Tokyu Corporation

Interim Consolidated Financial Statements

(April 1, 2003 – September 30, 2003)

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
For the interim period ended September 30, 2003

Tokyu Corporation **November 27, 2003**

Stock Code:	9005	Listed exchanges:	Tokyo
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Date of the meeting of the board of directors:	Nov. 27, 2003	Telephone:	81-3-3477-6168
U.S. GAAP Accounting principles:	Not adopted		* Amounts less than ¥1 million have been ignored.

1. Consolidated Financial Results for the Six Months Ended September 30, 2003

1) Consolidated Operating Results

Millions of yen

	April 1, 2003 to September 30, 2003		April 1, 2002 to September 30, 2002		April 1, 2002 to March 31, 2003
		Change (%)		Change (%)	
Revenue from operations	686,216	14.4	599,702	27.1	1,385,438
Operating income	32,378	(7.5)	35,017	23.4	76,928
Ordinary income	22,970	13.6	20,223	106.5	51,921
Net income (loss)	27,205	--	(12,078)	--	3,416
Net income (loss) per share (¥)	¥24.07		(¥10.81)		¥2.83
Net income per share (diluted) (¥)	¥22.43		--		¥2.66

(1) Gain (loss) from investments in subsidiaries and affiliates accounted for by the equity method:

April 1, 2003 to Sept. 30, 2003:	(¥721 million)	April 1, 2002 to Sept. 30, 2002:	¥613 million	April 1, 2002 to March 31,2003	¥2,514 million

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

April 1, 2003 to Sept. 30, 2003:	1,130,267,962 shares	April 1, 2002 to Sept. 30, 2002	1,117,781,457 shares	April 1, 2002 to March 31,2003	1,123,617,087 shares

(3) Changes to accounting principles: Yes

(4) Percentages for revenue from operations, operating income, ordinary income and net income represent changes from the interim period of fiscal 2002.

2) Consolidated Financial Position

Millions of yen

	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Total assets	2,491,715	2,553,458	2,511,153
Shareholders' equity	190,615	139,324	151,799
Equity ratio (%)	7.6%	5.5%	6.0%
Shareholders' equity per share (¥)	¥168.59	¥124.68	¥134.13

(1) Outstanding shares (consolidated) at:

September 30, 2003: 1,130,627,614 shares September 30, 2002: 1,117,437,478 shares March 31, 2003: 1,129,950,098 shares

3) Consolidated Cash Flows

Millions of yen

	April 1, 2003 to September 30, 2003	April 1, 2002 to September 30, 2002	April 1, 2002 to March 31, 2003
Net cash provided by operating activities	36,693	42,810	104,298
Net cash used in investing activities	(23,840)	(28,150)	(6,603)
Net cash (used in) provided by financing activities	662	(44,533)	(154,728)
Cash and cash equivalents at end of period	65,408	74,688	50,825

4) Matters concerning consolidated subsidiaries and affiliates accounted for by the equity method:

Number of consolidated subsidiaries	239
Number of non-consolidated subsidiaries accounted for by the equity method	1
Number of affiliates accounted for by the equity method	33

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

Consolidated subsidiaries	Newly included:	2	Excluded:	10
Companies accounted for by the equity method	Newly included:	2	Excluded:	3

2. Consolidated Forecast for the Fiscal Year Ending March 31, 2004

Millions of yen

	April 1, 2003 to March 31, 2004
Net sales	1,200,000
Ordinary income	40,100
Net loss	(15,000)

Note: Net loss per share expected for the fiscal year ending March 31, 2004 (consolidated): (¥13.27)

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 14 for more details on these forecasts.

1. The Tokyu Group

The Tokyu Group comprises 240 subsidiaries and 36 affiliates. Their business operations are as follows. Grouping by business types is identical to the breakdown by operating segments.

(1) Transportation (47 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; Tokyo Tsuun Co., Ltd. #1 A B; Tokyu Air Cargo Co., Ltd. #1, Nihon Kamotsu Kyuso Co., Ltd. #1 A, 36 other companies

Note: On October 1, 2003 Tokyo Tsuun Co., Ltd. was merged with Tokyu Logistic Co., Ltd.

(2) Real Estate (45 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; T.M.D. Co., Ltd. #1 A
Real estate management	Tokyu Community Corp. #2 A, B; Tokyu Facility Service Co., Ltd. #1 A, B; Yanchep Sun City PTY. LTD. #1 B
Real estate brokerage services	Tokyu Livable Inc. #2 A, B
	36 other companies

(3) Retail (30 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
	22 other companies

(4) Leisure and Services (60 companies)

Main businesses	Companies
Travel agency	Tokyu Tourist Corp. #1 A
Movie theater operations	Tokyu Recreation Co. Ltd. #2 A
Golf course operations	Three Hundred Club Co., Ltd. #1; 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
	52 other companies

(5) Hotels (63 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
	60 other companies

(6) Construction (15 companies)

Main business	Companies
Construction	Tokyu Construction Co., Ltd. #1 A, B; Seikitokyu Kogyo Co., Ltd. #2 A; TC Holdings Co., Ltd. #2
	12 other companies

Note: On October 1, 2003 Tokyu Construction Co., Ltd. was separated and the successor company for its construction business was TC Holdings (which changed its name to Tokyu Construction on the same day). The property business of Tokyu Construction was renamed TC Properties.

(7) Other (40 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 sales	Shiroki Corp. #2
Telecommunications marketing	Toyoko Denko Co., Ltd. #1 B
Research activities	Tokyu Research Institute, Inc. #1 B
	35 other companies

Notes:

#1 represents a subsidiary, #2 represents an affiliate

1. There is an overlap of the following companies in segmentation by business lines: Tokyu Corp, Tokyu Construction Co., Ltd., Guam Pacific Tokyu Construction, Inc., Life Systems Co., Ltd., Tokyu Tourist Corp., 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., Tokyo Tsuun Co., Ltd., Abashiri Kotsu, Inc.

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

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

Note: On October 1, 2003 TC Holdings changed its name to Tokyu Construction Co., Ltd. and listed on the first section of the Tokyo Stock Exchange.

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

Description of Principal Business Lines as of September 30, 2003:

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 102.1 kilometers. 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 southwestern Tokyo and Kanagawa Prefecture. In Hokkaido, consolidated subsidiary Jotetsu Corp. operates scheduled bus services, and also chartered bus services 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., Nihon Kamotsu Kyuso Co., Ltd. and Tokyo Tsuun 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. On October 1, 2003 Tokyo Tsuun Co., Ltd. was merged with Tokyu Logistic Co., Ltd.

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 to high-rise condominiums, and resort housing. Tokyu Land Corp. 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 include renting office buildings along the railway lines the Company operates primarily 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. are engaged in comprehensive building management services (management of building facilities, cleaning and security services), and condominium management services (including administration and facilities management).

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

Travel agency: Consolidated subsidiary Tokyu Tourist Corp. partners with domestic transportation companies, hotels, Japanese inns, and tourist facilities to provide domestic travel services for individuals, groups and educational institutions like schools. Tokyu Tourist Corp. also handles individual and group travel overseas through agreements with international airlines, overseas hotels and local travel agents.

Golf course operations: In golf course operations, 13 companies including Three Hundred Club Co., Ltd. and Tokyu Seven Hundred Club Co., Ltd. operate golf courses. During the six months under review Tokyu Corp. transferred management of six of its golf courses to golf course subsidiaries.

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

Hotels

In Japan, consolidated subsidiary Tokyu Hotel Chain Co., Ltd. operates four types of hotel: Tokyu Hotel, Excel Hotel Tokyu, Tokyu Inn, and Tokyu Resorts, which together comprise the "Tokyu Hotels" chain (Total: 49 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. provides hotel management services and operates 15 hotels in 10 countries, most of which are located in the Asia-Pacific region.

Construction

Consolidated subsidiary Tokyu Construction Co., Ltd. is responsible for construction of housing, office buildings, government buildings, as well as civil engineering projects for roads, railways and land development. Seikitokyu Kogyo Co., Ltd., an affiliate, focuses on civil engineering, road pavement, water works, and other general construction.
On October 1, 2003 Tokyu Construction Co., Ltd. was separated and the successor company for its construction business was TC Holdings (which changed its name to Tokyu Construction on the same day). The property business of Tokyu Construction was renamed TC Properties.

