

Summary of Consolidated Financial Report for the Six Months Ended September 30, 2016 (under Japanese GAAP) (Unaudited)

English translation from the original Japanese-language document

October 27, 2016

Company Name	Central Japan Railway Company
Stock Exchange Listings	Tokyo and Nagoya
Code Number	9022
URL	<a href="http://jr-central.co.jp">http://jr-central.co.jp</a>
Representative	Kouei Tsuge, President and Representative Director
Contact Person	Shunsuke Niwa, Corporate Officer, General Manager of the Public Relations Department (Tel +81-52-564-2549)
Expected Date of Presentation of Quarterly Financial Statement Reports	November 9, 2016
Expected Date of Payment of Dividends	December 1, 2016
Supplementary Information	Attached
Briefing of Financial Results of 2nd Quarter	To be held

1. Results for the six months ended September 30, 2016

(1) Consolidated financial results (Figures less than one million yen, except for per share information, have been rounded down.)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2017 2nd Quarter	866,744	0.8	334,700	3.3	306,681	4.7	214,982	9.8
Fiscal 2016 2nd Quarter	860,271	5.3	324,005	16.2	292,901	19.5	195,708	17.2

Note 1. Comprehensive income : Fiscal 2017 2nd Quarter 213,241 million yen (19.0%). Fiscal 2016 2nd Quarter 179,173 million yen (3.0%).

2. Percentages for operating revenues, operating income, ordinary income, net income attributable to owners of the parent and comprehensive income represent the changes from the corresponding six-month period of the previous year.

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
Fiscal 2017 2nd Quarter	1,092.39	-
Fiscal 2016 2nd Quarter	994.46	-

(2) Consolidated financial position (Figures less than one million yen, except for per share information, have been rounded down.)

	Total assets	Equity	Net worth ratio
	Millions of yen	Millions of yen	%
Fiscal 2017 2nd Quarter	5,354,092	2,552,922	47.1
Fiscal 2016	5,268,544	2,352,566	44.0

Note Net worth : Fiscal 2017 2nd Quarter 2,519,148 million yen. Fiscal 2016 2,316,397 million yen.

2. Cash dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2016	-	60.00	-	65.00	125.00
Fiscal 2017	-	65.00	-	65.00	130.00
Fiscal 2017 (Forecast)	-	-	-	65.00	130.00

Note Changes in the forecast of cash dividends for Fiscal 2017 : none

3. Consolidated forecast for Fiscal 2017 (Year ending March 31, 2017)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share - basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2017	1,736,000	△ 0.1	577,000	△ 0.3	520,000	1.7	363,000	7.6	1,844.52

Note 1. Percentages for operating revenues, operating income, ordinary income and net income attributable to owners of the parent represent the changes from the corresponding period of the previous year.

2. Changes in the consolidated forecast for Fiscal 2017: none

※Notes to Consolidated Financial Information

- (1) Changes in scope of significant consolidated subsidiaries : none
- (2) Adoption of simplified accounting methods or accounting methods used specifically for quarterly consolidated financial statements : adopted
- (3) Changes in accounting policies, changes in accounting estimates and error corrections
- ① Changes in accounting policies due to revision of accounting standard : none
- ② Other changes in accounting policies : none
- ③ Changes in accounting estimates : none
- ④ Error corrections : none

(4) Number of common shares outstanding at the end of each period

① Number of shares issued and outstanding at the end of each period (Including treasury stocks)

② Number of treasury stocks at the end of each period

③ Average number of shares outstanding for the period

Fiscal 2017 2nd Quarter	206,000,000 shares	Fiscal 2016	206,000,000 shares
Fiscal 2017 2nd Quarter	9,200,776 shares	Fiscal 2016	9,200,776 shares
Fiscal 2017 2nd Quarter	196,799,224 shares	Fiscal 2016 2nd Quarter	196,799,248 shares

