

Tokyu Corporation

Interim Consolidated Financial Statements

(April 1, 2005 – September 30, 2005)

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 (Consolidated)

For the interim period ended September 30, 2005

Tokyu Corporation

Stock Code: 9005	Listed exchanges: Tokyo	November 15, 2005
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President: Toshiaki Koshimura	Accounting, Group Strategy & IR Division	
Date of the meeting of the board of directors: Nov. 15, 2005	Telephone: 81-3-3477-6168	
U.S. GAAP: Not adopted	* Amounts less than ¥1 million have been ignored.	

1. Consolidated Financial Results for the Six Months Ended September 30, 2005

1) Consolidated Operating Results

	April 1, 2005 to September 30, 2005		April 1, 2004 to September 30, 2004		April 1, 2004 to March 31, 2005
		Change (%)		Change (%)	
Operating revenue	681,314	32.7	513,373	(25.2)	1,055,564
Operating profit	46,760	1.0	46,307	43.0	77,014
Recurring profit.....	34,219	(17.8)	41,615	81.2	67,034
Net income	9,022	(48.5)	17,536	(35.5)	35,432
Net income per share (¥)	¥7.71		¥15.46		¥31.11
Net income per share (diluted) (¥)	¥7.21		¥14.41		¥29.00

Note:

- (1) Equity in income (losses) of equity-method affiliates:
 April 1, 2005 to Sept. 30, 2005: ¥(8,937) million April 1, 2004 to Sept. 30, 2004: ¥ 1,673 million April 1, 2004 to March 31, 2005: ¥1,079 million
- (2) Average number of shares outstanding (consolidated) during the period:
 April 1, 2005 to Sept. 30, 2005: 1,171,025,600 shares
 April 1, 2004 to Sept. 30, 2004: 1,134,583,379 shares
 April 1, 2004 to March 31, 2005: 1,134,244,907 shares
- (3) Changes to accounting principles: Yes
- (4) Percentages for operating revenue, operating profit, recurring profit and net income represent changes from the previous interim period.

2) Consolidated Financial Position

	As of September 30, 2005	As of September 30, 2004	As of March 31, 2005
Total assets.....	2,019,534	1,958,065	2,113,208
Shareholders' equity	218,495	168,160	185,058
Equity ratio (%).....	10.8%	8.6%	8.8%
Shareholders' equity per share (¥).....	¥185.77	¥148.21	¥162.21

Note: Outstanding shares (consolidated) at:

September 30, 2005: 1,176,177,706 shares September 30, 2004: 1,134,609,045 shares March 31, 2005: 1,139,933,695 shares

3) Consolidated Cash Flows

	April 1, 2005 to September 30, 2005	April 1, 2004 to September 30, 2004	April 1, 2004 to March 31, 2005
Operating activities.....	72,653	64,278	129,590
Investing activities.....	(6,546)	32,672	9,557
Financing activities.....	(82,488)	(97,604)	(116,796)
Cash and cash equivalents at end of period.....	49,176	41,796	65,510

4) Scope of consolidation and adoption of the equity method:

Number of consolidated subsidiaries	197
Number of non-consolidated subsidiaries accounted for by the equity method	2
Number of affiliates accounted for by the equity method	21

5) Changes in the scope of consolidation and companies accounted for by the equity method

Consolidated subsidiaries	Newly included: ---	Excluded: 9
Affiliates accounted for by the equity method	Newly included: ---	Excluded: 1

2. Consolidated Forecast for the Fiscal Year Ending March 31, 2006

	April 1, 2005 to March 31, 2006
Operating revenue	1,385,000
Recurring profit.....	66,600
Net income	30,000

Reference: Net income per share forecast for the fiscal year ending March 31, 2006 (consolidated): ¥25.51

Note: The forecast results presented above are based on information available on the date of this earnings release. Actual results may differ substantially from forecasts depending on a number of factors. Please refer to page 10 for more details on these forecasts.

1. The Tokyu Group

The Tokyu Group comprises 200 subsidiaries and 25 affiliates. Their main business operations are as follows.

Note: Until the end of the previous fiscal year, the department store, retail, and general trading operations were included in the Retail segment. However, from fiscal 2005, the first year of Tokyu's three-year medium term management plan, the retail businesses have been newly positioned as a core business. Along with this change and to reflect accurately the nature of these businesses from fiscal 2005 the composition of the retail segment has changed and now includes the following: Department store business, chain store business, SC (shopping center) business, and other retail businesses. The shopping center business was formerly included in the Real Estate segment and part of the retail business was formerly included in the Leisure and Services segment business. The general trading operations that were formerly included in the Retail segment are now included in the Other segment.

Grouping by business types is identical to the breakdown by operating segments.

Description of Principal Business Lines as of the End of the Interim Period:

Transportation

Railway Operations: The Company operates seven railway lines— the Toyoko Line, Meguro Line, Den-en toshi Line, Ooimachi Line, Ikegami Line, Tokyu Tamagawa Line, Kodomonokuni Line and a streetcar line, the Setagaya Line, in southwestern Tokyo and Kanagawa Prefecture. The total track length is 100.1km. Izukyu Corp., a consolidated subsidiary, operates a 45.7km line between Ito and Izukyu Shimoda in the Izu peninsula. Ueda Kotsu Corp., another consolidated subsidiary, operates an 11.6km long passenger line between Ueda and Bessho Onsen, in Nagano Prefecture.

Bus Operations: Tokyu Bus Corp., a consolidated subsidiary, operates scheduled bus services in southwestern Tokyo and Kanagawa Prefecture. In Hokkaido, consolidated subsidiary Jotetsu Corp. operates scheduled bus services, and also leases buses throughout Hokkaido. Consolidated subsidiary Tokyu Shachi Bus Co., Ltd. operates a chartered bus service in Aichi Prefecture.

Real Estate

Real estate sales: The Company's principal operations include land development, primarily at Tama Garden City, housing construction and marketing, and real estate consulting. Affiliate Tokyu Land Corp. operates in metropolitan Tokyo, the Kinki region and major urban centers in regional Japan. The company is engaged in residential land development and marketing, and the construction and marketing of detached houses, medium-rise condominiums, and resort housing. Tokyu Land Corp. is also engaged in joint marketing of detached houses, a system in which Tokyu Land Corp. works with Tokyu Corporation to build and market detached houses on residential land developed by Tokyu Corporation.

Real estate leasing: Real estate leasing operations primarily focus on renting office buildings along the railway lines we operate in Tokyo and Kanagawa prefecture. Tokyu Land Corp., an affiliate, is also engaged in the real estate leasing business, mainly office building leasing, and operates primarily in the Tokyo metropolitan area, the Kinki region and in major regional cities.

Real estate management: Tokyu Community Corp., an affiliate, and a consolidated subsidiary Tokyu Facility Service Co., Ltd. are engaged in comprehensive building management services (management of building facilities, cleaning and security services), and condominium management services (including administration and facilities management).

Real estate brokerage services: Tokyu Livable, Inc., an affiliate, has an extensive network closely linked to local communities in principal cities in the Kanto region and surrounding areas, where it offers residential property brokerage and related services.

Retail

Department store operations: Tokyu Department Store Co., Ltd., a consolidated subsidiary, operates department stores in Tokyo, Kanagawa Prefecture and Sapporo City in Hokkaido. In addition, a consolidated subsidiary, Nagano Tokyu Department Store Co., Ltd. has a similar operation in Nagano Prefecture.

Chain store operations: Tokyu Store Chain Co., Ltd., a consolidated subsidiary, operates chain stores, handling foods, apparel, and household necessities, principally in the Tokyo metropolitan region. Sapporo Tokyu Store Chain Co., Ltd. operates a similar chain, with most of its stores in Sapporo City in Hokkaido.

Shopping center operations: TMD Corp. a consolidated subsidiary, operates city-oriented fashion malls, mainly in the Shibuya district of Tokyo. Another consolidated subsidiary, Tokyu Merchandising and Management Co., Ltd, operates commercial facilities mainly in the area around Tokyu's railway lines.

Leisure and Services

Golf course operations: The Tokyu Group comprises 11 golf course operators including consolidated subsidiaries such as Three Hundred Club Co., Ltd., Tokyu Seven Hundred Club Co., Ltd., etc.

CATV operations: its communications Inc., a consolidated subsidiary, offers CATV and ISP services through a fiber-optics network and a co-axial cable network, primarily in the area around Tokyu's railway lines in Tokyo, Kawasaki and Yokohama.

Advertising operations: Tokyu Agency Inc., a consolidated subsidiary, offers a wide variety of advertising agency services.

Hotels

In Japan, consolidated subsidiary Tokyu Hotels Co., Ltd. (formerly Tokyu Hotel Management Co., Ltd.) operates four hotel brands: Tokyu Hotel, Excel Hotel Tokyu, Tokyu Inn, and Tokyu Resorts (Total: 47 directly managed hotels as of the end of September 2005), which together comprise the "Tokyu Hotels" chain.

