

SELECTED FINANCIAL DATA

Year ended March 31

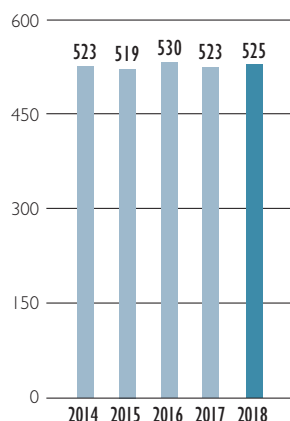
Consolidated	Millions of yen				
	2014	2015	2016	2017	2018
Results for the year:					
Revenue from operations	¥ 523,187	¥ 518,715	¥ 529,812	¥ 523,032	¥ 524,661
Operating income	49,377	49,858	52,935	49,947	51,465
Ordinary income	42,062	44,098	45,695	46,639	47,892
Income before income taxes	39,003	47,259	42,576	39,712	43,941
Net income attributable to owners of the parent	25,049	30,147	27,498	26,068	29,328
Comprehensive income	27,753	50,029	15,504	28,472	33,333
Per share of common stock (in yen):					
Net income—basic	¥ 34.72	¥ 41.80	¥ 76.27	¥ 72.31	¥ 81.36
Year-end financial position:					
Total assets	¥1,244,345	¥1,253,849	¥1,257,332	¥1,270,102	¥ 1,297,335
Net assets	267,574	308,210	317,023	338,703	366,467

Non-Consolidated	Millions of yen				
	2014	2015	2016	2017	2018
Results for the year:					
Revenue from operations	¥ 163,047	¥ 162,329	¥ 164,757	¥ 166,445	¥ 169,556
Operating income	39,044	38,417	42,294	39,824	40,360
Ordinary income	31,141	32,559	34,131	36,163	36,788
Income before income taxes	30,732	36,309	33,028	31,843	36,786
Net income	20,088	22,410	21,289	22,516	25,834
Per share of common stock (in yen):					
Net income—basic	¥ 27.69	¥ 30.91	¥ 58.74	¥ 62.13	¥ 71.29
Cash dividends	8.00	8.50	9.00	14.50	20.00
Year-end financial position:					
Total assets	¥1,092,399	¥1,092,586	¥1,101,992	¥1,107,878	¥ 1,131,724
Net assets	233,375	260,496	271,951	286,890	307,463

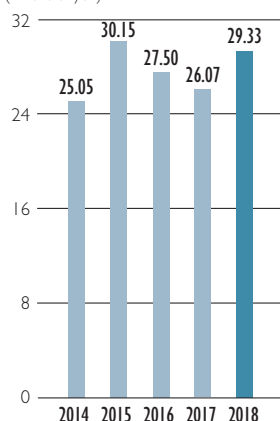
Note: The Company implemented a share consolidation in which two shares are consolidated into one share on October 1, 2016. Net income per share and cash dividends per share are calculated based on the assumption that the share consolidation was executed at the beginning of the fiscal year ended March 31, 2016 (For per share of common stock, see Note 20 of the Notes to Consolidated Financial Statements).

CONSOLIDATED DATA

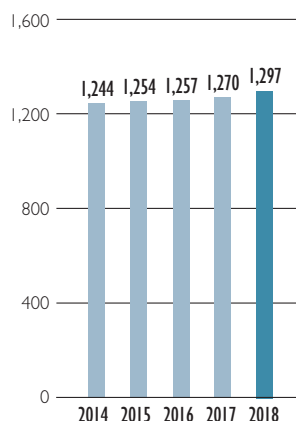
Revenue from operations
(Billions of yen)



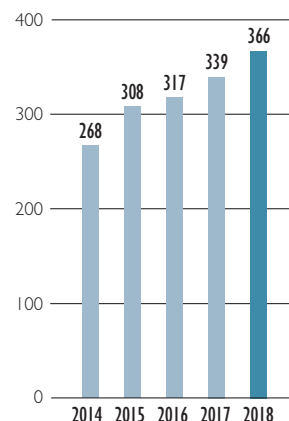
Net income attributable to owners of the parent
(Billions of yen)



Total assets
(Billions of yen)



Net assets
(Billions of yen)



MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended March 31, 2017 and 2018

Results of Operations

During the fiscal year ended March 31, 2018, the Japanese economy continued to experience a gradual recovery on the whole, mainly due to an upturn in personal consumption amid the continued improvement in corporate earnings, employment and personal income.

In this operating environment, the Odakyu Group carried out aggressive marketing in the Group's respective segments, posting consolidated revenue from operations of ¥524,661 million. This represented a year-on-year increase of ¥1,629 million (or 0.3%) reflecting higher sales in the Transportation and other segments. Consequently, operating income increased ¥1,518 million (or 3.0%) to ¥51,465 million, and ordinary income rose ¥1,253 million (or 2.7%) to ¥47,892 million. Conversely, net income attributable to owners of the parent totaled ¥29,328 million, up ¥3,260 million (or 12.5%) year on year.

Cash Flows

The Odakyu Group undertakes continuous capital expenditures in its railway business and each of its other businesses. These expenditures aim mainly to provide comfortable and speedy railway services and enhance the attractiveness of areas along the Odakyu lines. We also take an active approach to implement appropriate safety measures and prevent accidents. In the fiscal year ended March 31, 2018, capital expenditures including the investment amount in intangible assets amounted to ¥68,288 million, down 8.7% from the previous fiscal year.

Capital expenditures in the Transportation segment totaled ¥43,429 million, which was used primarily for railway operations. To maximize the effects of our augmented passenger-carrying capacity, we launched the construction of multiple double tracks between Higashi-Kitazawa and Izumi-Tamagawa stations. The project received ¥4,813 million, including ¥3,180 million for a Japan Railway Construction, Transport and Technology Agency project.

In the Merchandising segment, the Group invested ¥2,873 million, primarily to renovate existing stores and construct new locations.

The Real Estate segment spent ¥17,337 million, mainly for the construction of new buildings for lease and refurbishment of existing ones.

The Other Businesses segment was allocated ¥4,649 million, primarily for the renovation of the Hyatt Regency Tokyo.

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.

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 possible extent 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, 2018 stood at ¥1,297,335 million, representing an increase of ¥27,233 million from a year ago. This was attributable mainly to a rise in cash and time deposits. Liabilities fell ¥531 million, to ¥930,868 million, primarily because of a decrease in advances received.

Net assets, including non-controlling interests, rose ¥27,764 million from the end of the previous fiscal year, to ¥366,467 million. This reflected higher retained earnings resulting from net income attributable to owners of the parent.

Critical Accounting Policies and Estimates

The Odakyu Group's consolidated financial statements are prepared in conformity with accounting principles 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 September 26, 2008). 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.

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. A consolidated dividend payout ratio of 30% is targeted 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 close of the fiscal-year first half and at the fiscal year-end. 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 a resolution at the general meeting of shareholders.

Based on this policy, the Company paid a year-end dividend of ¥10.0 per share for the fiscal year ended March 31, 2018, and an interim dividend of ¥10.0, resulting in an annual payout of ¥20.0.

Basic Policy Regarding How a Person Controlling Decisions on Financial and Business Policies of the Company Should Act

The Company believes that since we, as a public corporation, allow the free purchase and sale of shares of the Company, if a specific person intends to conduct a large-scale purchase aiming at acquiring such number of shares of the Company that may affect the decisions of the Company's financial and business policies, the shareholders of the Company should make the final decision regarding whether or not to accept such a large-scale purchase.

This is the case, for example, with acquisitions that would obviously negatively affect corporate value and the common interests of shareholders, such as a sale or disposal of important operating assets, actions that may effectively force shareholders to sell their shares, and actions that do not provide sufficient information for shareholders of the target company to make the best choice.

The Company believes that it is necessary to secure the Company's corporate value as well as the common interest of shareholders by taking necessary and substantial countermeasures against this kind of hostile large-scale acquisition.

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, as well as reduces the earnings reflecting mainly a drop in consumer confidence due to the probability of the occurrence, 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 would be feared that this causes 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, these 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 these 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 the 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 earnings and financial conditions of the Group.

(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 financial conditions.

(3) Corporate Social Responsibility

(a) Compliance

The Odakyu Group defines compliance as a system of thought and initiatives 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 earnings and financial conditions of the Group.

