SELECTED FINANCIAL DATA

Year ended March 31

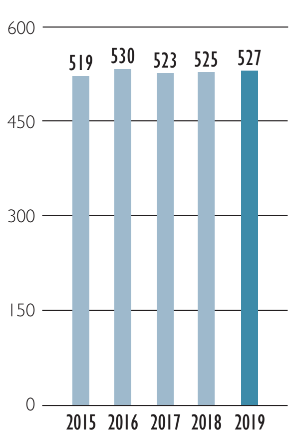
Consolidated	Millions of yen				
	2015	2016	2017	2018	**2019**
Results for the year:					
Revenue from operations	¥ 518,715	¥ 529,812	¥ 523,032	¥ 524,661	**¥ 526,676**
Operating income	49,858	52,935	49,947	51,465	**52,090**
Ordinary income	44,098	45,695	46,639	47,892	**49,688**
Income before income taxes	47,259	42,576	39,712	43,941	**45,195**
Net income attributable to owners of the parent	30,147	27,498	26,068	29,328	**32,468**
Comprehensive income	50,029	15,504	28,472	33,333	**30,280**
Per share of common stock (in yen):					
Net income—basic	¥ 41.80	¥ 76.27	¥ 72.31	¥ 81.36	**¥ 90.11**
Year-end financial position:					
Total assets	¥1,253,849	¥1,257,332	¥1,270,102	¥1,297,335	**¥1,312,434**
Net assets	308,210	317,023	338,703	366,467	**389,181**

Non-Consolidated	Millions of yen				
	2015	2016	2017	2018	**2019**
Results for the year:					
Revenue from operations	¥ 162,329	¥ 164,757	¥ 166,445	¥ 169,556	**¥ 173,901**
Operating income	38,417	42,294	39,824	40,360	**41,398**
Ordinary income	32,559	34,131	36,163	36,788	**38,963**
Income before income taxes	36,309	33,028	31,843	36,786	**36,522**
Net income	22,410	21,289	22,516	25,834	**25,983**
Per share of common stock (in yen):					
Net income—basic	¥ 30.91	¥ 58.74	¥ 62.13	¥ 71.29	**¥ 71.72**
Cash dividends	8.50	9.00	14.50	20.00	**21.00**
Year-end financial position:					
Total assets	¥1,092,586	¥1,101,992	¥1,107,878	¥1,131,724	**¥1,130,260**
Net assets	260,496	271,951	286,890	307,463	**324,046**

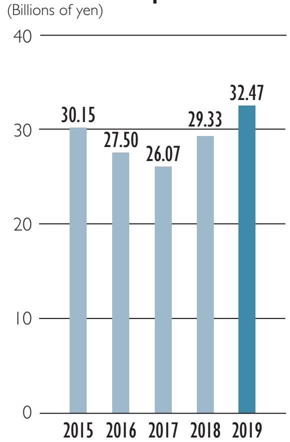
Notes: 1. The Company implemented a share consolidation in which two shares are consolidated into one share on October 1, 2016. Net income per share and cash dividends per share are calculated based on the assumption that the share consolidation was executed at the beginning of the fiscal year ended March 31, 2016 (For per share of common stock, see Note 20 of the Notes to Consolidated Financial Statements).
2. "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of the fiscal year ended March 31, 2019. The change applies retroactively to the figures of the previous fiscal year.

CONSOLIDATED DATA

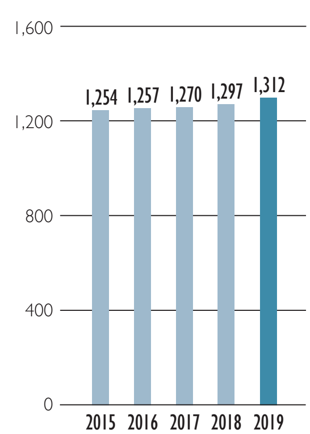
Revenue from operations
(Billions of yen)



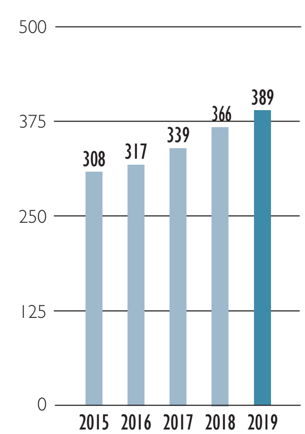
Net income attributable to owners of the parent
(Billions of yen)



Total assets
(Billions of yen)



Net assets
(Billions of yen)



Results of Operations

During the fiscal year under review, the Japanese economy remained uncertain due to factors such as uncertainty in overseas economies and fluctuations in the financial capital market but continued to experience a gradual recovery on a whole, with personal consumption picking up in accordance with continued improvements in corporate earnings and the employment environment.

In this operating environment, the Odakyu Group carried out aggressive marketing in the Group's respective segments, posting consolidated revenue from operations of ¥526,676 million. This represented a year-on-year increase of ¥2,015 million (or 0.4%) reflecting higher sales in the Transportation and other segments. Consequently, operating income increased ¥625 million (or 1.2%) to ¥52,090 million, and ordinary income rose ¥1,796 million (or 3.7%) to ¥49,688 million. Net income attributable to owners of the parent totaled ¥32,468 million, up ¥3,140 million (or 10.7%) 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, 2019, capital expenditures including the investment amount in intangible assets amounted to ¥82,216 million, up 20.4% from the previous fiscal year.

Capital expenditures in the Transportation segment totaled ¥ 43,136 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 ¥6,759 million, including ¥2,679 million for a Japan Railway Construction, Transport and Technology Agency project.

In the Merchandising segment, the Group invested ¥11,058 million, primarily to renovate existing stores.

The Real Estate segment spent ¥20,931 million, mainly for the acquisition of leasing commercial facilities and refurbishment of existing ones.

The Other Businesses segment was allocated ¥7,091 million, primarily for new construction and renovation of hotel facilities.

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, 2019 stood at ¥1,312,434 million, representing an increase of ¥17,936 million from a year ago. This was attributable mainly to an increase in property and equipment reflecting capital expenditures in the railway business and the renovation of the Machida and Fujisawa stores of the Odakyu Department Stores. Liabilities fell ¥4,668 million, to ¥923,253 million, primarily because of a decrease in interest-bearing debt.

Net assets, including non-controlling interests, rose ¥22,604 million from the end of the previous fiscal year, to ¥389,181 million. This reflected higher retained earnings resulting from net income attributable to owners of the parent.

In accordance with the application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) , the figures as of the end of the previous fiscal year have been reclassified and compared with those as of the end of the fiscal year under review.

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 the information available to the Odakyu Group at the time of submission 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 ¥11.0 per share for the fiscal year ended March 31, 2019, and an interim dividend of ¥10.0, resulting in an annual payout of ¥21.0.

