

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>

President: Tatsuo Kijima

For further information, please contact: Makoto Kitano, General Manager, Corporate Communications Department

Telephone: +81-6-6375-8889

Quarterly report filing date (Planned): November 10, 2017

Planned start of dividend payments: December 1, 2017

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, 2017 (from April 1, 2017 to September 30, 2017)**(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	%
2017	727,109	3.8	111,235	13.1	102,699	16.0	67,844	18.8
2016	700,372	(1.3)	98,359	(11.0)	88,528	(11.2)	57,117	(13.5)

(Note) Comprehensive Income: Six months ended September 30, 2017: ¥70,178 million, 25.9%;

Six months ended September 30, 2016: ¥55,750 million, (17.6)%

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share after dilution
	Yen	Yen
2017	350.43	—
2016	295.02	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2017	3,011,592	1,088,942	33.0
March 31, 2017	3,007,852	1,032,610	31.3

(Reference) Total shareholders' equity: September 30, 2017: ¥995,330 million, March 31, 2017: ¥940,437 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
2017	—	70.00	—	70.00	140.00
2018	—	80.00			
2018 (Forecast)			—	80.00	160.00

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

3. Forecasts for Fiscal Year ending March 31, 2018

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	1,497,000	3.9	185,500	5.2	170,500	6.0

	Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Yen
Fiscal year	110,500	21.0	570.75

(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: None
 - 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)

	Six months ended September 30, 2017	Years ended March 31, 2017
1) Number of shares issued and outstanding (including treasury stock):	193,735,000	193,735,000
2) Number of treasury stock	129,883	129,899
		Six months ended September 30, 2016
3) Average number of shares outstanding for each period (cumulative term):	193,605,101	193,605,151

* Indication regarding the status of auditing procedures

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 the Fiscal Year Ending March 31, 2018

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	972,000	1.7	141,000	4.1	125,000	5.5

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	84,500	19.3	436.16

(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 to passengers. We would like to express once more our deepest regret and condolences to the victims of this accident and the bereaved families, as well as all of the injured and their families. JR-West will continue to make concerted efforts to face with sincerity all persons affected by the accident, and enhance our diligent efforts to improve safety.

The JR-West Group, based on the “JR-West Group Medium-Term Management Plan 2017” and the “Safety Think-and-Act Plan 2017”, the core component of the plan, steadily implemented various measures to enhance enterprise value over the medium to long term.

While the business environment remains difficult as a result of such factors as competition from other modes of transportation and intensifying natural disasters, JR-West has designated FY2018.3, the final year of this plan, as “a year to further refine the successes up to now, and achieve our targets,” and is making a concerted effort as a corporate group to achieve our targets.

During the subject second quarter cumulative period (April 1, 2017 to September 30, 2017), transportation revenues rose on a rebound in railway use from the downturn following the Kumamoto earthquake in April 2016, along with active use during busy periods and other times amid a moderate economic recovery. The retail and real estate businesses also grew steadily. As a result, operating revenues for the subject period rose 3.8% from the same period of the previous fiscal year to ¥727.1 billion, with operating income up 13.1% to ¥111.2 billion, recurring profit up 16.0% to ¥102.6 billion, and profit attributable to owners of parent up 18.8% to ¥67.8 billion.

In addition, JR-West proceeded with negotiations with related organizations and companies for the construction of the Naniwasuji Line.

Also, as an initiative in a new business sector, we pursued a temporary staffing and placement service for seniors through West Japan Railway Career Co., Ltd.

JR-West will continue to pursue measures for growth over the medium to long term, taking into consideration the period of the next medium-term management plan.

(1) Qualitative Information on Consolidated Business Results

Consolidated Results for the Six Months Ended September 30, 2017 (April – September 2017)

Operating revenues:	¥727.1 billion
Operating income:	¥111.2 billion
Recurring profit:	¥102.6 billion
Profit attributable to owners of parent:	¥67.8 billion

Results by Business Segment

a. Transportation Operations

Safety Enhancements

Safety is the most important among JR-West's basic strategies. We took steps to enhance safety in terms of both physical and intangible aspects based on risk assessment, including making steady progress overall with the measures in the safety think-and-act plan, and implementing safety-related investments in line with plan. To enhance safety on platforms, the aspect of particular relevance to customer safety, JR-West moved steadily forward with its plan to install platform gates at stations with more than 100,000 daily passengers boarding and alighting. We also took steps to address intensifying natural disasters, including countermeasures for earthquakes, tsunami, and heavy rains.

