NOTE 1 | FRAMEWORK FOR PREPARING THE CONSOLIDATED STATEMENTS

(1) Basis of presentation

The accompanying consolidated financial statements of Odakyu Electric Railway Co., Ltd. (the "Company") and consolidated subsidiaries (together, the "Group") are prepared on the basis of accounting principles generally accepted in Japan, which differ in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

(2) U.S. dollar amounts

The Company and its domestic consolidated subsidiaries and affiliates maintain their books of account and other records in yen. The U.S. dollar amounts are included solely for convenience and are stated as a matter of arithmetical computation only at U.S.$1.00=¥103.22, the approximate exchange rate prevailing on March 31, 2014. This translation should not be construed as a representation that the yen amounts actually represent, or have been, or could be, converted into U.S. dollars at the above or any other rate.

NOTE 2 | BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Scope of consolidation

(a) Number of consolidated subsidiaries: 43

Primary consolidated subsidiaries include Odakyu Department Store Co., Ltd., Odakyu Shoji Co., Ltd. and Odakyu Real Estate Co., Ltd.

Odakyu Nishi-Shinjuku Building Co., Ltd. was merged with the Company on April 1, 2013. Odakyu Sharyo Kogyo Co., Ltd. has been excluded from consolidated subsidiaries due to liquidation in the year ended March 31, 2014.

(b) Name of major non-consolidated subsidiaries

Fuji Oyama Golf Club Co., Ltd.

The non-consolidated subsidiaries are all small in scale and not material when measured by the impact of total amounts of assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of these companies in the consolidated financial statements. They have therefore been excluded from the scope of consolidation.

(2) Application of the equity method

(a) Number of non-consolidated subsidiaries accounted for under the equity method: 1

Kanagawa Chuo Kotsu Co., Ltd.

(b) Oyama Kanko Dentetsu Co., Ltd. and other non-consolidated subsidiaries and other affiliated company have not been accounted for under the equity method because the impact of these companies on consolidated net income and retained earnings is not material.

(3) Fiscal year-end of consolidated subsidiaries

The fiscal year-end of five consolidated subsidiaries (Odakyu Department Store Co., Ltd., Odakyu Shoji Co., Ltd., Odakyu Shokuhin Co., Ltd., Hokuo Tokyo Co., Ltd. and Odakyu Department Service Co., Ltd.) is the end of February, which differs from that of the Company. The financial statements of these subsidiaries have been consolidated with appropriate adjustments for the intervening transactions and events between March 1 and March 31.

(4) Summary of significant account policies

(a) Valuation standards and methods for significant assets

(I) Securities

① Held-to-maturity debt securities

Held-to-maturity debt securities are stated at amortized cost (straight-line method).

② Other securities

Marketable available-for-sale securities

Marketable available-for-sale securities are stated at market value based on market prices, etc. (unrealized valuation gains or losses are calculated by directly charged or credited method to net assets, while the cost of securities sold is calculated by the moving average method).

Non-marketable available-for-sale securities

Non-marketable available-for-sale securities are stated at cost using moving average method.

The Company records investments in limited liability investment partnerships, which are deemed "investments securities" under the provisions set forth in Article 2-2 of the Financial Instruments and Exchange Act of Japan, at the amount equivalent to its own percentage in the assets of such partnerships, based on the most recent financial statements available depending on the report date stipulated in the partnership agreement.

(II) Inventories

Inventories are stated at cost using (the balance-sheet value is calculated reflecting the write-down due to a decline in profitability).

Real estate development for sale,
work in progress............The identified cost method
Other inventories.............Principally, the retail cost method

(b) Depreciation and amortization methods for significant depreciable assets

(I) Property and equipment (excluding lease assets)

Property and equipment is stated generally at cost. Depreciation is calculated primarily by the declining-balance method except for buildings (excluding ancillary facilities) for which depreciation is calculated principally based on the straight-line method.

Principle useful lives of depreciable assets are as follows:

Buildings and structures................................3 to 60 years
Machinery, equipment, rolling stock, and other vehicles..3 to 17 years

(II) Intangible fixed assets (excluding lease assets)

Intangible assets are amortized by the straight-line method.

Software for internal use is amortized by the straight-line method over their estimated internal useful lives (five years for the cost of software).

(III) Lease assets

Lease assets pertaining to finance lease transactions other than those where leases are deemed to transfer ownership of leased property to the lessee are valued by the straight-line method with the zero residual value over the term of the lease, which is deemed the useful life.

(c) Accounting standards for significant allowances and provisions

(I) Allowance for doubtful accounts

An allowance for doubtful accounts has been provided based on the Company's and its consolidated subsidiaries' historical experience with respect to write-offs and based on an estimate of the amount of specific uncollectible accounts.

(II) Provision for bonuses

The Company provides for allowance for bonus based on the estimated amount of the payment for employees.

(III) Allowance for unredeemed gift certificates and others

The Company books expected use of unredeemed gift certificates and travel coupons, etc., to an allowance for unredeemed gift certificates and coupons, etc.

(d) Reserves under the special laws (special reserve for expansion of railway transport facilities)

Under Article 8 of the Special Measures Law for the Expansion of Railway Transport Facilities, the Company was required to provide a special reserve for certain railway construction projects authorized by the Ministry of Land, Infrastructure and Transport.

Of the "special reserve for expansion of railway transport facilities," ¥4,700 million has been recognized as extraordinary income during the fiscal year.

(e) Method of railway business construction fund

The Group receives a portion of the construction costs applicable to work undertaken to elevate railway lines and crossings and for the improvement of grade crossings in the form of a construction fund provided by local and other public authorities.

Upon completion of construction, an amount equivalent to the construction fund is recorded as a deduction from the acquisition costs of the property and equipment purchased.

In addition, the construction fund portion received has been recorded in extraordinary income as "gain on railway business construction fund" in the consolidated statements of income. The corresponding amount recorded as a deduction from the acquisition costs of property and equipment purchased has been posted to extraordinary losses in the accompanying consolidated statements of income.

(f) Method of accounting for retirement benefits

(I) Attribution of estimated retirement benefits

To calculate benefit liabilities, the estimated amount of retirement benefits is attributed to the consolidated fiscal year based on the straight-line attribution method.

(II) Treatment of unrecognized actuarial differences and past service costs

Past service costs are posted in expenses based on the straight-line method for a fixed period of years (10 years) within the average remaining service years of employees when costs accrue from their service.

Actuarial differences are posted in expenses after the consolidated fiscal year following their accruals based on the declining-balance method for a fixed period of years (10 years) within the average remaining service years of employees.

(g) Accounting standards for revenue and expenses

(I) Finance lease revenue

Finance lease revenue and related expenses of revenue are recorded when the lease payment is received.

(II) Completed construction

With regard to the accounting standard for construction revenue and construction costs, the percentage-of-completion method (the rate of completion of a construction project is estimated using the cost-comparison method) is applied to a construction work if the outcome of the construction activity is deemed certain for the progress made by the end of the year otherwise the completed-contract method is applied.

(h) Principal methods of hedge accounting

(I) Method of hedge accounting

Hedging activities are principally accounted for under the deferral hedge accounting. Exceptional accounting is applied for interest-rate swaps that meet their respective requirements.

(II) Hedging instruments and hedged items

① Hedging instruments: Interest-rate swap agreements
② Hedged items: Interest expense on borrowings

(III) Hedge policy

The derivative transactions are executed in accordance with the resolution of the Fund Handling Department upon receiving approval from the individual responsible for settlements.