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, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2019	2019
Assets:			
Current assets:			
Cash and time deposits	¥ 44,013	**¥ 21,762**	**$ 196,214**
Notes and accounts receivable	24,071	**25,789**	**232,521**
Lease receivables and lease investment assets	1,414	**1,293**	**11,657**
Merchandise and finished goods	7,826	**6,502**	**58,628**
Real estate developments for sale **Note 7 (5)**	30,300	**32,856**	**296,236**
Work in process	1,025	**849**	**7,655**
Raw materials and supplies	2,057	**2,246**	**20,253**
Other	34,831	**38,406**	**346,276**
Allowance for doubtful accounts	(68)	**(101)**	**(908)**
Total current assets	145,469	**129,602**	**1,168,532**
Noncurrent assets:			
Property and equipment:			
Buildings and structures, net **Notes 7 (1)(3)(5)(6)**	477,161	**489,213**	**4,410,897**
Machinery, equipment, rolling stock, and other vehicles, net **Notes 7 (1)(3)(6)**	51,380	**51,313**	**462,652**
Land **Notes 7 (3)(5)(6)(7)**	457,388	**462,178**	**4,167,146**
Lease assets, net **Note 7 (1)**	1,195	**1,042**	**9,396**
Construction in progress **Note 7 (5)**	25,638	**26,517**	**239,087**
Other, net **Notes 7 (1)(3)(6)**	8,939	**11,423**	**102,998**
Total property and equipment	1,021,701	**1,041,686**	**9,392,176**
Intangible fixed assets:			
Goodwill	1,866	**3,856**	**34,768**
Lease assets	175	**198**	**1,789**
Other	13,890	**20,101**	**181,232**
Total intangible assets	15,931	**24,155**	**217,789**
Investments and other assets:			
Investment securities **Note 7 (2)**	86,889	**91,614**	**826,019**
Long-term loans receivable	716	**1,022**	**9,211**
Deferred tax assets	8,191	**9,292**	**83,783**
Other	16,505	**16,045**	**144,665**
Allowance for doubtful accounts	(904)	**(982)**	**(8,854)**
Total investments and other assets	111,397	**116,991**	**1,054,824**
Total noncurrent assets	1,149,029	**1,182,832**	**10,664,789**
Total assets	¥1,294,498	**¥1,312,434**	**$11,833,321**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	**2019**	**2019**
Liabilities:			
Current liabilities:			
Notes and accounts payable	¥ 30,170	**¥ 25,866**	**$ 233,214**
Short-term loans **Note 7 (3)**	198,930	**201,440**	**1,816,249**
Current portion of long-term corporate bonds	40,000	**30,040**	**270,850**
Current portion of lease obligations	1,511	**1,294**	**11,667**
Income taxes payable	8,354	**7,038**	**63,453**
Advances received	4,618	**3,051**	**27,506**
Provision for bonuses	7,674	**8,124**	**73,252**
Allowance for unredeemed gift certificates and others	1,380	**1,370**	**12,353**
Asset retirement obligation	27	**3**	**25**
Other current liabilities **Note 7 (3)**	95,427	**105,161**	**948,169**
Total current liabilities	388,091	**383,387**	**3,456,738**
Long-term liabilities:			
Long-term bonds	140,000	**150,050**	**1,352,899**
Long-term loans **Note 7 (3)**	232,545	**229,039**	**2,065,086**
Long-term liabilities incurred for purchase of railway transport facilities **Note 7 (3)**	96,875	**88,660**	**799,391**
Lease obligations	1,063	**923**	**8,321**
Deferred tax liabilities	9,736	**11,171**	**100,727**
Deferred tax liabilities related to land revaluation **Note 7 (7)**	954	**954**	**8,603**
Net defined benefit liabilities	18,657	**18,185**	**163,962**
Asset retirement obligation	1,117	**1,362**	**12,279**
Other **Note 7 (3)**	38,883	**39,522**	**356,340**
Total long-term liabilities	539,830	**539,866**	**4,867,608**
Total liabilities	927,921	**923,253**	**8,324,346**
Net assets:			
Shareholders' equity:			
Common stock	60,360	**60,360**	**544,224**
Capital surplus	58,422	**58,472**	**527,203**
Retained earnings	213,927	**239,148**	**2,156,237**
Treasury stock, at cost	(10,552)	**(10,982)**	**(99,023)**
Total shareholders' equity	322,157	**346,998**	**3,128,641**
Accumulated other comprehensive income:			
Net unrealized gain on securities, net of taxes	36,198	**33,876**	**305,435**
Reserve for land revaluation **Note 7 (7)**	549	**549**	**4,947**
Remeasurements of defined benefit plans	1,186	**961**	**8,668**
Total accumulated other comprehensive income	37,933	**35,386**	**319,050**
Non-controlling interests	6,487	**6,797**	**61,284**
Total net assets	366,577	**389,181**	**3,508,975**
Total liabilities and net assets	¥1,294,498	**¥1,312,434**	**$11,833,321**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME

For the years ended March 31, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	**2019**	**2019**
Revenue from operations	¥524,661	**¥526,676**	**$4,748,678**
Operating expenses:			
Operating expenses and cost of sales of transportation **Notes 8 (1)(2)**	386,272	**384,982**	**3,471,126**
Selling, general and administrative expenses **Notes 8 (1)(3)(4)**	86,924	**89,604**	**807,895**
Total operating expenses	473,196	**474,586**	**4,279,021**
Operating income	51,465	**52,090**	**469,657**
Non-operating income:			
Interest income	8	**12**	**109**
Dividends income	1,697	**1,759**	**15,863**
Equity in earnings of affiliates	1,297	**1,275**	**11,491**
Miscellaneous income	2,064	**2,016**	**18,175**
Total non-operating income	5,066	**5,062**	**45,638**
Non-operating expenses:			
Interest expenses	6,446	**5,829**	**52,556**
Miscellaneous expenses	2,193	**1,635**	**14,738**
Total non-operating expenses	8,639	**7,464**	**67,294**
Ordinary income	47,892	**49,688**	**448,001**
Extraordinary income:			
Gain on sale of property and equipment **Note 8 (5)**	1,778	**1,765**	**15,913**
Construction costs allotted to and received from others	18,309	**2,029**	**18,293**
Other	15	**223**	**2,011**
Total extraordinary income	20,102	**4,017**	**36,217**
Extraordinary losses:			
Loss on sale of property and equipment **Note 8 (6)**	36	**57**	**518**
Loss on deduction of property and equipment	17,579	**2,021**	**18,224**
Loss on disposal of property and equipment	1,643	**4,757**	**42,890**
Loss on impairment of fixed assets **Note 8 (7)**	930	**1,134**	**10,220**
Special retirement expenses	2,944	**—**	**—**
Other	921	**541**	**4,876**
Total extraordinary losses	24,053	**8,510**	**76,728**
Income before income taxes	43,941	**45,195**	**407,490**
Income taxes:			
Current income taxes	13,112	**12,517**	**112,851**
Deferred income taxes	1,169	**(168)**	**(1,514)**
Total income taxes	14,281	**12,349**	**111,337**
Net income	29,660	**32,846**	**296,153**
Net income attributable to non-controlling interests	332	**378**	**3,407**
Net income attributable to owners of the parent	¥ 29,328	**¥ 32,468**	**$ 292,746**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended March 31, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	**2019**	**2019**
Net income	**¥29,660**	**¥32,846**	**$296,153**
Other comprehensive income:			
Unrealized gain (loss) on securities	**2,073**	**(2,062)**	**(18,593)**
Remeasurements of defined benefit plans	**1,443**	**(217)**	**(1,957)**
Share of other comprehensive income of associates accounted for using equity method	**157**	**(287)**	**(2,591)**
Total other comprehensive income **Note 9**	**3,673**	**(2,566)**	**(23,141)**
Comprehensive income	**¥33,333**	**¥30,280**	**$273,012**
Comprehensive income attributable to:			
Owners of the parent	**¥32,987**	**¥29,922**	**$269,782**
Non-controlling interests	**346**	**358**	**3,230**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the years ended March 31, 2018 and 2019

	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
Cumulative effect of changes in accounting policies			110		110
Balance as of April 1, 2017, as restated	60,360	58,418	191,847	(10,527)	300,098
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					
Total changes during the year	—	4	22,080	(25)	22,059
Balance as of March 31, 2018	¥60,360	¥58,422	¥213,927	¥(10,552)	¥322,157

	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
Cumulative effect of changes in accounting policies						110
Balance as of April 1, 2017, as restated	33,978	549	(252)	34,275	4,440	338,813
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	¥366,577

	Millions of yen				
	2019				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2018	**¥60,360**	**¥58,422**	**¥213,927**	**¥(10,552)**	**¥322,157**
Cumulative effect of changes in accounting policies					**—**
Balance as of April 1, 2018, as restated	**60,360**	**58,422**	**213,927**	**(10,552)**	**322,157**
Changes during the year:					
Cash dividends			**(7,247)**		**(7,247)**
Net income attributable to owners of the parent			**32,468**		**32,468**
Repurchases of treasury stock				**(431)**	**(431)**
Disposition of treasury stock		**0**		**1**	**1**
Change in ownership interest of parent due to transactions with non-controlling interests		**50**			**50**
Net changes in items other than shareholders' equity during the year					
Total changes during the year	**—**	**50**	**25,221**	**(430)**	**24,841**
Balance as of March 31, 2019	**¥60,360**	**¥58,472**	**¥239,148**	**¥(10,982)**	**¥346,998**

	Millions of yen					
	2019					
	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, 2018	**¥36,198**	**¥ 549**	**¥1,186**	**¥ 37,933**	**¥ 6,487**	**¥366,577**
Cumulative effect of changes in accounting policies						**—**
Balance as of April 1, 2018, as restated	**36,198**	**549**	**1,186**	**37,933**	**6,487**	**366,577**
Changes during the year:						
Cash dividends						**(7,247)**
Net income attributable to owners of the parent						**32,468**
Repurchases of treasury stock						**(431)**
Disposition of treasury stock						**1**
Change in ownership interest of parent due to transactions with non-controlling interests						**50**
Net changes in items other than shareholders' equity during the year	**(2,322)**	**—**	**(225)**	**(2,547)**	**310**	**(2,237)**
Total changes during the year	**(2,322)**	**—**	**(225)**	**(2,547)**	**310**	**22,604**
Balance as of March 31, 2019	**¥33,876**	**¥ 549**	**¥ 961**	**¥ 35,386**	**¥ 6,797**	**¥389,181**

	Thousands of U.S. dollars (Note 1)				
	2019				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2018	**$544,224**	**$526,752**	**$1,928,840**	**$(95,143)**	**$2,904,673**
Cumulative effect of changes in accounting policies					**—**
Balance as of April 1, 2018, as restated	**544,224**	**526,752**	**1,928,840**	**(95,143)**	**2,904,673**
Changes during the year:					
Cash dividends			**(65,349)**		**(65,349)**
Net income attributable to owners of the parent			**292,746**		**292,746**
Repurchases of treasury stock				**(3,884)**	**(3,884)**
Disposition of treasury stock		**2**		**4**	**6**
Change in ownership interest of parent due to transactions with non-controlling interests		**449**			**449**
Net changes in items other than shareholders' equity during the year					
Total changes during the year	**—**	**451**	**227,397**	**(3,880)**	**223,968**
Balance as of March 31, 2019	**$544,224**	**$527,203**	**$2,156,237**	**$(99,023)**	**$3,128,641**

