

2011 ANNUAL REPORT

For the year ended March 31, 2011

Keikyu Corporation

Profile

Keikyu Corporation is one of the 15 major private railways in Japan. Serving as a link between central Tokyo and the southern metropolitan area, Keikyu plays a vital role in Tokyo's public transportation system. Since its foundation in 1898, centering on the mainstay rail and bus transportation businesses, Keikyu and its Group companies have expanded their operations to include real estate, hotels, leisure services, and retailing, and are working to achieve prosperity far into the future.

Linking Shinagawa, which is expected to flourish as Tokyo's gateway, with Tokyo International Airport (Haneda Airport), and Kawasaki, Yokohama, Yokosuka, Zushi, and the Miura district in Kanagawa Prefecture, the Keikyu's railway network stretching 87 km serves an average of 1.21 million passengers a day. Shinagawa Station, Keikyu's railway terminus, is only 12 minutes (by using the Airport Limited Express) from Haneda Airport and connects with the Tokaido Shinkansen, making it a key transportation hub.

Haneda Airport Domestic Terminal Station is directly connected to Terminal 1 and Terminal 2 of Haneda Airport and plays a key role in providing convenient access to Haneda Airport. Keikyu Corporation opened a new station, Haneda Airport International Terminal Station, linked directly to the new international flight passenger terminal building in line with the repositioning of Haneda as a full-fledged international airport in October 2010. The Keikyu Group will continue to channel its resources to Haneda Airport-related projects in the future.

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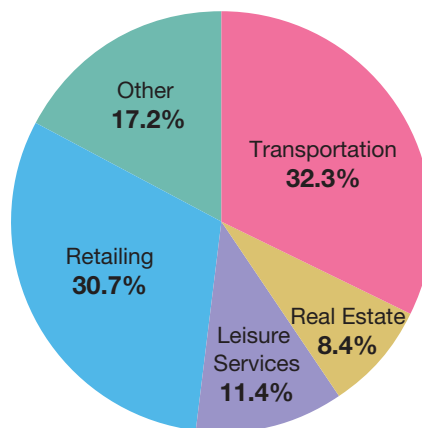
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Keikyu at a Glance

The Keikyu Group, consisting of Keikyu Corporation and 68 companies, is engaged in a wide range of businesses.

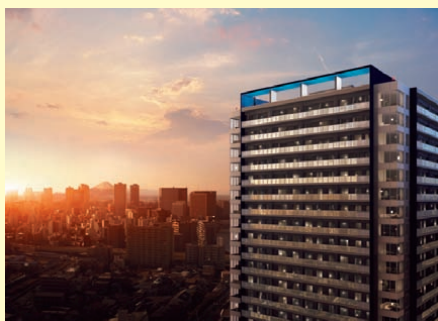
As of March 31, 2011, the aggregate paid-in capital of the 69 Group companies amounted to ¥43,739 million and the total number of employees was 9,179. Consolidated operating revenues for the fiscal year ended March 31, 2011, amounted to around ¥299,841 million.

Composition of consolidated revenue
(for the year ended March 31, 2011)



Transportation

The Transportation Business comprises 17 companies and operates five railway lines totaling 87 km in paid distance and serving 1.21 million passengers per day, scheduled and chartered bus services, and taxi services.



Real Estate

The Real Estate Business comprises six companies engaged in development and sale of housing lots, construction and sale of built-for-sale housing, sale of condominiums, development and leasing of office buildings and research facilities, and real estate brokerage.



Leisure Services

The Tourism and Leisure Business comprises 24 companies engaged in operation of Hotel Grand Pacific Le Daiba, four resort hotels including Kannonzaki Keikyu Hotel, and six business hotels including Keikyu EX Inn, operation of leisure facilities such as aquariums and golf courses, operation of restaurants, coffee shops and fast-food services, operation of boat racing facilities, and including advertising agencies.



Retailing

The Distribution Business comprises 12 companies operating a department store, 40 supermarkets and five shopping centers located primarily along Keikyu railway lines, and kiosks at stations.



Other Business

Other Businesses comprise 18 companies engaged in diverse business fields, including construction, civil engineering, electrical equipment, the maintenance, repair, and upgrading of trains and automobiles, building management, driving schools, information processing, and nursing care and child care services.

Financial Highlights

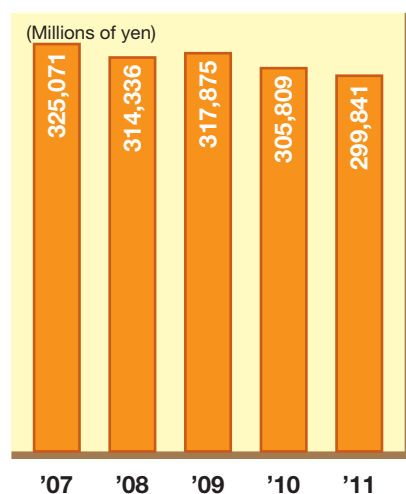
Keikyu Corporation and consolidated subsidiaries
Years ended March 31

	Millions of yen					Thousands of U.S. dollars (Note 1)	
	2007	2008	2009	2010	2011	2011	
Results for the year:							
Revenue from operations	¥325,071	¥314,336	¥317,875	¥305,809	¥299,841	\$3,606,027	
Operating income	36,019	32,152	29,378	20,487	19,519	234,749	
Income before income taxes and minority interests	22,198	23,810	16,591	15,094	9,330	112,210	
Net income	12,531	13,409	7,101	7,364	7,044	84,719	
Per share (yen and dollars):							
Net income, Basic (Note 2)	¥24.02	¥25.55	¥13.54	¥13.35	¥12.78	\$0.154	
Cash dividends	6.00	6.00	6.00	6.00	6.00	0.072	
Year-end financial position:							
Total assets	¥859,427	¥879,373	¥916,106	¥980,349	¥982,105	\$11,811,243	
Net assets	162,616	157,508	177,063	183,265	185,323	2,228,780	
Interest-bearing debt	479,305	491,832	498,885	526,469	531,951	6,397,489	
Other statistics:							
ROE	8.2%	8.4%	4.3%	4.1%	3.8%		
Number of railway passengers annually (million)	432	441	444	439	441		

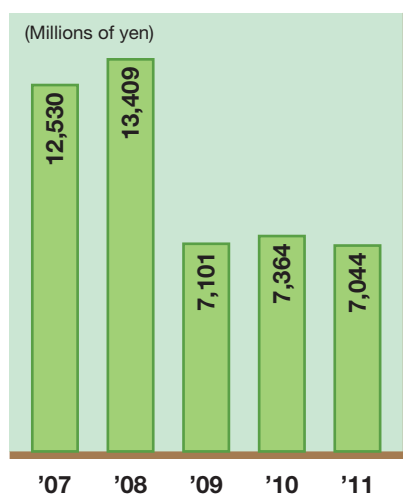
Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥83.15=U.S.\$1.00, the exchange rate prevailing as at March 31, 2011

2. Net income per share is computed based upon the weighted average number of common stock outstanding during each year.

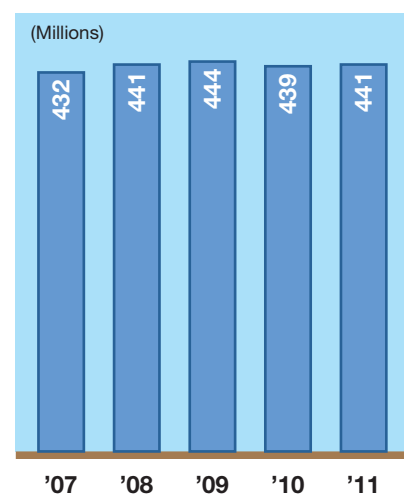
Revenue from operations



Net income



Number of railway passengers annually



Message from the President

Overview of Fiscal 2010

During the fiscal year from April 1, 2010, to March 31, 2011 (fiscal 2010), Japanese economy showed some signs of recovery, however unemployment levels remained high and commodities saw gradual but continuous deflation, resulting in conditions remaining in a feeble state.

In these challenging circumstances, the Keikyu Group has remained dedicated to offering safe, reliable, and high quality services, and improving operational efficiency. We have made concerted efforts in response to the full-fledged internationalization of Haneda Airport, and striven to strengthen our management base.

However, due to the negative effect on Japan's economic activities caused by the Great East Japan Earthquake, which occurred in March, operating revenues decreased 2.0% year on year to ¥299,841 million, operating income decreased 4.7% to ¥19,519 million, recurring income increased 0.1% to ¥13,407 million, and net income decreased 4.3% to ¥7,044 million.

Although direct damage to the Keikyu Group by the Great East Japan Earthquake was minimal, individual business operations were affected. Against this backdrop, all Group employees coordinated with each other, with the railway operations striving to reduce power consumption, given electricity capacity limitations, while continuing to offer stable transportation services. In the bus operations, express intercity bus services linking Tokyo with areas affected by the disaster rapidly resumed. Our retailing operations worked hard to continue providing a stable supply of products in department stores and other sales outlets. We will continue, in the future, to faithfully carry out our responsibilities as a corporate group responsible for lifelines such as public transportation.

The characterizing feature of the Keikyu Group is based on its railway line network in one of the most densely populated and industrialized areas in Japan that extends across a dynamic region between Shinagawa, Kawasaki, Yokohama and the Miura Peninsula and most notably Haneda Airport in which high-density business development is taking place and flourishing future growth is expected.

