

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): February 9, 2018

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 Nine Months Ended December 31, 2017 (from April 1, 2017 to December 31, 2017)**(1) Operating Results**

Nine months ended December 31

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	1,111,358	4.3	175,268	11.1	162,226	13.3	108,468	17.2
2016	1,066,020	(0.9)	157,799	(4.7)	143,209	(4.3)	92,546	(5.4)

(Note) Comprehensive Income: Nine months ended December 31, 2017: ¥112,747 million, 20.9%;

Nine months ended December 31, 2016: ¥93,273 million, (8.1)%

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share after dilution
	Yen	Yen
2017	560.26	—
2016	478.02	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2017	3,063,294	1,115,847	33.3
March 31, 2017	3,007,852	1,032,610	31.3

(Reference) Total shareholders' equity: December 31, 2017: ¥1,021,061 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: 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: None
 - 2) Changes other than 1) above: None
 - 3) Changes in Accounting Estimates: Yes
 - 4) Restatements: None

(Note) Please refer to 2. MATTERS REGARDING SUMMARY INFORMATION (NOTES) on page 7.

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

	Nine months ended December 31, 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	129,808	129,899
		Nine months ended December 31, 2016
3) Average number of shares outstanding for each period (cumulative term):	193,605,126	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.

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.

Regarding the critical incident that occurred on December 11, 2017, in which cracks and other problems were found in the bogie of a Nozomi 34 train car owned by JR-West, we fully recognize betraying trust from many customers regarding the safety of the Shinkansen. We take this issue extremely seriously, and reiterate our deepest apologies. Immediately after the incident occurred we conducted emergency inspections of all Shinkansen bogies, and confirmed that there were no similar issues. We will continue to cooperate fully with the investigation by the National Transportation Safety Board, and implement necessary countermeasures, in an effort to restore trust in the safety of the Shinkansen.

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.

During the subject third quarter cumulative period (April 1, 2017 to December 31, 2017), transportation revenues rose amid a moderate economic expansion, mainly as a result of active use during holidays and other busy periods, and a rebound in railway use from the downturn following the Kumamoto earthquake in April 2016. The retail and real estate businesses also grew steadily. As a result, operating revenues for the subject period rose 4.3% from the same period of the previous fiscal year to ¥1,111.3 billion, with operating income up 11.1% to ¥175.2 billion, recurring profit up 13.3% to ¥162.2 billion, and profit attributable to owners of parent up 17.2% to ¥108.4 billion.

In addition, regarding construction of the Naniwasuji Line, in November 2017 JR-West concluded a memorandum on proceeding with the project with related organizations and companies, and agreed to have Kansai Rapid Railway Co., Ltd. lead the project.

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 safety enhancement and other measures for growth over the medium to long term, taking into consideration the next medium-term management plan.

(1) Qualitative Information on Consolidated Business Results

Consolidated Results for the Nine Months Ended December 31, 2017 (April – December 2017)

Operating revenues:	¥1,111.3 billion
Operating income:	¥175.2 billion
Recurring profit:	¥162.2 billion
Profit attributable to owners of parent:	¥108.4 billion

Results by Business Segment

a. Transportation Operations

Safety Enhancements

Regarding the critical incident with the Shinkansen mentioned in the preceding section, JR-West recognizes that cracks and oil leakage in the bogie, which is an extremely important component of the railway car, as well as the continued operation of the train despite being aware of an abnormality, are critical issues.

To ensure a proper response to abnormal circumstances, JR-West is working to strengthen its command structure and confirmation system by inspectors riding on cars, as well as considering the early introduction of equipment to detect abnormalities and other hardware. In addition, on January 8, 2018, we established the Expert Committee on the Critical Shinkansen Incident, and are receiving assessments and advice from external experts on JR-West's verification content and response measures from a human factor standpoint, and working to revise the rules and structures for safe operation. Moreover, we are taking steps to strengthen the Shinkansen organization, and through future measures, are working to quickly enhance the Shinkansen safety management structure overall.

In terms of initiatives based on the "Safety Think-and-Act Plan 2017," JR-West implemented various measures to enhance safety in terms of both physical and intangible aspects. We made safety-related investments in line with plan. To enhance safety on platforms, JR-West moved steadily forward with the installation of platform gates at stations with more than 100,000 daily passengers boarding and alighting and other stations with fewer than 100,000 daily passengers, and other initiatives. We also took steps to address intensifying natural disasters, including countermeasures for earthquakes, tsunami, and heavy rains. Further, in December 2017, JR-West consolidated safety-related information and risk-assessment information into a single database, introducing the Safety Management Integrated System, allowing for viewing and analysis at all office locations.