	Thousands of U.S. dollars (Note 1)					
	2019					
	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, 2018	**$326,377**	**$ 4,947**	**$ 10,690**	**$ 342,014**	**$ 58,493**	**$3,305,180**
Cumulative effect of changes in accounting policies						**—**
Balance as of April 1, 2018, as restated	**326,377**	**4,947**	**10,690**	**342,014**	**58,493**	**3,305,180**
Changes during the year:						
Cash dividends						**(65,349)**
Net income attributable to owners of the parent						**292,746**
Repurchases of treasury stock						**(3,884)**
Disposition of treasury stock						**6**
Change in ownership interest of parent due to transactions with non-controlling interests						**449**
Net changes in items other than shareholders' equity during the year	**(20,942)**	**—**	**(2,022)**	**(22,964)**	**2,791**	**(20,173)**
Total changes during the year	**(20,942)**	**—**	**(2,022)**	**(22,964)**	**2,791**	**203,795**
Balance as of March 31, 2019	**$305,435**	**$ 4,947**	**$ 8,668**	**$ 319,050**	**$ 61,284**	**$3,508,975**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended March 31, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	**2019**	**2019**
Cash flows from operating activities:			
Income before income taxes	¥ 43,941	**¥ 45,195**	**$ 407,490**
Depreciation and amortization	45,347	**46,728**	**421,311**
Loss on impairment of fixed assets	930	**1,133**	**10,220**
Amortization of goodwill	228	**282**	**2,544**
Increase (decrease) in provision for bonuses	289	**387**	**3,491**
Increase (decrease) in net defined benefit liabilities	(35)	**(1,016)**	**(9,159)**
Increase (decrease) in allowance for doubtful accounts	(253)	**109**	**982**
Increase (decrease) in allowance for unredeemed gift certificates and others	65	**(10)**	**(93)**
Interest and dividends income	(1,705)	**(1,771)**	**(15,972)**
Interest expenses	6,446	**5,829**	**52,556**
Equity in losses (earnings) of affiliates	(1,297)	**(1,274)**	**(11,491)**
Special retirement expenses	2,944	**—**	**—**
Construction costs allotted to and received from others	(18,309)	**(2,029)**	**(18,293)**
Loss (gain) on sales of stocks of subsidiaries and affiliates	856	**208**	**1,878**
Loss (gain) on sale of property and equipment, net	(1,742)	**(1,707)**	**(15,395)**
Loss on deduction of property and equipment	17,579	**2,021**	**18,224**
Loss on disposal of property and equipment	1,890	**2,856**	**25,749**
Loss (gain) on valuation of investment securities	217	**19**	**172**
Loss on valuation of inventories	51	**269**	**2,421**
Decrease (increase) in trade receivables	(900)	**(1,146)**	**(10,331)**
Decrease (increase) in inventories	3,329	**(1,666)**	**(15,020)**
Increase (decrease) in accounts payables	1,601	**(4,070)**	**(36,692)**
Other	70	**(53)**	**(474)**
Subtotal	101,542	**90,294**	**814,118**
Interest and dividends received	1,909	**1,962**	**17,688**
Interest paid	(6,442)	**(5,912)**	**(53,300)**
Income taxes paid	(11,615)	**(13,611)**	**(122,721)**
Net cash provided by (used in) operating activities	85,394	**72,733**	**655,785**
Cash flows from investing activities:			
Purchase of investment securities	(1,123)	**(7,747)**	**(69,849)**
Proceeds from sales of investment securities	33	**842**	**7,597**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,030)	**(5,275)**	**(47,564)**
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	279	**92**	**830**
Acquisition of property and equipment	(64,989)	**(72,946)**	**(657,701)**
Proceeds from sales of property and equipment	3,454	**2,307**	**20,805**
Decrease (increase) in short-term loans receivable	1,940	**(5)**	**(49)**
Payments of long-term loans receivable	(279)	**(323)**	**(2,912)**
Collection of long-term loans receivable	34	**15**	**132**
Proceeds from advances received for contract consignment	6,099	**1,880**	**16,951**
Proceeds from long-term advances received	3,300	**1,639**	**14,778**
Other	(400)	**(574)**	**(5,174)**
Net cash provided by (used in) investing activities	(52,682)	**(80,094)**	**(722,156)**
Cash flows from financing activities:			
Increase (decrease) in short-term loans	—	**16,900**	**152,376**
Increase (decrease) in commercial papers	—	**5,000**	**45,082**
Proceeds from long-term loans	13,500	**18,083**	**163,045**
Repayments of long-term loans	(18,797)	**(36,010)**	**(324,675)**
Proceeds from issuance of bonds	50,000	**40,000**	**360,653**
Redemption of bonds	(35,000)	**(40,000)**	**(360,653)**
Redemption of accounts payable to Japan Railway Construction, Transport and Technology Agency	(10,158)	**(10,892)**	**(98,202)**
Cash dividends paid	(7,220)	**(7,223)**	**(65,126)**
Acquisition of treasury stock	(25)	**(420)**	**(3,791)**
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1)	**(1)**	**(12)**
Other	(398)	**(520)**	**(4,693)**
Net cash provided by (used in) financing activities	(8,099)	**(15,083)**	**(135,996)**
Effect of exchange rate changes on cash and cash equivalents	0	**0**	**0**
Net increase (decrease) in cash and cash equivalents	24,613	**(22,444)**	**(202,367)**
Cash and cash equivalents at beginning of the year	19,294	**43,907**	**395,882**
Increase in cash and cash equivalents resulting from merger	—	**173**	**1,563**
Cash and cash equivalents at the end of the year Note 11	¥ 43,907	**¥ 21,636**	**$ 195,078**

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 | FRAMEWORK FOR PREPARING THE CONSOLIDATED FINANCIAL 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=¥110.91, the approximate exchange rate prevailing on March 31, 2019. 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.

Flags Co., Ltd. was merged into the Company during the fiscal year ended March 31, 2019.

Humanic Holdings Co., Ltd. and its subsidiary, Humanic Co., Ltd. have been included in the scope of consolidation from the fiscal year ended March 31, 2019 as a result of the acquisition of shares.

Odakyu Landflora Co., Ltd. has been excluded from the scope of consolidation, as it is no longer a subsidiary after the sale of shares. This company's statement of income has been consolidated until the date of sale of its shares.

(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.

(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., Odakyu Department Service Co., Ltd. and Shirohato Co., Ltd. is the end of February.

During the fiscal year ended March 31, 2019, Shirohato Co., Ltd. changed the fiscal year-end from the end of August to the end of February.

The consolidated financial statements include the accounts of Shirohato Co., Ltd. for the 12 months from March 1, 2018 to February 28, 2019.

The financial statements of these subsidiaries have been consolidated with appropriate adjustments for the intervening transactions and events between the fiscal-year ends 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 "construction costs allotted to and received from others" in the consolidated statement 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 statement 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 statement 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 | CHANGES IN ACCOUNTING POLICIES

Application of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting"

The Company and its subsidiaries have applied "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, revised on February 16, 2018) from the beginning of the fiscal year ended March 31, 2019. Accordingly, the treatment of taxable temporary difference related to equity investments in subsidiaries and others in non-consolidated financial statements has been reviewed. These changes have been retroactively applied to the consolidated financial statements for the previous fiscal year.

The effect of this on the consolidated financial results is immaterial.

NOTE 4 | ACCOUNTING STANDARDS ISSUED BUT NOT YET 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 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 5 | CHANGES IN PRESENTATION METHODS

Consolidated Statement of Income

"Loss on impairment of fixed assets," which was included in "Other" under "Extraordinary Losses" in the previous fiscal year, exceeded 10% of the total amount of "Extraordinary Losses" and thus is presented as a separate line item under "Extraordinary Losses." Figures for the fiscal year ended March 31, 2018 have been reclassified to reflect this change in presentation method.

As a result, ¥1,851 million presented in "Other" under "Extraordinary Losses" in the previous fiscal year has been reclassified as ¥930 million in "Loss on impairment of fixed assets" and ¥921 million in "Other."

Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and Relevant Guidance

The Company and its subsidiaries have applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets have been presented under "Investments and Other Assets," deferred tax liabilities have been presented under "Long-term liabilities," and NOTE 18, "DEFERRED TAX," has been revised.

As a result, ¥5,377 million presented in "Deferred tax assets" under "Current Assets" in the previous fiscal year has been included in ¥8,191 million in "Deferred tax assets" under "Investments and Other Assets" and ¥13 million presented in "Deferred tax liabilities" under "Current Liabilities" has been included in ¥9,736 million in "Deferred tax liabilities" under "Long-term Liabilities."

