

Tokyu Corporation

Consolidated Financial Statements

Fiscal 2016

(April 1, 2016 – March 31, 2017)

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, 2017

Tokyu Corporation

May 12, 2017

Stock Code: 9005	Listed exchanges: Tokyo Stock Exchange First Section	
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President: Hirofumi Nomoto	Accounting and IR Division	
Planned date of general meeting of shareholders: June 29, 2017	Telephone: 81-3-3477-6168	
Scheduled date of commencement of dividend payment: June 30, 2017		
Planned date for submission of financial reports: June 29, 2017		
Supplementary documents for results: YES		
Results briefing (for institutional investors and analysts): YES		

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

(April 1, 2016 to March 31, 2017)

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

1) Consolidated Operating Results

	FY ended March 31, 2017		FY ended March 31, 2016	
		Change (%)		Change (%)
Operating revenue	1,117,351	2.4	1,091,455	2.3
Operating profit	77,974	3.3	75,480	5.5
Recurring profit	76,449	9.2	70,038	5.1
Profit attributable to owners of parent	67,289	21.8	55,248	34.6
Net income per share (¥)	¥55.01		¥44.81	
Net income per share (diluted) (¥)	-		-	
Return on equity (%)	11.2%		9.8%	
Return on assets (%)	3.6%		3.4%	
Operating profit ratio (%)	7.0%		6.9%	

Notes: Comprehensive Income: FY ended March 31, 2017: ¥73,673 million [45.5%]; FY ended March 31, 2016: ¥50,635 million [-21.9%]

Reference: Equity in income (losses) of equity-method affiliates: FY ended March 31, 2017: ¥8,314 million; FY ended March 31, 2016: ¥7,451 million

2) Consolidated Financial Position

Million yen

	As of March 31, 2017	As of March 31, 2016
Total assets	2,148,605	2,092,546
Net assets	678,382	623,297
Equity ratio (%)	29.2%	27.6%
Net assets per share (¥)	¥517.38	¥470.29

Reference: Shareholders' equity: FY ended March 31, 2017: ¥628,308 million; FY ended March 31, 2016: ¥576,873 million

3) Consolidated Cash Flows

Million yen

	FY ended March 31, 2017	FY ended March 31, 2016
Operating activities	126,356	129,616
Investing activities	(132,310)	(121,606)
Financing activities	3,078	(5,296)
Cash and cash equivalents at end of year	39,823	42,909

2. Dividends

	FY ending March 31, 2018 (forecast)	FY ended March 31, 2017	FY ended March 31, 2016
Dividend per share – end of first quarter (¥)	-	-	-
Dividend per share – end of first half (¥)	4.50	4.50	4.00
Dividend per share – end of third quarter (¥)	-	-	-
Dividend per share – end of term (¥)	5.00	4.50	4.50
Dividend per share – annual (¥)	9.50	9.00	8.50
Total cash dividends (annual)		11,042	10,493
Dividend payout ratio (consolidated) (%)	16.5	16.4	19.0
Net assets dividend ratio (consolidated) (%)		1.8	1.9

Notes: Dividends for shares held by a group of shareholding employees in trust that are included in total dividends are as follows:

FY ended March 31, 2017: ¥42 million; FY ended March 31, 2016: ¥49 million

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

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

	Full year	
		Change (%)
Operating revenue	1,145,400	2.5
Operating profit	83,000	6.4
Recurring profit	82,700	8.2
Profit attributable to owners of parent	70,000	4.0
Net income per share (¥)	¥57.64	

*** Notes**

(1) Changes in important subsidiaries during the term

(Changes in specified subsidiaries resulting in changes 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 14 of the 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, 2017: 1,249,739,752 FY ended March 31, 2016: 1,249,739,752

2) Number of treasury stock at the end of the term (shares)

FY ended March 31, 2017: 35,342,990 FY ended March 31, 2016: 23,113,371

3) Average numbers of shares issued during the term (shares)

FY ended March 31, 2017: 1,223,282,281 FY ended March 31, 2016: 1,233,044,336

(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, 2017: 4,404,000 shares FY ended March 31, 2016: 5,691,000 shares

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

(April 1, 2016 to March 31, 2017)

