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November 8, 2007

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Office of International Corporate Finance
Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
U.S.A.

SUPL

West Japan Railway Company
Rule 12g3-2(b) Exemption Application

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THOMSON FINANCIAL

Dear Sirs:

Pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934, we, as legal counsels to West Japan Railway Company (the "Company") with respect to its international offering of common stock, enclose herewith English translation of the documents which contents were announced by the Company:

- Notice of Acquisition by the Company of its Own Shares (dated October 30, 2007) and
- Flash Report (Consolidated and Non-Consolidated Basis) Results for the six months ended September 30, 2007 (dated October 30, 2007).

Yours truly,

Kunio Aoki
Kunio Aoki

Jew
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Encls.
cc: West Japan Railway Company
Sullivan & Cromwell, Tokyo (w/o documents)

(Translation)

October 30, 2007

Dear Sirs,

Name of the company:	West Japan Railway Company
Representative:	Masao Yamazaki President and Representative Director
Code No.:	No. 9021 Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange and Fukuoka Stock Exchange
Further inquiries:	Michio Utsunomiya General Manager of Corporate Communications Department (Tel.: 06-6375-8889)

Notice of Acquisition by the Company of its Own Shares

(Acquisition by the Company of its own shares in accordance with its Articles of Incorporation pursuant to Article 165, paragraph 2 of the Corporation Law of Japan)

Notice is hereby given that West Japan Railway Company (the "Company"), at the meeting of its Board of Directors held on October 30, 2007, determined to acquire its own shares in accordance with Article 156 of the Corporation Law of Japan, applicable pursuant to Article 165, paragraph 3 of the said Law, as described below:

Description

1. Reason for the acquisition by the Company of its own shares:

To allow management to carry out capital policies with agility in response to business conditions

2. Content of the acquisition:

- (1) Class of shares to be acquired: Shares of common stock of the Company
- (2) Total number of shares to be acquired: (Not exceeding) 20,000 shares (Ratio thereof to the total number of issued shares: 1.00%)

(3) Aggregate acquisition prices of shares: (Not exceeding) ¥10,000,000,000

(4) Acquisition period: October 31, 2007 through December 28, 2007

- END -

West Japan Railway Company

Flash Report (Consolidated and Non-Consolidated Basis)

Results for the six months ended September 30, 2007

Forward-Looking Statements

This release 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;
- 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 30, 2007 based on information available to JR-West as of the date October 30, 2007 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.

FLASH REPORT

Company name: West Japan Railway Company

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

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

President: Masao Yamazaki

For further information, please contact: Michio Utsunomiya, General Manager, Corporate Communications Department

Telephone: +81-6-6375-8889

Planned filing of an interim security report: Undecided

Planned start of dividend payments: November 30, 2007

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

1. Performance

(1) Operating results

Six months ended September 30

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2007	632,251	2.3	79,272	3.5	63,243	7.9
2006	618,141	1.7	76,562	(3.1)	58,634	(3.5)
Year ended March 31, 2007	1,262,935	—	135,341	—	104,154	—

	Net income		Net income per share	Net income per share after dilution
	Millions of yen	%	Yen	Yen
2007	33,907	6.8	16,961.52	—
2006	31,750	6.8	15,882.16	—
Year ended March 31, 2007	56,791	—	28,415.07	—

(Reference) Gain (Loss) on investment by equity method: Six months ended September 30, 2007: ¥466 million
Six months ended September 30, 2006: ¥98 million
Year ended March 31, 2007: ¥1,016 million

(2) Financial position

September 30

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2007	2,395,486	664,296	26.4	316,816.96
2006	2,355,375	617,275	25.0	294,434.40
March 31, 2007	2,401,667	637,849	25.3	303,906.52

(Reference) Total shareholders' equity: September 30, 2007: ¥633,338 million
September 30, 2006: ¥588,608 million
March 31, 2007: ¥607,544 million

(3) Cash flows

Six months ended September 30

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash at end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2007	81,765	(76,166)	(16,674)	46,509
2006	78,551	(48,218)	(28,415)	57,350
Year ended March 31, 2007	188,618	(131,776)	(54,690)	57,584

2. Dividends

Years ended/ending March 31

Record date	Dividends per share		
	Interim dividends	Year-end dividends	Total
	Yen	Yen	Yen
2007	3,000.00	3,000.00	6,000.00
2008 (Actual)	3,000.00		6,000.00
2008 (Forecast)		3,000.00	

3. Forecasts for Fiscal Year ending March 31, 2008

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

Fiscal year	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
	1,289,000	2.1	136,200	0.6	106,000	1.8

Fiscal year	Net income		Net income per share
	Millions of yen	%	Yen
	55,800	(1.7)	27,912.78

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
2. Changes in accounting rules, procedures or method of presentation relating to the preparation of the consolidated financial statements (Matters included in changes to significant items that form the basis for preparation of the consolidated financial statements).
 - a. Changes in accordance with revisions to accounting standards: Yes
 - b. Other changes: Yes

The impact on depreciation and amortization from revisions to the tax laws and other factors was ¥4,054 million. Broken down by segment, this included Transportation Operations ¥3,810 million, Sales of Goods and Food Services ¥22 million, Real Estate ¥143 million, and Other Businesses ¥77 million. Of this, the remaining book value of existing assets to be amortized uniformly over a five-year period is ¥3,589 million.

3. Number of shares outstanding (Common stock)

Number of shares outstanding:

September 30, 2007: 2,000,000 shares September 30, 2006: 2,000,000 shares

March 31, 2007: 2,000,000 shares

Number of treasury stocks:

September 30, 2007: 931 shares September 30, 2006: 885 shares March 31, 2007: 885 shares

4. During the subject interim period, the Company recorded as an extraordinary loss in "Other" ¥4,400 million to fund an "Allowance for environmental safety measures" for expenses to deal with soil contamination discovered in a portion of development land held by the Company.

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

1. Performance

(1) Operating results

Six months ended September 30

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2007	437,644	2.0	99,924	3.5	52,520	6.7
2006	429,199	0.9	66,617	(4.6)	49,228	(4.7)
Year ended March 31, 2007	865,810	—	106,966	—	77,686	—

	Net income		Net income per share
	Millions of yen	%	Yen
2007	29,159	5.6	14,579.60
2006	27,610	9.9	13,805.15
Year ended March 31, 2007	44,683	—	22,341.69

(2) Financial position

September 30

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2007	2,146,398	554,340	25.8	277,170.48
2006	2,107,627	522,472	24.8	261,236.46
March 31, 2007	2,151,875	533,320	24.8	266,660.13

(Reference) Total shareholders' equity: September 30, 2007: ¥554,340 million
September 30, 2006: ¥522,472 million
March 31, 2007: ¥533,320 million

2. Forecasts for Fiscal Year ending March 31, 2008

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	877,500	1.4	109,000	0.0	78,500	1.0

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	43,000	(3.8)	21,500.00

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. The Company, at a meeting of its Board of Directors held on October 30, 2007, decided to acquire treasury stock (at an upper limit of ¥10 billion, or a total of 20,000 shares) in accordance with provisions in the Companies Act. The figure for Net Income per Share in "(3) Forecast for Fiscal Year 2008 (ending March 31, 2008)" and "(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS) 2. Forecasts for Fiscal Year ending March 31, 2008" does not take into account the impact from acquisition of treasury stock during the subject fiscal year.