In addition, notes on "Accounting Standard for Tax Effect Accounting" (Note 8) (excluding the total of the valuation allowance) and (Note 9) set forth in Items 3 to 5 of the "Partial Amendments to Accounting Standard for Tax Effect Accounting" have been added to NOTE 18, "DEFERRED TAX." However, comparative information for the year ended March 31, 2018 has not been disclosed in NOTE 18 in accordance with the transitional treatment set forth in Item 7 of the "Partial Amendments to Accounting Standard for Tax Effect Accounting."

NOTE 6 | ADDITIONAL INFORMATION

Introduction of a New Stock-based Compensation Plan for Directors of the Company

Based on a resolution passed at the 97th Ordinary General Meeting of Shareholders held on June 28, 2018, the Company introduced a stock-based compensation plan (the "New Plan") for directors of the Company, excluding directors who do not concurrently serve as executive officers (the "Eligible Directors").

(1) Overview of transactions

The New Plan is a stock-based compensation plan whereby shares in the Company are acquired through a trust using funds contributed by the Company (such trust established pursuant to the New Plan, the "Trust"), and the acquired shares are distributed to each Eligible Director according to the award points granted in accordance with the share delivery rules laid down by the Board of Directors of the Company.

The payments of the shares shall in principle be made at the time of retirement of each Eligible Director.

(2) The Company's shares remaining in the Trust

The Company's shares remaining in the trust are recorded as treasury stock in the "Net Assets" section based on the book value in the Trust (excluding incidental expenses). The book value and the number of shares of such treasury stock were ¥399 million and 166 thousand shares, respectively, in the fiscal year under review.

NOTE 7 | CONSOLIDATED BALANCE SHEET

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

Millions of yen		Thousands of U.S. dollars
2018	**2019**	**2019**
¥899,317	**¥920,298**	**$8,297,697**

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

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Investment securities (shares of stock)	¥12,881	**¥17,138**	**$154,525**

(3) Pledged Assets as collateral are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2018		**2019**		**2019**	
Buildings and structures	¥270,728	[¥270,564]	**¥277,415**	**[¥277,263]**	**$2,501,263**	**[$2,499,892]**
Machinery, equipment, rolling stock, and other vehicles	42,632	[42,632]	**42,126**	**[42,126]**	**379,816**	**[379,816]**
Land	182,549	[181,021]	**182,184**	**[180,656]**	**1,642,630**	**[1,628,852]**
Other in property and equipment	2,250	[2,250]	**3,497**	**[3,497]**	**31,533**	**[31,533]**
Total	¥498,159	[¥496,467]	**¥505,222**	**[¥503,542]**	**$4,555,242**	**[$4,540,093]**

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	
	2018		**2019**		**2019**	
Long-term loans (including current portion of long-term debts)	¥108,014	[¥107,482]	**¥107,812**	**[¥107,352]**	**$ 972,067**	**[$ 967,919]**
Long-term liabilities incurred for purchase of rail way transport facilities (including its repayments due within one year)	107,723	[107,723]	**99,725**	**[99,725]**	**899,150**	**[899,150]**
Other in long-term liabilities	158		**127**		**1,149**	
Total	¥215,895	[¥215,205]	**¥207,664**	**[¥207,077]**	**$1,872,366**	**[$1,867,069]**

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
	2018	2019	2019
DH Box Hill Pty Ltd.	¥ —	¥2,949	$ 26,586
	[A$—]	[A$38]	
Employees' housing loan	275	195	1,758
Alliance mortgage	2,340	449	4,049
Total	¥2,615	¥3,593	$32,393

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

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

Millions of yen		Thousands of U.S. dollars
2018	2019	2019
¥887	¥117	$1,058

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

Millions of yen		Thousands of U.S. dollars
2018	2019	2019
¥230,708	¥232,608	$2,097,268

(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 8 | CONSOLIDATED STATEMENT OF INCOME

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

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Provision for bonuses	¥7,674	¥8,124	$73,252
Net periodic benefit cost	3,077	2,719	24,517

(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
2018	2019	2019
¥51	¥269	$2,421

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

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Personnel expenses	¥43,546	¥44,154	$398,107
Expenses	35,842	38,092	343,448
Taxes	2,634	2,113	19,052
Depreciation and amortization	4,674	4,963	44,744
Amortization of goodwill	228	282	2,544

(4) Total amount of research and development expenses included in operating expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Research and development expenses	¥—	¥336	$3,032

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

Millions of yen		Thousands of U.S. dollars
2018	**2019**	**2019**
Land and buildings	Land and buildings	Land and buildings
¥1,741	**¥1,711**	**$15,430**

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

Millions of yen		Thousands of U.S. dollars
2018	**2019**	**2019**
Vehicles	Land and buildings	Land and buildings
¥26	**¥55**	**$500**

(7) Loss on impairment of fixed assets are as follows:

(a) The Group recorded a loss on impairment of fixed assets for the following asset groups.

Year ended March 31, 2018

Usage for	Location	Type	Millions of yen
Properties of real estate leasing business	Sendai-shi, Miyagi Prefecture	Buildings and structures	¥155
		"Other" in intangible fixed assets	181
		Other	0
Properties of store business, etc.	Zama-shi, Kanagawa Prefecture, etc.	Buildings and structures	166
		"Other" in property and equipment	32
Properties of restaurant business	Yokohama-shi, Kanagawa Prefecture, etc.	Buildings and structures	140
		"Other" in property and equipment	44
Other	—	Buildings and structures	54
		"Other" in property and equipment	91
		Machinery, equipment, rolling stock, and other vehicles	37
		Other	30
Total	—	—	¥930

Year ended March 31, 2019

Usage for	Location	Type	Millions of yen	Thousands of U.S. dollars
Properties of store business, etc	Setagaya-ku, Tokyo, etc.	Buildings and structures	**¥ 202**	**$ 1,824**
		"Other" in property and equipment	**134**	**1,209**
		Other	**35**	**315**
Emission credit	Shinjuku-ku, Tokyo	"Other" in investments and other assets	**371**	**3,346**
Properties of restaurant business	Chiyoda-ku, Tokyo, etc.	Buildings and structures	**140**	**1,258**
		"Other" in property and equipment	**35**	**314**
Other	—	Land	**169**	**1,517**
		Buildings and structures	**45**	**408**
		Other	**3**	**29**
Total	—	—	**¥1,134**	**$10,220**

(b) Background to the recognition of a loss on impairment of fixed assets
The fixed assets groups that are no longer profitable as initially expected or for which a decision for dismantlement has been taken, are recognized as a loss on impairment of fixed assets.

(c) Method of grouping assets
The Group bases its grouping for assessing impairment losses on its business segments or on an individual property and store basis.

(d) Method of determining the recoverable value
The recoverable values of assets are measured at their estimated selling value, which is principally equivalent to the valuation submitted by real estate appraisers. When the recoverable values are measured at their value in use, a discount rate of 4.0% is used for the computation of present value of future cash flows for the assets.

NOTE 9 | CONSOLIDATED STATEMENT 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
	2018	**2019**	**2019**
Unrealized gain (loss) on securities:			
Gain (loss) arising during the year	¥ 2,782	**¥(2,938)**	**$(26,494)**
Reclassification adjustments	193	**0**	**0**
Amount before income tax effect	2,975	**(2,938)**	**(26,494)**
Income tax effect	(902)	**876**	**7,901**
Subtotal	2,073	**(2,062)**	**(18,593)**
Remeasurements of defined benefit plans:			
Gain (loss) arising during the year	1,979	**(57)**	**(514)**
Reclassification adjustments	34	**(380)**	**(3,430)**
Amount before income tax effect	2,013	**(437)**	**(3,944)**
Income tax effect	(570)	**220**	**1,987**
Subtotal	1,443	**(217)**	**(1,957)**
Share of other comprehensive income of associates accounted for using equity method:			
Gain (loss) arising during the year	159	**(285)**	**(2,576)**
Reclassification adjustments	(2)	**(2)**	**(15)**
Share of other comprehensive income of associates accounted for using equity method	157	**(287)**	**(2,591)**
Total other comprehensive income	¥ 3,673	**¥(2,566)**	**$(23,141)**

NOTE 10 | CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

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	Yen		
General meeting of shareholders on June 29, 2017	Common stock	¥3,624	¥10.00	March 31, 2017	June 30, 2017
Board of Directors' meeting on October 31, 2017	Common stock	3,624	10.00	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 ended 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	Yen		
General meeting of shareholders on June 28, 2018	Common stock	Retained earnings	¥3,624	¥10.00	March 31, 2018	June 29, 2018

Year ended March 31, 2019

(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)	**8,041,486**	**184,072**	**239**	**8,225,319**

Notes: 1. The number of treasury stock at the end of the fiscal year ended March 31, 2019 included 165,800 shares of the Company's shares held by the Director's Compensation Trust.

2. The increase in treasury stock included an increase of 8,773 shares due to the purchase of shares that were less than a share-trading unit, an increase of 165,800 shares due to acquisition of the Company's shares through the Director's Compensation Trust, and an increase of 9,499 shares due to a change of ownership interest for equity-method affiliates.