JR-West introduced third-party evaluations of its safety management structure in FY2016.3, and received the evaluation result for FY2017.3 in June 2017. We are working to complete implementation of all improvements, including newly received advice, and are making improvements in a manner best suited to the company, in an effort to further enhance our safety management structure.

Further, in terms of measures for technologies that support safety, JR-West is working to develop new technologies to improve safety and work efficiency.

Of note, regarding the recent scandal over falsification of product quality data for materials used in train car parts, JR-West will continue to take appropriate action based on the results of the manufacturer's investigation and other developments.

(Main Specific Measures)

1. Platform safety enhancements

- Installation of platform gates (Osaka Station tracks 6 and 7 (April/May))
- Remote security cameras that notify station staff of abnormal occurrences on platforms installed (At Tennoji and Tsuruhashi stations (Both in April))
- Employees encouraged to acquire qualification as service assistance professionals in order to learn safe assistance skills.

2. Countermeasures for natural disasters

- Installation of derailment prevention guards continued on the Sanyo Shinkansen
- Educational material for train crew utilizing virtual reality created and distributed as a tsunami protection measure for the Kisei Line
- Slope disaster prevention work conducted, including reinforcement of slopes, and installation of drainage facilities
- Implementation of a weather hazard response system to provide unified management of weather-related phenomena including rain, wind, and earthquakes

3. Measures for technologies to support safety

- Development of a Track Facility Diagnostic System that performs inspections, using an on vehicle device, currently conducted by visual observation by technicians (Trial implementation in September)
- Development of a "Utility Pole Handling Vehicle" to enhance the efficiency of utility pole replacement work (To be introduced after October)

Marketing Initiatives

JR-West has included customer satisfaction as one of the basic strategies in its Group Medium-Term Management Plan, and is implementing measures to meet customer needs, while also working to capture and create business and tourism demand.

For the Shinkansen, JR-West enhanced convenience with measures including the launch of Smart EX, a new ticket-less service. We also took steps to enhance the value of the railway belts in the Kansai Urban Area, and promote region-affiliated tourism in Western Japan Areas and other areas. Further, JR-West worked to ensure readiness to welcome overseas visitors to Japan, and enhance the appeal of the "Otonabi" member organization for seniors.

In addition, to further expand use of the ICOCA service, JR-West will introduce a point service system, along with other measures.

(Main Specific Measures)

1. Customer satisfaction

- Launched train location information service on JR-West website (April)
- Expanded guidance service for customers (Enhanced functionality and expanded use of tablets by station staff) (June)
- Trial of chat-based response system for lost article inquiries (August)

2. Shinkansen

- Completed installation of the new automatic train control (ATC) system on the Sanyo Shinkansen, and timetable revisions including shortening travel time for *Kodama* trains (March)
- Conducted the “Beauty of Japan Is in Hokuriku” campaign and other travel campaigns (April-November)
- Launched the “e5489” settlement service at convenience stores and other locations (May)
- Launch of the Smart EX service (September)

3. Kansai Urban Area

- Introduction of new 323-model train cars on the Osaka Loop Line
- Conducted the Kyoto Railway Museum grand opening first anniversary campaign (March-May)
- Launch of station renovation work (Kyobashi Station (August), Tamatsukuri Station (September))

4. Western Japan Areas

- Began operations of the Twilight Express *Mizukaze* sleeper train (June)
- Conducted the Bakumatsu Ishin Yamaguchi destination campaign (September-December)
- Launch of the “JR-West 30th Anniversary Open-type Ticket” (September)

5. Capturing demand from overseas visitors

- Expanded sales counters at Kansai Airport Station, and opened the Travel Service Center Osaka (Both in March)

6. Generating demand among seniors

- Conducted events for “Otonabi” members to mark achieving one million members (“Kyoto Railway Museum” exclusive event (August), etc.)

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

In addition to these measures, the Transportation Operations segment benefitted from a rebound in railway use from the downturn following the Kumamoto earthquake in April 2016, along with active use during busy periods and other times amid a moderate economic recovery. Segment operating revenues rose 2.4% from the same period of the previous fiscal year to ¥472.7 billion, with operating income up 12.1% to ¥83.5 billion.

