ANNUAL REPORT 2014

Year ended March 31, 2014

TO OUR SHAREHOLDERS AND INVESTORS

Toshimitsu Yamaki, Executive President Yorihiko Osuga, Chairman

The Odakyu Group operates high-quality transportation services. Its mainstay Odakyu railway network is composed of three lines that span a total of 120.5 kilometers, connecting Shinjuku (Japan's largest railway terminal) with Odawara (the gateway to Hakone)—one of Japan's premier tourist regions—as well as Katase-Enoshima (a popular marine resort area) and Karakida. In addition, the Odakyu Group conducts real estate leasing and development operations to make the areas along the Odakyu lines ever more convenient for both residents and commuters.

The Odakyu Group currently comprises 98 group companies engaged in a wide variety of businesses closely linked to people's daily lives, such as transportation, merchandising, real estate and other services. In accordance with the corporate philosophy of contributing "irreplaceable times" and "rich and comfortable lifestyles" for customers, the Group companies cooperate with each other to provide services targeting "excellent quality" and "a moving experience" in terms of safety, convenience and comfort.

The Odakyu Group also sees its social responsibility as developing hand in hand with the communities it serves by carrying out all daily operations with integrity. We have designated three priority areas—"achieving security and safety," "addressing changes in local communities" and "promoting eco-friendly initiatives"—and are pushing forward with a range of activities to bolster security, promote universal access and preserve the natural environment. We aim to become a corporate group that develops together with customers of the Odakyu lines and residents along the lines, and wins their high regard, by working to enhance the value of areas along the Odakyu lines. In all our efforts, we sincerely ask for your continued understanding and support.

September 2014

MANAGEMENT PRINCIPLE

The Odakyu Group helps its customers create "irreplaceable times" and "rich and comfortable lifestyles."

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CONSOLIDATED FINANCIAL HIGHLIGHTS

Odakyu Electric Railway Co., Ltd. and consolidated subsidiaries

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2013	**2014**	**2014**
Results for the year:			
Revenue from operations	¥ 515,224	**¥ 523,187**	**$ 5,068,660**
Operating income	44,119	**49,377**	**478,367**
Ordinary income	36,366	**42,062**	**407,494**
Income before income taxes and minority interests	30,320	**39,003**	**377,867**
Comprehensive income	29,692	**27,753**	**268,868**
Net income	19,675	**25,049**	**242,675**
Per share of common stock (in yen and U.S. dollars):			
Net income—basic	¥ 27.26	**¥ 34.72**	**$ 0.34**
Year-end financial position:			
Total assets	¥1,264,502	**¥1,244,345**	**$12,055,266**
Net assets	245,546	**267,574**	**2,592,267**
Revenues by business segment:			
Revenues			
Transportation	¥ 169,610	**¥ 172,698**	**$ 1,673,109**
Merchandising	223,649	**225,172**	**2,181,476**
Real Estate	60,772	**64,467**	**624,557**
Other Businesses	96,290	**95,876**	**928,848**

Notes concerning Financial Data and Graphs That Appear in This Annual Report

- The U.S. dollar amounts have been translated from Japanese yen, for convenience, and as a matter of arithmetic computation only, at the rate of U.S.$1.00=¥103.22, the approximate exchange rate prevailing on March 31, 2014.
- Information on segment-based revenues represents total operating revenues from external customers and intersegment transactions.
- The composition of operating revenues excludes intercompany transactions.

FORWARD-LOOKING STATEMENTS

The plans, strategies and other statements related to the outlook of future results in this annual report reflect the assumptions and beliefs of management based on currently available information. However, it should be noted that there is a possibility for actual results to differ significantly owing to such factors as changing social and economic conditions.

CORPORATE GOVERNANCE

Basic Stance Regarding Corporate Governance

Odakyu Electric Railway Co., Ltd. recognizes it as vital to make decisions on key strategies and carry them out efficiently and speedily, as well as to strengthen the oversight of business execution, with a view to maximizing the interest of various stakeholders, including our shareholders, creditors, business partners, customers and local communities. We are implementing a variety of measures to improve and bolster our corporate governance.

Company Organization and the State of Development of Internal Control Systems

Company Organization

We have adopted a corporate auditors' system, under which we are focusing our efforts to improve our corporate governance system to achieve efficient and sound business management. Our Board of Directors, which comprises 14 directors, including one outside director, makes decisions on important business matters and other items required by law and oversees business execution. During the year ended March 31, 2014, the Board of Director meetings were held 13 times. There are five auditors in total, including three outside company auditors. Each auditor refers to the audit standards for corporate auditors formulated by the Board of Auditors and follows auditing policies and auditing plans in carrying out stringent audit. During the year ended March 31, 2014, the Board of Auditor meetings were held four times. Additionally, the corporate auditors attend Board of Directors' and other important meetings, review important approved documents, investigate the business and financial conditions of the Company, monitor and evaluate the development and operational status of the internal control systems.

Moreover, aiming to strengthen supervisory functions of the Board of Directors with regard to business operations and to optimize the decision-making process, we have adopted an executive officer system consisting of directors and department heads in charge of business execution.

Development of Internal Control Systems

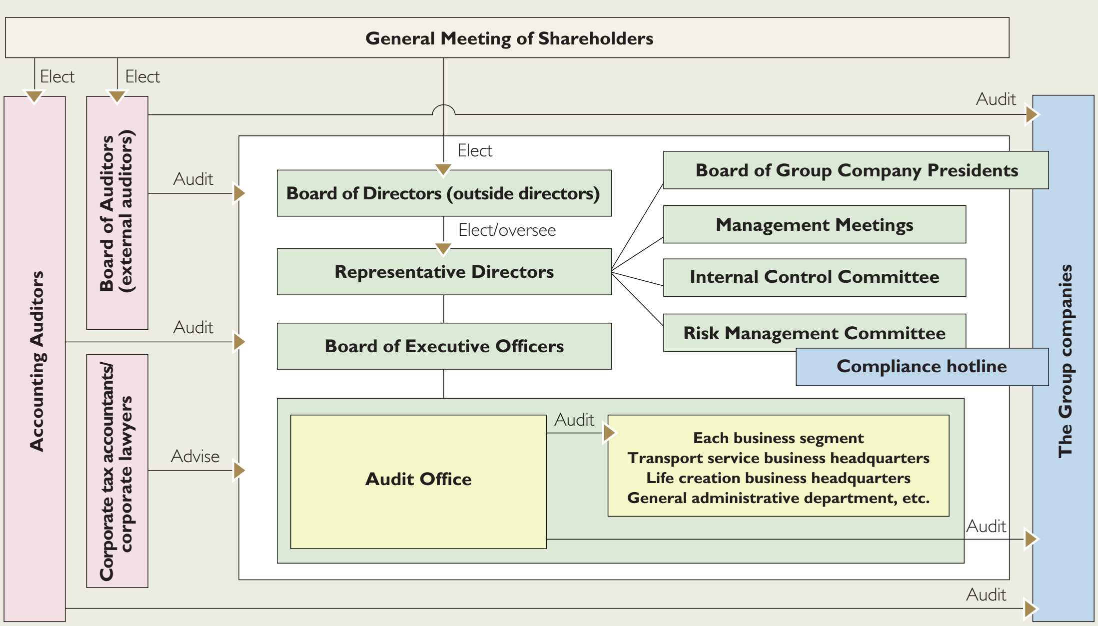
We have resolved on basic policies regarding the development of internal control systems at our Board of Directors' meetings and are currently developing internal control systems, including the establishment of frameworks for risk management and taking the conditions of internal audit into consideration.

