

FLASH REPORT [JAPANESE GAAP] (CONSOLIDATED BASIS)Company name: **West Japan Railway Company**

Stock listings: Tokyo Stock Exchange, Nagoya and Fukuoka Stock Exchanges

Code number: 9021

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Quarterly report filing date (Planned): November 11, 2015

Planned start of dividend payments: December 1, 2015

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: Yes

(Figures less than ¥1 million have been omitted.)

1. Results for the Six Months Ended September 30, 2015 (from April 1, 2015 to September 30, 2015)**(1) Operating Results**

Six months ended September 30

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2015	709,415	8.9	110,539	34.5	99,713	37.6	66,041	21.3
2014	651,555	1.5	82,175	9.8	72,463	17.7	54,423	47.6

(Note) Comprehensive Income: Six months ended September 30, 2015: ¥67,672 million, 21.7%;
Six months ended September 30, 2014: ¥55,596 million, 44.9%

	Net income per share	Net income per share after dilution
	Yen	Yen
2015	341.11	—
2014	281.11	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2015	2,779,664	901,914	30.8
March 31, 2015	2,786,470	846,701	28.8

(Reference) Total shareholders' equity: September 30, 2015: ¥855,344 million, March 31, 2015: ¥801,264 million

2. Dividends

Year ended/ending March 31

	Dividends per share				
	June 30	September 30	December 31	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2015	—	60.00	—	65.00	125.00
2016	—	65.00			
2016 (Forecast)			—	70.00	135.00

(Note) Revision of dividends forecast for this period: Yes

For details regarding the revision to the dividend forecast, see "Notice Relating to the Revision to the Forecast of Dividends for the Fiscal Year Ending March 31, 2016 (the 29th Fiscal Year)" released today (October 30, 2015).

3. Forecasts for Fiscal Year ending March 31, 2016

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	1,437,000	6.4	171,500	22.7	153,000	25.4

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Fiscal year	96,000	43.9	495.85

(Note) Revision of earnings forecast for this period: Yes

Notes

- (1) Significant changes in subsidiaries during the subject period (Transfer of particular subsidiaries following a change in the scope of consolidation): None
- (2) Adoption of simplified accounting practices and special accounting policy for quarterly financial reporting: None
- (3) Changes in accounting policies, changes in accounting estimates, restatements
 - 1) Changes based on revision of accounting standards: Yes
 - 2) Changes other than 1) above: None
 - 3) Changes in Accounting Estimates: None
 - 4) Restatements: None

(Note) Please refer to 2. MATTERS REGARDING SUMMARY INFORMATION (NOTES) on page 9.

- (4) Number of shares outstanding (Common stock)

	Six months ended September 30, 2015	Years ended March 31, 2015
1) Number of shares issued and outstanding (including treasury stock):	193,735,000	193,735,000
2) Number of treasury stock	129,849	129,581
		Six months ended September 30, 2014
3) Average number of shares outstanding for each period (cumulative term):	193,605,303	193,605,419

* Indication regarding the status of auditing procedures

These financial statements are not subject to auditing procedures under the Financial Instruments and Exchange Act. The auditing procedures of these financial statements in accordance with the Financial Instruments and Exchange Act had not been completed at the time of disclosure.

Notes

1. The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.
2. Supplementary materials for the financial statements are posted on our homepage.

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

Forecasts for Fiscal Year ending March 31, 2016

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	949,000	6.5	135,000	20.5	116,500	26.5

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	76,000	60.4	392.29

(Note) Revision of earnings forecast for this period: Yes

1. QUALITATIVE INFORMATION ON THE RESULTS FOR THE SUBJECT PERIOD

On April 25, 2005, JR-West caused an extremely serious accident when one of its trains derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, resulting in 106 fatalities and more than 500 injuries of passengers. Since the accident JR-West has exerted its full effort with regard to its three pillars of management, specifically “Measures to have ourselves accepted as acting with the best of intentions by the victims of the train accident,” “Measures to enhance safety,” and “Furthering of reform.”

In April 2015, JR-West held a memorial service for the victims of the Fukuchiyama Line accident, and has continued to make concerted efforts for all persons affected by the accident.

The JR-West Group formulated the “JR-West Group Medium-Term Management Plan 2017” and its core component, the “Safety Think-and-Act Plan 2017,” in March 2013. We designated the five years to FY2018.3 as a “period for contributing to the establishment of a foundation for decisive management,” and are implementing the “Three Basic Strategies” and “Four Business Strategies” as our strategic priorities. In April 2015, we updated the “JR-West Group Medium-Term Management Plan 2017” in accordance with our reflections on the first two years and changes in the operating environment, revising and adding measures to accomplish our objectives.

