

Non-Consolidated Financial Statements

West Japan Railway Company

*Year ended March 31, 2019
with Independent Auditor's Report*

West Japan Railway Company
Non-Consolidated Financial Statements

Year ended March 31, 2019

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Non-Consolidated Financial Statements

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Independent Auditor's Report

The Board of Directors
West Japan Railway Company

We have audited the accompanying non-consolidated financial statements of West Japan Railway Company, which comprise the non-consolidated balance sheet as at March 31, 2019, and the non-consolidated statements of profit or loss and changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. The purpose of an audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of West Japan Railway Company as at March 31, 2019, and its financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these non-consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying non-consolidated financial statements have been properly translated on the basis described in Note 1.

June 19, 2019
Osaka, Japan

West Japan Railway Company
Non-Consolidated Balance Sheet

As of March 31, 2019

	<i>Millions of yen</i>		<i>Millions of U.S. dollars (Note 1)</i>
	2019	2018	2019
Assets			
Current assets:			
Cash and deposits	¥ 89,425	¥ 60,961	\$ 812
Short-term investments	27,500	18,700	250
Accounts receivable	88,441	84,487	804
Allowance for doubtful accounts	(360)	(412)	(3)
Inventories	20,411	19,805	185
Prepaid expenses and other current assets	69,524	55,450	632
Total current assets	<u>294,942</u>	<u>238,992</u>	<u>2,681</u>
Investments and advances:			
Subsidiaries and affiliates (Note 2)	367,457	345,415	3,340
Other securities	20,466	20,740	186
Total investments	<u>387,923</u>	<u>366,155</u>	<u>3,526</u>
Property, plant and equipment, at cost (Notes 3):			
Railway	4,817,091	4,724,445	43,791
Other operations	220,129	211,965	2,001
Construction in progress	59,214	63,218	538
	<u>5,096,435</u>	<u>4,999,629</u>	<u>46,331</u>
Less accumulated depreciation	(3,166,161)	(3,109,345)	(28,783)
Property, plant and equipment, net	<u>1,930,274</u>	<u>1,890,284</u>	<u>17,547</u>
Deferred income taxes (Note 4)	111,942	114,231	1,017
Other assets	57,266	49,689	520
Total assets	<u>¥ 2,782,350</u>	<u>¥ 2,659,354</u>	<u>\$ 25,294</u>

	<i>Millions of yen</i>		<i>Millions of U.S. dollars (Note 1)</i>
	2019	2018	2019
Liabilities and net assets			
Current liabilities:			
Short-term loans <i>(Note 2)</i>	¥ 233,757	¥ 213,237	\$ 2,125
Current portion of long-term debt	72,006	56,300	654
Current portion of long-term payables	1,642	1,580	14
Accounts payable	183,135	149,275	1,664
Prepaid railway fares received	41,013	38,617	372
Deposits and advances received	65,452	56,513	595
Accrued expenses	23,523	23,201	213
Income taxes payable <i>(Note 4)</i>	14,613	15,650	132
Provision for employees' bonuses	25,713	27,789	233
Provision for customer point programs	751	729	6
Provision for loss on disaster	11,100	–	100
Other current liabilities	3,746	9,120	34
Total current liabilities	676,456	592,014	6,149
Long-term liabilities:			
Long-term debt	885,260	864,765	8,047
Long-term payables	102,728	104,375	933
Provision for large-scale renovation of Shinkansen infrastructure	12,500	8,333	113
Accrued retirement benefits	272,665	293,437	2,478
Provision for environmental safety measures	11,586	15,834	105
Provision for loss on railway line liquidation	9,594	10,170	87
Asset retirement obligations	3,269	–	29
Other long-term liabilities	8,510	8,719	77
Total long-term liabilities	1,306,114	1,305,635	11,873
Contingent liabilities <i>(Note 5)</i>			
Net assets:			
Shareholders' equity <i>(Note 6)</i> :			
Common stock:			
Authorized – 800,000,000 shares at March 31, 2019 and 2018			
Issued and outstanding – 192,481,000 and 200,000,000 shares at March 31, 2019 and 2018	100,000	100,000	909
Capital surplus	55,000	55,000	500
Retained earnings <i>(Note 8)</i>	642,050	603,775	5,836
Less treasury stock, at cost <i>(Note 8)</i> – 648 shares at March 31, 2019 and 2018	(5)	(3)	(0)
Total shareholders' equity	797,044	758,771	7,245
Valuation and translation adjustments:			
Net unrealized holding gain on securities	2,734	2,931	24
Total valuation and translation adjustments	2,734	2,931	24
Total net assets	799,779	761,703	7,270
Total liabilities and net assets	¥ 2,782,350	¥ 2,659,354	\$ 25,294

