

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

URL: <http://www.westjr.co.jp>

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Quarterly report filing date (Planned): August 10, 2016 Planned start of dividend payments: —

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: None

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

1. Results for the Three Months Ended June 30, 2016 (from April 1, 2016 to June 30, 2016)**(1) Operating Results**

Three months ended June 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	%
2016	338,148	(0.9)	45,321	(11.2)	40,506	(10.7)	27,568	(7.2)
2015	341,382	8.3	51,016	32.9	45,361	33.9	29,693	5.4

(Note) Comprehensive Income: Three months ended June 30, 2016: ¥25,998 million, (16.9)%;

Three months ended June 30, 2015: ¥31,300 million, 9.4%

	Net income per share	Net income per share after dilution
	Yen	Yen
2016	142.40	—
2015	153.37	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2016	2,783,114	938,696	32.0
March 31, 2016	2,843,194	926,376	30.9

(Reference) Total shareholders' equity: June 30, 2016: ¥890,288 million, March 31, 2016: ¥877,862 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
2016	—	65.00	—	70.00	135.00
2017	—				
2017 (Forecast)		70.00	—	70.00	140.00

(Note) Revision of dividends forecast for this period: None

3. Forecasts for Fiscal Year ending March 31, 2017

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	700,500	(1.3)	102,000	(7.7)	92,500	(7.2)
Fiscal year	1,450,000	(0.1)	175,500	(3.3)	159,500	(1.7)

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Interim period	62,000	(6.1)	320.24
Fiscal year	106,500	24.0	550.09

(Note) Revision of earnings forecast for this period: None

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 7.

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

	Three months ended June 30, 2016	Years ended March 31, 2016
1) Number of shares issued and outstanding (including treasury stock):	193,735,000	193,735,000
2) Number of treasury stock	129,849	129,849
		Three months ended June 30, 2015
3) Average number of shares outstanding for each period (cumulative term):	193,605,151	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.

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. We will continue to make concerted efforts for all persons affected by the accident. In April 2016, JR-West conducted a memorial service for the victims of the Fukuchiyama Line 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.”

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 have been 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 progress up to that point and changes in the operating environment, revising and adding measures to accomplish our objectives.

JR-West also established three strategic topics straddling business fields, “Hokuriku Shinkansen and Invigoration of Hokuriku Region,” “New LUCUA osaka,” and “Response to Inbound Visitor Demand,” and is implementing these efforts on a priority basis.

JR-West implemented a new management structure in June 2016, but continues to make a concerted effort as a company to achieve these goals.

During the subject first quarter period, transportation revenues declined as a result of the Kumamoto earthquake in April 2016, and the rebound decline of the effect from the opening of the Hokuriku Shinkansen. Revenue also declined in the Retail Business segment on weak sales at department stores. The Real Estate Business, however, recorded a gain from greater customer use of commercial facilities.

As a result, on a consolidated basis, operating revenues for the subject first quarter period (April 1, 2016 to June 30, 2016) declined 0.9% from the same period of the previous fiscal year to ¥338.1 billion. Operating income fell 11.2% to ¥45.3 billion, with recurring profit down 10.7% to ¥40.5 billion, and profit attributable to owners of parent declining 7.2% to ¥27.5 billion.

The operating environment for the JR-West Group continues to present a clouded outlook as a result of such factors as intensifying natural disasters, the need to address terrorism and other risks, population decline, competition from other modes of transportation, and unstable economic conditions. Going forward, with enhancing safety as a priority, JR-West will continue to make a concerted effort as a corporate group to pursue measures to normalize the opening effect of the Hokuriku Shinkansen, and capture demand from seniors and inbound visitors.

(1) Qualitative Information on Consolidated Business Results

Consolidated Results for the Three Months Ended June 30, 2016 (April – June 2016)

Operating revenues:	¥338.1 billion
Operating income:	¥45.3 billion
Recurring profit:	¥40.5 billion
Profit attributable to owners of parent:	¥27.5 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, 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 safety 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 countermeasures, we conducted seismic retrofitting of elevated track pillars and station buildings. On the Sanyo Shinkansen, we completed work to install derailment prevention guards on the section of track between Shin-Osaka and Himeji stations in the previous fiscal year, and are moving forward with installation along the segment between Himeji and Hakata.

To enhance safety on platforms, JR-West is installing platform gates, and began using these at Kyobashi and Takatsuki stations in March 2016. We are aiming to begin using platform gates at Osaka Station around spring 2017, and are installing such facilities on platforms 6 and 7.

