

Consolidated Balance Sheet

West Japan Railway Company and its consolidated subsidiaries
As of March 31, 2018 and 2017

	Millions of yen		Millions of U.S. dollars*	
	2018	2017	2018	
Assets				
Current assets:				
Cash and deposits	¥ 82,995	¥ 63,578	\$ 782	
Short-term investments	18,700	—	176	
Notes and accounts receivable:				
Unconsolidated subsidiaries and affiliates	820	774	7	
Trade	144,291	131,714	1,361	
Less allowance for doubtful accounts	(815)	(837)	(7)	
Inventories	101,258	82,802	955	
Income taxes refundable	—	13	—	
Deferred income taxes	19,547	17,582	184	
Prepaid expenses and other current assets	52,291	56,237	493	
Total current assets	419,089	351,864	3,953	
Investments:				
Unconsolidated subsidiaries and affiliates	59,943	55,907	565	
Other securities	26,873	24,559	253	
Total investments	86,817	80,467	819	
Property, plant and equipment, at cost:				
Land	758,987	754,274	7,160	
Buildings and structures	3,313,924	3,275,914	31,263	
Machinery, equipment and vehicles	1,503,517	1,476,976	14,184	
Tools, furniture and fixtures	146,311	140,741	1,380	
Construction in progress	73,063	54,129	689	
	5,795,803	5,702,036	54,677	
Less accumulated depreciation	(3,431,266)	(3,341,972)	(32,370)	
Property, plant and equipment, net	2,364,537	2,360,063	22,306	
Deferred income taxes	123,648	130,777	1,166	
Asset for retirement benefits	1,868	1,505	17	
Other assets	77,004	83,174	726	
Total assets	¥ 3,072,965	¥ 3,007,852	\$ 28,990	

* Yen figures have been converted into U.S. dollars at the rate of ¥106=U.S.\$1.00, the exchange rate prevailing on March 31, 2018.

	Millions of yen		Millions of U.S. dollars*
	2018	2017	2018
Liabilities and net assets			
Current liabilities:			
Short-term loans	¥ 17,252	¥ 15,908	\$ 162
Current portion of long-term debt	59,830	82,354	564
Current portion of long-term payables	1,580	1,512	14
Notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	2,433	2,556	22
Trade	157,381	149,271	1,484
Prepaid railway fares received	38,860	37,407	366
Deposits and advances received	125,213	102,428	1,181
Accrued expenses	38,357	35,457	361
Income taxes payable	25,295	19,194	238
Provision for employees' bonuses	39,187	37,428	369
Provision for customer point programs	2,204	2,041	20
Deferred income taxes	37	—	0
Other current liabilities	22,693	59,708	214
Total current liabilities	530,327	545,270	5,003
Long-term debt	875,934	855,380	8,263
Long-term payables	104,375	105,957	984
Liability for retirement benefits	301,783	325,085	2,847
Provision for large-scale renovation of Shinkansen infrastructure	8,333	4,166	78
Provision for environmental safety measures	15,838	18,799	149
Provision for loss on railway line liquidation	10,170	11,457	95
Provision for unutilized gift tickets	2,414	2,575	22
Deferred income taxes	3,544	3,195	33
Other long-term liabilities	103,939	103,352	980
Total long-term liabilities	1,426,334	1,429,971	13,455
Contingent liabilities			
Net assets:			
Shareholders' equity:			
Common stock			
Authorized – 800,000,000 shares at March 31, 2018 and 2017			
Issued and outstanding – 193,735,000 shares at March 31, 2018 and 2017	100,000	100,000	943
Capital surplus	56,171	55,068	529
Retained earnings	849,925	768,358	8,018
Less treasury stock, at cost – 129,808 and 129,899 shares at March 31, 2018 and 2017	(481)	(481)	(4)
Total shareholders' equity	1,005,615	922,945	9,486
Accumulated other comprehensive income:			
Net unrealized holding gain on securities	4,018	3,763	37
Net unrealized deferred gain on hedging instruments	83	188	0
Retirement benefits liability adjustments	11,242	13,538	106
Total accumulated other comprehensive income	15,344	17,491	144
Non-controlling interests	95,343	92,173	899
Total net assets	1,116,304	1,032,610	10,531
Total liabilities and net assets	¥3,072,965	¥3,007,852	\$28,990

* Yen figures have been converted into U.S. dollars at the rate of ¥106=U.S.\$1.00, the exchange rate prevailing on March 31, 2018.