See accompanying notes to non-consolidated financial statements.

West Japan Railway Company

Non-Consolidated Statement of Profit or Loss

Year ended March 31, 2019

	<i>Millions of yen</i>		<i>Millions of U.S. dollars (Note 1)</i>
	2019	2018	2019
Operating revenues:			
Transportation	¥ 873,474	¥ 867,870	\$ 7,940
Transportation incidentals	17,626	17,896	160
Other operations	29,360	28,400	266
Miscellaneous	60,445	62,109	549
	980,906	976,277	8,917
Operating expenses:			
Personnel	215,858	221,490	1,962
Energy	45,288	44,095	411
Maintenance	164,043	161,450	1,491
Depreciation	134,355	136,808	1,221
Rent	27,252	30,210	247
Miscellaneous taxes	36,047	35,734	327
Other	207,334	202,112	1,884
	830,179	831,902	7,547
Operating income	150,727	144,374	1,370
Other income (expenses):			
Interest and dividend income	2,285	1,250	20
Interest expense	(20,059)	(20,873)	(182)
Gain on contributions received for construction (<i>Note 3</i>)	23,724	25,533	215
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment (<i>Note 3</i>)	(22,539)	(25,310)	(204)
Loss on impairment of property, plant and equipment	–	(1,060)	–
Gain on sales of property, plant and equipment	839	271	7
Loss on sales of property, plant and equipment	(545)	(151)	(4)
Loss on disaster	(11,433)	–	(103)
Provision for loss on disaster	(11,100)	–	(100)
Other, net (<i>Note 3</i>)	3,935	(4,590)	35
	(34,893)	(24,931)	(317)
Income before income taxes	115,833	119,443	1,053
Income taxes (<i>Note 4</i>):			
Current	32,854	32,290	298
Deferred	2,365	6,409	21
	35,220	38,700	320
Net income	¥ 80,613	¥ 80,742	\$ 732

See accompanying notes to non-consolidated financial statements.

West Japan Railway Company

Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2019

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Total valuation and translation adjustments	Total net assets
Balance at April 1, 2017	100,000	55,000	552,092	(3)	707,088	2,870	2,870	709,959
Net income for the year	-	-	80,742	-	80,742	-	-	80,742
Cash dividends	-	-	(29,060)	-	(29,060)	-	-	(29,060)
Disposals of treasury stock	-	0	-	0	0	-	-	0
Net changes in items other than shareholders' equity	-	-	-	-	-	61	61	61
Balance at April 1, 2018	100,000	55,000	603,775	(3)	758,771	2,931	2,931	761,703
Net income for the year	-	-	80,613	-	80,613	-	-	80,613
Cash dividends	-	-	(32,340)	-	(32,340)	-	-	(32,340)
Purchase of treasury stock	-	-	-	(9,999)	(9,999)	-	-	(9,999)
Cancellation of treasury stock	-	(0)	(9,997)	9,997	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	(197)	(197)	(197)
Balance at March 31, 2019	¥100,000	¥55,000	¥642,050	¥(5)	¥797,044	¥2,734	¥2,734	¥799,779

