Tokyu Corporation

Consolidated Financial Statements
Fiscal 2003

(April 1, 2003 - March 31, 2004)

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For The Fiscal Year Ended March 31, 2004

Tokyu Corporation **May 17, 2004**

Stock Code:	9005	Listed exchanges:	Tokyo
URL:	www.tokyu.co.jp		
President	Kiyofumi Kamijo	Inquiries:	Kazuyoshi Kashiwazaki, Senior Manager
Date of the meeting of the board of directors:	May 17, 2004		Group Strategy & IR Division
U.S. GAAP: Not adopted		Telephone:	813 3477-6168

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2004

Amounts less than 1 million yen rounded down

1) Consolidated Operating Results

Millions of yen

	FY Ended March 31, 2004		FY Ended March 31, 2003	
		Change (%)		Change (%)
Revenue from Operations	1,223,403	(11.7)	1,385,438	30.9
Operating income	58,120	(24.4)	76,928	45.9
Recurring income	52,949	2.0	51,921	183.8
Net income	(12,345)	--	3,416	(71.3)
Net income per share (¥)	(11.06)		2.83	
Net income per share (diluted) (¥)	--		2.66	
Return on equity (%)	(7.9)		2.2	
Recurring income to total capital ratio (%)	2.3		2.1	
Recurring income revenue ratio (%)	4.3		3.7	

Notes: (1) Equity in income (losses) of equity-method affiliates:
FY ended March 31, 2004 7,340 million yen FY ended March 31, 2003: 2,514 million yen
(2) Weighted average number of shares (Consolidated):
FY ended March 31, 2004 1,131,106,403 shares FY ended March 31, 2003: 1,123,617,087 shares
(3) Changes in accounting methods have been applied.
(4) The percentage figures accompanying revenue, operating income, recurring income and net income represent year-on-year changes.

2) Consolidated Financial Position

	As of March 31, 2004	As of March 31, 2003
Total assets (¥, million)	2,010,141	2,511,153
Shareholders' equity (¥, million)	160,962	151,799
Equity ratio (%)	8.0	6.0
Shareholders' equity per share (¥)	141.75	134.13

Notes (1) Number of shares outstanding at fiscal year end. FY ended March 31, 2004 1,134,374,625 shares
FY ended March 31, 2003: 1,129,950,098 shares

3) Consolidated Cash Flows

Millions of yen

	FY Ended March 31, 2004	FY Ended March 31, 2003
Operating activities	105,888	104,298
Investing activities	(6,312)	(6,603)
Financing activities	(91,529)	(154,728)
Cash and cash equivalents at end of year	42,676	50,825

4) Scope of Consolidation and Adoption of the Equity Method:

Consolidated subsidiaries	216
Unconsolidated subsidiaries accounted for by the equity method	1
Affiliates accounted for by the equity method	32

5) Changes in Scope of Consolidation and Affiliates Accounted for under the Equity Method

Consolidated subsidiaries	(New)	2	(Excluded)	33
Affiliates accounted for by the equity method	(New)	2	(Excluded)	4

2. Consolidated Forecast for the Fiscal 2004 (April 1, 2004 – March 31, 2005)

Millions of yen

	Interim	Full year
Revenue from Operations	510,000	1,040,000
Recurring Income	31,200	59,200
Net Income	14,000	27,000

Reference: Forecast net income per share for the full year: ¥23.80

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 16 for more details on these forecasts.

1. The Tokyu Group

The Tokyu Group comprises 217 subsidiaries and 34 affiliates. Their main business operations are as follows.

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

(1) Transportation (46 companies)

Main businesses	Companies
Railway operations	Tokyu Corp., ; Izukyu Corp. #1 A, C; Ueda Kotsu Corp. #1
Bus operations	Tokyu Bus Corp. #1 A, B, 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
	36 other companies

(2) Real Estate (40 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;Tokyu Merchandising Development 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
	31 other companies

NOTE: The name of Tokyu Merchandising Development Co., Ltd. has been changed to TMD Corp. as of May 1, 2004.

(3) Retail (29 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. (formerly Toko Shoji) #1 A, B, D; Tokyu Hands Inc. #2 A, D
General trading operations	Kowa #1; Tokyu Geox Co., Ltd. #1 A, D
	21 other companies

(4) Leisure and Services (47 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
	40 other companies

NOTE: Following our sale of shares Tokyu Tourist Corp. is no longer a consolidated subsidiary.

(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) Construction (10 companies)

Main business	Companies
Construction	Tokyu Construction Co., Ltd. (formerly TC Holdings Co., Ltd.) #2 A; Seikitokyu Kogyo Co., Ltd. #2 A
	8 other companies

(7) Other (37 companies)

Main businesses	Companies
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	Shiroki Corp. #2
Telecommunications equipment sales	Toyoko Denko Co., Ltd. #1 B
Research activities	Tokyu Research Institute, Inc. #1 B
	32 other companies

NOTE: Toyoko Denko Co., Ltd. was merged into Toyoko Industry Co., Ltd. as of April 1, 2004.

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, Guam Pacific Tokyu Construction, Inc., 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 following companies are listed or registered on stock exchanges: Tokyu Corp., Seikitokyu Kogyo Co., Ltd., Tokyu Store Chain Co., Ltd., Tokyu Community Corp., Tokyu Livable, Inc. and Tokyu Construction Co., Ltd., are listed on the 1st Section of the Tokyo Stock Exchange. Tokyu Land Corp. is listed on the 1st Section of the Tokyo Stock Exchange and the Osaka Securities Exchange. Tokyu Department Store Co. Ltd. is listed on the 1st Section of the Tokyo Stock Exchange and on the Sapporo Securities Exchange. Shiroki Corp. is listed on the 1st Section of the Tokyo Stock Exchange and the Nagoya Stock Exchange. Izukyu Corp., Tokyu Recreation Co., Ltd., and Tokyu Logistic Co., Ltd. are listed on the 2nd Section of the Tokyo Stock Exchange. Nagano Tokyu Department Store Co., Ltd. is registered on the JASDAQ OTC market.
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 the End of the Fiscal Year:

Transportation

Railway Operations: The Company operates seven railway lines and a streetcar line –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 kilometers. After January 30, 2004 services on the portion of the Toyoko Line between Yokohama and Sakuragicho were discontinued and as of February 1, 2004 direct mutual services commenced on the Minato Mirai Line (between Yokohama and Motomachi-Chukagai). 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. During fiscal 2003 Tokyu Corp. transferred the operations of 6 golf courses to the consolidated subsidiaries that had been managing the courses.

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.

Tokyu Tourist Corp. and 10 of its subsidiaries are no longer consolidated following our sale of shares in Tokyu Tourist on March 31, 2004.

Hotels

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

In April 2003, the Company transferred its hotel business to Tokyu Hotel Chain Co., Ltd.

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

Construction

Affiliate New Tokyu Construction Co., Ltd. (formerly TC Holdings 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. The consolidated subsidiary formerly known as Tokyu Construction Co., Ltd. (now TC Properties) separated its business on October 1. 2003, its construction business was continued by affiliate New Tokyu Construction Co., Ltd. and TC Properties is a real estate company.

Other

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. The company also produces and markets transportation machinery and equipment parts.

2. Management Policy

(1) Our Fundamental Operating Policy

Tokyu Group's roots began with the establishment of Meguro-Kamata Railway Company in 1922 and as of the end of March, 2004 the Group is composed of 324 companies and 9 corporate bodies, 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 is working 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 Policy 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 income plus depreciation expenses) to less than 9.3 times so achieving our 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 in order to promote growth into the 21st century. 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 our objectives for fiscal 2004 are for net consolidated interest-bearing debt of less than 10 times operating cash flow and consolidated return on equity (ROE) of 10% or more. 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. Net consolidated 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, ROE is a useful indicator of the profitability of a company. Our aim is to have one of the highest ROE of the major Japanese railway companies.

We also intend to continue to target the key financial ratio of interest-bearing debt to EBITDA (operating income plus depreciation expenses). 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:

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. Subsidiary companies that are not directly managed by listed companies or business divisions will be designated as portfolio companies that are valued in terms of the investment return they produce for the group. 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.

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 Resources Committee to discuss and decide human resources matters including remuneration. In these ways we are moving to strengthen our management structure.

Clarifying the Business Domain of Tokyu and Maintaining Growth

An important issue for the Tokyu 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 continue 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 enhance 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 Meguro Line and quadruple tracking of lines between Tamagawa and Hiyoshi on 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 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 direct train service between the Toyoko Line and Subway 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. While we have not yet decided whether to recommend an interim dividend payment for fiscal 2004, we intend to pay a final dividend of ¥5 per share again in the current fiscal year. In the future our aim is to maintain the same stable dividend policy into the future 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.

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 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 law to be deliberated by the board of directors will continue to be subject to the final decision of the board.

