

Tokyu Corporation

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

(April 1, 2015 – June 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 Quarter of Fiscal Year Ending March 31, 2016**

Tokyu Corporation

August 7, 2015

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date for submission of quarterly financial reports:	August 7, 2015		
Scheduled date of commencement of dividend payment:	—		
Supplementary documents for quarterly results	YES		
Quarterly results briefing (for institutional investor and analysts)	NO		

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

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

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

1) Consolidated Operating Results

	Three months ended June 30, 2015		Three months ended June 30, 2014	
		Change (%)		Change (%)
Operating revenue.....	256,621	(1.0)	259,158	0.9
Operating profit.....	20,388	(1.7)	20,747	1.1
Recurring profit.....	19,631	1.3	19,387	(5.4)
Profit attributable to owners of parent	16,674	35.8	12,281	(9.1)
Net income per share (¥).....	13.42		9.78	
Net income per share (diluted) (¥).....	-		-	

Notes: Comprehensive Income: Three months ended June 30, 2015: ¥19,506 million [47.8%]; Three months ended June 30, 2014: ¥13,194 million [-23.5%]

2) Consolidated Financial Position

Million yen

	As of June 30, 2015	As of March 31, 2015
Total assets	2,021,432	2,002,532
Net assets	590,528	579,596
Equity ratio (%).....	27.7	27.5

Reference: Shareholders' equity: As of June 30, 2015: ¥560,818 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)

(Percentage figures for the full year denote changes from the previous year. Percentage figures for the second quarter (cumulative) denote changes from the same period in the previous fiscal year.)

	First half		Full year	
		Change (%)		Change (%)
Operating revenue.....	524,500	1.7	1,082,000	1.4
Operating profit.....	35,200	(7.7)	65,000	(9.1)
Recurring profit.....	32,200	(10.6)	58,000	(12.9)
Profit attributable to owners of parent	27,100	17.1	44,000	7.2
Net income per share (¥).....	¥21.77		¥35.34	

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 June 30, 2015:	1,249,739,752	As of March 31, 2015:	1,249,739,752
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2) Number of treasury stock at the end of the term (shares)

As of June 30, 2015:	10,874,438	As of March 31, 2015:	4,795,289
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3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)

Three months ended June 30, 2015:	1,242,858,186
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Three months ended June 30, 2014:	1,255,566,209
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*** 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 Quarter 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 Quarter of FY2016/3" will be disclosed on our IR website and TDnet (Timely Disclosure network) today.

○ Accompanying Materials – Contents

1. Qualitative Information on Consolidated Financial Results, etc. for the First Quarter Ended June 30, 2015.....	Page 2
(1) Explanation about Consolidated Financial Results	Page 2
(2) Explanation about Consolidated Financial Position	Page 3
(3) Explanation about the Future Outlook, Including Forecast for Consolidated Earnings	Page 4
2. Matters Relating to Summary Information (Notes)	Page 4
(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions	Page 4
3. Quarterly Consolidated Financial Statements.	Page 5
(1) Quarterly Consolidated Balance Sheets	Page 5
(2) Consolidated Statement of Income and Quarterly Consolidated Statements of Comprehensive Income	Page 7
Quarterly Consolidated Statements of Income.....	Page 7
Quarterly Consolidated Statements of Comprehensive Income	Page 8
(3) Notes to Quarterly Consolidated Financial Statements	Page 8
(Notes Regarding the Premise of a Going Concern)	Page 8
(Notes If There Is a Considerable Change to Shareholders' Equity)	Page 8
(Segment Information).....	Page 8

1. Qualitative Information on Consolidated Financial Results, etc. for the First Quarter Ended June 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 quarter of the consolidated fiscal year under review stood at ¥256,621 million (down 1.0% year on year) due to a decline in reaction to increased sales of large-scale collective housing (condominiums) and land in the real estate sales business in the previous fiscal year, despite 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 fell 1.7% from a year earlier, to ¥20,388 million, reflecting an increase in expenses associated with opening the Futako-Tamagawa Rise phase II in the real estate leasing business, despite a decline in expenses in the Transportation Business. Recurring profit rose 1.3%, to ¥19,631 million, primarily due to an increase in investment gains from equity method. Profit attributable to owners of parent amounted to ¥16,674 million (up 35.8% year on year), mainly owing to a decrease in income taxes.

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 3.2% year on year in the first quarter under review, while the number of non-commuters carried increased 4.8%, 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 3.8%.