(d) Significant Litigation

No significant lawsuit is pending against the Company. However, the Company may be subject to litigation and other legal measures from third parties as well as administrative investigation in the ordinary course of business. In addition to the burden of responding to these issues, if judgments and decisions that are unfavorable to the Company are made, business results and financial conditions of the Group may be adversely affected.

CONSOLIDATED BALANCE SHEET

March 31, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Assets:			
Current assets:			
Cash and time deposits	¥ 19,362	¥ 44,013	\$ 414,242
Notes and accounts receivable	22,957	24,071	226,547
Lease receivables and lease investment assets	1,509	1,414	13,308
Merchandise and finished goods	9,257	7,826	73,656
Real estate developments for sale Note 5 (5)	33,332	30,300	285,179
Work in process	789	1,025	9,646
Raw materials and supplies	1,923	2,057	19,363
Deferred tax assets	5,327	5,377	50,608
Other	31,300	34,831	327,821
Allowance for doubtful accounts	(65)	(68)	(645)
Total current assets	125,691	150,846	1,419,725
Noncurrent assets:			
Property and equipment:			
Buildings and structures, net Notes 5 (1)(3)(5)(6)	458,948	477,161	4,490,924
Machinery, equipment, rolling stock, and other vehicles, net Notes 5 (1)(3)(6)	49,061	51,380	483,574
Land Notes 5 (3)(5)(6)(7)	450,089	457,388	4,304,827
Lease assets, net Note 5 (1)	1,469	1,195	11,246
Construction in progress Note 5 (5)	57,084	25,638	241,299
Other, net Notes 5 (1)(3)(6)	8,129	8,939	84,137
Total property and equipment	1,024,780	1,021,701	9,616,007
Intangible fixed assets:			
Goodwill	1,041	1,866	17,567
Lease assets	164	175	1,643
Other	13,350	13,890	130,729
Total intangible assets	14,555	15,931	149,939
Investments and other assets:			
Investment securities Note 5 (2)	82,475	86,889	817,782
Long-term loans receivable	496	716	6,735
Deferred tax assets	5,882	5,651	53,184
Other	17,381	16,505	155,342
Allowance for doubtful accounts	(1,158)	(904)	(8,505)
Total investments and other assets	105,076	108,857	1,024,538
Total noncurrent assets	1,144,411	1,146,489	10,790,484
Total assets	¥1,270,102	¥1,297,335	\$12,210,209

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Liabilities:			
Current liabilities:			
Notes and accounts payable	¥ 28,543	¥ 30,170	\$ 283,950
Short-term loans Note 5 (3)	181,681	198,930	1,872,280
Current portion of long-term corporate bonds	35,000	40,000	376,471
Current portion of lease obligations	1,694	1,511	14,226
Income taxes payable	6,999	8,354	78,623
Advances received	15,360	4,618	43,466
Deferred tax liabilities	0	13	120
Provision for bonuses	7,386	7,674	72,224
Allowance for unredeemed gift certificates and others	1,315	1,380	12,992
Asset retirement obligation	7	27	258
Other current liabilities Note 5 (3)	90,323	95,427	898,133
Total current liabilities	368,308	388,104	3,652,743
Long-term liabilities:			
Long-term bonds	130,000	140,000	1,317,652
Long-term loans Note 5 (3)	255,054	232,545	2,188,655
Long-term liabilities incurred for purchase of railway transport facilities Note 5 (3)	90,747	96,875	911,760
Lease obligations	1,282	1,063	10,005
Deferred tax liabilities	10,328	12,670	119,251
Deferred tax liabilities related to land revaluation Note 5 (7)	954	954	8,980
Net defined benefit liabilities	20,705	18,657	175,595
Asset retirement obligation	1,367	1,117	10,509
Long-term construction contract advances received	12,911	—	—
Other Note 5 (3)	39,743	38,883	365,958
Total long-term liabilities	563,091	542,764	5,108,365
Total liabilities	931,399	930,868	8,761,108
Net assets:			
Shareholders' equity:			
Common stock	60,360	60,360	568,092
Capital surplus	58,418	58,422	549,854
Retained earnings	191,737	213,817	2,012,397
Treasury stock, at cost	(10,527)	(10,552)	(99,315)
Total shareholders' equity	299,988	322,047	3,031,028
Accumulated other comprehensive income:			
Net unrealized gain on securities, net of taxes	33,978	36,198	340,691
Reserve for land revaluation Note 5 (7)	549	549	5,164
Remeasurements of defined benefit plans	(252)	1,186	11,160
Total accumulated other comprehensive income	34,275	37,933	357,015
Non-controlling interests	4,440	6,487	61,058
Total net assets	338,703	366,467	3,449,101
Total liabilities and net assets	¥1,270,102	¥1,297,335	\$12,210,209

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME

For the years ended March 31, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Revenue from operations	¥523,032	¥524,661	\$4,937,982
Operating expenses:			
Operating expenses and cost of sales of transportation Notes 6 (1)(2)	386,003	386,272	3,635,501
Selling, general and administrative expenses Notes 6 (1)(3)	87,082	86,924	818,106
Total operating expenses	473,085	473,196	4,453,607
Operating income	49,947	51,465	484,375
Non-operating income:			
Interest income	11	8	75
Dividends income	1,552	1,697	15,974
Equity in earnings of affiliates	1,224	1,297	12,202
Settlement received	812	—	—
Miscellaneous income	2,410	2,064	19,427
Total non-operating income	6,009	5,066	47,678
Non-operating expenses:			
Interest expenses	7,016	6,446	60,667
Miscellaneous expenses	2,301	2,193	20,638
Total non-operating expenses	9,317	8,639	81,305
Ordinary income	46,639	47,892	450,748
Extraordinary income:			
Gain on sale of property and equipment Note 6 (4)	142	1,778	16,736
Construction costs allotted to and received from others	1,340	18,309	172,317
Other	202	15	144
Total extraordinary income	1,684	20,102	189,197
Extraordinary losses:			
Loss on sale of property and equipment Note 6 (5)	38	36	342
Loss on deduction of property and equipment	1,219	17,579	165,447
Loss on disposal of property and equipment	1,806	1,643	15,465
Special retirement expenses	—	2,944	27,709
Other	5,548	1,851	17,424
Total extraordinary losses	8,611	24,053	226,387
Income before income taxes	39,712	43,941	413,558
Income taxes:			
Current income taxes	12,231	13,112	123,406
Deferred income taxes	1,046	1,169	10,996
Total income taxes	13,277	14,281	134,402
Net income	26,435	29,660	279,156
Net income attributable to non-controlling interests	367	332	3,123
Net income attributable to owners of the parent	¥ 26,068	¥ 29,328	\$ 276,033

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended March 31, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Net income	¥26,435	¥29,660	\$279,156
Other comprehensive income:			
Unrealized gain (loss) on securities	(722)	2,073	19,512
Reversal of reserve for land revaluation	6	—	—
Remeasurements of defined benefit plans	2,700	1,443	13,579
Share of other comprehensive income of associates accounted for using equity method	53	157	1,473
Total other comprehensive income Note 7	2,037	3,673	34,564
Comprehensive income	¥28,472	¥33,333	\$313,720
Comprehensive income attributable to:			
Owners of the parent	¥28,103	¥32,987	\$310,461
Non-controlling interests	369	346	3,259

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the years ended March 31, 2017 and 2018

	Millions of yen				
	2017				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2016	¥60,360	¥ 58,537	¥172,192	¥ (10,480)	¥280,609
Changes during the year:					
Cash dividends			(6,523)		(6,523)
Net income attributable to owners of the parent			26,068		26,068
Repurchases of treasury stock				(52)	(52)
Disposition of treasury stock		2		5	7
Change in ownership interest of parent due to transactions with non-controlling interests		(121)			(121)
Net changes in items other than shareholders' equity during the year		(119)	19,545	(47)	19,379
Total changes during the year	—	(119)	19,545	(47)	19,379
Balance as of March 31, 2017	¥60,360	¥ 58,418	¥191,737	¥ (10,527)	¥299,988

	Millions of yen					
	2017					
	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	Non-controlling interests	Total net assets
Balance as of April 1, 2016	¥ 34,656	¥ 543	¥ (2,960)	¥ 32,239	¥ 4,175	¥317,023
Changes during the year:						
Cash dividends						(6,523)
Net income attributable to owners of the parent						26,068
Repurchases of treasury stock						(52)
Disposition of treasury stock						7
Change in ownership interest of parent due to transactions with non-controlling interests						(121)
Net changes in items other than shareholders' equity during the year	(678)	6	2,708	2,036	265	2,301
Total changes during the year	(678)	6	2,708	2,036	265	21,680
Balance as of March 31, 2017	¥ 33,978	¥ 549	¥ (252)	¥ 34,275	¥ 4,440	¥338,703