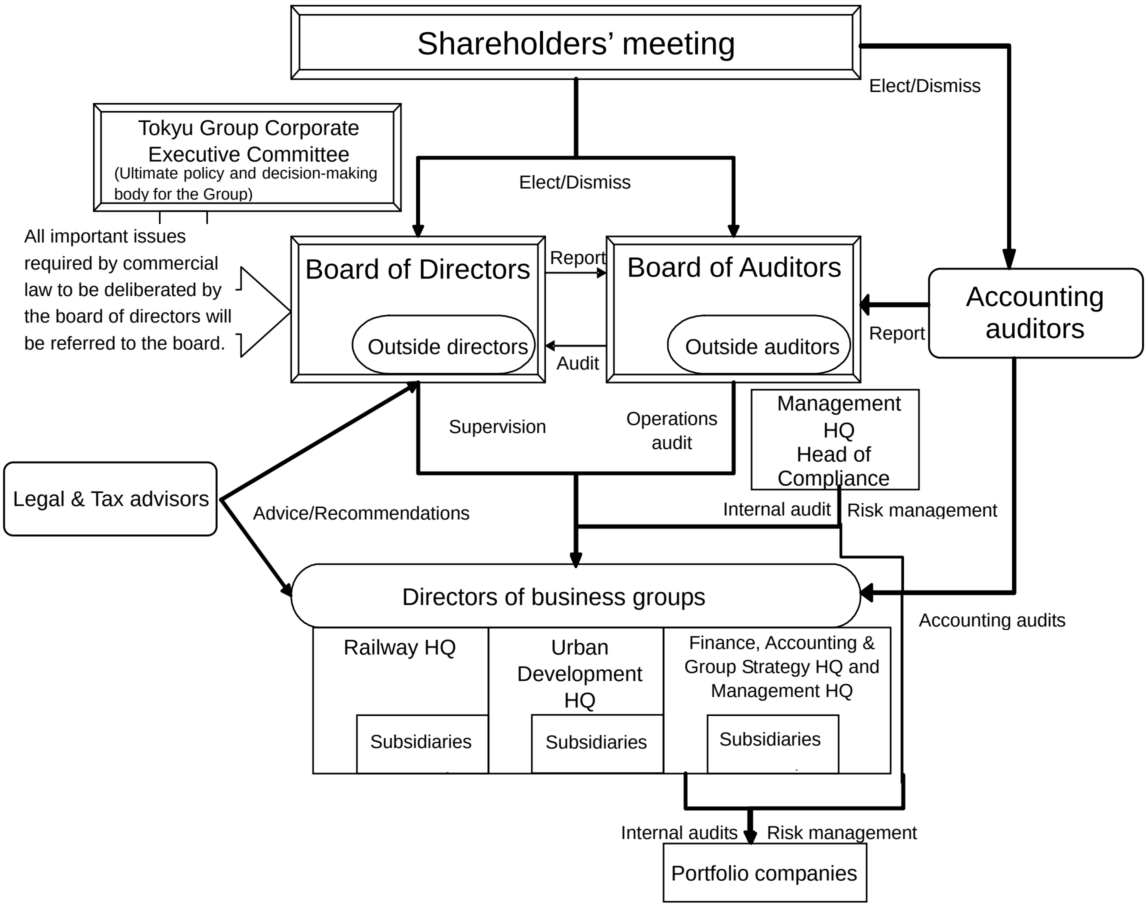
Moreover, in April 2003 we implemented changes to our organizational structure that devolved significantly more responsibility to each business division. The new measures clarify the responsibilities for management and execution and to speed up business decision-making and also clarify the distinction between decision-making at board level and oversight of business execution by the auditing function. The Board of Directors currently has 21 members of which three are external directors.

External director Yoshizumi Nezu is president of Tobu Railway Co., Ltd., which is involved in the same type of business as Tokyu Corporation and through our mutual connections with Tokyo Metro's Hanzomon Line direct services are provided between our Denentoshi Line and the Tobu Isezaki and Nikko lines. External director Shigeru Okada is president of Toei Kogyo Real Estate, which is involved in the same type of business as Tokyu Corporation. External director Masatake Ueki is president and representative director of Tokyu Land Corporation, which is involved in the same type of business as Tokyu Corporation and which has facilities leasing contracts with Tokyu Corporation. All of these transactions are routine and as individuals none of the external directors has any beneficial relationship with Tokyu Corporation.

We utilize an auditing system and four of our five auditors are external auditors. Senior External auditor Shigetada Miyazaki has no beneficial relationship with the company. External auditor Takahide Sakurai is chairman of The Dai-ichi Life Insurance Company, which is a major shareholder of Tokyu Corporation shares with a holding of 7.4 %. External auditor Josei Itoh is chairman of Nippon Life Insurance Company, which is a major shareholder of Tokyu Corporation shares with a holding of 7.0%. External Auditor Takeshi Nagano is special Advisor to Mitsubishi Materials Corporation. As individuals none of the external auditors have any beneficial relationship with the company.

A regular meeting is held monthly 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.

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



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. These establish how to deal with the risk factors in our business and in these ways we aim to strengthen our risk management through compliance.

3. Review of Operations and Financial position

1. Review of Operations

(1) Overview of Fiscal 2003

During fiscal 2003, while the Japanese economy experienced a modest economic recovery as exports increased on the back of recoveries in the US and Asian economies, and improvements in corporate profits drove-up capital expenditure, private consumption continued to lack vigor.

Against this backdrop, our group (Tokyu Corporation, its consolidated subsidiaries and equity-method affiliates) pursued a forward-looking sales policy in each individual business area, at the same time as working to increase operational efficiency and reduce costs.

In fiscal 2003, consolidated revenue from operations profit declined 11.7% year on year to ¥1.22 trillion, and consolidated operating income of ¥58.12 billion was down 24.4% year on year, following the demerger of Tokyu Construction Co., Ltd. (now known as TC Properties Co., Ltd.) which saw the construction business balance excluded from the consolidated accounts in the second half of the year. Also, Gold Pak Co., Ltd ceased to be a consolidated subsidiary, and fixed asset disposal costs increased in line with the progress made in large-scale improvement projects in our railway business. However, consolidated recurring income rose 2.0% year-on-year to ¥52.94 billion on the back of increases in equity-method investment profits and other factors. While we reported extraordinary profits of ¥146.1 billion yen including subsidies received for construction and profit on the establishment of a retirement benefit trust, net losses for fiscal 2003 were ¥12.34 billion as we reported extraordinary losses of ¥226.6 billion including ¥87.61 billion yen of impairment losses based on our early adoption of impairment accounting.

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

(1) Transportation
Railway Operations

In our railway operations, as part of our ‘Service up 109’ policy that was introduced in April 2002 to improve services at all our stations, we have aimed to enhance the so-called ‘softer’ aspects of customer service, via such activities as the ‘Go! Go! Comfort Declaration’ service campaign, the deployment of qualified ‘Service helpers’ at stations, and the receipt of ISO 9001 certification relating to the improvement and standardization of station operations. Also, in January 2004 we converted the Tokyu multiple-trip tickets to a value-based system from a section-based system, while in February we introduced a ‘Lost property search system’ at each station to facilitate inquiries and searches for property left on trains and at stations. At the same time we continued to aim for improved customer convenience via the thorough implementation of barrier-free and safety policies.

In terms of upgrading and expanding our railway network, in February, the conversion to underground operation of the Higashi Hakuraku–Yokohama portion of the Toyoko line was completed and mutual direct connection of the Toyoko and Minato Mirai lines commenced resulting in the direct connection of Shibuya with the city center of Yokohama. We continue to make progress in improving our railway network connections. These now include a mutual direct service between our Meguro Line, the Tokyo Metro Nanboku line and the Toei Mita line, which commenced in September 2000, a connection between the Rinkai line and our Oimachi line at Oimachi station made in December 2002, and direct mutual connections between our Denentoshi line and the Tobu Isezaki and Nikko lines through the Tokyo Metro Hanzomon line, which began in March 2003. We are now engaged in work aimed at the creation of a mutual direct service between the Toyoko line and the Subway No. 13 line.

Operating results from our railway division benefited from the positive effect of timetable revisions implemented in March 2003 on all lines, which helped us to achieve a 1.7% year-on-year increase in the passenger numbers, and a 1.3% increase in revenue from operations, though profits declined due to increases in fixed asset disposal expenses and depreciation costs. Continued declines were seen in total passengers carried by the consolidated subsidiaries Izukyu Corporation and Ueda Kotsu Corporation.

Bus Operations

While bus operations saw a decline in total passengers carried over existing routes in the Tokyo region, increased revenues were achieved due to the launch of new routes. In regional areas, particularly in Hokkaido, increased revenues were achieved due to the transfer of certain routes.

Cargo Transportation

In our cargo transportation business Tokyu Logistic Co., Ltd. continued to expand its range of business activities, such as providing outsourcing management services for distribution centers, and continued to pursue business development in the area around Tokyu's railway lines. We have also focused on realizing integration benefits via such avenues as the aggressive pursuit of new business orders from existing cargo clients but increased competition as a result of deregulation and lower transportation rates led to lower revenues.

International cargo operations saw increased revenues on the back of robust performances in the handling of automobile parts and digital home electrical products.

As a result of the above factors, revenues from transportation operations overall declined 0.6% year-on year to ¥262.1 billion, while operating income declined 44.4% to ¥20.35 billion.

(2) Real Estate

In our real estate sales business, although consolidated subsidiaries achieved sales of large-scale properties to corporate clients, and sales of built-for-sale housing and housing land, mainly at our Tama Garden City development (which celebrated its 50th year) were also strong, profits declined year on year.

Our real estate leasing business experienced increasingly severe competition as numerous large-scale office-buildings were opened in central Tokyo. However, we were able to maintain high occupancy rates through intensive marketing activity and to enhance the attractiveness of our existing buildings through the steady implementation of renewal works.

Our real estate management business continued to operate in a severe business environment as existing clients renegotiated leases and we saw increased competition for new business from our competitors. The monetary amount of tenders from government and other public offices also declined. However, we were able to stabilize and strengthen our operating base by promoting operational efficiency and cost management.

As a result of these factors, operating revenue from our overall real estate business rose 13.2% year-on-year to ¥168.39 billion, while operating income declined by 26.2% to ¥20.57 billion.

Also in fiscal 2003, we reported extraordinary losses of ¥9.34 billion from land improvement and compensation expenses for a site at Saginuma 4-chome, Miyamae-ku, Kawasaki City. We acquired the land in April 1995, and sold it as a condominium development plot in March 2002. Construction work was commenced on the condominiums in January 2003, but during those works a subterranean object was discovered buried in the earth, which on examination was revealed to be polluting the soil. We have submitted a written report to Kawasaki City requesting them to specify the parties responsible for the pollution, and cancelled the land sale contract. As we were not the party responsible for the pollution we are seeking to have the previous owners assume the costs for land pollution measures and looking to establish responsibility by identifying the responsible party.

(3) Retail

The retail industry in Japan continues to operate in a severe environment as product prices continue to fall as a result of deflation. However, our consolidated subsidiary, Tokyu Store Co., Ltd. opened new stores while closing unprofitable outlets and rejuvenating existing large-scale outlets at the same time as proceeding with the creation of sales outlets adapted to specific localities with a mix of unique tenants and directly controlled operations.

