

Tokyu Corporation

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

(April 1, 2013 – September 30, 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.

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

Tokyu Corporation

November 11, 2013

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date for submission of quarterly financial reports:	November 11, 2013		
Scheduled date of commencement of dividend payment:	December 2, 2013		
Supplementary documents for quarterly results	YES		
Quarterly results briefing (for institutional investors and analysts)	YES		

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

**1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2014
(April 1, 2013 to September 30, 2013)**

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

1) Consolidated Operating Results

	Six months ended September 30, 2013		Six months ended September 30, 2012	
		Change (%)		Change (%)
Operating revenue.....	516,655	(0.5)	519,353	(1.9)
Operating profit.....	36,523	10.3	33,125	(11.1)
Recurring profit.....	36,293	10.7	32,786	(13.6)
Net income	27,366	48.0	18,487	(15.8)
Net income per share (¥).....	21.78		14.74	
Net income per share (diluted) (¥).....	—		14.69	

Notes: Comprehensive Income: Six months ended September 30, 2013: ¥33,591 million [103.6%]; Six months ended September 30, 2012: ¥16,501 million [-24.2%]

2) Consolidated Financial Position

Million yen

	As of September 30, 2013	As of March 31, 2013
Total assets	1,999,252	1,964,476
Net assets	529,494	499,545
Equity ratio (%).....	25.2	24.2

Reference: Shareholders' equity: As of September 30, 2013: ¥503,660 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: Yes

*** 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 September 30, 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 September 30, 2013: 6,995,896 As of March 31, 2013: 7,566,612
 - 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)
Six months ended September 30, 2013: 1,256,206,312
Six months ended September 30, 2012: 1,254,320,160

(Note) The number of treasury stock includes shares of the Company held by a group of shareholding employees in trust, as follows:
As of September 30, 2013: 2,425,000 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 Half of FY2013” will be published on our IR website and TDnet (Timely Disclosure network).

(Method of acquiring closing of accounts briefing material)

Tokyu Corporation plans to hold a results briefing for institutional investors and analysts on November 12, 2013.

The material used at that briefing will be promptly published on our IR website and TDnet (Timely Disclosure network) after the briefing.

(Reference) Summary of Non-Consolidated Results

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

(Percentage figures for the full year denote the year-on-year change.)
Million yen

	Full year	
		Change (%)
Operating revenue	294,900	13.8
Operating profit	43,600	13.0
Recurring profit	36,900	11.0
Net income	31,400	7.6
Net income per share (¥)	24.96	

Note: Revision to non-consolidated business performance forecasts published most recently: Yes

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○ Same-day disclosure documents

Documents providing an overview of the settlement for the first half 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 Half Ended September 30, 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 half of the consolidated fiscal year under review stood at ¥516,655 million (down 0.5% year on year), primarily reflecting reduced income from the Business Support Business. This was countered by the strong performance of real estate sales and real estate leasing, which contributed to increased operating profit of ¥36,523 million (up 10.3% year on year). Recurring profit came to ¥36,293 million (up 10.7% year on year), reflecting factors such as reduced interest paid that offset a decline in investment gains from the equity method. Net income was ¥27,366 million (up 48.0% year on year) largely as a result of 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 2.1% year on year in the first half under review, while the number of non-commuters carried increased 1.1%. Overall, the number of passengers carried grew 1.7%. 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 ¥95,293 million (up 1.9% year on year). However, operating profit for the segment was ¥17,382 million (down 10.1% 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 half of the previous fiscal year	First half of the fiscal year under review
			April 1, 2012 to September 30, 2012	April 1, 2013 to September 30, 2013
Number of operating days		Days	183	183
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	70,176	72,029
Number of passengers carried	Non-commuter	Thousand passengers	222,304	224,812
	Commuter	Thousand passengers	327,649	334,453
	Total	Thousand passengers	549,953	559,265
Passenger revenue	Non-commuter	Million yen	36,211	36,740
	Commuter	Million yen	29,486	30,061
	Total	Million yen	65,697	66,801
Miscellaneous income from railway operations		Million yen	8,323	9,022
Total revenues		Million yen	74,020	75,823
Average passenger revenue per day		Million yen	359	365
Operating efficiency		%	52.3	51.4

(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 ¥79,199 million (up 11.9% 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 ¥14,132 million (up 62.4% year on year).

(iii) Life Service

In the Life Service Business, operating revenue rose to ¥259,225 million (up 0.1% year on year), primarily attributable to an increase in the service fee revenues of the CATV operator, its communications Inc. (iTS COM). Operating profit, however, fell 8.6% year on year to ¥3,072 million, mainly because of downsized sales floors due to partial closure at the Toyoko Store of Tokyu Department Store in the department store operations.