3. The decrease in treasury stock included a decrease of 239 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 28, 2018	Common stock	**¥3,624**	**$32,674**	**¥10.00**	**$0.09**	March 31, 2018	June 29, 2018
Board of Directors' meeting on October 31, 2018	Common stock	**3,624**(Note)	**32,674**	**10.00**	**0.09**	September 30, 2018	December 7, 2018

Note: Total amount of dividends includes dividends of ¥1 million of the Company's shares held by the Director's Compensation Trust.

(b) Dividends with the cut-off date in the year ended March 31, 2019 and the effective date in the year ending March 31, 2020

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 27, 2019	Common stock	Retained earnings	**¥3,986** (Note)	**$35,941**	**¥11.00**	**$0.10**	March 31, 2019	June 28, 2019

Note: Total amount of dividends includes dividends of ¥1 million of the Company's shares held by the Director's Compensation Trust.

NOTE 11 | CONSOLIDATED STATEMENT OF CASH FLOWS

The following table represents a reconciliation of cash and cash equivalents and cash and time deposits in the consolidated balance sheet:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Cash and time deposits	¥44,013	**¥21,762**	**$196,214**
Time deposits with a maturity of more than three months	(106)	**(126)**	**(1,136)**
Cash and cash equivalents	¥43,907	**¥21,636**	**$195,078**

NOTE 12 | 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
	2018	2019	2019
Due within one year	¥1,562	**¥1,701**	**$15,337**
Due after one year	4,657	**4,942**	**44,556**
Total	¥6,219	**¥6,643**	**$59,893**

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
	2018	2019	2019
Due within one year	¥1,374	**¥1,176**	**$10,601**
Due after one year	7,984	**7,935**	**71,547**
Total	¥9,358	**¥9,111**	**$82,148**

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 13 | 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. Derivative transactions (interest-rate swaps) are utilized to hedge the interest-rate fluctuation risk for certain long-term borrowings. These derivative transactions are utilized for every individual agreement to convert variable interest rates on borrowings to fixed interest rates. As for interest-rate swap agreements meeting certain hedging criteria, the evaluation of hedge effectiveness is omitted.

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

(c) Supplemental information on fair values

The fair values of financial instruments are calculated based on market prices, or by using reasonable estimates when market prices are no available. These estimates include variable factors, and are subject to fluctuation due to changes in the underlying assumptions. The contract amounts of the derivatives disclosed in NOTE 15, “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		
	2018			**2019**			**2019**		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and time deposits	¥ 44,013	¥ 44,013	¥ —	**¥ 21,762**	**¥ 21,762**	**¥ —**	**$ 196,214**	**$ 196,214**	**$ —**
(2) Notes and accounts receivable	24,071	24,071	—	**25,789**	**25,789**	**—**	**232,521**	**232,520**	**—**
(3) Investment securities									
(a) Held-to-maturity debt securities	31	31	0	**31**	**31**	**0**	**280**	**281**	**1**
(b) Available-for-sale securities	69,817	69,817	—	**67,392**	**67,392**	**—**	**607,628**	**607,628**	**—**
(4) Notes and accounts payable	(30,170)	(30,170)	—	**(25,866)**	**(25,866)**	**—**	**(233,214)**	**(233,214)**	**—**
(5) Short-term loans	(162,920)	(162,920)	—	**(179,833)**	**(179,833)**	**—**	**(1,621,432)**	**(1,621,432)**	**—**
(6) Corporate bonds*1	(180,000)	(182,689)	2,689	**(180,090)**	**(183,537)**	**3,447**	**(1,623,749)**	**(1,654,828)**	**31,079**
(7) Long-term loans*2	(268,554)	(281,912)	13,358	**(250,646)**	**(263,027)**	**12,381**	**(2,259,904)**	**(2,371,540)**	**111,636**
(8) Long-term liabilities incurred for purchase of railway transport facilities*3	(107,723)	(107,723)	—	**(99,725)**	**(99,725)**	**—**	**(899,150)**	**(899,150)**	**—**
(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 14, "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 15, "DERIVATIVE FINANCIAL INSTRUMENTS" for information on derivative transactions.

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

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Unlisted stocks	¥ 652	**¥ 646**	**$ 5,822**
Investment in limited partnerships and the like	3,509	**6,407**	**57,765**

These items are not included in "(b) Available-for-sale securities in (3) Investment securities," because it is extremely difficult to determine 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, 2018

	Millions of yen			
	Within one year	One to five years	Five to 10 years	After 10 years
Cash and time deposits	¥44,013	¥—	¥—	¥—
Trade receivables	24,071	—	—	—
Held-to-maturity debt securities:				
Government bonds	—	31	—	—
Total	¥68,084	¥31	¥—	¥—

Year ended March 31, 2019

	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	**¥21,762**	**¥—**	**¥—**	**¥—**	**$196,214**	**$—**	**$—**	**$—**
Trade receivables	**25,789**	**—**	**—**	**—**	**232,520**	**—**	**—**	**—**
Held-to-maturity debt securities:								
Government bonds	**31**	**—**	**—**	**—**	**280**	**—**	**—**	**—**
Total	**¥47,582**	**¥—**	**¥—**	**¥—**	**$429,014**	**$—**	**$—**	**$—**

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, 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

Year ended March 31, 2019

	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]	**¥30,040**	**¥30,025**	**¥20,010**	**¥10,010**	**¥ 5**	**¥ 90,000**
Long-term loans*[2]	**21,607**	**24,175**	**28,973**	**16,585**	**32,345**	**126,961**
Long-term liabilities incurred for purchase of railway transport facilities*[3]	**10,803**	**8,381**	**8,448**	**7,949**	**6,759**	**53,598**

	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]	**$270,850**	**$270,715**	**$180,417**	**$ 90,253**	**$ 45**	**$ 811,469**
Long-term loans*[2]	**194,817**	**217,965**	**261,232**	**149,533**	**291,636**	**1,144,721**
Long-term liabilities incurred for purchase of railway transport facilities*[3]	**97,405**	**75,568**	**76,173**	**71,668**	**60,942**	**483,253**

*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 sheet that removed consumption taxes.

NOTE 14 | SECURITIES

(1) Marketable held-to-maturity debt securities

Year ended March 31, 2018

	Millions of yen		
	Book value	Fair value	Difference
Securities, whose fair value exceeds their book value:			
Government bonds	¥31	¥31	¥ 0
Securities, whose fair value does not exceed their book value:			
Government bonds	—	—	—
Total	¥31	¥31	¥ 0

Year ended March 31, 2019

	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**	**$280**	**$281**	**$ 1**
Securities, whose fair value does not exceed their book value:						
Government bonds	**—**	**—**	**—**	**—**	**—**	**—**
Total	**¥31**	**¥31**	**¥ 0**	**$280**	**$281**	**$ 1**

(2) Marketable other securities

Year ended March 31, 2018

	Millions of yen		
	Book value	Acquisition value	Difference
Securities, whose fair value exceeds their book value:			
Stocks	¥68,328	¥16,844	¥51,484
Securities, whose fair value does not exceed their book value:			
Stocks	1,489	1,555	(66)
Total	¥69,817	¥18,399	¥51,418

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.

Year ended March 31, 2019

	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	**¥66,683**	**¥17,980**	**¥48,703**	**$601,240**	**$162,117**	**$439,123**
Securities, whose fair value does not exceed their book value:						
Stocks	**709**	**933**	**(224)**	**6,388**	**8,405**	**(2,017)**
Total	**¥67,392**	**¥18,913**	**¥48,479**	**$607,628**	**$170,522**	**$437,106**

Note: Unlisted stocks of ¥646 million on the consolidated balance sheet and investment in limited partnerships and the like of ¥6,407 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 15 | 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, 2018

			Millions of yen		
Hedge accounting method	Type of derivatives	Major hedged item	Contract amount	Due after one year	Fair value
Special treatment for interest-rate swap	Interest-rate swaps Receive floating rate and pay fixed rate	Long-term loans	¥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, 2019
Not applicable

NOTE 16 | 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, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Balance at beginning of the year	¥97,042	**¥95,568**	**$861,668**
Service cost	3,644	**3,718**	**33,523**
Interest cost	287	**271**	**2,449**
Actuarial differences	(77)	**(291)**	**(2,627)**
Benefits paid	(5,344)	**(6,316)**	**(56,948)**
Increase due to newly consolidated subsidiaries	—	**106**	**959**
Other	16	**8**	**70**
Balance at end of the year	¥95,568	**¥93,064**	**$839,094**

(b) Movements in plan assets during the years ended March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Balance at beginning of the year	¥76,337	**¥76,911**	**$693,450**
Expected return on plan assets	887	**890**	**8,025**
Actuarial differences	1,903	**(348)**	**(3,141)**
Contributions paid by the employer	1,735	**1,918**	**17,294**
Benefits paid	(3,951)	**(4,492)**	**(40,496)**
Balance at end of the year	¥76,911	**¥74,879**	**$675,132**

