Tokyu Corporation

Consolidated Financial Statements
Fiscal 2002

(April 1, 2002 - March 31, 2003)

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For The Fiscal Year Ended March 31, 2003

Tokyu Corporation **May 27, 2003**

Stock Code:	9005	Listed exchanges:	Tokyo
URL:	www.tokyu.co.jp		
President	Kiyofumi Kamijo	Inquiries:	Kazuyoshi Kashiwazaki, Senior Manager
Date of the meeting of the board of directors:	May 27, 2003		Group Strategy & IR Division
U.S. GAAP Accounting Principles:	Not adopted	Telephone:	813 3477-6168

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2003

Amounts less than 1 million yen rounded down

1) Consolidated Operating Results

Millions of yen

	FY Ended March 31, 2003		FY Ended March 31, 2002	
		Change (%)		Change (%)
Revenue from Operations	1,385,438	30.9	1,058,156	4.5
Operating income	76,928	45.9	52,719	(18.1)
Recurring income	51,921	183.8	18,293	(22.6)
Net income	3,416	(71.3)	11,891	---
Net income per share (¥)	2.83		10.66	
Net income per share (diluted) (¥)	2.66		10.00	
Return on equity (%)	2.2		8.1	
Recurring income to total capital ratio (%)	2.1		0.7	
Recurring income revenue ratio (%)	3.7		1.7	

Notes: (1) Equity in income (losses) of equity-method affiliates:
FY ended March 31, 2003: 2,514 million yen FY ended March 31, 2002: (2,678 million) yen
(2) Weighted average number of shares (Consolidated):
FY ended March 31, 2003: 1,123,617,087 shares FY ended March 31, 2002: 1,115,195,410 shares
(3) No changes in accounting standards were applied.
(4) The percentage figures accompanying revenue, operating income, recurring income and net income represent year-on-year changes.

2) Consolidated Financial Position

	As of March 31, 2003	As of March 31, 2002
Total assets (¥, million)	2,511,153	2,497,041
Shareholders' equity (¥, million)	151,799	156,143
Equity ratio (%)	6.0%	6.3%
Shareholders' equity per share (¥)	¥134.13	¥139.11

Notes (1) Number of shares outstanding at fiscal year end. FY ended March 31, 2003: 1,129,950,098 shares
FY ended March 31, 2002: 1,122,439,190 shares

3) Consolidated Cash Flows

Millions of yen

	FY Ended March 31, 2003	FY Ended March 31, 2002
Operating activities	104,298	65,559
Investing activities	(6,603)	(70,342)
Financing activities	(154,728)	(30,846)
Cash and cash equivalents at end of year	50,825	99,735

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

Consolidated subsidiaries	247
Unconsolidated subsidiaries accounted for by the equity method	1
Affiliates accounted for by the equity method	34

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

Consolidated subsidiaries	(New)	32	(Excluded)	28
Affiliates accounted for by the equity method	(New)	2	(Excluded)	9

2. Consolidated Forecast for the Fiscal 2003 (April 1, 2003 – March 31, 2004)

Millions of yen

	Interim	Full year
Revenue from Operations	680,000	1,210,000
Recurring Income	14,800	33,300
Net Income	(2,000)	(15,000)

Reference: Forecast net income per share for the full year: ¥ (13.46)

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 248 subsidiaries and 36 affiliates. Their business operations are as follows.

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

(1) Transportation (51 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 C, Kusakaru Corp. #1 A, B
Cargo Transportation	Tokyu Logistic Co., Ltd. (former Sotetsu Transportation Co., Ltd.),#1, A, B. Tokyu Air Cargo Co., Ltd. #1, Nihon Kamotsu Kyuso Co., Ltd. #1 A, Tokyo Tsuun Co., Ltd. #1 A
	40 other firms

(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 C
Real estate management	Tokyu Community Corp. #2 A, B, C, Tokyu Facility Service Co., Ltd. (former Tokyu Service Corp.) #1 A, B; Yanchep Sun City PTY. LTD. #1 B
Real estate brokerage services	Tokyu Livable Inc. #2 A, B
	37 other firms

(3) Retail (31 companies)

Main businesses	Companies
Department store operations	Tokyu Department Store Co., Ltd. #2 A, C, D, Nagano Tokyu Department Store Co., Ltd. #2, D
Retail operations	Tokyu Store Chain Co., Ltd. #1 A, D, Sapporo Tokyu Store Chain Co., Ltd. #1, Tokyu Hands Inc. #2 A, D; Toko Shoji #1 A, B
General trading operations	Kowa #1, Tokyu Geox Co., Ltd. #1 D
	23 other companies

(4) Leisure and Services (61 companies)

Main businesses	Companies
Travel agency	Tokyu Tourist Corp. #1 A
Movie theater operations	Tokyu Recreation Co. Ltd. #2 A
Golf course operations	Tokyu Corp., Three Hundred Club Co., Ltd. #1, Tokyu Herbhill Golf Club. #1
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 (64 companies)

Main business	Companies
Hotels	Tokyu Corp., Tokyu Hotel Chain Co., Ltd. #1 A, Kansai Tokyu Inn and 25 other firms #1 B; Pan Pacific Hotels and Resorts Pte. Ltd. #1, Mauna Lani Resort (Operation) Inc. #1
	34 other companies

(6) Construction (14 companies)

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

(7) Other (43 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
	38 other companies

Notes: #1 represents a subsidiary, #2 represents an affiliate

1. There is an overlap of the following companies in segmentation by business lines: Tokyu Corp, 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 following companies are listed or registered on stock exchanges: Tokyu Corp., Tokyu Tourist Corp., Seikitokyu Kogyo Co., Ltd., Tokyu Store Chain Co., Ltd., Tokyu Community Corp., and Tokyu Livable, Inc. are listed on the 1st Section of the Tokyo Stock Exchange. Tokyu Construction Co., Ltd. and Tokyu Land Corp. are listed on the 1st Section of the Tokyo Stock Exchange and the Osaka Securities Exchange. Tokyu Department Store Co. Ltd. is listed on the 1st Section of the Tokyo Stock Exchange and on the Sapporo Securities Exchange. Shiroki Corp. is listed on the 1st Section of the Tokyo Stock Exchange and the Nagoya Stock Exchange. Izukyu Corp., Tokyu Recreation Co., Ltd., and Tokyu Logistic Co., Ltd. are listed on the 2nd Section of the Tokyo Stock Exchange. Nagano Tokyu Department Store Co., Ltd. is registered on the OTC market.
3. The Company rents facilities to companies marked (A)
4. The Company outsources work to companies marked (B)
5. The Company leases facilities from companies marked (C)
6. The Company procures merchandise from companies marked (D)

Description of Principal Business Lines as of the End of the Fiscal Year:

Transportation

Railway Operations: The Company operates seven railway lines and a streetcar line –Toyoko Line, Meguro Line, Den-en Toshi Line, Oimachi Line, Ikegami Line, Tokyu Tamagawa Line, Kodomonokuni Line and Setagaya Line in southwestern Tokyo and Kanagawa Prefecture. The total track length is 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 the southwestern Tokyo and Kanagawa Prefecture. In Hokkaido, consolidated subsidiary Jotetsu Corp. operates scheduled bus services, and also leases buses throughout Hokkaido. Consolidated subsidiary Tokyu Shachi Bus Co., Ltd. operates a chartered bus service in Aichi Prefecture.