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 for large auto makers, 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. The Group has now expanded to 348 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 has been working toward “Creating a Beautiful Living Environment” to meet varying consumer needs and to establish Tokyu as a loved and trusted brand.

To sustain growth in the 21st century, Tokyu Group laid out the measures outlined in the Tokyu Group Management Policy of April 2000. The management plan emphasizes the Company’s position as the major shareholder of the companies comprising the Tokyu Group and as the owner of the Tokyu brand. The Tokyu Group Basic Management Policy sets forth a new approach to management of the entire group and broadly outlines a plan of action that adheres to this approach. Accordingly, we are pleased to report that as of March 2003 we reduced the ratio of interest-bearing debt to EBITDA (operating income plus depreciation) to 9.3 times, achieving our key target of a ratio of less than 10 times.

Building on the progress we have made we plan to adopt impairment accounting and reduce further our interest bearing debt 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 asset growth. In March 2003, we outlined the Tokyu Corporation Two Year Business Plan. This followed the formulation of the Tokyu Group Management Policy that we launched in April 2000. Our key management priorities in this policy 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 corporate value by increasing value for all stakeholders.

(2) Management indicators and objectives

The Tokyu Corporation Group has adopted certain key financial ratios as key performance indicators to help improve our financial position. As part of our current two-year plan, we are aiming for consolidated net interest-bearing debt of less than 10 times operating cash flow and consolidated return on equity (ROE) of 10% or more by the end of fiscal 2004. In our current financial and economic circumstances reducing interest-bearing debt is a major issue and is an important step in demonstrating our recovery of financial health. Net interest-bearing debt as a percentage of operating cash flow is therefore a useful indicator of financial strength and is a ratio that we plan to continue to focus on. Similarly, consolidated ROE is a useful indicator of the profitability of a company. Our aim is to have one of the highest ROE’s of the major Japanese railway companies.

We also intend to continue to target the key financial ratio of Group interest-bearing debt to EBITDA as a secondary target (operating income plus depreciation). Our aim is to achieve a ratio of Group 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 delegation of decision making to these divisions we aim to clarify the distinction between management and execution and to speed 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 to be known as Finance, Accounting & Group Strategy Headquarters.

Formerly the Corporate Headquarters performed all administration of subsidiaries. To improve business efficiency this responsibility is being transferred to the relevant business division along with responsibility for personnel. 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 Company. We will 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 plans to introduce into its business divisions the internal principles of Economic Value Added (EVA), a concept developed by Stern Stewart & Co, 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 the 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 Corporation Group is our ability to encourage people to consume our services, and to live 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 clarify our businesses into the two areas 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.

Another important financial issue is the introduction of impairment accounting standards for fixed assets. We will apply these standards in the current fiscal year ending on March 31, 2004 ahead of requirement. Accordingly, we expect to report a net consolidated loss of ¥15 billion this fiscal year as a result of an estimated ¥150 billion in valuation losses on fixed assets. Consolidated shareholders' equity is expected to fall to ¥130 billion.

However, in fiscal 2004, we expect our financial performance to recover significantly. We are forecasting consolidated operating income of ¥70 billion, consolidated ordinary income of ¥50 billion and, with extraordinary losses greatly reduced, we expect to achieve consolidated net income of ¥30 billion. As a result, we expect consolidated shareholders' equity at the end of this period to significantly exceed fiscal 2002's figure of ¥151.7 billion. In this way, by taking pre-emptive steps to improve the financial health of the group while also creating profits, we aim to steadily implement the strategy of our Two Year Business Plan and maximize value for our shareholders.

(4) Dividend Policy

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

We have made various capital expenditures to improve our rail services. For example, a combined total of ¥297.9 billion has been used for improvements to the Meguro-Tamagawa stretch of 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 mutual direct train service between the Toyoko Line and Eidan Line No. 13 to strengthen the function of the Toyoko Line in the metropolitan area transport network and increase the attractiveness of Shibuya, and we expect to spend ¥76.0 billion on construction to shift the Daikanyama-Shibuya stretch of the Toyoko Line underground. We thus intend to retain earnings as much as possible to provide a reliable source of funds for large-scale capital expenditures over the long term. We are dedicated to strengthening our operating base so as to fulfill our social responsibilities as a provider of public transport.

The Tokyu Corporation has consistently paid a ¥5 per share dividend since fiscal 1982. However as a result of our early adoption of impairment accounting we are forecasting a net loss after accounting for fixed asset valuation losses so we do not intend to pay an interim dividend in this fiscal year. However we do intend to maintain our stable dividend policy and pay a final dividend of ¥5 per share again in the current fiscal year. In the future we aim to maintain a stable dividend policy while also boosting shareholder value through increasing our income per share.

(5) 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 building sound, transparent organizational structures and operating 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 Tokyu Corporation (Representative of the Tokyu Group) and aims to adapt quickly to changes in our operating environment. It is responsible for managing the development of the Group's businesses, implementing funding policies, evaluating the performance of each company within the Group and enhancing 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.

In April this year, 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 3 are external directors. We utilize an auditing system and 4 of our 5 auditors are external auditors. 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 related companies.

In January 2002 we developed 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

(i) Overview

In the first half of fiscal 2003, which ended September 30, 2003, a recovery in overseas economies particularly in the United States led to some improvement in Japan's exports and capital expenditure. During the latter part of the period share prices rose and concern about unemployment and personal incomes softened. However, prospects for the Japanese economy were still unclear as personal consumption remained weak.

Against this backdrop, our group (Tokyu Corporation, its consolidated subsidiaries and equity accounted affiliates) pursued aggressive marketing in each business and strove to increase operating efficiency and cut costs.

Consolidated operating revenue rose 14.4% compared to the first half of last fiscal year, to ¥686.21 billion. This partly reflected the inclusion of revenue from Tokyu Car Corporation, which became a wholly owned subsidiary in October 2002, and increased sales at Tokyu Construction Co., Ltd.. Operating income declined 7.5% to ¥32.37 billion however, owing to lower earnings in railways and real estate operations, which offset gains at consolidated subsidiaries. Ordinary income rose 13.6% to ¥22.97 billion because of a drop in interest payments. Net income was ¥27.20 billion, a ¥39.28 billion improvement on the first half of fiscal 2002. This was due mainly to lower losses on sales of fixed assets and on the appraisal of fixed assets.

Operating results on a segmental basis were as follows (operating revenue for each segment includes inter-segment internal revenues or transfers):

Transportation

During the period under review, railway operations continued to set up electronic schedule boards to provide a wide variety of information to customers and to enhance customer convenience. The division installed more elevators, slopes, and multifunctional toilets to improve access and safety. We also stepped up training for train and station staff for communications and rescue and evacuation procedures. Passenger numbers rose 1.6% overall compared to the first half of last fiscal year, reflecting a 0.8% increase in commuter pass holders and a 2.7% increase in other passengers. This was because of the effectiveness of direct links to the networks of other railway operators and new commuter express services on the Toyoko Line that were established in fiscal 2002. Earnings from railway operations were down, however, owing to losses on disposal of fixed assets and higher depreciation. The number of passengers continued to decline at consolidated subsidiaries.

Bus operations started new services in the Tokyo region and increased the number of trips on popular routes, thus raising passenger numbers and boosting revenues. Regional bus operations, primarily in Hokkaido, secured new routes and similarly improved passenger numbers and revenues.

In the domestic cargo transportation business, Tokyu Logistic Co., Ltd. posted lower revenues amid adverse operating conditions. This was because operations shrank as customers changed their logistics systems and demanded lower freight fees in a deflationary environment. Freight exports rose to the United States and Europe, increasing revenues. Import volumes and revenues also increased.

As a result of these factors, revenue from transportation operations slipped 0.2% compared to the first half of fiscal 2002, to ¥130.50 billion and segment operating income fell 18.3%, to ¥20.33 billion.

Real Estate

Real estate sales benefited from large sales by consolidated subsidiaries to corporations, and the Tama Garden City urban development project continued to do well in its 50th year, while sales of built-for-sale detached houses and housing land were strong. Nonetheless, real estate profits were down compared to the first half of last year.

In real estate leasing, many large office buildings opened in central Tokyo, intensifying competition. Leasing operations responded to this challenge through more focused marketing, which helped maintain high occupancy rates and made existing buildings more attractive by renovating them.