On April 1, 2005, Tokyu Hotel Chain Co., Ltd. reorganized several divisions concerned with the hotel business to Tokyu Hotels Co., Ltd., which changed its name to the current name on the same day.

Overseas, consolidated subsidiary Pan Pacific Hotels and Resorts Pte. Ltd. operates hotels and provides hotel management services and manages 15 hotels in 10 countries, most of which are located in the Asia-Pacific region.

Other

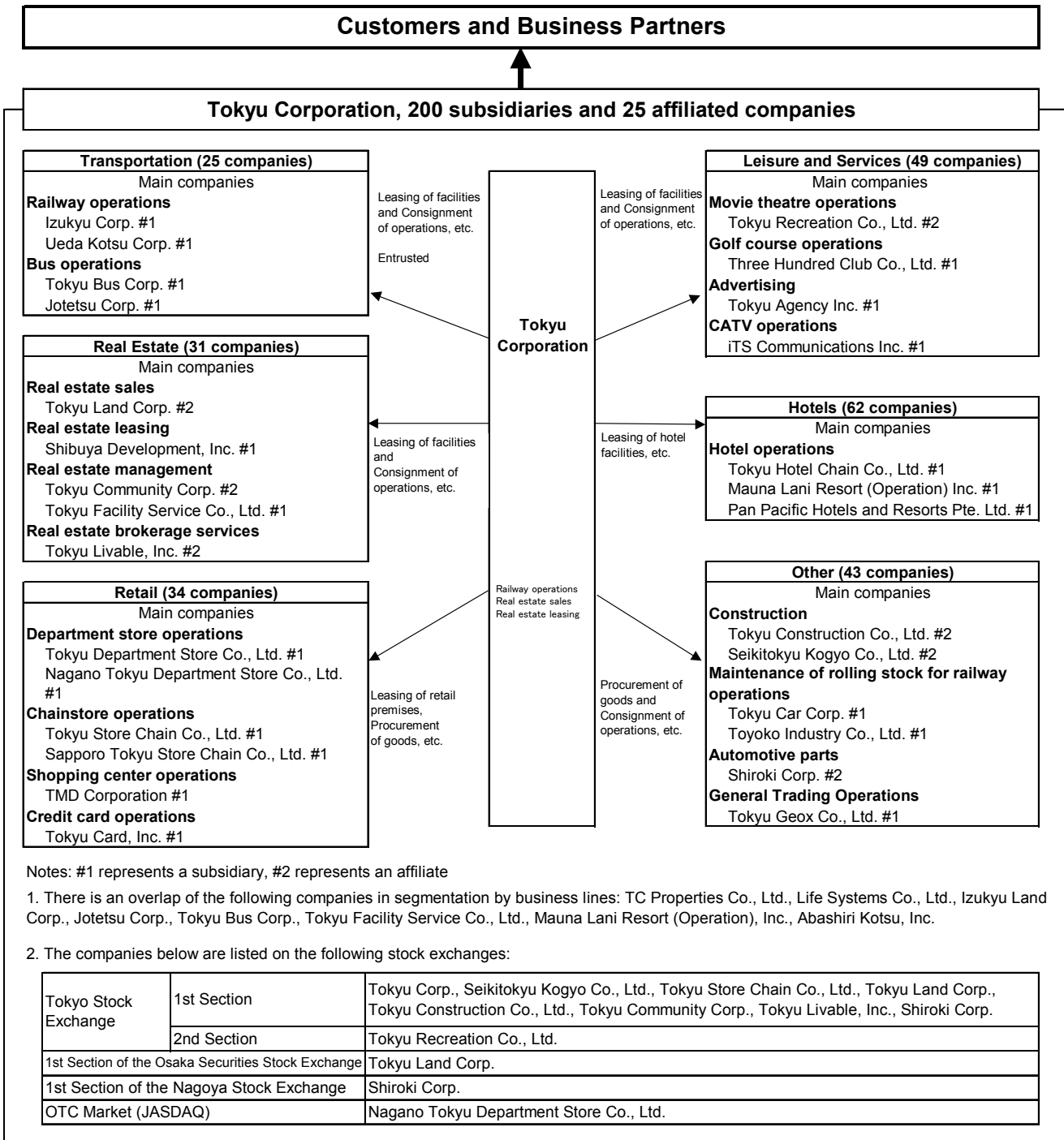
Construction business: Affiliate Tokyu Construction Co., Ltd. is responsible for construction of housing, office buildings and government buildings, as well as civil engineering projects for highways and railways and land development. Affiliate Seikitokyu Kogyo Co., Ltd., focuses on civil engineering, road pavement, water works, and other general construction.

Rolling stock manufacturing: Consolidated subsidiary Tokyu Car Corp. specializes in the manufacture of rolling stock for railway operations, specialty vehicles and elevated parking systems. Toyoko Industry Co., Ltd., a consolidated subsidiary, is responsible for the design, manufacture, maintenance and scheduled inspection of equipment for rolling stock for railway operations, and also designs and installs railroad-related electrical equipment.

Automotive parts: Affiliate Shiroki Corp. manufactures and markets major automobile parts, such as door sashes, directly to leading automakers. This company also produces and markets transportation machinery and equipment parts.

General trading operations: Tokyu Geox Co., Ltd., a consolidated subsidiary, manufactures and markets aggregates.

Grouping by business types is as following



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 September 2005, the Group is composed of 288 companies and 9 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 a trusted and beloved 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 and to establish Tokyu as a loved and trusted brand.

To sustain growth in the 21st century, Tokyu Group laid out the measures outlined in the Tokyu Group Management Policy of April 2000. The management plan emphasizes the Company's position as the major shareholder of the companies comprising the Tokyu Group and as the owner of the Tokyu brand. The Tokyu Group Basic Management Policy sets forth a new approach to management of the entire group and broadly outlines a plan of action that adheres to this approach.

Based upon this management policy, the company has established a medium-term management plan for the three years beginning April 2005. The basic strategy of this three-year plan is to reform our profit structure and realize sustainable growth through collaboration between our operations in the areas served by Tokyu's railway lines. By exploiting the synergies between our core operations in these areas we will focus on the pursuit of a growth strategy

(2) Management indicators and objectives

For the fiscal year to March 2008 our three-year medium-term management plan adopts as consolidated targets Tokyu EBITDA¹ of at least ¥153 billion, interest-bearing debt of ¥1,120 billion or less, and an equity ratio of at least 13.2 per cent.

(3) Our medium- to long-term goals

To ensure that the areas served by Tokyu railway lines continue to be seen as desirable locations, we intend to promote a growth strategy, and in a distinctive Tokyu style of business development, raise the value of the area around our railway lines by leveraging our business fundamentals of 'railways' and 'community-building' to the maximum through a focused area strategy and collaboration between our core businesses. Specifically, we aim to establish retail-related operations (department stores, chain stores, shopping centers, and other retail and service enterprises) as our third core area of business after transportation and real estate. We also intend to promote cash flow based real estate business and reorganize our portfolio of assets and businesses, while maintaining financial soundness and reforming our profit structure to achieve sustained growth.

¹ Tokyu EBITDA = Operating profit + Depreciation and Amortization cost+ Amortization of the consolidation adjustment account + Fixed asset disposal expenses.

In order to promote collaboration among our three core businesses -Transportation, Real estate and Retail-related – in areas along Tokyu railway lines, realize synergies between them and promote them as the drivers of the Tokyu Group's growth we have three specific strategies:

(i) A more focused area strategy

The region served by Tokyu rail lines has been divided into four areas: Shibuya/Yamanote (uptown areas), Denen-toshi, Toyoko, and Ikegami/Tamagawa. By thoroughly grasping the specific characteristics of the residents, railroad passengers, business and commerce in each of these areas we aim to develop highly effective businesses and facilities based on strategic policies that match the features of each area.

(ii) Development of focal points in Tokyu areas

Based on these area strategies, we will pursue focused development around stations such as Shibuya, Futako-tamagawa, and Tama-plaza, and through collaboration, promote synergistic businesses and facilities that attract and retain residents and consumption and further grow demand for off-peak daytime and 'reverse-rush' (against the rush-hour flow) rail transport.

(iii) Promotion of retail-related operations

Through strongly promoting retail-related businesses as our third core area of business, in the areas around Tokyu railway lines, we aim to channel consumption to group operations. Further, to encourage the optimum strategic location of commercial facilities within the Tokyu areas, we have established a Retail-related Business Committee within Tokyu. Retail-related operations within Tokyu areas will come under a single management structure in order to better leverage their scope and scale and enhance operational flexibility. In addition a 'Tokyu Group Loyalty Card' will be introduced in the spring of fiscal 2006, to both strengthen the Group's customer base and support growth in its retail related operations.

As of April 1st of this year, Tokyu has reorganized its structure in order to foster these growth strategies by strengthening operations with the areas around the Tokyu railway lines as a nucleus and increasing management efficiency.

Looking ahead, Tokyu aims to maximize shareholder value through steadily furthering the growth strategies outlined in this three-year medium-term management plan.

