

Consolidated Balance Sheet

West Japan Railway Company and its consolidated subsidiaries
As of March 31, 2016 and 2015

	Millions of yen		Millions of U.S. dollars*
	2016	2015	2016
Assets			
Current assets:			
Cash and deposits	¥ 45,973	¥ 53,592	\$ 410
Short-term investments	35,000	32,000	312
Notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	759	953	6
Trade	131,929	151,155	1,177
Less allowance for doubtful accounts	(1,014)	(770)	(9)
Inventories	59,387	57,755	530
Income taxes refundable	38	43	0
Deferred income taxes	17,979	18,475	160
Prepaid expenses and other current assets	59,661	50,339	532
Total current assets	349,715	363,544	3,122
Investments:			
Unconsolidated subsidiaries and affiliates	53,060	42,848	473
Other securities	16,487	18,875	147
Total investments	69,548	61,723	620
Property, plant and equipment, at cost:			
Land	675,002	671,123	6,026
Buildings and structures	3,180,511	3,099,656	28,397
Machinery, equipment and vehicles	1,415,518	1,352,075	12,638
Tools, furniture and fixtures	134,846	133,354	1,203
Construction in progress	81,885	61,453	731
	5,487,764	5,317,663	48,997
Less accumulated depreciation	(3,245,839)	(3,153,418)	(28,980)
Property, plant and equipment, net	2,241,925	2,164,245	20,017
Deferred income taxes	124,868	134,591	1,114
Asset for retirement benefits	1,384	2,592	12
Other assets	55,752	59,774	497
Total assets	¥ 2,843,194	¥ 2,786,470	\$ 25,385

* Yen figures have been converted into U.S. dollars at the rate of ¥112=U.S.\$1.00, the exchange rate prevailing on March 31, 2016.

	Millions of yen		Millions of U.S. dollars*	
	2016	2015	2016	
Liabilities and net assets				
Current liabilities:				
Short-term loans	¥ 14,775	¥ 16,335	\$ 131	
Current portion of long-term debt	64,579	48,645	576	
Current portion of long-term payables	30,712	33,645	274	
Notes and accounts payable:				
Unconsolidated subsidiaries and affiliates	2,891	2,663	25	
Trade	164,816	176,097	1,471	
Prepaid railway fares received	38,589	38,412	344	
Deposits and advances received	94,534	95,519	844	
Accrued expenses	32,192	31,870	287	
Income taxes payable	32,648	18,584	291	
Provision for employees' bonuses	37,777	37,166	337	
Provision for customer point programs	1,619	1,566	14	
Other current liabilities	21,648	26,524	193	
Total current liabilities	536,786	527,032	4,792	
Long-term debt	806,678	791,775	7,202	
Long-term payables	107,472	138,205	959	
Liability for retirement benefits	341,359	375,285	3,047	
Provision for environmental safety measures	21,099	9,627	188	
Provision for unutilized gift tickets	2,668	2,551	23	
Deferred income taxes	3,271	4,040	29	
Other long-term liabilities	97,481	91,251	870	
Total long-term liabilities	1,380,031	1,412,736	12,321	
Contingent liabilities				
Net assets:				
Shareholders' equity:				
Common stock				
Authorized – 800,000,000 shares at March 31, 2016 and 2015				
Issued and outstanding – 193,735,000 shares at March 31, 2016 and 2015	100,000	100,000	892	
Capital surplus	55,068	55,000	491	
Retained earnings	704,187	643,198	6,287	
Less treasury stock, at cost – 129,849 and 129,581 shares at March 31, 2016 and 2015	(481)	(480)	(4)	
Total shareholders' equity	858,775	797,717	7,667	
Accumulated other comprehensive income:				
Net unrealized holding gain on securities	3,523	4,955	31	
Net unrealized deferred (loss) gain on hedging instruments	(121)	638	(1)	
Retirement benefits liability adjustments	15,685	(2,047)	140	
Total accumulated other comprehensive income	19,087	3,547	170	
Non-controlling interests	48,513	45,436	433	
Total net assets	926,376	846,701	8,271	
Total liabilities and net assets	¥2,843,194	¥2,786,470	\$25,385	

* Yen figures have been converted into U.S. dollars at the rate of ¥112=U.S.\$1.00, the exchange rate prevailing on March 31, 2016.

