

CONSOLIDATED BALANCE SHEETS

KEIHIN ELECTRIC EXPRESS RAILWAY CO., LTD. AND SUBSIDIARIES

As at March 31, 2008 and 2009

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
	2008	2009	2009
ASSETS			
Current assets:			
Cash on hand and at banks (Note 4)	¥51,145	¥42,631	\$433,990
Accounts receivable	14,435	11,894	121,081
Inventories (Note 8)	89,821	99,738	1,015,347
Deferred tax assets (Note 15)	5,008	4,247	43,240
Prepaid expenses and other current assets	6,563	11,731	119,427
Total current assets	166,972	170,241	1,733,085
Investments and long-term loans:			
Investments in:			
Affiliates	958	1,039	10,581
Other (Note 6)	38,603	33,748	343,559
Long-term loans	1,843	2,281	23,222
Other investments	21,493	24,787	252,339
	62,897	61,855	629,701
Property and equipment (Notes 9 and 10):			
Land	140,807	140,438	1,429,683
Buildings and structures	582,123	594,890	6,056,097
Machinery, equipment and rolling stock	227,344	233,616	2,378,260
Construction in progress	158,589	194,037	1,975,329
	1,108,863	1,162,981	11,839,369
Less accumulated depreciation	477,541	500,651	5,096,728
Property and equipment, at net book value	631,322	662,330	6,742,641
Intangible assets	7,935	12,409	126,329
Deferred tax assets (Note 15)	10,247	9,271	94,380
Total assets	¥879,373	¥916,106	\$9,326,136

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

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
	2008	2009	2009
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Note 10)	¥116,245	¥119,894	\$1,220,543
Current portion of long-term debt (Note 10)	81,353	34,367	349,864
Accounts payable	56,459	53,820	547,898
Accrued expenses	10,279	10,604	107,952
Accrued income taxes (Note 15)	7,728	2,698	27,466
Reserve for unused amount of bus cards	748	569	5,788
Advances received	6,132	4,779	48,648
Deferred tax liabilities (Note 15)	206	205	2,090
Other current liabilities (Note 10)	18,605	18,907	192,483
Total current liabilities	297,755	245,843	2,502,732
Long-term debt (Note 10)	294,234	344,625	3,508,345
Liability for employees' retirement benefits (Note 11)	8,913	6,280	63,930
Liability for directors' and corporate auditors' retirement benefits	588	713	7,257
Long-term advances received	90,012	111,607	1,136,177
Other long-term liabilities (Note 10)	30,172	29,752	302,885
Deferred tax liabilities (Note 15)	191	223	2,273
Total liabilities	721,865	739,043	7,523,599
Contingent liabilities (Note 16)			
Net Assets (Notes 12 and 18):			
Common stock,			
Authorized-1,800,000 thousand shares			
Issued-			
March 31, 2008: 537,413,854 shares	39,464	-	-
March 31, 2009: 551,521,094 shares	-	43,739	445,269
Capital surplus	42,009	44,158	449,538
Retained earnings	85,134	88,862	904,637
Treasury stock, at cost			
March 31, 2008: 19,219,452 shares	(13,755)	-	-
March 31, 2009: 3,805 shares	-	(3)	(30)
Total shareholders' equity	152,852	176,756	1,799,414
Unrealized gain on available-for-sale securities	4,217	(160)	(1,629)
Minority interests	439	467	4,752
Total net assets	157,508	177,063	1,802,537
Total liabilities and net assets	¥879,373	¥916,106	\$9,326,136

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

CONSOLIDATED STATEMENTS OF INCOME

KEIHIN ELECTRIC EXPRESS RAILWAY CO., LTD. AND SUBSIDIARIES

Years ended March 31, 2008 and 2009

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
	2008	2009	2009
Revenue from operations	¥314,336	¥317,875	\$3,236,032
Cost and expenses of revenue from operations (Notes 11 and 13)	282,184	288,497	2,936,959
Operating income	32,152	29,378	299,073
Other income (expenses):			
Interest and dividend income	577	561	5,714
Interest expense	(8,284)	(8,561)	(87,149)
Gain on establishment of retirement benefit trust	1,014	1,052	10,708
Loss on disposal of property and equipment	(507)	(837)	(8,516)
Gain on sales of investment securities	184	0	0
Provision for reserve for unused amounts of bus cards	(837)	0	0
Valuation loss on investment securities	(541)	0	0
Impairment loss (Note 14)	(148)	(6,027)	(61,355)
Other, net	200	1,025	10,430
	(8,342)	(12,787)	(130,168)
Income before income taxes and minority interests	23,810	16,591	168,905
Income taxes (Note 15):			
Current	9,693	4,779	48,650
Deferred	674	4,682	47,668
	10,367	9,461	96,318
Minority interests	34	29	296
Net income	¥13,409	¥7,101	\$72,291

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CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

