

Tokyu Corporation

Consolidated Financial Statements

Fiscal 2017

(April 1, 2017 – March 31, 2018)

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, 2018

Tokyu Corporation

May 11, 2018

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date of general meeting of shareholders:	June 28, 2018		
Scheduled date of commencement of dividend payment:	June 29, 2018		
Planned date for submission of financial reports:	June 28, 2018		
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, 2018

(April 1, 2017 to March 31, 2018)

(Figures in percentages denote year-on-year changes)
Million yen

1) Consolidated Operating Results

	FY ended March 31, 2018		FY ended March 31, 2017	
		Change (%)		Change (%)
Operating revenue	1,138,612	1.9	1,117,351	2.4
Operating profit	82,918	6.3	77,974	3.3
Recurring profit	83,746	9.5	76,449	9.2
Profit attributable to owners of parent	70,095	4.2	67,289	21.8
Net income per share (¥)	¥115.42		¥110.02	
Net income per share (diluted) (¥)	-		-	
Return on equity (%)	10.6%		11.2%	
Return on assets (%)	3.8%		3.6%	
Operating profit ratio (%)	7.3%		7.0%	

Notes: Comprehensive Income: FY ended March 31, 2018: ¥78,591 million [6.7%]; FY ended March 31, 2017: ¥73,673 million [45.5%]

Reference: Equity in income (losses) of equity-method affiliates: FY ended March 31, 2018: ¥8,372 million; FY ended March 31, 2017: ¥8,314 million

On August 1, 2017, the Company conducted a reverse stock split (every two common shares were merged into one). The net income per share is calculated as if the reverse stock split had been conducted at the beginning of the previous consolidated fiscal year.

2) Consolidated Financial Position

	As of March 31, 2018		As of March 31, 2017	
Total assets	2,264,636		2,148,605	
Net assets	747,049		678,382	
Equity ratio (%)	30.8%		29.2%	
Net assets per share (¥)	¥1,146.46		¥1,034.77	

Reference: Shareholders' equity: FY ended March 31, 2018: ¥696,526 million; FY ended March 31, 2017: ¥628,308 million

On August 1, 2017, the Company conducted a reverse stock split (every two common shares were merged into one). The net assets per share is calculated as if the reverse stock split had been conducted at the beginning of the previous consolidated fiscal year.

3) Consolidated Cash Flows

	FY ended March 31, 2018		FY ended March 31, 2017	
Operating activities	152,558		126,356	
Investing activities	(145,378)		(132,310)	
Financing activities	(7,892)		3,078	
Cash and cash equivalents at end of year	38,322		39,823	

2. Dividends

	FY ending March 31, 2019 (forecast)	FY ended March 31, 2018	FY ended March 31, 2017
Dividend per share – end of first quarter (¥)	-	-	-
Dividend per share – end of first half (¥)	10.00	9.00	4.50
Dividend per share – end of third quarter (¥)	-	-	-
Dividend per share – end of term (¥)	10.00	10.00	4.50
Dividend per share – annual (¥)	20.00	19.00	9.00
Total cash dividends (annual)		11,582	11,042
Dividend payout ratio (consolidated) (%)	23.8	16.5	16.4
Net assets dividend ratio (consolidated) (%)		1.7	1.8

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

FY ended March 31, 2018: ¥37 million; FY ended March 31, 2017: ¥42 million

On August 1, 2017, the Company conducted a reverse stock split (every two common shares were merged into one). The dividend per share for the fiscal year ended March 31, 2017 is the actual amount before the reverse stock split. The annual dividend per share based on the number of shares after the reverse stock split is ¥18.00.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(Figures in percentages denote year-on-year changes)
Million yen

	Full year	
		Change (%)
Operating revenue	1,152,300	1.2
Operating profit	77,000	(7.1)
Recurring profit	75,500	(9.8)
Profit attributable to owners of parent	51,000	(27.2)
Net income per share (¥)	¥83.94	

* 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 restatements 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) Restatements of revisions: No

(Note) For details, please see the statement under the heading "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, 2018: 624,869,876 FY ended March 31, 2017: 624,869,876

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

FY ended March 31, 2018: 17,323,682 FY ended March 31, 2017: 17,671,495

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

FY ended March 31, 2018: 607,333,925 FY ended March 31, 2017: 611,641,141

(Note) The number of treasury stock includes shares of the Company held by a group of shareholding employees in trust and compensation for Directors in trust, as follows.

