

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: <https://www.westjr.co.jp>

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Date for the General Meeting of Shareholders: June 20, 2019

Filing of annual security report: June 21, 2019

Start of dividend payments: June 21, 2019

Supplemental explanatory material prepared: Yes

Results briefing held: Yes

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

1. Performance**(1) Operating results**

Years ended March 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	%
2019	1,529,308	1.9	196,946	2.9	183,323	3.1	102,750	(7.0)
2018	1,500,445	4.1	191,365	8.5	177,780	10.6	110,493	21.0

(Note) Comprehensive Income: Year ended March 31, 2019: ¥104,817 million, (8.2%);
Year ended March 31, 2018: ¥114,171 million, 24.0%

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share after dilution	Return on equity	Recurring profit-to-total assets ratio	Operating income-to-operating revenues ratio
	Yen	Yen	%	%	%
2019	533.31	—	9.8	5.8	12.9
2018	570.72	—	11.3	5.8	12.8

(Reference) Gain on investment by equity method: Year ended March 31, 2019: ¥1,812 million;
Year ended March 31, 2018: ¥2,480 million

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2019	3,237,596	1,179,861	33.3	5,612.63
2018	3,071,829	1,116,304	33.2	5,273.42

(Reference) Total shareholders' equity: March 31, 2019: ¥1,079,598 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.

(3) Cash flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2019	289,728	(247,420)	(7,174)	136,581
2018	275,101	(166,352)	(71,422)	101,448

2. Dividends

Year ended / ending March 31

	Dividends per share					Total amount of dividends (for the entire fiscal year) Millions of yen	Payout ratio (Consolidated) %	Dividends-to-net assets ratio (Consolidated) %
	June 30	Sept. 30	Dec. 31	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
2018	—	80.00	—	80.00	160.00	30,997	28.0	3.2
2019	—	87.50	—	87.50	175.00	33,684	32.8	3.2
2020 (Forecast)	—	95.00	—	95.00	190.00		30.8	

3. Forecasts for Fiscal Year ending March 31, 2020

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	746,500	1.3	109,000	(3.8)	102,000	(3.6)
Fiscal year	1,557,500	1.8	198,000	0.5	184,500	0.6

	Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Yen
Interim period	67,500	19.5	350.92
Fiscal year	118,500	15.3	616.06

4. Notes

- Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
- Changes in accounting policies, changes in accounting estimates, restatements
 - Changes based on revision of accounting standards: None
 - Changes other than 1) above: None
 - Changes in Accounting Estimates: None
 - Restatements: None
- Number of Shares Outstanding (Common stock)

	Years ended March 31	
	2019	2018
1) Number of shares issued and outstanding (including treasury stock):	192,481,400	193,735,000
2) Number of treasury stock	129,794	129,808
3) Average number of shares outstanding for each period (cumulative term):	192,664,863	193,605,143

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

1. Performance

(1) Operating results

Years ended March 31

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

	Operating revenues		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2019	980,906	0.5	150,727	4.4	136,489	6.1	80,613	(0.2)
2018	976,277	2.1	144,374	6.6	128,654	8.6	80,742	14.0

	Net income per share		Net income per share after dilution	
	Yen		Yen	
2019	418.13		—	
2018	416.77		—	

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2019	2,782,350	799,779	28.7	4,155.11
2018	2,659,354	761,703	28.6	3,931.69

(Reference) Total shareholders' equity: March 31, 2019: ¥799,779 million, March 31, 2018: ¥761,703 million

2. Forecasts for Fiscal Year ending March 31, 2020

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	497,000	2.6	91,000	(4.2)	84,000	(3.5)
Fiscal year	1,001,000	2.0	151,500	0.5	137,500	0.7

	Net income		Net income per share	
	Millions of yen	%	Yen	
Interim period	58,000	26.2	301.33	
Fiscal year	95,000	17.8	493.56	

* 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. Regarding the forecast of financial results, please refer to "Outlook for the Next Fiscal Year" on page 11.
2. Supplementary materials for the financial statements are posted on our homepage.

1. BUSINESS PERFORMANCE

1. Analysis of Business Performance

(1) Overview of 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. In September 2018, work on the Memorial Grove (Inori no Mori) at the accident site was completed. JR-West remains firm in its resolve never to allow another accident like Fukuchiyama Line derailment, and will continue to deal sincerely with all persons affected by the accident, and enhance its diligent efforts to improve safety.

From fiscal 2018, 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. Targeting the achievement of the Groupwide strategies of the Medium-Term Management Plan 2022 — “Increasing Regional Value,” “Increasing the Value of Railway Belts,” and “Increasing Business Value,” we will advance the basic strategies and business strategies in both the railway and non-railway businesses and strive realize “Our Vision” of contributing to the creation of a safe, comfortable society filled with meetings among people and smiles.

Based on these plans, JR-West pursued various measures to enhance its corporate value over the longer term. However, a series of natural disasters occurred in JR-West’s service area, including a major earthquake in northern Osaka Prefecture (June 2018), the Heavy Rain Event of July 2018, and typhoons No. 21 (Jebi) and No. 24 (Trami) (September 2018). Service on the Geibi Line, disrupted by the Heavy Rain Event of July 2018, has still not been restored on certain segments. JR-West is making a concerted effort in cooperation with local communities to resume service, and continues to make efforts for recovery of the disaster stricken areas.

In addition, with the decision in November 2018 to hold Japan Expo 2025 in Osaka/Kansai (Hereinafter, Osaka/Kansai Expo), JR-West is making preparations in terms of both operations and sales, including improving reception systems for overseas visitors to Japan, and capturing demand from both Japan and abroad. We are also looking at this as an opportunity to contribute as a company bearing responsibility for public infrastructure, and are pursuing measures to achieve growth over the longer term. In addition, JR-West is making a concerted effort as a corporate group to seize growth opportunities from other major international events, such as Rugby World Cup Japan 2019, and the Olympic and Paralympic Games Tokyo 2020.

During the subject fiscal year, natural disasters had an effect in the first half, but subsequently growth in every segment was steady due to the effects of variety of measures. Operating revenues increased 1.9% from the previous fiscal year to ¥1,529.3 billion. Operating income rose 2.9% to ¥196.9 billion, and recurring profit was up 3.1% to ¥183.3 billion. Profit attributable to owners of parent declined 7.0% to ¥102.7 billion, due mainly to the recording of extraordinary losses related to natural disasters. The increase in operating income was attributable to a reduction in operating expenses resulting from the adjustment of the schedule for previously planned removal work due to the priority given to disaster recovery in transportation operations.

In fiscal 2019, we will implement focused safety measures, etc. In addition, we will steadily implement construction in accordance with adjusted work schedules, with a priority on restoration work; improve employment conditions in order to secure human resources, etc. Accordingly, we are planning expenses at a level that is significantly higher than in the subject fiscal year. During the period of the Medium-Term Management Plan 2022, to achieve our objectives, we will work to capture growth opportunities and steadily implement the measures in the plan. With consideration for the results of those initiatives, we will provide a stable shareholder return in accordance with the shareholder return policy in the Medium-term Management Plan 2022.

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, fulfill our missions as a social infrastructure company, seek to expand our business to new markets and fields, and enhance corporate value over the longer term.

(2) 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.

For measures to enhance safety, JR-West is pursuing safety measures for platforms and railway crossings, measures to protect against natural disasters such as earthquakes and torrential rains, and measures to enhance safety and security through the introduction of new technologies.

For platform safety measures, JR-West continued with installation of platform gates at stations with more than 100,000 daily passengers. We also made progress with safety measures at railroad crossings, including eliminating the infrequently opened railway crossings at Higashi-Yodogawa Station as part of a project to elevate the station.