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 revelations in October 2017 of manufacturers' falsification of product quality data for materials used in train car parts, JR-West will 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 2017))
- Remote security cameras that notify station staff of abnormal occurrences on platforms installed (At Tennoji and Tsuruhashi stations (Both in April 2017) and Kyoto Station (December 2017))
- 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 distributed as a tsunami protection measure for the Kisei Line (April 2017)
- For conventional lines, slope disaster prevention work was conducted, including reinforcement of slopes, and installation of drainage facilities
- For conventional lines, implementation of a weather hazard response system to provide unified management of weather-related factors including rainfall, windspeed, and seismic intensity

3. Measures for technologies to support safety

- Development of a Track Facility Diagnostic System that performs inspections using an on-vehicle device (instead of the current system of visual observation by technicians), and trial implementation on the Sanyo Shinkansen (September 2017)
- Development of a "Utility Pole Handling Vehicle" to enhance the efficiency of utility pole replacement work (Introduced from October 2017)
- For conventional lines, development and introduction of a "Train Car Status Monitoring

System” to automatically measure and record the condition of train cars when trains enter the depot or other area (planned for spring 2018)

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 2017)
- Expanded guidance service for customers (Enhanced functionality and expanded use of tablets by station staff) (June 2017)
- Trial of chat-based response system for lost article inquiries (August 2017)

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 2017)
- Conducted the “Beauty of Japan Is in Hokuriku” campaign and other travel campaigns (April-November 2017)
- Launched the “e5489” settlement service at convenience stores and other locations (May 2017)
- Launch of the Smart EX service (September 2017)

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 2017)
- Launch of station renovation work (Kyobashi and Tamatsukuri stations (Both in September 2017)

4. Western Japan Areas

- Began operations of the Twilight Express *Mizukaze* sleeper train (June 2017)
- Launch of the “JR-West 30th Anniversary Open-type Ticket” (September 2017)
- Introduction of the newly built passenger cars for steam locomotive Yamaguchi-go (September 2017)
- Conducted the Bakumatsu Ishin Yamaguchi destination campaign (September-December 2017)

5. Capturing demand from overseas visitors

- Launched “Smart EX” service for overseas visitors to Japan (October 2017)
- Renovation of the Hiroshima Station Information Center (October 2017)

6. Generating demand among seniors

- Conducted events for “Otonabi” members to mark achieving one million members (“Kyoto Railway Museum” exclusive event (August 2017), 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, amid the moderate economic expansion, the Transportation Operations segment benefitted from such factors as active use during holidays and other busy periods, and a rebound in railway use from the downturn following the Kumamoto earthquake in April 2016. Segment operating revenues rose 2.7% from the same period of the previous fiscal year to ¥720.2 billion, with operating income up 10.2% to ¥131.0 billion.

Of note, regarding the Sanko Line service between Gotsu and Miyoshi, which is scheduled to cease operations on April 1, 2018, JR-West is continuing to support the New Public Transportation Network to Replace the Sanko Line, an initiative led by local residents to establish a model case taking into account the needs of the region and a future vision for community development.

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 third quarter cumulative period we converted and/or opened 23 stores.

In June 2017, JR-West opened an Entrée Marché at Hiroshima Station, where we are undertaking station improvements and developing in-station stores and other facilities. We are also opening stores in areas other than stations and railway belts, and in July 2017 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 2.6% from the same period of the previous fiscal year to ¥180.4 billion, with operating income up 29.8% to ¥6.2 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, in September 2017 JR-West fully opened the renovated B1 floor of LUCUA 1100, and in December expanded the *Barchica* restaurant zone on the B2 floor. At Hiroshima Station, in October 2017 we opened the new “ekie” shopping center.

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 33.6% from the same period of the previous fiscal year to ¥100.8 billion, with operating income up 15.4% to ¥29.0

billion.

d. Other Businesses

In hotel operations, to meet firm demand for accommodations and adapt to diverse customer needs, in October 2017 JR-West opened the high-end capsule hotel First Cabin Station Abenoso in Tennoji, and is making preparation for opening the high-class accommodation-oriented Hotel Vischio in Osaka and in Kyoto. In addition, JR-West plans to develop new types of hotels, such as for customers enjoying personal leisure in the Kyoto-Umekoji area. 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 2.8% from the same period of the previous fiscal year to ¥109.8 billion, with operating income down 13.3% to ¥7.8 billion.

