Tokyu Corporation

Interim Consolidated Financial Statements

(April 1, 2004 – September 30, 2004)

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, 2004

Tokyu Corporation **November 15, 2004**

Stock Code:	9005	Listed exchanges:	Tokyo
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President	Kiyofumi Kamijo		Accounting, Group Strategy & IR Division
Date of the meeting of the board of directors:	Nov. 15, 2004	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, 2004

1) Consolidated Operating Results

Millions of yen

	April 1, 2004 to September 30, 2004		April 1, 2003 to September 30, 2003		April 1, 2003 to March 31, 2004
		Change (%)		Change (%)	
Operating revenue	513,373	(25.2)	686,216	14.4	1,223,403
Operating profit	46,307	43.0	32,378	(7.5)	58,120
Recurring profit	41,615	81.2	22,970	13.6	52,949
Net income (loss)	17,536	(35.5)	27,205	—	(12,345)
Net income (loss) per share (¥)	¥15.46		¥24.07		¥(11.06)
Net income per share (diluted) (¥)	¥14.41		¥22.43		—

(1) Equity in income (losses) of equity-method affiliates:
April 1, 2004 to Sept. 30, 2004: ¥1,673 million April 1, 2003 to Sept. 30, 2003: ¥ (721 million) April 1, 2003 to March 31, 2004: ¥7,340 million

(2) Average number of shares outstanding (consolidated) during the period:

April 1, 2004 to Sept. 30, 2004:	1,134,583,379 shares
April 1, 2003 to Sept. 30, 2003:	1,130,267,962 shares
April 1, 2003 to March 31, 2004:	1,131,106,403 shares

(3) Changes to accounting principles: No

(4) Percentages for operating revenue, operating profit, recurring profit and net income represent changes from the previous interim period.

2) Consolidated Financial Position

Millions of yen

	As of September 30, 2004	As of September 30, 2003	As of March 31, 2004
Total assets	1,958,065	2,491,715	2,010,141
Shareholders' equity	168,160	190,615	160,962
Equity ratio (%)	8.6%	7.6%	8.0%
Shareholders' equity per share (¥)	¥148.21	¥168.59	¥141.75

(1) Outstanding shares (consolidated) at:
September 30, 2004: 1,134,609,045 shares September 30, 2003: 1,130,627,614 shares March 31, 2004: 1,134,374,625 shares

3) Consolidated Cash Flows

Millions of yen

	April 1, 2004 to September 30, 2004	April 1, 2003 to September 30, 2003	April 1, 2003 to March 31, 2004
Operating activities	64,278	36,693	105,888
Investing activities	32,672	(23,840)	(6,312)
Financing activities	(97,604)	662	(91,529)
Cash and cash equivalents at end of period	41,796	65,408	42,676

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

Number of consolidated subsidiaries	208
Number of non-consolidated subsidiaries accounted for by the equity method	1
Number of affiliates accounted for by the equity method	29

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

Consolidated subsidiaries	Newly included:	3	Excluded:	11
Affiliates accounted for by the equity method	Newly included:	—	Excluded:	3

2. Consolidated Forecast for the Fiscal Year Ending March 31, 2005

Millions of yen

	April 1, 2004 to March 31, 2005
Operating revenue	1,040,000
Recurring profit	62,000
Net income	28,500

Note: Net income per share forecast for the fiscal year ending March 31, 2005 (consolidated): ¥25.12

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 13 for more details on these forecasts.

1. The Tokyu Group

The Tokyu Group comprises 209 subsidiaries and 31 affiliates. Their business operations are as follows:

Note: As a result of the separation of the business of the former Tokyu Construction Co., Ltd. (now TC Properties Co., Ltd) in October 2003 the value and importance of construction businesses in the group have declined and are included in the 'Other' business segment. Grouping by business types is identical to the breakdown by operating segments.

(1) Transportation (45 companies)

Main businesses	Companies
Railway operations	Tokyu Corp.; Izukyu Corp. #1 A, C; Ueda Kotsu Corp. #1
Bus operations	Tokyu Bus Corp. #1 A, C; Jotetsu Corp. #1; Tokyu Shachi Bus Co., Ltd. #1; Kusakaru Corp. #1 A, B
Cargo Transportation	Tokyu Logistic Co., Ltd. #1 A, B; Tokyu Air Cargo Co., Ltd. #1; Nihon Kamotsu Kyuso Co., Ltd. #1 A,
	35 other companies

(2) Real Estate (37 companies)

Main businesses	Companies
Real estate sales	Tokyu Corp.; Tokyu Land Corp. #2 A, B, C
Real estate leasing	Tokyu Corp.; Shibuya Development Inc. #1 A; Kitami Tokyu Building #1; TMD Corp. (formerly T.M.D. Co., Ltd.) #1 A
Real estate management	Tokyu Community Corp. #2 A, B; Tokyu Facility Service Co., Ltd. #1 A, B; Yanchep Sun City PTY. LTD. #1 B
Real estate brokerage services	Tokyu Livable Inc. #2 A, B
	28 other companies

(3) Retail (26 companies)

Main businesses	Companies
Department store operations	Tokyu Department Store Co., Ltd. #2 A, C, D; Nagano Tokyu Department Store Co., Ltd. #2
Retail operations	Tokyu Store Chain Co., Ltd. #1 A, D; Sapporo Tokyu Store Chain Co., Ltd. #1; Tokyu Station Retail Service Co., Ltd. #1 A, B, D;
General trading operations	Kowa #1, Tokyu Geox Co., Ltd. #1 A, D
	19 other companies

Note: Tokyu Department Store Co., Ltd and Nagano Tokyu Department Store Co., Ltd. became subsidiaries as of November 11, 2004.

(4) Leisure and Services (45 companies)

Main businesses	Companies
Movie theater operations	Tokyu Recreation Co. Ltd. #2 A
Golf course operations	Three Hundred Club Co., Ltd. #1; Tokyu Seven Hundred Club Co., Ltd. #1 A
Advertising agency	Tokyu Agency Inc. #2 A, B
CATV operations	its communications Inc. #1 A, B
Rental car operations	Nippon Rent'a Car Tokyu Co., Ltd. #1 A; Nippon Rent'a Car Hokkaido #1
	38 other companies

Note: Tokyu Agency Inc. became a subsidiary as of November 11, 2004.

(5) Hotels (64 companies)

Main business	Companies
Hotels	Tokyu Hotel Chain Co., Ltd. #1 A; Pan Pacific Hotels and Resorts Pte. Ltd. #1; Mauna Lani Resort (Operation) Inc. #1
	61 other companies

(6) Other (44 companies)

Main businesses	Companies
Construction	Tokyu Construction Co., Ltd. #2 A; Seikitokyu Kogyo Co., Ltd.#2 A
Maintenance of rolling stock for railway operations	Tokyu Car Corp. #1 A, B, C, D; Toyoko Industry Co., Ltd. #1 A, B, D
Automotive parts sales	Shiroki Corp. #2
Research activities	Tokyu Research Institute, Inc. #1 B
	38 other companies

Notes:

#1 represents a subsidiary, #2 represents an affiliate

1. There is an overlap of the following companies in segmentation by business lines: Tokyu Corp, TC Properties Co., Ltd, Life Systems Co., Ltd., Izukyu Corp., Jotetsu Corp., Kusakaru Corp., Tokyu Facility Service, Co., Ltd., Tokyu Bus Corp., Tokyu Canada Corp., Mauna Lani Resort (Operation), Inc., Tokyu Logistic Co., Ltd., Abashiri Kotsu, Inc.

2. The companies below are listed on the following stock exchanges:

1st Section of the Tokyo Stock Exchange	Tokyu Corp., Seikitokyu Kogyo Co., Ltd., Tokyu Store Chain Co., Ltd., Tokyu Land Corp., Tokyu Community Corp., Tokyu Livable, Inc., Tokyu Department Store Co., Ltd., Shiroki Corp., and Tokyu Construction Co., Ltd.
2nd Section of the Tokyo Stock Exchange	Tokyu Recreation Co., Ltd., and Tokyu Logistic Co., Ltd.
1st Section of the Osaka Securities Exchange	Tokyu Land Corp.
Sapporo Securities Exchange	Tokyu Department Store Co., Ltd.
1st Section of the Nagoya Stock Exchange	Shiroki Corp.
OTC market (JASDAQ)	Nagano Tokyu Department Store Co., Ltd.