QUALITATIVE INFORMATION RELATED TO BUSINESS PERFORMANCE AND FINANCIAL STATEMENTS

1. BUSINESS PERFORMANCE

1. Analysis of Business Performance

(1) Overview of Results for the Subject Period

On April 25, 2005, the Company 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 to support the bereaved families and all those who were victims of the accident. These efforts included the holding of a memorial ceremony, as well as a series of briefing sessions to report on such matters as the Company's response to the inquest report received from the Aircraft and Railway Accidents Investigation Commission.

JR-West has also implemented measures aimed at realizing a corporate culture that places top priority on safety, which is the most important of the JR-West Group's medium-term management targets, formulated in accordance with the newly formulated Corporate Philosophy and Safety Charter. With regard to safety enhancement in particular—the highest priority management issue—we have already begun implementing all items in our Safety Enhancement Plan. These items cover both the software and hardware aspects of our operations, and we have made visible progress with the majority of them. We further worked to establish a Safety Management System based on the Railway Safety Management Manual formulated in accordance with revisions to the Railway Business Law, and in June 2007 created and published a Railway Safety Report.

On June 28, 2007, the Aircraft and Railway Accidents Investigation Commission published its report on the Fukuchiyama Line accident, which along with its findings on the causes of the accident called attention to numerous matters covering all aspects of the Company's railway operations. We humbly accept the report, and are taking steps to address its opinions and other issues raised in an effort to further improve safety.

JR-West has also strengthened the functions of the railway business and other divisions. This included measures aimed at creating a unified planning and operational structure for the Shinkansen business, such as the establishment of the Shinkansen Supervising Department within the Railway Operations Headquarters, and the creation of the Shinkansen Management Division, which functions as a branch office.

Through these efforts JR-West has devoted its full effort to enhancing safety in its mainstay railway business, while in other Group operations has developed a variety of measures that draw on the unique characteristics of each business and effectively utilize their assets.

As a result, on a consolidated basis, operating revenues for the subject interim period rose 2.3% over the same period of the previous fiscal year to ¥632.2 billion, with operating income up 3.5% to ¥79.2 billion. Recurring profit increased 7.9% to ¥63.2 billion, with interim net income up 6.8% to ¥33.9 billion.

(2) Results by Business Segment

Transportation Operations

In the railway business, the Company concentrated on implementing its Safety Enhancement Plan and various other measures aimed at building a corporate culture that places top priority on safety. Specific measures included efforts to foster an attitude of prioritizing safety through regular convening of safety meetings to allow management and officers on the one hand and employees in the field on the other to directly exchange opinions, along with analysis of the report of the potential causes of accidents and other matters reported by employees in workplaces. The term "nature of the potential causes of accidents," from the standpoint of creating a corporate culture promoting reporting, will be replaced by the term "safety reports." In terms of facilities, along with expansion of the ATS system we have introduced train proximity warning devices to help prevent accidents involving ground engineering staff, improved the safety of crossings, and strengthened pillars supporting elevated tracks against earthquakes. Further, based on the recommendations of the Safety Consultative Committee made up of third-party experts, and taking to heart the seriousness of the accident now and in the future, we enhanced safety education through utilization of the Railway Safety Education Center established in April 2007 to teach the lessons learned from the accident, and introduced "case studies of unequivocal verbal communication," a training method to help prevent mistakes arising from miscommunication. We also made steady progress with accident prevention measures, such as formulating comprehensive counter measures with the establishment of committees to prevent transportation disruptions caused by construction.

In transportation operations, on the Sanyo Shinkansen JR-West implemented a timetable revision in July 2007 to introduce the new N700 Series Shinkansen, and added more *Nozomi* trains. A timetable revision in March 2006 resulted in greater use of *Nozomi* trains providing direct service from Hakata and Hiroshima to Tokyo, prompting the Company to operate temporary trains, and make efforts to further enhance convenience.

Sales and marketing initiatives included proactive publication of information on the Sanyo Shinkansen timetable revisions, as well as the convenience and price advantages of the Express Reservation system, promoting expanded utilization. We also worked in cooperation with local governments, travel agents and other JR companies to develop strategies for the DISCOVER WEST Campaign, Okayama Destination Campaign and other travel promotions, and stimulate demand for tourism.

For customer service initiatives we worked to make railways more user-friendly through such measures as introducing the ICOCA IC card in the Okayama and Hiroshima regions, increasing the number of Green Ticket Vending Machines, and installing elevators, escalators and other barrier-free facilities. We also steadily increased the number of automatic external defibrillator (AED) systems available, and installed emergency buttons on station platforms, in trains and at crossings to prepare for emergencies.

To address environmental issues, JR-West worked to firmly implement its environmental management system, and released information to promote itself as a railway friendly to the global environment.

In ferry services, the Company worked to establish safety management systems based on the Marine Safety Management Manual. JR-West's *Miyajima-maru* was awarded "Ship of the Year 2006" in the Small Passenger Ship category by the Japan Society of Naval Architects and Ocean Engineers.

In bus services, with competition for highway bus services becoming more intense, JR-West worked to provide routes that fit the varied needs of customers, such as beginning bus service between Kobe and Shirahama.

As a result, operating revenues for Transportation Operations segment increased 1.8% over the same period of the previous fiscal year, to ¥436.9 billion, with operating income up 3.1%, to ¥62.8 billion.

Sales of Goods and Food Services

JR-West continued its efforts to improve the attractiveness of stations, such as by opening SUN FESTA OKAYAMA in Okayama Station, and promoting the opening of new types of Kiosk stands, such as a "self-service" style. For the JR Kyoto Iseizai department store we took steps to increase profitability, including a renewal of the men's clothing floor and expanding our lineup of unique products in accordance with the 10th anniversary of the opening of the Kyoto Station building.

As a result, operating revenues in the Sales of Goods and Food Services segment rose 3.5% over the same period of the previous fiscal year, to ¥125.1 billion, though operating income fell 8.9%, to ¥2.8 billion.

Real Estate Business

JR-West continued to develop station premises and surrounding areas, including the JR Kyoto Station NK Building at Kyoto Station with a large-scale electronics retailer, the JR Kanazawa Station NK Building at Kanazawa Station, and SUN STATION TERRACE OKAYAMA (North Wing) shopping center under the elevated Shinkansen tracks at Okayama Station. In addition, we continuously developed condominium apartments on land formerly used for housing for company employees, making an effort to effectively utilize our assets. We also worked to steadily implement the Osaka Station Renovation and New North Building Development Plan.

Two subsidiaries that operate shopping centers in Hiroshima and Yamaguchi prefectures were consolidated and merged in April to allow for a timelier and more appropriate response to changes in the business climate.

