

# Summary of Consolidated Financial Report for the Six Months Ended September 30, 2017 [under Japanese GAAP] (Unaudited)

English translation from the original Japanese-language document

October 27, 2017

Company Name	Central Japan Railway Company
Stock Exchange Listings	Tokyo and Nagoya
Code Number	9022
URL	http://jr-central.co.jp
Representative	Koei 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 10, 2017
Expected Date of Dividend Payment Commencement	December 1, 2017
Supplementary Information	Attached
Briefing of Financial Results of 2nd Quarter	To be held

## 1. Results for the six months ended September 30, 2017

### (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 2018 2nd Quarter	899,544	3.8	368,926	10.2	330,335	7.7	233,212	8.5
Fiscal 2017 2nd Quarter	866,744	0.8	334,700	3.3	306,681	4.7	214,982	9.8

Note 1. Comprehensive income : Fiscal 2018 2nd Quarter 249,477 million yen (17.0%). Fiscal 2017 2nd Quarter 213,241 million yen (19.0%).

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 2018 2nd Quarter	1,185.58	–
Fiscal 2017 2nd Quarter	1,092.39	–

### (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 2018 2nd Quarter	8,731,422	2,941,254	33.2
Fiscal 2017	7,052,675	2,726,729	38.2

Note Net worth : Fiscal 2018 2nd Quarter 2,902,344 million yen. Fiscal 2017 2,692,451 million yen.

## 2. Cash dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017	–	65.00	–	70.00	135.00
Fiscal 2018	–	70.00			
Fiscal 2018 (Forecast)			–	70.00	140.00

Note Changes in the forecast of cash dividends for Fiscal 2018 : none

## 3. Consolidated forecast for Fiscal 2018 (Year ending March 31, 2018)

	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 2018	1,791,000	1.9	618,000	△ 0.3	537,000	△ 4.8	374,000	△ 4.8	1,905.89

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 2018 : changed

# ※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)

Fiscal 2018 2nd Quarter	206,000,000 shares	Fiscal 2017	206,000,000 shares
Fiscal 2018 2nd Quarter	10,307,899 shares	Fiscal 2017	9,200,886 shares
Fiscal 2018 2nd Quarter	196,706,936 shares	Fiscal 2017 2nd Quarter	196,799,224 shares

- ② Number of treasury stocks at the end of each period

- ③ Average number of shares outstanding for the period

Note The Company's shares held by the employee stock ownership plan trust account are included in the number of treasury stocks at the end of the period (1,107,000 shares as of September 30, 2017) and in treasury stocks that are deducted for calculation of the average number of shares outstanding for the period (92,176 shares for the six months ended September 30, 2017).

## (5) Quarterly Consolidated Balance Sheet

The Company has received loans from the Japan Railway Construction, Transport and Technology Agency for promoting the construction of the Chuo Shinkansen, and the money is placed in the trust fund to segregate it from other money.

## (6) 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.

## (Reference) Nonconsolidated forecast for Fiscal 2018 (Year ending March 31, 2018)

	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 2018	1,408,000	2.0	594,000	△ 0.3	515,000	△ 4.9	360,000	△ 5.7	1,832.67

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 2018 : changed

Note 1. Quarterly Consolidated financial information is not subject to audit procedures.  
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. This forecast has been changed from the previous forecast at April 27, 2017.  
3. English supplementary information will be announced on our website later.

# QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

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

Millions of yen		
	As of March 31, 2017	As of September 30, 2017
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	246,483	602,548
Money held in trust for the Chuo Shinkansen construction	1,472,741	2,871,587
Notes and accounts receivable-trade	54,293	49,551
Railway fares receivables	40,482	39,428
Marketable securities	304,300	151,700
Inventories	36,706	42,793
Deferred tax assets	18,787	19,438
Other	36,564	33,610
Allowance for doubtful accounts	△ 16	△ 14
Total current assets	2,210,342	3,810,642
<b>Noncurrent assets:</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,558,665	1,516,720
Machinery, rolling stock and vehicles, net	267,229	256,620
Land	2,355,373	2,355,319
Construction in progress	273,653	325,342
Other, net	33,523	30,850
Total property, plant and equipment	4,488,445	4,484,853
<b>Intangible assets</b>	32,705	34,785
<b>Investments and other assets</b>		
Investment securities	150,469	232,848
Deferred tax assets	144,580	139,746
Other	26,242	29,180
Allowance for doubtful accounts	△ 111	△ 635
Total investments and other assets	321,181	401,140
Total noncurrent assets	4,842,333	4,920,779
<b>Total assets</b>	<b>7,052,675</b>	<b>8,731,422</b>

# QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

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

Millions of yen		
	As of March 31, 2017	As of September 30, 2017
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	74,140	57,290
Short-term loans payable	25,563	26,884
Current portion of long-term loans payable	100,574	87,397
Current portion of long-term debt of the employee stock ownership plan trust	-	3,600
Current portion of long-term accounts payable-railway facilities	4,824	4,975
Income taxes payable	86,788	107,233
Provision for bonuses	28,074	27,854
Other	235,385	202,496
Total current liabilities	555,352	517,732
<b>Noncurrent liabilities:</b>		
Bonds payable	724,250	734,269
Long-term loans payable	516,781	512,107
Long-term debt for the Chuo Shinkansen construction	1,500,000	3,000,000
Long-term debt of the employee stock ownership plan trust	-	17,800
Long-term accounts payable-railway facilities	549,028	546,499
Provision for large-scale renovation of the Shinkansen infrastructure	210,000	192,500
Liability for retirement benefits	205,423	204,278
Other	65,110	64,981
Total noncurrent liabilities	3,770,594	5,272,435
<b>Total liabilities</b>	<b>4,325,946</b>	<b>5,790,167</b>
<b>EQUITY</b>		
<b>Shareholders' equity:</b>		
Common stock	112,000	112,000
Capital surplus	53,498	53,498
Retained earnings	2,608,511	2,827,933
Treasury stock	△ 103,159	△ 124,241
Total shareholders' equity	2,670,849	2,869,190
<b>Accumulated other comprehensive income:</b>		
Unrealized gain on available-for-sale securities	28,832	38,682
Deferred loss on hedges	△ 1	△ 1
Remeasurements of defined benefit plans	△ 7,229	△ 5,527
Total accumulated other comprehensive income	21,601	33,153
<b>Noncontrolling interests</b>	<b>34,277</b>	<b>38,910</b>
<b>Total equity</b>	<b>2,726,729</b>	<b>2,941,254</b>
<b>Total liabilities and equity</b>	<b>7,052,675</b>	<b>8,731,422</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, 2016	For the six months ended September 30, 2017
<b>Operating revenues</b>	866,744	899,544
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	446,423	440,621
Selling, general and administrative expenses	85,620	89,996
Total operating expenses	532,043	530,617
<b>Operating income</b>	<b>334,700</b>	<b>368,926</b>
<b>Non-operating income:</b>		
Interest income	21	38
Dividend income	1,147	1,585
Insurance income	275	167
Other	1,170	1,004
Total non-operating income	2,615	2,796
<b>Non-operating expenses:</b>		
Interest expense	10,434	20,035
Interest on long-term accounts payable-railway facilities	19,327	17,955
Other	872	3,396
Total non-operating expenses	30,634	41,387
<b>Ordinary income</b>	<b>306,681</b>	<b>330,335</b>
<b>Extraordinary gain:</b>		
Contribution for construction	462	2,182
Gain on sales of noncurrent assets	46	9,126
Other	128	380
Total extraordinary gain	637	11,689
<b>Extraordinary loss:</b>		
Loss on reduction of noncurrent assets	292	2,108
Loss on retirement of noncurrent assets	2,009	840
Other	44	266
Total extraordinary loss	2,346	3,215
<b>Income before income taxes</b>	<b>304,973</b>	<b>338,808</b>
Income taxes	91,890	101,163
Net Income	213,082	237,645
Net income (loss) attributable to noncontrolling interests	△ 1,899	4,433
<b>Net income attributable to owners of the parent</b>	<b>214,982</b>	<b>233,212</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, 2016	For the six months ended September 30, 2017
<b>Net income</b>	213,082	237,645
<b>Other comprehensive income:</b>		
Unrealized gain (loss) on available-for-sale securities	△ 1,356	10,131
Deferred gain (loss) on hedges	△ 12	0
Remeasurements of defined benefit plans	1,548	1,625
Share of other comprehensive income (loss) in affiliates	△ 19	74
<b>Total other comprehensive income</b>	159	11,832
<b>Comprehensive income</b>	<b>213,241</b>	<b>249,477</b>
(breakdown)		
<b>Total comprehensive income (loss) attributable to</b>		
Owners of the parent	215,555	244,764
Noncontrolling interests	△ 2,313	4,713