In natural disaster measures, for measures to counter earthquakes, based on experience with past disasters and other data, JR-West continued with such measures as seismic reinforcing of elevated track pillars and stations, and the installation of deviation prevention guards for the Sanyo Shinkansen.

For measures to counter torrential rains, as a result of measures for reinforcement of slopes 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. Further, as part of the plan through fiscal 2022, JR-West is moving forward with the slope reinforcement work, mainly along railway segments used by limited express and special rapid trains on the Biwako Line, JR Kyoto Line, and the JR Kobe Line. In addition to these measures, from the standpoint of prioritizing safety, JR-West announced and implemented planned suspensions of train services in areas approached by typhoons that were expected to have an especially significant influence on train operations. Going forward, we will implement

such measures as necessary, and in such cases continue to strive to provide relevant information in order to gain the understanding of customers and local residents.

In addition, for measures to enhance safety and security through the introduction of new technologies, in May 2018 JR-West began using an on-board safety system (D-TAS) with advanced driving assistance functionality, on the Sanyo Main Line between Nishi-Hiroshima and Iwakuni stations.

In terms of enhancing safety for the Shinkansen, based on the critical incident on the Shinkansen in December 2017, to strengthen the safety management structure, JR-West established the "Shinkansen Operations Division" as part of the Railway Operations Headquarters, and is implementing measures in terms of both tangible and intangible initiatives.

For tangible measures, JR-West is taking all possible steps to ensure the safety of trains by conducting ultrasonic tests, methodical visual checks of bogies, and other checks, as well as such measures as introducing devices to detect anomalies in bogies during operation. By March, we installed bogie anomaly detectors in all N700A trains (16-car trains), and began operation of the first ground-based bogie temperature detector.

For intangible measures, the new division will facilitate communication with on-site staff and internal cooperation between different departments, and is formulating and implementing measures in a timely manner through prompt decision-making. In particular the division steadily implements such measures for an appropriate response during emergencies as halting services without hesitation when employees detect an anomaly or safety cannot be confirmed, and securing safety through reporting to relevant parties and a prompt, systematic response.

In March, we received an evaluation report from an external member of the "Expert Advisory Committee regarding the Shinkansen Critical Incident." In the evaluation report, the measures implemented by JR-West immediately after the occurrence of the incident received a reasonably favorable evaluation, and ongoing measures were requested. Also, the investigation report of the Japan Transport Safety Board was released. Including the content of those reports, JR-West will continue to systematically advance tangible and intangible measures as it focuses on a high level of safety.

Further, JR-West is taking steps to tighten security on Shinkansen trains, including deploying protective equipment, installing additional in-car security cameras, and expanding patrols by security personnel.

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 to work to raise transport service quality on the Shinkansen, enhance the value of the railway belts in the Kansai Urban Area, promote tourism in cooperation with regions in the West Japan Area, and improve measures for accommodating overseas visitors to Japan.

Also, through the "Let's Discover West Japan" campaign to support recovery efforts from the

Heavy Rain Event of July 2018, JR-West worked to stimulate tourism demand with discount tickets and tourism site PR activities.

Further, in the timetable revision that was implemented in March 2019, JR-West implemented measures to improve the quality of transportation services, including opening new lines and stations and starting fee-based seat service.

(Main Specific Measures)

1. Shinkansen

- Began operating the 500-series “Hello Kitty Shinkansen” (June 2018)
- Conducted the “Beauty of Japan Is in Hokuriku” and “Japanese Beauty Hokuriku” campaigns (April 2018-March 2019)
- Started the “e5489 Corporate Service,” which offers Internet reservations for corporations (November 2018)

2. Kansai Urban Area

- Completed renovation of Ibaraki Station (April 2018)
- Opened the segment of the Osaka Higashi Line between Shin-Osaka and Hanaten stations (March 2019)
- Opened Umekoji-Kyotonishi Station on the Sagano Line between Kyoto and Tambaguchi stations (March 2019)
- Started operations for the *Rakuraku Harima* limited express and introduced A-Seat fee-based seat service on special rapid trains. (March 2019)
- Introduced new rolling stock (227 series) on Wakayama Line, etc.

3. West Japan Area

- Conducted the Setouchi campaign (March-June 2018)
- Conducted the “Sanin Destination Campaign” (July-September 2018)
- Began operating the *Ametsuchi* sightseeing train (July 2018)
- Conducted the “Let’s Discover West Japan” campaign (from August 2018)
- Expanded the service area for using ICOCA (Sanyo Main Line, Ako Line, Hokuriku Main Line) (each in September 2018), Uno Line (March 2019)
- Expanded the service area for using ICOCA through onboard IC ticket checking equipment (Sakai Line) (March 2019)
- Launched the ICOCA point service and PiTaPa post pay service (October 2018)
- Decided on new long-distance train name, WEST EXPRESS GINGA, etc. (March)

4. Enhancing customer satisfaction

- Set up a chat-based response system to inquire about lost items, and a lost items helpline (May 2018)
- Began providing operation status information through official Twitter account (August 2018) and started to provide information in multiple languages (March 2019)
- Enhanced guidance regarding information on train operations through expansion of train location information services, etc. (March 2019)

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 2018)
- Made the Singapore Office a branch office under local laws to strengthen sales and promotional activities to local travelers (April 2018)
- Launched JR-WEST ONLINE TRAIN RESERVATION service for visitors to Japan (March 2019)
- Further strengthened multilingual communication, including during times of emergency

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 the first half of the fiscal year, the Transportation Operations segment was affected by natural disasters. However, usage was firm during holidays and other busy periods, due to variety of campaigns, etc. Consequently, segment revenue increased 0.3% from the previous fiscal year, to ¥953.9 billion. Operating income rose 4.6% to ¥136.2 billion as a result of a decrease in operating cost, due in part to the adjustment of the process of some of scheduled maintenance works in order to prioritize restoration work.

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 fiscal year, JR-West expanded openings of new allied 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. In addition, to further enhance the appeal of JR Kyoto Isetan, we are moving forward with a major renovation, the largest since the store's opening, and in December 2018 opened the expanded 1F basement food floor.

Further, for the accommodation-oriented hotels included in the Retail Business segment, JR-West opened Via-inn Shin-Osaka Shomenguchi in July 2018, 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, mainly at SEJ allied stores. Segment revenue rose 2.4% from the previous fiscal year to ¥245.5 billion, though operating income declined 15.8% to ¥6.1 billion as a result of an increase in expenses incurred for the new opening of three Via-inn hotels, etc.

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 in 2017.

Also, in September we opened the third phase of the *ekie* commercial facility in Hiroshima Station.

In November 2018, JR-West opened VIERRA Kishibe Kento, an integrated facility on the north side to Kishibe Station, centered on Northern Osaka Health and Biomedical Innovation Town (NohBIT, also known as “KENTO”).

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, due to the boost from such factors as renovation of commercial facilities, revenues in the Real Estate Business segment rose 6.3% from the previous fiscal year to ¥148.5 billion. Operating income, however, was down 0.3% to ¥35.6 billion on expenses incurred for the opening of large-scale lease properties such as VIERRA Kishibe Kento.

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 to Amagasaki Station. Also, JR-West opened the cabin-style hotel First Cabin Station Wakayama Station in August 2018 and the First Cabin Station Kyoto Umekoji RYOKAN in March 2019. Further, to further enhance brand value through such measures as the speedup of decision making and guest room renovation, JR-West acquired additional shares in Nara Hotel, making the company a wholly-owned subsidiary. 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 Businesses segment rose 6.7% from the previous fiscal year to ¥181.3 billion on an increase in orders in the construction business, etc. Operating income increased 6.6% to ¥21.2 billion.

