Capital surplus | 55.0 | 55.0 | — |
| Retained earnings | 481.6 | 475.7 | (5.9) |
| Treasury stock, at cost | (0.0) | (0.0) | — |
| Total shareholders' equity | 636.6 | 630.7 | (5.9) |
| Valuation and translation adjustments | 2.8 | 3.1 | 0.2 |
| Total net assets | 639.4 | 633.8 | (5.6) |
| Total liabilities and net assets | 2,392.6 | 2,375.0 | (17.5) |

2. NON-CONSOLIDATED STATEMENTS OF INCOME

| | Six months ended September 30 | | 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 | 388.6 | 394.8 | 6.2 | 1.6 | 788.0 | 6.5 |
| Transportation incidentals | 9.5 | 9.2 | (0.2) | (2.5) | 18.7 | — |
| Other operations | 11.5 | 11.7 | 0.2 | 1.8 | 23.4 | — |
| Miscellaneous | 23.8 | 24.7 | 0.9 | 3.9 | 50.9 | — |
| | 433.5 | 440.7 | 7.1 | 1.6 | 881.0 | 6.5 |
| Operating expenses: | | | | | | |
| Personnel costs | 117.2 | 116.9 | (0.2) | (0.2) | 233.0 | — |
| Non personnel costs: | | | | | | |
| Energy costs | 21.4 | 22.7 | 1.2 | 5.9 | 46.5 | — |
| Maintenance costs | 59.9 | 62.0 | 2.1 | 3.5 | 146.5 | — |
| Miscellaneous costs | 79.9 | 81.5 | 1.5 | 1.9 | 176.0 | — |
| | 161.3 | 166.2 | 4.9 | 3.1 | 369.0 | — |
| Rental payments, etc | 11.8 | 9.2 | (2.6) | (22.5) | 18.5 | — |
| Taxes | 17.9 | 17.8 | (0.0) | (0.2) | 32.0 | — |
| Depreciation | 62.8 | 61.1 | (1.6) | (2.6) | 127.0 | — |
| | 371.2 | 371.5 | 0.3 | 0.1 | 779.5 | — |
| Operating income | 62.3 | 69.1 | 6.8 | 11.0 | 101.5 | 6.5 |
| Non-operating revenues and expenses, net: | | | | | | |
| Non-operating revenues | 1.5 | 1.5 | (0.0) | | | — |
| Non-operating expenses | 14.2 | 13.1 | (1.0) | | | — |
| | (12.6) | (11.6) | 1.0 | (8.5) | (20.0) | — |
| Recurring profit | 49.6 | 57.5 | 7.9 | 15.9 | 81.5 | 6.5 |
| Extraordinary profit and loss, net: | | | | | | |
| Extraordinary profit | 3.0 | 3.7 | 0.7 | | — | — |
| Extraordinary loss | 3.3 | 6.4 | 3.0 | | — | — |
| | (0.3) | (2.7) | (2.3) | | (8.5) | — |
| Income before income taxes | 49.3 | 54.8 | 5.5 | 11.2 | 73.0 | 6.5 |
| Income taxes | 18.8 | 15.7 | (3.0) | (16.2) | 23.0 | (0.5) |
| Net income | 30.4 | 39.0 | 8.5 | 28.2 | 50.0 | 7.0 |