The overview of the basic policies is as follows.

● Systems for ensuring compliance with laws and the Articles of Incorporation in the performance of duties by directors and employees

- Regard compliance as part of risk management and establish and implement a compliance system under a Risk Management Committee.
- Draw up a Compliance Manual as a code of behavior to be observed by directors and employees from the viewpoint of not

Odakyu Electric Railway Co., Ltd's Corporate Governance



only the regulations and articles of incorporation but also conventional wisdom and corporate value, and respond appropriately to antisocial forces, based on the manual.
- Set up a Compliance Hotline as an internal reporting system and identify and rectify compliance issues quickly.

● Systems for retaining and managing information regarding the performance of duties by directors

- Store and manage documents and other information relating to the execution of responsibilities by directors properly, according to internal rules.
- Respond appropriately to requests for reviews of the information defined above by directors and corporate auditors.

● Regulations and other systems regarding the management of risk of loss

- Implement company-wide systems, with the Risk Management Committee to play a central role and manage the risk surrounding our business precisely.
- Upon the discovery of an incident that can cause large-scale damage, assemble a General Task Force and address the issue properly.
- Ensure the safety of transportation proactively under Supervisory Safety Management Committee.
- Carry out appropriate and timely disclosure when risk is detected or identified.

● Systems for ensuring the efficient performance of duties by directors

- Adopt an executive officer system and strengthen the supervisory function of the Board of Directors and improve their decision-making properly and efficiently.
- Each business segment performs their duties within the scope of authority and responsibility defined in the Company rules and in accordance with the medium-term management plans and the department policies and budget for the respective fiscal year.
- Assess and control corporate performance properly, using unified company-wide indicators.
- As part of the internal control systems, the Audit Office, under the direct control of the Executive President, audits each business segment routinely and reports on the result directly to the Executive President and the auditors.

● Systems for ensuring the proper operation of the corporate group consisting of the Company and its subsidiaries

- Conduct routine hearings concerning the implementation of the medium-term management plan, the state of business execution and the financial situation as well as facilitate the Group's information-sharing among the Board of Group Company Presidents.
- Improve the risk management system for the entire Group under the Odakyu Group Risk Management Policies and perform proper risk management.
- Based on the code of behavior applied throughout the Group, each Group company formulates its own code of conduct and implements an internal reporting system, and ensures full compliance.
- Reinforce the auditing system mainly by having our internal auditing department which audits Group companies one by one.
- Follow up on and improve the internal control system of the entire Group including financial reporting through the Internal Control Committee.

● Matters regarding employees designated by the auditors to assist with their job responsibilities, if such a designation is requested

- Set up a Corporate Auditors Office staffed by full-time employees.

● Matters regarding the independence of employees in the previous paragraph from directors

- Employees assigned to the Corporate Auditors Office carry out their duties according to instructions from auditors, and not to those from representative directors.

● Systems for reporting to auditors by directors and employees and other systems regarding reporting to auditors

- Develop the framework according to which auditors check important matters sequentially through minutes of meetings of executive officers and internal documents requesting approval.
- Directors and others report on the state of business execution and other important matters to auditors, as needed.
- The internal audit department reports routinely on an audit plan and the result of the audit to auditors and facilitates mutual information-sharing.

● Other systems for ensuring effective audit by auditors

- Develop the framework according to which auditors attend important meetings, and strengthen the provision of information to auditors as well as enhance its propriety.
- Construct systems for promoting cooperation between auditors, the internal audit department and accounting auditors.

SELECTED FINANCIAL DATA

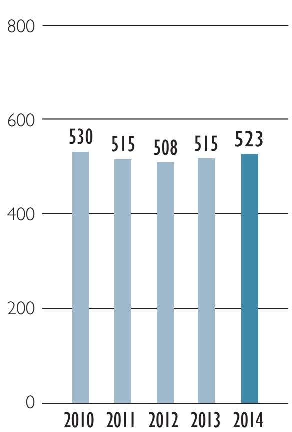
Year ended March 31

Consolidated	2010	2011	2012	2013	**2014**
	Millions of yen				
Results for the year:					
Revenue from operations	¥ 530,405	¥ 514,663	¥ 508,332	¥ 515,224	**¥ 523,187**
Operating income	32,188	32,729	38,631	44,119	**49,377**
Ordinary income	20,909	21,672	28,660	36,366	**42,062**
Income before income taxes and minority interests	25,958	18,774	29,979	30,320	**39,003**
Net income	12,231	10,423	17,838	19,675	**25,049**
Comprehensive income	14,836	3,532	19,361	29,692	**27,753**
Per share of common stock (in yen):					
Net income—basic	¥ 16.79	¥ 14.42	¥ 24.71	¥ 27.26	**¥ 34.72**
Year-ended financial position:					
Total assets	¥1,299,290	¥1,276,437	¥1,311,185	¥1,264,502	**¥1,244,345**
Net assets	213,218	207,181	221,604	245,546	**267,574**

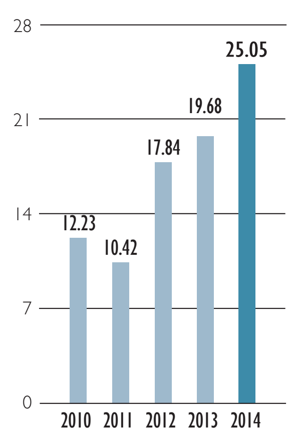
Non-Consolidated	2010	2011	2012	2013	**2014**
	Millions of yen				
Results for the year:					
Revenue from operations	¥ 158,214	¥ 154,599	¥ 154,877	¥ 158,467	**¥ 163,047**
Operating income	29,473	26,422	31,478	32,860	**39,044**
Ordinary income	20,222	17,378	22,123	25,391	**31,141**
Income before income taxes and minority interests	22,967	16,293	25,351	17,828	**30,732**
Net income	13,474	9,149	14,269	10,763	**20,088**
Per share of common stock (in yen):					
Net income—basic	¥ 18.40	¥ 12.59	¥ 19.66	¥ 14.83	**¥ 27.69**
Cash dividends	6.50	6.50	7.00	7.50	**8.00**
Year-ended financial position:					
Total assets	¥1,058,132	¥1,071,321	¥1,117,720	¥1,102,186	**¥1,092,399**
Net assets	199,528	192,369	203,282	217,237	**233,375**

CONSOLIDATED DATA

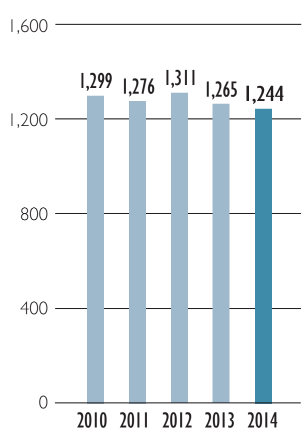
Revenue from operations
(Billions of yen)



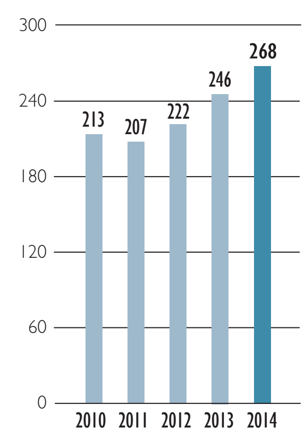
Net income
(Billions of yen)



Total assets
(Billions of yen)



Net assets
(Billions of yen)



Results of Operations

During the fiscal year ended March 31, 2014, the Japanese economy experienced a gradual recovery overall, mainly due to the improvement in corporate earnings and private-sector capital expenditure and the recovery in personal consumption supported by the Japanese government's economic policies.