The operating environment in real estate management was tough, as many clients altered terms and conditions and competition from rivals intensified. On top of this, bids on contracts for government buildings trended downward. The real estate management businesses responded by streamlining operations and controlling costs to stabilize and strengthen their business base.

As a result of the above factors revenue from real estate operations jumped 25.2%, to ¥85.96 billion compared with the first half of fiscal 2002, although operating income declined 32.3%, to ¥7.71 billion.

Retail

In Retail the period under review was difficult, as deflation continued and unit prices declined. Tokyu Store Chain Co., Ltd., continued to open and revitalize outlets while improving its lineup of quality products to better serve customers. It also endeavored to attract more customers by putting more items on promotion, developing and selling more private brand offerings, and emphasizing efficient product management.

The food business enjoyed favorable sales despite an unseasonably cool summer by reinforcing marketing and extending operating hours. Sales of apparel and daily necessities were lackluster, however, as the addition of new store tenants reduced the company’s selling space. Inclement weather was another negative factor in this business.

Compared to the first half of last fiscal year revenue from retail operations thus declined 2.4%, to ¥192.31 billion and operating income fell 2.0% to ¥2.66 billion.

Leisure and Services

Travel agency services suffered from poor demand following the start of the war in Iraq on March 20 and from the impact of SARS in South-East Asia. The slump in international travel hit Tokyu Tourist Corporation particularly hard and its revenues in this area were down considerably compared with the corresponding period last fiscal year. On the other hand strong efforts were made to encourage higher tourism demand domestically and this partly offset that downturn. While endeavoring to broaden its operations, Tokyu Tourist instituted a regional wages system linked to price indices and reflecting market scale and lowered personnel and other costs as part of efforts to lower the breakeven point.

At its communications Inc., our CATV operation, revenues and earnings rose on the back of subscriber growth for broadcasting and communications services.

Segment revenue from operations slipped 2.2%, to ¥43.60 billion. Operating income was ¥117 million, an improvement of ¥1.091 billion compared to a year earlier.

Hotels

In our hotels business, Tokyu transferred management of its hotel business to Tokyu Hotel Chain Co., Ltd on April 1, 2003. This was part of a concerted strategy to build a stronger operating structure by enhancing competitiveness and profitability, and increasing business efficiency in order to create an industry-leading business.

Domestic hotel operations suffered from fewer Asian tourists and European and American business travelers owing to the impact of the Iraq war and SARS. Compared to the corresponding period last fiscal year the average occupancy rate at the 49 Tokyu Hotels fell 0.4 percentage points, to 78.9%.

Revenue from operations fell 9.3%, to ¥54.35 billion. Operating income was ¥785 million, an improvement of ¥1.30 billion compared to the first half of last fiscal year.

Construction

In the construction business, rising corporate income led to higher capital expenditure in the private sector, particularly among manufacturers. However public works projects were down and as a result orders were generally sluggish throughout the term. Tokyu Construction's orders from the private sector were strong, especially for railroad and condominium projects, and were higher than in the first half of last fiscal year. Completions rose strongly, partly because of the increase in private sector demand and also because of the broader adoption of the percentage of completion method in accounting for completed work.

Segment revenue from operations rocketed 99.6%, to ¥201.75 billion and operating income was ¥1.98 billion, an improvement of ¥5.47 billion from a year earlier.

Other

The domestic rolling stock market cooled as railway companies reduced capital spending. Nonetheless, Tokyu Car Corporation attracted steady orders for rolling stock, containers, and related products. Rolling stock sales to private railway corporations rose but overall revenues declined in this business because of delivery timing issues with JR Group companies. Also revenues at Toyoko Industry Co., Ltd. were down as a result of lower periodic rolling stock inspections and upgrades.

Tokyu Car and ten of its subsidiaries were included within the scope of consolidation from the second half of fiscal 2002. As a result only the second-half earnings of these companies were included in consolidated earnings. In addition, at the end of fiscal 2002, the Company removed Gold Pak Co., Ltd., from consolidation.

As a result of the above, revenue from operations of the Other segment dropped 4.1%, to ¥34.19 billion and the segment posted an operating loss of ¥262 million.

(ii) Outlook

The Company will spin off Tokyu Construction in the second half of the year, removing it from the scope of consolidation, while Gold Pak is no longer a consolidated subsidiary. Also, higher losses on disposal of fixed assets stemming from progress in large upgrades in the Company's railway operations will lead to a decline in earnings. Also, in the real estate business we will hold back sales at Tama Garden City leading to a decline in revenue from this business. As a result of these factors, management expects revenue from operations to drop 13.4%, to ¥1.2 trillion. Operating income is expected to decrease 29.8%, to ¥54.0 billion, with ordinary income dropping 22.8%, to ¥40.1 billion.

In addition we are planning early adoption of asset impairment accounting, which would generate ¥150 billion in losses from revaluations of fixed assets. And as a result we expect to register a net loss of ¥15 billion, ¥18.4 billion lower than in fiscal 2002.

Segment operating forecasts are as follows:

Billions of yen

	Revenue from Operations	Change	Operating income	Change
Transportation	260.8	(2.9)	26.2	(10.4)
Real Estate	168.5	19.7	14.9	(12.9)
Retail	382.6	(11.5)	6.3	0.7
Leisure and Services	85.7	(3.3)	(0.6)	1.1
Hotel	109.4	(7.9)	2.9	5.5
Construction	211.4	(175.7)	2.2	(7.3)
Other	83.8	(27.6)	2.1	(0.5)
Total	1,302.2	(209.4)	54.0	(23.7)
Eliminations	(102.2)	24	0	0.8
Consolidation	1,200	(185.4)	54.0	(22.9)

(2) Financial Position

Total assets as of September 30, 2003 were ¥2,491.71 billion, ¥19.43 billion lower than at March 31, 2003. Total liabilities were ¥2,222.50 billion, a reduction of ¥95.40 billion. Shareholders' equity stood at ¥190.61 billion, up ¥38.81 billion from March 31, 2003.

Consolidated Cash Flows

Net cash provided by operating activities was ¥36.693 billion, a decrease of ¥6.116 billion compared to the previous interim period because of an increase in income taxes paid and other factors. Income before income taxes was ¥11.102 billion. Significant adjustments to the income were depreciation and amortization of ¥31.052 billion, addition to the reserve for losses on business investment of ¥16.49 billion, and appraisal losses on disposal of fixed assets of ¥4.175 billion.

Net cash used in investing activities was ¥23.84 billion, ¥4.309 billion less than in the previous interim period. Continued capital investment, such as the quadruple tracking of railway lines, resulted in expenditure on the purchase of fixed assets of ¥41.763 billion, but revenue of ¥7.481 billion was gained from the sale of fixed assets and ¥14.145 billion was generated from contribution by subsidies for construction etc.

Net cash provided by financing activities was ¥662 million, an increase of ¥45.195 billion compared to the previous interim period. The issuance of new shares at a consolidated subsidiary contributed revenue, although expenditure on the repayment of loans, redemption of bonds, and ongoing reduction of interest-bearing debt continued.

As a result, cash and cash equivalents at the end of the interim period stood at ¥65.40 billion, ¥14.583 billion more than at March 31, 2003.

