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Report of Independent Auditors

The Board of Directors
Tokyu Corporation

We have audited the accompanying consolidated balance sheets of Tokyu Corporation and consolidated subsidiaries as of March 31, 2010 and 2011, 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 Tokyu Corporation and consolidated subsidiaries at March 31, 2010 and 2011, 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.

As described in Note 1 to the consolidated financial statements, Tokyu Corporation and consolidated subsidiaries have adopted "Accounting Standard for Asset Retirement Obligations" and "Guidance on Accounting Standard for Asset Retirement Obligations", effective the year ended March 31, 2011.

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 2.

Ernst & Young ShinNihon LLC

June 29, 2011

Tokyu Corporation and Consolidated Subsidiaries
Consolidated Balance Sheets

	March 31,		
	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Assets			
Current assets:			
Cash and cash equivalents	¥ 39,781	¥ 29,157	$ 351,289
Trade notes and accounts receivable	121,700	105,026	1,265,374
Allowance for doubtful accounts	(1,099)	(996)	(12,000)
Inventories *(Notes 4 and 5)*	108,158	99,578	1,199,735
Deferred tax assets – current *(Note 9)*	10,246	15,231	183,506
Prepaid expenses and other current assets	30,269	28,846	347,542
Total current assets	309,055	276,842	3,335,446
Investments and long-term loans:			
Investments *(Note 3)*:			
Unconsolidated subsidiaries and affiliates	59,957	56,572	681,590
Other securities	49,558	44,708	538,651
Deferred tax assets – non-current *(Note 9)*	5,450	28,990	349,277
Other investments	124,786	113,418	1,366,482
Allowance for doubtful accounts	(2,194)	(1,938)	(23,349)
Total investments and long-term loans	237,557	241,750	2,912,651
Property and equipment *(Note 5)*:			
Land	571,347	561,763	6,768,229
Buildings and structures	1,227,661	1,302,899	15,697,578
Rolling stock, machinery and equipment	276,125	286,851	3,456,036
Construction in progress	143,563	132,339	1,594,446
	2,218,696	2,283,852	27,516,289
Accumulated depreciation	(827,414)	(873,144)	(10,519,807)
Property and equipment, net	1,391,282	1,410,708	16,996,482
Other assets	27,900	25,777	310,566
Total assets	¥1,965,794	¥1,955,077	$23,555,145

Tokyu Corporation and Consolidated Subsidiaries
Consolidated Balance Sheets (continued)

	March 31,		
	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Liabilities and net assets			
Current liabilities:			
Short-term debt *(Note 5)*	¥ 176,461	¥ 172,727	$ 2,081,048
Current portion of long-term debt *(Note 5)*	153,391	119,534	1,440,169
Trade notes and accounts payable	114,569	93,209	1,123,000
Accrued expenses	25,846	24,966	300,795
Accrued income taxes	7,700	3,362	40,506
Advances received	37,394	35,859	432,036
Other current liabilities *(Notes 9 , 18 and 21)*	90,982	86,154	1,038,000
Total current liabilities	606,343	535,811	6,455,554
Long-term debt *(Note 5)*	733,356	768,389	9,257,699
Deposits from tenants and golf club members *(Note 6)*	111,059	110,523	1,331,602
Retirement and severance benefits *(Note 18)*	29,423	31,748	382,506
Allowance for loss on redemption of gift certificates	1,777	1,818	21,904
Negative goodwill *(Note 1 and 13)*	8,646	9,433	113,651
Deferred tax liabilities on revaluation of land *(Notes 9 and 17)*	11,255	11,244	135,470
Deferred tax liabilities *(Note 9)*	42,791	28,782	346,771
Urban Railways Improvement Reserve *(Note 7)*	22,033	22,659	273,000
Other non-current liabilities *(Note 18 and 21)*	12,770	18,105	218,132
Total liabilities	1,579,453	1,538,512	18,536,289

Tokyu Corporation and Consolidated Subsidiaries
Consolidated Balance Sheets (continued)

	March 31,		
	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Net assets *(Note 8)*:			
Shareholder's equity			
Common stock:			
Authorized – 1,800,000 thousand shares			
Issued – 1,263,526 thousand shares	121,725	121,725	1,466,567
Capital surplus	140,807	140,648	1,694,554
Retained earnings	112,169	144,902	1,745,807
Treasury stock, at cost	(6,712)	(5,710)	(68,795)
Total shareholder's equity	367,989	401,565	4,838,133
Accumulated other comprehensive income			
Unrealized holding loss on securities, net of taxes	(192)	(2,256)	(27,181)
Unrealized loss on derivatives, net of taxes	(81)	(15)	(180)
Premises revaluation account, net of taxes *(Note 17)*	9,329	8,463	101,964
Foreign currency translation adjustments	(4,028)	(4,913)	(59,193)
Total accumulated other comprehensive income	5,028	1,279	15,410
Minority interests	13,324	13,721	165,313
Total net assets	386,341	416,565	5,018,856
Contingent liabilities *(Note 11)*			
Total liabilities and net assets	¥1,965,794	¥1,955,077	$23,555,145

See the accompanying Notes to Consolidated Financial Statements which are integral parts of these financial statements.

Tokyu Corporation and Consolidated Subsidiaries
Consolidated Statements of Income

	Year ended March 31,		
	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Revenue from operations	¥1,230,133	¥1,152,125	$13,881,024
Cost of revenue from operations	1,177,392	1,095,006	13,192,843
Operating income	52,741	57,119	688,181
Other income			
Interest and dividend income	2,111	1,315	15,843
Equity in earnings of unconsolidated subsidiaries and affiliates	3,524	4,158	50,097
Gain on establishment of trust for retirement benefits	3,145	–	–
Gain on sales of fixed assets	8,752	7,665	92,350
Gain on sales of subsidiaries’ stock	2,484	245	2,952
Other	13,929	10,284	123,903
	33,945	23,667	285,145
Other expenses			
Interest expense	17,243	16,052	193,398
Loss on disposal of fixed assets	927	5,241	63,145
Loss on impairment of fixed assets	6,783	32,295	389,096
Loss on sales of investment securities	8,201	937	11,289
Provision for Urban Railway Improvement Reserve	650	626	7,542
Loss on adjustments for changes of accounting standard for asset retirement obligations *(Note 1)*	–	3,223	38,832
Other	10,067	15,216	183,325
	43,871	73,590	886,627
Income before income taxes and minority interests	42,815	7,196	86,699
Income taxes *(Note 9)*			
Current	15,487	7,227	87,072
Deferred	10,819	(41,313)	(497,747)
	26,306	(34,086)	(410,675)
Income before minority interests	16,509	41,282	497,374
Minority interests	(1,611)	(1,231)	(14,832)
Net income	¥ 14,898	¥ 40,051	$ 482,542
	(Yen)	*(Yen)*	*(U.S. dollars) (Note 2)*
Net income per share *(Note 12)*	¥ 11.88	¥ 32.05	$ 0.39

See the accompanying Notes to Consolidated Financial Statements which are integral parts of these financial statements.

Tokyu Corporation and Consolidated Subsidiaries
Consolidated Statement of Comprehensive Income

	Year ended March 31,	
	2011	**2011**
	(Millions of yen)	*(Thousands of U.S. dollars) (Note 2)*
Income before minority interests	¥ 41,282	$ 497,374
Other comprehensive income (loss)		
Unrealized holding loss on securities	(1,835)	(22,109)
Unrealized gain on derivatives	73	879
Foreign currency translation adjustments	(669)	(8,060)
Share of other comprehensive loss of companies accounted for by the equity-method	(462)	(5,566)
Total other comprehensive income (loss) *(Note 22)*	(2,893)	(34,856)
Comprehensive income	¥ 38,389	$ 462,518
Total comprehensive income attributable to:		
Shareholders of Tokyu Corporation	¥ 37,168	$ 447,807
Minority interests	1,221	14,711

See the accompanying Notes to Consolidated Financial Statements which are integral parts of these financial statements.

Tokyu Corporation and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets

	Year ended March 31,		
	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Shareholder's equity			
Common stock			
Balance at beginning of year	¥121,725	¥121,725	$1,466,567
Balance at end of year	¥121,725	¥121,725	$1,466,567
Capital surplus			
Balance at beginning of year	¥140,842	¥140,807	$1,696,470
Sale of treasury stock	(35)	(159)	(1,916)
Balance at end of year	¥140,807	¥140,648	$ 1,694,554
Retained earnings			
Balance at beginning of year	¥105,222	¥112,169	$ 1,351,434
Net income	14,898	40,051	482,542
Cash dividends	(7,570)	(7,506)	(90,434)
Reversal of revaluation balance	(381)	577	6,952
Others	–	(389)	(4,687)
Balance at end of year	¥112,169	¥144,902	$1,745,807
Treasury stock, at cost			
Balance at beginning of year	¥ (2,039)	¥ (6,712)	$ (80,868)
Acquisition of treasury stock	(5,368)	(210)	(2,530)
Sale of treasury stock	694	1,195	14,398
Others	1	17	205
Balance at end of year	¥ (6,712)	¥ (5,710)	$ (68,795)
Total shareholder's equity			
Balance at beginning of year	¥365,750	¥367,989	$ 4,433,603
Net income	14,898	40,051	482,542
Cash dividends	(7,570)	(7,506)	(90,434)
Reversal of revaluation balance	(381)	577	6,952
Acquisition of treasury stock	(5,368)	(210)	(2,530)
Sale of treasury stock	659	1,036	12,482
Others	1	(372)	(4,482)
Balance at end of year	¥367,989	¥401,565	$ 4,838,133

Tokyu Corporation and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
(continued)

	Year ended March 31,		
	2010	2011	2011
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Accumulated other comprehensive income			
Unrealized holding gain(loss) on securities, net of taxes			
Balance at beginning of year	¥ 1,960	¥ (192)	$ (2,313)
Net change during the year	(2,152)	(2,064)	(24,868)
Balance at end of year	¥ (192)	¥ (2,256)	$ (27,181)
Unrealized loss on derivatives, net of taxes			
Balance at beginning of year	¥ (58)	¥ (81)	$ (976)
Net change during the year	(23)	66	796
Balance at end of year	¥ (81)	¥ (15)	$ (180)
Premises revaluation account, net of taxes			
Balance at beginning of year	¥ 8,949	¥ 9,329	$ 112,398
Net change during the year	380	(866)	(10,434)
Balance at end of year	¥ 9,329	¥ 8,463	$ 101,964
Foreign currency translation adjustments			
Balance at beginning of year	¥ (5,396)	¥ (4,028)	$ (48,530)
Net change during the year	1,368	(885)	(10,663)
Balance at end of year	¥ (4,028)	¥ (4,913)	$ (59,193)
Total accumulated other comprehensive income			
Balance at beginning of year	¥ 5,455	¥ 5,028	$ 60,579
Net change during the year	(427)	(3,749)	(45,169)
Balance at end of year	¥ 5,028	¥ 1,279	$ 15,410
Minority interests			
Balance at beginning of year	¥ 13,450	¥ 13,324	$ 160,530
Net change during the year	(126)	397	4,783
Balance at end of year	¥ 13,324	¥ 13,721	$ 165,313
Total net assets			
Balance at beginning of year	¥384,655	¥386,341	$ 4,654,712
Net income	14,898	40,051	482,542
Cash dividends	(7,570)	(7,506)	(90,434)
Reversal of revaluation balance	(381)	577	6,952
Acquisition of treasury stock	(5,368)	(210)	(2,530)
Sale of treasury stock	659	1,036	12,482
Others	1	(372)	(4,482)
Net changes in items other than those in shareholder's equity	(553)	(3,352)	(40,386)
Balance at end of year	¥386,341	¥416,565	$5,018,856

See the accompanying Notes to Consolidated Financial Statements which are integral parts of these financial statements.

