

# Tokyu Corporation

## Consolidated Financial Statements

### Fiscal 2013

(April 1, 2013 – March 31, 2014)

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product and service launches, and pricing and product initiatives of competitors.

**SUMMARY OF FINANCIAL STATEMENTS [Japanese Accounting Standards] (Consolidated)**  
**For the Fiscal Year Ended March 31, 2014**

**Tokyu Corporation**

May 15, 2014

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
URL	http://www.tokyu.co.jp/	Inquiries:	Katsumi Oda, Senior Manager, Finance and Accounting Division
President	Hirofumi Nomoto	Telephone:	81-3-3477-6168
Planned date of general meeting of shareholders:	June 27, 2014		
Scheduled date of commencement of dividend payment:	June 30, 2014		
Planned date for submission of financial reports:	June 27, 2014		
Supplementary documents for results	YES		
Results briefing (for institutional investor and analysts)	YES		

\* Amounts of less than ¥1 million have been rounded down

**1. Consolidated Financial Results for Fiscal Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)**

(Figures in percentages denote the year-on-year change)

1) Consolidated Operating Results

Million yen

	FY ended March 31, 2014		FY ended March 31, 2013	
		Change (%)		Change (%)
Operating revenue .....	1,083,070	1.4	1,068,046	(2.4)
Operating profit .....	62,190	11.6	55,742	1.3
Recurring profit .....	62,618	11.3	56,279	4.1
Net income .....	56,498	31.2	43,075	19.9
Net income per share (¥) .....	¥44.96		¥34.33	
Net income per share (diluted) (¥) .....	-		¥34.31	
Return on equity (%) .....	11.4%		9.5%	
Return on assets (%) .....	3.1%		2.9%	
Operating profit ratio (%) .....	5.7%		5.2%	

Notes: Comprehensive Income: FY ended March 31, 2014: ¥65,852 million [20.4%]; FY ended March 31, 2013: ¥54,685 million [39.8%]

Reference: Equity in income (losses) of equity-method affiliates: FY ended March 31, 2014: ¥6,163 million; FY ended March 31, 2013: ¥5,223 million

2) Consolidated Financial Position

Million yen

	As of March 31, 2014	As of March 31, 2013
Total assets .....	2,021,794	1,964,476
Net assets .....	537,711	499,545
Equity ratio (%) .....	25.3%	24.2%
Net assets per share (¥) .....	¥407.08	¥379.13

Reference: Shareholders' equity: FY ended March 31, 2014: ¥511,789 million; FY ended March 31, 2013: ¥476,174 million

3) Consolidated Cash Flows

Million yen

	FY ended March 31, 2014	FY ended March 31, 2013
Operating activities .....	156,703	122,588
Investing activities .....	(106,129)	(90,784)
Financing activities .....	(22,322)	(37,979)
Cash and cash equivalents at end of year .....	54,701	26,367

**2. Dividends**

	FY ending March 31, 2015 (forecast)	FY ended March 31, 2014	FY ended March 31, 2013
Dividend per share – end of first quarter (¥)	-	-	-
Dividend per share – end of first half (¥)	4.00	3.50	3.50
Dividend per share – end of third quarter (¥)	-	-	-
Dividend per share – end of term (¥)	4.00	4.00	3.50
Dividend per share – annual (¥)	8.00	7.50	7.00
Total cash dividends (annual)		9,437	8,798
Dividend payout ratio (consolidated) (%) .....	26.5	16.7	20.4
Net assets dividend ratio (consolidated) (%) .....		1.9	1.9

Notes: Dividends for shares held by a group of shareholding employees in trust that are not included in total dividends are as follows:

FY ended March 31, 2014: ¥15 million; FY ended March 31, 2013: ¥25 million

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)**

(Figures in percentages denote the year-on-year change)

Million yen

	First half		Full year	
		Change (%)		Change (%)
Operating revenue .....	515,700	(0.2)	1,068,800	(1.3)
Operating profit .....	36,200	(0.9)	70,000	12.6
Recurring profit .....	31,800	(12.4)	63,500	1.4
Net income .....	18,900	(30.9)	38,000	(32.7)
Net income per share (¥) .....	¥15.03		¥30.23	

**\* Notes**

- (1) Important changes of subsidiaries during the term  
(Change of specified subsidiaries that led to a change in the scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions  
1) Changes in accounting policies with revision of accounting standards: Yes  
2) Changes in accounting policies other than 1): No  
3) Changes in accounting estimates: No  
4) Restatement of revisions: No

(Note) For details, please see the statement under the heading of "3. Consolidated Financial Statements, (5) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policies)" on page 17 of accompanying materials.

- (3) Number of shares issued (common stock)  
1) Number of shares issued at the end of the term (including treasury stock) (shares)  
FY ended March 31, 2014: 1,263,525,752 FY ended March 31, 2013: 1,263,525,752  
2) Number of treasury stock at the end of the term (shares)  
FY ended March 31, 2014: 6,307,435 FY ended March 31, 2013: 7,566,612  
3) Average numbers of shares issued during the terms (shares)  
FY ended March 31, 2014: 1,256,556,639 FY ended March 31, 2013: 1,254,914,804  
(Note) The number of treasury stock includes shares of the Company held by a group of shareholding employees in trust, as follows.  
FY ended March 31, 2014: 1,705,000 shares; FY ended March 31, 2013: 3,127,000 shares

(Reference) Summary of Non-Consolidated Results

**1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2014**  
**(April 1, 2013 to March 31, 2014)**

- 1) Non-Consolidated Operating Results (Figures in percentages denote the year-on-year change)

	FY ended March 31, 2014		FY ended March 31, 2013	
		Change (%)		Change (%)
Operating revenue .....	293,747	13.3	259,202	4.8
Operating profit .....	42,921	11.2	38,584	1.4
Recurring profit .....	35,663	7.2	33,253	7.0
Net income.....	29,759	2.0	29,173	8.1
Net income per share (¥).....	¥23.66		¥23.22	
Net income per share (diluted) (¥).....	—		—	

2) Non-Consolidated Financial Position

	As of March 31, 2014		As of March 31, 2013	
Total assets .....	1,593,532		1,556,571	
Net assets.....	438,009		416,972	
Equity ratio (%) .....	27.5%		26.8%	
Net assets per share (¥) .....	¥348.00		¥331.59	

Reference: Shareholders' equity: FY ended March 31, 2014: ¥438,009 million; FY ended March 31, 2013: ¥416,972 million

**2. Non-Consolidated Forecast for the Fiscal Year Ending March 31, 2015**  
**(April 1, 2014 to March 31, 2015)**

(Figures in percentages denote the year-on-year change)  
Million yen

	First half		Full year	
		Change (%)		Change (%)
Operating revenue .....	129,200	(0.2)	276,400	(5.9)
Operating profit .....	28,300	7.8	50,900	18.6
Recurring profit .....	25,400	6.8	42,700	19.7
Net income.....	16,300	(6.7)	27,200	(8.6)
Net income per share (¥).....	¥12.95		¥21.61	

\*Status of auditing procedure

This summary of financial statements is not subject to the auditing procedure specified in the Financial Instruments and Exchange Act. The auditing procedure under the Financial Instruments and Exchange Act for the consolidated financial statements is not completed when this summary is disclosed.