1) Non-Consolidated Operating Results

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

Million yen

	FY ended March 31, 2017		FY ended March 31, 2016	
		Change (%)		Change (%)
Operating revenue	262,528	(7.1)	282,659	2.5
Operating profit	52,064	(1.2)	52,721	0.4
Recurring profit	49,289	3.4	47,663	1.3
Net income	51,319	66.5	30,827	2.6
Net income per share (¥)	41.90		24.97	
Net income per share (diluted) (¥)	-		-	

2) Non-Consolidated Financial Position

Million yen

	As of March 31, 2017	As of March 31, 2016
Total assets	1,642,259	1,588,541
Net assets	486,021	456,346
Equity ratio (%)	29.6%	28.7%
Net assets per share (¥)	¥400.05	¥371.37

Reference: Shareholders' equity: FY ended March 31, 2017: ¥486,021 million; FY ended March 31, 2016: ¥456,346 million

2. Non-Consolidated Forecast for the Fiscal Year Ending March 31, 2018

(April 1, 2017 to March 31, 2018)

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

Million yen

	Full year	
		Change (%)
Operating revenue	266,700	1.6
Operating profit	56,600	8.7
Recurring profit	60,600	22.9
Net income	45,200	(11.9)
Net income per share (¥)	¥37.20	

* The summary of financial statements is not subject to audit.

* 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 2017 on page 5 for more details about these forecasts.

(Method of acquiring supplementary documents for results)

The "Summary of Results for FY2016" will be published on our IR website and TDnet (Timely Disclosure network) today (May 12, 2017).

(Method of acquiring closing of accounts briefing material)

Tokyu Corporation will hold a results briefing for institutional investors and analysts on May 15, 2017.

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

○ Accompanying Materials – Contents

1. Overview of Financial Results, etc.	Page 2
(1) Overview of Financial Results for the Fiscal Year under Review.....	Page 2
(2) Overview of Financial Position.....	Page 4
(3) Overview of Cash Flows	Page 4
(4) Outlook.....	Page 5
2. Basic Concept concerning the Selection of Accounting Standards.....	Page 5
3. Consolidated Financial Statements and Major Notes.....	Page 6
(1) Consolidated Balance Sheets.....	Page 6
(2) Consolidated Statement of Income and Consolidated Statements of Comprehensive Income.....	Page 8
Consolidated Statements of Income	Page 8
Consolidated Statements of Comprehensive Income	Page 9
(3) Consolidated Statements of Changes in Net Assets.....	Page 10
(4) Consolidated Statements of Cash Flow	Page 12
(5) Notes to Consolidated Financial Statements	Page 14
(Notes Regarding the Premise of a Going Concern)	Page 14
(Change in Accounting Policies)	Page 14
(Additional Information)	Page 14
(Segment Information)	Page 14
(Per Share Information).....	Page 17
(Subsequent Events).....	Page 17

1. Overview of Financial Results, etc.

(1) Overview of Financial Results for the Fiscal Year under Review

During the consolidated fiscal year under review, the Japanese economy recovered moderately. Corporate earnings and employment improved and personal spending was firm and showed some signs of recovery thanks to a series of measures taken by the government and the Bank of Japan. However, future prospects remained uncertain due to continued uncertainty in overseas economies, among other factors.

In this environment, Tokyu Corporation (the "Company") and its consolidated subsidiaries (collectively the "Group") began promoting a three-year medium-term business plan referred to as "Steps to the Next Stage." The aim of this plan is to enhance both profitability and efficiency by strengthening existing businesses and projects, actively moving into new areas where the Group can leverage its strengths, and conducting focused investments in growth areas, while at the same time ensuring that the Group remains financially sound. Working in line with this plan, the Group intends to make a great leap forward in the future.

Operating revenue and operating profit for the consolidated fiscal year under review increased to ¥1,117,351 million (up 2.4% year on year) and ¥77,974 million (up 3.3% year on year), respectively, reflecting the strong performance of the real estate leasing business and the result of making Tokyo Recreation a subsidiary at the end of the previous consolidated fiscal year. Recurring profit came to ¥76,449 million (up 9.2%), mainly owing to a decrease in interest expenses, and profit attributable to owners of parent stood at ¥67,289 million (up 21.8% year on year).