The Keikyu Group remains firm in its resolve to improve its enterprise value by making the most of business opportunities along Keikyu railway lines which notably include the full-fledged internationalization of Haneda Airport.



Tsuneo Ishiwata

June 29, 2011

Tsuneo Ishiwata

President and Representative Director

Management Policy

Key Management Policy

Inspired by the Keikyu Group philosophy—“To contribute to the development of society by creating new value through business that support urban lifestyles”—we are striving to provide safe and reliable services and products through the mainstay rail and bus transportation business as well as other businesses, including real estate, operation of hotels, leisure services and retailing. As a group closely linked to regional communities and lifestyles, we are strengthening Group management primarily along Keikyu railway lines with the goal of maximizing enterprise value.

Management Strategies

The Keikyu Group considers thorough safety and reliability in all its business activities to be of prime importance, and strives to supply safe and reliable services and products not only in the transportation business but in all Group business operations.

The Keikyu Group also considers a wide variety of areas, from Haneda Airport, which has become a gateway to the world, to business and commercial areas such as Shinagawa, Kawasaki, and Yokohama, and areas rich in nature such as Yokosuka, Miura, Zushi, and Hayama, to be business sites. The Group is constantly working to make maximal use of these geographical advantages, and to increase the value of the areas along Keikyu railway lines by improving customer convenience.

Moreover, we will emphasize compliance and strive to contribute to local communities, while we further reinforce our Corporate Governance System. We will vigorously address social issues, such as environmental protection.

Furthermore, we will step up our efforts to bolster the foundation of the business through a review of businesses and organizations as necessary, efficient use of resources, and maximization of asset efficiency in response to changes in the economic and social environment. Also, we will work to enhance efficiency of Group management capability while at the same time strengthen the financial position and competitiveness.

Basic Policy on the Distribution of Profits and Cash Dividends for Fiscal 2010 and Fiscal 2011

Keikyu regards the return of profits to shareholders as one of the most important management priorities. Keikyu's policy on the distribution of profits is to maintain stable dividend payments, taking financial performance and the financial position into consideration.

Adhering to this policy, Keikyu maintained payment of annual dividends of ¥5 per share, consisting of an interim dividend of ¥2.5 and a year-end dividend of ¥2.5, for 26 consecutive fiscal years since 1982. In order to promote return of profits to shareholders, Keikyu has paid cash dividends of ¥6 per share since fiscal 2008. Although the economic environment is harsh, Keikyu intends to maintain stable dividend payments for fiscal 2011.

Internal reserves are earmarked for capital investment in safety-related projects and for investment in strategic business locations, notably Shinagawa and Haneda Airport, as well as for repayment of interest-bearing debts in order to bolster the foundation of the business and strengthen the financial position. Also, in order to implement a flexible capital measure in response to changes in the operating environment, we will consider share buyback.

Outlook for Fiscal 2011

The business climate surrounding the Keikyu Group is expected to continue to remain harsh, due to the effects of the Great East Japan Earthquake and the ensuing electrical power shortages.

Given these circumstances, the outlook for the economy such as individual spending trends are unclear; however at present, management forecasts a business performance on a consolidated basis for the fiscal 2011 as follows.

The “Transportation” and “Leisure Services” businesses are expected to see a reduction in operating revenues due to a decrease in travelling. Furthermore, construction subcontracting related business included in “Other” business, is forecast to see a reduction in revenues as a result of the completion of the large scale projects from the previous period. As a result, operating revenues are expected to a 1.6% year on year decrease to ¥295,000 million.

With regard to income, in addition to reduced revenue, increases in depreciation for railway operation, etc., are expected to result in a 26.7% year on year decrease in operating income to ¥14,300 million, a 43.3% year on year decrease in recurring income to ¥7,600 million, and a 71.6% year on year decrease in net income to ¥2,000 million.

Review of Operations

Transportation

In the railway operations, in response to the Further Expansion of Haneda Airport and its full-fledged internationalization in October, we opened the Haneda Airport International Terminal Station, directly linked to the airport's new international flight passenger terminal building. In order to improve access to Haneda Airport, the train schedule was revised in May, and we began operating the "Airport Limited Express", a nonstop train between Shinagawa Station and Haneda Airport International Terminal Station, and the "Airport Express", a direct line from the Yokohama area. In addition, in conjunction with overseas airlines, etc., we have proactively promoted the use of these lines, both in Japan and abroad. It has also worked to attract customers to the line, through the sale of promotional products developed in conjunction with local municipal organizations, and promotional campaigns leveraging the allure of locations along the train lines.

We have continued to place safety measures as its highest priority, with top executives visiting sites and directly exchanging ideas with employees in order to cultivate heightened safety awareness among all employees. With regard to facilities, railroad crossing protection system has been introduced in order to prevent railroad crossing accidents and ensure safe train operation. Furthermore, we continued the practice of overpass earthquake strengthening work, slope protection work, and replacing and upgrading aging carriages. We also tried to make stations more barrier-free, providing elevators at seven stations including Keikyu Tomioka Station, and completed the legally required barrier-free measures. In addition, we promoted continuous grade separation projects, including overpass works in the vicinity of Keikyu Kamata Station and underpass works along the Keikyu Daishi Line. Railway crossing traffic interruption times were greatly decreased by the use, starting in May, of an overpass for the inbound main line and part of the airport line, as a result of progress in the continuous grade separation work being performed near Keikyu Kamata Station. The opening of an overpass in September for the outbound main line near the Loop Road No. 8 railroad crossing, together with the use of the inbound main line overpass in May, helped resolve railroad crossing issues, improving safety and relieving traffic congestion.

In the bus operations, the Keihin Kyuko Bus Group, in response to the full-fledged internationalization of Haneda Airport, expanded its late night and early morning routes to 16 routes, providing greater convenience during hours when trains are not in operation. In order to improve access to Haneda Airport, bus operation between Haneda Airport – Musashi-Kosugi Station route also started. Overall operation schedules were reexamined for scheduled bus services as well, with increases in some routes for greater convenience. In addition, all operations of Rinko Green Bus Co., Ltd. were transferred over to Kawasaki Tsurumi Rinko Bus Co., Ltd., in order to increase business efficiency.

In the taxi operations, Keikyu Koutu Co., Ltd., Rinko Koutu Co., Ltd., and Keikyu Yokohama Jidousha Co., Ltd. all started fixed rate taxi services between the Haneda Airport International Terminal and the Tokyo and Kanagawa areas in order to cultivate new customers.

As a result, while the opening of the Haneda Airport International Terminal Station did have some positive effects, the decrease in travelling due to the heat wave, the impact of the Great East Japan Earthquake, and the decrease in railway passengers without regular passes resulted in an operating revenues from Transportation Business of ¥114,556 million, a decrease of 0.3% from the previous year, and operating income of ¥12,980 million, 3.9% lower.



The Haneda Airport International Terminal Station thronged with many passengers



The Airport Limousine Bus operates during late night and early morning hours to match Haneda Airport departures and arrivals

Real Estate



"Yokosuka Research Park"



"Riverie" condominium

In the real estate sales operations, the Keikyu Group sold research laboratory site in the Yokosuka Research Park and housing lots in "Palm Hills Keikyu Tomioka". Also, in conjunction with other companies, we began construction work on the "Riverie" condominium located in front of the Minatocho Station on the Keikyu Daishi Line. We, together with Keikyu Real Estate Co., Ltd., continued to market and sell housing lots and detached houses in the "Keikyu New Town Kanazawa Nokendai Hikiranomachi" subdivision, capitalizing on the characteristics of the location. Furthermore, Keikyu Real Estate Co., Ltd., in addition to selling units in the "Prime F Mukogaoka Yuen" condominium, sold out all the units in the "Clear Vista Otaka no

Mori" condominium, developed in conjunction with business partners.

In the real estate leasing operations, the Keikyu Group embarked on the renovation of facilities in an attempt to maintain high operation rates and increase asset value, against the harsh business backdrop of increasing office building vacancy rates and falling rent prices.

As a result, operating revenues from the Real Estate Business increased by 0.2% year on year to ¥29,886 million, and operating income was ¥3,651 million, an increase of 4.6%.

Leisure Services

In the Keikyu Group's hotel operations, amid challenging business conditions created by the drop in prices attributable to increased competition between hotels and decrease in number of large-scale banquets by companies, the "Hotel Grand Pacific Le Daiba" worked to improve hotel occupancy rates by responding to the full-fledged internationalization of Haneda Airport with guest room renovations and efforts to acquire guests traveling from abroad. Further, in response to the needs of customers utilizing Haneda Airport, three new "Keikyu EX Inn" business hotels were opened in front of Asakusabashi Station and at Kamata Station and the East entrance of Yokohama Station.

The "Hotel Pacific Tokyo", which has been popular over a long period of time, was closed at the end of September. After partial renovation work, it was opened in April of this year as the "SHINAGAWA GOOS", complex facility including the "Keikyu EX Inn Shinagawa-Ekimae", restaurants, conference rooms, and banquet halls.

In leisure facility operations, Keikyu Kaihatsu Co., Ltd. responded to the full-fledged internationalization of Haneda Airport by carrying out the renewal of the "Natural Hot Spring Heiwajima" and beginning 24-hour operation. The "Heiwajima kyoteli Gekijyo" at the "Boat Race Heiwajima" also performed well.