(IV) Method for evaluation of hedge effectiveness
The Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows or changes in the fair value of the hedged items, and the cumulative changes in cash flows or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amount and others. As for interest-rate swap agreements meeting the requirement for certain hedging criteria, the evaluation of hedge effectiveness is omitted as changes in the cash flow from fluctuation in interest rates are expected to be completely offset.

(i) Method and term of amortization of goodwill
Goodwill is amortized over period of five years on a straight-line basis.

(j) Scope of cash and cash equivalents in the consolidated statements of cash flows
Cash and cash equivalents consist of cash on hand, demand deposits, and short-term, highly liquid investments with maturities of three months and minimal risk of change in value.

(k) Other basic significant matters for preparation of consolidated financial statements
(I) Accounting for consumption taxes
Accounting for consumption tax is based on the tax exclusion method.

(II) Method of including interest expenses in acquisition cost
Interest expenses related to certain long-term and large-scale real estate development for sale have been included in acquisition cost. There are no transactions to be applied in the year ended March 31, 2014.

(III) Application of consolidated taxation system
Some of the consolidated subsidiaries adopt the consolidated taxation system.

NOTE 3 | CHANGES IN ACCOUNTING POLICIES

Changes in Accounting Standard for Retirement Benefits
Effective from the year ended March 31, 2014, the Company has applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012 [hereinafter, the "Retirement Benefit Accounting Standard"]) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012 [hereinafter, the "Retirement Benefit Application Guidance"]) except Article 35 of the Retirement Benefit Accounting Standard and Article 67 of the Retirement Benefit Application Guidance. In line with this, the Company's retirement benefit liabilities are now calculated as net defined benefit liabilities, which is the amount of retirement benefits after deduction of pension assets, and unrecognized actuarial differences and unrecognized past service costs are posted in the net defined benefit liabilities.

The adoption of the Retirement Benefit Accounting Standard, etc., is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefit Accounting Standard, and the amount of financial impact on the consolidated financial statements as a result of the adoption of these accounting standards is added or removed in the remeasurements of defined benefit plans in accumulated other comprehensive income.

As a result, as of the end of the fiscal year under review, the Company recorded net defined benefit liabilities of ¥19,955 million ($193,321 thousand). Together with an increase in accumulated other comprehensive income of ¥352 million ($3,408 thousand), net assets per share for the fiscal year under review increased by ¥0.46.

NOTE 4 | STANDARDS ISSUED BUT NOT YET EFFECTIVE

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits," and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits.

(1) Outline
The accounting standard and guidance for retirement benefits were revised with the focus mainly on (1) how to account for actuarial gains and losses and past service costs yet to be recognized as profit and loss, (2) how to determine retirement benefit obligations and service costs and (3) how to enhance disclosure

(2) Effective date
Revisions to the determination of retirement benefit obligations and service costs are scheduled to go into effect on April 1, 2014.

(3) Impact of the accounting standard and guidance's application
Due to revisions to the determination of retirement benefit obligations and service costs, retained earnings are expected to decrease by ¥3,278 million ($31,757 thousand) on the consolidated balance sheet. In addition, the revisions are expected to have an immaterial impact on the consolidated statement of income.

NOTE 5 | CHANGE IN PRESENTATION METHODS

Consolidated Statements of Income

"Loss on impairment of fixed assets," which was presented as a separate line item under "Other expenses" in the previous consolidated fiscal year, became less than 10% of the total amount of "Extraordinary losses" and thus is included in "Other" under "Extraordinary losses" from the year ended March 31, 2014.

Figures for the year ended march 31, 2013 are reclassified to reflect this change in presentation method.

As a result, ¥11,403 million presented in "Loss on impairment of fixed assets" under "Extraordinary losses" has been restated as "Other."

NOTE 6 | CONSOLIDATED BALANCE SHEETS

(1) Accumulated depreciation and amortization of property and equipment is as follows:

Millions of yen		Thousands of U.S. dollars
2013	2014	2014
¥756,657	**¥785,908**	**$7,613,909**

(2) Investment securities relating to non-consolidated subsidiaries and affiliates are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Investment securities (shares of stock)	¥7,498	**¥8,180**	**$79,251**

(3) Pledged Assets as collateral are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2013		2014		2014	
Buildings and structures	¥298,148	[¥288,928]	**¥290,039**	**[¥281,149]**	**$2,809,907**	**[$2,723,787]**
Machinery, equipment, rolling stock, and other vehicles	48,986	[48,965]	**43,122**	**[43,108]**	**417,767**	**[417,633]**
Land	221,189	[188,080]	**220,754**	**[187,904]**	**2,138,675**	**[1,820,419]**
Other in property and equipment	2,887	[2,863]	**2,479**	**[2,422]**	**24,019**	**[23,464]**
Total	¥571,210	[¥528,836]	**¥556,394**	**[¥514,583]**	**$5,390,368**	**[$4,985,303]**

Secured liabilities relating to the pledged assets as collateral above are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2013		2014		2014	
Long-term loans (including current portion of long-term debts)	¥134,119	[¥128,997]	**¥127,182**	**[¥123,325]**	**$1,232,141**	**[$1,194,775]**
Long-term liabilities incurred for purchase of rail way transport facilities (including its repayments due within one year)	141,605	[141,605]	**131,260**	**[131,260]**	**1,271,658**	**[1,271,658]**
Other in long-term liabilities	264		**240**		**2,324**	
Total	¥275,988	[¥270,602]	**¥258,682**	**[¥254,585]**	**2,506,123**	**[$2,466,433]**

Note: The amounts in brackets are the amounts for the Railway Foundation within the total of each category.

(4) Contingent liabilities are as follows:

(a) The Group provides debt guaranty to the borrowings from financial institutions

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Employees' housing loan	¥1,015	**¥ 841**	**$ 8,147**
Alliance mortgage	129	**588**	**5,695**
Total	¥1,144	**¥1,429**	**$13,842**

(b) Contingent liabilities related to debt assumption of bonds

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
22nd unsecured bonds	¥20,000	**¥20,000**	**$193,761**

(5) Amount to be reclassified from real estate developments for sale to noncurrent assets due to a change in the purpose of the assets is as follows:

Millions of yen		Thousands of U.S. dollars
2013	2014	2014
¥80	**¥178**	**$1,720**

(6) Accumulated construction fund directly deducted from the acquisition cost of noncurrent assets

Millions of yen		Thousands of U.S. dollars
2013	2014	2014
¥207,958	¥211,378	$2,047,842

(7) Reserve for land revaluation

Two consolidated subsidiaries, Odakyu Real Estate Co., Ltd. and Odakyu Shoji Co., Ltd., revaluated land for business use based on the Law Concerning Revaluations of Land (Law No. 34, promulgated on March 31, 1998 and Law No. 24, promulgated on March 31, 1999). Of the valuation differences identified as a result of this, the consolidated subsidiaries recorded the amount corresponding to the taxes on the valuation difference in the liability section as "Deferred tax liabilities related to land revaluation." The amount remaining after subtracting these was recorded in the net assets section as "Reserve for land revaluation."

(a) Odakyu Real Estate Co., Ltd.

(i) Revaluation method

The Revaluation was performed by adjusting the road rating pursuant to Article 2, Paragraph 4 of the Enforcement Ordinance for the Law Concerning Revaluation Reserve for Land proclaimed on March 31, 1998. Where the road rating is not provided, adjusted valuation of real estate tax prescribed in Article 2, Paragraph 5 of the Law was used.