3. The Company rents facilities to companies marked: (A)
4. The Company outsources work to companies marked: (B)
5. The Company leases facilities from companies marked: (C)
6. The Company procures merchandise from companies marked: (D)

Description of Principal Business Lines as of September 30, 2004:

Transportation

Railway Operations: The Company operates seven railway lines and a streetcar line – the Toyoko Line, Meguro Line, Den-en Toshi Line, Oimachi Line, Ikegami Line, Tokyu Tamagawa Line, Kodomonokuni Line and Setagaya Line – in southwestern Tokyo and Kanagawa Prefecture. The total track length is 100.1 km. 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. operates scheduled bus services in the 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.

Cargo Transportation: Freight transportation services are operated by consolidated subsidiaries Tokyu Logistic Co., Ltd. and Nihon Kamotsu Kyuso Co., Ltd. Most of their operations are centered in metropolitan Tokyo. The light and heavy cargoes carried extend from fresh food and amenity goods to steel and construction materials. The Group also offers a wide range of logistics services, including packaging and warehousing. Tokyu Air Cargo Co., Ltd., a consolidated subsidiary, is engaged in freight forwarding of air and marine cargos. The company provides all required import and export-related services, including customs clearance, collection and delivery, inventory management and logistics processing services.

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 is also engaged in joint marketing of built-for-sale houses, a system in which the company works with Tokyu Corporation to build and market family homes 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 consolidated subsidiary Tokyu Facility Service Co., Ltd. is 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 real estate brokerage and related services.

Retail

Department store operations: Tokyu Department Store Co., Ltd., an affiliate, operates department stores in Shibuya, Kichijoji, Machida and Sapporo. In addition Nagano Tokyu Department Store Co., Ltd. has a similar operation in Nagano Prefecture.

Retail 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.

General trading operations: Tokyu Geox Co., Ltd., a consolidated subsidiary, manufactures and markets aggregates, and Kowa, another subsidiary, deals mainly with materials.

Leisure and Services

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

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 along the Company's railway lines in Tokyo, Kawasaki and Yokohama.

Hotels

In Japan, a consolidated subsidiary Tokyu Hotel Chain Co., Ltd. operates four hotel brands: Tokyu Hotel, Excel Hotel Tokyu, Tokyu Inn, and Tokyu Resorts (Total: 48 directly managed hotels as of the end of September 2004), which together comprise the "Tokyu Hotels." Consolidated subsidiary Tokyu Hotel Management Co., Ltd. provides hotel reservations services and is also engaged in marketing.

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 Affiliate Tokyu Construction Co., Ltd. is responsible for construction of housing, office buildings, government buildings, as well as civil engineering projects for highways and railways and land development. 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. Shiroki Corp. also produces and markets transportation machinery and equipment parts.

As a result of the separation of the business of the former Tokyu Construction Co., Ltd. (now TC Properties Co., Ltd) in October 2003 the value and importance of construction businesses in the group have declined and are included in the 'Other' business segment.

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 2004 the Group is composed of 316 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. Accordingly, in the year to March 2003 we reduced the ratio of interest-bearing debt to EBITDA (operating profit plus depreciation expenses) to 9.3 times, achieving our key target of a ratio of less than 10 times.

Building on the progress we have made we plan to reduce further our interest bearing debt while applying asset impairment accounting as we clear up our balance sheet while moving to a business structure managed on a consolidated basis and based on cash flow rather than assets. In March 2003, we outlined the Tokyu Corporation Two Year Business Plan. This followed the formulation of the Tokyu Group Management Policy that we launched in April 2000. Our key management priorities are to establish a group corporate governance policy; to achieve growth through alliances inside and outside the group; to introduce risk management based on sound compliance; and to operate in harmony with society and local areas. Our ultimate aim is to strengthen our management structure and to maximize stakeholder value added and the value of the business for all stakeholders.

(2) Management indicators and objectives

Based on the key performance indicators of the Tokyu Corporation Two Year Business Plan, we are aiming for consolidated net interest-bearing debt of less than 10 times operating cash flow and consolidated return on equity (ROE) of 10% or more by the end of fiscal 2004. In the current financial and economic environment reducing interest-bearing debt is a major issue and is an important step in demonstrating our recovery of financial health. Interest-bearing debt as a percentage of operating cash flow is therefore a useful indicator of financial strength and is a ratio that we plan to continue to focus on. Similarly, consolidated ROE is a useful indicator of the profitability of a company. Our aim is to have one of the highest ROE's of the major Japanese railway companies.

We also intend to continue to target the key financial ratio of interest-bearing debt to EBITDA (operating profit plus depreciation expenses) as a secondary group management target. Our aim is to achieve a ratio of interest-bearing debt to EBITDA of less than 9 times in fiscal 2004.

(3) Our Mid- to Long-Term Goals

The three major strategies embodied in the Tokyu Corporation Two Year Business Plan and aimed at meeting our objectives are outlined below:

(i) Strengthening Tokyu Corporation's Role as the Business Holding Company of the Group and optimizing our Business Portfolio

To strengthen Tokyu Corporation's position as the business holding company of the Tokyu Group and establish a consolidated management system, we have decided to concentrate business operations into two main business groups our Railway Headquarters and our Urban Development Headquarters, which supports the urban lifestyles of consumers mainly around our railway lines. Through wide-ranging transfer of decision making to these divisions we are now acting to clarify the distinction between management and execution and speeding up business execution. To strengthen our corporate headquarters function we have reorganized the former Corporate Headquarters and General Administration Department and included an integrated human resources division to form a Management Headquarters. We have also integrated and reorganized the group operations, group policy and finance sections into one department known as Finance, Accounting & Group Strategy Headquarters.

Formerly the Corporate Headquarters performed all administration of subsidiaries. To improve business efficiency this responsibility has been transferred to the relevant business division along with responsibility for personnel and these are described as functional subsidiaries. Listed subsidiary companies or subsidiaries that are not directly managed by operating divisions of Tokyu Corp. are being designated as portfolio companies that are valued in terms of the investment return they produce for Tokyu Corp. We aim to create a most appropriate portfolio for the group as a whole by ensuring that these portfolio companies are managed in line with the corporate philosophy and strategy of the group.

(ii) Strengthening Management by Introducing Common Performance Indicators

The Tokyu Group uses the principles of Economic Value Added (EVA), a concept developed by Stern Stewart & Co, as an internal management indicator whereby key performance indicators are set to establish a consistent approach to measuring business results. We have established a forum, the Group Management Committee, where company financial results are evaluated and the progress of our business is assessed. We have also established a Strategic Human Resources Committee to discuss and decide human resources matters including remuneration. In these ways we are strengthening our management structure.

(iii) Clarifying the Business Domain of Tokyu and Maintaining Growth

An important issue for the Tokyu Corporation Group is our ability to encourage consumption of our services, on and around our railway lines against the background of Japan's declining population. Our business domain is our railway lines and the surrounding areas and we will exercise a policy of selection and concentration to focus our businesses on the two fields of railways and urban lifestyle in order to drastically strengthen our business foundations. At the same time as we shift from an asset based to a cash flow based business we will develop a third area of core business.

Tokyu Corporation aims to steadily implement the measures embodied in our Two Year Business Plan as we seek to maximize shareholder value.

(4) Policy and Considerations with regard to a reduction in the investment unit

For Tokyu's shares to achieve an appropriate price on the stock market, it is important that there is share liquidity and the participation of a large number of investors, and we believe that reducing the minimum share-trading unit is one way to achieve these aims. We believe however that our shares are currently highly liquid and that reducing the minimum share trading unit will increase administration costs and other expenses, and we cannot confirm at this current point in time that there is agreement that this will be of mutual benefit to our shareholders. Consequently, we will continue to examine reducing the minimum share trading unit all the while taking into consideration our stock price, liquidity of the stock market and the number of shareholders.

(5) Dividend Policy

Railway operations constitute the main business of Tokyu Corp. 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, ensure 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 Oimachi-Futakotamagawa stretch of the Oimachi Line, and for quadruple tracking on the Den-en Toshi Line between Futako-tamagawa and Mizonokuchi. These measures have been taken to ease congestion on the Toyoko and Den-en Toshi Lines, and to build an efficient transport network that will stimulate greater use of the Meguro and Oimachi Lines. We have taken the decision to establish a mutual direct train service between the Toyoko Line and Subway Line No. 13 to strengthen the function of the Toyoko Line in the metropolitan area transport network and increase the attractiveness of Shibuya, and we expect to spend ¥76.0 billion on construction to shift the Daikanyama-Shibuya stretch of the Toyoko Line underground. 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. In regard to the fiscal year ended March 2005, we intend to maintain our stable dividend policy and pay an annual dividend of ¥5 per share again in the current fiscal year. In the future we aim to maintain a stable dividend policy while also boosting shareholder value and increasing our income per share.