(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
	2018	**2019**	**2019**
Funded defined benefit obligations	¥ 68,987	**¥ 66,262**	**$ 597,436**
Plan assets	(76,911)	**(74,879)**	**(675,132)**
	(7,924)	**(8,617)**	**(77,696)**
Unfunded defined benefit obligations	26,581	**26,802**	**241,658**
Net liability recorded in the consolidated balance sheet	18,657	**18,185**	**163,962**
Net defined benefit liabilities	18,657	**18,185**	**163,962**
Net liability recorded in the consolidated balance sheet	18,657	**18,185**	**163,962**

(d) The components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Service cost	¥3,644	**¥3,718**	**$33,523**
Interest cost	286	**271**	**2,449**
Expected return on plan assets	(887)	**(890)**	**(8,025)**
Amortization of actuarial differences	42	**(372)**	**(3,355)**
Amortization of prior service cost	(8)	**(8)**	**(75)**
Retirement benefit expenses on defined benefit plans	¥3,077	**¥2,719**	**$24,517**

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, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Prior service cost	¥ (8)	**¥ (8)**	**$ (75)**
Actuarial differences	2,021	**(429)**	**(3,869)**
Total	¥2,013	**¥(437)**	**$(3,944)**

(f) The components of remeasurements of defined benefit plans (before tax effects) included in accumulated other comprehensive income for the years ended March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Unrecognized prior service cost	¥ (23)	**¥ (15)**	**$ (138)**
Unrecognized actuarial differences	(1,788)	**(1,359)**	**(12,248)**
Total	¥(1,811)	**¥(1,374)**	**$(12,386)**

(g) Plan assets

(i) Components of plan assets

The plan assets consist of the following:

	2018	**2019**
Bonds	38%	**40%**
Equity securities	28	**16**
General account assets	23	**22**
Cash and time deposits	1	**11**
Other	10	**11**
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, 2018 and 2019 are as follows:

	2018	**2019**
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 1.3%	**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, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Defined contribution plan	¥450	**¥465**	**$4,197**
Smaller Enterprise Retirement Allowance Mutual Aid Scheme	277	**290**	**2,613**

NOTE 17 | 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, 2019. 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, 2018	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding at March 31, 2019	—	—
Vested stock options (shares)	—	—
Outstanding at March 31, 2018	22,400	18,500
Vested	—	—
Exercised	—	7,500
Forfeited	—	300
Outstanding at March 31, 2019	22,400	10,700

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

② Price information

	2nd stock option	3rd stock option	2nd stock option	3rd stock option
Exercise prices (yen)	**¥260**	**¥260**	**$ 2**	**$ 2**
Average stock price at exercise (yen)	**—**	**690**	**—**	**6**
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, 2019 and the aggregated intrinsic value of stock options exercised on the exercise date during the fiscal year ended March 31, 2019, based on intrinsic value.

	Millions of yen	Thousands of U.S. dollars
The aggregate intrinsic value of stock options outstanding	**¥4**	**$34,321**
The aggregate intrinsic value of stock options exercised during the fiscal year ended March 31, 2019	**¥3**	**$29,085**

NOTE 18 | DEFERRED TAX

(1) Significant components of deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Deferred tax assets:			
Net defined benefit liabilities	¥ 7,429	**¥ 7,573**	**$ 68,284**
Unrealized profits	6,385	**6,486**	**58,477**
Loss on impairment of fixed assets	6,085	**5,512**	**49,697**
Net operating loss carryforwards (Note 2)	4,005	**3,833**	**34,556**
Reserve for employees' bonuses	2,501	**2,642**	**23,821**
Excess depreciation	1,093	**1,174**	**10,582**
Asset retirement obligation	540	**581**	**5,239**
Accrued enterprise taxes	708	**544**	**4,909**
Loss on revaluation of land for sale	477	**501**	**4,517**
Allowance for unredeemed gift certificates and others	366	**402**	**3,623**
Allowance for doubtful accounts	298	**352**	**3,175**
Accrued fare	127	**208**	**1,874**
Special retirement expenses	909	**—**	**—**
Other	4,264	**4,119**	**37,141**
Gross deferred tax assets	35,187	**33,927**	**305,895**
Valuation allowance pertaining to net operating loss carryforwards (Note 2)	—	**(3,129)**	**(28,215)**
Valuation allowance pertaining to future deductible temporary differences	—	**(10,717)**	**(96,625)**
Less: Valuation allowance (Note 1)	(16,324)	**(13,846)**	**(124,840)**
Total deferred tax assets	¥ 18,863	**¥ 20,081**	**$ 181,055**
Deferred tax liabilities:			
Unrealized gains on securities	¥(15,569)	**¥(14,693)**	**$(132,479)**
Reserve for deduction of property and equipment	(2,857)	**(3,496)**	**(31,518)**
Valuation difference due to business combinations	(274)	**(1,961)**	**(17,683)**
Gain on securities contribution to employees' retirement benefits trust	(1,365)	**(1,365)**	**(12,308)**
Other (Note 3)	(343)	**(445)**	**(4,011)**
Total deferred tax liabilities	(20,408)	**(21,960)**	**(197,999)**
Net deferred tax assets and liabilities	¥ (1,545)	**¥ (1,879)**	**$ (16,944)**

Changes in Presentation Methods

Valuation difference due to business combinations, which was included in "Other" under "Deferred Tax Liabilities" in the previous fiscal year, has been set down separately from the fiscal year under review because of its increased materiality in the amount. The notes to the consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation method.

As a result, negative ¥617 million presented in "Other" under "Deferred Tax Liabilities" in the previous fiscal year has been reclassified to negative ¥274 million in "Valuation difference due to business combinations" and negative ¥343 million in "Other."

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

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Deferred tax asset related to land revaluation	¥ 494	**¥ 494**	**$ 4,454**
Less: Valuation allowance	(494)	**(494)**	**(4,454)**
Total	—	**—**	**—**
Deferred tax liabilities related to land revaluation	(954)	**(954)**	**(8,603)**
Net deferred tax assets and liabilities related to land revaluation	(954)	**(954)**	**(8,603)**

Notes: 1. The changes in the valuation allowance principally reflected a decrease in the valuation allowance for operating loss carryforwards.
2. A breakdown of net operating loss carryforwards and valuation allowance by expiry date is as follows:

Year ended March 31, 2019

	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	Total
Operating loss carryforwards*	**¥154**	**¥438**	**¥ 292**	**¥ 133**	**¥ 359**	**¥ 2,457**	**¥ 3,833**
Valuation allowance	**(53)**	**(147)**	**(283)**	**(133)**	**(359)**	**(2,154)**	**(3,129)**
Deferred tax assets	**101**	**291**	**9**	**—**	**—**	**303**	**704**

	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	Total
Operating loss carryforwards*	**$1,385**	**$ 3,954**	**$ 2,633**	**$ 1,196**	**$ 3,237**	**$ 22,151**	**$ 34,556**
Valuation allowance	**(473)**	**(1,329)**	**(2,556)**	**(1,196)**	**(3,237)**	**(19,424)**	**(28,215)**
Deferred tax assets	**912**	**2,625**	**77**	**—**	**—**	**2,727**	**6,341**

* Operating loss carryforwards are derived after multiplying the statutory tax rate.

3. For the fiscal year ended March 31, 2018, figures reflect the impact of retroactive application.

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

	2018	**2019**
The normal effective statutory tax rate	30.9%	**30.6%**
Adjustment for:		
Entertainment expenses not deductible for income tax purposes	0.4	**0.3**
Dividends received not taxable	(0.3)	**(0.4)**
Per capita inhabitants taxes	0.3	**0.3**
Valuation allowance on deferred tax assets	1.3	**(5.1)**
Other	(0.1)	**1.6**
The effective tax rate	32.5%	**27.3%**

Note: For the fiscal year ended March 31, 2018, figures reflect the retroactive application.

NOTE 19 | 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 sheet, changes during the fiscal under review and fair values of real estate, of which some portions are used as leasing property, are determined as follows.

(1) Fair value of leasing and other properties

Year ended March 31, 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

Year ended March 31, 2019

	Millions of yen			
	Book value			Fair value
	2018	Changes during the year	**2019**	**2019**
Leasing properties	**¥216,748**	**¥6,644**	**¥223,392**	**¥305,462**
Other properties used as leasing properties	**75,384**	**871**	**76,255**	**119,092**

	Thousands of U.S. dollars			
	Book value			Fair value
	2018	Changes during the year	**2019**	**2019**
Leasing properties	**$2,039,980**	**$(25,802)**	**$2,014,178**	**$2,754,146**
Other properties used as leasing properties	**709,495**	**(21,958)**	**687,537**	**1,073,771**

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, 2018, the main factor attributable to the decrease was a change from leasing to in-house use. For the fiscal year ended March 31, 2019, the main factors attributable to the increase were ¥2,896 million due to acquisition of the Odakyu Kanda Iwamotocho Building.

3. The market value as of end of the fiscal year is based, for main properties, on a real estate appraisal report prepared by a certified real estate appraiser, and for other properties, on certain appraised value or a price index considered to reflect the market value.