During the subject second quarter cumulative period, transportation revenues increased as a result of favorable use of the Hokuriku Shinkansen following the opening of the Nagano-Kanazawa segment in March 2015, along with a boost in railway use centered on inbound visitors and seniors, and favorable use during Silver Week (a five-day holiday in September). Revenue also increased for the non-railway businesses of retail and real estate, due to positive utilization of new commercial facilities opened as part of ongoing renovation projects at major stations.

As a result, on a consolidated basis, operating revenues for the subject second quarter cumulative period (April 1, 2015 to September 30, 2015) rose 8.9% from the same period of the previous fiscal year to ¥709.4 billion. Operating income increased 34.5% from a year earlier to ¥110.5 billion, while recurring profit rose 37.6% to ¥99.7 billion, and profit attributable to owners of parent 21.3% to ¥66.0 billion.

Despite positive performance, the operating environment for the JR-West Group remains harsh as a result of such factors as population decline, competition from other modes of transportation, and cost increases due to rising labor costs. Amid such circumstances, we are continuing to pursue measures to maximize the opening effect of the Hokuriku Shinkansen and capture demand from inbound visitors and seniors, as well as implementing initiatives to maximize the opening effect of LUCUA 1100, the West Wing of the North Gate Building of OSAKA STATION CITY. In addition, as a measure to capture inbound visitor demand, JR-West established the Group Inbound Tourism Promotion Office to implement group-wide measures for transportation, travel, and hotels. We also established the Singapore Office in July 2015 as a local facility to expand railway use among visitors from Southeast Asian countries.

Of note, to achieve sustainable growth and medium to long-term gains in corporate value for the JR-West Group, JR-West provides necessary disclosures regarding the Corporate Governance Code, which establishes principles including enhancing the effectiveness of the Board of Directors, building relationships of mutual trust with stakeholders, and appropriate information disclosure.

(1) Qualitative Information on Consolidated Business Results

Consolidated Results for the Six Months Ended September 30, 2015 (April – September 2015)

Operating revenues:	¥709.4 billion
Operating income:	¥110.5 billion
Recurring profit:	¥99.7 billion
Profit attributable to owners of parent:	¥66.0 billion

Results by Business Segment

a. Transportation Operations

JR-West implemented specific safety-related measures based on the “Safety Think-and-Act Plan 2017” formulated in 2013. In particular, as our priorities based on the issues recognized over the last two years, we are implementing measures to cope with intensifying natural disasters, improve safety on platforms, prevent labor accidents that result in fatalities among our employees, strengthen risk management, enhance internal audits, and utilize outside perspectives.

In response to intensifying natural disasters, JR-West is moving forward with measures to improve disaster resilience during rainfall along railway line, focusing on the Kyoto-Osaka-Kobe area.

For earthquake and tsunami countermeasures, we conducted seismic retrofitting for pillars supporting elevated tracks, installed derailment prevention guards on the Sanyo Shinkansen, and upgraded our tsunami evacuation equipment. We also conducted trainings in accordance with the “Rules for Tsunami Evacuation Guidance” and other manuals formulated based on the lessons of the Great East Japan Earthquake.

To enhance platform safety, JR-West began installing “automatic platform gates (rope style)” at Takatsuki Station, with completion scheduled for spring 2016. In addition, we conducted a campaign aimed at preventing passengers from falling from platforms, including TV commercials calling for enhanced safety awareness, and posters.

For measures to prevent labor accidents, JR-West revised its “Regulations to Prevent Engineering-Related Worker-Train Accidents on Conventional Lines” aimed at enhancing the level of safety during maintenance operations or inspections. In addition, we conducted trainings utilizing the Safety Perception Refinement Building, constructed in January 2015, within the staff training center.

At the same time, drawing from the experience during Typhoon Nangka (July 2015), when trains remained halted for long periods between stations in response to rainfall restrictions, JR-West established specific procedures to prevent conventional line trains from becoming stopped between stations during rainfall restriction periods.

In addition, in response to the incident in August 2015, when a part from a Sanyo Shinkansen train fell off between Kokura and Hakata stations, injuring a passenger, JR-West clarified rules and duties, and implemented strict procedures aimed at improving rolling stock maintenance quality. Further, in response to the incident in June 2015, when a fire broke out on a Tokaido Shinkansen train, to enhance security we increased the number of security cameras in Sanyo Shinkansen trains, and changed the settings of security cameras in Hokuriku Shinkansen trains to continuous recording.

Further, from the subject fiscal year JR-West has also introduced third-party evaluations of its safety management structure in order to enhance and augment the auditing of such structures.