(6) Implementing Sound Corporate Governance

To enhance the value of our business for the benefit of all our stakeholders, we have focused management resources on emphasizing and strengthening the following three business aims;
Sustainability, through selecting business domains and management systems that enable continued growth; **Visibility**, through fulfilling our vision of building sound operational structures and systems; and **Accountability**, which ensures that management fulfills its responsibility to explain its actions to stakeholders.

(i) Improving Corporate Organization and Internal Control Systems

To enhance the decision making process, we established the Tokyu Group Corporate Executive

Committee as the ultimate policy and decision-making body for the Group. The Committee is led by the chairman of the board of Tokyu Corporation (representative of the Tokyu Group) and aims to adapt quickly to changes in our operating environment. It is responsible for managing the development of the Group's businesses, implementing funding policies, evaluating the performance of each company within the Group and managing the development of the Tokyu brand. It also ensures that the Group adheres to the commercial code and that management maintains a high level of transparency. Of course, all important issues that are required by the Japanese Commercial Code to be deliberated by the board of directors will continue to be subject to the final decision of the board.

The Board of Directors currently has 21 members of which three are external directors. None of the external directors has any special beneficial relationship with Tokyu as individuals. Furthermore, in April 2003 we implemented changes to our organizational structure that devolved significantly more responsibility to each business division. The new measures clarify the responsibilities for management and execution and speed up business decision-making and also clarify the distinction between decision-making at board level and oversight of business execution by the auditing function.

We utilize an auditing system and 4 of our 5 auditors are external auditors. None of the external auditors has any special beneficial relationship with Tokyu as individuals. A regular monthly meeting is held by accounting auditors, regular auditors and the company to exchange information on the status of accounting auditing practice and on the audit of the company and our affiliates.

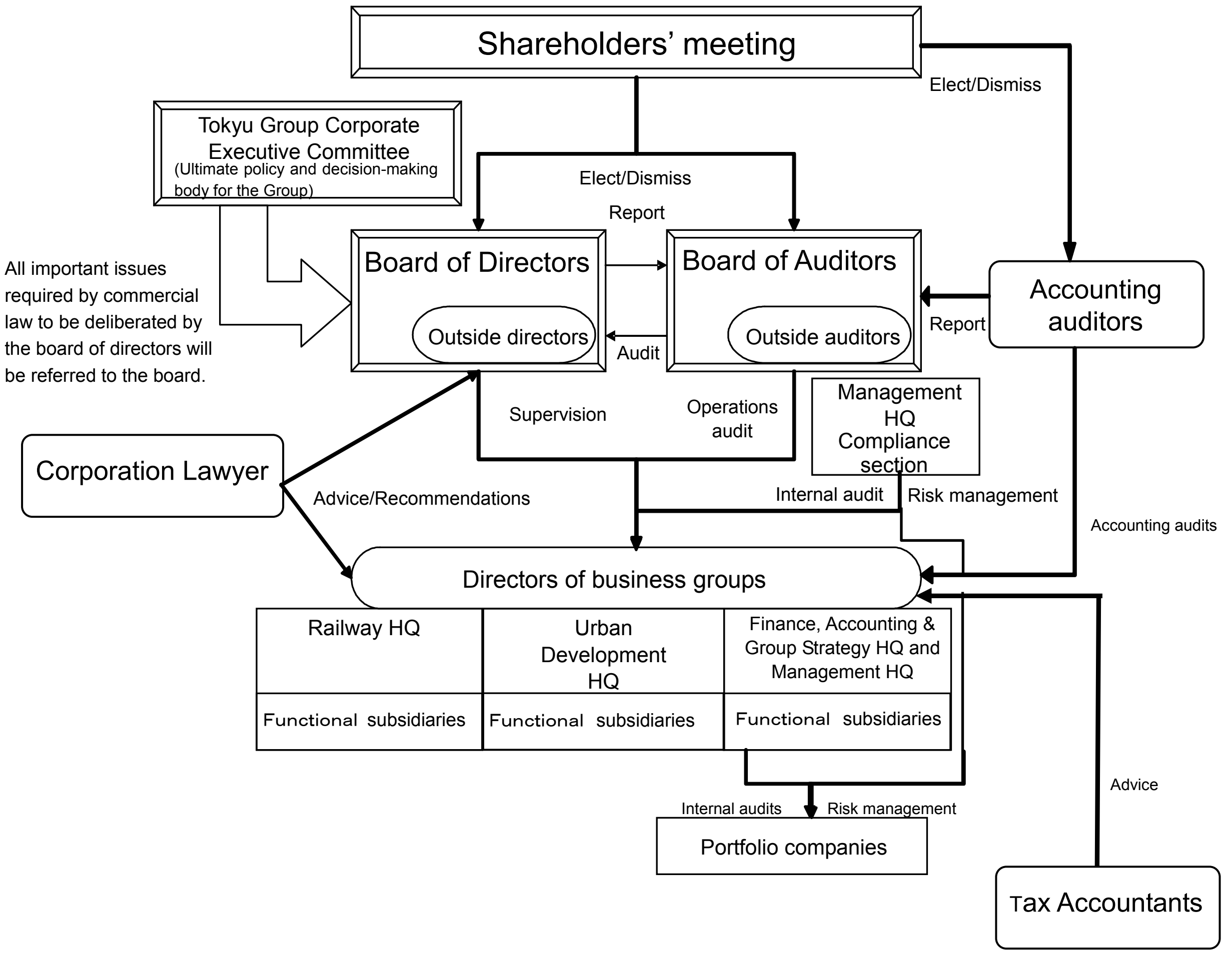
(ii) Improvement of Risk Management

We established a specialized department for internal audits and risk management (the Compliance Section) in the Management Headquarters, which also conducts training and other activities as required, to strengthen risk management through compliance operations.

In terms of risk management, we have formulated a risk control policy for risk awareness and appraisal of each business. Based on this policy, we have developed a risk report that summarizes the implementation procedures in regards to risk and while managing risk control we also monitor control and improvement. If necessary, we also amend the control policy.

In regard to compliance, in January 2002 we formulated the Tokyu Group Compliance Manual, which outlines to stakeholders the basic principles of conduct of the group that may have an influence on the corporate brand value of the group. Furthermore, based on our group philosophy and group compliance code we have established Tokyu Corporation Rules of Behavior for directors and employees.

An outline of the corporate governance structure of Tokyu Corporation is shown in the following chart:



3. Review of Operations and Financial Position

(1) Review of Operations

(i) Overview of interim period

During the first half of fiscal 2004 the business environment saw strong capital expenditure driven by improvement in corporate profits, but while a mild recovery was seen in individual consumption, in the latter half of the period under review a surge in crude oil prices and other factors gave some cause for concern.

Against this backdrop, 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.

Following the demerger of Tokyu Construction Co., Ltd. the results of its construction business have been excluded from the consolidated results for the interim period. Also, as a result of our sale of shares in Tokyu Tourist Corporation that company has been excluded from the scope of the consolidated accounts, while the fixed asset disposal costs that we reported in fiscal 2003 as a result of progress made in large-scale railway improvement works declined. As a result, consolidated operating revenue declined 25.2% compared to the first half of last fiscal year, to ¥513.37 billion, while consolidated operating profit rose 43.0% to ¥46.30 billion. Recurring profit rose 81.2% to ¥41.61 billion on the back of reduced interest expenses and improved contributions from investments accounted for by the equity method, while net income for the period fell 35.5% to ¥17.53 billion yen.

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

Transportation

Our railway business benefited from the mutual direct service operating between the Toyoko and the Minato Mirai lines, and in order to boost demand throughout our entire network we ran special direct train services feeding through from the Tokyo Metro Hibiya line to the Toyoko and the Minato Mirai lines during the Golden Week and the summer holidays. We also upgraded service schedules on the Setagaya line in April, and worked hard to improve passenger convenience and promote demand.

To improve customer service at the station level, we promoted the training of “service assistants” (certified by the non-profit Nippon Care-fit Service Association) so that elderly and physically challenged customers can use the rail service with no undue concerns. We also installed more station based facilities such as elevators and multifunctional toilets to improve barrier-free access, and also set up electronic schedule boards – service information displays - to provide accurate and timely information on service conditions to our customers.