As a result, operating revenues for the Real Estate segment rose 15.9% over the same period of the previous fiscal year, to ¥42.5 billion, with operating income up 16.4%, to ¥12.1 billion.

Other Businesses

In travel agency operations, JR-West pursued sales and marketing activities utilizing the New Domestic Travel Information System put into operation last year.

In hotel operations, the Company promoted sales with renovations to its guest rooms and dining facilities, as well as hosted various events.

For the ICOCA e-money service we expanded the number of stores accepting the card,

and began offering the service in the Okayama and Hiroshima regions.

As a result, operating revenues in the Other Businesses segment increased 3.6% over the same period of the previous fiscal year, to ¥126.8 billion, though operating income fell 20.7%, to ¥1.3 billion.

(3) Forecast for Fiscal Year 2008 (ending March 31, 2008)

The JR-West Group, focusing on its core railway business, is working together as a Group to establish a corporate culture that places top priority on safety, seeking to regain trust as quickly as possible, and achieve sustainable growth as a corporate group.

During the second half of fiscal 2008 in the railway business we will continuously implement both software and hardware measures to enhance safety, as well as strive to provide a safe, trusted and high-quality transportation service by introducing more N700 Series Shinkansen trains, promoting use of the Express Reservation service.

In the areas of sales of goods and food services and real estate, to enhance the appeal of stations and gain the trust of customers we will move forward with development plans, renovate existing stores, and make other efforts to enhance business within stations and at surrounding sites. Also, to enhance convenience for customers using the ICOCA e-money service we will begin mutual use with JR East's Suica service, as well as continue with such efforts as expansion of the number of affiliated stores accepting e-money.

As of the date of this statement, JR-West is making an upward revision to its forecasts for the fiscal year to March 2008 announced on April 27, 2007, including increases in operating revenues, operating income, recurring profit, and net income.

Current forecasts for the fiscal year ending March 31, 2008, are as follows:

		<u>YOY</u>
Operating revenues	¥1,289.0 billion	2.1%
Operating income	¥136.2 billion	0.6%
Recurring profit	¥106.0 billion	1.8%
Net income	¥55.8 billion	(1.7%)

Dividends for the subject fiscal year will be determined in accordance with the Company's "Basic Policies Regarding Earnings Distribution."

Note: Results forecasts presented above are based on certain assumptions considered rational as of the date of this statement, and are subject to change.

2. Financial Position

(1) Cash flows from operating activities

Cash provided by operating activities amounted to ¥81.7 billion, a rise of ¥3.2 billion from the same period of the previous fiscal year. The main factor affecting cash was an increase in income before income taxes and minority interests.

(2) Cash flows from investing activities

Cash used in investing activities amounted to ¥76.1 billion, a rise of ¥27.9 billion from the same period of the previous fiscal year. The main factor affecting cash was purchases of property, plant and equipment.

(3) Cash flows from financing activities

Cash used in financing activities amounted to ¥16.6 billion, ¥11.7 billion less than in the same period of the previous fiscal year. The main factor affecting cash was repayment of long-term debt and payables.

As a result, cash and cash equivalents at end of this fiscal year decreased ¥11.0 billion to ¥46.5 billion.

(Reference) Cash Flow Indicators

	Years ended March 31				September 30, 2007
	2004	2005	2006	2007	
Equity ratio (%)	19.9	22.2	23.9	25.3	26.4
Equity ratio, based on market value (%)	34.6	36.9	42.2	45.3	45.7
Interest-bearing debt to cash flow ratio (Times)	8.0	7.4	6.1	5.1	—
Interest coverage ratio (Times)	2.8	3.1	3.4	3.6	4.4

Notes:

Equity ratio: sum of total shareholders' equity and total valuation and translation adjustment/ total assets

Market-based rate of equity ratio: total market capitalization/ total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt/ operating 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.
5. Interest-bearing debt to cash flow ratio was not calculated for the interim period.

3. Basic Policy Regarding Earnings Distribution

JR-West's basic policy is to emphasize sustained, stable dividend payments while securing adequate internal capital reserves to maintain a solid and stable management foundation that will continue into the future.

Regarding the specific policy for dividends, as previously announced the Company plans to pay annual dividends of ¥6,000 per share through the fiscal year ending March 31, 2009. This policy has been formulated in accordance with shareholders' equity, the status of long-term debt, and other aspects of our capital structure, and on the premise that we can secure sustained and stable growth in operating revenues. Dividends for the subject interim period will be ¥3,000 per share.

2. MANAGEMENT POLICIES

On April 25, 2005, we caused an extremely serious accident when one of our trains derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, resulting in 106 fatalities and more than 500 injuries of passengers.

We pray for all the victims of the accident and would like to express our sincerest apologies to their bereaved families. We would also like to express our deepest sympathies and sincerest apologies to the injured passengers and hope they recover as soon as possible.

We further offer deep apologies to customers, shareholders and local residents for the excessive strain and trouble that we have caused.

We pledge never to forget this accident, and to remain conscious of our responsibility for protecting the truly precious lives of our customers. We also persistently act on the basis of safety first, and are working to build a railway that assures our customers of safety and reliability, in accordance with our Corporate Philosophy and Safety Charter.

1. Basic Management Policies

The JR-West Group will work together as a group to foster a corporate culture which places a top priority on safety, concentrating on its core business of railway operations. We will further seek to regain trust as quickly as possible, and pursue sustainable development as a corporate group.

The JR-West Group, with railway operations as its core business, is engaged in sales of goods and food services, real estate and other businesses aimed at providing services mainly to railway passengers, as well as efficient utilization of assets in the vicinity of railway stations. In its business development, the Company works to further strengthen its management foundation through such measures as strengthening its sense of unity, as well as effectively utilize its business assets as a means of attaining sustainable development and enhancement of corporate value as a group.

Going forward, JR-West will continue to strive to improve its corporate value by accurately identifying market trends, providing high-quality services and products which customers repeatedly select with confidence, and implementing various measures in a strategic and timely manner. Amid a difficult operating environment, these efforts will be made in accordance with the Corporate Philosophy and Safety Charter, and founded on the principle of safety as a priority.

2. Medium-Term Management Strategy and Targets

The JR-West Group revised its medium-term management targets for the fiscal year ending March 31, 2009, in October 2006. We set the goal of establishing a "corporate culture of placing top priority on safety" as a management target, and, based on our Corporate Philosophy and Safety Charter, have designated as vital management issues such goals as providing a "response to the victims of the accident in all sincerity" and "promotion of measures to enhance safety," which we have made a full effort to achieve.

Numerical management indices for the fiscal year ending March 31, 2009, were set in the October revisions as follows:

Consolidated return on assets (ROA) (operating income basis):	5.8%
Consolidated return on equity (ROE) (net income basis):	9.4%
Consolidated operating revenues:	¥1,275.0 billion
Transportation revenues:	¥767.5 billion

3. Management Issues

JR-West lost a considerable amount of the trust it had established among customers and society following the extremely serious accident it caused on April 25, 2005, when a train derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line.