\* Explanations about the proper use of financial forecasts and other important notes

(Notes on forecast results)

The forecast results presented above are based on information available on the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors. Please refer to Outlook for Fiscal 2014 on page 5 for more details about these forecasts.

(Method of acquiring supplementary documents for results)

The "Summary of Results for FY2014/3" will be published on our IR website and TDnet (Timely Disclosure network).

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(Note) These documents were posted on the Company's website, and are also disclosed on TDnet.

## 1. Analysis of Results and Financial Position

### (1) Analysis of Results

#### (i) Overview of the Fiscal Year under Review

During the consolidated fiscal year under review, the Japanese economy continued on a modest recovery path, with signs of a tendency towards improvement in corporate earnings and recovery in private consumption, amid the continued trend of the yen's depreciation and stock price rises fuelled by the effect of the government's fiscal measures and the Bank of Japan's monetary easing.

In this environment, Tokyu Corporation (the Company) and its consolidated subsidiaries (collectively the "Group") pushed ahead with a three-year medium-term management plan, with the basic message "Creation, Communication and Challenge," with the aim of achieving sustainable growth into the future, and, in the consolidated fiscal year under review, the Group aimed to maximize consolidated revenue by enhancing cooperation among the operations of the Group from the customer's perspective to steadfastly achieve the plan targets.

Operating revenue for the consolidated fiscal year under review stood at ¥1,083,070 million (up 1.4% year on year), primarily reflecting the strong performance of the Real Estate segment, the effect of a mutual direct train service operation between the Toyoko Line and the Tokyo Metro Fukutoshin Line and last-minute purchases of commuter tickets, etc. ahead of the consumption tax hike in the Transportation segment. Operating profit came to ¥62,190 million (up 11.6% year on year). Recurring profit was ¥62,618 million (up 11.3% year on year), reflecting factors such as increase in investment gains from the equity method. Net income reached ¥56,498 million (up 31.2% year on year) largely as a result of the posting of a gain on change in equity and increased gains on the sale of fixed assets.

Operating results on a segmental basis are as follows. The results for individual segments include inter-segment internal revenues or transfers where applicable. The Company presents operating profit for each reported segment as segment profit in this document.

#### Transportation

On February 15, 2014, two trains collided at Motosumiyoshi Station on the Toyoko Line and, on the same day, a platform roof collapsed at Kodomonokuni Station on the Kodomonokuni Line. We sincerely apologize to the customers who were injured in these accidents. We also humbly apologize to customers who use our services, shareholders and the people living in our service areas for causing them so much trouble and worry. The cause of the collision between the two trains is currently under investigation by the Japan Transport Safety Board of the Ministry of Land, Infrastructure, Transport and Tourism, but Tokyu Corporation recognizes that this was an extremely serious safety incident and is also trying to clarify the cause. Our head office divisions and operational divisions are further strengthening safety systems and endeavoring to prevent accidents by working together to conduct a review of our service response during snowfall and snow coverage and comprehensive safety assessments for various scenarios aimed at preventing accidents. The Company is also committed to keeping customers informed, speeding up the response by attendants and strengthening cooperation with relevant parties in case of accident. As a public transportation operator that regards safety as its largest and most important responsibility, Tokyu Corporation is strongly resolved to prevent similar incidents from occurring in the future and we will make a concerted effort to ensure the safety of our services.

During the consolidated fiscal year under review, the Company made headway with damage mitigation measures for railway facilities in case of a major earthquake, including earthquake reinforcement work on stations, elevated bridges, and tunnels. We also implemented various safety initiatives for platforms, including installing doors on the platforms at Naka-meguro Station and Gakugei-daigaku Station on the Toyoko Line, and also installing safety fences and emergency buttons as safety initiatives until doors are installed on platforms at other stations.

In terms of enhancing convenience, the Company launched a mutual direct train service between the Toyoko Line and the Tokyo Metro Fukutoshin Line on March 16, 2013 and, as a result, Shibuya and the Tobu Tojo Line, Seibu Yurakucho and Seibu Ikebukuro Lines are now linked through the Tokyo Metro Fukutoshin Line by a single train, and an extensive railway network has been formed. This new service had led to an increase in the number of passengers visiting Yokohama and the Minato Mirai district from all directions, including along the Tobu Line and Seibu Lines, and to a rise in the number of passengers travelling out of our services areas toward Shinjuku and Ikebukuro, thus resulting in a steady number of passengers carried on Tokyu railway lines and solid passenger revenues.

Progress with development of the area around Shibuya Station caused complications for access to and movement within the station and temporarily inconvenienced passengers using the station. However, the Company collaborated with Tokyo Metro on initiatives to enhance the convenience of Shibuya Station during the development construction work, including the installation of escalators.

In terms of improving comfort, the Company considers easing rush-hour congestion and controlling delays to be an important issue. In March 2014, we revised time schedules for the Toyoko, Meguro, Ikegami and Tokyu Tamagawa Lines. We sought to ease rush-hour congestion and control delays by implementing initiatives such as a frequency increase in the morning and night and extension of the express service time slot on the Meguro Line and by lengthening services weekday evenings and nights and increasing the frequency of trains at night on the Ikegami Line.

In railway operations, the number of commuters carried rose 3.7% year on year, the number of non-commuters carried climbed 0.8%, and the total number of passengers increased 2.5%. Revenue also increased 2.0%. These gains mainly reflected the effect of the mutual direct train service between the Toyoko Line and the Tokyo Metro Fukutoshin Line.

Looking at the number of passengers carried by consolidated subsidiaries, the number carried by Izukyu Corp. decreased 1.1%, while the number carried by Ueda Dentetsu Corp. was up 3.3%.

In bus operations, the number of passengers carried by Tokyu Bus Corp. increased 2.8%.

Operating revenue for the Transportation segment was ¥192,099 million (up 2.6% year on year) largely due to the effect of the mutual direct train service between the Toyoko Line and the Tokyo Metro Fukutoshin Line and the last-minute purchase of commuter tickets ahead of the consumption tax hike. Operating profit amounted to ¥21,191 million (up 17.4% year on year).

