

# Summary of Consolidated Financial Report for the Six Months Ended September 30, 2018 [under Japanese GAAP] (Unaudited)

English translation from the original Japanese-language document

October 29, 2018

Company Name	Central Japan Railway Company
Stock Exchange Listings	Tokyo and Nagoya
Code Number	9022
URL	http://jr-central.co.jp
Representative	Shin Kaneko, 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 7, 2018
Expected Date of Dividend Payment Commencement	December 3, 2018
Supplementary Information	Attached
Briefing of Financial Results of 2nd Quarter	To be held

## 1. Results for the six months ended September 30, 2018

### (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 2019 2nd Quarter	918,127	2.1	390,998	5.1	351,840	5.6	244,727	10.8
Fiscal 2018 2nd Quarter	899,544	3.8	371,889	11.1	333,298	8.7	220,854	2.7

Note 1. Comprehensive income : Fiscal 2019 2nd Quarter 249,115 million yen, 10.6%. Fiscal 2018 2nd Quarter 225,199 million yen, 5.6%.

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 2019 2nd Quarter	1,249.37	-
Fiscal 2018 2nd Quarter	1,122.76	-

### (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 2019 2nd Quarter	9,066,490	3,322,355	36.3
Fiscal 2018	8,908,682	3,084,739	34.3

Note Net worth : Fiscal 2019 2nd Quarter 3,289,952 million yen. Fiscal 2018 3,055,410 million yen.

## 2. Cash dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2018	-	70.00	-	70.00	140.00
Fiscal 2019	-	70.00			
Fiscal 2019 (Forecast)			-	70.00	140.00

Note Changes in the forecast of cash dividends for Fiscal 2019 : none

## 3. Consolidated forecast for Fiscal 2019 (Year ending March 31, 2019)

	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 2019	1,855,000	1.8	673,000	1.7	594,000	1.8	411,000	3.9	2,097.84

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 2019 : 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 issued and outstanding at the end of each period

① Number of shares outstanding at the end of period (Including treasury stocks)	Fiscal 2019 2nd Quarter	206,000,000 shares	Fiscal 2018	206,000,000 shares
② Number of treasury stocks at the end of period	Fiscal 2019 2nd Quarter	10,049,249 shares	Fiscal 2018	10,173,749 shares
③ Average number of shares outstanding for the period	Fiscal 2019 2nd Quarter	195,881,391 shares	Fiscal 2018 2nd Quarter	196,706,936 shares

Note The number of treasury stocks at the end of the period and treasury stocks that are deducted from calculation of the average number of shares outstanding for the period include the Company's shares held by the employee stock ownership plan trust account, as follows.

Number of treasury stocks at the end of period : Fiscal 2019 2nd Quarter 848,400 shares. Fiscal 2018 972,900 shares.

Average number of shares outstanding for the period : Fiscal 2019 2nd Quarter 917,760 shares. Fiscal 2018 2nd Quarter 92,176 shares.

(5) Quarterly Consolidated Balance Sheet

Money held in trust for the Chuo Shinkansen construction and Long-term debt for the Chuo Shinkansen construction

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

Settlement of railway rolling stock production business

For the six months ended September 30, 2017, 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.

(Reference) Nonconsolidated forecast for Fiscal 2019 (Year ending March 31, 2019)

	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 2019	1,446,000	1.3	639,000	2.2	560,000	2.3	392,000	2.0	1,998.80

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 2019 : 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 26, 2018.  
 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, 2018	As of September 30, 2018
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	469,863	661,149
Money held in trust for the Chuo Shinkansen construction	2,840,931	2,737,011
Notes and accounts receivable-trade	55,774	50,574
Railway fares receivables	46,246	48,925
Marketable securities	308,500	165,900
Inventories	38,116	50,316
Other	45,349	44,710
Allowance for doubtful accounts	(13)	(16)
Total current assets	3,804,768	3,758,570
<b>Noncurrent assets:</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,499,397	1,453,727
Machinery, rolling stock and vehicles, net	252,386	242,069
Land	2,354,570	2,354,659
Construction in progress	401,234	484,968
Other, net	37,142	33,096
Total property, plant and equipment	4,544,732	4,568,520
<b>Intangible assets</b>	55,659	55,437
<b>Investments and other assets</b>		
Investment securities	306,937	487,670
Deferred tax assets	166,438	166,365
Other	35,610	35,722
Allowance for doubtful accounts	(5,463)	(5,797)
Total investments and other assets	503,522	683,961
Total noncurrent assets	5,103,914	5,307,919
<b>Total assets</b>	<b>8,908,682</b>	<b>9,066,490</b>

**QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)**

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

	Millions of yen	
	As of March 31, 2018	As of September 30, 2018
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	81,240	56,224
Short-term loans payable	27,509	28,734
Current portion of long-term loans payable	82,047	123,259
Current portion of long-term debt of the employee stock ownership plan trust	5,400	5,400
Current portion of long-term accounts payable-railway facilities	5,126	5,283
Income taxes payable	109,783	109,405
Provision for bonuses	28,218	28,026
Other	263,498	204,304
Total current liabilities	602,823	560,638
<b>Noncurrent liabilities:</b>		
Bonds payable	734,295	773,266
Long-term loans payable	490,838	439,326
Long-term debt for the Chuo Shinkansen construction	3,000,000	3,000,000
Long-term debt of the employee stock ownership plan trust	15,100	12,400
Long-term accounts payable-railway facilities	543,897	541,214
Provision for large-scale renovation of the Shinkansen infrastructure	175,000	157,500
Liability for retirement benefits	201,006	199,258
Other	60,980	60,530
Total noncurrent liabilities	5,221,118	5,183,496
<b>Total liabilities</b>	<b>5,823,942</b>	<b>5,744,134</b>
<b>EQUITY</b>		
<b>Shareholders' equity:</b>		
Common stock	112,000	112,000
Capital surplus	53,498	53,497
Retained earnings	2,976,434	3,207,372
Treasury stock	(121,687)	(119,316)
Total shareholders' equity	3,020,245	3,253,553
<b>Accumulated other comprehensive income:</b>		
Unrealized gain on available-for-sale securities	38,011	37,633
Deferred loss on hedges	(3)	—
Remeasurements of defined benefit plans	(2,842)	(1,235)
Total accumulated other comprehensive income	35,164	36,398
<b>Noncontrolling interests</b>	29,329	32,403
<b>Total equity</b>	<b>3,084,739</b>	<b>3,322,355</b>
<b>Total liabilities and equity</b>	<b>8,908,682</b>	<b>9,066,490</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, 2017	For the six months ended September 30, 2018
<b>Operating revenues</b>	899,544	918,127
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	437,613	437,161
Selling, general and administrative expenses	90,040	89,967
Total operating expenses	527,654	527,128
<b>Operating income</b>	<b>371,889</b>	<b>390,998</b>
<b>Non-operating income:</b>		
Interest income	38	569
Dividend income	1,585	1,791
Insurance income	167	92
Other	1,004	1,800
Total non-operating income	2,796	4,254
<b>Non-operating expenses:</b>		
Interest expense	20,035	22,687
Interest on long-term accounts payable-railway facilities	17,955	17,808
Other	3,396	2,916
Total non-operating expenses	41,387	43,411
<b>Ordinary income</b>	<b>333,298</b>	<b>351,840</b>
<b>Extraordinary gain:</b>		
Contribution for construction	2,182	1,396
Other	9,506	40
Total extraordinary gain	11,689	1,437
<b>Extraordinary loss:</b>		
Loss on reduction of noncurrent assets	2,108	1,391
Loss on retirement of noncurrent assets	840	885
Settlement of railway rolling stock production business	26,445	—
Other	266	204
Total extraordinary loss	29,660	2,481
<b>Income before income taxes</b>	<b>315,326</b>	<b>350,795</b>
Income taxes	101,959	103,633
Net income	213,367	247,162
Net income (loss) attributable to noncontrolling interests	(7,487)	2,434
<b>Net income attributable to owners of the parent</b>	<b>220,854</b>	<b>244,727</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, 2017	For the six months ended September 30, 2018
<b>Net income</b>	213,367	247,162
<b>Other comprehensive income:</b>		
Unrealized gain on available-for-sale securities	10,131	397
Deferred gain on hedges	0	7
Remeasurements of defined benefit plans	1,625	1,504
Share of other comprehensive income in affiliates	74	43
Total other comprehensive income	11,832	1,953
<b>Comprehensive income</b>	<b>225,199</b>	<b>249,115</b>
(breakdown)		
<b>Total comprehensive income (loss) attributable to</b>		
Owners of the parent	232,406	245,961
Noncontrolling interests	(7,206)	3,154