We maintain our commitment to helping those who have suffered as a result of the accident, and will continue to respond with sincerity and even more careful attention to their needs and feelings.

JR-West has made redoubling its efforts with regard to prioritizing safety, and recovering the trust of customers and society, its highest business priority. We recognize that we must, as a Group, provide a beneficial service to society with top line growth, and establish a solid foundation to ensure sustainable growth, built on providing a safe, high-quality, and trusted transportation service.

In accordance with this fundamental recognition, JR-West is making sure that its newly formulated Corporate Philosophy and Safety Charter are understood and followed by all employees. We are also making a concerted effort to achieving the goal of realizing a corporate culture that places top priority on safety, a goal of JR-West Group's medium-term management targets.

Considering that the issues facing the company were clearly identified through the inquest report on the Fukuchiyama Line accident, and that we have already addressed many of the items in the Safety Enhancement Plan implemented up to the present, we will within the year formulate a new safety policy, and further strengthen our measures to improve safety. For the formulation of this policy we established an Advisory Panel for Safety Promotion composed of persons from outside the Company well versed in safety issues, in order to incorporate opinions and other views from a fresh perspective. Further, during this 20th anniversary milestone of the establishment of JR-West, we will work to create a new vision for the next era, and work to reform our corporate culture and atmosphere both in terms of consciousness and all aspects of our operations. As part of that effort we will establish an Advisory Panel for reform of corporate culture made up of experts from outside the Company, incorporating their opinions and other advice into our management.

In the railway business, we will continue to expand installation of ATS and other safety equipment, and promote measures to become the "Only-One Corporate Group that Rigorously Performs Safety Checks by Pointing and Call," working to make certain that these basic actions, which are an important activity for ensuring safety, is routinely followed. We will further work to establish safety management systems based on the Railway Safety Management Manual. Also, from the standpoint of further enhancing technical capabilities, from April 2008 we will introduce the

"specialist career system," which will provide more appropriate career opportunities for employees with specialized or advanced technical capabilities.

In transportation operations, as well as sales and marketing JR-West is working to provide a safe, trusted and high-quality transportation service amid a harsh competitive environment, including through timetable revisions for the Sanyo Shinkansen that will incorporate the introduction of more N700 series trains. We will also step up marketing efforts aimed at increasing use of the Shinkansen service. We will further continue to push steadily forward with a variety of railway projects, such as making preparations for the opening of a portion of the Osaka Higashi Line and new stations planned for the spring of 2008, and planning for through-service operation of the Kyushu and Sanyo Shinkansen in spring 2011, when the Kyushu Shinkansen service is to be extended to Hakata by JR-Kyushu. We will actively pursue measures focused on customer satisfaction, including enhancing the level of service overall, including customer service, facilities of our stations and rolling stock. We will also increase the number of Green Ticket Vending Machines, conduct employee training aimed at improving sales capabilities, upgrade "barrier-free" facilities in cooperation with local governments, and make other efforts to create user-friendly stations. In addition, we will work to enhance customer service through greater use of IT, including promoting use of the Express Reservation system with the introduction of the Express IC Card for Shinkansen service, beginning mutual use of the ICOCA and JR Central's TOICA IC cards for conventional lines from March 2008, and renovating our JR Odekake Net homepage.

In the areas of sales of goods and food services and real estate, to enhance the appeal of stations and gain the trust of customers we will move forward with development plans, renovate existing stores, and make other efforts to enhance business within stations and at surrounding sites. We will also continue with the construction of the New North Building begun in October 2006, make preparations for the expansion of ACTY Osaka, and steadily pursue other measures. Further, to enhance convenience for customers using the ICOCA e-money service, we will begin mutual use with JR East's Suica service from March 2008, increase the number of affiliated stores, and continue to actively pursue alliances with other companies.

With regard to the pursuit of corporate social responsibility (CSR), JR-West recognizes the importance of and is further implementing CSR, centering on its CSR Promotion Committee. We will also pursue measures that include the establishment of proper business operations for all business activities in general, led by the Compliance Committee and Crisis Management Committee. Also, we will further enhance our internal control functions in preparation for the evaluation and auditing system for internal controls for financial reporting, which will be required from fiscal 2009.

Finally, we would like to express our sincere appreciation to shareholders for their continued understanding and support.

4. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

	Millions of yen			
	March 31, 2007	September 30, 2007	Change from the previous period	September 30, 2006
ASSETS				
Current assets:				
Cash	57,814	46,739	(11,075)	58,010
Notes and accounts receivable-trade	19,069	14,277	(4,791)	14,243
Railway fares receivable	22,667	22,686	18	21,541
Accounts receivable	51,605	37,698	(13,907)	38,374
Marketable securities	—	—	—	2
Inventories	19,379	30,612	11,232	29,753
Deferred tax assets	18,679	20,271	1,591	20,216
Other current assets	37,281	39,194	1,913	38,854
Less allowance for doubtful accounts	(397)	(337)	60	(391)
Total current assets	226,100	211,142	(14,958)	220,604
Fixed assets:				
Property, plant and equipment:	1,973,146	1,977,008	3,861	1,934,913
Buildings and structures	967,045	959,636	(7,409)	944,450
Machinery and transport equipment	254,147	259,081	4,934	248,731
Land	658,519	657,923	(595)	654,844
Construction in progress	66,296	72,790	6,494	63,630
Other property, plant and equipment	27,138	27,574	436	23,256
Intangible fixed assets	22,197	20,057	(2,140)	21,316
Investments and other assets:	180,139	187,206	7,066	178,470
Investments in securities	64,847	61,879	(2,968)	64,235
Deferred tax assets	92,698	102,564	9,865	92,554
Other investments and assets	23,253	23,583	330	22,402
Less allowance for doubtful accounts	(660)	(821)	(161)	(722)
Total fixed assets	2,175,484	2,184,272	8,788	2,134,699
Deferred assets	82	72	(10)	71
Total assets	2,401,667	2,395,486	(6,180)	2,355,375

Note: Figures less than ¥1 million have been omitted.