(2) Profit and loss on leasing properties

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)

Year ended March 31, 2019

	Millions of yen			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	**¥17,972**	**¥ 8,926**	**¥9,046**	**¥(1,259)**
Other properties used as leasing properties	**17,964**	**12,440**	**5,524**	**(808)**

	Thousands of U.S. dollars			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	**$162,043**	**$ 80,479**	**$81,564**	**$(11,355)**
Other properties used as leasing properties	**161,965**	**112,161**	**49,804**	**(7,289)**

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

NOTE 20 | SEGMENT INFORMATION

(1) Segment information

(a) Overview of the reportable segments

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

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

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

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

Transportation…Railway, bus, taxi, sightseeing boat, ropeway, 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.

(c) Information about sales, operating income, assets and others by reportable segment, for the years ended March 31, 2018 and 2019 was as follows:

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 (Note 4)	¥673,766	¥ 72,149	¥374,017	¥105,574	¥ 1,225,506	¥ 68,992	¥1,294,498
Other:							
Depreciation and amortization (Note 5)	¥ 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 5)	43,429	5,616	17,337	4,649	71,031	—	71,031

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 for segment income include ¥213 million of intersegment elimination and negative ¥24 million of amortization of goodwill.
   (b) Adjustments for segment assets amounting to ¥68,992 million include negative ¥98,679 million of intersegment elimination and ¥167,671 million of the Group's assets that have not been distributed to reportable segments.
   (c) Adjustment for depreciation and amortization amounting to negative ¥242 million represents intersegment elimination.
3. "Segment income" is reconciled to operating income of consolidated statement of income.
4. "Segment assets" are presented to reflect the impact of adopting the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018).
5. "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, 2019

	Millions of yen						
	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Merchandising	Real estate				
Revenue from operations:							
Customers	¥176,373	¥207,429	¥ 62,624	¥ 80,250	¥ 526,676	¥ —	¥ 526,676
Intragroup sales and transfers	2,920	3,253	6,383	26,687	39,243	(39,243)	—
Total	¥179,293	¥210,682	¥ 69,007	¥106,937	¥ 565,919	¥(39,243)	¥ 526,676
Segment income	¥ 29,266	¥ 2,960	¥ 13,759	¥ 5,939	¥ 51,924	¥ 166	¥ 52,090
Segment assets	¥682,269	¥ 74,073	¥391,603	¥119,170	¥1,267,115	¥ 45,319	¥1,312,434
Other:							
Depreciation and amortization (Note 4)	¥ 30,889	¥ 3,664	¥ 9,038	¥ 3,378	¥ 46,969	¥ (241)	¥ 46,728
Amortization of goodwill	—	83	—	167	250	32	282
Loss on impairment of fixed assets	63	371	153	175	762	371	1,133
Investment for affiliates applied for equity methods	12,113	—	—	—	12,113	—	12,113
Increase in property and equipment and intangible assets (Note 4)	43,136	11,058	20,931	14,429	89,554	—	89,554

	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	$1,590,240	$1,870,242	$ 564,634	$ 723,562	$ 4,748,678	$ —	$ 4,748,678
Intragroup sales and transfers	26,327	29,329	57,550	240,619	353,825	(353,825)	—
Total	$1,616,567	$1,899,571	$ 622,184	$ 964,181	$ 5,102,503	$(353,825)	$ 4,748,678
Segment income	$ 263,868	$ 26,692	$ 124,056	$ 53,549	$ 468,165	$ 1,492	$ 469,657
Segment assets	$6,151,553	$ 667,872	$3,530,816	$1,074,475	$11,424,716	$ 408,605	$11,833,321
Other:							
Depreciation and amortization (Note 4)	$ 278,503	$ 33,033	$ 81,491	$ 30,459	$ 423,486	$ (2,175)	$ 421,311
Amortization of goodwill	—	751	—	1,507	2,258	286	2,544
Loss on impairment of fixed assets	566	3,348	1,381	1,579	6,874	3,346	10,220
Investment for affiliates applied for equity methods	109,211	—	—	—	109,211	—	109,211
Increase in property and equipment and intangible assets (Note 4)	388,925	99,704	188,721	130,099	807,449	—	807,449

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, and temporary staffing service.

2. Adjustments are as follows:

(a) Adjustments of ¥166 million ($1,492 thousand) for segment income include ¥198 million ($1,778 thousand) of intersegment elimination and negative ¥32 million (negative $286 thousand) of amortization of goodwill.

(b) Adjustments for segment assets amounting to ¥45,319 million ($408,605 thousand) include negative ¥99,369 million (negative $895,943 thousand) of intersegment elimination and ¥144,688 million ($1,304,548 thousand) of the Group’s assets that have not been distributed to reportable segments.

(c) Adjustment for depreciation and amortization amounting to negative ¥241 million (negative $2,175 thousand) represents intersegment elimination.

(d) Adjustments for loss on impairment of fixed assets amounting to ¥371 million ($3,346 thousand) relates to corporate assets that are not allocated to each reportable segment.

3. “Segment income” is reconciled to operating income of consolidated statement 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.

(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 statement 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 sheet, 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 statement 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, 2018 and 2019 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, 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

Year ended March 31, 2019

	Millions of yen					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	**¥—**	**¥749**	**¥—**	**¥3,107**	**¥—**	**¥3,856**

	Thousands of U.S. dollars					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	**$—**	**$6,758**	**$—**	**$28,010**	**$—**	**$34,768**

Note: The description on amortization by reportable segment for the years ended March 31, 2018 and 2019 is omitted because it is disclosed in "Segment information."

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

Not applicable

NOTE 21 | 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, 2018
Not applicable

Year ended March 31, 2019
Not applicable

NOTE 22 | PER SHARE INFORMATION

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

	Yen		U.S. dollars
	2018	**2019**	**2019**
Net assets	¥998.98	**¥1,061.37**	**$9.57**
Net income—basic	81.36	**90.11**	**0.81**

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, 2018 and 2019.

2. As described in Note 3, "Changes in Accounting Policies," the changes in accounting policies for the fiscal year ended March 31, 2019 have been retroactively applied, and thus the previous fiscal year's consolidated financial statements have been prepared after the retroactive application. As a result, net assets per share for the fiscal year ended March 31, 2018 increased ¥0.3 compared to the amount before the retrospective application.

3. For the purpose of calculating net assets per share, the Company's shares held by the Director's Compensation Trust (the Trust) are included in treasury shares excluded from the total number of outstanding shares as of the fiscal year-end (165 thousand shares for the fiscal year ended March 31, 2019). For the purpose of calculating net income per share, these shares held by the Trust were included in treasury shares excluded from the calculation of the average number of outstanding shares during the fiscal year (104 thousand shares for the fiscal year ended March 31, 2019).

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

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Net income attributable to owners of the parent	¥29,328	**¥32,468**	**$292,746**
Amount not attributable to common stockholders	—	**—**	**—**
Net income attributable to owners of the parent related to common shares	29,328	**32,468**	**292,746**
Weighted average number of shares issued and outstanding during the period (shares)	360,462,693	**360,338,635**	**360,338,635**

NOTE 23 | SUBSEQUENT EVENTS

(1) Enoshima Electric Railway Co., Ltd. to Become a Wholly Owned Subsidiary through a Share Exchange

At the Board of Directors meeting held on April 26, 2019, Odakyu Electric Railway Co., Ltd. ("Odakyu Electric Railway") passed a resolution to effect a share exchange (the "Share Exchange") with its consolidated subsidiary Enoshima Electric Railway Co., Ltd., ("Enoshima Electric Railway"), under which Odakyu Electric Railway will become the wholly owning parent company and Enoshima Electric Railway will become the wholly owned subsidiary. The two companies entered into a share exchange agreement (the "Share Exchange Agreement").

(a) Purpose of the Share Exchange

Through the Share Exchange, the Odakyu Group aims to achieve sustainable growth of Enoshima Electric Railway and the Enoshima and Kamakura areas, and to increase the Group's corporate value through strategic planning, rapid decision-making, and promotion of measures from a long-term perspective by integrating management.

(b) Outline of the Share Exchange

i) Schedule for the Share Exchange

Date of resolution of the Board of Directors regarding the execution of the Share Exchange Agreement (Odakyu Electric Railway)	April 26, 2019
Execution date of the Share Exchange Agreement (Odakyu Electric Railway and Enoshima Electric Railway)	April 26, 2019
Resolution date for the ordinary general meeting of shareholders to approve the Share Exchange Agreement (Enoshima Electric Railway)	June 27, 2019
Scheduled date for implementation of the Share Exchange (effective date) (Odakyu Electric Railway and Enoshima Electric Railway)	October 1, 2019 (planned)

ii) Method of the Share Exchange

In the share exchange, Odakyu Electric Railway will become the wholly owning parent company and Enoshima Electric Railway will become the wholly owned subsidiary.