Tokyu Corporation and Consolidated Subsidiaries
Consolidated Statements of Cash Flows

	Year ended March 31,		
	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Cash flows from operating activities			
Net income	¥ 14,898	¥ 40,051	$ 482,542
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	69,382	71,491	861,337
Deferred and accrued income taxes	26,306	(34,086)	(410,675)
Provision for Urban Railways Improvement Reserve	650	626	7,542
Retirement and severance benefits	(6,625)	2,347	28,277
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	3,223	38,832
Loss on impairment of fixed assets	6,783	32,295	389,096
Retirement benefit trust establishment amount	7,103	—	—
Gain on establishment of trust for retirement benefits	(3,145)	—	—
Loss on sales of investment securities	8,201	937	11,289
Loss on disposal of fixed assets	14,259	13,503	162,687
Equity in earnings of unconsolidated subsidiaries and affiliates	(3,524)	(4,158)	(50,097)
Other non-cash items	(5,921)	(7,340)	(88,434)
Changes in operating assets and liabilities:			
Trade receivables	3,354	16,312	196,530
Inventories	41,151	8,394	101,133
Trade payables	(14,620)	(21,066)	(253,807)
Deposits from tenants and golf club members	(3,838)	(360)	(4,337)
Other, net	(3,483)	(8,799)	(106,011)
Net cash provided by operating activities	150,931	113,370	1,365,904
Cash flows from investing activities			
Purchases of property and equipment	(130,713)	(137,599)	(1,657,820)
Proceeds from sales of property and equipment	7,719	16,033	193,169
Purchases of investment securities	(18,004)	(1,420)	(17,109)
Proceeds from sales of investment securities	7,534	5,161	62,181
Proceeds from redemption of investment securities	8,000	—	—
Receipts of subsidies for construction projects	7,255	6,742	81,229
Purchase of shares of subsidiaries	(1,557)	(254)	(3,060)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	4,081	—	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(1,338)	(358)	(4,313)
Other	410	(1,412)	(17,012)
Net cash used in investing activities	(116,613)	(113,107)	(1,362,735)

Tokyu Corporation and Consolidated Subsidiaries
Consolidated Statements of Cash Flows (continued)

	Year ended March 31,		
	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Cash flows from financing activities			
Proceeds from issuance of notes	¥ 70,678	¥ 49,716	$ 598,988
Redemption of notes	(37,000)	(18,000)	(216,868)
Repayment of short-term and long-term borrowings	(35,394)	(32,721)	(394,229)
Proceeds from issuance of commercial paper	80,000	—	—
Redemption of commercial paper	(100,000)	—	—
Purchase of treasury stock	(5,274)	(210)	(2,530)
Cash dividends paid	(8,074)	(8,053)	(97,024)
Other	(1,710)	(1,762)	(21,229)
Net cash used in financing activities	(36,774)	(11,030)	(132,892)
Translation differences in cash and cash equivalents	248	143	1,723
Net decrease in cash and cash equivalents	(2,208)	(10,624)	(128,000)
Cash and cash equivalents at beginning of year	41,989	39,781	479,289
Cash and cash equivalents at end of year	¥ 39,781	¥ 29,157	$ 351,289

See the accompanying Notes to Consolidated Financial Statements which are integral parts of these financial statements.

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements are prepared from the accounts maintained by Tokyu Corporation ("the Company") and its consolidated subsidiaries (collectively, "the Companies") in accordance with the provisions set forth in the Japanese Corporate Law (the "JCL") and in conformity with accounting principles and practices generally accepted in Japan, which are different 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 Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

(b) Basis of Consolidation

The accompanying consolidated financial statements for the years ended March 31, 2010 and 2011 include the accounts of the Company and all significant companies which the Company controls directly or indirectly. All significant intercompany accounts, intercompany transactions and unrealized profits have been eliminated in consolidation. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis.

(c) Revenue Recognition

Revenue from sales of land and residential housing in the real estate business is recognized when the units are delivered to and accepted by the customers.

(d) Cash Equivalents

The Companies consider all highly liquid securities with maturities of three months or less when purchased to be cash equivalents, which are subject to little risk of change in value.

1. Summary of Significant Accounting Policies (continued)

(e) Securities

Bonds held to maturity are amortized or accumulated based on their face value. "Other securities" (other than trading securities, held-to-maturity securities and securities of subsidiaries and affiliates) with determinable market value are stated at market value. The difference between the acquisition cost and the book value of "Other securities" is reported as "Unrealized holding loss on securities, net of taxes" in net assets instead of being included in earnings. Non-marketable securities classified as "Other securities" are carried at cost. The cost of "Other securities" sold is computed principally by the moving-average method.

(f) Inventories

Residential land lots and buildings are stated at cost determined primarily by the average method for each area or the specific identification method. Other inventories are stated at cost determined by the specific identification method, the average method, the last-purchase-price method, first-in first-out method and the moving average method depending on the nature of such inventories. The carrying value of inventories on the consolidated balance sheet is reduced to net realizable value to reflect a potential decline in its profitability.

(g) Property and Equipment

Property and equipment is stated at cost except for land which has been revalued as disclosed in Note 17 "Premises Revaluation Account." Depreciation is computed principally by the declining-balance method based on the estimated useful lives of the respective assets determined according to their general classification, type of construction and use. The estimated useful lives of buildings and structures range from 2 years to 75 years.

Repairs and maintenance which do not improve or extend the lives of the respective assets are charged to expense when incurred.

(h) Leases

Finance leases are primarily accounted for as purchases and depreciated consistently with property and equipment owned. Finance leases other than those that deem to transfer ownership of leased property to the lessees, which commenced prior to April 1, 2008, are accounted for as operating leases.

1. Summary of Significant Accounting Policies (continued)

(i) Income Taxes

The Companies record current income taxes based upon estimated taxable income.

Deferred income taxes reflect the impact of the temporary differences between the assets and liabilities recognized for financial reporting purposes and the corresponding amounts recognized for tax purposes. Deferred tax assets and liabilities are measured by applying the currently enacted tax laws. A valuation allowance is provided to reduce tax assets to the amount considered to be recoverable.

(j) Retirement and Severance Benefits

The Company and certain subsidiaries account for retirement and severance benefits under the accounting standard for retirement benefits ("Opinion Concerning the Establishment of an Accounting Standard for Retirement Benefits" issued by the Business Accounting Deliberation Council, June 16, 1998). In accordance with this standard, accrued retirement benefits for employees are provided based on the estimated retirement benefit obligation and the pension plan assets.

See Note 18 (1) "Outline of employees' retirement benefit plans" and Note 18 (3) "Retirement benefit expenses."

(k) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and the related translation gain or loss is included in the consolidated statements of income.

Assets and liabilities of the overseas subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expenses are translated into yen at the average rate of exchange for the fiscal year. Exchange differences arising from translation are included in "Foreign currency translation adjustments" in net assets.

(l) Net Income per Share

The computation of net income per share is based upon the weighted-average number of shares of common stock outstanding during each fiscal year.

(m) Derivatives

The Company and certain consolidated subsidiaries have entered into various derivatives transactions in order to manage the risk arising from adverse fluctuation in foreign currency exchange rates and interest rates. Derivatives positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which the unrealized gain or loss is deferred as a component of net assets. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at their corresponding contract rates.

1. Summary of Significant Accounting Policies (continued)

(n) Impairment of Fixed Assets

Fixed assets are reviewed for impairment annually. For the fiscal years ended March 31, 2010 and 2011, impairment losses of ¥6,783 million and ¥32,295 million ($389,096 thousand), respectively, were recognized for certain asset groups. Fair value of impaired assets was determined based on net realizable value or value in-use computed using estimated discounted cash flows from asset use.

See Note 13 “Segment Information.”

(o) Asset Retirement Obligations

An asset retirement obligation is recorded at the time of acquisition or construction of a tangible fixed asset and when there is a statutory or similar obligation associated with the removal of such tangible fixed asset. The asset retirement obligation is measured at the discounted value of the liability. The cost component of the obligation is depreciated over the remaining useful life of the tangible fixed asset and over the period of time required for the removal of asbestos in railway vehicles.

The Company and its consolidated subsidiaries have recognized asset retirement obligations mainly for recovery obligation of the leased real estate. The discount rate used for calculating the discount value of the asset retirement obligation for the year ended March 31, 2011 was 0.2% ~ 2.5% corresponding with 2 ~ 78 years for the estimated useful lives of these assets.

(Change in accounting policy)
Effective the fiscal year ended March 31, 2011, the Companies have adopted “Accounting Standard for Asset Retirement Obligations” (Statement No.18 issued by Accounting Standards Board of Japan on March 31, 2008), and “Guidance on Accounting Standard for Asset Retirement Obligations” (Guidance No.21 issued by the Accounting Standards Board of Japan on March 31, 2008). The effect of adopting this standard was to decrease income before minority interests by ¥4,122 million ($49,663 thousand) in the consolidated statements of income for the year ended March 31, 2011, and at the beginning of the fiscal year, a loss of ¥3,223 million ($38,831 thousand) in “Other expenses” and an increase of liabilities by ¥3,946 million ($47,542 thousand) was recorded.

1. Summary of Significant Accounting Policies (continued)

(p) Goodwill and Negative Goodwill

All assets and liabilities of the consolidated subsidiaries are measured at fair value as of their respective dates of acquisition. Goodwill is amortized on the straight-line basis over five years. Negative goodwill arising from business combinations prior to April 1, 2010 is amortized on the straight-line basis over five years. Meanwhile, negative goodwill arising from business combinations on and after April 1, 2010 is recognized as income immediately. Insignificant amounts of goodwill and negative goodwill are also recognized immediately.

Goodwill and negative goodwill are stated as a net account.
The amounts before netting as of March 31, 2010 and 2011 are as follows:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Goodwill	¥ 5,149	¥ 906	$ 10,915
Negative goodwill	13,795	10,339	124,566
Net	¥ 8,646	¥ 9,433	$ 113,651

See Note 13 “Segment Information.”

(Change in accounting policy)
Effective the fiscal year ended March 31, 2011 the Companies have adopted “Accounting Standard for Business Combinations” (Statement No.21 issued by Accounting Standards Board of Japan on December 26, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Guidance No.10 revised by Accounting Standards Board of Japan on December 26, 2008).

