

Tokyu Corporation

Consolidated Financial Statements First Half of the Fiscal Year Ending March 31, 2016

(April 1, 2015 – September 30, 2015)

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product and service launches, and pricing and product initiatives of competitors.

**SUMMARY OF FINANCIAL STATEMENTS [Japanese Accounting Standards] (Consolidated)
For the First Half of Fiscal Year Ending March 31, 2016**

Tokyu Corporation

November 10, 2015

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date for submission of quarterly financial reports:	November 10, 2015		
Scheduled date of commencement of dividend payment:	December 4, 2015		
Supplementary documents for quarterly results	YES		
Quarterly results briefing (for institutional investor and analysts)	YES		

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

**1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2016
(April 1, 2015 to September 30, 2015)**

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

1) Consolidated Operating Results

	Six months ended September 30, 2015		Six months ended September 30, 2014	
		Change (%)		Change (%)
Operating revenue.....	533,043	3.4	515,519	(0.2)
Operating profit.....	45,359	18.9	38,139	4.4
Recurring profit.....	41,647	15.6	36,015	(0.8)
Profit attributable to owners of parent	37,559	62.3	23,136	(15.5)
Net income per share (¥).....	30.33		18.49	
Net income per share (diluted) (¥).....	-		-	

Notes: Comprehensive Income: Six months ended September 30, 2015: ¥39,376 million [57.9%]; Six months ended September 30, 2014: ¥24,934 million [-25.8%]

2) Consolidated Financial Position

Million yen

	As of September 30, 2015	As of March 31, 2015
Total assets.....	2,026,133	2,002,532
Net assets	600,336	579,596
Equity ratio (%).....	28.1	27.5

Reference: Shareholders' equity: As of September 30, 2015: ¥570,329 million; As of March 31, 2015: ¥551,332 million

2. Dividends

	FY ending March 31, 2016 (forecast)	FY ending March 31, 2016	FY ended March 31, 2015
Dividend per share – end of first quarter (¥)		-	-
Dividend per share – end of first half (¥)		4.00	4.00
Dividend per share – end of third quarter (¥)	-		-
Dividend per share – end of term (¥)	4.50		4.00
Dividend per share – annual (¥)	8.50		8.00

Note: Revisions to dividend forecasts published most recently: No

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

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

	Full year	
		Change (%)
Operating revenue.....	1,091,000	2.2
Operating profit.....	69,000	(3.5)
Recurring profit	61,000	(8.4)
Profit attributable to owners of parent.....	47,000	14.5
Net income per share (¥).....	38.11	

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

*** Notes**

- (1) Changes in important subsidiaries during the consolidated quarter (cumulative) under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): No
- (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards, etc.: 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 "2. Matters Relating to Summary Information (Notes), (1) Changes in accounting policies, changes in accounting estimates, and Restatement of revisions" on page 3 of the accompanying materials.

(4) Number of shares issued (common stock)

- 1) Number of shares issued at the end of the term (including treasury stock) (shares)
As of September 30, 2015: 1,249,739,752 As of March 31, 2015: 1,249,739,752
- 2) Number of treasury stock at the end of the term (shares)
As of September 30, 2015: 22,495,929 As of March 31, 2015: 4,795,289
- 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)
Six months ended September 30, 2015: 1,238,177,127
Six months ended September 30, 2014: 1,251,399,103

(Note) The number of treasury stock includes shares of the Company held by a group of shareholding employees in trust, as follows:
As of September 30, 2015: 5,900,000 shares

*** Status of a quarterly review**

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

*** Explanations about the proper use of financial forecasts and other important notes**

(Notes on forecast results)

The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors. For details on the forecast results, please see the statement under the heading of "1. Qualitative Information on Consolidated Financial Results, etc. for the First Half Ended, (3) Explanation about the future outlook, including forecast for consolidated earnings" on page 3 of the accompanying materials.

(Method of acquiring supplementary documents for quarterly results)

The "Summary of Results for the First Half of FY2015" will be published on our IR website and TDnet (Timely Disclosure network) today (November 10, 2015).

(Method of acquiring closing of accounts briefing material)

Tokyu Corporation plans to hold a results briefing for institutional investors and analysts on November 11, 2015.

