Tokyu Corporation

Consolidated Financial Statements

Fiscal 2015

(April 1, 2015 – March 31, 2016)

SUMMARY OF FINANCIAL STATEMENTS [Japanese Accounting Standards] (Consolidated)
For the Fiscal Year Ended March 31, 2016

Tokyu Corporation May 13, 2016

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date of general meeting of shareholders:		June 29, 2016	Telephone: 81-3-3477-6168
Scheduled date of commencement of dividend payment:		June 30, 2016	
Planned date for submission of financial reports:		June 29, 2016	
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, 2016

(April 1, 2015 to March 31, 2016)

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

1) Consolidated Operating Results

Million yen

	FY ended March 31, 2016		FY ended March 31, 2015	
		Change (%)		Change (%)
Operating revenue	1,091,455	2.3	1,067,094	(1.5)
Operating profit	75,480	5.5	71,514	15.0
Recurring profit	70,038	5.1	66,619	6.4
Profit attributable to owners of parent	55,248	34.6	41,051	(27.3)
Net income per share (¥)	¥44.81		¥32.88	
Net income per share (diluted) (¥)	-		-	
Return on equity (%)	9.8%		7.7%	
Return on assets (%)	3.4%		3.3%	
Operating profit ratio (%)	6.9%		6.7%	

Notes: Comprehensive Income: FY ended March 31, 2016: ¥50,635 million [-21.9%]; FY ended March 31, 2015: ¥64,847 million [-1.5%]

Reference: Equity in income (losses) of equity-method affiliates: FY ended March 31, 2016: ¥7,451 million; FY ended March 31, 2015: ¥6,358 million

2) Consolidated Financial Position

Million yen

	As of March 31, 2016	As of March 31, 2015
Total assets	2,092,546	2,002,532
Net assets	623,297	579,596
Equity ratio (%)	27.6%	27.5%
Net assets per share (¥)	¥470.29	¥442.86

Reference: Shareholders' equity: FY ended March 31, 2016: ¥576,873 million; FY ended March 31, 2015: ¥551,332 million

3) Consolidated Cash Flows

Million yen

	FY ended March 31, 2016	FY ended March 31, 2015
Operating activities	129,616	163,965
Investing activities	(121,606)	(75,235)
Financing activities	(5,296)	(103,064)
Cash and cash equivalents at end of year	42,909	40,705

2. Dividends

	FY ending March 31, 2017 (forecast)	FY ended March 31, 2016	FY ended March 31, 2015
Dividend per share – end of first quarter (¥)	–	–	–
Dividend per share – end of first half (¥)	4.50	4.00	4.00
Dividend per share – end of third quarter (¥)	–	–	–
Dividend per share – end of term (¥)	4.50	4.50	4.00
Dividend per share – annual (¥)	9.00	8.50	8.00
Total cash dividends (annual)		10,493	9,971
Dividend payout ratio (consolidated) (%)	20.4	19.0	24.3
Net assets dividend ratio (consolidated) (%)		1.9	1.9

Notes: Dividends for shares held by a group of shareholding employees in trust that are not included in total dividends are as follows:
FY ended March 31, 2016: ¥49 million; FY ended March 31, 2015: ¥4 million

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

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

	First half		Full year	
		Change (%)		Change (%)
Operating revenue	553,500	3.8	1,139,200	4.4
Operating profit	37,000	(18.4)	77,000	2.0
Recurring profit	34,100	(18.1)	73,300	4.7
Profit attributable to owners of parent	25,600	(31.8)	54,000	(2.3)
Net income per share (¥)	¥20.87		¥44.02	

*** 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 "4. Consolidated Financial Statements, (5) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policies)" on page 17 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, 2016: 1,249,739,752 FY ended March 31, 2015: 1,249,739,752
2) Number of treasury stock at the end of the term (shares)
FY ended March 31, 2016: 23,113,371 FY ended March 31, 2015: 4,795,289
3) Average numbers of shares issued during the terms (shares)
FY ended March 31, 2016: 1,233,044,336 FY ended March 31, 2015: 1,248,450,854

(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, 2016: 5,691,000 shares

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

1) Non-Consolidated Operating Results

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

	FY ended March 31, 2016		FY ended March 31, 2015	
		Change (%)		Change (%)
Operating revenue	282,659	2.5	275,793	(6.1)
Operating profit	52,721	0.4	52,510	22.3
Recurring profit	47,663	1.3	47,029	31.9
Net income	30,827	2.6	30,058	1.0
Net income per share (¥)	24.97		24.05	
Net income per share (diluted) (¥)	−		−	

2) Non-Consolidated Financial Position

Million yen

	As of March 31, 2016	As of March 31, 2015
Total assets	1,588,541	1,560,794
Net assets	456,346	451,890
Equity ratio (%)	28.7%	29.0%
Net assets per share (¥)	¥371.37	¥362.56

Reference: Shareholders' equity: FY ended March 31, 2016: ¥456,346 million; FY ended March 31, 2015: ¥451,890 million

2. Non-Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

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

	First half		Full year	
		Change (%)		Change (%)
Operating revenue	129,000	(5.5)	266,600	(5.7)
Operating profit	27,100	(13.2)	52,600	(0.2)
Recurring profit	25,900	(10.7)	49,800	4.5
Net income	20,300	6.0	38,400	24.6
Net income per share (¥)	¥16.52		¥31.25	

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

* Explanations about the proper use of financial forecasts and other important notes
(Notes on forecast results)
The forecast results presented above are based on information available on the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors.
Please refer to Outlook for Fiscal 2016 on page 5 for more details about these forecasts.