(4) Dividend Policy

Railway operations constitute the main business of Tokyu Corp and given the extremely public nature of these operations, we need to sustain stable business results over long periods. While working to further strengthen our operating base, we have carried out on-going capital expenditure programs to increase carrying capacity and safety, promote barrier-free access and enhance services.

We have made various capital expenditures to improve our rail services. For example, a combined total of ¥297.9 billion has been used for improvements to the Meguro-Tamagawa stretch of the Meguro Line and quadruple tracking of lines between Tamagawa and Hiyoshi on the Toyoko Line. We have also made capital expenditures totaling ¥156.4 billion on improvements to the Ooimachi- Futakotamagawa stretch of the Ooimachi Line and for quadruple tracking on the Den-en toshi Line between Futako-tamagawa and Mizonokuchi. These measures have been taken to ease congestion, and to build an efficient transport network that will stimulate greater use of the Meguro and Ooimachi Lines. We also plan to strengthen the function of the Toyoko Line in the metropolitan area transport network and increase the attractiveness of Shibuya by establishing a mutual direct train service between the Toyoko Line and Subway Line No. 13. In

addition we intend to introduce 10-car (currently 8-car) operation for limited express, commuter express and express trains on the Toyoko Line in order to ease congestion and improve convenience and in total we plan to spend ¥159.3 billion on improvements to the Toyoko Line between Shibuya and Yokohama. We thus intend to retain earnings as much as possible to provide a reliable source of funds for large-scale capital expenditures over the long term. We are dedicated to strengthening our operating base so as to fulfill our social responsibilities as a provider of public transport.

The Tokyu Corporation has consistently paid a ¥5 per share dividend since fiscal 1982 and in line with our policy of paying stable, sustainable dividends we intend to pay a final dividend of ¥5 per share in respect of fiscal 2005. In the future our aim is to raise shareholder value by increasing our income per share and while maintaining our basic policy of stable dividends we will also consider our profit distribution in the light of the strengthening of our capital and our dividend payout ratio.

3. Review of Operations and Financial position

1. Review of Operations

(1) Overview of interim period

During the first half of fiscal 2005, the recovery of the Japanese economy seemed to be reaffirmed as corporate profitability improved and capital expenditure and consumer spending strengthened. However causes for concern, including the rapid rise in crude oil prices were also evident and the pace of recovery was restrained.

Against this backdrop, in the first year of its three-year medium-term management plan our group (Tokyu Corporation, its consolidated subsidiaries and equity accounted affiliates) pursued aggressive marketing in each business, and strove to increase operating efficiency and cut costs.

With regard to our results for the first half of fiscal 2005 the consolidation of Tokyu Department Store Co., Ltd., which became a subsidiary from the end of last fiscal year, and of Tokyu Agency Inc., contributed to consolidated operating revenue of ¥681.314 billion (an increase of 32.7% compared to the first half of last fiscal year). However, reduced profits in our real estate operations and new consolidation resulting in a greater burden from amortization of the consolidation adjustment account led to operating income of ¥46.76 billion (an increase of 1.0% compared to the first half of last fiscal year). As a result of the application of asset impairment accounting to affiliates, investment losses from the equity method of ¥8.937 billion were recorded and recurring profit declined by 17.8% to ¥34.219 billion, and interim net income declined by 48.5% to ¥9.022 billion.

Operating results on a segmental basis are as follows and include inter-segment internal revenues or transfers where applicable.

Note: Changes to business segments have been made from the current interim period and the segmental figures for the first half of fiscal 2004 have been restated to reflect the new segmental classification.

Transport

In our railway operations, we are positioning “safety” as the bedrock of our business and ensuring that all employees are aware that our most important responsibility is maintain safety. Not only are we upgrading our equipment and systems, we are also ensuring that each and every employee carries out their daily duties with safety first and foremost in our minds.

In May 2005, the Ministry of Land, Infrastructure and Transport issued an official notice entitled “Measures concerning speed restrictions when entering sharp curves (ATS and other emergency systems to prevent excessive speeds)” to Tokyu and other railways companies. On all our lines that are equipped with ATS (Automatic Train Stop) systems (the Ooimachi Line, Ikegami Line and Tokyu Tamagawa Line) we carried out detailed inspections of all curves for the possibility of train derailment. Our inspection of the three lines did not find any sharp curves that needed to be fitted with emergency equipment—reconfirming the safety

provided by the systems already in place.

In June this year, we revised the timetables of the trains running on the Oimachi Line, Ikegami Line, Tokyu Tamagawa Line and Setagaya Line and we introduced women-only passenger cars on trains running on the Den-en toshi Line in May, and the Toyoko Line in July.

As a result of an increase in the population living near our railways and of network benefits, the number of passengers carried on our lines increase by 1.0 % overall compared to the first half of last fiscal year reflecting a 1.1% increase in commuter passes and a 0.9% increase from non-commuter pass custom, and passenger revenue was up by 1.5%. The numbers of passengers carried by our consolidated subsidiaries continued to decline.

The number of passengers carried on our buses in the Tokyo metropolitan region rose as Tokyu Bus Corp. increased both the number of buses running during rush hour and late at night, revised the timetable for summer months, and increased the number of buses on medium-distance routes (from Tama Plaza to Narita Airport). In our regional bus operations, demand for bus services in Nagoya increased due to the holding of Expo 2005 Aichi Japan, with a large increase in the number of passengers on chartered buses.

For the transport operations overall, Tokyu Air Cargo Co., Ltd. and Tokyu Logistics Co., Ltd. are no longer subject to consolidation as a result of share transfers, and in consequence operating revenue from transport operations declined by 24.7% compared to the first half of last fiscal year to ¥98.561 billion. Operating profit increased by 2.6% to ¥25.158 billion yen.

Real Estate

In our real estate sales business, we were actively involved in the allotment and sale of detached houses and condominiums, primarily in the Tama Garden City development project.

In real estate leasing, in order to maintain a high occupancy rate in our rental properties we engaged in focused marketing and steadily implemented renovations as we sought to enhance the power of our brand.

Our real estate management business, Tokyu Facility Service Co., Ltd. continued to be affected by a difficult operating environment characterized by intensifying price competition for tenders and relocation by tenants.

Operating revenue for our real estate business overall declined 12.5% compared to the first half of last fiscal year to ¥62.065 billion as a result of the sale of a large condominium in the first half of last year, and operating profit declined 21.3% to ¥9.425 billion.

Retail

In our department store business, to promote enhanced sales, Tokyu Department Store Co. Ltd. has undertaken business reforms through implementing customer-oriented product and sales strategies along with a complete revision of our in-store sales operations.

In our chain store business, Tokyu Store Chain Co., Ltd. was active in opening new branches and revitalizing the operations of existing branches, particularly large-scale outlets. In terms of sales, Tokyu Store Co., Ltd. improved its lineup of high-quality products matched to local market characteristics, and at stores with extended opening hours reviewed operations and actively sought to expand business opportunities.

As a result of the consolidation of Tokyu Department Store Co., Ltd. operating revenue for retail operations overall increased by 82.8%, to reach ¥334.562 billion, and operating profit rose 37.7% to ¥6.781 billion.

Leisure and Services

Our CATV operation (its communications Inc.) saw increases in subscribers to both its broadcast and communications services and at the end of the interim period, the number of connected households increased by 15,172 compared to the end of fiscal 2004 to reach 498,984.

As a result of the consolidation of Tokyu Agency Inc., overall operating revenue from our leisure and

services operations increased by 235.5% compared to the first half of fiscal 2004, to reach ¥95.966 billion, and operating profit rose 57.7% to ¥1.876 billion.

Hotels

Our hotels in the Nagoya region enjoyed good business due to Expo 2005 Aichi Japan and room occupancy rates for hotels directly managed by Tokyu Hotels Co., Ltd. rose by 1.4 percentage points compared to the first half of fiscal 2004 to 81.3%.

Our overseas hotels in Asia and North America broadly enjoyed favorable business.

As a result, operating revenue from our hotel operations rose 0.4% to ¥51.693 billion despite offsetting factors such as disposal of some hotels. Operating profit rose 33.5% to ¥2.649 billion.

Other businesses

In our rolling stock business, although Tokyu Car Corp. enjoyed a high level of shipments to private railway companies, shipments to JR companies fell and this, along with other factors such as an absence of export shipments of rolling stock, led to an overall decline in profit.

As a result, overall operating revenue from 'Other' businesses declined by 3.5% to ¥70.657 billion and operating profit deteriorated by ¥1.635 billion resulting in an operating loss of ¥0.236 billion.

(2) Outlook for Fiscal 2005

In regard to results forecasts for the full year, while the financial results of Tokyu Air Cargo Co., Ltd. and Tokyu Logistic Co., Ltd. will be excluded as a result of share transfers, Tokyu Department Store Co., Ltd and Tokyu Agency Inc. became consolidated subsidiaries at the end of fiscal 2004. As a result, for fiscal 2005 we forecast operating revenue of ¥1,385.0 billion (up 31.2%), operating profit of ¥81.0 billion (up 5.2 %), recurring profit of ¥66.6 billion (down 0.6%) and net income of ¥30.0 billion (down 15.3%).