In marketing initiatives, JR-West is pursuing various measures to maximize the opening effect of the Hokuriku Shinkansen, promote use of the Sanyo Shinkansen, capture demand from inbound visitors and seniors, enhance the value of our railway belts in the Kyoto-Osaka-Kobe area, and encourage tourism in the western Japan area.

For the Hokuriku Shinkansen, JR-West enhanced the range of products available through the “e5489” internet reservation service in conjunction with the opening of the Kanazawa segment of the Hokuriku Shinkansen, operated sightseeing bus tours departing from Kanazawa and Toyama stations, sold travel packages allowing wide-area excursions across the Hokuriku and Shinetsu (Niigata/Nagano) regions, and implemented other measures that have been popular with customers, particularly on weekends. We are also conducting initiatives to increase the mobility between the Kansai and Hokuriku areas. Work is continuing on the Hokuriku Shinkansen for the opening of the Kanazawa-Tsuruga segment at the end of FY 2023.3, and JR-West is taking steps in preparation.

For the Sanyo Shinkansen, in conjunction with the campaign to celebrate the 40th anniversary of the opening of all lines of the Sanyo Shinkansen, JR-West broadcast commercials highlighting the appeal of the Kansai area, conducted the “Remember Kyushu” campaign, sold “Kodama WEB Hayatoku 14” early discount tickets, and implemented other measures that have led to a steady increase in Shinkansen use.

For inbound overseas visitors, JR-West launched the “Saiyu Kiko Setouchi Area Pass,” a ticket for the sightseeing route from Kansai to Hakata, and developed a wide range of products exclusively for inbound visitors, leading to expanded use of the service.

For seniors, JR-West took steps to stimulate demand with the launch of “Otonabi Pass” and Otonabi WEB Haya-toku” early discount tickets, exclusively for members of the “Otonabi” service providing special discount tickets and travel packages to persons 50 and older. These packages have been popular with customers.

In addition, for the Kyoto Umekoji area, in August 2015 we closed the Umekoji Steam Locomotive Museum, and are making preparations for the opening of the Kyoto Railway Museum in spring 2016.

Further, in anticipation of the launch of services for the *Twilight Express Mizukaze* sleeper train in spring 2017, JR-West established the Mizukaze Planning Division, announced the operating routes, train designs and other details, and operated the *Special Twilight Express* as special trains for group trips along two courses in the Sanyo and San-in regions.

In bus and ferry (the Miyajima Line) services, with a basis in safety, JR-West worked to enhance convenience by implementing transport improvements based on customer usage patterns.

As a result of these measures, operating revenues for the Transportation Operations segment increased 8.6% from the same period of the previous fiscal year, to ¥466.1 billion, with operating income up 33.5%, to ¥84.2 billion.

b. Retail Business

For the West Wing of the North Gate Building of OSAKA STATION CITY, JR-West opened isetan-brand shops with revised strength in sales space creation. We also moved forward with station renovations, and opened allied stores with Seven-Eleven Japan Co., Ltd.

In March 2015, we opened the Eki Marché Shin-Osaka commercial facility inside the area

through the ticket gates at Shin-Osaka Station and usage has been steadily increasing.

For our business alliance with Seven-Eleven Japan, we opened 40 new allied stores to date in FY 2016.3 for a total of 110 locations, including Entrée Marché Tennoji, our first large store combining souvenir gifts with a convenience store. New store sales are steadily increasing.

The Retail Business was affected by renovation work to stations and other facilities, but stores have been opened as planned, and business performance is firm on the increase in railway use. As a result, operating revenues in the Retail Business segment increased 2.7% from the same period of the previous fiscal year, to ¥114.2 billion, with operating income up 59.4%, to ¥3.0 billion.

c. Real Estate Business

JR-West is implementing measures to maximize the opening effect of LUCUA 1100, the West Wing of the North Gate Building of OSAKA STATION CITY, opened in April 2015. We are also moving with renovations to commercial facilities at major stations, to support future growth.

The West Wing of the North Gate Building of OSAKA STATION CITY has recorded a steady increase in sales and visitors since the grand opening of LUCUA 1100, a new type of commercial facility that integrates isetan-brand shops with specialty shops that draw customers and enhance exposure.

For the renewal of commercial facilities, in April 2015 JR-West opened Sun Station Terrace Kurashiki in the Kurashiki Station building, followed in May by expansion and renovation of Hiroshima Shinkansen Meitengai in the Hiroshima Station concourse, and in July by Vierra Koshienguchi in the Koshienguchi Station building. Also, in July we renovated the second floor of the Shin-Osaka Station commercial facility as “arde! Shin-Osaka.”

Of note, in April 2015 JR-West merged two consolidated subsidiaries operating shopping centers at JR Osaka Station and other areas, with the aim of developing and operating more convenient and attractive commercial facilities.