(Operation results of Tokyu Corporation's railway operations)

Categories		Units	144th term	145th term
			April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014
Number of operating days		Days	365	365
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	139,840	143,292
Number of passengers carried	Non-commuter	Thousand passengers	447,003	450,458
	Commuter	Thousand passengers	642,485	666,175
	Total	Thousand passengers	1,089,488	1,116,633
Passenger revenue	Non-commuter	Million yen	72,789	73,466
	Commuter	Million yen	58,184	60,146
	Total	Million yen	130,973	133,612
Miscellaneous income from railway operations		Million yen	17,334	18,938
Total revenues		Million yen	148,307	152,550
Average passenger revenue per day		Million yen	406	418
Operating efficiency		%	51.3	51.5

(Note) Calculation method of the operating efficiency

$$\text{Operating efficiency} = \frac{\text{Number of passengers carried}}{\text{Operating distance of passenger trains}} \times \frac{\text{Average service distance}}{\text{Average transportation capacity}} \times 100$$

**Real Estate**

In the real estate business, the Company comprehensively conducted real estate operations in various fields, focusing its business activities on urban development including the development of Tokyu Tama Den-en toshi.

The Company pushed ahead with large-scale development projects such as the business of developing the area surrounding Shibuya Station and redevelopment business in Futako-Tamagawa (Futako-Tamagawa Rise) with the aim of generating stable and continued revenues into the future and further enhancing the value of areas served by Tokyu's railway lines.

We also made progress developing the area surrounding Musashi-kosugi Station on the Toyoko and Meguro Lines, and held the Grand Opening of Musashi-kosugi Tokyu Square, a shopping center directly linked to the station, in April 2013. The shopping center has around 100 stores, bringing color into the daily lives of people in the region and customers who use Musashi-kosugi Station. Tenant revenues from products sales, food services and other services are strong.

In addition, the Company collaborated with local landowners on the renovation of Tokyu Kenzan Sports Garden, which has been used by many customers since it opened in 1978, and opened Azamino Gardens, a suburban commercial complex, in October 2013. We are providing spaces where local residents can enjoy shopping, eating out and doing sport at their leisure, as if in their own garden.

Operating revenue for the Real Estate segment came to ¥193,020 million (up 17.9% year on year), thanks primarily to increased sales of large-scale collective housing (condominiums) in the Company's real estate sales business. Operating profit for the segment was ¥30,128 million (up 12.4% year on year), mainly reflecting rent growth associated with the opening of Musashi-kosugi Tokyu Square and a steady rent rise posted by Shibuya Hikarie and other properties for the Company's real estate leasing business.

### **Life Service**

The Company ranks the Life Service business as business that establishes the infrastructure for an urban lifestyle and helps enhance the value of areas served by Tokyu's railway lines, and it is working to improve the earning capability of this segment. In addition to creating attractive facilities, the Company worked to provide products and services that surpass customer expectations and further promoted cooperation between group companies to demonstrate synergies with other businesses such as the Transportation business and the Real Estate business.

In its department store operations, Tokyu Department Store aims to establish a "new high-value-added, highly efficient growth model," thereby contributing to the enhancement of lifestyles and the value of living in areas served by Tokyu's railway lines. With the progress of the Shibuya Station District Urban Development Project, Tokyu Toyoko Department Store was integrated into the west and south wings of the station, and reopened in April 2013. ShinQs, a commercial complex operated by Tokyu Department Store inside Shibuya Hikarie, continued to draw in many customers by selling second anniversary limited edition products in April 2014, when it celebrated its second anniversary, holding various sales and events, and conveying a perpetual "newness."

In its chain store operations, Tokyu Store Chain made sales floors that best meet customer needs, including reviewing product line-ups based on market area analysis according to regional characteristics, while at the same time continuing to streamline unprofitable stores as part of the reform of its earning structure. During the consolidated fiscal year under review, Tokyu Store Chain opened Takatsu Tokyu Store under the overpass of Takatsu Station on the Den-en-toshi Line in October 2013, after receiving many calls from local residents to open a supermarket.

In its CATV operations, its communications, Inc. operated various services, including TV, Internet and phone, mainly in the homes of customers. In the consolidated fiscal year under review, the number of subscribers to services and service fee revenues both increased due to expansion in the customer base as a result of increased sales activities. Its communications also provided public wireless LAN (Wi-Fi) services at all stations on the Tokyu Line and Minatomirai Line and major commercial facilities of the Tokyu Group, and, in October 2013, also began providing WiFi services at shopping centers such as SHIBUYA 109.

In the Life Service segment, operating revenue came to ¥524,875 million yen (down 0.5% year on year) and operating profit amounted to ¥5,882 million (down 1.5%), mainly because of downsized sales floors due to partial closure at the Toyoko Store of Tokyu Department Store Co., Ltd. in the department store operations, which outweighed the strong performance of Tokyu Store Chain Co., Ltd., and an increase in service fee revenues of its communications Inc.

### **Hotel and Resort**

In its hotel operations, Tokyu Hotels Co., Ltd. performed strongly, especially the rooms division, maintaining high occupancy as average daily rates rose by investing in facilities to improve product strength and conducting aggressive sales promotions amid an improving business environment with an increasing number of foreign visitors.

We deeply apologize to our customers for differences between actual ingredients and menu items found at certain facilities of Tokyu Hotels Co., Ltd., and we are ensuring that this does not happen again and working to restore confidence.

Operating revenue for the Hotel and Resort segment stood at ¥92,452 million (up 3.2% year on year), attributable to rises in the occupancy rate and average daily rates posted by Tokyu Hotels Co., Ltd. Operating profit for the segment reached ¥1,514 million (up 5.2% year on year). The occupancy rate at hotels under the direct control of Tokyu Hotels stood at 84.0% (a 1.6 percentage point increase from the previous fiscal year).



### Business Support

In its advertising business, Tokyu Agency Inc. aims to propose marketing solutions from a consumer viewpoint to its customers. In the consolidated fiscal year under review, Tokyu Agency continued to move forward with efforts to strengthen its advertising brand, integrating transport advertising media and outdoor advertising media in collaboration with the Company by leveraging the Tokyu Group's comprehensive capabilities to its sales activities. It also undertook other advertising operations such as upgrading the functions of the Q'S EYE giant video screen on the Q-Front Building in front of the crossing at the Shibuya Station Hachiko Exit.

In the Business Support segment, operating revenue stood at ¥159,772 million (down 9.0% year on year) chiefly as a result of decline in reaction to the completion in the year-ago period of the large project of Tokyu Geox Co., Ltd. in the general trading operations. Operating profit, however, reached ¥3,457 million (up 13.3% year on year), largely owing to improvement of profit margins at Tokyu Techno System Co., Ltd. in the rolling stock-related operations.

### (ii) Outlook for Fiscal 2014

The business outlook remains uncertain, given the effect of the consumption tax hike, despite an apparent tendency towards improvement in corporate earnings and recovery in private consumption, amid the continued trend of the yen's depreciation and stock price rises fuelled by the effect of the government's fiscal measures and the Bank of Japan's monetary easing. In this operating environment, we forecast operating revenue of ¥1,068,800 million (down 1.3% year on year), mainly due to decline in sales of large-scale collective housing (condominiums) from the previous fiscal year in the Company's real estate sales business. However, we forecast operating profit of ¥70,000 million (up 12.6% year on year), primarily thanks to increased profit in the Company's railway operations and the Company's real estate leasing business. We expect recurring profit of ¥63,500 million (up 1.4% year on year), mainly due to decline in non-operating profit, and net income of ¥38,000 million (down 32.7%), reflecting decline in extraordinary gains.