2. Analysis of Financial Condition

(1) Assets, Liabilities and Net Assets

Total assets at the end of the subject fiscal year (March 31, 2019) amounted to ¥3,237.5 billion, an increase of ¥165.7 billion from the end of the previous fiscal year (March 31, 2018). This was due mainly to an increase in non-current assets.

Total liabilities amounted to ¥2,057.7 billion, an increase of ¥102.2 billion from the end of the previous fiscal year. This was due mainly to an increase in bonds.

Total net assets amounted to ¥1,179.8 billion, an increase of ¥63.5 billion from the end of the previous fiscal year. This was due mainly to an increase in retained earnings.

(2) Cash Flows

Cash provided by operating activities amounted to ¥289.7 billion, an increase of ¥14.6 billion from the previous fiscal year. This was due mainly to an increase in notes and accounts payable-trade.

Cash used in investing activities amounted to ¥247.4 billion, an increase of ¥81.0 billion from the previous fiscal year. This was due mainly to an increase in purchases of property, plant and equipment.

Cash provided by financing activities amounted to ¥7.1 billion, a decrease of ¥64.2 billion from the previous fiscal year. This was due mainly to a decrease in redemption of short-term bonds.

As a result, cash and cash equivalents at the end of the subject fiscal year (March 31, 2019) amounted to ¥136.5 billion, an increase of ¥35.1 billion from the end of the previous fiscal year (March 31, 2018).

(Reference) Cash Flow Indicators

Years ended March 31

	2015	2016	2017	2018	2019
Equity ratio (%)	28.8	30.9	31.3	33.2	33.3
Equity ratio, based on market value (%)	43.8	47.3	46.6	46.8	49.5
Interest-bearing debt to cash flow ratio (Times)	4.4	3.8	4.4	3.7	3.6
Interest coverage ratio (Times)	5.4	7.5	7.9	9.2	9.9

Notes: Equity ratio: shareholders' equity/ total assets
Market-based rate of equity ratio: total market capitalization/ total assets
Interest-bearing debt to cash flow ratio: interest-bearing debt/ cash flows
Interest coverage ratio: (operating income + interest & dividend income)/ interest expense

1. All of the figures in the above table were calculated on a consolidated basis.
2. Total market capitalization was calculated by multiplying the closing stock price at the end of the term by the total amount of outstanding stock at the end of the term (excluding treasury stock).
3. Cash flow is defined as operating cash flow.
4. Interest-bearing debt is defined as interest-bearing debt of long-term debt and payables.

2. FUTURE OUTLOOK

(1) Outlook for the Next Fiscal Year

For the fiscal year ending March 31, 2020, we expect continued firm demand from inbound visitors to Japan. However, due to the uncertainty regarding global economic trends in the future and to the increase in the consumption tax rate that is planned for October, as well as competition from other modes of transportation, the increasingly apparent labor shortage, etc., JR-West anticipates that the business environment for the Company will become ever more difficult.

Amid such circumstances, JR-West will steadily implement the measures in the “JR-West Group Medium-Term Management Plan 2022” and its core component, the “JR-West Group Railway Safety Think-and-Act Plan 2022,” which were formulated in April 2018. In addition, we will advance initiatives targeting further strong growth toward our vision, work to fulfill our mission as a company that supports social infrastructure, and strive to realize sustained growth.

Based on these factors, at this point our results forecasts for FY2020.3 are as follows:

Consolidated Forecasts for the Year Ending March 31, 2020

Operating revenues:	¥1,557.5 billion	(up 1.8% YoY)
Operating income:	¥198.0 billion	(up 0.5% YoY)
Recurring profit:	¥184.5 billion	(up 0.6% YoY)
Profit attributable to owners of parent:	¥118.5 billion	(up 15.3% YoY)

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

(2) Basic Policy Regarding Distribution of Earnings, and Dividends for the Subject and Next Fiscal Years

JR-West considers it important to provide stable shareholder returns over the long term.

In the “JR-West Group Medium-Term Management Plan 2022,” which was announced in April 2018, the Company states that, with consideration for the status of achievement of the targets in the medium-term management plan, it will implement stable dividends, aiming for a dividend payout ratio of approximately 35% in FY2023.3 and over the period of this plan, our yardstick will be a total return ratio of approximately 40%, making flexible acquisitions of treasury stock.

Based on this policy, for the fiscal year ending March 2019, the company plans to pay a full-year dividend of ¥175 per share. An interim dividend of ¥87.5 per share has already been paid, and accordingly the company plans a year-end dividend of ¥87.5 per share.

Also, for the fiscal year ending March 2020, the company plans to pay a full-year dividend of ¥190 per share.

(3) Basic Management Policies and Issues for the Company to Address

a. Business Environment for the JR-West Group

The business environment for JR-West is negatively impacted by such factors as shrinking markets and diminished labor capacity due to population decline, as well as increasing severe natural disasters. However, there are also opportunities for growth, driven by such factors as an increase in overseas visitors to Japan, extension of the Hokuriku Shinkansen, and development projects such as the Umekita (Osaka) underground station, as well as large-scale international events, such as the Osaka/Kansai Expo, which will be held in 2025.

Amid such an environment, the JR-West Group will refine its strengths in coordination with communities and implement measures as a corporate group to develop new markets and business fields, and as a company coexisting with the community, fulfil its mission.

b. Basic Management Policies

The JR-West Group, as a corporate group with social infrastructure centered on railways, has positioned safety as the basis of its management in the corporate philosophy and management vision.

To fulfil its corporate philosophy and management vision, JR-West will implement the “Management Plan 2022,” and together with local communities, contribute to the realization of its vision for the future, the fostering of “a safe, comfortable society filled with meetings among people and smiles”.

To realize this vision for the future, JR-West has established as its ideal form “fulfilling our mission as a company coexisting with the community,” and “becoming a company that continually embraces new challenges.” To allow all stakeholders to smile, JR-West provides the following value.

Value provided to stakeholders

- i. Customers: Safe, secure, and comfortable services that make people “Happy.
- ii. Communities: Building communities that people want to visit and live in.
- iii. Shareholders: Sustained expansion in shareholder value.
- iv. Colleagues: Motivation and pride

In the Management Plan 2022, along with a stretch goal for 2030 of ¥2 trillion in consolidated operating revenue, JR-West has outlined a vision for the West Japan area, and will pursue measures necessary to realize its vision for the future. Further, based on our resolve never to cause another accident like that on the Fukuchiyama Line, JR-West will continue to commit its full efforts to improving safety in its core railway business, lay the foundations for the next 30 years, and pave the way to the future.

c. Medium to Long Term Management Strategies

Under the Management Plan 2022, JR-West will pursue three groupwide strategies and strategies for the railway and non-railway businesses, build management foundations for continued and healthy business operations, and advance ceaselessly toward growth for the entire JR-West Group.

Groupwide Strategies and the value provided

i. Increase regional value

We will work together with local communities to build cities and areas along railway lines that everyone wants to visit and everyone wants to live in.

ii. Increase the value of railway belts

We will contribute to the realization of convenient, comfortable lifestyles by providing safe, high-quality railway services and lifestyle services. .

iii. Increase business value

We will increase the quality of the products and services provided by the JR-West Group.