As a result, operating revenues for the Real Estate Business segment increased 24.3% from the same period of the previous fiscal year, to ¥53.3 billion, with operating income up 26.0%, to ¥17.6 billion.

d. Other Businesses

In hotel operations, JR-West worked to expand sales, including measures to capture inbound visitor demand. In travel agency operations, JR-West strengthened marketing efforts to capture inbound visitor demand, expanded internet sales, and took steps to increase sales of products that utilize railways.

For the ICOCA e-money service, JR-West worked to enhance convenience by expanding the network of member stores.

In the construction business, JR-West enhanced safety and quality in construction projects, leading to an increase in new order contracts.

As a result, operating revenues for the Other Businesses segment increased 11.2% from the same period of the previous fiscal year, to ¥75.6 billion, with operating income up 122.1%, to ¥5.0 billion.

(2) Qualitative Information on the Consolidated Financial Position

JR-West's total assets at the end of the second quarter of the subject fiscal year (September 30, 2015) amounted to ¥2,779.6 billion, a decrease of ¥6.8 billion from the end of the previous fiscal year (March 31, 2015). This was due mainly to a decrease in accounts receivable.

Total liabilities amounted to ¥1,877.7 billion, a decrease of ¥62.0 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥901.9 billion, an increase of ¥55.2 billion from the end of the previous fiscal year. This was due mainly to an increase in retained earnings.

(3) Qualitative Information on Consolidated Forecasts

For the fiscal year ending March 31, 2016, based on trends in rail transportation revenues and other factors, JR-West is revising upward its forecasts for operating revenues, operating income, recurring profit, and profit attributable to owners of parent from the forecasts announced on July 30, 2015.

Looking ahead, while the economic outlook is turbid, and the situation for revenues is expected to remain uncertain, JR-West will continue to steadily implement its "Safety Think-and-Act Plan 2017," and based on the "JR-West Group Medium-Term Management Plan 2017" updated in April 2015, through initiatives targeting increased demand by inbound visitors and seniors, and by maximizing the effects of the opening of the Nagano-Kanazawa segment of the Hokuriku Shinkansen and the "LUCUA 1100" the West Wing of the North Gate Building of OSAKA STATION CITY, JR-West will strengthen its business foundation and achieve sustained growth.

Consolidated Forecasts for the Year Ending March 31, 2016

Operating revenues:	¥1,437.0 billion	(up 6.4% YoY)
Operating income:	¥171.5 billion	(up 22.7% YoY)
Recurring profit:	¥153.0 billion	(up 25.4% YoY)
Profit attributable to owners of parent:	¥96.0 billion	(up 43.9% YoY)

Note: Forecasts are based on certain assumptions considered reasonable at the time of this announcement, and are subject to change.

2. MATTERS REGARDING SUMMARY INFORMATION (NOTES)

(1) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements

(Changes in Accounting Policies)

From the beginning of the subject fiscal year, the Company has applied “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013, hereafter “Business Combinations Accounting Standard”), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereafter “Consolidation Accounting Standard”), and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereafter “Business Divestitures Accounting Standard”), recording as capital surplus the variance on changes in equity interests in subsidiaries where the Company retains control, and changing the method for recording acquisition-related expenses as expenses for the consolidated fiscal year.

Also, for business combinations conducted from the beginning of the subject fiscal year, the Company has changed to a method to reflect the revisions to the allocated amount of acquisition cost determined by provisional accounting treatment in the consolidated financial statements for the quarterly accounting period of the date of the business combination. In addition, the Company has made changes to the presentation of net income, and changed the presentation of minority interests to non-controlling interests. The consolidated financial statements for the previous second quarter cumulative period and previous fiscal year have been reclassified to reflect the subject changes in presentation.

Regarding the Consolidated Statements of Cash Flows for the subject second quarter cumulative period, the method has been changed so that cash flow related to the acquisition and/or sale of shares in subsidiaries not accompanied by a change in the scope of consolidation is presented in the “Cash flows from financing activities” segment, and cash flows pertaining to expenses related to the acquisition of share in subsidiaries accompanied by a change in the scope of consolidation, or the expenses incurred in relation to the acquisition and/or sale of shares in subsidiaries not accompanied by a change in the scope of consolidation, are presented in the “Cash flows from operating activities” segment.

For the application of the Business Combinations Accounting Standard and other standards, the Company follows the transitional treatment prescribed by Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard, and Article 57-4 (4) of the Business Divestitures Accounting Standard, applying such from the beginning of the first quarter period of the subject fiscal year and going forward.