While there was some influence on the operating performance of our railway business from the reduction in the number of passengers carried due to the phasing out of the Yokohama – Sakuragicho portion of the Toyoko line, new demand was generated by the start of mutual direct services operating between the Toyoko and the Minato Mirai lines and the improved convenience of the rail network based on improved scheduling. These factors contributed to an overall 0.1% increase in passengers carried compared to the first half of last fiscal year (reflecting a 1.1% increase in commuter passes, and a 1.5% decline from non-commuter pass custom). The numbers of passengers carried by our consolidated subsidiaries continued to decline.

Bus operations saw new services start in the Tokyo region and strengthening of services on popular routes, but sluggish growth on existing routes led to lower passenger numbers overall. Regional bus operations, primarily in Hokkaido, also experienced a decline in passengers on both regular services and charters.

Our domestic cargo transportation business saw increased competition as a result of deregulation, lower fares and tariffs, and increased costs due to safety and environmental measures, which combined to produce lower revenues. In the international cargo business, our exports saw increased revenues reflecting growth in the amount of automobile parts handled in line with firm automobile production. Imports also saw increased revenues on the back of increased goods handled.

As a result, our overall transport business reported operating revenues of ¥130.83 billion, a 0.3% increase compared to the first half of last fiscal year, and a 20.6% increase in operating profits to ¥24.51 billion.

Real Estate

Our real estate sales business saw aggressive sales of built-for-sale housing, housing land and condominiums, primarily in the Tama Garden City development project.

In real estate leasing, we engaged in focused marketing to maintain high occupancy rates in our leased properties, and also pursued efforts to strengthen our product value through the steady implementation of renovations. We also promoted the further enhancement of station facilities and actively promoted the use of company-owned land.

The operating environment of our real estate management continued to be tough as Tokyu Facility Service Co., Ltd. competed amid intensifying competition for new business and tender prices declined, while this business was also affected by the relocation of tenants and lower unit prices.

As a result of the above factors operating revenue from our overall real estate business fell 4.6%, to ¥82.00 billion compared with the first half of last fiscal year, while operating profit rose 75.0% to ¥13.50 billion.

Retail

The commercial environment of our retail business worsened as little benefit was seen from improvements in personal consumption, and this business was affected by ongoing intense competition and the impact of the introduction of the obligation to display retail prices including consumption tax.

Tokyu Store Chain Co., Ltd., continued to open new outlets while revitalizing existing mainly large-scale outlets and also improved its lineup of high-quality products matched to local market characteristics, extended store hours while reviewing operations at participating stores and aggressively expanded business opportunities at stores with the most potential to increase revenues. While the food business was hit by a record-breaking hot summer and as customers were reluctant to buy following the introduction of the new pricing system that displays retail prices inclusive of the consumption tax、results were firm as a result of the positive impact of the opening of new outlets. However, sales of apparel and daily necessities were lackluster, as the addition of new store tenants reduced sales space even while the company improved its lineup of quality products high-quality products matched to local market characteristics.

As a result, compared to the first half of last fiscal year, operating revenue from our retail business overall declined 0.4% to ¥191.63 billion, while operating profit rose 25.4% to ¥3.34 billion.

Leisure and Services

Our CATV operation, its communications Inc., enjoyed a steady increase in both broadcast and communications services subscribers, with 449,881 households subscribing at the end of the first half of this fiscal year. Tokyu Tourist Corporation ceased to be a subsidiary following the sale of shares in the company in March 2004, and its results have not been consolidated.

As a result, operating revenue from our overall leisure and services business fell 28.4% to ¥31.23 billion, while operating profit was ¥1.33 billion, an improvement of ¥1.45 billion compared to the first half of fiscal 2003.

Hotels

In our hotels business, the business environment remained tough on the back of increasingly severe competition as fewer people make use of hotels as new establishments emerge in line with the redevelopment of urban centers, economical lodging-oriented hotels spring up one after the other in regional cities, and as the wedding market diversifies. Against this backdrop, Tokyu Hotel Chain Co., Ltd experienced reduced revenues as the unit price of guest rooms declined. Nevertheless efforts were made to increase the revenue generation of each hotel through aggressive capital expenditure, while attracting tenants that draw in customers to our hotels via attractive concessions. We also aimed to reduce costs by exploiting our economies of scale as a hotel chain by promoting joint buying policies, and via the introduction of energy saving devices. The average occupancy rate at the 48 directly managed Tokyu Hotel Chain Co., Ltd outlets rebounded one percentage point compared to a year ago to 79.9%, reflecting a recovery at hotels affected by the SARS outbreak last year.

As a result of these factors, revenue from overall hotel business operations fell 5.3%, to ¥51.48 billion, while operating profit rose 152.7% to ¥1.98 billion compared to the first half of last fiscal year.

Others

The rolling stock market saw reduced shipments to private railway corporations by Tokyu Car Corp. amid a slump in domestic demand, but large increases in shipments to JR companies were recorded and exports also increased.

As a result of the separation of the business of the former Tokyu Construction Co., Ltd. (now TC Properties Co., Ltd) in October 2003 the value and importance of construction businesses in the group have declined and are included in the 'Other' business segment.

As a result, overall revenues for Other Businesses rose 48.8%, to ¥50.87 billion and operating profit was ¥1.30 billion, an improvement of ¥1.56 billion.

(ii) Outlook for the full business year

In regard to the outlook for business results for the full year to March 31, 2005, as a result of our demerger of Tokyu Construction Co., Ltd. the results of its construction business are excluded from the consolidated results. Also, as a result of our sale of shares in Tokyu Tourist Corporation that company is no longer consolidated, while the fixed asset disposal costs that we reported in fiscal 2003 as a result of progress made in large-scale railway improvement works will decline. As a result, consolidated operating revenue for fiscal 2004 is forecast to decline by 15.0% to ¥1.04 trillion and operating profit to rise 23.9% to ¥72.0 billion. Recurring profit is forecast to rise 17.1% to ¥62.0 billion, while net income for the period is expected to improve by ¥40.8 billion to ¥28.5 billion due to reductions in extraordinary losses such as the impairment losses that were recorded in fiscal 2003.

The forecasts for each operating segment are as follows:

Billions of yen

	Operating revenue		Operating profit	
	Fiscal 2004	YoY change	Fiscal 2004	YoY change
Transportation	261.2	(0.9)	37.6	17.2
Real Estate	166.1	(2.2)	19.1	(1.4)
Retail	385.1	0.4	7.3	0.3
Leisure and Services	59.7	(26.5)	1.6	0.2
Hotels	104.3	(4.7)	3.1	(0.4)
Construction	---	(211.1)	---	(2.5)
Other	107.9	17.0	2.4	(0.3)
Total	1,084.3	(228.0)	71.1	13.0
Eliminations	(44.3)	44.6	0.9	0.8
Consolidated	1,040.0	(183.4)	72.0	13.8

(2) Financial Position

Total assets as of September 30, 2004 were ¥1,958.06 billion, ¥52.07 billion lower than at the end of March 2004. Total liabilities were ¥1,717.44 billion, a reduction of ¥61.37 billion. Shareholders' equity stood at ¥168.16 billion, up ¥7.19 billion from March 31, 2004.

Consolidated Cash Flows

Net cash generated by operating activities was ¥64.27 billion, an increase of ¥27.58 billion compared to the previous interim period, reflecting interim net profits before tax and other adjustments of ¥29.28 billion yen, ¥26.73 billion of depreciation expenses, along with ¥11.88 billion in appraisal losses on real-estate for sale.

Net cash of ¥32.67 billion was generated from investing activities, a change of ¥56.51 billion from the net cash used in investing activities in the first half of fiscal 2003. Continued aggressive capital investment in the quadruple tracking of railway lines, resulted in expenditure on the purchase of fixed assets of ¥44.57 billion, but income of ¥58.63 billion was generated from the sale of fixed assets and ¥7.53 billion was generated from subsidies received for construction etc.

Net cash used in financing activities mainly for the repayment of loans and redemption of bonds was ¥97.60 billion, an increase of ¥98.26 billion compared to the previous interim period.

As a result, cash and cash equivalents at the end of the interim period stood at ¥41.79 billion, ¥879 million less than at March 31, 2004.