From fiscal 2005 the segmental classification has changed. The segmental figures for fiscal 2004 shown below have been restated to reflect these changes. Please note that the Japanese name for the Retail segment has also changed (English segment name unchanged).

The forecasts for each operating segment are as follows:

	Billions of yen			
	Operating revenue		Operating profit	
	Fiscal 2005	YoY change	Fiscal 2005	YoY change
Transportation	191.6	(72.2)	39.8	0.3
Real Estate	138.4	(20.7)	18.9	(1.6)
Retail	675.1	309.5	13.1	3.9
Leisure and Services	198.0	143.3	2.7	0.9
Hotels	102.7	(0.1)	3.6	0.8
Other	143.5	(16.2)	1.9	(0.8)
Total	1,449.3	343.4	80.0	3.6
Eliminations	(64.3)	(13.9)	1.0	0.3
Consolidated	1,385.0	329.4	81.0	3.9

2. Financial Position

Total assets as of September 30, 2005 were ¥2,019.534 billion, a decline of ¥93.674 billion compared to the end of March 2005. Total liabilities were ¥1,750.242, down ¥100.751 billion and shareholders' equity was ¥218.495 billion, up ¥33.436 billion.

Net cash generated by operating activities in the first half of fiscal 2005 was ¥72.653 billion. Significant factors included net income before income taxes and other adjustments for the interim period of ¥17.399 billion, depreciation expenses of ¥27.658 billion and equity in losses of equity-accounted affiliates of ¥8.937 billion. As a result of the consolidation of Tokyu Department Store Co., Ltd. and other factors cash inflows increased by ¥8.375 billion compared to the first half of fiscal 2004.

As regards net cash flows from investment activities, we continued aggressive forward looking capital expenditure related to work on the multiple tracking of lines resulting in payment for purchase of property and equipment of ¥35.921 billion. There was also income from subsidies received for construction of ¥10.014 billion and from the sale of shares in Tokyu Logistic Co., Ltd. As a result the net cash outflow from investment activities was ¥6.546 billion. The inflow from the sale of fixed assets declined and as a result the outflow from investment activities was ¥39.218 billion greater than in the first half of fiscal 2004.

Net cash used in financing activities was ¥82.488 billion, a decline in outflow of ¥15.116 billion compared to the first half of fiscal 2004.

As a result, cash and cash equivalents at the end of the interim period of fiscal 2005 stood at ¥49.176 billion, ¥16.334 billion lower than at the end of fiscal 2004.

Consolidated cash flow-related indicator trends were as follows:

	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2004 H1	Fiscal 2005 H1
Equity ratio (%)	6.0	8.0	8.8	8.6	10.8
Market price based equity ratio (%)	15.9	37.0	30.3	29.3	35.2
Debt service coverage ratio (years)	14.1	11.8	9.6	---	---
Interest coverage ratio (times)	3.2	4.0	6.1	5.8	6.9

Equity ratio = shareholders equity/total assets

Market price based equity ratio = market capitalization/total assets

Debt service coverage ratio = interest bearing debt/operating cash flow (not required to be shown for the first half of the fiscal year)

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.
3. Operating cash flow figures are obtained from the consolidated cash flow statements.

4. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

Assets				
Item	<i>Millions of yen</i>			
Assets	As of September 30, 2005	As of March 31, 2005	Change	As of September 30, 2004
Current Assets	386,767	418,354	(31,587)	361,225
Cash and deposits.....	44,683	63,285	(18,601)	35,536
Trade notes & accounts receivable.....	127,388	139,249	(11,861)	102,078
Securities.....	36	108	(72)	186
Inventories.....	164,285	164,067	217	179,793
Deferred tax assets.....	21,106	23,008	(1,902)	12,589
Others.....	30,396	29,739	656	32,364
Allowance for doubtful accounts.....	(1,129)	(1,105)	(23)	(1,322)
Fixed Assets	1,632,766	1,694,853	(62,086)	1,596,839
Tangible fixed assets.....	1,246,274	1,289,042	(42,767)	1,187,691
Buildings & Structures.....	530,036	563,190	(33,154)	526,301
Rolling stock & machinery.....	54,475	56,546	(2,071)	54,899
Land.....	499,798	519,257	(19,459)	453,799
Construction in progress.....	142,125	128,740	13,384	134,238
Others.....	19,838	21,305	(1,467)	18,451
Intangible fixed assets.....	50,634	38,352	12,281	33,462
Consolidation adjustment account.....	15,933	4,396	11,537	---
Others.....	34,700	33,955	744	33,462
Investments & Others.....	335,857	367,458	(31,600)	375,685
Investment securities.....	157,603	161,883	(4,280)	165,928
Long-term loans receivable.....	1,141	1,407	(266)	645
Deferred tax assets.....	29,598	48,867	(19,268)	69,363
Others.....	166,110	174,056	(7,945)	156,785
Allowance for doubtful accounts.....	(18,596)	(18,756)	159	(17,038)
Total Assets	2,019,534	2,113,208	(93,674)	1,958,065

Liabilities, Minority Interests and Shareholders' Equity				
Item	<i>Millions of yen</i>			
Liabilities	As of September 30, 2005	As of March 31, 2005	Change	As of September 30, 2004
Current Liabilities	652,692	696,482	(43,790)	625,436
Trade notes & accounts payable	123,775	131,835	(8,059)	80,396
Short-term debt	267,655	314,181	(46,525)	319,517
Current portion of corporate bonds	60,000	64,700	(4,700)	44,600
Accrued income taxes	5,432	4,365	1,067	19,578
Reserve for employees' bonuses	12,082	12,259	(176)	12,896
Advances received	87,082	74,784	12,298	69,610
Others	96,662	94,356	2,305	78,836
Long-term Liabilities	1,065,006	1,119,578	(54,571)	1,055,595
Corporate bonds	275,797	311,998	(36,201)	336,598
Long-term debt	552,164	552,598	(433)	452,841
Reserve for employees' retirement benefits	44,391	50,436	(6,045)	47,503
Reserve for directors' and corporate auditors' retirement benefits	2,251	3,265	(1,013)	2,815
Deposits from tenants and club members	126,445	128,950	(2,504)	133,843
Deferred tax liabilities	19,783	26,676	(6,893)	25,876
Deferred tax liabilities from land revaluation	10,463	10,185	277	7,421
Consolidation adjustment account	---	---	---	11,723
Others	33,710	35,468	(1,757)	36,971
Special legal reserves	32,544	34,933	(2,389)	36,415
Urban Railways Improvement Reserve	32,544	34,933	(2,389)	36,415
Total Liabilities	1,750,242	1,850,994	(100,751)	1,717,448
Minority Interests				
Minority interests	50,795	77,155	(26,359)	72,455
Shareholders' Equity				
Common stock	108,821	108,820	0	108,820
Capital surplus reserve	103,945	85,523	18,422	82,946
Profit reserve	(18,869)	(20,240)	1,370	(38,386)
Land revaluation reserve	9,661	5,269	4,391	11,096
Unrealized holding gains (losses) on investment securities, net of taxes	23,229	17,359	5,869	15,653
Foreign currency translation adjustment account ..	(5,712)	(9,047)	3,334	(8,790)
Treasury stock	(2,580)	(2,627)	46	(3,179)
Total Shareholder's Equity	218,495	185,058	33,436	168,160
Total Liabilities, Minority Interests & Shareholders' Equity	2,019,534	2,113,208	(93,674)	1,958,065

(2) Interim Consolidated Statements of Income

Item	Millions of yen			
	April 1, 2005 to Sept. 30, 2005	April 1, 2004 to Sept. 30, 2004	Change	April 1, 2004 to March 31, 2005
Operating revenue	681,314	513,373	167,941	1,055,564
Cost of operating revenue	634,554	467,066	167,488	978,549
Operating expenses & cost of sales (Transportation etc.)	513,108	394,503	118,604	830,643
SG&A expenses	121,446	72,562	48,883	147,906
Operating profit	46,760	46,307	452	77,014
Non-operating profit	8,295	8,503	(207)	15,268
Interest & dividends	1,389	1,016	373	1,432
Investment gains from equity method	---	1,673	(1,673)	1,079
Other income	6,906	5,813	1,092	12,757
Non-operating expenses	20,836	13,195	7,641	25,249
Interest	10,628	10,964	(335)	20,738
Investment losses from equity method	8,937	---	8,937	---
Other expenses	1,271	2,231	(960)	4,510
Recurring profit	34,219	41,615	(7,396)	67,034
Extraordinary gains	7,462	31,770	(24,307)	58,655
Extraordinary losses	24,282	44,105	(19,823)	72,601
Income before income taxes and minority interests	17,399	29,280	(11,880)	53,088
Income taxes	4,116	18,561	(14,444)	4,159
Income tax adjustment	12,550	(9,479)	22,029	10,678
Minority interests	(8,290)	2,661	(10,952)	2,817
Net income	9,022	17,536	(8,513)	35,432