Cargo Transportation: Freight transportation services are operated by consolidated subsidiaries Tokyu Logistic Co., Ltd., 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.

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 is also engaged in joint marketing of built-for-sale houses, a system in which the company works with Tokyu Corporation to build and market family homes on residential land developed by Tokyu Corporation.

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

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

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

Retail

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

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

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

Leisure and Services

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: The Company operates eight golf courses in Japan, including “Five Hundred Club” in Susono City, Shizuoka Prefecture. The Tokyu Group comprises six golf course operators including consolidated subsidiary Three Hundred Club Co., Ltd.

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

Hotel operations: In Japan, the Company and consolidated subsidiary Tokyu Hotel Chain Co., Ltd. operate four hotel brands: Tokyu Hotel, Excel Hotel Tokyu, Tokyu Inn, and Tokyu Resorts (Total: 49 hotels), which together comprise the “Tokyu Hotels.” Consolidated subsidiary Tokyu Hotel Management Co., Ltd. provides hotel reservations services and is also engaged in marketing.
In April 2003, the Company transferred its hotel business to Tokyu Hotel Chain Co., Ltd.
Overseas, consolidated subsidiary Pan Pacific Hotels and Resorts Pte. Ltd. operates hotels and provides hotel management services. The company manages 15 hotels in 10 countries, most of which are located in the Asia-Pacific region.

Construction

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

Other

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

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

2. Management Policy

(1) Our Fundamental Operating Policy

Tokyu Group's roots began with the establishment of Meguro-Kamata Railway Company in 1922. The Group has now expanded to 356 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 achieved one of our key objectives, the reduction of the ratio of interest-bearing debt to EBITDA (operating income plus depreciation) to less than 10 times.

Building on the progress we have made we plan to 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 assets. In March 2003, we outlined the Tokyu Corporation Two Year Business Plan. This followed the formulation of the Tokyu Group Management Policy that we launched in April 2000 in order to promote growth into the 21st century. Our key management priorities are to establish a group corporate governance policy; to achieve growth through alliances inside and outside the group; to introduce risk management based on sound compliance; and to operate in harmony with society and local areas. Our ultimate aim is to strengthen our management structure and to maximize stakeholder value added and the value of the business for all stakeholders.

(2) Management indicators and objectives

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

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

(3) Our Mid- to Long-Term Goals

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

Strengthening Tokyu Corporation's Role as the Business Holding Company and Optimizing our Business Portfolio

To strengthen Tokyu Corporation's position as a business holding company of the Tokyu Group and establish a consolidated management system, we have decided to concentrate business operations into two main business groups our Railway Headquarters and our Urban Development Headquarters, which supports the urban lifestyles of consumers mainly around our railway lines. Through wide-ranging transfer of decision making to these divisions we aim to clarify the distinction between management and execution and to speed up business execution. To strengthen our corporate headquarters function we will reorganize the former Corporate Headquarters and General Administration Department and include an integrated human resources division to form a Management Headquarters. We will also integrate and reorganize 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 will be transferred to the relevant business division along with responsibility for personnel and these will be described as functional subsidiaries. Subsidiary companies that are not directly managed by listed companies or business divisions will be designated as portfolio companies that are valued in terms of the investment return they produce for the group. We 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 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 a Strategic Human 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 consumption of our services on and around our railway lines against the background of Japan's declining population. Our business domain is our railway lines and the surrounding areas and we will exercise a policy of selection and concentration to 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.

Outlook for fiscal 2003 and 2004

Another important financial issue is the introduction of new impairment accounting standards that require us to revalue our fixed assets to market. We plan to apply these new standards ahead of requirement in the current fiscal year ending on 31 March 2004. 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 recurring 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 2 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 enhance carrying capacity and safety, promote barrier-free access and enhance services.

We have made various capital expenditures to improve our rail services. For example, a combined total of ¥297.9 billion has been used for improvements to the Meguro-Tamagawa stretch of Meguro Line and quadruple tracking of lines between Tamagawa and Hiyoshi on Toyoko Line. We have also made capital expenditures totaling ¥156.4 billion on improvements to the Oimachi-Futakotamagawa stretch of the Oimachi Line, and for quadruple tracking on the Den-en Toshi Line between Futako-tamagawa and Mizonokuchi. These measures have been taken to ease congestion on Toyoko and Den-en Toshi Lines, and to build an efficient transport network that will stimulate greater use of the Meguro and Oimachi Lines. We have taken the decision to establish a direct train service between the Toyoko Line and 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. We intend to pay a dividend of ¥5 per share again in the current fiscal year, despite the fact that as a result of our early adoption of impairment accounting we are forecasting a net loss after accounting for fixed asset valuation losses. Our aim is to maintain the same stable dividend policy into the future while also boosting shareholder value and 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 fulfilling our vision of building a sound operational structures and systems;

and **Accountability**, which ensures that management fulfills its responsibility to explain its actions to stakeholders.

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

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 28 members of which five are external directors. We utilize an auditing system and four of our five auditors are external auditors. Regular meeting is held monthly by accounting auditors, regular auditors and the company to exchange information on the status of accounting auditing practice and on the audit of the company and our affiliates.

Last year 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

(1) Overview of Fiscal 2002

During fiscal 2002, personal income and employment conditions in Japan remained weak. Consumer spending was sluggish, the problem loan issue worsened, share prices declined rapidly and, including the effects of the war in Iraq, the outlook for the domestic economy became increasingly unclear.

Against this background, our group (Tokyu Corporation, its consolidated subsidiaries and equity accounted affiliates) pursued a forward-looking, aggressive sales policy in each business and reduced costs as it worked to raise business efficiency.

In fiscal 2002, our financial results benefited from the addition of three newly consolidated subsidiaries – Tokyu Store Chain Co. Ltd, Tokyu Logistic Co. Ltd. and Tokyu Car Corporation. We reported total consolidated operating revenue of ¥1.38 trillion, up 30.9% year on year, consolidated operating income of ¥76.92 billion, a 45.9% year-on-year increase and, thanks to an improvement in results from affiliates, consolidated recurring income of ¥51.92 billion, a 183.8% year-on-year increase. We also actively disposed of surplus, non-performing assets which resulted in an extraordinary profit of ¥80.6 billion. However extraordinary losses of ¥119.2 billion resulting from the sale and revaluation of fixed assets and other factors led to a decline in net income of 71.3% year on year to ¥3.41 billion.

Operating results on a segmental basis were as follows (figures include inter-segment internal revenues or transfers):

1. Transportation
Railway Operations

In April 2002, we initiated a new policy known as 'Service Up 109,' which aims to provide improved services at all our stations. We introduced several environmental initiatives, including one that aims to reduce the noise, vibration, and electricity consumption of our trains. We also continued to improve the facilities that we provide for our passengers by investing in new, more comfortable rolling stock with more advanced information services. We have also significantly expanded our railway network, highlights of which include the following:

- Mutual, direct service started between the Meguro Line, the Eidan Namboku line and the Toei Mita which were linked in September 2000;
- In December, 2002, the Oimachi line and Rinkai line were joined at Oimachi station;
- In March, 2003, the extension of the Hanzomon line was completed linking it to the Den-en-Toshi line at one end and the Tobu-Isesaki line-Nikko line at the other;
- We continue to proceed with works to link the Toyoko line with the Minato Mirai 21 line and with the Eidan Line No. 13.