As a result of these factors, operating revenue from the overall retail business fell 2.4% year-on-year to ¥384.64 billion, while operating income increased 24.9% to ¥6.91 billion.

(4) Leisure and Services

Our travel agency business saw demand for overseas travel enter a serious slump for both business and tourist travel as the outbreak of SARS on a global scale saw the Japanese government issue numerous advisory notices urging travelers to refrain from traveling to infected regions, all of which acted as an added blow in the wake of the outbreak of war in Iraq. While a recovery in travel demand has been seen from the second half of the fiscal year following the official end to the Iraq war and the end of the SARS epidemic, the level of overseas travel business continued to be well below the levels seen in the previous fiscal year. However, we managed to increase profits due to the implementation of major cost-cutting measures, in particular personnel costs.

Our CATV operation, its communications Inc., saw increased revenues on the back of increases in subscribers to both its broadcast and communications services.

As a result, operating revenue from the overall leisure and services operations fell 3.1% year on year to ¥86.23 billion, while operating income was ¥1.35 billion, a ¥3.09 billion improvement from the operating loss recorded last year.

(5) Hotels

Tokyu Corporation transferred its hotel business operations to consolidated subsidiary Tokyu Hotel Chain Co., Ltd. on April 1, 2003, and based on a unified strategy we have implemented a business model aimed at improving competitiveness and profitability and achieving first-class operational efficiency.

Influenced by SARS and the Iraq war our domestic hotel business experienced reduced demand for accommodation from non-Japanese clients including European and US business clients and Asian tourists, and the occupancy ratio at the 49 outlets directly managed by Tokyu Hotel Chain Co., Ltd. fell 0.1 percentage points year-on-year to 78.8%.

As a result, revenue from hotel operations overall fell 7.0% year on year to ¥109.07 billion, while operating income recovered by ¥6.24 billion from last year’s loss to reach ¥3.56 billion yen.

(6) Construction

In our construction business, the consolidated subsidiary formerly known as Tokyu Construction Co., Ltd. (now known as TC Properties Co., Ltd.) demerged on October 1, 2003, and responsibility for our construction business division was continued by New Tokyu Construction Co., Ltd. (formerly known as TC Holdings Co., Ltd.). As a result operating profit and loss for the continuing construction business is included in the consolidated accounts for the first half of the fiscal year only.

As a result, overall revenue from construction operations fell 45.5% year-on-year to ¥211.1 billion, and operating income fell 73.1% to ¥2.56 billion yen.

(7) Other businesses

The domestic market was sluggish for our rolling stock business but Tokyu Car Corp. conducted aggressive sales activity based mainly on proposals for and marketing of standardized rolling stock for commuter trains, and secured orders in excess of initial plans. While we shipped rolling stock for export to the Irish national railway company, shipments to JR and the private railway companies in Japan fell, resulting in reduced revenues.

Also, Toyoko Industry Co., Ltd. saw increased revenues due to such factors as increased orders for work on raised line crossings and station improvement projects.

The food processing company Gold Pak Co., Ltd ceased to be a consolidated subsidiary from the end of fiscal 2002, following a share transfer.

Tokyu Car Corporation was included within the scope of the consolidated accounts from the previous fiscal year but as the share exchange day was at the start of the second half of the previous fiscal year, its profits and losses for fiscal 2002 are consolidated only for the second half of that fiscal year.

As a result of these factors, overall revenues for Other Businesses fell 18.5% year-on-year to ¥90.8 billion, while operating income rose 3.0% to ¥2.72 billion.

2. Outlook for Fiscal 2004

In regard to the outlook for fiscal 2004 demerger of the former Tokyu Construction Co., Ltd., will result in the results of its construction businesses being excluded from the scope of consolidation and Tokyu Tourist Corporation will also be excluded from the scope of consolidation following our sale of shares. Also the fixed-asset disposal costs that we have incurred along with major improvement works to our railway network will decline. As a result, for the year to March 31, 2005 and compared to fiscal 2003 we are forecasting a 15.0% decline in operating revenue to ¥1,040 billion, a rise of 23.2% in operating income to ¥71.6 billion, and recurring income of ¥59.2 billion yen, an 11.8% rise.

We also expect to report net income of ¥27.0 billion, an improvement of ¥39.3 billion compared to fiscal 2003, based on a reduction in extraordinary losses, such as reductions in deferred losses on reductions in subsidies received for construction and in the asset impairment losses reported in fiscal 2003.

The projections for each operating segment are as follows:

	Billions of yen			
	Revenue from Operations		Operating Income	
	Fiscal 2004	YoY change	Fiscal 2004	YoY change
Transportation	261.7	(0.4)	38.6	18.2
Real Estate	163.6	(4.7)	18.1	(2.4)
Retail	385.3	0.6	7.7	0.7
Leisure and Services	60.2	(26.0)	1.4	0.0
Hotels	107.3	(1.7)	3.3	(0.2)
Construction	15.5	(195.6)	0.4	(2.1)
Other	87.5	(3.3)	2.1	(0.6)
Total	1,081.1	(231.2)	71.6	13.4
Eliminations	(41.1)	47.8	0.0	(0.0)
Consolidated	1,040.0	(183.4)	71.6	13.4

2. Financial position

Total assets as of March 31, 2004 were ¥2,010.14 billion, down ¥501.01 billion compared to a year earlier. Total liabilities were ¥1,778.82 billion, down ¥539.08 billion and shareholders equity was ¥160.96 billion, up ¥9.16 billion on a year earlier.

Consolidated Cash Flows

Net cash provided by operating activities in fiscal 2003 was ¥105.88 billion, little changed year on year. Significant factors included the net loss for the fiscal year of ¥27.60 billion before taxes and other adjustments, depreciation of ¥63.33 billion, impairment losses of ¥87.61 billion, loss on disposal of property and equipment related to such factors as the completion of work on mutual direct servicing of the Minato Mirai line of ¥30.17 billion and payments of corporate and other taxes of ¥21.94 billion. Net cash used in investment activities was similar to the previous fiscal year at ¥6.31 billion, as we continued aggressive forward looking capital expenditure related to work on the quadruple tracking of lines resulting in payment for purchase of property and equipment of ¥100.50 billion. However, this was offset by proceeds from the sale of property and equipment of ¥76.12 billion and subsidies received for construction of ¥23.62 billion. Net cash used in financing activities was ¥91.52 billion, ¥63.19 billion less than fiscal 2002, reflecting repayment of debt and redemption of corporate bonds.

As a result, cash and cash equivalents at the end of fiscal 2003 stood at ¥42.67 billion, ¥8.14 billion less than at the end of the preceding fiscal year.

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

	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003
Equity ratio (%)	5.6	6.3	6.0	8.0
Market price based equity ratio (%)	24.0	18.3	15.9	37.0
Debt service coverage ratio (years)	16.9	23.5	14.1	11.8
Interest coverage ratio (times)	2.3	1.8	3.2	4.0

Equity Ratio = shareholders equity/total assets

Market price based equity ratio = market capitalization/total assets

Debt service coverage ratio (years) = interest bearing debt/operating cash flow

Interest coverage ratio = operating cash flow/total interest paid

Notes: 1. Each ratio is calculated on a consolidated basis.

2. Market capitalization is calculated by multiplying the share price at the end of the fiscal year by the total number of shares outstanding at the end of the fiscal year.

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

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets			
	Millions of yen		
Item	Fiscal 2003 As of March 31, 2004	Fiscal 2002 As of March 31, 2003	Change
(Assets)			
Current Assets	**391,461**	**590,353**	**(198,892)**
Cash and deposits	35,142	47,071	(11,929)
Trade notes & accounts receivable	106,316	195,232	(88,916)
Securities	266	553	(286)
Inventories	201,883	288,239	(86,355)
Deferred tax assets	16,346	16,002	344
Other current assets	35,704	48,304	(12,600)
Allowance for doubtful accounts	(4,198)	(5,049)	851
Fixed Assets	**1,618,680**	**1,920,800**	**(302,120)**
Tangible fixed assets	1,238,795	1,564,739	(325,943)
Buildings & Structures	540,285	615,475	(75,190)
Rolling stock & machinery	65,165	72,566	(7,401)
Land	488,263	538,426	(50,162)
Construction in progress	125,081	315,461	(190,379)
Others	20,000	22,809	(2,809)
Intangible fixed assets	33,917	38,350	(4,432)
Investments & Others	345,966	317,709	28,256
Investment securities	179,854	155,549	24,304
Long-term loans receivable	1,512	3,151	(1,639)
Deferred tax assets	51,031	44,970	6,061
Others	134,537	130,183	4,354
Allowance for doubtful accounts	(20,969)	(16,144)	(4,824)
Total Assets	**2,010,141**	**2,511,153**	**(501,012)**

Liabilities, Minority Interests and Shareholders' Equity			
	Millions of yen		
Item	Fiscal 2003 As of March 31, 2004	Fiscal 2002 As of March 31, 2003	Change
(Liabilities)			
Current Liabilities	**646,169**	**1,130,481**	**(484,312)**
Trade notes & accounts payable	92,992	207,114	(114,122)
Short-term debt	354,557	562,300	(207,742)
Current portion of long-term debt	45,201	55,900	(10,699)
Accrued income taxes	3,575	19,491	(15,916)
Reserve for employees' bonuses	12,407	14,154	(1,747)
Reserve for loss of business investment	--	14,865	(14,865)
Advances received	58,647	167,626	(108,978)
Others	78,788	89,028	(10,240)
Long-term Liabilities	**1,094,780**	**1,146,629**	**(51,848)**
Corporate bonds	339,698	314,201	25,497
Long-term debt	505,387	533,835	(28,448)
Reserve for employees' retirement benefits	47,773	97,423	(49,650)
Reserve for directors' retirement benefits	3,547	3,679	(132)
Guarantee deposits	134,311	148,633	(14,322)
Deferred tax liabilities	23,399	20,521	2,878
Deferred tax liabilities from land revaluation	7,424	7,351	72
Consolidation adjustment account	13,680	11,124	2,555
Others	19,557	9,856	9,700
Special legal reserves	**37,875**	**40,800**	**(2,924)**
Urban Railways Improvement Reserve	37,875	40,800	(2,924)
Total Liabilities	**1,778,824**	**2,317,911**	**(539,086)**
(Minority Interests)			
Minority interests	**70,354**	**41,442**	**28,911**
(Shareholders' Equity)			
Common stock	108,820	108,819	1
Capital surplus reserve	128,066	128,130	(64)
Profit reserve	(95,287)	(80,296)	(14,990)
Land revaluation reserve	11,093	11,093	0
Unrealized holding gains (losses) on securities	20,379	(1,142)	21,521
Foreign currency translation adjustment account	(8,998)	(9,670)	671
Treasury stock	(3,112)	(5,135)	2,022
Total Shareholder's Equity	**160,962**	**151,799**	**9,162**
Total Liabilities, Minority Interests & Shareholders' Equity	**2,010,141**	**2,511,153**	**(501,012)**