The forecasts for each operating segment are as follows.

*Billion yen*

	Operating revenue		Operating profit	
	Fiscal 2014	YoY change	Fiscal 2014	YoY change
Transportation	192.3	0.2	24.7	3.5
Real Estate	178.7	-14.3	33.2	3.0
Life Service	517.4	-7.4	5.9	0.0
Hotel and Resort	95.2	2.7	2.7	1.1
Business Support	165.2	5.4	3.5	0.0
Total	1,148.8	-13.4	70.0	7.8
Eliminations	-80.0	-0.8	-	-0.0
Consolidated	1,068.8	-14.2	70.0	7.8

**(2) Analysis of Financial Position**

Total assets at the end of the fiscal year under review were ¥2,021,794 million, a ¥57,318 million increase from the end of the previous fiscal year, mainly due to an increase in the Company's land.

Liabilities increased ¥19,152 million, to ¥1,484,083 million, chiefly due to an increase in trade notes and accounts payable, despite a ¥9,528 million fall in interest-bearing debt(\*), to ¥990,038 million.

Net assets increased ¥38,165 million to ¥537,711 million, reflecting the posting of net income, despite the posting of remeasurements of defined benefit plans.

Net cash generated by operating activities reached ¥156,703 million, after adjustments for income before income taxes and minority interests of ¥78,306 million with items, including depreciation and amortization of ¥72,762 million, a loss on disposal of fixed assets of ¥14,341 million and an increase in trade receivables of ¥15,362 million. Compared with the previous fiscal year, net cash generated by operating activities increased ¥34,114 million owing to factors such as an increase in income before income taxes and minority interests and a decrease in payments of trade payables.

Net cash used in investing activities totaled ¥106,129 million, attributable to expenditure on the acquisition of fixed assets of ¥130,378 million. Compared with the previous fiscal year, net cash used in investing activities rose ¥15,345 million, given factors such as a decrease in proceeds from the collection of loans receivable.

Net cash used in financing activities was ¥22,322 million, reflecting factors such as the repayment of borrowings and expenditure on the redemption of corporate bonds.

As a result, cash and cash equivalents stood at ¥54,701 million at the end of the fiscal year under review, up ¥28,334 million from the end of the previous fiscal year.

\* Interest-bearing debt: total borrowings and corporate bonds

(Reference) Consolidated cash flow-related indicator trends:

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Equity ratio (%)	19.0	20.6	21.7	24.2	25.3
Market price based equity ratio (%)	24.8	22.1	24.8	45.3	39.2
Ratio of interest bearing debt to cash flows (years)	6.9	9.2	7.2	8.2	6.3
Interest coverage ratio (times)	8.9	7.0	9.6	8.8	11.8

Equity ratio = shareholders equity/total assets

Market price based equity ratio = market capitalization/total assets

Ratio of interest bearing debt to cash flows = interest bearing debt/operating cash flow

Interest coverage ratio = operating cash flow/total interest paid

Notes:

1. Each ratio is calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the share price at the end of the period by the total number of shares outstanding at the end of the period (after deduction of treasury stock).
3. Operating cash flow figures are obtained from the consolidated cash flow statements.

## 2. Management Policy

### (1) Our Fundamental Operating Policy

Tokyu Group's roots began with the establishment of Meguro-Kamata Railway Company in 1922 and as of the end of March 2014, the Group is composed of 220 companies and 8 non-profit corporations, with Tokyu Corporation as the nucleus. The Group's core operations focus on urban development centered on railway operations. Over the years, the group has diversified to provide a wide range of services related to the daily lives of the people in the communities it serves. The Group is also actively involved in social programs and environmental activities through foundations, social activities, and Tokyu Association programs.

The Group seeks to fulfill its social responsibilities by building a business deeply rooted in local communities. In 1997, the Group spelled out its core management policy: "Work independently and in collaboration to raise Group synergy and establish a trusted and beloved brand." Toward this goal, the Group adopted the slogan "Toward a Beautiful Age," and has been working toward "Creating a Beautiful Living Environment" to meet varying consumer needs and to establish Tokyu as a loved and trusted brand. To sustain growth in the 21st century, the Tokyu Group has adopted the initiatives outlined in the Tokyu Group Management Policy of April 2000. The management policy emphasizes the Company's position as the core company of the Tokyu Group. The pillars of the policy are the Tokyu Group Basic Management Policy and the Implementation of the Tokyu Group Management Policy. The Basic Management Policy consists of three points: the establishment by the Company of governance for the Tokyu Group, growth through alliances both inside and outside the Tokyu Group, and risk management as part of compliance.

### (2) Target Management Indicators, Medium- to Long-Term Goals, and Challenges Ahead

The Company and its consolidated subsidiaries are pushing ahead with a three-year medium-term management plan, with the basic message "Creation, Communication and Challenge." The plan aims to maximize consolidated revenue by strengthening our business infrastructure for future growth, and by using the comprehensive capabilities of the Group to the maximum and enhancing cooperation among the operations of the Group from the customer's perspective.

In the plan, under the basic strategy of "business development that keeps creating life value in the areas we serve," the Company aims to materialize the two visions: keeping areas served by Tokyu's railway lines being the main focus and becoming a strong business group as "one Tokyu." To achieve the target management index of fiscal 2014, the final year of the plan, as it did in the past two years, the company will focus specifically on the following four measures.

Under the next medium-term management plan from fiscal 2015, the Company plans to respond to changing market environment and develop strategies for further growth while maintaining our financial soundness.

Focused initiatives

#### (i) Development of railway networks and continuation of safety measures

We have previously implemented various initiatives to ensure safety, but, much to our regret, we experienced the train collision at Motosumiyoshi Station on the Toyoko Line and the collapse of the platform roof at Kodomonokuni Station on February 15 2014. The Company takes these incidents extremely seriously and will reassess its existing safety management systems and operating methods, and step up efforts to prevent similar incidents or other incidents occurring in the future.

The Company will also continue to implement strategic safety measures, including various measures for platforms, recreation of the initial response after a major earthquake, and the promotion of damage mitigation measures.

The Company launched the direct train service between the Toyoko Line and Tokyo Metro Fukutoshin Line on March 16, 2013. The Company will continue to undertake various steps in cooperation with the other companies involved in the direct train service and also advance the development of the railway network,

including the Sotetsu-Tokyu direct train service, to further improve customer convenience and entice customers outside the areas served by Tokyu's railway lines.

**(ii) Continued development of areas served by Tokyu's railway lines, such as Shibuya and Futako-Tamagawa**

The Company plans to continue solidifying the infrastructure for the real estate business by proceeding with large-scale development projects in key centers of Tokyu Lines' service areas. The Company aims to increase the value of these areas by developing an appeal that will keep areas served by Tokyu's railway lines being the main focus.