However, due to the closure of the "Hotel Pacific Tokyo" and the suspension of operations at some facilities caused by the Great East Japan Earthquake, operating revenues from the Tourism and Leisure Business amounted to ¥40,514 million, a decrease of 8.3% from the previous year, and operating loss of ¥1,651 million compared to an operating loss of ¥847 million for the previous year was recorded.

Retailing

In the department store operations, Keikyu Department Store Co., Ltd. renovated sales areas and launched new brands, amidst a harsh business climate characterized by falling sales revenues nationwide. In addition, it also worked to promote sales through efforts such as a promotional campaign with the Keikyu Group, in cooperation with the local governments.

In its store operations, Unionex Co., Ltd. and Keikyu Store Co., Ltd. jointly reexamined their suppliers and engaged in promotional activities, working to increase operational efficiency. They also pressed forward with store renewals and new store openings, such as the opening of the Keikyu Store Shin-Kawasaki, to strengthen their management base.

Keikyu Shopping Center Co., Ltd. carried out tenant replacement, and, in response to the full-fledged internationalization of Haneda Airport, improved service through measures such as the deployment of the China UnionPay card at branches such as Wing Takanawa.

In its merchandise sales operations, with improved station convenience and profitability in mind, Keikyu Station Commerce Co., Ltd. converted its kiosks at station in 12 stations, including Kamiooka Station, to Seven-Eleven convenience stores.

However, with the store operations strongly impacted by the rebuilding and closure of flagship stores, operating revenues from the Retailing Business amounted to ¥109,161 million, a decrease of 3.2% from the previous year, and operating income was ¥442 million, an increase of 1.5%.

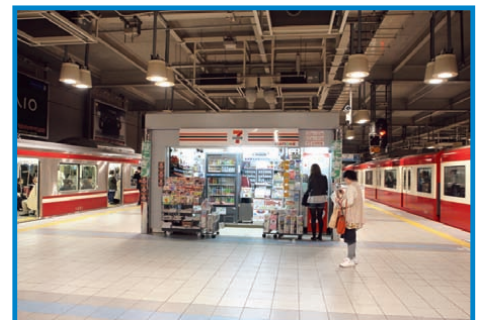
Other Businesses

Keikyu Construction Co., Ltd. and Keikyu Electric Engineering Co., Ltd. continued with ongoing railway safety-related projects. Keikyu Electric Engineering Co., Ltd. also performed renewal work on station operation equipment. Keikyu Fine-Tec Co., Ltd. carried out railway carriage replacement and upgrading work.

As a result, operating revenues from Other Businesses increased 2.0% year on year to ¥61,153 million and operating income was ¥3,791 million, an increase of 2.5%.



Hotel Grand Pacific Le Daiba, with newly renovated guest rooms



Conversion of station kiosks to Seven-Eleven convenience stores in 12 stations, including Kamiooka Station

CONSOLIDATED BALANCE SHEETS

Keikyu Corporation and subsidiaries

As of March 31, 2010 and 2011

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
	2010	2011	2011
ASSETS			
Current assets:			
Cash on hand and at banks (Notes 4 and 5)	¥69,609	¥57,031	\$685,881
Accounts receivable (Note 5)	14,245	10,758	129,382
Inventories (Note 8)	96,953	91,242	1,097,316
Deferred tax assets (Note 15)	2,714	2,180	26,222
Prepaid expenses and other current assets (Notes 5 and 6)	6,869	6,367	76,567
Total current assets	190,390	167,578	2,015,368
Investments and long-term loans:			
Investments in (Notes 5 and 6):			
Affiliates	6,231	6,651	79,987
Other	31,313	27,099	325,901
Long-term loans	1,973	2,284	27,473
Other investments	25,282	25,455	306,130
	64,799	61,489	739,491
Property and equipment (Notes 9, 10 and 11):			
Land	143,317	148,297	1,783,492
Buildings and structures	610,376	640,236	7,699,771
Machinery, equipment and rolling stock	236,967	239,872	2,884,812
Construction in progress	235,082	236,906	2,849,140
	1,225,742	1,265,311	15,217,215
Less accumulated depreciation	520,157	535,328	6,438,109
Property and equipment, at net book value	705,585	729,983	8,779,106
Intangible assets	11,014	10,866	130,685
Deferred tax assets (Note 15)	8,561	12,189	146,593
Total assets	¥980,349	¥982,105	\$11,811,243

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
	2010	2011	2011
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Notes 5 and 11)	¥108,369	¥126,789	\$1,524,821
Current portion of long-term debt (Notes 5 and 11)	67,416	37,552	451,622
Accounts payable (Note 5)	52,039	32,250	387,858
Accrued expenses	9,860	9,244	111,174
Accrued income taxes (Note 15)	4,407	3,708	44,588
Other reserves	416	-	-
Advances received	5,211	4,838	58,179
Deferred tax liabilities (Note 15)	7	-	-
Other current liabilities (Note 11)	18,464	17,605	211,730
Total current liabilities	266,189	231,986	2,789,972
Long-term debt (Notes 5 and 11)	350,683	367,610	4,421,045
Liability for employees' retirement benefits (Note 12)	6,750	5,719	68,783
Liability for directors' and corporate auditors' retirement benefits	772	694	8,344
Long-term advances received	143,474	161,162	1,938,214
Other long-term liabilities (Note 11)	28,159	28,991	348,656
Deferred tax liabilities (Note 15)	1,057	620	7,449
Total liabilities	797,084	796,782	9,582,463
Contingent liabilities (Note 16)			
Net Assets (Notes 13 and 18):			
Common stock,			
Authorized -1,800,000 thousand shares			
Issued -551,521,094 shares	43,739	43,739	526,022
Capital surplus	44,158	44,158	531,064
Retained earnings	94,097	97,833	1,176,583
Treasury stock, at cost	(79)	(123)	(1,472)
Total shareholders' equity	181,915	185,607	2,232,197
Accumulated other comprehensive income			
Unrealized gain (loss) on available-for-sale securities	935	(713)	(8,577)
Total accumulated other comprehensive income	935	(713)	(8,577)
Minority interests	415	429	5,160
Total net assets	183,265	185,323	2,228,780
Total liabilities and net assets	¥980,349	¥982,105	\$11,811,243

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME

Keikyu Corporation and subsidiaries

Years ended March 31, 2010 and 2011

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
	2010	2011	2011
Revenue from operations	¥305,809	¥299,841	\$3,606,027
Cost and expenses of revenue from operations (Notes 12 and 14)	285,322	280,322	3,371,278
Operating income	20,487	19,519	234,749
Other income (expenses):			
Interest and dividend income	449	421	5,066
Interest expense	(8,220)	(7,863)	(94,564)
Loss on disposal of property and equipment	(2,772)	(1,420)	(17,083)
Gain on sales of property and equipment	4,764	-	-
Compensation received	3,060	-	-
Valuation loss on investment securities	(2,744)	(1,561)	(18,773)
Impact of application of accounting standard for asset retirement obligations ..	-	(691)	(8,316)
Other, net	70	925	11,131
	(5,393)	(10,189)	(122,539)
Income before income taxes and minority interests	15,094	9,330	112,210
Income taxes (Note 15):			
Current	5,848	4,633	55,718
Deferred	1,844	(2,383)	(28,658)
	7,692	2,250	27,060
Net income before minority interests	-	7,080	85,150
Minority interests	38	36	431
Net income	¥7,364	¥7,044	\$84,719

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Keikyu Corporation and subsidiaries

Year ended March 31, 2011

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
	2011	2011	2011
Net income before minority interests (Note 20)	¥7,080	\$85,150	
Other comprehensive income:			
Unrealized loss on available-for-sale securities	(1,648)	(19,827)	
Total other comprehensive income	(1,648)	(19,827)	
Comprehensive income	5,432	65,323	
Total comprehensive income attributable to (Note 20) :			
Shareholders of Keikyu Corporation	¥5,396	\$64,892	
Minority interests	¥36	\$431	

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Keikyu Corporation and subsidiaries

Years ended March 31, 2010 and 2011

	(Millions of yen)								
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total share- holders' equity	Unrealized gain (loss) on available- for-sale securities	Minority interests	Total net assets
Balance as of March 31, 2009	551,521,094	¥43,739	¥44,158	¥88,862	¥(3)	¥176,756	¥(160)	¥467	¥177,063
Net income for the year				7,364		7,364			7,364
Cash dividends				(3,309)		(3,309)			(3,309)
Purchase of treasury stock					(70)	(70)			(70)
Disposal of treasury stock			(0)		6	6			6
Change in scope of consolidation				(9)		(9)			(9)
Change in scope of application of equity method				1,189	(12)	1,177			1,177
Net change of items other than shareholders' equity during the year							1,095	(52)	1,043
Balance as of March 31, 2010	551,521,094	43,739	44,158	94,097	(79)	181,915	935	415	183,265
Net income for the year				7,044		7,044			7,044
Cash dividends				(3,308)		(3,308)			(3,308)
Purchase of treasury stock					(54)	(54)			(54)
Disposal of treasury stock			(0)		10	10			10
Net change of items other than shareholders' equity during the year							(1,648)	14	(1,634)
Balance as of March 31, 2011	551,521,094	¥43,739	¥44,158	¥97,833	¥(123)	¥185,607	¥(713)	¥429	¥185,323

(Thousands of U.S. dollars) (Note 1)