(2) Consolidated Statements of Income

	Millions of yen			
Item	Fiscal 2003 From April 1, 2003 to March 31, 2004	Fiscal 2002 From April 1, 2002 to March 31, 2003	Change	Percentage Change
Revenue from operations	**1,223,403**	**1,385,438**	**(162,035)**	**(11.7)**
Cost of revenue from operations	1,165,283	1,308,510	(143,227)	(10.9)
Operating expenses & cost of sales (Transportation etc.)	980,164	1,116,063	(135,898)	(12.2)
SG&A expenses	185,118	192,447	(7,328)	(3.8)
Operating income	**58,120**	**76,928**	**(18,807)**	**(24.4)**
Non-operating income	27,310	13,833	13,476	97.4
Interest & dividends	1,969	1,452	517	35.7
Equity in profits of affiliates	7,340	2,514	4,826	192.0
Other income	17,999	9,866	8,132	82.4
Non-operating expenses	32,481	38,839	(6,357)	(16.4)
Interest	26,655	33,000	(6,345)	(19.2)
Other expenses	5,826	5,839	(12)	(0.2)
Recurring income	52,949	**51,921**	**1,027**	**2.0**
Extraordinary gains	146,116	80,696	65,419	81.1
Extraordinary losses	226,672	119,245	107,427	90.1
Income before income taxes	**(27,606)**	**13,373**	**(40,980)**	**--**
Income taxes	6,205	27,000	(20,795)	(77.0)
Income tax adjustment	(16,207)	(14,230)	(1,977)	13.9
Minority interests in losses of consolidated subsidiaries	5,259	2,813	2,445	86.9
Net income	**(12,345)**	**3,416**	**(15,762)**	**--**

	Millions of yen	
Note	Fiscal 2003	Fiscal 2002
Breakdown of extraordinary gains		
Subsidies received for construction	59,266	17,618
Gain on establishment of trust for retirement benefits	34,531	--
Gain on sale of property and equipment	21,651	52,242
Breakdown of extraordinary losses		
Asset impairment loss	87,613	--
Deferred loss on reduction in subsidies for construction received	46,272	10,774
Loss on sale of property and equipment	31,553	22,268
Appraisal loss on real estate for sale	8,065	13,045
Appraisal loss on fixed assets	5,549	20,077
Addition to business investment loss reserve	--	14,865

(3) Consolidated Statements of Surplus

	Millions of yen	
Item	Fiscal 2003 From April 1, 2003 To March 31, 2004	Fiscal 2002 From April 1, 2002 To March 31, 2003
Capital surplus reserve		
Capital surplus reserve at beginning of year	128,130	120,702
Increase in capital surplus reserve	0	7,428
Increase from conversion of convertible bonds	0	--
Increase resulting from share exchange	--	7,381
Profit on disposal of own shares	--	46
Decrease in capital surplus reserve	65	--
Decrease resulting from loss on disposal of own shares	65	--
Capital surplus reserve at end of year	128,066	128,130
Profit reserve		
Profit reserve at start of year	(80,296)	(72,983)
Increase in profit reserve	446	4,616
Increase resulting from reduction in subsidiaries	431	--
Increase resulting from increase in subsidiaries of equity-method affiliates	12	--
Reversal of land revaluation balance	2	--
Net income	--	3,416
Increase resulting from reduction in equity-method affiliates	--	1,173
Increase resulting from merger of consolidated subsidiaries	--	25
Decrease in profit reserve	15,436	11,929
Decrease resulting from net loss	12,345	--
Dividends	2,831	5,594
Directors' bonuses	185	223
Decrease resulting from merger of subsidiaries	74	--
Decrease resulting from change in accounting period of subsidiaries	--	4,490
Decrease resulting from merger of subsidiaries of equity-method affiliates	--	1,528
Reversal of land revaluation balance	--	64
Decrease resulting from change in accounting period of equity-method affiliates	--	28
Profit reserve at end of year	(95,287)	(80,296)

(4) Consolidated Statements of Cash Flows

	Millions of yen		
Item	Fiscal 2003	Fiscal 2002	
	From April 1, 2003 to March 31, 2004	From April 1, 2002 to March 31, 2003	Change
I. Cash flows from operating activities			
Income (loss) before income taxes	(27,606)	13,373	(40,980)
Depreciation	63,335	66,911	(3,576)
Amortization of consolidation adjusting account	3,076	12,923	(9,847)
Fixed asset impairment loss	87,613	--	87,613
(Decrease) increase in employees' retirement benefit reserve	(26,079)	(17,417)	(8,662)
Retirement benefit trust establishment amount	34,735	--	34,735
Retirement benefit trust establishment gain	(34,531)	--	(34,531)
Gain on business transfer	(2,548)	--	(2,548)
Decrease in liabilities of affiliates accounted for by equity method	--	(3,432)	3,432
Increase in business investment loss reserve	--	14,865	(14,865)
(Decrease) in Urban Railways Improvement Reserve	(2,924)	(2,971)	46
Subsidies received for construction	(59,266)	(17,618)	(41,647)
Reduction in contributions received for construction	46,272	10,774	35,497
(Gain) loss on sale of subsidiaries' stock	(263)	1,713	(1,977)
(Gain) loss on sale of parent company stock held by subsidiaries	84	(35)	119
Loss on revaluation of investment securities	1,692	10,573	(8,880)
(Gain) loss on sale of property and equipment	9,901	(29,974)	39,875
Loss on disposal of property and equipment	30,176	17,680	12,495
Loss on revaluation of real estate for sale	8,065	13,045	(4,980)
Loss on revaluation of fixed assets	5,549	20,077	(14,528)
Equity in losses (earnings) of equity-method affiliates	(7,340)	(2,514)	(4,826)
Decrease (increase) in accounts receivable	8,491	(15,503)	23,994
Decrease in inventories	64,926	49,615	15,311
(Decrease) increase in accounts payable	(29,310)	9,433	(38,744)
(Decrease) in advances received	(26,542)	(27,784)	1,242
(Decrease) in guarantee deposits	(13,951)	(7,259)	(6,691)
Interest and dividend income	(1,969)	(1,452)	(517)
Interest paid	26,655	33,000	(6,345)
Other	(5,690)	5,646	(11,337)
Subtotal	152,550	153,674	(1,124)
Interest and dividends received	2,047	1,664	382
Interest paid	(26,764)	(32,927)	6,162
Income taxes paid	(21,944)	(18,113)	(3,831)
Net cash provided by operating activities	**105,888**	**104,298**	**1,590**
II. Cash flows from investing activities			
Payment for purchase of securities	--	(29)	29
Proceeds from sale of securities	321	313	7
Payment for purchase of property and equipment	(100,503)	(129,364)	28,860
Proceeds from sale of property and equipment	76,127	112,523	(36,395)
Payment for purchase of investment securities	(18,976)	(5,274)	(13,702)
Proceeds from sale of investment securities	14,900	4,380	10,520
Payment for purchase of subsidiaries' stock	--	(7,471)	7,471
Proceeds from sale of subsidiaries' stock	15	96	(81)

Payment for purchase of subsidiary stock, resulting in changes in the scope of consolidation	--	(7,722)	7,722
Loss on sale of subsidiaries stock, resulting in changes in the scope of consolidation	(11,569)	--	(11,569)
Proceeds from sale of subsidiary stock, resulting in changes in the scope of consolidation.	106	4,218	(4,111)
Proceeds from subsidies received for construction	23,627	18,836	4,790
Disbursement of loans receivable	(732)	(1,596)	864
Collection of loans receivable	1,269	6,010	(4,740)
Repayment of investments	10,063	20	10,043
Other	(964)	(1,543)	579
Net cash used in investing activities	**(6,312)**	**(6,603)**	**290**
III. Cash flows from financing activities			
Increase (decrease) in short-term debt, net	(121,804)	(93,673)	(28,130)
Proceeds from long-term debt	125,777	92,325	33,452
Repayment of long-term debt	(147,616)	(135,289)	(12,326)
Proceeds from issuance of commercial paper	29,000	10,000	19,000
Redemption of commercial paper	(29,000)	(18,000)	(11,000)
Proceeds from bond issue	70,422	33,771	36,650
Payment for redemption of bonds	(55,900)	(37,640)	(18,260)
Gain on sale of parent company stock held by subsidiaries	590	350	239
Dividends paid by parent company	(2,831)	(5,594)	2,763
Proceeds from issuance of stock to minority shareholders	40,000	117	39,882
Dividends paid to minority shareholders	(617)	(578)	(39)
Other	450	(517)	967
Net cash used in financing activities	**(91,529)**	**(154,728)**	**63,198**
IV. Effect of exchange rate changes on cash and cash equivalents	(102)	(1,883)	1,780
V. Increase (decrease) in cash and cash equivalents	7,944	(58,916)	66,860
VI. Cash and cash equivalents at beginning of period	50,825	99,735	(48,909)
VII. Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	(40)	(1,344)	1,304
VIII. Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	940	10,077	(9,137)
IX. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	(44)	1,273	(1,318)
X. Decrease in cash and cash equivalents resulting from demerger of subsidiaries	(16,948)	--	(16,948)
XI. Cash and cash equivalents at end of period	**42,676**	**50,825**	**(8,149)**

5. Basis of Presentation of Consolidated Financial Statements

1. Scope of Consolidation

The Tokyu Group comprises 216 consolidated subsidiaries, including Izukyu Corp., Tokyu Logistic Co., Ltd., and Tokyu Store Chain Co., Ltd.