**(iii) Strengthening the life service business and increasing cooperation in areas served by Tokyu's railway lines**

The Company plans to improve the life value of people living in Tokyu Lines' service areas by providing products and services that will offer added security, convenience, and comfort and that will fulfil the role of keeping areas served by Tokyu's railway lines being the main focus by stepping up cooperation among Group companies, as "one Tokyu."

**(iv) Pursuit of urban development projects overseas by leveraging our expertise in the development of rail service areas**

The Company intends to undertake urban development projects in Vietnam, Western Australia and elsewhere overseas using the expertise we have cultivated through projects such as the Tama Den-en toshi area.

Tokyu Corporation views the appropriate distribution of profits to shareholders as an important management policy and adopts the following dividend policy based on a principle of sustaining stable dividends.

[Dividend policy]

The Company will continue to pay stable dividends, with a consolidated dividend-on-equity ratio (\*) of 2% as its target for the period under the current medium-term management plan.

\* Total dividends/ average consolidated shareholders' equity during the period x 100

As corporate citizens, the Company and its consolidated subsidiaries have been fully aware of the gravity of their social responsibilities. Based on this awareness, we are making Group-wide efforts to ensure our compliance. At the same time, we are practicing CSR management by continuing our activities to protect the global environment and make diverse social contributions. We have also established the Tokyu Group Compliance Manual and the Group Internal Control Guidelines, and have reminded workers at Group companies of the importance of compliance and CSR.

We will continue to pursue CSR activities suited to the changing times and to improve our communication with stakeholders. At the same time, we will increase our management transparency, ensure appropriate operations, and fulfil our corporate social responsibility.

**3. Consolidated Financial Statements****(1) Consolidated Balance Sheet***Million yen*

Item	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	27,241	55,749
Trade notes & accounts receivable	101,830	117,285
Merchandise and products	17,180	15,992
Land and buildings for sale	48,522	52,176
Work in progress	5,203	4,794
Raw materials and supplies	5,103	5,661
Deferred tax assets	14,812	15,727
Others	34,475	29,815
Allowance for doubtful accounts	(921)	(746)
Total current assets	253,447	296,456
<b>Fixed Assets</b>		
Tangible fixed assets		
Buildings & structures (net)	720,903	710,020
Rolling stock & machinery (net)	59,834	56,436
Land	562,741	606,991
Construction in progress	86,945	92,863
Others (net)	19,925	20,797
Total tangible fixed assets	1,450,350	1,487,109
Intangible fixed assets	28,707	26,133
Investments & others		
Investment securities	119,449	130,810
Deferred tax assets	20,209	16,585
Net defined benefit asset	-	3,421
Others	94,485	61,996
Allowance for doubtful accounts	(2,173)	(718)
Total investments and others	231,971	212,094
Total fixed assets	1,711,028	1,725,338
<b>Total Assets</b>	1,964,476	2,021,794

Million yen

Item	As of March 31, 2013	As of March 31, 2014
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade notes & accounts payable	88,023	97,905
Short-term debt	234,589	291,101
Current portion of corporate bonds	24,800	38,000
Accrued income taxes	5,067	6,446
Reserve for employees' bonuses	10,092	10,053
Advances received	26,126	16,657
Others	97,255	117,724
Total current liabilities	485,954	577,888
<b>Long-Term Liabilities</b>		
Corporate bonds	223,138	210,228
Long-term debt	517,039	450,709
Reserve for employees' retirement benefits	27,437	–
Allowance for loss on redemption of merchandise coupons	1,966	1,982
Net defined benefit liability	–	34,047
Long-term deposits from tenants and club members	110,600	110,090
Deferred tax liabilities	27,041	27,096
Deferred tax liabilities from revaluation	9,922	9,922
Negative goodwill	1,495	–
Others	36,354	37,396
Total long-term liabilities	954,996	881,473
<b>Special Legal Reserves</b>		
Urban railways improvement reserve	23,980	24,721
<b>Total Liabilities</b>	1,464,930	1,484,083
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Common stock	121,724	121,724
Capital surplus	140,497	140,793
Retained income	204,660	252,355
Treasury stock	(3,594)	(3,139)
Total shareholders' equity	463,289	511,734
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gains (losses) on investment securities, net of taxes	6,177	5,614
Net unrealized gains (losses) on hedging instruments, net of taxes	72	90
Land revaluation reserve	9,392	9,364
Foreign currency translation adjustment account	(2,756)	3,704
Remeasurements of defined benefit plans	–	(18,718)
Total accumulated other comprehensive income	12,885	54
<b>Minority Interests</b>	23,370	25,921
<b>Total Net Assets</b>	499,545	537,711
<b>Total Liabilities and Net Assets</b>	1,964,476	2,021,794

**(2) Consolidated Statement of Income and Consolidated Statements of Comprehensive Income****(Consolidated Statements of Income)**

Million yen

Item	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014
<b>Operating revenue</b>	1,068,046	1,083,070
Cost of operating revenue		
Operating expenses & cost of sales (Transportation etc.)	816,932	820,996
SG&A expenses	195,371	199,884
Total cost of operating revenue	1,012,303	1,020,880
<b>Operating profit</b>	55,742	62,190
Non-operating profit		
Interest income	925	286
Dividend income	1,208	1,284
Amortization of negative goodwill	3,443	3,441
Investment gains from equity method	5,223	6,163
Others	6,816	5,247
Total non-operating profit	17,617	16,424
Non-operating expenses		
Interest expenses	13,924	13,058
Others	3,155	2,938
Total non-operating expenses	17,080	15,997
<b>Recurring profit</b>	56,279	62,618
Extraordinary gains		
Gains on sale of fixed assets	844	6,017
Subsidies received for construction	8,614	14,762
Gain on reversal of Urban Railways Improvement Reserve	1,893	1,893
Gain on change in equity	-	7,364
Others	1,923	1,123
Total extraordinary gains	13,276	31,161
Extraordinary losses		
Reduction entry of land contribution for construction	7,494	8,878
Transfer to Urban Railways Improvement Reserve	2,582	2,634
Impairment loss	5,615	1,272
Others	4,680	2,686
Total extraordinary losses	20,372	15,473
<b>Income before income taxes and minority interests</b>	49,183	78,306
Income taxes	7,427	8,962
Income taxes for prior periods	(2,284)	-
Income tax adjustment	(297)	11,929
Total income taxes	4,845	20,892
<b>Income before minority interests</b>	44,337	57,414
Minority interest in earnings of consolidated subsidiaries	1,262	915
<b>Net income</b>	43,075	56,498