Business strategies in railway business and value provided

• Basic strategies

i. Enhance safety

We will continue to position safety as the highest priority strategy, and we will work to build frameworks for securing safety on a Companywide basis and to establish a corporate culture in which safety is the highest priority. We will strive to successfully implement the “JR-West Group Railway Safety Think-and-Act Plan 2022,” and to prevent serious accidents / labor accidents.

ii. Increase customer satisfaction

We will pursue “customer-oriented management” with the aim of creating “JR-West fans” among customers.

iii. Increase productivity

To continue to provide railway/transportation services in the years ahead, we will work to effectively offer safe, high-quality railway services through improvements in both tangible and intangible areas.

iv. Implement reforms through human resources development and technology

We will increase the quality of railway services by enhancing “human resources” and “technologies,” which support railway operations.

• Business strategies

i. Shinkansen

We will strive to reinforce high-speed railway safety, enhance strengths centered on wide-area railway networks, and contribute to the expansion of the visitor population.

ii. Kansai Urban Area

We will increase the value of railway belts through the provision of transportation services that offer peace of mind and reliability, the development of areas along railway lines, etc.

iii. Other West Japan Area

Through dialog and collaboration with communities, we will develop businesses aligned with local areas and contribute to the activation of the Other West Japan Area.

Non-railway business strategies and the value provided

• Basic strategies

i. Deepen operations in major businesses

In areas along railway lines, we will take steps to advance “city development starting with stations,” centered on major businesses. We will provide appealing products and services and increase community value overall.

ii. Advance into new markets

In businesses in which we can demonstrate our strengths, we will boost our competitiveness as a chain by entering new markets. In addition, we will build an optimal business portfolio to support sustained growth.

iii. Implementing initiatives in new business areas

We will take on the challenge of creating new value and invigorating regions by promoting local industries and leveraging regional resources, while cooperating with local communities and participating directly.

iv. Strengthen foundations to support growth

We will proactively utilize ICT tools and external expertise, develop human assets and organizations to fit businesses, build structures to take advantage of the collective power of the corporate group, and make other efforts to establish the foundations that support growth.

• Business strategies

i. Sales of goods / Food services

We will strengthen functions as “Lifestyle Stations” and provide support for the enjoyment of daily lives and travel.

ii. Real estate lease and sales

We will build communities that people want to reside in and visit, and contribute to the development of areas along railway lines and local communities.

iii. Shopping centers

We will propose high-quality lifestyles through the provision of tangible and intangible products and services.

iv. Hotels

We will meet the accommodation needs of a diverse range of customers and provide support for comfortable stays.

Building management foundations

i. ESG initiatives

We will establish priority fields from the perspective of ESG (environmental, social and governance) and, with consideration for SDGs*, we will take steps to implement initiatives. In this way, we will aim to fulfill our responsibilities as a member of society and to achieve sustained growth.

* SDGs is an abbreviation for Sustainable Development Goals. These global goals for the period from 2016 to 2030 are listed in the “2030 Agenda for Sustainable Development,” which was adopted at the UN Summit in September 2015.

ii. Create organizations that contribute to safety and growth

To enhance safety and realize growth for the entire Group, we will move forward with preparations for transition to a group management system (in-house company system) under which each business will conduct management initiatives in a more-independent manner and will be able to respond to changes in the management environment and implement decision-making rapidly.

Consolidated Capital Expenditure Plan

JR-West is strengthening investments for safety, the basis of its management, and investments to benefit sustainable growth, and will steadily implement the plan.

Billions of yen

	Management Plan 2022 Period (FY2019.3 – FY2023.3)	Vs. Management Plan 2017 Period (FY2014.3 – FY2018.3)
Maintenance and improvements [of which, safety investments]	810.0 [530.0]	+100.0 [+40.0]
Growth investments	460.0	+180.0
Total	1,270.0	+280.0

Management Plan 2022 Targets

	FY2023.3	[Reference] FY2018.3
Consolidated operating revenues	¥1,630.0 billion	¥1,500.4 billion
Consolidated EBITDA	¥400.0 billion	¥356.1 billion
Consolidated ROA	Mid-6% range	6.3%
[Reference benchmark] Consolidated ROE	Approximately 10%	11.3%

Priority for Uses of Cash and Shareholder Returns Policy

i. Priority for uses of funds

The priority for the use of cash in this plan is 1) Investment for safety and growth; 2) Shareholder returns; and 3) Debt reduction.

JR-West, to realize its vision for the future and ideal form, will steadily make investments for safety and growth, and seek sustainable growth.

ii. Shareholder returns policy

JR-West considers it important to provide stable shareholder returns over the long term.

In addition, over the aggregate period of this plan, our yardstick will be a total return ratio of approximately 40%, and we will make flexible acquisitions of treasury stock.

We will also work to enhance shareholder benefits, in order to build long-term, stable relationships with shareholders.

d. Issues to be addressed (review of fiscal 2018 and future initiatives)

In fiscal 2018, JR-West launched the "Medium-Term Management Plan 2022" and the "Safety Think-and-Act Plan 2022", and the entire Group worked together. The Group's principal initiatives were as follows.

Safety in the railway business

In regard to safety, which is the Group's most important issue, we will need to build a safety culture through the promotion of safety awareness at an individual level and to advance initiatives, including improvement in management frameworks. Even small risks can be related to large events, and even if the frequency of a risk is low, there is a possibility that it will lead to significant damage. We recognize that these facts apply not only to the Shinkansen, which is a high-speed railway, but to all of our railway operations, in which we are entrusted with the lives of many customers. In accordance with this recognition, the entire Group will work to implement both tangible and intangible measures to further enhance railway safety, to maintain an awareness of safety as our highest priority, and to take thorough action based on that awareness.

Addressing natural disasters

JR-West has worked to increase resilience in regard to natural disasters through such measures as reinforcement of slopes and earthquake/tsunami countermeasures. However, the entire Group has been significantly affected by a series of natural disasters. We have taken steps to support safety, such as suspending the operation of trains. In this way, we have been able to prevent harm to customers using our transportation services. However, large numbers of customers have been inconvenienced.

Accordingly, we reinforced our understanding of the significant social influence of railways and of society's high expectations for railways. In addition, we will work to secure safety, and on that basis we will strive for further improvement in the areas of procedures and the provision of information. We recognize that natural disasters could continue to intensify in the future and that there could be disasters for which countermeasures based on previous expectations will not be sufficient. In accordance with that recognition, we will strive to make full use of our limited management resources and to establish countermeasures without being limited by previous ways of doing things. In addition, in order to build a safe, comfortable society, we will further bolster our cooperation with communities and continue working to fulfill our mission as a social infrastructure company.

Continued progress with measures targeting the realization of "our vision"

In fiscal 2018, we faced many difficult situations. On the other hand, we worked to "increase regional value," which is one of our "Groupwide strategies." To that end, the railway business and non-railway businesses collaborated with each other and worked together with local communities. For example, these initiatives included the start of the "Setouchi Palette Project," which aims to create a wide-area tourism region. We worked to enhance our railway network through the

opening of all sections of the Osaka Higashi Line and the opening of new stations. We opened multiple hotels, including hotels opened under a new brand. We also implemented the LUCUA osaka large-scale renewal, and opened VIERRA Kishibe Kento, which is a part of a city development project. In these ways, we implemented initiatives in businesses that have synergies with the railway business, and as a result we were able to make steady progress with the initiatives in the "Management Plan 2022."

We will strive to steadily generate results from these initiatives. On that basis, we will work to maximize the value created by the railway and non-railway businesses. In addition, we will work to leverage synergies through solid cooperation and to further enhance initiatives in terms of both quantity and quality. In these ways, we will endeavor to further enhance the value that we provide as a social infrastructure corporate group.