Both T.H. Properties, which was the successor company following the separation of consolidated subsidiary Tokyu Hotel Chain Co., Ltd., and Taura Development, in which Tokyu Corporation increased its voting rights, were included within the scope of consolidation. Tokyu Golf Course, Tokyo Tsuun Co., Ltd, and six other companies have merged with other consolidated subsidiaries and are thus excluded from the number of consolidated subsidiaries. Kitami Tokyu Store, Tokyu Van Corporation and six other companies have been dissolved and thus excluded from consolidation, while following the sale of shares Tokyu Tourist Corporation and ten of its subsidiaries, along with Tokyu Herbhill Golf Club and two other subsidiaries are also excluded from consolidation. Following the demerger of Tokyu Construction Co., Ltd. (now known as TC Properties Co., Ltd.) Token Sangyou Co., Ltd. and two other companies are no longer subsidiaries and are therefore excluded from consolidation.

Based on the corporate demerger of October 1, 2003, as the construction business of Tokyu Construction Co., Ltd. (now known as TC Properties Co., Ltd.,) was succeeded by (New) Tokyu Construction Co., Ltd. (previously known as TC Holdings Co., Ltd.,) to which the equity method is applied, profits and losses for the construction business were consolidated for the first half of the fiscal year only and its assets and liabilities have not been consolidated.

As the sale of shares in Tokyu Tourist Corporation and ten subsidiaries (all December year end companies) were carried out on March 31, 2004, only their profits and losses have been consolidated. 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 32 affiliates accounted for by the equity method include Tokyu Land Corp. and Tokyu Department Store Co., Ltd.

With the establishment of (New) Tokyu Construction Co., Ltd. (previously known as TC Holdings) and also the merger of Gold Pak Co., Ltd with our affiliate GP Holdings our equity holding has increased and these companies have become affiliates to which the equity method is applied.

In addition, as a result of sale of shares in J-Travel Nagoya Co., Ltd. and the merger of GP Holdings with Gold Pak Co., Ltd, these companies are no longer affiliates so the equity method is not applied. Chokanchan Tokyu Construction Co., Ltd. is no longer included as an affiliate following the demerger of subsidiary Tokyu Construction Co., Ltd. (now known as TC Properties Co., Ltd.), and Taura Development became a consolidated subsidiary so is no longer accounted for by the equity method.

The newly established TMS is an affiliate. However as the effect on the consolidated financial statements would be immaterial this company has been treated as an affiliate to which the equity method is not applied.

3. Fiscal Year End of Consolidated Subsidiaries

Among the consolidated subsidiaries, Tokyu Air Cargo Co., Ltd. and 57 other companies close their books on a full-year basis on either December 31 or February 29. With the exception of Kyushu Tokyu Hotel Chain financial statements as of their respective balance sheet dates were used for the preparation of consolidated financial statements. The consolidated financial statements were adjusted for material transactions between the fiscal year-end of subsidiaries and the Tokyu Group's balance sheet date.

Among the consolidated subsidiaries, Tokyu Lifia and four other companies and Kyushu Tokyu Hotel Chain close their books on a full-year basis on May 31 or September 30. These were adjusted to reflect the financial position and results of operations as of and for years ended March 31,2004.

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 capitalized. 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 specific identification method or the weighted average (for the region) method. Other inventories are valued at cost, which is determined either by the specific identification method, the weighted average method at cost or the lower of cost or market method, the last cost method, the first-in-first-out method at cost, the retail method or the moving average method at cost or the lower of cost or market method.

(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 fixtures) acquired by the Company and its domestic subsidiaries after April 1, 1998 is computed mainly 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) Reserves

(a) Reserve 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) Bonus reserve

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 fiscal year and the estimated fair value of pension fund assets as of the balance sheet date. Differences in the actuarially computed value of benefits are charged to income (from the following fiscal year) 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 amortized by the straight-line method based on a period (9 years) that is less than the average remaining years of service of employees. During fiscal 2003 Tokyu Tourist Corporation, which was a major element of past service liabilities, ceased to be consolidated and as a result the amortization period has become 9 years.

Additional information

On March 14, 2003, in connection with the implementation of a defined benefit plan, consolidated subsidiary Tokyu Store Chain Co. Ltd. and its consolidated subsidiaries (all of which have February year ends) received approval of a waiver of its future obligations in respect of the proxy portion of its pension fund from the Minister of Health, Labor and Welfare. As a result, Tokyu Store Chain Co. Ltd. and its consolidated subsidiaries applied the transitional measures laid down in the Practice Guideline Concerning Retirement Benefit Accounting -Interim Report (Report of the Accounting Standards Committee of the Japanese Institute of Certified Public Accountants No. 13, Section 47-2). Accordingly, the elimination of retirement benefit obligations in respect of the proxy portion has been recognized as of the day of approval, and an extraordinary gain of \5.271 billion has been recorded on return of the proxy portion. As of the end of fiscal 2003 the equivalent amount to be returned (minimum reserve requirement) was ¥15.109 billion.

As part of a number of personnel initiatives, subsidiary Tokyu Construction Co., Ltd. (now known as TC Properties Co., Ltd.) abolished its lump sum retirement benefit system on September 30, 2003 and as a result recorded an extraordinary profit on dissolution of the reserve for retirement benefits of ¥5.164 billion.

(d) Directors' retirement benefit reserve

The allowance for directors' retirement benefits is provided for on the basis of the Company's internal rules.

(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 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 balance sheet date. Revenue and expenses are translated into yen amounts at the average exchange rate for the fiscal year 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 acquisition cost of fixed assets once the project is completed. Similar subsidies in respect of Izukyu Corporation are recorded as fixed assets without making a direct deduction.

In the 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 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. Assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are valued at market.

6. Consolidation adjustment account

The consolidation adjustment account is amortized in equal installments over five years. Small amounts are written off in the year of accrual.

7. Appropriation of retained earnings

The appropriation of retained earnings reflected in the accompanying consolidated statements of surplus represent appropriations that were approved and disposed of during that consolidated accounting period by consolidated subsidiaries.

8. Cash and Cash Equivalents for the Purpose of Consolidated Cash Flow Statements

For the purpose of the 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 Accounting policy

1. Accounting standards relating to fixed asset impairment

As accounting standards related to fixed asset impairment (<Statement of Position related to the establishment of accounting standards related to fixed asset impairment> <Accounting Standards Board of Japan August 9, 2002> and <Application guidelines for accounting standards related to fixed asset impairment> (Accounting Standards Board of Japan Application guidelines edition 6 October 31, 2003) can be applied to the consolidated financial statement relating to the consolidated fiscal year ending March 31, 2004, the accounting standard and application guideline have been applied from fiscal 2003. This resulted in a reduction in net profit before tax and other adjustments for fiscal 2003 of ¥87,613 million.

2. Reporting standards for operating revenue from the construction division

In reporting standards for operating revenue from the construction division, in the past we had adopted the percentage of completion basis on long-term large-scale projects (works period in excess of 24 months, with a contract value in excess of 10 billion yen) and the complete job method on other projects, but adopted the percentage of completion basis from fiscal 2003. However, projects with a works period within a year are based on the complete job method. This change has been made in response to changes in trends in international accounting standards and a dynamic business environment, and also with the aim of having construction performance for each period reflected in the operating results appropriately and on a timely basis.

As a result, compared to the methodology adopted so far, operating revenue rose 76,705 million yen, while recurring profit and net-profit for the period before tax and other modifications both rose 4,870 million yen. Also, 30,329 million yen in operating revenue, and 297 million yen in operating profit of this are related to construction in the previous year. The impact on segment-based information is listed in '5. Segment Information'.

3. Calculation methods for retirement allowance payments at consolidated subsidiaries

Calculation methods for retirement allowance payments at consolidated subsidiaries of Tokyu Store Chain Co., Ltd., had previously been based on the simple method, but from the end of fiscal 2003 the calculation method will be changed to the general method. This change is aimed at the appropriate display of profits and losses for the period, now that the in-house system for actuarial calculation related to retirement allowance payments based on the general method has been put into place. The 951 million yen increase in retirement allowance payments as a result of this change has been reported as an extraordinary loss.

Additional information

Izukyu Corporation becomes a wholly owned subsidiary via a share exchange

1. Reason

At meetings of the boards of directors of Tokyu Corporation and of our consolidated subsidiary, Izukyu Corporation, held on February 27, 2004 a motion was passed to make Izukyu Corporation a wholly owned subsidiary of Tokyu Corporation via an exchange of stock, and a stock exchange agreement concluded. Also, based on the provisions of Article 358 (Simple stock exchanges) of the Commercial Law of Japan the requirement to gain ratification at a General Shareholders Meeting has been omitted.

Based on the following two reasons, it was decided to make Izukyu Corporation a wholly owned subsidiary, and the realization of the unification of the two management organizations was judged to be the optimum way to achieve this aim;

(1) In order for Izukyu Corporation, with its high-level of public commitment as a local transportation authority, to radically improve its financial state and rejuvenate the company, it is necessary to concentrate its business resources in ventures centered on the railway business and further increase operational efficiency.

(2) It is vital that rapid decision-making, and a flexible capital policy initiated by Tokyu Corporation be implemented in order to restructure the business of Izukyu Corporation.