Notes	Millions of yen		
	Six months to Sept. 30, 2005	Six months to Sept. 30, 2004	April 1, 2004 to March 31, 2005
Breakdown of extraordinary gains			
Gain on reversal of Urban Railways Improvement Reserve	3,600	2,653	5,307
Gain on sale of fixed assets	1,249	6,910	10,818
Subsidies received for construction	107	34	11,187
Gain on retirement benefit trust establishment	---	16,831	16,831
Breakdown of extraordinary losses			
Impairment loss	7,223	---	3,324
Extraordinary depreciation of hotel buildings and facilities	5,844	---	---
Appraisal loss on real estate for sale	4,283	11,883	18,099
Loss on sale of subsidiaries' shares	1,778	9	9
Loss on sale of fixed assets	1,562	16,010	19,651
Loss on change of retirement benefit scheme	---	13,069	13,071

(3) Interim Consolidated Statements of Surplus

Item	Millions of yen		
	April 1, 2005 to Sept. 30, 2005	April 1, 2004 to Sept. 30, 2004	April 1, 2004 to March 31, 2005
Capital surplus reserve			
Capital surplus reserve at beginning of period	85,523	128,066	128,066
Increase in capital surplus reserve	18,422	36	2,613
Increase from share exchange.....	18,299	---	2,552
Profit on disposal of own stock.....	70	36	60
Increase resulting from reduction of consolidated subsidiaries	51	---	---
Increase from conversion of convertible bonds	0	---	---
Decrease in capital surplus reserve.....	---	45,156	45,156
Reversal of capital surplus reserve	---	39,471	39,471
Cash dividends.....	---	5,684	5,684
Capital surplus reserve at end of period	103,945	82,946	85,523
Profit reserve			
Profit reserve at beginning of period.....	(20,240)	(95,287)	(95,287)
Increase in profit reserve	9,088	57,008	77,993
Interim net income.....	9,022	17,536	35,432
Increase resulting from reduction of consolidated subsidiaries	65	---	---
Reversal of capital surplus reserve	---	39,471	39,471
Reversal of land revaluation balance	---	---	3,089
Decrease in profit reserve.....	7,717	107	2,947
Reversal of land revaluation reserve.....	4,730	2	---
Cash dividends.....	2,853	---	2,842
Directors' and statutory auditors' bonuses.....	133	105	105
Profit reserve at end of period	(18,869)	(38,386)	(20,240)

(4) Interim Consolidated Statements of Cash Flow

Item	Millions of yen			
	April 1, 2005 to Sept. 30, 2005	April 1, 2004 to Sept. 30, 2004	Change	April 1, 2004 to March 31, 2005
I. Cash flows from operating activities				
Income before income taxes	17,399	29,280	(11,880)	53,088
Depreciation and amortization	27,658	26,737	920	54,854
Amortization of consolidation adjusting account	616	(1,999)	2,616	(3,992)
Impairment loss	7,223	—	7,223	3,324
(Decrease) in employees' retirement benefit reserve ...	(2,565)	(13,338)	10,773	(22,355)
Retirement benefit trust establishment amount	---	17,120	(17,120)	17,120
Gain on retirement benefit trust establishment	---	(16,831)	16,831	(16,831)
Loss on change of retirement benefit scheme	---	13,069	(13,069)	13,071
(Decrease) in Urban Railways Improvement Reserve ..	(2,389)	(1,460)	(929)	(2,941)
Subsidies received for construction	(107)	(34)	(73)	(11,187)
Reduction in subsidies received for construction	96	34	62	6,444
Loss (gain) on sale of subsidiaries' shares	1,778	9	1,769	(2,615)
Loss on revaluation of investment securities	19	216	(196)	200
Loss on sale of fixed asset	313	9,100	(8,786)	8,833
Loss on disposal of fixed asset	1,798	1,840	(42)	9,636
Extraordinary depreciation of hotel buildings and facilities	5,844	---	5,844	---
Appraisal losses on real estate for sale	4,283	11,883	(7,600)	18,099
Investment gains (losses) from the equity method ..	8,937	(1,673)	10,610	(1,079)
Decrease (increase) in accounts receivable	6,890	4,145	2,745	(9,211)
Decrease (increase) in inventories	(4,278)	10,100	(14,379)	35,426
(Decrease) increase in trade payables	(6,042)	(12,287)	6,244	1,710
(Decrease) increase in advances received	2,608	3,461	(853)	(32)
(Decrease) in deposits from tenants and club members	(1,671)	(467)	(1,204)	(1,680)
Interest and dividend income	(1,389)	(1,016)	(373)	(1,432)
Interest payable	10,628	10,964	(335)	20,738
Others	5,896	(12,276)	18,172	(16,893)
Subtotal	83,549	76,578	6,970	152,295
Interest and dividends received	1,987	1,417	570	1,965
Interest paid	(10,534)	(11,160)	626	(21,213)
Income taxes paid	(2,348)	(2,556)	208	(3,456)
Net cash provided by operating activities	72,653	64,278	8,375	129,590
II. Cash flows from investing activities				
Payments for purchases of fixed assets	(35,921)	(44,571)	8,650	(98,298)
Proceeds from sale of fixed assets	5,997	58,631	(52,634)	69,806
Payments for investment securities	(816)	(25)	(790)	(1,981)
Proceeds from sale of investment securities	6,455	11,766	(5,311)	30,624
Payments for acquisition of subsidiaries' shares	(788)	(34)	(753)	(2,825)
Payments for acquisition of subsidiaries' shares resulting from change in scope of consolidation	---	---	---	(11,223)
Payments for sale of subsidiaries' shares resulting from change in scope of consolidation	(296)	(21)	(274)	(21)
Proceeds from sale of subsidiaries' shares resulting from changes in the scope of consolidation	8,285	---	8,285	3,493
Proceeds from subsidies received for construction	10,014	7,539	2,474	19,398
Payments for disbursement of loans receivable	(36)	(444)	408	(1,370)
Proceeds from collection of loans receivable	562	1,296	(734)	1,897
Others	(3)	(1,464)	1,461	58
Net cash used in investing activities	(6,546)	32,672	(39,218)	9,557

(4) Interim Consolidated Statements of Cash Flow (continued)

Item	Millions of yen			
	April 1, 2005 to Sept. 30, 2005	April 1, 2004 to Sept. 30, 2004	Change	April 1, 2004 to March 31, 2005
III. Cash flows from financing activities				
(Decrease) in short-term debt, net.....	(30,827)	(39,286)	8,458	(70,326)
Proceeds from long-term debt.....	48,159	5,618	42,541	78,493
Repayment of long-term debt.....	(57,190)	(53,893)	(3,297)	(107,162)
Proceeds from issuance of commercial paper	---	17,000	(17,000)	22,000
Payments for redemption of commercial paper	---	(17,000)	17,000	(22,000)
Proceeds from bond issue.....	---	39,759	(39,759)	39,751
Payments for redemption of bonds.....	(39,500)	(43,701)	4,201	(48,201)
Dividends paid by parent company	(2,853)	(5,684)	2,831	(8,526)
Dividends paid to minority shareholders.....	(332)	(312)	(20)	(596)
Others	56	(104)	160	(228)
Net cash used in financing activities.....	(82,488)	(97,604)	15,116	(116,796)
IV. Effect of exchange rate changes on cash and cash equivalents	110	4	106	40
V. Increase (decrease) in cash and cash equivalents ..	(16,269)	(649)	(15,620)	22,391
VI. Cash and cash equivalents at beginning of period	65,510	42,676	22,834	42,676
VII. Decrease due to exclusion from consolidation.....	(64)	(230)	165	(456)
VIII. Increase due to inclusion in consolidation.....	---	---	---	898
IX. Cash and cash equivalents at end of period.....	49,176	41,796	7,379	65,510

5. Basis of Presentation of Interim Consolidated Financial Statements

1. Scope of Consolidation

The Group comprises 197 consolidated subsidiaries, including Izukyu Corp., Tokyu Department Store Co., Ltd., Tokyu Store Chain Co., Ltd., and Tokyu Hotels Co., Ltd. As a result of the sale of shares Tokyu Logistic Co., Ltd., Nihon Kamotsu Kyuso Co., Ltd., and five other companies are no longer subsidiaries and have been excluded from consolidation and Guam Pacific Tokyu Construction, Inc. and one other company have been dissolved and have also been excluded. Aizen-en Corp. and two others were excluded from consolidation because they have no material effect on the interim consolidated financial statements due to the small scale of their operations.

In respect of Tokyu Department Store Co., Ltd., and nine of its subsidiaries as well as Tokyu Agency Inc. and seven of its subsidiaries, the date of acquisition of control was as of the end of fiscal 2004 and so their profits and losses have been consolidated from this interim fiscal period.