Consolidated Statement of Profit or Loss

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen		Millions of U.S. dollars*
	2018	2017	2018
Operating revenues	¥1,500,445	¥1,441,411	\$14,155
Operating expenses:			
Transportation, other services and cost of sales	1,113,026	1,072,732	10,500
Selling, general and administrative expenses	196,052	192,287	1,849
	1,309,079	1,265,019	12,349
Operating income	191,365	176,392	1,805
Other income (expenses):			
Interest and dividend income	703	650	6
Interest expense	(20,906)	(22,350)	(197)
Equity in earnings of affiliates	2,480	1,574	23
Provision for loss on railway line liquidation	—	(11,470)	—
Gain on contributions received for construction	25,533	14,649	240
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	(24,208)	(13,858)	(228)
Loss on impairment of property, plant and equipment	(2,391)	(5,114)	(22)
Gain on sales of property, plant and equipment	247	1,479	2
Loss on sales of property, plant and equipment	(664)	(401)	(6)
Other, net	(1,480)	(3,797)	(13)
	(20,686)	(38,637)	(195)
Profit before income taxes	170,679	137,754	1,610
Income taxes:			
Current	48,260	43,490	455
Deferred	6,400	739	60
	54,661	44,230	515
Profit	116,018	93,524	1,094
Profit attributable to non-controlling interests	5,524	2,235	52
Profit attributable to owners of parent	¥ 110,493	¥ 91,288	\$ 1,042

* Yen figures have been converted into U.S. dollars at the rate of ¥106=U.S.\$1.00, the exchange rate prevailing on March 31, 2018.

Consolidated Statement of Comprehensive Income

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen		Millions of U.S. dollars*	
	2018	2017	2018	
Profit	¥116,018	¥93,524	\$1,094	
Other comprehensive income:				
Net unrealized holding gain on securities	305	249	2	
Net unrealized deferred (loss) gain on hedging instruments	(132)	389	(1)	
Retirement benefit liability adjustments	(2,089)	(2,072)	(19)	
Other comprehensive income of affiliates accounted for by equity method attributable to owners of parent	70	5	0	
Total other comprehensive loss	(1,846)	(1,427)	(17)	
Total comprehensive income	¥114,171	¥92,097	\$1,077	

Comprehensive income attributable to owners of parent and non-controlling interests for the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen		Millions of U.S. dollars*	
	2018	2017	2018	
Comprehensive income attributable to owners of parent	¥108,347	¥89,692	\$1,022	
Comprehensive income attributable to non-controlling interests	5,824	2,405	54	

* Yen figures have been converted into U.S. dollars at the rate of ¥106=U.S.\$1.00, the exchange rate prevailing on March 31, 2018.

Consolidated Statement of Changes in Net Assets

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2018 and 2017

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, 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
Purchases 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 April 1, 2017	¥100,000	¥55,068	¥768,358	¥(481)	¥ 922,945	¥3,763	¥ 188	¥13,538	¥17,491	¥92,173	¥1,032,610
Profit attributable to owners of parent	—	—	110,493	—	110,493	—	—	—	—	—	110,493
Cash dividends	—	—	(29,060)	—	(29,060)	—	—	—	—	—	(29,060)
Decrease in retained earnings resulting from change in number of consolidated subsidiaries	—	—	(2)	—	(2)	—	—	—	—	—	(2)
Increase due to merger	—	—	136	—	136	—	—	—	—	—	136
Cancellation of treasury stock	—	0	—	0	0	—	—	—	—	—	0
Increase due to changes in equity in affiliates accounted for by equity method	—	—	—	0	0	—	—	—	—	—	0
Purchases of shares of consolidated subsidiaries	—	1,102	—	—	1,102	—	—	—	—	—	1,102
Net changes in items other than shareholders' equity	—	—	—	—	—	255	(105)	(2,296)	(2,146)	3,169	1,023
Balance at March 31, 2018	¥100,000	¥56,171	¥849,925	¥(481)	¥1,005,615	¥4,018	¥ 83	¥11,242	¥15,344	¥95,343	¥1,116,304