As a result, operating revenue for the Transportation segment amounted to ¥48,906 million (up 2.5% year on year), and operating profit for the segment was ¥9,648 million (up 26.5% year on year), mainly due to a decrease in expenses.

(Operation results of Tokyu Corporation’s railway operations)

Categories		Units	First quarter of the previous fiscal year	First quarter of the fiscal year under review
			April 1, 2014 to June 30, 2014	April 1, 2015 to June 30, 2015
Number of operating days		Days	91	91
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	36,013	36,779
Number of passengers carried	Non-commuter	Thousand passengers	110,912	116,238
	Commuter	Thousand passengers	172,366	177,935
	Total	Thousand passengers	283,278	294,173

Passenger revenue	Non-commuter	Million yen	18,202	19,041
	Commuter	Million yen	15,280	15,786
	Total	Million yen	33,482	34,827
Miscellaneous income from railway operations		Million yen	4,342	3,294
Total revenues		Million yen	37,824	38,121
Average passenger revenue per day		Million yen	368	383
Operating efficiency		%	52.3	53.0

(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 ¥40,159 million (down 13.0% year on year), primarily reflecting a decline in reaction to increased sales of large-scale collective housing (condominiums) and land for the previous fiscal year in the Company's real estate sales business, despite an increase in rental revenue associated with opening the Futako-Tamagawa Rise phase II. Operating profit for the segment fell 35.8% year on year, to ¥5,671 million.

(iii) Life Service

In the Life Service segment, operating revenue increased 1.0% from a year earlier, to ¥155,797 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, despite a decline in reaction to the last-minute demand surge before the consumption tax hike at Tokyu Department Store Co., Ltd. in department store operations. Operating profit for the segment reached ¥3,627 million (up 8.2% year on year).

(iv) Hotel and Resort

Operating revenue for the Hotel and Resort segment stood at ¥25,001 million (up 7.8% 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 ¥1,447 million (up 57.6% year on year).

(2) Explanation about Consolidated Financial Position

Assets

Total assets at the end of the first quarter of the fiscal year under review increased ¥18,900 million from the end of the previous fiscal year, to ¥2,021,432 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 quarter of the fiscal year under review rose ¥7,968 million from the end of the previous fiscal year, to ¥1,430,904 million. This was primarily attributable to an increase in interest bearing debt* of ¥40,799 million from the end of the previous fiscal year, to ¥952,246 million, despite a decline in accounts payable-other relating to capital investment.

Net assets

Net assets at the end of the first quarter of the fiscal year under review rose ¥10,931 million from the end of the previous fiscal year, to ¥590,528 million, mainly reflecting the posting of profit attributable to owners of parent for the first quarter, 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 has not revised its consolidated earnings forecasts for the first two quarters and the full year of the consolidated fiscal year ending March 2016 that were publicly announced on May 13, 2015.

* The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors.

2. 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 quarter 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 quarter of the fiscal year under review and capital surplus at the end of the first quarter 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 June 30, 2015
Assets		
Current Assets		
Cash and deposits	41,328	32,043
Trade notes & accounts receivable	123,676	120,718
Merchandise and products	15,656	16,724
Land and buildings for sale	45,323	44,039
Work in progress	4,439	7,600
Raw materials and supplies	5,476	5,599
Deferred tax assets	8,579	5,781
Others	31,515	29,778
Allowance for doubtful accounts	(798)	(815)
Total current assets	275,197	261,470
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	695,470	713,386
Rolling stock & machinery (net)	54,748	54,147
Land	615,756	635,374
Construction in progress	110,972	101,770
Others (net)	20,162	20,332
Total tangible fixed assets	1,497,111	1,525,010
Intangible fixed assets	26,295	26,646
Investments & others		
Investment securities	133,610	137,866
Net defined benefit asset	5,944	5,960
Deferred tax assets	5,780	6,042
Others	59,250	59,021
Allowance for doubtful accounts	(657)	(586)
Total investments and others	203,928	208,304
Total fixed assets	1,727,334	1,759,961
Total Assets	2,002,532	2,021,432