2. Application of the Equity Method

Non-consolidated subsidiary Aizen-en Corp. and one other are accounted for by the equity method. Meanwhile, the 21 affiliates accounted for by the equity method include Tokyu Land Corp. and Tokyu Construction Co., Ltd. Non-consolidated subsidiary China Garden Co., Ltd., the affiliate TMS Co., Ltd. and three other companies have been treated as affiliates to which the equity method is not applied as the effect on the interim consolidated financial statements would be immaterial.

3. Interim Period End of Consolidated Subsidiaries

Among the consolidated subsidiaries, Tokyu Geox Co., Ltd. and 44 other companies close their books on an interim basis on June 30, August 31, etc. Apart from Kyushu Tokyu Hotel Chain Co., Ltd., interim financial statements as of their respective balance sheet dates were used to prepare the interim consolidated financial statements. The interim consolidated financial statements were adjusted for material transactions between the interim period end of these subsidiaries and that of the Tokyu Group.

Among the consolidated subsidiaries Tokyu Architects and Engineers Inc. and two other companies, and also Kyushu Tokyu Hotel Chain Co., Ltd close their books on an interim basis on March 31, etc. For these companies, financial statements based on a provisional statement of accounts as of the interim consolidated balance sheet date were used.

4. Summary of Significant Accounting Policies

(1) Valuation Standards and Accounting Treatment for Important Assets

(a) Securities

Bonds held to maturity:

Bonds are valued using the cost amortization method. (Straight-line method)

Other securities:

Securities with market quotations:

Securities with market quotations are valued at market on the interim balance sheet date using the market price method.

(The entire difference between the carrying value and the market value is recognized in capital using the direct recognition method. " Cost of sales is mainly computed by the moving average method.)

Securities without market quotations:

Securities without market quotations are valued at cost, which is determined by the moving average method.

In respect of investments in SPC ('Other securities') the equivalent attributable amounts of the SPC profits and losses are recorded as non-operating profit and expenses and 'Investment securities' account is adjusted accordingly.

(b) Derivatives

Derivatives are stated at market value.

(c) Inventories

Residential land lots and buildings are mainly valued at cost, using the weighted average (for the region) method or the specific-identification method. According to the type of business other inventories are valued at cost, which is determined by the specific-identification method, the weighted-average method at cost or the lower of cost and market method, the last cost method at cost, the first-in first-out method at cost, the retail method at cost or the moving-average method at cost, or the lower of cost or market.

(2) Method for Depreciating Important Assets

(a) Tangible fixed assets

Depreciation is computed mainly by the declining-balance method. Depreciation of certain leased facilities of the Company and tangible fixed assets of certain consolidated subsidiaries is computed in combination with the straight-line method. Depreciation of buildings (excluding equipment attached to buildings) acquired by the Company and its domestic subsidiaries after April 1, 1998 is computed by the straight-line method. Estimated useful life of tangible fixed assets is assumed as follows:

Buildings and structures: 3-75 years

(b) Intangible fixed assets

Depreciation is computed by the straight-line method. Depreciation of software for in-house use is computed by the straight-line method, assuming a useful life of 5 years.

(3) Deferred assets

Bond and new share issue expenses are charged in full as one-time expenses to income as incurred.

(4) Important Reserves

(a) Allowance for doubtful accounts

The allowance for doubtful receivables is provided for at rates based on past collection experience. In addition, the amount deemed necessary to cover individual uncollectible receivables, based on management's estimate of the collectability of each, is provided when appropriate.

(b) Reserve for employees' bonus

Accrued bonus liabilities (employees and employee directors of the company) are based on estimated amounts to be paid in subsequent periods.

(c) Retirement benefit reserve

Accrued employee retirement benefits are provided for on the basis of the retirement and severance benefit obligations at the end of the period and the estimated fair value of pension fund assets as of the interim balance sheet date. Differences in the actuarially computed value of benefits are charged to income (from

the following fiscal period) over a period (15 years) that is less than the average remaining years of service of employees, by the straight-line method. Past service liabilities, mainly based on a period (15 years) that is less than the average remaining years of service of eligible employees at the time they arise and are accounted for by the straight-line method.

(d) Directors' retirement benefit reserve

In order to provide for the payment of directors' retirement benefits, of the retirement allowances for directors decided by resolution at the general meeting of shareholders the amount forecast to be payable in the future is provided for in the accounts. However, in respect of certain domestic consolidated subsidiaries an amount based on internal rules is provided.

Additional information:

Historically, the allowance for directors' retirement benefits was provided for on the basis of internal rules of the Company. However, as the total of payments for retirement allowance payments at the time of retirement have already been decided at the regular general meeting of shareholders in respect of the previous fiscal term, the amount of directors' retirement benefits expected to be payable in the future is provided for.

(5) Translation of material foreign currency denominated assets and liabilities into Japanese yen

All foreign currency denominated credits and debts are translated into yen amounts at the rates of exchange in effect at the interim balance sheet date, and translation gains and losses are accounted for as a profit or loss. Assets and liabilities of overseas subsidiaries are translated into yen amounts at the rates of exchange in effect at the interim balance sheet date. Revenue and expenses are translated into yen amounts at the average exchange rate for the interim fiscal period and the differences are included in minority interests or the foreign currency translation adjustment account in the shareholders' equity section.

(6) Special legal reserves (Urban Railways Improvement Reserve)

A reserve is provided for specific construction projects, in compliance with the provisions of Article 8 of the Law for the Urban Railways Improvement.

(7) Accounting for subsidies received for construction in Railways Operations

Subsidies received by the Company and consolidated subsidiaries Izukyu Corporation and Ueda Kotsu K.K. relating to construction projects are accounted for by deducting the total amount of subsidy for the said construction project directly from the acquisition cost of fixed assets once the project is completed.

In the interim consolidated statements of income, subsidies the Company has received for its construction projects are booked as an extraordinary profit while the amount deducted directly from the acquisition cost of fixed assets is accounted for as "reduction in subsidies received for construction", as an extraordinary loss resulting from subsidies received for construction projects.

(8) Accounting treatment of significant leases

Finance leases, other than those that transfer ownership of the leased assets to the lessee, are treated in the same way as ordinary operating leases for accounting purposes.

(9) Significant hedge accounting methods

(a) Hedge accounting

Deferred hedge accounting is used in principle. Special hedge accounting is applied for interest rate swaps that meet criteria for qualification for special hedge accounting. Forward foreign exchange contracts are allocated specific hedged risks when they meet the criteria for qualification.

(b) Hedging methods and risks hedged

Hedging methods: interest rate swaps, forward foreign exchange contracts.

Risks hedged: corporate bonds, loans payable, foreign currency denominated monetary liabilities.

(c) Hedging policy

Rules regarding authority to enter into derivative transactions are defined in the Company's Operations Manual. Exposure to interest rate risk and currency risk is hedged in conformity with these regulations. Consolidated subsidiaries engage in derivatives transactions in conformity with their own internal rules, as a means to reduce exposure to interest rate risk and currency risk arising mainly from their regular business operations.

(d) Assessing the effectiveness of a hedge

Rate of changes in the cash flows from hedging methods and the risks hedged over their respective lapsed periods are mainly used as the yardsticks for measuring the effectiveness of the hedge.

(10) Accounting for consumption tax:

The consumption tax exclusion method is applied.

5. The Scope of Cash and Cash Equivalents for the Interim Consolidated Cash Flow Statements

For the purpose of the interim consolidated cash flow statements, the company considers the following as cash and cash equivalents: cash on hand and in banks, and highly liquid short-term investments with original maturities of 3-months or less and without significant risk of change in value.

(Changes in disclosure method)

According to Securities Transaction Law – Partial Amendment (2004 No 97) of the Securities Transaction Law 2-2, investments in limited liability investment associations or similar associations are recognized as securities and as a result investments in such associations that were recorded as 'Other investments' in 'Others' in previous interim periods are from the end of fiscal 2004 recorded as 'Investment securities'.

As a result of this change 'Investment Securities' have increased by ¥6,938 million.

Notes to Interim Consolidated Financial Statements

(Notes to Interim Consolidated Balance Sheets)

	<i>Millions of yen</i>		
	As of September 30, 2005	As of March 31, 2005	As of September 30, 2004
1. Accumulated depreciation of tangible fixed assets	751,795	755,558	686,438
2. Contingent liabilities	467	489	1,293
3. Notes discounted and endorsed	235	1,108	667
4. Pledged assets and secured liabilities			
Pledged assets			
Securities	14	9	15
	[---]	[---]	[---]
Buildings and structures	321,995	334,011	316,069
	[236,852]	[239,793]	[248,473]
Rolling stock and machinery	38,227	37,160	36,938
	[37,997]	[36,941]	[36,721]
Land	139,501	150,440	150,447
	[51,167]	[51,184]	[99,607]
Investment securities	1,139	1,455	134
	[---]	[---]	[---]
Inventory assets	377	4,872	8,347
	[377]	[8]	[---]
Other assets	30,055	30,767	21,800
	[9,158]	[9,615]	[9,228]
Total	531,311	558,717	533,753
	[335,553]	[337,543]	[394,031]
Secured liabilities			
Short-term loans payable	30,950	25,253	11,704
	[3,060]	[2,410]	[2,580]
Corporate bonds	---	1,400	4,900
	[---]	[---]	[3,000]
Long-term loans payable	342,494	368,874	372,512
	[239,982]	[248,856]	[243,986]
Others	7,999	8,143	8,151
	[40]	[80]	[119]
Total	381,443	403,672	397,269
	[243,083]	[251,347]	[249,685]
5. Lending of securities			
Investment securities	1,082	---	---

[Parentheses]: Assets pledged and secured liabilities relate to borrowings from the Railway Foundation, Railway Track Foundation, Bus Foundation, Tourist Facilities Foundation, and Manufacturing Facilities Foundation.