(Method of acquiring supplementary documents for results)
The “Summary of Results for FY2016/3” will be published on our IR website and TDnet (Timely Disclosure network) today (May 13, 2016).

(Method of acquiring closing of accounts briefing material)
Tokyu Corporation will hold a results briefing for institutional investors and analysts on May 16, 2016.
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. Analysis of Results and Financial Position

(1) Analysis of Results

(i) Overview of the Fiscal Year under Review

During the consolidated fiscal year under review, the Japanese economy maintained a moderate recovery, backed by the ongoing weakness of the yen and high stock prices influenced by a series of measures taken by the government and Bank of Japan, improvement in corporate earnings, employment, and household income, and a decline in the impact of the consumption tax hike on personal spending. However, towards the end of the fiscal year future prospects became more uncertain due to the effects of economies of China and other countries, exchange rates, and domestic stock market.

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," starting from the consolidated fiscal year under review. 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 for the consolidated fiscal year under review stood at ¥1,091,455 million (up 2.3% year on year), operating profit at ¥75,480 million (up 5.5% year on year), and recurring profit at ¥70,038 million (up 5.1% year on year), which was attributable to the strong performance of the Transportation Business and the real estate leasing business, reflecting the effect of opening the Futako-Tamagawa Rise phase II. Profit attributable to owners of parent amounted to ¥55,248 million (up 34.6% year on year), mainly owning to an increase in the gain on the sale of fixed assets.

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

The reportable segments have been changed from the consolidated fiscal year under review, and in the comparison with the previous period below, the figures are compared by changing them for the segments after reclassification.

Transportation

During the fiscal year under review, the Company began the construction of platform doors as safety measures at ten stations, including Motosumiyoshi Station on the Toyoko Line and Mizonokuchi Station on the Oimachi Line. In October 2015, operation of the platform doors began at Miyamaedaira Station on the Den-en-toshi Line, which is one of the five statins on the Tokyu Lines where these doors have been installed. The Company has also been replacing six-door cars with four-door cars for the development of platform doors on the Den-en-toshi Line, and in January 2016, the first new four-door car train went into operation. For railroad crossing safety measures, a 3D obstacle detection system has been installed at 14 locations on the Oimachi Line, Ikegami Line, and other lines.

As measures to reduce the damage caused by disasters such as large earthquakes, the Company continued to carry out the seismic reinforcement construction of civil engineering structures such as elevated bridges and tunnels. The Company also conducted improvement work at Gotanda Station and other stations, facility renewal work such as re-roofing platforms at Tama-Plaza Station, etc., and reinforcement of platform roofs to cope with extreme weather such as heavy snow.

To create comfortable spaces at stations, the Company improved guidance features by increasing the number of guide signs inside station premises, enhancing the level of guidance provided by station concierges, and installing touch-panel guides that can be operated by customers. It has also improved the quality of train information through the reinforced content of the "Tokyu Line App" for smartphones and tablet

PCs. Other efforts include improving convenience in connecting from trains to buses and bicycles, such as the establishment of a bicycle parking area at Toritsu-Daigaku Station.

At Shibuya Station on the Toyoko Line and Den-en-toshi Line, the Company has been making continuous improvements in line with the progress of the redevelopment work. The Company will continue to take measures in both the physical facilities and services.

In addition, to ease rush-hour congestion and enhance convenience, in March 2016 the Company revised its train time schedules to increase the transportation capacity during rush-hour periods and change the time of the first and last trains of each day.

In the Company's railway operations, the number of commuters carried rose 2.9% year on year in the fiscal year under review, while the number of non-commuters carried increased 2.9%, thanks to the absence of a decrease in the purchase of commuter tickets in reaction to last-minute purchase ahead of the consumption tax hike and the effect of opening the Futako-Tamagawa Rise phase II. Overall, the number of passengers carried rose 2.9%. Passenger revenue also increased 2.8%.

Looking at the number of passengers carried by consolidated subsidiaries, the number carried by Izukyu Corp. increased by 1.9%, while the number carried by Ueda Dentetsu Corp. increased by 5.9%.

In bus operations, the number of passengers carried by Tokyu Bus Corp. rose 1.0%.

Operating revenue for the Transportation segment was ¥200,593 million (up 1.6% year on year), and operating profit for the segment was ¥29,279 million (up 22.5% year on year) due mainly to an increase in the number of passengers carried in railway operations and a decrease in expenses.

(Operation results of Tokyu Corporation's railway operations)

Categories		Units	146th term	147th term
			April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Number of operating days		Days	365	366
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	146,654	147,837
Number of passengers carried	Non-commuter	Thousand passengers	449,040	461,956
	Commuter	Thousand passengers	667,269	686,613
	Total	Thousand passengers	1,116,309	1,148,569
Passenger revenue	Non-commuter	Million yen	73,507	75,499
	Commuter	Million yen	60,032	61,736
	Total	Million yen	133,539	137,235
Miscellaneous income from railway operations		Million yen	18,184	14,401
Total revenues		Million yen	151,723	151,636
Average passenger revenue per day		Million yen	416	414
Operating efficiency		%	50.3	51.3

(Note) Calculation method of the operating efficiency

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

Real Estate

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

During the fiscal year under review, the commercial complex, Futako Tamagawa Rise Shopping Center Terrace Market opened in April 2015 as part of the urban redevelopment project in East District 2 in Futako-Tamagawa (Futako-Tamagawa Rise phase II). The Company and Tokyu Land Corporation are involved in this project as a union and participating union members.

In the project developing the area surrounding Shibuya Station, the Company has been promoting the Shibuya Station Block and Shibuya Station South Block as model projects for urban rejuvenation, with Shibuya Hikarie, the leading project that began operation in 2012, as the start. In addition to the Shibuya Station Block, for which the construction has already started, the full-fledged construction of the Shibuya Station South Block began in August 2015.