Millions of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Total valuation and translation adjustments	Total net assets
Balance at April 1, 2018	\$909	\$500	\$5,488	\$ (0)	\$6,897	\$26	\$26	\$6,924
Net income for the year	-	-	732	-	732	-	-	732
Cash dividends	-	-	(294)	-	(294)	-	-	(294)
Purchase of treasury shares	-	-	-	(90)	(90)	-	-	(90)
Cancellation of treasury stock	-	(0)	(90)	90	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	(1)	(1)	(1)
Balance at March 31, 2019	\$909	\$500	\$5,836	\$ (0)	\$7,245	\$24	\$24	\$7,270

West Japan Railway Company

Notes to Non-Consolidated Financial Statements

March 31, 2019

1. Basis of Presentation of Financial Statements and Summary of Significant Accounting Policies

Basis of Presentation of Financial Statements

The accompanying non-consolidated financial statements of West Japan Railway Company (the “Company”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the non-consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain amounts in the prior year’s financial statements have been reclassified to conform to the current year’s presentation.

The accompanying non-consolidated financial statements relate to the Company only, with investments in subsidiaries and affiliates being stated at cost based on the moving average method.

The accompanying non-consolidated financial statements are stated in yen, the currency of the country in which the Company is incorporated and operates. The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥110 = U.S. \$1.00, the exchange rate prevailing on March 31, 2019. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying non-consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

West Japan Railway Company

Notes to Non-Consolidated Financial Statements (continued)

1. Basis of Presentation of Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies

(1) *Short-term investments and investments in securities*

Investments in subsidiaries and affiliates are stated at cost based on the moving average method. Marketable securities classified as other securities are stated at fair value, and net unrealized holding gain or loss on such securities is accounted for as a separate component of net assets. Cost of securities sold is determined by the moving average method. Investments in non-marketable securities are stated at cost based on the moving average method.

(2) *Inventories*

The Company's inventories consist of rails, materials and supplies and they are stated at lower of cost or net selling value, cost being determined by the moving average method.

(3) *Property, plant and equipment (excluding leased assets)*

Depreciation is determined by the declining-balance method at rates based on the estimated useful lives of the respective assets, except for certain railway fixtures whose initial acquisition costs have been depreciated to a book value of 50% of their original costs, with the proviso that any replacement costs be charged to income (Refer to Note 3).

(4) *Intangible assets*

Amortization of intangible assets included in other assets is calculated by the straight-line method over the estimated useful lives of the respective assets.

Expenditures relating to the development of computer software intended for internal use are charged to income when incurred, except if they are deemed to contribute to the generation of future income or cost savings. Any such expenditures are capitalized as assets and are amortized by the straight-line method over their estimated useful lives, a period of five years.

(5) *Research and development costs*

Research and development costs are charged to income as incurred.

West Japan Railway Company

Notes to Non-Consolidated Financial Statements (continued)

1. Basis of Presentation of Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

(6) Leases

Leased assets under finance lease transactions which do not transfer ownership to the lessee are capitalized and depreciated over the respective lease terms to a nil residual value by the straight-line method.

(7) Income taxes

Deferred income taxes are recognized by the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(8) Allowance for doubtful accounts

Allowance for doubtful accounts is computed based on the actual historical percentage of bad debts and an estimate of uncollectible amounts determined after an analysis of specific individual receivables.

(9) Provision for employees' bonuses

Provision for employees' bonuses is provided at an expected payment amount of the bonuses to employees.

(10) Provision for customer point programs

Provision for customer point programs is provided, at a reasonably estimated amount, for expected expenditures corresponding to the points granted to J-West card members, which are expected to be utilized by the card members in the following periods.

(11) Provision for loss on disaster

Provision for loss on disaster is provided, at an estimated amount, for expected expenditures required to complete future restoration work related to damage arising from the "Heavy Rain Event of July 2018."

(12) Provision for large-scale renovation of Shinkansen infrastructure

Provision for large-scale renovation of Shinkansen infrastructure is provided based on the Article 17, Paragraph 1, of the Nationwide Shinkansen Railway Development Act.

West Japan Railway Company

Notes to Non-Consolidated Financial Statements (continued)

1. Basis of Presentation of Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

(13) Accrued retirement benefits

Accrued retirement benefits for employees are provided at an expected amount calculated based on the retirement benefit obligation as of the balance sheet date.