6. The allowance (End September 2005: ¥25,720 million; End March 2005: ¥26,107 million, End September 2004; ¥26,754 million) for "Claims in Bankruptcy and Claims in Receivership" included in the "Allowance for Doubtful Receivables" and accounted for in the "Others" account in "Investments and Others," have been deducted directly from the claims.

7. Loan disbursements related to loan commitments for consolidated subsidiaries (Millions of yen)

	As of Sept, 30 2005	As of March 31, 2005	As of Sept, 30, 2004
(Tokyu Card, INC.)			
Total loan commitments	110,251	95,448	94,716
Loans extended	3,477	3,366	3,139
Remaining commitment	106,774	92,081	91,577

Note: The above loan commitment is to cover cash withdrawals using credit cards. Accordingly, the total amount may not necessarily need to be extended.

(Tokyu Finance and Accounting Co., Ltd.)

Total loan commitments	24,000	24,000	33,600
Loans extended	6,276	3,862	6,756
Remaining commitment	17,723	20,137	26,843

Note: The above loan commitment is extended to cover the cash management system offered to each member of the Group. Accordingly, the total amount may not necessarily need to be extended.

(TC Properties Co., Ltd.)

Total loan commitments	---	---	230
Loans extended	---	---	65
Remaining commitment	---	---	165

Note: The above loan commitment may not be exercised in full, as TC Properties Co., Ltd. extends loans within limits set in light of the use of funds and its financial position.

8. Total amount of subsidies received for construction directly deducted from purchase cost of fixed assets:

	132,613	132,575	126,504
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(Notes to Interim Consolidated Statements of Income)

Impairment losses

Calculations of impairment losses were conducted by grouping assets in the smallest cash flow generating unit that was largely independent of other assets or asset groups. As a result, in the interim period of fiscal 2005, for 40 cases of fixed asset groups where the market value was significantly below book value in line with the continued fall in land prices, or fixed asset groups that continued to generate losses, book value was written down to recoverable levels, and that write-down reported as an impairment loss resulting in an extraordinary loss of 7,223 million yen.

Region	Main cases	Type	Segment	Impairment loss
Tokyo metropolitan	Mainly stores, etc. Total 21 cases	Land & Buildings	Real Estate Retail Leisure and Services	¥2,293 million
Chubu and Hokuriku	Hot spring facility Total 1 case	Construction in Progress	Real Estate	¥64 million
Kinki	Golf course and unused land Total 2 cases	Land	Leisure and Services Other	¥890 million
Others	Mainly stores, etc. Total 16 cases	Land & Buildings	Real Estate Retail Leisure and Services Other	¥3,973 million

Break down of impairment losses on a region-by-region basis.

- Tokyo metropolitan area ¥2,293 million yen (Land=¥947 million, Buildings and structures=¥1,096 million, Others ¥250 million)
- Chubu and Hokuriku area ¥64 million (Land=¥ -- million, Buildings and structures=¥ -- million, Others ¥64 million)
- Kinki area ¥890 million (Land=¥890 million, Buildings and structures=¥ -- million, Others ¥ -- million)
- Others ¥3,973 million (Land=¥33 million, Buildings and structures=¥3,439 million, Others ¥500 million)

The recoverable value of this asset group was calculated by the net disposal value method, or utility value. Calculations of recoverable value using the net disposal value method were assessed in line with land values or the capitalization method. Calculations of recoverable value using utility value were calculated by discounting future cash flows at 2.1% - 5.0%.

(Notes to Interim Consolidated Cash Flow Statements)

The reconciliation of Cash and cash equivalents and amounts recorded in the interim consolidated balance sheets for the interim period and fiscal year ends are as follows:

Millions of yen

	As of Sept, 30 2005	As of Sept, 30, 2004	As of March 31, 2005
Cash and deposits.....	44,683	35,536	63,285
Term deposits with maturities longer than 3 months	(1,806)	(554)	(1,686)
Securities included in cash equivalents.....	22	57	49
Short-term loans included in cash equivalents	6,276	6,756	3,862
Cash and cash equivalents	49,176	41,796	65,510

5. Segment Information

(1) Segment information by business

April 1, 2005 – September 30, 2005

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Other	Total	Elimination/Headquarters	Consolidated
Operating revenue/ Operating profit									
Operating revenue									
(1) Outside customers	98,193	50,623	333,513	86,365	51,356	61,261	681,314	---	681,314
(2) Inter-segment internal revenues or transfers	368	11,441	1,048	9,600	336	9,395	32,191	(32,191)	---
Total	98,561	62,065	334,562	95,966	51,693	70,657	713,506	(32,191)	681,314
Operating expenses	73,403	52,640	327,780	94,089	49,043	70,894	667,852	(33,297)	634,554
Operating profit	25,158	9,425	6,781	1,876	2,649	(236)	45,654	1,106	46,760

April 1, 2004 – September 30, 2004

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Other	Total	Elimination/Headquarters	Consolidated
Operating revenue/ Operating profit									
Operating revenue									
(1) Outside customers	128,199	73,230	190,788	30,568	51,315	39,269	513,373	---	513,373
(2) Inter-segment internal revenues or transfers	2,631	8,776	846	665	169	11,600	24,689	(24,689)	---
Total	130,831	82,007	191,634	31,233	51,484	50,870	538,063	(24,689)	513,373
Operating expenses	106,321	68,500	188,292	29,894	49,500	49,564	492,074	(25,008)	467,066
Operating profit	24,510	13,506	3,342	1,339	1,984	1,306	45,988	318	46,307

April 1, 2004 – March 31, 2005

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Other	Total	Elimination/Headquarters	Consolidated
Operating revenue/ Operating profit									
Operating revenue									
(1) Outside customers	259,055	164,872	382,755	58,450	102,555	87,875	1,055,564	---	1,055,564
(2) Inter-segment internal revenues or transfers	4,842	16,717	1,696	1,549	318	25,281	50,405	(50,405)	---
Total	263,897	181,589	384,452	60,000	102,873	113,157	1,105,970	(50,405)	1,055,564
Operating expenses	224,437	158,246	378,222	57,966	100,126	110,588	1,029,588	(51,038)	978,549
Operating profit	39,460	23,343	6,229	2,033	2,747	2,568	76,381	632	77,014

Notes

1. Operating Segments

Operating segments are based on Standard Industrial Classifications in Japan and are designed to reflect the diversified nature of the Company's business accurately.

(Changes to operating segments)

Until the previous fiscal year, the department store, retail, and general trading operations were included in the Retail segment. However, from fiscal 2005, the first year of Tokyu's three-year medium-term management plan, the retail businesses have been newly positioned as a core business. Along with this change and to reflect accurately the nature of these businesses, from fiscal 2005 the composition of the retail segment has changed and now includes the following: Department store business, chain store business, SC (shopping center) business, and other retail businesses. The shopping center business was formerly included in the Real Estate segment and part of the retail business was formerly included in the Leisure and Services segment business. The general trading operations that were formerly included in the Retail segment are now included in the Other segment. If the new segmental classifications had been applied for the fiscal 2004 interim period, the fiscal 2004 segmental figures would have been as follows:

Please note that the Japanese name of the Retail segment has also changed (English segment name unchanged).