As a result of our expanding railway network, our railway division recorded a 0.5% year-on-year increase in total passenger numbers, although passenger traffic at our consolidated subsidiary Izukyu Corporation continued to decline.

Bus Operations

In fiscal 2002, the number of passengers using our bus services was relatively unchanged from the previous year. In the Tokyo region, passenger numbers on existing bus services declined although it was offset by the start of some new routes. In regional areas, particularly in Hokkaido, reorganization and integration of operations led to a fall in operating revenues.

Our cargo transportation business is in the process of being reorganized as part of our group business strategy. Sotetsu Transportation Co. Ltd. was merged with Tokyu Freight Services Co. Ltd. and renamed Tokyu Logistic Co., Ltd., a subsidiary of Tokyu Corp. We also made Tokyo Tsuun Co. Ltd. a wholly owned subsidiary of Tokyu Logistic Co. Ltd. through a share exchange. This reorganization has helped improve the efficiency of the business, including the use of facilities and rolling stock, while the receipt of new orders has further strengthened these operations. Revenues from international cargo operations fell largely as a result of a decline in shipments of mobile phone facility equipment and shipments of industrial equipment to Europe.

As a result, revenue from transportation operations rose 5.1% from the year before to ¥263.7 billion and operating income rose 7.8% year on year to ¥36.6 billion.

(2) Real Estate
Real Estate Sales

Our real estate sales business remains buoyant thanks to strong sales of built-for-sale housing, housing land and condominiums, particularly related to the Tama Garden City urban development project. Revenue from real estate operations declined in fiscal 2002 but income increased. In April 2002, we launched our own new range of ‘Dresser’ apartments and we have commenced sales in the Utsukushigaoka and Okurayama projects and in the new Dresser Meguro Impress Tower.

Our real estate leasing business posted an increase in revenue helped by the opening in April 2002 of the JR Tokyu Meguro Building, a mixed-use building project that was undertaken in co-operation with East Japan Railway Company, and a full year contribution from the Cerulean Tower, a new mixed-use, high-rise building in Shibuya.

Our real estate management business has been affected by Japan’s sluggish economic activity. A fall in the number of new properties under management and the renegotiation of existing leases has resulted in a challenging environment. As a result, the business is being restructured in a similar way to our cargo transportation operations. Tokyu Service Corporation was merged with Tokyu Building Service in 2002 and renamed Tokyu Facility Service Co. Ltd. to create a comprehensive building management company that strengthens our operations.

Revenue from real estate operations fell 1.1% from the year before to ¥148.7 billion while operating income jumped 50.8% to ¥27.8 billion.

(3) Retailing

The retail industry continues to suffer from falling product prices as a result of deflationary pressure across Japan. We have adopted a number of strategies in this challenging environment, including opening new stores and closing unprofitable ones while also rejuvenating our existing outlets. We have also stimulated our sales and marketing activities using a regional strategy and worked to improve product quality through the introduction of private brands. Tokyu Store Chain Co. Ltd. became a newly consolidated subsidiary in April 2002.

Revenue from retailing operations climbed 256.1% to ¥394.1 billion while operating income jumped 568.3% from the year before to ¥5.53 billion.

(4) Leisure and Services

In our travel agency business individual travel has recovered steadily following a collapse in demand in the wake of the September 11, 2001 terrorist attacks in the U.S. However, Japan's weak economy and a sharp fall in prices per trip combined with the hosting of the soccer World Cup finals in Japan which discouraged travel, and overall spending on individual and group travel declined significantly.

Our CATV operation reported an increase in operating revenue as a result of a rise in the number of subscribers to our subsidiary, its communications Inc., which provides CATV and ISP services.

As a result, revenue from leisure and services operations fell 6.6% from the year before to ¥89.0 billion. However, our operating loss was significantly reduced by ¥4.1 billion to ¥1.7 billion.

(5) Hotels

We continued to restructure our hotel operations in April 2002 by integrating Tokyu Inn Chain and Tokyu Hotel Chain Co. Ltd under a single brand name Tokyu Hotels. Our four hotel chains, Tokyu Hotels, Excel Hotels Tokyu, Tokyu Inns, and Tokyu Resorts have also been re-branded as we reorganize our brands and move to coordinate the provision of customer information and concentrate our management systems. Tokyu Hotel Chain Co. Ltd. has been consolidated since fiscal 2001 through an exchange of shares that took effect towards the end of the first half of fiscal 2001. The loss-making subsidiary therefore only contributed to our second half consolidated results in fiscal 2002.

Revenue from hotel operations rose 27.7% from the year before to ¥117.3 billion in fiscal 2002 although the operating loss widened by ¥228 million to ¥2.68 billion.

(6) Construction

In our construction business constraints on regional government finances have reduced spending on public works. In the private sector, the trend to reduce construction spending, particularly in the manufacturing sector, has intensified, and overall conditions remained difficult. Accordingly, revenue from construction operations rose 6.2% from the previous year to ¥387.1 billion and operating income fell by 3.8% to ¥9.5 billion.

(7) Other Businesses

Our food manufacturing subsidiary, Gold Pak Co. Ltd., reported an increase in revenue in fiscal 2002. A new line of PET bottles contributed to the result and a decline in revenues from vegetable drinks was offset by buoyant sales of specialty and functional beverages. Our rolling stock business reported a fall in revenue due to a decline in orders for rolling stock refurbishment. A subsidiary Tokyu Car Corp. was included within the scope of consolidation from the second half of fiscal 2002. As a result of a share transfer with the Company, Gold Pak Co., Ltd. will be excluded from the scope of consolidation from the end of fiscal 2002.

Revenue from other businesses rose 44.6% to ¥111.47 billion and operating income rose by 30.2% to ¥2.6 billion.

(2) Outlook for Fiscal 2003

In fiscal 2003, Tokyu Construction Co. Ltd. will be split up and, from the second half of fiscal 2003, the revenue from its construction business will be excluded from the scope of consolidation. Similarly, in the food products business, Gold Pak Co. Ltd. is no longer a consolidated subsidiary.

Furthermore, major improvements to our railway network will cause a rise in fixed asset disposal costs and reduced income. We are also expecting a reduction in revenue in the real estate business because of as we hold back sales in the Tama Garden City urban redevelopment project.

For the current fiscal year to 31 March, 2004, we are forecasting consolidated revenue from operations of ¥1,210 billion, a 12.7% year on year decline, consolidated operating income of ¥52.9 billion, down 31.2% year on year, and consolidated recurring income of ¥33.3 billion, a fall of 35.9% year on year. We expect to report a net loss of ¥15 billion, a fall of ¥18.4 billion when compared with the previous period, mainly due to significant valuation losses on fixed assets of about ¥150 billion resulting from our early adoption of impairment accounting.

The projections for each operating segment are as follows:

	Billions of yen			
	Revenue from Operations		Operating Income	
	Fiscal 2003 (projected)	YoY change	Fiscal 2003 (projected)	YoY change
Transportation	260.7	(3.0)	27.3	(9.3)
Real Estate	168.5	19.7	13.3	(14.5)
Retail	386.8	(7.3)	6.9	1.3
Leisure and Services	90.0	0.9	(0.7)	1.0
Hotels	112.6	(4.7)	2.2	4.8
Construction	208.1	(179.0)	1.9	(7.6)
Other	82.5	(28.9)	2.5	(0.1)
Total	1,309.2	(202.4)	53.4	(24.3)
Eliminations/Headquarters	(99.2)	(27.0)	(0.5)	0.3
Consolidated	1,210.0	(175.4)	52.9	(24.0)

2, Financial Position

Total assets as of March 31, 2003 were ¥2,511.15 billion, up ¥14.11 billion year on year. Total liabilities were ¥2,317.91 billion, down ¥892 million. Shareholders' equity stood at ¥151.79 billion, down ¥4.34 billion.