(ii) Date of revaluation: March 31, 2000.

(b) Odakyu Shoji Co., Ltd.

(i) Revaluation method

The Revaluation was performed by adjusting the road rating pursuant to Article 2, Paragraph 4 of the Enforcement Ordinance for the Law Concerning Revaluation Reserve for Land proclaimed on March 31, 1998.

(ii) Date of revaluation: February 28, 2002.

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Difference between market value of relevant land and its book value after revaluation	¥(155)	¥(157)	$(1,521)
Difference related to leasing real estate of the above amount	(1)	(5)	(51)

NOTE 7 | CONSOLIDATED STATEMENTS OF INCOME

(1) Provision for bonuses and employees' retirement benefit expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Provision for bonuses	¥7,289	¥7,405	$71,739
Net periodic benefit cost	5,119	4,298	41,635

(2) Write-downs in inventories due to decline in profitability included in operating expenses and cost of sales of transportation are as follows:

Millions of yen		Thousands of U.S. dollars
2013	2014	2014
¥1,519	¥267	$2,582

(3) Major components of selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Personnel expenses	¥40,634	¥40,884	¥396,084
Expenses	33,297	33,717	326,652
Taxes	1,946	2,065	20,003
Depreciation and amortization	5,475	5,010	48,539
Amortization of goodwill	809	48	467

(4) Details of gain on sales of noncurrent assets are as follows:

Millions of yen		Thousands of U.S. dollars
2013	2014	2014
Land and buildings	Vehicles	Vehicles
¥3,265	¥243	$2,352

(5) Details of loss on sales of noncurrent assets are as follows:

Millions of yen		Thousands of U.S. dollars
2013	2014	2014
Land and buildings	Land and buildings	Land and buildings
¥274	¥5,207	$50,449

NOTE 8 | CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The amount of reclassification adjustment and tax effect relating to other comprehensive income are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	**2014**	**2014**
Unrealized gain on securities:			
Gain arising during the year	¥14,174	**¥3,680**	**$35,655**
Reclassification adjustments	92	**17**	**159**
Amount before income tax effect	14,266	**3,697**	**35,814**
Income tax effect	(4,954)	**(1,279)**	**(12,389)**
Subtotal	9,312	**2,418**	**23,425**
Share of other comprehensive income of associates accounted for using equity method:			
Gain arising during the year	323	**(30)**	**(297)**
Share of other comprehensive income of associates accounted for using equity method	323	**(30)**	**(297)**
Total other comprehensive income	¥ 9,635	**¥ 2,388**	**$23,128**

NOTE 9 | CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Year ended March 31, 2013

(1) Class and total number of issued shares and class and number of treasury shares

Class	Number of shares at beginning of the fiscal year (shares)	Number of shares increased during the fiscal year (shares)	Number of shares decreased during the fiscal year (shares)	Number of shares at the end of the fiscal year (shares)
Common stock	736,995,435	—	—	736,995,435
Treasury stock (Note)	15,192,333	222,015	11,812	15,402,536

Note: The increase of treasury stock includes an increase of 177,704 shares in purchase of shares which were less than a share-trading unit, an increase of 44,165 shares in purchase of the Company's treasury stock from the subsidiaries, and an increase of 146 shares due to the change of interest for equity-method affiliates. The decrease of 11,812 shares of treasury stock is due to the sale of odd-lot shares.

(2) Matters regarding subscription rights to shares

Not applicable

(3) Dividends

(a) Dividend payments

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend amount per share (yen)	Record date	Effective date
General meeting of shareholders on June 28, 2012	Common stock	¥2,903	¥4.00	March 31, 2012	June 29, 2012
Board of Directors' meeting on October 30, 2012	Common stock	¥2,540	¥3.50	September 30, 2012	December 7, 2012

(b) Of dividends with a record date falling in the fiscal year, those with an effective date falling in the following fiscal year

Resolution	Class of shares	Dividend resource	Total amount of dividends (millions of yen)	Dividend amount per share (yen)	Record date	Effective date
General meeting of shareholders on June 27, 2013	Common stock	Retained earnings	¥2,902	¥4.00	March 31, 2013	June 28, 2013

Year ended March 31, 2014

(1) Class and total number of issued shares and class and number of treasury shares

Class	Number of shares at beginning of the fiscal year (shares)	Number of shares increased during the fiscal year (shares)	Number of shares decreased during the fiscal year (shares)	Number of shares at the end of the fiscal year (shares)
Common stock	**736,995,435**	**—**	**—**	**736,995,435**
Treasury stock (Note)	**15,402,536**	**298,773**	**12,188**	**15,689,121**

Note: The increase of treasury stock includes an increase of 254,308 shares in purchase of shares which were less than a share-trading unit, an increase of 44,165 shares in purchase of the Company's treasury stock from the subsidiaries, and an increase of 300 shares due to the change of interest for equity-method affiliates. The decrease of 12,188 shares of treasury stock is due to the sale of odd-lot shares.

(2) Matters regarding subscription rights to shares

Not applicable

(3) Dividends

(a) Dividend payments

Resolution	Type of shares	Dividends paid		Dividend per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
General meeting of shareholders on June 27, 2013	Common stock	**¥2,902**	**$28,116**	**¥4.00**	**$0.04**	March 31, 2013	June 28, 2013
Board of Directors' meeting on October 30, 2013	Common stock	**2,901**	**28,107**	**4.00**	**0.04**	September 30, 2013	December 6, 2013

(b) Of dividends with a record date falling in the fiscal year, those with an effective date falling in the following fiscal year

Resolution	Type of shares	Source of dividends	Dividends paid		Dividend per share		Record date	Effective date
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
General meeting of shareholders on June 27, 2014	Common stock	Retained earnings	**¥2,901**	**$28,103**	**¥4.00**	**$0.04**	March 31, 2014	June 30, 2014

NOTE 10 | CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) The following table represents a reconciliation of cash and cash equivalents and cash and time deposits in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2013	**2014**	**2014**
Cash and time deposits	¥29,956	**¥30,533**	**$295,802**
Marketable securities	10	**10**	**97**
Time deposits with a maturity of more than three months	(95)	**(95)**	**(917)**
Equity and debt securities with a maturity of more than three months	(10)	**(10)**	**(97)**
Cash and cash equivalents	¥29,861	**¥30,438**	**$294,885**

NOTE 11 | LEASE TRANSACTIONS

(As lessee)

(1) Finance lease transactions

The description on the financial lease transactions is omitted because it is immaterial.

(2) Operating lease transactions

Future minimum lease payments for only non-cancelable contracts of operating lease transactions:

	Millions of yen		Thousands of U.S. dollars
	2013	**2014**	**2014**
Due within one year	¥2,460	**¥1,609**	**$15,589**
Due after one year	3,399	**4,062**	**39,350**
Total	¥5,859	**¥5,671**	**$54,939**

Note: Estimated amounts are used for transactions in which the lease amount is not finalized.

(As lessor)

(1) Finance lease transactions

The description on the financial lease transactions is omitted because it is immaterial.

(2) Operating lease transactions

Future minimum lease payments for only non-cancelable contracts of operating lease transactions:

	Millions of yen		Thousands of U.S. dollars
	2013	**2014**	**2014**
Due within one year	¥ 864	**¥ 845**	**$ 8,187**
Due after one year	753	**790**	**7,656**
Total	¥1,617	**¥1,635**	**$15,843**

(3) Sub-lease transaction

With regard to sub-lease transaction, due to little material significance, information concerning finance lease transactions is omitted.