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

(Reference) Non-Consolidated Forecast for the Fiscal Year

Non-Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

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

Million yen

	Full year	
		Change (%)
Operating revenue	280,600	1.7
Operating profit	48,400	(7.8)
Recurring profit	42,400	(9.8)
Net income	27,300	(9.2)
Net income per share (¥)	22.11	

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

○ Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Financial Results, etc. for the First Half Ended September 30, 2015

(1) Explanation about Consolidated Financial Results

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

Operating revenue for the first half of the consolidated fiscal year under review stood at ¥533,043 million (up 3.4% year on year), 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. Operating profit increased 18.9% from a year earlier, to ¥45,359 million. Recurring profit rose 15.6%, to ¥41,647 million. Profit attributable to owners of parent amounted to ¥37,559 million (up 62.3% year on year), mainly owing 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 reported segments have been changed from the first quarter of 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.

(i) Transportation

In the Company’s railway operations, the number of commuters carried rose 3.6% year on year in the first half under review, while the number of non-commuters carried increased 3.6%, 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 also rose 3.6%.

As a result, operating revenue for the Transportation segment amounted to ¥99,201 million (up 2.4% year on year), and operating profit for the segment was ¥19,491 million (up 28.0% year on year).

(Operation results of Tokyu Corporation's railway operations)

Categories		Units	First half of the previous fiscal year	First half of the fiscal year under review
			April 1, 2014 to September 30, 2014	April 1, 2015 to September 30, 2015
Number of operating days		Days	183	183
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	73,229	73,988
Number of passengers carried	Non-commuter	Thousand passengers	223,174	231,222
	Commuter	Thousand passengers	337,675	349,981
	Total	Thousand passengers	560,849	581,203
Passenger revenue	Non-commuter	Million yen	36,587	37,809
	Commuter	Million yen	30,221	31,266
	Total	Million yen	66,808	69,075
Miscellaneous income from railway operations		Million yen	8,768	6,795
Total revenues		Million yen	75,576	75,870
Average passenger revenue per day		Million yen	365	377
Operating efficiency		%	50.9	52.0

(Note) Calculation method of the operating efficiency

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

(ii) Real Estate

Overall revenue for the Real Estate segment stood at ¥91,640 million (up 5.9% year on year), primarily reflecting an increase in sales of large-scale collective housing (condominiums) in the Company's real estate sales business and a rise in rental revenue associated with opening the Futako-Tamagawa Rise phase II in the Company's real estate leasing business. Operating profit for the segment rose 2.5% year on year, to ¥15,012 million.

(iii) Life Service

In the Life Service segment, operating revenue increased 2.5% from a year earlier, to ¥317,614 million, because same-store sales remained strong at Tokyu Store Chain Co., Ltd. in chain store operations while orders for sales promotion increased at Tokyu Agency Inc. in advertising operations. Operating profit for the segment reached ¥7,181 million (up 24.3% year on year).

(iv) Hotel and Resort

Operating revenue for the Hotel and Resort segment stood at ¥51,633 million (up 9.5% year on year), reflecting the high occupancy of Tokyu Hotels Co., Ltd. in hotel operations and a rise in average daily rates. Operating profit for the segment amounted to ¥3,510 million (up 54.0% year on year).

(2) Explanation about Consolidated Financial Position

Assets

Total assets at the end of the first half of the fiscal year under review increased ¥23,601 million from the end of the previous fiscal year, to ¥2,026,133 million, largely because of an increase in fixed assets associated with opening the Futako-Tamagawa Rise phase II.

Liabilities

Total liabilities at the end of the first half of the fiscal year under review rose ¥2,862 million from the end of the previous fiscal year, to ¥1,425,797 million. This was primarily attributable to an increase in interest bearing debt* of ¥21,202 million from the end of the previous fiscal year, to ¥932,649 million, despite a decline in accounts payable-other relating to capital investment.

Net assets

Net assets at the end of the first half of the fiscal year under review rose ¥20,739 million from the end of the previous fiscal year, to ¥600,336 million, mainly reflecting the posting of profit attributable to owners of parent for the first half, despite the acquisition of treasury stocks.

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

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

The Company's consolidated earnings forecasts for the full year of the consolidated fiscal year ending March 2016 remain unchanged from those that were publicly announced on November 6, 2015.