(q) Railway Business Construction Fund

The Companies receive 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 acquisition costs of the property and equipment purchased. The amounts of the accumulated construction fund deducted from the acquisition cost of property and equipment purchased as of March 31, 2010 and 2011 were ¥181,123 million and ¥182,113 million ($2,194,133 thousand), respectively.

1. Summary of Significant Accounting Policies (continued)

(r) Allowance for Loss on Redemption of Gift Certificates

In the retail business, gift certificates are issued to and redeemed by customers. If gift certificates are uncollected after a certain period of time has passed, liabilities are reversed to other income. The Companies estimate the amount of loss on redemption of gift certificates after the recording of other income, and provide the amount as allowance.

(s) Employee Stock Ownership Incentive Plan

The Company introduced an “Employee Stock Ownership Incentive Plan.” The purposes of this plan are to (1) increase incentives for the Company’s employees to accumulate ownership in the Company as a part of the Company’s benefit plan and (2) endeavor to enhance the Company’s corporate value.

Under this plan, the Employee Stock Ownership Trust (the “ESOP Trust”) which was established for the purpose of transferring some of the Company’s shares to the participants in the plan acquired shares (¥5,090 million). Over the next five years, those shares will be sold to the members of ESOP Group.

Focusing on economic substance, the accounting treatment for the acquisition and sale of the Company’s shares is based on the assumption that the Company and the ESOP Trust form substantially a single entity because the Company guarantees the ESOP Trust’s liabilities. Therefore, the Company’s shares owned by the ESOP Trust, the assets and liabilities, and income and expenses of the ESOP Trust are included in the Company’s consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and consolidated statements of cash flows. The number of the Company’s shares owned by the ESOP Trust as of March 31, 2011 was 8,316,000.

(t) Reclassifications

The 2010 financial statements have been reclassified to conform with the 2011 financial statements presentation.

2. Basis of Translation

The accompanying consolidated financial statements as of and for the year ended March 31, 2011 are expressed in yen and, solely for the convenience of the readers, have been translated into U.S. dollars at ¥83 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2011. This translation should not be construed as a representation that any of the yen amounts could be converted into U.S. dollar amounts at the above or any other rate.

3. Securities

Prior Fiscal Year (As of March 31, 2010)

(1) Bonds held to maturity (with determinable market value)

	Type of security	Book value	Estimated fair value	Unrealized gain (loss)
			(Millions of yen)	
Securities with unrealized gain	(1) JGBs, municipal bonds	¥30	¥30	¥0
	(2) Corporate bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	30	30	0
Securities with unrealized loss	(1) JGBs, municipal bonds	181	180	(1)
	(2) Corporate bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	181	180	(1)
Total		¥211	¥210	¥(1)

(2) Other securities (with determinable market value)

	Type of security	Acquisition cost	Book value	Unrealized gain (loss)
			(Millions of yen)	
Securities whose book value exceeds their acquisition cost	(1) Stocks	¥7,641	¥11,963	¥4,322
	(2) Bonds			
	JGBs, municipal bonds	–	–	–
	Corporate bonds	–	–	–
	Other	–	–	–
	(3) Other	–	–	–
	Subtotal	7,641	11,963	4,322
Securities whose book value does not exceed their acquisition cost	(1) Stocks	9,734	8,432	(1,302)
	(2) Bonds			
	JGBs, municipal bonds	–	–	–
	Corporate bonds	–	–	–
	Other	–	–	–
	(3) Other	3,111	2,892	(219)
	Subtotal	12,845	11,324	(1,521)
Total		¥20,486	¥23,287	¥2,801

(3) Other securities sold during the fiscal year ended March 31, 2010

Proceeds	Total gain	Total loss
	(Millions of yen)	
¥7,330	¥929	¥9,095

3. Securities (continued)

Current Fiscal Year (As of March 31, 2011)

(1) Bonds held to maturity (with determinable market value)

	Type of security	Book value	Estimated fair value	Unrealized gain (loss)
			(Millions of yen)	
Securities with unrealized gain	(1) JGBs, municipal bonds	¥30	¥30	¥0
	(2) Corporate bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	30	30	0
Securities with unrealized loss	(1) JGBs, municipal bonds	297	297	(0)
	(2) Corporate bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	297	297	(0)
Total		¥327	¥327	¥(0)

	Type of security	Book value	Estimated fair value	Unrealized gain (loss)
			(Thousands of U.S. dollars)	
Securities with unrealized gain	(1) JGBs, municipal bonds	$ 362	$ 362	$ 0
	(2) Corporate bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	362	362	0
Securities with unrealized loss	(1) JGBs, municipal bonds	3,578	3,578	(0)
	(2) Corporate bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	3,578	3,578	(0)
Total		$3,940	$3,940	$(0)

3. Securities (continued)

(2) Other securities (with determinable market value)

	Type of security	Acquisition cost	Book value	Unrealized gain (loss)
		(Millions of yen)		
Securities whose book value exceeds their acquisition cost	(1) Stocks	¥6,323	¥9,008	¥2,685
	(2) Bonds			
	JGBs, municipal bonds	–	–	–
	Corporate bonds	–	–	–
	Other	–	–	–
	(3) Other	–	–	–
	Subtotal	6,323	9,008	2,685
Securities whose book value does not exceed their acquisition cost	(1) Stocks	14,516	11,669	(2,847)
	(2) Bonds			
	JGBs, municipal bonds	–	–	–
	Corporate bonds	–	–	–
	Other	–	–	–
	(3) Other	3,111	3,024	(87)
	Subtotal	17,627	14,693	(2,934)
Total		¥23,950	¥23,701	¥(249)

	Type of security	Acquisition cost	Book value	Unrealized gain (loss)
		(Thousands of U.S. dollars)		
Securities whose book value exceeds their acquisition cost	(1) Stocks	$76,181	$108,530	$32,349
	(2) Bonds			
	JGBs, municipal bonds	–	–	–
	Corporate bonds	–	–	–
	Other	–	–	–
	(3) Other	–	–	–
	Subtotal	76,181	108,530	32,349
Securities whose book value does not exceed their acquisition cost	(1) Stocks	174,891	140,590	(34,301)
	(2) Bonds			
	JGBs, municipal bonds	–	–	–
	Corporate bonds	–	–	–
	Other	–	–	–
	(3) Other	37,482	36,434	(1,048)
	Subtotal	212,373	177,024	(35,349)
Total		$288,554	$285,554	$(3,000)

(3) Other securities sold during the current fiscal year

Proceeds	Total gain	Total loss	Proceeds	Total gain	Total loss
(Millions of yen)			(Thousands of U.S. dollars)		
¥3,860	¥523	¥16	$46,506	$6,301	$193

4. Inventories

Inventories at March 31, 2010 and 2011 are summarized as follows:

	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars)*
Goods and products	¥ 18,882	¥ 17,665	$ 212,831
Real estate for sale	57,534	51,339	618,543
Products in process	23,833	23,639	284,807
Materials and supplies	7,909	6,935	83,554
	¥108,158	¥99,578	$1,199,735

5. Short-Term Debt and Long-Term Debt

Short-term debt at March 31, 2010 and 2011 is summarized as follows:

	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars)*
Bank loans, at rates from 0.03% to 3.25%	¥ 176,461	¥ 172,727	$ 2,081,048
	¥ 176,461	¥ 172,727	$ 2,081,048

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

	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars)*
Floating rate notes, due 2010 – 2013	¥ 11,300	¥ 9,300	$ 112,048
USD reverse dual currency notes, due 2010 – 2011	2,000	1,000	12,048
0.47% to 3.05% notes, due 2010 – 2023	212,500	247,500	2,981,928
Loans, from Japanese banks and insurance companies maturing 2010 – 2031, at rates from 0.46% to 8.50% (2010: from 0.66% to 8.93%)			
Secured	224,042	201,770	2,430,964
Unsecured	416,372	409,048	4,928,289
Finance lease obligations	20,533	19,305	232,591
	886,747	887,923	10,697,868
Less current portion	(153,391)	(119,534)	(1,440,169)
	¥ 733,356	¥ 768,389	$ 9,257,699

5. Short-Term Debt and Long-Term Debt (continued)

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

Year ending March 31:	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2012	¥119,534	$1,440,169
2013	107,126	1,290,675
2014	92,047	1,109,000
2015	152,580	1,838,313
2016 and thereafter	416,636	5,019,711
	¥887,923	$10,697,868

The following assets were provided as security for loans payable of ¥238,686 million and ¥213,634 million ($2,573,904 thousand) at March 31, 2010 and 2011, respectively:

	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars)*
Property and equipment, at net book value:			
Railway property	¥400,899	¥390,486	$4,704,651
Other property	145,914	139,738	1,683,590
Inventories	155	80	964
	¥546,968	¥530,304	$6,389,205

6. Deposits from Tenants and Golf Club Members

Deposits from tenants and golf club members at March 31, 2010 and 2011 are summarized as follows:

	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deposits from tenants of leased property	¥ 55,708	¥ 55,740	$ 671,566
Deposits from golf club members	55,351	54,783	660,036
	¥111,059	¥110,523	$1,331,602

The Company and certain subsidiaries have received guarantee and lease deposits from the tenants of its leased property based on their respective lease contracts. These deposits are refundable to the tenants, generally payable in 10 equal annual installments commencing in the 11th year of a contract. The deposits are also refundable if the lease contracts are cancelled. In addition, deposits from golf club members are refundable to them upon their retirement from the respective clubs.

7. Urban Railways Improvement Reserve

In accordance with the "Law for the Urban Railways Improvement Reserve" enacted in April 1986, the Company is required to provide a reserve for the cost of specific construction projects aimed at strengthening railway transport capacity at an amount equivalent to 2% (increased from 5% to 10% since September 1, 1995; decreased from 10% to 2% since December 28, 1997) of total passenger fares. The provision for this reserve is tax-deductible. The reserve must be reversed to income ten years after its provision or upon completion of the relevant construction projects, whichever is earlier.

8. Net assets

(a) Legal reserve

The JCL requires an amount equal to least 10% of distributions of retained earnings be appropriated as legal reserves, which are included in capital surplus and retained earnings, until they equal 25% of stated capital. Under the JCL, capital, capital surplus, and retained earnings, including legal reserves, can generally be transferred to each other upon resolution of the shareholders' meeting.

(b) Dividends

Under the JCL, the Company can pay dividends at any time during the fiscal year by resolution of the shareholders' meeting, and can use capital surplus, retained earnings less legal reserve and certain adjustment thereto for the payment of dividends.

9. Income Taxes

The Companies are subject to a number of taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 41% for the years ended March 31, 2010 and 2011.