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

The Company had planned to install platform doors at all 64 stations on the Toyoko Line, the Den-en-toshi Line and the Oimachi Line by 2020, and has now brought the plan forward to install them by 2019. In the fiscal year under review, platform doors began to be used at nine stations, including Toritsudaigaku Station, Den-en-chofu Station, and Okurayama Station on the Toyoko Line, and Midorigaoka Station and Oyamada Station on the Oimachi Line. The Company has also been replacing six-door cars with four-door cars on the Den-en-toshi Line, which is a challenge in the development of platform doors.

For railroad crossing safety measures, a 3D obstacle detection system has been installed at 15 locations on the Toyoko Line, the Oimachi Line, and other lines. As measures to reduce the damage caused by large earthquakes, the Company carried out the seismic reinforcement construction of pillars of elevated bridges, which have the potential to cause enormous damage.

In the Company's railway operations, the number of commuters carried rose 1.8% year on year, and the number of non-commuters carried increased 0.5%. Overall, the number of passengers carried climbed 1.3%. This was primarily attributable to the effect of opening Futako-Tamagawa Rise phase II.

Looking at the number of passengers carried by consolidated subsidiaries, the number carried by Izukyu Corp. declined 0.6%, while the number carried by Ueda Dentetsu Corp. increased by 1.1%.

In bus operations, the number of passengers carried by Tokyu Bus Corp. rose 0.2%.

Operating revenue for the Transportation segment was ¥207,494 million (up 3.4% year on year), chiefly due to an increase in the number of passengers carried in the Company's railway operations. Operating profit for the segment was ¥26,706 million (down 8.8% year on year), reflecting an increase in expenses caused mainly by construction for safety measures.

(Operation results of Tokyu Corporation's railway operations)

Categories		Units	147th term	148th term
			April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Number of operating days		Days	366	365
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	147,837	148,372
Number of passengers carried	Non-commuter	Thousand passengers	461,956	464,259
	Commuter	Thousand passengers	686,613	698,764
	Total	Thousand passengers	1,148,569	1,163,023
Passenger revenue	Non-commuter	Million yen	75,499	75,834
	Commuter	Million yen	61,736	62,787
	Total	Million yen	137,235	138,621
Miscellaneous income from railway operations		Million yen	14,401	14,199
Total revenues		Million yen	151,636	152,820
Average passenger revenue per day		Million yen	414	419
Operating efficiency		%	51.3	51.6

(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, operating revenue decreased to ¥172,288 million (down 13.4% year on year), mainly as a result of the decline in reaction to the sales of large-scale collective housing (condominiums) in the Company's real estate sales business in the previous fiscal year. However, operating profit increased to ¥29,985 million (up 6.7% year on year), which is attributable to solid rental revenue from properties such as Futako-Tamagawa Rise in the Company's real estate leasing business.

Life Service

In the Life Service Business, operating revenue rose to ¥689,169 million (up 7.0% year on year) and operating profit increased to ¥14,817 million (up 10.3% year on year), mainly reflecting the strong sales achieved at the existing stores of Tokyu Store Chain Co., Ltd. in chain store operations and increased sales due to the acquisition of Tokyu Recreation, which engages in video businesses, as a subsidiary.

Hotel and Resort

Operating revenue for the Hotel and Resort segment stood at ¥105,502 million (up 1.6% year on year), reflecting the high occupancy of Tokyu Hotels Co., Ltd. in hotel operations and a rise in average daily rates. Operating profit for the segment amounted to ¥6,111 million (up 36.2% year on year).

(2) Overview of Financial Position

Total assets at the end of the fiscal year under review increased ¥56,059 million from the end of the previous fiscal year, to ¥2,148,605 million, largely due to an increase in fixed assets resulting from capital investment at the Company.

Liabilities increased ¥975 million year on year, to ¥1,470,223 million, largely because of growth in interest-bearing debt (*) of ¥26,930 million year on year, to ¥964,397 million, despite a decrease in accrued income taxes.

Net assets rose ¥55,084 million from the end of the previous fiscal year, to ¥678,382 million. This was primarily attributable to the posting of profit attributable to owners of parent, despite the acquisition of treasury stock.