	Millions of yen			
	March 31, 2007	September 30, 2007	Change from the previous period	September 30, 2006
LIABILITIES				
Current liabilities:				
Notes and accounts payable-trade	50,272	37,030	(13,241)	32,954
Short-term loans	13,137	17,839	4,701	18,349
Current portion of long-term debt	49,352	67,914	18,562	58,785
Current portion of long-term payables for acquisition of railway properties	36,530	36,325	(205)	36,087
Current portion of long-term accounts payable	31	31	—	31
Accounts payable	124,567	57,263	(67,303)	53,652
Accrued consumption tax	5,312	6,602	1,289	7,327
Accrued income tax	21,713	35,023	13,309	28,314
Railway deposits received	7,764	1,946	(5,817)	7,424
Deposits received	66,601	68,622	2,021	76,324
Prepaid railway fares received	30,507	35,129	4,622	34,639
Advances received	56,475	81,840	25,365	85,571
Deferred tax liabilities	198	—	(198)	—
Allowance for bonuses	34,348	34,447	98	34,088
Allowance for compensation of completion of construction	51	52	0	47
Allowance for loss on restructuring of subsidiary	—	—	—	259
Other current liabilities	31,890	31,320	(569)	31,830
Total current liabilities	528,757	511,391	(17,365)	505,688
Fixed liabilities:				
Bonds	249,981	259,979	9,998	229,991
Long-term debt	223,211	187,718	(35,492)	221,033
Long-term payables for acquisition of railway properties	427,372	416,288	(11,083)	452,598
Long-term accounts payable	316	301	(15)	332
Deferred tax liabilities	113	101	(12)	96
Accrued retirement benefits	219,693	236,200	16,506	210,521
Allowance for antiseismic reinforcement measures	9,931	8,505	(1,425)	14,041
Allowance for environmental safety measures	7,426	11,731	4,304	7,543
Negative goodwill	238	180	(57)	239
Other long-term liabilities	96,773	98,789	2,015	96,013
Total long-term liabilities	1,235,060	1,219,798	(15,261)	1,232,411
Total liabilities	1,763,817	1,731,189	(32,627)	1,738,100

(continued on page 15)

	Millions of yen			
	March 31, 2007	September 30, 2007	Change from the previous period	September 30, 2006
NET ASSETS				
Total shareholders' equity:	598,331	626,222	27,890	579,290
Common stock	100,000	100,000	—	100,000
Capital surplus	55,000	55,000	—	55,000
Retained earnings	443,658	471,566	27,907	424,617
Treasury stock, at cost	(327)	(343)	(16)	(327)
Valuation and translation adjustments:	9,212	7,116	(2,096)	9,317
Net unrealized holding gain on securities	8,864	6,644	(2,219)	9,206
Deferred gains or losses on hedges	348	471	123	111
Mincrity Interests	30,305	30,957	651	28,667
Total net assets	637,849	664,296	26,446	617,275
Total liabilities and net assets	2,401,667	2,395,486	(6,180)	2,355,375

Note: Figures less than ¥1 million have been omitted.

2. Consolidated Statements of Income

	Millions of yen			
	Six months ended September 30		Change from the previous interim period	Year ended March 31, 2007
	2006	2007		
Operating revenues	618,141	632,251	14,109	1,262,935
Operating expenses:				
Transportation, other services and cost of sales	439,992	450,188	10,196	919,294
Selling, general and administrative expenses	101,587	102,790	1,203	208,299
	541,579	552,978	11,399	1,127,593
Operating income	76,562	79,272	2,709	135,341
Non-operating revenues:				
Interest and dividend income received	237	298	60	331
Equity in earnings of affiliates	98	466	367	1,016
Other	1,252	1,400	147	5,769
	1,587	2,165	576	7,117
Non-operating expenses:				
Interest expense	19,100	17,919	(1,180)	37,298
Other	416	273	(142)	1,006
	19,516	18,193	(1,323)	38,304
Recurring profit	58,634	63,243	4,609	104,154
Extraordinary profit:				
Gain on contributions received for construction	9,583	8,000	(1,582)	31,714
Compensation for expropriation	1	—	(1)	2,514
Other	1,097	3,007	1,909	13,099
	10,682	11,007	325	47,328
Extraordinary losses:				
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	9,451	7,884	(1,566)	31,076
Loss on reduction entry of compensation for expropriation	1	—	(1)	2,513
Other	4,734	8,875	4,141	17,021
	14,186	16,760	2,573	50,610
Income before income taxes and minority interests	55,130	57,491	2,361	100,872
Income taxes:				
Current	26,857	33,203	6,345	44,320
Deferred	(4,427)	(10,342)	(5,915)	(2,816)
Minority interests	949	722	(226)	2,576
Net income	31,750	33,907	2,157	56,791

Note: Figures less than ¥1 million have been omitted.

3. Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2006

	Millions of yen									
	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total	Net unrealized holding gain on securities	Deferred gains or losses on hedges	Total		
Balance at March 31, 2006	100,000	55,000	398,910	(327)	553,583	10,670	—	10,670	27,769	592,023
Change in six months ended September 30, 2006										
Dividends from surplus			(6,000)		(6,000)					(6,000)
Net income			31,750		31,750					31,750
Decrease due to the merger of consolidated subsidiaries			(43)		(43)					(43)
Net increase/decrease during the term under review except in shareholders' equity						(1,464)	111	(1,353)	898	(455)
Total	—	—	25,707	—	25,707	(1,464)	111	(1,353)	898	25,252
Balance at September 30, 2006	100,000	55,000	424,617	(327)	579,290	9,206	111	9,317	28,667	617,275

Six months ended September 30, 2007

	Millions of yen									
	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total	Net unrealized holding gain on securities	Deferred gains or losses on hedges	Total		
Balance at March 31, 2007	100,000	55,000	443,658	(327)	598,331	8,864	348	9,212	30,305	637,849
Change in six months ended September 30, 2007										
Dividends from surplus			(6,000)		(6,000)					(6,000)
Net income			33,907		33,907					33,907
Decrease in equity of affiliates accounted for under the equity method				(16)	(16)					(16)
Net increase/decrease during the term under review except in shareholders' equity						(2,219)	123	(2,096)	651	(1,444)
Total	—	—	27,907	(16)	27,890	(2,219)	123	(2,096)	651	26,446
Balance at September 30, 2007	100,000	55,000	471,566	(343)	626,222	6,644	471	7,116	30,957	664,296

	Millions of yen									
	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total	Net unrealized holding gain on securities	Deferred gains or losses on hedges	Total		
Balance at March 31, 2006	100,000	55,000	398,910	(327)	553,583	10,670	—	10,670	27,769	592,023
Change in the fiscal year ended March 31, 2007										
Dividends from surplus			(12,000)		(12,000)					(12,000)
Net income			56,791		56,791					56,791
Decrease due to the merger of consolidated subsidiaries			(43)		(43)					(43)
Net increase/decrease during the term under review except in shareholders' equity						(1,806)	348	(1,458)	2,536	1,078
Total	—	—	44,748	—	44,748	(1,806)	348	(1,458)	2,536	45,826
Balance at March 31, 2007	100,000	55,000	443,658	(327)	598,331	8,864	348	9,212	30,305	637,849

Note: Figures less than ¥1 million have been omitted.