FY ended March 31, 2018: 1,825,700 shares FY ended March 31, 2017: 2,202,000 shares

On August 1, 2017, the Company conducted a reverse stock split (every two common shares were merged into one). The number of shares

issued at the end of the term (including treasury stock), the number of shares of treasury stock at the end of the term and the average numbers of shares issued during the terms are calculated as if the reverse stock split had been conducted at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

(April 1, 2017 to March 31, 2018)

1) Non-Consolidated Operating Results

(Figures in percentages denote year-on-year changes)
Million yen

	FY ended March 31, 2018		FY ended March 31, 2017	
		Change (%)		Change (%)
Operating revenue	269,326	2.6	262,528	(7.1)
Operating profit	55,981	7.5	52,064	(1.2)
Recurring profit	57,790	17.2	49,289	3.4
Net income	42,978	(16.3)	51,319	66.5
Net income per share (¥)	70.74		83.80	
Net income per share (diluted) (¥)	-		-	

On August 1, 2017, the Company conducted a reverse stock split (every two common shares were merged into one). The net income per share is calculated as if the reverse stock split had been conducted at the beginning of the previous fiscal year.

2) Non-Consolidated Financial Position

Million yen

	As of March 31, 2018	As of March 31, 2017
Total assets	1,729,363	1,642,259
Net assets	519,170	486,021
Equity ratio (%)	30.0%	29.6%
Net assets per share (¥)	¥854.18	¥800.10

Reference: Shareholders' equity: FY ended March 31, 2018: ¥519,170 million; FY ended March 31, 2017: ¥486,021 million

On August 1, 2017, the Company conducted a reverse stock split (every two common shares were merged into one). The net assets per share is calculated as if the reverse stock split had been conducted at the beginning of the previous fiscal year.

**2. Non-Consolidated Forecast for the Fiscal Year Ending March 31, 2019
(April 1, 2018 to March 31, 2019)**

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

	Full year	
		Change (%)
Operating revenue	284,100	5.5
Operating profit	50,200	(10.3)
Recurring profit	48,800	(15.6)
Net income.....	34,000	(20.9)
Net income per share (¥)	¥55.94	

* 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 the forecasts depending on a number of factors.

Please refer to Outlook for Fiscal 2018 on page 5 for more details about these forecasts.

(Method of acquiring supplementary documents for results)

The "Summary of Results for FY2017 Forecasts for FY2018" will be published on our IR website and TDnet (Timely Disclosure network) today (May 11, 2018).

(Method of acquiring closing of accounts briefing material)

Tokyu Corporation will hold a results briefing for institutional investors and analysts on May 14, 2018.

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

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1. Overview of Financial Results, etc.

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

During the fiscal year under review, the prospects for the Japanese economy remained uncertain due to the effects produced by uncertainty in overseas economies and fluctuations in financial and capital markets. However, corporate earnings and employment conditions improved thanks to a series of measures taken by the central government and the Bank of Japan. Personal spending also continued to show signs of recovery. As these developments suggest, the economy recovered moderately.

In this economic environment, Tokyu Corporation (the "Company") and its consolidated subsidiaries (collectively, the "Group") have promoted a medium-term business plan for the three years from fiscal 2015 dubbed "Steps to the Next Stage." This plan is aimed at enhancing profitability and efficiency by bolstering existing businesses and projects, actively moving into new areas where the Group can apply its strengths, and conducting focused investments in growth areas, while securing financial soundness. Working in line with the plan, the Group is seeking to achieve a big leap in the future.

