

Tokyu Corporation

Consolidated Financial Statements First Three Quarters of the Fiscal Year Ending March 31, 2014

(April 1, 2013 – December 31, 2013)

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.

The original disclosure in Japanese was released on February 10, 2014 at 15:00 (GTM+9)

**SUMMARY OF FINANCIAL STATEMENTS [Japanese Accounting Standards] (Consolidated)
For the First Three Quarters of the Fiscal Year Ending March 31, 2014**

Tokyu Corporation

February 10, 2014

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date for submission of quarterly financial reports:	February 10, 2014		
Scheduled date of commencement of dividend payment:	—		
Supplementary documents for quarterly results	YES		
Quarterly results briefing (for institutional investors and analysts)	NO		

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

**1. Consolidated Financial Results for the First Three Quarters of Fiscal Year Ending March 31, 2014
(April 1, 2013 to December 31, 2013)**

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

1) Consolidated Operating Results

	Nine months ended December 31, 2013		Nine months ended December 31, 2012	
		Change (%)		Change (%)
Operating revenue.....	797,213	3.4	770,698	(3.2)
Operating profit.....	54,092	13.1	47,828	(17.6)
Recurring profit.....	52,419	13.0	46,403	(20.3)
Net income.....	44,187	56.0	28,321	(9.0)
Net income per share (¥).....	35.17		22.57	
Net income per share (diluted) (¥).....	—		22.54	

Notes: Comprehensive Income: Nine months ended December 31, 2013: ¥51,333 million [80.7%]; Nine months ended December 31, 2012: ¥28,402 million [-7.7%]

2) Consolidated Financial Position

Million yen

	As of December 31, 2013	As of March 31, 2013
Total assets.....	2,002,089	1,964,476
Net assets.....	544,258	499,545
Equity ratio (%).....	25.8	24.2

Reference: Shareholders' equity: As of December 31, 2013: ¥517,101 million; As of March 31, 2013: ¥476,174 million

2. Dividends

	FY ending March 31, 2014 (forecast)	FY ending March 31, 2014	FY ended March 31, 2013
Dividend per share – end of first quarter (¥)		—	—
Dividend per share – end of first half (¥)		3.50	3.50
Dividend per share – end of third quarter (¥)		—	—
Dividend per share – end of term (¥)	4.00		3.50
Dividend per share – annual (¥)	7.50		7.00

Note: Revisions to dividend forecasts published most recently: No

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

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

	Full year	
		Change (%)
Operating revenue.....	1,085,200	1.6
Operating profit.....	60,000	7.6
Recurring profit.....	57,000	1.3
Net income.....	50,000	16.1
Net income per share (¥).....	39.80	

Note: Revision to consolidated business performance forecasts published most recently: No

*** Notes**

- (1) Changes in important subsidiaries during the consolidated quarter (cumulative) under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): No
- (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards, etc.: No
 - 2) Changes in accounting policies other than 1): No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No
- (4) Number of shares issued (common stock)
- 1) Number of shares issued at the end of the term (including treasury stock) (shares)
As of December 31, 2013: 1,263,525,752 As of March 31, 2013: 1,263,525,752
 - 2) Number of treasury stock at the end of the term (shares)
As of December 31, 2013: 6,568,019 As of March 31, 2013: 7,566,612
 - 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)
Nine months ended December 31, 2013: 1,256,382,577
Nine months ended December 31, 2012: 1,254,626,289

(Note) The number of treasury stock includes shares of the Company held by a group of shareholding employees in trust, as follows:
As of December 31, 2013: 2,029,000 shares; As of March 31, 2013: 3,127,000 shares

*** Status of a quarterly review**

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have not been reviewed at the time of the announcement of this financial summary.

*** 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 as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors.

(Method of acquiring supplementary documents for quarterly results)

“Summary of Results for the First Three Quarters of FY2013” will be published on our IR website and TDnet (Timely Disclosure network).

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○ Same-day disclosure documents

Documents providing an overview of the settlement for the first three quarters of the fiscal year ending March 2014

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

1. Qualitative Information on Consolidated Financial Results, etc. for the First Three Quarters Ended December 31, 2013

(1) Explanation about Consolidated Financial Results

Tokyu Corporation (the "Company") and its consolidated subsidiaries (collectively the "Group") continued to propel their businesses forward and improve management efficiency with efforts to rebuild earnings structures and advance other reforms for sustaining their growth into the future.

Operating revenue during the first three quarters of the consolidated fiscal year under review stood at ¥797,213 million (up 3.4% year on year), primarily reflecting the strong performance of the Real Estate segment. Operating profit came to ¥54,092 million (up 13.1% year on year). Recurring profit was ¥52,419 million (up 13.0% year on year), reflecting factors such as reduced interest paid that offset a decline in investment gains from the equity method. Net income reached ¥44,187 million (up 56.0% 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 segment 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.

(i) Transportation

In the Company's railway operations, the number of commuters carried rose 1.9% year on year in the first three quarters under review, while the number of non-commuters carried increased 0.9%. Overall, the number of passengers carried grew 1.5%. These increases were primarily attributable to the impact of a mutual direct train service operation between the Toyoko Line and the Tokyo Metro Fukutoshin Line.