To strengthen risk management, we are working to develop leaders for further risk assessments.

Also, in an effort to further instill a culture of preventing serious accidents and reporting railway operations accidents, with all employees participating in safety management, from April 2016 JR-West in principle no longer treats incidents resulting from human error as subject to disciplinary procedures or negative evaluations.

Further, in order to ensure that the safety management structure is functioning properly and to make improvements as necessary, JR-West introduced evaluations from an external, third-party agency. In response to these evaluations, matters that can be implemented easily are quickly improved, while those that require more time are incorporated into the next period’s safety plan. These efforts increase the effectiveness of the safety management structure, and enhance oversight.

In marketing initiatives, based on the revised “JR-West Group Medium-Term Management Plan 2017,” JR-West pursued various measures to promote use of the Sanyo Shinkansen, normalized the opening effect of the Hokuriku Shinkansen, captured demand from seniors and inbound visitors, improved the transportation quality and enhanced the value of the railway belts in the Kansai Urban Area, and stimulated tourism in the western Japan region.

For the Sanyo Shinkansen, JR-West conducted the “Land of Sunshine Okayama Destination Campaign” together with the prefectural government and tourism organizations. We operated the special sightseeing train “La Malle de Bois” in conjunction with the campaign, and made other efforts to enhance the region’s appeal, resulting in a successful campaign. JR-West also sold the “Kyushu Round-trip Discount Ticket” and other promotional tickets, participated in the “Kyushu Tourism Revival Campaign” together with the Kyushu Tourism Promotion Organization, and prepared travel packages applicable for the “Kyushu Revival Discount” program.

For the Hokuriku Shinkansen, JR-West conducted the “Hokuriku Shinkansen One-Year Anniversary Campaign,” held “Kansai-Hokuriku exchange meetings” to increase mutual exchange among the Kansai, Hokuriku and Shinetsu (Niigata/Nagano) regions, and discussed initiatives for broadening exchange. We also conducted the “Hokuriku Shinkansen Business Travel Support Campaign” to increase business-use demand, and made other efforts to promote use of the Shinkansen.

To capture demand from seniors, JR-West took steps to stimulate demand, including the relaunch and extended sales of the “Otonabi Pass” and “Otonabi WEB Haya-toku” early discount tickets, exclusively for members of the “Otonabi” service, which provides special discount tickets and travel packages for persons 50 and older. These packages have been popular with customers.

For measures aimed at the increase in inbound visitors to Japan, JR-West continued such measures as selling the Saiyu Kiko Setouchi Area Pass for a sightseeing tour route from Kansai to Hakata.

For measures to improve transportation quality in the Kansai Urban Area, JR-West installed concourse benches at 28 stations in the Kyoto-Osaka-Kobe region. In addition, for the Osaka Loop Line we announced the planned introduction of new 323-model trains within the current fiscal year. Also, for the Kyoto Umekoji area, JR-West opened the Kyoto Railway Museum on April 29, 2016, seeking to make it a “hub of railway culture together with the local community.” The museum has been popular with visitors.

In addition, for measures to stimulate tourism across the western Japan region, in anticipation of the launch of services for the Twilight Express Mizukaze sleeper train in spring 2017, while JR-West had announced the operating routes, train designs, and crew uniform designs in the previous fiscal year, in April 2016 we began steadily making preparations for the opening, including recruiting the inaugural train crew.

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

Despite these measures, as a result of the Kumamoto earthquake in April 2016, and the rebound decline of the effect from the opening of the Hokuriku Shinkansen, operating revenues for the Transportation Operations segment decreased 1.0% from the same period of the previous fiscal year, to ¥222.0 billion, with operating income down 13.1%, to ¥34.8 billion.

b. Retail Business

For our business alliance with Seven-Eleven Japan, we opened 33 new franchised stores to date in FY2017.3 for a total of 226 locations. Sales at all stores are steady.

Of note, JR-West's consolidated subsidiary West Japan Railway Food Service Net Company, which had acquired shares in Karafuneya Coffee Co., Ltd. in August 2015 with the aim of opening locations in cities outside our railway areas, completed an absorption-type merger in June 2016.

Despite these measures, as a result of weak sales at department stores and other factors, revenues in the Retail Business segment decreased 0.6% from the same period of the previous fiscal year, to ¥55.1 billion, with operating income down 34.6%, to ¥0.9 billion.

c. Real Estate Business

LUCUA osaka recorded moderate performance amid a harsh operating environment, with ¥76.1 billion in sales on footfall of 77 million. Going forward, JR-West will seek to further enhance activity at LUCUA osaka and OSC overall.