The company's cash flow-related indicator trends are as follows:

	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	First-Half Fiscal 2003
Equity ratio (%)	7.0	5.6	6.3	6.0	7.6
Market price based equity ratio (%)	19.7	24.0	18.3	15.9	21.1
Debt service coverage ratio (years)	13.5	16.9	23.5	14.1	--
Interest coverage ratio (times)	2.9	2.3	1.8	3.2	2.5

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 period by the total number of shares in issue at the end of the period.
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		
	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Assets			
Current Assets	**553,776**	**623,669**	**590,353**
Cash and deposits	59,979	67,796	47,071
Trade notes & accounts receivable	191,621	131,004	195,232
Securities	356	553	553
Inventories	233,036	364,279	288,239
Deferred tax assets	18,571	9,727	16,002
Other current assets	55,261	56,446	48,304
Allowance for doubtful accounts	(5,050)	(6,136)	(5,049)
Fixed Assets	**1,937,938**	**1,929,788**	**1,920,800**
Tangible fixed assets	1,544,589	1,562,010	1,564,739
Buildings & Structures	597,673	624,747	615,475
Rolling stock & machinery	71,146	69,782	72,566
Land	545,813	508,212	538,426
Construction in progress	307,912	337,331	315,461
Others	22,044	21,936	22,809
Intangible fixed assets	39,996	61,213	38,350
Consolidation adjustment account	—	23,734	—
Others	39,996	37,478	38,350
Investments & long-term loans	353,352	306,564	317,709
Investment securities	189,514	157,663	155,549
Long-term loans	3,012	3,247	3,151
Deferred tax assets	57,836	56,393	44,970
Other investments	118,552	104,352	130,183
Allowance for doubtful accounts	(15,562)	(15,092)	(16,144)
Total Assets	**2,491,715**	**2,553,458**	**2,511,153**

Liabilities, Minority Interests and Shareholders' Equity			
	Millions of yen		
Item	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Liabilities			
Current Liabilities	**1,057,476**	**1,199,005**	**1,130,481**
Trade notes & accounts payable	179,958	164,718	207,114
Short-term debt	520,529	619,537	562,300
Commercial paper	29,000	—	—
Corporate bonds redeemable within one year	44,201	78,000	55,900
Accrued income taxes	4,842	12,391	19,491
Reserve for guarantees on completed contracts	542	481	629
Reserve for employees' bonuses	14,301	14,225	14,154
Reserve for loss on business investment	16,490	—	14,865
Advances received	151,575	228,373	167,626
Other	96,036	81,276	88,399
Long-term Liabilities	**1,125,685**	**1,124,919**	**1,146,629**
Corporate bonds	338,700	311,101	314,201
Long-term debt	504,966	547,404	533,835
Reserve for employees' retirement benefits	82,194	90,207	97,423
Reserve for directors' retirement benefits	3,342	3,506	3,679
Liabilities of affiliates accounted for by equity method	—	3,205	—
Deposits from tenants and club members	143,006	137,365	148,633
Deferred tax liabilities	21,720	12,494	20,521
Deferred tax liabilities from revaluation of assets	7,392	7,605	7,351
Consolidation adjustment account	9,827	—	11,124
Other	14,534	12,028	9,856
Special legal reserves	**39,344**	**42,294**	**40,800**
Urban Railways Improvement Reserve	39,344	42,294	40,800
Total Liabilities	**2,222,506**	**2,366,219**	**2,317,911**
Minority Interests			
Minority interests	**78,592**	**47,913**	**41,442**
Shareholders' Equity			
Common stock	108,819	108,819	108,819
Capital surplus	128,126	120,715	128,130
Accumulated deficit	(56,160)	(88,077)	(80,296)
Land revaluation difference, net of taxes	11,150	10,878	11,093
Unrealized holding gains (losses) on securities, net of taxes	13,156	1,759	(1,142)
Foreign currency translation adjustment account	(9,568)	(11,729)	(9,670)
Treasury stock, at cost	(4,907)	(3,042)	(5,135)
Net Shareholder's Equity	**190,615**	**139,324**	**151,799**
Total Liabilities, Minority Interests & Shareholders' Equity	**2,491,715**	**2,553,458**	**2,511,153**

Consolidated Statements of Income

	Millions of yen		
	April 1, 2003 to Sept. 30, 2003	April 1, 2002 to Sept. 30, 2002	April 1, 2002 to March 31, 2003
Revenue from operations	**686,216**	**599,702**	**1,385,438**
Cost of revenue from operations	653,838	564,684	1,308,510
Operating expenses & cost of sales (Transportation etc.)	554,648	469,203	1,116,063
SG&A expenses	99,189	95,480	192,447
Operating income	**32,378**	**35,017**	**76,928**
Other income	11,200	4,690	13,833
Interest & dividends	1,329	981	1,452
Investment profit on equity method	—	613	2,514
Other	9,870	3,095	9,866
Other expenses	20,608	19,484	38,839
Interest	14,622	16,836	33,000
Investment loss on equity method	721	—	—
Other	5,264	2,647	5,839
Ordinary income	**22,970**	**20,223**	**51,921**
Extraordinary gains	20,612	6,233	80,696
Extraordinary losses	32,481	45,053	119,245
Income before income taxes and minority interests	**11,102**	**(18,595)**	**13,373**
Income taxes, current	4,423	12,810	27,000
Income taxes, deferred	(23,346)	(18,925)	(14,230)
Minority interests	2,818	(401)	(2,813)
Net income	**27,205**	**(12,078)**	**3,416**

	Millions of yen		
Notes	Six months to Sept. 30, 2003	Six months to Sept. 30, 2002	12 months to March 31, 2003
Breakdown of extraordinary gains			
Profit from return of proxy portion of pension fund	5,271	—	—
Gain on reversal of retirement allowance reserve	5,164	—	—
Contribution by subsidies for construction received	3,175	34	17,618
Reversal of Urban Railways Improvement Reserve	2,653	2,653	5,307
Gain on sale of property and equipment	1,960	2,045	52,242
Breakdown of extraordinary losses			
Addition to business investment loss reserve	16,490	—	14,865
Appraisal loss on real estate for sale	2,330	2,809	13,045
Loss on reduction in contribution by subsidies for construction	2,104	34	10,774
Loss on sale of fixed assets	779	17,657	22,268
Appraisal loss on fixed assets	—	15,678	20,077

Consolidated Statements of Surplus

	Millions of yen		
	April 1, 2003 to Sept. 30, 2003	April 1, 2002 to Sept. 30, 2002	April 1, 2002 to March 31, 2003
Capital surplus			
Balance at beginning of period	128,130	120,702	120,702
Increase in capital surplus	—	13	7,428
Stock issued under exchange offerings	—	—	7,381
Surplus from transactions in treasury stock	—	13	46
Decrease in capital surplus reserve	4	—	—
Loss on sale of own shares	4	—	—
Balance at end of period	128,126	120,715	128,130
Accumulated deficit			
Balance at beginning of period	(80,296)	(72,983)	(72,983)
Decrease in accumulated deficit	27,218	31	4,616
Decrease in accumulated deficit from:			
Net income	27,205	—	3,416
Increase in subsidiaries of an equity-method affiliate	12	—	—
Reduction in affiliated companies subject to equity-method accounting	—	5	1,173
Merger of consolidated subsidiaries	—	25	25
Increase in accumulated deficit	3,082	15,125	11,929
Increase in accumulated deficit resulting from:			
Net loss	—	12,078	—
Cash dividends	2,831	2,803	5,594
Directors' and statutory auditors' bonuses	185	223	223
Reversal of revaluation balance	34	19	64
Merger of consolidated subsidiaries	31	—	—
Change in accounting period of subsidiaries	—	—	4,490
Merger of subsidiaries of affiliates	—	—	1,528
Change in accounting period of affiliates	—	—	28
Balance at end of period	**(56,160)**	**(88,077)**	**(80,296)**