Operating revenue for the fiscal year under review grew 1.9% year on year, to ¥1,138,612 million, reflecting strong performance in the real estate sales business, among other factors. Operating profit rose 6.3% year on year, to ¥82,918 million. Recurring profit climbed 9.5% year on year, to ¥83,746 million, mainly due to a fall in interest expenses. Profit attributable to owners of parent expanded 4.2% year on year, to ¥70,095 million, chiefly attributable to a rise in gains on sales 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.

Starting in the fiscal year under review, the Company moved some of its businesses to different reportable segments. The figures for the previous fiscal year reallocated to the segments after the move are used in the year-on-year comparison presented below.

Transportation

The Company hereby expresses its sincere apologies for the problems and concerns caused to the relevant parties by the repeated transportation obstructions attributable to itself, including a power line fault on the Denen-toshi Line on November 15, 2017. As measures for preventing their recurrence in the future, the Company will take initiatives to secure transportation safety and stability, including the review of methods used for inspecting important facilities in underground sections.

As a safety measure, the Company initially planned to install platform doors at all 64 stations on the Toyoko, Denen-toshi and Oimachi lines by 2020. Ahead of its original plan, the Company is aiming to become the first company in the industry to fully equip the stations with fixed platform fences with platform door sensors by the end of fiscal 2019. The use of platform doors commenced at 13 stations in fiscal 2017, including the Sangenjaya Station on the Denen-toshi Line. Their use contributed significantly to the Company's efforts to guarantee safety and transportation stability, reducing the number of accidents resulting in injury to approximately one-third of the figure recorded in fiscal 2014.

In the Company's railway operations, the number of commuters carried and the number of non-commuters carried grew 1.7% year on year and 0.8% year on year, respectively. Overall, the number of passengers carried rose 1.3% year on year. The increase was primarily attributable to growth in the number of people living in areas served by Tokyu lines.

Looking at the number of passengers carried by consolidated subsidiaries, the number carried by Izukyu Corp. declined 0.3%.

In bus operations, the number of passengers carried by Tokyu Bus Corp. rose 0.3%.

Operating revenue for the Transportation segment increased 2.0% year on year, to ¥211,557 million, chiefly due to a rise in the number of passengers carried in the Company's railway operations. Operating profit for the segment grew 8.6% year on year, to ¥29,002 million.

(Operation results of Tokyu Corporation's railway operations)

Categories		Units	148th term	149th term
			April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Number of operating days		Days	365	365
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	148,372	149,150
Number of passengers carried	Non-commuter	Thousand passengers	464,259	468,163
	Commuter	Thousand passengers	698,764	710,496
	Total	Thousand passengers	1,163,023	1,178,659
Passenger revenue	Non-commuter	Million yen	75,834	76,383
	Commuter	Million yen	62,787	63,856
	Total	Million yen	138,621	140,239
Miscellaneous income from railway operations		Million yen	14,199	14,614
Total revenues		Million yen	152,820	154,853
Average passenger revenue per day		Million yen	419	424
Operating efficiency		%	51.6	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 and operating profit increased to ¥182,574 million (up 7.3% year on year) and ¥32,357 million (up 5.8% year on year), respectively, mainly due to an increase in sales of properties in the Company's real estate sales business.

Life Service

In the Life Service Business, operating revenue rose to ¥700,352 million (up 1.5% year on year) and operating profit increased to ¥15,999 million (up 9.2% year on year), mainly reflecting progress made in terms of customer acquisition at Tokyu Power Supply Co., Ltd., an electric power retailer.

Hotel and Resort

Operating revenue for the Hotel and Resort segment decreased 1.3% year on year, to ¥104,104 million, reflecting the adverse effects of the transfer of assets owned by Mauna Lani Resort (Operation), Inc., which offset the high occupancy maintained by Tokyu Hotels Co., Ltd. in hotel operations and a rise in average daily rates. Operating profit for the segment also fell 10.0% year on year, to ¥5,103 million, chiefly due to a rise in expenses for initiatives for enhancing the value of facilities centered on guest rooms at Tokyu Hotels Co., Ltd.

(2) Overview of Financial Position

Total assets at the end of the fiscal year under review increased ¥116,030 million from the end of the previous fiscal year, to ¥2,264,636 million, largely due to an increase in tangible fixed assets resulting from capital investment at the Company.