Passenger-Kilometers and Transportation Revenues

| | Millions of Passenger-Kilometers | | | | Billions of yen | | | |
|---------------------|----------------------------------|--------|--------|-------|----------------------------------|-------|--------|-----|
| | Passenger-Kilometers | | | | Transportation Revenues | | | |
| | Six months ended September 30 | | Change | | Six months ended September 30 | | Change | |
| | 2013 | 2014 | Amount | % | 2013 | 2014 | Amount | % |
| Sanyo Shinkansen | | | | | | | | |
| Commuter Passes | 380 | 371 | (8) | (2.4) | 4.6 | 4.6 | 0.0 | 0.0 |
| Non-Commuter Passes | 8,341 | 8,513 | 172 | 2.1 | 176.4 | 179.9 | 3.4 | 2.0 |
| Total | 8,722 | 8,885 | 163 | 1.9 | 181.1 | 184.6 | 3.4 | 1.9 |
| Conventional Lines | | | | | | | | |
| Commuter Passes | 11,760 | 11,551 | (208) | (1.8) | 71.6 | 72.4 | 0.7 | 1.0 |
| Non-Commuter Passes | 7,458 | 7,590 | 131 | 1.8 | 135.8 | 137.8 | 2.0 | 1.5 |
| Total | 19,219 | 19,142 | (77) | (0.4) | 207.4 | 210.2 | 2.7 | 1.3 |
| Kansai Urban Area | | | | | | | | |
| Commuter Passes | 9,487 | 9,360 | (127) | (1.3) | 57.8 | 58.4 | 0.6 | 1.1 |
| Non-Commuter Passes | 5,077 | 5,159 | 81 | 1.6 | 88.1 | 89.6 | 1.4 | 1.6 |
| Total | 14,565 | 14,519 | (46) | (0.3) | 146.0 | 148.0 | 2.0 | 1.4 |
| Other Lines | | | | | | | | |
| Commuter Passes | 2,272 | 2,191 | (81) | (3.6) | 13.8 | 13.9 | 0.1 | 0.7 |
| Non-Commuter Passes | 2,380 | 2,431 | 50 | 2.1 | 47.6 | 48.2 | 0.6 | 1.3 |
| Total | 4,653 | 4,622 | (31) | (0.7) | 61.4 | 62.1 | 0.7 | 1.2 |
| Total | | | | | | | | |
| Commuter Passes | 12,141 | 11,923 | (217) | (1.8) | 76.3 | 77.0 | 0.7 | 1.0 |
| Non-Commuter Passes | 15,799 | 16,103 | 303 | 1.9 | 312.2 | 317.7 | 5.5 | 1.8 |
| Total | 27,941 | 28,027 | 86 | 0.3 | 388.6 | 394.8 | 6.2 | 1.6 |

3. CAPITAL EXPENDITURES

Consolidated Basis

| | Six months ended September 30 | | Change from the same period of the previous period | | Plan for fiscal year ending March 31, 2015 |
|--|----------------------------------|-----------------|--|------|---|
| | 2013 | 2014 | Billions of yen | % | |
| | Billions of yen | Billions of yen | | | |
| Capital expenditures | 50.3 | 78.4 | 28.1 | 55.9 | — |
| Capital expenditures, excluding contributions received for constructions | 46.2 | 73.7 | 27.4 | 59.2 | 224.0 |
| Contributions received for constructions | 4.0 | 4.7 | 0.7 | 17.6 | — |

Non-Consolidated Basis

| | Six months ended September 30 | | 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 | 41.3 | 63.0 | 21.6 | 52.4 | — |
| Capital expenditures, excluding contributions received for constructions | 37.3 | 58.3 | 20.9 | 56.2 | 188.0 |
| [Safety-related capital expenditures] | [24.0] | [22.4] | [(1.5)] | [(6.5)] | [90.0] |
| Contributions received for constructions | 4.0 | 4.7 | 0.7 | 17.6 | — |

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.