Consolidated Cash Flows

Net cash provided by operating activities was ¥104.29 billion, an increase of ¥38.73 billion due in particular to sale of inventories and a reduction in corporation tax paid. Significant factors included income before income taxes of ¥13.37 billion, depreciation of ¥66.91 billion, a loss on disposal of property and equipment of ¥17.68 billion, appraisal losses on fixed assets of ¥20.07 billion, addition to the reserve for losses on business investment of ¥14.86 billion, and a decrease in inventories of ¥49.61 billion.

Net cash used in investing activities was ¥6.60 billion as we continued capital investment in the railways business with quadruple tracking of lines and acquired Tokyu Department Store's Toyoko Store, resulting in fixed asset acquisition payments of ¥129.36 billion. Income from disposal of property and equipment was ¥112.52 billion and payments for construction etc. of ¥18.83 million led to a decline in cash used for investing activities of ¥637.3 billion compared to the previous fiscal year.

Net cash used in financing activities was ¥154.72 billion, ¥123.88 billion more than fiscal 2001, reflecting repayment of debt and payment for redemption of bonds.

As a result, cash and cash equivalents at the end of the year stood at ¥50.82 billion, ¥48.90 billion less than at the end of the preceding fiscal year.

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

	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002
Equity ratio (%)	7.0	5.6	6.3	6.0
Market price based equity ratio (%)	19.7	24.0	18.3	15.9
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

Equity ratio= shareholders equity/total assets

Market price based equity ratio = market capitalization/total assets

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

Interest coverage ratio=operating cash flow/total interest paid

Notes:

1. Each ratio is calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the share price at the end of the fiscal year by the total number of shares in issue at the end of the fiscal year.
3. Operating cash flow figures are obtained from the consolidated cash flow statements.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets Section			
Millions of yen			
Item	Fiscal 2002 As of March 31, 2003	Fiscal 2001 As of March 31, 2002	Change
(Assets Section)			
Current Assets	**590,353**	**650,865**	(60,512)
Cash and deposits	47,071	100,834	(53,762)
Trade notes & accounts receivable	195,232	172,269	22,963
Securities	553	441	111
Inventories	288,239	333,053	(44,814)
Deferred tax assets	16,002	5,706	10,295
Other current assets	48,304	44,987	3,317
Allowance for doubtful accounts	(5,049)	(6,428)	1,378
Fixed Assets	**1,920,800**	**1,846,175**	**74,624**
Tangible fixed assets	1,564,739	1,504,391	60,348
Buildings & Structures	615,475	608,664	6,811
Rolling stock & machinery	72,566	64,819	7,747
Land	538,426	443,901	94,524
Construction in progress	315,461	366,841	(51,380)
Others	22,809	20,164	2,645
Intangible fixed assets	38,350	66,361	(28,010)
Consolidation adjustment account	---	26,060	(26,060)
Others	38,350	40,300	(1,949)
Investments & Others	317,709	275,423	42,286
Investment securities	155,549	169,275	(13,725)
Long-term loans receivable	3,151	3,227	(75)
Deferred tax assets	44,970	33,955	11,014
Others	130,183	83,985	46,198
Allowance for doubtful accounts	(16,144)	(15,019)	(1,124)
Total Assets	**2,511,153**	**2,497,041**	**14,112**

Liabilities, Minority Interests and Shareholders' Equity Sections			
Millions of yen			
Item	Fiscal 2002 As of March 31, 2003	Fiscal 2001 As of March 31, 2002	Change
(Liabilities Section)			
Current Liabilities	**1,130,481**	**1,131,358**	**(876)**
Trade notes & accounts payable	207,114	189,142	17,972
Short-term debt	562,300	601,744	(39,444)
Current portion of long-term debt	55,900	37,640	18,260
Accrued income taxes	19,491	8,483	11,007
Reserve for guarantees on completed contracts	629	590	38
Reserve for employees' bonuses	14,154	11,811	2,343
Advances received	167,626	193,397	(25,770)
Reserve for loss of business investment	14,865	---	14,865
Commercial paper	---	8,000	(8,000)
Others	88,399	80,549	7,850
Long-term Liabilities	**1,146,629**	**1,143,673**	**2,955**
Corporate bonds	314,201	336,101	(21,900)
Long-term debt	533,835	554,238	(20,403)
Reserve for employees' retirement benefits	97,423	79,127	18,296
Reserve for directors' retirement benefits	3,679	3,307	372
Liabilities in equity accounted affiliates	---	3,432	(3,432)
Guarantee deposits	148,633	136,829	11,804
Deferred tax liabilities	20,521	10,176	10,345
Deferred tax liabilities from land revaluation	7,351	7,605	(253)
Consolidation adjustment account	11,124	---	11,124
Others	9,856	12,855	(2,999)
Special legal reserves	40,800	43,771	(2,971)
Urban Railways Improvement Reserve	40,800	43,771	(2,971)
Total Liabilities	**2,317,911**	**2,318,803**	**(892)**
(Minority Interests Section)			
Minority interests	**41,442**	**22,094**	**19,348**
(Shareholders' Equity Section)			
Common stock	---	108,819	(108,819)
Capital surplus reserve	---	120,702	(120,702)
Revaluation balance	---	10,871	(10,871)
Accumulated deficit	---	72,983	(72,983)
Unrealized holding gains (losses) on securities	---	(743)	743
Foreign currency translation adjustment account	---	(9,980)	9980
Treasury stock	---	(182)	182
Parent company stock held by subsidiaries	---	(360)	360
Total Shareholders' Equity	**---**	**156,143**	**(156,143)**
Common stock	108,819	---	108,819
Capital surplus reserve	128,130	---	128,130
Profit reserve	(80,296)	---	(80,296)
Land revaluation reserve	11,093	---	11,093
Unrealized holding gains (losses) on securities	(1,142)	---	(1,142)
Foreign currency translation adjustment account	(9,670)	---	(9,670)
Treasury stock	(5,135)	---	(5,135)
Total Shareholder's Equity	**151,799**	**---**	**151,799**
Total Liabilities, Minority Interests & Shareholder's Equity	**2,511,153**	**2,497,041**	**14,112**

(2) Consolidated Statements of Income

Item	Fiscal 2002 From April 1, 2002 To March 31, 2003	Fiscal 2001 From April 1, 2001 To March 31, 2002	Change	Percentage Change (%)
	Millions of yen			
Revenue from operations	1,385,438	1,058,156	327,282	30.9
Cost of revenue from operations	1,308,510	1,005,437	303,073	30.1
Operating expenses & cost of sales (Transportation etc.)	1,116,063	886,519	229,544	25.9
SG&A expenses	192,447	118,918	73,529	61.8
Operating income	76,928	52,719	24,208	45.9
Non-operating income	13,833	9,517	4,315	45.3
Interest & dividends	1,452	1,560	(108)	(7.0)
Equity in profits of affiliates	2,514	---	2,514	---
Other income	9,866	7,956	1,910	24.0
Non-operating expenses	38,839	43,943	(5,104)	(11.6)
Interest	33,000	35,362	(2,361)	(6.7)
Equity in losses of affiliates	---	2,678	(2,678)	---
Other expenses	5,839	5,902	(63)	(1.1)
Recurring income	**51,921**	18,293	33,628	183.8
Extraordinary gains	80,696	31,764	48,932	154.0
Extraordinary losses	119,245	26,089	93,156	357.1
Income before income taxes	**13,373**	23,968	(10,594)	(44.2)
Income taxes	27,000	13,571	13,428	98.9
Income tax adjustment	(14,230)	322	(14,552)	---
Minority interests in losses of consolidated subsidiaries	2,813	1,817	996	54.8
Net income	**3,416**	11,891	(8,474)	(71.3)