	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total share- holders' equity	Unrealized gain (loss) on available- for-sale securities	Minority interests	Total net assets
Balance as of March 31, 2010	551,521,094	\$526,022	\$531,064	\$1,131,653	\$(950)	\$2,187,789	\$11,250	\$4,987	\$2,204,026
Net income for the year				84,719		84,719			84,719
Cash dividends				(39,789)		(39,789)			(39,789)
Purchase of treasury stock					(650)	(650)			(650)
Disposal of treasury stock			(0)		128	128			128
Net change of items other than shareholders' equity during the year							(19,827)	173	(19,654)
Balance as of March 31, 2011	551,521,094	\$526,022	\$531,064	\$1,176,583	\$(1,472)	\$2,232,197	\$(8,577)	\$5,160	\$2,228,780

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Keikyu Corporation and subsidiaries

Years ended March 31, 2010 and 2011

(Thousands of
U.S. dollars)
(Note 1)

	(Millions of yen)		
	2010	2011	2011
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥15,094	¥9,330	\$112,210
Depreciation and amortization	31,903	32,400	389,653
Loss on disposal of property and equipment	1,519	1,037	12,468
Provision for (reversal of) allowance for doubtful accounts	16	(298)	(3,585)
(Decrease) increase in accrued employees' and directors' bonuses	(174)	10	115
Provision for (reversal of) employees' retirement benefits, less payments	968	(1,031)	(12,397)
Provision for (reversal of) directors' retirement benefits, less payments	59	(78)	(941)
Reversal of other reserves	(152)	(416)	(5,008)
Interest and dividend income	(445)	(421)	(5,066)
Gain on sales of marketable and investment securities	-	(66)	(799)
Valuation loss on investment securities	2,744	1,561	18,773
Gain on sales of property and equipment	(4,764)	(70)	(839)
Interest expense	8,220	7,863	94,564
Equity in earnings of affiliates	(88)	(391)	(4,700)
Impact of application of accounting standard for asset retirement obligations	-	691	8,316
Gain on contributions for construction	(1,922)	(891)	(10,717)
Deferred gain on contribution for construction	1,922	891	10,717
(Increase) decrease in accounts receivable	(2,149)	3,485	41,918
Decrease in inventories	2,784	5,711	68,687
Decrease in accounts payable	(1,051)	(3,161)	(38,017)
(Increase) decrease in consumption taxes receivable	(1,123)	1,123	13,509
(Decrease) increase in consumption taxes payable	(536)	358	4,304
Increase in advanced receipt	543	369	4,432
Other	(1,151)	(316)	(3,788)
	52,217	57,690	693,809
Interest and dividend received	435	476	5,726
Interest paid	(8,113)	(7,925)	(95,306)
Income taxes paid	(4,364)	(6,461)	(77,708)
Net cash provided by operating activities	40,175	43,780	526,521
Cash Flows from Investing Activities:			
Decrease in time deposits	63	25	301
Purchases of investment securities	(2,637)	(262)	(3,154)
Proceeds from sales and redemption of marketable securities	11	11	131
Proceeds from sales of investment securities	3	138	1,665
Acquisition of property and equipment	(79,298)	(74,987)	(901,822)
Proceeds from sales of property and equipment	5,793	244	2,933
Increase in intangible assets	(875)	(2,110)	(25,379)
Increase in long-term loans	(213)	(315)	(3,791)
Decrease in long-term loans	399	333	4,003
Proceeds from contributions for construction	33,910	18,796	226,053
Increase in other investments	(537)	(197)	(2,375)
Net cash used in investing activities	(43,381)	(58,324)	(701,435)
Cash Flows from Financing Activities:			
(Decrease) increase in short-term debt	(11,525)	18,420	221,527
Proceeds from long-term debt	54,145	34,980	420,686
Repayment or redemption of long-term debt	(34,285)	(37,715)	(453,580)
Cash dividends	(3,309)	(3,308)	(39,789)
Proceeds from issuance of bonds	19,878	19,881	239,099
Repurchases of bonds	(202)	(30,202)	(363,226)
Payment fund resulting from redemption of convertible bonds	5,630	-	-
Other	(85)	(64)	(768)
Net cash provided by financing activities	30,247	1,992	23,949
Net increase (decrease) in cash and cash equivalents	27,041	(12,552)	(150,965)
Cash and cash equivalents at beginning of the year	42,470	69,511	835,975
Cash and cash equivalents at end of the year (Note 4)	¥69,511	¥56,959	\$685,010

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1. Basis of Presentation

The accompanying consolidated financial statements of Keikyu Corporation (the “Company”) and consolidated subsidiaries (collectively the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. In preparing these consolidated financial

statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. For the convenience of readers outside Japan, the accompanying consolidated financial statements as of and for the year ended March 31, 2011 have been presented in U.S. dollars by translating Japanese yen amounts at ¥83.15 = US\$1.00, the exchange rate prevailing as of March 31, 2011.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and all its subsidiaries (68 in 2011 and 73 in 2010) controlled directly or indirectly by the Group, and, in principle, all significant associated companies (4 in 2011 and 2010) over which the Group exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements by the equity method. Oppama Ekimae Building Co., Ltd., which became an associated company in the year ended March, 31 2009, but the equity method was not applied to this company, since the effect on the accompanying consolidated financial statements in terms of net income and retained earnings attributable to the Group would not be material, if the equity method had been applied.

Certain consolidated subsidiaries have different fiscal closing dates (December 31, January 31 or end of February), but those financial statements at respective closing dates are used in consolidation as they are, while significant transactions during the period between March 31 and each closing dates are adjusted as necessary. All significant intercompany balances and transactions have been eliminated in consolidation. Significant differences (goodwill) arising from the cost of the companies’ investments in subsidiaries and affiliates over the equity in their net assets at the dates of acquisition are amortized by the straight-line method over estimated periods (5 to 20 years) that the related investment effect will appear.

(b) Cash equivalents

For the purposes of the consolidated statements of cash flows, the Company and subsidiaries consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(c) Securities

In general, securities are classified into three categories: trading, held-to-maturity or available-for-sale securities.

Held-to-maturity securities are carried at amortized cost. Marketable securities classified as available-for-sale securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as available-for-sale securities are carried at cost.

Cost of securities sold is determined by the moving average method.

(d) Allowance for doubtful accounts (directly deducted from accounts receivables and long-term loans)

The allowance for bad debts on receivables is provided at estimated unrecoverable amounts. The allowance for other receivables is provided based on the historical rate of losses on receivables.

(e) Inventories

Inventories are stated at the lower of cost determined by the following methods or net selling value:

- Real estate for sale - the identified cost method
- Merchandise - principally the retail method
- Other - principally the moving average cost method

(f) Property and equipment

Property and equipment is carried at cost. Depreciation of certain railway structures is determined by the replacement cost method and depreciation of other property and equipment is determined mainly by the declining-balance method, except for the Kamioooka Keikyu building and other buildings acquired subsequent to March 31, 1998 on which depreciation is computed by the straight-line method, at rates based on the estimated useful lives of the respective assets, ranging from 3 to 65 years for buildings and

structures and from 3 to 20 years for machinery, equipment and rolling stock.

Pursuant to the income tax reform in 2008, useful lives of machinery and equipment held by the Company and its consolidated subsidiaries were reviewed and consequently some of them were changed. The effect of this change on the income was immaterial.

Leased assets under finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the respective lease periods without residual value.

Where property and equipment have been retired or otherwise disposed of, the cost and related depreciation are reversed from the respective accounts and the net difference, less any amounts realized on disposal, is reflected in income.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

(g) Intangible assets

Intangible assets having a limited useful life are amortized by the straight-line method over their estimated useful lives (5 years).

(h) Accrued bonuses for employees and directors and corporate auditors

Accrued bonuses for employees and directors and corporate auditors are provided on an accrual basis based on the estimated amounts to be paid subsequent to the balance sheet date. These accounts are included in accrued expenses in the accompanying consolidated balance sheets.

(i) Liability for employees' retirement benefits

The liabilities for employees' retirement benefits are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the balance sheet dates, as adjusted for unrecognized net retirement obligation at transition, unrecognized actuarial gain or loss and unrecognized past service cost. The net retirement benefit obligation at transition with respect to the subsidiaries is being amortized over a period of 15 years by the straight-line method. Actuarial gain and loss are amortized by the straight-line method over a period of average remaining service years (mainly 15 years) of employees at the time of occurrence from the following year of occurrence. Past service cost is amortized as incurred by the straight-line method over a period of average remaining service years (mainly 15 years) of employees at the time of occurrence.

(j) Liability for directors' and corporate auditors' retirement benefits

The Company and certain consolidated subsidiaries provide an accrual for retirement benefits to directors and corporate auditors based on the internal rule at an estimate of the amount which would be required to be paid if all directors and corporate auditors retired at the balance sheet date.

(k) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(l) Leases

As a lessee: Finance leases which commenced prior to April 1, 2008 and do not transfer ownership of the leased assets to the lessee are accounted for as operating lease transactions as permitted by the revised accounting standard for lease transactions. Other finance leases are capitalized to recognize leased assets and lease obligations in the balance sheet. The leased assets which do not transfer ownership of the leased asset to the lessee are depreciated over the lease period using the straight-line method without salvage value.

As a lessor: All finance leases which transfer ownership of the lease assets to the lessee should be recognized as lease receivables and all finance leases which do not transfer ownership of the lease assets to the lessee should be recognized as investments in lease assets. Revenue from finance lease transactions and the related cost are recognized when the lease payment is received.

(m) Appropriation of retained earnings

Under the Corporation Law of Japan (the "Law"), dividends and other appropriations of retained earnings with respect to a given fiscal year are made by resolution of the shareholders at a general meeting held subsequent to the end of such fiscal year. The accompanying consolidated financial statements do not, therefore, reflect such appropriations.