4. Consolidated Statements of Cash Flows

	Millions of yen			
	Six months ended September 30		Change from the previous interim period	Year ended March 31, 2007
	2006	2007		
I. Cash flows from operating activities				
Income before income taxes and minority interests	55,130	57,491	2,361	100,872
Depreciation and amortization	54,587	60,878	6,291	112,827
Loss on deduction of contributions received for construction from acquisition costs of property, plan and equipment	9,451	7,884	(1,566)	31,076
Loss on disposal of property, plan and equipment	2,555	3,336	780	12,692
Change in allowance for retirement benefits	8,844	16,506	7,662	18,016
Change in allowance for accrued bonuses	(268)	98	366	(7)
Change in other reserves	(352)	2,754	3,106	(4,649)
Interest and dividend income	(237)	(298)	(60)	(331)
Interest expenses	19,100	17,919	(1,180)	37,298
Equity in earnings of affiliates	(98)	(466)	(367)	(1,016)
Gain on contributions received for construction	(9,583)	(8,000)	1,582	(31,714)
Change in notes and accounts receivable	9,632	20,339	10,707	(10,731)
Change in inventories	(11,813)	(11,232)	581	(1,439)
Change in notes and accounts payable	(151)	(41,944)	(41,792)	20,738
Change in accrued consumption tax	4,054	1,289	(2,764)	2,039
Other	(13,680)	(7,490)	6,189	(7,053)
Subtotal	127,169	119,067	(8,102)	278,617
Interest and dividends income received	198	260	62	265
Interest paid	(18,971)	(17,881)	1,090	(37,398)
Income taxes paid	(29,845)	(19,681)	10,164	(52,865)
Net cash provided by operating activities	78,551	81,765	3,214	188,618
II. Cash flows from investing activities				
Purchases of property, plant and equipment	(72,238)	(101,594)	(29,356)	(175,024)
Proceeds from sales of property, plant and equipment	556	1,398	842	4,272
Contributions received for constructions	26,071	25,107	(964)	41,858
Increase in investments in securities	(1,681)	(317)	1,364	(1,961)
Payments on long-term loans receivable	(593)	(414)	179	(689)
Collections of long-term loans receivable	31	121	90	266
Other	(365)	(468)	(102)	(498)
Net cash used in investing activities	(48,218)	(76,166)	(27,948)	(131,776)

(Continued on page 20)

	Millions of yen			
	Six months ended September 30		Change from the previous interim period	Year ended March 31, 2007
	2006	2007		
III. Cash flows from financing activities				
Change in short-term loans	1,329	1,258	(71)	2,139
Proceeds from long-term loans	25,000	2,500	(22,500)	57,100
Repayment of long-term loans	(49,749)	(19,445)	30,303	(89,135)
Proceeds from issuance of bonds	9,991	9,998	7	29,981
Repayment of long-term payables for acquisition of railway properties	(11,327)	(11,289)	37	(36,093)
Cash dividends paid to the Company's shareholders	(6,002)	(6,026)	(24)	(12,002)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(112)	(112)	—	(112)
Other	2,454	6,442	3,988	(6,566)
Net cash used in financing activities	(28,415)	(16,674)	11,741	(54,690)
IV. Change in cash and cash equivalents, net	1,917	(11,075)	(12,992)	2,151
V. Cash and cash equivalents at beginning of the period	55,433	57,584	2,151	55,433
VI. Cash and cash equivalents at end of the period	57,350	46,509	(10,841)	57,584

Note: Figures less than ¥1 million have been omitted.

5. Segment Information

(1) Information by business segment

Six months ended September 30, 2006

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues and income:							
Operating revenues from third parties	420,835	102,487	30,310	64,503	618,141	—	618,141
Intergroup operating revenues and transfers	8,185	18,425	6,375	57,965	90,952	(90,952)	—
Total sales	429,021	120,912	36,685	122,473	709,094	(90,952)	618,141
Operating expenses	368,049	117,827	26,247	120,803	632,927	(91,348)	541,579
Operating income	60,972	3,085	10,438	1,670	76,166	395	76,562

Six months ended September 30, 2007

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues and income:							
Operating revenues from third parties	428,724	104,723	35,851	62,950	632,251	—	632,251
Intergroup operating revenues and transfers	8,218	20,405	6,678	63,893	99,195	(99,195)	—
Total sales	436,943	125,128	42,529	126,844	731,446	(99,195)	632,251
Operating expenses	374,051	122,318	30,376	125,519	652,266	(99,287)	552,978
Operating income	62,891	2,810	12,153	1,325	79,180	91	79,272

Year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues and income:							
Operating revenues from third parties	848,586	208,185	62,725	143,438	1,262,935	—	1,262,935
Intergroup operating revenues and transfers	16,391	43,993	13,308	156,884	230,578	(230,578)	—
Total sales	864,976	252,178	76,033	300,323	1,493,514	(230,578)	1,262,935
Operating expenses	767,703	247,125	54,814	287,814	1,357,457	(229,863)	1,127,593
Operating income	97,274	5,053	21,219	12,508	136,056	(715)	135,341

Notes: 1. Fractional sums less than ¥1 million have been omitted.

2. Method of defining business segments: With the standard breakdown of Japanese manufacturers as a base, business segments have been determined in a way that shows as precisely and accurately as possible the actual diversity of present business conditions.

3. Main activities of business segments

Transportation: railways, ferries, buses

Sales of goods and food services: department store, sales of goods, food and beverages, wholesale of various goods, etc.

Real estate business: brokerage and leasing of real estate, operation of shopping center

Other: hotels, travel services, rental of goods, construction, etc.

5. NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Non-Consolidated Balance Sheets

	Millions of yen			
	March 31, 2007	September 30, 2007	Change from the previous period	September 30, 2006
ASSETS				
Current assets:				
Cash	39,536	31,164	(8,371)	41,240
Railway fares receivable	26,298	26,269	(29)	25,242
Accounts receivable	24,634	9,314	(15,319)	9,218
Accrued income	4,076	2,414	(1,662)	2,036
Short-term loans	18,404	20,325	1,920	15,466
Inventories	6,217	10,018	3,801	8,678
Prepaid expenses	1,805	3,652	1,847	3,596
Deferred tax assets	13,907	14,746	839	14,446
Other current assets	9,049	13,587	4,538	14,258
Less allowance for doubtful accounts	(161)	(169)	(8)	(85)
Total current assets	143,769	131,325	(12,444)	134,100
Fixed assets:				
Railway	1,548,292	1,540,538	(7,754)	1,521,468
Ferry	556	517	(39)	568
Other operations	60,445	60,528	83	53,461
Affiliated business	72,617	72,363	(254)	74,081
Construction in progress	61,251	69,987	8,736	58,224
Investments and advances:				
Investments in securities	21,950	18,345	(3,605)	22,308
Stocks of subsidiaries	122,987	123,221	233	122,878
Long-term loans	32,882	32,548	(334)	33,451
Long-term prepaid expenses	4,316	3,943	(372)	4,561
Deferred tax assets	79,845	89,738	9,893	80,307
Other investments and advances	3,252	3,631	379	2,505
Less allowance for doubtful accounts	(291)	(291)	—	(289)
Total investments and advances	264,943	271,138	6,194	265,723
Total fixed assets	2,008,106	2,015,073	6,966	1,973,527
Total assets	2,151,875	2,146,398	(5,477)	2,107,627

Note: Figures less than ¥1 million have been omitted.