Million yen

Item	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current Liabilities		
Trade notes & accounts payable	102,364	92,445
Short-term debt	229,626	318,849
Current portion of corporate bonds	24,000	24,000
Accrued income taxes	5,357	3,788
Provision	11,795	8,420
Advances received	30,598	31,902
Others	119,496	100,423
Total current liabilities	523,238	579,830
Long-Term Liabilities		
Corporate bonds	206,228	216,228
Long-term debt	451,592	393,168
Provision	2,915	2,860
Net defined benefit liability	35,133	35,249
Long-term deposits from tenants and club members	112,974	113,743
Deferred tax liabilities	26,489	25,361
Deferred tax liabilities from revaluation	9,404	9,404
Others	29,858	30,585
Total long-term liabilities	874,596	826,600
Special Legal Reserves		
Urban railways improvement reserve	25,100	24,472
Total Liabilities	1,422,935	1,430,904
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	131,386	131,387
Retained income	280,685	292,607
Treasury stock	(3,171)	(8,097)
Total shareholders' equity	530,625	537,621
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities, net of taxes	14,470	17,001
Net unrealized gains (losses) on hedging instruments, net of taxes	107	103
Land revaluation reserve	9,442	9,276
Foreign currency translation adjustment account	9,067	8,364
Remeasurements of defined benefit plans	(12,380)	(11,548)
Total accumulated other comprehensive income	20,706	23,196
Non-controlling interests	28,264	29,710
Total Net Assets	579,596	590,528
Total Liabilities and Net Assets	2,002,532	2,021,432

(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 June 30, 2014	April 1, 2015 to June 30, 2015
Operating revenue	259,158	256,621
Cost of operating revenue		
Operating expenses & cost of sales (Transportation, etc.)	190,796	188,636
SG&A expenses	47,613	47,596
Total cost of operating revenue	238,410	236,233
Operating profit	20,747	20,388
Non-operating profit		
Interest income	52	62
Dividend income	610	389
Investment gains from equity method	949	1,271
Dividend income of insurance	695	700
Others	342	551
Total non-operating profit	2,650	2,975
Non-operating expenses		
Interest expenses	3,062	2,785
Others	948	947
Total non-operating expenses	4,010	3,733
Recurring profit	19,387	19,631
Extraordinary gains		
Subsidies received for construction	125	164
Gain on reversal of urban railways improvement reserve	473	627
Gain on transfer of business	—	605
Others	416	388
Total extraordinary gains	1,014	1,786
Extraordinary losses		
Reduction entry of land contribution for construction	95	149
Transfer to urban railways improvement reserve	660	—
Loss on retirement of fixed assets	373	259
Others	319	199
Total extraordinary losses	1,449	608
Income before income taxes and minority interests	18,952	20,808
Corporate income taxes	6,484	4,005
Net income	12,468	16,803
Profit attributable to non-controlling interests	186	128
Profit attributable to owners of parent	12,281	16,674

(Quarterly Consolidated Statements of Comprehensive Income)

Million yen

Item	April 1, 2014 to June 30, 2014	April 1, 2015 to June 30, 2015
Net income	12,468	16,803
Other comprehensive income		
Net unrealized gains (losses) on investment securities	1,171	2,497
Net unrealized gains (losses) on hedging instruments	0	0
Foreign currency translation adjustment account	(808)	(598)
Remeasurements of defined benefit plans, net of tax	(162)	803
Share of other comprehensive income of associates accounted for using equity method	526	1
Total other comprehensive income	726	2,702
Comprehensive income	13,194	19,506
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	13,302	19,397
Comprehensive income attributable to non-controlling interests	(107)	108

(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 6,046,000 treasury stocks during the first quarter of the fiscal year under review based on the resolution passed at the meeting of the Board of Directors held on May 13, 2015. Treasury stocks increased ¥4,926 million, reflecting the above acquisition of treasury stocks, and treasury stocks amounted to ¥8,097 million at the end of the first quarter of the fiscal year under review.

(Segment Information)

I. April 1, 2014 to June 30, 2014

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

II. April 1, 2015 to June 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	48,454	30,673	152,621	24,872	256,621	–	256,621
Inter-segment internal revenues or transfers	451	9,485	3,176	128	13,242	(13,242)	–
Total	48,906	40,159	155,797	25,001	269,864	(13,242)	256,621
Segment profit (loss)	9,648	5,671	3,627	1,447	20,395	(7)	20,388

Notes

1. An adjustment of negative ¥7 million in segment loss 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 quarter 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	47,469	36,807	151,777	23,104	259,158	–	259,158
Inter-segment internal revenues or transfers	240	9,372	2,450	95	12,159	(12,159)	–
Total	47,709	46,179	154,227	23,200	271,317	(12,159)	259,158
Segment profit (loss)	7,628	8,838	3,353	918	20,739	8	20,747

Notes

1. An adjustment of ¥8 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.