Consolidated Statements of Cash Flow

	Millions of yen		
	April 1, 2003 to Sept. 30, 2003	April 1, 2002 to Sept. 30, 2002	April 1, 2002 to March 31, 2003
I. Cash flows from operating activities			
Income (loss) before income taxes	11,102	(18,595)	13,373
Depreciation and amortization	31,052	33,023	66,911
Amortization of consolidation adjusting account	(826)	2,915	12,923
(Decrease) increase in employees' retirement benefit reserve	(15,154)	(14,138)	(17,417)
Addition to business investment loss reserve	16,490	—	14,865
(Decrease) increase in liabilities of affiliates accounted for by equity method	—	(226)	(3,432)
Decrease in Urban Railways Improvement Reserve	(1,455)	(1,477)	(2,971)
Contribution for construction received	(3,175)	(34)	(17,618)
Reduction in contribution from construction	2,104	34	10,774
(Gain) loss on sale of subsidiaries' stock	(304)	578	1,713
(Gain) on sale of parent company stock held by subsidiaries	(4)	(16)	(35)
Loss on revaluation of investment securities	227	2,548	10,573
(Gain) on sale of property and equipment	(1,181)	15,612	(29,974)
Loss on disposal of property and equipment	4,175	3,750	17,680
Appraisal losses on real estate for sale	2,330	2,809	13,045
Appraisal losses on of fixed assets	—	15,678	20,077
Equity in losses (earnings) of equity-accounted affiliates	721	(613)	(2,514)
Decrease (increase) in trade receivables	6,041	39,761	(15,503)
Decrease (increase) in inventories	61,961	(23,744)	49,615
(Decrease) increase in trade payables	(32,615)	(28,050)	9,433
(Decrease) increase in advances received	(25,734)	25,474	(27,784)
(Decrease) increase in deposits from tenants and club members	(5,622)	1,734	(7,259)
Interest and dividend income	(1,329)	(981)	(1,452)
Interest expenses for the period	14,622	16,836	33,000
Other	4,951	(4,198)	5,646
Subtotal	68,377	68,680	153,674
Interest and dividends received	1,808	1,078	1,664
Interest paid	(14,432)	(16,244)	(32,927)
Income taxes paid	(19,059)	(10,704)	(18,113)
Net cash provided by operating activities	**36,693**	42,810	104,298
II. Cash flows from investing activities			
Payments for securities	—	—	(29)
Proceeds from sale of securities	233	101	313
Purchases of property and equipment	(41,763)	(53,777)	(129,364)
Proceeds from sale of property and equipment	7,481	22,561	112,523
Payments for investment securities	(14,723)	(1,941)	(5,274)
Proceeds from sale of investment securities	4,448	1,446	4,380
Payment for purchase of subsidiaries' stock	(1)	(7,471)	(7,471)
Proceeds from sale of subsidiaries' stock	88	10	96
Payment for purchase of subsidiary stock, resulting from changes in the scope of consolidation	—	—	(7,722)
Proceeds from sale of subsidiary stock, resulting in changes in the scope of consolidation	106	—	4,218
Contribution by subsidies for construction projects	14,145	9,064	18,836
Disbursement of loans receivable	(130)	(616)	(1,596)
Collection of loans receivable	251	1,392	6,010
Collection of investments receivable	7,020	36	20

Other	(999)	1,042	(1,543)
Net cash used in investing activities	**(23,840)**	**(28,150)**	**(6,603)**
III. Cash flows from financing activities			
Increase (decrease) in short-term debt, net	(60,533)	(28,560)	(93,673)
Proceeds from long-term debt	60,914	40,431	92,325
Repayment of long-term debt	(78,170)	(60,622)	(135,289)
Proceeds from issuance of commercial paper	29,000	—	10,000
Redemption of commercial paper	—	(8,000)	(18,000)
Proceeds from issuance of bonds	67,433	29,810	33,771
Payment for redemption of bonds	(55,000)	(14,640)	(37,640)
Gain on sale of parent company stock held by subsidiaries	123	139	350
Dividends paid by parent company	(2,831)	(2,803)	(5,594)
Proceeds from issuance of stock to minority shareholders	40,000	117	117
Dividends paid to minority shareholders	(329)	(297)	(578)
Other	57	(107)	(517)
Net cash used in financing activities	**662**	**(44,533)**	**(154,728)**
IV. Translation difference in cash and cash equivalents	**149**	**(1,732)**	**(1,883)**
V. Net increase (decrease) in cash and cash equivalents	**13,664**	**(31,606)**	**(58,916)**
VI. Cash and cash equivalents at beginning of period	**50,825**	**99,735**	**99,735**
VII. Decrease due to exclusion from scope of consolidation	**(28)**	**(1,254)**	**(1,344)**
VIII. Increase due to inclusion in scope of consolidation	**940**	**7,814**	**10,077**
IX. Increase in cash and cash equivalents resulting from change in accounting period of subsidiaries	**7**	**—**	**1,273**
X. Cash and cash equivalents at end of period	**65,408**	**74,688**	**50,825**

(5) Basis of Presentation of Interim Consolidated Financial Statements

1. Scope of Consolidation

The Tokyu Group comprises 239 consolidated subsidiaries, including Izukyu Corp., Tokyu Tourist 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, Toun Service and two 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 three other companies have been dissolved and thus excluded from consolidation and Tokyu Shachi Taxi is no longer a subsidiary following sale of shares and is thus excluded from consolidation.

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 33 affiliates accounted for by the equity method include Tokyu Land Corp. and Tokyu Department Store Co., Ltd. In addition, newly established TC Holdings and Goldpak Co., Ltd., which merged with affiliate GP Holdings, both became affiliates accounted for using the equity method.

Furthermore, Taura Development became a consolidated subsidiary so is no longer accounted for by the equity method. In addition, as a result of sale of shares in J-Travel Nagoya Co., Ltd. and the merger of GP Holdings, these companies are no longer affiliates so the equity method is not applied. The newly established TMS is an affiliate. However as the effect on the interim financial statements would be immaterial this company has been treated as an affiliate to which the equity method is not applied.

3. Interim Period End of Consolidated Subsidiaries

Among the consolidated subsidiaries, Tokyu Tourist Corporation and 71 other companies close their books on an interim basis on June 30, July 31 or August 31. Apart from Kyushu Tokyu Hotel Chain Co., Ltd., interim financial statements as of their respective balance sheet dates were used to prepare the interim consolidated financial statements. The consolidated financial statements were adjusted for material transactions between the interim period end of these subsidiaries and that of the Tokyu Group.
Among the consolidated subsidiaries, Three Hundred Club Co., Ltd and 5 other companies, and also Kyushu Tokyu Hotel Chain Co., Ltd. close their books on an interim basis on November 30, December 31, or the end of another month. For these companies, financial statements based on a provisional statement of accounts as of the interim consolidated balance sheet date were used.

4. Summary of Significant Accounting Policies

(1) Valuation Standards and Accounting Treatment for Important Assets

(a) Securities

Bonds held to maturity:

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

Other securities:

Securities with market quotations:

Securities with market quotations are valued at market on the balance sheet date.
(The entire difference between the carrying value and the market value is capitalized. Cost of sales is 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 valued at cost, with cost being determined by the weighted-average method in each area and the specific-identification method. Other inventories are valued either at cost, which is determined by one of the specific-identification method, the weighted-average method, the last-cost method, the first-in first-out method, the retail method or the moving-average method, or at lower of cost or market, which is determined by one of the weighted-average method or the moving-average 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 by the straight-line method. Estimated useful life of the buildings 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 as one-time expenses to income as incurred.

(4) Important Reserves
(a) Allowance for doubtful accounts
The allowance for doubtful receivables is provided for at rates based on past collection experience. In addition, the amount deemed necessary to cover individual uncollectable receivables, based on management's estimate of collectability, is provided when appropriate.

(b) Reserve for guarantees on completed contracts
The allowance for guarantees on completed contracts is provided for at rates based on past experience.

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

(d) Reserve for employees' retirement benefit
Accrued employee retirement benefits are provided for on the basis of the retirement and severance benefit

obligations at the end of the period and the estimated fair value of pension fund assets as of the interim balance sheet date. Differences in the actuarially computed value of benefits are charged to income (from the following fiscal period) over a period (15 years) that is less than the average remaining years of service of employees, by the straight-line method. Past service liabilities are calculated by the straight-line method based on a period (13 years) that is less than the average remaining years of service of employees.

Additional information
On March 14, 2003, in connection with the implementation of a defined contribution 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. As a result, Tokyu Store Chain Co. Ltd. and its consolidated subsidiaries will apply 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 part of its human resources policy, Tokyu Construction Co., Ltd., a consolidated subsidiary of Tokyu Corporation ended its lump sum retirement payments system on September 30, 2003. In consequence, the gain on reversal of the retirement allowance reserve of ¥5.164 billion has been recorded as an extraordinary gain.

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

(f) Reserve for loss on business investment
Reserve for potential future losses related to the transfer of part of the Leisure and Services business is provided based on estimated losses as at the end of the interim period.

(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 interim balance sheet date. Revenue and expenses are mainly translated into yen amounts at the average exchange rate for the fiscal period and the differences are included in minority interests or the foreign currency translation adjustment account in the shareholders' equity section.

(6) Special legal reserves (Urban Railways Improvement Reserve)
A reserve is provided for specific construction projects, in compliance with the provisions of Article 8 of the Law for the Urban Railways Improvement.