The tax effect of the temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2010 and 2011 are summarized as follows:

	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Retirement and severance benefits	¥ 30,171	¥ 33,773	$ 406,904
Net operating tax loss carryforwards	26,742	80,475	969,578
Loss on impairment of fixed assets	19,134	28,808	347,084
Property and equipment	12,556	9,605	115,723
Unrealized intercompany gain	8,203	8,130	97,952
Accrued bonuses to employees	4,810	4,561	54,952
Pension funds payable to defined contribution pension plans	4,167	2,012	24,241
Accrued expenses	2,340	2,692	32,434
Inventories	1,241	1,297	15,626
Other	12,276	16,887	203,458
Gross deferred tax assets	121,640	188,240	2,267,952
Less: Valuation allowance	(77,258)	(102,247)	(1,231,892)
Total deferred tax assets	¥ 44,382	¥ 85,993	$ 1,036,060
Deferred tax liabilities:			
Gain on revaluation of fixed assets	¥ (36,900)	¥ (36,134)	$ (435,349)
Gain on establishment of trust fund for retirement benefits	(19,485)	(19,490)	(234,819)
Difference arising from corporate split	(9,638)	(9,517)	(114,663)
Unrealized holding gain on securities	(1,107)	-	-
Other	(4,419)	(5,487)	(66,109)
Total deferred tax liabilities	(71,549)	(70,628)	(850,940)
Net deferred tax (liabilities) assets	¥ (27,167)	¥ 15,365	$ 185,120
Deferred tax liabilities arising from revaluation of land	¥ (11,255)	¥ (11,244)	$ (135,470)

Deferred tax liabilities amounting to ¥72 million and ¥74 million ($892 thousand) have been included in “Other current liabilities” in the consolidated balance sheet at March 31, 2010 and 2011.

9. Income Taxes (continued)

The effective tax rate for the year ended March 31, 2010 differed from the statutory tax rate for the following reasons:

	2010
	(%)
Statutory tax rate	40.7
Expenses not deductible for tax purposes	1.0
Dividend income deducted from earnings	(0.4)
Equalization of per capita income taxes and other	1.2
Change in valuation allowance	20.9
Amortization of goodwill	2.8
Equity in earnings of unconsolidated subsidiaries and affiliates	(3.4)
Elimination of dividend income in consolidation	1.3
Gain/loss on sales of shares of subsidiaries and affiliates	(2.1)
Other	(0.6)
Effective tax rate	61.4

The effective tax rate for the year ended March 31, 2011 differed from the statutory tax rate for the following reasons:

	2011
	(%)
Statutory tax rate	40.7
Expenses not deductible for tax purposes	5.8
Dividend income deducted from earnings	(4.7)
Equalization of per capita income taxes and other	6.0
Change in valuation allowance	208.6
Amortization of goodwill	4.7
Equity in earnings of unconsolidated subsidiaries and affiliates	(23.8)
Elimination of dividend income in consolidation	7.9
Gain/loss on sales of shares of subsidiaries and affiliates	2.0
Loss on valuation of shares of an affiliate	14.3
Effect of tax losses brought forward from a non-consolidated subsidiary on its liquidation	(740.4)
Other	5.2
Effective tax rate	(473.7)

10. Leases

As lessee:

(1) Finance leases that do not transfer ownership to the lessee which commenced on or before March 31, 2008 are accounted for as operating leases under both the previous and the new accounting standards. Information on "as if capitalized" basis is summarized as follows:

a. Acquisition cost, accumulated depreciation, accumulated impairment loss, and net book value equivalents of the leased assets:

	March 31,					
	2010			2011		
	Machinery and vehicles	Other	Total	Machinery and vehicles	Other	Total
	(Millions of yen)					
Acquisition cost	¥ 3,247	¥11,344	¥14,591	¥ 2,596	¥8,358	¥10,954
Accumulated depreciation	2,393	7,139	9,532	2,102	6,202	8,304
Accumulated impairment loss	124	1,178	1,302	125	876	1,001
Net book value	¥730	¥ 3,027	¥3,757	¥369	¥ 1,280	¥1,649

	March 31,		
	2011		
	Machinery and vehicles	Other	Total
	(Thousands of U.S. dollars)		
Acquisition cost	$31,277	$100,699	$131,976
Accumulated depreciation	25,325	74,723	100,048
Accumulated impairment loss	1,506	10,554	12,060
Net book value	$4,446	$15,422	$19,868

Note: Since the outstanding lease commitments as of the year end constituted an immaterial portion of the tangible fixed assets, the acquisition cost equivalents have been computed by the interest-inclusive method.

10. Leases (continued)

b. Outstanding lease commitments:

	March 31,		
	2010	2011	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Within 1 year	¥ 2,331	¥ 1,381	$ 16,639
Over 1 year	2,020	582	7,012
Total	¥ 4,351	¥ 1,963	$ 23,651
Accumulated impairment loss	¥ 595	¥ 314	$ 3,783

Note: Since the outstanding lease commitments as of the year end constituted an immaterial portion of the tangible fixed assets, the outstanding lease commitments have been computed by the interest-inclusive method.

c. Lease payments and depreciation:

	Year ended March 31,		
	2010	2011	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Lease payments	¥2,459	¥1,769	$21,313
Reversal from impairment loss recognized	382	295	3,554
Depreciation	2,459	1,769	21,313
Loss on impairment of leased assets	102	14	169

d. Method of calculating depreciation:

Depreciation is calculated assuming the lease period to be the useful life and the residual value to be zero.

As lessee:

(2) Operating leases

Outstanding lease commitments:

	March 31,		
	2010	2011	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Within 1 year	¥ 19,196	¥ 17,012	$204,964
Over 1 year	109,163	90,707	1,092,855
Total	¥128,359	¥107,719	$1,297,819

10. Leases (continued)

As lessor:

(3) Finance leases

The Company's investments in leases contained in other current assets are as follows:

	March 31,		
	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Lease payments receivable	¥2,912	¥871	$10,494
Estimated unguaranteed residual values	7	-	-
Unearned income for finance leases	(16)	(7)	(84)
	¥2,903	¥864	$10,410

The Company's future lease payments receivable under the finance leases are as follows:

	March 31,		
	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Within 1 year	¥1,233	¥349	$4,205
Over 1 year	1,679	522	6,289
Total	¥2,912	¥871	$10,494

As lessor:

(4) Operating leases

Outstanding lease commitments:

	March 31,		
	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Within 1 year	¥4,559	¥5,990	$72,169
Over 1 year	14,023	18,648	224,674
Total	¥18,582	¥24,638	$296,843

11. Contingent Liabilities

At March 31, 2010 and 2011, the Companies were contingently liable as follows:

	2010	2011	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Notes endorsed and discounted in the ordinary course of business	¥342	¥116	$1,397
Guarantees of debt of others	369	162	1,952
	¥711	¥278	$3,349

12. Per Share Information

Basic net income per share is computed based on the net income attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted net income per share is computed based on the net income attributable to the shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds.

Amounts per share of net assets are computed based on the net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

	Year ended March 31,		
	2010	2011	2011
	(Yen)		(U.S. dollars)
Net income:			
Basic	¥11.88	¥32.05	$0.39
Diluted	–	–	–
Cash dividends applicable to the year	¥ 6.00	¥ 6.50	$0.08

	March 31,		
	2010	2011	2011
	(Yen)		(U.S. dollars)
Net assets	¥298.77	¥322.04	$3.88

Note: Since the Company has no dilutive securities, and certain affiliates have only a limited number, diluted net income per share is omitted for the year ended March 31, 2010 and 2011.

13. Segment Information

Effective the fiscal year ended March 31, 2011, the Companies have adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Statement No.17, issued by Accounting Standards Board of Japan on March 21, 2008) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Guidance No.20, issued by Accounting Standards Board of Japan on March 21, 2008). Segment information for the year ended March 31, 2010 is substantially equivalent to the information by reportable segments, and reclassified in accordance with such accounting standards for comparative purposes.

Prior Fiscal Year (As of March 31, 2010)

The Company and its consolidated subsidiaries' operations are divided into the following business segments: transportation, real estate, retail, leisure and services, hotel, and other. Transportation includes railways, buses and distribution services. Real estate includes real estate purchases and sales, real estate rentals and property management services. Retail includes retail sales and shopping center business. The leisure and services segment includes golf clubs, and CATV. Hotel refers to the hotel business. Other includes rolling stock maintenance.

March 31, 2010	Transpor-tation	Real estate	Retail	Leisure and services	Hotel	Other	Total	Eliminations and corporate	Consolidated
					(Millions of yen)				
Revenues:									
Outside customers	¥193,976	¥139,095	¥555,437	¥ 136,819	¥86,381	¥118,425	¥1,230,133	¥ –	¥1,230,133
Inter-segment	956	24,951	2,521	16,511	612	30,952	76,503	(76,503)	–
	194,932	164,046	557,958	153,330	86,993	149,377	1,306,636	(76,503)	1,230,133
Costs and expenses	171,702	141,196	554,091	151,869	88,415	146,765	1,254,038	(76,646)	1,177,392
Operating income (loss)	¥ 23,230	¥ 22,850	¥ 3,867	¥ 1,461	¥ (1,422)	¥ 2,612	¥ 52,598	¥ 143	¥ 52,741
Total assets	¥685,882	¥434,153	¥362,295	¥118,911	¥76,124	¥155,790	¥1,833,155	¥ 132,639	¥1,965,794
Depreciation and amortization expense	38,828	7,891	12,293	4,587	3,329	2,533	69,461	(79)	69,382
Impairment loss	1,359	503	2,092	768	1,981	80	6,783	–	6,783
Capital expenditures	59,870	41,595	16,722	4,278	5,067	2,610	130,142	3,981	134,123

Note: Eliminations and corporate of total assets include ¥198,330 million of corporate assets.

13. Segment Information (continued)

Current Fiscal Year (As of March 31, 2011)

(1) Description of reportable segments

The reportable segments of the Company and its consolidated subsidiaries' operations are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance. The Company and its consolidated subsidiaries operate a wide range of businesses in order to enrich consumers' lives in regions serviced by railways.

The Company and its consolidated subsidiaries' operations are divided into the following business segments: transportation, real estate, retail, leisure and services, hotel, and other. Transportation includes railways, buses and distribution services. Real estate includes real estate purchases and sales, real estate rentals and property management services. Retail includes retail sales and shopping center business. The leisure and services segment includes golf clubs, and CATV. Hotel refers to the hotel business. Other includes rolling stock maintenance.

(2) Method of calculating sales, income (loss), assets, and other items for each reportable segment

The accounting policies of the reportable segments are consistent with the description in Note 1 "Summary of Significant Accounting Policies." Inter-segment transactions are determined considering market price.