* Interest-bearing debt: the sum of debt, corporate bonds, and commercial papers

(3) Overview of Cash Flows

Net cash provided by operating activities reached ¥126,356 million after adjustments for income before income taxes of ¥77,808 million. Items included depreciation and amortization of ¥76,986 million and income taxes paid of ¥31,138 million. Net cash provided was reduced by ¥3,259 million from a year earlier, due chiefly to an increase in income taxes paid.

Net cash used in investing activities totaled ¥132,310 million, which was mainly attributable to payments for purchases of fixed assets of ¥140,171 million. Compared with the previous fiscal year, net cash used in investing activities increased ¥10,703 million, given factors such as a decrease in proceeds from the sale of fixed assets, despite a decline in payments for purchases of fixed assets.

Net cash provided by financing activities was ¥3,078 million, reflecting factors such as proceeds from bond issue.

As a result, cash and cash equivalents stood at ¥39,823 million at the end of the fiscal year under review, down ¥3,086 million yen from the end of the previous fiscal year.

(Reference) Consolidated cash flow-related indicator trends:

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity ratio (%)	24.2	25.3	27.5	27.6	29.2
Market price based equity ratio (%)	45.3	39.2	46.3	55.3	44.5
Ratio of interest bearing debt to cash flows (years)	8.2	6.3	5.6	7.2	7.6
Interest coverage ratio (times)	8.8	11.8	13.5	11.8	12.5

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.

(4) Outlook

In the fiscal year ending March 31, 2018, the Company forecasts consolidated operating revenue of ¥1,145,400 million (up 2.5% year on year), chiefly due to an increase in revenue in the Company's real estate sales business. Operating profit is projected to be ¥83,000 million (up 6.4%), primarily reflecting a reduction in expenses in the Company's real estate leasing business, and recurring profit is forecast to be ¥82,700 million (up 8.2%). Profit attributable to owners of parent is forecast to be ¥70,000 million (up 4.0%).

The forecasts for each operating segment are as follows.

From Fiscal 2017, the Company will have Other as a new segment in the non-consolidated financial statements for business management, and will move the businesses related to the Life Service segment and the Hotel and Resort segment that have been included in the Real Estate segment to the Other segment. In association with this change, in the consolidated financial statements, certain businesses will be shifted to different operating segments.

The results by segment in Fiscal 2016 are calculated for the purpose of year-on-year comparisons and have not been audited by the accounting auditor. The figures below may change.

Billion yen

	Operating revenue		Operating profit	
	Fiscal 2017	YoY change	Fiscal 2017	YoY change
Transportation	210.2	2.7	28.5	1.7
Real Estate	181.7	11.5	33.3	2.7
Life Service	703.7	13.2	15.1	0.4
Hotel and Resort	106.0	0.4	5.9	0.2
Total	1,201.6	28.0	82.8	5.1
Eliminations	-56.2	-0.0	0.2	-0.1
Consolidated	1,145.4	28.0	83.0	5.0

2. Basic Concept concerning the Selection of Accounting Standards

The Tokyu Group applies Japanese accounting standards, taking into consideration the period comparability of its consolidated financial statements and comparability with other companies.

We will appropriately respond to the application of the International Financial Reporting Standards (IFRS), considering various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

Million yen

Item	As of March 31, 2016	As of March 31, 2017
Assets		
Current Assets		
Cash and deposits	39,614	40,500
Trade notes & accounts receivable	133,442	139,830
Merchandise and products	15,393	14,975
Land and buildings for sale	31,937	40,453
Work in progress	5,821	7,264
Raw materials and supplies	5,921	6,838
Deferred tax assets	7,233	7,814
Others	37,921	33,771
Allowance for doubtful accounts	(812)	(901)
Total current assets	276,472	290,545
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	723,130	720,125
Rolling stock & machinery (net)	57,782	56,641
Land	653,977	683,067
Construction in progress	113,806	120,547
Others (net)	24,725	24,652
Total tangible fixed assets	1,573,421	1,605,034
Intangible fixed assets	29,670	33,380
Investments & others		
Investment securities	132,223	141,580
Net defined benefit asset	5,245	7,147
Deferred tax assets	9,626	6,593
Others	66,396	64,867
Allowance for doubtful accounts	(511)	(543)
Total investments and others	212,981	219,644
Total fixed assets	1,816,073	1,858,060
Total Assets	2,092,546	2,148,605