Operating revenue for the Real Estate segment came to ¥199,018 million (up 1.4% year on year), which is attributable primarily to an increase in rental revenue from Futako-Tamagawa Rise Phase II in the Company's real estate leasing business. However, operating profit for the segment decreased to ¥28,093 million (down 13.0% year on year), mainly as a result of the decline in the reaction to sales of large-scale collective housing (condominiums) in the Company's real estate sales business in the previous fiscal year.

Life Service

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

In its department store operations, Tokyu Department Store worked with a local company to jointly open Bangkok-Tokyu Department Store Paradise Park, the second overseas department store, in Bangkok, Thailand in June 2015. ShinQs in Shibuya Hikarie carried out its first large renewal in September 2015 after opening. In March 2016, Hinka Rinka, a new type of store for select fashion items, opened in Tokyu Plaza Ginza.

In its chain store operations, Tokyu Store Chain achieved strong sales of foodstuffs and other products at its existing stores. In January 2016, an experimental service was provided to customers who purchased products through the Tokyu Store online supermarket, which allows them to pick up their purchased items at their convenience from refrigerated lockers placed in front of the ticket gates at Tsunashima Station on the Toyoko Line.

In CATV operations, its Communications, Inc. opened iTSCOM Studio & Hall Futako-Tamagawa Rise, which functions as both a broadcasting studio and multipurpose hall, at Futako-Tamagawa Rise in April 2015. It provides multi-channel broadcasting, Internet connection, telephone communication, and other services, and has been expanding its smart home service, Intelligent Home.

In the Life Service segment, operating revenue came to ¥644,127 million (up 2.2% year on year) and operating profit ¥13,438 million (up 12.8% year on year), partly due to the strong sales at the existing stores of Tokyu Store Chain and growth in the business of Tokyu Agency Inc., the Group's advertising agency, in TV advertising, sales promotion, and other services.

Hotel and Resort

Tokyu Hotels Co., Ltd. was reorganized in April 2015 and now operates under three brands: Tokyu Hotel, Excel Hotel Tokyu, and Tokyu REI Hotel. The performance of the rooms division was especially strong due to the high demand for inbound tourism from overseas market. In July 2015, Futako-Tamagawa Excel Hotel Tokyu opened in the Futako-Tamagawa Rise Tower Office. It is the first full-scale hotel in the vicinity to be equipped with banquet halls and a restaurant and bar.

Operating revenue for the Hotel and Resort segment stood at ¥103,859 million (up 8.1% year on year), which is attributable to high occupancy rate and a rise in average daily rates posted by Tokyu Hotels Co., Ltd. Operating profit for the segment reached ¥4,488 million (up 40.6% year on year). The occupancy rate at hotels directly operated by Tokyu Hotels stood at 84.9% (up 0.2 percentage point year on year).

(ii) Outlook for Fiscal 2016

While attention must be paid to the effects of growing uncertainty in overseas economies and changes in the financial and capital markets, the economy is expected to recover moderately as suggested by the ongoing improvement in employment and household income. In this operating environment, the Company forecasts operating revenue of ¥1,139,200 million (up 4.4% year on year), with a contribution made by Tokyu Recreation Co., Ltd., a newly consolidated subsidiary, and growth in earnings of the Group's hotel and resort business. Operating profit is projected to be ¥77,000 million (up 2.0% year on year) and recurring profit ¥73,300 million (up 4.7% year on year), based primarily on the full-year operation of Futako-Tamagawa Rise Phase II. Profit attributable to owners of parent is expected to be ¥54,000 million (down 2.3% year on year), chiefly reflecting a reaction to a gain on the sale of fixed assets in the previous fiscal year.

The forecasts for each operating segment are as follows.

Billion yen

	Operating revenue		Operating profit	
	Fiscal 2016	YoY change	Fiscal 2016	YoY change
Transportation	206.9	6.3	27.4	-1.8
Real Estate	178.6	-20.4	29.7	1.6
Life Service	703.7	59.5	14.2	0.7
Hotel and Resort	108.0	4.1	5.5	1.0
Total	1,197.2	49.6	76.8	1.5
Eliminations	-58.0	-1.8	0.2	0.0
Consolidated	1,139.2	47.7	77.0	1.5

(2) Analysis of Financial Position

Total assets at the end of the fiscal year under review increased ¥90,014 million from the end of the previous fiscal year, to ¥2,092,546 million, largely because of an increase in fixed assets associated with the opening of the Futako-Tamagawa Rise Phase II and consolidation of Tokyu Recreation Co., Ltd.

Liabilities increased ¥46,312 million year on year, to ¥1,469,248 million, largely because of growth in interest-bearing debt (*) of ¥26,020 million year on year, to ¥937,467 million.

Net assets increased ¥43,701 million year on year, to ¥623,297 million, reflecting factors such as the posting of profit attributable to owners of parent despite the purchase of treasury stock.

Net cash provided by operating activities reached ¥129,616 million after adjustments for income before income taxes of ¥74,456 million. Items included depreciation and amortization of ¥72,391 million, a decrease in trade payables of ¥10,219 million, and a decrease in advances received of ¥7,897 million. Proceeds were reduced by ¥34,349 million due chiefly to an increase in the payment of trade payables in comparison to the previous fiscal year.

Net cash used in investing activities totaled ¥121,606 million, which was attributable to expenditure on the acquisition of fixed assets of ¥158,734 million and proceeds from sale of fixed assets amounting to ¥29,615 million, among other factors. Compared with the previous fiscal year, net cash used in investing activities increased ¥46,370 million, given factors such as an increase in payments for purchases of fixed assets, despite growth in the proceeds from sale of fixed assets.

