

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, 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 Three Months Ended June 30, 2018 (from April 1, 2018 to June 30, 2018)**(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	%
2018	361,116	2.4	60,293	10.0	56,412	11.7	38,547	11.0
2017	352,526	4.3	54,794	20.9	50,520	24.7	34,740	26.0

(Note) Comprehensive Income: Three months ended June 30, 2018: ¥38,863 million, 7.9%;

Three months ended June 30, 2017: ¥36,004 million, 38.5%;

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share after dilution
	Yen	Yen
2018	199.19	—
2017	179.44	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2018	3,055,966	1,134,880	34.0
March 31, 2018	3,071,829	1,116,304	33.2

(Reference) Total shareholders' equity: June 30, 2018: ¥1,039,227 million, March 31, 2018: ¥1,020,960 million

(Note) From the start of the subject fiscal year, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). Figures for FY3/18 have been retroactively adjusted.

2. Dividends

Year ended/ ending March 31

	Dividends per share				
	June 30	September 30	December 31	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2018	—	80.00	—	80.00	160.00
2019	—				
2019 (Forecast)		87.50	—	87.50	175.00

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

3. Forecasts for Fiscal Year ending March 31, 2019

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	737,500	1.4	114,000	2.5	105,500	2.7
Fiscal year	1,525,500	1.7	187,500	(2.0)	174,000	(2.1)

	Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Yen
Interim period	69,500	2.4	360.15
Fiscal year	111,000	0.5	576.13

(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: None
 - 4) Restatements: None
- (4) Number of shares outstanding (Common stock)

	Three months ended June 30, 2018	Year ended March 31, 2018
1) Number of shares issued and outstanding (including treasury stock):	193,735,000	193,735,000
2) Number of treasury stock	734,908	129,808
		Three months ended June 30, 2017
3) Average number of shares outstanding for each period (cumulative term):	193,522,862	193,605,101

* Financial results are not subject to auditing.

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. The average number of shares during the subject period, the basis for calculating profit attributable to owners of parent per share in the consolidated results forecasts, includes the 1,253,600 shares of treasury stock acquired from June 1, 2018 (announced on July 18, 2018).
3. 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. 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.

JR-West also offers deepest sympathies for everyone affected by the recent torrential rains in Western Japan, and prayers for those who lost their lives. JR-West has suspended operations on sections of some lines, and is operating replacement bus services. We are continuing to make concerted efforts as a company, and support disaster recovery.

From the subject fiscal year, the JR-West Group launched the “JR-West Group Medium-Term Management Plan 2022” and its core component, the “JR-West Group Railway Safety Think-and-Act Plan 2022.” We also formulated the “JR-West Group Technology Vision” to explore how to achieve the ideal form for the JR-West Group from a technical standpoint.

Based on the “Medium-Term Management Plan 2022” and “Safety Think-and-Act Plan 2022,” JR-West implemented various measures to enhance its corporate value over the longer term.

Going forward, in addition to the common group strategies in the “Medium-Term Management Plan 2022” of “Increase regional value,” “Increase railway belt value,” and “Increase business value,” JR-West will pursue the basic strategies and business strategies for both the Railway Business and the Non-Railway Businesses, and contribute to the realization of its vision for the future, the fostering of “a safe and comfortable society filled with meetings among people and smiles.”

During the subject first quarter cumulative period, although transportation revenues were affected by the 2018 Osaka earthquake, revenue rose overall on favorable railway usage during peak periods. The retail businesses also grew steadily.

As a result, operating revenues for the subject period (April 1, 2018 to June 30, 2018) rose 2.4% from the same period of the previous fiscal year to ¥361.1 billion, with operating income up 10.0% to ¥60.2 billion, recurring profit up 11.7% to ¥56.4 billion, and profit attributable to owners of parent up 11.0% to ¥38.5 billion.

While the business environment for the JR-West Group is difficult as a result of such factors as a shrinking market due to population decline, labor shortages, and increasingly severe natural disasters, we will continue our efforts to develop the strengths of the corporate group, seek to expand our business to new markets and fields, and enhance corporate value over the longer term.