(Reference) Nonconsolidated forecast for Fiscal 2017 (Year ending March 31, 2017)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share – basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2017	1,364,000	0.4	567,000	1.7	510,000	4.0	360,000	9.5	1,827.40

- Note 1. Percentages for operating revenues, operating income, ordinary income and net income represent the change from the corresponding period of the previous year.
2. Changes in the nonconsolidated forecast for Fiscal 2017 : changed

- Note 1. This consolidated financial information is not subject to quarterly review in accordance with the Japanese Financial Instruments and Exchange Act. Quarterly review procedures on the consolidated financial statements for the six-month period ended September 30, 2016 have not been completed at the time of announcement of this consolidated financial information.
2. The forward-looking statements in this report are based on estimates and assumptions that reflect information available as of the day of release of this report. The accuracy of forecasts above, therefore, is inherently uncertain because it is affected by future economic trends and environment.
3. English supplementary information will be announced on our website later.

Supplementary information for the notes to consolidated financial information

- (1) Adoption of simplified accounting methods or accounting methods used specifically for quarterly consolidated financial statements
- Computation of income taxes  
The Company computed income taxes by multiplying quarterly income before income taxes by estimated effective rate, which is applicable to annual tax provision to annual income before income taxes of the current year.

**QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)**

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	As of March 31, 2016	As of September 30, 2016
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	164,871	263,216
Notes and accounts receivable—trade	47,931	46,770
Railway fares receivables	37,593	35,720
Marketable securities	183,000	177,100
Inventories	38,214	39,707
Deferred tax assets	24,222	24,730
Other	34,921	34,084
Allowance for doubtful accounts	△ 37	△ 45
Total current assets	530,716	621,286
<b>Noncurrent assets:</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,525,935	1,477,035
Machinery, rolling stock and vehicles, net	275,114	253,620
Land	2,356,273	2,356,396
Construction in progress	225,268	297,113
Other, net	32,139	28,460
Total property, plant and equipment	4,414,731	4,412,625
<b>Intangible assets</b>	24,259	25,047
<b>Investments and other assets</b>		
Investment securities	122,005	120,262
Deferred tax assets	148,760	148,173
Other	28,158	26,785
Allowance for doubtful accounts	△ 87	△ 87
Total investments and other assets	298,836	295,133
Total noncurrent assets	4,737,827	4,732,806
<b>Total assets</b>	<b>5,268,544</b>	<b>5,354,092</b>

**QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)**

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	As of March 31, 2016	As of September 30, 2016
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	67,938	57,794
Short-term loans payable	24,800	25,461
Current portion of long-term loans payable	112,236	86,465
Current portion of long-term accounts payable-railway facilities	77,665	41,614
Income taxes payable	105,953	96,890
Provision for bonuses	27,991	27,701
Other	222,682	183,994
Total current liabilities	639,269	519,922
<b>Noncurrent liabilities:</b>		
Bonds payable	646,126	656,139
Long-term loans payable	555,164	569,278
Long-term accounts payable-railway facilities	553,856	551,476
Provision for large scale renovation of the Shinkansen infrastructure	245,000	227,500
Liability for retirement benefits	207,625	206,291
Other	68,936	70,560
Total noncurrent liabilities	2,276,709	2,281,246
<b>Total liabilities</b>	<b>2,915,978</b>	<b>2,801,169</b>
<b>EQUITY</b>		
<b>Shareholders' equity:</b>		
Common stock	112,000	112,000
Capital surplus	53,499	53,498
Retained earnings	2,241,207	2,443,384
Treasury stock	△ 103,157	△ 103,157
Total shareholders' equity	2,303,549	2,505,725
<b>Accumulated other comprehensive income:</b>		
Unrealized gain on available-for-sale securities	22,227	21,217
Deferred loss on hedges	△ 2	△ 8
Remeasurements of defined benefit plans	△ 9,375	△ 7,785
Total accumulated other comprehensive income	12,848	13,422
<b>Noncontrolling interests</b>	36,168	33,774
<b>Total equity</b>	<b>2,352,566</b>	<b>2,552,922</b>
<b>Total liabilities and equity</b>	<b>5,268,544</b>	<b>5,354,092</b>