Net cash used in financing activities was ¥5,296 million, reflecting factors such as the repayment of borrowings and payments for redemption of bonds.

As a result, cash and cash equivalents stood at ¥42,909 million at the end of the fiscal year under review, up ¥2,203 million from the end of the previous fiscal year.

* Interest-bearing debt: Sum total of borrowings, corporate bonds, and commercial papers

(Reference) Consolidated cash flow-related indicator trends:

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Equity ratio (%)	21.7	24.2	25.3	27.5	27.6
Market price based equity ratio (%)	24.8	45.3	39.2	46.3	55.3
Ratio of interest bearing debt to cash flows (years)	7.2	8.2	6.3	5.6	7.2
Interest coverage ratio (times)	9.6	8.8	11.8	13.5	11.8

Equity ratio = shareholders equity/total assets

Market price based equity ratio = market capitalization/total assets

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

Interest coverage ratio = operating cash flow/total interest paid

Notes:

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

2. Management Policy

(1) Our Fundamental Operating Policy

Tokyu Group's roots began with the establishment of Meguro-Kamata Railway Company in 1922 and as of the end of March 2016, the Group is composed of 224 companies and 8 non-profit corporations, with Tokyu Corporation as the nucleus. The Group's core operations focus on urban development centered on railway operations. Over the years, the Group has diversified to provide a wide range of services related to the daily lives of the people in the communities it serves. The Group is also actively involved in social programs and environmental activities through foundations, social activities, and Tokyu Association programs. The Group seeks to fulfill its social responsibilities by building a business deeply rooted in local communities.

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

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

The Company and its consolidated subsidiaries have developed a three-year medium-term management plan named "Steps to the Next Stage," which started in the fiscal year 2015, with the aim of enhancing both profitability and efficiency through the strengthening of existing businesses and projects, active advancement into new areas where the Group will be able to leverage its strengths, and the implementation of focused investments in growth areas, while maintaining the Group's financial soundness for a great leap forward in the future.

Under the basic plan of cultivating prospects in the Tokyu area and undertaking new challenges for growth to take a step toward our next phase of expansion, the Company continues to aim to materialize the two visions, keeping areas served by Tokyu's railway lines being the main focus and becoming a strong business group as "one Tokyu," as in the previous medium-term management plan. To realize these visions, the Company will focus specifically on the following four measures.

Focused initiatives

(i) Offer greater security and enriched satisfaction

We will pursue safer and more secure railway services by improving facilities to increase safety on the platform and at crossings and strengthening our response to accidents and emergencies. The Company will also promote extensive migration and activate towns and areas by providing transportation, retail and life services in an integrated manner.

(ii) Development of the TOKYU area and further promotion of the real estate business

We will continue to promote the redevelopment of areas served by Tokyu's railway lines and the comprehensive development of railway station surroundings. The Company will also strengthen the consulting business on the use of assets along Tokyu's railway lines and further enhance the leasing business based on an investment circular-type business model.

(iii) Promote lifestyle and work style innovations

With respect to life style innovation, we will bundle various home services of the Tokyu Group, including the electricity retailing business, which we will newly engage in, so that the users will be able to use them conveniently and at low cost. We will also provide customers with new life value by introducing new Tokyu Point services, including transportation points that are earned by using railways and buses.

In terms of work style innovation, we will support responses to various work styles by developing facilities that promote creative activities and human exchange in development projects in which the Company is involved. We will also foster an environment where our employees can enjoy an active work life by promoting diversity management inside the Group and the in-house entrepreneur fostering system.

(iv) Embark on new challenges by leveraging group management resources

In the retail business, the Company will build a framework to exert comprehensive strength as the Group by setting a strong headquarters function through the establishment of the Retail Business Headquarters to unify consolidated retail operations.

Regarding inbound tourism initiatives, we will develop an environment to invite inbound tourists to Shibuya, areas served by Tokyu's railway lines and the Group's facilities in Japan by improving access to Haneda Airport, enhancing the sightseeing and chartered bus networks, tax-free shops and multilingual services and strengthening the sightseeing coordination function.

In hotel operations, we will reorganize hotel brands from customers' point of view and promote new hotel openings in major cities and tourist spots in anticipation of an increase in inbound demand.

In overseas operations, we will strive to increase opportunities to promote and expand business in cooperation with local partners, making use of the expertise we have been cultivating in Japan and overseas, in order to capture the economic growth potential in Southeast Asia.

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

[Dividend policy]

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

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

As corporate citizens, the Company and its consolidated subsidiaries have been fully aware of the gravity of their social responsibilities. Based on this awareness, we are making Group-wide efforts to ensure our compliance. At the same time, we are practicing CSR management by continuing our activities to protect the global environment and make diverse social contributions. We will continue pursuing CSR activities suited to the changing times and improving our communication with stakeholders. At the same time, we will enhance effective corporate governance to increase management transparency and improve appropriate operations.