April 1, 2004 – September 30, 2004

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Other	Total	Elimination/Headquarters	Consolidated
Operating revenue/ Operating profit									
Operating revenue									
(1) Outside customers	128,199	61,836	182,501	27,936	51,315	61,583	513,373	---	513,373
(2) Inter-segment internal revenues or transfers	2,631	9,118	488	665	169	11,663	24,736	(24,736)	---
Total	130,831	70,954	182,989	28,601	51,484	73,247	538,109	(24,736)	513,373
Operating expenses	106,321	58,973	178,064	27,411	49,500	71,848	492,121	(25,055)	467,066
Operating profit	24,510	11,981	4,924	1,189	1,984	1,398	45,988	318	46,307

April 1, 2004 – March 31, 2005

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Other	Total	Elimination/Headquarters	Consolidated
Operating revenue/ Operating profit									
Operating revenue									
(1) Outside customers	259,055	141,870	364,645	53,058	102,555	134,378	1,055,564	---	1,055,564
(2) Inter-segment internal revenues or transfers	4,842	17,280	930	1,549	318	25,386	50,308	(50,308)	---
Total	263,897	159,151	365,576	54,608	102,873	159,765	1,105,873	(50,308)	1,055,564
Operating expenses	224,437	138,625	356,398	52,893	100,126	157,010	1,029,491	(50,941)	978,549
Operating profit	39,460	20,526	9,177	1,715	2,747	2,755	76,381	632	77,014

2. Description of operating segments

- Transportation: railway operations and bus operations
- Real Estate: real estate sales, real estate leasing and real estate management
- Retail: department store operations, chain store operations and shopping center operations
- Leisure and Services: advertising operations, golf course operations and CATV operations
- Hotels: hotel operations
- Other: maintenance of rolling stock for railway operations and general trading operations

3. No unallocated operating expenses were included in "Elimination/Headquarters."

4. Tokyu Department Store Co., Ltd. and its nine subsidiaries, and Tokyu Agency Inc. and its seven subsidiaries, were acquired at the end of fiscal 2004 so their profits and losses have been consolidated from the current interim period.

(2) Geographical Segment Information

Interim period: April 1, 2005 – September 30, 2005; Previous interim period: April 1, 2004 - September 30, 2004;
Previous fiscal year: April 1, 2004 – March 31, 2005

Geographical segment information is not disclosed since the amount of operating revenue from domestic operations represents more than 90% of the total amount of operating for all segments.

(3) Overseas sales

Interim period: April 1, 2005 – September 30, 2005; Previous interim period: April 1, 2004 - September 30, 2004;
Previous fiscal year: April 1, 2004 – March 31, 2005

Overseas revenue is not disclosed since it represents less than 10% of total consolidated revenue from operations.

6. Leases

As the Group is disclosing this information by EDINET, information on leases has been omitted from this document.

7. Securities

(1) Bonds held to maturity (with market quotations)

	<i>Millions of yen</i>								
	As of Sept, 30 2005			As of March 31, 2005			As of Sept, 30, 2004		
	Book value	Market value	Unrealized gain or loss	Book value	Market value	Unrealized gain or loss	Book value	Market value	Unrealized gain or loss
1.JGB, Municipal bonds	50	49	(0)	50	50	0	40	40	0
2. Corporate bonds	---	---	---	---	---	---	---	---	---
3. Others	3	3	0	9	10	0	32	32	0
Total	54	53	(0)	60	60	0	72	72	0

(2) Other securities (with market quotations)

	<i>Millions of yen</i>								
	As of Sept, 30 2005			As of March 31, 2005			As of Sept, 30, 2004		
	Acquisition cost	Book value	Unrealized gain or loss	Acquisition cost	Book Value	Unrealized gain or loss	Acquisition cost	Book Value	Unrealized gain or loss
1. Equity securities	39,721	80,009	40,288	40,270	71,639	31,368	45,336	71,150	25,814
2. Debt securities									
JGB, Municipal Bonds	---	---	---	---	---	---	79	80	0
Corporate bonds	---	---	---	50	52	2	80	82	2
Others	---	---	---	---	---	---	---	---	---
3. Other securities	3,119	4,556	1,436	3,139	4,204	1,064	3,183	4,099	916
Total	42,840	84,565	41,724	43,460	75,896	32,435	48,679	75,412	26,732

Note: The acquisition cost represents book value after write-downs. In 'Other securities with market quotations' the following amounts were written down: Fiscal 2005 interim period - ¥--- million; Fiscal 2004 - ¥180 million; Fiscal 2004 interim period - ¥202 million.

(3) Securities not valued at market (excluding (1) above)

	<i>Millions of yen</i>		
	As of Sept, 30 2005	As of March 31, 2005	As of Sept, 30, 2004
	Book value	Book value	Book value
1. Bonds held to maturity			
Privately placed bonds	0	0	0
2. Other securities			
Unlisted stock (excluding OTC stock)	19,989	25,248	29,369
Investments in SPCs (<i>tokumei kumiai</i>)	6,937	5,267	--
Free Financial Fund	22	22	22
Medium-term JGBs	---	26	26
Money management fund	---	0	9

8. Derivative Transactions

As the Group is disclosing this information by EDINET, this information has been omitted from this document.

9. Per Share Information

April 1, 2005 – September 30, 2005		April 1, 2004 – September 30, 2004		April 1, 2004 – March 31, 2005	
Net assets per share	¥185.77	Net assets per share	¥148.21	Net assets per share	¥162.21
Net income per share	¥7.71	Net income per share	¥15.46	Net income per share	¥31.11
Net income per share (diluted)	¥7.21	Net income per share (diluted)	¥14.41	Net income per share (diluted)	¥29.00

Note: The basis for the calculation of net income per share and the net income per share after adjustment for residual securities is as follows:

	April 1, 2005 – September 30, 2005	April 1, 2004 – September 30, 2004	April 1, 2004 – March 31, 2005
Net income per share:			
Net income (¥ million)	9,022	17,536	35,432
Amount not attributable to common shareholders (¥ million)	---	---	147
(Of which, bonuses paid to executive officers as part of the appropriation of surplus)	---	---	(147)
Net income attributable to common shares (¥ million)	9,022	17,536	35,284
Average number of outstanding common shares during the period (1,000 shares)	1,171,025	1,134,583	1,134,244
Net income per share after adjustment for residual securities:			
Net income adjustment (¥ million)	17	17	35
(Of which, interest expense (after deducting tax equivalent))	(17)	(17)	(35)
Increase in the number of common shares (1,000 shares)	83,638	83,639	83,639
(Of which, convertible bonds)	(83,638)	(83,639)	(83,639)
Residual securities not included in the calculation of the net income after adjustment for residual securities due to the fact that these securities had no dilutive effect.	-----	-----	-----

APPENDIX – Tokyu Corporation
1. Summary of Interim Financial results (Consolidated)

Segment	April 1, 2005 to Sept. 30, 2005	April 1, 2004 to Sept. 30, 2004	Change	
	<i>Millions of yen</i>			%
Operating revenue				
Transportation	98,561	130,831	(32,269)	(24.7)
Real estate	62,065	70,954	(8,889)	(12.5)
Retail	334,562	182,989	151,572	82.8
Leisure and Services	95,966	28,601	67,364	235.5
Hotels	51,693	51,484	208	0.4
Other	70,657	73,247	(2,590)	(3.5)
Total	713,506	538,109	175,396	32.6
Elimination/Headquarters	(32,191)	(24,736)	(7,455)	30.1
Consolidated	681,314	513,373	167,941	32.7
Operating profit				
Transportation	25,158	24,510	648	2.6
Real estate	9,425	11,981	(2,556)	(21.3)
Retail	6,781	4,924	1,856	37.7
Leisure and Services	1,876	1,189	686	57.7
Hotels	2,649	1,984	665	33.5
Other	(236)	1,398	(1,635)	---
Total	45,654	45,988	(334)	(0.7)
Elimination/Headquarters	1,106	318	787	247.1
Consolidated	46,760	46,307	452	1.0
Equity method profit (loss)	(8,937)	1,673	(10,610)	---
Recurring profit	34,219	41,615	(7,396)	(17.8)
Net income	9,022	17,536	(8,513)	(48.5)

2. Summary of Forecasts (Full-year)

Consolidated

Segment	April 1, 2005 to March 31, 2006 <i>Forecast</i>	April 1, 2004 to March 31, 2005	Change	
	<i>Millions of yen</i>			%
Operating revenue				
Transportation	191,600	263,897	(72,297)	(27.4)
Real estate	138,400	159,151	(20,751)	(13.0)
Retail	675,100	365,576	309,523	84.7
Leisure and Services	198,000	54,608	143,391	262.6
Hotels	102,700	102,873	(173)	(0.2)
Other	143,500	159,765	(16,265)	(10.2)
Total	1,449,300	1,105,873	343,426	31.1
Elimination/Headquarters	(64,300)	(50,308)	(13,991)	27.8
Consolidated	1,385,000	1,055,564	329,435	31.2
Operating profit				
Transportation	39,800	39,460	339	0.9
Real estate	18,900	20,526	(1,626)	(7.9)
Retail	13,100	9,177	3,922	42.7
Leisure and Services	2,700	1,715	984	57.4
Hotels	3,600	2,747	852	31.0
Other	1,900	2,755	(855)	(31.0)
Total	80,000	76,381	3,618	4.7
Elimination/Headquarters	1,000	632	367	58.0
Consolidated	81,000	77,014	3,985	5.2
Equity method profit (loss)	(4,200)	1,079	(5,279)	---
Recurring profit	66,600	67,034	(434)	(0.6)
Net income	30,000	35,432	(5,432)	(15.3)

Note: From fiscal 2005, along with the change in the Japanese name of the Retail segment (English segment name unchanged), the composition of the retail segment has changed and now includes the following: Department store business, chain store business, SC (shopping center) business (transferred from the Real Estate business), and other retail businesses. The figures above for fiscal 2004 have been adjusted to reflect this change in segmental classification.