Specifically, we will move forward with the Hokuriku Shinkansen extension, the enhancement of the potential of Shin-Osaka Station as a base, and the construction of the Naniwasuji Line. In non-railway businesses, we will advance three major projects in Osaka, Sannomiya, and Hiroshima, and we will take steps to prepare for the Osaka/Kansai Expo. We will work to steadily advance these important projects, which we will approach as opportunities for the Group to open up a new era and record dynamic growth.

Reference: Results with target indicators

	FY2019.3 results	(Restated) FY2023.3 target
Consolidated operating revenues	¥1,529.3 billion	¥1,630.0 billion
Consolidated EBITDA	¥361.3 billion	¥400.0 billion
Consolidated ROA	6.2%	Mid-6% range
[Reference] Consolidated ROE	9.8%	Approximately 10%

Note: For details on the Medium-Term Management Plan 2022, see the "Investor Relations" page on the company website (<https://www.westjr.co.jp/global/en/ir/medium-term/>)

3. BASIC PERSPECTIVE ON THE CHOICE OF ACCOUNTING STANDARDS

The JR-West Group employs Japanese accounting standards and has no plans to adopt IFRS for the foreseeable future. However, we will consider this adoption, taking into consideration such factors as future trends in Japanese accounting standards.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2018	March 31, 2019
ASSETS		
Current assets:		
Cash	82,995	109,327
Notes and accounts receivable-trade	28,180	32,521
Railway fares receivable	40,186	43,552
Accounts receivable	72,713	72,287
Securities	18,700	27,500
Inventories	101,258	104,827
Other current assets	56,323	65,623
Less allowance for doubtful accounts	(815)	(705)
Total current assets	399,542	454,934
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	1,144,690	1,175,279
Machinery and transport equipment	351,382	376,995
Land	758,987	767,908
Construction in progress	73,063	73,496
Other property, plant and equipment	36,413	60,207
Total property, plant and equipment	2,364,537	2,453,887
Intangible fixed assets	35,867	39,361
Investments and other assets:		
Investments in securities	86,817	101,010
Net defined benefit asset	1,868	2,170
Deferred tax assets	142,059	140,749
Other investments and assets	43,961	49,359
Less allowance for doubtful accounts	(2,823)	(3,876)
Total investments and other assets	271,882	289,413
Total fixed assets	2,672,286	2,782,661
Total assets	3,071,829	3,237,596

	Millions of yen	
	March 31, 2018	March 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	65,057	70,771
Short-term loans payable	17,252	20,713
Current portion of bonds	25,000	35,000
Current portion of long-term debt	34,126	38,832
Current portion of long-term payables for acquisition of railway properties	1,580	1,642
Accounts payable	95,188	126,024
Accrued consumption tax	11,835	6,583
Accrued income tax	31,130	28,068
Inter-line fares received	1,893	2,686
Deposits received	93,768	105,788
Prepaid railway fares received	38,860	41,280
Advances received	29,551	33,785
Allowance for bonuses	39,187	37,408
Provision for loss on disaster	—	11,100
Allowance for point program	2,204	2,081
Other current liabilities	43,652	46,786
Total current liabilities	530,289	608,554
Non-current liabilities:		
Bonds	499,983	534,984
Long-term debt	367,161	350,828
Long-term payables for acquisition of railway properties	104,375	102,728
Deferred tax liabilities	2,446	1,528
Provision for large scale renovation of Shinkansen infrastructure	8,333	12,500
Allowance for environmental safety measures	15,838	11,587
Provision for loss on liquidation of railway belts	10,170	9,594
Provision for unredeemed gift certificates	2,414	2,382
Net defined benefit liability	301,783	285,843
Other long-term liabilities	112,730	137,203
Total fixed liabilities	1,425,236	1,449,180
Total liabilities	1,955,525	2,057,734

(continued on page 20)

	Millions of yen	
	March 31, 2018	March 31, 2019
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	56,171	56,171
Retained earnings	849,925	911,532
Treasury stock, at cost	(481)	(483)
Total shareholders' equity	1,005,615	1,067,220
Valuation and translation adjustments:		
Net unrealized holding gain on securities	4,018	3,837
Deferred gains or losses on hedges	83	(54)
Remeasurements of defined benefit plans	11,242	8,594
Total Valuation and translation adjustments	15,344	12,378
Non-controlling interests	95,343	100,262
Total net assets	1,116,304	1,179,861
Total liabilities and net assets	3,071,829	3,237,596

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

Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2018	2019
Operating revenues	1,500,445	1,529,308
Operating expenses:		
Transportation, other services and cost of sales	1,113,026	1,128,016
Selling, general and administrative expenses	196,052	204,345
Total operating expenses	1,309,079	1,332,361
Operating income	191,365	196,946
Non-operating revenues:		
Interest income	33	17
Dividend income	670	1,144
Dividends income of insurance	2,328	2,233
Transfer from administrative fee of contracted construction	1,525	1,580
Equity in earnings of affiliates	2,480	1,812
Other	2,060	2,638
Total non-operating revenues	9,098	9,426
Non-operating expenses:		
Interest expense	20,906	20,030
Other	1,777	3,019
Total non-operating expenses	22,684	23,049
Recurring profit	177,780	183,323
Extraordinary profits:		
Gain on sales of noncurrent assets	247	612
Gain on contributions received for construction	25,533	23,724
Compensation income for expropriation	1,237	1,212
Other	5,875	3,527
Total extraordinary profits	32,894	29,076
Extraordinary losses:		
Loss on sales of noncurrent assets	664	139
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	24,208	22,107
Loss on reduction for expropriation	976	1,204
Loss on disaster	1,863	11,433
Provision for loss on disaster	—	11,100
Other	12,282	9,240
Total extraordinary losses	39,995	55,226
Profit before income taxes	170,679	157,173
Income taxes- Current	48,260	47,937
Income taxes- Deferred	6,400	1,414
Total income taxes	54,661	49,352
Profit	116,018	107,821
Profit attributable to non-controlling interests	5,524	5,071
Profit attributable to owners of parent	110,493	102,750

Consolidated Statements of Comprehensive Income

Years ended March 31

	Millions of yen	
	2018	2019
Profit	116,018	107,821
Other comprehensive income		
Valuation difference on available-for-sale securities	305	(323)
Deferred gains or losses on hedges	(132)	(172)
Remeasurements of defined benefit plans, net of tax	(2,089)	(2,575)
Share of other comprehensive income of associates accounted for using equity method	70	68
Total of other comprehensive income	(1,846)	(3,003)
Comprehensive income	114,171	104,817
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	108,347	99,783
Comprehensive income attributable to non-controlling interests	5,824	5,034

Business Segment Information

Years ended March 31

		Billions of yen		
		2018	2019	Change from the same period of the previous period
Transportation	Operating revenues	950.8	953.9	3.0
	Operating income	130.3	136.2	5.9
Retail	Operating revenues	239.8	245.5	5.7
	Operating income	7.2	6.1	(1.1)
Real Estate	Operating revenues	139.6	148.5	8.8
	Operating income	35.7	35.6	(0.0)
Other Businesses	Operating revenues	170.0	181.3	11.3
	Operating income	19.9	21.2	1.3

Note: Revenues by each segment are from third parties.