3. 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.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheet

Million yen

Item	As of March 31, 2015	As of March 31, 2016
Assets		
Current Assets		
Cash and deposits	41,328	39,614
Trade notes & accounts receivable	123,676	133,442
Merchandise and products	15,656	15,393
Land and buildings for sale	45,323	31,937
Work in progress	4,439	5,821
Raw materials and supplies	5,476	5,921
Deferred tax assets	8,579	7,233
Others	31,515	37,921
Allowance for doubtful accounts	(798)	(812)
Total current assets	275,197	276,472
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	695,470	723,130
Rolling stock & machinery (net)	54,748	57,782
Land	615,756	653,977
Construction in progress	110,972	113,806
Others (net)	20,162	24,725
Total tangible fixed assets	1,497,111	1,573,421
Intangible fixed assets	26,295	29,670
Investments & others		
Investment securities	133,610	132,223
Net defined benefit asset	5,944	5,245
Deferred tax assets	5,780	9,626
Others	59,250	66,396
Allowance for doubtful accounts	(657)	(511)
Total investments and others	203,928	212,981
Total fixed assets	1,727,334	1,816,073
Total Assets	2,002,532	2,092,546

Million yen

Item	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current Liabilities		
Trade notes & accounts payable	102,364	94,824
Short-term debt	229,626	319,531
Current portion of corporate bonds	24,000	20,000
Accrued income taxes	5,357	20,614
Reserve for employees’ bonuses	10,350	11,080
Advances received	30,598	24,777
Others	120,941	117,355
Total current liabilities	523,238	608,183
Long-Term Liabilities		
Corporate bonds	206,228	196,228
Long-term debt	451,592	401,707
Deferred tax liabilities	26,489	28,055
Deferred tax liabilities from revaluation	9,404	9,176
Allowance for loss on redemption of merchandise coupons	2,009	2,019
Net defined benefit liability	35,133	40,506
Long-term deposits from tenants and club members	112,974	118,556
Others	30,764	42,224
Total long-term liabilities	874,596	838,474
Special Legal Reserves		
Urban railways improvement reserve	25,100	22,590
Total Liabilities	1,422,935	1,469,248
Net Assets		
Shareholders’ Equity		
Common stock	121,724	121,724
Capital surplus	131,386	131,666
Retained income	280,685	327,405
Treasury stock	(3,171)	(19,088)
Total shareholders’ equity	530,625	561,708
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities, net of taxes	14,470	12,577
Net unrealized gains (losses) on hedging instruments, net of taxes	107	43
Land revaluation reserve	9,442	8,338
Foreign currency translation adjustment account	9,067	6,835
Remeasurements of defined benefit plans	(12,380)	(12,630)
Total accumulated other comprehensive income	20,706	15,164
Non-controlling interests	28,264	46,424
Total Net Assets	579,596	623,297
Total Liabilities and Net Assets	2,002,532	2,092,546

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

(Consolidated Statements of Income)

Million yen

Item	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Operating revenue	1,067,094	1,091,455
Cost of operating revenue		
Operating expenses & cost of sales (Transportation etc.)	797,133	814,925
SG&A expenses	198,446	201,050
Total cost of operating revenue	995,580	1,015,975
Operating profit	71,514	75,480
Non-operating profit		
Interest income	281	211
Dividend income	1,226	822
Investment gains from equity method	6,358	7,451
Others	4,087	4,279
Total non-operating profit	11,954	12,765
Non-operating expenses		
Interest expenses	11,737	10,803
Fixed assets demolition expenses	―	2,085
Others	5,110	5,318
Total non-operating expenses	16,848	18,206
Recurring profit	66,619	70,038
Extraordinary gains		
Gains on sale of fixed assets	197	16,691
Subsidies received for construction	1,635	1,699
Gain on reversal of Urban Railways Improvement Reserve	1,893	2,510
Others	1,153	5,664
Total extraordinary gains	4,879	26,566
Extraordinary losses		
Loss on sale of fixed assets	35	2,380
Reduction entry of land contribution for construction	1,372	1,477
Transfer to Urban Railways Improvement Reserve	2,272	–
Loss on retirement of fixed assets	1,558	927
Impairment loss	3,342	3,861
Fixed assets demolition expenses	–	10,601
Others	974	2,899
Total extraordinary losses	9,555	22,148
Income before income taxes	61,943	74,456
Corporate income taxes	8,971	23,230
Corporate income taxes adjustment	11,192	(4,261)
Total corporate income taxes	20,164	18,968
Net income	41,779	55,487
Profit attributable to non-controlling interests	728	239
Profit attributable to owners of parent	41,051	55,248

(Consolidated Statements of Comprehensive Income)

Million yen

Item	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Net income	41,779	55,487
Other comprehensive income		
Net unrealized gains (losses) on investment securities	7,051	(1,702)
Net unrealized gains (losses) on hedging instruments	0	(0)
Land revaluation reserve	516	228
Foreign currency translation adjustment account	6,633	(2,832)
Remeasurements of defined benefit plans, net of tax	6,248	(147)
Share of other comprehensive income of associates accounted for using equity method	2,618	(397)
Total other comprehensive income	23,067	(4,852)
Comprehensive income	64,847	50,635
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	62,216	51,102
Comprehensive income attributable to non-controlling interests	2,631	(466)

(3) Consolidated Statements of Changes in Net Assets

April 1, 2014 to March 31, 2015 *Million yen*

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	121,724	140,793	252,355	(3,139)	511,734
Cumulative effects of changes in accounting policies			(3,217)		(3,217)
Restated balance	121,724	140,793	249,137	(3,139)	508,516
Changes during the period					
Dividends			(10,016)		(10,016)
Profit attributable to owners of parent			41,051		41,051
Liquidation of land revaluation reserve			513		513
Purchases of treasury stock				(10,150)	(10,150)
Sale of treasury stock		0		709	710
Retirement of treasury stock		(9,407)		9,407	−
Change of scope of consolidation					−
Others				1	1
Changes other than those to shareholders' equity (net)					
Total changes during the period	−	(9,406)	31,547	(32)	22,108
Balance at the period end	121,724	131,386	280,685	(3,171)	530,625