2. Terms and conditions of share exchange

(1) Share exchange day: October 1, 2004 (planned)

(2) Share exchange ratio

Company name	Tokyu Corporation (Wholly owning parent company)	Izukyu Corporation (Wholly owned subsidiary)
Share exchange ratio	1	1.50

Notes:

1. For each common share in Izukyu Corporation 1.50 common shares of Tokyu Corporation will be exchanged.
2. New shares to be issued upon share exchange: 4,073,079 common shares
3. Treasury stock to be utilized in place of new shares: 2,500,000 common shares

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheets

	Millions of yen	
	Fiscal 2003	Fiscal 2002
	As of March 31, 2004	As of March 31, 2003
1. Accumulated depreciation of tangible fixed assets	756,275	840,658
2. Contingent liabilities	1,635	6,279
3. Notes discounted and endorsed	1,289	1,816

4. Non-consolidated subsidiaries and affiliates

The following accounts include amounts related to non-consolidated subsidiaries and affiliates as follows:

Investment securities	63,851	58,677

5. Pledged assets and secured liabilities

Pledged assets

Securities	14 (---)	311 (---)
Inventory assets	9,812 (190)	25,008 (---)
Buildings and structures	323,331 (253,251)	343,194 (243,338)
Machinery and transport equipments	51,573 (51,223)	52,373 (52,150)
Land	175,321 (98,360)	286,072 (75,961)
Investment securities	354 (---)	9,919 (---)
Other assets	17,726 (5,149)	25,592 (4,942)
Total	578,134 (408,176)	742,471 (376,393)

Secured liabilities

Short-term loans payable	11,567 (2,110)	70,881 (8,462)
Corporate bonds	5,400 (3,000)	8,801 (6,201)
Long-term loans payable	404,538 (255,688)	477,746 (250,452)
Others	896 (156)	9,092 (946)
Total	422,402 (260,955)	566,521 (266,062)

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.

6. The allowance (Fiscal 2003: ¥26,401 million, Fiscal 2002: ¥42,648 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.

7. Loan disbursements related to loan commitments for consolidated subsidiaries

(Tokyu Card, INC.)

Total loan commitments	90,917	90,155
Loans extended	2,748	2,109
Remaining commitment	88,168	88,046

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	34,000	34,000
Loans extended	7,945	4,276
Remaining commitment	26,054	29,723

Note: The above loan commitment is extended along 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. (formerly Tokyu Construction Co., Ltd.)

Total loan commitments	230	2,630
Loans extended	-	1,668
Remaining commitment	230	962

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 construction payments directly deducted from purchase cost of fixed assets:

126,654	87,161

9. Others

Land revaluation

Land held for business purposes owned by Izukyu Corp. and Jotetsu Corp., consolidated subsidiaries, and equity method affiliates Tokyu Land Corp., Izukanko Kaihatsu, Tokyu Recreation Co., Ltd., and Nagano Tokyu Department Store Co., Ltd. was revalued pursuant to the Law Concerning Land Revaluation (Law No. 34, promulgated March 31, 1998) and the revised Law Concerning Land Revaluation (Revised Law No. 19, promulgated March 31, 2001). The Company books a land revaluation difference in proportion to its equity holding in group companies under the shareholders' equity section on the balance sheet.

(1) Izukyu Corporation

Method of revaluation

The value of land is determined based on the price provided by the real estate appraiser, which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998). The value of certain sections of land is determined based on Item 3 of the same ordinance and article.

Date of revaluation: March 31, 2000

Difference between the market value at fiscal year end and book value after revaluation:

¥(401) million	¥ (316) million

(2) Jotetsu Corporation

Method of revaluation

The value of land is determined based on the book value registered on the official taxable ledger, which is described in Article 2, Item 3 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998) for adjustments to the valuation amounts of taxable fixed assets.

Date of revaluation: March 31, 2002

Difference between the market value at fiscal year end and book value after revaluation:

¥(773) million	¥(334) million

(3) Tokyu Land Corporation

Method of revaluation

The value of land is determined based on the price provided by the real estate appraiser, which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998). The value of certain sections of the land is determined based on Items 2, 3, and 4 of the same ordinance and article.

Date of revaluation: March 31, 2000

Date of revaluation (revaluation due to merger of subsidiary): March 31, 2001

Difference between the market value at fiscal year end and book value after revaluation:

¥(12,215) million	¥(7,835) million

(4) Izu Kankokaihatsu

Method of revaluation

The value of land is determined based on the book value registered on the official taxable ledger, which is described in Article 2, Item 3 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998).

Date of revaluation: January 31, 2001

Difference between the market value at fiscal year end and book value after revaluation:

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(5) Tokyu Recreation Co., Ltd.

Method of revaluation

The value of land is determined based on the book value registered on the official taxable ledger, which is described in Article 2, Item 3 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998).

Date of revaluation: December 31, 2000

Difference between the market value at fiscal year end and book value after revaluation:

¥(234) million	¥(275) million

(6) Nagano Tokyu Department Store Co., Ltd.

Method of revaluation

The value of land is determined based on the price provided by the taxing authority, which is described in Article 2, Item 4 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998).

Date of revaluation: January 31, 2001

Difference between the market value at fiscal year end and book value after revaluation:

¥(3,889) million	¥(3,157) million

Notes to Consolidated Income Statements

1. Additions to reserves were as follows:

	Millions of yen	
	Fiscal 2003	Fiscal 2002
Provision to allowance for doubtful accounts reserve	7,073	1,348
Provision to allowance for employees' bonuses	12,470	14,378
Retirement benefit costs (Provision to reserve for retirement benefit allowance)	13,611	15,135
Provision to reserve for directors' retirement allowance	332	425
Provision to reserve for business investment losses	-	14,865

2. 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 fiscal 2003, for 100 cases of fixed asset groups where market value was significantly below book value in line with the continued fall in land prices, and fixed asset groups exhibiting significant deteriorations in profitability based on declines in lease-property related rent-levels, book-value was written down to recoverable levels, and that write-down reported as an impairment loss resulting in an extraordinary loss of 87,613 million yen.

Region	Main cases	Type	Segment	Impairment loss
Tokyo metropolitan	Mainly leased real estate, golf courses etc. Total 49 cases	Land & Buildings	Transportation Real Estate Retail Leisure and Services Hotels Construction Other Headquarters	¥46,044 million
Chubu and Hokuriku	Mainly leased real Estate Total 25 cases	Land & Buildings	Transportation Real Estate Retail Leisure and Services Construction Other Headquarters	¥9,481 million
Kinki	Mainly leased real estate, golf courses etc. Total 7 cases	Land & Buildings	Real Estate Leisure and Services Headquarters	¥24,691 million
Others	Mainly leased real estate Total 19 cases	Land & Buildings	Transportation Real Estate Retail Hotels Other Headquarters	¥7,397 million

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

- Tokyo metropolitan area ¥46,044 million yen (Land=¥32,588 million, Buildings and structures=¥6,504 million, Others ¥6,952 million)
- Chubu and Hokuriku area ¥9,481 million (Land=¥7,782 million, Buildings and structures=¥1,400 million, Others ¥298 million)
- Kinki area ¥24,691 million (Land=¥20,279 million, Buildings and structures=¥3,330 million, Others ¥1,080 million)
- Others ¥7,397 million (Land=¥4,820 million, Buildings and structures=¥2,381 million, Others ¥195 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 and other factors 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 Consolidated Cash Flow Statements

Reconciliation of Consolidated Cash Flow Statements

The reconciliation of cash and cash equivalents to amounts in the consolidated balance sheets are as follows:

	Millions of yen	
	Fiscal 2003	Fiscal 2002
Cash and deposits in banks	35,142	47,071
Term deposits with maturities longer than 3 months	(469)	(580)
Securities included in cash equivalents	57	57
Short-term loans included in cash equivalents	7,945	4,276
Cash and cash equivalents	42,676	50,825

5. Segment Information

(1) Segment information by business

Fiscal 2003 (April 1, 2003 – March 31, 2004)

	Millions of yen									
	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Construction	Other	Total	Elimination/ Headquarters	Consolidated
I Revenues / Operating income										
Revenue from operations										
(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/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 income	20,358	20,577	6,911	1,351	3,563	2,565	2,725	58,052	67	58,120
II Assets, depreciation, impairment losses and capital expenditure										
Assets	654,130	557,153	207,998	117,641	104,803	16,298	173,869	1,831,894	178,246	2,010,141
Depreciation	32,163	13,414	4,919	5,887	5,142	392	2,054	63,973	(638)	63,335
Impairment losses	2,046	46,437	1,632	27,905	958	750	2,127	81,856	5,757	87,613
Capital expenditure	70,819	10,729	6,422	6,903	2,186	339	5,996	103,398	684	104,082

Fiscal 2002 (April 1, 2002 – March 31, 2003)

	Millions of yen									
	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Construction	Other	Total	Elimination/ Headquarters	Consolidated
I Revenues / Operating income										
Revenue from operations										
(1) Outside customers	257,579	135,991	371,118	87,750	116,946	332,655	83,395	1,385,438	---	1,385,438
(2) Inter-segment										
Internal revenues/transfers	6,206	12,777	23,055	1,254	387	54,480	28,077	126,238	(126,238)	---
Total	263,785	148,769	394,174	89,004	117,334	387,136	111,472	1,511,677	(126,238)	1,385,438
Operating expenses	227,176	120,900	388,642	90,750	120,018	377,613	108,827	1,433,928	(125,417)	1,308,510
Operating income	36,609	27,868	5,531	(1,745)	(2,684)	9,523	2,645	77,748	(820)	76,928
II Assets, depreciation and capital expenditure										
Assets	675, 373	753,719	193,392	215,334	166,557	274,963	134,149	2,413,490	97,663	2,511,153
Depreciation	30,161	12,739	5,494	7,576	7,618	673	3,241	67,504	(593)	66,911
Capital expenditure	70,178	37,043	4,678	7,754	6,493	615	5,227	131,992	(3,405)	128,586

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.

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: travel agency, golf course operations and CATV operations
   - Hotels: hotel operations
   - Construction: civil engineering works and general construction
   - Other: maintenance of rolling stock for railway operations

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

4.As reported in part 4, 'Consolidated financial statements', Section (5) 'Basis of Presentation of Consolidated Financial Statements', 'Changes in Accounting policy' Item 2, 'Reporting standards for operating revenue from the construction division', in reporting operating revenue from the construction division, in the past we had adopted the percentage of completion basis on long-term large-scale projects (works period in excess of 24 months, with a contract value in excess of 10 billion yen) and the complete job method on other projects, but adopted the percentage of completion basis from fiscal 2003. However, projects with a works period within a year are based on the complete job method. As a result, compared to the methodology adopted so far, revenue from operations and operating income were respectively ¥86,782 million and ¥6,023 million higher, (including revenue from operations from external clients of ¥76,705 million and operating profit of ¥4,870 million). Also, of these amounts ¥32,631 million of revenue from operations, and ¥645 million of operating income are related to construction in the previous year (including ¥30,329 million in revenue from operations, and ¥297 million in operating income from external clients).

