

KEIHIN ELECTRIC EXPRESS RAILWAY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As at March 31, 2004 and 2005

	2004	2005	2005
	(Millions of yen)		(Thousands of U.S.dollars) (Note 1)
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 20,088	¥ 22,018	\$ 205,031
Time deposits	299	176	1,643
Marketable securities (Note 3)	662	85	791
Accounts receivables	21,374	21,001	195,559
Inventories (Note 5)	91,104	97,879	911,433
Deferred tax assets (Note 11)	3,150	2,877	26,786
Prepaid expenses and other current assets	13,588	13,727	127,822
Total current assets	150,265	157,763	1,469,065
Investments and long-term loans:			
Investments in:			
Affiliates	801	838	7,804
Other (Note 3)	36,561	37,760	351,616
Long-term loans to:			
Affiliates	400	400	3,725
Other	2,666	2,451	22,818
Other investments	23,991	24,599	229,064
	64,419	66,048	615,027
Property and equipment (Notes 6 and 7):			
Land	126,179	123,765	1,152,484
Buildings and structures	535,181	539,261	5,021,519
Machinery, equipment and rolling stock	211,896	215,040	2,002,421
Construction in progress	61,182	66,112	615,626
	934,438	944,178	8,792,050
Less accumulated depreciation	412,921	426,359	3,970,189
Property and equipment, at net book value	521,517	517,819	4,821,861
Intangible assets	5,421	5,932	55,234
Deferred tax assets (Note 11)	3,033	5,830	54,289
	¥ 744,655	¥ 753,392	\$ 7,015,476
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term debt (Note 7)	¥ 127,675	¥ 108,612	\$ 1,011,378
Current portion of long-term debt (Note 7)	55,567	46,786	435,664
Accounts payables	40,067	40,040	372,846
Accrued expenses	10,028	10,115	94,190
Accrued income taxes (Note 11)	3,923	7,187	66,927
Advances received	41,835	48,349	450,223
Deferred tax liabilities (Note 11)	205	209	1,943
Other current liabilities	24,214	21,807	203,062
Total current liabilities	303,514	283,105	2,636,233
Long-term debt (Note 7)	266,172	287,681	2,678,845
Employees' retirement benefits (Note 8)	18,187	20,002	186,256
Other long-term liabilities	31,212	29,661	276,197
Deferred tax liabilities (Note 11)	200	200	1,857
Minority interests	5,937	5,445	50,701
Contingent liabilities (Note 12)			
Shareholders' equity (Notes 9, 10 and 15):			
Common stock:			
Authorized - 1,800,000 thousand shares			
Issued -			
March 31, 2004: 521,044,245 shares	34,504	-	-
March 31, 2005: 521,872,627 shares	-	34,755	323,636
Capital surplus	32,162	32,423	301,916
Retained earnings	48,066	56,247	523,765
Unrealized holding gains on securities	8,436	8,852	82,432
Less treasury stock, at cost			
March 31, 2004: 10,013,957 shares	(3,735)	-	-
March 31, 2005: 11,865,561 shares	-	(4,979)	(46,362)
Total shareholders' equity	119,433	127,298	1,185,387
	¥ 744,655	¥ 753,392	\$ 7,015,476

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KEIHIN ELECTRIC EXPRESS RAILWAY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2004 and 2005

	2004	2005	2005
	(Millions	of yen)	(Thousands of U.S. Dollars) (Note 1)
Revenue from operations:	¥ 312,518	¥ 316,666	\$ 2,948,748
Cost and expenses of revenue from operations (Note 8)	283,684	285,797	2,661,298
Operating income	<u>28,834</u>	<u>30,869</u>	<u>287,450</u>
Other income(expenses):			
Interest and dividend income	413	516	4,801
Interest expense	(8,484)	(7,801)	(72,643)
Loss on disposal of property and equipment	(1,348)	(2,322)	(21,625)
Gain on sales of investment securities	41	344	3,200
Gain(loss) on sales of property and equipment	335	(1,116)	(10,393)
Valuation loss of investment securities	(71)	(18)	(165)
Other,net	(1,882)	(2,460)	(22,904)
	<u>(10,996)</u>	<u>(12,857)</u>	<u>(119,729)</u>
Income before income taxes and minority interests	17,838	18,012	167,721
Income taxes (Note 11)			
Current	7,666	9,738	90,675
Deferred	(1,082)	(2,812)	(26,181)
	<u>6,584</u>	<u>6,926</u>	<u>64,494</u>
Minority interests in earnings of consolidated subsidiaries	339	160	1,488
Net income	<u>¥ 10,915</u>	<u>¥ 10,926</u>	<u>\$ 101,739</u>

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KEIHIN ELECTRIC EXPRESS RAILWAY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended March 31, 2004 and 2005