(n) Treatment of railway business contributions for the construction

The Company 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 contributions for the construction provided by national and municipal governments. An amount equivalent to the contributions for the construction is recorded as a

deduction from the acquisition costs of property and equipment purchased on completion of construction. In addition, the contributions for the construction amount received are recorded as an extraordinary gain in the

consolidated statement of income. At the same time, the amount recorded as a deduction from the acquisition costs of property and equipment purchased is posted as an extraordinary loss on deduction of property and equipment.

3. Accounting Changes

Asset retirement obligations

The Company and its consolidated subsidiaries adopted the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) from the fiscal year ended March 31, 2011. Thus, operating income and income before income taxes and minority interests decreased by ¥14 million (\$167 thousand) and ¥705 million (\$8,483 thousand), respectively.

Presentation of net income before minority interests

Effective the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted the “Cabinet Office Ordinance for partial amendments of regulations on financial

statements” (Cabinet Office Ordinance No. 5, March 24, 2009), corresponding to “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), and presented using an account of net income before minority interests.

Presentation of comprehensive income

The Company and its consolidated subsidiaries adopted the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, June 30, 2010) from this fiscal year. “Accumulated other comprehensive income” and “total accumulated other comprehensive income” in the previous fiscal year are reported in place of “valuation and translation adjustments”.

4. Cash and Cash Equivalents

Cash on hand and at banks of consolidated balance sheets are reconciled to cash and cash equivalents of consolidated statements of cash flows as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Cash on hand and at banks	¥69,609	¥57,031	\$685,881
Time deposits maturing over 3 months	(98)	(72)	(871)
Cash and cash equivalents	¥69,511	¥56,959	\$685,010

Noncash transactions:

There were no significant noncash transactions during the years ended March 31, 2010 and March 31, 2011.

5. Financial Instruments

1. Disclosure about financial instruments

(1) Policy for financial instruments

The Group limits its fund investments to short-term deposits and raises the fund by borrowings from financial institutions and issuance of bonds or commercial paper.

(2) Nature and risk of financial instruments and risk management system

Accounts receivables are exposed to customer credit risk. The Group manages its credit risk from accounts receivable on the basis of internal guidelines, which include monitoring of payment term and balances of customers and identifying major customers' credit situations on a regular basis.

Marketable and investment securities, mainly equity securities, are exposed to the risk of market price fluctuations. The major equity securities are those which were issued by the companies with which the Group has business relationship and listed equity securities are monitored for the market value every quarter.

Payment terms of accounts payable are mostly less than one year.

Bank loans and bonds are for fund raising purpose to finance mainly capital investments. The floating interest rate

loans are exposed to the risk of interest rate fluctuations.

Although trade payables and bank loans are exposed to liquidity risk, such risk is managed by preparing cash management plan appropriately.

(3) Supplementary explanation about fair values of financial instruments

Fair values of financial instruments are based on the quoted market price in active markets. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

2. Fair values of financial instruments

The carrying amount, the fair value and related unrealized gain (loss) of financial instruments as of March 31, 2010 and 2011 are as follows: Note that financial instruments for which the fair value is extremely difficult to identify are not included in the following table (See Note 2):

(Millions of yen)			
As of March 31, 2010			
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	¥ 69,609	¥ 69,609	¥ -
(2) Notes and accounts receivable	14,337	14,337	-
(3) Marketable and investment securities:			
Held-to-maturity debt securities	1	1	-
Available-for-sale securities	15,165	15,165	-
Total assets	¥ 99,112	¥ 99,112	¥ -
(4) Notes and accounts payable	¥ 52,039	¥ 52,039	¥ -
(5) Short-term debt	98,369	98,369	-
(6) Commercial paper	10,000	10,000	-
(7) Bonds payable	100,971	103,777	(2,806)
(8) Long-term debt	317,128	321,261	(4,133)
Total liabilities	¥578,507	¥585,446	¥(6,939)
(Millions of yen)			
As of March 31, 2011			
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	¥ 57,031	¥ 57,031	¥ -
(2) Notes and accounts receivable	10,881	10,881	-
(3) Marketable and investment securities:			
Available-for-sale securities	13,903	13,903	-
Total assets	¥ 81,815	¥ 81,815	¥ -
(4) Notes and accounts payable	¥ 32,250	¥ 32,250	¥ -
(5) Short-term debt	108,789	108,789	-
(6) Commercial paper	18,000	18,000	-
(7) Bonds payable	90,768	94,561	(3,793)
(8) Long-term debt	314,395	320,303	(5,908)
Total liabilities	¥564,202	¥573,903	¥(9,701)

(Thousands of U.S. dollars)

As of March 31, 2011			
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	\$ 685,881	\$ 685,881	\$ -
(2) Notes and accounts receivable	130,861	130,861	-
(3) Marketable and investment securities:			
Available-for-sale securities	167,203	167,203	-
Total assets	\$ 983,945	\$ 983,945	\$ -
(4) Notes and accounts payable	\$ 387,858	\$ 387,858	\$ -
(5) Short-term debt	1,308,345	1,308,345	-
(6) Commercial paper	216,476	216,476	-
(7) Bonds payable	1,091,623	1,137,231	(45,608)
(8) Long-term debt	3,781,044	3,852,112	(71,068)
Total liabilities	\$6,785,346	\$6,902,022	\$(116,676)

Notes:

1. Calculation method of fair values

Assets:

(1) Cash on hand and at banks, (2) Notes and accounts receivable

The fair values of these items are determined using the carrying amount, since their carrying amount approximates fair value because these items are settled in a short period of time.

(3) Marketable and investment securities

The fair values of securities are determined mainly using the quoted market price. Notes on securities by holding purpose are described in Note 6 "Securities".

Liabilities:

(4) Notes accounts payable, (5) Short-term debt, (6) Commercial paper

The fair values of these items are determined using the carrying amount, since their carrying amount approximates fair value because these items are settled in a short period of time.

(7) Bonds payable

The fair values of bonds payable are determined mainly using the quoted market price.

(8) Long-term debt

The fair value of long-term debt is determined using the aggregated value of principal and interest discounted at an interest rate assumed when the same loans were newly entered into.

2. Unlisted equity securities amounting to ¥19,847 million (\$238,685 thousand) are not included in the above, since it is extremely difficult to identify the fair value because there is no quoted market price and future cash flows cannot be estimated.

3. The carrying amounts and fair values of bonds payable and long-term debt include those of current portion of bonds payable and long-term debt.

4. Maturity of monetary receivables and securities with contractual maturity subsequent to the balance sheet date.

(Millions of yen)

As of March 31, 2011				
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash at banks	¥54,241	¥ -	¥ -	¥ -
Notes and accounts payable	10,881	-	-	-
Marketable and investment securities:				
Available-for-sale securities with contractual maturity (Japanese government bonds)	-	95	-	165
Total	¥65,122	¥95	¥ -	¥165

(Thousands of U.S. dollars)

As of March 31, 2011				
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash at banks	\$652,329	\$ -	\$ -	\$ -
Notes and accounts payable	130,861	-	-	-
Marketable and investment securities:				
Available-for-sale securities with contractual maturity (Japanese government bonds)	-	1,143	-	1,984
Total	\$783,190	\$1,143	\$ -	\$1,984

5. Repayment schedule of bonds payable and long-term debt subsequent to the balance sheet date

(Millions of yen)						
As of March 31, 2011						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due over five years
Bonds payable	¥ 202	¥ 172	¥ 309	¥20,073	¥30,012	¥ 40,000
Long-term debt	37,350	33,894	40,584	32,756	22,109	147,701
Total	¥37,552	¥34,066	¥40,893	¥52,829	¥52,121	¥187,701

(Thousands of U.S. dollars)						
As of March 31, 2011						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due over five years
Bonds payable	\$ 2,432	\$ 2,065	\$ 3,722	\$241,402	\$360,943	\$ 481,058
Long-term debt	449,190	407,629	488,073	393,945	265,888	1,776,320
Total	\$451,622	\$409,694	\$491,795	\$635,347	\$626,831	\$2,257,378

6. Securities

Information regarding marketable securities classified as held-to-maturity debt securities and available-for-sale securities as of March 31, 2010 is as follows:

Marketable held-to-maturity debt securities

(Millions of yen)			
As of March 31, 2010			
	Carrying amount	Fair value	Unrealized loss
Securities whose carrying amount exceeds their fair value:			
Corporate bonds	¥1	¥1	¥ -
Total	¥1	¥1	¥ -

Marketable available-for-sale securities

(Millions of yen)			
As of March 31, 2010			
	Carrying amount	Acquisition cost	Unrealized gain (loss)
Securities whose fair value (carrying amount) exceeds their acquisition cost:			
Stock	¥ 9,204	¥ 6,359	¥2,845
Government bonds	95	93	2
Subtotal	9,299	6,452	2,847
Securities whose acquisition cost exceeds their fair value (carrying amount):			
Stock	5,839	6,975	(1,136)
Government bonds	27	28	(1)
Subtotal	5,866	7,003	(1,137)
Total	¥15,165	¥13,455	¥1,710

Information regarding marketable securities classified as available-for-sale securities as of March 31, 2011 is as follows:

Marketable available-for-sale securities

	(Millions of yen)			(Thousands of U.S. dollars)		
	As of March 31, 2011					
	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)
Securities whose fair value (carrying amount) exceeds their acquisition cost:						
Stock	¥ 4,171	¥ 3,027	¥ 1,144	\$ 50,158	\$ 36,408	\$ 13,750
Government bonds	242	240	2	2,913	2,882	31
Subtotal	4,413	3,267	1,146	53,071	39,290	13,781
Securities whose acquisition cost exceeds their fair value (carrying amount)						
Stock	9,480	11,737	(2,257)	114,012	141,158	(27,146)
Government bonds	10	10	(0)	120	121	(1)
Subtotal	9,490	11,747	(2,257)	114,132	141,279	(27,147)
Total	¥13,903	¥15,014	¥(1,111)	\$167,203	\$180,569	\$(13,366)

Sales of securities classified as available-for-sale securities with aggregate gain and loss are summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31,		
	2010	2011	2011
Sales proceeds	¥ –	¥138	\$1,664
Aggregate gain	–	66	800
Aggregate loss	–	0	0

7. Derivative Transactions

The Company and one consolidated subsidiary had entered into derivative financial instruments in order to manage certain risks arising from adverse fluctuations in interest rates.