	Millions of yen				
	2018				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2017	¥60,360	¥58,418	¥191,737	¥(10,527)	¥299,988
Changes during the year:					
Cash dividends			(7,248)		(7,248)
Net income attributable to owners of the parent			29,328		29,328
Repurchases of treasury stock				(26)	(26)
Disposition of treasury stock		0		1	1
Change in ownership interest of parent due to transactions with non-controlling interests		4			4
Net changes in items other than shareholders' equity during the year		4	22,080	(25)	22,059
Total changes during the year	—	4	22,080	(25)	22,059
Balance as of March 31, 2018	¥60,360	¥58,422	¥213,817	¥(10,552)	¥322,047

	Millions of yen					
	2018					
	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	Non-controlling interests	Total net assets
Balance as of April 1, 2017	¥33,978	¥ 549	¥ (252)	¥ 34,275	¥ 4,440	¥338,703
Changes during the year:						
Cash dividends						(7,248)
Net income attributable to owners of the parent						29,328
Repurchases of treasury stock						(26)
Disposition of treasury stock						1
Change in ownership interest of parent due to transactions with non-controlling interests						4
Net changes in items other than shareholders' equity during the year	2,220	—	1,438	3,658	2,047	5,705
Total changes during the year	2,220	—	1,438	3,658	2,047	27,764
Balance as of March 31, 2018	¥36,198	¥ 549	¥1,186	¥ 37,933	¥ 6,487	¥366,467

Thousands of U.S. dollars (Note 1)

	2018				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2017	\$568,092	\$549,821	\$1,804,581	\$(99,078)	\$2,823,416
Changes during the year:					
Cash dividends			(68,217)		(68,217)
Net income attributable to owners of the parent			276,033		276,033
Repurchases of treasury stock				(241)	(241)
Disposition of treasury stock		2		4	6
Change in ownership interest of parent due to transactions with non-controlling interests		31			31
Net changes in items other than shareholders' equity during the year					
Total changes during the year	—	33	207,816	(237)	207,612
Balance as of March 31, 2018	\$568,092	\$549,854	\$2,012,397	\$(99,315)	\$3,031,028

Thousands of U.S. dollars (Note 1)

	2018					
	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	Non-controlling interests	Total net assets
Balance as of April 1, 2017	\$319,795	\$ 5,164	\$ (2,372)	\$ 322,587	\$ 41,794	\$3,187,797
Changes during the year:						
Cash dividends						(68,217)
Net income attributable to owners of the parent						276,033
Repurchases of treasury stock						(241)
Disposition of treasury stock						6
Change in ownership interest of parent due to transactions with non-controlling interests						31
Net changes in items other than shareholders' equity during the year	20,896	—	13,532	34,428	19,264	53,692
Total changes during the year	20,896	—	13,532	34,428	19,264	261,304
Balance as of March 31, 2018	\$340,691	\$ 5,164	\$ 11,160	\$ 357,015	\$ 61,058	\$3,449,101

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended March 31, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Cash flows from operating activities:			
Income before income taxes	¥ 39,712	¥ 43,941	\$ 413,558
Depreciation and amortization	46,937	45,347	426,796
Loss on impairment of fixed assets	5,380	930	8,750
Amortization of goodwill	185	228	2,141
Increase (decrease) in provision for bonuses	(106)	289	2,723
Increase (decrease) in net defined benefit liabilities	574	(35)	(326)
Increase (decrease) in allowance for doubtful accounts	219	(253)	(2,384)
Increase (decrease) in allowance for unredeemed gift certificates and others	65	65	616
Interest and dividends income	(1,563)	(1,705)	(16,049)
Interest expenses	7,016	6,446	60,667
Equity in losses (earnings) of affiliates	(1,224)	(1,297)	(12,202)
Special retirement expenses	—	2,944	27,709
Construction costs allotted to and received from others	(1,340)	(18,309)	(172,317)
Loss (gain) on sales of stocks of subsidiaries and affiliates	89	856	8,059
Loss (gain) on sale of property and equipment, net	(104)	(1,742)	(16,394)
Loss on deduction of property and equipment	1,219	17,579	165,447
Loss on disposal of property and equipment	1,713	1,890	17,792
Loss (gain) on valuation of investment securities	98	217	2,046
Loss on valuation of inventories	60	51	482
Decrease (increase) in trade receivables	841	(900)	(8,467)
Decrease (increase) in inventories	74	3,329	31,327
Increase (decrease) in accounts payables	(434)	1,601	15,065
Other	(1,792)	70	654
Subtotal	97,619	101,542	955,693
Interest and dividends received	1,759	1,909	17,969
Interest paid	(7,141)	(6,442)	(60,631)
Income taxes paid	(12,742)	(11,615)	(109,321)
Net cash provided by (used in) operating activities	79,495	85,394	803,710
Cash flows from investing activities:			
Purchase of investment securities	(2,337)	(1,123)	(10,567)
Proceeds from sales of investment securities	568	33	313
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,030)	(9,694)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	279	2,625
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(63)	—	—
Acquisition of property and equipment	(74,731)	(64,989)	(611,657)
Proceeds from sales of property and equipment	293	3,454	32,507
Decrease (increase) in short-term loans receivable	(8)	1,940	18,258
Payments of long-term loans receivable	(65)	(279)	(2,624)
Collection of long-term loans receivable	22	34	320
Proceeds from advances received for contract consignment	5,512	6,099	57,401
Proceeds from long-term advances received	3,403	3,300	31,054
Other	353	(400)	(3,762)
Net cash provided by (used in) investing activities	(67,053)	(52,682)	(495,826)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	5,210	—	—
Proceeds from long-term loans	39,397	13,500	127,059
Repayments of long-term loans	(27,905)	(18,797)	(176,911)
Proceeds from issuance of bonds	30,000	50,000	470,588
Redemption of bonds	(50,000)	(35,000)	(329,412)
Redemption of accounts payable to Japan Railway Construction, Transport and Technology Agency	(10,000)	(10,158)	(95,607)
Cash dividends paid	(6,505)	(7,220)	(67,954)
Acquisition of treasury stock	(52)	(25)	(240)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(200)	(1)	(8)
Other	(419)	(398)	(3,744)
Net cash provided by (used in) financing activities	(20,474)	(8,099)	(76,229)
Effect of exchange rate changes on cash and cash equivalents	0	0	0
Net increase (decrease) in cash and cash equivalents	(8,032)	24,613	231,655
Cash and cash equivalents at beginning of the year	27,326	19,294	181,590
Cash and cash equivalents at end of the year Note 9	¥ 19,294	¥ 43,907	\$ 413,245

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017 and 2018

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=¥106.25, the approximate exchange rate prevailing on March 31, 2018. 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: 45

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

Beavertozan Co., Ltd. has been excluded from the scope of consolidation, as it is no longer a subsidiary after the sale of shares.

Generic Corporation Co., Ltd. and Shirohato Co., Ltd. have been included in the scope of consolidation from the fiscal year ended March 31, 2018 as a result of acquisition of shares of the former and additional acquisition of shares of the latter. Since Shirohato Co., Ltd. is deemed to be effectively controlled based on the control power standard, it was changed from an affiliate accounted for under the equity method to a consolidated subsidiary.

(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 attributable to owners of the parent, 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 affiliates accounted for under the equity method: 1
Kanagawa Chuo Kotsu Co., Ltd.

Since Shirohato Co., Ltd. is deemed to be effectively controlled based on the control power standard, it was changed from an affiliate accounted for under the equity method to a consolidated subsidiary.

(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 net income and retained earnings (based on the Company’s ownership percentage) of these companies are all small amounts and not material as compared to the net income attributable to owners of the parent and consolidated retained earnings.

(3) Fiscal year-end of consolidated subsidiaries

The fiscal year-end of eight consolidated subsidiaries differs from that of the Company; the fiscal year-end of UDS Co., Ltd. and Okinawa UDS Co., Ltd. is the end of December; that of 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; and that of Shirohato Co., Ltd. is the end of August.

The financial statements of these subsidiaries have been consolidated with appropriate adjustments for the intervening transactions and events between the fiscal-year ends (or preliminary closing of accounts) of these subsidiaries and the consolidated fiscal-year end.