In calculating the retirement benefit obligations, the benefit formula basis is applied for the attribution of expected retirement benefits to each period up to the end of the current year.

Prior service cost is charged to income when incurred.

Actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized by the straight-line method over a period of ten years, which is shorter than the average remaining years of service of the eligible employees.

The accounting policies on unrecognized actuarial gain or loss is different with those applied in preparing consolidated financial statements of the Company and its consolidated subsidiaries.

(14) Provision for environmental safety measures

Provision for environmental safety measures is provided, at a reasonably estimated amount, for expected expenditures corresponding to the disposal of polychlorinated biphenyl and other wastes held by the Company.

(15) Provision for loss on railway line liquidation

Provision for loss on railway line liquidation is provided, at a reasonably estimated amount, for expected expenditures corresponding to the dismantlement of the bridges, electrical facilities and other items along the closed Sanko Line (running from Gotsu station to Miyoshi station).

(16) Recognition of revenue derived from finance lease transactions as a lessor

Revenue from finance lease transactions and its related cost are recognized upon receipt of lease payments.

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Notes to Non-Consolidated Financial Statements (continued)

1. Basis of Presentation of Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

(17) Hedge accounting

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. The Company enters into currency swap contracts to reduce the foreign currency exchange risk arising from monetary liabilities denominated in foreign currencies. The Company also enters into interest-rate swap contracts to reduce the risk arising from interest rates on financial liabilities. Currency swap contracts which meet certain conditions are accounted for by the allocation method which requires that recognized foreign currency receivables or payables be translated at the corresponding currency swap contract rates (the “allocation method”). Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the interest-rate swaps had originally been applied to the underlying debt (the “special treatment”).

The Company hedges foreign currency exchange rate risk and interest rate risk on hedged items within certain ranges based on its internal rules for derivative transactions.

The relationship between the hedging instruments and the underlying hedged items is evaluated at each balance sheet date to confirm the effectiveness of hedging activities. However, an evaluation of effectiveness is omitted for currency swaps which meet certain conditions for applying the allocation method and interest-rate swaps which meet certain conditions for applying the special treatment.

(18) Asset retirement obligations

An asset retirement obligation is recorded at the time of acquisition or construction of a fixed asset and when there is a statutory or similar obligation associated with the removal of such fixed asset. The asset retirement obligation is measured at the discounted value of the liability at the time the fixed asset is acquired or constructed and the amount of the liability is added to the book value of the relevant fixed asset. The cost component of the obligation is depreciated over the remaining useful life of the fixed asset.

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Notes to Non-Consolidated Financial Statements (continued)

1. Basis of Presentation of Financial Statements and Summary of Significant Accounting Policies (continued)

(Change in Presentation)

(Applying “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 issued on February 16, 2018) has been applied from the beginning of the fiscal year ended March 31, 2019. Deferred tax assets are now presented in non-current assets in the non-consolidated balance sheet and deferred tax liabilities are now presented in long-term liabilities in the non-consolidated balance sheet.

As a result, deferred income taxes of ¥12,018 million in current assets previously presented in the non-consolidated balance sheet as of March 31, 2018 have been reclassified and included within deferred income taxes in non-current assets in the amount of ¥114,231 million.

(Additional Information)

(Damage from “the Heavy Rain Event of July 2018”)

Restoration expenses related to damage resulting from “the Heavy Rain Event of July 2018” were recorded as “Loss on disaster” in the other income (expense) section of the non-consolidated statement of profit or loss. In addition, to prepare for expenditures needed for future recovery efforts, the Company recognized the estimated amount as provision for loss on disaster in current liabilities in the non-consolidated balance sheet, and recorded provision for loss on disaster in the other income (expense) section as provision for loss on disaster in the non-consolidated statement of profit or loss.