	Millions of yen			
	March 31, 2007	September 30, 2007	Change from the previous period	September 30, 2006
LIABILITIES				
Current liabilities:				
Short-term loans	117,139	125,335	8,196	125,643
Current portion of long-term debt	34,876	64,638	29,762	43,775
Current portion of long-term payables for acquisition of railway properties	36,530	36,325	(205)	36,087
Current portion of long-term accounts payable	319	319	—	319
Accounts payable	147,882	59,562	(88,320)	57,673
Accrued expenses	18,797	18,061	(736)	18,653
Accrued consumption tax	3,474	5,366	1,892	5,873
Accrued income tax	15,065	29,582	14,517	23,468
Railway deposits received	8,101	2,266	(5,835)	7,800
Deposits received	12,162	12,211	49	11,255
Prepaid railway fares received	30,463	35,056	4,593	34,568
Advances received	53,894	78,836	24,941	82,149
Advance payments received	371	1,292	921	1,265
Allowance for bonuses	26,505	26,304	(200)	26,408
Other current liabilities	47	146	99	74
Total current liabilities	505,630	495,305	(10,324)	475,016
Fixed liabilities:				
Bonds	249,981	259,979	9,998	229,991
Long-term debt	199,698	165,644	(34,054)	195,682
Long-term payables for acquisition of railway properties	427,372	416,288	(11,083)	452,598
Long-term accounts payables	2,292	2,133	(159)	2,452
Accrued retirement benefits	201,188	217,610	16,421	192,181
Allowance for antiseismic reinforcement measures	9,931	8,505	(1,425)	14,041
Allowance for environmental safety measures	7,426	11,731	4,304	7,543
Other long-term liabilities	15,032	14,857	(174)	15,648
Total long-term liabilities	1,112,924	1,096,751	(16,173)	1,110,138
Total liabilities	1,618,555	1,592,057	(26,498)	1,585,154

(Continued on page 24)

	Millions of yen			
	March 31, 2007	September 30, 2007	Change from the previous period	September 30, 2006
NET ASSETS				
Total shareholders' equity:	525,316	548,475	23,159	514,243
Common stock	100,000	100,000	—	100,000
Capital surplus:	55,000	55,000	—	55,000
Additional paid-in capital	55,000	55,000	—	55,000
Retained earnings:	370,316	393,475	23,159	359,243
Legal reserve	11,327	11,327	—	11,327
Other retained earnings:	358,989	382,148	23,159	347,916
Reserve for advanced depreciation on fixed assets	15,436	15,436	—	12,176
Other reserve	260,000	290,000	30,000	260,000
Earned surplus carried forward	83,553	76,712	(6,840)	75,739
Valuation and translation adjustments:	8,003	5,865	(2,138)	8,229
Valuation difference on available-for-sale securities	8,003	5,865	(2,138)	8,229
Total net assets	533,320	554,340	21,020	522,472
Total liabilities and net assets	2,151,875	2,146,398	(5,477)	2,107,627

Note: Figures less than ¥1 million have been omitted.

2. Non-Consolidated Statements of Income

	Millions of yen			
	September 30		Change from the previous year	Year ended March 31, 2007
	2006	2007		
Operating revenues	429,199	437,644	8,445	865,810
Transportation	383,229	390,940	7,711	765,893
Transportation incidentals	11,099	11,015	(83)	22,503
Other operations	8,956	9,760	804	18,229
Miscellaneous	25,913	25,927	13	59,183
Operating expenses	362,581	368,719	6,138	756,844
Personnel costs	137,198	135,542	(1,655)	272,509
Non-personnel costs	148,487	151,307	2,820	337,967
Energy costs	17,463	16,996	(466)	34,376
Maintenance costs	60,583	62,332	1,748	148,995
Miscellaneous costs	70,440	71,978	1,538	154,594
Rental payments, etc.	12,470	12,427	(43)	24,684
Taxes	19,142	18,596	(545)	28,149
Depreciation	45,282	50,845	5,563	93,533
Operating income	66,617	68,924	2,306	108,966
Non-operating revenues	1,166	1,561	394	5,507
Non-operating expenses	18,555	17,964	(590)	36,787
Recurring profit	49,228	52,520	3,292	77,686
Extraordinary profit	10,020	9,910	(110)	45,112
Extraordinary loss	13,058	14,435	1,376	47,003
Income before income taxes	46,190	47,995	1,805	75,795
Income taxes-current	22,265	28,102	5,837	33,640
Income taxes-deferred	(3,685)	(9,266)	(5,580)	(2,528)
Net income	27,610	29,159	1,548	44,683

Note: Figures less than ¥1 million have been omitted.

3. Non-Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2006

	Millions of yen									
	Shareholders' equity								Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus		Retained earnings				Total	Net unrealized holding gain on securities	
		Additional paid-in capital	Legal reserve	Other retained earnings						
Reserves for advanced depreciation on fixed assets				Other reserve	Earned surplus carried forward					
Balance at March 31, 2006	100,000	55,000	11,327	8,982	240,000	77,323	337,633	492,633	9,596	502,229
Change in six months ended September 30, 2006										
Dividends from surplus						(6,000)	(6,000)	(6,000)		(6,000)
Net income						27,610	27,610	27,610		27,610
Reserve for advanced depreciation on fixed assets				4,185		(4,185)	--	--		--
Reserve for advanced depreciation on fixed assets				(911)		991	--	--		--
Other reserve					20,000	(20,000)	--	--		--
Net increase/decrease during the term under review except in shareholders' equity									(1,367)	(1,367)
Total	--	--	--	3,193	20,000	(1,583)	21,610	21,610	(1,367)	20,243
Balance at September 30, 2006	100,000	55,000	11,327	12,176	260,000	75,739	359,243	514,243	8,229	522,472

	Millions of yen									
	Shareholders' equity								Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus		Retained earnings				Total	Net unrealized holding gain on securities	
		Additional paid-in capital	Legal reserve	Other retained earnings			Total			
Reserves for advanced depreciation on fixed assets				Other reserve	Earned surplus carried forward					
Balance at March 31, 2007	100,000	55,000	11,327	15,436	260,000	83,553	370,316	525,316	8,003	533,320
Change in six months ended September 30, 2007										
Dividends from surplus						(6,000)	(6,000)	(6,000)		(6,000)
Net income						29,159	29,159	29,159		29,159
Other reserve					30,000	(30,000)	—	—		—
Net increase/decrease during the term under review except in shareholders' equity									(2,138)	(2,138)
Total	—	—	—	—	30,000	(6,840)	23,159	23,159	(2,138)	21,020
Balance at September 30, 2007	100,000	55,000	11,327	15,436	290,000	76,712	393,475	548,475	5,865	554,340