For the subject second quarter cumulative period, there is no effect on the consolidated financial statements as a result of this change.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2015	September 30, 2015
ASSETS		
Current assets:		
Cash	53,592	45,446
Notes and accounts receivable-trade	33,922	26,094
Railway fares receivable	35,098	34,979
Accounts receivable	79,074	43,032
Securities	32,000	55,000
Inventories	57,755	69,528
Deferred income taxes	18,475	18,784
Other current assets	54,397	61,441
Less allowance for doubtful accounts	(770)	(775)
Total current assets	363,544	353,533
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	1,080,084	1,063,942
Machinery and transport equipment	315,824	321,718
Land	671,123	672,391
Construction in progress	61,453	85,769
Other property, plant and equipment	35,759	33,095
Total property, plant and equipment	2,164,245	2,176,918
Intangible assets	31,359	27,909
Investments and other assets:		
Investments in securities	61,723	63,223
Net defined benefit asset	2,592	2,660
Deferred tax assets	134,591	128,137
Other investments and assets	29,415	28,024
Less allowance for doubtful accounts	(1,043)	(765)
Total investments and other assets	227,278	221,280
Total fixed assets	2,422,882	2,426,108
Deferred income taxes	43	23
Total assets	2,786,470	2,779,664

	Millions of yen	
	March 31, 2015	September 30, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	82,558	48,073
Short-term loans payable	16,335	16,192
Current portion of long-term loans payable	48,098	46,739
Current portion of long-term payables for acquisition of railway properties	33,613	33,269
Current portion of long-term accounts payable	31	31
Accounts payable	96,636	49,144
Accrued consumption tax	15,704	11,736
Accrued income tax	20,757	29,002
Prepaid railway fares received	38,412	44,571
Advances received	16,350	31,710
Allowance for bonuses	37,166	36,270
Allowance for point program	1,566	2,077
Other current liabilities	119,800	115,237
Total current liabilities	527,032	464,057
Non-current liabilities:		
Bonds payable	479,977	494,978
Long-term loans payable	304,291	322,569
Long-term payables for acquisition of railway properties	138,140	123,022
Long-term accounts payable	64	49
Deferred tax liabilities	4,040	4,055
Allowance for environmental safety measures	9,627	8,489
Provision for unredeemed gift certificates	2,551	2,360
Net defined benefit liability	375,285	359,257
Other long-term liabilities	98,758	98,909
Total fixed liabilities	1,412,736	1,413,692
Total liabilities	1,939,768	1,877,750

(continued on page 12)

	Millions of yen	
	March 31, 2015	September 30, 2015
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	643,198	696,952
Treasury stock, at cost	(480)	(481)
Total shareholders' equity	797,717	851,471
Valuation and translation adjustments:		
Net unrealized holding gain on securities	4,955	4,575
Deferred gains or losses on hedges	638	119
Remeasurements of defined benefit plans	(2,047)	(821)
Total Valuation and translation adjustments	3,547	3,873
Non-controlling interests	45,436	46,569
Total net assets	846,701	901,914
Total liabilities and net assets	2,786,470	2,779,664

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Six months ended September 30

	Millions of yen	
	2014	2015
Operating revenues	651,555	709,415
Operating expenses:		
Transportation, other services and cost of sales	478,694	510,151
Selling, general and administrative expenses	90,685	88,724
Total operating expenses	569,380	598,875
Operating income	82,175	110,539
Non-operating revenues:		
Interest income	22	46
Dividend income	489	284
Transfer from administrative fee of contracted construction	63	98
Equity in earnings of affiliates	1,815	867
Other	1,336	1,051
Total non-operating revenues	3,727	2,348
Non-operating expenses:		
Interest expense	13,092	12,302
Other	346	872
Total non-operating expenses	13,439	13,175
Recurring profit	72,463	99,713
Extraordinary profits:		
Gain on contributions received for construction	3,203	3,548
Gain on bargain purchase	6,403	—
Insurance income	—	2,000
Other	1,343	1,115
Total extraordinary profits	10,949	6,663
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	3,107	3,420
Other	4,676	2,739
Total extraordinary losses	7,783	6,160
Income before income taxes	75,629	100,216
Income taxes- Current	22,510	26,961
Income taxes- Deferred	(1,285)	5,830
Total income taxes	21,225	32,791
Net income	54,404	67,424
Profit (loss) attributable to non-controlling interests	(18)	1,383
Profit attributable to owners of parent	54,423	66,041

Consolidated Statements of Comprehensive Income

Six months ended September 30

	Millions of yen	
	2014	2015
Net income	54,404	67,424
Other comprehensive income:		
Valuation difference on available-for-sale securities	482	(346)
Deferred gains or losses on hedges	(588)	(650)
Remeasurements of defined benefit plans, net of tax	1,482	1,204
Share of other comprehensive income of associates accounted for using equity method	(184)	41
Total other comprehensive income	1,191	248
Comprehensive income	55,596	67,672
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	55,554	66,367
Comprehensive income attributable to non-controlling interests	41	1,304