Million yen

Item	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current Liabilities		
Trade notes & accounts payable	94,824	90,074
Short-term debt	319,531	308,464
Current portion of corporate bonds	20,000	8,000
Accrued income taxes	20,614	8,082
Reserve for employees' bonuses	11,080	11,405
Advances received	24,777	23,375
Others	117,355	120,352
Total current liabilities	608,183	569,754
Long-Term Liabilities		
Corporate bonds	196,228	228,228
Long-term debt	401,707	419,705
Deferred tax liabilities	28,055	20,320
Deferred tax liabilities from revaluation	9,176	9,174
Allowance for loss on redemption of merchandise coupons	2,019	2,151
Net defined benefit liability	40,506	38,374
Long-term deposits from tenants and club members	118,556	119,231
Others	42,224	43,202
Total long-term liabilities	838,474	880,388
Special Legal Reserves		
Urban railways improvement reserve	22,590	20,080
Total Liabilities	1,469,248	1,470,223
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	131,666	131,842
Retained income	327,405	383,565
Treasury stock	(19,088)	(29,696)
Total shareholders' equity	561,708	607,436
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities, net of taxes	12,577	14,366
Net unrealized gains (losses) on hedging instruments, net of taxes	43	(8)
Land revaluation reserve	8,338	8,388
Foreign currency translation adjustment account	6,835	4,787
Remeasurements of defined benefit plans	(12,630)	(6,663)
Total accumulated other comprehensive income	15,164	20,871
Non-Controlling Interests	46,424	50,074
Total Net Assets	623,297	678,382
Total Liabilities and Net Assets	2,092,546	2,148,605

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

Million yen

Item	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Operating revenue	1,091,455	1,117,351
Cost of operating revenue		
Operating expenses & cost of sales (Transportation, etc.)	814,925	833,215
SG&A expenses	201,050	206,161
Total cost of operating revenue	1,015,975	1,039,376
Operating profit	75,480	77,974
Non-operating profit		
Interest income	211	205
Dividend income	822	882
Investment gains from equity method	7,451	8,314
Others	4,279	4,660
Total non-operating profit	12,765	14,063
Non-operating expenses		
Interest expenses	10,803	10,030
Fixed assets demolition expenses	2,085	790
Others	5,318	4,768
Total non-operating expenses	18,206	15,588
Recurring profit	70,038	76,449
Extraordinary gains		
Gains on sale of fixed assets	16,691	712
Subsidies received for construction	1,699	8,660
Gain on reversal of Urban Railways Improvement Reserve	2,510	2,510
Others	5,664	252
Total extraordinary gains	26,566	12,134
Extraordinary losses		
Loss on sale of fixed assets	2,380	4
Reduction entry of land contribution for construction	1,477	6,613
Impairment loss	3,861	2,187
Fixed assets demolition expenses	10,601	-
Others	3,827	1,970
Total extraordinary losses	22,148	10,775
Income before income taxes	74,456	77,808
Corporate income taxes	23,230	17,024
Corporate income taxes adjustment	(4,261)	(8,009)
Total corporate income taxes	18,968	9,014
Net income	55,487	68,793
Profit attributable to non-controlling interests	239	1,503
Profit attributable to owners of parent	55,248	67,289

(Consolidated Statements of Comprehensive Income)*Million yen*

Item	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Net income	55,487	68,793
Other comprehensive income		
Net unrealized gains (losses) on investment securities	(1,702)	1,690
Net unrealized gains (losses) on hedging instruments	(0)	0
Land revaluation reserve	228	-
Foreign currency translation adjustment account	(2,832)	(2,799)
Remeasurements of defined benefit plans, net of tax	(147)	5,893
Share of other comprehensive income of associates accounted for using equity method	(397)	93
Total other comprehensive income	(4,852)	4,879
Comprehensive income	50,635	73,673
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	51,102	72,946
Comprehensive income attributable to non-controlling interests	(466)	726

(3) Consolidated Statements of Changes in Net Assets

April 1, 2015 to March 31, 2016

Million yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	121,724	131,386	280,685	(3,171)	530,625
Changes during the period					
Dividends			(9,923)		(9,923)
Profit attributable to owners of parent			55,248		55,248
Liquidation of land revaluation reserve			1,395		1,395
Purchases of treasury stock				(15,310)	(15,310)
Sale of treasury stock		0		404	405
Change of scope of consolidation		277		(1,011)	(734)
Increase in surplus resulting from acquisition of treasury stock from consolidated subsidiaries					-
Others		1		(0)	1
Changes other than those to shareholders' equity (net)					
Total changes during the period	-	279	46,720	(15,917)	31,083
Balance at the period end	121,724	131,666	327,405	(19,088)	561,708

