

# Summary of Consolidated Financial Report for the Nine Months Ended December 31, 2017 (under Japanese GAAP) (Unaudited)

English translation from the original Japanese-language document

January 30, 2018

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	February 7, 2018
Expected Date of Dividend Payment Commencement	—
Supplementary Information	Attached
Briefing of Financial Results of 3rd Quarter	None

## 1. Results for the nine months ended December 31, 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 3rd Quarter	1,374,385	4.2	561,884	9.1	503,924	6.5	339,767	2.6
Fiscal 2017 3rd Quarter	1,318,846	0.5	514,816	4.9	473,069	6.4	331,120	10.2

Note 1. Comprehensive income : Fiscal 2018 3rd Quarter 354,163 million yen (3.9%). Fiscal 2017 3rd Quarter 341,014 million yen (17.7%).

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 nine-month period of the previous year.

	Net income per share – basic	Net income per share – diluted
	Yen	Yen
Fiscal 2018 3rd Quarter	1,730.19	–
Fiscal 2017 3rd Quarter	1,682.53	–

### (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 3rd Quarter	8,804,569	3,033,885	34.1
Fiscal 2017	7,052,675	2,726,729	38.2

Note Net worth : Fiscal 2018 3rd Quarter 3,004,634 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 : 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)

Fiscal 2018 3rd Quarter	206,000,000 shares	Fiscal 2017	206,000,000 shares
Fiscal 2018 3rd Quarter	10,216,749 shares	Fiscal 2017	9,200,886 shares
Fiscal 2018 3rd Quarter	196,375,343 shares	Fiscal 2017 3rd Quarter	196,799,204 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 (1,015,900 shares as of December 31, 2017) and in treasury stocks that are deducted for calculation of the average number of shares outstanding for the period (423,778 shares for the nine months ended December 31, 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) Quarterly Consolidated Statement of Income

As for NIPPON SHARYO, LTD., a consolidated subsidiary of the Company, the large railway rolling stock project for the U.S.A. was taken over by another manufacturer. Accordingly, NIPPON SHARYO, LTD. suffered a loss resulted from concluding the contract to pay the settlement money to Sumitomo Corporation and Sumitomo Corporation of Americas.

- (7) 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.

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 not been changed from the previous forecast at October 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 December 31, 2017
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	246,483	600,652
Money held in trust for the Chuo Shinkansen construction	1,472,741	2,840,931
Notes and accounts receivable-trade	54,293	53,510
Railway fares receivables	40,482	45,582
Marketable securities	304,300	151,700
Inventories	36,706	43,863
Deferred tax assets	18,787	18,917
Other	36,564	43,341
Allowance for doubtful accounts	△ 16	△ 14
Total current assets	2,210,342	3,798,485
<b>Non-current assets:</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,558,665	1,495,513
Machinery, rolling stock and vehicles, net	267,229	251,264
Land	2,355,373	2,354,726
Construction in progress	273,653	355,589
Other, net	33,523	31,325
Total property, plant and equipment	4,488,445	4,488,420
<b>Intangible assets</b>	32,705	35,985
<b>Investments and other assets</b>		
Investment securities	150,469	318,143
Deferred tax assets	144,580	136,779
Other	26,242	32,543
Allowance for doubtful accounts	△ 111	△ 5,787
Total investments and other assets	321,181	481,679
Total non-current assets	4,842,333	5,006,084
<b>Total assets</b>	<b>7,052,675</b>	<b>8,804,569</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 December 31, 2017
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	74,140	63,061
Short-term loans payable	25,563	26,584
Current portion of long-term loans payable	100,574	86,337
Current portion of long-term debt of the employee stock ownership plan trust	-	5,400
Current portion of long-term accounts payable-railway facilities	4,824	4,975
Income taxes payable	86,788	73,900
Provision for bonuses	28,074	14,629
Other	235,385	228,290
Total current liabilities	555,352	503,180
<b>Non-current liabilities:</b>		
Bonds payable	724,250	744,279
Long-term loans payable	516,781	511,666
Long-term debt for the Chuo Shinkansen construction	1,500,000	3,000,000
Long-term debt of the employee stock ownership plan trust	-	16,000
Long-term accounts payable-railway facilities	549,028	546,499
Provision for large-scale renovation of the Shinkansen infrastructure	210,000	183,750
Liability for retirement benefits	205,423	203,475
Other	65,110	61,832
Total non-current liabilities	3,770,594	5,267,503
<b>Total liabilities</b>	<b>4,325,946</b>	<b>5,770,683</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	2,920,698
Treasury stock	△ 103,159	△ 122,505
Total shareholders' equity	2,670,849	2,963,691
<b>Accumulated other comprehensive income:</b>		
Unrealized gain on available-for-sale securities	28,832	45,616
Deferred gain (loss) on hedges	△ 1	0
Remeasurements of defined benefit plans	△ 7,229	△ 4,673
Total accumulated other comprehensive income	21,601	40,943
<b>Non-controlling interests</b>	<b>34,277</b>	<b>29,251</b>
<b>Total equity</b>	<b>2,726,729</b>	<b>3,033,885</b>
<b>Total liabilities and equity</b>	<b>7,052,675</b>	<b>8,804,569</b>

