

Consolidated Balance Sheet

West Japan Railway Company and its consolidated subsidiaries
As of March 31, 2017 and 2016

| | Millions of yen | | Millions of U.S. dollars* |
|--|--------------------|--------------------|---------------------------|
| | 2017 | 2016 | 2017 |
| Assets | | | |
| Current assets: | | | |
| Cash and deposits | ¥ 63,578 | ¥ 45,973 | \$ 567 |
| Short-term investments | — | 35,000 | — |
| Notes and accounts receivable: | | | |
| Unconsolidated subsidiaries and affiliates | 774 | 759 | 6 |
| Trade | 131,714 | 131,929 | 1,176 |
| Less allowance for doubtful accounts | (837) | (1,014) | (7) |
| Inventories | 82,802 | 59,387 | 739 |
| Income taxes refundable | 13 | 38 | 0 |
| Deferred income taxes | 17,582 | 17,979 | 156 |
| Prepaid expenses and other current assets | 56,237 | 59,661 | 502 |
| Total current assets | 351,864 | 349,715 | 3,141 |
| Investments: | | | |
| Unconsolidated subsidiaries and affiliates | 55,907 | 53,060 | 499 |
| Other securities | 24,559 | 16,487 | 219 |
| Total investments | 80,467 | 69,548 | 718 |
| Property, plant and equipment, at cost: | | | |
| Land | 754,274 | 675,002 | 6,734 |
| Buildings and structures | 3,275,914 | 3,180,511 | 29,249 |
| Machinery, equipment and vehicles | 1,476,976 | 1,415,518 | 13,187 |
| Tools, furniture and fixtures | 140,741 | 134,846 | 1,256 |
| Construction in progress | 54,129 | 81,885 | 483 |
| | 5,702,036 | 5,487,764 | 50,911 |
| Less accumulated depreciation | (3,341,972) | (3,245,839) | (29,839) |
| Property, plant and equipment, net | 2,360,063 | 2,241,925 | 21,071 |
| Deferred income taxes | 130,777 | 124,868 | 1,167 |
| Asset for retirement benefits | 1,505 | 1,384 | 13 |
| Other assets | 83,174 | 55,752 | 742 |
| Total assets | ¥ 3,007,852 | ¥ 2,843,194 | \$ 26,855 |

* 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, 2017.