NOTE 12 | FINANCIAL INSTRUMENTS

(1) Matters regarding the conditions of financial instruments

(a) Policies on financial instruments

It is the policy of the Group to limit its fund management to safe and highly liquid deposits while raising funds primarily through loans from financial institutions and the issuance of corporate bonds in view of the market climate and interest-rate trends. Derivatives are utilized for hedging against the risks described below, not for speculative purposes.

(b) Qualitative information (risks and risk management system) on financial instruments

Trade receivables, which are operating receivables, are exposed to credit risk of customers. In regard to the credit risk, the business management departments of each business unit periodically monitor the status of collection of trade receivables by each customer, manage due dates and balances of trade receivables, and identify and mitigate the default risk of customers at an early stage.

Investment securities are mainly equities acquired in connection with business and are exposed to volatility risks of their market prices. The monitored fair values are reported periodically to the Board of Directors.

Accounts payable, which are operating liabilities, are mostly due within one year.

Borrowings and corporate bonds are intended to procure funds necessary mainly for capital investments and working capital. Borrowings with floating interest rates are exposed to interest-rate fluctuation risk. The long-term portions of borrowings are utilized as derivative transactions (interest-rate swaps) to hedge the risks. These derivative transactions are utilized for every individual agreement to convert variable interest rates on borrowings to fixed interest rates. As for interest-rate swap agreements meeting certain hedging criteria, the evaluation of hedge effectiveness is omitted.

In addition, the borrowings and account payable are exposed to liquidity risks. The Group manages liquidity risks in such a manner that each group company makes and updates its cash flow management plan on a monthly basis.

(c) Supplemental information on fair values

The fair values of financial instruments are calculated based on market prices, or by using reasonable estimates when market prices are no available. These estimates include variable factors, and are subject to fluctuation due to changes in the underlying assumptions. The contract amounts of the derivatives discussed in Note 14, "Derivative Financial Instruments" below are not an indicator of the market risk associated with derivative transactions.

(2) Matters regarding fair values of financial instruments

Book value, fair value and the differences between them as of the end of the previous fiscal year and fiscal year under review are as shown below. (It excludes those whose fair values were hard to determine. Please see Note 2.)

	Millions of yen						Thousands of U.S. dollars		
	2013			**2014**			**2014**		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and time deposits	¥ 29,956	¥ 29,956	¥ —	**¥ 30,533**	**¥ 30,533**	**¥ —**	**$ 295,802**	**$ 295,802**	**$ —**
(2) Notes and accounts receivable	20,188	20,188	—	**22,189**	**22,189**	**—**	**214,970**	**214,970**	**—**
(3) Investment securities									
(a) Held-to-maturity debt securities	46	47	1	**46**	**47**	**1**	**448**	**453**	**5**
(b) Available-for-sale securities	50,962	50,962	—	**54,647**	**54,647**	**—**	**529,419**	**529,419**	**—**
(4) Notes and accounts payable	(27,433)	(27,433)	—	**(28,245)**	**(28,245)**	**—**	**(273,638)**	**(273,638)**	**—**
(5) Short-term loans	(161,135)	(161,135)	—	**(159,371)**	**(159,371)**	**—**	**(1,543,993)**	**(1,543,993)**	**—**
(6) Corporate bonds*1	(235,000)	(242,062)	7,062	**(205,000)**	**(210,304)**	**5,304**	**(1,986,049)**	**(2,037,430)**	**51,381**
(7) Long-term loans*2	(268,618)	(283,264)	14,646	**(267,223)**	**(280,302)**	**13,079**	**(2,588,866)**	**(2,715,582)**	**126,716**
(8) Long-term liabilities incurred for purchase of railway transport facilities*3	(141,606)	(141,606)	—	**(131,261)**	**(131,261)**	**—**	**(1,271,658)**	**(1,271,658)**	**—**
(9) Derivative transactions	¥ —	¥ —	¥ —	**¥ —**	**¥ —**	**¥ —**	**$ —**	**$ —**	**$ —**

*1. Corporate bonds include its redemptions due within one year.

*2. Long-term loans include a current portion of long-term debts.

*3. Long-term liabilities incurred for purchase of railway transport facilities includes its repayments due within one year.

Note 1. Calculation method of fair values of financial instruments

(1) Cash and time deposits and (2) Notes and accounts receivable
The book values of cash and time deposits and trade receivables approximate fair value because of their short maturities.

(3) Investment securities
The fair values of stocks are determined using the quoted price at the stock exchange, while the fair values of receivables are determined using the quoted price at the stock exchange or the quoted price obtained from the financial institutions. Regarding notes to securities according to holding purposes, refer to Note 13, "Securities."

(4) Notes and accounts payable and (5) short-term loans
The book values of accounts payable and short-term loans approximate fair value because of their short maturities.

(6) Corporate bonds
The fair value of corporate bonds is based on the quoted market price.

(7) Long-term loans
For long-term loans, fair value is determined by discounting the total amount of principal and interest at the assumed interest rate on new loans of the same type. Long-term loans with floating interest rates are subject to interest-rate swap exceptional procedures, and, therefore, the fair value is determined by discounting the total amount of interest and principal together with the interest-rate swap at the interest rate assumed in a reasonable manner for new loans of the same type.

(8) Long-term liabilities incurred for purchase of railway transport facilities
The book value of long-term liabilities incurred for purchase of railway transport facilities approximates fair value because the fair values of floating-rate long-term debts reflect market interest rates within a short period of time.

(9) Derivatives
Please see Note 14, "Derivative Financial Instruments," for information on derivative transactions.

Note 2. The book value of financial instruments whose fair value is extremely difficult to ascertain

	Millions of yen		Thousands of U.S. dollars
	2013	**2014**	**2014**
Unlisted stocks	¥3,647	**¥3,636**	**$35,226**
Investment in limited partnerships and the like	714	**692**	**6,705**

These items are not included in "(b) Available-for-sale securities in (3) Investment securities," because it is very difficult to identify fair values.

Note 3. Redemption schedule for financial assets with maturities

Year ended March 31, 2013

	Millions of yen			
	Within one year	One to five years	Five to 10 years	After 10 years
Cash and time deposits	¥29,956	¥—	¥—	¥—
Trade receivables	20,188	—	—	—
Held-to-maturity debt securities:				
Government bonds	10	26	10	—
Total	¥50,154	¥26	¥10	¥—

Year ended March 31, 2014

	Millions of yen				Thousands of U.S. dollars			
	Within one year	One to five years	Five to 10 years	After 10 years	Within one year	One to five years	Five to 10 years	After 10 years
Cash and time deposits	**¥30,533**	**¥—**	**¥—**	**¥—**	**$295,802**	**$—**	**$—**	**$—**
Trade receivables	**22,189**	**—**	**—**	**—**	**214,970**	**—**	**—**	**—**
Held-to-maturity debt securities:								
Government bonds	**36**	**—**	**10**	**—**	**351**	**—**	**98**	**—**
Total	**¥52,758**	**¥—**	**¥10**	**¥—**	**$511,123**	**$—**	**$98**	**$—**

Note 4. Redemption schedule for corporate bonds, long-term loans and long-term liabilities incurred for purchase of railway transport facilities after the consolidated closing date