**(Consolidated Statements of Comprehensive Income)***Million yen*

Item	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014
Income before minority interests	44,337	57,414
Other comprehensive income		
Net unrealized gains (losses) on investment securities	5,828	(242)
Net unrealized gains (losses) on hedging instruments	1	0
Foreign currency translation adjustment account	2,598	8,861
Share of other comprehensive income of associates accounted for using equity method	1,919	(180)
Total other comprehensive income	10,347	8,438
Comprehensive income	54,685	65,852
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	52,997	62,386
Comprehensive income attributable to minority interests	1,688	3,466



**(3) Consolidated Statements of Changes in Net Assets**

April 1, 2012 to March 31, 2013

Million yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	121,724	140,503	169,915	(4,525)	427,618
Changes during the period					
Dividends			(8,791)		(8,791)
Net income			43,075		43,075
Liquidation of land revaluation reserve			460		460
Purchases of treasury stock				(83)	(83)
Sale of treasury stock		(5)		1,015	1,009
Others				0	0
Changes other than those to shareholders' equity (net)					
Total changes during the period	-	(5)	34,745	931	35,670
Balance at the period end	121,724	140,497	204,660	(3,594)	463,289

	Accumulated other comprehensive income						Minority interests	Total net assets
	Net unrealized gains (losses) on investment securities	Net unrealized gains (losses) on hedging instruments	Land revaluation reserve	Foreign currency translation adjustment account	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	(1,449)	38	9,873	(5,038)	-	3,424	10,877	441,920
Changes during the period								
Dividends								(8,791)
Net income								43,075
Liquidation of land revaluation reserve								460
Purchases of treasury stock								(83)
Sale of treasury stock								1,009
Others								0
Changes other than those to shareholders' equity (net)	7,626	34	(481)	2,281	-	9,461	12,492	21,954
Total changes during the period	7,626	34	(481)	2,281	-	9,461	12,492	57,624
Balance at the period end	6,177	72	9,392	(2,756)	-	12,885	23,370	499,545

April 1, 2013 to March 31, 2014

Million yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	121,724	140,497	204,660	(3,594)	463,289
Changes during the period					
Dividends			(8,804)		(8,804)
Net income			56,498		56,498
Liquidation of land revaluation reserve			0		0
Purchases of treasury stock				(169)	(169)
Sale of treasury stock		295		592	888
Others				32	32
Changes other than those to shareholders' equity (net)					
Total changes during the period	-	295	47,694	455	48,445
Balance at the period end	121,724	140,793	252,355	(3,139)	511,734

	Accumulated other comprehensive income						Minority interests	Total net assets
	Net unrealized gains (losses) on investment securities	Net unrealized gains (losses) on hedging instruments	Land revaluation reserve	Foreign currency translation adjustment account	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	6,177	72	9,392	(2,756)	-	12,885	23,370	499,545
Changes during the period								
Dividends								(8,804)
Net income								56,498
Liquidation of land revaluation reserve								0
Purchases of treasury stock								(169)
Sale of treasury stock								888
Others								32
Changes other than those to shareholders' equity (net)	(563)	18	(27)	6,460	(18,718)	(12,830)	2,551	(10,279)
Total changes during the period	(563)	18	(27)	6,460	(18,718)	(12,830)	2,551	38,165
Balance at the period end	5,614	90	9,364	3,704	(18,718)	54	25,921	537,711

**(4) Consolidated Statements of Cash Flow***Million yen*

Item	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes	49,183	78,306
Depreciation and amortization	74,916	72,762
Amortization of goodwill and negative goodwill	(2,726)	(2,781)
Impairment loss	5,615	1,272
Increase (decrease) in provision for retirement benefits	479	—
Increase (decrease) in net defined benefit liability	—	514
Increase (Decrease) in urban railways improvement reserve	689	741
Subsidies received for construction	(8,614)	(14,762)
Reduction entry of land contribution for construction	7,494	8,878
Loss (gain) on valuation of investment securities	3	1
Loss (gain) on sale of investment securities	(13)	(434)
Loss (gain) on sales of subsidiaries' stocks	1,777	(19)
Loss (gain) on sale of fixed assets	(734)	(5,993)
Loss on disposal of fixed assets	19,451	14,341
Investment (gain) loss from the equity method	(5,223)	(6,163)
Loss (gain) on change in equity	—	(7,364)
Decrease (increase) in accounts receivable	3,520	(15,362)
Decrease (increase) in inventories	(5,785)	3,892
Increase (decrease) in trade payables	(5,528)	9,854
Increase (decrease) in advances received	(6,446)	(733)
Increase (decrease) in guarantee deposits received	(913)	(510)
Decrease (increase) in prepaid pension costs	5,066	—
Decrease (increase) in net defined benefit asset	—	4,960
Increase (decrease) in accrued consumption taxes	(1,578)	5,064
Increase (decrease) in other current liabilities	(4,797)	8,307
Interest and dividend income	(2,134)	(1,571)
Interest payable	13,924	13,058
Others	1,028	8,252
Subtotal	138,656	174,511
Interest and dividends received	2,909	2,745
Interest paid	(13,989)	(13,226)
Income taxes paid	(4,987)	(7,327)
<b>Net cash provided by operating activities</b>	<b>122,588</b>	<b>156,703</b>

Million yen

Item	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014
<b>Cash flows from investing activities</b>		
Payments for purchases of fixed assets	(121,847)	(130,378)
Proceeds from sale of fixed assets	2,646	19,937
Payments for acquisition of investment securities	(1,701)	(312)
Proceeds from sale of investment securities	156	452
Purchase of investments in subsidiaries	(11)	(2,440)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,033)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(62)	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	2,205	211
Proceeds from subsidies received for construction	7,895	7,385
Collection of loans receivable	20,403	84
Others	(467)	(36)
<b>Net cash used in investing activities</b>	<b>(90,784)</b>	<b>(106,129)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term debt, net	(18,429)	(1,225)
Proceeds from issuance of commercial papers	2,000	-
Redemption of commercial papers	(10,000)	-
Proceeds from long-term debt	74,173	61,094
Repayment of long-term debt	(85,402)	(69,703)
Proceeds from bond issue	22,997	24,952
Payments for redemption of bonds	(22,000)	(24,800)
Repayment of finance lease obligations	(3,299)	(4,034)
Cash dividends paid	(8,791)	(8,804)
Proceeds from stock issuance to minority shareholders	12,105	637
Dividends paid to minority shareholders	(2,257)	(252)
Others	925	(186)
<b>Net cash used in financing activities</b>	<b>(37,979)</b>	<b>(22,322)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,335</b>	<b>83</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(4,840)</b>	<b>28,334</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>31,207</b>	<b>26,367</b>
<b>Cash and cash equivalents at end of period</b>	<b>26,367</b>	<b>54,701</b>

**(5) Notes to Consolidated Financial Statements****(Events or Situations that Give Rise to Material Doubts about Going Concern)**

There is no applicable item.

**(Change in Accounting Policies)**

Accounting Standard for Retirement Benefits, etc.