| | Millions of yen | | Millions of U.S. dollars* |
|--|-------------------|-------------------|---------------------------|
| | 2017 | 2016 | 2017 |
| Liabilities and net assets | | | |
| Current liabilities: | | | |
| Short-term loans | ¥ 15,908 | ¥ 14,775 | \$ 142 |
| Current portion of long-term debt | 82,354 | 64,579 | 735 |
| Current portion of long-term payables | 1,512 | 30,712 | 13 |
| Notes and accounts payable: | | | |
| Unconsolidated subsidiaries and affiliates | 2,556 | 2,891 | 22 |
| Trade | 149,271 | 164,816 | 1,332 |
| Prepaid railway fares received | 37,407 | 38,589 | 333 |
| Deposits and advances received | 102,428 | 94,534 | 914 |
| Accrued expenses | 35,457 | 32,192 | 316 |
| Income taxes payable | 19,194 | 32,648 | 171 |
| Provision for employees' bonuses | 37,428 | 37,777 | 334 |
| Provision for customer point programs | 2,041 | 1,619 | 18 |
| Other current liabilities | 59,708 | 21,648 | 533 |
| Total current liabilities | 545,270 | 536,786 | 4,868 |
| Long-term debt | 855,380 | 806,678 | 7,637 |
| Long-term payables | 105,957 | 107,472 | 946 |
| Liability for retirement benefits | 325,085 | 341,359 | 2,902 |
| Provision for large-scale renovation of Shinkansen infrastructure | 4,166 | — | 37 |
| Provision for environmental safety measures | 18,799 | 21,099 | 167 |
| Provision for loss on railway line liquidation | 11,457 | — | 102 |
| Provision for unutilized gift tickets | 2,575 | 2,668 | 22 |
| Deferred income taxes | 3,195 | 3,271 | 28 |
| Other long-term liabilities | 103,352 | 97,481 | 922 |
| Total long-term liabilities | 1,429,971 | 1,380,031 | 12,767 |
| Contingent liabilities | | | |
| Net assets: | | | |
| Shareholders' equity: | | | |
| Common stock | | | |
| Authorized – 800,000,000 shares at March 31, 2017 and 2016 | | | |
| Issued and outstanding – 193,735,000 shares at March 31, 2017 and 2016 | 100,000 | 100,000 | 892 |
| Capital surplus | 55,068 | 55,068 | 491 |
| Retained earnings | 768,358 | 704,187 | 6,860 |
| Less treasury stock, at cost – 129,899 and 129,849 shares at March 31, 2017 and 2016 | (481) | (481) | (4) |
| Total shareholders' equity | 922,945 | 858,775 | 8,240 |
| Accumulated other comprehensive income: | | | |
| Net unrealized holding gain on securities | 3,763 | 3,523 | 33 |
| Net unrealized deferred gain (loss) on hedging instruments | 188 | (121) | 1 |
| Retirement benefits liability adjustments | 13,538 | 15,685 | 120 |
| Total accumulated other comprehensive income | 17,491 | 19,087 | 156 |
| Non-controlling interests | 92,173 | 48,513 | 822 |
| Total net assets | 1,032,610 | 926,376 | 9,219 |
| Total liabilities and net assets | ¥3,007,852 | ¥2,843,194 | \$26,855 |

* 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, 2017.

Consolidated Statement of Profit or Loss

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2017 and 2016

| | Millions of yen | | Millions of U.S. dollars* |
|--|-------------------|------------|---------------------------|
| | 2017 | 2016 | 2017 |
| Operating revenues | ¥1,441,411 | ¥1,451,300 | \$12,869 |
| Operating expenses: | | | |
| Transportation, other services and cost of sales | 1,072,732 | 1,084,891 | 9,577 |
| Selling, general and administrative expenses | 192,287 | 184,869 | 1,716 |
| | 1,265,019 | 1,269,760 | 11,294 |
| Operating income | 176,392 | 181,539 | 1,574 |
| Other income (expenses): | | | |
| Interest and dividend income | 650 | 766 | 5 |
| Interest expense | (22,350) | (24,158) | (199) |
| Equity in earnings of affiliates | 1,574 | 1,288 | 14 |
| Provision for loss on railway line liquidation | (11,470) | — | (102) |
| Provision for environmental safety measures | — | (12,939) | — |
| Gain on contributions received for construction | 14,649 | 14,487 | 130 |
| Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment | (13,858) | (13,652) | (123) |
| Loss on impairment of property, plant and equipment | (5,114) | (10) | (45) |
| Gain on sales of property, plant and equipment | 1,479 | 1,898 | 13 |
| Loss on sales of property, plant and equipment | (401) | (108) | (3) |
| Other, net | (3,797) | (3,953) | (33) |
| | (38,637) | (36,380) | (344) |
| Profit before income taxes | 137,754 | 145,158 | 1,229 |
| Income taxes: | | | |
| Current | 43,490 | 52,259 | 388 |
| Deferred | 739 | 2,860 | 6 |
| | 44,230 | 55,119 | 394 |
| Profit | 93,524 | 90,038 | 835 |
| Profit attributable to non-controlling interests | 2,235 | 4,170 | 19 |
| Profit attributable to owners of parent | ¥ 91,288 | ¥ 85,868 | \$ 815 |

* 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, 2017.