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, 2017	For the six months ended September 30, 2018
<b>Operating activities:</b>		
Income before income taxes	315,326	350,795
Depreciation and amortization	104,573	102,215
Decrease in provision for large-scale renovation of the Shinkansen infrastructure	(17,500)	(17,500)
Increase in liability for retirement benefits	1,201	643
Interest and dividend income	(1,623)	(2,360)
Interest expense	37,991	40,495
Proceeds from contribution for construction	(2,182)	(1,396)
Loss on reduction of noncurrent assets	2,108	1,391
Loss on retirement of noncurrent assets	2,178	1,899
Decrease in trade receivables	5,796	2,521
Increase in inventories	(5,857)	(11,975)
Decrease in trade payables	(16,849)	(25,015)
Other	17,921	(23,829)
Subtotal	<u>443,085</u>	<u>417,884</u>
Interest and dividend income received	1,458	2,119
Interest expense paid	(33,623)	(40,269)
Income taxes paid	(79,389)	(103,455)
<b>Net cash provided by operating activities</b>	<b><u>331,531</u></b>	<b><u>276,279</u></b>
<b>Investing activities:</b>		
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	103,920
Proceeds from redemption of marketable securities	138,700	—
Purchases of property, plant and equipment	(140,030)	(167,590)
Proceeds from contribution for construction	1,960	2,694
Purchases of intangible assets	(4,934)	(3,073)
Purchases of investment securities	(67,702)	(180,201)
Other	5,122	(1,399)
<b>Net cash used in investing activities</b>	<b><u>(1,465,731)</u></b>	<b><u>(245,649)</u></b>
<b>Financing activities:</b>		
Net increase in short-term loans payable	1,320	1,224
Proceeds from long-term loans payable	34,799	10,000
Repayment of long-term loans payable	(52,651)	(20,300)
Proceeds from long-term debt for the Chuo Shinkansen construction	1,500,000	—
Proceeds from issuance of bonds	10,000	38,950
Payments for long-term accounts payable-railway facilities	(2,378)	(2,525)
Purchases of treasury stock	(21,365)	—
Proceeds from sales of treasury stock	290	2,839
Cash dividend paid	(13,790)	(13,790)
Cash dividend paid to noncontrolling shareholders	(79)	(79)
Other	21,297	2,069
<b>Net cash provided by financing activities</b>	<b><u>1,477,442</u></b>	<b><u>18,388</u></b>
<b>Net increase in cash and cash equivalents</b>	<b><u>343,242</u></b>	<b><u>49,017</u></b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>414,559</u></b>	<b><u>782,454</u></b>
<b>Cash and cash equivalents, end of period</b>	<b><u>757,802</u></b>	<b><u>831,472</u></b>

SEGMENT INFORMATION (Unaudited)

I 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	5,404	372,572	(682)	371,889

- 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 statement of income.

II Fiscal 2019 2nd Quarter (For the six months ended September 30, 2018)

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	719,116	121,965	22,945	54,099	918,127	—	918,127
Intersegment transactions or transfers	6,064	5,628	15,965	41,509	69,168	(69,168)	—
Total	725,181	127,594	38,910	95,608	987,295	(69,168)	918,127
Segment profit	371,651	4,330	10,649	4,122	390,753	244	390,998

- 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 244 million yen for segment profit is the elimination of intersegment transactions.
  3. Segment profit is reconciled to operating income in the quarterly consolidated statement of income.