In this operating environment, the Odakyu Group undertook aggressive marketing efforts and posted consolidated revenue from operations of ¥523,187 million for the fiscal year ended March 31, 2014, representing a year-on-year increase of ¥7,963 million (or 1.5%). As the result, operating income grew ¥5,258 million (or 11.9%) to ¥49,377 million and ordinary income rose ¥5,696 million (or 15.7%) to ¥42,062 million. Net income totaled ¥25,049 million, an increase of ¥5,374 million (or 27.3%).

Cash Flows

The Odakyu Group undertakes continuous capital expenditures in its railway business and each of its other businesses. These expenditures are aimed mainly at providing comfortable and speedy railway services and realizing respective area strategies to raise the value of areas along the Odakyu lines.

We also take a proactive approach to implement appropriate safety measures to prevent accidents. In the fiscal year, capital expenditures for the year amounted to ¥46,920 million, down 12.1% from the previous fiscal year, including the investment amount in intangible assets.

Capital expenditures in the Transportation segment totaled ¥30,623 million, which was used primarily for railway operations. To maximize the effects of the augmented passenger carrying capacity, we launched the construction of multiple double tracks between Higashi-Kitazawa and Izumi-Tamagawa stations. The project received ¥3,898 million (including ¥3,310 million for a Japan Railway Construction, Transport and Technology Agency project).

In the Merchandising segment, the Group invested ¥4,653 million, primarily to renovate existing stores and construct new locations.

The Real Estate segment spent ¥6,993 million, mainly for the construction of new buildings for lease and refurbishing of existing ones. Major projects included the Company's construction of a rent commercial complex (¥1,082 million) on the north side of Sobudai Station.

The Other Businesses segment was allocated ¥4,651 million, primarily for the construction of new building and renovation of the main building (¥1,075 million) at the Odakyu Hakone Highland Hotel operated by Odakyu Resort Co., Ltd.

The Group takes a comprehensive view of the market environment and interest rate changes before selectively determining fundraising methods for capital investment in its railway business. These include the use of funding schemes from the Development Bank of Japan Inc. as well as the issuance of corporate bonds and borrowing from private-sector financial institutions. For the construction of multiple double tracks currently in progress, the Company utilizes public subsidy programs, such as the Special Reserve for the Expansion of Railway Transport Facilities and the Private Railway Method from the Japan Railway Construction, Transport and Technology Agency.

To boost the efficiency of fundraising across the board, the Group has introduced a cash management system (CMS). When funds are needed over the short term due to cash flow fluctuations, the Group uses its internal CMS funds to the greatest extent possible and also issues commercial paper.

As the Group generates daily revenue, primarily in its railway and merchandising businesses, it is possible to maintain a sufficient level of liquidity. This capital is utilized effectively within the Group thanks to centralized management based on the CMS.

Financial Position

Total assets at March 31, 2014 stood at ¥1,244,345 million, representing a decrease of ¥20,157 million from a year ago. The decrease was attributable mainly to depreciation in property and equipment. Liabilities also fell ¥42,185 million, to ¥976,771 million, due mainly to the redemption of corporate bonds.

Net assets including minority interests rose ¥22,028 million from the end of the previous fiscal year, to ¥267,574 million due to growth in retained earnings.

Critical Accounting Policies and Estimates

The Odakyu Group's consolidated financial statements are prepared in conformity with accounting practices generally accepted in Japan. The preparation of these financial statements requires the use of estimates by management, which affects the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses for the period presented. These estimates are based on rational judgments taking the historical results and circumstances into consideration. Because such estimates involve particular uncertainties, the actual results may differ. Critical accounting policies and estimates are included in the following paragraphs. Forward-looking statements contained in this section are based on determinations made by the Group at the date of this report.

(1) Valuation of Inventories

The Odakyu Group retains a large volume of inventory and has adopted "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9 issued on July 5, 2006). Additionally, the Company records land acquired for the construction of multiple double tracks as fixed assets. If it is determined that this land can be used for subdivided housing after completion of the multiple double tracks, the land is reclassified as inventory and the valuation is determined in the same manner as explained above.

(2) Impairment of Securities

The Odakyu Group holds securities issued by various financial institutions and business partners. The Group records an impairment on marketable securities if their market value declines by 50% or more below their respective carrying value. For securities whose market value has declined by more than 30% but less than 50% below the carrying value, the Group considers the possibility of recovery and records the amount expected to be unrecoverable as an impairment. There is a risk that market prices of these securities could fluctuate and the Group could thus incur a loss on these securities.

(3) Impairment of Fixed Assets

The Odakyu Group owns numerous fixed assets. The recoverable value of these assets is calculated based on multiple assumptions such as future cash flows, the discount rate, and the residual net sale value. Therefore, changes to any of these assumptions could result in a loss on impairment of fixed assets.

(4) Deferred Tax Assets

The Odakyu Group recognizes a valuation allowance to reduce deferred tax assets to their highly probable realizable value. Taxable income for future fiscal years is considered in determining the appropriate valuation allowance. However, in the event that the anticipated future taxable income declines or increases due to a change in future business results, it could become necessary to revise the valuation allowance accordingly.

(5) Retirement Benefit Obligations and Costs

Calculation of obligations and costs arising from retirement benefits is based on actuarial assumptions. These assumptions include the discount rate, retirement ratio, mortality rate, and long-term rate of return on pension plan assets. However, any difference between the actual results and the assumptions or a change in those assumptions could have an impact on the stated obligations and costs arising from retirement benefits.

Takeover Defense Measure

The Company has adopted a policy regarding mass purchases of the Company's shares (a takeover defense plan), based on the belief that the party which controls the Company's financial and business policy decisions must be one that has a thorough understanding of the Company's financial and business conditions and undertakings as well as the sources of its corporate value as well as an ability to safeguard and enhance the corporate value and common interests of shareholders on a continuing and sustainable basis.

For more details on the plan, please read the press release issued on May 22, 2012 titled "Continuation of Takeover Defense Policy Regarding Mass Purchases of Company Shares (Takeover Defense Plan)," available at http://www.odakyu.jp/ir/index.html (in Japanese only).