(1) Qualitative Information on Consolidated Business Results

Consolidated Results for the Three Months Ended June 30, 2018 (April – June 2018)

Operating revenues:	¥361.1 billion
Operating income:	¥60.2 billion
Recurring profit:	¥56.4 billion
Profit attributable to owners of parent:	¥38.5 billion

Results by Business Segment

a. Transportation Operations

Safety Enhancements

The JR-West Group, based on the “Safety Think-and-Act Plan 2022,” is implementing various measures aimed at establishing a structure to ensure safety throughout the entire organization,

and fostering a corporate culture that prioritizes safety.

We also continued with safety-enhancement measures to protect against natural disasters such as earthquakes and torrential rains.

For measures to counter earthquakes, based on previous experience with earthquakes, JR-West undertook various measures, including seismic reinforcement of viaduct supports and stations, installation of derailment prevention guards on the Sanyo Shinkansen. As a result, during the 2018 Osaka earthquake in June, although many trains were operating during the morning rush hour, there were no serious injuries to passengers, or major damage to company facilities. While there were no serious injuries, other issues emerged, such as the time required to resume operations, and the way that information was provided to customers.

Based on these circumstances, JR-West will continue to pursue appropriate measures to resume operations as quickly as possible.

For measures to counter torrential rains, as a result of slope disaster prevention measures concentrating on the Kyoto-Osaka-Kobe area, JR-West managed to cut restricted train operation time along the subject sections of track by around 45% compared to prior to the introduction of measures. Also, during the torrential rains in July 2018 centered on Western Japan, JR-West was able to significantly reduce periods of suspended operations along sections primarily used for local trains on the JR Kyoto Line and JR Kobe Line.

In terms of improving safety for the Shinkansen, regarding the critical incident involving the Shinkansen that occurred in December 2017, JR-West takes very seriously the fact that workers failed to detect an anomaly in the bogie, and that the crew continued to operate the train despite sensing the aberration. We are making painstaking efforts to ensure the safety of rolling stock with meticulous visual inspections, and are steadily implementing measures to respond appropriately when there is an abnormality.

Also, in response to the incident in June 2018 when the Nozomi No. 176 Shinkansen struck a person on the tracks between Hakata and Kokura stations, JR-West is redoubling efforts to ensure that personnel immediately report any abnormality, and that a prompt systematic response is taken to ensure safety. We are also systematically implementing measures to prevent persons from entering the track, including strengthening protective fences and other facilities.

Further, based on the deadly attack on the Tokaido Shinkansen in June 2018, JR-West will continue with measures to install more security cameras in trains and increase in-train security patrols. We will also equip trains with protective gear, and make other efforts to ensure security on the Shinkansen.

(Main Specific Measures during the Subject Fiscal Period)

1. Countermeasures for natural disasters

- Installation of derailment prevention guards continued on the Sanyo Shinkansen
- Slope disaster prevention work was conducted, including reinforcement of slopes, and installation of drainage facilities
- Implementation of a weather hazard response system to provide unified management of weather-related factors including rainfall, wind speed, and seismic intensity

2. Measures for technologies to support safety

- New on-board safety system (D-TAS) put into operation on the Sanyo Main Line between Nishi-Hiroshima and Iwakuni stations (May)
- Wireless ATC to maintain safe distances between trains through continual wireless communication

(Introduction planned for spring 2023 on the Wakayama Line between Hashimoto and Wakayama stations.)

Marketing Initiatives

Customer satisfaction (CS) is one of the basic strategies of the railway business. JR-West pursued measures to meet the diverse needs of customers, while working to capture and create business and tourism demand.

Along with various measures to increase customer satisfaction, JR-West continued worked to raise transport service quality on the Shinkansen, enhance the value of the railway belts in the Kansai Urban Area, and promote region-affiliated tourism in the West Japan Area. We also took steps to improve the reception system for overseas visitors to Japan.

(Main Specific Measures)

1. Shinkansen

- Began operating the 500-series “Hello Kitty Shinkansen” (June)
- Conducted the “Beauty of Japan Is in Hokuriku” campaign (April-November)

2. Kansai Urban Area

- Completed renovation of Ibaraki Station, and held the grand opening (April)

3. West Japan Area

- Conducted a one-year anniversary event for the start of operations on the Twilight Express *Mizukaze* sleeper train (June)
- Conducted the Setouchi campaign (March-June)

4. Enhancing customer satisfaction

- Set up a chat-based response system to inquire about lost items, and a lost items helpline (May)

5. Assistance for overseas visitors, and generating demand

- Strengthened functions at the special counter for overseas visitors at the Green Window ticket counter (Midori-no-madoguchi) in Kyoto Station (April)
- Made the Singapore Office a branch office under local laws to strengthen sales and promotional activities to local travelers (April)

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.