13. Segment Information (continued)

(3) Information about net sales, income (loss), assets and other items by reportable segment for the year ended March 31, 2011 is as follows:

March 31, 2011	Reportable segments Transpor-tation	Real estate	Retail	Leisure and services	Hotel	Other	Total	Adjustments and eliminations	Consolidated
					(Millions of yen)				
Revenues:									
Outside customers	¥186,608	¥132,100	¥512,878	¥ 136,782	¥82,231	¥101,526	¥1,152,125	¥ –	¥1,152,125
Inter-segment	737	25,783	2,616	18,926	585	24,513	73,160	(73,160)	–
	187,345	157,883	515,494	155,708	82,816	126,039	1,225,285	(73,160)	1,152,125
Segment income (loss)	¥ 28,482	¥ 16,923	¥ 7,632	¥ 2,742	¥ (1,444)	¥ 2,629	¥ 56,964	¥ 155	¥ 57,119
Total assets	¥722,394	¥431,676	¥324,921	¥106,948	¥73,241	¥127,411	¥1,786,591	¥168,486	¥1,955,077
Depreciation and amortization expense	37,253	11,315	12,437	4,722	3,393	2,445	71,565	(74)	71,491
Impairment loss	2,666	1,507	8,550	12,021	1,458	6,093	32,295	–	32,295
Amortization of goodwill	1	17	1,221	294	15	80	1,628	–	1,628
Capital expenditures	55,609	54,054	16,568	7,180	6,235	1,303	140,949	2,004	142,953

March 31, 2011	Reportable segments Transpor-tation	Real estate	Retail	Leisure and services	Hotel	Other	Total	Adjustments and eliminations	Consolidated
					(Thousands of U.S. dollars)				
Revenues:									
Outside customers	$2,248,289	$1,591,566	$6,179,253	$1,647,976	$ 990,735	$1,223,205	$13,881,024	$ –	$13,881,024
Inter-segment	8,880	310,639	31,518	228,024	7,048	295,337	881,446	(881,446)	–
	2,257,169	1,902,205	6,210,771	1,876,000	997,783	1,518,542	14,762,470	(881,446)	13,881,024
Segment income (loss)	$ 343,157	$ 203,891	$ 91,952	$ 33,036	$ (17,398)	$ 31,675	$ 686,313	$ 1,868	$ 688,181
Total assets	$8,703,542	$5,200,916	$3,914,711	$1,288,530	$ 882,422	$1,535,072	$21,525,193	$2,029,952	$23,555,145
Depreciation and amortization expense	448,831	136,325	149,843	56,892	40,880	29,458	862,229	(892)	861,337
Impairment loss	32,120	18,157	103,012	144,831	17,566	73,410	389,096	–	389,096
Amortization of goodwill	12	205	14,711	3,542	181	964	19,615	–	19,615
Capital expenditures	669,988	651,253	199,615	86,506	75,120	15,699	1,698,181	24,144	1,722,325

Notes:1. Adjustments and eliminations for segment income (loss) include ¥155 million ($1,868 thousand) of eliminations of inter-segment income and loss.

2. Adjustments and eliminations for segment assets of ¥168,486 million ($2,029,952 thousand) consist of ¥221,468 million ($2,668,289 thousand) of corporate assets and ¥52,982 million ($638,337 thousand) of elimination of inter-segment assets, and ¥56,571 million ($681,578 thousand) of investment in equity-method affiliate is included in the corporate assets, which are not allocable to the reportable segments.

3. Adjustments and eliminations for depreciation and amortization expense include ¥74 million ($892 thousand) of elimination of inter-segment depreciation and amortization expense.

4. Adjustments and eliminations for capital expenditures consist of ¥3,051 million ($36,759 thousand) of corporate assets and ¥1,047 million ($12,615 thousand) of elimination of inter-segment capital expenditures.

13. Segment Information (continued)

Goodwill and Negative Goodwill:

(1) Goodwill

The following table presents the amortization and balance of goodwill as of and for the year ended March 31, 2011:

	Reportable segments								
March 31, 2011	**Transpor-tation**	**Real estate**	**Retail**	**Leisure and services**	**Hotel**	**Other**	**Total**	**Adjustments and eliminations**	**Consolidated**
					(Millions of yen)				
Amortization of goodwill	¥1	¥17	¥1,221	¥294	¥15	¥80	¥1,628	–	¥1,628
Balance as of March 31	4	–	5	735	18	144	906	–	906

	Reportable segments								
March 31, 2011	**Transpor-tation**	**Real estate**	**Retail**	**Leisure and services**	**Hotel**	**Other**	**Total**	**Adjustments and eliminations**	**Consolidated**
					(Thousands of U.S. dollars)				
Amortization of goodwill	$12	$205	$14,711	$3,542	$181	$964	$19,615	–	$19,615
Balance as of March 31	48	–	60	8,855	217	1,735	10,915	–	10,915

Amortization of goodwill for the fiscal year ended March 31, 2010 is as follows:

March 31, 2010	**Transpor-tation**	**Real estate**	**Retail**	**Leisure and services**	**Hotel**	**Other**	**Total**	**Adjustments and eliminations**	**Consolidated**
					(Millions of yen)				
Amortization of goodwill	¥310	–	¥6,095	¥337	¥13	¥80	¥6,835	–	¥6,835

(2) Negative Goodwill

The following table presents the amortization and balance of negative goodwill arising from business combinations prior to April 1, 2010:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Amortization for the year ended March 31, 2011	¥3,457	$41,651
Balance as of March 31, 2011	¥10,339	$ 124,566

The amounts described above are recognized as corporate income and corporate liabilities not allocable to reportable segments.

14. Derivatives

Derivative financial instruments consist principally of interest-rate swaps and forward foreign exchange contracts, both of which are entered into in order to reduce the risk of interest rate and foreign exchange rate fluctuation.

(a) Hedge accounting

Deferred hedge accounting is utilized in principle. Special hedge accounting is applied to interest-rate swaps which meet the criteria for special hedge accounting.

(b) Hedging methods and hedged items

Hedging methods:	Interest-rate swaps, forward foreign exchange contracts
Hedged items:	Bonds, long-term debt, foreign currency payables

(c) Hedging policy

Rules with respect to granting authority to enter into derivative transactions are defined in the Company's Operations Manual. Exposure to interest-rate risk and risk of foreign exchange rate fluctuation is hedged in compliance with these regulations. The consolidated subsidiaries engage in derivative transactions based on their own internal rules as a means to reduce their exposure to interest-rate risk and foreign exchange rate risk arising from the normal course of business.

(d) Assessing hedge effectiveness

The rate of changes in cash flows from hedging instruments and the related risk hedged over the lapsed periods are used as the basis for measuring hedge effectiveness.

14. Derivatives (continued)

Summarized below are notional amounts and the estimated fair value of the derivative instruments outstanding at March 31, 2010 and 2011, for which hedge accounting has been applied.

(1) Currency-related transactions

	2010				2011			
	Notional amount				Notional amount			
	Total	Over 1 year	Fair value	Unrealized loss	Total	Over 1 year	Fair value	Unrealized loss
	(Millions of yen)							
Forward foreign exchange contracts, accounted for as part of accounts payable:								
To buy foreign currencies:								
U.S. dollar	¥9	¥—	¥9	¥(0)	¥8	¥—	¥8	¥(0)
Total	¥9	¥—	¥9	¥(0)	¥8	¥—	¥8	¥(0)

	2011			
	Notional amount			
	Total	Over 1 year	Fair value	Total
	(Thousands of U.S. dollars)			
Forward foreign exchange contracts, accounted for as part of accounts payable:				
To buy foreign currencies:				
U.S. dollar	$96	$—	$96	$(0)
Total	$96	$—	$96	$(0)

Note: 1. The calculations of fair value are based on the prices quoted by financial institutions.

14. Derivatives (continued)

(2) Interest-related transactions

	2010				2011			
	Notional amount				Notional amount			
	Total	Over 1 year	Fair value	Unrealized loss	Total	Over 1 year	Fair value	Unrealized loss
	(Millions of yen)							
Interest-rate swaps hedging long-term debt, accounted for by short-cut method: Receivable/ floating Payable/ fixed	¥16,005	¥825	¥15,913	¥(92)	¥825	¥645	¥810	¥(15)
Interest-rate swaps hedging long-term debt and bonds, accounted for by special hedge accounting: Receivable/ floating Payable/ fixed	25,453	20,717	—	—	23,209	11,859	—	—
Total	¥41,458	¥21,542	¥15,913	¥(92)	¥24,034	¥12,504	¥810	¥(15)

	2011			
	Notional amount			
	Total	Over 1 year	Fair value	Unrealized loss
	(Thousands of U.S. dollars)			
Interest-rate swaps hedging long-term debt, accounted for by short-cut method: Receivable/ floating Payable/ fixed	$9,940	$7,771	$9,759	$(181)
Interest-rate swaps hedging long-term debt and bonds, accounted for by special hedge accounting: Receivable/ floating Payable/ fixed	279,627	142,880	—	—
Total	$289,567	$150,651	$9,759	$(181)

Notes: 1. The calculations of fair value are based on the prices quoted by financial institutions.

2. Fair value of long-term debt and bonds accounted for by special hedge accounting are included in the estimated fair value of the underlying long-term debt and bonds.

15. Related-Party Transactions

Prior Fiscal Year (As of March 31, 2010)

(1) Subsidiaries etc.

Party		Affiliate
Name		Tokyu Construction Co., Ltd.
Address		Shibuya-ku, Tokyo
Paid-in capital ¥(million)		¥16,354
Business details		Construction business
Shareholder voting rights (Yes/No) ratio		Yes Direct 14.2% Indirect 0.7%
Relationships		Directors serving concurrently
		Construction business agency
Transaction type		Construction fees
Transaction amount ¥(million)		¥50,367
Year-end balance	Type	Accounts payable
	¥(million)	¥2,780

Notes:
1. In the above amounts, transaction amount excludes consumption taxes, and year-end balance includes consumption taxes.
2. Transaction conditions depend on negotiation referring to market condition.
3. Tokyu Corporation's ownership of Tokyu Construction Co., Ltd. is less than 20% but as it exerts influence on the company, it has been treated as an affiliate.
4. In addition to the ownership of voting rights of Tokyu Construction Co., Ltd. referred to above, 7,500 thousand shares (representing 7.0% of the voting rights) have been contributed to the trust for retirement benefits established by Tokyu Corporation.