Of note, regarding the Sanko Line service between Gotsu and Miyoshi, which is scheduled to cease operation in April 2018, JR-West is continuing discussions with local residents aimed at establishing a new local transportation service.

b. Retail Business

As part of its growth strategy for the Retail Business, in FY2015.3 JR-West began converting its previous kiosks and Heart-in convenience stores to tie-up stores with Seven Eleven Japan (SEJ), and pursuing measures to open new stores. During the subject second quarter cumulative period we converted and/or opened 11 stores.

In June, JR-West opened an Entrée Marché at Hiroshima Station, where we are undertaking station improvements, and developing a shopping center and other facilities. We are also opening stores in areas other than stations and railway belts, and in July opened a Karafuneya CAFÉ at Abeno Q's Mall in Osaka.

For department stores, JR-West conducted measures to capture demand from overseas visitors to Japan, and utilize the Kyoto Station Building 20th anniversary.

Further, for the accommodation-oriented hotels included in the Retail Business segment,

JR-West opened Via-inn Abeno Tennoji in April 2017 and Via-inn Umeda in August.

As a result, sales of goods and food services rose steadily at SEJ franchise stores, leading to gains in the Retail Business. Segment revenue rose 2.3% from the same period of the previous fiscal year to ¥117.5 billion, with operating income up 31.9% to ¥3.3 billion.

c. Real Estate Business

JR-West considers the real estate business to have a high degree of affinity with the railway business in terms of utilizing the portfolio assets of the JR-West Group, improving convenience for customers, and enhancing the value of railway belts, and as such develops and manages commercial facilities and residential properties.

In addition, JR-West develops properties in promising markets outside its railway belts or railway service area, in an effort to expand the condominium sales business and strengthen the leasing business. In February 2017, JR-West consolidated Ryoju Properties Co., Ltd., which holds lease properties and other real estate in promising markets such as the Tokyo metropolitan area. For properties held by the Company, JR-West will expand the sales business and strengthen the leasing business, utilizing the know-how of the corporate group.

For shopping centers, at LUCUA osaka, JR-West fully opened the renovated B1 floor of LUCUA 1100 in September, and is continuing with renovations to the remaining B2 floor. In August we completed the renovation of arde! Shin-Osaka, and held the grand opening.

As a result, the Real Estate Business segment was boosted by such factors as the consolidation of Ryoju Properties Co., Ltd., and steady growth in the property development business, including JR West Real Estate and Development Company. Segment revenues rose 36.3% from the same period of the previous fiscal year to ¥68.7 billion, with operating income up 18.1% to ¥19.8 billion.

d. Other Businesses

In hotel operations, to meet firm demand for accommodations and adapt to diverse customer needs, JR-West moved forward with preparations to open high-class accommodation-oriented Hotel Vischio hotels in Osaka and Kyoto, and high-end capsule hotels, First Cabin Station hotels, in Tennoji and Wakayama. Together with its existing Granvia brand of city hotels and Via-inn brand of accommodation-oriented hotels, JR-West is expanding its hotel businesses by utilizing a diverse brand structure, including in areas outside of its railway belts and railway service area.

In travel agency operations, JR-West strengthened marketing to overseas visitors to Japan, and made efforts to expand corporate sales, and sales of products for individuals such as web-only products.

Although results from hotel operations were on a par with the previous fiscal year, and use of travel agency services by overseas visitors increased, the construction business recorded a rebound decline from large-scale project orders. As a result, operating revenues for the Other Businesses segment decreased 7.0% from the same period of the previous fiscal year to ¥68.1 billion, with operating income down 22.4% to ¥3.2 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, 2017) amounted to ¥3,011.5 billion, an increase of ¥3.7 billion from the end of the previous fiscal year (March 31, 2017). This was due mainly to an increase in inventories.

Total liabilities amounted to ¥1,922.6 billion, a decrease of ¥52.5 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥1,088.9 billion, an increase of ¥56.3 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

In consideration of railway transportation revenues and other results, JR-West is revising upward its forecasts for operating revenues, operating income, recurring profit, and profit attributable to owners of parent for the fiscal year ending March 31, 2018, from those announced on July 28, 2017.