(7) Accounting for contribution by subsidies for construction in railways operations
Payments 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 payments for the said construction project directly from the value of fixed assets once the project is completed. Similar contributions in respect of Izukyu Corporation are accounted for as fixed assets without making a direct deduction. In the interim consolidated financial statements, contributions the Company has received for its construction projects are

booked as an extraordinary gain while the amount deducted directly from the acquisition cost of fixed assets is accounted for as an extraordinary loss resulting from advanced depreciation deductions on payments the Company has received for its 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 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) Recognition of revenues from the construction business

The percentage of completion method is used. However, where the construction period is less than one year the complete job method is used. Operating revenues recognized under the percentage of completion method are ¥76.705 billion.

(Change in accounting policy)

In respect of large, long-term construction projects (those with a construction period of longer than twenty four months and a contract amount of over ¥10 billion) the accounting standard for recognition of construction business revenues is the percentage of completion method. In respect of other construction projects the complete job method has been used, but from the current interim accounting period the completion method is used. However, where the construction period is less than one year the complete job method is used. This change has been made in response to trends in internationally accepted accounting standards and rapid changes in the operating environment, and with the aim of reflecting work performed in each period accurately and at the appropriate time.

As a result of this change and compared with the method previously used, for the interim period operating revenue has increased by ¥76.705 billion, and ordinary income and pre tax income have each increased by ¥4.870 billion. Further, of these amounts, the amounts in respect of construction undertaken in previous fiscal periods are: operating revenue, ¥30.329 billion; operating income ¥297 million. The effects of these changes on segmental information are shown in '5. Segment Information'.

(11) Accounting for consumption tax:
The consumption tax exclusion method is applied.

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

(Additional Information)

Tokyu Tourist made into wholly owned subsidiary through share exchange

1. Reason for making Tokyu Tourist into a wholly owned subsidiary

At meetings of the Boards of Directors of Tokyu Corporation (hereinafter referred to as "Tokyu") and Tokyu Tourist Corporation (hereinafter referred to as "Tokyu Tourist"), which were held on September 26, 2003, agreement was reached to make Tokyu Tourist a wholly owned subsidiary of Tokyu through a share exchange, and the two companies signed a share exchange agreement accordingly.

Furthermore, at an extraordinary general meeting of shareholders of Tokyu Tourist on November 26, 2003, the contract for the share exchange was resolved. Moreover, as per article 358 of the Commercial Code (Simple Share Exchange), Tokyu does not require the approval of the shareholders' meeting.

In making Tokyu Tourist into a wholly owned subsidiary we will:
1. Focus management resources on areas of strength and increase management efficiencies so that Tokyu Tourist can survive within its industry.
2. Reorganize Tokyu Tourist's sales network to deepen its relationships with businesses within and outside the Tokyu group, thus realizing improved group earnings.
3. Restructure Tokyo Tourist's operations to ensure rapid management decision-making and flexible capital policies based on the business strategy of the Tokyu group.

Thus we decided that making Tokyu Tourist into a wholly owned subsidiary and creating a single management structure for both companies is the most appropriate course of action.

2. Terms and conditions of share exchange

(1) Share exchange date

January 1, 2004 (tentative)

Name of Company	Tokyu Corporation (Wholly owning parent company)	Tokyu Tourist Corporation (Wholly owned subsidiary)
Share exchange ratio	1	0.16

Notes:

1. Share exchange ratio

0.16 common shares of Tokyu stock will be exchanged for each common share of Tokyu Tourist stock. (However there will be no allocation and exchange in respect of the 28,053,695 common shares and 16,700,000 deferred shares of

Tokyu Tourist already owned by Tokyu.)

2. Number of new shares to be issued pursuant to share exchange

Tokyu will exchange 3,589,954 shares using treasury shares, and so will not issue any new shares.

Notes to Interim Consolidated Financial Statements

(Notes to Interim Consolidated Balance Sheets)

	Millions of yen		
	As of Sept, 30, 2003	As of Sept. 30, 2002	As of March 31, 2003
1. Accumulated depreciation of tangible fixed assets	807,355	832,273	840,658
2. Contingent liabilities	1,732	5,991	6,279
3. Notes discounted and endorsed	378	1,277	1,816
4. Pledged assets and secured liabilities			
Pledged assets			
Securities	199	199	311
	<—>	<—>	<—>
Buildings and structures	321,522	354,772	343,194
	<240,452>	<223,624>	<243,338>
Rolling stock & machinery	49,670	49,420	52,373
	<49,440>	<45,173>	<52,150>
Land	260,694	271,839	286,072
	<76,288>	<51,397>	<75,961>
Investment securities	4,264	13,253	9,919
	<—>	<—>	<—>
Inventory assets	17,623	29,747	25,008
	<—>	<—>	<—>
Other assets	24,799	14,703	25,592
	<5,885>	<4,900>	<4,942>
Total	678,775	733,935	742,471
	<372,067>	<325,095>	<376,393>
Secured liabilities			
Short-term loans payable	55,271	84,568	70,881
	<11,380>	<13,576>	<8,462>
Corporate bonds	8,801	8,801	8,801
	<6,201>	<6,201>	<6,201>
Long-term loans payable	447,522	381,933	477,746
	<275,061>	<242,996>	<250,452>
Others	1,382	9,556	9,092
	<556>	<1,326>	<946>
Total	512,978	484,859	566,521
	<293,199>	<264,100>	<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.

	Millions of yen		
	As of Sept, 30, 2003	As of Sept. 30, 2002	As of March 31, 2003
5. Securities loaned			
Investment securities	592	386	409
	212,990 thousand Thai Baht	136,581 thousand Thai Baht	146,132 thousand Thai Baht

6. The allowance for 'Claims in Bankruptcy and Claims in Receivership' included in the 'Allowance for Doubtful Accounts' and accounted in the 'Others' account in 'Investments and Others' (¥27,878 million at the end of this interim period, ¥39,850 million at the end of the interim period a year ago, and ¥42,648 million as at March 31, 2003 has been deducted directly from the claims.

7. Loan commitments of consolidated subsidiaries			
Tokyu Card, INC.			
Total loan commitments	90,627	91,073	90,155
Loans extended	2,511	1,745	2,109
Remaining commitment	88,116	89,328	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 exercised.

Tokyu Finance and Accounting Co., Ltd.			
Total loan commitments	34,000	38,000	34,000
Loans extended	6,949	8,494	4,276
Remaining commitment	27,050	29,505	29,723

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

Tokyu Construction Co., Ltd.			
Total loan commitments	230	2,630	2,630
Loans extended	40	1,718	1,668
Remaining commitment	190	912	962

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

8. Total amount of construction payments directly deducted from purchase cost of fixed assets:	89,263	---	87,161

(Notes to Interim Consolidated Cash Flow Statements)

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

	Millions of yen		
	As of Sept. 30, 2003	As of Sept. 30, 2002	As of March 31, 2003
Cash and deposits*..	59,979	67,796	47,071
Term deposits with maturities longer than 3 months...	(1,577)	(1,730)	(580)

Securities included in cash and cash equivalents	57	127	57
Short-term loans included in cash equivalents	6,949	8,494	4,276
Cash and cash equivalents	65,408	74,688	50,825

*Note: 'Cash and deposits' refers to those in the balance sheet

5. Segment Information

(1) Segment information by business

April 1, 2003 – September 30, 2003

Millions of yen

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

April 1, 2002 – September 30, 2002

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Construction	Other	Total	Elimination/ Headquarters	Consolidated
Revenues/ Operating income Revenue from operations										
(1) Outside customers	127,935	62,375	186,679	44,017	59,739	89,803	29,150	599,702	―	599,702
(2) Inter-segment Internal revenues or transfers	2,793	6,280	10,416	578	162	11,294	6,500	38,025	(38,025)	―
Total	130,729	68,655	197,096	44,595	59,901	101,098	35,651	637,727	(38,025)	599,702
Operating expenses	105,837	57,261	194,375	45,804	60,418	104,584	34,686	602,968	(38,284)	564,684
Operating income	24,891	11,394	2,720	(1,208)	(516)	(3,486)	964	34,759	258	35,017

April 1, 2002 – March 31, 2003

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Construction	Other	Total	Elimination/ Headquarters	Consolidated
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 or 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

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, building and general construction
   - Other: maintenance of rolling stock for railway operations

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

4. As per "(10) Recognition of revenues from the construction business" in "4. Summary of Significant Accounting Policies" of "(5) Basis of Presentation of Interim Consolidated Financial Statement" the accounting standard for recognition of construction business revenues from large long-term projects (those with a construction period of longer than two years and a contract amount of over ¥10 billion) is the percentage of completion method. In respect of other construction projects the complete job method has been used, but from the current interim accounting period the percentage of completion method is used. However, where the construction period is less than one year the complete job method is used.