Liabilities increased ¥47,363 million year on year, to ¥1,517,587 million, largely because of growth in interest-bearing debt (*) of ¥5,396 million year on year, to ¥969,794 million.

Net assets rose ¥68,666 million from the end of the previous fiscal year, to ¥747,049 million. This was primarily attributable to the posting of profit attributable to owners of parent.

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

(3) Overview of Cash Flows

Net cash provided by operating activities reached ¥152,558 million after adjustments for income before income taxes of ¥96,069 million. Items included depreciation and amortization of ¥74,901 million and income taxes paid of ¥17,237 million. Net cash provided by operating activities rose ¥26,202 million from the previous fiscal year, mainly due to a decrease in income taxes paid.

Net cash used in investing activities totaled ¥145,378 million, which was mainly attributable to payments for purchases of fixed assets of ¥176,991 million. Net cash used in investing activities expanded ¥13,068 million from the previous fiscal year owing to factors including an increase in payments for purchases of fixed assets.

Net cash used in financing activities was ¥7,892 million, mainly reflecting repayments of debts and payments for the redemption of bonds.

As a result, cash and cash equivalents stood at ¥38,322 million at the end of the fiscal year under review, down ¥1,501 million from the end of the previous fiscal year.

(4) Outlook

For the fiscal year ending March 31, 2019, the Company forecasts consolidated operating revenue of ¥1,152,300 million (up 1.2% from the fiscal year ended March 31, 2018) based on higher projected revenues from its real estate, life service and transportation businesses. However, the Company expects consolidated operating profit to decrease 7.1% year on year, to ¥77,000 million, and consolidated recurring profit to fall 9.8% year on year, to ¥75,500 million, mainly reflecting reactions to highly profitable properties sold in its real estate sales business in the fiscal year under review. The Company predicts that consolidated profit attributable to owners of parent will decline 27.2% year on year, to ¥51,000 million, owing to factors including reactions to gains on sales of fixed assets posted in the fiscal year under review.

The forecasts for each operating segment are as follows.

Billion yen

	Operating revenue		Operating profit	
	Fiscal 2018	YoY change	Fiscal 2018	YoY change
Transportation	213.3	1.7	29.2	0.1
Real Estate	197.5	14.9	27.5	-4.8
Life Service	702.5	2.1	16.4	0.4
Hotel and Resort	101.7	-2.4	3.5	-1.6
Total	1,215.0	16.4	76.6	-5.8
Eliminations	-62.7	-2.7	0.4	-0.0
Consolidated	1,152.3	13.6	77.0	-5.9

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, 2017	As of March 31, 2018
Assets		
Current Assets		
Cash and deposits	40,500	39,007
Trade notes & accounts receivable	139,830	156,642
Merchandise and products	14,975	14,454
Land and buildings for sale	40,453	44,299
Work in progress	7,264	11,533
Raw materials and supplies	6,838	7,581
Deferred tax assets	7,814	7,696
Others	33,771	39,876
Allowance for doubtful accounts	(901)	(1,001)
Total current assets	290,545	320,088
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	720,125	728,891
Rolling stock & machinery (net)	56,641	62,967
Land	683,067	697,118
Construction in progress	120,547	158,858
Others (net)	24,652	25,667
Total tangible fixed assets	1,605,034	1,673,502
Intangible fixed assets	33,380	35,633
Investments & others		
Investment securities	141,580	154,814
Net defined benefit asset	7,147	8,638
Deferred tax assets	6,593	7,314
Others	64,867	65,261
Allowance for doubtful accounts	(543)	(617)
Total investments and others	219,644	235,411
Total fixed assets	1,858,060	1,944,548
Total Assets	2,148,605	2,264,636