Regarding the future outlook, while the business environment for the JR-West Group remains uncertain as a result of such factors as instability in Japan and abroad and competition from other modes of transportation, JR-West considers changes in the business environment a great opportunity for the evolution of the corporate group. For the final year of the “Safety Think-and-Act Plan 2017” and “JR-West Group Medium-Term Management Plan 2017,” by making further refinements based on previous results, and implementing measures to achieve plan targets, we will strengthen the business foundation, and achieve sustainable growth.

Consolidated Forecasts for the Year Ending March 31, 2018

Operating revenues:	¥1,497.0 billion	(up 3.9% YoY)
Operating income:	¥185.5 billion	(up 5.2% YoY)
Recurring profit:	¥170.5 billion	(up 6.0% YoY)
Profit attributable to owners of parent:	¥110.5 billion	(up 21.0% YoY)

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

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2017	September 30, 2017
ASSETS		
Current assets:		
Cash	63,578	62,784
Notes and accounts receivable-trade	25,395	22,000
Railway fares receivable	35,404	38,271
Accounts receivable	67,754	45,029
Securities	—	14,800
Inventories	82,802	112,376
Deferred tax assets	17,582	18,307
Other current assets	60,183	64,494
Less allowance for doubtful accounts	(837)	(857)
Total current assets	351,864	377,207
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	1,150,453	1,129,024
Machinery and transport equipment	364,317	354,858
Land	754,274	758,897
Construction in progress	54,129	67,655
Other property, plant and equipment	36,889	36,859
Total property, plant and equipment	2,360,063	2,347,296
Intangible assets	39,990	37,125
Investments and other assets:		
Investments in securities	80,467	85,562
Net defined benefit asset	1,505	1,538
Deferred tax assets	130,777	120,136
Other investments and assets	44,279	43,817
Less allowance for doubtful accounts	(1,096)	(1,093)
Total investments and other assets	255,933	249,961
Total fixed assets	2,655,987	2,634,384
Total assets	3,007,852	3,011,592

	Millions of yen	
	March 31, 2017	September 30, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	62,908	42,648
Short-term loans payable	15,908	18,391
Current portion of bonds	50,000	50,000
Current portion of long-term loans payable	31,780	28,231
Current portion of long-term payables for acquisition of railway properties	1,512	1,547
Accounts payable	89,355	53,312
Accrued consumption tax	12,200	13,377
Accrued income tax	23,769	25,370
Prepaid railway fares received	37,407	43,725
Advances received	20,222	42,480
Allowance for bonuses	37,428	36,122
Allowance for point program	2,041	2,605
Other current liabilities	160,736	134,311
Total current liabilities	545,270	492,124
Non-current liabilities:		
Bonds payable	484,981	504,982
Long-term loans payable	363,687	371,174
Long-term payables for acquisition of railway properties	105,957	105,173
Deferred tax liabilities	3,195	3,173
Allowance for the Large-Scale Renovation of Shinkansen Infrastructure	4,166	6,250
Allowance for environmental safety measures	18,799	18,419
Provision for loss on liquidation of railway belts	11,457	11,450
Provision for unredeemed gift certificates	2,575	2,626
Net defined benefit liability	325,085	294,570
Other long-term liabilities	110,064	112,706
Total fixed liabilities	1,429,971	1,430,525
Total liabilities	1,975,241	1,922,650

(continued on page 11)

	Millions of yen	
	March 31, 2017	September 30, 2017
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,068	55,229
Retained earnings	768,358	822,775
Treasury stock, at cost	(481)	(481)
Total shareholders' equity	922,945	977,523
Valuation and translation adjustments:		
Net unrealized holding gain on securities	3,763	4,674
Deferred gains or losses on hedges	188	135
Remeasurements of defined benefit plans	13,538	12,996
Total Valuation and translation adjustments	17,491	17,806
Non-controlling interests	92,173	93,612
Total net assets	1,032,610	1,088,942
Total liabilities and net assets	3,007,852	3,011,592