As a result of this change, compared with the method previously used, the results of the construction business are as follows: operating revenues and operating income increased by ¥86.782 billion and ¥6.023 billion respectively (with operating revenue from external customers increasing by ¥76.705 billion and operating income increasing by ¥4.87 billion) Further, of these amounts, the amounts in respect of construction undertaken in previous fiscal years are: operating revenue ¥32.631 billion, operating income ¥645 million (with operating revenue from external customers increasing by ¥30.329 billion and operating income increasing by ¥297 million)

(2) Geographical Segment Information

For this interim period (April 1, 2003 – September 30, 2003), the previous interim period (April 1, 2002 – September 30, 2002), and fiscal 2002 (April 1, 2002 - March 31, 2003): Geographical segment information is not disclosed since the amount of revenue from domestic operations represents more than 90% of the total amount of revenues for all segments.

(3) Overseas sales

For this interim period (April 1, 2003 – September 30, 2003), the previous interim period (April 1, 2002 – September 30, 2002), and 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

Tokyu does not release this information because it is disclosed electronically according to provision 30 – 6 of article 27 of the Securities and Exchange Law.

7. Securities

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

	Millions of yen								
	As of Sept. 30, 2003			As of Sept. 30, 2002			As of March 31, 2003		
	Book value	Market value	Unrealized gain or loss	Book value	Market value	Unrealized gain or loss	Book value	Market value	Unrealized gain or loss
JGB									
Municipal bonds	191	193	1	428	438	10	296	301	4
Corporate bonds	--	--	--	100	96	(3)	--	--	--
Others	118	118	0	169	169	0	138	138	0
Total	310	312	1	697	704	6	435	440	5

(2) Other securities (with market quotations)

	Millions of yen								
	As of Sept. 30, 2003			As of Sept. 30, 2002			As of March 31, 2003		
	Acquisition cost	Book value	Unrealized gain or loss	Acquisition cost	Book Value	Unrealized gain or loss	Acquisition cost	Book Value	Unrealized gain or loss
1. Stocks	60,107	84,056	23,946	52,659	55,332	2,672	59,136	59,926	790
2. Bonds									
JGB, Municipal Bonds	94	98	4	1,415	1,467	52	164	169	5
Corporate bonds	80	83	3	34	37	2	80	82	2
Others	--	--	--	--	--	--	--	--	--
3.Other securities	337	285	(51)	330	279	(50)	377	293	(83)
Total	60,619	84,523	23,902	54,439	57,116	2,676	59,758	60,472	714

Note: The acquisition cost represents book value after write downs. In other securities with market quotations the following amounts were written down:

Fiscal 2003 interim period - ¥63 million

Fiscal 2002 interim period - ¥ 2.341 billion

Fiscal 2002 - ¥10.364 billion

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

	Millions of yen		
	As of Sept. 30, 2003	As of Sept. 30, 2002	As of March 31, 2003
	Book value	Book value	Book value
1. Bonds held to maturity			
Matured interest-bearing Japanese government bonds	30	10	30
Privately placed bonds	1	1	1
2. Other securities			
Unlisted stock (excluding OTC stock)	36,442	34,975	36,428
Medium-term JGBs	26	26	26
Free Financial Fund	22	2	22
Money management fund	9	99	9

8. Derivative Transactions

Tokyu does not release this information because it is disclosed electronically according to provision 30 – 6 of article 27 of the Securities and Exchange Law.

9. Per Share Information

<table>
<tr><td colspan="2">April 1, 2003 – September 30, 2003</td><td colspan="2">April 1, 2002 – September 30, 2002</td><td colspan="2">April 1, 2002 – March 31, 2003</td></tr>
<tr><td>Net assets per share</td><td>¥168.59</td><td>Net assets per share</td><td>¥124.68</td><td>Net assets per share</td><td>¥134.13</td></tr>
<tr><td>Net income per share</td><td>¥24.07</td><td>Net loss per share</td><td>¥10.81</td><td>Net income per share</td><td>¥2.83</td></tr>
<tr><td>Net income per share (diluted)</td><td>¥22.43</td><td colspan="2" rowspan="2">Diluted net income per share is not shown even though convertible bonds have been issued because an interim loss was reported.</td><td>Net income per share – (diluted)</td><td>¥2.66</td></tr>
<tr><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td colspan="6"></td></tr>
<tr><td colspan="2" rowspan="5"></td><td colspan="2">Starting from this interim period, the “Accounting Standards Concerning Annual Net Income Per Share” (Corporate Financial Accounting Standard No. 2) and the “Guidelines for Applying the Accounting Standards Concerning Annual Net Income Per Share” (Corporate Financial Accounting Standard No. 4) are applicable. If the above Accounting Standards and Guidelines had been applied to the previous periods, per share information would have been as follows:</td><td colspan="2">Starting from this fiscal year, the “Accounting Standards Concerning Annual Net Income Per Share” (Corporate Financial Accounting Standard No. 2) and the “Guidelines for Applying the Accounting Standards Concerning Annual Net Income Per Share” (Corporate Financial Accounting Standard No. 4) are applicable. If the above Accounting Standards and Guidelines had been applied to the previous fiscal year, per share information would have been as follows:</td></tr>
<tr><td>April 1, 2001 – Sept. 30, 2001</td><td>April 1, 2001 – March 31, 2002</td><td colspan="2"></td></tr>
<tr><td>Net assets per share – ¥133.34</td><td>Net assets per share – ¥137.22</td><td>Net assets per share</td><td>¥137.22</td></tr>
<tr><td>Net income per share – ¥4.11</td><td>Net income per share – ¥10.53</td><td>Net income per share</td><td>¥10.53</td></tr>
<tr><td>Diluted net income per share is not shown even though convertible bonds have been issued because an interim loss was reported.</td><td>Net income per share (diluted) – ¥9.87</td><td>Net income per share – (diluted)</td><td>¥9.87</td></tr>
</table>

Note: The basis for the calculation of net income per share and the net income per share (diluted) is as follows:

	April 1, 2003 – September 30, 2003	April 1, 2002 – September 30, 2002	April 1, 2002 – March 31, 2003
Net income (¥ million)	27,205	(12,078)	3,416
Amount not attributable to ordinary shareholders (¥ million)	—	—	240
Of which bonuses paid to executive officers as part of the appropriation of surplus	—	—	240
Net income attributable to ordinary shares	27,205	(12,078)	3,176
Average number of outstanding ordinary shares during the period (1,000 shares)	1,130,267	1,117,781	1,123,617
Net income per share (diluted)			
Net income adjustment (¥ million)	17	--	34
Of which, interest expense (after deducting tax equivalent)	17	--	34
Increase in the number of ordinary shares (1,000 shares)	83,642	--	83,642
Of which, convertible bonds (1,000 shares)	83,642	--	83,642
Potential shares not included in the calculation of the net income after adjustment for potential shares due to the fact that these securities had no dilutive effect.	----	Three Convertible bonds (Total par value ¥72 billion). Of these, two bonds (Total par value ¥52 billion), are the ¥30 billion No. 51 Unsecured Convertible Bond and the ¥22 billion, 2007 yen-denominated Convertible Bond. Also in respect of the third bond, the No. 33 Unsecured Convertible Bond (expiry date September 30, 2002; Total par value ¥20 billion), the warrants on new shares expired on September 27, 2002.	The No. 33 Unsecured Convertible Bond (expiry date September 30, 2002; Total par value ¥20 billion), the warrants on new shares expired on September 27, 2002.

10. Important Subsequent Events

(1) Separation of construction operations of Tokyu Construction

At the June 25 general shareholders' meeting of Tokyu Construction Co., Ltd., which is a consolidated subsidiary of Tokyu Corporation and which changed its name to TC Properties on October 1, 2003, and the June 24 extraordinary shareholders' meeting of New Tokyu Construction Co., Ltd., which was formerly known as TC Holdings, it was resolved that on October 1, 2003 Tokyu Construction would be separated (assimilated and separated) based on the terms of a previously agreed contract, and its construction operations continued by New Tokyu Construction.