	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	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at the beginning of the period	5,614	90	9,364	3,704	(18,718)	54	25,921	537,711
Cumulative effects of changes in accounting policies								(3,217)
Restated balance	5,614	90	9,364	3,704	(18,718)	54	25,921	534,493
Changes during the period								
Dividends								(10,016)
Profit attributable to owners of parent								41,051
Liquidation of land revaluation reserve								513
Purchases of treasury stock								(10,150)
Sale of treasury stock								710
Retirement of treasury stock								−
Change of scope of consolidation								−
Others								1
Changes other than those to shareholders' equity (net)	8,856	16	77	5,363	6,338	20,651	2,342	22,994
Total changes during the period	8,856	16	77	5,363	6,338	20,651	2,342	45,103
Balance at the period end	14,470	107	9,442	9,067	(12,380)	20,706	28,264	579,596

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
Cumulative effects of changes in accounting policies					–
Restated balance	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
Retirement of treasury stock					—
Change of scope of consolidation		277		(1,011)	(734)
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	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at the beginning of the period	14,470	107	9,442	9,067	(12,380)	20,706	28,264	579,596
Cumulative effects of changes in accounting policies								–
Restated balance	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
Retirement of treasury stock								–
Change of scope of consolidation								(734)
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

(4) Consolidated Statements of Cash Flow

Million yen

Item	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Cash flows from operating activities		
Income before income taxes	61,943	74,456
Depreciation and amortization	70,041	72,391
Amortization of goodwill	601	446
Impairment loss	3,342	3,861
Retirement benefit expenses	4,813	4,568
Fixed assets demolition expenses	–	12,686
Increase (Decrease) in urban railways improvement reserve	378	(2,510)
Subsidies received for construction	(1,635)	(1,699)
Reduction entry of land contribution for construction	1,372	1,477
Loss (gain) on sale of fixed assets	(161)	(14,311)
Loss on retirement of fixed assets	11,050	7,909
Investment (gain) loss from the equity method	(6,358)	(7,451)
Decrease (increase) in accounts receivable	(6,350)	(8,405)
Decrease (increase) in inventories	8,478	10,175
Increase (decrease) in trade payables	4,268	(10,219)
Increase (decrease) in advances received	8,755	(7,897)
Increase (decrease) in guarantee deposits received	2,884	604
Increase (decrease) in accrued consumption taxes	5,529	(6,116)
Increase (decrease) in other current liabilities	(402)	1,673
Interest and dividend income	(1,508)	(1,034)
Interest payable	11,737	10,803
Others	3,862	5,262
Subtotal	182,643	146,672
Interest and dividends received	3,656	2,566
Interest paid	(12,144)	(10,940)
Income taxes paid	(10,190)	(8,682)
Net cash provided by operating activities	163,965	129,616

Million yen

Item	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Cash flows from investing activities		
Payments for purchases of fixed assets	(92,520)	(158,734)
Proceeds from sale of fixed assets	297	29,615
Payments for retirement of fixed assets	(2,563)	(1,876)
Payments for acquisition of investment securities	(1,142)	(1,353)
Proceeds from sale of investment securities	1,054	3,875
Proceeds from redemption of investment securities	13,020	50
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	5,694	7,282
Others	922	1,233
Net cash used in investing activities	(75,235)	(121,606)
Cash flows from financing activities		
Increase (decrease) in short-term debt, net	(854)	82,166
Proceeds from long-term debt	66,355	67,373
Repayment of long-term debt	(126,521)	(117,663)
Proceeds from issuance of commercial papers	–	15,000
Redemption of commercial papers	–	(15,000)
Proceeds from bond issue	19,863	19,858
Payments for redemption of bonds	(38,000)	(34,000)
Repayment of finance lease obligations	(4,087)	(3,778)
Purchase of treasury stock	(10,150)	(15,310)
Cash dividends paid	(10,016)	(9,923)
Proceeds from share issuance to non-controlling shareholders	155	6,201
Dividends paid to non-controlling interests	(444)	(469)
Others	637	250
Net cash used in financing activities	(103,064)	(5,296)
Effect of exchange rate changes on cash and cash equivalents	339	(509)
Increase (decrease) in cash and cash equivalents	(13,995)	2,203
Cash and cash equivalents at beginning of period	54,701	40,705
Cash and cash equivalents at end of period	40,705	42,909

(5) Notes to Consolidated Financial Statements

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

(Change in Accounting Policies)

The accounting standard for business combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21 issued September 13, 2013; hereinafter "Business Combinations Accounting Standard"), the accounting standard for consolidated financial statements (ASBJ Statement No. 22 issued September 13, 2013; hereinafter "Consolidated Accounting Standards") and the accounting standard for business divestitures (ASBJ Statement No. 7 issued September 13, 2013; hereinafter "Business Divestures Accounting Standards"), etc. have been applied from the fiscal year under review, and differences arising from changes in equity interest of the Company in those subsidiaries which the Company continues to control are recorded as capital surplus. The method of recording acquisition-related expenses has been changed to the method of recording them as expenses for the consolidated fiscal year in which they have arisen. In regards to business combinations implemented after the beginning of the fiscal year under review, the accounting method has been changed to the method of reflecting the review of the allocation amount of acquisition costs, based on the specified provisional accounting, in the consolidated financial statements for the fiscal year in which the date of business combinations falls. In addition, the presentation of net income, etc. has been changed, and the presentation of minority interests has been changed to non-controlling interests. To reflect these changes in presentation, the Company has reclassified the consolidated financial statements for the previous consolidated fiscal year ended March 31, 2015.

The application of the Business Combinations Accounting Standard and other standards follows the transitional arrangements stipulated in Paragraph 58-2 (4) of the Business Combinations Accounting Standard, Paragraph 44-5 (4) of the Consolidated Accounting Standards, and Paragraph 57-4 (4) of the Business Divestures Accounting Standards. These standards are applied from the beginning of the fiscal year under review, and will continue to be applied in the future.