	Millions of yen									
	Shareholders' equity								Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus		Retained earnings				Total	Net unrealized holding gain on securities	
		Additional paid-in capital	Legal reserve	Other retained earnings			Total			
Reserves for advanced depreciation on fixed assets				Other reserve	Earned surplus carried forward					
Balance at March 31, 2006	100,000	55,000	11,327	8,982	240,000	77,323	337,633	492,633	9,596	502,229
Change in year ended March 31, 2007										
Dividends from surplus						(12,000)	(12,000)	(12,000)		(12,000)
Net income						44,683	44,683	44,683		44,683
Reserve for advanced depreciation on fixed assets				4,185		(4,185)	—	—		—
Reserve for advanced depreciation on fixed assets				4,512		(4,512)	—	—		—
Reserve for advanced depreciation on fixed assets				(991)		991	—	—		—
Reserve for advanced depreciation on fixed assets				(1,252)		1,252	—	—		—
Other reserve					20,000	(20,000)	—	—		—
Net increase/decrease during the term under review except in shareholders' equity									(1,592)	(1,592)
Total	—	—	—	6,453	20,000	6,229	32,683	32,683	(1,592)	31,090
Balance at March 31, 2007	100,000	55,000	11,327	15,436	260,000	83,553	370,316	525,316	8,003	533,320

FORECASTS FOR YEAR ENDING MARCH 31, 2008 (CONSOLIDATED BASIS)

	Year ended March 31, 2007	Forecast for year ending March 31 2008	Change from the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues	1,262.9	1,289.0	26.0	2.1
Operating expenses	1,127.5	1,152.8	25.2	2.2
Operating income	135.3	136.2	0.8	0.6
Non-operating revenues / expenses	(31.1)	(30.2)	0.9	(3.2)
Recurring profit	104.1	106.0	1.8	1.8
Extraordinary profit / loss	(3.2)	(7.7)	(4.4)	
Income before income taxes and minority interests	100.8	98.3	(2.5)	(2.6)
Net income	56.7	55.8	(0.9)	(1.7)

**EARNINGS FORECASTS FOR YEAR ENDING MARCH 31, 2008 BY SEGMENT
(CONSOLIDATED BASIS)**

		Year ended March 31, 2007	Forecast for year ending March 31 2008	Change from the previous year	
		Billions of yen	Billions of yen	Billions of yen	%
Transportation	Operating revenues	864.9	875.6	10.6	1.2
	Operating income	97.2	96.9	(0.3)	(0.4)
Sales of goods and food services	Operating revenues	252.1	257.8	5.6	2.2
	Operating income	5.0	5.3	0.2	4.9
Real estate	Operating revenues	76.0	89.4	13.3	17.6
	Operating income	21.2	23.7	2.4	11.7
Others	Operating revenues	300.3	299.1	(1.2)	(0.4)
	Operating income	12.5	11.2	(1.3)	(10.5)

PASSENGER-KILOMETERS AND TRANSPORTATION REVENUES

	Passenger-Kilometers				Transportation Revenues			
	Millions of passenger-kilometers				Billions of yen			
	Six months ended September 30		Change		Six months ended September 30		Change	
	2006	2007	Amount	%	2006	2007	Amount	%
Sanyo Shinkansen								
Commuter Passes	331	345	14	4.3	4.1	4.2	0.1	3.7
Non-Commuter Passes	7,224	7,620	396	5.5	160.6	168.0	7.4	4.6
Total	7,555	7,966	410	5.4	164.7	172.3	7.5	4.6
Conventional Lines								
Commuter Passes	11,862	11,887	24	0.2	72.5	72.7	0.1	0.2
Non-Commuter Passes	7,607	7,708	100	1.3	145.6	145.6	(0.0)	0.0
Total	19,470	19,595	125	0.6	218.2	218.3	0.1	0.1
Kyoto-Osaka-Kobe Area								
Commuter Passes	9,554	9,587	32	0.3	58.5	58.7	0.1	0.3
Non-Commuter Passes	5,042	5,115	73	1.5	93.1	93.2	0.1	0.2
Total	14,596	14,703	106	0.7	151.6	151.9	0.3	0.2
Other Lines								
Commuter Passes	2,308	2,300	(8)	(0.4)	14.0	14.0	(0.0)	(0.2)
Non-Commuter Passes	2,565	2,592	27	1.1	52.5	52.3	(0.1)	(0.4)
Total	4,873	4,892	18	0.4	66.6	66.3	(0.2)	(0.3)
Total								
Commuter Passes	12,194	12,232	38	0.3	76.7	77.0	0.2	0.4
Non-Commuter Passes	14,831	15,328	497	3.4	306.3	313.7	7.4	2.4
Total	27,026	27,561	535	2.0	383.0	390.7	7.7	2.0

FORECASTS FOR YEAR ENDING MARCH 31, 2008 (NON-CONSOLIDATED BASIS)

	Year ended March 31, 2007	Forecast for Year ending March 31, 2008	Change from the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues	865.8	877.5	11.6	1.4
Transportation	765.8	780.0	14.1	1.8
Other businesses	99.9	97.5	(2.4)	(2.4)
Operating expenses	756.8	768.5	11.6	1.5
Operating income	108.9	109.0	0.0	0.0
Non-operating revenues/ expenses	(31.2)	(30.5)	0.7	(2.5)
Recurring profit	77.6	78.5	0.8	1.0
Extraordinary profit/ loss	(1.8)	(6.0)	(4.1)	
Income before income taxes	75.7	72.5	(3.2)	(4.3)
Net income	44.6	43.0	(1.6)	(3.8)

OTHER DETAILED DATA

1. Performance

(People, Billions of yen, %)

	Six months ended September 30			
	2006		2007	
	Consolidated Basis	Non-Consolidated Basis	Consolidated Basis	Non-Consolidated Basis
Employees at the end of period	43,945	26,038	44,328	25,856
[Includes staff seconded to other companies]		[29,667]		[29,171]
Retirement payment costs	¥30.8	¥28.6	¥30.3	¥28.1
Number of employees entitled to retirement payment	1,486	849	1,027	520
Energy costs		¥17.4		¥16.9
Maintenance costs		¥60.5		¥62.3
Miscellaneous costs		¥70.4		¥71.9
Depreciation and amortization	¥54.5	¥45.2	¥60.8	¥50.8
Financial expenses, net:	¥(18.8)	¥(17.7)	¥(17.6)	¥(17.1)
Interest and dividend income	¥0.2	¥0.5	¥0.2	¥0.6
Interest expenses	¥(19.1)	¥(18.3)	¥(17.9)	¥(17.8)
Long-term debt and payables	¥998.8	¥960.9	¥968.5	¥945.3
Average interest rates	3.65%	3.68%	3.60%	3.61%

Notes: 1. Figures less than ¥1 billion have been omitted.

2. The number of employees on a consolidated and non-consolidated basis refers to regular staff only.

2. Forecasts

(Billions of yen, %)

	Year ended March 31, 2007		Year ending March 31, 2008	
	Consolidated Basis	Non-Consolidated Basis	Consolidated Basis	Non-Consolidated Basis
ROA	5.7%		5.6%	
ROE	9.7%		9.0%	
Operating revenue	¥1,262.9	¥865.8	¥1,289.0	¥877.5
Transportation revenue		¥765.8		¥780.0
Capital expenditures (Own funds)	¥144.9	¥117.2	¥190.0	¥160.0
Long-term debt and payables	¥986.7	¥951.0	¥967.0	¥945.0