Business Segment Information

Six months ended September 30

		Billions of yen		
		2014	2015	Change from the same period of the previous period
Transportation	Operating revenues	429.3	466.1	36.8
	Operating income	63.1	84.2	21.1
Retail	Operating revenues	111.3	114.2	2.9
	Operating income	1.9	3.0	1.1
Real Estate	Operating revenues	42.9	53.3	10.4
	Operating income	14.0	17.6	3.6
Other Businesses	Operating revenues	68.0	75.6	7.6
	Operating income	2.2	5.0	2.7

Note: Revenues by each segment are from third parties.

(3) Consolidated Statements of Cash Flows

Six months ended September 30

	Millions of yen	
	2014	2015
Cash flows from operating activities		
Income before income taxes and minority interests	75,629	100,216
Depreciation and amortization	72,245	74,866
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	3,107	3,420
Loss on disposal of property, plant and equipment	1,458	1,802
Increase (decrease) in net defined benefit liability	(5,171)	(14,211)
Increase (decrease) in allowance for doubtful accounts	(111)	(273)
Increase (decrease) in provision for bonuses	(634)	(895)
Interest and dividend income	(512)	(331)
Interest expenses	13,092	12,302
Equity in earnings of affiliates	(1,815)	(867)
Proceeds from contribution for construction	(3,203)	(3,548)
Gain on bargain purchase	(6,403)	—
Decrease (increase) in notes and accounts receivable-trade	35,207	24,190
Decrease (increase) in inventories	(23,039)	(11,772)
Increase (decrease) in notes and accounts payable-trade	(51,083)	(43,101)
Increase (decrease) in accrued consumption taxes	7,022	(3,969)
Other	(13,388)	(18,975)
Subtotal	102,400	118,854
Interest and dividends income received	515	304
Interest paid	(13,155)	(12,205)
Income taxes paid	(27,970)	(18,731)
Net cash provided by operating activities	61,789	88,222
Cash flows from investing activities		
Payments for time deposits with a maturity of more than three months	(80)	(116)
Proceeds for time deposits with a maturity of more than three months	81	81
Purchases of property, plant and equipment	(93,798)	(109,017)
Proceeds from sales of property, plant and equipment	867	22,155
Contributions received for constructions	16,120	11,966
Purchase of investment securities	(905)	(1,178)
Payments on long-term loans receivable	(136)	(461)
Collections of long-term loans receivable	89	22
Other	(212)	(68)
Net cash used in investing activities	(77,974)	(76,617)

(continued on page 16)

	Millions of yen	
	2014	2015
Cash flows from financing activities		
Change in short-term loans	1,210	(459)
Proceeds from long-term loans	5,000	20,000
Repayment of long-term debt	(3,734)	(3,096)
Proceeds from issuance of bonds	10,000	15,000
Repayment of long-term payables for acquisition of railway properties	(16,016)	(15,462)
Purchase of treasury stock	—	(0)
Cash dividends paid to the Company's shareholders	(11,624)	(12,594)
Dividends paid to non-controlling interests	(143)	(140)
Other	5,178	(31)
Net cash used in financing activities	(10,131)	3,213
Change in cash and cash equivalents, net	(26,316)	14,818
Cash and cash equivalents at the beginning of the period	72,956	85,346
Cash and cash equivalents at the end of the period	46,639	100,164

(4) Note on Assumptions for Going Concern

Not applicable

(5) Notes in the Event of Major Change in Shareholders' Equity

Not applicable

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2015	September 30, 2015	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	235.2	270.5	35.3
Fixed assets:			
Fixed assets for railway operations	1,796.1	1,784.9	(11.1)
Construction in progress	58.6	72.5	13.8
Investments and other assets	354.4	314.6	(39.8)
Total fixed assets	2,209.1	2,172.1	(37.0)
Total assets	2,444.4	2,442.7	(1.7)

	March 31, 2015	September 30, 2015	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	79.7	78.1	(1.5)
Accounts payable	451.9	407.5	(44.4)
Total current liabilities	531.6	485.7	(45.9)
Fixed liabilities:			
Bonds and long-term debt	917.9	936.9	19.0
Accrued retirement benefits	349.8	335.4	(14.4)
Other long-term liabilities	13.3	12.6	(0.6)
Total fixed liabilities	1,281.1	1,285.0	3.8
Total liabilities	1,812.8	1,770.7	(42.0)
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	472.4	513.3	40.8
Treasury stock, at cost	(0.0)	(0.0)	(0.0)
Total shareholders' equity	627.4	668.3	40.8
Valuation and translation adjustments	4.1	3.6	(0.5)
Total net assets	631.5	671.9	40.3
Total liabilities and net assets	2,444.4	2,442.7	(1.7)