As of March 31, 2010 and 2011, no derivative financial instruments are ended.

8. Inventories

Inventories are summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Merchandise and finished products	¥ 2,643	¥ 2,548	\$ 30,646
Real estate for sale	89,811	85,273	1,025,527
Work in process	3,903	2,846	34,224
Raw materials and stores	596	575	6,919
Total	¥96,953	¥91,242	\$1,097,316

9. Property and Equipment

Contributions for the construction of certain facilities including railway structures granted by national and municipal governments are permitted to be deducted directly from the acquisition costs of the related property and equipment in accordance with the Corporation Tax Law. For the years ended March 31, 2010 and 2011, the Company and certain consolidated subsidiaries deducted contributions

for the construction of such facilities of ¥1,823 million and ¥648 million (\$7,793 thousand), respectively, from the acquisition costs of the related property and equipment. The accumulated deductions from the costs of existing property and equipment amounted to ¥127,059 million and ¥127,707 million (\$1,535,857 thousand) as of March 31, 2010 and 2011, respectively.

10. Investment Property

The Company and certain consolidated subsidiaries hold some rental properties such as office buildings (including land) in Tokyo metropolis and other area. Net of rental

income and operating expenses for those rental properties was ¥4,876 million and ¥5,292 million (\$63,640 thousand) for the years ended March 31, 2010 and 2011, respectively.

In addition, carrying amounts, changes in such balances and fair values of such properties are as follows:

(Millions of yen)			
Carrying amount		Fair value	
March 31, 2010	Increase	March 31, 2011	March 31, 2011
¥62,167	¥735	¥62,902	¥137,189
(Thousands of U.S. dollars)			
Carrying amount		Fair value	
March 31, 2010	Increase	March 31, 2011	March 31, 2011
\$747,643	\$8,843	\$756,486	\$1,649,901

Notes:

1. Carrying amount recognized in balance sheet is net of accumulated depreciation.
2. Increase during the fiscal year primarily represents the new construction of Hiyoishi Yamaha Building in an amount of ¥449 million (\$5,400 thousand) and decrease primarily represents depreciation in an amount of ¥1,862 million (\$22,393 thousand).
3. Fair value of properties as of March 31, 2011 is measured by the appraisal reports by the independent real estate appraisers for major properties and determined using certain appraisal value or indices considered to reflect appropriate quoted market price for other properties.

11. Short-Term Debt, Long-Term Debt and Lease Obligations

As of March 31, 2010 and 2011, short-term debt consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Bank loans	¥ 98,369	¥108,789	\$1,308,345
Commercial paper	10,000	18,000	216,476
	¥108,369	¥126,789	\$1,524,821

Short-term bank loans represent notes or overdrafts. The annual interest rates applicable to the short-term bank loans outstanding as of March 31, 2010 and 2011 ranged from 0.69455% to 0.84500% and from 0.34000% to 0.74000%, respectively.

Commercial paper is unsecured and matures generally within three months. The interest rates applicable as of March 31, 2010 and 2011 ranged principally from 0.11597% to 0.11796% and from 0.15000% to 0.20210%, respectively.

Long-term debt as of March 31, 2010 and 2011 is summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
0.73% bonds due 2010	¥ 30,000	¥ -	\$ -
1.98% bonds due 2016	20,000	20,000	240,529
1.77% bonds due 2014	10,000	10,000	120,265
2.05% bonds due 2017	20,000	20,000	240,529
1.37% bonds due 2014	10,000	10,000	120,265
1.96% bonds due 2019	10,000	10,000	120,265
0.577% bonds due 2015	-	10,000	120,265
1.471% bonds due 2020	-	10,000	120,265
Other bonds issued by Unionex Co., Ltd.	971	768	9,239
Loans from banks and insurance companies at interest rates ranging from:			
2010 – 0.52% to 6.7%			
2011 – 0.41% to 6.1%			
Secured	137,270	138,548	1,666,242
Unsecured	179,858	175,846	2,114,803
	418,099	405,162	4,872,664
Less current portion	67,416	37,552	451,622
	¥350,683	¥367,610	\$4,421,045

The aggregate annual maturities of long-term debt outstanding subsequent to March 31, 2011 are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2012	¥ 37,552	\$ 451,622
2013	34,066	409,694
2014	40,893	491,795
2015	52,829	635,347
2016	52,121	626,831
2017 and thereafter	187,701	2,257,378
	¥405,162	\$4,872,667

The aggregate annual maturities of lease obligations subsequent to March 31, 2011, which are recorded under “Other current liabilities” for current portion and “Other long-term liabilities” for non-current portion, are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2012	¥39	\$ 467
2013	38	456
2014	18	212
2015	0	8
2016	0	5
	¥95	\$1,148

The assets pledged as collateral for long-term debt amounting to ¥137,270 million and ¥138,548 million (\$1,666,242 thousand) as of March 31, 2010 and 2011, respectively, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Property and equipment, at net book value			
Railway property	¥241,170	¥261,282	\$3,142,299
Other property	11,151	10,267	123,469
	¥252,321	¥271,549	\$3,265,768

12. Employees' Retirement Benefits

The Company and subsidiaries have defined benefit plans, i.e., defined contribution corporate pension plans, lump-sum payment plans and tax-qualified pension plans. In addition, additional severance benefits may be paid upon employees' retirement in some cases. The Company and Keikyu Store Co., Ltd. have established trusts for retirement benefits.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets as of March 31, 2010 and 2011 for the Company's and subsidiaries' defined benefit plans:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Retirement benefit obligation	¥(59,960)	¥(57,209)	\$ (688,020)
Plan assets at fair value	46,344	41,746	502,053
Unfunded retirement benefit obligation	(13,616)	(15,463)	(185,967)
Unrecognized net retirement benefit obligation at transition	1,301	1,041	12,515
Unrecognized actuarial gain or loss	8,302	12,490	150,211
Unrecognized past service costs	(1,175)	(979)	(11,771)
Net retirement obligation	(5,188)	(2,911)	(35,012)
Prepaid pension cost	1,562	2,808	33,771
Liability for employees' retirement benefits	¥ (6,750)	¥ (5,719)	\$ (68,783)

Components of retirement benefit expenses for the years ended March 31, 2010 and 2011 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31,		
	2010	2011	2011
Service cost	¥2,322	¥2,342	\$28,166
Interest cost	1,163	1,156	13,907
Expected return on plan assets	(289)	(319)	(3,836)
Amortization of net retirement obligation at transition	662	260	3,130
Amortization of actuarial gain or loss	1,047	764	9,191
Amortization of past service cost	(104)	(166)	(2,008)
Total	¥4,801	¥4,037	\$48,550

Notes:

- Retirement benefit expenses of the consolidated subsidiaries which adopt the simplified method are recorded under "Service cost".
- For the year ended March 31, 2010, unrecognized net retirement obligation at transition in an amount of ¥335 million and unrecognized actuarial gain or loss in an amount of ¥33 million of Hotel Keikyu Co., Ltd. which were fully amortized, are included in the above table.
- In addition to above, for the year ended March 31, 2010, additional severance benefits in an amount of ¥383 million paid by Hotel Keikyu Co., Ltd. are recorded in the consolidated statements of income.

The assumptions used in the accounting for the above plans were as follows:

	As of March 31,	
	2010	2011
Method of amortization	Straight-line method	Straight-line method
Discount rate	Mainly 2.0%	Mainly 2.0%
Expected rate of return on plan assets	Mainly 1.0%	Mainly 1.0%
Period of recognition of amortization of past service cost	Mainly 15 years	Mainly 15 years
Period of recognition of actuarial gain or loss (which are amortized by the straight-line method over a period of average remaining service years of employees at the time of occurrence from the following year of occurrence)	Mainly 15 years	Mainly 15 years
Period of recognition of net retirement benefit obligation at transition	15 years	15 years

13. Net Assets

Japanese companies are subject to the Corporation Law of Japan (the "Law").

Under the Law, companies can pay dividends at any time during the year in addition to the year-end dividend upon resolution at the shareholders' meeting. The Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve, which is included in retained earnings charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. The Company's legal reserve amounted to ¥6,666 million

(\$80,163 thousand) as of March 31, 2010 and 2011. The Company's additional paid-in capital amounted to ¥17,861 million (\$214,806 thousand) as of March 31, 2010 and 2011, respectively.