Year ended March 31, 2013

	Millions of yen					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Corporate bonds*1	¥70,000	¥40,000	¥45,000	¥20,000	¥10,000	¥ 50,000
Long-term loans*2	34,862	20,380	31,496	27,389	17,839	136,652
Long-term liabilities incurred for purchase of railway transport facilities*3	10,047	10,212	9,494	9,629	9,767	88,875

Year ended March 31, 2014

	Millions of yen					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Corporate bonds*1	**¥40,000**	**¥45,000**	**¥50,000**	**¥10,000**	**¥20,000**	**¥ 40,000**
Long-term loans*2	**20,381**	**31,594**	**27,758**	**18,207**	**35,069**	**134,214**
Long-term liabilities incurred for purchase of railway transport facilities*3	**10,238**	**9,510**	**9,639**	**9,769**	**9,901**	**78,830**

	Thousands of U.S. dollars					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Corporate bonds*1	**$ 387,522**	**$435,962**	**$484,402**	**$ 96,880**	**$193,761**	**$ 387,522**
Long-term loans*2	**197,455**	**306,079**	**268,917**	**176,393**	**339,749**	**1,300,273**
Long-term liabilities incurred for purchase of railway transport facilities*3	**99,185**	**92,135**	**93,379**	**94,641**	**95,920**	**763,710**

*1. Corporate bonds include its redemptions due within one year.

*2. Long-term loans include a current portion of long-term debts.

*3. Long-term liabilities incurred for purchase of railway transport facilities includes its repayments due within one year. The above amounts are equivalent sum of figures of the consolidated balance sheets that removed consumption taxes.

NOTE 13 | SECURITIES

(1) Marketable held-to-maturity debt securities

Year ended March 31, 2013

	Millions of yen		
	Book value	Fair value	Difference
Securities, whose fair value exceeds their book value:			
Government bonds	¥36	¥37	¥ 1
Securities, whose fair value does not exceed their book value:			
Government bonds	10	10	(0)
Total	¥46	¥47	¥ 1

Year ended March 31, 2014

	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities, whose fair value exceeds their book value:						
Government bonds	**¥10**	**¥11**	**¥ 1**	**$ 97**	**$103**	**$ 6**
Securities, whose fair value does not exceed their book value:						
Government bonds	**36**	**36**	**(0)**	**351**	**350**	**(1)**
Total	**¥46**	**¥47**	**¥ 1**	**$448**	**$453**	**$ 5**

(2) Marketable other securities

Year ended March 31, 2013

	Millions of yen		
	Book value	Acquisition value	Difference
Securities, whose fair value exceeds their book value:			
Stocks	¥48,409	¥14,092	¥34,317
Securities, whose fair value does not exceed their book value:			
Stocks	2,553	2,926	(373)
Total	¥50,962	¥17,018	¥33,944

Note: Unlisted stocks of ¥3,646 million on the consolidated balance sheet and investment in limited partnerships and the like of ¥713 million on the consolidated balance sheet are not included in the above "Marketable other securities" because it is very difficult to identify fair values.

Year ended March 31, 2014

	Millions of yen			Thousands of U.S. dollars		
	Book value	Acquisition value	Difference	Book value	Acquisition value	Difference
Securities, whose fair value exceeds their book value:						
Stocks	**¥54,337**	**¥16,683**	**¥37,654**	**$526,422**	**$161,625**	**$364,797**
Securities, whose fair value does not exceed their book value:						
Stocks	**310**	**323**	**(13)**	**2,997**	**3,129**	**(132)**
Total	**¥54,647**	**¥17,006**	**¥37,641**	**$529,419**	**$164,754**	**$364,665**

Note: Unlisted stocks of ¥3,636 million on the consolidated balance sheet and investment in limited partnerships and the like of ¥692 million on the consolidated balance sheet are not included in the above "Marketable other securities" because it is very difficult to identify fair values.

(3) The net gain (loss) on sale of other marketable securities

The description on the net gain (loss) on sale of other marketable securities is omitted because it is immaterial.

(4) Impairment losses on marketable securities

Impairment losses on marketable securities are omitted because they are immaterial.

The Group records an impairment loss on marketable securities if their market value declines by 50% or more below their respective book value. For securities whose market value has declined by more than 30% but less than 50% below the book value, the Group considers the possibility of recovery and records the amount expected to be unrecoverable as an impairment.

NOTE 14 | DERIVATIVE FINANCIAL INSTRUMENTS

(1) Derivatives to which hedge accounting is not applied

Not applied.

(2) Derivatives to which hedge accounting is applied

(Interest rate)

Year ended March 31, 2013

			Millions of yen		
Hedge accounting Fair value method	Type of derivatives	Major hedged item	Contract amount	Due after one year	Fair value
Special treatment for interest-rate swap	Interest-rate swaps Receive floating rate Pay fixed rate	Long-term loans	¥19,998	¥16,828	(Note)

Note: As interest rate swap transactions meeting certain hedging criteria are accounted to be combined with long-term loans as hedged items, their fair values are included in those of long-term loans.

Year ended March 31, 2014

			Millions of yen			Thousands of U.S. dollars		
Hedge accounting Fair value method	Type of derivatives	Major hedged item	Contract amount	Due after one year	Fair value	Contract amount	Due after one year	Fair value
Special treatment for interest-rate swap	Interest-rate swaps Receive floating rate Pay fixed rate	Long-term loans	**¥16,828**	**¥16,800**	(Note)	**$163,026**	**$162,759**	(Note)

Note: As interest rate swap transactions meeting certain hedging criteria are accounted to be combined with long-term loans as hedged items, their fair values are included in those of long-term loans.

NOTE 15 | EMPLOYEES' RETIREMENT BENEFITS

Year ended March 31, 2013

(1) Overview of retirement benefit system adopted

The Company and its consolidated subsidiaries offer a corporate pension fund plan based on a defined benefit plan and a lump-sum retirement payment plan, as well as the Smaller Enterprise Retirement Allowance Mutual Aid Scheme, while the Company and certain consolidated subsidiaries have adopted a defined contribution scheme, in addition to a defined benefit plan. These Companies may also pay extra retirement allowances to employees at retirement.

(2) Details of employees' retirement benefits obligation

	Millions of yen
	2013
(a) Projected benefit obligations	¥(93,785)
(b) Plan assets	67,422
(c) Funded status (a+b)	(26,363)
(d) Unrecognized actuarial loss	4,259
(e) Unrecognized prior service cost	(705)
(f) Net amount recognized (c+d+e)	(22,809)
(g) Prepaid pension cost	212
(h) Employees' retirement benefits (f-g)	¥(23,021)

Note: Certain consolidated subsidiaries calculated the retirement benefit obligations using the simplified method.

(3) Details of employees' retirement benefits obligation

	Millions of yen
	2013
(a) Service cost	¥2,806
(b) Interest cost	1,796
(c) Expected return on plan assets	(732)
(d) Recognized actuarial loss	1,476
(e) Amortization of prior service cost	(227)
(f) Net periodic benefit cost (a+b+c+d+e)	¥ 5,119

Note: Besides the above net periodic benefit cost, benefit costs related to the defined contribution plan (¥461 million) and the Smaller Enterprise Retirement Allowance Mutual Aid Scheme (¥239 million) are included.

(4) Assumptions used in accounting for the employees' retirement benefit plans

(a) Periodic distribution method for estimated amount of retirement benefits

Allocated equally to each service year using the estimated number of total service years.