(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 process.....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.

Principal useful lives of depreciable assets are as follows:

- Buildings and structures.....5 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 is 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) 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 is 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 is posted to extraordinary losses in the accompanying consolidated statements of income.

(e) 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.

(f) 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
- 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 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.

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

(h) 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 or less and minimal risk of change in value.

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

NOTE 3 | ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 2018)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) of the United States have jointly developed a comprehensive accounting standard on revenue recognition, and the IASB issued IFRS 15 and the FASB issued Topic 606, “Revenue from Contracts with Customers.” Considering that IFRS 15 is applied from the fiscal year beginning on or after January 1, 2018 and Topic 606 is applied from the fiscal year beginning after December 15, 2017, the ASBJ has developed a comprehensive accounting standard for revenue recognition, which was issued together with its implementation guidance.

The ASBJ’s basic policy in developing the new revenue recognition standard is to first incorporate the core principle of IFRS 15 to improve the

international comparability of financial statements and then add additional alternative treatments to the extent that international comparability would not be significantly impaired where any business practices in Japan needed to be considered.

(2) Schedule date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

NOTE 4 | CHANGES IN PRESENTATION METHODS

Consolidated Statements of Income

(a) “Gain on sales of investment securities” under “Extraordinary Income” in the previous fiscal year became less than 10% of the total amount of “Extraordinary Income” and thus is included in “other” under “Extraordinary Income.” Figures for the fiscal year ended March 31, 2017 have been reclassified to reflect this change in presentation method.

As a result, ¥190 million presented in “Gain on sales of investment securities” under “Extraordinary Income” in the previous fiscal year has been reclassified in “other.”

(b) “Loss on impairment of fixed assets” under “Extraordinary Losses” in the previous fiscal year became less than 10% of the total amount of “Extraordinary Losses” and thus is included in “other” under “Extraordinary Loss.” Figures for the fiscal year ended March 31, 2017 have been reclassified to reflect this change in presentation method.

As a result, ¥5,380 million presented in “Loss on impairment of fixed assets” under “Extraordinary Loss” in the previous fiscal year has been reclassified in “other.”

NOTE 5 | CONSOLIDATED BALANCE SHEETS

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

Millions of yen		Thousands of U.S. dollars
2017	2018	2018
¥873,054	¥899,317	\$8,464,162

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

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Investment securities (shares of stock)	¥12,237	¥12,881	\$121,231

(3) Pledged Assets as collateral are as follows:

	Millions of yen		Thousands of U.S. dollars			
	2017	2018	2018			
Buildings and structures	¥255,346	[¥252,512]	¥270,728	[¥270,564]	\$2,548,030	[\$2,546,487]
Machinery, equipment, rolling stock, and other vehicles	40,317	[40,317]	42,632	[42,632]	401,244	[401,244]
Land	186,376	[181,659]	182,549	[181,021]	1,718,107	[1,703,725]
Other in property and equipment	1,854	[1,854]	2,250	[2,250]	21,172	[21,172]
Total	¥483,893	[¥476,342]	¥498,159	[¥496,467]	\$4,688,553	[\$4,672,628]

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

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

	Millions of yen		Thousands of U.S. dollars			
	2017	2018	2018			
Long-term loans (including current portion of long-term debts)	¥111,943	[¥110,611]	¥108,014	[¥107,482]	\$1,016,605	[\$1,011,598]
Long-term liabilities incurred for purchase of rail way transport facilities (including its repayments due within one year)	100,843	[100,843]	107,723	[107,723]	1,013,864	[1,013,864]
Other in long-term liabilities	169		158		1,484	
Total	¥212,955	[¥211,454]	¥215,895	[¥215,205]	\$2,031,953	[\$2,025,462]

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

(4) Contingent liabilities are as follows:

The Group provides debt guaranty to the borrowings from financial institutions

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Employees' housing loan	¥ 386	¥ 275	\$ 2,586
Alliance mortgage	1,311	2,340	22,030
Total	¥1,697	¥2,615	\$24,616

(5) Reclassification due to a change in the purpose of the assets is as follows:

(a) Amount to be reclassified from noncurrent assets to real estate developments for sale

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
	¥510	¥—	\$—

(b) Amount to be reclassified from real estate developments for sale to noncurrent assets

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
	¥232	¥887	\$8,353

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

Millions of yen		Thousands of U.S. dollars
2017	2018	2018
¥215,293	¥230,708	\$2,171,369

(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 (Law No. 119, 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 (Law No. 119, proclaimed on March 31, 1998).

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

NOTE 6 | CONSOLIDATED STATEMENTS OF INCOME

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

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Provision for bonuses	¥7,386	¥7,674	\$72,224
Net periodic benefit cost	3,891	3,077	28,962

(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
2017	2018	2018
¥60	¥51	\$482

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

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Personnel expenses	¥43,525	¥43,546	\$409,842
Expenses	35,572	35,842	337,340
Taxes	2,625	2,634	24,794
Depreciation and amortization	5,175	4,674	43,989
Amortization of goodwill	185	228	2,141

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

Millions of yen		Thousands of U.S. dollars
2017	2018	2018
Land and buildings	Land and buildings	Land and buildings
¥67	¥1,741	\$16,387

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

Millions of yen		Thousands of U.S. dollars
2017	2018	2018
Tools, furniture and fixtures	Vehicles	Vehicles
¥37	¥26	\$241

NOTE 7 | 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
	2017	2018	2018
Unrealized loss (gain) on securities:			
Loss (gain) arising during the year	¥ (924)	¥ 2,782	\$26,182
Reclassification adjustments	(190)	193	1,818
Amount before income tax effect	(1,114)	2,975	28,000
Income tax effect	392	(902)	(8,488)
Subtotal	(722)	2,073	19,512
Reserve for land revaluation:			
Income tax effect	6	—	—
Remeasurements of defined benefit plans:			
Gain arising during the year	3,119	1,979	18,630
Reclassification adjustments	861	34	316
Amount before income tax effect	3,980	2,013	18,946
Income tax effect	(1,280)	(570)	(5,367)
Subtotal	2,700	1,443	13,579
Share of other comprehensive income of associates accounted for using equity method:			
Gain arising during the year	56	159	1,493
Reclassification adjustments	(3)	(2)	(20)
Share of other comprehensive income of associates accounted for using equity method	53	157	1,473
Total other comprehensive income	¥ 2,037	¥ 3,673	\$34,564

NOTE 8 | CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Year ended March 31, 2017

(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 (Note)	736,995,435	—	368,497,718	368,497,717
Treasury stock (Note)	16,022,555	36,860	8,028,885	8,030,530

Notes: 1. On October 1, 2016, the Company implemented a share consolidation in which two shares were consolidated into one share.

2. The shares decreased by 368,497,718 shares due to the share consolidation.

3. The increase in treasury stock included an increase of 36,731 shares (28,453 shares before the share consolidation and 8,278 shares after the share consolidation) in the purchase of shares that were less than a share-trading unit, and an increase of 129 shares due to a change of ownership interest for equity-method affiliates.

4. The decrease in treasury stock included a decrease of 8,022,226 shares due to the share consolidation, and a decrease of 6,659 shares (6,556 shares before the share consolidation and 103 shares after the share consolidation) due to the sale of odd-lot shares.

(2) Matters regarding subscription rights to shares

Not applicable

(3) Dividends

(a) Dividends paid

Resolution	Class of shares	Total amount of dividends		Dividends amount per share		Cut-off date	Effective date
		Millions of yen	Yen	Yen	Yen		
General meeting of shareholders on June 29, 2016	Common stock	¥3,262		¥4.50		March 31, 2016	June 30, 2016
Board of Directors' meeting on October 31, 2016	Common stock	3,262		4.50		September 30, 2016	December 2, 2016

(b) Dividends with the cut-off date in the year ended March 31, 2017 and the effective date in the year ended March 31, 2018

Resolution	Class of shares	Source of dividends	Total amount of dividends		Dividends amount per share		Cut-off date	Effective date
			Millions of yen	Yen	Yen	Yen		
General meeting of shareholders on June 29, 2017	Common stock	Retained earnings	¥3,624		¥10.00		March 31, 2017	June 30, 2017

Year ended March 31, 2018

(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	368,497,717	—	—	368,497,717
Treasury stock (Note)	8,030,530	11,247	291	8,041,486

Notes: 1. The increase in treasury stock included an increase of 11,106 shares due to the purchase of shares that were less than a share-trading unit, and an increase of 141 shares due to a change of ownership interest for equity-method affiliates.