5.Based on a corporate demerger on October 1, 2003, the construction business of the former Tokyu Construction Co., Ltd. (now known as TC Properties Co., Ltd.,) was succeeded by (New) Tokyu Construction Co., Ltd. (previously known as TC Holdings Co., Ltd.) an equity accounted affiliate. The profits and losses for the continuing construction business are consolidated for the first half of fiscal 2003 only, and the assets have not been consolidated.

6. Assets of the entire Group included under Elimination and Headquarters for fiscal 2003 and fiscal 2002 were ¥261,574 million and ¥251,828 million respectively. The main components were working capital (cash) of the parent company, long-term investments (investment securities) and assets of the administration department.

(2) Geographical Segment Information

Fiscal 2003 (April 1, 2003 - March 31, 2004), Fiscal 2002 (April 1, 2002 - March 31, 2003),

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

(3) Overseas sales

Fiscal 2003 (April 1, 2003 - March 31, 2004), Fiscal 2002 (April 1, 2002 - March 31, 2003),

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. Related Party Transactions

Fiscal 2003 (April 1, 2003 - March 31, 2004):

(1) Directors and Principal Individual Shareholders

Party	Name	Address	Paid-in Capital (¥ million)	Business Details	Shareholder voting rights (Yes/No) Ratio	Relationship		Transaction Type	Transaction Amount (¥ million)	Type	Year end balance (¥ million)
						Directors in common	Business relationship				
Director	Yuji Kinoshita	---	---	Director of Tokyu Corp.	No Direct 0.0%	---	---	Land and building sale	64	---	

(2) Subsidiaries etc.

Party	Name	Address	Paid-in Capital ¥million	Business Details	Shareholder voting rights (Yes/No) Ratio	Relationship		Transaction Type	Transaction Amount (¥million)	Type	Year end balance (¥million)
						Directors in common	Business relationship				
Affiliate	Tokyu Land Corp.	Shibuya-ku, Tokyo	32,289	Real estate business	Yes Direct 17.0% Indirect 1.7%	3	Joint development of housing, facilities leasing etc.	Transfer of operations management of Gran Deco Ski Resort and Hotel Gran Deco		---	---
								Transaction amount	1,535		
								Loss on sale of fixed assets	9,895		
								Gain on sale of affiliates shares	2		
								Cancellation of land sale contract			
								Return of transaction amount	5,818		
								Compensation amounts	1,955		

Notes:

1. The above amount excludes consumption tax.
2. Transaction Conditions: same as general transactions
3. Tokyu Corporation's ownership of Tokyu Land Corp. is less than 20% but as it exerts influence on the company it has been treated as an affiliate.

Fiscal 2002 (April 1, 2002 - March 31, 2003): None

8. Deferred Tax Accounting

1. Significant components of deferred tax assets and liabilities

	Millions of Yen	
	Fiscal 2003	Fiscal 2002
Deferred Tax Assets		
Net operating loss carry forwards	57,342	56,593
Impairment loss	35,675	-
Retirement and severance benefits reserve	33,668	46,960
Securities	33,492	9,819
Real estate for sale	18,089	17,755
Difference arising on demerger of affiliate	14,971	-
Allowance for doubtful accounts	12,589	17,223
Property and equipment	8,237	9,810
Unrealized intercompany gains	5,662	6,396
Accrued bonuses to employees	4,846	4,870
Accrued expenses	2,034	-
Depreciation	1,508	1,556
Reserve for directors' retirement benefits	1,444	1,507
Deferred assets	902	1,002
Transfer to defined benefit pension scheme	721	1,196
Accrued business tax deductible in income taxes	432	2,033
Reserve for loss of business investment	—	6,250
Others	4,491	5,059
Gross Deferred Tax Assets	236,113	188,035
Less: Valuation allowances	(119,005)	(109,321)
Total Deferred Tax Assets	117,107	78,714
Deferred Tax Liabilities		
Gain from revaluation of land	(27,313)	(31,014)
Gain on establishment of retirement allowance trust	(15,006)	(3,704)
Difference arising on demerger of affiliate	(14,971)	-
Unrealized holding gains on securities	(13,249)	(933)
Deferral of gain on sales of fixed assets	(336)	(217)
Others	(2,263)	(2,413)
Total Deferred Tax Liabilities	(73,140)	(38,283)
Net Deferred Tax Assets	43,967	40,431
Deferred tax liabilities on gain from revaluation of land	(7,424)	(7,351)
Total Deferred Tax Liabilities	(7,424)	(7,351)

Note: Net deferred tax assets for fiscal 2002 and fiscal 2003 were included in the following balance sheet items.

	Millions of Yen	
	(Fiscal 2003 Year End)	(Fiscal 2002 Year End)
Current assets – deferred tax assets	16,346	16,002
Fixed assets– deferred tax assets	51,031	44,970
Current liabilities – others	11	19
Long-term liabilities - deferred tax liabilities	23,399	20,521
Long-term liabilities - deferred tax liabilities from land revaluation	7,424	7,351

3. The main reasons for the difference between the legal tax rate and the corporation and other tax rate after application of tax benefit accounting

As a pre-tax loss was reported for fiscal 2003 this item is not recorded here.

The effective tax rate for fiscal 2002 differed from the normal tax rate for the following reasons:

	% (Fiscal 2002 Year End)
Computed normal tax rate	42.1
(Adjustments)	
Entertainment expenses	3.3
Dividend income deducted from earnings	(9.0)
Valuation allowances	7.8
Consolidation adjustment account	42.3
Equity in income/losses of non-consolidated subsidiaries and affiliates	(16.4)
Tax differences on unrealized gains and others	9.2
Resident’s tax equalization etc.	3.7
Adjusted profit on sale of subsidiaries’ stock	6.7
Effect of change in tax rates	5.1
Other	0.7
Effective tax rate	95.5

9. Securities

Fiscal 2003（As of March 31, 2004）

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

Millions of yen

	Instrument	Book value	Market value	Unrealized gain or loss
Securities with market quotations exceeding their carrying values on consolidated balance sheets	(1) JGB, Municipal bonds	19	20	0
	(2) Corporate bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	19	20	0
Securities with market quotations not exceeding their carrying values on consolidated balance sheets	(1) JGB, Municipal bonds	10	10	—
	(2) Corporate bonds	---	---	---
	(3) Others	74	74	—
	Subtotal	85	85	—
Total		105	105	0

(2) Other securities (with market quotations)

Millions of yen

	Instrument	Acquisition cost	Book value	Unrealized gain or loss
Securities with book value exceeding acquisition cost	(1) Equity securities	37,248	69,797	32,549
	(2) Debt securities			
	JGB, Municipal bonds	79	81	2
	Corporate bonds	50	53	3
	Others	—	—	—
	(3) Other securities	23	25	1
	Subtotal	37,401	69,956	32,555
Securities with book value not exceeding acquisition cost	(1) Equity securities	2,748	2,241	(506)
	(2) Debt securities			
	JGB, Municipal bonds	—	—	—
	Corporate bonds	30	29	(0)
	Others	—	—	—
	(3) Other securities	4,160	4,154	(6)
	Subtotal	6,938	6,425	(512)
Total		44,339	76,382	32,042

Note: The acquisition cost represents book value after write-downs. The Company wrote down ¥50 million in other securities with market quotations.

(3) Other securities sold in fiscal 2003

Millions of yen

Proceeds from sale	Total gain on sale	Total loss on sale
15,102	4,501	1,587

(4) Securities not valued at market

Millions of yen

	Book value
1. Bonds held to maturity	
Privately placed bonds	1
2. Other securities	
Unlisted stock	
（Excluding OTC stocks）	39,721
Medium-term JGBs	26
Free Financial Fund	22
Money management fund	9

(5) Projected future redemption of securities with maturities and debt securities held to maturity (in Other Securities Account)

Millions of yen

	Less than 1 year	1 to 5 years	5 to 10 years	Longer than 10 years
1. Bonds				
(1) JGB, municipal bonds	112	—	1	—
(2) Corporate bonds	30	52	—	—
(3) Others	65	9	—	—
2. Other				
Investment trusts	—	59	—	—
Total	208	121	1	—

Fiscal 2002（As of March 31, 2003）

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

Millions of yen

	Instrument	Book value	Market value	Unrealized gain or loss
Securities with market quotations exceeding their carrying values on consolidated balance sheets	(1) JGBs, Municipal bonds	281	286	4
	(2) Corporate bonds	---	---	---
	(3) Others	69	69	0
	Subtotal	351	356	5
Securities with market quotations not exceeding their carrying values on consolidated balance sheets	(1) JGB, Municipal bonds	14	14	---
	(2) Corporate bonds	---	---	---
	(3) Others	69	69	---
	Subtotal	84	84	---
Total		435	440	5

(2) Other securities (with market quotations)

Millions of yen

	Instrument	Acquisition cost	Book value	Unrealized gain or loss
Securities with book value exceeding acquisition cost	(1) Equity securities	26,162	34,950	8,788
	(2) Debt securities			
	JGB, Municipal bonds	114	119	5
	Corporate bonds	40	44	4
	Others	---	---	---
	(3) Other securities	70	72	2
	Subtotal	26,387	35,187	8,800
Securities with book value not exceeding acquisition cost	(1) Equity securities	32,973	24,975	(7,997)
	(2) Debt securities			
	JGB, Municipal bonds	50	49	(0)
	Corporate bonds	40	38	(1)
	Others	---	---	---
	(3) Other securities	306	221	(85)
	Subtotal	33,370	25,285	(8,085)
Total		59,758	60,472	714

Note: The acquisition cost represents book value after write-downs. The Company wrote down ¥10,364 million in other securities with market quotations.