(b) Discount rate: Primarily 1.6%

(c) Expected rate of return on plan assets: Primarily 1.0%

(d) Periods over which the prior service cost are amortized

Primarily 10 years (Past service costs are posted in expenses based on the straight-line method for a fixed period of years within the average remaining service years of employees when costs accrue from their service).

(e) Periods over which the actuarial differences are amortized

Primarily 10 years (Actuarial differences are posted in expenses after the consolidated fiscal year following their accruals based on the declining-balance method for a fixed period of years within the average remaining service years of employees).

Year ended March 31, 2014

(1) Overview of retirement benefit system adopted

The Company and its consolidated subsidiaries offer a corporate pension fund plan based on a defined benefit plan and a lump-sum retirement payment plan, as well as the Smaller Enterprise Retirement Allowance Mutual Aid Scheme, while the Company and certain consolidated subsidiaries have adopted a defined contribution scheme, in addition to a defined benefit plan. These Companies may also pay extra retirement allowances to employees at retirement.

Certain consolidated subsidiaries calculated the retirement benefit obligations using the simplified method.

(2) Defined benefit plans

(a) Movements in defined benefit obligations including plans applying the simplified method

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Balance as of April 1, 2013	**¥93,785**	**$908,589**
Service cost	**3,054**	**29,589**
Interest cost	**1,524**	**14,766**
Actuarial differences	**414**	**4,012**
Benefits paid	**(6,440)**	**(62,388)**
Other	**51**	**495**
Balance as of March 31, 2014	**¥92,388**	**$895,063**

(b) Movements in plan assets including plans applying the simplified method

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Balance as of April 1, 2013	**¥67,422**	**$653,185**
Expected return on plan assets	**789**	**7,646**
Actuarial differences	**4,439**	**43,005**
Contributions paid by the employer	**4,387**	**42,497**
Benefits paid	**(4,603)**	**(44,591)**
Balance as of March 31, 2014	**¥72,434**	**$701,742**

(c) Reconciliation between the ending balance of the funded defined benefit obligation and plan assets and net defined benefit liabilities recorded in the consolidated balance sheet

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Funded defined benefit obligations	**¥ 67,856**	**$ 657,385**
Plan assets	**(72,434)**	**(701,742)**
	(4,578)	**(44,357)**
Unfunded defined benefit obligations	**24,533**	**237,678**
Net liability recorded in the consolidated balance sheet	**19,955**	**193,321**
Net defined benefit liabilities	**19,955**	**193,321**
Net liability recorded in the consolidated balance sheet	**¥ 19,955**	**$ 193,321**

(d) The components of retirement benefit expenses

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Service cost	**¥3,054**	**$29,589**
Interest cost	**1,524**	**14,766**
Expected return on pension assets	**(789)**	**(7,646)**
Amortization of actuarial differences	**735**	**7,117**
Amortization of prior service cost	**(226)**	**(2,191)**
Retirement benefit expenses on defined benefit plans	**¥4,298**	**$41,635**

(e) The components of remeasurements of defined benefit plans (before tax effects) for the year ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Unrecognized prior service cost	**¥(479)**	**$(4,639)**
Unrecognized actuarial differences	**(500)**	**(4,847)**
Total	**¥(979)**	**$(9,486)**

(f) Plan assets

(i) Components of plan assets

The plan assets consist of the following:

	2014
Bonds	**36%**
Equity securities	**30**
General account assets	**24**
Cash and time deposits	**5**
Other	**5**
Total	**100%**

(ii) Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering the current and future expected allocation of plan assets and the current and future expected long-term rates of return from the various components of the plan assets.

(g) The assumptions used for the year ended March 31, 2014 are as follows:

Discount rate .... Primarily 1.6%

Long-term expected rate of return .... Primarily 1.0%

(3) Defined contribution plans

The Company and its consolidated subsidiaries are required to contribute ¥465 million ($4,501 thousand) to the defined contribution plan and ¥270 million ($2,612 thousand) to the Smaller Enterprise Retirement Allowance Mutual Aid Scheme.

NOTE 16 | DEFERRED TAX

(1) Significant components of deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Deferred tax assets:			
Employees' retirement benefits	¥ 10,206	¥ —	$ —
Net defined benefit liabilities	—	8,799	85,242
Loss on impairment of fixed assets	8,161	7,318	70,897
Unrealized profits	6,857	6,720	65,107
Net operating loss carryforwards	6,129	5,386	52,185
Reserve for employees' bonuses	2,838	2,748	26,626
Excess depreciation	2,004	1,866	18,075
Loss on revaluation of land for sale	765	971	9,408
Accrued taxes	874	731	7,078
Asset retirement obligation	574	625	6,052
Allowance for doubtful accounts	322	297	2,875
Allowance for unredeemed gift certificates and others	299	295	2,859
Accrued fare	224	224	2,168
Other	4,328	4,319	41,844
Gross deferred tax assets	43,581	40,299	390,416
Less: Valuation allowance	(18,899)	(17,687)	(171,347)
Total deferred tax assets	¥ 24,682	¥ 22,612	$ 219,069
Deferred tax liabilities:			
Unrealized gains on securities	¥(11,950)	¥(13,228)	$(128,154)
Reserve for deduction of property and equipment	(6,254)	(2,765)	(26,791)
Gain on securities contribution to employees' retirement benefits trust	(1,589)	(1,588)	(15,386)
Other	(425)	(671)	(6,497)
Total deferred tax liabilities	(20,218)	(18,252)	(176,828)
Net deferred tax assets and liabilities	¥ 4,464	¥ 4,360	$ 42,241

Note: The net amounts of deferred tax assets and liabilities are included in the following categories of the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Current assets—Deferred tax assets	¥ 5,482	¥ 5,404	$ 52,351
Noncurrent assets—Deferred tax assets	6,101	5,945	57,597
Current liabilities—Deferred tax liabilities	(1)	(0)	(2)
Long-term liabilities—Deferred tax liabilities	¥(7,118)	¥(6,989)	$(67,705)

Aside from the above, deferred tax assets and liabilities related to land revaluation are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Deferred tax asset related to land revaluation	¥ 1,023	¥ 575	$ 5,570
Less: Valuation allowance	(1,023)	(575)	(5,570)
Total	—	—	—
Deferred tax liabilities related to land revaluation	(1,249)	(1,246)	(12,069)
Net deferred tax assets and liabilities related to land revaluation	¥(1,249)	¥(1,246)	$(12,069)

(2) A reconciliation of the significant differences between the normal effective statutory tax rate and the effective tax rate reflected in the accompanying consolidated statements of income

	2013	2014
The normal effective statutory tax rate	38.0%	38.0%
Adjustment:		
Permanently non-deductible expenses such as entertainment expenses	0.7	0.8
Permanently non-taxable income such as dividend income	(1.0)	(0.9)
Inhabitant taxes per capita	0.5	0.4
Change in valuation allowance	(5.9)	(2.6)
Downward adjustment of deferred tax assets (liabilities) at the end of the year due to change in tax rate	—	0.9
Other	1.5	(1.6)
Effective income tax rate	33.8%	35.0%

(3) Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates

A new tax reform act enacted on March 31, 2014 repealed the Special Reconstruction Corporation Tax from the fiscal years beginning on or after April 1, 2014. As a result, the statutory tax rate to be used in computing deferred tax assets and liabilities has been reduced from 38.0% to 35.6% for temporary differences expected to be settled in the fiscal year beginning on April 1, 2014.