2. The decrease in treasury stock included a decrease of 291 shares due to the sale of odd-lot shares.

(2) Matters regarding subscription rights to shares

Not applicable

(3) Dividends

(a) Dividends paid

Resolution	Class of shares	Total amount of dividends		Dividends amount per share		Cut-off date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
General meeting of shareholders on June 29, 2017	Common stock	¥3,624	\$34,108	¥10.00	\$0.09	March 31, 2017	June 30, 2017
Board of Directors' meeting on October 31, 2017	Common stock	3,624	34,108	10.00	0.09	September 30, 2017	December 4, 2017

(b) Dividends with the cut-off date in the year ended March 31, 2018 and the effective date in the year ending March 31, 2019

Resolution	Class of shares	Source of dividends	Total amount of dividends		Dividends amount per share		Cut-off date	Effective date
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
General meeting of shareholders on June 28, 2018	Common stock	Retained earnings	¥3,624	\$34,107	¥10.00	\$0.09	March 31, 2018	June 29, 2018

NOTE 9 | CONSOLIDATED STATEMENTS OF CASH FLOWS

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
	2017	2018	2018
Cash and time deposits	¥19,362	¥44,013	\$414,242
Time deposits with a maturity of more than three months	(68)	(106)	(997)
Cash and cash equivalents	¥19,294	¥43,907	\$413,245

NOTE 10 | 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
	2017	2018	2018
Due within one year	¥1,526	¥1,562	\$14,701
Due after one year	5,503	4,657	43,828
Total	¥7,029	¥6,219	\$58,529

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
	2017	2018	2018
Due within one year	¥1,331	¥1,374	\$12,935
Due after one year	8,514	7,984	75,139
Total	¥9,845	¥9,358	\$88,074

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

(3) Sub-lease transaction

The description or the sub-lease transaction is omitted because it is immaterial.

NOTE 11 | 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 not available. These estimates include variable factors, and are subject to fluctuation due to changes in the underlying assumptions. The contract amounts of the derivatives disclosed in Note 13, "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 difficult to determine. Please see Note 2.)

	Millions of yen						Thousands of U.S. dollars		
	2017			2018			2018		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and time deposits	¥ 19,362	¥ 19,362	¥ —	¥ 44,013	¥ 44,013	¥ —	\$ 414,242	\$ 414,242	\$ —
(2) Notes and accounts receivable	22,957	22,957	—	24,071	24,071	—	226,547	226,547	—
(3) Investment securities									
(a) Held-to-maturity debt securities	31	32	1	31	31	0	292	296	4
(b) Available-for-sale securities	67,029	67,029	—	69,817	69,817	—	657,098	657,098	—
(4) Notes and accounts payable	(28,543)	(28,543)	—	(30,170)	(30,170)	—	(283,950)	(283,950)	—
(5) Short-term loans	(162,920)	(162,920)	—	(162,920)	(162,920)	—	(1,533,365)	(1,533,365)	—
(6) Corporate bonds*1	(165,000)	(168,021)	3,021	(180,000)	(182,689)	2,689	(1,694,123)	(1,719,426)	25,303
(7) Long-term loans*2	(273,815)	(288,999)	15,184	(268,554)	(281,912)	13,358	(2,527,570)	(2,653,288)	125,718
(8) Long-term liabilities incurred for purchase of railway transport facilities*3	(100,843)	(100,843)	—	(107,723)	(107,723)	—	(1,013,864)	(1,013,864)	—
(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-term maturities.
- (3) Investment securities
The fair values of stocks are determined using the quoted price at the stock exchange, while the fair values of bonds 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 12, "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-term maturities.
- (6) Corporate bonds
The fair value of corporate bonds is based on the quoted market price.

(7) Long-term loans

The book value of long-term loans with floating interest rates approximates fair value because the fair value of long-term loans with floating interest rates reflects market interest rate within a short period of time. The fair value of long-term loans with fixed interest rates is determined by the present value of the total of principal and interest discounted by the interest rate to be applied if similar new loans are entered into.

(8) Long-term liabilities incurred for purpose of railway transport facilities

The book value of long-term liabilities incurred for purpose of railway transport facilities approximates fair value because the interest is updated within a short period of time.

(9) Derivatives

Please see Note 13, "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
	2017	2018	2018
Unlisted stocks	¥ 677	¥ 652	\$ 6,136
Investment in limited partnerships and the like	2,502	3,509	33,025

These items are not included in "(b) Available-for-sale securities in (3) Investment securities," because it is extremely difficult to estimate fair values as market price or future cash flow is not available.

Note 3. Redemption schedule for financial assets with maturities

Year ended March 31, 2017

	Millions of yen			
	Within one year	One to five years	Five to 10 years	After 10 years
Cash and time deposits	¥19,362	¥—	¥—	¥—
Trade receivables	22,957	—	—	—
Held-to-maturity debt securities:				
Government bonds	—	31	—	—
Total	¥42,319	¥31	¥—	¥—

Year ended March 31, 2018

	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	¥44,013	¥—	¥—	¥—	\$414,242	\$ —	\$—	\$—
Trade receivables	24,071	—	—	—	226,547	—	—	—
Held-to-maturity debt securities:								
Government bonds	—	31	—	—	—	292	—	—
Total	¥68,084	¥31	¥—	¥—	\$640,789	\$292	\$—	\$—

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, 2017

	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	¥35,000	¥40,000	¥30,000	¥10,000	¥ —	¥ 50,000
Long-term loans* ²	18,761	36,010	20,085	23,577	27,429	147,953
Long-term liabilities incurred for purchase of railway transport facilities* ³	9,895	9,961	10,059	7,960	8,039	52,164

Year ended March 31, 2018

	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	¥30,000	¥30,000	¥ —	¥10,000	¥ 70,000
Long-term loans* ²	36,010	20,695	24,017	28,369	14,981	144,482
Long-term liabilities incurred for purchase of railway transport facilities* ³	10,598	10,412	8,306	8,378	7,924	58,282

	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	\$376,471	\$282,354	\$282,354	\$ —	\$ 94,118	\$ 658,825
Long-term loans* ²	338,915	194,778	226,047	267,004	140,994	1,359,832
Long-term liabilities incurred for purchase of railway transport facilities* ³	99,742	97,992	78,172	78,854	74,578	548,535

*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 12 | SECURITIES

(1) Marketable held-to-maturity debt securities

Year ended March 31, 2017

	Millions of yen		
	Book value	Fair value	Difference
Securities, whose fair value exceeds their book value:			
Government bonds	¥31	¥32	¥ 1
Securities, whose fair value does not exceed their book value:			
Government bonds	—	—	—
Total	¥31	¥32	¥ 1

Year ended March 31, 2018

	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	¥31	¥31	¥ 0	\$292	\$296	\$ 4
Securities, whose fair value does not exceed their book value:						
Government bonds	—	—	—	—	—	—
Total	¥31	¥31	¥ 0	\$292	\$296	\$ 4

(2) Marketable other securities

Year ended March 31, 2017

	Millions of yen		
	Book value	Acquisition value	Difference
Securities, whose fair value exceeds their book value:			
Stocks	¥65,780	¥17,086	¥48,694
Securities, whose fair value does not exceed their book value:			
Stocks	1,249	1,500	(251)
Total	¥67,029	¥18,586	¥48,443

Note: Unlisted stocks of ¥677 million on the consolidated balance sheet and investment in limited partnerships and the like of ¥2,502 million on the consolidated balance sheet are not included in the above "Marketable other securities" because it is extremely difficult to estimate fair values.