Dividend Policy

Internal reserves have been invested in important and growing fields to further improve business performance and dividends will be provided in a stable and continuous manner, targeting a consolidated dividend payout ratio of 30% based on the principle of distribution of returns in accordance with consolidated operating results.

The Company intends to continue its policy of making two dividend payments each year, at the end of the first half of the fiscal year and at the end of the fiscal year. The dividend from the capital surplus for shareholders during a fiscal year is stipulated in the articles of incorporation, according to which the Company can provide the interim dividend by a resolution of the Board of Directors in addition to the dividend by resolution at the general meeting of shareholders.

Based on this policy, the Company paid a year-end of ¥4.0 per share for the fiscal year ended March 31, 2014, and interim dividend of ¥4.0, resulting in an annual payout of ¥8.0.

Business and Other Risks

A risk management structure for the entire Odakyu Group has been in place based on the Odakyu Group Risk Management Policy. Risks with potentially material impact on corporate management are referred to the Group, which in turn conducts further reviews and creates and undertakes measures to circumvent such risks. The following risks have been identified by the Group as major risk factors that could significantly impact the investment decisions of investors.

Forward-looking statements contained below are based on the information available to the Odakyu Group at the time of submission of this report. Please note that the following does not cover all the risks with potential impact on the Group.

(1) Disasters

(a) Large-Scale Earthquake and Tsunami

The Odakyu Group's businesses are concentrated in Tokyo and Kanagawa prefectures primarily along the Odakyu lines. In the event of a large-scale earthquake or other natural calamities causing direct damages of its premises and equipment as well as indirect damages such as constraints to business activities due to electric power shortage and lower revenues due to a downturn in consumer confidence, the Group's business results could be adversely affected. It should be noted that a part of the geographical territory where the Group operates is located in the zone designated as an area requiring the implementation of enhanced earthquake preparatory measures with respect to the Tokai region.

(b) Natural Disasters

The Odakyu Group has implemented a range of measures to anticipate potential natural disasters, such as torrential rains and windstorms. However, in the event of a large-scale natural disaster that causes direct damage to the Group's personnel, premises and equipment or leads to an increase in costs due to the restoration of damaged premises and equipment, the Group's results of operations and financial conditions could be adversely affected.

(c) Outbreaks of Infectious Diseases

The Group has managed a large number of facilities for customers of its railway, bus and commercial institutions. If a massive infectious disease epidemic such as swine influenza should occur in the Group's business area, it is feared that this would cause customers to refrain from utilizing its facilities, or even result in its operations being unable to continue, particularly its railway operations. Such a situation may have an impact on the Group's results of operations and financial conditions.

(2) Accidents

(a) Occurrence of Accidents

The Odakyu Group has put in place a number of measures to ensure the safety of its transport services and food items, and to prevent fire in its buildings and other facilities. However, in the event of a large-scale accident or a fire caused by human error, malfunctioning of equipment or an act of terrorism, this could result in human damage and disruption of the Group's operations, as well as expenses incurred to compensate for damages to victims and to reconstruct damaged buildings and facilities, and this could reduce customers' trust in the Group and impair the Group's image in society. Such a situation may have an impact on the Group's results of operations and financial conditions.

(b) Defects/Flaws in Group's Assets and Merchandise

If a defect or flaw is discovered in assets held by the Group, or if it is found that these assets have the potential to cause an adverse effect on human health or the surrounding environment, the Group may incur expenses to rectify the situation, restore conditions to their original status or compensate for damage. If a defect or flaw is discovered in a product sold by the Group, expenses incurred to rectify the situation or compensate for damage, as well as reduced trust in the Group, may adversely affect the Group's results of operations and financial conditions.

(c) Disruption of Information Systems

The Group relies heavily on information systems, such as computer systems and communication networks, in its operations. As such, the Group has undertaken necessary measures to ensure the steady operation of the systems and networks that are critical for its operations. However, in the event of a major disruption of its information systems due to a computer virus or other acts of third-party sabotage, a natural disaster or a human error may have an adverse effect on the Group's results of operations and financial conditions.

(3) Corporate Social Responsibility

(a) Compliance

The Odakyu Group defines compliance as a system of thought and initiatives based on it to comply with rules, including laws and regulations, internal rules and social conventions and to carry out business activities with integrity, and the Group promotes such compliance. However, in the event of an act in violation of compliance that undermines social trust in the Group, the resulting social sanctions may have an adverse effect on the Group's results of operations and financial conditions.

(b) Management of Personal Information

The Group operates credit card business and holds customer-related and other personal information in conjunction with the credit card and other operations. Although stringent control over personal information is in place, any improper disclosure of personal information for whatever reason could result in compensation claims and tarnish its reputation with potential impact on the Group's operating results.

(c) Disclosure

The Odakyu Group has undertaken appropriate disclosure on a timely basis by bolstering and conducting internal control in accordance with the characteristics of its respective operations. However, in the event of an inappropriate disclosure due to human errors or other reasons, the resulting decline in customers' trust and the damage to the Group's image in society could adversely affect the Group's results of operations and financial conditions.

(4) Business Environment

(a) Securing of Human Resources

Many of the Odakyu Group's operations are labor intensive, and it is vital for the Group to secure capable human resources for its workforce. As such, the Group seeks to secure and nurture qualified human resources and ensure that its working environment is a healthy and worker-friendly one. However, in the event of a failure to realize these goals, the Group's results of operations and financial conditions could be adversely affected.

(b) Legal Restrictions

The Group's operations are subject to various laws and ordinances, including the Railway Business Act, the Road Transportation Act, the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment and the Construction Standards Act, and regulations including the Emission Standards, among others. A change in these laws, ordinances and regulations in general or changes applicable to Tokyo and Kanagawa prefectures in particular could affect the Group's results of operations and financial conditions.

The Group's railway operations are governed by fare restrictions described below.

A railway business operator is required by law to obtain approval of the Minister of Land, Infrastructure, Transport and Tourism when it wishes to set forth or change the upper limits of its passenger fares (Article 16, Section 1 of the Railway Business Act).

A railway business operator may set forth or change passenger fares within such approved upper limits or add-on charges for express trains and others, provided that advance filing is made to the said Minister (Article 16, Sections 3 and 4 of the Railway Business Act).

(c) Interest Rate Fluctuations

The Group undertakes continuous capital investments centered on its railway business, which are largely funded by debt financing and the issuance of corporate bonds. Interest rate fluctuations and changes in the Company's ratings could affect the financial conditions of the Company.

(d) Significant Litigation

A civil lawsuit has been filed against the Company in relation to noise and vibration caused by its railway operations. Outcome of the lawsuit could affect business performance and operations of the railway business (In relation to this lawsuit, an out-of-court settlement was reached in July 31, 2014).

In addition, an administrative lawsuit is pending in connection with the Company's multiple double tracks project. It is the administrative lawsuit against the Kanto Regional Development Bureau Chief as defendant, in which the annulment of the approval given to the urban planning project for the segment between Yoyogi-Uehara and Umegaoka stations is sought.