	Millions of yen	
	Fiscal 2002	Fiscal 2001
(Note) Breakdown of extraordinary gains		
Gain on sale of property and equipment	52,242	7,693
Contribution for construction received	17,618	13,378
Reversal of Urban Railways Improvement Reserve	5,307	5,307
Breakdown of extraordinary losses		
Loss on sale of property and equipment	22,268	5,020
Appraisal loss on fixed assets	20,077	1,511
Addition to business investment loss reserve	14,865	---
Appraisal loss on real estate for sale	13,045	1,787
Deferred loss on reduction in contribution for construction received	10,774	7,510
Appraisal loss on investment securities	10,573	1,444

(3) Consolidated Statements of Retained Earnings

Item	*Millions of yen* Fiscal 2002 From April 1, 2002 To March 31, 2003	Fiscal 2001 From April 1, 2001 To March 31, 2002
Accumulated deficit, beginning of year	---	77,574
Increase in accumulated deficit	---	7,300
Reversal of revaluation balance	---	1,468
Increase in accumulated deficit due to decrease in consolidated subsidiaries	---	37
Increase in accumulated deficit due to increase in consolidated subsidiaries of equity method affiliates	---	38
Dividends	---	5,555
Directors' bonus	---	201
Net income	---	11,891
Accumulated deficit, end of year	---	72,983
Capital surplus reserve section		
Capital surplus reserve at start of period	120,702	---
Increase in capital surplus reserve	7,428	---
Increase resulting from share exchange	7,381	---
Profit on disposal of own shares	46	---
Capital surplus reserve at end of period	128,130	---
Profit reserve section		
Profit reserve at start of period	(72,983)	---
Increase in profit reserve	4,616	---
Net income	3,416	---
Increase resulting from reduction in affiliates	1,173	---
Increase resulting from merger of consolidated subsidiaries	25	---
Decrease in profit reserve	11,929	---
Dividends	5,594	---
Directors' bonus	223	---
Decrease resulting from change in accounting period of subsidiaries	4,490	---
Decrease resulting from merger of subsidiary of affiliates	1,528	---
Reversal of land revaluation balance	64	---
Decrease resulting from change in accounting period of affiliates	28	---
Profit reserve at end of period	(80,296)	---

(4) Consolidated Statements of Cash Flows

Item	Fiscal 2002 From April 1, 2002 To March 31, 2003	Fiscal 2001 From April 1, 2001 To March 31, 2002	Change
	Millions of yen		
I. Cash flows from operating activities			
Income (loss) before income taxes	13,373	23,968	(10,594)
Depreciation	66,911	62,308	4,603
Amortization of consolidation adjusting account	12,923	3,634	9,289
(Decrease) increase in employees' retirement benefit serve	(17,417)	(5,837)	(11,579)
Decrease in reserve for probable loss on development ojects	---	(6,238)	6,238
Increase in liabilities of affiliates accounted for by uity method	(3,432)	3,432	(6,864)
Increase in business investment loss reserve	14,865	---	14,865
Decrease in Urban Railways Improvement Reserve	(2,971)	(2,997)	25
Contribution for construction received	(17,618)	(13,378)	(4,239)
Reduction in contribution from construction	10,774	7,510	3,264
(Gain) loss on sale of subsidiaries' stock	1,713	(149)	1,863
(Gain) on sale of parent company stock held by bsidiaries	(35)	(11)	(24)
Loss on revaluation of investment securities	10,573	1,444	9,128
(Gain) on sale of property and equipment	(29,974)	(2,673)	(27,300)
Loss on disposal of property and equipment	17,680	14,000	3,679
Loss on revaluation of real estate for sale	13,045	1,787	11,258
Loss on revaluation of fixed assets	20,077	1,511	18,566
Equity in losses (earnings) of equity-accounted filiates	(2,514)	2,678	(5,192)
Gain on change in equity interest	---	(552)	552
Decrease (increase) in accounts receivable	(15,503)	9,145	(24,648)
Decrease in inventories	49,615	26,471	23,144
(Decrease) increase in accounts payable	9,433	(1,445)	10,879
Decrease in advances received	(27,784)	(12,503)	(15,281)
Decrease in guarantee deposits	(7,259)	(11,959)	4,700
Interest and dividend income	(1,452)	(1,560)	108
Interest paid	33,000	35,362	(2,361)
Other	5,646	(3,220)	8,867
Subtotal	153,674	130,726	22,948
Interest and dividends received	1,664	2,026	(361)
Interest paid	(32,927)	(36,540)	3,613
Income taxes paid	(18,113)	(30,652)	12,539
Net cash provided by operating activities	104,298	65,559	38,738

II. Cash flows from investing activities			
Payment for purchase of securities	(29)	---	(29)
Proceeds from sale of securities	313	196	117
Payment for purchase of property and equipment	(129,364)	(109,505)	(19,858)
Proceeds from sale of property and equipment	112,523	29,620	82,902
Payment for purchase of investment securities	(5,274)	(16,423)	11,149
Proceeds from sale of investment securities	4,380	5,010	(630)
Payment for purchase of subsidiaries' stock	(7,471)	(172)	(7,299)
Proceeds from sale of subsidiaries' stock	96	107	(10)
Payment for purchase of subsidiary stock, resulting in changes in the scope of consolidation	(7,722)	---	(7,722)
Proceeds from purchase of subsidiary stock, resulting in changes in the scope of consolidation	---	162	(162)
Proceeds from sale of subsidiary stock, resulting in changes in the scope of consolidation.	4,218	0	4,218
Proceeds from receipt of contribution for construction	18,836	16,297	2,539
Disbursement of loans receivable	(1,596)	(1,210)	(385)
Collection of loans receivable	6,010	1,340	4,669
Other	(1,523)	4,233	(5,757)
Net cash used in investing activities	(6,603)	(70,342)	63,739
III. Cash flows from financing activities			
Increase (decrease) in short-term debt, net	(93,673)	(30,187)	(63,485)
Proceeds from long-term debt	92,325	94,213	(1,888)
Repayment of long-term debt	(135,289)	(108,008)	(27,280)
Proceeds from issuance of commercial paper	10,000	15,000	(5,000)
Redemption of commercial paper	(18,000)	(7,000)	(11,000)
Proceeds from bond issue	33,771	68,692	(34,920)
Payment for redemption of bonds	(37,640)	(57,300)	19,660
Gain on sale of parent company stock held by subsidiaries	350	22	328
Dividends paid by parent company	(5,594)	(5,555)	(39)
Proceeds from issuance of stock to minority shareholders	117	193	(76)
Dividends paid to minority shareholders	(578)	(56)	(521)
Other	(517)	(858)	341
Net cash used in financing activities	(154,728)	(30,846)	(123,881)
IV. Effect of exchange rate changes on cash and cash equivalents	(1,883)	2,587	(4,471)
V. Increase (decrease) in cash and cash equivalents	(58,916)	(33,040)	(25,875)
VI. Cash and cash equivalents at beginning of period	99,735	124,328	(24,592)
VII. Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	(1,344)	(289)	(1,054)
VIII. Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation.	10,077	8,738	1,339
IX. Increase in cash and cash equivalents resulting from change in accounting period of subsidiaries	1,273	---	1,273
X. Cash and cash equivalents at end of period	50,825	99,735	(48,909)

(5) Basis of Presentation of Consolidated Financial Statements

1. Scope of Consolidation

The Tokyu Group comprises 247 consolidated subsidiaries, including Tokyu Construction Co., Ltd., Izukyu Corp., Tokyu Tourist Corp., Tokyu Logistic Co., Ltd., and Tokyu Store Chain Co., Ltd.