The accompanying consolidated financial statements do not include any provision for the year-end dividend of ¥3.0 (\$0.04) per share, aggregating ¥1,654 million (\$19,893 thousand) which was subsequently approved by the shareholders on June 29, 2011 as an appropriation of retained earnings in respect of the year ended March 31, 2011.

14. Selling, general and administrative expenses

Selling, general and administrative expenses included in "Cost and expenses of revenue from operations" for the years ended March 31, 2010 and 2011 consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31,		
	2010	2011	2011
Personnel expenses	¥17,548	¥16,817	\$202,255
Miscellaneous taxes	1,593	1,623	19,525
Depreciation	3,284	3,111	37,411
Amortization of goodwill	778	737	8,865
Other operating expenses	11,717	11,529	138,645
Total	¥34,920	¥33,817	\$406,701

15. Income Taxes

Income taxes applicable to the Company and subsidiaries comprise corporation, enterprise and inhabitants' taxes, which, in the aggregate, resulted in statutory tax rate of 40.69% for 2010 and 2011.

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2010 and 2011 differ from the statutory tax rates for the following reasons:

	Year ended March 31,	
	2010	2011
Statutory tax rate	40.69%	40.69%
Effect of:		
Expenses permanently not deductible for income tax purposes	2.68	5.18
Non-taxable income	-	(2.91)
Inhabitant's per capita taxes	0.56	0.87
Change in valuation allowance	3.76	(22.94)
Unrealized profit (loss) not subject to tax effect accounting	0.48	(0.72)
Other, net	2.79	3.95
Effective tax rate	50.96%	24.12%

The significant components of deferred tax assets and liabilities as of March 31, 2010 and 2011 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Deferred tax assets:			
Accrued bonuses	¥ 484	¥ 484	\$ 5,817
Accrued enterprise tax	291	379	4,557
Liability for employee's retirement benefits	7,428	6,166	74,151
Tax loss carryforwards of consolidated subsidiaries	2,664	3,502	42,123
Depreciation	1,020	971	11,679
Impairment loss	4,779	4,616	55,519
Unrealized gain on intercompany transactions	1,376	1,516	18,239
Unrealized loss on available-for-sale securities	-	416	4,999
Other	3,323	3,228	38,823
Valuation allowance	(8,663)	(6,334)	(76,179)
Total deferred tax assets	12,702	14,944	179,728
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	993	436	5,241
Goodwill	383	383	4,611
Retained profits of affiliates accounted for by the equity method	304	355	4,273
Unrealized gain on available-for-sale securities	810	-	-
Other	-	20	237
Total deferred tax liabilities	2,490	1,194	14,362
Net deferred tax assets	¥10,212	¥13,750	\$165,366

16. Contingent Liabilities

As of March 31, 2010 and 2011, the Company and subsidiaries were contingently liable as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Guarantees of indebtedness of:			
Customers	¥11	¥1,425	\$17,139
Others	10	10	120
	¥21	¥1,435	\$17,259

17. Leases

a) Finance leases

As a lessee:

As permitted by the revised accounting standard, finance leases which commenced prior to April 1, 2008 and do not transfer ownership of the leased assets to the lessee are accounted for as operating lease transactions.

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of March 31, 2010 and 2011 and the related depreciation and interest expense for the years ended March 31, 2010 and 2011, which would have been reflected in the consolidated balance sheets, and the related statements of income if finance lease accounting had been applied to the finance lease transactions currently accounted for as operating leases:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Acquisition costs:			
Machinery and rolling stock	¥107	¥90	\$1,080
Other equipment	351	341	4,106
	458	431	5,186
Less accumulated depreciation:			
Machinery and rolling stock	76	74	886
Other equipment	214	269	3,234
	290	343	4,120
Net book value:			
Machinery and rolling stock	31	16	194
Other equipment	137	72	872
	¥168	¥88	\$1,066
	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31,		
	2010	2011	2011
Depreciation	¥88	¥83	\$1,000
Interest expense	4	2	28

Lease expenses relating to finance lease transactions accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥92 million and ¥86 million (\$1,037 thousand) for the years ended March 31, 2010 and 2011, respectively.

The future minimum lease payments under finance leases, which do not transfer ownership of the leased assets to the lessee, as of March 31, 2010 and 2011 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Within 1 year	¥ 84	¥76	\$ 914
Over 1 year	89	13	153
	¥173	¥89	\$1,067

As a lessor:

Investments in lease assets are summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Current assets:			
Gross lease receivables	¥ 284	¥ 284	\$ 3,414
Unearned interest income	263	260	3,125
Investments in lease assets-current	21	24	289
Investments and other assets:			
Gross lease receivables	6,134	5,850	70,354
Unearned interest income	3,935	3,675	44,196
Investments in lease assets-non-current	¥2,199	¥2,175	\$26,158

Maturities of gross lease receivables related to investments in lease assets subsequent to March 31, 2011 are as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
Current assets:		
2012	¥ 284	\$ 3,414
Investments and other assets:		
2013	¥ 284	\$ 3,414
2014	284	3,414
2015	284	3,414
2016	284	3,414
2017 and thereafter	4,714	56,698
	¥6,134	\$73,768

b) Operating leases

The future lease payments under non-cancellable operating leases as a lessee as of March 31, 2010 and 2011 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Within 1 year	¥ 196	¥ 146	\$ 1,757
Over 1 year	1,013	865	10,404
	¥1,209	¥1,011	\$12,161

18. Amounts Per Share

The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is based on the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of the shares of common stock to be issued upon the conversion of convertible bonds and the exercise of warrants.

Amounts per share of net assets are computed based on the number of shares of common stock outstanding at each balance sheet date.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years, together with the interim cash dividends paid.

	(Yen)		(U.S. dollars)
	Year ended March 31,		
	2010	2011	2011
Net income:			
Basic	¥13.35	¥12.78	\$0.15
Diluted	-	-	-
Net assets	331.61	335.35	4.03
Cash dividends applicable to the year	6.00	6.00	0.07

Above information is computed using the following data:

	(Millions of yen or shares)		(Thousands of U.S. dollars)
	As of March 31,		
	2010	2011	2011
Basic net income per share:			
Net income	¥ 7,364	¥ 7,044	\$ 84,719
Net income attributable to common stock	¥ 7,364	¥ 7,044	\$ 84,719
Weighted average number of outstanding shares	551,471,489 shares	551,375,676 shares	
Net assets per share:			
Total net assets per consolidated balance sheets	¥183,265	¥185,323	\$2,228,780
Total net assets attributable to common stock	¥182,850	¥184,894	\$2,223,620
Components of above difference (Minority interests)	¥ 415	¥ 429	\$ 5,160
Outstanding shares of common stock issued	551,521,094 shares	551,521,094 shares	
Treasury common stock	112,802 shares	169,000 shares	
Number of common stock used in computing net assets per share	551,408,292 shares	551,352,094 shares	

19. Segment Information

Effective the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted the “Accounting Standard for Segment Information Disclosures” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Segment Information Disclosures” (ASBJ Guidance No. 20, March 21, 2008). Under the new accounting standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

For the year ended March 31, 2010

Business segment information is summarized as follows:

As of or for the year ended March 31, 2010	(Millions of yen)						Elimination/ Corporate	Consolidated
	Transportation	Real estate	Leisure Services	Retailing	Other	Total		
Revenues:								
Outside customers	¥112,760	¥ 23,407	¥ 40,133	¥111,092	¥18,417	¥305,809	¥ -	¥305,809
Intersegments	2,090	6,421	4,070	1,717	41,559	55,857	(55,857)	-
	114,850	29,828	44,203	112,809	59,976	361,666	(55,857)	305,809
Cost and expenses	101,350	26,339	45,050	112,374	56,276	341,389	(56,067)	285,322
Operating income (loss) ...	¥ 13,500	¥ 3,489	¥ (847)	¥ 435	¥ 3,700	¥ 20,277	¥ 210	¥ 20,487
Assets	¥521,888	¥199,510	¥108,806	¥ 48,153	¥35,881	¥914,238	¥66,111	¥980,349
Depreciation	¥ 20,818	¥ 4,099	¥ 4,432	¥ 2,013	¥ 541	¥ 31,903	¥ -	¥ 31,903
Capital expenditures	¥ 69,484	¥ 3,408	¥ 3,990	¥ 2,174	¥ 632	¥ 79,688	¥ -	¥ 79,688

Notes:

1. Segmentation method:

Business segments are classified based on Standard Industrial Classifications in Japan to disclose the diversified nature of the Company's business in an appropriate manner.

2. Major business of each business segment:

- Transportation: Railway, bus, taxi operations and etc.
- Real estate: Sales and leasing of land and buildings
- Leisure Services: Hotels, leisure facilities, golf course operations, restaurants, aquarium and etc.
- Retailing: Sales of merchandises at department stores and other stores
- Other: Construction, maintenance of equipments, repair of transportation equipment, building management and operations of driving schools

3. Assets included in "Elimination/Corporate" amounted to ¥89,730 million for the year ended March 31, 2010. Major components of such assets were cash and cash equivalents and investment securities of the Company.

For the year ended March 31, 2011

(1) Overview of the reportable segments

The Company's reportable segments are determined on the basis that separate financial information of such segments are available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performances of such segments within the Group.