Transportation revenues were affected by the 2018 Osaka earthquake. However, results were boosted by the above measures, along with favorable railway usage during peak periods. Transportation Operations segment revenue rose 1.4% from the same period of the previous fiscal year to ¥232.9 billion, with operating income up 14.6% to ¥48.9 billion.

b. Retail Business

For the Retail Business, JR-West worked to strengthen managerial capabilities for directly-operated stores, enhance convenience inside stations, expand to areas outside stations, and establish a competitive brand.

During the subject first quarter cumulative period, JR-West expanded openings of new tie-up franchise stores with Seven Eleven Japan (SEJ), and worked to improve profitability at existing locations. We also developed and opened stores inside and outside of stations.

For department stores, JR-West conducted measures to capture demand from overseas visitors to Japan. We also moved forward with a major renovation of JR Kyoto Isetan, the largest since the store’s opening, in order to further enhance its appeal.

Further, for the accommodation-oriented hotels included in the Retail Business segment, JR-West opened Via-inn Shin-Osaka Shomenguchi in July 2018, and continued with preparations to open Via-inn Nagoya Ekimae Tsubakicho in August, and Via-inn Iidabashi Korakuen in September.

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 3.4% from the same period of the previous fiscal year to ¥58.5 billion, with operating income up 17.8% to ¥1.7 billion.

c. Real Estate Business

For the Real Estate Business, in recognition that the real estate business has a high degree of affinity with the railway business in terms of utilizing the portfolio assets of the corporate group to improve customer convenience and enhance the value of railway belts, JR-West pursued such businesses as the development and management of shopping centers, as well as sales of residential and other properties.

In April 2018, JR-West opened LUCUA FOOD HALL, a new dining area in the 2F basement of LUCUA Osaka, completing the renovation of the underground floors begun the previous year. Also in April, we opened the VIERRA Senrioka commercial facility, and the renovated VIERRA Yamashina.

Further, JR-West pursued real estate sales and the leasing business in promising markets, including those outside JR-West's railway belts or railway service area.

As a result, despite the boost from such factors as renovation of commercial facilities, the Real Estate Business segment was affected by a rebound decline from condominium sales in the previous year. Segment revenues decline 3.4% from the same period of the previous fiscal year to ¥33.8 billion, with operating income down 9.4% to ¥9.6 billion.

d. Other Businesses

In the Hotel Business, to meet firm accommodation demand and respond to the diverse needs of customers, JR-West strengthened operational capabilities, including structures and facilities for the reception system for overseas visitors to Japan, and worked to expand openings of new hotels.

In June 2018, JR-West opened Hotel Vischio Osaka, a new type of high-class accommodation-oriented hotel for JR-West Group hotels. We also opened Hotel Vischio Amagasaki, rebranding the previous Hopinn Aming Hotel with a direct connection of Amagasaki Station. Going forward, together with its Granvia brand of city hotels and Via-inn brand of accommodation-oriented hotels, JR-West will develop 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.

As a result, operating revenues for the Other business segment rose 15.1% from the same period of the previous fiscal year to ¥35.7 billion, though with an operating loss for the period of ¥0.9 billion. This was due mainly to the impact in the hotel business from the closure of the Sannomiya Terminal Hotel in Kobe, offsetting gains in the construction business from increases in orders.

(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, 2018) amounted to ¥3,055.9 billion, a decrease of ¥15.8 billion from the end of the previous fiscal year (March 31, 2018). This was due mainly to a decrease in accounts receivable.

Total liabilities amounted to ¥1,921.0 billion, a decrease of ¥34.4 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥1,134.8 billion, an increase of ¥18.5 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

JR-West anticipates a decline in operating revenues due to suspended operations following the torrential rains in July 2018, as well as expenditures for restoration. However, at this point, the amount of financial impact is difficult to determine. Considering that railway use is expected to grow steadily along segments less affected by the disaster, and the firm outlook for the economy going forward, consolidated results forecasts for the fiscal year ending March 2019 are unchanged from those announced on April 27, 2018.