KEIHIN ELECTRIC EXPRESS RAILWAY CO., LTD. AND SUBSIDIARIES

Years ended March 31, 2008 and 2009

	(Millions of yen)								
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total share- holders' equity	Unrealized gain on available- for-sale securities	Minority interests	Total net assets
Balance as at March 31, 2007	537,413,854	¥39,464	¥42,014	¥74,903	¥(3,880)	¥152,501	¥9,711	¥404	¥162,616
Net income for the year				13,409		13,409			13,409
Cash dividends				(3,172)		(3,172)			(3,172)
Purchase of treasury stock					(10,031)	(10,031)			(10,031)
Disposal of treasury stock			(5)		156	151			151
Decrease resulting from a decrease in affiliates applied by the equity method ...				(6)		(6)			(6)
Net change of items other than shareholders' equity during the year							(5,494)	35	(5,459)
Balance as at March 31, 2008	537,413,854	¥39,464	¥42,009	¥85,134	¥(13,755)	¥152,852	¥4,217	¥439	¥157,508
Issuance of common stock	14,107,240	4,275	4,274			8,549			8,549
Net income for the year				7,101		7,101			7,101
Cash dividends				(3,373)		(3,373)			(3,373)
Purchase of treasury stock					(152)	(152)			(152)
Disposal of treasury stock			(2,125)		13,904	11,779			11,779
Net change of items other than shareholders' equity during the year							(4,377)	28	(4,349)
Balance as at March 31, 2009	551,521,094	¥43,739	¥44,158	¥88,862	¥(3)	¥176,756	¥(160)	¥467	¥177,063

(Thousands of U.S. dollars) (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total share- holders' equity	Unrealized gain on available- for-sale securities	Minority interests	Total net assets
Balance as at March 31, 2008	\$401,753	\$427,662	\$866,681	\$(140,034)	\$1,556,062	\$42,934	\$4,469	\$1,603,465
Issuance of common stock	43,516	43,515			87,031			87,031
Net income for the year			72,291		72,291			72,291
Cash dividends			(34,335)		(34,335)			(34,335)
Purchase of treasury stock				(1,539)	(1,539)			(1,539)
Disposal of treasury stock		(21,639)		141,543	119,904			119,904
Net change of items other than shareholders' equity during the year						(44,563)	283	(44,280)
Balance as at March 31, 2009	\$445,269	\$449,538	\$904,637	\$(30)	\$1,799,414	\$(1,629)	\$4,752	\$1,802,537

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

KEIHIN ELECTRIC EXPRESS RAILWAY CO., LTD. AND SUBSIDIARIES

Years ended March 31, 2008 and 2009

(Thousands of
U.S. dollars)
(Note 1)

	(Millions of yen)		
	2008	2009	2009
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥23,810	¥16,591	\$168,905
Depreciation and amortization	30,313	31,295	318,589
Impairment loss	148	6,027	61,355
Loss on disposal of property and equipment	2,161	2,663	27,105
Reversal of allowance for doubtful accounts	(25)	(124)	(1,257)
Increase (decrease) in accrued employees' and directors' bonuses	85	(271)	(2,758)
Provision for employees' retirement benefits, less payments	241	376	3,825
Provision for (reversal of) directors' retirement benefits, less payments	(68)	125	1,271
Provision for (reversal of) reserve for unused bus cards	748	(179)	(1,825)
Interest and dividend income	(577)	(561)	(5,714)
Gain on sales of marketable and investment securities	(184)	(15)	(149)
Valuation loss in investment securities	542	81	829
Interest expense	8,284	8,561	87,149
Equity in earnings of affiliates	(74)	(78)	(790)
Gain on establishment of retirement benefit trust	(1,014)	(1,052)	(10,708)
Gain on contributions for construction	(1,143)	(2,458)	(25,024)
Deferred gain on contribution for construction	1,143	2,458	25,024
Decrease in accounts receivable	6,532	2,535	25,803
(Increase) decrease in inventories	3,362	(9,458)	(96,283)
Decrease in accounts payable	(6,699)	(3,166)	(32,226)
Refund of consumption tax	0	1,732	17,634
Decrease in accrued consumption taxes	(2,807)	(43)	(434)
Decrease in advanced receipt	(558)	(1,426)	(14,520)
Other	62	(1,420)	(14,462)
	64,282	52,193	531,339
Interest and dividend received	579	564	5,745
Interest paid	(8,301)	(8,509)	(86,629)
Income taxes paid	(5,457)	(9,937)	(101,158)
Net cash provided by operating activities	51,103	34,311	349,297
Cash Flows from Investing Activities:			
Decrease in time deposits	13	90	916
Purchases of investment securities	(9,869)	(4,521)	(46,030)
Proceeds from sales and redemption of marketable securities	14	28	285
Proceeds from sales of investment securities	1,194	19	190
Acquisition of shares in a newly consolidated subsidiary	0	(4,302)	(43,792)
Acquisition of property and equipment	(66,029)	(71,972)	(732,687)
Proceeds from sales of property and equipment	402	494	5,034
Increase in intangible assets	(1,330)	(1,635)	(16,643)
Increase in long-term loans	0	(224)	(2,281)
Decrease in long-term loans	179	371	3,772
Proceeds from contributions for construction	23,127	26,669	271,499
(Increase) decrease in other investments	(746)	(307)	(3,131)
Net cash used in investing activities	(53,045)	(55,290)	(562,868)
Cash Flows from Financing Activities:			
Increase (decrease) in short-term debt	(1,041)	2,109	21,470
Proceeds from long-term debt	18,541	81,416	828,825
Repayment or redemption of long-term debt	(34,884)	(30,266)	(308,116)
Cash dividends	(3,172)	(3,373)	(34,335)
Proceeds from issuance of bonds	29,829	0	0
Repurchases of bonds	0	(31,774)	(323,466)
Repurchase of convertible bonds		(5,630)	(57,314)
Purchases of treasury stock	(9,951)	0	0
Other	(19)	(81)	(815)
Net cash used in financing activities	(697)	12,401	126,249
Net decrease in cash and cash equivalents	(2,639)	(8,578)	(87,322)
Cash and cash equivalents at beginning of the year	53,687	51,048	519,679
Cash and cash equivalents at end of the year (Note 4)	¥51,048	¥42,470	\$432,357

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