Refer to the Summary of Results for the First Half of FY2015, which were separately disclosed, for details.

* The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable, and the Company does not guarantee that they will be achieved. Also, actual results may differ materially from forecasts depending on a number of factors.

2. Matters Relating to Summary Information (Notes)

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions

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 Divestitures Accounting Standards"), etc. have been applied from the first quarter of the fiscal year under review, and differences arising from changes in equity interest of the Company in those subsidiaries which the Company's 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 first quarter 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 quarter 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 quarterly consolidated financial statements for the first half of the previous fiscal year and consolidated financial statements for the previous fiscal year have been reclassified.

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 Divestitures Accounting Standards. These standards are applied from the beginning of the first quarter of the fiscal year under review, and will continue to be applied in the future.

The effects on operating profit, recurring profit, and income before income taxes for the first half of the fiscal year under review and capital surplus at the end of the first half of the fiscal year under review are negligible.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

Million yen

Item	As of March 31, 2015	As of September 30, 2015
Assets		
Current Assets		
Cash and deposits	41,328	32,323
Trade notes & accounts receivable	123,676	124,482
Merchandise and products	15,656	15,748
Land and buildings for sale	45,323	42,240
Work in progress	4,439	9,427
Raw materials and supplies	5,476	5,662
Deferred tax assets	8,579	7,370
Others	31,515	27,424
Allowance for doubtful accounts	(798)	(784)
Total current assets	275,197	263,896
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	695,470	710,030
Rolling stock & machinery (net)	54,748	53,695
Land	615,756	640,775
Construction in progress	110,972	102,468
Others (net)	20,162	20,707
Total tangible fixed assets	1,497,111	1,527,677
Intangible fixed assets	26,295	25,884
Investments & others		
Investment securities	133,610	136,265
Net defined benefit asset	5,944	6,099
Deferred tax assets	5,780	7,883
Others	59,250	58,966
Allowance for doubtful accounts	(657)	(540)
Total investments and others	203,928	208,675
Total fixed assets	1,727,334	1,762,237
Total Assets	2,002,532	2,026,133

Million yen

Item	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current Liabilities		
Trade notes & accounts payable	102,364	86,404
Short-term debt	229,626	283,384
Commercial papers	—	10,000
Current portion of corporate bonds	24,000	23,000
Accrued income taxes	5,357	16,680
Provision	11,795	11,878
Advances received	30,598	31,518
Others	119,496	95,294
Total current liabilities	523,238	558,161
Long-Term Liabilities		
Corporate bonds	206,228	206,228
Long-term debt	451,592	410,036
Provision	2,915	2,701
Net defined benefit liability	35,133	35,329
Long-term deposits from tenants and club members	112,974	113,945
Deferred tax liabilities	26,489	24,618
Deferred tax liabilities from revaluation	9,404	9,404
Others	29,858	41,526
Total long-term liabilities	874,596	843,790
Special Legal Reserves		
Urban railways improvement reserve	25,100	23,845
Total Liabilities	1,422,935	1,425,797
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	131,386	131,386
Retained income	280,685	313,506
Treasury stock	(3,171)	(18,170)
Total shareholders' equity	530,625	548,447
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities, net of taxes	14,470	14,133
Net unrealized gains (losses) on hedging instruments, net of taxes	107	82
Land revaluation reserve	9,442	9,261
Foreign currency translation adjustment account	9,067	9,223
Remeasurements of defined benefit plans	(12,380)	(10,819)
Total accumulated other comprehensive income	20,706	21,881
Non-controlling interests	28,264	30,006
Total Net Assets	579,596	600,336
Total Liabilities and Net Assets	2,002,532	2,026,133