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, 2018	June 30, 2018
ASSETS		
Current assets:		
Cash	82,995	81,819
Notes and accounts receivable-trade	28,180	26,841
Railway fares receivable	40,186	32,812
Accounts receivable	72,713	43,699
Securities	18,700	18,700
Inventories	101,258	120,531
Other current assets	56,323	66,889
Less allowance for doubtful accounts	(815)	(806)
Total current assets	399,542	390,487
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	1,144,690	1,139,360
Machinery and transport equipment	351,382	353,323
Land	758,987	760,494
Construction in progress	73,063	72,026
Other property, plant and equipment	36,413	37,007
Total property, plant and equipment	2,364,537	2,362,212
Intangible assets	35,867	34,751
Investments and other assets:		
Investments in securities	86,817	88,931
Net defined benefit asset	1,868	1,947
Deferred tax assets	142,059	136,030
Other investments and assets	43,961	44,393
Less allowance for doubtful accounts	(2,823)	(2,788)
Total investments and other assets	271,882	268,515
Total non-current assets	2,672,286	2,665,479
Total assets	3,071,829	3,055,966

	Millions of yen	
	March 31, 2018	June 30, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	65,057	47,545
Short-term loans payable	17,252	21,888
Current portion of bonds	25,000	50,000
Current portion of long-term loans payable	34,126	48,826
Current portion of long-term payables for acquisition of railway properties	1,580	1,580
Accounts payable	95,188	63,784
Accrued consumption tax	11,835	12,692
Accrued income tax	31,130	12,573
Prepaid railway fares received	38,860	41,692
Advances received	29,551	49,899
Allowance for bonuses	39,187	18,803
Allowance for point program	2,204	2,368
Other current liabilities	139,314	147,660
Total current liabilities	530,289	519,315
Non-current liabilities:		
Bonds payable	499,983	489,983
Long-term loans payable	367,161	352,161
Long-term payables for acquisition of railway properties	104,375	104,375
Deferred tax liabilities	2,446	2,160
Allowance for the Large-Scale Renovation of Shinkansen Infrastructure	8,333	9,375
Allowance for environmental safety measures	15,838	15,593
Provision for loss on liquidation of railway belts	10,170	10,093
Provision for unredeemed gift certificates	2,414	2,358
Net defined benefit liability	301,783	302,907
Other long-term liabilities	112,730	112,763
Total non-current liabilities	1,425,236	1,401,771
Total liabilities	1,955,525	1,921,086

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	Millions of yen	
	March 31, 2018	June 30, 2018
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	56,171	56,171
Retained earnings	849,925	873,179
Treasury stock, at cost	(481)	(5,359)
Total shareholders' equity	1,005,615	1,023,990
Valuation and translation adjustments:		
Net unrealized holding gain on securities	4,018	4,434
Deferred gains or losses on hedges	83	(140)
Remeasurements of defined benefit plans	11,242	10,942
Total Valuation and translation adjustments	15,344	15,236
Non-controlling interests	95,343	95,652
Total net assets	1,116,304	1,134,880
Total liabilities and net assets	3,071,829	3,055,966

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

Consolidated Statements of Income

Three months ended June 30

	Millions of yen	
	2017	2018
Operating revenues	352,526	361,116
Operating expenses:		
Transportation, other services and cost of sales	249,951	252,278
Selling, general and administrative expenses	47,779	48,544
Total operating expenses	297,731	300,822
Operating income	54,794	60,293
Non-operating revenues:		
Interest income	13	4
Dividend income	178	648
Transfer from administrative fee of contracted construction	34	19
Equity in earnings of affiliates	428	330
Other	578	517
Total non-operating revenues	1,232	1,521
Non-operating expenses:		
Interest expense	5,208	4,921
Other	297	481
Total non-operating expenses	5,506	5,403
Recurring profit	50,520	56,412
Extraordinary profits:		
Gain on contributions received for construction	1,734	4,287
Other	1,645	478
Total extraordinary profits	3,379	4,765
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	1,702	4,215
Other	911	1,046
Total extraordinary losses	2,614	5,262
Profit before income taxes	51,286	55,915
Income taxes- Current	10,404	11,023
Income taxes- Deferred	5,310	5,845
Total income taxes	15,715	16,868
Profit	35,571	39,047
Profit (loss) attributable to non-controlling interests	830	499
Profit attributable to owners of parent	34,740	38,547