Year ended March 31, 2018

	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	¥68,328	¥16,844	¥51,484	\$643,082	\$158,532	\$484,550
Securities, whose fair value does not exceed their book value:						
Stocks	1,489	1,555	(66)	14,016	14,632	(616)
Total	¥69,817	¥18,399	¥51,418	\$657,098	\$173,164	\$483,934

Note: Unlisted stocks of ¥652 million on the consolidated balance sheet and investment in limited partnerships and the like of ¥3,509 million on the consolidated balance sheet are not included in the above "Marketable other securities" because it is extremely difficult to estimate 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 13 | DERIVATIVE FINANCIAL INSTRUMENTS

(1) Derivatives to which hedge accounting is not applied

Not applicable

(2) Derivatives to which hedge accounting is applied

(Interest rate)

Year ended March 31, 2017

Hedge accounting method	Type of derivatives	Major hedged item	Millions of yen		
			Contract amount	Due after one year	Fair value
Special treatment for interest-rate swap	Interest-rate swaps Receive floating rate and pay fixed rate	Long-term loans	¥16,800	¥16,800	(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, 2018

Hedge accounting method	Type of derivatives	Major hedged item	Millions of yen			Thousands of U.S. dollars		
			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 and pay fixed rate	Long-term loans	¥16,800	¥ —	(Note)	\$158,118	\$ —	(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 14 | EMPLOYEES' RETIREMENT BENEFITS

(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 (including plans applying the simplified method)

(a) Movements in defined benefit obligations during the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Balance at beginning of the year	¥100,255	¥97,042	\$913,335
Service cost	3,625	3,644	34,297
Interest cost	300	287	2,699
Actuarial differences	(1,312)	(77)	(727)
Benefits paid	(5,852)	(5,344)	(50,297)
Other	26	16	153
Balance at end of the year	¥ 97,042	¥95,568	\$899,460

(b) Movements in plan assets during the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Balance at beginning of the year	¥76,145	¥76,337	\$718,468
Expected return on plan assets	894	887	8,350
Actuarial differences	1,807	1,903	17,903
Contributions paid by the employer	1,720	1,735	16,331
Benefits paid	(4,229)	(3,951)	(37,187)
Balance at end of the year	¥76,337	¥76,911	\$723,865

(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
	2017	2018	2018
Funded defined benefit obligations	¥ 70,478	¥ 68,987	\$ 649,285
Plan assets	(76,337)	(76,911)	(723,865)
	(5,859)	(7,924)	(74,580)
Unfunded defined benefit obligations	26,564	26,581	250,175
Net liability recorded in the consolidated balance sheet	20,705	18,657	175,595
Net defined benefit liabilities	20,705	18,657	175,595
Net liability recorded in the consolidated balance sheet	20,705	18,657	175,595

(d) The components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Service cost	¥3,625	¥3,644	\$34,297
Interest cost	299	286	2,699
Expected return on plan assets	(894)	(887)	(8,350)
Amortization of actuarial differences	869	42	394
Amortization of prior service cost	(8)	(8)	(78)
Retirement benefit expenses on defined benefit plans	¥3,891	¥3,077	\$28,962

Note: In addition to the above retirement benefit expenses, special retirement expenses of ¥2,944 million was recorded as extraordinary loss for the year ended March 31, 2018.

(e) The components of remeasurements of defined benefit plans (before tax effects) included in other comprehensive income for the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Prior service cost	¥ (8)	¥ (8)	\$ (78)
Actuarial differences	3,988	2,021	19,024
Total	¥3,980	¥2,013	\$18,946

(f) The components of remeasurements of defined benefit plans (before tax effects) included in accumulated other comprehensive income for the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Unrecognized prior service cost	¥ (32)	¥ (23)	\$ (222)
Unrecognized actuarial differences	234	(1,788)	(16,824)
Total	¥202	¥(1,811)	\$(17,046)

(g) Plan assets

(i) Components of plan assets

The plan assets consist of the following:

	2017	2018
	Bonds	40%
Equity securities	27	28
General account assets	22	23
Cash and time deposits	1	1
Other	10	10
Total	100%	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.

(h) The assumptions used for the years ended March 31, 2017 and 2018 are as follows:

	2017	2018
Discount rate	Primarily 0.2%	Primarily 0.2%
Long-term expected rate of returns	Primarily 1.0%	Primarily 1.0%
Expected salary increase rate	Primarily 1.4%	Primarily 1.3%

(3) Defined contribution plans

The amounts of required contribution to the defined contribution plan of the Company and its consolidated subsidiaries and to the Smaller Enterprise Retirement Allowance Mutual Aid Scheme of its consolidated subsidiaries for the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Defined contribution plan	¥461	¥450	\$4,239
Smaller Enterprise Retirement Allowance Mutual Aid Scheme	274	277	2,611

NOTE 15 | STOCK OPTIONS

(1) Submitting company

Not applicable

(2) Consolidated subsidiary (Shirohato Co., Ltd.)

(a) Item and amount of expenses for stock options

Not applicable

(b) Details including size and changes of stock options

(i) Stock options plans

	2nd stock option	3rd stock option
Date of resolution	August 13, 2013	August 13, 2013
Number of eligible persons by position	Directors of the company: 5	Employees of the company: 88
Total number and type of stock granted	909 shares of common stock	520 shares of common stock
Grant date	August 30, 2013	August 30, 2013
Prerequisite to be vested	Vesting requires continuous service from the grant date (August 30, 2013) to the vesting date (the date of public offering).	Vesting requires continuous service from the grant date (August 30, 2013) to the vesting date (the date of public offering).
Required service period	There is no provision for a required service period.	There is no provision for a required service period.
Exercise period	From April 23, 2014 to April 22, 2019	From April 23, 2014 to April 22, 2019

(ii) Size and changes of stock options

The following table summarizes movements of stock options during the year and price information on stock options as of March 31, 2018.

The number of stock options are translated into the number of shares.

① Number of stock options

	2nd stock option	3rd stock option
Unvested stock options (shares)		
Outstanding at March 31, 2017	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding at March 31, 2018	—	—
Vested stock options (shares)		
Outstanding at March 31, 2017	22,400	18,500
Vested	—	—
Exercised	—	—
Forfeited	—	—
Outstanding at March 31, 2018	22,400	18,500

Notes: 1. Number of shares in the above table reflects a 100-for-1 stock split executed on November 29, 2013.

2. The number of shares at the end of the previous fiscal year is stated as the balance at the date of business combination.

② Price information

	2nd stock option	3rd stock option
Exercise prices (yen)	¥260	¥260
Average stock price at exercise (yen)	—	—
Fair value at the grant date (yen)	—	—

Notes: Price information in the above table reflects a 100-for-1 stock split executed on November 29, 2013.

(3) Method for estimating fair value of stock options

As Shirohato Co., Ltd. was not a public company at the time of the grant of stock options, the method for estimating fair value of stock options is based on the estimate of the intrinsic value per unit.

In addition, the method for estimating the intrinsic value per unit is calculated by deducting the exercise price from the valuation of the company's shares, and the method for evaluating the shares of the company is determined by considering the value calculated by the discounted cash flow (DCF) method.

(4) Method for estimating number of vested stock options

Because it is difficult to reasonably estimate the number of options that will expire in the future, only the number of options that have actually forfeited is applied.

(5) The aggregate intrinsic value of stock options

outstanding at March 31, 2018 and the aggregated intrinsic value of stock options exercised on the exercise date during the fiscal year ended March 31, 2018, based on intrinsic value.

(a) The aggregate intrinsic value of stock options outstanding: ¥34 million (\$316 thousand)

(b) The aggregate intrinsic value of stock options exercised during the fiscal year ended March 31, 2018: ¥— million

NOTE 16 | DEFERRED TAX

(1) Significant components of deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Deferred tax assets:			
Net defined benefit liabilities	¥ 7,998	¥ 7,429	\$ 69,922
Unrealized profits	6,196	6,385	60,097
Loss on impairment of fixed assets	6,621	6,085	57,275
Net operating loss carryforwards	4,854	4,005	37,690
Reserve for employees' bonuses	2,407	2,501	23,541
Excess depreciation	1,188	1,093	10,285
Special retirement expenses	—	909	8,551
Accrued enterprised taxes	613	708	6,664
Asset retirement obligation	571	540	5,085
Loss on revaluation of land for sale	505	477	4,487
Allowance for unredeemed gift certificates and others	349	366	3,446
Allowance for doubtful accounts	375	298	2,807
Accrued fare	108	127	1,196
Other	4,146	4,264	40,123
Gross deferred tax assets	35,931	35,187	331,169
Less: Valuation allowance	(15,793)	(16,324)	(153,637)
Total deferred tax assets	¥ 20,138	¥ 18,863	\$ 177,532
Deferred tax liabilities:			
Unrealized gains on securities	¥(14,667)	¥(15,569)	\$(146,534)
Reserve for deduction of property and equipment	(2,441)	(2,857)	(26,890)
Gain on securities contribution to employees' retirement benefits trust	(1,365)	(1,365)	(12,848)
Other	(784)	(727)	(6,839)
Total deferred tax liabilities	(19,257)	(20,518)	(193,111)
Net deferred tax assets and liabilities	¥ 881	¥ (1,655)	\$ (15,579)