In addition, in April 2016 JR-West opened VIERRA Tsukaguchi, a station building redevelopment project in front of JR Tsukaguchi Station, and in June 2016 we opened SUITA GREEN PLACE, a business development project that is the JR-West Group's first shopping center in an urban area separated from a station. We also moved forward with renovations of commercial facilities to foster future growth.

As a result of these measures, along with firm condominium sales, operating revenues for the Real Estate Business segment increased 14.4% from the same period of the previous fiscal year, to ¥25.8 billion, with operating income up 13.6%, to ¥9.0 billion.

d. Other Businesses

In hotel operations, JR-West made efforts to expand sales in order to gain business from overseas visitors. 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. Revenues in the hotel and travel businesses increased, along with the number of overseas tourists.

In the construction business, despite efforts to expand order contracts while increasing the safety and quality of construction projects, sales were down on the rebound decline from major projects.

As a result, operating revenues for the Other Businesses segment decreased 9.9% from the same period of the previous fiscal year, to ¥35.1 billion, with operating income down 66.7%, to ¥0.3 billion.

(2) Qualitative Information on the Consolidated Financial Position

JR-West's total assets at the end of the first quarter of the subject fiscal year (June 30, 2016) amounted to ¥2,783.1 billion, a decrease of ¥60.0 billion from the end of the previous fiscal year (March 31, 2016). This was due mainly to a decrease in accounts receivable.

Total liabilities amounted to ¥1,844.4 billion, a decrease of ¥72.3 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥938.6 billion, an increase of ¥12.3 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

Because at this point consolidated earnings for the subject fiscal year are generally in line with expectations, there is no change to the consolidated earnings forecasts from those announced on April 27, 2016.

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)

Some of the Company's consolidated subsidiaries, in accordance with revisions to the Corporation Tax Act, have applied "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (ASBJ Practical Issues Task Force (PITF) No. 32, issued on June 17, 2016) from the beginning of the subject fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on the subject first quarter consolidated financial statements is negligible.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2016	June 30, 2016
ASSETS		
Current assets:		
Cash	45,973	33,519
Notes and accounts receivable-trade	34,681	26,054
Railway fares receivable	34,794	27,296
Accounts receivable	58,719	40,700
Securities	35,000	11,800
Inventories	59,387	71,075
Deferred income taxes	17,979	11,693
Other current assets	64,193	70,225
Less allowance for doubtful accounts	(1,014)	(941)
Total current assets	349,715	291,423
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	1,105,542	1,105,157
Machinery and transport equipment	344,337	348,942
Land	675,002	675,653
Construction in progress	81,885	65,231
Other property, plant and equipment	35,156	35,635
Total property, plant and equipment	2,241,925	2,230,619
Intangible assets	28,131	26,937
Investments and other assets:		
Investments in securities	69,548	67,485
Net defined benefit asset	1,384	1,404
Deferred tax assets	124,868	125,721
Other investments and assets	28,369	40,327
Less allowance for doubtful accounts	(751)	(804)
Total investments and other assets	223,419	234,134
Total fixed assets	2,493,476	2,491,691
Deferred assets	3	—
Total assets	2,843,194	2,783,114

	Millions of yen	
	March 31, 2016	June 30, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	76,782	50,191
Short-term loans payable	14,775	16,709
Current portion of bonds	30,000	30,000
Current portion of long-term loans payable	34,024	33,804
Current portion of long-term payables for acquisition of railway properties	30,647	30,647
Current portion of long-term accounts payable	64	56
Accounts payable	91,338	51,698
Accrued consumption tax	10,840	12,388
Accrued income tax	36,389	7,951
Prepaid railway fares received	38,589	39,968
Advances received	16,738	32,605
Allowance for bonuses	37,777	18,941
Allowance for point program	1,619	1,984
Other current liabilities	117,197	125,819
Total current liabilities	536,786	452,768
Non-current liabilities:		
Bonds payable	464,979	474,979
Long-term loans payable	334,667	334,142
Long-term payables for acquisition of railway properties	107,472	107,472
Deferred tax liabilities	3,271	3,185
Allowance for the Large-Scale Renovation of Shinkansen Infrastructure	—	1,041
Allowance for environmental safety measures	21,099	20,392
Provision for unredeemed gift certificates	2,668	2,604
Net defined benefit liability	341,359	343,373
Other long-term liabilities	104,512	104,457
Total fixed liabilities	1,380,031	1,391,650
Total liabilities	1,916,818	1,844,418