(2) Transfer of operations of Gran Deco Ski Resort and Hotel Gran Deco

At a board of directors meeting on October 27, 2003, Tokyu Corporation resolved to transfer the operations of Gran Deco Ski Resort and Hotel Gran Deco.

Gran Deco Ski Resort and Hotel Gran Deco are located in the Urabandai region of Fukushima prefecture, and have been managed by Tokyu Corporation since they opened in December 1992. Under the Group Management Policy set in April 2000, Tokyu Corporation has been selecting and concentrating its business operations. As part of this policy it is transferring the above operations to Tokyu Land Corporation that manages resort operations such as ski resorts and membership-based resorts.

1) Details of businesses to be transferred
Gran Deco Ski Resort and Hotel Gran Deco

Location	Aza Arasunasawayama, Oaza Hibara, Kitashiobara-mura, Yama-gun, Fukushima Prefecture 1082-93
Start of operations	1992
Description of ski resort	Area: 580,000 ㎡ Number of ski runs: 7 Gondolas: 1 Lifts: 4
Description of hotel	Steel-reinforced concrete construction with 106 rooms One basement level and four above-ground levels Floor area 12,980 ㎡

2) Assets to be transferred and transfer price

Millions of yen

Assets	Book value	Transfer price	Loss on transfer
Gran Deco Ski Resort: One gondola, four lifts、rest house, ski center etc.	7,658		
Hotel Gran Deco Hotel building etc.	3,739		
Total	11,397	1,500	9,897

*Book value is estimated market price when sold

3) Outline of transferee
a) Company name: Tokyu Land Corporation

b) Headquarters: Dogenzaka 1-21-2, Shibuya-ku, Tokyo
c) Representative Masatake Ueki, President
d) Capital: ¥32.154 billion
e) Main business: Real estate business

4) Transfer schedule

October 27, 2003	Approval by board of directors and signing of contract
October 28, 2003	Applications for transfers and approvals ■ Application for transfer of rights to operate in a National Park (Ministry of the Environment) ■ Application to transfer management of operating entity (Aizu Forest Administrators) ■ Application to transfer cableway operations (Tohoku Transport Bureau)
December 16, 2003 (tentative)	Completion of operational transfer

Note: Operational transfer is subject to receiving approval from the above authorities, so the actual date of operational transfer will follow the receipt of all approvals.

5) Outlook
An expected loss of ¥9.897 billion associated with the transfer has been recorded in the interim results for this period as a reserve for loss on business investment, and it is planned to record the loss in the results for the fiscal year ending March 31, 2004 as an extraordinary loss on the sale of fixed assets.

(3) Transfer of Hakone Turnpike
At a board of directors meeting on November 27, 2003, Tokyu Corporation resolved to transfer the operations of the Hakone Turnpike motoring route.

Hakone Turnpike is a tourist toll road that, since its establishment in 1965, has connected Odawara, Hakone and Izu. In recent years the number of tourists who go to Izu has fallen, leading to a decline in the number of cars that use the route. Under the Group Management Policy set in April 2000, Tokyu Corporation has been selecting and concentrating its business operations, and as part of this policy it is transferring the above business.

1) Details of business to be transferred

Location	Ashigara Shimo-gun, Yugawara-machi, Kanagawa Prefecture
Start of operations	Daikanzan Line: 1965 Jukoku Line: 1967
Length of route	Daikanzan Line: 14.1 km Jukoku Line: 1.7 km

2) Assets to be transferred and transfer price

Millions of yen

Asset	Book value	Transfer price	Loss on transfer
Land	5,982		
Buildings	14		
Structures, other	1,690		
Total	7,687	1,157	6,530

*Book value is estimated market price when sold

3) Outline of transferees

a) Company name	Hakone Turnpike Co., Ltd.
b) Headquarters	Taisho Seimei Hibiya Bldg. 10F, 1-9-1 Yurakucho, Chiyoda-ku, Tokyo
c) Representative	Kaoru Gunji, President
d) Capital	¥10 million
e) Shareholder	Macquarie Japan Infrastructure No 2 Pty Ltd 100%
f) Main business	Highway management

a) Company name	Macquarie (Japan) Limited
b) Headquarters	Taisho Seimei Hibiya Bldg. 10F, 1-9-1 Yurakucho, Chiyoda-ku, Tokyo
c) Representative	Hiroo Shibata, President
d) Capital	¥248 million
e) Shareholder	Macquarie Corporate Finance Limited 100%
f) Main business	Brokers, intermediates, and advises on leasing and financial services

4) Transfer schedule

November 27, 2003	Approval at board of directors and signing of contract
March1, 2004 (planned)	Completion of management transfer

Note: Transfer of operations is subject to receiving approval for transferal of rights to operate in a National Park (Ministry of the Environment) and approval to transfer the license to operate a motoring route (Ministry of Land, Infrastructure and Transport), so the actual date of operational transfer will be after all approvals have been received.

5) Outlook

An expected loss of ¥6.530 billion associated with the transfer has been recorded in the interim results for this period as a reserve for loss on business investment, and it is planned to record the loss in results for the fiscal year ending March 31, 2004 as an extraordinary loss on the sale of fixed assets.

Reference Documents – Tokyu Corporation

Millions of yen

	April 1, 2003 to Sept. 30, 2003	April 1, 2002 to Sept. 30, 2002	Difference	
			Yen	%
Revenue from operations				
Transportation	130,502	130,729	(226)	(0.2)
Real estate	85,965	68,655	17,310	25.2
Retail	192,315	197,096	(4,781)	(2.4)
Leisure and Services	43,604	44,595	(990)	(2.2)
Hotels	54,357	59,901	(5,544)	(9.3)
Construction	201,751	101,098	100,653	99.6
Other	34,195	35,651	(1,455)	(4.1)
Total	742,693	637,727	104,966	16.5
Elimination	(56,476)	(38,025)	(18,451)	48.5
Consolidated	686,216	599,702	86,514	14.4
Operating income				
Transportation	20,331	24,891	(4,560)	(18.3)
Real estate	7,719	11,394	(3,674)	(32.2)
Retail	2,665	2,720	(55)	(2.0)
Leisure and Services	(117)	(1,208)	1,091	—
Hotels	785	(516)	1,302	—
Construction	1,989	(3,486)	5,475	—
Other	(262)	964	(1,227)	—
Total	33,110	34,759	(1,648)	(4.7)
Elimination	(731)	258	(990)	—
Consolidated	32,378	35,017	(2,639)	(7.5)
Investment profit (loss) on equity method	(721)	613	(1,334)	—
Ordinary income	22,970	20,223	2,746	13.6
Net income	**27,205**	**(12,078)**	**39,284**	**—**

Full-year forecasts

Millions of yen

	April 1, 2003 to March 31, 2004	April 1, 2002 to March 31, 2003	Difference	
			Yen	%
Revenue from operations				
Transportation	260,800	263,785	(2,985)	(1.1)
Real estate	168,500	148,769	19,731	13.3
Retail	382,600	394,174	(11,574)	(2.9)
Leisure and Services	85,700	89,004	(3,304)	(3.7)
Hotels	109,400	117,334	(7,934)	(6.8)
Construction	211,400	387,136	(175,736)	(45.4)
Other	83,800	111,472	(27,672)	(24.8)
Total	1,302,200	1,511,677	(209,477)	(13.9)
Elimination	(102,200)	(126,238)	24,038	(19.0)
Consolidated	1,200,000	1,385,438	(185,438)	(13.4)
Operating income				
Transportation	26,200	36,609	(10,409)	(28.4)
Real estate	14,900	27,868	(12,968)	(46.5)
Retail	6,300	5,531	769	13.9
Leisure and Services	(600)	(1,745)	1,145	—
Hotels	2,900	(2,684)	5,584	—
Construction	2,200	9,523	(7,323)	(76.9)
Other	2,100	2,645	(545)	(20.6)
Total	54,000	77,748	(23,748)	(30.5)
Elimination	0	(820)	820	—
Consolidated	54,000	76,928	(22,928)	(29.8)
Investment profit (loss) on equity method	1,000	2,514	(1,514)	(60.2)
Ordinary income	40,100	51,921	(11,821)	(22.8)
Net income	**(15,000)**	**3,416**	**(18,416)**	**—**