Consolidated Statement of Comprehensive Income

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2017 and 2016

| | Millions of yen | | Millions of U.S. dollars* |
|--|-----------------|----------|---------------------------|
| | 2017 | 2016 | 2017 |
| Profit | ¥93,524 | ¥ 90,038 | \$835 |
| Other comprehensive income: | | | |
| Net unrealized holding gain (loss) on securities | 249 | (1,500) | 2 |
| Net unrealized deferred gain (loss) on hedging instruments | 389 | (953) | 3 |
| Retirement benefit liability adjustments | (2,072) | 17,222 | (18) |
| Other comprehensive income of affiliates accounted for by equity method attributable to owners of parent | 5 | 15 | 0 |
| Total other comprehensive (loss) income | (1,427) | 14,784 | (12) |
| Total comprehensive income | ¥92,097 | ¥104,823 | \$822 |

Comprehensive income attributable to owners of parent and non-controlling interests for the years ended March 31, 2017 and 2016 are as follows:

| | Millions of yen | | Millions of U.S. dollars* |
|--|-----------------|----------|---------------------------|
| | 2017 | 2016 | 2017 |
| Comprehensive income attributable to owners of parent | ¥89,692 | ¥101,409 | \$800 |
| Comprehensive income attributable to non-controlling interests | 2,405 | 3,413 | 21 |

* 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, 2017.

Consolidated Statement of Changes in Net Assets

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2017 and 2016

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 gain (loss) on hedging instruments | Retirement benefits liability adjustments | Total accumulated other comprehensive income | Non-controlling interests | Total net assets |
|--|--------------|-----------------|-------------------|-------------------------|----------------------------|---|--|---|--|---------------------------|------------------|
| 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 April 1, 2016 | 100,000 | 55,068 | 704,187 | (481) | 858,775 | 3,523 | (121) | 15,685 | 19,087 | 48,513 | 926,376 |
| Profit attributable to owners of parent | — | — | 91,288 | — | 91,288 | — | — | — | — | — | 91,288 |
| Cash dividends | — | — | (27,122) | — | (27,122) | — | — | — | — | — | (27,122) |
| Increase due to merger | — | — | 5 | — | 5 | — | — | — | — | — | 5 |
| Purchase of treasury stock | — | — | — | (0) | (0) | — | — | — | — | — | (0) |
| Net changes in items other than shareholders' equity | — | — | — | — | — | 240 | 310 | (2,146) | (1,596) | 43,659 | 42,063 |
| Balance at March 31, 2017 | ¥100,000 | ¥55,068 | ¥768,358 | ¥(481) | ¥922,945 | ¥ 3,763 | ¥188 | ¥13,538 | ¥17,491 | ¥92,173 | ¥1,032,610 |

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 gain (loss) on hedging instruments | Retirement benefits liability adjustments | Total accumulated other comprehensive income | Non-controlling interests | Total net assets |
|--|--------------|-----------------|-------------------|-------------------------|----------------------------|---|--|---|--|---------------------------|------------------|
| Balance at April 1, 2016 | \$892 | \$491 | \$6,287 | \$(4) | \$7,667 | \$31 | \$(1) | \$140 | \$170 | \$433 | \$8,271 |
| Profit attributable to owners of parent | — | — | 815 | — | 815 | — | — | — | — | — | 815 |
| Cash dividends | — | — | (242) | — | (242) | — | — | — | — | — | (242) |
| Increase due to merger | — | — | 0 | — | 0 | — | — | — | — | — | 0 |
| Purchase of treasury stock | — | — | — | (0) | (0) | — | — | — | — | — | (0) |
| Net changes in items other than shareholders' equity | — | — | — | — | — | 2 | 2 | (19) | (14) | 389 | 375 |
| Balance at March 31, 2017 | \$892 | \$491 | \$6,860 | \$(4) | \$8,240 | \$33 | \$ 1 | \$120 | \$156 | \$822 | \$9,219 |

* 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, 2017.