The Group has applied the “Accounting Standards for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No.26 issued May, 17 2012; hereinafter “Retirement Benefits Accounting Standards”) and the “Guidance on Accounting Standards for Retirement Benefits” (ASBJ Guidance No.25 issued May, 17 2012; hereinafter “Guidance”) from the end of the consolidated fiscal year under review (excluding the provisions stipulated in the main clause of Article 35 of the Retirement Benefits Accounting Standards and in the main clause of Article 67 of the Guidance).

Accordingly, net defined benefit asset and liability are recorded by deducting pension assets from defined benefit obligations, and unrecognized actuarial gains and losses and unrecognized past service cost are recorded in net defined benefit asset and liability.

The adoption of the accounting standards for retirement benefits, etc. is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefits Accounting Standards, and the amount of financial impact on the consolidated financial statements as a result of the adoption of these accounting standards is added to/ removed from remeasurements of defined benefit plans in accumulated other comprehensive income.

As a result, net defined benefit asset at the end of the current fiscal year was ¥3,421 million, net defined benefit liability was ¥34,047 million, and other comprehensive income declined by ¥18,718 million.

The impact of this change on per share data can be found under relevant sections.

**(Segment Information)**

(Segment Information)

## 1. Overview of reported segments

Reported segments of Tokyu Group (the Company and its consolidated subsidiaries) are constituent units of the Group, for which separate financial information is available. The Board of Directors of the Company examines these units regularly to determine the allocation of management resources and to assess segment performance.

The Tokyu Group undertakes a wide range of businesses that are closely related to the daily life of customers in geographic areas focused on Tokyu Lines’ service areas. The Group’s reported segments, therefore, consist of five segments according to service type (Transportation, Real Estate, Life Service, Hotel and Resort, and Business Support). Major businesses for each reported segment are as follows:

Transportation:	Railway operations and bus operations
Real Estate:	Real estate sales, real estate leasing, real estate management, and shopping center operations
Life Service:	Department store operations, chain store operations, and CATV operations
Hotel and Resort:	Hotel operations and golf course operations
Business Support:	Advertising operations and general trading operations

## 2. Method for calculating operating revenue, profit and loss, assets and other amounts for reported segments

The profit figures stated in the reported segments are based on operating profit.

Inter-segment internal revenues or transfers are based on prevailing market prices.

## 3. Information relating to operating revenue, profit and loss, assets and other amounts for reported segments

April 1, 2012 to March 31, 2013

Million yen

	Reported segment					Total	Adjustments (Note) 1	Amount posted in the consolidated financial statements (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort	Business Support			
Operating revenue								
Outside customers	186,619	129,226	520,520	89,053	142,626	1,068,046	–	1,068,046
Inter-segment internal revenues or transfers	630	34,470	7,150	562	33,042	75,855	(75,855)	–
Total	187,250	163,697	527,670	89,615	175,669	1,143,902	(75,855)	1,068,046
Segment profit	18,048	26,803	5,968	1,440	3,052	55,314	428	55,742
Segment assets	700,455	636,718	275,688	101,515	117,287	1,831,665	132,810	1,964,476
Other items								
Depreciation	36,197	20,419	14,035	3,703	751	75,107	(190)	74,916
Amortization of goodwill	–	–	632	5	79	717	–	717
Investments in equity method affiliates	–	–	–	–	–	–	65,089	65,089
Increase in tangible fixed assets and intangible fixed assets	51,828	52,089	16,542	4,067	1,485	126,013	2,724	128,737

## Notes

## 1. Adjustments are as follows.

- (1) An adjustment of ¥428 million in segment profit represents deduction of inter-segment transactions.
- (2) An adjustment of ¥132,810 million in segment assets consists of Company-wide assets of ¥221,280 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥88,469 million.
- (3) An adjustment of negative ¥190 million in depreciation represents deduction of inter-segment transactions.
- (4) An adjustment of ¥65,089 million in investments in equity method affiliates represents Company-wide assets not allocated to reported segments.
- (5) An adjustment of ¥2,724 million in tangible fixed assets and intangible fixed assets consists of Company-wide assets of ¥3,331 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥606 million.

## 2. Segment profit is adjusted with operating profit stated in consolidated financial statements.

April 1, 2013 to March 31, 2014

Million yen

	Reported segment					Total	Adjustments (Note) 1	Amount posted in the consolidated financial statements (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort	Business Support			
Operating revenue								
Outside customers	191,467	157,525	516,276	91,901	125,898	1,083,070	–	1,083,070
Inter-segment internal revenues or transfers	631	35,494	8,598	550	33,873	79,148	(79,148)	–
Total	192,099	193,020	524,875	92,452	159,772	1,162,219	(79,148)	1,083,070
Segment profit	21,191	30,128	5,882	1,514	3,457	62,174	16	62,190
Segment assets	706,438	684,192	307,513	103,878	120,900	1,922,923	98,871	2,021,794
Other items								
Depreciation	37,106	18,711	12,741	3,631	747	72,938	(175)	72,762
Amortization of goodwill	–	–	645	2	12	660	–	660
Investments in equity method affiliates	–	–	–	–	–	–	76,554	76,554
Increase in tangible fixed assets and intangible fixed assets	53,321	60,503	18,230	6,033	892	138,981	1,250	140,231

## Notes

1. Adjustments are as follows.

- (1) An adjustment of ¥16 million in segment profit represents deduction of inter-segment transactions.
- (2) An adjustment of ¥98,871 million in segment assets consists of Company-wide assets of ¥200,595 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥101,724 million.
- (3) An adjustment of negative ¥175 million in depreciation represents deduction of inter-segment transactions.
- (4) An adjustment of ¥76,554 million in investments in equity method affiliates represents Company-wide assets not allocated to reported segments.
- (5) An adjustment of ¥1,250 million in tangible fixed assets and intangible fixed assets consists of Company-wide assets of ¥1,714 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥463 million.

2. Segment profit is adjusted with operating profit stated in consolidated financial statements.

## (Related Information)

April 1, 2012 to March 31, 2013

## 1. Information of each product and service

Information of each product and service is not stated because classification of products and services is the same as the reported segment classification.

## 2. Information by region

## (1) Operating revenue

Operating revenue by region is not stated because sales to outside customers in Japan account for more than 90% of operating revenue stated in the consolidated statements of income.

## (2) Tangible fixed assets

Tangible fixed assets by region are not stated because tangible fixed assets in Japan account for more than 90% of tangible fixed assets stated in the consolidated balance sheets.

## 3. Information by major customer

Information by major customer is not stated because no outside customer in Japan accounts for 10% or more of operating revenue stated in the consolidated statements of income.

April 1, 2013 to March 31, 2014

## 1. Information of each product and service

Information of each product and service is not stated because classification of products and services is the same as the reported segment classification.

## 2. Information by region

## (1) Operating revenue

Operating revenue by region is not stated because sales to outside customers in Japan account for more than 90% of operating revenue stated in the consolidated statements of income.