	Accumulated other comprehensive income						Non-controlling 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	14,470	107	9,442	9,067	(12,380)	20,706	28,264	579,596
Changes during the period								
Dividends								(9,923)
Profit attributable to owners of parent								55,248
Liquidation of land revaluation reserve								1,395
Purchases of treasury stock								(15,310)
Sale of treasury stock								405
Change of scope of consolidation								(734)
Increase in surplus resulting from acquisition of treasury stock from consolidated subsidiaries								-
Others								1
Changes other than those to shareholders' equity (net)	(1,893)	(63)	(1,103)	(2,232)	(249)	(5,541)	18,160	12,618
Total changes during the period	(1,893)	(63)	(1,103)	(2,232)	(249)	(5,541)	18,160	43,701
Balance at the period end	12,577	43	8,338	6,835	(12,630)	15,164	46,424	623,297

April 1, 2016 to March 31, 2017

Million yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	121,724	131,666	327,405	(19,088)	561,708
Changes during the period					
Dividends			(11,080)		(11,080)
Profit attributable to owners of parent			67,289		67,289
Liquidation of land revaluation reserve			(50)		(50)
Purchases of treasury stock				(11,699)	(11,699)
Sale of treasury stock		0		1,091	1,092
Change of scope of consolidation					-
Increase in surplus resulting from acquisition of treasury stock from consolidated subsidiaries		162			162
Others		13		(0)	13
Changes other than those to shareholders' equity (net)					
Total changes during the period	-	176	56,159	(10,607)	45,728
Balance at the period end	121,724	131,842	383,565	(29,696)	607,436

	Accumulated other comprehensive income						Non-controlling 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	12,577	43	8,338	6,835	(12,630)	15,164	46,424	623,297
Changes during the period								
Dividends								(11,080)
Profit attributable to owners of parent								67,289
Liquidation of land revaluation reserve								(50)
Purchases of treasury stock								(11,699)
Sale of treasury stock								1,092
Change of scope of consolidation								-
Increase in surplus resulting from acquisition of treasury stock from consolidated subsidiaries								162
Others								13
Changes other than those to shareholders' equity (net)	1,788	(51)	50	(2,047)	5,966	5,706	3,649	9,356
Total changes during the period	1,788	(51)	50	(2,047)	5,966	5,706	3,649	55,084
Balance at the period end	14,366	(8)	8,388	4,787	(6,663)	20,871	50,074	678,382

(Note) Increase in surplus resulting from acquisition of treasury stock from consolidated subsidiaries
Under the provisions of Article 156, Paragraph 1 and Article 163 of the Companies Act, the Company acquired treasury stock held by Tokyu Recreation, a consolidated subsidiary, by a resolution at a meeting of the Board of Directors held on November 10, 2016. Capital surplus increased due to an adjustment of tax expense associated with the acquisition.

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

Item	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Cash flows from operating activities		
Income before income taxes	74,456	77,808
Depreciation and amortization	72,391	76,986
Amortization of goodwill	446	305
Impairment loss	3,861	2,187
Retirement benefit expenses	4,568	4,578
Fixed assets demolition expenses	12,686	790
Increase (Decrease) in urban railways improvement reserve	(2,510)	(2,510)
Subsidies received for construction	(1,699)	(8,660)
Reduction entry of land contribution for construction	1,477	6,613
Loss (gain) on sale of fixed assets	(14,311)	(707)
Loss on retirement of fixed assets	7,909	10,711
Investment (gain) loss from the equity method	(7,451)	(8,314)
Decrease (increase) in accounts receivable	(8,405)	(6,358)
Decrease (increase) in inventories	10,175	(7,399)
Increase (decrease) in trade payables	(10,219)	(4,660)
Increase (decrease) in advances received	(7,897)	1,300
Increase (decrease) in guarantee deposits received	604	678
Increase (decrease) in accrued consumption taxes	(6,116)	2,405
Increase (decrease) in other current liabilities	1,673	1,202
Interest and dividend income	(1,034)	(1,088)
Interest payable	10,803	10,030
Others	5,262	8,806
Subtotal	146,672	164,706
Interest and dividends received	2,566	2,936
Interest paid	(10,940)	(10,148)
Income taxes (paid) refund	(8,682)	(31,138)
Net cash provided by (used in) operating activities	129,616	126,356