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

Consolidated Statements of Income

Six months ended September 30

	Millions of yen	
	2016	2017
Operating revenues	700,372	727,109
Operating expenses:		
Transportation, other services and cost of sales	508,644	520,270
Selling, general and administrative expenses	93,368	95,602
Total operating expenses	602,012	615,873
Operating income	98,359	111,235
Non-operating revenues:		
Interest income	19	18
Dividend income	289	312
Transfer from administrative fee of contracted construction	133	97
Equity in earnings of affiliates	990	1,247
Other	863	935
Total non-operating revenues	2,297	2,611
Non-operating expenses:		
Interest expense	11,483	10,511
Other	644	636
Total non-operating expenses	12,128	11,147
Recurring profit	88,528	102,699
Extraordinary profits:		
Gain on contributions received for construction	3,940	3,352
Other	1,197	1,797
Total extraordinary profits	5,138	5,149
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	3,772	3,129
Other	5,248	3,349
Total extraordinary losses	9,021	6,479
Profit before income taxes	84,645	101,369
Income taxes- Current	18,193	21,913
Income taxes- Deferred	8,467	9,716
Total income taxes	26,660	31,630
Profit	57,984	69,739
Profit (loss) attributable to non-controlling interests	867	1,894
Profit attributable to owners of parent	57,117	67,844

Consolidated Statements of Comprehensive Income

Six months ended September 30

	Millions of yen	
	2016	2017
Profit	57,984	69,739
Other comprehensive income:		
Valuation difference on available-for-sale securities	(996)	980
Deferred gains or losses on hedges	(576)	(65)
Remeasurements of defined benefit plans, net of tax	(641)	(516)
Share of other comprehensive income of associates accounted for using equity method	(19)	40
Total other comprehensive income	(2,234)	439
Comprehensive income	55,750	70,178
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	55,054	68,159
Comprehensive income attributable to non-controlling interests	696	2,019

Business Segment Information

Six months ended September 30

		Billions of yen		
		2016	2017	Change from the same period of the previous period
Transportation	Operating revenues	461.7	472.7	10.9
	Operating income	74.5	83.5	8.9
Retail	Operating revenues	114.9	117.5	2.6
	Operating income	2.5	3.3	0.8
Real Estate	Operating revenues	50.4	68.7	18.2
	Operating income	16.8	19.8	3.0
Other Businesses	Operating revenues	73.3	68.1	(5.1)
	Operating income	4.1	3.2	(0.9)

Note: Revenues by each segment are from third parties.

(3) Consolidated Statements of Cash Flows

Six months ended September 30

	Millions of yen	
	2016	2017
Cash flows from operating activities		
Profit before income taxes	84,645	101,369
Depreciation and amortization	78,529	79,845
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	3,772	3,129
Loss on disposal of property, plant and equipment	2,148	1,534
Increase (decrease) in net defined benefit liability	(26,540)	(31,272)
Increase (decrease) in allowance for doubtful accounts	234	17
Increase (decrease) in provision for bonuses	(1,116)	(1,309)
Increase (decrease) in allowance for the large-scale renovation of Shinkansen infrastructure	2,083	2,083
Interest and dividend income	(309)	(330)
Interest expenses	11,483	10,511
Equity in earnings of affiliates	(990)	(1,247)
Proceeds from contribution for construction	(3,940)	(3,352)
Decrease (increase) in notes and accounts receivable-trade	30,576	25,701
Decrease (increase) in inventories	(20,398)	(26,592)
Increase (decrease) in notes and accounts payable-trade	(45,177)	(19,361)
Increase (decrease) in accrued consumption taxes	24	1,175
Other	(14,872)	(12,871)
Subtotal	100,153	129,030
Interest and dividends income received	287	329
Interest paid	(11,535)	(10,458)
Income taxes paid	(32,472)	(19,251)
Net cash provided by operating activities	56,432	99,649
Cash flows from investing activities		
Payments for time deposits with a maturity of more than three months	(81)	(81)
Proceeds for time deposits with a maturity of more than three months	116	81
Purchases of property, plant and equipment	(92,495)	(80,262)
Proceeds from sales of property, plant and equipment	284	419
Contributions received for constructions	15,703	19,374
Increase in investments in securities	(1,947)	(3,304)
Net decrease (increase) in loans receivable	(2,365)	1,021
Other	793	40
Net cash used in investing activities	(79,991)	(62,710)

(continued on page 15)