2. Balances with Subsidiaries and Affiliates

Investments in and advances to subsidiaries and affiliates at March 31, 2019 and 2018 consisted of the following:

	<i>Millions of yen</i>		<i>Millions of U.S. dollars</i>
	<u>2019</u>	<u>2018</u>	<u>2019</u>
Investments in:			
Subsidiaries	¥ 234,384	¥ 230,058	\$ 2,130
Affiliates	36,084	35,970	328
Advances to subsidiaries	96,987	79,386	881
	<u>¥ 367,457</u>	<u>¥ 345,415</u>	<u>\$ 3,340</u>

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Notes to Non-Consolidated Financial Statements (continued)

2. Balances with Subsidiaries and Affiliates (continued)

Investments in an affiliate whose fair value is determinable at March 31, 2019 and 2018 are summarized as follows:

	<i>Millions of yen</i>					
	2019			2018		
	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
Investments in an affiliate	¥ 1,593	¥ 4,002	¥ 2,409	¥ 1,593	¥ 4,069	¥ 2,476

	<i>Millions of U.S. dollars</i>		
	2019		
	Carrying value	Estimated fair value	Difference
Investments in an affiliate	\$ 14	\$ 36	\$ 21

At March 31, 2019 and 2018, investments in subsidiaries and affiliates for which it is extremely difficult to determine the fair value are summarized as follows:

	<i>Millions of yen</i>		<i>Millions of U.S. dollars</i>
	2019	2018	2019
	Investments in:		
Subsidiaries	¥ 234,384	¥ 230,058	\$ 2,130
Affiliates	34,491	34,377	313
	¥ 268,876	¥ 264,435	\$ 2,444

Because no quoted market prices are available for the above securities, it is extremely difficult to determine the fair value.

Amounts due to subsidiaries and affiliates at March 31, 2019 and 2018 are presented in the accompanying non-consolidated balance sheets as follows:

	<i>Millions of yen</i>		<i>Millions of U.S. dollars</i>
	2019	2018	2019
	Due to subsidiaries and affiliates:		
Short-term loans	¥ 233,300	¥ 212,820	\$ 2,120

West Japan Railway Company

Notes to Non-Consolidated Financial Statements (continued)

3. Property, Plant and Equipment

Property, plant and equipment at March 31, 2019 and 2018 consisted of the following:

	<i>Millions of yen</i>		<i>Millions of U.S. dollars</i>
	2019	2018	2019
Land	¥ 639,916	¥ 640,041	\$ 5,817
Buildings	485,976	469,551	4,417
Railway fixtures and structures	2,313,131	2,285,123	21,028
Rolling stock and other vehicles	1,142,810	1,102,182	10,389
Ships	4	4	0
Machinery and equipment	369,634	356,271	3,360
Furniture and fixtures	84,435	82,085	767
Leases	1,311	1,149	11
Construction in progress	59,214	63,218	538
	<u>5,096,435</u>	<u>4,999,629</u>	<u>46,331</u>
Less accumulated depreciation	<u>(3,166,161)</u>	<u>(3,109,345)</u>	<u>(28,783)</u>
Property, plant and equipment, net	<u>¥ 1,930,274</u>	<u>¥ 1,890,284</u>	<u>\$ 17,547</u>

Contributions for the construction of railway facilities granted by national and municipal governments and others are recognized as gain on contributions received for construction upon receipt. These contribution amounts are deducted directly from the acquisition costs of the related property, plant and equipment upon completion as stipulated in the Corporation Tax Law of Japan. Compensation for the expropriation of properties received from national and municipal governments and others, in accordance with the Corporation Tax Law, is also recognized as other income upon receipt. These compensation amounts are deducted directly from the acquisition costs of the properties acquired to replace the properties expropriated.

The accumulated contributions deducted from the acquisition costs of property, plant and equipment at March 31, 2019 and 2018 were ¥734,980 million (\$6,681 million) and ¥717,998 million, respectively.

The compensation deducted from the acquisition costs of property, plant and equipment to replace the properties expropriated for the years ended March 31, 2019 and 2018 totaled ¥1,025 million (\$9 million) and ¥862 million, respectively.