The group's cash flow-related indicator trends were as follows:

	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2003 H1	Fiscal 2004 H1
Equity ratio (%)	6.3	6.0	8.0	7.6	8.6
Market price based equity ratio (%)	18.3	15.9	37.0	21.1	29.3
Debt service coverage ratio (years)	23.5	14.1	11.8	---	---
Interest coverage ratio (times)	1.8	3.2	4.0	2.5	5.8

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 fiscal period by the total number of shares outstanding at the end of the fiscal period.
3. Operating cash flow figures are obtained from the consolidated cash flow statements.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets

Assets	As of September 30, 2004	As of March 31, 2004	Change	As of September 30, 2003
	Millions of yen			
Current Assets	**361,225**	**391,461**	**(30,235)**	**553,776**
Cash and deposits	35,536	35,142	393	59,979
Trade notes & accounts receivable	102,078	106,316	(4,237)	191,621
Securities	186	266	(79)	356
Inventories	179,793	201,883	(22,089)	233,036
Deferred tax assets	12,589	16,346	(3,757)	18,571
Other current assets	32,364	35,704	(3,340)	55,261
Allowance for doubtful accounts	(1,322)	(4,198)	2,875	(5,050)
Fixed Assets	**1,596,839**	**1,618,680**	**(21,840)**	**1,937,938**
Tangible fixed assets	1,187,691	1,238,795	(51,104)	1,544,589
Buildings & Structures	526,301	540,285	(13,984)	597,673
Rolling stock & machinery	54,899	65,165	(10,265)	71,146
Land	453,799	488,263	(34,463)	545,813
Construction in progress	134,238	125,081	9,157	307,912
Others	18,451	20,000	(1,548)	22,044
Intangible fixed assets	33,462	33,917	(455)	39,996
Investments & Others	375,685	345,966	29,718	353,352
Investment securities	165,928	179,854	(13,925)	189,514
Long-term loans receivable	645	1,512	(867)	3,012
Deferred tax assets	69,363	51,031	18,331	57,836
Others	156,785	134,537	22,248	118,552
Allowance for doubtful accounts	(17,038)	(20,969)	3,931	(15,562)
Total Assets	**1,958,065**	**2,010,141**	**(52,075)**	**2,491,715**

Liabilities, Minority Interests and Shareholders' Equity

Liabilities	*Millions of yen* As of September 30, 2004	As of March 31, 2004	Change	As of September 30, 2003
Current Liabilities	**625,436**	**646,169**	(20,732)	**1,057,476**
Trade notes & accounts payable	80,396	92,992	(12,595)	179,958
Short-term debt	319,517	354,557	(35,040)	520,529
Commercial paper	—	—	—	29,000
Current portion of long-term debt.	44,600	45,201	(601)	44,201
Accrued income taxes	19,578	3,575	16,003	4,842
Reserve for employees' bonuses.	12,896	12,407	489	14,301
Reserve for loss on business investment	—	—	—	16,490
Advances received	69,610	58,647	10,963	151,575
Other	78,836	78,788	48	96,578
Long-term Liabilities	**1,055,595**	**1,094,780**	**(39,184)**	**1,125,685**
Corporate bonds	336,598	339,698	(3,100)	338,700
Long-term debt	452,841	505,387	(52,545)	504,966
Reserve for employees' retirement benefits	47,503	47,773	(269)	82,194
Reserve for directors' retirement benefits	2,815	3,547	(732)	3,342
Deposits from tenants and club members	133,843	134,311	(467)	143,006
Deferred tax liabilities	25,876	23,399	2,476	21,720
Deferred tax liabilities from land revaluation	7,421	7,424	(3)	7,392
Consolidation adjustment account	11,723	13,680	(1,956)	9,827
Other	36,971	19,557	17,414	14,534
Special legal reserves	**36,415**	**37,875**	**(1,460)**	**39,344**
Urban Railways Improvement Reserve	36,415	37,875	(1,460)	39,344
Total Liabilities	**1,717,448**	**1,778,824**	**(61,376)**	**2,222,506**
Minority Interests				
Minority interests	**72,455**	**70,354**	**2,101**	**78,592**
Shareholders' Equity				
Common stock	108,820	108,820	—	108,819
Capital surplus reserve	82,946	128,066	(45,119)	128,126
Profit reserve	(38,386)	(95,287)	56,900	(56,160)
Land revaluation reserve	11,096	11,093	2	11,150
Unrealized holding gains (losses) on investment securities, net of taxes	15,653	20,379	(4,726)	13,156
Foreign currency translation adjustment account	(8,790)	(8,998)	207	(9,568)
Treasury stock, at cost	(3,179)	(3,112)	(66)	(4,907)
Net Shareholder's Equity	**168,160**	**160,962**	**7,198**	**190,615**
Total Liabilities, Minority Interests & Shareholders' Equity	**1,958,065**	**2,010,141**	**(52,075)**	**2,491,715**

(2) Consolidated Statements of Income

Millions of yen

	April 1, 2004 to Sept. 30, 2004	April 1, 2003 to Sept. 30, 2003	Change	April 1, 2003 to March 31, 2004
Operating revenue	**513,373**	**686,216**	**(172,843)**	**1,223,403**
Cost of operating revenue	467,066	653,838	(186,772)	1,165,283
Operating expenses & cost of sales (Transportation etc.)	394,503	554,648	(160,145)	980,164
SG&A expenses	72,562	99,189	(26,626)	185,118
Operating profit	**46,307**	**32,378**	**13,928**	**58,120**
Non-operating profit	8,503	11,200	(2,697)	27,310
Interest & dividends	1,016	1,329	(313)	1,969
Equity in profits of affiliates	1,673	—	1,673	7,340
Other income	5,813	9,870	(4,057)	17,999
Non-operating expenses	13,195	20,608	(7,412)	32,481
Interest	10,964	14,622	(3,658)	26,655
Equity in losses of affiliates	—	721	(721)	—
Other expenses	2,231	5,264	(3,032)	5,826
Recurring profit	**41,615**	**22,970**	**18,644**	**52,949**
Extraordinary gains	31,770	20,612	11,158	146,116
Extraordinary losses	44,105	32,481	11,624	226,672
Income before income taxes and minority interests	**29,280**	**11,102**	**18,178**	**(27,606)**
Income taxes	18,561	4,423	14,137	6,205
Income tax adjustment	(9,479)	(23,346)	13,866	(16,207)
Minority interests	2,661	2,818	(156)	(5,259)
Net income	**17,536**	**27,205**	**(9,669)**	**(12,345)**

Millions of yen

Notes	Six months to Sept. 30, 2004	Six months to Sept. 30, 2003	April 1, 2003 to March 31, 2004Fiscal 2003
Breakdown of extraordinary gains			
Gain on retirement benefit trust establishment	16,831	—	34,531
Gain on sale of fixed assets	6,910	1,960	21,651
Subsidies received for construction	34	3,175	59,266
Gain on transfer of the substitutional portion of employee pension fund liabilities	—	5,271	5,271
Gain on reversal of reserve for retirement benefit allowances	—	5,164	5,164
Breakdown of extraordinary losses			
Loss on sale of fixed assets	16,010	779	31,553
Loss on change of retirement benefit scheme	13,069	—	—
Appraisal loss on real estate for resale	11,883	2,330	8,065
Addition to business investment loss reserve	—	16,490	—
Impairment loss on fixed assets	—	—	87,613
Deferred loss on reduction in subsidies for construction received	34	2,104	46,272

(3) Consolidated Statement of Surplus

Millions of yen

	April 1, 2004 to Sept. 30, 2004	April 1, 2003 to Sept. 30, 2003	April 1, 2003 to March 31, 2004
Capital surplus reserve			
Capital surplus reserve at beginning of period	128,066	128,130	128,130
Increase in capital surplus reserve	36	—	0
Profit on disposal of own stock	36	—	—
Increase from conversion of convertible bonds	—	—	0
Decrease in capital surplus reserve	45,156	4	65
Reversal of capital surplus reserve	39,471	—	—
Cash dividends	5,684	—	—
Decrease resulting from loss on disposal of own stock	—	4	65
Capital surplus reserve at end of period	82,946	128,126	128,066
Profit reserve			
Profit reserve at beginning of period	(95,287)	(80,296)	(80,296)
Increase in profit reserve	57,008	27,218	446
Reversal of capital surplus reserve	39,471	—	—
Net income	17,536	27,205	—
Increase resulting from reduction of consolidated subsidiaries	—	—	431
Increase resulting from increase in subsidiaries equity-method affiliates	—	12	12
Reversal of land revaluation balance	—	—	2
Decrease in profit reserve	107	3,082	15,436
Directors' and statutory auditors' bonuses	105	185	185
Reversal of land revaluation balance	2	34	—
Net loss	—	—	12,345
Cash dividends	—	2,831	2,831
Decrease resulting from merger of consolidated subsidiaries	—	31	74
Profit reserve at end of period	(38,386)	(56,160)	(95,287)