## (2) Tangible fixed assets

Tangible fixed assets by region are not stated because tangible fixed assets in Japan account for more than 90% of tangible fixed assets stated in the consolidated balance sheets.

## 3. Information by major customer

Information by major customer is not stated because no outside customer in Japan accounts for 10% or more of operating revenue stated in the consolidated statements of income.

## (Information relating to impairment losses on fixed assets by reported segment)

April 1, 2012 to March 31, 2013

Million yen

	Transportation	Real Estate	Life Service	Hotel and Resort	Business Support	Elimination/ Headquarters	Total
Impairment losses	108	367	981	4,077	80	–	5,615

April 1, 2013 to March 31, 2014

Million yen

	Transportation	Real Estate	Life Service	Hotel and Resort	Business Support	Elimination/ Headquarters	Total
Impairment losses	61	164	733	307	4	–	1,272



(Information relating to amortization of goodwill and negative goodwill, and unamortized balance by reported segment)

April 1, 2012 to March 31, 2013

Million yen

		Transportation	Real Estate	Life Service	Hotel and Resort	Business Support	Elimination/Headquarters	Total
Goodwill	Amortized during period	-	-	632	5	79	-	717
	Balance at end of year	-	-	1,938	6	0	-	1,945

Amortization of negative goodwill arising as a result of business combinations undertaken prior to April 1, 2010 and the unamortized balance are as follows.

Million yen

		Transportation	Real Estate	Life Service	Hotel and Resort	Business Support	Elimination/Headquarters	Total
Negative goodwill	Amortized during period	-	-	-	-	-	3,443	3,443
	Balance at end of year	-	-	-	-	-	3,441	3,441

Notes

1. Negative goodwill of ¥3,443 million amortized during the fiscal year under review is Company-wide revenue not allocated to reported segments.
2. The negative goodwill balance of ¥3,441 million at the end of the fiscal year under review is Company-wide liabilities not allocated to reported segments.

April 1, 2013 to March 31, 2014

Million yen

		Transportation	Real Estate	Life Service	Hotel and Resort	Business Support	Elimination/Headquarters	Total
Goodwill	Amortized during period	-	-	645	2	12	-	660
	Balance at end of year	-	-	1,307	8	47	-	1,363

Amortization of negative goodwill arising as a result of business combinations undertaken prior to April 1, 2010 and the unamortized balance are as follows.

Million yen

		Transportation	Real Estate	Life Service	Hotel and Resort	Business Support	Elimination/Headquarters	Total
Negative goodwill	Amortized during period	-	-	-	-	-	3,441	3,441
	Balance at end of year	-	-	-	-	-	-	-

Notes

Negative goodwill of ¥3,441 million amortized during the fiscal year under review is Company-wide revenue not allocated to reported segments.

(Information relating to gains on negative goodwill by reported segment)

April 1, 2012 to March 31, 2013

Information relating to gains on negative goodwill by reported segment is not stated because the gains were minor.

April 1, 2013 to March 31, 2014

Information relating to gains on negative goodwill by reported segment is not stated because the gains were minor.

**(Per Share Information)**

	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014
Net assets per share	¥379.13	¥407.08
Net income per share	¥34.33	¥44.96
Net income per share (diluted)	¥34.31	—

## Notes

- Net income per share (diluted) for the fiscal year under review is not stated as shares with a dilutive effect do not exist.
- The basis for the calculation of net income per share and the net income per share (diluted) is as follows:  
The "average number of outstanding common shares during the period" excludes shares in the Company held by a group of shareholding employees in trust.

	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014
Net income per share:		
Net income (million yen)	43,075	56,498
Amount not attributable to common shareholders (million yen)	—	—
Net income attributable to common shares (million yen)	43,075	56,498
Average number of outstanding common shares during the period (thousand shares)	1,254,914	1,256,556
Net income per share (diluted):		
Adjustment of net income (million yen)	(19)	—
Change in income assuming preferred shares of equity method affiliates were converted into common shares (million yen)	(19)	—
Increase in number of common shares (thousand shares)	—	—
Summary of residual securities not included in calculation of net income per share (diluted) because they have no dilutive effect	—	—

- As stated in "3. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies," the adoption of the accounting standards for retirement benefits, etc. is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefits Accounting Standards. As a result, net income per share for the consolidated fiscal year under review is decreased by 14.89 yen.

**(Subsequent Events)**

(Issuance of unsecured bonds)

The Company issued unsecured bonds, with a payment date of April 28, 2014, under the following conditions.

The bonds were issued in accordance with a resolution by a meeting of Board of Directors held on March 27, 2014, specifying details such as the total amount of bonds for subscription.

## (1) 79th series unsecured bonds (10-year bonds)

Total amount of issue	10 billion yen
Issue price	100 yen per face value 100 yen
Interest rate	0.709% per annum
Payment date	April 28, 2014
Maturity date	April 26, 2024
Use of net proceeds	Apply to funds for bonds redemptions

## (2) 80th series unsecured bonds (15-year bonds)

Total amount of issue	10 billion yen
Issue price	100 yen per face value 100 yen
Interest rate	1.211% per annum
Payment date	April 28, 2014
Maturity date	April 27, 2029
Use of net proceeds	Apply to funds for bonds redemptions

## (3) Financial covenant (Restriction on provision of security)

So long as any of the above bonds remains outstanding, if the Company establishes a security interest for other unsecured bonds (excluding those with security conversion clauses) already issued in Japan or to be issued in the future in Japan by the Company, after issuance of the above bonds, the Company shall also establish an equal security interest, in accordance with the Secured Bonds Trust Act, for the above bonds. Accordingly, so long as any of the above bonds remains outstanding, the above bonds shall be subordinate to other bonds except unsecured bonds already issued in Japan or to be issued in the future in Japan by the Company, after issuance of the above bonds. If the Company violates this covenant, the Company shall forfeit the benefit of time on the above bonds.

## (Acquisition of treasury stock)

At a meeting of the Board of Directors held on May 15, 2014, the Company passed a resolution on matters concerning the acquisition of treasury stock in accordance with the provisions of Article 156 of the Corporation Act applied after the modification by the provisions in Article 165, Paragraph 3 of the Corporation Act. Details are as follows.

## (1) Reason for acquisition of treasury stock

The Company will acquire treasury stock to improve capital efficiency and to increase shareholder value on a per share basis through the execution of a flexible capital policy.

## (2) Details of acquisition

(i) Type of shares to be acquired	Shares of common stock
(ii) Total number of shares to be acquired	Up to 17.0 million shares (Equivalent to 1.35% of outstanding shares (Excluding treasury stock))
(iii) Total cost of acquisition	Up to 10 billion yen
(iv) Period of acquisition	From May 16, 2014 to August 29, 2014
(v) Method of acquisition	Market purchases based on the discretionary dealing contract regarding the repurchase of shares.
(vi) Other	Treasury stock shall be retired