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Notes to Non-Consolidated Financial Statements (continued)

4. Income Taxes

A reconciliation of the statutory and effective tax rates for the years ended March 31, 2019 and 2018 has been omitted because the differences between the statutory tax rates and the Company's effective tax rates for financial reporting purposes were less than 5% of the statutory tax rates.

The significant components of the Company's deferred tax assets and liabilities at March 31, 2019 and 2018 are summarized as follows:

	<i>Millions of yen</i>		<i>Millions of U.S. dollars</i>
	2019	2018	2019
Deferred tax assets:			
Provision for employees' bonuses	¥ 7,873	¥ 8,509	\$ 71
Accrued social insurance premiums included in accrued expenses	1,335	1,376	12
Accrued enterprise taxes included in income taxes payable	1,172	1,306	10
Accrued retirement benefits	83,490	89,850	759
Provision for environmental safety measures	3,704	4,849	33
Other	35,274	28,818	320
Gross deferred tax assets	132,851	134,711	1,207
Valuation allowance	(9,114)	(8,183)	(82)
Total deferred tax assets	123,737	126,527	1,124
Deferred tax liabilities:			
Unrealized holding gain on securities	(1,195)	(1,271)	(10)
Contributions received for construction deducted from acquisition costs of property, plant and equipment	(10,573)	(10,876)	(96)
Other	(26)	(146)	(0)
Total deferred tax liabilities	(11,794)	(12,295)	(107)
Deferred tax assets, net	¥ 111,942	¥ 114,231	\$ 1,017

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Notes to Non-Consolidated Financial Statements (continued)

5. Contingent Liabilities

At March 31, 2019, the Company has a commitment to provide guarantees of loans and is also contingently liable for guarantees of loans, accounts payable-trade and other obligations of the Company's subsidiaries, affiliates and a third party in the aggregate amount of ¥18,438 million (\$167 million).

The Company expects further expenditures to be incurred in subsequent years relating to the payment of compensation for a train accident on the Fukuchiyama Line, which occurred on April 25, 2005, as well as other related costs; however, it is unable to estimate the amounts of such expenditures on a reasonable basis at the present time.

6. Shareholders' Equity

The Companies Act of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

Additional paid-in capital is presented as capital surplus and the legal reserve is included in retained earnings in the accompanying non-consolidated balance sheet and non-consolidated statement of changes in net assets. The Company's legal reserve included in retained earnings at March 31, 2019 and 2018 amounted to ¥11,327 million (\$102 million).

7. Amounts per Share

Amounts per share at March 31, 2019 and 2018 and for the years then ended were as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	2019	2018	2019
Net assets	¥4,155.11	¥3,931.69	\$37.77
Net income	418.13	416.77	3.80
Cash dividends	175.00	160.00	1.59

Net assets per share have been computed based on the number of shares of common stock outstanding at each balance sheet date.

Net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each year.

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Notes to Non-Consolidated Financial Statements (continued)

7. Amounts per Share (continued)

Diluted net income per share has not been presented for the years ended March 31, 2019 and 2018 since the Company had no potentially dilutive stock at March 31, 2019 and 2018.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective fiscal years together with the interim cash dividends paid.

8. Subsequent Events

(1) Cash dividends

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying non-consolidated financial statements for the year ended March 31, 2019, was to be approved at a meeting of the shareholders of the Company to be held on June 20, 2019:

	<i>Millions of yen</i>	<i>Millions of U.S. dollars</i>
Cash dividends (¥87.5 = U.S.\$0.79 per share)	¥ 16,842	\$ 153

(2) Acquisition of treasury stock

At a meeting of the Board of Directors of the Company held on April 26, 2019, pursuant to the provision of Article 156 of the Companies Act of Japan which is applicable in accordance with Article 165, Paragraph 3 of the same law, the Company approved a purchase of up to 1,500,000 of its own shares of common stock with an aggregate acquisition cost not exceeding ¥10,000 million (\$90 million) during the period from May 7, 2019 through March 31, 2020 in order to improve capital efficiency and to enhance the return to shareholders.