(iv) Hotel and Resort

Operating revenue for the Hotel and Resort segment stood at ¥46,148 million (up 3.9% 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 ¥1,167 million (up 115.3% year on year).

(v) Business Support

In the Business Support Business, operating revenue stood at ¥74,338 million (down 14.3% year on year) chiefly as a result of a 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 amounted to ¥744 million (down 14.3% year on year), mainly reflecting reduced advertising revenues of Tokyu Agency Inc. in the advertising operations.

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

Total assets at the end of the first half of the fiscal year under review increased ¥34,776 million from the end of the previous fiscal year, to ¥1,999,252 million, largely because of an increase in the Company's land (fixed assets) and land and buildings for sale.

Liabilities

Total liabilities at the end of the first half of the fiscal year under review increased ¥4,827 million from the end of the previous fiscal year, to ¥1,469,758 million, which was attributable primarily to an increase in trade notes and accounts payable and growth in interest-bearing debt* of ¥820 million from the end of the previous fiscal year, to ¥1,000,387 million.

Net assets

Net assets at the end of the first half of the fiscal year under review rose ¥29,949 million from the end of the previous fiscal year, to ¥529,494 million, mainly reflecting the posting of net income for the first half.

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

(3) Explanation about the future outlook, including forecast for consolidated Earnings

The Company has revised its forecast consolidated earnings for the consolidated fiscal year ending March, 2014, announced on Aug. 9, 2013, to operating profit of ¥60.0 billion (up 3.4% from the previous forecast), recurring profit of ¥57.0 billion (up 5.6%), and net income of ¥50.0 billion (up 17.6%), including an expected gain on change in equity. Operating revenue of ¥1,085.2 billion has not been changed from the previously announced forecast.

* 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 September 30, 2013
Assets		
Current Assets		
Cash and deposits	27,241	29,991
Trade notes & accounts receivable	101,830	97,834
Merchandise and products	17,180	16,397
Land and buildings for sale	48,522	65,455
Work in progress	5,203	7,443
Raw materials and supplies	5,103	5,326
Deferred tax assets	14,812	8,134
Others	34,475	34,242
Allowance for doubtful accounts	(921)	(761)
Total current assets	253,447	264,065
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	720,903	712,480
Rolling stock & machinery (net)	59,834	58,155
Land	562,741	594,942
Construction in progress	86,945	90,836
Others (net)	19,925	19,924
Total tangible fixed assets	1,450,350	1,476,338
Intangible fixed assets	28,707	28,881
Investments & others		
Investment securities	119,449	122,326
Deferred tax assets	20,209	19,127
Others	94,485	89,279
Allowance for doubtful accounts	(2,173)	(765)
Total investments and others	231,971	229,967
Total fixed assets	1,711,028	1,735,187
Total Assets	1,964,476	1,999,252

Million yen

Item	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current Liabilities		
Trade notes & accounts payable	88,023	94,041
Short-term debt	234,589	274,574
Current portion of corporate bonds	24,800	53,000
Accrued income taxes	5,067	5,819
Provision	12,076	12,549
Advances received	26,126	29,050
Others	95,271	91,793
Total current liabilities	485,954	560,830
Long-Term Liabilities		
Corporate bonds	223,138	207,138
Long-term debt	517,039	465,675
Reserve for employees' retirement benefits	27,437	27,800
Other provisions	2,881	2,748
Long-term deposits from tenants and club members	110,600	109,374
Deferred tax liabilities	27,041	27,235
Deferred tax liabilities from revaluation	9,922	9,922
Negative goodwill	1,495	35
Others	35,439	34,647
Total long-term liabilities	954,996	884,577
Special Legal Reserves		
Urban railways improvement reserve	23,980	24,350
Total Liabilities	1,464,930	1,469,758
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	140,497	140,702
Retained income	204,660	227,625
Treasury stock	(3,594)	(3,402)
Total shareholders' equity	463,289	486,651
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities, net of taxes	6,177	6,037
Net unrealized gains (losses) on hedging instruments, net of taxes	72	80
Land revaluation reserve	9,392	9,391
Foreign currency translation adjustment account	(2,756)	1,498
Total accumulated other comprehensive income	12,885	17,009
Minority Interests	23,370	25,834
Total Net Assets	499,545	529,494
Total Liabilities and Net Assets	1,964,476	1,999,252