In the consolidated statement of cash flows for the fiscal year under review, cash flows associated with the purchase or sale of shares of subsidiaries that does not result in a change in scope of consolidation is reported in "net cash used in financing activities." Cash flows associated with expenses for the purchase of shares of subsidiaries resulting in a change in scope of consolidation or expenses for the purchase or sale of shares of subsidiaries that does not result in a change in scope of consolidation are reported in "net cash provided by (used in) operating activities."

These changes have a minimal effect on the consolidated financial statements and per-share information for the consolidated fiscal year under review.

(Business Combination, etc.)

Business combination through acquisition

The Company resolved at the meeting of the Board of Directors held on February 10, 2016, to purchase the common shares of Tokyu Recreation Co., Ltd., an equity-method affiliate, through a takeover bid, underwrite the disposal of treasury stock through private placement to the Company, and conclude a capital and business alliance agreement between Tokyu Recreation Co., Ltd. and the Company. The purchase of shares was carried out on March 17, 2016, with March 31, 2016 set to be the deemed date of acquisition.

1. Overview of business combination
   (1) Name and business of the acquired company
      Name of acquired company: Tokyu Recreation Co., Ltd.
      Type of business: Operation of movie theaters and other entertainment facilities

(2) Primary reasons for business combination

The purpose of the business combination is to expand the role of Tokyu Recreation Co., Ltd. in the Group by making it a subsidiary in charge of entertainment-based strategies and jointly building a community in Shibuya in which the company will be based in the Group's implementation of its three-year medium-term management plan, "Steps to the Next Stage."

(3) Date of business combination

March 17, 2016 (date of stock acquisition)

March 31, 2016 (deemed date of stock acquisition)

(4) Legal form of business combination

Acquisition of shares in exchange for cash and by underwriting the disposal of treasury stock through private placement

(5) Name of company after business combination

The same as the current name

(6) Ratio of voting rights acquired

Ratio of voting rights held immediately before business combination	27.9%
Ratio of voting rights acquired on the date of business combination	22.2%
Ratio of voting rights after acquisition	50.1%

(7) Primary reasons for selecting the company to be acquired

The Company acquired more than half of the voting rights through the acquisition of shares.

2. Period of financial results of the acquired company to be included in the consolidated financial statements

The financial results of the acquired company are not included in the consolidated financial statements because the final day of the fiscal year under review is the deemed date of acquisition, and thus only the balance sheet is consolidated. The acquired company was an equity-method affiliate whose settlement date was December 31, and for this reason its financial results for between January 1 and December 31, 2015 were recorded as investment gains from equity method.

3. Cost of acquiring the acquired company and breakdown by type of cost

Market value of shares held immediately before business combination at the time of business combination	¥7,517 million
Market value of shares additionally acquired on the date of business combination	¥6,693 million
Acquisition cost	¥14,210 million

4. Difference between the cost of acquiring the acquired company and the total amount of acquisition costs in each of the transactions until the acquisition

Gain on step acquisitions: ¥1,242 million

5. Major expenses associated with the acquisition and amounts

Advisory expenses, etc.: ¥152 million

6. Amount and cause of gain on negative goodwill
   (1) Amount of gain on negative goodwill
   ¥493 million
   (2) Cause
   The market value of net assets of the acquired company on the date of business combination exceeded the acquisition cost.

7. Amounts and major components of assets received and liabilities taken over on the date of business combination

Current assets	¥10,963 million
Fixed assets (note)	¥44,165 million
Total assets	¥55,129 million
Current liabilities	¥7,183 million
Long-term liabilities	¥18,585 million
Total liabilities	¥25,769 million

Note: The amount of fixed assets includes the market value of the shares of the parent company held by Tokyu Recreation Co., Ltd.

8. Approximate amount and method for calculating the impact of the business combination on the consolidated statement of income for the fiscal year under review when the business combination is assumed to have been completed on the first day of the consolidated fiscal year

Operating revenue	¥31,683 million
Operating profit	¥1,395 million
Recurring profit	¥696 million
Income before income taxes	(¥12 million)
Profit attributable to owners of parent	¥9 million

(Method of calculating the approximate amount)
Assuming that the business combination was completed on the first day of the consolidated fiscal year, the difference between investment gains from equity method of the acquired company included in the consolidated fiscal year under review by the Company and the amount that resulted from subtracting unrealized gains, etc. on the sale of fixed assets to the Company from operating revenue and profit/loss between January 1 and December 31, 2015, is assumed to be the approximate amount of the impact.

(Segment Information)

(Segment Information)

1. Overview of reported segments

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

The Tokyu Group undertakes a wide range of businesses that are closely related to the daily life of customers in geographic areas focused on Tokyu Lines' service areas. Therefore, the Group's reportable segments consist of segments classified by type of service.

Beginning with the fiscal year under review, the reported segments have been changed from the five segments used in the past (Transportation, Real Estate, Life Service, Hotel and Resort, and Business

Support) to four segments (Transportation, Real Estate, Life Service, and Hotel and Resort) in the first quarter of the fiscal year under review.

This change is a result of reorganizing the business segments in accordance with one of the key activities, “new initiatives utilizing the Group’s management resources,” stated in the medium-term management plan that starts in the consolidated fiscal year under review. Under this initiative, the shopping center operations that were categorized in the Real Estate segment and the advertising operations categorized in the Business Support segment were transferred to the Life Service segment, while operations categorized in the Business Support segment were transferred to the business segments corresponding to service support customers.