The Share Exchange is scheduled to be conducted as follows with an effective date of October 1, 2019: Odakyu Electric Railway will conduct simplified share exchange procedures based on the provisions of Article 796, Paragraph 2 of the Companies Act without the approval of the ordinary general meeting of shareholders, and Enoshima Electric Railway receives approval from the ordinary general meeting of shareholders scheduled to be held on June 27, 2019.

iii) Details of allotment in the Share Exchange

	Allotment ratio for the Share Exchange
Odakyu Electric Railway (wholly owning parent company in the share exchange)	1
Enoshima Electric Railway (wholly owned subsidiary in the share exchange)	1.2

Notes: 1. Odakyu Electric Railway will allot and deliver 1.2 of its common shares per common share of Enoshima Electric Railway; provided, however, that no shares will be allotted for the 3,353,289 common shares of Enoshima Electric Railway held by Odakyu Electric Railway in the course of the Share Exchange.
2. Odakyu Electric Railway will allot and deliver 3,176,053 of its common shares (planned) during the Share Exchange. In addition, 6,114,397 shares of treasury stock held by Odakyu Electric Railway will be allocated to the shares that it will deliver.

(c) Basis for the Allotment in the Share Exchange
In order to ensure the fairness and appropriateness of the calculation of the allotment ratio used in the Share Exchange (the "Share Exchange Ratio"), Odakyu Electric Railway and Enoshima Electric Railway have decided to each separately request a third-party valuation institution, independent of both companies, to calculate the share exchange ratio for the Share Exchange. Odakyu Electric Railway and Enoshima Electric Railway appointed Mizuho Securities Co., Ltd. and AGS Consulting Co., Ltd., respectively, as third-party valuation institutions.

Odakyu Electric Railway and Enoshima Electric Railway have carefully considered the results of the due diligence review of the other party and other aspects with reference to the calculation results of the share exchange ratio received from their respective third-party valuation institution. They have also repeatedly conducted mutual negotiations and consultations with comprehensive consideration given to, among other factors, their respective financial conditions, asset status and future prospects. As a result, Odakyu Electric Railway and Enoshima Electric Railway have come to the conclusion that the Share Exchange Ratio is appropriate, and thus concluded the Share Exchange Agreement in accordance with the resolutions of the boards of directors of both companies to implement the Share Exchange at the Share Exchange Ratio.

In accordance with the Share Exchange Agreement, the Share Exchange Ratio is subject to change upon consultation between the parties if there is any material change in the conditions that form the basis of the calculations.

(d) Outline of Accounting Treatment
The Share Exchange is accounted for as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(2) Issuance of unsecured bonds

The Company issued the unsecured bonds based on the resolution of the Board of Directors' meeting convened on March 27, 2019. Details of the issuance are summarized as follows:

	Series 83 unsecured corporate bonds
(1) Amount	¥10 billion
(2) Interest rate	0.209% per annum
(3) Date of payment	June 20, 2019
(4) Date of redemption	June 20, 2029
(5) Purpose	Capital expenditures and bond redemption funds

	Series 84 unsecured corporate bonds
(1) Amount	¥20 billion
(2) Interest rate	0.608% per annum
(3) Date of issuance	June 20, 2019
(4) Term	June 20, 2039
(5) Purpose	Capital expenditures and bond redemption funds

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, 2018	**Balance as of March 31, 2019**	**Balance as of March 31, 2019**			
Odakyu Electric Railway Co., Ltd.	Series 25 unsecured corporate bonds	Aug. 25, 1998	¥ 20,000 [20,000]	**¥ —**	**$ —**	3.00%	None	Aug. 24, 2018
	Series 50 unsecured corporate bonds	Aug. 12, 2009	10,000	**10,000 [10,000]**	**90,163 [90,163]**	1.718	None	Aug. 12, 2019
	Series 55 unsecured corporate bonds	Dec. 17, 2010	10,000	**10,000**	**90,163**	1.367	None	Dec. 17, 2020
	Series 60 unsecured corporate bonds	Oct. 18, 2012	10,000	**10,000**	**90,163**	0.846	None	Oct. 18, 2022
	Series 63 unsecured corporate bonds	Dec. 13, 2013	10,000	**10,000**	**90,163**	0.905	None	Dec. 12, 2025
	Series 67 unsecured corporate bonds	Jun. 12, 2015	10,000	**10,000**	**90,163**	0.608	None	Jun. 12, 2025
	Series 68 unsecured corporate bonds	Jun. 12, 2015	10,000	**10,000**	**90,163**	1.098	None	Jun. 12, 2030
	Series 69 unsecured corporate bonds	Jul. 31, 2015	10,000 [10,000]	**—**	**—**	0.12	None	Jul. 25, 2018
	Series 70 unsecured corporate bonds	Jan. 29, 2016	10,000 [10,000]	**—**	**—**	0.12	None	Jan. 25, 2019
	Series 71 unsecured corporate bonds	Jul. 29, 2016	10,000	**10,000 [10,000]**	**90,163 [90,163]**	0.08	None	Jul. 25, 2019
	Series 72 unsecured corporate bonds	Aug. 31, 2016	10,000	**10,000**	**90,163**	0.64	None	Aug. 29, 2036
	Series 73 unsecured corporate bonds	Jan. 31, 2017	10,000	**10,000 [10,000]**	**90,163 [90,163]**	0.10	None	Jan. 24, 2020
	Series 74 unsecured corporate bonds	May 29, 2017	10,000	**10,000**	**90,163**	0.756	None	May 29, 2037
	Series 75 unsecured corporate bonds	Jul. 31, 2017	10,000	**10,000**	**90,163**	0.11	None	Jul. 24, 2020
	Series 76 unsecured corporate bonds	Nov. 30, 2017	10,000	**10,000**	**90,163**	0.305	None	Nov. 30, 2027
	Series 77 unsecured corporate bonds	Nov. 30, 2017	10,000	**10,000**	**90,163**	0.746	None	Nov. 30, 2037
	Series 78 unsecured corporate bonds	Jan. 31, 2018	10,000	**10,000**	**90,163**	0.11	None	Jan. 25, 2021
	Series 79 unsecured corporate bonds	Jul. 31, 2018	—	**10,000**	**90,163**	0.10	None	Jul. 23, 2021
	Series 80 unsecured corporate bonds	Aug. 30, 2018	—	**10,000**	**90,163**	0.794	None	Aug. 30, 2038
	Series 81 unsecured corporate bonds	Dec. 20, 2018	—	**10,000**	**90,163**	0.33	None	Dec. 20, 2028
	Series 82 unsecured corporate bonds	Jan. 31, 2019	—	**10,000**	**90,163**	0.10	None	Jan. 25, 2022
HUMANIC Co., Ltd.	Other corporate bonds	—	—	**90 [40]**	**815 [361]**	—	—	—
Total	—	—	¥180,000 [40,000]	**¥180,090 [30,040]**	**$1,623,749 [270,850]**	—	—	—

Notes: 1. The amounts in brackets in the columns of "Balance as of April 1, 2018" and "Balance as of March 31, 2019" are the current portion of the total amount and are recorded in current liabilities on the consolidated balance sheet.
2. Redemption schedule of bonds for five years subsequent to March 31, 2019 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
¥30,040	**¥30,025**	**¥20,010**	**¥10,010**	**¥5**	**$270,850**	**$270,715**	**$180,417**	**$90,253**	**$45**

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, 2018	**Balance as of March 31, 2019**	**Balance as of March 31, 2019**		
Short-term loans	¥162,920	**¥179,833**	**$1,621,432**	0.48%	—
Current portion of long-term debt	36,010	**21,607**	**194,817**	1.34	—
Current portion of lease obligations	404	**383**	**3,451**	—	—
Long-term loans (excluding current portion)	232,545	**229,039**	**2,065,086**	1.07	Apr. 27, 2020 to Dec. 24, 2038
Lease obligations (excluding current portion)	1,063	**923**	**8,321**	—	Apr. 1, 2020 to Mar. 21, 2029
Other interest-bearing debt:					
Long-term liabilities incurred for purchase of railway transport facilities	103,899 [10,598]	**95,938 [10,803]**	**865,009 [97,405]**	0.80	Sep. 14, 2020 to Mar. 14, 2044
In-house deposits	13,178	**13,619**	**122,796**	1.19	—
Total	¥550,019	**¥541,342**	**$4,880,912**	—	—

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 total lease payments) in the consolidated balance sheet. 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 sheet. 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 sheet that removed consumption taxes.
4. The "In-house deposits" are included in "Other" of current liabilities on the consolidated balance sheet.
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, 2019 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	**¥24,175**	**¥28,973**	**¥16,585**	**¥32,345**
Lease obligations	**322**	**245**	**249**	**74**
Long-term liabilities incurred for purchase of railway transport facilities	**8,381**	**8,448**	**7,949**	**6,759**

	Thousands of U.S. dollars			
	One to two years	Two to three years	Three to four years	Four to five years
Long-term debt	**$217,965**	**$261,232**	**$149,533**	**$291,636**
Lease obligations	**2,899**	**2,210**	**2,246**	**669**
Long-term liabilities incurred for purchase of railway transport facilities	**75,568**	**76,173**	**71,668**	**60,942**

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, 2019 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.