(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 September 30, 2012	April 1, 2013 to September 30, 2013
Operating revenue	519,353	516,655
Cost of operating revenue		
Operating expenses & cost of sales (Transportation etc.)	391,097	382,908
SG&A expenses	95,130	97,224
Total cost of operating revenue	486,227	480,132
Operating profit	33,125	36,523
Non-operating profit		
Interest income	172	144
Dividend income	689	740
Amortization of negative goodwill	1,721	1,720
Investment gains from equity method	2,724	2,246
Others	2,980	2,970
Total non-operating profit	8,288	7,823
Non-operating expenses		
Interest expenses	7,107	6,742
Others	1,520	1,309
Total non-operating expenses	8,627	8,052
Recurring profit	32,786	36,293
Extraordinary gains		
Gain on sales of fixed assets	41	5,940
Subsidies received for construction	1,145	763
Gain on reversal of urban railways improvement reserve	946	946
Subsidy income	620	204
Others	230	179
Total extraordinary gains	2,985	8,034
Extraordinary losses		
Reduction entry of land contribution for construction	984	669
Transfer to urban railways improvement reserve	1,295	1,317
Provision of allowance for loss on transfer of business	1,900	-
Others	1,451	1,329
Total extraordinary losses	5,631	3,315
Income before income taxes and minority interests	30,139	41,012
Corporate income taxes	11,158	13,146
Income before minority interests	18,981	27,865
Minority interest in earnings of consolidated subsidiaries	493	499
Net income	18,487	27,366

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

Item	April 1, 2012 to September 30, 2012	April 1, 2013 to September 30, 2013
Income before minority interests	18,981	27,865
Other comprehensive income		
Net unrealized gains (losses) on investment securities	(980)	(60)
Net unrealized gains (losses) on hedging instruments	(0)	0
Foreign currency translation adjustment account	(1,503)	5,535
Share of other comprehensive income of associates accounted for using equity method	3	250
Total other comprehensive income	(2,480)	5,725
Comprehensive income	16,501	33,591
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	16,485	31,489
Comprehensive income attributable to minority interests	16	2,101

(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 September 30, 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	93,209	54,185	255,666	44,202	72,089	519,353	–	519,353
Inter-segment internal revenues or transfers	301	16,567	3,307	224	14,679	35,081	(35,081)	–
Total	93,510	70,753	258,974	44,427	86,768	554,434	(35,081)	519,353
Segment profit	19,331	8,704	3,360	542	867	32,806	319	33,125

Notes

1. An adjustment of ¥319 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 September 30, 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	94,992	62,239	255,261	45,918	58,244	516,655	–	516,655
Inter-segment internal revenues or transfers	301	16,960	3,964	230	16,093	37,550	(37,550)	–
Total	95,293	79,199	259,225	46,148	74,338	554,206	(37,550)	516,655
Segment profit	17,382	14,132	3,072	1,167	744	36,499	23	36,523

Notes

1. An adjustment of ¥23 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.

(Subsequent Events)

Business integration of Tokyu Land Corporation, Tokyu Community Corp. and Tokyu Livable, Inc. through the establishment of a holding company (joint share transfer)

The Company's equity-method affiliates, Tokyu Land Corporation, Tokyu Community Corp., and Tokyu Livable, Inc., established Tokyu Fudosan Holdings Corporation ("Holding Company"), the wholly owning parent company of the three companies, through a joint share transfer on October 1, 2013 ("Share Transfer").

1. Summary of the Share Transfer

(1) Method of the Share Transfer

The share transfer takes the form of joint share transfer that makes Tokyu Land Corporation, Tokyu Community Corp., and Tokyu Livable, Inc. wholly owned subsidiaries and the Holding Company the wholly owning parent company.

(2) Share transfer ratio

	Tokyu Land Corporation	Tokyu Community Corp.	Tokyu Livable, Inc.
Share transfer ratio	1.00	4.77	2.11

(Note 1) Share distribution ratio

One common share of the Holding Company has been assigned to each common share of Tokyu Land Corporation, 4.77 common shares of the Holding Company have been assigned to each common share of Tokyu Community Corp. and 2.11 common shares of the Holding Company have been assigned to each common share of Tokyu Livable, Inc. Shares of the Holding Company per trading unit is 100.

(Note 2) Number of shares issued by the Holding Company through the Share Transfer
700,560,974 common shares

(3) Overview of the new company (Holding Company) established through the Share Transfer

Name	Tokyu Fudosan Holdings Corporation
Address	1-21-2 Dogenzaka, Shibuya-ku, Tokyo
Name and title of the representative	Chairman: Masatake Ueki President: Kiyoshi Kanazashi
Business	Management of Tokyu Group companies
Capital	60,000 million yen

2. Overview of the Company's accounting procedures concerning consolidated financial statements

Accounting procedures are based primarily on the Accounting Standard for Equity Method of Accounting for Investment (ASBJ Statement No. 16, December 26, 2008) and Business Guideline on the Equity Method Accounting (Accounting Systems Committee Report No. 9, January 12, 2011), and the gain on change in equity of approximately ¥7.4 billion will be included in the extraordinary gains.

○ Same-day disclosure documents

Documents providing an overview of the settlement for the first half of the fiscal year ending March 2014
(Note) These documents were posted on the Company's website, and are also disclosed on TDnet.