The following companies were newly included in the scope of consolidation: Tokyu Bus Support K.K., Tokyu Travel Entertainment K.K. and 5 other subsidiaries, which were newly established: Tokyu Logistic Co. (formerly known as Sotetsu Transportation Co., Ltd.) and its two subsidiaries, following a share exchange and/or a merger that increased the Company`s equity: Tokyu Store Chain Co., Ltd. and its eight subsidiaries, following the aforementioned transaction that also increased the Company`s equity: Tokyu Car Corporation and its ten subsidiaries, which also became wholly owned subsidiaries of the Company following a share exchange, and TMD K.K. and another entity as a result of a share acquisition.

The following entities were excluded from the scope of consolidation: Tokyu YMM Properties Co., Ltd., which merged with the Company: Tokyu Freight Service Co., Ltd., Tokyu Kanzai K.K., Tokyu Wholesale Support K.K., Yokohama Linen Supply K.K., and eight other entities, which merged with other consolidated subsidiaries: Gun-Bus Resort K.K. (now renamed GP Holdings K.K.), Gold Pak Co., Ltd. and another company, which were sold, and Saromako Tokyu Resort K.K., Bitetsu Bus K.K., and nine other companies, which were liquidated.

Additionally, Aizen-en Corp. was excluded from consolidation because it has no material effect on 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 34 affiliates accounted for by the equity method include Tokyu Land Corp., and Tokyu Department Store Co., Ltd. The equity method of accounting was also applied to the following: Nagano Tokyu Department Store Co., Ltd., which became a Tokyu affiliate by becoming a subsidiary of Tokyu Store Chain, and Gun-Bus Resort K.K. (now renamed GP Holdings K.K.), which became a Tokyu affiliate after the Company sold shares and reduced its stake.

Tokyu Logistic Co., (formerly known as Sotetsu Transportation Co., Ltd., Tokyu Store Chain and a subsidiary, and Tokyu Car Corp. were excluded from the application of equity method accounting because they became consolidated subsidiaries.

Hakodate Bus Corp., JSS Asahikawa Resort Development Co., Ltd. and another company, previously equity method affiliates, were excluded from treatment under the equity method after the Company sold shares in these companies. Similarly, Japan Air System Co., Ltd. was excluded from treatment under the equity method after it was merged into a holding company jointly established by the Company and Japan Airlines Co., Ltd. Aii K.K. was merged with a third party which, by reducing the Company`s equity holding, meant it was no longer an affiliate of the Company and was thus excluded from treatment under the equity method.

Nippoku Jidosha Kogyo became an affiliated company after Tokyu Car Corp. was made into a wholly owned subsidiary. However, the equity method is not applied to this affiliate since it has no material effect on the consolidated financial statements.

3. Fiscal Year End of Consolidated Subsidiaries

Among the consolidated subsidiaries, Tokyu Tourist Corp. and 73 other companies close their books on a full-year basis on either December 31 or February 28. Financial statements as of their respective balance sheet dates were used for the preparation of consolidated financial statements. The consolidated financial statements were adjusted for material transactions between the fiscal year-end of subsidiaries and the Tokyu Group's balance sheet date.

Among the consolidated subsidiaries, Three Hundred Club Co., Ltd. and seven other companies close their books on a full-year basis on May 31 or June 30. These were adjusted to reflect the financial position and results of operations as of and for years ended March 31, 2003.

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.

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 mainly valued at cost using the specific identification method or the weighted average (for the region) method. Other inventories are valued at cost, which is determined either by the specific identification method, the weighted average method, the last cost method, the first-in-first-out method, the retail 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 on buildings (excluding fixtures) acquired by the Company and its domestic subsidiaries after April 1, 1998 is computed mainly by the straight-line method. Estimated useful life of 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 on 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) Reserves

(a) Reserve for doubtful accounts

The allowance for doubtful receivables is provided for at rates based on past collection experience. In addition, the amount deemed necessary to cover individual uncollectable receivables, based on management' estimate of collectibility, 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) Bonus reserve

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

(d) Retirement benefit reserve

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

(e) Directors' retirement benefit reserve

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

(f) Reserve for business investment losses

Reserve for potential future losses related to the transfer of golf course operations to subsidiaries is provided based on estimated losses as at the end of the fiscal year.

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

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

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

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

(7) Accounting for payments 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 payments in respect of Izukyu Corporation are provided for as fixed assets without making a direct deduction.

In the consolidated balance sheet payments the Company has received for its construction projects are booked as an extraordinary profit while the amount deducted directly from the acquisition cost of fixed assets is accounted for as an extraordinary loss resulting from 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. Foreign exchange forward contracts and 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, foreign exchange contracts

Risks hedged: bonds, loans payable, foreign currency denominated credits and debits, forward foreign exchange transactions.

(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) Accounting for consumption tax:

The consumption tax exclusion method is applied.

(11) Accounting standards concerning treasury stock and the disposition of mandatory reserves

The Company's consolidated financial statements for the year ended March 31, 2003 are prepared in accordance with the "Accounting Standards Concerning Treasury Stock and the Disposition of Mandatory Reserves" (Corporate Accounting Standards Bulletin No.1) which is applicable on and after April 1st, 2002. However, the effects of this change on the year's profit and loss statement were minimal. The assets section of the consolidated balance sheet and the consolidated statement of surplus for the year have been prepared in accordance with the revised regulations of consolidated financial statements.

(12) Per share information

"Accounting Standards Concerning Annual Net Income Per Share" (Corporate Accounting Standards Bulletin No.2) and the "Guidelines for Applying the Accounting Standards Concerning Annual Net Income Per Share" (Corporate Accounting Standards Application Guidelines Bulletin No.4) are applicable to consolidated financial statements for any given fiscal year starting on and after April 1, 2002. Therefore the Company's consolidated financial statements for the year ended March 31, 2003 have been prepared in accordance with these standards and guidelines. The effects of this change are described in the "Note on Per Share Information."

5. Assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are valued at market.

6. Consolidation adjustment account

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

7. Appropriation of retained earnings

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

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

For the purpose of 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)

Switch to defined contribution plan

In April 2002 Tokyu Store Chain Co. Ltd., a consolidated subsidiary of the Company, partially changed its lump sum retirement payment scheme to a defined contribution plan in response to the Defined Contribution Pension Plan Law. As a result, the “Accounting Procedures Related to Changes in Retirement Benefit System” (Corporate Accounting Standards Application Guideline Bulletin No.4) are applicable to the plan. A loss of ￥421 million incurred by the above change has been accounted for as an extraordinary loss.