(3) Other securities sold in fiscal 2002

Millions of yen

Proceeds from sale	Total gain on sale	Total loss on sale
4,166	773	270

(4) Securities not valued at market

Millions of yen

	Book value
1. Bonds held to maturity	
Matured interest-bearing govt. bonds	30
Privately placed bonds	1
２． Other securities	
Unlisted stock	
（Excluding OTC stocks）	36,428
Medium-term JGBs	26
Free Financial Fund	22
Money management fund	9

(5) Projected future redemption of securities with maturities and debt securities held to maturity (in Other Securities Account)

Millions of yen

	Less than 1 year	1 to 5 years	5 to 10 years	Longer than 10 years
1. Bonds				
(1) JGB, municipal bonds	330	130	6	---
(2) Corporate bonds	---	82	---	---
(3) Others	93	30	14	---
2. Other				
Investment trusts	40	58	23	---
Total	465	301	44	---

10. 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.

11. Retirement and Severance Benefits

(1) Outline of employees retirement benefit system

The Company and its domestic subsidiaries have defined-benefit pension plans consisting of Welfare Pension Insurance, qualified retirement benefit plans, the Small Enterprise Mutual Aid System for Retirement Fund and lump sum retirement payment system. Tokyu Store Chain Co., Ltd, however moved part of its lump sum retirement payment scheme to a defined contribution pension plans from April 2002. In certain cases employees are entitled to additional retirement payments that are not treated as actuarially computed retirement benefit liabilities determined in accordance with Japanese accounting standards for retirement benefits.

Certain subsidiaries outside Japan have defined contribution pension plans. The Company and Tokyu Store Chain Co., Ltd. have also established a retirement benefit trust.

On March 14, 2003, in connection with the implementation of a defined benefit plan, consolidated subsidiary Tokyu Store Chain Co. Ltd. and its consolidated subsidiaries received approval of a waiver of its future obligations in respect of the proxy portion of its pension fund from the Minister of Health, Labor and Welfare.

(2) Retirement benefit liabilities

	Millions of Yen	
	(Fiscal 2003 Year End)	(Fiscal 2002 Year End)
a. Retirement benefit liabilities	(156,195)	(224,612)
b. Pension fund assets	106,862	76,399
c. Unfunded retirement benefit liabilities (a + b)	(49,332)	(148,212)
d. Unrecognized actuarial liabilities	30,419	56,871
e. Unrecognized prior service liabilities	(3,066)	(5,956)
f. Net carried on consolidated balance sheets (c + d + e)	(21,979)	(97,297)
g. Prepaid pension costs	25,793	125
j. Reserve for retirement allowance (f - g)	(47,773)	(97,423)

Notes

Fiscal 2003

1. Certain consolidated subsidiaries use the simple method in calculating their retirement allowance liabilities.
2. The above breakdown excludes pension fund assets of ¥1,083 million in the National Pension Fund. (Two consolidated subsidiaries remain in the Tokyo Trucking National Trucking Fund).
3. The calculation of the retirement allowance liability of Tokyu Store Chain Co., Ltd.'s consolidated subsidiary was calculated by the simple method but as of the end of fiscal 2003 it will change to the general method.
4. Tokyu Store Chain Co. Ltd. and its consolidated subsidiaries applied the transitional measures laid down in the Practice Guideline Concerning Retirement Benefit Accounting -Interim Report (Report of the Accounting Standards Committee of the Japanese Institute of Certified Public Accountants No. 13, Section 47-2) and received approval of a waiver of its future obligations in respect of the proxy portion of its pension fund from the Minister of Health, Labor and Welfare. Accordingly, the elimination of retirement benefit obligations in respect of the proxy portion has been recognized as of the day of approval. As of the end of fiscal 2003 the equivalent amount to be returned (minimum

reserve requirement) was ¥ 15.109 billion.

Fiscal 2002

1. Certain consolidated subsidiaries use the simple method in calculating their retirement allowance liabilities.
2. The above breakdown excludes pension fund assets of ¥869 million in the National Pension Fund. (Two consolidated subsidiaries remain in the Tokyo Trucking National Trucking Fund after one subsidiary withdrew).
3. The effect of the shift of a part of the Tokyu Store Chain Co., Ltd. lump sum retirement payment scheme to a defined contribution pension plans is as follows:

	Millions of Yen
Decrease in retirement benefit liabilities	3,248
Unrecognized actuarial liabilities	(660)
Unrecognized prior service liabilities	966
Decrease in reserve for retirement allowance	3,554

4. Total assets of 3,975 million yen will be transferred to the defined contribution pension plan of Tokyu Store Chain Co., Ltd and the transfer is planned to take place over 4 years. As of the end of fiscal 2002 assets to be transferred of 2,852 million yen are recorded under current liabilities-other and long term liabilities-other.

(3) Retirement benefit expenses

	Millions of Yen	
	(Fiscal 2003)	(Fiscal 2002)
a. Service expense	6,281	8,663
b. Interest expense	3,764	5,538
c. Expected returns	(1,179)	(2,041)
d. Amortization actuarial differences	4,170	1,997
e. Amortization of past service liability	(553)	(570)
f. Amount arising on shift from simple to principle method	951	---
g. Loss on transfer to defined contribution plan	—	421
h. Premium paid on transfer to defined contribution plan	177	152
i. Loss on closure of retirement benefit scheme	—	973
j. Retirement benefit expenses (a + b + c + d + e + f + g +h + i)	13,611	15,135
k. Gain arising on return of proxy portion of pension fund	(5,271)	-
l. Reduction in retirement allowance reserve on closure of plan	(5,164)	-
m. Total (j + k + l)	3,175	15,135

Notes

Fiscal 2003 (March 31, 2004)

1. Apart from the above retirement benefit expense, the Company paid additional retirement benefits of ¥563 million. These were charged to income as an extraordinary loss.
2. The retirement benefit expenses of certain consolidated subsidiaries that use a simplified approach to computing retirement benefits are included in service expense (a).
3. Calculation methods for retirement allowance payments at consolidated subsidiaries of Tokyu Store Chain Co., Ltd., had previously been based on the simple method, but from the end of fiscal 2003 the calculation method will be changed to the general accounting method. The increase in retirement allowance payments as a result of this change has been reported as 'f' 'Amount arising on shift from simple to general method' .
4. As part of a number of personnel initiatives, subsidiary Tokyu Construction Co., Ltd. (now known as TC Properties Co., Ltd.) abolished its lump sum retirement benefit system on September 30, 2003. The resulting reduction in liability has

been recorded as ‘l. Reduction in retirement allowance reserve on closure of plan’ above.

Fiscal 2002 (March 31, 2003)

1. Apart from the above retirement benefit expense, the Company paid additional retirement benefits of ¥1,687 million. These were charged to income as an extraordinary loss.
2. The retirement benefit expenses of certain consolidated subsidiaries that use a simplified approach to computing retirement benefits are included in service expense (a).

(4) Basis of presentation of retirement benefit liabilities

	(Fiscal 2003)	(Fiscal 2002)
a. Allocation method for estimated retirement benefit amounts	Fixed installment method	Fixed installment method
b. Discount rate	Primarily 2.0%	Primarily 2.0%
c. Expected rate of return	Primarily 3.0%	Primarily 3.0%
d. Amortization period for past service liabilities	Primarily 9 years	Primarily 13 years
e. Amortization period of actuarial differences	Primarily 15 years	Primarily 15 years

*During fiscal 2003 Tokyu Tourist Corporation, which was a major element of past service liabilities, ceased to be consolidated and as a result the amortization period has become 9 years.

*Differences arising from changes in accounting methods are charged as expenses at the time they arise.

12. Per Share Information

Year ended March 31, 2004		Year ended March 31, 2003	
Net assets per share	¥141.75	Net assets per share	¥134.13
Net loss per share	¥11.06	Net income per share	¥2.83
The company has convertible bonds in issue but as a net loss per share was reported for the period adjusted income per share figures have not been provided		After adjustment for residual securities	
		Net income per share	¥2.66
		Starting from this fiscal year, the “Accounting Standards Concerning Annual Net Profit Per Share” (Corporate Accounting Standard Bulleting No.2) and the “Guidelines for Applying the Accounting Standards Concerning Annual Net Profit Per Share” (Corporate Accounting Standards Application Guideline Bulletin No.4) are applicable. If the above Accounting Standards and Guidelines had been applied to the previous fiscal year, per share information would be as follows:	
		Net assets per share	¥137.22
		Net income per share	¥10.53
		After adjustment for residual securities	
		Net income per share	¥9.87

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:

	Year ended March 31, 2004	Year ended March 31, 2003
Net income per share:		
Net income (¥ million)	(12,345)	3,416
Amount not attributable to ordinary shareholders (¥ million)	159	240
(Of which bonuses paid executive officers as part of the appropriation of surplus)	(159)	(240)
Net income attributable to ordinary shares	(12,505)	3,176
Average number of outstanding ordinary shares during the year (1,000 shares)	1,131,106	1,123,617
Net income per share after adjustment for residual securities		
Net income adjustment (¥ million)	—	34
Of which, interest expense (after deducting tax equivalent)	—	(34)
Increase in the number of ordinary shares (1,000 shares)	—	83,642
(Of which, convertible bonds)	—	(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 bonds 49,585 thousand ordinary shares 2007 yen denominated convertible bond 34,055 thousand ordinary shares.	33rd unsecured convertible bonds 7,600 thousand ordinary shares.

13. Post balance sheet events

Issue of unsecured bonds

At a board meeting of Tokyu Corp. held on May 17, 2004, it was resolved to issue unsecured bonds on the following conditions:

Name of bonds:	Tokyu Corporation Unsecured Bonds (Containing a special clause providing for limits to the conditions of security in respect of all bonds)
Total amount to be issued:	Up to ¥40 billion (the bonds can be issued in tranches)
Interest rate:	3.5% or lower
Issue price:	¥100 with a nominal value of ¥100
Redemption price:	¥100 per ¥100 nominal
Maturity:	Up to 20 years
Issue period:	From May 20, 2004 to June 28, 2004
Type of offering:	Public offer
Special conditions:	Negative pledge clause applied
Use of proceeds:	The proceeds will be used for the redemption of corporate bonds and capital expenditure