(4) Consolidated Statements of Cash Flow

Millions of yen

	April 1, 2004 to Sept. 30, 2004	April 1, 2003 to Sept. 30, 2003	Change	April 1, 2003 to March 31, 2004
I. Cash flows from operating activities				
Income (loss) before income taxes	29,280	11,102	18,178	(27,606)
Depreciation and amortization	26,737	31,052	(4,315)	63,335
Amortization of consolidation adjusting account	(1,999)	(826)	(1,173)	3,076
Fixed asset impairment loss	—	—	—	87,613
Decrease in employees' retirement benefit reserve	(13,338)	(15,154)	1,815	(26,079)
Retirement benefit trust establishment amount	17,120	—	17,120	34,735
Gain on retirement benefit trust establishment	(16,831)	—	(16,831)	(34,531)
Loss on change of retirement benefit scheme	13,069	—	13,069	—
Gain on business transfer	—	—	—	(2,548)
Addition to business investment loss reserve	—	16,490	(16,490)	—
Decrease in Urban Railways Improvement Reserve	(1,460)	(1,455)	(4)	(2,924)
Subsidies received for construction	(34)	(3,175)	3,140	(59,266)
Reduction in contributions received for construction	34	2,104	(2,069)	46,272
Loss (Gain) on sale of subsidiaries' stock	9	(304)	314	(263)
Loss on revaluation of investment securities	216	227	(11)	1,692
Loss (Gain) on sale of property and equipment	9,100	(1,181)	10,281	9,901
Loss on disposal of fixed assets	1,840	4,175	(2,334)	30,176
Appraisal losses on real estate for sale	11,883	2,330	9,553	8,065
Appraisal losses on of fixed assets	—	—	—	5,549
Equity in losses (earnings) of equity-accounted affiliates	(1,673)	721	(2,394)	(7,340)
Decrease (increase) in accounts receivable	4,145	6,041	(1,896)	8,491
Decrease (increase) in inventories	10,100	61,961	(51,861)	64,926
(Decrease) increase in trade payables	(12,287)	(32,615)	20,327	(29,310)
(Decrease) increase in advances received	3,461	(25,734)	29,196	(26,542)
(Decrease) increase in guarantee deposits	(467)	(5,622)	5,155	(13,951)
Interest and dividend income	(1,016)	(1,329)	313	(1,969)
Interest paid	10,964	14,622	(3,658)	26,655
Other	(12,276)	4,947	(17,223)	(5,606)
Subtotal	76,578	68,377	8,201	152,550
Interest and dividends received	1,417	1,808	(390)	2,047
Interest paid	(11,160)	(14,432)	3,272	(26,764)
Income taxes paid	(2,556)	(19,059)	16,502	(21,944)
Net cash provided by operating activities	**64,278**	**36,693**	**27,584**	**105,888**
II. Cash flows from investing activities				
Payment for purchases of fixed assets	(44,571)	(41,763)	(2,808)	(100,503)
Proceeds from sale of fixed assets	58,631	7,481	51,150	76,127
Payments for investment securities	(25)	(14,723)	14,697	(18,976)
Proceeds from sale of investment securities	11,766	4,448	7,317	14,900
Payment for acquisition of subsidiaries' stock	(34)	(1)	(33)	—
Proceeds from sale of subsidiaries' stock	—	88	(88)	15
Decrease in cash and cash equivalents upon sale of subsidiaries' stock, resulting from changes in the scope of consolidation	(21)	—	(21)	(11,569)
Proceeds from sale of subsidiaries' stock, resulting from changes in the scope of consolidation	—	106	(106)	106
Proceeds from subsidies received for construction	7,539	14,145	(6,605)	23,627
Payment for disbursement of loans receivable	(444)	(130)	(314)	(732)
Proceeds from collection of loans receivable	1,296	251	1,045	1,269
Proceeds from repayment of investments	5	7,020	(7,015)	10,063
Other	(1,469)	(765)	(703)	(643)
Net cash used in investing activities	**32,672**	**(23,840)**	**56,512**	**(6,312)**

(4) Consolidated Statements of Cash Flow (continued)

	Millions of yen			
	April 1, 2004 to Sept. 30, 2004	April 1, 2003 to Sept. 30, 2003	Change	April 1, 2003 to March 31, 2004
III. Cash flows from financing activities				
Increase (decrease) in short-term debt, net	(39,286)	(60,533)	21,247	(121,804)
Proceeds from long-term debt	5,618	60,914	(55,296)	125,777
Repayment of long-term debt	(53,893)	(78,170)	24,277	(147,616)
Proceeds from issuance of commercial paper	17,000	29,000	(12,000)	29,000
Payment for redemption of commercial paper	(17,000)	—	(17,000)	(29,000)
Proceeds from issuance of bonds	39,759	67,433	(27,674)	70,422
Payment for redemption of bonds	(43,701)	(55,000)	11,299	(55,900)
Dividends paid by parent company	(5,684)	(2,831)	(2,853)	2,831
Proceeds from issuance of stock to minority shareholders	—	40,000	(40,000)	40,000
Dividends paid to minority shareholders	(312)	(329)	17	(617)
Other	(104)	180	(284)	1,040
Net cash used in financing activities	**(97,604)**	**662**	**(98,267)**	**(91,529)**
IV. Effect of exchange rate changes on cash and cash equivalents	4	149	(144)	(102)
V. Increase (decrease) in cash and cash equivalents	(649)	13,664	(14,314)	7,944
VI. Cash and cash equivalents at beginning of period	42,676	50,825	(8,149)	50,825
VII. Decrease due to exclusion from scope of consolidation	(230)	(28)	(201)	(40)
VIII. Increase due to inclusion in scope of consolidation	—	940	(940)	940
IX. Increase (Decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	—	7	(7)	(44)
X. Decrease in cash and cash equivalents resulting from demerger of subsidiaries	—	—	—	(16,948)
XI. Cash and cash equivalents at end of period	**41,796**	**65,408**	**(23,612)**	**42,676**

5. Basis of Presentation of Interim Consolidated Financial Statements

1. Scope of Consolidation

The Group comprises 208 consolidated subsidiaries, including Izukyu Corp., Tokyu Logistic Co., Ltd., and Tokyu Store Chain Co., Ltd. From the first half of this fiscal year, three new companies were established (Tokyu Will Co., Ltd. and two other) and have been included in the number of consolidated subsidiaries..

Toyoko Denko Co., Ltd, Shin Tokyu Shisetsu Co., Ltd. and one other company merged with other consolidated subsidiaries and are thus excluded from the number of consolidated subsidiaries. Also excluded are Tokyu Micronexia Development Corp., Taiyo Koku Co., Ltd. and five other companies that have been dissolved and ABLE FORCE FREIGHT LIMITED, which as a result of a sale of shares is no longer a subsidiary.

Additionally, Aizen-en Corp. was excluded from consolidation because it has no material effect on the consolidated financial statements due to the small scale of its operations.

2. Application of the Equity Method

Only one non-consolidated subsidiary, Aizen-en Corp., is accounted for by the equity method. Meanwhile, the 29 affiliates accounted for by the equity method include Tokyu Land Corp. and Tokyu Department Store Co., Ltd. Also, as a result of the sale of shares, Tokyu Hands Inc. and two other companies are no longer affiliates and the equity method is no longer applied.

3. Interim Period End of Consolidated Subsidiaries

Among the consolidated subsidiaries, Tokyu Air Cargo Co., Ltd. and 56 other companies close their books on an interim basis on June 30 or August 31. 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 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 Lifia Co., Ltd. and three other companies, and also Kyushu Tokyu Hotel Chain Co., Ltd close their books on an interim basis on November 30 or March 31. 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 balance sheet date.
(The entire difference between the carrying value and the market value is recognized in “Unrealized holding gains (losses) on securities”. 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.

(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: 2-75 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 are calculated by the straight-line method based on a period (15 years) that is less than the average remaining years of service of employees.