Consolidated Statement of Profit or Loss

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen		Millions of U.S. dollars*
	2016	2015	2016
Operating revenues	¥1,451,300	¥1,350,336	\$12,958
Operating expenses:			
Transportation, other services and cost of sales	1,084,891	1,028,221	9,686
Selling, general and administrative expenses	184,869	182,340	1,650
	1,269,760	1,210,562	11,337
Operating income	181,539	139,774	1,620
Other income (expenses):			
Interest and dividend income	766	947	6
Interest expense	(24,158)	(25,898)	(215)
Equity in earnings of affiliates	1,288	1,901	11
Provision for environmental safety measures	(12,939)	—	(115)
Gain on contributions received for construction	14,487	52,395	129
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	(13,652)	(51,494)	(121)
Gain on sales of property, plant and equipment	1,898	3,005	16
Loss on sales of property, plant and equipment	(108)	(4,483)	(0)
Other, net	(3,963)	6,563	35
	(36,380)	(17,062)	(324)
Profit before income taxes	145,158	122,712	1,296
Income taxes:			
Current	52,259	41,334	466
Deferred	2,860	14,328	25
	55,119	55,662	492
Profit	90,038	67,049	803
Profit attributable to non-controlling interests	4,170	336	37
Profit attributable to owners of parent	¥ 85,868	¥ 66,712	\$ 766

* Yen figures have been converted into U.S. dollars at the rate of ¥112=U.S.\$1.00, the exchange rate prevailing on March 31, 2016.

Consolidated Statement of Comprehensive Income

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen		Millions of U.S. dollars*	
	2016	2015	2016	2015
Profit	¥ 90,038	¥67,049	\$803	
Other comprehensive income:				
Net unrealized holding (loss) gain on securities	(1,500)	1,937	(13)	
Net unrealized deferred (loss) gain on hedging instruments	(953)	102	(8)	
Retirement benefit liability adjustments	17,222	5,203	153	
Other comprehensive income (loss) of affiliates accounted for by equity method attributable to owners of parent	15	(61)	0	
Total other comprehensive income	14,784	7,182	132	
Total comprehensive income	¥104,823	¥74,231	\$935	

Comprehensive income attributable to owners of parent and non-controlling interests for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Millions of U.S. dollars*	
	2016	2015	2016	2015
Comprehensive income attributable to owners of parent	¥101,409	¥73,180	\$905	
Comprehensive income attributable to non-controlling interests	3,413	1,051	30	

* Yen figures have been converted into U.S. dollars at the rate of ¥112=U.S.\$1.00, the exchange rate prevailing on March 31, 2016.

Consolidated Statement of Changes in Net Assets

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen										
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Net unrealized deferred (loss) gain on hedging instruments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2014	¥100,000	¥55,000	¥632,187	¥(359)	¥786,828	¥ 3,429	¥ 557	¥ (6,906)	¥ (2,920)	¥23,470	¥807,378
Cumulative effect of change in accounting principle	—	—	(32,454)	—	(32,454)	—	—	—	—	—	(32,454)
Balance at April 1, 2014, as adjusted	100,000	55,000	599,733	(359)	754,374	3,429	557	(6,906)	(2,920)	23,470	774,924
Profit attributable to owners of parent	—	—	66,712	—	66,712	—	—	—	—	—	66,712
Cash dividends	—	—	(23,248)	—	(23,248)	—	—	—	—	—	(23,248)
Increase due to changes in equity in affiliates accounted for by equity method	—	—	—	(121)	(121)	—	—	—	—	—	(121)
Net changes in items other than shareholders' equity	—	—	—	—	—	1,526	81	4,859	6,467	21,965	28,433
Balance at April 1, 2015	100,000	55,000	643,198	(480)	797,717	4,955	638	(2,047)	3,547	45,436	846,701
Profit attributable to owners of parent	—	—	85,868	—	85,868	—	—	—	—	—	85,868
Cash dividends	—	—	(25,185)	—	(25,185)	—	—	—	—	—	(25,185)
Increase due to merger	—	—	306	—	306	—	—	—	—	—	306
Purchase of treasury stock	—	—	—	(0)	(0)	—	—	—	—	—	(0)
Increase due to changes in equity in affiliates accounted for by equity method	—	—	—	(0)	(0)	—	—	—	—	—	(0)
Purchase of shares of consolidated subsidiaries	—	68	—	—	68	—	—	—	—	—	68
Net changes in items other than shareholders' equity	—	—	—	—	—	(1,431)	(760)	17,732	15,540	3,077	18,618
Balance at March 31, 2016	¥100,000	¥55,068	¥704,187	¥(481)	¥858,775	¥ 3,523	¥(121)	¥15,685	¥19,087	¥48,513	¥926,376