(2) Qualitative Information on the Consolidated Financial Position

JR-West's total assets at the end of the third quarter of the subject fiscal year (December 31, 2017) amounted to ¥3,063.2 billion, an increase of ¥55.4 billion from the end of the previous fiscal year. This was due mainly to a temporary increase in cash, preparing for bond redemption, resulting in a temporary increase in cash.

Total liabilities amounted to ¥1,947.4 billion, a decrease of ¥27.7 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥1,115.8 billion, an increase of ¥83.2 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

Because at this point consolidated results for the subject fiscal year are generally in line with expectations, there is no change to the consolidated results forecasts from those announced on October 30, 2017.

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 Estimates)

Regarding costs for processing of low-concentration PCB waste, because of a decline in the processing unit price, the difference from the previous estimate has been recorded as an extraordinary gain in the "Other" category. This resulted in an increase of ¥2,653 million in profit before income taxes for the subject fiscal period.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2017	December 31, 2017
ASSETS		
Current assets:		
Cash	63,578	109,733
Notes and accounts receivable-trade	25,395	23,794
Railway fares receivable	35,404	33,812
Accounts receivable	67,754	47,486
Securities	—	16,600
Inventories	82,802	122,325
Deferred tax assets	17,582	11,737
Other current assets	60,183	69,010
Less allowance for doubtful accounts	(837)	(714)
Total current assets	351,864	433,786
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	1,150,453	1,131,570
Machinery and transport equipment	364,317	351,301
Land	754,274	757,800
Construction in progress	54,129	65,953
Other property, plant and equipment	36,889	35,146
Total property, plant and equipment	2,360,063	2,341,771
Intangible assets	39,990	35,650
Investments and other assets:		
Investments in securities	80,467	87,557
Net defined benefit asset	1,505	1,599
Deferred tax assets	130,777	119,854
Other investments and assets	44,279	44,198
Less allowance for doubtful accounts	(1,096)	(1,122)
Total investments and other assets	255,933	252,085
Total fixed assets	2,655,987	2,629,508
Total assets	3,007,852	3,063,294

	Millions of yen	
	March 31, 2017	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	62,908	47,872
Short-term loans payable	15,908	19,459
Current portion of bonds	50,000	75,000
Current portion of long-term loans payable	31,780	27,926
Current portion of long-term payables for acquisition of railway properties	1,512	1,547
Accounts payable	89,355	61,718
Accrued consumption tax	12,200	14,654
Accrued income tax	23,769	16,488
Prepaid railway fares received	37,407	42,214
Advances received	20,222	31,870
Allowance for bonuses	37,428	18,432
Allowance for point program	2,041	2,797
Other current liabilities	160,736	150,908
Total current liabilities	545,270	510,891
Non-current liabilities:		
Bonds payable	484,981	499,982
Long-term loans payable	363,687	381,174
Long-term payables for acquisition of railway properties	105,957	105,173
Deferred tax liabilities	3,195	3,172
Allowance for the Large-Scale Renovation of Shinkansen Infrastructure	4,166	7,291
Allowance for environmental safety measures	18,799	15,434
Provision for loss on liquidation of railway belts	11,457	11,450
Provision for unredeemed gift certificates	2,575	2,555
Net defined benefit liability	325,085	297,425
Other long-term liabilities	110,064	112,894
Total fixed liabilities	1,429,971	1,436,555
Total liabilities	1,975,241	1,947,447

(continued on page 10)

	Millions of yen	
	March 31, 2017	December 31, 2017
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,068	55,065
Retained earnings	768,358	847,900
Treasury stock, at cost	(481)	(481)
Total shareholders' equity	922,945	1,002,484
Valuation and translation adjustments:		
Net unrealized holding gain on securities	3,763	5,723
Deferred gains or losses on hedges	188	128
Remeasurements of defined benefit plans	13,538	12,725
Total Valuation and translation adjustments	17,491	18,577
Non-controlling interests	92,173	94,785
Total net assets	1,032,610	1,115,847
Total liabilities and net assets	3,007,852	3,063,294