As a result, the major lines of business in each reportable segment are now 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

The segment information for the previous consolidated fiscal year is created and presented based on the segmentation method 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.

As stated in the section “Change in Accounting Policies” of “(5) Notes to Consolidated Financial Statements” under “4. Consolidated Financial Statements,” as a result of revision to the accounting standard for business combinations and other standards, starting in the consolidated fiscal year under review, the accounting method has been changed so that the difference associated with changes in equity in subsidiaries remaining under the control of the Company is now recorded as capital surplus and acquisition-related costs as expenses for the fiscal year in which these costs are incurred.

The impact of this change on segment profit in the consolidated fiscal year under review is minor.

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

April 1, 2014 to March 31, 2015

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	196,355	157,264	617,895	95,578	1,067,094	−	1,067,094
Inter-segment internal revenues or transfers	1,166	38,979	12,559	503	53,208	(53,208)	−
Total	197,521	196,244	630,455	96,081	1,120,303	(53,208)	1,067,094
Segment profit	23,893	32,279	11,916	3,191	71,281	232	71,514
Segment assets	763,142	689,700	343,075	106,650	1,902,568	99,963	2,002,532
Other items							
Depreciation	36,208	16,709	13,360	3,864	70,142	(101)	70,041
Amortization of goodwill	−	−	599	1	601	−	601
Investments in equity method affiliates	−	−	−	−	−	83,095	83,095
Increase in tangible fixed assets and intangible fixed assets	46,787	21,425	19,075	5,234	92,523	1,032	93,556

Notes

1. Adjustments are as follows.
   (1) An adjustment of ¥232 million in segment profit represents deduction of inter-segment transactions.
   (2) An adjustment of ¥99,963 million in segment assets consists of Company-wide assets of ¥180,433 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥80,470 million.
   (3) An adjustment of negative ¥101 million in depreciation represents deduction of inter-segment transactions.
   (4) An adjustment of ¥83,095 million in investments in equity method affiliates represents Company-wide assets not allocated to reported segments
   (5) An adjustment of ¥1,032 million in tangible fixed assets and intangible fixed assets consists of Company-wide assets of ¥1,245 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥212 million.
2. Segment profit is adjusted with operating profit stated in consolidated financial statements.

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.

(Related Information)

April 1, 2014 to March 31, 2015

1. Information of each product and service

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

2. Information by region

(1) Operating revenue

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

(2) Tangible fixed assets

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

3. Information by major customer

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

April 1, 2015 to March 31, 2016

1. Information of each product and service

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

2. Information by region

(1) Operating revenue

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

(2) Tangible fixed assets

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

3. Information by major customer

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

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

April 1, 2014 to March 31, 2015

Million yen

	Transportation	Real Estate	Life Service	Hotel and Resort	Elimination/ Headquarters	Total
Impairment losses	364	965	1,713	299	−	3,342

April 1, 2015 to March 31, 2016

Million yen

	Transportation	Real Estate	Life Service	Hotel and Resort	Elimination/ Headquarters	Total
Impairment losses	302	917	2,638	4	−	3,861

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

April 1, 2014 to March 31, 2015

Million yen

		Transportation	Real Estate	Life Service	Hotel and Resort	Elimination/ Headquarters	Total
Goodwill	Amortized during period	−	−	599	1	−	601
	Balance at end of year	−	−	762	−	−	762

April 1, 2015 to March 31, 2016

Million yen

		Transportation	Real Estate	Life Service	Hotel and Resort	Elimination/ Headquarters	Total
Goodwill	Amortized during period	−	−	446	−	−	446
	Balance at end of year	−	−	319	−	−	319

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

April 1, 2014 to March 31, 2015

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

April 1, 2015 to March 31, 2016

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

(Per Share Information)

	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Net assets per share	¥442.86	¥470.29
Net income per share	¥32.88	¥44.81

Notes
1. Net income per share (diluted) is not stated as there are no shares with a dilutive effect.
2. 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, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Net income per share:		
Profit attributable to owners of parent (million yen)	41,051	55,248
Amount not attributable to common shareholders (million yen)	–	–
Net income attributable to common shareholders of the parent (million yen)	41,051	55,248
Average number of outstanding common shares during the period (thousand shares)	1,248,450	1,233,044

(Subsequent Events)

(Issuance of debenture bonds)

The Company has issued debenture bonds with a maturity date of April 22, 2016 under the following conditions.

This issuance is based on the resolution of the meeting of the Board of Directors held on March 28, 2016, in which the total amount for subscription, etc. was specified.

(1) The 83rd debenture bond (15 years)

Total amount issued	10 billion yen
Issue price	100 yen per face value of 100 yen
Interest rate	0.459%/ year
Due date of payment	April 22, 2016
Maturity date	April 22, 2031
Use of net proceeds	Bond redemption and part of debt repayment

(2) The 84th debenture bond (20 years)

Total amount issued	10 billion yen
Issue price	100 yen per face value of 100 yen
Interest rate	0.662%/ year
Due date of payment	April 22, 2016
Maturity date	April 22, 2036
Use of net proceeds	Bond redemption and part of debt repayment

(3) Financial covenants (negative pledge)

While any unredeemed value of the above bonds exists, if the Company grants a security interest for other debenture bonds (excluding those that can be converted to secured bonds) that have already been issued or will be issued in Japan by the Company after the issuance of the above bonds, the Company will create a security interest at the same level based on the Secured Bonds Trust Act for the above bonds. The above bonds, therefore, may be subordinated to claims other than other debenture bonds already issued or will be issued in Japan by the Company after the issuance of the above bonds while any unredeemed value of the above bonds exists. The Company will lose the benefit of time for these corporate bonds if it infringes the previously described conditions.