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, 2017	\$943	\$519	\$7,248	\$(4)	\$8,707	\$35	\$1	\$127	\$165	\$869	\$ 9,741
Profit attributable to owners of parent	—	—	1,042	—	1,042	—	—	—	—	—	1,042
Cash dividends	—	—	(274)	—	(274)	—	—	—	—	—	(274)
Decrease in retained earnings resulting from change in number of consolidated subsidiaries	—	—	(0)	—	(0)	—	—	—	—	—	(0)
Increase due to merger	—	—	1	—	1	—	—	—	—	—	1
Cancellation of treasury stock	—	0	—	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	—	10	—	—	10	—	—	—	—	—	10
Net changes in items other than shareholders' equity	—	—	—	—	—	2	0	(21)	(20)	29	9
Balance at March 31, 2018	\$943	\$529	\$8,018	\$(4)	\$9,486	\$37	\$0	\$106	\$144	\$899	\$10,531

* Yen figures have been converted into U.S. dollars at the rate of ¥106=U.S.\$1.00, the exchange rate prevailing on March 31, 2018.

Consolidated Statement of Cash Flows

West Japan Railway Company and its consolidated subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen		Millions of U.S. dollars*
	2018	2017	2018
Cash flows from operating activities			
Profit before income taxes	¥ 170,679	¥ 137,754	\$ 1,610
Adjustments for:			
Depreciation and amortization	163,562	162,729	1,543
Loss on impairment of property, plant and equipment	2,391	5,114	22
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	24,208	13,858	228
Loss on disposal of property, plant and equipment	5,506	7,335	51
Decrease in liability for retirement benefits	(26,528)	(20,123)	(250)
Increase in allowance for doubtful accounts	1,705	167	16
Increase (decrease) in provision for employees' bonuses	1,755	(351)	16
Increase in provision for large-scale renovation of Shinkansen infrastructure	4,166	4,166	39
(Decrease) increase in other accruals	(4,366)	9,305	(41)
Interest and dividend income	(703)	(650)	(6)
Interest expense	20,906	22,350	197
Equity in earnings of affiliates	(2,480)	(1,574)	(23)
Gain on contributions received for construction	(25,533)	(14,649)	(240)
(Increase) decrease in notes and accounts receivable	(12,282)	2,155	(115)
Increase in inventories	(15,736)	(1,131)	(148)
Increase (decrease) in notes and accounts payable	23,440	(23,044)	221
(Decrease) increase in accrued consumption taxes	(366)	653	(3)
Other	7,213	8,935	68
Subtotal	337,540	313,002	3,184
Interest and dividend received	700	625	6
Interest paid	(20,663)	(22,573)	(194)
Income taxes paid	(42,475)	(56,908)	(400)
Net cash provided by operating activities	275,101	234,144	2,595
Cash flows from investing activities			
Payments for time deposits with a maturity in excess of three months	(231)	(231)	(2)
Proceeds from time deposits with a maturity in excess of three months	231	266	2
Purchases of property, plant and equipment	(201,705)	(208,832)	(1,902)
Proceeds from sales of property, plant and equipment	2,239	1,044	21
Contributions received for construction	36,391	22,728	343
Purchases of investments in securities	(4,604)	(9,985)	(43)
Proceeds from sales of investments in securities	631	930	5
Purchase of shares of subsidiary resulting in change in scope of consolidation	—	(93,714)	—
Net decrease (increase) in loans receivable	3,083	(5,766)	29
Other	(2,388)	(2,248)	(22)
Net cash used in investing activities	(166,352)	(295,808)	(1,569)
Cash flows from financing activities			
Net increase in short-term loans	857	433	8
Proceeds from long-term loans	37,600	60,800	354
Repayments of long-term loans	(31,780)	(34,088)	(299)
Proceeds from issuance of bonds	40,000	70,000	377
Redemption of bonds	(50,000)	(30,000)	(471)
Payment of long-term payables	(1,515)	(30,650)	(14)
Purchases of treasury stock	—	(0)	—
Proceeds from sales of treasury stock	0	—	0
Cash dividends paid to owners of parent	(29,049)	(27,118)	(274)
Cash dividends paid to non-controlling interests	(122)	(122)	(1)
Other	(37,413)	35,052	(352)
Net cash (used in) provided by financing activities	(71,422)	44,304	(673)
Net increase (decrease) in cash and cash equivalents	37,326	(17,359)	352
Cash and cash equivalents at beginning of year	63,332	80,691	597
Increase in cash and cash equivalents resulting from initial consolidation of a subsidiary	789	—	7
Cash and cash equivalents at end of year	¥ 101,448	¥ 63,332	\$ 957

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