CONSOLIDATED BALANCE SHEETS

March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	**2014**	**2014**
Assets:			
Current assets:			
Cash and time deposits	¥ 29,956	**¥ 30,533**	**$ 295,802**
Notes and accounts receivable	20,188	**22,189**	**214,970**
Lease receivables and lease investment assets	941	**1,214**	**11,760**
Marketable securities	10	**10**	**97**
Merchandise and finished goods	10,710	**10,132**	**98,162**
Real estate developments for sale **Note 6 (5)**	34,116	**35,258**	**341,585**
Work in process	386	**625**	**6,051**
Raw materials and supplies	1,698	**1,848**	**17,898**
Deferred tax assets	5,482	**5,404**	**52,351**
Other	27,562	**30,598**	**296,432**
Allowance for doubtful accounts	(199)	**(118)**	**(1,138)**
Total current assets	130,850	**137,693**	**1,333,970**
Noncurrent assets:			
Property and equipment:			
Buildings and structures, net **Note 6 (1)(3)(5)(6)**	489,294	**474,846**	**4,600,331**
Machinery, equipment, rolling stock, and other vehicles, net **Note 6 (1)(3)(6)**	56,146	**50,341**	**487,706**
Land **Note 6 (3)(5)(6)(7)**	446,509	**430,619**	**4,171,853**
Lease assets, net **Note 6 (1)**	1,781	**1,482**	**14,354**
Construction in progress	31,032	**39,145**	**379,243**
Other, net **Note 6 (1)(3)(6)**	8,564	**8,534**	**82,678**
Total property and equipment	1,033,326	**1,004,967**	**9,736,165**
Intangible fixed assets:			
Goodwill	98	**53**	**515**
Lease assets	161	**159**	**1,541**
Other	12,502	**11,780**	**114,123**
Total intangible assets	12,761	**11,992**	**116,179**
Investments and other assets:			
Investment securities **Note 6 (2)**	62,857	**67,191**	**650,952**
Long-term loans receivable	350	**318**	**3,078**
Deferred tax assets	6,101	**5,945**	**57,597**
Other	18,989	**16,927**	**163,988**
Allowance for doubtful accounts	(732)	**(688)**	**(6,663)**
Total investments and other assets	87,565	**89,693**	**868,952**
Total noncurrent assets	1,133,652	**1,106,652**	**10,721,296**
Total assets	¥1,264,502	**¥1,244,345**	**$12,055,266**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	**2014**	**2014**
Liabilities:			
Current liabilities:			
Notes and accounts payable	¥ 27,433	**¥ 28,245**	**$ 273,638**
Short-term loans **Note 6 (3)**	195,997	**179,752**	**1,741,448**
Current portion of long-term corporate bonds	70,000	**40,000**	**387,522**
Current portion of lease obligations	1,325	**1,441**	**13,960**
Income taxes payable	9,106	**9,932**	**96,220**
Advances received	3,535	**5,865**	**56,818**
Deferred tax liabilities	1	**0**	**2**
Provision for bonuses	7,289	**7,405**	**71,739**
Allowance for unredeemed gift certificates and others	799	**801**	**7,760**
Asset retirement obligation	6	**—**	**—**
Other current liabilities **Note 6 (3)**	83,984	**92,379**	**894,975**
Total current liabilities	399,475	**365,820**	**3,544,082**
Long-term liabilities:			
Long-term bonds	165,000	**165,000**	**1,598,527**
Long-term loans **Note 6 (3)**	233,756	**246,842**	**2,391,411**
Long-term liabilities incurred for purchase of railway transport facilities **Note 6 (3)**	131,353	**120,812**	**1,170,432**
Lease obligations	1,492	**1,229**	**11,909**
Deferred tax liabilities	7,118	**6,989**	**67,705**
Deferred tax liabilities related to land revaluation **Note 6 (7)**	1,249	**1,246**	**12,069**
Employees' retirement benefits	23,021	**—**	**—**
Net defined benefit liabilities	—	**19,955**	**193,321**
Asset retirement obligation	1,349	**1,344**	**13,017**
Long-term construction contract advances received	—	**1,815**	**17,586**
Other **Note 6 (3)**	45,743	**41,019**	**397,406**
Total long-term liabilities	610,081	**606,251**	**5,873,383**
Reserves under the special laws:			
Special reserve for expansion of railway transport facilities	9,400	**4,700**	**45,534**
Total reserves under the special laws	9,400	**4,700**	**45,534**
Total liabilities	1,018,956	**976,771**	**9,462,999**
Net assets:			
Shareholders' equity:			
Common stock	60,360	**60,360**	**584,769**
Capital surplus	58,549	**58,540**	**567,139**
Retained earnings	111,935	**129,929**	**1,258,759**
Treasury stock, at cost	(9,904)	**(10,145)**	**(98,287)**
Total shareholders' equity	220,940	**238,684**	**2,312,380**
Accumulated other comprehensive income:			
Net unrealized gain on securities, net of taxes	22,173	**24,559**	**237,932**
Reserve for land revaluation **Note 6 (7)**	(619)	**634**	**6,139**
Remeasurements of defined benefit plans	—	**352**	**3,408**
Total accumulated other comprehensive income	21,554	**25,545**	**247,479**
Minority interests	3,052	**3,345**	**32,408**
Total net assets	245,546	**267,574**	**2,592,267**
Total liabilities and net assets	¥1,264,502	**¥1,244,345**	**$12,055,266**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
Revenue from operations	¥515,224	**¥523,187**	**$5,068,660**
Operating expenses:			
Operating expenses and cost of sales of transportation **Note 7 (1)(2)**	388,943	**392,086**	**3,798,548**
Selling, general and administrative expenses **Note 7 (1)(3)**	82,162	**81,724**	**791,745**
Total operating expenses	471,105	**473,810**	**4,590,293**
Operating income	44,119	**49,377**	**478,367**
Non-operating income:			
Interest income	24	**22**	**216**
Dividends income	1,054	**1,180**	**11,434**
Equity in earnings of affiliates	1,169	**882**	**8,545**
Miscellaneous income	1,850	**2,107**	**20,404**
Total non-operating income	4,097	**4,191**	**40,599**
Non-operating expenses:			
Interest expenses	10,003	**9,343**	**90,515**
Miscellaneous expenses	1,847	**2,163**	**20,957**
Total non-operating expenses	11,850	**11,506**	**111,472**
Ordinary income	36,366	**42,062**	**407,494**
Extraordinary income:			
Gain on sale of property and equipment **Note 7 (4)**	3,303	**382**	**3,705**
Construction costs allotted to and received from others	52,372	**3,785**	**36,667**
Reversal of special reserve for expansion of railway transport facilities	4,700	**4,700**	**45,534**
Other	298	**351**	**3,397**
Total extraordinary income	60,673	**9,218**	**89,303**
Extraordinary losses:			
Loss on sale of property and equipment **Note 7 (5)**	301	**5,208**	**50,457**
Loss on deduction of property and equipment	52,347	**3,785**	**36,665**
Loss on disposal of property and equipment	2,264	**2,343**	**22,695**
Other	11,807	**941**	**9,113**
Total extraordinary losses	66,719	**12,277**	**118,930**
Income before income taxes and minority interests	30,320	**39,003**	**377,867**
Income taxes:			
Current income taxes	14,676	**15,434**	**149,525**
Deferred income taxes	(4,413)	**(1,796)**	**(17,398)**
Total income taxes	10,263	**13,638**	**132,127**
Income before minority interests	20,057	**25,365**	**245,740**
Minority interests in income of consolidated subsidiaries	382	**316**	**3,065**
Net income	¥ 19,675	**¥ 25,049**	**$ 242,675**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	**2014**	**2014**
Income before minority interests	¥20,057	**¥25,365**	**$245,740**
Other comprehensive income:			
Unrealized gain (loss) on securities	9,312	**2,418**	**23,425**
Share of other comprehensive income (loss) of associates accounted for using equity method	323	**(30)**	**(297)**
Total other comprehensive income **Note 8**	9,635	**2,388**	**23,128**
Comprehensive income	¥29,692	**¥27,753**	**$268,868**
Comprehensive income attributable to:			
Owners of the parent	¥29,280	**¥27,435**	**$265,793**
Minority interests	412	**318**	**3,075**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the years ended March 31, 2013 and 2014