Consolidated Statement of Cash Flows

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2017 and 2016

| | Millions of yen | | Millions of U.S. dollars* |
|--|------------------|------------------|---------------------------|
| | 2017 | 2016 | 2017 |
| Cash flows from operating activities | | | |
| Profit before income taxes | ¥ 137,754 | ¥ 145,158 | \$ 1,229 |
| Adjustments for: | | | |
| Depreciation and amortization | 162,729 | 156,624 | 1,452 |
| Loss on impairment of property, plant and equipment | 5,114 | 10 | 45 |
| Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment | 13,858 | 13,652 | 123 |
| Loss on disposal of property, plant and equipment | 7,335 | 7,114 | 65 |
| Decrease in liability for retirement benefits, net | (20,123) | (7,696) | (179) |
| Increase (decrease) in allowance for doubtful accounts | 167 | (48) | 1 |
| Increase (decrease) in provision for employees' bonuses | (351) | 611 | (3) |
| Increase in provision for large-scale renovation of Shinkansen infrastructure | 4,166 | — | 37 |
| Increase in other accruals | 9,305 | 11,156 | 83 |
| Interest and dividend income | (650) | (766) | (5) |
| Interest expense | 22,350 | 24,158 | 199 |
| Equity in earnings of affiliates | (1,574) | (1,288) | (14) |
| Gain on contributions received for construction | (14,649) | (14,487) | (130) |
| Decrease (increase) in notes and accounts receivable | 2,155 | (3,033) | 19 |
| Increase in inventories | (1,131) | (1,632) | (10) |
| Decrease in notes and accounts payable | (23,044) | (3,168) | (205) |
| Increase (decrease) in accrued consumption taxes | 653 | (4,866) | 5 |
| Other | 8,935 | (28) | 79 |
| Subtotal | 313,002 | 321,472 | 2,794 |
| Interest and dividend received | 625 | 747 | 5 |
| Interest paid | (22,573) | (24,148) | (201) |
| Income taxes paid | (56,908) | (38,191) | (508) |
| Net cash provided by operating activities | 234,144 | 259,880 | 2,090 |
| Cash flows from investing activities | | | |
| Payments for time deposits with a maturity in excess of three months | (231) | (266) | (2) |
| Proceeds from time deposits with a maturity in excess of three months | 266 | 231 | 2 |
| Purchases of property, plant and equipment | (208,832) | (258,616) | (1,864) |
| Proceeds from sales of property, plant and equipment | 1,044 | 24,243 | 9 |
| Contributions received for construction | 22,728 | 16,652 | 202 |
| Purchases of investments in securities | (9,985) | (9,739) | (89) |
| Proceeds from sales of investments in securities | 930 | 69 | 8 |
| Purchase of shares of subsidiary resulting in change in scope of consolidation | (93,714) | — | (836) |
| Net increase in loans receivable | (5,766) | (3,839) | (51) |
| Other | (2,248) | (1,953) | (20) |
| Net cash used in investing activities | (295,808) | (233,219) | (2,641) |
| Cash flows from financing activities | | | |
| Net increase (decrease) in short-term loans | 433 | (1,546) | 3 |
| Proceeds from long-term loans | 60,800 | 64,400 | 542 |
| Repayment of long-term loans | (34,088) | (48,129) | (304) |
| Proceeds from issuance of bonds | 70,000 | 35,000 | 625 |
| Redemption of bonds | (30,000) | (20,000) | (267) |
| Repayment of long-term payables | (30,650) | (33,633) | (273) |
| Purchases of treasury stock | (0) | (0) | (0) |
| Cash dividends paid to owners of parent | (27,118) | (25,197) | (242) |
| Cash dividends paid to non-controlling interests | (122) | (123) | (1) |
| Other | 35,052 | (2,085) | 312 |
| Net cash provided by (used in) financing activities | 44,304 | (31,315) | 395 |
| Net decrease in cash and cash equivalents | (17,359) | (4,654) | (154) |
| Cash and cash equivalents at beginning of year | 80,691 | 85,346 | 720 |
| Cash and cash equivalents at end of year | ¥ 63,332 | ¥ 80,691 | \$ 565 |

* 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, 2017.