	Millions of U.S. dollars*										
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Net unrealized deferred (loss) gain on hedging instruments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2015	\$892	\$491	\$5,742	\$(4)	\$7,122	\$ 44	\$ 5	\$(18)	\$ 31	\$405	\$7,559
Profit attributable to owners of parent	—	—	766	—	766	—	—	—	—	—	766
Cash dividends	—	—	(224)	—	(224)	—	—	—	—	—	(224)
Increase due to merger	—	—	2	—	2	—	—	—	—	—	2
Purchase of treasury stock	—	—	—	(0)	(0)	—	—	—	—	—	(0)
Increase due to changes in equity in affiliates accounted for by equity method	—	—	—	(0)	(0)	—	—	—	—	—	(0)
Purchase of shares of consolidated subsidiaries	—	0	—	—	0	—	—	—	—	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—	(12)	(6)	158	138	27	166
Balance at March 31, 2016	\$892	\$491	\$6,287	\$(4)	\$7,667	\$ 31	\$(1)	\$140	\$170	\$433	\$8,271

* Yen figures have been converted into U.S. dollars at the rate of ¥112=U.S.\$1.00, the exchange rate prevailing on March 31, 2016.

Consolidated Statement of Cash Flows

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen		Millions of U.S. dollars*
	2016	2015	2016
Cash flows from operating activities			
Profit before income taxes	¥ 145,158	¥ 122,712	\$ 1,296
Adjustments for:			
Depreciation and amortization	156,624	149,590	1,398
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	13,652	51,494	121
Loss on disposal of property, plant and equipment	7,114	6,101	63
(Decrease) increase in liability for retirement benefits, net	(7,696)	4,335	(68)
Decrease in allowance for doubtful accounts	(48)	(148)	(0)
Increase in accrued bonuses for employees	611	210	5
Increase (decrease) in other accruals	11,156	(575)	99
Interest and dividend income	(766)	(947)	(6)
Interest expense	24,158	25,898	215
Equity in earnings of affiliates	(1,288)	(1,901)	(11)
Gain on contributions received for construction	(14,487)	(52,395)	(129)
Increase in notes and accounts receivable	(3,033)	(779)	(27)
Increase in inventories	(1,632)	(4,504)	(14)
Decrease in notes and accounts payable	(3,168)	(5,811)	(28)
(Decrease) increase in accrued consumption taxes	(4,866)	11,338	(43)
Other	(17)	(5,255)	(0)
Subtotal	321,472	299,361	2,870
Interest and dividend received	747	819	6
Interest paid	(24,148)	(26,039)	(215)
Income taxes paid	(38,191)	(50,527)	(340)
Net cash provided by operating activities	259,880	223,613	2,320
Cash flows from investing activities			
Payments for time deposits with a maturity in excess of three months	(266)	(231)	(2)
Proceeds from time deposits with a maturity in excess of three months	231	231	2
Purchases of property, plant and equipment	(258,616)	(239,680)	(2,309)
Proceeds from sales of property, plant and equipment	24,243	2,678	216
Contributions received for construction	16,652	27,816	148
Purchases of investments in securities	(9,739)	(1,404)	(86)
Proceeds from sales of investments in securities	69	304	0
Net (increase) decrease in loans receivable	(3,839)	21	(34)
Other	(1,953)	(2,647)	(17)
Net cash used in investing activities	(233,219)	(212,912)	(2,082)
Cash flows from financing activities			
Net (decrease) increase in short-term loans	(1,546)	221	(13)
Proceeds from long-term loans	64,400	67,200	575
Repayment of long-term loans	(48,129)	(25,656)	(429)
Proceeds from issuance of bonds	35,000	40,000	312
Redemption of bonds	(20,000)	(20,000)	(178)
Repayment of long-term payables	(33,633)	(38,114)	(300)
Purchases of treasury stock	(0)	–	(0)
Cash dividends paid to owners of parent	(25,197)	(23,249)	(224)
Cash dividends paid to non-controlling interests	(123)	(143)	(1)
Other	(2,085)	1,432	(18)
Net cash (used in) provided by financing activities	(31,315)	1,689	(279)
Net (decrease) increase in cash and cash equivalents	(4,654)	12,390	(41)
Cash and cash equivalents at beginning of year	85,346	72,956	762
Cash and cash equivalents at end of year	¥ 80,691	¥ 85,346	\$ 720

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