2. NON-CONSOLIDATED STATEMENTS OF INCOME

	Six months ended September 30		Change from the same period of the previous year		Forecasts for year ending March 31, 2016	
	2014	2015	Billions of yen	%	Billions of yen	Change
	Billions of yen	Billions of yen				Billions of yen
Operating revenues:						
Transportation	394.8	427.7	32.8	8.3	847.0	49.9
Transportation incidentals	9.2	9.1	(0.0)	(1.0)	18.3	(0.1)
Other operations	11.7	12.9	1.1	10.1	25.6	1.9
Miscellaneous	24.7	28.8	4.0	16.5	58.1	6.3
	440.7	478.7	38.0	8.6	949.0	58.0
Operating expenses:						
Personnel costs	116.9	115.2	(1.7)	(1.5)	233.0	(0.0)
Non personnel costs:						
Energy costs	22.7	22.7	0.0	0.1	46.5	1.1
Maintenance costs	62.0	65.7	3.6	5.9	153.5	6.7
Miscellaneous costs	81.5	89.8	8.3	10.2	190.5	13.5
	166.2	178.3	12.0	7.2	390.5	21.4
Rental payments, etc	9.2	13.4	4.2	45.8	26.5	7.7
Taxes	17.8	18.1	0.2	1.5	32.0	(0.0)
Depreciation	61.1	63.1	1.9	3.2	132.0	5.9
	371.5	388.2	16.7	4.5	814.0	35.0
Operating income	69.1	90.4	21.2	30.7	135.0	22.9
Non-operating revenues and expenses, net:						
Non-operating revenues	1.5	1.4	(0.0)	—	—	—
Non-operating expenses	13.1	13.0	(0.1)	—	—	—
	(11.6)	(11.5)	0.0	(0.7)	(18.5)	1.3
Recurring profit	57.5	78.9	21.3	37.1	116.5	24.3
Extraordinary profit and loss, net:						
Extraordinary profit	3.7	5.8	2.1	—	—	—
Extraordinary loss	6.4	5.1	(1.3)	—	—	—
	(2.7)	0.7	3.4	—	(3.0)	1.5
Income before income taxes	54.8	79.6	24.7	45.1	113.5	25.9
Income taxes	15.7	26.1	10.3	65.4	37.5	(2.7)
Net income	39.0	53.4	14.4	36.9	76.0	28.6

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Six months ended September 30		Change		Six months ended September 30		Change	
	2014	2015	Amount	%	2014	2015	Amount	%
Shinkansen								
Commuter Passes	371	409	37	10.1	4.6	5.0	0.4	9.2
Non-Commuter Passes	8,513	9,846	1,333	15.7	179.9	215.4	35.5	19.7
Total	8,885	10,256	1,371	15.4	184.6	220.5	35.9	19.5
Conventional Lines								
Commuter Passes	11,551	11,746	195	1.7	72.4	71.7	(0.7)	(1.0)
Non-Commuter Passes	7,590	7,523	(66)	(0.9)	137.8	135.4	(2.4)	(1.8)
Total	19,142	19,270	128	0.7	210.2	207.1	(3.1)	(1.5)
Kansai Urban Area								
Commuter Passes	9,360	9,625	265	2.8	58.4	58.7	0.2	0.4
Non-Commuter Passes	5,159	5,391	232	4.5	89.6	93.2	3.6	4.1
Total	14,519	15,017	497	3.4	148.0	151.9	3.8	2.6
Other Lines								
Commuter Passes	2,191	2,120	(70)	(3.2)	13.9	13.0	(0.9)	(6.8)
Non-Commuter Passes	2,431	2,132	(299)	(12.3)	48.2	42.1	(6.0)	(12.6)
Total	4,622	4,252	(369)	(8.0)	62.1	55.1	(7.0)	(11.3)
Total								
Commuter Passes	11,923	12,156	232	2.0	77.0	76.8	(0.2)	(0.4)
Non-Commuter Passes	16,103	17,370	1,266	7.9	317.7	350.8	33.1	10.4
Total	28,027	29,526	1,499	5.3	394.8	427.6	32.8	8.3

3. CAPITAL EXPENDITURES

Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2016
	2014	2015	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	78.4	82.4	4.0	5.1	—
Capital expenditures, excluding contributions received for constructions	73.7	79.2	5.5	7.5	231.0
Contributions received for constructions	4.7	3.2	(1.5)	(31.9)	—