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2018

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of current period	100,000	55,068	768,358	(481)	922,945
Change in the fiscal year:					
Dividends from surplus			(29,060)		(29,060)
Profit attributable to owners of parent			110,493		110,493
Change of scope of consolidation			(2)		(2)
Increase by merger			136		136
Increase by corporate division			—		—
Purchase of treasury stock		—	—	—	—
Disposal of treasury shares		0		0	0
Retirement of treasury shares					
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Purchase of shares of consolidated subsidiaries		1,102			1,102
Net changes of items other than shareholders' equity					
Total	—	1,102	81,567	0	82,670
Balance at end of current period	100,000	56,171	849,925	(481)	1,005,615

	Millions of yen					
	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total		
Balance at beginning of current period	3,763	188	13,538	17,491	92,173	1,032,610
Change in the fiscal year:						
Dividends from surplus						(29,060)
Profit attributable to owners of parent						110,493
Change of scope of consolidation						(2)
Increase by merger						136
Increase by corporate division						—
Purchase of treasury stock						—
Disposal of treasury shares						0
Retirement of treasury shares						—
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Purchase of shares of consolidated subsidiaries						1,102
Net changes of items other than shareholders' equity	255	(105)	(2,296)	(2,146)	3,169	1,023
Total	255	(105)	(2,296)	(2,146)	3,169	83,693
Balance at end of current period	4,018	83	11,242	15,344	95,343	1,116,304

Year ended March 31, 2019

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of current period	100,000	56,171	849,925	(481)	1,005,615
Change in the fiscal year:					
Dividends from surplus			(32,340)		(32,340)
Profit attributable to owners of parent			102,750		102,750
Change of scope of consolidation			—		—
Increase by merger			845		845
Increase by corporate division			348		348
Purchase of treasury stock				(9,999)	(9,999)
Disposal of treasury shares		—		—	—
Retirement of treasury shares		(0)	(9,997)	9,997	—
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Purchase of shares of consolidated subsidiaries		—			—
Net changes of items other than shareholders' equity					
Total	—	(0)	61,606	(1)	61,604
Balance at end of current period	100,000	56,171	911,532	(483)	1,067,220

	Millions of yen					
	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total		
Balance at beginning of current period	4,018	83	11,242	15,344	95,343	1,116,304
Change in the fiscal year:						
Dividends from surplus						(32,340)
Profit attributable to owners of parent						102,750
Change of scope of consolidation						—
Increase by merger						845
Increase by corporate division						348
Purchase of treasury stock						(9,999)
Disposal of treasury shares						—
Retirement of treasury shares						—
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Purchase of shares of consolidated subsidiaries						—
Net changes of items other than shareholders' equity	(181)	(137)	(2,648)	(2,966)	4,919	1,952
Total	(181)	(137)	(2,648)	(2,966)	4,919	63,557
Balance at end of current period	3,837	(54)	8,594	12,378	100,262	1,179,861

(4) Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2018	2019
Cash flows from operating activities		
Profit before income taxes	170,679	157,173
Depreciation and amortization	163,562	163,188
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	24,208	22,107
Loss on disposal of property, plant and equipment	5,506	8,056
Increase (decrease) in net defined benefit liability	(26,528)	(19,720)
Increase (decrease) in allowance for doubtful accounts	1,705	940
Increase (decrease) in provision for bonuses	1,755	(1,813)
Increase (decrease) in allowance for the large-scale renovation of Shinkansen infrastructure	4,166	4,166
Increase (decrease) in other provision	(4,366)	6,438
Interest and dividend income	(703)	(1,161)
Interest expenses	20,906	20,030
Equity in earnings of affiliates	(2,480)	(1,812)
Proceeds from contribution for construction	(25,533)	(23,724)
Decrease (increase) in notes and accounts receivable-trade	(12,282)	(6,888)
Decrease (increase) in inventories	(15,736)	(2,709)
Increase (decrease) in notes and accounts payable-trade	23,440	41,268
Increase (decrease) in accrued consumption taxes	(366)	(5,276)
Other	9,605	(1,585)
Subtotal	337,540	358,679
Interest and dividends income received	700	1,159
Interest paid	(20,663)	(19,753)
Income taxes paid	(42,475)	(50,357)
Net cash provided by operating activities	275,101	289,728
Cash flows from investing activities		
Payments for time deposits with a maturity of more than three months	(231)	(231)
Proceeds for time deposits with a maturity of more than three months	231	231
Purchases of property, plant and equipment	(201,705)	(257,264)
Proceeds from sales of property, plant and equipment	2,239	453
Contributions received for constructions	36,391	29,932
Increase in investments in securities	(4,604)	(15,289)
Proceeds from sales of investment securities	631	55
Net decrease (increase) in loans receivable	3,083	501
Other	(2,388)	(5,808)
Net cash used in investing activities	(166,352)	(247,420)

(continued on page 26)

	Millions of yen	
	2018	2019
Cash flows from financing activities		
Change in short-term loans	857	4,248
Proceeds from long-term loans	37,600	29,700
Repayment of long-term debt	(31,780)	(41,326)
Proceeds from issuance of bonds	40,000	70,000
Redemption of bonds	(50,000)	(25,000)
Repayment of long-term payables for acquisition of railway properties	(1,515)	(1,583)
Purchase of treasury stock	—	(9,999)
Proceeds from sales of treasury shares	0	—
Cash dividends paid	(29,049)	(32,329)
Dividends paid to non-controlling interests	(122)	(114)
Other	(37,413)	(770)
Net cash used in financing activities	(71,422)	(7,174)
Change in cash and cash equivalents, net	37,326	35,132
Cash and cash equivalents at the beginning of the period	63,332	101,448
Increase in cash and cash equivalents from newly consolidated subsidiary	789	—
Cash and cash equivalents at the end of the period	101,448	136,581

(5) Note on Assumptions for Going Concern

Not applicable

(6) Note to Consolidated Financial Statements

(Segment Information)

1. Overview of Reportable Segments

The JR-West Group's reportable segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources, and evaluate earnings performance.

The JR-West Group's principal business segments are "Transportation," "Retail" and "Real Estate." Classification by category of the businesses that compose JR-West and its Group companies allows for management of business operations by JR-West or the respective Group company.

Accordingly, the JR-West Group comprises segments by business, and has the three reportable segments of "Transportation," "Retail" and "Real Estate." The "Transportation" segment comprises the railway business, passenger vehicle transportation operations, and ferry business. The "Retail" segment comprises department store operations, retail goods and food service operations, and wholesale operations for various types of goods. The "Real Estate" segment comprises real estate sales and leasing operations, and shopping center management operations.

2. Method of Calculating Amounts of Operating Revenues, Earnings (or Losses), Assets and Other Items for Reportable Segments

The method of accounting for reported business segments is based on the accounting principles and procedures employed in preparing the consolidated financial statements. Transactions between reportable segments constitute transactions between consolidated companies, and are based on such factors as market prices.

3. Operating Revenues and Earnings (or Loss) by Reportable Segment

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

	Millions of yen						
	Transportation	Retail	Real estate	Other businesses (Note1)	Total	Eliminations and intergroup (Note 2)	Consolidated (Note 3)
Operating revenues:							
Operating revenues from third parties	950,887	239,822	139,680	170,055	1,500,445	—	1,500,445
Intergroup operating revenues and transfers	15,905	9,261	18,141	267,081	310,390	(310,390)	—
Total operating revenues	966,792	249,084	157,822	437,136	1,810,835	(310,390)	1,500,445
Segment income	130,319	7,294	35,792	19,962	193,368	(2,002)	191,365
Segment assets	2,031,642	105,040	630,879	419,910	3,187,471	(115,642)	3,071,829
Other items							
Depreciation and amortization	136,561	5,157	19,505	2,337	163,562	—	163,562
Investment in affiliates accounted for by equity method	25,988	—	—	12,232	38,221	—	38,221
Increase in property, plant and equipment and intangible assets	157,367	6,633	33,870	6,809	204,681	—	204,681

Notes: 1. The "Other Businesses" category is a business segment not including in reportable segments. It includes such operations as hotels, travel services, and construction business.