	Millions of yen				
	2013				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2012	¥60,360	¥58,555	¥ 97,672	¥(9,752)	¥206,835
Changes during the year:					
Cash dividends			(5,441)		(5,441)
Net income			19,675		19,675
Reversal of reserve for land revaluation			29		29
Repurchases of treasury stock				(160)	(160)
Disposition of treasury stock		(6)		8	2
Net changes in items other than shareholders' equity during the year					
Total changes during the year	—	(6)	14,263	(152)	14,105
Balance as of March 31, 2013	¥60,360	¥58,549	¥111,935	¥(9,904)	¥220,940

	Millions of yen					
	2013					
	Accumulated other comprehensive income					
	Net unrealized gain on securities, net of taxes	Reserve for land revaluation	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2012	¥12,569	¥(590)	¥—	¥11,979	¥2,790	¥221,604
Changes during the year:						
Cash dividends						(5,441)
Net income						19,675
Reversal of reserve for land revaluation						29
Repurchases of treasury stock						(160)
Disposition of treasury stock						2
Net changes in items other than shareholders' equity during the year	9,604	(29)	—	9,575	262	9,837
Total changes during the year	9,604	(29)	—	9,575	262	23,942
Balance as of March 31, 2013	¥22,173	¥(619)	¥—	¥21,554	¥3,052	¥245,546

	Millions of yen				
	2014				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2013	**¥60,360**	**¥58,549**	**¥111,935**	**¥ (9,904)**	**¥220,940**
Changes during the year:					
Cash dividends			**(5,802)**		**(5,802)**
Net income			**25,049**		**25,049**
Reversal of reserve for land revaluation			**(1,253)**		**(1,253)**
Repurchases of treasury stock				**(250)**	**(250)**
Disposition of treasury stock		**(9)**		**9**	**0**
Net changes in items other than shareholders' equity during the year					
Total changes during the year	**—**	**(9)**	**17,994**	**(241)**	**17,744**
Balance as of March 31, 2014	**¥60,360**	**¥58,540**	**¥129,929**	**¥(10,145)**	**¥238,684**

	Millions of yen					
	2014					
	Accumulated other comprehensive income					
	Net unrealized gain on securities, net of taxes	Reserve for land revaluation	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2013	**¥22,173**	**¥(619)**	**¥ —**	**¥21,554**	**¥3,052**	**¥245,546**
Changes during the year:						
Cash dividends						**(5,802)**
Net income						**25,049**
Reversal of reserve for land revaluation						**(1,253)**
Repurchases of treasury stock						**(250)**
Disposition of treasury stock						**0**
Net changes in items other than shareholders' equity during the year	**2,386**	**1,253**	**352**	**3,991**	**293**	**4,284**
Total changes during the year	**2,386**	**1,253**	**352**	**3,991**	**293**	**22,028**
Balance as of March 31, 2014	**¥24,559**	**¥ 634**	**¥352**	**¥25,545**	**¥3,345**	**¥267,574**

	Thousands of U.S. dollars (Note 1)				
	2014				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2013	**$584,769**	**$567,224**	**$1,084,433**	**$(95,948)**	**$2,140,478**
Changes during the year:					
Cash dividends			**(56,214)**		**(56,214)**
Net income			**242,675**		**242,675**
Reversal of reserve for land revaluation			**(12,135)**		**(12,135)**
Repurchases of treasury stock				**(2,428)**	**(2,428)**
Disposition of treasury stock		**(85)**		**89**	**4**
Net changes in items other than shareholders' equity during the year					
Total changes during the year	**—**	**(85)**	**174,326**	**(2,339)**	**171,902**
Balance as of March 31, 2014	**$584,769**	**$567,139**	**$1,258,759**	**$(98,287)**	**$2,312,380**