Non-Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2016
	2014	2015	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	63.0	70.7	7.7	12.3	—
Capital expenditures, excluding contributions received for constructions	58.3	67.5	9.2	15.8	199.0
[Safety-related capital expenditures]	[22.4]	[44.5]	[22.1]	[98.5]	[123.0]
Contributions received for constructions	4.7	3.2	(1.5)	(31.9)	—

Major Capital Expenditures

Capital investments included earthquake and tsunami countermeasures, new rolling stock (Shinkansen N700A series, 227 series commuter train)

4. REVISION TO FORECASTS FOR THE FISCAL YEAR ENDING MARCH 31, 2016

	Six months ended September 30		Change	
	2014	2015		
	A	B	B-A	B/A
	Billions of yen	Billions of yen	Billions of yen	%
Consolidated-basis :	<1.48>	<1.48>		
Operating revenues	651.5	709.4	57.8	8.9
Operating income	82.1	110.5	28.3	34.5
Recurring profit	72.4	99.7	27.2	37.6
Profit attributable to owners of parent	<1.39> 54.4	<1.23> 66.0	11.6	21.3
Non-consolidated-basis :				
Operating revenues	440.7	478.7	38.0	8.6
Transportation	394.8	427.7	32.8	8.3
Operating expenses	371.5	388.2	16.7	4.5
Operating income	69.1	90.4	21.2	30.7
Recurring profit	57.5	78.9	21.3	37.1
Net income	39.0	53.4	14.4	36.9

Note: Figures in brackets < > are the consolidated-to-parent ratio.

	Year ended March 31, 2015	Year ending March 31, 2016		Change		
		Previous forecasts (July 30)	Current forecasts (Oct. 30)			
	A	B	C	C-A	C/A	C-B
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen
Consolidated-basis :	<1.52>	<1.51>	<1.51>			
Operating revenues	1,350.3	1,411.5	1,437.0	86.6	6.4	25.5
Operating income	139.7	162.0	171.5	31.7	22.7	9.5
Recurring profit	121.9	143.5	153.0	31.0	25.4	9.5
Profit attributable to owners of parent	<1.41> 66.7	<1.25> 90.5	<1.26> 96.0	29.2	43.9	5.5
Non-consolidated-basis :						
Operating revenues	890.9	937.5	949.0	58.0	6.5	11.5
Transportation	797.0	836.0	847.0	49.9	6.3	11.0
Operating expenses	778.9	808.0	814.0	35.0	4.5	6.0
Operating income	112.0	129.5	135.0	22.9	20.5	5.5
Recurring profit	92.1	111.0	116.5	24.3	26.5	5.5
Net income	47.3	72.5	76.0	28.6	60.4	3.5

Note: Figures in brackets < > are the consolidated-to-parent ratio.

Business Segment Information

		Year ended March 31, 2015	Year ending March 31, 2016		Change	
			Previous forecasts (July 30)	Current forecasts (Oct. 30)		
		A	B	C	C-A	C-B
		Billions of yen	Billions of yen	Billions of yen	Billions of yen	Billions of yen
Transportation	Operating revenues	868.4	913.6	925.1	56.6	11.5
	Operating income	100.6	116.3	121.8	21.1	5.5
Retail Business	Operating revenues	220.1	229.0	231.0	10.8	2.0
	Operating income	1.5	4.6	5.1	3.5	0.5
Real Estate Business	Operating revenues	87.2	102.6	106.6	19.3	4.0
	Operating income	25.1	30.3	31.8	6.6	1.5
Other Businesses	Operating revenues	174.4	166.3	174.3	(0.1)	8.0
	Operating income	15.6	14.0	16.0	0.3	2.0

Note: Revenues by each segment are from third parties.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

- This report contains forward-looking statements that are based on JR-West's current expectations, assumptions, estimates and projections about its business, industry, and capital markets around the world.
- These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "plan" or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of JR-West's financial condition, or state other forward-looking information.
- Known or unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.
- Important risks and factors that could cause actual results to be materially different from expectations include, but are not limited to:
 - expenses, liability, loss of revenue or adverse publicity associated with property or casualty losses;
 - economic downturn, deflation and population decreases;
 - adverse changes in laws, regulations and government policies in Japan;
 - service improvements, price reductions and other strategies undertaken by competitors such as passenger railway and airlines companies;
 - infectious disease outbreak and epidemic;
 - earthquake and other natural disaster risks; and
 - failure of computer telecommunications systems disrupting railway or other operations
- All forward-looking statements in this release are made as of October 2015 based on information available to JR-West as of October 2015 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Compensation for damages caused by the accident on the Fukuchiyama Line that occurred on April 25, 2005, is NOT considered in this report.