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

Consolidated Statements of Income

Nine months ended December 31

	Millions of yen	
	2016	2017
Operating revenues	1,066,020	1,111,358
Operating expenses:		
Transportation, other services and cost of sales	767,958	792,451
Selling, general and administrative expenses	140,262	143,638
Total operating expenses	908,221	936,089
Operating income	157,799	175,268
Non-operating revenues:		
Interest income	28	23
Dividend income	504	557
Transfer from administrative fee of contracted construction	298	215
Equity in earnings of affiliates	1,329	1,670
Other	1,264	1,419
Total non-operating revenues	3,425	3,885
Non-operating expenses:		
Interest expense	17,076	15,866
Other	939	1,061
Total non-operating expenses	18,016	16,928
Recurring profit	143,209	162,226
Extraordinary profits:		
Gain on contributions received for construction	6,174	13,973
Other	1,397	5,246
Total extraordinary profits	7,572	19,219
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	5,937	13,482
Other	7,698	6,018
Total extraordinary losses	13,635	19,501
Profit before income taxes	137,145	161,945
Income taxes- Current	28,654	34,250
Income taxes- Deferred	14,623	16,227
Total income taxes	43,278	50,477
Profit	93,867	111,467
Profit (loss) attributable to non-controlling interests	1,320	2,999
Profit attributable to owners of parent	92,546	108,468

Consolidated Statements of Comprehensive Income

Nine months ended December 31

	Millions of yen	
	2016	2017
Profit	93,867	111,467
Other comprehensive income:		
Valuation difference on available-for-sale securities	668	2,055
Deferred gains or losses on hedges	(299)	(75)
Remeasurements of defined benefit plans, net of tax	(961)	(774)
Share of other comprehensive income of associates accounted for using equity method	(1)	73
Total other comprehensive income	(593)	1,279
Comprehensive income	93,273	112,747
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	91,934	109,554
Comprehensive income attributable to non-controlling interests	1,339	3,192

Business Segment Information

Nine months ended December 31

		Billions of yen		
		2016	2017	Change from the same period of the previous period
Transportation	Operating revenues	701.5	720.2	18.6
	Operating income	118.8	131.0	12.1
Retail	Operating revenues	175.9	180.4	4.4
	Operating income	4.7	6.2	1.4
Real Estate	Operating revenues	75.4	100.8	25.3
	Operating income	25.1	29.0	3.8
Other Businesses	Operating revenues	113.0	109.8	(3.1)
	Operating income	9.0	7.8	(1.1)

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, 2017	December 31, 2017	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	185.5	249.5	64.0
Fixed assets:			
Fixed assets for railway operations	1,877.5	1,840.9	(36.6)
Construction in progress	47.4	49.9	2.4
Investments and other assets	488.3	493.9	5.5
Total fixed assets	2,413.4	2,384.8	(28.6)
Total assets	2,598.9	2,634.3	35.3

	March 31, 2017	December 31, 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	101.6	19.5
Accounts payable	494.5	443.0	(51.5)
Total current liabilities	576.6	544.7	(31.9)
Fixed liabilities:			
Bonds and long-term debt	949.4	983.6	34.2
Accrued retirement benefits	320.9	291.4	(29.5)
Other long-term liabilities	41.9	42.8	0.9
Total fixed liabilities	1,312.3	1,317.9	5.6
Total liabilities	1,889.0	1,862.7	(26.3)
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	0.0
Retained earnings	552.0	612.1	60.0
Treasury stock, at cost	(0.0)	(0.0)	0.0
Total shareholders' equity	707.0	767.1	60.0
Valuation and translation adjustments	2.8	4.5	1.6
Total net assets	709.9	771.6	61.6
Total liabilities and net assets	2,598.9	2,634.3	35.3