	Millions of yen	
	2016	2017
Cash flows from financing activities		
Change in short-term loans	1,537	2,198
Proceeds from long-term loans	17,000	10,000
Repayment of long-term debt	(1,737)	(6,062)
Proceeds from issuance of bonds	10,000	20,000
Repayment of long-term payables for acquisition of railway properties	(15,127)	(749)
Cash dividends paid to the Company's shareholders	(13,555)	(13,547)
Dividends paid to non-controlling interests	(122)	(122)
Other	(122)	(35,439)
Net cash used in financing activities	(2,128)	(23,723)
Change in cash and cash equivalents, net	(25,687)	13,215
Cash and cash equivalents at the beginning of the period	80,691	63,332
Increase in cash and cash equivalents from newly consolidated subsidiary	—	789
Cash and cash equivalents at the end of the period	55,003	77,337

(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, 2017	September 30, 2017	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	185.5	206.7	21.2
Fixed assets:			
Fixed assets for railway operations	1,877.5	1,847.8	(29.7)
Construction in progress	47.4	52.9	5.4
Investments and other assets	488.3	486.7	(1.6)
Total fixed assets	2,413.4	2,387.6	(25.8)
Total assets	2,598.9	2,594.3	(4.5)

	March 31, 2017	September 30, 2017	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	82.0	76.6	(5.4)
Accounts payable	494.5	452.3	(42.1)
Total current liabilities	576.6	529.0	(47.6)
Fixed liabilities:			
Bonds and long-term debt	949.4	978.6	29.2
Accrued retirement benefits	320.9	289.3	(31.5)
Other long-term liabilities	41.9	44.3	2.3
Total fixed liabilities	1,312.3	1,312.3	(0.0)
Total liabilities	1,889.0	1,841.3	(47.6)
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	552.0	594.4	42.3
Treasury stock, at cost	(0.0)	(0.0)	—
Total shareholders' equity	707.0	749.4	42.3
Valuation and translation adjustments	2.8	3.6	0.7
Total net assets	709.9	753.0	43.0
Total liabilities and net assets	2,598.9	2,594.3	(4.5)

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, 2018	
	2016	2017			(Oct.30)	Change
	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen	
Operating revenues:						
Transportation	422.8	433.6	10.7	2.5	864.0	14.3
Transportation incidentals	8.9	8.8	(0.1)	(1.2)	17.8	(0.2)
Other operations	13.5	14.0	0.5	4.1	28.2	0.9
Miscellaneous	30.0	28.8	(1.1)	(3.9)	62.0	0.8
	475.4	485.4	10.0	2.1	972.0	15.8
Operating expenses:						
Personnel costs	111.3	109.1	(2.1)	(2.0)	220.5	(2.8)
Non personnel costs:						
Energy costs	20.6	22.2	1.6	7.8	45.0	4.4
Maintenance costs	68.0	66.9	(1.0)	(1.6)	160.0	2.8
Miscellaneous costs	92.7	94.2	1.5	1.6	201.0	4.3
	181.4	183.5	2.0	1.1	406.0	11.6
Rental payments, etc	15.1	15.0	(0.0)	(0.5)	30.5	0.2
Taxes	19.7	20.2	0.4	2.5	36.0	1.0
Depreciation	66.4	66.8	0.4	0.7	138.0	0.3
	394.0	394.7	0.7	0.2	831.0	10.3
Operating income	81.3	90.6	9.2	11.4	141.0	5.5
Non-operating revenues and expenses, net:						
Non-operating revenues	1.3	1.3	0.0	—	—	—
Non-operating expenses	11.8	10.8	(1.0)	—	—	—
	(10.5)	(9.4)	1.0	(10.1)	(16.0)	1.0
Recurring profit	70.8	81.1	10.3	14.6	125.0	6.5
Extraordinary profit and loss, net:						
Extraordinary profit	4.3	3.4	(0.9)	—	—	—
Extraordinary loss	7.2	4.2	(3.0)	—	—	—
	(2.9)	(0.7)	2.1	—	(3.0)	13.5
Income before income taxes	67.9	80.3	12.4	18.4	122.0	20.1
Income taxes	21.0	24.5	3.5	16.7	37.5	6.4
Net income	46.9	55.8	8.9	19.1	84.5	13.6