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

Million yen

Item	April 1, 2014 to September 30, 2014	April 1, 2015 to September 30, 2015
Operating revenue	515,519	533,043
Cost of operating revenue		
Operating expenses & cost of sales (Transportation, etc.)	380,467	389,224
SG&A expenses	96,913	98,460
Total cost of operating revenue	477,380	487,684
Operating profit	38,139	45,359
Non-operating profit		
Interest income	105	110
Dividend income	863	533
Investment gains from equity method	2,756	3,316
Others	2,028	2,218
Total non-operating profit	5,754	6,178
Non-operating expenses		
Interest expenses	6,001	5,530
Fixed assets demolition expenses	—	2,085
Others	1,876	2,274
Total non-operating expenses	7,878	9,890
Recurring profit	36,015	41,647
Extraordinary gains		
Gain on sales of fixed assets	70	16,192
Subsidies received for construction	125	164
Gain on reversal of urban railways improvement reserve	946	1,255
Others	434	1,820
Total extraordinary gains	1,576	19,432
Extraordinary losses		
Reduction entry of land contribution for construction	95	154
Transfer to urban railways improvement reserve	1,317	—
Loss on retirement of fixed assets	845	416
Fixed assets demolition expenses	—	9,927
Others	392	378
Total extraordinary losses	2,650	10,877
Income before income taxes and minority interests	34,941	50,202
Corporate income taxes	11,438	12,331
Net income	23,503	37,871
Profit attributable to non-controlling interests	367	312
Profit attributable to owners of parent	23,136	37,559

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

Item	April 1, 2014 to September 30, 2014	April 1, 2015 to September 30, 2015
Net income	23,503	37,871
Other comprehensive income		
Net unrealized gains (losses) on investment securities	2,214	229
Net unrealized gains (losses) on hedging instruments	0	0
Foreign currency translation adjustment account	(1,956)	(10)
Remeasurements of defined benefit plans, net of tax	646	1,504
Share of other comprehensive income of associates accounted for using equity method	526	(219)
Total other comprehensive income	1,430	1,504
Comprehensive income	24,934	39,376
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	25,228	38,982
Comprehensive income attributable to non-controlling interests	(294)	393

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

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

The Company acquired 11,746,000 treasury stocks for ¥9,999 million during the first half of the fiscal year under review based on the resolution passed at the meeting of the Board of Directors held on May 13, 2015. The Company also acquired 5,900,000 treasury stocks for ¥4,954 million by introducing the employees' ownership ESOP trust based on the resolution passed at the meeting of the Board of Directors held on the same day. Treasury stocks increased ¥14,999 million, reflecting the above acquisition of treasury stocks, and treasury stocks amounted to ¥18,170 million at the end of the first half of the fiscal year under review.

(Segment Information)

I. April 1, 2014 to September 30, 2014

The segment information is as stated in "II. April 1, 2015 to September 30, 2015, 2. Matters regarding the change of reported segments."

II. April 1, 2015 to September 30, 2015

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

Million yen

	Reported segment				Total	Adjustments (Note) 1	Amount posted in the consolidated financial statements (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort			
Operating revenue							
Outside customers	98,282	71,990	311,400	51,370	533,043	—	533,043
Inter-segment internal revenues or transfers	918	19,650	6,214	262	27,046	(27,046)	—
Total	99,201	91,640	317,614	51,633	560,090	(27,046)	533,043
Segment profit	19,491	15,012	7,181	3,510	45,196	162	45,359

Notes

1. An adjustment of ¥162 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

2. Matters regarding the change of reported segments

The reported segments have been changed from the five categories (Transportation, Real Estate, Life Service, Hotel and Resort, Business Support) used in the past to four categories (Transportation, Real Estate, Life Service, Hotel and Resort) from 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 initiatives, "new initiatives utilizing the Group's management resources," stated in the medium-term management plan. 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 the service support customers.

As a result, the major lines of business in each reported segment are now as follows:

- | | |
|-----------------|--|
| Transportation: | Railway operations and bus operations |
| Real Estate: | Real estate sales, real estate leasing, real estate management, and general trading operations |

Life Service: Department store operations, chain store operations, shopping center operations
CATV operations, and Advertising operations

Hotel and Resort: Hotel operations and golf course operations

The information on operating revenue and segment profit or loss in each reported segment that reflect the new segments in the first half of the previous fiscal year is as follows:

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	96,386	67,632	304,550	46,950	515,519	—	515,519
Inter-segment internal revenues or transfers	531	18,937	5,388	194	25,052	(25,052)	—
Total	96,917	86,570	309,939	47,144	540,572	(25,052)	515,519
Segment profit	15,232	14,642	5,779	2,279	37,934	204	38,139

Notes

1. An adjustment of ¥204 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.