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheets

	Millions of yen	
	Fiscal 2002 As of March 31, 2003	Fiscal 2001 As of March 31, 2002
1. Accumulated depreciation of tangible fixed assets	840,658	760,439
2. Contingent liabilities	6,279	3,684
3. Notes discounted and endorsed	1,816	1,570

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

Investment securities	58,677	78,842

5. Pledged assets and secured liabilities

Pledged assets

Securities	311 (---)	169 (---)
Buildings and structures	343,194 (243,338)	352,723 (224,782)
Machinery and transport equipments	52,373 (52,150)	47,830 (45,486)
Land	286,072 (75,961)	247,602 (51,388)
Investment securities	9,919 (---)	14,854 (---)
Inventory Assets	25,008 (---)	25,302 (---)
Other assets	25,592 (4,942)	16,964 (5,228)
Total	742,471 (376,393)	705,448 (326,886)

Collateral-backed liabilities

Short-term loans payable	70,881 (8,462)	88,998 (3,802)
Corporate bonds	8,801 (6,201)	8,801 (6,201)
Long-term loans payable	477,746 (250,452)	382,890 (246,733)
Others	9,092 (946)	11,574 (1,696)
Total	566,521 (266,062)	492,264 (258,434)

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

6. Securities loaned

Investment securities	409 (146,132 thousand Thai Bahts)	417 (136,581 thousand Thai Bahts)

7. Notes are accounted upon settlement. Since the balance sheet date of the previous fiscal period was a business holiday, the following amount of notes receivable maturing on the balance sheet date are included in the outstanding balance of notes receivable.

	Millions of yen	
	Fiscal 2002 As of March 31, 2003	Fiscal 2001 As of March 31, 2002
Notes receivable	---	1,290
Notes payable	---	2,258

8. The allowance (Fiscal 2002: ¥42,648 million, Fiscal 2001: ￥39,325 million) for "Claims in Bankruptcy and Claims in Receivership" included in the "Allowance for Doubtful Receivables" and accounted in the "Others" account in "Investments and Others," have been deducted directly from the claims.

9. Loan disbursements related to loan commitments for consolidated subsidiaries

(Tokyu Card, INC.)

Total loan commitments	90,155	6,699
Loans extended	2,109	166
Remaining commitment	88,046	6,533

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

(Tokyu Finance and Accounting Co., Ltd.)

Total loan commitments	34,000	5,500
Loans extended	4,276	---
Remaining commitment	29,723	5,500

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

(Tokyu Construction Co., Ltd.)

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

Note: The above loan commitment may not be exercised in full, as the Company extends loans within limits set in light of the use of funds and the Company's financial position.

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

	87,161	---

11. Others

Land revaluation

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

Method of revaluation, dates of revaluation and the book value before and after revaluation are as follows.

(1) Izukyu Corporation

Method of revaluation

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

Date of revaluation: March 31, 2000

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

¥(316) million	¥(231) million

(2) Jotetsu Corporation

Method of revaluation

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

Date of revaluation: March 31, 2002

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

¥(334) million	---

(3) Tokyu Land Corporation

Method of revaluation

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

Date of revaluation: March 31, 2000

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

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

¥(7,835) million	¥(1,099) million

(4) Izu Kankokaihatsu

Method of revaluation

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

Date of revaluation: January 31, 2001

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

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(5) Tokyu Recreation Co., Ltd.

Method of revaluation

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

Date of revaluation: December 31, 2000

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

¥(275) million	¥(113) million

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

Method of revaluation

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

Date of revaluation: January 31, 2001

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

	¥(3,157) million	¥(1,750) million

(Notes to Consolidated Income Statements)

	Millions of yen	
	Fiscal 2002	Fiscal 2001
Provision to allowance for doubtful accounts reserve	1,348	2,163
Provision to allowance for employees' bonuses	14,378	11,811
Retirement benefit costs	15,135	11,932
(Provision to reserve for retirement benefit allowance)		
Provision to reserve for directors' retirement allowance	425	495
Provision to reserve for business investment losses	14,865	---

(Notes to Consolidated Cash Flow Statements)

1. Reconciliation of Consolidated Cash Flow Statements

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

	Millions of yen	
	Fiscal 2002	Fiscal 2001
Cash and deposits in banks	47,071	100,834
Term deposits with maturities longer than 3 months	(580)	(1,167)
Securities included in cash and cash equivalents	57	68
Short-term loans included in cash equivalents	4,276	---
Cash and cash equivalents	50,825	99,735

2. Assets and liabilities of a company which was newly consolidated through a share exchange

(1) The following is a breakdown of the assets and liabilities of Tokyu Logistic Co., Ltd at the time of its inclusion into the scope of consolidation following an exchange of shares between it and Tokyo Tsuun Co., Ltd.

	Millions of yen
Current assets	6,431
Property and Equipment	14,673
Current liabilities	(2,918)
Long-term liabilities	(4,048)
Minority interest in Income of consolidated subsidiaries	(330)

(2) The following is a breakdown of the assets and liabilities of Tokyu Store Chain Co., Ltd., which became a consolidated subsidiary along with Tokyu Logistic Co., Ltd.

	Millions of yen
Current assets	26,754
Property and Equipment	123,685
Current liabilities	(60,746)
Long-term liabilities	(53,596)
Minority interest in Income of consolidated subsidiaries	(153)

(3) The following is a breakdown of the assets and liabilities of Tokyu Car Corp. at the time of its conversion into a consolidated subsidiary through an exchange of shares.

	Millions of yen
Current assets	32,889
Property and Equipment	63,120
Current liabilities	(34,895)
Long-term liabilities	(26,045)

Note: Since these shares were purchased through a share exchange, there were no capital payments made

5. Segment Information

(1) Segment information by business

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

	Millions of yen									
	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Construction	Other	Total	Elimination/ Headquarters	Consolidated
Ⅰ Revenues / Operating income										
Revenue from operations										
(1) Outside customers	257,579	135,991	371,118	87,750	116,946	332,655	83,395	1,385,438	---	1,385,438
(2) Inter-segment Internal revenues 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
Ⅱ Assets, depreciation and capital expenditure										
Assets	675, 373	753,719	193,392	215,334	166,557	274,963	134,149	2,413,490	97,663	2,511,153
Depreciation	30,161	12,739	5,494	7,576	7,618	673	3,241	67,504	(593)	66,911
Capital expenditure	70,178	37,043	4,678	7,754	6,493	615	5,227	131,992	(3,405)	128,586

Fiscal 2001 (April 1, 2001 – March 31, 2002)

	Millions of yen									
	Transportation	Real Estate	Retail	Leisure and Services	Hotels	Construction	Other	Total	Elimination/ Headquarters	Consolidated
Ⅰ Revenues / Operating income										
Revenue from operations										
(1) Outside customers	248,451	144,208	108,555	93,892	91,647	315,327	56,074	1,058,156	---	1,058,156
(2) Inter-segment Internal revenues or transfers	2,416	6,140	2,127	1,399	221	49,291	21,034	82,631	(82,631)	---
Total	250,867	150,349	110,682	95,292	91,868	364,618	77,109	1,140,788	(82,631)	1,058,156
Operating expenses	216,912	131,868	109,855	101,180	94,324	354,722	75,077	1,083,941	(78,504)	1,005,437
Operating income	33,955	18,480	827	(5,888)	(2,456)	9,896	2,032	56,846	(4,127)	52,719
Ⅱ Assets, depreciation and capital expenditure										
Assets	702,966	768,542	75,933	240,849	187,680	307,173	131,634	2,414,779	82,261	2,497,041
Depreciation	29,636	13,776	1,250	7,086	6,647	955	1,744	61,098	1,210	62,308
Capital expenditure	62,120	24,188	1,974	4,004	12,216	465	3,377	108,347	(2,491)	105,856

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.