	Number of shares issued	Common stock	Capital surplus	Retained earnings	Unrealized holding gains on securities	Treasury stock
			(Millions of yen)			
Balance as at March 31, 2003	512,776,924	¥31,999	¥29,649	¥40,335	¥1,315	¥(3,839)
Net income for the year				10,915		
Cash dividends paid				(3,002)		
Directors' and corporate auditors' bonuses				(182)		
Net increase in common stock in treasury			8			104
Net change during the year in unrealized holding gains on securities					7,121	
Conversion of convertible bonds	8,267,321	2,505	2,505			
Balance as at March 31, 2004	521,044,245	34,504	32,162	48,066	8,436	(3,735)
Net income for the year				10,926		
Cash dividends paid				(2,546)		
Directors' and corporate auditors' bonuses				(199)		
Net decrease in common stock in treasury			10			(1,244)
Net change during the year in unrealized holding gains on securities					416	
Conversion of convertible bonds	828,382	251	251			
Balance as at March 31, 2005	521,872,627	¥34,755	¥32,423	¥56,247	¥8,852	¥(4,979)

	Common stock	Capital surplus	Retained earnings	Unrealized holding gains on securities	Treasury stock
			(Thousands of U.S. dollars)(Note 1)		
Balance as at March 31, 2004	\$ 321,299	\$ 299,486	\$ 447,582	\$ 78,560	\$(34,779)
Net income for the year			101,739		
Cash dividends paid			(23,709)		
Directors' and corporate auditors' bonuses			(1,847)		
Net decrease in common stock in treasury			93		(11,583)
Net change during the year in unrealized holding gains on securities				3,872	
Conversion of convertible bonds	2,337	2,337			
Balance as at March 31, 2005	\$ 323,636	\$ 301,916	\$ 523,765	\$ 82,432	\$(46,362)

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KEIHIN ELECTRIC EXPRESS RAILWAY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2004 and 2005

	2004	2005	2005
	(Millions of yen)		(Thousands of U.S. dollars)(Note 1)
Cash Flows from Operating Activities:			
Income before income taxes and minority interest	¥ 17,838	¥ 18,012	\$ 167,721
Depreciation and amortization	29,136	27,948	260,247
Loss on disposal of property and equipment	1,348	2,322	21,625
Provision for allowance for doubtful accounts	229	83	776
Increase(decrease) in accrued employees' bonuses	2,765	(229)	(2,133)
Provision for employees' retirement benefits, less payment	1,078	1,815	16,903
Interest and dividend income	(413)	(516)	(4,801)
Loss(gain) on sales of marketable and investment securities	41	(344)	(3,200)
Interest expense	8,484	7,801	72,643
Valuation loss on marketable and investment securities	71	18	165
Equity in earnings of affiliates	(9)	(31)	(288)
Gain on contributions for construction	(2,483)	(7,434)	(69,225)
(Gain)loss on sales of property and equipment	(335)	1,116	10,393
Valuation loss on property and equipment	-	897	8,351
Advanced depreciation	2,483	7,434	69,225
Valuation loss on real estate	806	166	1,544
(Increase)decrease in accounts receivable	(3,833)	77	719
Decrease(increase) in inventories	3,034	(7,917)	(73,730)
Increase in accounts payable	5,559	2	16
Decrease in accrued consumption taxes	(43)	(630)	(5,865)
Other	(5,062)	2,555	23,793
	60,694	53,145	494,879
Interest and dividend received	440	488	4,539
Interest paid	(8,502)	(7,874)	(73,324)
Income taxes paid	(9,352)	(7,398)	(68,886)
Net cash provided by operating activities	43,280	38,361	357,208
Cash Flows from Investing Activities:			
Decrease in time deposits	87	112	1,045
Purchases of investment securities	(936)	(864)	(8,047)
Proceeds from sales and redemption of marketable securities	2,872	656	6,107
Proceeds from sales of investment securities	25	636	5,923
Acquisition of property and equipment	(37,885)	(38,734)	(360,683)
Proceeds from sales of property and equipment	925	528	4,916
Increase in intangible assets	(1,138)	(1,329)	(12,376)
Decrease in long-term loans	271	251	2,334
Proceeds from contributions for construction	13,971	13,520	125,896
Increase in other investments	(2,038)	(1,409)	(13,114)
Net cash used in investing activities	(23,846)	(26,633)	(247,999)
Cash Flows from Financing Activities:			
Increase(decrease) in short-term debt	3,714	(19,067)	(177,552)
Proceeds from long-term debt	19,264	71,181	662,830
Repayment or redemption of long-term debt	(39,476)	(58,091)	(540,939)
Cash dividends	(3,002)	(2,546)	(23,709)
Purchases of treasury stock	(55)	(1,314)	(12,236)
Proceeds from sales of treasury stock	9	2	22
Proceeds from exercise of stock option	166	137	1,276
Other	(34)	(100)	(930)
Net cash used in financing activities	(19,414)	(9,798)	(91,238)
Net increase in cash and cash equivalents	20	1,930	17,971
Cash and cash equivalents at beginning of the year	20,068	20,088	187,060
Cash and cash equivalents at end of the year	¥ 20,088	¥ 22,018	\$ 205,031

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