As a result of these achievements, operating revenue for the Transportation segment amounted to ¥143,106 million (up 2.0% year on year). However, operating profit for the segment was ¥24,257 million (down 14.8% year on year), due mainly to higher expenses posted by the Company's railway operations in launching the mutual direct train service operation.

(Operation results of Tokyu Corporation's railway operations)

Categories	Units	First three quarters of the previous fiscal year	First three quarters of the fiscal year under review
		April 1, 2012 to December 31, 2012	April 1, 2013 to December 31, 2013
Number of operating days	Days	275	275
Operating distance	Kilometers	104.9	104.9
Operating distance of passenger trains	Thousand kilometers	105,395	108,106
Number of passengers carried	Non-commuter	Thousand passengers	335,447
	Commuter	Thousand passengers	486,998
	Total	Thousand passengers	822,445
Passenger revenue	Non-commuter	Million yen	54,631
	Commuter	Million yen	43,790
	Total	Million yen	98,421
Miscellaneous income from railway operations	Million yen	12,444	13,561
Total revenues	Million yen	110,865	113,425
Average passenger revenue per day	Million yen	358	363
Operating efficiency	%	52.0	51.0

(Note) Calculation method of the operating efficiency

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

(ii) Real Estate

Operating revenue for the Real Estate segment came to ¥143,495 million (up 33.6% year on year), thanks primarily to increased sales of large-scale collective housing (condominiums) in the Company's real estate sales business, and 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. Operating profit for the segment was ¥22,524 million (up 75.0% year on year).

(iii) Life Service

In the Life Service segment, operating revenue came to ¥383,088 million yen (down 0.2% year on year), mainly because of downsized sales floors due to partial closure at the Toyoku Store of Tokyu Department Store Co., Ltd. in the department store operations, which outweighed an increase in service fee revenues of the CATV operator, its communications Inc. (ITS COM). Operating profit, however, rose 8.1% year on year, to ¥3,808 million, primarily due to the strong performance of Tokyu Store Chain Co., Ltd. in chain store operations.

(iv) Hotel and Resort

Operating revenue for the Hotel and Resort segment stood at ¥70,068 million (up 3.5% year on year), attributable to rises in the occupancy rate and average daily rates posted by Tokyu Hotels Co., Ltd. for hotel operations. Operating profit for the segment reached ¥2,097 million (up 44.4% year on year).

(v) Business Support

In the Business Support segment, operating revenue stood at ¥113,498 million (down 9.9% 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 ¥1,386 million (up 20.2% year on year), largely owing to improvement of profit margins at Tokyu Techno System Co., Ltd. in the rolling stock-related operations.

(2) Explanation about Consolidated Financial Position**Assets**

Total assets at the end of the first three quarters of the fiscal year under review increased ¥37,613 million from the end of the previous fiscal year, to ¥2,002,089 million, largely because of an increase in the Company's land.

Liabilities

Total liabilities at the end of the first three quarters of the fiscal year under review decreased ¥7,099 million from the end of the previous fiscal year, to ¥1,457,831 million, attributable primarily to a decline in interest bearing debt* of ¥18,555 million from the end of the previous fiscal year, to ¥981,011 million, which offset an increase in trade notes and accounts payable.

Net assets

Net assets at the end of the first three quarters of the fiscal year under review rose ¥44,713 million from the end of the previous fiscal year, to ¥544,258 million, mainly reflecting the posting of net income for the first three quarters.

* Interest-bearing debt: the sum of debt and corporate bonds.

(3) Explanation about the Future Outlook, Including Forecast for Consolidated Earnings

The Company has not revised its forecast consolidated earnings for the full-year forecasts for the consolidated fiscal year ending March 2014, which were publicly announced on November 11, 2013.

* The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors.

2. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheets***Million yen*

Item	As of March 31, 2013	As of December 31, 2013
Assets		
Current Assets		
Cash and deposits	27,241	34,208
Trade notes & accounts receivable	101,830	113,333
Merchandise and products	17,180	18,061
Land and buildings for sale	48,522	47,768
Work in progress	5,203	9,044
Raw materials and supplies	5,103	5,517
Deferred tax assets	14,812	4,640
Others	34,475	28,399
Allowance for doubtful accounts	(921)	(776)
Total current assets	253,447	260,197
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	720,903	708,424
Rolling stock & machinery (net)	59,834	56,347
Land	562,741	599,293
Construction in progress	86,945	94,274
Others (net)	19,925	19,769
Total tangible fixed assets	1,450,350	1,478,107
Intangible fixed assets	28,707	30,125
Investments & others		
Investment securities	119,449	130,673
Deferred tax assets	20,209	17,579
Others	94,485	86,201
Allowance for doubtful accounts	(2,173)	(795)
Total investments and others	231,971	233,658
Total fixed assets	1,711,028	1,741,892
Total Assets	1,964,476	2,002,089