Consolidated Statements of Comprehensive Income

Three months ended June 30

	Millions of yen	
	2017	2018
Profit	35,571	39,047
Other comprehensive income:		
Valuation difference on available-for-sale securities	812	357
Deferred gains or losses on hedges	(145)	(280)
Remeasurements of defined benefit plans, net of tax	(258)	(289)
Share of other comprehensive income of associates accounted for using equity method	24	29
Total other comprehensive income	433	(183)
Comprehensive income	36,004	38,863
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	35,121	38,439
Comprehensive income attributable to non-controlling interests	883	424

Business Segment Information

Three months ended June 30

		Billions of yen		
		2017	2018	Change from the same period of the previous period
Transportation	Operating revenues	229.7	232.9	3.1
	Operating income	42.7	48.9	6.2
Retail	Operating revenues	56.6	58.5	1.9
	Operating income	1.4	1.7	0.2
Real Estate	Operating revenues	35.0	33.8	(1.2)
	Operating income	10.5	9.6	(0.9)
Other Businesses	Operating revenues	31.0	35.7	4.6
	Operating income	(0.4)	(0.9)	(0.5)

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

The Company, based on a resolution at a meeting of the Board of Directors held on April 27, 2018, acquired 605,100 shares of its own stock through market purchases made through June 30, 2018.

As a result, during the subject first quarter cumulated period, treasury stock increased ¥4,878 million, to ¥5,359 million at the end of the subject period.

(5) Other

(Material subsequent events)

1. Impact of the July 2018 torrential rains on the Company's financial condition and business results

The torrential rains in July 2018 caused widespread damage to the Company's conventional railroad lines, and operations are suspended along certain segments in the Chugoku area. The impact of the disaster on its financial condition and business results from the next quarter is undermined at this point.

2. Cancellation of treasury stock

The Company, at a meeting of its Board of Directors held on July 31, 2018, resolved to cancel treasury stock based on the provisions of Article 178 of the Companies Act.

- 1) Type of shares to be cancelled: Common Stock of the Company
- 2) Number of shares to be cancelled: 1,253,600 shares
(0.6% of issued shares prior to the cancellation)
- 3) Scheduled date of cancellation: August 15, 2018

(Reference) After the cancellation, the total number of shares outstanding will be 192,481,400 shares.

(Additional information)

Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

From the beginning of the subject fiscal year, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). Deferred tax assets are shown in the "Investments and other assets" item, and deferred tax liabilities in the "Non-current liabilities" item.

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2018	June 30, 2018	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	238.9	222.1	(16.8)
Non-current assets:			
Non-current assets for railway operations	1,851.3	1,845.5	(5.7)
Construction in progress	63.2	61.1	(2.0)
Investments and other assets	505.7	506.6	0.8
Total non-current assets	2,420.3	2,413.4	(6.9)
Total assets	2,659.3	2,635.5	(23.7)

	March 31, 2018	June 30, 2018	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	57.8	97.8	40.0
Accounts payable	534.1	479.4	(54.7)
Total current liabilities	592.0	577.3	(14.7)
Non-current liabilities:			
Bonds and long-term debt	969.1	944.1	(24.9)
Accrued retirement benefits	293.4	293.8	0.3
Other long-term liabilities	43.0	43.5	0.4
Total non-current liabilities	1,305.6	1,281.5	(24.1)
Total liabilities	1,897.6	1,858.8	(38.8)
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	603.7	623.2	19.4
Treasury stock, at cost	(0.0)	(4.8)	(4.8)
Total shareholders' equity	758.7	773.3	14.5
Valuation and translation adjustments	2.9	3.3	0.4
Total net assets	761.7	776.7	15.0
Total liabilities and net assets	2,659.3	2,635.5	(23.7)

(Note) Figures at the end of FY3/18 have been retroactively adjusted due to the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting".