15. Related-Party Transactions (continued)

(2) Directors and principal individual shareholders

Party		President of Tokyu Corp.
Name		Toshiaki Koshimura
Shareholder voting rights (Yes/No) ratio		No Direct 0.0%
Transaction: type and amount ¥(million)	Sale of residential land lot *(Notes:3)*	¥119

Party		Executive Vice President of Tokyu Corp.
Name		Katsuhisa Suzuki
Shareholder voting rights (Yes/No) ratio		No Direct 0.0%
Year-end balance: type and amount ¥(million)	Advances received	¥16

Party		Executive Corporate Adviser of Tokyu Corp.
Name		Shinobu Shimizu
Shareholder voting rights (Yes/No) ratio		No Direct 0.0%
Relationships		Sale of membership
Year-end balance: type and amount ¥(million)	Guarantee deposits	¥25

15. Related-Party Transactions (continued)

(2) Directors and principal individual shareholders (continued)

Party		Corporate Auditor of Tokyu Corp. President of Nippon Life Insurance Company
Name		Kunie Okamoto
Shareholder voting rights (Yes/No) ratio		No
Transaction type: type and amount ¥(million)	Borrowing	¥8,903
	Interest paid	¥645
Year-end balance: type and amount ¥(million)	Short-term loans	¥3,102
	Long-term loans	¥32,813
	Accrued interest	¥95

Party		Corporate Auditor of Tokyu Corp. President of Dai-ichi Life Insurance Company
Name		Katsutoshi Saito
Shareholder voting rights (Yes/No) ratio		No
Transaction type: type and amount ¥(million)	Borrowing	¥7,493
	Interest paid	¥595
Year-end balance: type and amount ¥(million)	Short-term loans	¥3,562
	Long-term loans	¥31,616
	Accrued interest	¥63

Notes:
1. In the above amounts, transaction amounts exclude consumption taxes, and year-end balances include consumption taxes.
2. Transaction conditions are the same as general transactions, and borrowing interest ratio is reasonably decided considering market price.
3. This transaction involves Toshiaki Koshimura and a close relative.
4. Transactions with Nippon Life Insurance Company, Dai-ichi Life Insurance Company are designated as transactions on behalf of third parties.

15. Related-Party Transactions (continued)

Current Fiscal Year (As of March 31, 2011)

(1) Subsidiaries etc.

Party		Affiliate
Name		Tokyu Construction Co., Ltd.
Address		Shibuya-ku, Tokyo
Paid-in capital ¥(million) / US$(thousand)		¥16,354/ US$197,036
Business details		Construction business
Shareholder voting rights (Yes/No) ratio		Yes Direct 14.2% Indirect 0.7%
Relationships		Directors serving concurrently
		Construction business agency
Transaction type		Construction fees
Transaction amount	¥(million) / US$(thousand)	¥38,813 / US$467,627
Year-end balance	Type	Accounts payable
	¥(million) / US$(thousand)	¥2,895 / US$34,880

Notes:
1. In the above amounts, transaction amount excludes consumption taxes, and year-end balance includes consumption taxes.
2. Transaction conditions depend on negotiation referring to market condition.
3. Tokyu Corporation’s ownership of Tokyu Construction Co., Ltd. is less than 20% but as it exerts influence on the company, it has been treated as an affiliate.
4. In addition to the ownership of voting rights of Tokyu Construction Co., Ltd. referred to above, 7,500 thousand shares (representing 7.0% of the voting rights) have been contributed to the trust for retirement benefits established by Tokyu Corporation.

15. Related-Party Transactions (continued)

(2) Directors and principal individual shareholders

Party		Executive Vice President of Tokyu Corp
Name		Katsuhisa Suzuki
Shareholder voting rights (Yes/No) ratio		No Direct 0.0%
Transaction: type and amount ¥(million) / US$(thousand)	Sale of residential land lot	¥139 / US$1,675

Party		Managing Director of Tokyu Corp.
Name		Tsuneyasu Kuwahara
Shareholder voting rights (Yes/No) ratio		No Direct 0.0%
Transaction: type and amount ¥(million) / US$(thousand)	Sale of residential land lot *(Notes:3)*	¥78 / US$940

Party		Executive Corporate Adviser of Tokyu Corp.
Name		Shinobu Shimizu
Shareholder voting rights (Yes/No) ratio		No Direct 0.0%
Relationships		Sale of membership
Year-end balance: type and amount ¥(million) / US$(thousand)	Guarantee deposits	¥25 / US$301

15. Related-Party Transactions (continued)

(2) Directors and principal individual shareholders (continued)

Party		Corporate Auditor of Tokyu Corp. President of Nippon Life Insurance Company
Name		Kunie Okamoto
Shareholder voting rights (Yes/No) ratio		No
Transaction type: type and amount ¥(million) / US$(thousand)	Borrowing	¥5,045 / US$60,783
	Interest paid	¥696 / US$8,386
Year-end balance: type and amount ¥(million) / US$(thousand)	Short-term loans	¥3,044 / US$36,675
	Long-term loans	¥34,814 / US$419,446
	Accrued interest	¥109 / US$1,313

Party		Corporate Auditor of Tokyu Corp. President of Dai-ichi Life Insurance Company
Name		Katsutoshi Saito
Shareholder voting rights (Yes/No) ratio		No
Transaction type: type and amount ¥(million) / US$(thousand)	Borrowing	¥5,439 / US$65,530
	Interest paid	¥661 / US$7,964
Year-end balance: type and amount ¥(million) / US$(thousand)	Short-term loans	¥3,492 / US$42,072
	Long-term loans	¥33,143 / US$399,313
	Accrued interest	¥69 / US$831

Notes:
1. In the above amounts, transaction amounts exclude consumption taxes, and year-end balances include consumption taxes.
2. Transaction conditions are the same as general transactions, and borrowing interest ratio is reasonably decided considering market price.
3. This transaction involves Tsuneyasu Kuwahara and a close relative.
4. Shinobu Shimizu retired as a director of the Company on June 29, 2010, and therefore he is no longer a related party. Year-end balance represents the outstanding balance at his retirement date.
5. Transactions with Nippon Life Insurance Company, Dai-ichi Life Insurance Company are designated as transactions on behalf of third parties.

16. Loan Disbursements Related to Loan Commitments

Tokyu Card, Inc.

	March 31,		
	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Total loan commitments	¥68,214	¥63,087	$760,084
Loans extended	2,497	1,839	22,156
Remaining commitments	¥65,717	¥61,248	$737,928

Note: Loan commitments represent the maximum cash withdrawals available to cardholders. Therefore, it does not necessarily indicate that the total commitments of cash have been withdrawn.

Tokyu Finance and Accounting Co., Ltd.

	March 31,		
	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Total loan commitments	¥26,000	¥26,000	$313,253
Loans extended	–	–	–
Remaining commitments	¥26,000	¥26,000	$313,253

Note: Loan commitments are extended to cover a cash management system which is offered to each member of the group companies of Tokyu Corporation. Accordingly, the total amounts presented above may not necessarily be required.

17. Premises Revaluation Account

Land held for business purposes by Izukyu Corporation and Jotetsu Corporation (consolidated subsidiaries), and by Tokyu Land Corporation and Tokyu Recreation Co., Ltd. (affiliates accounted for by the equity method) was revalued pursuant to the Law Concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998) and the revised Law Concerning Land Revaluation (Revised Law No. 19, promulgated on March 31, 2001). The Company charges revaluation differences directly to shareholders' equity. The method of revaluation, the date of revaluation, and the difference between the fair value at the end of the year and the book value after revaluation are summarized as follows:

(1) Izukyu Corporation

Method of revaluation:

The value of the land is determined based on the price provided by a real estate appraiser, which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998). The value of certain parcels of land is determined based on Item 3 of the same ordinance and article.

Date of revaluation: March 31, 2000

Difference between the fair value as of March 31, 2011 and the book value after revaluation: ¥(90) million ($(1,084) thousand).

(2) Jotetsu Corporation

Method of revaluation:

The value of the land is determined based on the book value registered in the official tax ledger, which is described in Article 2, Item 3 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998) for adjustments to the valuation of taxable fixed assets.

Date of revaluation: March 31, 2002

Difference between the fair value as of March 31, 2011 and the book value after revaluation: ¥(478) million ($(5,759) thousand).

17. Premises Revaluation Account (continued)

(3) Tokyu Land Corporation

Method of revaluation:

The value of the land is determined based on the price provided by a real estate appraiser, which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998). The value of certain parcels of land is determined based on Item 2, 3, and 4 of the same ordinance and article.

Date of revaluation: March 31, 2000

Date of revaluation (according to merger of subsidiary): March 31, 2001

The fair value as of March 31, 2011 exceeded the book value after revaluation.

(4) Tokyu Recreation Co., Ltd.

Method of revaluation:

The value of the land is determined based on the book value registered in the official taxable ledger, which is described in Article 2, Item 3 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998).

Date of revaluation: December 31, 2000

The fair value as of March 31, 2011 exceeded the book value after revaluation.

18. Retirement and Severance Benefits

(1) Outline of employees' retirement benefit plans

The Company and its subsidiaries have defined benefit pension plans consisting of lump-sum retirement payment systems, Welfare Pension Insurance, qualified retirement benefit plans, the Small Enterprise Mutual Aid System for Retirement Fund and defined benefit pension plan, and the Company and certain subsidiaries have defined contribution pension plans.

In certain cases, employees are entitled upon retirement to additional retirement payments which are not treated as actuarially computed retirement benefits determined in accordance with the Japanese accounting standard for retirement benefits. Additionally, the Company and its certain subsidiaries have established trust funds for their liability for retirement benefits.

Tokyu Store Chain Co., Ltd. and its certain subsidiaries have abolished their defined benefit pension plans. As a result, loss on abolition of retirement benefit plans of ¥5,445 million ($65,602 thousand) is included in "Other" in "Other expenses" on the consolidated statement of income for the year ended March 31, 2011.

Nagano Tokyu Department Store Co., Ltd. and Kita Nagano Shopping Center Co., Ltd. (fiscal year ends on January 31) participate in a multi-employer pension plan of a welfare pension insurance fund composed by department stores. Since the Company cannot systematically allocate pension fund assets and benefit obligations to each participant, the companies record the required amount of contribution as retirement benefit expense instead of recording respective portion of pension fund assets and benefit obligation on their balance sheets. Total amounts of the pension fund assets and retirement benefit obligations of the fund at March 31, 2010 and 2011 are as follows:

	2010	**2011**	**2011**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Pension fund assets	¥35,672	¥41,212	$496,530
Retirement benefit obligations	51,961	45,929	553,361
Pension fund assets, net	(¥16,289)	(¥4,717)	($56,831)

Note: For the fiscal years ended March 31, 2010 and 2011, the occupation ratio of the companies' salaries to the total salary of the fund participants is 3.9%.

18. Retirement and Severance Benefits (continued)

(2) Retirement benefit liabilities

	March 31,		
	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars)*
Retirement benefit obligations	¥(111,409)	¥(109,620)	$(1,320,723)
Pension fund assets	74,717	66,838	805,277
Unfunded retirement benefit obligations	(36,692)	(42,782)	(515,446)
Unrecognized actuarial differences	59,918	55,500	668,675
Unrecognized past service costs	(4,086)	(2,927)	(35,265)
Net amount of retirement benefit	19,140	9,791	117,964
Prepaid pension costs	48,563	41,539	500,470
Reserve for retirement benefits	¥ (29,423)	¥ (31,748)	$ (382,506)

Notes:

1. Certain consolidated subsidiaries adopt a simplified method in calculating their respective retirement benefit obligation.