	Thousands of U.S. dollars (Note 1)					
	2014					
	Accumulated other comprehensive income					
	Net unrealized gain on securities, net of taxes	Reserve for land revaluation	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2013	**$214,814**	**$(5,996)**	**$ —**	**$208,818**	**$29,563**	**$2,378,859**
Changes during the year:						
Cash dividends						**(56,214)**
Net income						**242,675**
Reversal of reserve for land revaluation						**(12,135)**
Repurchases of treasury stock						**(2,428)**
Disposition of treasury stock						**4**
Net changes in items other than shareholders' equity during the year	**23,118**	**12,135**	**3,408**	**38,661**	**2,845**	**41,506**
Total changes during the year	**23,118**	**12,135**	**3,408**	**38,661**	**2,845**	**213,408**
Balance as of March 31, 2014	**$237,932**	**$ 6,139**	**$3,408**	**$247,479**	**$32,408**	**$2,592,267**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	**2014**	**2014**
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 30,320	**¥ 39,003**	**$ 377,867**
Depreciation and amortization	50,424	**48,652**	**471,341**
Loss on impairment of fixed assets	11,403	**845**	**8,191**
Amortization of goodwill	809	**48**	**467**
Increase (decrease) in provision for bonuses	79	**116**	**1,124**
Increase (decrease) in employees' retirement benefits	(1,474)	**—**	**—**
Increase (decrease) in net defined benefit liabilities	—	**(1,805)**	**(17,485)**
Increase (decrease) in allowance for doubtful accounts	(45)	**(126)**	**(1,216)**
Increase (decrease) in allowance for unredeemed gift certificates and others	71	**2**	**23**
Interest and dividends income	(1,078)	**(1,202)**	**(11,650)**
Interest expenses	10,003	**9,343**	**90,515**
Equity in losses (earnings) of affiliates	(1,169)	**(882)**	**(8,545)**
Construction costs allotted to and received from others	(52,372)	**(3,785)**	**(36,667)**
Increase (decrease) in special reserve for expansion of railway transport facilities	(4,700)	**(4,700)**	**(45,534)**
Loss (gain) on sale of property and equipment, net	(3,002)	**4,826**	**46,752**
Loss on disposal of property and equipment	2,832	**1,941**	**18,807**
Loss on deduction of carrying amounts of property and equipment	52,347	**3,785**	**36,665**
Loss (gain) on valuation of investment securities	107	**17**	**165**
Loss on valuation of inventories	1,519	**267**	**2,582**
Decrease (increase) in trade receivables	(591)	**(1,966)**	**(19,050)**
Decrease (increase) in inventories	1,840	**(1,396)**	**(13,521)**
Increase (decrease) in accounts payables	1,331	**595**	**5,760**
Other	(1,860)	**3,515**	**34,052**
Subtotal	96,794	**97,093**	**940,643**
Interest and dividends received	1,217	**1,342**	**13,000**
Interest paid	(10,122)	**(9,500)**	**(92,035)**
Income taxes paid	(16,406)	**(15,297)**	**(148,199)**
Net cash provided by (used in) operating activities	71,483	**73,638**	**713,409**
Cash flows from investing activities:			
Purchase of investment securities	(8)	**(33)**	**(318)**
Proceeds from sales of investment securities	39	**13**	**126**
Acquisition of property and equipment	(57,592)	**(49,667)**	**(481,175)**
Proceeds from sales of property and equipment	4,357	**15,766**	**152,744**
Decrease (increase) in short-term loans receivable	1	**(29)**	**(284)**
Payments of long-term loans receivable	(264)	**(3)**	**(25)**
Collection of long-term loans receivable	35	**33**	**316**
Proceeds from advances received for contract consignment	9,863	**7,190**	**69,651**
Proceeds from long-term advances received	8,348	**1,815**	**17,586**
Other	472	**1,865**	**18,065**
Net cash provided by (used in) investing activities	(34,749)	**(23,050)**	**(223,314)**
Cash flows from financing activities:			
Net decrease in short-term loans	(4,677)	**(1,814)**	**(17,573)**
Proceeds from long-term loans	44,135	**33,467**	**324,230**
Repayments of long-term loans	(57,584)	**(34,862)**	**(337,744)**
Proceeds from issuance of bonds	40,000	**40,000**	**387,522**
Redemption of bonds	(45,000)	**(70,000)**	**(678,163)**
Redemption of accounts payable to Japan Railway Construction, Transport and Technology Agency	(8,698)	**(10,345)**	**(100,222)**
Cash dividends paid	(5,418)	**(5,782)**	**(56,013)**
Acquisition of treasury stock	(154)	**(244)**	**(2,369)**
Other	(375)	**(473)**	**(4,583)**
Net cash provided by (used in) financing activities	(37,771)	**(50,053)**	**(484,915)**
Effect of exchange rate changes on cash and cash equivalents	0	**0**	**0**
Net increase (decrease) in cash and cash equivalents	(1,037)	**535**	**5,180**
Cash and cash equivalents at beginning of the year	30,898	**29,861**	**289,293**
Increase in cash and cash equivalents resulting from merger	—	**42**	**412**
Cash and cash equivalents at end of the year Note 10	¥ 29,861	**¥ 30,438**	**$ 294,885**

See accompanying Notes to Consolidated Financial Statements.

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 share-holders 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						
	Transportation	Merchandising	Real estate	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
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						
	Transportation	Merchandising	Real estate	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
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						
	Transportation	Merchandising	Real estate	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
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

ANNEXED CONSOLIDATED DETAILED SCHEDULES

Years ended March 31, 2013 and 2014

NO. 1 | DETAILED SCHEDULE OF CORPORATE BONDS

Company	Name	Issue date	Millions of yen		Thousands of U.S. dollars	Interest rate	Security	Redemption date
			Balance as of April 1, 2013	**Balance as of March 31, 2014**	**Balance as of March 31, 2014**			
Odakyu Electric Railway Co., Ltd.	Series 25 unsecured corporate bonds	Aug. 25, 1998	¥20,000	**¥ 20,000**	**$ 193,761**	3.00%	None	Aug. 24, 2018
	Series 40 unsecured corporate bonds	Aug. 8, 2006	10,000 [10,000]	**—**	**—**	1.95	None	Aug. 8, 2013
	Series 41 unsecured corporate bonds	Aug. 8, 2006	20,000	**20,000**	**193,761**	2.24	None	Aug. 8, 2016
	Series 46 unsecured corporate bonds	Dec. 17, 2008	30,000 [30,000]	**—**	**—**	1.377	None	Dec. 17, 2013
	Series 49 unsecured corporate bonds	Aug. 12, 2009	10,000	**10,000 [10,000]**	**96,880 [96,880]**	0.932	None	Aug. 12, 2014
	Series 50 unsecured corporate bonds	Aug. 12, 2009	10,000	**10,000**	**96,880**	1.718	None	Aug. 12, 2019
	Series 52 unsecured corporate bonds	July 30, 2010	15,000 [15,000]	**—**	**—**	0.31	None	July 25, 2013
	Series 53 unsecured corporate bonds	Aug. 12, 2010	15,000	**15,000**	**145,321**	0.496	None	Aug. 12, 2015
	Series 54 unsecured corporate bonds	Dec. 17, 2010	10,000	**10,000**	**96,880**	0.956	None	Dec. 15, 2017
	Series 55 unsecured corporate bonds	Dec. 17, 2010	10,000	**10,000**	**96,880**	1.367	None	Dec. 17, 2020
	Series 56 unsecured corporate bonds	Jan. 31, 2011	15,000 [15,000]	**—**	**—**	0.39	None	Jan. 24, 2014
	Series 57 unsecured corporate bonds	July 29, 2011	15,000	**15,000 [15,000]**	**145,321 [145,321]**	0.38	None	July 25, 2014
	Series 58 unsecured corporate bonds	Jan. 31, 2012	15,000	**15,000 [15,000]**	**145,321 [145,321]**	0.34	None	Jan. 23, 2015
	Series 59 unsecured corporate bonds	July 31, 2012	15,000	**15,000**	**145,321**	0.24	None	July 24, 2015
	Series 60 unsecured corporate bonds	Oct. 18, 2012	10,000	**10,000**	**96,880**	0.846	None	Act. 18, 2022
	Series 61 unsecured corporate bonds	Jan. 31, 2013	15,000	**15,000**	**145,321**	0.22	None	Jan. 25, 2016
	Series 62 unsecured corporate bonds	July 31, 2013	—	**15,000**	**145,321**	0.28	None	July 25, 2016
	Series 63 unsecured corporate bonds	Dec. 13, 2013	—	**10,000**	**96,880**	0.905	None	Dec. 12, 2025
	Series 64 unsecured corporate bonds	Jan. 31, 2014	—	**15,000**	**145,321**	0.21	None	Jan. 25, 2017
Total	—	—	235,000 [70,000]	**¥205,000 [40,000]**	**$1,986,049 [387,522]**	—	—	—

Notes: 1. The amounts in brackets in the columns of "Balance as of April 1, 2013" and "Balance as of March 31, 2014" are the current portion of the total amount and are recorded in current liabilities on the consolidated balance sheets.