Additional information

In respect of employees of the Company and certain loan employees, a new defined contribution pension system was introduced as of October 1, 2004 and in accordance with the transfer of part of the lump-sum payment retirement allowance system to the defined contribution pension system the 'Accounting treatment for transfers between retirement allowance systems' (Corporate Accounting Standards Practice Guideline 1) will be applied. As a result an 'Extraordinary loss on change of retirement benefit scheme' of ¥13,069 million will be recorded.

(d) Reserve for directors' retirement benefit

Reserve for directors' retirement benefits is provided for on the basis of internal rules of the Company and consolidated domestic subsidiaries.

(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 mainly translated into yen amounts at the average exchange rate for the 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 Ueda Kotsu K.K., a consolidated subsidiary of the Company, relating to construction projects are accounted for by deducting the total amount of subsidy for the said construction project directly from the value of fixed assets once the project is completed. Similar subsidies in respect of Izukyu Corporation are accounted for as fixed assets without making a direct deduction.

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 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 the criteria for qualification for special hedge accounting. Currency swap contracts are allocated specific hedged risks when they meet the criteria for qualification.

(b) Hedging methods and risks hedged

Hedging methods: interest rate swaps, currency swaps

Risks hedged: bonds, loans payable

(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 instruments 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 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.

Notes to Interim Consolidated Financial Statements

(Notes to Interim Consolidated Balance Sheets)

	Millions of yen		
	As of Sept, 30 2004	As of March 31, 2004	As of Sept, 30, 2003
1. Accumulated depreciation of tangible fixed assets	686,438	756,275	807,355
2. Contingent liabilities	1,293	1,635	1,732
3. Notes discounted and endorsed	667	1,289	378
4. Pledged assets and secured liabilities			
Pledged assets			
Securities	15	14	199
	[---]	[---]	[---]
Buildings and structures	316,069	323,331	321,522
	[248,473]	[253,251]	[240,452]
Rolling stock & machinery	36,938	51,573	49,670
	[36,721]	[51,223]	[49,440]
Land	150,447	175,321	260,694
	[99,607]	[98,360]	[76,288]
Investment securities	134	354	4,264
	[---]	[---]	[---]
Inventory assets	8,347	9,812	17,623
	[---]	[190]	[---]
Other assets	21,800	17,726	24,799
	[9,228]	[5,149]	[5,885]
Total	533,753	578,134	678,775
	[394,031]	[408,176]	[372,067]
Secured liabilities			
Short-term loans payable	11,704	11,567	55,271
	[2,580]	[2,110]	[11,380]
Corporate bonds	4,900	5,400	8,801
	[3,000]	[3,000]	[6,201]
Long-term loans payable	372,512	404,538	447,522
	[243,986]	[255,688]	[275,061]
Others	8,151	896	1,382
	[119]	[156]	[556]
Total	397,269	422,402	512,978
	[249,685]	[260,955]	[293,199]

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

5. The allowance (End September 2004: ¥26,754 million; End March 2004: ¥26,401 million, End September 2003; ¥27,878 million) for “Claims in Bankruptcy and Claims in Receivership” included in the “Allowance for Doubtful Receivables” and accounted in the “Others” account in “Investments and Others,” have been deducted directly from the claims.

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

Tokyu Card, INC

	As of Sept, 30 2004	As of March 31, 2004	As of Sept, 30, 2003
Total loan commitments	94,716	90,917	90,627
Loans extended	3,139	2,748	2,511
Remaining commitment	91,577	88,168	88,116

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.

	As of Sept, 30 2004	As of March 31, 2004	As of Sept, 30, 2003
Total loan commitments	33,600	34,000	34,000
Loans extended	6,756	7,945	6,949
Remaining commitment	26,843	26,054	27,050

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.

	As of Sept, 30 2004	As of March 31, 2004	As of Sept, 30, 2003
Total loan commitments	230	230	230
Loans extended	65	---	40
Remaining commitment	165	230	190

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.

7. Total amount of construction payments directly deducted from purchase cost of fixed assets:

As of Sept, 30 2004	As of March 31, 2004	As of Sept, 30, 2003
126,504	126,654	89,263

(Notes to Interim Consolidated Cash Flow Statements)

Reconciliation of interim period end cash and cash equivalents to amounts shown in the interim consolidated balance sheets

	Millions of yen		
	As of Sept, 30 2004	As of Sept, 30, 2003	As of March 31, 2004
Cash and deposits	35,536	59,979	35,142
Term deposits with maturities longer than 3 months	(554)	(1,577)	(469)
Securities included in cash equivalents	57	57	57
Short-term loans included in cash equivalents	6,756	6,949	7,945
Cash and cash equivalents	41,796	65,408	42,676

5. Segment Information

(1) Segment information by business

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, 2003 – September 30, 2003

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Construction	Other	Total	Elimination/ Headquarters	Consolidated
Operating revenue/ Operating profit										
Operating revenue										
(1) Outside customers	127,528	72,111	180,355	42,828	54,178	183,354	25,860	686,216	---	686,216
(2) Inter-segment Internal revenues or transfers	2,974	13,854	11,959	776	179	18,397	8,334	56,476	(56,476)	---
Total	130,502	85,965	192,315	43,604	54,357	201,751	34,195	742,693	(56,476)	686,216
Operating expenses	110,171	78,246	189,650	43,722	53,572	199,762	34,458	709,583	(55,745)	653,838
Operating profit	20,331	7,719	2,665	(117)	785	1,989	(262)	33,110	(731)	32,378

April 1, 2003 – March 31, 2004

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Construction	Other	Total	Elimination/ Headquarters	Consolidated
Operating revenue/ Operating profit										
Operating revenue										
(1) Outside customers	256,490	148,520	366,748	84,825	108,721	188,278	69,818	1,223,403	---	1,223,403
(2) Inter-segment Internal revenues or transfers	5,642	19,875	17,895	1,378	356	22,862	20,981	88,991	(88,991)	---
Total	262,132	168,396	384,643	86,203	109,078	211,140	90,800	1,312,395	(88,991)	1,223,403
Operating expenses	241,773	147,819	377,732	84,852	105,514	208,575	88,075	1,254,342	(89,059)	1,165,283
Operating profit	20,358	20,577	6,911	1,351	3,563	2,565	2,725	58,052	67	58,120

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.

Previously a 'Construction' segment was disclosed but during fiscal 2003 the main subsidiary comprising the Construction segment, the former Tokyu Construction Co., Ltd. (now known as TC Properties Co., Ltd.,), separated its construction business which was succeeded by (New) Tokyu Construction Co., Ltd. (previously known as TC Holdings Co., Ltd.) an equity accounted affiliate. As a result the value and importance of construction businesses in the group have declined and from the current fiscal period are included in the 'Other' business segment. As a result, and compared to the former segmental classification, in the interim period the operating revenue of the 'Other' business segment has increased by ¥6,018 million (of which operating revenue of ¥3,929 million was from transactions with outside customers) and operating profit declined by ¥237 million (of which operating profit of ¥237 million was from transactions with outside customers).

2. Description of operating segments
   - Transportation: railway operations, bus operations and cargo transportation
   - Real Estate: real estate sales, real estate leasing and real estate management
   - Retail: retail operations and general trading operations
   - Leisure and Services: Golf course operations and CATV operations
   - Hotels: hotel operations
   - Other: maintenance of rolling stock for railway operations

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

(2) Geographical Segment Information

Interim period: April 1, 2004 – September 30, 2004; Previous interim period: April 1, 2003 - September 30, 2003; Previous fiscal year: April 1, 2003 – March 31, 2004

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, 2004 – September 30, 2004; Previous interim period: April 1, 2003 - September 30, 2003; Previous fiscal year: April 1, 2003 – March 31, 2004

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

6. Leases

The company is disclosing this information in electronic form and in accordance with provisions of the Securities Law of Japan Article 27-30-6 therefore information on leases is omitted form this document.