QUARTERLY CONSOLIDATED STATEMENT OF INCOME (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	For the six months ended September 30, 2015	For the six months ended September 30, 2016
<b>Operating revenues</b>	860,271	866,744
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	453,564	446,423
Selling, general and administrative expenses	82,701	85,620
Total operating expenses	536,266	532,043
<b>Operating income</b>	<b>324,005</b>	<b>334,700</b>
<b>Non-operating income:</b>		
Interest income	133	21
Dividends income	1,304	1,147
Insurance income	157	275
Other	1,949	1,170
Total non-operating income	3,543	2,615
<b>Non-operating expenses:</b>		
Interest expense	11,857	10,434
Interest on long-term accounts payable-railway facilities	21,308	19,327
Other	1,480	872
Total non-operating expenses	34,646	30,634
<b>Ordinary income</b>	<b>292,901</b>	<b>306,681</b>
<b>Extraordinary gain:</b>		
Contribution for construction	561	462
Reversal of provision for loss on business of an unconsolidated subsidiary	9,790	-
Reversal of provision for doubtful accounts of an unconsolidated subsidiary	5,035	-
Other	976	175
Total extraordinary gain	16,363	637
<b>Extraordinary loss:</b>		
Loss on reduction of noncurrent assets	360	292
Loss on retirement of noncurrent assets	806	2,009
Write down of an investment in an unconsolidated subsidiary	19,061	-
Other	324	44
Total extraordinary loss	20,553	2,346
<b>Income before income taxes</b>	<b>288,710</b>	<b>304,973</b>
Income taxes	97,382	91,890
Net Income	191,328	213,082
Net loss attributable to noncontrolling interests	△ 4,379	△ 1,899
<b>Net income attributable to owners of the parent</b>	<b>195,708</b>	<b>214,982</b>

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	For the six months ended September 30, 2015	For the six months ended September 30, 2016
<b>Net income</b>	191,328	213,082
<b>Other comprehensive income:</b>		
Unrealized loss on available-for-sale securities	△ 13,458	△ 1,356
Deferred (loss) gain on hedges	45	△ 12
Remeasurements of defined benefit plans	1,196	1,548
Share of other comprehensive income in affiliates	60	△ 19
<b>Total other comprehensive income</b>	△ 12,155	159
<b>Comprehensive income</b>	<b>179,173</b>	<b>213,241</b>
(breakdown)		
<b>Total comprehensive income attributable to</b>		
Owners of the parent	184,009	215,555
Noncontrolling interests	△ 4,836	△ 2,313

QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	For the six months ended September 30, 2015	For the six months ended September 30, 2016
<b>Operating activities:</b>		
Income before income taxes	288,710	304,973
Depreciation and amortization	118,267	109,567
Decrease in provision for large scale renovation of the Shinkansen infrastructure	△ 17,500	△ 17,500
Increase in liability for retirement benefits	851	807
Interest and dividends income	△ 1,437	△ 1,169
Interest expense	33,166	29,762
Proceeds from contribution for construction	△ 561	△ 462
Loss on reduction of noncurrent assets	360	292
Loss on retirement of noncurrent assets	2,248	3,524
Decrease in trade receivables	3,826	3,031
Increase in inventories	△ 3,689	△ 1,368
Decrease in trade payables	△ 14,994	△ 10,144
Other	△ 21,993	△ 6,838
Subtotal	<u>387,256</u>	<u>414,475</u>
Interest and dividends income received	1,306	1,099
Interest expense paid	△ 33,472	△ 29,958
Income taxes paid	△ 70,061	△ 101,582
<b>Net cash provided by operating activities</b>	<b><u>285,028</u></b>	<b><u>284,034</u></b>
<b>Investing activities:</b>		
Placement of time deposits	△ 105,000	△ 64,400
Withdrawal of time deposits	124,000	77,200
Purchases of marketable securities	△ 50,000	△ 284,900
Proceeds from redemption of marketable securities	-	107,800
Purchases of property, plant and equipment	△ 118,586	△ 139,360
Proceeds from contribution for construction	1,873	2,066
Purchases of intangible assets	△ 1,744	△ 2,024
Other	△ 10,671	△ 385
<b>Net cash used in investing activities</b>	<b><u>△ 160,129</u></b>	<b><u>△ 304,002</u></b>
<b>Financing activities:</b>		
Net increase (decrease) in short-term loans payable	△ 5,706	774
Proceeds from long-term loans payable	51,573	42,592
Repayment of long-term loans payable	△ 34,552	△ 54,249
Proceeds from issuance of bonds	45,000	10,000
Redemption of bonds	△ 20,000	-
Payments for long-term accounts payable-railway facilities	△ 42,588	△ 38,430
Cash dividends paid	△ 11,820	△ 12,805
Cash dividends paid to noncontrolling shareholders	△ 79	△ 79
Other	△ 337	△ 133
<b>Net cash used in financing activities</b>	<b><u>△ 18,512</u></b>	<b><u>△ 52,331</u></b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b><u>106,386</u></b>	<b><u>△ 72,299</u></b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>130,002</u></b>	<b><u>318,352</u></b>
<b>Cash and cash equivalents increased by merger with an unconsolidated subsidiary</b>	<b><u>1</u></b>	<b><u>0</u></b>
<b>Cash and cash equivalents, end of period</b>	<b><u>236,389</u></b>	<b><u>246,052</u></b>

SEGMENT INFORMATION (Unaudited)

I Fiscal 2016 2nd quarter (For the six months ended September 30, 2015)

Information about operating revenues and profit (loss)

(Figures less than one million yen have been rounded down.)

	Millions of yen						
	Transportation	Merchandise and Other	Real Estate	Other	Total	Reconciliations	Consolidated
<b>Operating revenues:</b>							
External customers	672,611	112,503	19,250	55,906	860,271	—	860,271
Intersegment transactions or transfers	5,881	4,453	13,551	45,415	69,300	△ 69,300	—
Total	678,492	116,956	32,801	101,321	929,572	△ 69,300	860,271
Segment profit (loss)	312,377	4,113	7,572	△ 378	323,685	320	324,005

- Note 1. Other includes business in hotel, travel, advertising, rolling stock production, construction and etc. which are not included in reportable segments.  
 2. The reconciliations amount of 320 million yen for segment profit (loss) is the elimination of intersegment transactions.  
 3. Segment profit (loss) is reconciled to operating income in the quarterly consolidated statement of income.

II Fiscal 2017 2nd quarter (For the six months ended September 30, 2016)

Information about operating revenues and profit (loss)

(Figures less than one million yen have been rounded down.)

	Millions of yen						
	Transportation	Merchandise and Other	Real Estate	Other	Total	Reconciliations	Consolidated
<b>Operating revenues:</b>							
External customers	679,693	110,739	19,396	56,914	866,744	—	866,744
Intersegment transactions or transfers	5,854	4,531	13,420	49,477	73,284	△ 73,284	—
Total	685,548	115,271	32,816	106,392	940,028	△ 73,284	866,744
Segment profit (loss)	324,496	3,454	9,693	△ 2,720	334,923	△ 223	334,700

- Note 1. Other includes business in hotel, travel, advertising, rolling stock production, construction and etc. which are not included in reportable segments.  
 2. The reconciliations amount of △223 million yen for segment profit (loss) is the elimination of intersegment transactions.  
 3. Segment profit (loss) is reconciled to operating income in the quarterly consolidated statement of income.