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
	2017	2018	2018
Current assets—Deferred tax assets	¥ 5,327	¥ 5,377	\$ 50,608
Noncurrent assets—Deferred tax assets	5,882	5,651	53,184
Current liabilities—Deferred tax liabilities	(0)	(13)	(120)
Long-term liabilities—Deferred tax liabilities	(10,328)	(12,670)	(119,251)

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

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Deferred tax asset related to land revaluation	¥ 494	¥ 494	\$ 4,649
Less: Valuation allowance	(494)	(494)	(4,649)
Total	—	—	—
Deferred tax liabilities related to land revaluation	(954)	(954)	(8,980)
Net deferred tax assets and liabilities related to land revaluation	(954)	(954)	(8,980)

(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

	2017	2018
The normal effective statutory tax rate	30.9%	30.9%
Adjustment for:		
Entertainment expenses not deductible for income tax purposes	0.4	0.4
Dividends received not taxable	(0.3)	(0.3)
Per capita inhabitants taxes	0.4	0.3
Valuation allowance on deferred tax assets	2.3	1.3
Other	(0.3)	(0.1)
The effective tax rate	33.4%	32.5%

NOTE 17 | 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.

(I) Fair value of leasing and other properties

Year ended March 31, 2017

	Millions of yen			
	Book value		Fair value	
	2016	Changes during the year	2017	2017
Leasing properties	¥134,471	¥ 90,745	¥225,216	¥281,269
Other properties used as leasing properties	142,597	(70,744)	71,853	111,116

Year ended March 31, 2018

	Millions of yen			
	Book value		Fair value	
	2017	Changes during the year	2018	2018
Leasing properties	¥225,216	¥(8,468)	¥216,748	¥289,951
Other properties used as leasing properties	71,853	3,531	75,384	117,193

	Thousands of U.S. dollars			
	Book value		Fair value	
	2017	Changes during the year	2018	2018
Leasing properties	\$2,022,773	\$17,207	\$2,039,980	\$2,728,947
Other properties used as leasing properties	645,349	64,146	709,495	1,102,997

- Notes: 1. The amount posted in the consolidated balance sheet is calculated by deducting the accumulated depreciation and amortization, and the accumulated loss on impairment of fixed assets from the acquisition cost.
2. For the fiscal year ended March 31, 2017, the main factors attributable to the increase were ¥8,564 million due to acquisition of land and building in front of Machida station and ¥3,608 million due to acquisition of land and building in front of Shinyurigaoka station. For the fiscal year ended March 31, 2018, the main factor attributable to the decrease was a change from leasing to in-house use.
3. The market value as of end of the fiscal year is based, for main properties, on a real estate survey report prepared by a certified real estate appraiser, and for other properties, on appraised value or price index considered to reflect the fair value.

(2) Profit and loss on leasing properties

Year ended March 31, 2017

	Millions of yen			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	¥16,451	¥ 9,395	¥7,056	¥(1,513)
Other properties used as leasing properties	17,421	12,131	5,290	(651)

Year ended March 31, 2018

	Millions of yen			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	¥17,110	¥ 9,287	¥7,823	¥(630)
Other properties used as leasing properties	17,705	12,255	5,450	(601)

	Thousands of U.S. dollars			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	\$161,037	\$ 87,408	\$73,629	\$(5,933)
Other properties used as leasing properties	166,638	115,343	51,295	(5,658)

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

NOTE 18 | SEGMENT INFORMATION

(I) 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, etc.

Merchandising...Department store, supermarket, etc.

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, 2017 and 2018 was as follows:

Year ended March 31, 2017

	Millions of yen						
	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Merchandising	Real estate				
Revenue from operations:							
Customers	¥169,897	¥216,421	¥ 60,729	¥ 75,985	¥ 523,032	¥ —	¥ 523,032
Intragroup sales and transfers	2,967	2,864	5,638	27,254	38,723	(38,723)	—
Total	¥172,864	¥219,285	¥ 66,367	¥103,239	¥ 561,755	¥(38,723)	¥ 523,032
Segment income	¥ 28,601	¥ 3,175	¥ 12,273	¥ 5,766	¥ 49,815	¥ 132	¥ 49,947
Segment assets	¥677,517	¥ 71,037	¥369,952	¥101,774	¥1,220,280	¥ 49,822	¥1,270,102
Other:							
Depreciation and amortization (Note 4)	¥ 30,191	¥ 4,470	¥ 9,115	¥ 3,418	¥ 47,194	¥ (257)	¥ 46,937
Amortization of goodwill	—	—	—	144	144	41	185
Loss on impairment of fixed assets	—	3,386	1,161	833	5,380	—	5,380
Investment for affiliates applied for equity methods	10,069	514	—	—	10,583	—	10,583
Increase in property and equipment and intangible assets (Note 4)	34,547	3,364	29,041	7,883	74,835	(30)	74,805

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, building management and maintenance, advertising agency, horticulture and gardening, bookkeeping service, insurance agency, nursing and planning design and operation.

2. Adjustments are as follows:

(a) Adjustments of ¥132 million for segment income include ¥173 million of intersegment elimination and negative ¥41 million of amortization of goodwill.

(b) Adjustments for segment assets amounting to ¥49,822 million include negative ¥91,013 million of intersegment elimination and ¥140,835 million of the Group's assets that have not been distributed to reportable segments.

(c) Adjustment for depreciation and amortization amounting to negative ¥257 million represents intersegment elimination.

(d) Adjustment for increase in property and equipment and intangible assets amounting to negative ¥30 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 additions to long-term prepaid expenses and its amortization.

Year ended March 31, 2018

	Millions of yen						
	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Merchandising	Real estate				
Revenue from operations:							
Customers	¥173,230	¥210,894	¥ 62,400	¥ 78,137	¥ 524,661	¥ —	¥ 524,661
Intragroup sales and transfers	2,954	3,585	6,178	26,886	39,603	(39,603)	—
Total	¥176,184	¥214,479	¥ 68,578	¥105,023	¥ 564,264	¥(39,603)	¥ 524,661
Segment income	¥ 28,123	¥ 4,647	¥ 12,538	¥ 5,968	¥ 51,276	¥ 189	¥ 51,465
Segment assets	¥674,573	¥ 72,154	¥374,056	¥105,611	¥1,226,394	¥ 70,941	¥1,297,335
Other:							
Depreciation and amortization (Note 4)	¥ 29,687	¥ 3,731	¥ 8,838	¥ 3,333	¥ 45,589	¥ (242)	¥ 45,347
Amortization of goodwill	—	42	—	161	203	24	227
Loss on impairment of fixed assets	12	198	424	296	930	—	930
Investment for affiliates applied for equity methods	11,331	—	—	—	11,331	—	11,331
Increase in property and equipment and intangible assets (Note 4)	43,429	5,616	17,337	4,649	71,031	—	71,031

	Thousands of U.S. dollars						
	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Merchandising	Real estate				
Revenue from operations:							
Customers	\$1,630,394	\$1,984,884	\$ 587,299	\$735,405	\$ 4,937,982	\$ —	\$ 4,937,982
Intragroup sales and transfers	27,803	33,744	58,144	253,049	372,740	(372,740)	—
Total	\$1,658,197	\$2,018,628	\$ 645,443	\$988,454	\$ 5,310,722	\$(372,740)	\$ 4,937,982
Segment income	\$ 264,684	\$ 43,739	\$ 118,005	\$ 56,165	\$ 482,593	\$ 1,782	\$ 484,375
Segment assets	\$6,348,921	\$ 679,102	\$3,520,526	\$993,983	\$11,542,532	\$ 667,677	\$12,210,209
Other:							
Depreciation and amortization (Note 4)	\$ 279,407	\$ 35,117	\$ 83,177	\$ 31,371	\$ 429,072	\$ (2,276)	\$ 426,796
Amortization of goodwill	—	396	—	1,520	1,916	225	2,141
Loss on impairment of fixed assets	116	1,860	3,993	2,781	8,750	—	8,750
Investment for affiliates applied for equity methods	106,647	—	—	—	106,647	—	106,647
Increase in property and equipment and intangible assets (Note 4)	408,743	52,853	163,172	43,756	668,524	—	668,524

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, building management and maintenance, advertising agency, horticulture and gardening, bookkeeping service, insurance agency and planning design and operation.