Million yen

Item	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Cash flows from investing activities		
Payments for purchases of fixed assets	(158,734)	(140,171)
Proceeds from sale of fixed assets	29,615	2,404
Payments for retirement of fixed assets	(1,876)	(2,163)
Payments for acquisition of investment securities	(1,353)	(1,161)
Proceeds from redemption of investment securities	3,875	42
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	948	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,612)	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(36)	–
Proceeds from subsidies received for construction	7,282	8,495
Others	1,233	243
Net cash provided by (used in) investing activities	(121,606)	(132,310)
Cash flows from financing activities		
Increase (decrease) in short-term debt, net	82,166	18,769
Proceeds from long-term debt	67,373	62,563
Repayment of long-term debt	(117,663)	(74,131)
Proceeds from issuance of commercial papers	15,000	25,000
Redemption of commercial papers	(15,000)	(25,000)
Proceeds from bond issue	19,858	39,697
Payments for redemption of bonds	(34,000)	(20,000)
Repayment of finance lease obligations	(3,778)	(4,003)
Purchase of treasury stock	(15,310)	(10,079)
Cash dividends paid	(9,923)	(11,080)
Proceeds from share issuance to non-controlling shareholders	6,201	1,953
Dividends paid to non-controlling interests	(469)	(519)
Others	250	(91)
Net cash provided by (used in) financing activities	(5,296)	3,078
Effect of exchange rate changes on cash and cash equivalents	(509)	(210)
Increase (decrease) in cash and cash equivalents	2,203	(3,086)
Cash and cash equivalents at beginning of period	40,705	42,909
Cash and cash equivalents at end of period	42,909	39,823

(5) Notes to Consolidated Financial Statements

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

(Change in Accounting Policies)

Following the revision of the Corporation Tax Act, the Practical Solution on a change in depreciation method due to Tax Reform 2016 (ASBJ PITF No. 32; June 17, 2016) was applied by the Company and its domestic consolidated subsidiaries in the fiscal year under review. The straight-line method was used for the depreciation of the facilities attached to buildings and structures acquired on or after April 1, 2016 instead of the declining-balance method, which had been used before.

The effect of the change in depreciation method on operating profit, recurring profit, and income before income taxes is minor.

(Additional Information)

From the fiscal year under review, the Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26; March 28, 2016) has been applied.

(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 are four segments classified by type of service: Transportation, Real Estate, Life Service, and Hotel and Resort. The major lines of business in each reported segment are as follows:

Transportation:	Railway, bus, and airport operations
Real Estate:	Sales, leasing, and management of real estate
Life Service:	Department store operations, chain store operations, shopping center operations, CATV operations, advertising operations, and imaging operations
Hotel and Resort:	Hotel operations and golf course 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.

As stated in 3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements (Change in Accounting Policies), the straight-line method has been being used for the depreciation of the facilities attached to buildings and structures acquired on or after April 1, 2016 instead of the declining-balance method, which had been used before. The depreciation method used for each business segment has changed in the same way.

The effect of the change in depreciation method on segment profit in the fiscal year under review is minor.

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

April 1, 2015 to March 31, 2016

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			
Operating revenue							
Outside customers	198,608	158,441	631,429	102,975	1,091,455	-	1,091,455
Inter-segment internal revenues or transfers	1,984	40,576	12,697	883	56,141	(56,141)	-
Total	200,593	199,018	644,127	103,859	1,147,597	(56,141)	1,091,455
Segment profit	29,279	28,093	13,438	4,488	75,299	181	75,480
Segment assets	780,588	713,262	407,820	113,274	2,014,945	77,601	2,092,546
Other items							
Depreciation	36,475	18,302	13,627	4,072	72,477	(86)	72,391
Amortization of goodwill	-	-	446	-	446	-	446
Investments in equity method affiliates	-	-	-	-	-	84,168	84,168
Increase in tangible fixed assets and intangible fixed assets	58,015	75,938	17,676	6,164	157,796	(544)	157,252