The Group's main operations are railroad and bus, and provide various services in regions along the rail and bus lines. Therefore, the Group consists of segments based on categories of services such as Transportation, Real estate, Leisure Services, and Retailing. Major businesses for each segment are as follows:

- Transportation: Railway, bus, taxi operations and etc.
- Real estate: Sales and leasing of land and buildings
- Leisure Services: Hotels, leisure facilities, golf course operations, restaurants, aquarium and etc.
- Retailing: Sales of merchandises at department stores and other stores

(2) Valuation method for reportable segment profit (loss), assets, and other items amounts

The accounting method for reportable business segments is presented in accordance with Note 2 "Summary of significant accounting policies." The reportable segment profit figures are based on operating income. Intersegment internal rates of return and the amounts transferred are presented based on the current market prices at the time of this report.

(3) Segment information by type of business

As of or for the year ended March 31, 2011	(Millions of yen)							Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Real estate	Leisure Services	Retailing	Other (Note 1)	Total			
Revenue from operations:									
Outside customers	¥112,504	¥ 23,337	¥ 35,675	¥107,220	¥21,105	¥299,841	¥ -	¥299,841	
Intersegment income...	2,052	6,549	4,839	1,941	40,048	55,429	(55,429)	-	
Total	114,556	29,886	40,514	109,161	61,153	355,270	(55,429)	299,841	
Segment profit (loss)	¥ 12,980	¥ 3,651	¥ (1,651)	¥ 442	¥ 3,791	¥ 19,213	¥ 306	¥ 19,519	
Segment assets.....	¥550,885	¥192,934	¥104,727	¥ 46,412	¥31,658	¥926,616	¥55,489	¥982,105	
Other item									
Depreciation.....	¥ 21,725	¥ 3,952	¥ 4,281	¥ 1,938	¥ 504	¥ 32,400	¥ -	¥ 32,400	
Amortization of goodwill...	¥ 379	¥ 1	¥ 7	¥ 785	¥ -	¥ 1,172	¥ -	¥ 1,172	
Investment in equity-method affiliate...	¥ 8	¥ 5,453	¥ -	¥ 1,183	¥ -	¥ 6,644	¥ -	¥ 6,644	
Increase in property and equipment and intangible assets	¥ 49,901	¥ 3,019	¥ 4,451	¥ 1,508	¥ 342	¥ 59,221	¥ -	¥ 59,221	
	(Thousands of U.S. dollars)								
As of or for the year ended March 31, 2011	Transportation	Real estate	Leisure Services	Retailing	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)	
Revenue from operations:									
Outside customers	\$1,353,024	\$ 280,664	\$ 429,043	\$1,289,471	\$253,825	\$ 3,606,027	\$ -	\$ 3,606,027	
Intersegment income...	24,676	78,756	58,202	23,350	481,626	666,610	(666,610)	-	
Total	1,377,700	359,420	487,245	1,312,821	735,451	4,272,637	(666,610)	3,606,027	
Segment profit (loss)	\$ 156,105	\$ 43,906	\$ (19,851)	\$ 5,314	\$ 45,592	\$ 231,066	\$ 3,683	\$ 234,749	
Segment assets.....	\$6,625,199	\$2,320,311	\$1,259,493	\$ 558,176	\$380,733	\$11,143,912	\$667,331	\$11,811,243	
Other item									
Depreciation.....	\$ 261,274	\$ 47,527	\$ 51,489	\$ 23,303	\$ 6,060	\$ 389,653	\$ -	\$ 389,653	
Amortization of goodwill...	\$ 4,555	\$ 13	\$ 80	\$ 9,444	\$ -	\$ 14,092	\$ -	\$ 14,092	
Investment in equity-method affiliate...	\$ 101	\$ 65,584	\$ -	\$ 14,222	\$ -	\$ 79,907	\$ -	\$ 79,907	
Increase in property and equipment and intangible assets	\$ 600,135	\$ 36,313	\$ 53,532	\$ 18,135	\$ 4,105	\$ 712,220	\$ -	\$ 712,220	

Notes:

- "Other" segment consists of the service segments not included in reportable segments, such as construction, civil engineering, electrical construction, repair and alteration of transportation equipment, and building maintenance.
- Adjustment for segment profit (loss) is due to inter-segment elimination.
Adjustment for segment asset is cash and cash equivalents and investment securities of the Company.
- Segment profit (loss) is reconciled with operating income on the consolidated statements of income.

(4) Segment information by geographical area

a. Revenue from operations

The Company has no sales outside Japan for the year ended March 31, 2011; therefore, no segment information by geographical area is required to be disclosed.

b. Property and equipment

The Company has no property and equipment located outside of Japan for the year ended March 31, 2011; therefore, no segment information by geographical area is required to be disclosed.

(5) Segment information by major customers

Revenue from a specific customer exceeding 10% of the total consolidated revenue from operations do not exist for the year ended March 31, 2011; therefore revenue from international operations is not required to be disclosed.

(6) Information on impairment of fixed assets for each reportable segment

There is no information to be reported on impairment of fixed assets for each reportable segment for the year ended March 31, 2011.

(7) Information on amortization of goodwill and its remaining balance for each reportable segment

	(Millions of yen)						
	Transportation	Real estate	Leisure Service	Retailing	Other (Note 1)	Elimination/Corporate	Total
Remaining balance as of							
March 31, 2011.....	¥190	¥3	¥11	¥4,426	¥-	¥-	¥4,630

	(Thousands of U.S. dollars)						
	Transportation	Real estate	Leisure Service	Retailing	Other (Note 1)	Elimination/Corporate	Total
Remaining balance as of							
March 31, 2011.....	\$2,277	\$39	\$135	\$53,229	\$-	\$-	\$55,680

Notes:

1. "Other" segment consists of the service segments not included in reportable segments, such as construction, civil engineering, electrical construction, repair and alteration of transportation equipment, and building maintenance.
2. Amount for the amortization of goodwill is omitted since it is disclosed in the segment information by the type of business.

(8) Information on gain in negative goodwill for each reportable segment

There is no information to be reported on gain in negative goodwill for the year ended March 31, 2011.

20. Comprehensive Income

(1) Comprehensive income for the year ended March 31, 2010 was as follows:

	(Millions of yen)
	Year ended March 31, 2010
Total comprehensive income attributable to:	
Shareholders of Keikyu Corporation	¥8,460
Minority interests	37
Total comprehensive income	¥8,497

(2) Other comprehensive income for the year ended March 31, 2010 was as follows:

	(Millions of yen)
	Year ended March 31, 2010
Unrealized gain on available-for-sale securities	¥1,095

21. Subsequent Events

There are no significant subsequent events to be reported.

Report of Independent Auditors

The Board of Directors
Keikyu Corporation

We have audited the accompanying consolidated balance sheets of Keikyu Corporation and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Keikyu Corporation and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

June 29, 2011

Ernst & Young ShinNihon LLC

BOARD OF DIRECTORS

(As of June 29, 2011)

Chairman & Representative Director

Masaru Kotani

President & Representative Director

Tsuneo Ishiwata

Senior Executive Directors

Mamoru Imai

Kazuyuki Harada

Executive Directors

Kazunori Miyazawa

Shinsuke Tanaka

Toshiyuki Ogura

Directors

Wataru Taguchi

Mikio Kawamura

Mamoru Ishiduka

Shin Kokushoh

Akira Takeuchi

Katsuo Koyama

Yuichiro Hirokawa

Takashi Michihira

Akiyoshi Shibasaki

Toshiaki Honda

Standing Statutory Auditors

Kouichi Hoshino

Shinichi Sakuma

Statutory Auditors

Kunio Hamada

Kazuma Ishii

Michiko Tomonaga

CORPORATE DATA

(As of March 31, 2011)

Keikyu Corporation

We changed our English Company Name "Keikyu Corporation" on October 21, 2010.

(Previous English Company Name : Keihin Electric Express Railway Co., Ltd.)

Head Office

2-20-20, Takanawa, Minato-ku, Tokyo 108-8625, Japan

TEL: 03-5789-8686 (+81-3-5789-8686)

Established

June 1, 1948

Number of Employees

1,498

Capital

¥43,739 million

Common Stock

Authorized: 1,800,000 thousand shares

Issued: 551,521,094 shares

Number of Shareholders

29,433

Stock Listing

Tokyo Stock Exchange

Transfer Agent

The Chuo Mitsui Trust and Banking Co., Ltd.

Stock Transfer Division

2-8-4, Izumi, Suginami-ku, Tokyo, 168-0063, Japan

TEL: 03-3323-7111 (+81-3-3323-7111)

Principal Shareholders

Name of shareholder	Number of shares held (thousands)	Percentage of total
Nippon Life Insurance Company	27,988	5.07%
Mizuho Corporate Bank, Ltd.	19,000	3.44
The Bank of Yokohama, Ltd.	18,716	3.39
The Dai-ichi Life Insurance Company, Limited	13,000	2.35
Japan Trustee Services Bank, Ltd. (Trust Account)	11,138	2.01
Japan Trustee Services Bank, Ltd. (Account of Retirement Benefit Trust for The Chuo Mitsui Trust and Banking Co., Ltd.)	10,977	1.99
Seibu Railway Co., Ltd.	10,257	1.85
Meiji Yasuda Life Insurance Company	10,000	1.81
Mizuho Trust & Banking of the Retirement Benefit Trust for Trust & Custody Services Bank, Ltd.	9,432	1.71
The Sumitomo Trust and Banking Co., Ltd.	7,653	1.38

*The Dai-ichi Mutual Life Insurance Company changed its trade name to The Dai-ichi Life Insurance Company, Limited as of April 1, 2010.