2. NON-CONSOLIDATED STATEMENTS OF INCOME

Three months ended June 30

	2017	2018	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues:				
Transportation	211.0	213.7	2.6	1.3
Transportation incidentals	4.2	4.3	0.0	1.0
Other operations	6.9	7.1	0.1	2.3
Miscellaneous	13.9	14.3	0.4	3.1
	236.2	239.5	3.2	1.4
Operating expenses:				
Personnel costs	54.9	54.3	(0.6)	(1.1)
Non personnel costs:				
Energy costs	10.5	10.9	0.3	3.7
Maintenance costs	27.8	26.4	(1.3)	(4.9)
Miscellaneous costs	46.2	46.7	0.5	1.2
	84.6	84.1	(0.4)	(0.5)
Rental payments, etc	7.5	6.7	(0.7)	(10.0)
Taxes	9.5	9.6	0.1	1.3
Depreciation	33.1	31.6	(1.4)	(4.4)
	189.7	186.6	(3.1)	(1.7)
Operating income	46.5	52.9	6.4	13.8
Non-operating revenues and expenses, net:				
Non-operating revenues	0.8	1.9	1.0	—
Non-operating expenses	5.3	5.1	(0.2)	—
	(4.4)	(3.1)	1.3	(29.4)
Recurring profit	42.0	49.8	7.7	18.4
Extraordinary profit and loss, net:				
Extraordinary profit	1.7	4.3	2.6	—
Extraordinary loss	2.0	4.7	2.6	—
	(0.3)	(0.4)	(0.0)	—
Income before income taxes	41.7	49.3	7.6	18.3
Income taxes	12.5	14.4	1.8	14.5
Net income	29.1	34.9	5.8	20.0

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	
	2017	2018	Amount	%	2017	2018	Amount	%
Shinkansen								
Commuter Passes	216	225	8	4.0	2.7	2.8	0.1	3.8
Non-Commuter Passes	4,783	4,850	67	1.4	104.6	106.8	2.2	2.2
Total	4,999	5,075	75	1.5	107.3	109.7	2.3	2.2
Conventional Lines								
Commuter Passes	6,002	5,997	(5)	(0.1)	36.3	36.4	0.0	0.1
Non-Commuter Passes	3,664	3,677	12	0.3	67.3	67.6	0.2	0.4
Total	9,667	9,674	7	0.1	103.7	104.0	0.3	0.3
Kansai Urban Area								
Commuter Passes	4,914	4,913	(1)	(0.0)	29.8	29.9	0.0	0.2
Non-Commuter Passes	2,697	2,697	0	0.0	47.5	47.5	0.0	0.1
Total	7,611	7,610	(0)	(0.0)	77.4	77.5	0.1	0.2
Other Lines								
Commuter Passes	1,087	1,084	(3)	(0.4)	6.4	6.4	(0.0)	(0.3)
Non-Commuter Passes	967	979	12	1.3	19.8	20.0	0.1	1.0
Total	2,055	2,063	8	0.4	26.3	26.4	0.1	0.7
Total								
Commuter Passes	6,219	6,222	3	0.1	39.0	39.2	0.1	0.4
Non-Commuter Passes	8,447	8,527	80	0.9	172.0	174.5	2.5	1.5
Total	14,666	14,750	83	0.6	211.0	213.7	2.6	1.3

Note: Luggage revenues are not included.

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, 2018
	2017	2018	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	31.0	38.1	7.1	22.9	—
Capital expenditures, excluding contributions received for constructions	29.2	36.6	7.3	25.3	280.0
Contributions received for constructions	1.8	1.5	(0.2)	(14.2)	—

Non-Consolidated Basis

	Three months ended June 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2018
	2017	2018	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	21.3	29.0	7.7	36.4	—
Capital expenditures, excluding contributions received for constructions	19.4	27.4	8.0	41.2	218.0
[Safety-related capital expenditures]	[13.6]	[18.8]	[5.1]	[38.0]	[127.0]
Contributions received for constructions	1.8	1.5	(0.2)	(14.2)	—

Major Capital Expenditures

Capital investments included earthquake and tsunami countermeasures, new rolling stock (227 series commuter and Sanyo Shinkansen N700A 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 2018 based on information available to JR-West as of July 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, and disaster recovery expenses from torrential rains in July 2018, are NOT considered in this report.