Million yen

Item	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current Liabilities		
Trade notes & accounts payable	90,074	99,958
Short-term debt	308,464	305,355
Current portion of corporate bonds	8,000	25,000
Accrued income taxes	8,082	17,958
Reserve for employees' bonuses	11,405	11,448
Advances received	23,375	37,541
Others	120,352	120,768
Total current liabilities	569,754	618,030
Long-Term Liabilities		
Corporate bonds	228,228	203,228
Long-term debt	419,705	436,210
Deferred tax liabilities	20,320	21,920
Deferred tax liabilities from revaluation	9,174	9,171
Allowance for loss on redemption of merchandise coupons	2,151	2,319
Net defined benefit liability	38,374	37,958
Long-term deposits from tenants and club members	119,231	127,925
Others	43,202	43,252
Total long-term liabilities	880,388	881,986
Special Legal Reserves		
Urban railways improvement reserve	20,080	17,570
Total Liabilities	1,470,223	1,517,587
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	131,842	133,132
Retained income	383,565	442,691
Treasury stock	(29,696)	(29,092)
Total shareholders' equity	607,436	668,455
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	14,366	15,551
Net unrealized gains (losses) on hedging instruments, net of taxes	(8)	(35)
Land revaluation reserve	8,388	8,384
Foreign currency translation adjustment account	4,787	6,083
Remeasurements of defined benefit plans	(6,663)	(1,912)
Total accumulated other comprehensive income	20,871	28,070
Non-Controlling Interests	50,074	50,522
Total Net Assets	678,382	747,049
Total Liabilities and Net Assets	2,148,605	2,264,636

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

Million yen

Item	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Operating revenue	1,117,351	1,138,612
Cost of operating revenue		
Operating expenses & cost of sales (Transportation, etc.)	833,215	849,412
SG&A expenses	206,161	206,281
Total cost of operating revenue	1,039,376	1,055,693
Operating profit	77,974	82,918
Non-operating profit		
Interest income	205	301
Dividend income	882	970
Investment gains from equity method	8,314	8,372
Others	4,660	5,334
Total non-operating profit	14,063	14,978
Non-operating expenses		
Interest expenses	10,030	9,415
Others	5,558	4,734
Total non-operating expenses	15,588	14,149
Recurring profit	76,449	83,746
Extraordinary gains		
Gains on sale of fixed assets	712	14,383
Subsidies received for construction	8,660	3,173
Gain on reversal of Urban Railways Improvement Reserve	2,510	2,510
Others	252	3,719
Total extraordinary gains	12,134	23,786
Extraordinary losses		
Reduction entry of land contribution for construction	6,613	2,719
Loss on retirement of fixed assets	1,037	1,264
Impairment loss	2,187	2,855
Loss on liquidation of subsidiaries and associates	–	2,607
Others	937	2,018
Total extraordinary losses	10,775	11,464
Income before income taxes	77,808	96,069
Corporate income taxes	17,024	26,402
Corporate income taxes adjustment	(8,009)	(2,015)
Total corporate income taxes	9,014	24,386
Net income	68,793	71,682
Profit attributable to non-controlling interests	1,503	1,586
Profit attributable to owners of parent	67,289	70,095

(Consolidated Statements of Comprehensive Income)*Million yen*

Item	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Net income	68,793	71,682
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	1,690	1,584
Net unrealized gains (losses) on hedging instruments	0	(0)
Foreign currency translation adjustment account	(2,799)	825
Remeasurements of defined benefit plans, net of tax	5,893	4,613
Share of other comprehensive income of associates accounted for using equity method	93	(113)
Total other comprehensive income	4,879	6,909
Comprehensive income	73,673	78,591
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	72,946	77,299
Comprehensive income attributable to non-controlling interests	726	1,292

(3) Consolidated Statements of Changes in Net Assets

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	131,386	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
Increase in surplus resulting from acquisition of treasury stock from consolidated subsidiaries		162			162
Changes in equity of subsidiaries owned continuously		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 available-for-sale 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
Increase in surplus resulting from acquisition of treasury stock from consolidated subsidiaries								162
Changes in equity of subsidiaries owned continuously								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.