2. The amount to be transferred to the defined contribution benefit plan of the employees and certain seconded employees of the Company was ¥19,625 million ($236,446 thousand), which is scheduled to be transferred over a period of 8 years. ¥2,280 million（$27,470 thousand）that has not been transferred as of March 31, 2011 is included in “Other current liabilities.” Additionally, the amount to be transferred to the defined contribution benefit plan of Tokyu Car Co., Ltd. was ¥5,456 million ($65,735 thousand), which is scheduled to be transferred over a period of 8 years. ¥2,669 million（$32,157 thousand）that has not been transferred as of March 31, 2011 is also included in “Other current liabilities” and “Other non-current liabilities.”

18. Retirement and Severance Benefits (continued)

(3) Retirement benefit expenses

	Year ended March 31,		
	2010	2011	2011
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service cost	¥ 4,081	¥ 4,319	$52,036
Interest cost	2,434	2,231	26,880
Expected return on plan assets	(893)	(958)	(11,542)
Amortization of actuarial differences	6,893	6,186	74,530
Amortization of past service liabilities	(791)	(812)	(9,783)
Payment to defined contribution plans	1,628	1,857	22,373
Retirement benefit expenses	13,352	12,823	154,494
Loss on transfers to defined contribution plans	66	-	-
(Gain) loss on abolition of retirement benefit plans	(85)	5,445	65,602
Retirement benefit expenses, net	¥13,333	¥18,268	$220,096

Notes: 1. In addition to the above retirement benefit expenses, ¥139 million and ¥449 million ($5,410 thousand) were paid out as additional retirement benefits and these amounts are included in “Other” in “Other expenses” on the consolidated statements of income for the year ended March 31, 2010 and 2011, respectively.

2. Retirement benefit expenses of the consolidated subsidiaries which have adopted a simplified method to compute their retirement benefits have been included in “Service cost.”

3. Loss on abolition of retirement benefit plans of ¥5,445 million ($65,602 thousand) for the year ended March 31, 2011 is due to the abolishment of the defined benefit pension plans in Tokyu Store Chain Co., Ltd. and its certain subsidiaries.

(4) Basis of presentation of retirement benefit liabilities

Allocation of estimated retirement benefit amounts:	Primarily the straight-line method
Discount rate:	Primarily 2.0 percent
Expected rate of return on plan assets:	Primarily 1.5 percent
Amortization period for past service liabilities:	Primarily 15 years
Amortization period for actuarial differences:	Primarily 15 years

19. Financial Instruments

Prior Fiscal Year (As of March 31, 2010)

Information on financial instruments at March 31, 2010 is summarized as follows:

1. Items related to financial instruments

(1) Policy on financial instruments

The Company and its consolidated subsidiaries procure funds through bank loans and bond based on plant and equipment investment plans for each business, especially the railway business. The use of surplus funds is limited to low-risk financial instruments. Derivative transactions are not used for speculation, but only used to hedge various risks.

(2) Details and risks of financial instruments

Trade notes and accounts receivables expose the Companies to the credit risk of customers. Foreign currency-denominated operating receivables expose the Companies to foreign currency exchange rate risk. Investment securities are mainly shares of companies that have business relationships with the Companies, and these are affected by market risk. Trade notes and accounts payable are mostly payable within one year. Foreign currency-denominated operating payables expose the Companies to foreign currency exchange rate risk, but this risk is partly hedged by forward foreign exchange contract. Debt and bonds are used for payments for plant and equipment investment, and their redemption dates are within 19 years from the account closing date of the fiscal year. A portion of debt and bonds have floating interest rates, and therefore expose the Companies to interest rate fluctuation risk, but this risk is hedged by using derivative transactions (interest rate swaps). The derivative transactions are composed of forward foreign exchange contracts which aim to hedge exchange rate fluctuation risk on operating liabilities in foreign currencies and interest rate swaps which aim to hedge interest rate fluctuations risk on debt and bonds. See Note 14 “Derivatives.”

19. Financial Instruments (continued)

(3) Risk management structure for financial instruments

1) Management of credit risk (the risks that counterparties may default)

Based on internal regulations, each department reduces the possibility of uncollectible receivables by managing outstanding payment dates for receivables, and regularly monitoring the financial condition of customers. The consolidated subsidiaries perform the same management procedures. Held-to-maturity bonds are necessary for the Company's business operations, and their credit risk is negligible. The credit risk of derivative transactions is also negligible since the Company performs transactions only with creditworthy financial institutions.

2) Management of market risk (the risks arising from fluctuation in foreign currency exchange rates, interest rates and other fluctuations)

Certain consolidated subsidiaries enter into forward foreign exchange contracts to hedge foreign currency exchange fluctuation risk related to forecasted transactions in foreign currencies.
Interest rate swap transactions are used to hedge the risk of interest rate fluctuations on the Companies' debt and bonds. To manage market value fluctuation risk of investment securities, market value of the shares and financial position of the issuer are regularly monitored. In the Company, execution and management of derivative transactions are carried out by the finance department with approval based on internal regulations. In the consolidated subsidiaries, every transaction is carried out with approval of directors in charge.

3) Management of liquidity risk (the risks that the Companies may not be able to meet their obligations on scheduled due dates) associated with fund procurement

The Company manages liquidity risk by monthly funding plans prepared by the finance department, which are based on reports from each department. The consolidated subsidiaries perform the same management procedures.

(4) Supplementary information related to fair value, etc. of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. 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 a different fair value.

19. Financial Instruments (continued)

2. Estimated fair value of financial instruments

Book value of financial instruments on the consolidated balance sheets and estimated fair value as of March 31, 2010 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (See Note 2 below).

	Book value	**Estimated fair value**	**Difference**
		(Millions of yen)	
(1) Cash and deposits	¥ 40,739	¥ 40,739	¥ –
(2) Trade notes and accounts receivable	121,700	121,700	–
Allowance for doubtful accounts (*1)	(1,099)	(1,099)	–
(3) Investment securities			
Held-to-maturity securities	211	210	(1)
Affiliate securities	56,869	52,303	(4,566)
Other securities	23,287	23,287	–
Total assets	¥ 241,707	¥ 237,140	¥ (4,567)
(1) Trade notes and accounts payable	114,569	114,569	–
(2) Short-term debt (*2)	176,461	176,461	–
(3) Bonds (*3)	225,800	235,458	9,658
(4) Long-term debt (*4)	640,413	644,087	3,674
Total liabilities	¥1,157,243	¥1,170,575	¥ 13,332
Derivatives (*5)	¥ (92)	¥ (92)	¥ –

(*1) Allowance for doubtful accounts to trade notes and accounts receivable is deducted.
(*2) Current portion of long-term debt is not included.
(*3) Current portion of bonds is included.
(*4) Current portion of long-term debt is included.
(*5) Assets and liabilities resulting from derivative transactions are shown at net amounts. Liabilities are shown in parentheses.

19. Financial Instruments (continued)

Notes:
1. Items related to securities and derivative transactions, and calculation methods for fair value of financial instruments

Assets
(1) Cash and deposits and (2) Trade notes and accounts receivable
As these items are settled in a short period of time, the fair value approximates the book value.
(3) Investment securities
As the fair value of stocks is based on quoted market price, and the fair value of bonds is based on the price provided by financial institutions. See Note 3 “Securities” for the information related to securities classified by purpose.

Liabilities
(1)Trade notes and accounts payable, and (2) Short-term debt
As these items are settled in a short period of time, the fair value approximates the book value.
(3) Bonds
The fair value is based on the price quoted by market when a market price is available. When a market price is not available, the fair value is based on present value that is discounted by the interest rate to be applied if a similar new bond issuance was undertaken.
(4) Long-term debt
Floating-rate long-term debt reflects the market rates in a short period, meaning the fair value approximates the book value, and therefore the book value is used. Fixed rate long-term debt is based on present value discounted by the interest rate to be applied if a similar new debt is obtained.

Derivatives
See Note 14 “Derivatives.”

2. Financial instruments for which it is extremely difficult to determine the fair value

	March 31, 2010
	(Millions of yen)
Unlisted shares	¥26,638
Preferred investments in SPCs	2,088
Other	422

As these items do not have a market value and it is impossible to estimate their future cash flow, it is extremely difficult to determine the fair value. These instruments are therefore not included in “(3) Investment securities.”

19. Financial Instruments (continued)

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2010

	1 year or less	1 to 5 years	5 to 10 years	Longer than 10 years
		(Millions of yen)		
Cash in banks	¥ 34,925	¥ –	¥ –	¥ –
Trade notes and accounts receivable	119,369	2,330	1	–
Investment securities				
JGBs, municipal bonds	0	212	–	–
Total	¥154,294	¥ 2,542	¥ 1	¥ –

4. See Note 5 “Short-Term Debt and Long-Term Debt” for the aggregate annual maturities of long-term debt after the year-end date.

19. Financial Instruments (continued)

Current Fiscal Year (As of March 31, 2011)

Information on financial instruments at March 31, 2011 is summarized as follows:

1. Items related to financial instruments

(1) Policy on financial instruments

The Company and its consolidated subsidiaries procure funds through bank loans and bond issuances based on plant and equipment investment plans for each business, especially the railway business. The use of surplus funds is limited to low-risk financial instruments. Derivative transactions are not used for speculation, but only used to hedge various risks.

(2) Details and risks of financial instruments

Trade notes and accounts receivables expose the Companies to the credit risk of customers. Foreign currency-denominated operating receivables expose the Companies to foreign currency exchange rate risk. Investment securities are mainly shares of companies that have business relationships with the Companies, and these are affected by market risk. Trade notes and accounts payable are mostly payable within one year. Foreign currency-denominated operating payables expose the Companies to foreign currency exchange rate risk, but this risk is partly hedged by forward foreign exchange contracts. Debt and bonds are used for payments for plant and equipment investment, and their redemption dates are within 19 years from the account closing date of the fiscal year. A portion of debt and bonds have floating interest rates, and therefore expose the Companies to interest rate fluctuation risk, but this risk is hedged by using derivative transactions (interest rate swaps). The derivative transactions are composed of forward foreign exchange contracts which aim to hedge exchange rate fluctuation risk on operating liabilities in foreign currencies and interest rate swaps which aim to hedge interest rate fluctuation risk on debt and bonds. See Note 14 “Derivatives.”

19. Financial Instruments (continued)

(3) Risk management structure for financial instruments

1) Management of credit risk (the risks that counterparties may default)

Based on internal regulations, each department reduces the possibility of uncollectible receivables by managing outstanding payment dates for receivables, and regularly monitoring the financial condition of customers. The consolidated subsidiaries perform the same management procedures. Held-to-maturity bonds are necessary for the Company's business operations, and their credit risk is negligible. The credit risk of derivative transactions is also negligible since the Company performs transactions only with creditworthy financial institutions.

2) Management of market risk (the risks arising from fluctuation in foreign currency exchange rates, interest rates and other fluctuations)

Certain consolidated subsidiaries enter into forward foreign exchange contracts to hedge foreign currency exchange fluctuation risk related to forecasted transactions in foreign currencies.
Interest rate swap transactions are used to hedge the risk of interest rate fluctuations on the Companies' debt and bonds. To manage market value fluctuation risk of investment securities, market value of the shares and financial position of the issuer are regularly monitored. In the Company, execution and management of derivative transactions are carried out by the finance department with approval based on internal regulations. In the consolidated subsidiaries, every transaction is carried out with approval of directors in charge.