2. Adjustments are as follows:

- (a) Adjustments of ¥189 million (\$1,782 thousand) for segment income include ¥213 million (\$2,007 thousand) of intersegment elimination and negative ¥24 million (negative \$225 thousand) of amortization of goodwill.
- (b) Adjustments for segment assets amounting to ¥70,941 million (\$667,677 thousand) include negative ¥98,678 million (negative \$928,738 thousand) of intersegment elimination and ¥169,619 million (\$1,596,415 thousand) of the Group's assets that have not been distributed to reportable segments.
- (c) Adjustment for depreciation and amortization amounting to negative ¥242 million (negative \$2,276 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 additions to long-term prepaid expenses and its amortization.

(d) Matters concerning changes in reporting segments
From the first quarter of the fiscal year ended March 31, 2018, UDS Co., Ltd., which had been included in the Real estate segment, was transferred to the Other segment based on the Group's management policy and the actual situation of marketing activities. The segment information for the previous fiscal year is restated based on the category of the reportable segments after the change.

(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 no customer accounts for 10% or more of the revenues from operations on the consolidated statements of income, information by major customer is omitted.

(3) Loss on impairment of fixed assets by reportable segments

The description on the loss on impairment of fixed assets by segment for the years ended March 31, 2017 and 2018 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, 2017

	Millions of yen					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	¥—	¥—	¥—	¥976	¥65	¥1,041

Year ended March 31, 2018

	Millions of yen					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	¥—	¥833	¥—	¥1,002	¥31	¥1,866

	Thousands of U.S. dollars					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	\$—	\$7,839	\$—	\$9,430	\$298	\$17,567

Note: The description on amortization by reportable segment for the years ended March 31, 2017 and 2018 is omitted because it is disclosed in "Segment information."

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

Not applicable

NOTE 19 | RELATED PARTY TRANSACTIONS

Transactions between consolidated subsidiary and related party

Directors of the Company and major shareholders (individual shareholders only), etc.

Year ended March 31, 2017

Not applicable

Year ended March 31, 2018

Not applicable

NOTE 20 | PER SHARE INFORMATION

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

	Yen		U.S. dollars
	2017	2018	2018
Net assets	¥927.30	¥998.68	\$9.40
Net income—basic	72.31	81.36	0.77

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, 2017 and 2018.

2. Since the Company implemented a share consolidation in which two shares are consolidated into one share on October 1, 2016, net income per share are calculated based on the assumption that the share consolidation was executed at the beginning of the fiscal year ended March 31, 2017.

3. The basis for the respective calculation of net income per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Net income attributable to owners of the parent	¥26,068	¥29,328	\$276,033
Amount not attributable to common stockholders	—	—	—
Net income attributable to owners of the parent related to common shares	26,068	29,328	276,033
Weighted average number of shares issued and outstanding during the period (shares)	360,476,364	360,462,693	360,462,693

NOTE 21 | SUBSEQUENT EVENT

Not applicable

ANNEXED CONSOLIDATED DETAILED SCHEDULES

Years ended March 31, 2017 and 2018

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, 2017	Balance as of March 31, 2018	Balance as of March 31, 2018			
Odakyu Electric Railway Co., Ltd.	Series 25 unsecured corporate bonds	Aug. 25, 1998	¥20,000	¥ 20,000 [20,000]	\$ 188,235 [188,235]	3.00%	None	Aug. 24, 2018
	Series 50 unsecured corporate bonds	Aug. 12, 2009	10,000	10,000	94,118	1.718	None	Aug. 12, 2019
	Series 54 unsecured corporate bonds	Dec. 17, 2010	10,000 [10,000]	—	—	0.956	None	Dec. 15, 2017
	Series 55 unsecured corporate bonds	Dec. 17, 2010	10,000	10,000	94,118	1.367	None	Dec. 17, 2020
	Series 60 unsecured corporate bonds	Oct. 18, 2012	10,000	10,000	94,118	0.846	None	Oct. 18, 2022
	Series 63 unsecured corporate bonds	Dec. 13, 2013	10,000	10,000	94,118	0.905	None	Dec. 12, 2025
	Series 65 unsecured corporate bonds	Jul. 31, 2014	15,000 [15,000]	—	—	0.17	None	Jul. 25, 2017
	Series 66 unsecured corporate bonds	Jan. 30, 2015	10,000 [10,000]	—	—	0.12	None	Jan. 25, 2018
	Series 67 unsecured corporate bonds	Jun. 12, 2015	10,000	10,000	94,118	0.608	None	Jun. 12, 2025
	Series 68 unsecured corporate bonds	Jun. 12, 2015	10,000	10,000	94,118	1.098	None	Jun. 12, 2030
	Series 69 unsecured corporate bonds	Jul. 31, 2015	10,000	10,000 [10,000]	94,118 [94,118]	0.12	None	Jul. 25, 2018
	Series 70 unsecured corporate bonds	Jan. 29, 2016	10,000	10,000 [10,000]	94,118 [94,118]	0.12	None	Jan. 25, 2019
	Series 71 unsecured corporate bonds	Jul. 29, 2016	10,000	10,000	94,118	0.08	None	Jul. 25, 2019
	Series 72 unsecured corporate bonds	Aug. 31, 2016	10,000	10,000	94,118	0.64	None	Aug. 29, 2036
	Series 73 unsecured corporate bonds	Jan. 31, 2017	10,000	10,000	94,118	0.10	None	Jan. 24, 2020
	Series 74 unsecured corporate bonds	May. 29, 2017	—	10,000	94,118	0.756	None	May 29, 2037
	Series 75 unsecured corporate bonds	Jul. 31, 2017	—	10,000	94,118	0.11	None	Jul. 24, 2020
	Series 76 unsecured corporate bonds	Nov. 30, 2017	—	10,000	94,118	0.305	None	Nov. 30, 2027
Series 77 unsecured corporate bonds	Nov. 30, 2017	—	10,000	94,118	0.746	None	Nov. 30, 2037	
Series 78 unsecured corporate bonds	Jan. 31, 2018	—	10,000	94,118	0.11	None	Jan. 25, 2021	
Total	—	—	¥165,000 [35,000]	¥180,000 [40,000]	\$1,694,123 [376,471]	—	—	—

Notes: 1. The amounts in brackets in the columns of "Balance as of April 1, 2017" and "Balance as of March 31, 2018" 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, 2018 is as follows:

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	¥30,000	¥30,000	¥—	¥10,000	\$376,471	\$282,354	\$282,354	\$—	\$94,118

NO. 2 | DETAILED SCHEDULE OF LOANS PAYABLE

	Millions of yen		Thousands of U.S. dollars	Average interest rate	Repayment deadline
	Balance as of April 1, 2017	Balance as of March 31, 2018	Balance as of March 31, 2018		
Short-term loans	¥162,920	¥162,920	\$1,533,365	0.49%	—
Current portion of long-term debt	18,761	36,010	338,915	1.32	—
Current portion of lease obligations	481	404	3,801	—	—
Long-term loans (excluding current portion)	255,054	232,545	2,188,655	1.13	Apr. 25, 2019 to Feb. 25, 2038
Lease obligations (excluding current portion)	1,282	1,063	10,005	—	Apr. 1, 2019 to Nov. 30, 2024
Other interest-bearing debt:					
Long-term liabilities incurred for purchase of railway transport facilities	98,077 [9,895]	103,899 [10,598]	977,873 [99,742]	0.87	Sep. 14, 2019 to Mar. 14, 2043
In-house deposits	12,688	13,178	124,037	1.19	—
Total	¥549,263	¥550,019	\$5,176,651	—	—

- 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 (mainly included in lease obligations) 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, 2018 is as follows: 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	¥20,695	¥24,017	¥28,369	¥14,981
Lease obligations	340	277	199	205
Long-term liabilities incurred for purchase of railway transport facilities	10,412	8,306	8,378	7,924

	Thousands of U.S. dollars			
	One to two years	Two to three years	Three to four years	Four to five years
Long-term debt	\$194,778	\$226,047	\$267,004	\$140,994
Lease obligations	3,202	2,609	1,874	1,929
Long-term liabilities incurred for purchase of railway transport facilities	97,992	78,172	78,854	74,578

NO. 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 and the end of the fiscal year ended March 31, 2018 are both less than 1% of the total of liabilities and net assets of the respective fiscal years pursuant to Article 2, Paragraph 92 of the Regulations for Consolidated Financial Statement.