Million yen

Item	As of March 31, 2013	As of December 31, 2013
Liabilities		
Current Liabilities		
Trade notes & accounts payable	88,023	99,646
Short-term debt	234,589	287,671
Current portion of corporate bonds	24,800	43,000
Accrued income taxes	5,067	4,195
Provision	12,076	8,381
Advances received	26,126	30,341
Others	95,271	96,280
Total current liabilities	485,954	569,516
Long-Term Liabilities		
Corporate bonds	223,138	207,138
Long-term debt	517,039	443,202
Reserve for employees' retirement benefits	27,437	28,183
Other provisions	2,881	2,649
Long-term deposits from tenants and club members	110,600	110,130
Deferred tax liabilities	27,041	27,336
Deferred tax liabilities from revaluation	9,922	9,922
Negative goodwill	1,495	—
Others	35,439	35,222
Total long-term liabilities	954,996	863,785
Special Legal Reserves		
Urban railways improvement reserve	23,980	24,529
Total Liabilities	1,464,930	1,457,831
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	140,497	140,804
Retained income	204,660	240,043
Treasury stock	(3,594)	(3,231)
Total shareholders' equity	463,289	499,341
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities, net of taxes	6,177	7,218
Net unrealized gains (losses) on hedging instruments, net of taxes	72	105
Land revaluation reserve	9,392	9,364
Foreign currency translation adjustment account	(2,756)	1,071
Total accumulated other comprehensive income	12,885	17,759
Minority Interests	23,370	27,156
Total Net Assets	499,545	544,258
Total Liabilities and Net Assets	1,964,476	2,002,089

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statements of Comprehensive Income**(Quarterly Consolidated Statements of Income)***Million yen*

Item	April 1, 2012 to December 31, 2012	April 1, 2013 to December 31, 2013
Operating revenue	770,698	797,213
Cost of operating revenue		
Operating expenses & cost of sales (Transportation etc.)	580,071	595,703
SG&A expenses	142,798	147,416
Total cost of operating revenue	722,869	743,120
Operating profit	47,828	54,092
Non-operating profit		
Interest income	235	195
Dividend income	1,090	1,149
Amortization of negative goodwill	2,582	2,581
Investment gains from equity method	3,694	2,719
Others	3,570	3,400
Total non-operating profit	11,173	10,046
Non-operating expenses		
Interest expenses	10,583	10,000
Others	2,016	1,718
Total non-operating expenses	12,599	11,719
Recurring profit	46,403	52,419
Extraordinary gains		
Gain on sales of fixed assets	57	5,937
Subsidies received for construction	1,156	782
Gain on reversal of urban railways improvement reserve	1,420	1,420
Gain on change in equity	-	7,364
Others	878	473
Total extraordinary gains	3,512	15,978
Extraordinary losses		
Reduction entry of land contribution for construction	994	684
Transfer to urban railways improvement reserve	1,940	1,969
Loss on sales of subsidiaries' stocks	2,258	-
Others	1,357	1,540
Total extraordinary losses	6,551	4,194
Income before income taxes and minority interests	43,364	64,203
Corporate income taxes	14,127	19,275
Income before minority interests	29,236	44,927
Minority interest in earnings of consolidated subsidiaries	915	740
Net income	28,321	44,187

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

Item	April 1, 2012 to December 31, 2012	April 1, 2013 to December 31, 2013
Income before minority interests	29,236	44,927
Other comprehensive income		
Net unrealized gains (losses) on investment securities	1,190	1,221
Net unrealized gains (losses) on hedging instruments	0	0
Foreign currency translation adjustment account	(2,315)	5,220
Share of other comprehensive income of associates accounted for using equity method	291	(36)
Total other comprehensive income	(833)	6,405
Comprehensive income	28,402	51,333
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	28,320	49,061
Comprehensive income attributable to minority interests	82	2,271

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

(Notes If There Is a Considerable Change to Shareholders' Equity)

There is no applicable item.

(Segment Information)

I. April 1, 2012 to December 31, 2012

1. Information on operating revenue and operating profits or losses by reported segment

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	139,839	80,264	379,052	67,265	104,276	770,698	–	770,698
Inter-segment internal revenues or transfers	453	24,776	4,850	402	21,719	52,201	(52,201)	–
Total	140,292	105,041	383,903	67,667	125,995	822,899	(52,201)	770,698
Segment profit	28,460	12,873	3,523	1,452	1,152	47,462	366	47,828

Notes

1. An adjustment of ¥366 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

II. April 1, 2013 to December 31, 2013

1. Information on operating revenue and operating profits or losses by reported segment

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	142,640	117,668	377,125	69,673	90,104	797,213	–	797,213
Inter-segment internal revenues or transfers	465	25,826	5,963	394	23,394	56,044	(56,044)	–
Total	143,106	143,495	383,088	70,068	113,498	853,257	(56,044)	797,213
Segment profit	24,257	22,524	3,808	2,097	1,386	54,073	19	54,092

Notes

1. An adjustment of ¥19 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

○ Same-day disclosure documents

Documents providing an overview of the settlement for the first three quarters of the fiscal year ending March 2014

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