2. NON-CONSOLIDATED STATEMENTS OF INCOME

	Nine months ended December 31		Change from the same period of the previous year		Forecasts for year ending March 31, 2018	
	2016	2017			(Jan. 31)	Change
	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen	
Operating revenues:						
Transportation	642.9	659.3	16.3	2.5	864.0	14.3
Transportation incidentals	13.5	13.3	(0.1)	(1.2)	17.8	(0.2)
Other operations	20.3	21.2	0.9	4.6	28.2	0.9
Miscellaneous	45.1	45.2	0.1	0.3	62.0	0.8
	721.9	739.2	17.2	2.4	972.0	15.8
Operating expenses:						
Personnel costs	166.3	163.1	(3.2)	(1.9)	220.5	(2.8)
Non personnel costs:						
Energy costs	30.3	33.0	2.6	8.6	45.0	4.4
Maintenance costs	104.4	105.0	0.5	0.6	160.0	2.8
Miscellaneous costs	138.9	142.8	3.8	2.8	201.0	4.3
	273.8	280.8	7.0	2.6	406.0	11.6
Rental payments, etc	22.6	22.6	(0.0)	(0.3)	30.5	0.2
Taxes	28.5	29.1	0.6	2.2	36.0	1.0
Depreciation	101.3	101.4	0.0	0.1	138.0	0.3
	592.7	597.3	4.5	0.8	831.0	10.3
Operating income	129.1	141.9	12.7	9.9	141.0	5.5
Non-operating revenues and expenses, net:						
Non-operating revenues	1.9	2.0	0.0	—	—	—
Non-operating expenses	17.6	16.4	(1.2)	—	—	—
	(15.7)	(14.3)	1.3	(8.6)	(16.0)	1.0
Recurring profit	113.4	127.5	14.0	12.4	125.0	6.5
Extraordinary profit and loss, net:						
Extraordinary profit	6.6	17.3	10.6	—	—	—
Extraordinary loss	10.3	16.3	5.9	—	—	—
	(3.6)	0.9	4.6	—	(3.0)	13.5
Income before income taxes	109.7	128.4	18.7	17.1	122.0	20.1
Income taxes	33.9	39.4	5.5	16.2	37.5	6.4
Net income	75.8	89.0	13.2	17.5	84.5	13.6

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Nine months ended December 31		Change		Nine months ended December 31		Change	
	2016	2017	Amount	%	2016	2017	Amount	%
Shinkansen								
Commuter Passes	618	642	23	3.8	7.7	8.1	0.4	5.5
Non-Commuter Passes	14,857	15,422	564	3.8	322.4	333.4	11.0	3.4
Total	15,476	16,064	588	3.8	330.1	341.6	11.4	3.5
Conventional Lines								
Commuter Passes	17,440	17,529	89	0.5	107.6	108.0	0.4	0.4
Non-Commuter Passes	11,428	11,623	194	1.7	205.1	209.6	4.4	2.2
Total	28,868	29,153	284	1.0	312.7	317.6	4.8	1.6
Kansai Urban Area								
Commuter Passes	14,311	14,390	79	0.6	88.3	88.8	0.4	0.5
Non-Commuter Passes	8,217	8,362	145	1.8	141.7	144.9	3.1	2.2
Total	22,528	22,753	224	1.0	230.1	233.7	3.6	1.6
Other Lines								
Commuter Passes	3,128	3,139	10	0.3	19.2	19.2	(0.0)	(0.1)
Non-Commuter Passes	3,211	3,260	49	1.5	63.4	64.6	1.2	2.0
Total	6,339	6,399	59	0.9	82.6	83.9	1.2	1.5
Total								
Commuter Passes	18,058	18,172	113	0.6	115.3	116.2	0.8	0.8
Non-Commuter Passes	26,286	27,045	759	2.9	527.6	543.1	15.4	2.9
Total	44,345	45,217	872	2.0	642.9	659.3	16.3	2.5

Note: Luggage revenues are not included.

3. CAPITAL EXPENDITURES

Consolidated Basis

	Nine months ended December 31		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	124.7	111.3	(13.4)	(10.8)	—
Capital expenditures, excluding contributions received for constructions	115.9	97.1	(18.7)	(16.2)	166.0
Contributions received for constructions	8.8	14.1	5.3	60.0	—

Non-Consolidated Basis

	Nine months ended December 31		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	102.0	84.1	(17.8)	(17.5)	—
Capital expenditures, excluding contributions received for constructions	93.1	69.9	(23.1)	(24.9)	130.0
[Safety-related capital expenditures]	[63.3]	[46.1]	[(17.2)]	[(27.3)]	[79.0]
Contributions received for constructions	8.8	14.1	5.3	60.0	—

Major Capital Expenditures

Capital investments included earthquake and tsunami countermeasures, and new rolling stock (Sanyo Shinkansen N700A, 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 January 2018 based on information available to JR-West as of January 2018 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.