April 1, 2017 to March 31, 2018

Million yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	121,724	131,842	383,565	(29,696)	607,436
Changes during the period					
Dividends			(10,973)		(10,973)
Profit attributable to owners of parent			70,095		70,095
Liquidation of land revaluation reserve			3		3
Purchases of treasury stock				(583)	(583)
Sale of treasury stock		(0)		1,186	1,186
Increase in surplus resulting from acquisition of treasury stock from consolidated subsidiaries					-
Changes in equity of subsidiaries owned continuously		1,289			1,289
Changes other than those to shareholders' equity (net)					
Total changes during the period	-	1,289	59,125	603	61,018
Balance at the period end	121,724	133,132	442,691	(29,092)	668,455

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale 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	14,366	(8)	8,388	4,787	(6,663)	20,871	50,074	678,382
Changes during the period								
Dividends								(10,973)
Profit attributable to owners of parent								70,095
Liquidation of land revaluation reserve								3
Purchases of treasury stock								(583)
Sale of treasury stock								1,186
Increase in surplus resulting from acquisition of treasury stock from consolidated subsidiaries								-
Changes in equity of subsidiaries owned continuously								1,289
Changes other than those to shareholders' equity (net)	1,184	(27)	(3)	1,295	4,750	7,199	448	7,647
Total changes during the period	1,184	(27)	(3)	1,295	4,750	7,199	448	68,666
Balance at the period end	15,551	(35)	8,384	6,083	(1,912)	28,070	50,522	747,049

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

Item	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Cash flows from operating activities		
Income before income taxes	77,808	96,069
Depreciation and amortization	76,986	74,901
Amortization of goodwill	305	12
Impairment loss	2,187	2,855
Retirement benefit expenses	4,578	3,591
Increase (Decrease) in urban railways improvement reserve	(2,510)	(2,510)
Subsidies received for construction	(8,660)	(3,173)
Reduction entry of land contribution for construction	6,613	2,719
Loss (gain) on sale of fixed assets	(707)	(13,949)
Loss on retirement of fixed assets	10,711	8,771
Loss (gain) on liquidation of subsidiaries and associates	-	2,607
Investment (gain) loss from the equity method	(8,314)	(8,372)
Decrease (increase) in accounts receivable	(6,358)	(17,349)
Decrease (increase) in inventories	(7,399)	(5,368)
Increase (decrease) in trade payables	(4,660)	10,027
Increase (decrease) in advances received	1,300	5,360
Increase (decrease) in guarantee deposits received	678	8,695
Increase (decrease) in accrued consumption taxes	2,405	1,456
Increase (decrease) in other current liabilities	1,202	2,179
Interest and dividend income	(1,088)	(1,271)
Interest payable	10,030	9,415
Others	9,596	(622)
Subtotal	164,706	176,047
Interest and dividends received	2,936	3,267
Interest paid	(10,148)	(9,519)
Income taxes (paid) refund	(31,138)	(17,237)
Net cash provided by (used in) operating activities	126,356	152,558

Million yen

Item	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Cash flows from investing activities		
Payments for purchases of fixed assets	(140,171)	(176,991)
Proceeds from sale of fixed assets	2,404	23,309
Payments for retirement of fixed assets	(2,163)	(2,818)
Payments for acquisition of investment securities	(1,161)	(5,258)
Proceeds from sale of investment securities	42	1,059
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	–	1,202
Proceeds from subsidies received for construction	8,495	12,753
Others	243	1,363
Net cash provided by (used in) investing activities	(132,310)	(145,378)
Cash flows from financing activities		
Increase (decrease) in short-term debt, net	18,769	746
Proceeds from long-term debt	62,563	60,425
Repayment of long-term debt	(74,131)	(47,725)
Proceeds from issuance of commercial papers	25,000	216,000
Redemption of commercial papers	(25,000)	(216,000)
Proceeds from bond issue	39,697	–
Payments for redemption of bonds	(20,000)	(8,000)
Repayment of finance lease obligations	(4,003)	(3,868)
Purchase of treasury stock	(10,079)	(583)
Cash dividends paid	(11,080)	(10,973)
Proceeds from share issuance to non-controlling shareholders	1,953	1,531
Dividends paid to non-controlling interests	(519)	(610)
Others	(91)	1,165
Net cash provided by (used in) financing activities	3,078	(7,892)
Effect of exchange rate changes on cash and cash equivalents	(210)	(788)
Increase (decrease) in cash and cash equivalents	(3,086)	(1,501)
Cash and cash equivalents at beginning of period	42,909	39,823
Cash and cash equivalents at end of period	39,823	38,322