Notes

1. Adjustments are as follows.

- (1) An adjustment of ¥181 million in segment profit represents deduction of inter-segment transactions.
- (2) An adjustment of ¥77,601 million in segment assets consists of Company-wide assets of ¥177,275 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥99,673 million.
- (3) An adjustment of negative ¥86 million in depreciation represents deduction of inter-segment transactions.
- (4) An adjustment of ¥84,168 million in investments in equity method affiliates represents Company-wide assets not allocated to reported segments.
- (5) An adjustment of negative ¥544 million in tangible fixed assets and intangible fixed assets consists of Company-wide assets of ¥2,006 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥2,550 million.

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

April 1, 2016 to March 31, 2017

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			
Operating revenue							
Outside customers	205,611	131,949	675,180	104,609	1,117,351	-	1,117,351
Inter-segment internal revenues or transfers	1,882	40,338	13,989	893	57,103	(57,103)	-
Total	207,494	172,288	689,169	105,502	1,174,455	(57,103)	1,117,351
Segment profit	26,706	29,985	14,817	6,111	77,621	353	77,974
Segment assets	784,994	752,430	412,684	115,848	2,065,958	82,647	2,148,605
Other items							
Depreciation	39,194	18,087	15,763	4,018	77,064	(77)	76,986
Amortization of goodwill	-	-	305	-	305	-	305
Investments in equity method affiliates	-	-	-	-	-	91,158	91,158
Increase in tangible fixed assets and intangible fixed assets	62,162	52,936	22,760	7,614	145,474	(75)	145,398

Notes

1. Adjustments are as follows.

- (1) An adjustment of ¥353 million in segment profit represents deduction of inter-segment transactions.
- (2) An adjustment of ¥82,647 million in segment assets consists of Company-wide assets of ¥185,610 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥102,962 million.
- (3) An adjustment of negative ¥77 million in depreciation represents deduction of inter-segment transactions.
- (4) An adjustment of ¥91,158 million in investments in equity method affiliates represents Company-wide assets not allocated to reported segments.
- (5) An adjustment of negative ¥75 million in tangible fixed assets and intangible fixed assets consists of Company-wide assets of ¥2,098 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥2,173 million.

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

(Per Share Information)

	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Net assets per share	¥470.29	¥517.38
Net income per share	¥44.81	¥55.01

Notes

- Net income per share (diluted) is not stated as there are no shares with a dilutive effect.
- The basis for the calculation of net income per share 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, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
Net income per share:		
Profit attributable to owners of parent (million yen)	55,248	67,289
Amount not attributable to common shareholders (million yen)	-	-
Net income attributable to common shareholders of the parent (million yen)	55,248	67,289
Average number of outstanding common shares during the period (thousand shares)	1,233,044	1,223,282

(Subsequent Events)

(Transfer of important assets)

At a meeting of the Board of Directors held on May 12, 2017, the Company and MAUNA LANI RESORT (OPERATION), INC. ("MLRO"), a wholly-owned subsidiary of the Company, resolved to transfer assets that they own and concluded a sales contract on the same day.

(1) Reason for the transfer

The transferee placed great value on the resorts and offered to take them over, and we decided to transfer them.

(2) Overview of the transfer

Assets to be transferred

Land, buildings, etc. in Hawaii, USA

Land (528.11 ha. of land of the Company and 303.89 ha. of land of MLRO)

A hotel and its incidental facilities, and a clubhouse and its incidental facilities

Profile of the subsidiary that owns the assets to be transferred

Name: MAUNA LANI RESORT (OPERATION), INC.

Address: 68-1400 Mauna Lani Drive, Suite 102 Kohala Coast,
Hawaii 96743-9726 U.S.A.

Main business: Owning, operating, and renting a hotel and a golf course

Timing of the transfer

30 days to 180 days from the conclusion of the contract

Transfer price

The transfer price is not disclosed in consideration of the transferee's intention.

Transferee

DHL Mahi Associates LLC

(3) Impact on results

Chiefly as a result of extraordinary income associated with the transfer of assets, profit before income taxes is estimated to increase by approximately 15.0 billion yen in the next fiscal year.