7. Securities

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

Millions of yen

	As of Sept, 30 2004			As of March 31, 2004			As of Sept, 30, 2003		
	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.JGBs/ Municipal bonds	40	40	0	30	30	0	191	193	1
2.Corporate bonds	---	---	---	---	---	---	---	---	---
3.Others	32	32	0	74	74	---	118	118	0
Total	72	72	0	105	105	0	310	312	1

(2) Other securities (with market quotations)

Millions of yen

	As of Sept, 30 2004			As of March 31, 2004			As of Sept, 30, 2003		
	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. Stocks	45,336	71,150	25,814	39,996	72,038	32,042	60,107	84,056	23,946
2. Bonds									
JGBs/ Municipal Bonds	79	80	0	79	81	2	94	98	4
Corporate bonds	80	82	2	80	83	3	80	83	3
Others	--	--	--	--	--	--	--	--	--
3.Other securities	3,183	4,099	916	4,184	4,179	(4)	337	285	(51)
Total	48,679	75,412	26,732	44,339	76,382	32,042	60,619	84,523	23,902

Note: The acquisition cost represents book value after accounting for impairment losses. In ‘Other securities with market quotations’ the following amounts were accounted for as impairment losses: Fiscal 2004 interim period - ¥202 million; Fiscal 2003 - ¥50 million; Fiscal 2003 interim period - ¥63 million.

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

Millions of yen

	As of Sept, 30 2004	As of March 31, 2004	As of Sept, 30, 2003
	Book value	Book value	Book value
1. Bonds held to maturity			
Matured interest-bearing JGBs	---	---	30
Privately placed bonds	0	1	1
2. Other securities			
Unlisted stock (excluding OTC stock)	29,369	39,721	36,442
Medium-term JGBs fund	26	26	26
Free financial fund	22	22	22
Money management fund	9	9	9

8. Derivative Transactions

The company is disclosing this information in electronic form and in accordance with provisions of the Securities Law of Japan Article 27-30-6 therefore information on derivatives is omitted form this document.

9. Per Share Information

April 1, 2004 – September 30, 2004		April 1, 2003 – September 30, 2003		April 1, 2003 – March 31, 2004	
Net assets per share	¥148.21	Net assets per share	¥168.59	Net assets per share	¥141.75
Net income per share	¥15.46	Net income per share	¥24.07	Net loss per share	¥11.06
Net income per share (diluted)	¥14.41	Net income per share (diluted)	¥22.43	Diluted net income per share is not shown even though convertible bonds have been issued because a loss was reported.	

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

	April 1, 2004 – September 30, 2004	April 1, 2003 – September 30, 2003	April 1, 2003 – March 31, 2004
Net income per share: Net income(loss) (¥ million)	17,536	27,205	(12,345)
Amount not attributable to ordinary shareholders (¥ million)	—	—	159
(Of which bonuses paid to executive officers as part of the appropriation of surplus)	—	—	159
Net income (loss) attributable to ordinary shares	17,536	27,205	(12,505)
Average number of outstanding ordinary shares during the period (1,000 shares)	1,134,583	1,130,267	1,131,106
Net income per share (diluted):			
Net income adjustment (¥ million)	17	17	---
(Of which, interest expense (after deducting tax equivalent))	17	17	---
Increase in the number of ordinary shares (1,000 shares)	83,639	83,642	---
(Of which, convertible bonds (1,000 shares))	83,639	83,642	---
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.	--------------------	--------------------	51st Unsecured Convertible Bond: 49,585 thousand ordinary shares . 2007 Yen Denominated Convertible Bond: 34,055 thousand ordinary shares.

10. Important Subsequent Events

(1) At meetings of the Boards of Directors of Tokyu and Izukyu Corporation (Izukyu) held on February 27, 2004, it was decided to make Izukyu a wholly-owned subsidiary of Tokyu through a share exchange and on October 1, 2004 shareholders of Izukyu other than Tokyu exchanged each one common share they held in Izukyu for 1.5 shares of Tokyu and as a result Izukyu became a wholly-owned subsidiary of Tokyu.

Information on the company becoming a wholly-owned subsidiary:

Name	Izukyu Corporation
Location of headquarters	21-6, Dogenzaka 1-chome, Shibuya-ku, Tokyo
Representative	Yoshimi Yuasa, President
Capital	¥4,348 million (as of September 30, 2004)
Businesses	Railway business, Real estate business

(2) The Board of Directors of Tokyu resolved in a meeting held on September 27, 2004 to commence a tender offer for Tokyu Department Store Co., Ltd. (TDS) shares. As a result of the tender offer for the shares that commenced on September 28, 2004 and concluded on November 4, 2004, TDS became a subsidiary of Tokyu. In addition, as TDS became a subsidiary of Tokyu the percentage of the shares of Tokyu Agency Inc. (TAI) held by Tokyu and its subsidiaries increased and TAI became a subsidiary.

Furthermore, based on a memorandum of understanding agreed with TDS on September 27, 2004, a share exchange agreement was signed with TDS on November 15, 2004. Subject to approval at an extraordinary meeting of TDS shareholders' planned to be held in the latter part of January 2005, the share exchange day is planned to be April 1, 2005 and it is planned that shareholders of TDS other than Tokyu will be allocated 0.32 common shares of Tokyu for each one common share of TDS held.

Information on the companies becoming subsidiaries:

Name	Tokyu Department Store Co., Ltd.
Location of headquarters	24-1, Dogenzaka 2-chome, Shibuya-ku, Tokyo
Representative	Hirokazu Mizuta, President
Capital	¥ 37,707 million (as of July 31, 2004)
Business	Department store business

Name	Tokyu Agency Inc.
Location of headquarters	8-18, Akasaka 4-chome, Minato-ku, Tokyo
Representative	Kyoichi Kubo, President
Capital	¥3,637 million (as of September 30, 2004)
Business	Advertising agency business

APPENDIX – Tokyu Corporation
1. Summary of Financial results (Half-year)

Segment	April 1, 2004 to Sept. 30, 2004	April 1, 2003 to Sept. 30, 2003	Change	
	Millions of yen			%
Operating revenue				
Transportation	130,831	130,502	328	0.3
Real estate	82,007	85,965	(3,958)	(4.6)
Retail	191,634	192,315	(680)	(0.4)
Leisure and Services	31,233	43,604	(12,370)	(28.4)
Hotels	51,484	54,357	(2,872)	(5.3)
Construction	—	201,751	(201,751)	—
Other	50,870	34,195	16,675	48.8
Total	538,063	742,693	(204,630)	(27.6)
Elimination/Headquarters	(24,689)	(56,476)	31,787	(56.3)
Consolidated	513,373	686,216	(172,843)	(25.2)
Operating profit				
Transportation	24,510	20,331	4,178	20.6
Real estate	13,506	7,719	5,787	75.0
Retail	3,342	2,665	676	25.4
Leisure and Services	1,339	(117)	1,456	—
Hotels	1,984	785	1,199	152.7
Construction	—	1,989	(1,989)	—
Other	1,306	(262)	1,568	—
Total	45,988	33,110	12,878	38.9
Elimination/Headquarters	318	(731)	1,050	—
Consolidated	46,307	32,378	13,928	43.0
Equity method profit (loss)	1,673	(721)	2,394	—
Recurring profit	41,615	22,970	18,644	81.2
Net income	**17,536**	**27,205**	**(9,669)**	**(35.5)**

2. Summary of Forecasts (Full-year)

Segment	April 1, 2004 to March 31, 2005 *Forecast*	April 1, 2003 to March 31, 2004	Change	
	Millions of yen			%
Operating revenue				
Transportation	261,200	262,132	(932)	(0.4)
Real estate	166,100	168,396	(2,296)	(1.4)
Retail	385,100	384,643	456	0.1
Leisure and Services	59,700	86,203	(26,503)	(30.7)
Hotels	104,300	109,078	(4,778)	(4.4)
Construction	—	211,140	(211,140)	—
Other	107,900	90,800	17,099	18.8
Total	1,084,300	1,312,395	(228,095)	(17.4)
Elimination/Headquarters	(44,300)	(88,991)	44,691	(50.2)
Consolidated	1,040,000	1,223,403	(183,403)	(15.0)
Operating profit				
Transportation	37,600	20,358	17,241	84.7
Real estate	19,100	20,577	(1,477)	(7.2)
Retail	7,300	6,911	388	5.6
Leisure and Services	1,600	1,351	248	18.4
Hotels	3,100	3,563	(463)	(13.0)
Construction	—	2,565	(2,565)	—
Other	2,400	2,725	(325)	(11.9)
Total	71,100	58,052	13,047	22.5
Elimination/Headquarters	900	67	832	1,228.2
Consolidated	72,000	58,120	13,879	23.9
Equity method profit (loss)	2,700	7,340	(4,640)	(63.2)
Recurring profit	62,000	52,949	9,050	17.1
Net income	**28,500**	**(12,345)**	**40,845**	—