(5) Notes to Consolidated Financial Statements

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

(Change in Accounting Policies)

(Application of Practical Solution on Operators' Accounting for the Concession-based Private Finance Initiative Projects)

The Practical Solution on Operators' Accounting for the Concession-based Private Finance Initiative Projects (ASBJ PITF No. 35; May 2, 2017) began to be applied in the fiscal year under review.

The application did not have any impact on the consolidated financial statements.

(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

In the fiscal year under review, the Other segment was created in the non-consolidated financial statements for a reason related to business administration, and businesses that are related to Life Service or Hotel and Resort had been classified into Real Estate were classified into the Other segment. In association with this change, certain businesses were classified into a different reported segment in the consolidated financial statements.

The segment information for the previous fiscal year is created based on the reported segments after the change.

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, 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	130,728	676,402	104,609	1,117,351	–	1,117,351
Inter-segment internal revenues or transfers	1,882	39,396	13,826	893	55,998	(55,998)	–
Total	207,494	170,124	690,229	105,502	1,173,350	(55,998)	1,117,351
Segment profit	26,706	30,591	14,651	5,671	77,621	353	77,974
Segment assets	784,994	750,634	414,123	115,848	2,065,601	83,004	2,148,605
Other items							
Depreciation	39,194	17,924	15,926	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	52,888	22,808	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 ¥83,004 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 ¥102,605 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.

April 1, 2017 to March 31, 2018

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	209,660	139,643	685,919	103,388	1,138,612	–	1,138,612
Inter-segment internal revenues or transfers	1,896	42,930	14,432	716	59,976	(59,976)	–
Total	211,557	182,574	700,352	104,104	1,198,588	(59,976)	1,138,612
Segment profit	29,002	32,357	15,999	5,103	82,462	456	82,918
Segment assets	804,945	823,951	410,353	111,243	2,150,494	114,142	2,264,636
Other items							
Depreciation	37,973	16,442	16,533	4,027	74,977	(75)	74,901
Amortization of goodwill	–	–	12	–	12	–	12
Investments in equity method affiliates	–	–	–	–	–	99,750	99,750
Increase in tangible fixed assets and intangible fixed assets	71,426	77,235	20,174	9,380	178,216	3,048	181,265

Notes

1. Adjustments are as follows.

- (1) An adjustment of ¥456 million in segment profit represents deduction of inter-segment transactions.
- (2) An adjustment of ¥114,142 million in segment assets consists of Company-wide assets of ¥206,523 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥92,381 million.
- (3) An adjustment of negative ¥75 million in depreciation represents deduction of inter-segment transactions.
- (4) An adjustment of ¥99,750 million in investments in equity method affiliates represents Company-wide assets not allocated to reported segments.
- (5) An adjustment of ¥3,048 million in tangible fixed assets and intangible fixed assets consists of Company-wide assets of ¥3,391 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥342 million.

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

(Per Share Information)

	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Net assets per share	¥1,034.77	¥1,146.46
Net income per share	¥110.02	¥115.42

Notes

1. Net income per share (diluted) is not stated as there are no shares with a dilutive effect.
2. The Company performed a two-for-one share consolidation effective as of August 1, 2017. Net assets per share and net income per share are calculated on the assumption that the share consolidation was performed at the beginning of the previous fiscal year.
3. 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 and an account in trust for executive compensation.

	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Net income per share:		
Profit attributable to owners of parent (million yen)	67,289	70,095
Amount not attributable to common shareholders (million yen)	-	-
Net income attributable to common shareholders of the parent (million yen)	67,289	70,095
Average number of outstanding common shares during the period (thousand shares)	611,641	607,333

(Subsequent Events)

There is no applicable item.