As a result, deferred tax assets, net of deferred tax liabilities, decreased by ¥363 million ($3,520 thousand) and deferred income taxes increased by the same amount as of and for the year ended March 31, 2014.

NOTE 17 | BUSINESS COMBINATION

At the Board of Directors' meeting held on December 19, 2012, Odakyu Electric Railway Co., Ltd. decided to effect a merger with its subsidiary, Odakyu Nishi-Shinjuku Building Co., Ltd. The Company, as the surviving company, completed the merger on April 1, 2013.

(1) Outline of the Merger

(a) Name and business of the merged entity
Odakyu Nishi-Shinjuku Building Co., Ltd.
Real estate leasing business

(b) Date of the merger
April 1, 2013

(c) Legal form of the merger
The merger was an absorption-type merger, with the Company as the surviving company and Odakyu Nishi-Shinjuku Building Co., Ltd. as the company to be dissolved.

(d) Name of the entity after the merger
Odakyu Electric Railway Co., Ltd.

(e) Purpose of the merger
The Company undertook the merger to achieve more effective management and operational system for the adjacent assets held by the Company and Odakyu Nishi-Shinjuku Building Co., Ltd.

(2) Accounting method

The Company applied the following accounting treatments stipulated by "Accounting Standard for Business Combinations" (ASBJ Statement No. 21; December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10; December 26, 2008) for the transaction under common control.

NOTE 18 | LEASING REAL ESTATE

The Company and certain consolidated subsidiaries own leasing commercial facilities and leasing office buildings centering on the area around Tokyo and Kanagawa prefectures. As real estate of which some portions are used as leasing property includes portions used by the Company and certain consolidated subsidiaries, it is shown as "Other properties used as leasing properties."

The book values in the consolidated balance sheets, changes during the fiscal under review and fair values of real estate, of which some portions are used as leasing property, are determined as follows.

(1) Fair value of leasing and other properties

Year ended March 31, 2013

	Millions of yen			
	Book value			Fair value
	March 31, 2012	Changes during the year	March 31, 2013	March 31, 2013
Leasing properties	¥128,779	¥ (892)	¥127,887	¥160,837
Other properties used as leasing properties	164,204	(2,177)	162,027	194,324

Year ended March 31, 2014

	Millions of yen			
	Book value			Fair value
	March 31, 2013	Changes during the year	March 31, 2014	March 31, 2014
Leasing properties	**¥127,887**	**¥ (3,843)**	**¥124,044**	**¥160,137**
Other properties used as leasing properties	**162,027**	**(19,411)**	**142,616**	**172,908**

	Thousands of U.S. dollars			
	Book value			Fair value
	March 31, 2013	Changes during the year	March 31, 2014	March 31, 2014
Leasing properties	**$1,238,977**	**$ (37,229)**	**$1,201,748**	**$1,551,414**
Other properties used as leasing properties	**1,569,727**	**(188,061)**	**1,381,666**	**1,675,136**

Notes: 1. The amount posted in the consolidated balance sheet is gained by deducting the accumulated depreciation and amortization from the acquisition cost.
2. The main component of increase for the year ended March 31, 2013 is ¥2,784 million in acquisition of the Nittochi Shinyurigaoka Building. The main factors attributable to the decrease are depreciation and amortization. The decrease for the year ended March 31, 2014 is due mainly to ¥16,917 million ($163,892 thousand) in sale of equity in the Shinjuku Sanei Building.
3. The market value as of end of the fiscal year is based, for main transactions, on a real estate survey report prepared by a certified real estate appraiser, and for other transactions, on appraised value or price index considered to reflect the fair value.

(2) Profit and loss on leasing properties

Year ended March 31, 2013

	Millions of yen			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	¥11,847	¥ 7,110	¥4,737	¥(240)
Other properties used as leasing properties	21,422	14,332	7,090	1,822

Year ended March 31, 2014

	Millions of yen			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	**¥11,709**	**¥ 6,529**	**¥5,180**	**¥ (391)**
Other properties used as leasing properties	**20,019**	**13,373**	**6,646**	**(5,339)**

	Thousands of U.S. dollars			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	**$113,440**	**$ 63,257**	**$50,183**	**$ (3,785)**
Other properties used as leasing properties	**193,946**	**129,557**	**64,389**	**(51,724)**

Note: Others gains or loss, primarily composed of loss on sale or loss on disposal, are recorded in extraordinary income (losses).

NOTE 19 | SEGMENT INFORMATION

(1) Segment information

(a) Overview of the reportable segments

The Group's reportable segments are determined on the basis that separate financial information for such segments is available and examined periodically by the Board of Directors, which makes decisions regarding the allocation of management resources and assesses the business performances of such segments.

The Group's businesses provide goods and services that support our customers' daily lives primarily along the Odakyu lines, centered on transportation but including merchandising, real estate, hotel, restaurant and other services.

For this reason, the Group consists of business segments with the business department as the basis. The three reportable segments are "transportation," "merchandising," and "real estate."

The main goods and services that fall under these reportable segments are listed below.

Transportation......Railway, bus, taxi, sightseeing boat, ropeway
Merchandising......Department store, supermarket
Real estate...........Sale of land and buildings, leasing of buildings

(b) Valuation method for reportable operating income (loss) and asset amounts

The accounting method for reportable business segments is presented in accordance with "Summary of Significant Accounting Policies" in Note 2. The reportable operating income figures are based on operating income. Intersegment transactions are presented based on the current market prices at the time of this report.

(c) Information about sales, operating income, assets and others by reportable segment, for the years ended March 31, 2013 and 2014 was as follows:

Year ended March 31, 2013

	Millions of yen						
	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Merchandising	Real estate				
Revenue from operations:							
Customers	¥166,382	¥221,062	¥ 55,333	¥72,447	¥ 515,224	¥ —	¥ 515,224
Intragroup sales and transfers	3,228	2,587	5,439	23,843	35,097	(35,097)	—
Total	¥169,610	¥223,649	¥ 60,772	¥96,290	¥ 550,321	¥ (35,097)	¥ 515,224
Segment income	¥ 26,444	¥ 3,813	¥ 10,372	¥ 3,307	¥ 43,936	¥ 183	¥ 44,119
Segment assets	¥672,542	¥ 77,397	¥381,329	¥86,432	¥1,217,700	¥ 46,802	¥1,264,502
Other:							
Depreciation and amortization (Note 4)	¥ 31,504	¥ 5,141	¥ 9,681	¥ 4,342	¥ 50,668	¥ (244)	¥ 50,424
Amortization of goodwill	—	—	744	26	770	39	809
Loss on impairment of fixed assets	46	231	4	11,122	11,403	—	11,403
Investment for affiliates applied for equity methods	6,440	—	—	—	6,440	—	6,440
Increase in property and equipment and intangible assets (Note 4)	34,905	4,642	10,855	2,956	53,358	—	53,358

Notes: 1. "Other" represents the following businesses, which are not included in the above reportable segment: hotel, restaurant, travel agent, golf course, railway maintenance service, motor service station and car dealer, building management and maintenance, advertising agency, horticulture and gardening, bookkeeping service, insurance agency, nursing and child care.

2. Adjustments are as follows:

(a) Adjustments of ¥183 million for operating income include ¥222 million of intersegment elimination and negative ¥39 million of amortization of goodwill.

(b) Adjustments for segment assets amounting to ¥46,802 million include negative ¥120,966 million of intersegment elimination and ¥167,768 million of the Group's assets that have not been distributed to reportable segments.