# 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, 2016	For the six months ended September 30, 2017
<b>Operating activities:</b>		
Income before income taxes	304,973	338,808
Depreciation and amortization	109,567	104,573
Decrease in provision for large-scale renovation of the Shinkansen infrastructure	△ 17,500	△ 17,500
Increase in liability for retirement benefits	807	1,201
Interest and dividend income	△ 1,169	△ 1,623
Interest expense	29,762	37,991
Proceeds from contribution for construction	△ 462	△ 2,182
Loss on reduction of noncurrent assets	292	2,108
Loss on retirement of noncurrent assets	3,524	2,178
Decrease in trade receivables	3,031	5,796
Increase in inventories	△ 1,368	△ 5,857
Decrease in trade payables	△ 10,144	△ 16,849
Other	△ 6,838	△ 5,560
Subtotal	414,475	443,085
Interest and dividend income received	1,099	1,458
Interest expense paid	△ 29,958	△ 33,623
Income taxes paid	△ 101,582	△ 79,389
<b>Net cash provided by operating activities</b>	<b>284,034</b>	<b>331,531</b>
<b>Investing activities:</b>		
Placement of time deposits	△ 64,400	—
Withdrawal of time deposits	77,200	—
Payments for money held in trust for the Chuo Shinkansen construction	—	△ 1,500,000
Proceeds from cancellation of money held in trust for the Chuo Shinkansen construction	—	101,154
Purchases of marketable securities	△ 284,900	—
Proceeds from redemption of marketable securities	107,800	138,700
Purchases of property, plant and equipment	△ 139,360	△ 140,030
Proceeds from contribution for construction	2,066	1,960
Purchases of intangible assets	△ 2,024	△ 4,934
Purchases of investment securities	△ 1	△ 67,702
Other	△ 383	5,122
<b>Net cash used in investing activities</b>	<b>△ 304,002</b>	<b>△ 1,465,731</b>
<b>Financing activities:</b>		
Net increase in short-term loans payable	774	1,320
Proceeds from long-term loans payable	42,592	34,799
Repayment of long-term loans payable	△ 54,249	△ 52,651
Proceeds from long-term debt for the Chuo Shinkansen construction	—	1,500,000
Proceeds from issuance of bonds	10,000	10,000
Payments for long-term accounts payable—railway facilities	△ 38,430	△ 2,378
Purchases of treasury stock	—	△ 21,365
Proceeds from sales of treasury stock	—	290
Cash dividend paid	△ 12,805	△ 13,790
Cash dividend paid to noncontrolling shareholders	△ 79	△ 79
Other	△ 133	21,297
<b>Net cash used in financing activities</b>	<b>△ 52,331</b>	<b>1,477,442</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>△ 72,299</b>	<b>343,242</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>318,352</b>	<b>414,559</b>
<b>Cash and cash equivalents increased by merger with an unconsolidated subsidiary</b>	<b>0</b>	<b>—</b>
<b>Cash and cash equivalents, end of period</b>	<b>246,052</b>	<b>757,802</b>

## SEGMENT INFORMATION (Unaudited)

### I 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 statements of income.

### II Fiscal 2018 2nd quarter (For the six months ended September 30, 2017)

#### 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	703,928	117,579	22,285	55,750	899,544	-	899,544
Intersegment transactions or transfers	5,916	6,791	15,617	49,094	77,419	△ 77,419	-
Total	709,845	124,370	37,902	104,844	976,963	△ 77,419	899,544
Segment profit	353,829	4,254	9,083	2,441	369,608	△ 682	368,926

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 △682 million yen for segment profit is the elimination of intersegment transactions.

3. Segment profit is reconciled to operating income in the quarterly consolidated statements of income.