2. Adjustments are as follows:

- (1) The segment income adjustment of minus ¥2,002 million is elimination of intersegment transactions.
- (2) The segment assets adjustment of minus ¥115,642 million reflects ¥222,448 million in companywide assets not attributed to any segment, less ¥338,091 million in elimination of intersegment credits and debts.

3. Segment earnings (or loss) are adjusted to the operating income figure on the Consolidated Statements of Income.

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

	Millions of yen						
	Transportation	Retail	Real estate	Other businesses (Note1)	Total	Eliminations and intergroup (Note 2)	Consolidated (Note 3)
Operating revenues:							
Operating revenues from third parties	953,913	245,525	148,500	181,368	1,529,308	—	1,529,308
Intergroup operating revenues and transfers	15,935	9,182	18,778	289,466	333,362	(333,362)	—
Total operating revenues	969,849	254,708	167,278	470,834	1,862,670	(333,362)	1,529,308
Segment income	136,287	6,142	35,694	21,275	199,399	(2,453)	196,946
Segment assets	2,095,046	118,210	675,783	474,531	3,363,572	(125,975)	3,237,596
Other items							
Depreciation and amortization	134,361	5,287	20,903	2,634	163,188	—	163,188
Investment in affiliates accounted for by equity method	27,288	—	—	12,949	40,237	—	40,237
Increase in property, plant and equipment and intangible assets	212,916	16,297	45,426	23,164	297,805	—	297,805

Notes: 1. The "Other Businesses" category is a business segment not including in reportable segments. It includes such operations as hotels, travel services, and construction business.

2. Adjustments are as follows:

- (1) The segment income adjustment of minus ¥2,453 million is elimination of intersegment transactions.
- (2) The segment assets adjustment of minus ¥125,975 million reflects ¥256,452 million in companywide assets not attributed to any segment, less ¥382,427 million in elimination of intersegment credits and debts.

3. Segment earnings (or loss) are adjusted to the operating income figure on the Consolidated Statements of Income.

(Per Share Information)

	Years ended March 31	
	2018	2019
Net assets (Yen)	5,273.42	5,612.63
Profit attributable to owners of parent per share (Yen)	570.72	533.31

- Notes: 1. "Profit attributable to owners of parent per share, adjusted for latent shares" is not stated because there are no latent shares.
2. The basis for calculating "Profit attributable to owners of parent per share" is as follows.

	Years ended March 31	
	2018	2019
Profit attributable to owners of parent per share		
Profit attributable to owners of parent (Millions of yen)	110,493	102,750
Profit attributable to owners of parent applicable to common shares (Millions of yen)	110,493	102,750
Average number of shares outstanding for each period (Thousands of shares)	193,605	192,664

(Material Subsequent Events)

1. Acquisition of the company's own shares

The company, at a meeting of its Board of Directors held on April 26, 2019, determined matters concerning the acquisition of its own shares in accordance with Article 156 of the Corporation Law of Japan, applicable pursuant to Article 165, paragraph 3 of the said Law.

(1) Reason for the acquisition of own shares

To enhance shareholder return and increase capital efficiency

(2) Class of shares to be acquired

Common stock

(3) Total number of shares to be acquired

(Not exceeding) 1.5 million shares

(Ratio thereof to the total number of issued shares (excluding treasury stock): 0.8%)

(4) Aggregate acquisition price

(Not exceeding) ¥10.0 billion

(5) Acquisition period

May 7, 2019 through March 31, 2020

(Additional Information)

1. 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.

2. Damage from the Heavy Rain Event of July 2018

Restoration expenses related to damage resulting from the Heavy Rain Event of July 2018 were recorded as "loss on disaster" in the extraordinary losses section of the statement of income.

Also, to prepare for expenditures needed for future recovery efforts, the Company included the estimated amount as “Provision for loss on disaster” in current liabilities on the consolidated balance sheet, and recorded as an extraordinary loss as “Provision for loss on disaster” on its consolidated income statement.

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2018	March 31, 2019	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	238.9	294.9	55.9
Non-current assets:			
Fixed assets for railway operations	1,851.3	1,900.6	49.3
Construction in progress	63.2	59.2	(4.0)
Investments and other assets	505.7	527.5	21.7
Total fixed assets	2,420.3	2,487.4	67.0
Total assets	2,659.3	2,782.3	122.9

	March 31, 2018	March 31, 2019	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	57.8	73.6	15.7
Accounts payable	534.1	602.8	68.6
Total current liabilities	592.0	676.4	84.4
Non-current liabilities:			
Bonds and long-term debt	969.1	987.9	18.8
Accrued retirement benefits	293.4	272.6	(20.7)
Other long-term liabilities	43.0	42.1	(0.8)
Total fixed liabilities	1,305.6	1,306.1	0.4
Total liabilities	1,897.6	1,982.5	84.9
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	(0.0)
Retained earnings	603.7	642.0	38.2
Treasury stock, at cost	(0.0)	(0.0)	(0.0)
Total shareholders' equity	758.7	797.0	38.2
Valuation and translation adjustments	2.9	2.7	(0.1)
Total net assets	761.7	799.7	38.0
Total liabilities and net assets	2,659.3	2,782.3	122.9

2. NON-CONSOLIDATED STATEMENTS OF INCOME

	Years ended March 31		Change from the same period of the previous period		Forecasts for year ending March 31, 2020	
	2018	2019			Change	
	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen	
Operating revenues:						
Transportation	867.8	873.4	5.6	0.6	895.0	21.5
Transportation incidentals	17.8	17.6	(0.2)	(1.5)	17.4	(0.2)
Other operations	28.4	29.3	0.9	3.4	30.3	0.9
Miscellaneous	62.1	60.4	(1.6)	(2.7)	58.3	(2.1)
	976.2	980.9	4.6	0.5	1,001.0	20.0
Operating expenses:						
Personnel costs	221.4	215.8	(5.6)	(2.5)	217.5	1.6
Non personnel costs:						
Energy costs	44.0	45.2	1.1	2.7	47.5	2.2
Maintenance costs	161.4	164.0	2.5	1.6	170.5	6.4
Miscellaneous costs	202.1	207.3	5.2	2.6	207.5	0.1
	407.6	416.6	9.0	2.2	425.5	8.8
Rental payments, etc	30.2	27.2	(2.9)	(9.8)	28.5	1.2
Taxes	35.7	36.0	0.3	0.9	37.0	0.9
Depreciation	136.8	134.3	(2.4)	(1.2)	141.0	6.6
	831.9	830.1	(1.7)	(0.2)	849.5	19.3
Operating income	144.3	150.7	6.3	4.4	151.5	0.7
Non-operating revenues and expenses, net:						
Non-operating revenues	6.2	7.5	1.3	—	—	—
Non-operating expenses	21.9	21.7	(0.1)	—	—	—
	(15.7)	(14.2)	1.4	(9.4)	(14.0)	0.2
Recurring profit	128.6	136.4	7.8	6.1	137.5	1.0
Extraordinary profit and loss, net:						
Extraordinary profit	29.8	27.6	(2.2)	—	—	—
Extraordinary loss	39.0	48.2	9.1	—	—	—
	(9.2)	(20.6)	(11.4)	—	(1.5)	19.1
Income before income taxes	119.4	115.8	(3.6)	(3.0)	136.0	20.1
Income taxes	38.7	35.2	(3.4)	(9.0)	41.0	5.7
Net income	80.7	80.6	(0.1)	(0.2)	95.0	14.3