(c) Adjustments for depreciation and amortization amounting to negative ¥244 million represents intersegment elimination.

3. "Segment income" is adjusted to operating income of consolidated statements of income.

4. "Depreciation and amortization," and "Increase in property and equipment and intangible assets" include amortization and additions to long-term prepaid expenses.

Year ended March 31, 2014

	Millions of yen						
	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Merchandising	Real estate				
Revenue from operations:							
Customers	**¥169,547**	**¥222,348**	**¥ 58,866**	**¥72,426**	**¥ 523,187**	**¥ —**	**¥ 523,187**
Intragroup sales and transfers	**3,151**	**2,824**	**5,601**	**23,450**	**35,026**	**(35,026)**	**—**
Total	**¥172,698**	**¥225,172**	**¥ 64,467**	**¥95,876**	**¥ 558,213**	**¥(35,026)**	**¥ 523,187**
Segment income	**¥ 28,308**	**¥ 3,671**	**¥ 12,521**	**¥ 4,706**	**¥ 49,206**	**¥ 171**	**¥ 49,377**
Segment assets	**¥670,417**	**¥ 76,869**	**¥356,617**	**¥85,736**	**¥1,189,639**	**¥ 54,706**	**¥1,244,345**
Other:							
Depreciation and amortization (Note 4)	**¥ 31,504**	**¥ 5,043**	**¥ 9,286**	**¥ 3,060**	**¥ 48,893**	**¥ (241)**	**¥ 48,652**
Amortization of goodwill	**3**	**—**	**—**	**—**	**3**	**45**	**48**
Loss on impairment of fixed assets	**53**	**151**	**521**	**120**	**845**	**—**	**845**
Investment for affiliates applied for equity methods	**7,166**	**—**	**—**	**—**	**7,166**	**—**	**7,166**
Increase in property and equipment and intangible assets (Note 4)	**30,623**	**4,653**	**6,993**	**4,651**	**46,920**	**—**	**46,920**

	Thousands of U.S. dollars						
	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Merchandising	Real estate				
Revenue from operations:							
Customers	**$1,642,584**	**$2,154,121**	**$ 570,294**	**$701,661**	**$ 5,068,660**	**$ —**	**$ 5,068,660**
Intragroup sales and transfers	**30,525**	**27,355**	**54,263**	**227,188**	**339,331**	**(339,331)**	**—**
Total	**$1,673,109**	**$2,181,476**	**$ 624,557**	**$928,849**	**$ 5,407,991**	**$(339,331)**	**$ 5,068,660**
Segment income	**$ 274,252**	**$ 35,564**	**$ 121,302**	**$ 45,595**	**$ 476,713**	**$1,654**	**$ 478,367**
Segment assets	**$6,495,024**	**$ 744,712**	**$3,454,922**	**$830,617**	**$11,525,275**	**$ 529,991**	**$12,055,266**
Other:							
Depreciation and amortization (Note 4)	**$ 305,209**	**$ 48,860**	**$ 89,963**	**$ 29,643**	**$ 473,675**	**$ (2,334)**	**$ 471,341**
Amortization of goodwill	**33**	**—**	**—**	**—**	**33**	**434**	**467**
Loss on impairment of fixed assets	**516**	**1,464**	**5,050**	**1,161**	**8,191**	**—**	**8,191**
Investment for affiliates applied for equity methods	**69,425**	**—**	**—**	**—**	**69,425**	**—**	**69,425**
Increase in property and equipment and intangible assets (Note 4)	**296,682**	**45,075**	**67,747**	**45,062**	**454,566**	**—**	**454,566**

Notes: 1. "Other" represents the following businesses, which are not included in the above reportable segment: hotel, restaurant, travel agent, golf course, railway maintenance service, motor service station and car dealer, building management and maintenance, advertising agency, horticulture and gardening, bookkeeping service, insurance agency, nursing and child care.

2. Adjustments are as follows:

(a) Adjustments of ¥171 million ($1,654 thousand) for segment income include ¥216 million ($2,088 thousand) of intersegment elimination and negative ¥45 million (negative $434 thousand) of amortization of goodwill.

(b) Adjustments for segment assets amounting to ¥54,706 million ($529,991 thousand) include negative ¥91,669 million (negative $888,096 thousand) of intersegment elimination and ¥146,375 million ($1,418,087 thousand) of the Group's assets that have not been distributed to reportable segments.

(c) Adjustments for depreciation and amortization amounting to negative ¥241 million (negative $2,334 thousand) represents intersegment elimination.

3. "Segment income" is adjusted to operating income of consolidated statements of income.

4. "Depreciation and amortization," and "Increase in property and equipment and intangible assets" include amortization and additions to long-term prepaid expenses.

(2) Related information

(a) Information by product and service

Since the segments of products and services are the same as the reportable segments, information by product or service is omitted.

(b) Information by geographical area

(i) Revenue from operations

Since the revenues to external customers in Japan exceed 90% of the revenues from operations on the consolidated statements of income, the information is omitted.

(ii) Property and equipment

Since the amount of property and equipment located in Japan exceeds 90% of the amount of property and equipment recorded on the consolidated balance sheets, the information is omitted.

(c) Information by major customer

Since sales to no customer account for 10% or more of the revenues from operations on the consolidated statements of income, information by major customer is omitted.

(3) Impairment loss of long-lived assets in reportable segments

The description on the Impairment loss of long-lived assets by segment for the year ended March 31, 2014 and 2013 is omitted because it is disclosed in "Segment information."

(4) Information on amortization of goodwill and unamortized balance by reportable segment

Year ended March 31, 2013

	Millions of yen					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	¥—	¥—	¥—	¥—	¥98	¥98

Year ended March 31, 2014

	Millions of yen					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	**¥—**	**¥—**	**¥—**	**¥—**	**¥53**	**¥53**

	Thousands of U.S. dollars					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	**$—**	**$—**	**$—**	**$—**	**$515**	**$515**

(5) Information on gain on negative goodwill by reportable segment

The description on gain on negative goodwill by segment for the year ended March 31, 2014 and 2013 is omitted because it is immaterial.

NOTE 20 | PRE SHARE INFORMATION

The following tables show net assets per share and net income per share.

	Yen		U.S. dollars
	2013	**2014**	**2014**
Net assets	¥336.05	**¥366.32**	**$3.55**
Net income—basic	27.26	**34.72**	**0.34**

Notes: 1. Diluted net income per share is not presented, as the Group did not hold any potentially dilutive securities for the years ended March 31, 2014 and 2013.
2. The basis for the respective calculation of net income per share is as follows:

	Yen		U.S. dollars
	2013	**2014**	**2014**
Net income	¥19,675	**¥25,049**	**$242,675**
Amount not belonging to common stockholders	—	**—**	**—**
Net income related to common shares	19,675	**25,049**	**242,675**
Weighted average number of shares issued and outstanding during the period (shares)	721,707,010	**721,438,538**	**721,438,538**

NOTE 21 | SUBSEQUENT EVENT

The directors of the Company approved a resolution for the issuance of the 65th series of unsecured bonds at a meeting of the Board of Directors convened on June 27, 2014. Details of the issuance are summarized as follows:

(1) Amount:
¥15.0 billion

(2) Interest rate:
Less than 0.7% per annum

(3) Date of issuance:
Between June 27, and July 31, 2014

(4) Term:
Three years

(5) Purpose:
Capital expenditures