(continued on page 10)

	Millions of yen	
	March 31, 2016	June 30, 2016
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,068	55,068
Retained earnings	704,187	718,200
Treasury stock, at cost	(481)	(481)
Total shareholders' equity	858,775	872,787
Valuation and translation adjustments:		
Net unrealized holding gain on securities	3,523	2,361
Deferred gains or losses on hedges	(121)	(215)
Remeasurements of defined benefit plans	15,685	15,355
Total Valuation and translation adjustments	19,087	17,500
Non-controlling interests	48,513	48,407
Total net assets	926,376	938,696
Total liabilities and net assets	2,843,194	2,783,114

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

Consolidated Statements of Income

Three months ended June 30

	Millions of yen	
	2015	2016
Operating revenues	341,382	338,148
Operating expenses:		
Transportation, other services and cost of sales	246,138	246,041
Selling, general and administrative expenses	44,226	46,785
Total operating expenses	290,365	292,826
Operating income	51,016	45,321
Non-operating revenues:		
Interest income	28	13
Dividend income	162	163
Transfer from administrative fee of contracted construction	25	48
Equity in earnings of affiliates	231	372
Other	601	555
Total non-operating revenues	1,049	1,152
Non-operating expenses:		
Interest expense	6,063	5,701
Other	641	266
Total non-operating expenses	6,704	5,968
Recurring profit	45,361	40,506
Extraordinary profits:		
Gain on contributions received for construction	2,044	2,538
Other	822	208
Total extraordinary profits	2,867	2,747
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	1,972	2,456
Other	1,481	726
Total extraordinary losses	3,454	3,182
Income before income taxes	44,773	40,071
Income taxes- Current	8,920	6,247
Income taxes- Deferred	5,622	6,131
Total income taxes	14,543	12,378
Net income	30,230	27,692
Profit (loss) attributable to non-controlling interests	537	123
Profit attributable to owners of parent	29,693	27,568

Consolidated Statements of Comprehensive Income

Three months ended June 30

	Millions of yen	
	2015	2016
Net income	30,230	27,692
Other comprehensive income:		
Valuation difference on available-for-sale securities	1,291	(1,253)
Deferred gains or losses on hedges	(833)	(117)
Remeasurements of defined benefit plans, net of tax	590	(321)
Share of other comprehensive income of associates accounted for using equity method	21	(2)
Total other comprehensive income	1,069	(1,694)
Comprehensive income	31,300	25,998
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	30,826	25,982
Comprehensive income attributable to non-controlling interests	473	16

Business Segment Information

Three months ended June 30

		Billions of yen		
		2015	2016	Change from the same period of the previous period
Transportation	Operating revenues	224.3	222.0	(2.2)
	Operating income	40.1	34.8	(5.2)
Retail	Operating revenues	55.4	55.1	(0.3)
	Operating income	1.3	0.9	(0.4)
Real Estate	Operating revenues	22.5	25.8	3.2
	Operating income	7.9	9.0	1.0
Other Businesses	Operating revenues	38.9	35.1	(3.8)
	Operating income	1.1	0.3	(0.7)

Note: Revenues by each segment are from third parties.

(3) Note on Assumptions for Going Concern

Not applicable

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

Not applicable

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2016	June 30, 2016	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	251.9	164.2	(87.6)
Fixed assets:			
Fixed assets for railway operations	1,844.7	1,849.3	4.6
Construction in progress	73.1	53.2	(19.8)
Investments and other assets	330.0	369.9	39.8
Total fixed assets	2,247.9	2,272.5	24.6
Total assets	2,499.8	2,436.8	(63.0)

	March 31, 2016	June 30, 2016	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	92.9	92.7	(0.2)
Accounts payable	467.4	384.6	(82.7)
Total current liabilities	560.4	477.4	(83.0)
Fixed liabilities:			
Bonds and long-term debt	902.7	912.4	9.7
Accrued retirement benefits	341.4	342.8	1.3
Other long-term liabilities	29.2	29.2	(0.0)
Total fixed liabilities	1,273.3	1,284.5	11.1
Total liabilities	1,833.7	1,761.9	(71.8)
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	508.3	518.2	9.8
Treasury stock, at cost	(0.0)	(0.0)	—
Total shareholders' equity	663.3	673.2	9.8
Valuation and translation adjustments	2.6	1.6	(1.0)
Total net assets	666.0	674.9	8.8
Total liabilities and net assets	2,499.8	2,436.8	(63.0)