3) Management of liquidity risk (the risks that the Companies may not be able to meet their obligations on scheduled due dates) associated with fund procurement

The Company manages liquidity risk by monthly funding plans prepared by the finance department, which are based on reports from each department. The consolidated subsidiaries perform the same management procedures.

(4) Supplementary information related to fair value, etc. of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. 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 a different fair value.

19. Financial Instruments (continued)

2. Estimated fair value of financial instruments

Book value of financial instruments on the consolidated balance sheets and estimated fair value as of March 31, 2011 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (See Note 2 below).

	Book value	Estimated fair value	Difference
		(Millions of yen)	
(1) Cash and deposits	¥ 29,988	¥ 29,988	¥ –
(2) Trade notes and accounts receivable	105,026	105,026	–
Allowance for doubtful accounts (*1)	(996)	(996)	–
(3) Investment securities			
Held-to-maturity securities	327	327	(0)
Affiliate securities	54,044	51,337	(2,707)
Other securities	23,701	23,701	–
Total assets	¥ 212,090	¥ 209,383	¥ (2,707)
(1) Trade notes and accounts payable	93,209	93,209	–
(2) Short-term debt (*2)	172,726	172,726	–
(3) Bonds (*3)	257,800	268,958	11,158
(4) Long-term debt (*4)	610,819	616,614	5,795
Total liabilities	¥1,134,554	¥1,151,507	¥ 16,953
Derivatives (*5)	¥ (15)	¥ (15)	¥ –

	Book value	Estimated fair value	Difference
		(Thousands of U.S. dollars)	
(1) Cash and deposits	$ 361,301	$ 361,301	$ –
(2) Trade notes and accounts receivable	1,265,374	1,265,374	–
Allowance for doubtful accounts (*1)	(12,000)	(12,000)	–
(3) Investment securities			
Held-to-maturity securities	3,940	3,940	(0)
Affiliate securities	651,132	618,518	(32,614)
Other securities	285,554	285,554	–
Total assets	$ 2,555,301	$ 2,522,687	$ (32,614)
(1) Trade notes and accounts payable	1,123,000	1,123,000	–
(2) Short-term debt (*2)	2,081,036	2,081,036	–
(3) Bonds (*3)	3,106,024	3,240,458	134,434
(4) Long-term debt (*4)	7,359,265	7,429,084	69,819
Total liabilities	$13,669,325	$13,873,578	$ 204,253
Derivatives (*5)	$ (181)	$ (181)	$ –

(*1) Allowance for doubtful accounts corresponding to trade notes and accounts receivable is deducted.
(*2) Current portion of long-term debt is not included.
(*3) Current portion of bonds is included.
(*4) Current portion of long-term debt is included.
(*5) Assets and liabilities resulting from derivative transactions are shown at net amounts.
Liabilities are shown in parentheses.

19. Financial Instruments (continued)

Notes:
1. Items related to securities and derivative transactions, and calculation methods for fair value of financial instruments

Assets
(1) Cash and deposits and (2) Trade notes and accounts receivable
As these items are settled in a short period of time, the fair value approximates the book value.
(3) Investment securities
The fair value of stocks is based on the quoted market price, and the fair value of bonds is based on the price provided by financial institutions. See Note 3 "Securities" for information related to securities classified by purpose.

Liabilities
(1)Trade notes and accounts payable, and (2) Short-term debt
As these items are settled in a short period of time, the fair value approximates the book value.
(3) Bonds
The fair value is based on the quoted market price when available. When a quoted market price is not available, the fair value is based on the present value discounted by the interest rate to be applied if a similar new bond issuance was undertaken.
(4) Long-term debt
Floating-rate long-term debt reflects the market rates in a short period, meaning the fair value approximates the book value, and therefore the book value is used. Fixed rate long-term debt is based on present value discounted by the interest rate to be applied if similar new debt is obtained.

Derivatives
See Note 14 "Derivatives."

2. Financial instruments for which it is extremely difficult to determine the fair value

	March 31, 2011	
	(Millions of yen)	*(Thousands of U.S. dollars)*
Unlisted shares	¥20,974	$252,699
Preferred investments in SPCs	2,088	25,157
Other	145	1,747

As these items do not have a market value and it is impossible to estimate their future cash flow, it is extremely difficult to determine the fair value. These instruments are therefore not included in "(3) Investment securities."

19. Financial Instruments (continued)

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2011

	1 year or less	1 to 5 years	5 to 10 years	Longer than 10 years
		(Millions of yen)		
Cash in banks	¥ 24,497	¥ –	¥ –	¥ –
Trade notes and accounts receivable	100,146	4,880	–	–
Investment securities				
JGBs, municipal bonds	0	328	–	–
Total	¥124,643	¥ 5,208	¥ –	¥ –

	1 year or less	1 to 5 years	5 to 10 years	Longer than 10 years
		(Thousands of U.S. dollars)		
Cash in banks	$ 295,145	$ –	$ –	$ –
Trade notes and accounts receivable	1,206,579	58,795	–	–
Investment securities				
JGBs, municipal bonds	0	3,952	–	–
Total	$1,501,724	$ 62,747	$ –	$ –

4. See Note 5 “Short-Term Debt and Long-Term Debt” for the aggregate annual maturities of long-term debt after the year-end date.

20. Investment and Rental Property

Prior Fiscal Year (As of March 31, 2010)

The Company and certain consolidated subsidiaries own office buildings, commercial facilities and housing for lease in their business areas, mainly along the railway line in Tokyo and Kanagawa, and other areas. Profit from rental of property for the fiscal year ended March 31, 2010 is ¥13,457 million (with lease income recorded as “Revenue from operations” and primary leasing expenses recorded as “Cost of revenue from operations”), gain on sales of fixed assets of ¥741 million is recorded (as “Other income”), and an impairment loss of ¥137 million is recorded (as “Other expenses”). The book value in the consolidated balance sheets and corresponding market value of those properties are as follows:

(Millions of yen)

Book value			Fair value
March 31, 2009	Net Change	March 31, 2010	March 31, 2010
¥ 189,816	¥ 4,919	¥ 194,735	¥ 300,037

Notes: 1. The amount recorded on the consolidated balance sheets is the acquisition cost minus accumulated depreciation.

2. The fair value is mainly estimated in accordance with appraisal standards for valuing real estate. The fair value of some important properties is based on the amount of real estate appraisal estimated by real estate appraisers.

3. The Companies are involved in the development of large commercial facilities. Since it is extremely difficult to estimate the fair value in the early stages of development, the Shibuya New Bunka Gaiku project and others in the amount of ¥106,354 million are not included in the table above.

20. Investment and Rental Property (continued)

Current Fiscal Year (As of March 31, 2011)

The Company and certain consolidated subsidiaries own office buildings, commercial facilities and housing for lease in their business areas, mainly along the railway line in Tokyo and Kanagawa, and other areas. Profit from rental of property for the fiscal year ended March 31, 2011 is ¥11,521 million ($138,807 thousand) (with lease income recorded as "Revenue from operations" and primary leasing expenses recorded as "Cost of revenue from operations"), gain on sales of fixed assets of ¥4,979 million ($59,988 thousand) is recorded (as "Other income"), and an impairment loss of ¥234 million ($2,819 thousand) is recorded (as "Other expenses"). The book value in the consolidated balance sheets and corresponding market value of those properties are as follows:

(Millions of yen)

Book value			Fair value
March 31, 2010	Net Change	March 31, 2011	March 31, 2011
¥ 194,735	¥ 51,626	¥ 246,361	¥ 355,948

(Thousands of U.S. dollars)

Book value			Fair value
March 31, 2010	Net Change	March 31, 2011	March 31, 2011
$ 2,346,205	$ 622,000	$ 2,968,205	$ 4,288,530

Notes: 1. The amount recorded on the consolidated balance sheets is the acquisition cost minus accumulated depreciation.

2. The fair value is mainly estimated in accordance with appraisal standards for valuing real estate. The fair value of some important properties is based on the amount of real estate appraisal estimated by real estate appraisers.

3. The Companies are involved in the development of large commercial facilities. Since it is extremely difficult to estimate the fair value in the early stages of development, the Shibuya New Bunka Gaiku project and others in the amount of ¥61,607 million ($742,253 thousand) are not included in the table above.

4. Net change in book value is mainly as follows:

	(Millions of yen)	*(Thousands of U.S. dollars)*
The Capitol Hotel Tokyu	¥26,395	$318,012
Futako Tamagawa Rise	18,941	228,205
Tokyu Toranomon Bldg.	11,575	139,458

21. Asset Retirement Obligations

As described in Note 1 (o) "Asset Retirement Obligations," the Company and its subsidiaries have adopted "Accounting Standard for Asset Retirement Obligations" effective the fiscal year ended March 31, 2011. The following table indicates the changes in asset retirement obligations for the year ended March 31, 2011:

	2011	2011
	(Millions of yen)	*(Thousands of U.S. dollars)*
Balance at April 1, 2010	¥ 4,743	$ 57,145
Liabilities incurred due to the acquisition of property, plant and equipment	295	3,554
Liabilities settled	(306)	(3,687)
Others	(26)	(313)
Balance at March 31, 2011	¥4,706	$56,699

Note: Balance at April 1, 2010 includes ¥797 million ($9,602 thousand) attributable to asset retirement obligations recorded in the year ended March 31, 2010.

22. Other Comprehensive Income

Effective the fiscal year ended March 31, 2011, the Companies have adopted "Accounting Standards for Presentation of Comprehensive Income" (Statement No.25, issued by Accounting Standards Board of Japan on June 30, 2010). In accordance with this new standard, a consolidated statement of comprehensive income for the year ended March 31, 2010 is not presented.

The following table presents components of other comprehensive income for the year ended March 31, 2010:

For the year ended	**March 31, 2010**
	(Millions of yen)
Unrealized holding loss on securities	¥ (2,437)
Unrealized loss on derivatives	(27)
Foreign currency translation adjustments	1,252
Share of other comprehensive income of companies accounted for by the equity-method	432
Total other comprehensive income (loss)	¥ (780)
Total comprehensive income attributable to:	
Shareholders of Tokyu Corporation	¥ 14,092
Minority interests	¥ 1,637

23. Subsequent Events

Issuance of Unsecured Bonds

In accordance with a resolution approved at a meeting of the Company's Board of Directors held on May 27, 2011, unsecured bonds were issued with the following terms and conditions:

The 74th Issuance of Unsecured Bonds

a)	Total amount of bond issue:	¥10.0 billion
b)	Issue price:	¥100 with a par value of ¥100
c)	Interest rate:	1.882% per annum
d)	Payment date:	June 16, 2011
e)	Redemption date:	June 16, 2026
f)	Utilization of funds:	Redemption of bonds and payment of debt

In the event that any of the conditions are violated, the Company will lose the right to benefit from the utilization of these funds through maturity.