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	
	2016	2017	Amount	%	2016	2017	Amount	%
Shinkansen								
Commuter Passes	415	431	15	3.8	5.1	5.4	0.3	6.3
Non-Commuter Passes	9,588	9,976	388	4.0	209.9	217.2	7.2	3.5
Total	10,004	10,407	403	4.0	215.0	222.6	7.6	3.5
Conventional Lines								
Commuter Passes	11,733	11,803	69	0.6	72.0	72.2	0.1	0.3
Non-Commuter Passes	7,544	7,670	126	1.7	135.7	138.6	2.9	2.2
Total	19,277	19,473	195	1.0	207.8	210.9	3.1	1.5
Kansai Urban Area								
Commuter Passes	9,616	9,678	62	0.6	59.1	59.4	0.2	0.4
Non-Commuter Passes	5,427	5,532	105	1.9	93.8	96.2	2.4	2.6
Total	15,043	15,211	168	1.1	152.9	155.6	2.6	1.7
Other Lines								
Commuter Passes	2,116	2,124	7	0.4	12.9	12.8	(0.0)	(0.4)
Non-Commuter Passes	2,117	2,137	20	1.0	41.8	42.4	0.5	1.4
Total	4,234	4,261	27	0.7	54.8	55.3	0.5	0.9
Total								
Commuter Passes	12,149	12,234	85	0.7	77.2	77.7	0.5	0.7
Non-Commuter Passes	17,132	17,646	514	3.0	345.6	355.9	10.2	3.0
Total	29,281	29,881	599	2.0	422.8	433.6	10.7	2.5

Note: Luggage revenues are not included.

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, 2018
	2016	2017	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	77.3	63.8	(13.5)	(17.5)	—
Capital expenditures, excluding contributions received for constructions	72.4	59.3	(13.1)	(18.1)	166.0
Contributions received for constructions	4.9	4.5	(0.4)	(8.7)	—

Non-Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2018
	2016	2017	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	62.6	46.2	(16.3)	(26.2)	—
Capital expenditures, excluding contributions received for constructions	57.7	41.7	(15.9)	(27.6)	130.0
[Safety-related capital expenditures]	[40.5]	[28.4]	[(12.0)]	[(29.8)]	[79.0]
Contributions received for constructions	4.9	4.5	(0.4)	(8.7)	—

Major Capital Expenditures

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

4. REVISION TO FORECASTS FOR THE FISCAL YEAR ENDING MARCH 31, 2018

	Year ended March 31, 2017	Year ending March 31, 2018		Change		
		Previous forecasts (July 28)	Current forecasts (Oct.30)	C-A	C/A	C-B
	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 :	<1.51>	<1.54>	<1.54>			
Operating revenues	1,441.4	1,492.0	1,497.0	55.5	3.9	5.0
Operating income	176.3	183.5	185.5	9.1	5.2	2.0
Recurring profit	160.7	168.5	170.5	9.7	6.0	2.0
	<1.29>	<1.31>	<1.31>			
Profit attributable to owners of parent	91.2	109.0	110.5	19.2	21.0	1.5
Non-consolidated-basis :						
Operating revenues	956.1	967.0	972.0	15.8	1.7	5.0
Transportation	849.6	859.0	864.0	14.3	1.7	5.0
Operating expenses	820.6	828.0	831.0	10.3	1.3	3.0
Operating income	135.4	139.0	141.0	5.5	4.1	2.0
Recurring profit	118.4	123.0	125.0	6.5	5.5	2.0
Net income	70.8	83.0	84.5	13.6	19.3	1.5

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

	Year ended March 31, 2017	Year ending March 31, 2018		Change		
		Previous forecasts (July 28)	Current forecasts (Oct.30)	C-A	C-B	
	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	929.1	939.0	946.5	17.3	7.5
	Operating income	121.7	125.1	127.1	5.3	2.0
Retail Business	Operating revenues	233.9	240.8	240.8	6.8	—
	Operating income	5.2	7.0	7.0	1.7	—
Real Estate Business	Operating revenues	109.5	138.7	138.7	29.1	—
	Operating income	32.2	35.5	35.5	3.2	—
Other Businesses	Operating revenues	168.8	173.5	171.0	2.1	(2.5)
	Operating income	20.4	19.0	19.0	(1.4)	—

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 2017 based on information available to JR-West as of October 2017 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.