2. NON-CONSOLIDATED STATEMENTS OF INCOME

Three months ended June 30

	2015	2016	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues:				
Transportation	205.8	203.3	(2.4)	(1.2)
Transportation incidentals	4.5	4.4	(0.0)	(2.1)
Other operations	6.4	6.7	0.2	3.9
Miscellaneous	13.9	14.4	0.5	4.0
	230.8	229.0	(1.7)	(0.8)
Operating expenses:				
Personnel costs	57.9	56.2	(1.6)	(2.8)
Non personnel costs:				
Energy costs	11.3	9.9	(1.3)	(11.8)
Maintenance costs	28.0	29.0	0.9	3.5
Miscellaneous costs	43.6	45.7	2.0	4.8
	83.0	84.7	1.7	2.1
Rental payments, etc	6.6	7.5	0.9	14.5
Taxes	8.4	9.2	0.7	8.5
Depreciation	31.1	32.6	1.5	4.8
	187.1	190.4	3.2	1.7
Operating income	43.6	38.5	(5.0)	(11.6)
Non-operating revenues and expenses, net:				
Non-operating revenues	0.9	0.8	(0.0)	—
Non-operating expenses	6.6	5.8	(0.8)	—
	(5.7)	(4.9)	0.7	(13.8)
Recurring profit	37.8	33.5	(4.2)	(11.2)
Extraordinary profit and loss, net:				
Extraordinary profit	2.3	2.5	0.2	—
Extraordinary loss	3.0	2.7	(0.2)	—
	(0.6)	(0.2)	0.4	—
Income before income taxes	37.1	33.3	(3.7)	(10.2)
Income taxes	12.1	9.9	(2.1)	(17.8)
Net income	25.0	23.4	(1.6)	(6.5)

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Three months ended June 30		Change		Three months ended June 30		Change	
	2015	2016	Amount	%	2015	2016	Amount	%
Shinkansen								
Commuter Passes	207	210	3	1.5	2.5	2.5	(0.0)	(2.3)
Non-Commuter Passes	4,609	4,447	(161)	(3.5)	101.7	98.7	(3.0)	(3.0)
Total	4,816	4,658	(158)	(3.3)	104.3	101.2	(3.0)	(3.0)
Conventional Lines								
Commuter Passes	5,987	5,977	(9)	(0.2)	36.0	36.6	0.6	1.8
Non-Commuter Passes	3,573	3,607	34	1.0	65.5	65.4	(0.0)	(0.1)
Total	9,560	9,584	24	0.3	101.5	102.1	0.6	0.6
Kansai Urban Area								
Commuter Passes	4,899	4,891	(8)	(0.2)	29.4	30.0	0.5	2.0
Non-Commuter Passes	2,604	2,636	32	1.2	45.8	45.9	0.0	0.2
Total	7,504	7,527	23	0.3	75.3	76.0	0.6	0.9
Other Lines								
Commuter Passes	1,087	1,086	(1)	(0.1)	6.5	6.5	0.0	0.9
Non-Commuter Passes	968	970	2	0.3	19.6	19.5	(0.1)	(0.7)
Total	2,056	2,057	0	0.0	26.1	26.1	(0.0)	(0.3)
Total								
Commuter Passes	6,194	6,187	(6)	(0.1)	38.5	39.1	0.6	1.6
Non-Commuter Passes	8,182	8,055	(127)	(1.6)	167.2	164.1	(3.0)	(1.8)
Total	14,377	14,243	(134)	(0.9)	205.8	203.3	(2.4)	(1.2)

3. CAPITAL EXPENDITURES

Consolidated Basis

	Three months ended June 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2016
	2015	2016	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	33.1	36.1	3.0	9.2	—
Capital expenditures, excluding contributions received for constructions	31.6	34.2	2.6	8.2	193.0
Contributions received for constructions	1.4	1.9	0.4	29.0	—

Non-Consolidated Basis

	Three months ended June 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2016
	2015	2016	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	28.8	29.9	1.0	3.7	—
Capital expenditures, excluding contributions received for constructions	27.3	28.0	0.6	2.3	163.0
[Safety-related capital expenditures]	[19.2]	[21.0]	[1.8]	[9.4]	[104.5]
Contributions received for constructions	1.4	1.9	0.4	29.0	—

Major Capital Expenditures

Capital investments included earthquake and tsunami countermeasures, new rolling stock (Shinkansen N700A series, 225 and 323 series commuter trains)

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 July 2016 based on information available to JR-West as of July 2016 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.