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Years ended March 31		Change		Years ended March 31		Change	
	2018	2019	Amount	%	2018	2019	Amount	%
Shinkansen								
Commuter Passes	846	880	33	4.0	10.7	11.2	0.4	3.9
Non-Commuter Passes	20,176	20,457	281	1.4	436.9	445.8	8.8	2.0
Total	21,022	21,338	315	1.5	447.7	457.0	9.3	2.1
Conventional Lines								
Commuter Passes	22,831	22,751	(79)	(0.3)	142.0	141.3	(0.7)	(0.5)
Non-Commuter Passes	15,437	15,289	(148)	(1.0)	277.9	274.9	(2.9)	(1.1)
Total	38,269	38,040	(228)	(0.6)	420.0	416.3	(3.7)	(0.9)
Kansai Urban Area								
Commuter Passes	18,787	18,766	(21)	(0.1)	116.9	116.6	(0.2)	(0.3)
Non-Commuter Passes	11,084	11,031	(52)	(0.5)	192.0	191.4	(0.5)	(0.3)
Total	29,872	29,797	(74)	(0.2)	309.0	308.1	(0.8)	(0.3)
Other Lines								
Commuter Passes	4,043	3,985	(57)	(1.4)	25.1	24.6	(0.4)	(1.6)
Non-Commuter Passes	4,353	4,257	(95)	(2.2)	85.9	83.5	(2.4)	(2.8)
Total	8,397	8,243	(153)	(1.8)	111.0	108.2	(2.8)	(2.6)
Total								
Commuter Passes	23,677	23,632	(45)	(0.2)	152.8	152.5	(0.2)	(0.2)
Non-Commuter Passes	35,613	35,746	132	0.4	714.9	720.8	5.8	0.8
Total	59,291	59,379	87	0.1	867.8	873.4	5.6	0.6

3. NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Year ended March 31, 2018

	Millions of yen								
	Shareholders' equity								
	Common stock	Capital surplus			Legal retained earnings	Retained earnings			Total
		Legal capital surplus	Other capital surplus	Total		Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	
Balance at beginning of current period	100,000	55,000	—	55,000	11,327	25,463	380,000	135,301	552,092
Change in the fiscal year:									
Dividends from surplus								(29,060)	(29,060)
Net income								80,742	80,742
Provision of reserve for advanced depreciation of noncurrent assets						291		(291)	—
Reversal of reserve for advanced depreciation of noncurrent assets						(1,110)		1,110	—
Provision of general reserve							30,000	(30,000)	—
Purchase of treasury stock									
Disposal of treasury shares			0	0					
Retirement of treasury shares			—	—				—	—
Net changes of items other than shareholders' equity									
Total	—	—	0	0	—	(818)	30,000	22,501	51,682
Balance at end of current period	100,000	55,000	0	55,000	11,327	24,644	410,000	157,803	603,775

(continued on page36)

	Millions of yen			
	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total	Valuation difference on available-for-sale securities	
Balance at beginning of current period	(3)	707,088	2,870	709,959
Change in the fiscal year:				
Dividends from surplus		(29,060)		(29,060)
Net income		80,742		80,742
Provision of reserve for advanced depreciation of noncurrent assets		—		—
Reversal of reserve for advanced depreciation of noncurrent assets		—		—
Provision of general reserve		—		—
Purchase of treasury stock	—	—		—
Disposal of treasury shares	0	0		0
Retirement of treasury shares	—	—		—
Net changes of items other than shareholders' equity			61	61
Total	0	51,683	61	51,744
Balance at end of current period	(3)	758,771	2,931	761,703

Year ended March 31, 2019

	Millions of yen								
	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total	Legal retained earnings	Other retained earnings			Total
						Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	
Balance at beginning of current period	100,000	55,000	0	55,000	11,327	24,644	410,000	157,803	603,775
Change in the fiscal year:									
Dividends from surplus								(32,340)	(32,340)
Net income								80,613	80,613
Provision of reserve for advanced depreciation of noncurrent assets						319		(319)	—
Reversal of reserve for advanced depreciation of noncurrent assets						(1,007)		1,007	—
Provision of general reserve							40,000	(40,000)	—
Purchase of treasury stock									
Disposal of treasury shares			—	—					
Retirement of treasury shares			(0)	(0)				(9,997)	(9,997)
Net changes of items other than shareholders' equity									
Total	—	—	(0)	(0)	—	(687)	40,000	(1,037)	38,275
Balance at end of current period	100,000	55,000	—	55,000	11,327	23,956	450,000	156,765	642,050

(continued on page 38)

	Millions of yen			
	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total	Valuation difference on available-for-sale securities	
Balance at beginning of current period	(3)	758,771	2,931	761,703
Change in the fiscal year:				
Dividends from surplus		(32,340)		(32,340)
Net income		80,613		80,613
Provision of reserve for advanced depreciation of noncurrent assets		—		—
Reversal of reserve for advanced depreciation of noncurrent assets		—		—
Provision of general reserve		—		—
Purchase of treasury stock	(9,999)	(9,999)		(9,999)
Disposal of treasury shares	—	—		—
Retirement of treasury shares	9,997	—		—
Net changes of items other than shareholders' equity			(197)	(197)
Total	(1)	38,273	(197)	38,075
Balance at end of current period	(5)	797,044	2,734	799,779

4. CAPITAL EXPENDITURES

Consolidated Basis

	Years ended March 31		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2019
	2018	2019	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	199.5	265.7	66.1	33.2	—
Capital expenditures, excluding contributions received for constructions	169.4	245.3	75.8	44.8	278.0
Contributions received for constructions	30.1	20.4	(9.6)	(32.2)	—

Non-Consolidated Basis

	Years ended March 31		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2019
	2018	2019	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	157.9	211.3	53.4	33.8	—
Capital expenditures, excluding contributions received for constructions	127.8	190.9	63.1	49.4	209.0
[Safety-related capital expenditures]	[83.2]	[125.2]	[42.0]	[50.4]	[120.0]
Contributions received for constructions	30.1	20.4	(9.6)	(32.2)	—

Major Capital Expenditures

Capital investments included earthquake and tsunami countermeasures, and new rolling stock (Sanyo Shinkansen N700A, 227 series Hiroshima).

5. FORECASTS FOR THE FISCAL YEAR ENDING MARCH 31, 2020

	Year ended March 31, 2019	Year ending March 31, 2020	Change from the same period of the previous period	
	Billions of yen	Billions of yen	Billions of yen	%
Consolidated-basis :	<1.56>	<1.56>		
Operating revenues	1,529.3	1,557.5	28.1	1.8
Operating income	196.9	198.0	1.0	0.5
Recurring profit	183.3	184.5	1.1	0.6
	<1.27>	<1.25>		
Profit attributable to owners of parent	102.7	118.5	15.7	15.3
Non-consolidated-basis:				
Operating revenues	980.9	1,001.0	20.0	2.0
Transportation operations	873.4	895.0	21.5	2.5
Operating expenses	830.1	849.5	19.3	2.3
Operating income	150.7	151.5	0.7	0.5
Recurring profit	136.4	137.5	1.0	0.7
Net income	80.6	95.0	14.3	17.8

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

Business Segment Information

		Billions of yen		
		Year ended March 31, 2019	Year ending March 31, 2020	Change from the same period of the previous period
Transportation	Operating revenues	953.9	974.2	20.2
	Operating income	136.2	136.7	0.4
Retail	Operating revenues	245.5	237.7	(7.8)
	Operating income	6.1	6.4	0.2
Real Estate	Operating revenues	148.5	162.3	13.7
	Operating income	35.6	36.3	0.6
Other Businesses	Operating revenues	181.3	183.3	1.9
	Operating income	21.2	21.6	0.3

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 April 2019 based on information available to JR-West as of April 2019 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.