2. Redemption schedule of bonds for five years subsequent to March 31, 2014.

Millions of yen					Thousands of U.S. dollars				
Within one year	One to two years	Two to three years	Three to four years	Four to five years	Within one year	One to two years	Two to three years	Three to four years	Four to five years
¥40,000	**¥45,000**	**¥50,000**	**¥10,000**	**¥20,000**	**$387,522**	**$435,962**	**$484,402**	**$96,880**	**$193,761**

NO. 2 | DETAILED SCHEDULE OF LOANS PAYABLE

	Millions of yen		Thousands of U.S. dollars		
	Balance as of April 1, 2013	**Balance as of March 31, 2014**	**Balance as of March 31, 2014**	Average interest rate	Repayment deadline
Short-term loans	¥161,135	**¥159,371**	**$1,543,993**	0.58%	—
Current portion of long-term debt	34,862	**20,381**	**197,455**	2.05	—
Current portion of lease obligations	497	**436**	**4,228**	—	—
Long-term loans (excluding current portion)	233,756	**246,842**	**2,391,411**	1.51	Apr. 27, 2015 to Feb. 27, 2034
Lease obligations (excluding current portion)	1,492	**1,229**	**11,909**	—	Apr. 1, 2015 to Sep. 30, 2020
Other interest-bearing debt:					
Long-term liabilities incurred for purchase of railway transport facilities	138,024 [10,047]	**127,887 [10,238]**	**1,238,970 [99,185]**	1.36	Sep. 14, 2014 to Mar. 22, 2038
In-house deposits	12,298	**12,180**	**118,002**	1.20	—
Total	¥582,064	**¥568,326**	**$5,505,968**	—	—

Notes: 1. The "Average interest rate" of loans payable is the weighted average interest rate for outstanding loans payable as of end of the fiscal year under review.
2. The "Average interest rate" is not shown for lease obligations because the Company reported lease obligations before deducting interest in the consolidated balance sheets. The lease obligations exclude the amounts in sublease obligations.
3. The amounts in brackets in "Long-term liabilities incurred for purchase of railway transport facilities" in the "Other interest-bearing debt" column are the current portion of the total amount and are included in "Other" of current liabilities on the consolidated balance sheets. The long-term liabilities incurred for purchase of railway transport facilities are loan of its buying railway facilities from the Japan Railway Construction, Transport and Technology Agency. The above amounts are equivalent sum of figures of the consolidated balance sheets that removed consumption taxes.
4. The "In-house deposits" are included in "Other" of current liabilities on the consolidated balance sheets.
5. The repayment schedule of "Long-term loans (excluding current portion)," "Lease obligations (excluding current portion)" and "Long-term liabilities incurred for purchase of railway transport facilities" for five years subsequent to March 31, 2014. The following table excludes the payment schedule of in-house deposits because the repayment period is not defined.

	Millions of yen			
	One to two years	Two to three years	Three to four years	Four to five years
Long-term debt	**¥31,593**	**¥27,758**	**¥18,207**	**¥35,069**
Lease obligations	**538**	**463**	**169**	**34**
Long-term liabilities incurred for purchase of railway transport facilities	**9,510**	**9,639**	**9,769**	**9,901**

	Thousands of U.S. dollars			
	One to two years	Two to three years	Three to four years	Four to five years
Long-term debt	**$306,079**	**$268,917**	**$176,393**	**$339,749**
Lease obligations	**5,208**	**4,487**	**1,637**	**327**
Long-term liabilities incurred for purchase of railway transport facilities	**92,135**	**93,379**	**94,641**	**95,920**

(3) Schedule of asset retirement obligations

A description is omitted pursuant to regulations on consolidated financial statements in Japan, since the amounts of asset retirement obligations at the beginning of the year ended March 31, 2013 and the end of the year ended March 31, 2014 are both less than 1% of the total of liabilities and net assets of the respective fiscal years.

EY
Building a better working world

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Independent Auditor's Report

The Board of Directors
Odakyu Electric Railway Co., Ltd.

We have audited the accompanying consolidated financial statements of Odakyu Electric Railway Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Odakyu Electric Railway Co., Ltd. and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young Shinnihon LLC
Ernst & Young ShinNihon LLC

June 27, 2014

CORPORATE INFORMATION

As of June 27, 2014

Corporate Data

Head Office: 1-8-3, Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-8309, Japan

Established: June 1, 1948

Common Stock: ¥60,359 million

Employees: Consolidated: 13,221
Non-consolidated: 3,628

Independent Auditor: Ernst & Young ShinNihon LLC

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URL: http://www.odakyu.jp

Board of Directors, Auditors and Executive Officers

Chairman and Representative Director
Yorihiko Osuga*

Executive President and Representative Director
Toshimitsu Yamaki*

Executive Senior Managing Directors
Kazuyoshi Arai*
Osamu Kaneda*
Mikio Ogawa*

Executive Managing Directors
Koji Hoshino*
Ichiro Kaneko*

Directors
Hiroyuki Dakiyama*
Tomijiro Morita
Yasuyuki Asahi
Michinobu Fujinami
Izumi Amano
Yoshihiko Shimooka
Jun Koyanagi

Standing Auditors
Minoru Hayano
Shunji Takahara

Auditors
Ikuo Uno
Takehisa Fukazawa
Masataka Ito

Executive Officers
Shu Igarashi
Isamu Arakawa
Takashi Hayama
Ichiro Sugasawa
Satoshi Kuroda
Akinori Tateyama

*Executive Officer

Stock Information

Fiscal Year: March 31

Regular General Meeting of Shareholders: Late June

Authorized Shares: 2,200,000,000

Issued Shares: 736,995,435 shares

Shareholders: 56,526

Stock Exchange Listing: Tokyo Stock Exchange

Transfer Agent: Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku,
Tokyo 100-8233, Japan
Phone: +81-3-3286-1111

Principal Shareholders:

Name	Number of shares held (thousands)	Percentage
The Dai-ichi Life Insurance Company, Limited	47,417	6.43
Nippon Life Insurance Company	41,908	5.69
The Master Trust Bank of Japan, Ltd. (Trust account)	34,058	4.62
The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account of Mitsubishi Electric Corporation account)	25,816	3.50
Japan Trustee Services Bank, Ltd. (Trust account)	17,658	2.40
Meiji Yasuda Life Insurance Company	15,353	2.08
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,500	1.56
Sumitomo Life Insurance Company	11,000	1.49
Sumitomo Mitsui Trust Bank, Limited	10,600	1.44
Sumitomo Mitsui Banking Corporation	9,417	1.28

Note: 1. The Dai-ichi Life Insurance Company, Limited has contributed an additional 4,000 thousand shares to establish a retirement benefit trust and retains rights of instruction in regard to shareholder voting rights of the shares.
2. The 25,816 thousand shares held by The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account of Mitsubishi Electric Corporation account) are trust assets of a retirement benefit trust consigned by Mitsubishi Electric Corporation to The Master Trust Bank of Japan, Ltd. Mitsubishi Electric Corporation retains rights of instruction in regard to shareholder voting rights of the shares.
3. Sumitomo Mitsui Trust Bank, Limited has contributed an additional 9,124 thousand shares to establish a retirement benefit trust and retains rights of instruction in regard to shareholder voting rights of the shares.
4. Sumitomo Mitsui Banking Corporation has contributed an additional 1,554 thousand shares to establish a retirement benefit trust and retains rights of instruction in regard to shareholder voting rights of the shares.
5. The above excludes treasury stocks of 11,794 thousand shares held by the Company and 1,000 shares the Company has not been owned substantially.

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