# QUARTERLY CONSOLIDATED STATEMENT OF INCOME (Unaudited)

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

	Millions of yen	
	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
<b>Operating revenues</b>	1,318,846	1,374,385
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	674,199	676,611
Selling, general and administrative expenses	129,830	135,889
Total operating expenses	804,029	812,500
<b>Operating income</b>	<b>514,816</b>	<b>561,884</b>
<b>Non-operating income:</b>		
Interest income	27	149
Dividend income	1,798	2,688
Insurance income	309	192
Other	1,845	2,115
Total non-operating income	3,979	5,146
<b>Non-operating expenses:</b>		
Interest expense	15,887	31,606
Interest on long-term accounts payable-railway facilities	28,586	26,897
Other	1,252	4,602
Total non-operating expenses	45,726	63,106
<b>Ordinary income</b>	<b>473,069</b>	<b>503,924</b>
<b>Extraordinary gain:</b>		
Contribution for construction	571	3,764
Gain on sales of non-current assets	53	10,165
Other	155	387
Total extraordinary gain	779	14,316
<b>Extraordinary loss:</b>		
Loss on reduction of non-current assets	324	3,671
Loss on retirement of non-current assets	2,866	1,177
Settlement of railway rolling stock production business	-	26,445
Other	583	5,664
Total extraordinary loss	3,773	36,957
<b>Income before income taxes</b>	<b>470,075</b>	<b>481,283</b>
Income taxes	140,740	147,355
Net Income	329,335	333,928
Net loss attributable to non-controlling interests	△ 1,784	△ 5,839
<b>Net income attributable to owners of the parent</b>	<b>331,120</b>	<b>339,767</b>

# QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

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

	Millions of yen	
	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Net income	329,335	333,928
Other comprehensive income:		
Unrealized gain on available-for-sale securities	9,288	17,670
Deferred gain on hedges	4	3
Remeasurements of defined benefit plans	2,324	2,441
Share of other comprehensive income in affiliates	62	119
Total other comprehensive income	11,679	20,234
Comprehensive income	341,014	354,163
(breakdown)		
Total comprehensive income (loss) attributable to		
Owners of the parent	342,624	359,108
Non-controlling interests	△ 1,609	△ 4,945

## SEGMENT INFORMATION (Unaudited)

### I Fiscal 2017 3rd quarter (For the nine months ended December 31, 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	1,036,956	166,052	29,387	86,450	1,318,846	—	1,318,846
Intersegment transactions or transfers	8,831	7,387	20,141	77,645	114,006	△ 114,006	—
Total	1,045,787	173,440	49,528	164,096	1,432,852	△ 114,006	1,318,846
Segment profit (loss)	497,112	5,094	14,408	△ 1,437	515,177	△ 360	514,816

- 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 △360 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 3rd quarter (For the nine months ended December 31, 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	1,073,576	178,449	34,783	87,575	1,374,385	—	1,374,385
Intersegment transactions or transfers	8,895	9,484	23,484	81,949	123,814	△123,814	—
Total	1,082,472	187,933	58,268	169,525	1,498,199	△123,814	1,374,385
Segment profit	532,306	5,841	15,011	9,932	563,092	△1,207	561,884

- 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 △1,207 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.