4. REVISION TO FORECASTS FOR THE FISCAL YEAR ENDING MARCH 31, 2015

| | Six months ended September 30 | | Change | |
|--------------------------------|-------------------------------|-----------------|-----------------|------|
| | 2013 | 2014 | | |
| | A | B | B-A | B/A |
| | Billions of yen | Billions of yen | Billions of yen | % |
| Consolidated-basis: | <1.48> | <1.48> | | |
| Operating revenues | 642.1 | 651.5 | 9.3 | 1.5 |
| Operating income | 74.8 | 82.1 | 7.3 | 9.8 |
| Recurring profit | 61.5 | 72.4 | 10.9 | 17.7 |
| | <1.21> | <1.39> | | |
| Net income | 36.8 | 54.4 | 17.5 | 47.6 |
| Non-consolidated-basis: | | | | |
| Operating revenues | 433.5 | 440.7 | 7.1 | 1.6 |
| Transportation | 388.6 | 394.8 | 6.2 | 1.6 |
| Operating expenses | 371.2 | 371.5 | 0.3 | 0.1 |
| Operating income | 62.3 | 69.1 | 6.8 | 11.0 |
| Recurring profit | 49.6 | 57.5 | 7.9 | 15.9 |
| Net income | 30.4 | 39.0 | 8.5 | 28.2 |

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

| | Year ended March 31, 2014 | Year ending March 31, 2015 | | Change | | |
|--------------------------------|------------------------------|------------------------------------|-----------------------------------|-----------------|-------|-----------------|
| | | Previous forecasts (July 30) | Current forecasts (Oct. 29) | C-A | C/A | C-B |
| | A | B | C | C-A | C/A | C-B |
| | Billions of yen | Billions of yen | Billions of yen | Billions of yen | % | Billions of yen |
| Consolidated-basis: | <1.52> | <1.51> | <1.51> | | | |
| Operating revenues | 1,331.0 | 1,319.5 | 1,330.0 | (1.0) | (0.1) | 10.5 |
| Operating income | 134.5 | 117.5 | 124.0 | (10.5) | (7.9) | 6.5 |
| Recurring profit | 112.9 | 98.5 | 105.0 | (7.9) | (7.0) | 6.5 |
| | <1.35> | <1.36> | <1.31> | | | |
| Net income | 65.6 | 58.5 | 65.5 | (0.1) | (0.2) | 7.0 |
| Non-consolidated-basis: | | | | | | |
| Operating revenues | 873.6 | 874.5 | 881.0 | 7.3 | 0.8 | 6.5 |
| Transportation | 780.6 | 781.5 | 788.0 | 7.3 | 0.9 | 6.5 |
| Operating expenses | 771.8 | 779.5 | 779.5 | 7.6 | 1.0 | — |
| Operating income | 101.7 | 95.0 | 101.5 | (0.2) | (0.3) | 6.5 |
| Recurring profit | 79.9 | 75.0 | 81.5 | 1.5 | 1.9 | 6.5 |
| Net income | 48.6 | 43.0 | 50.0 | 1.3 | 2.7 | 7.0 |

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

| | | Year ended March 31, 2014 | Year ending March 31, 2015 | | Change | | |
|----------------------|--------------------|---------------------------------|------------------------------------|-----------------------------------|-----------------|--------|-----------------|
| | | | Previous forecasts (July 30) | Current forecasts (Oct. 29) | C-A | C/A | C-B |
| | | A | B | C | C-A | C/A | C-B |
| | | Billions of yen | Billions of yen | Billions of yen | Billions of yen | % | Billions of yen |
| Transportation | Operating revenues | 851.3 | 852.8 | 859.3 | 7.9 | 0.9 | 6.5 |
| | Operating income | 91.0 | 83.8 | 90.3 | (0.7) | (0.8) | 6.5 |
| Retail Business | Operating revenues | 240.1 | 214.3 | 214.3 | (25.8) | (10.8) | — |
| | Operating income | 4.4 | 1.0 | 1.0 | (3.4) | (77.4) | — |
| Real Estate Business | Operating revenues | 102.2 | 89.2 | 89.2 | (13.0) | (12.8) | — |
| | Operating income | 27.7 | 23.7 | 23.7 | (4.0) | (14.7) | — |
| Other Businesses | Operating revenues | 137.1 | 163.2 | 167.2 | 30.0 | 21.9 | 4.0 |
| | Operating income | 11.8 | 9.5 | 9.5 | (2.3) | (19.9) | — |

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 October 2014 based on information available to JR-West as of October 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.