(Business segment changes)

Following the transfer of Tokyu Corp.'s hotel business to Tokyu Hotel Chain Co., Ltd., it was decided that from fiscal 2002 that company would be the holding company for the hotel business. Meanwhile Tokyo Linen Supply, a subsidiary of Tokyu Hotel Chain Co., Ltd., and one other company have been reclassified from the Leisure and Services segment to the Hotels segment. The effect of this change on figures for the previous fiscal period if the classifications for fiscal 2002 had been used is immaterial.

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 and food products manufacturing

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

4. Assets of the entire Group included under Elimination and Headquarters for fiscal 2002 and fiscal 2002 were ¥246,878 million and ¥251,828 million respectively. The main components were working capital (cash) of the parent company, long-term investments (investment securities) and assets of the administration department.

(2) Geographical Segment Information

Fiscal 2002 (April 1, 2002 - March 31, 2003), Fiscal 2001 (April 1, 2001 - March 31, 2002):

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

(3) Overseas sales

Fiscal 2002 (April 1, 2002 - March 31, 2003), Fiscal 2001 (April 1, 2001 - March 31, 2002):

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

6. Leases

(1) Finance lease transactions other than those by which the ownership of leased assets is transferred to lessees (Lessees)

a. The acquisition cost equivalents, accumulated depreciation equivalents, and balance equivalents of leased assets at the end of period

	Millions of Yen					
	Fiscal 2002 Year End			Fiscal 2001 Year End		
	Acquisition cost equivalents	Accumulated depreciation equivalents	Balance equivalents at the end of period	Acquisition cost equivalents	Accumulated depreciation equivalents	Balance equivalents at the end of period
Machinery & Autos	8,055	4,824	3,231	7,737	5,143	2,593
Others	21,453	12,446	9,006	17,648	9,984	7,663
Total	29,509	17,271	12,237	25,385	15,128	10,257

Note: Since outstanding lease commitments (as of the end of the period), constitute an immaterial portion of tangible fixed assets (as of the end of the term), acquisition cost equivalents are computed by the interest-inclusive method.

b. Outstanding lease commitment equivalents

	Millions of Yen	
	(Fiscal 2002 Year End)	(Fiscal 2001 Year End)
Within 1 year	4,402	3,669
More than 1 year	7,835	6,588
Total	12,237	10,257

Note: Since outstanding lease commitments (as of the end of the period), constitute an immaterial portion of tangible fixed assets (as of the end of the period), outstanding lease commitment equivalents are computed by the interest-inclusive method.

c. Lease rental charge and depreciation equivalents

	Millions of Yen	
	(Fiscal 2002 Year End)	(Fiscal 2001 Year End)
Lease rental charge	4,663	3,939
Depreciation equivalents	4,663	3,939

d. Method of calculating depreciation equivalents

Depreciation equivalents are calculated assuming the lease period to be the useful life and residual value to be zero.

(2) Operating leases (Lessees)

	Millions of Yen	
Outstanding lease commitment equivalents	(Fiscal 2002 Year End)	(Fiscal 2001 Year End)
Within 1 year	7,293	3,071
More than 1 year	62,265	22,905
Total	69,559	25,977

(3) Finance lease transactions other than those by which the ownership of leased assets is transferred to lessees.（Lessor）

a. The acquisition cost equivalents, accumulated depreciation equivalents, and balance equivalents of leased assets at the end of period

	Millions of Yen					
	Fiscal 2002 Year End			Fiscal 2001 Year End		
	Acquisition cost equivalents	Accumulated depreciation equivalents	Balance equivalents at the end of period	Acquisition cost equivalents	Accumulated depreciation equivalents	Balance equivalents at the end of period
Machinery & Autos	13	12	1	13	11	1
Others	7,575	4,712	2,863	8,582	4,955	3,626
Total	7,588	4,724	2,864	8,595	4,967	3,628

b. Outstanding lease commitment equivalents

	Millions of Yen	
	(Fiscal 2002 Year End)	(Fiscal 2001 Year End)
Within 1 year	1,220	1,398
More than 1 year	1,644	2,229
Total	2,864	3,628

Note: Since the total of outstanding lease commitment equivalents (as of the end of the period) and the estimated residual value constitute an immaterial portion of accounts receivable (as of the end of the period), the outstanding lease commitment equivalents are computed by the interest-inclusive method.

c. Lease rental receivable and depreciation

	(Fiscal 2002 Year End)	(Fiscal 2001 Year End)
Lease rental receivable	1,392	1,511
Depreciation	1,392	1,511

(4) Operating Leases（Lessor）

Outstanding lease commitments	(Fiscal 2002 Year End)	(Fiscal 2001 Year End)
Within 1 year	2,402	367
More than 1 year	22,032	843
Total	24,435	1,210

7. Related Party Transactions

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

Fiscal 2001 (April 1, 2001 - March 31, 2002):

Directors and Principal Individual Shareholders

Party	Name	Address	Paid-in Capital	Business Details	Shareholder voting rights (Yes/No) Ratio	Relationship	Transaction Type	Transaction Amount (¥ million)	Category
Director	Yasuhiro Yamaguchi	---	---	Executive Vice President & Representative Director of Tokyu Corp.	No Direct 0.0%	---	Construction work	39	---

Note: The above amount excludes consumption tax.

Transaction Conditions: same as general transactions involving construction work.

8. Deferred Tax Accounting

1. Significant components of deferred tax assets and liabilities

	Millions of Yen	
	Fiscal 2002	Fiscal 2001
Deferred Tax Assets		
Net operating loss carry forwards	56,593	56,310
Retirement and severance benefits	46,960	36,612
Real estate for sale	17,755	12,063
Allowance for doubtful accounts	17,223	13,832
Securities	9,819	11,089
Property and equipment	9,810	3,398
Unrealized intercompany gains	6,396	7,472
Reserve for loss of business investment	6,250	---
Accrued bonuses to employees	4,870	3,198
Accrued business tax deductible in income taxes	2,033	1,007
Depreciation	1,556	---
Reserve for directors' retirement benefits	1,507	1,380
Transfer to defined benefit pension scheme	1,196	---
Deferred assets	1,002	---
Payments for construction in process	---	6,974
Liabilities arising from equity method accounting	---	1,437
Others	5,059	4,899
Gross Deferred Tax Assets	188,035	159,679
Less: Valuation allowances	(109,321)	(108,755)
Total Deferred Tax Assets	78,714	50,923
Deferred Tax Liabilities		
Gain from revaluation of land	(31,014)	(9,809)
Unrealized holding gains on securities	(933)	(210)
Deferral of gain on sales of fixed assets	(217)	(73)
Advances received	---	(7,754)
Other	(6,118)	(3,596)
Total Deferred Tax Liabilities	(38,283)	(21,443)
Net Deferred Tax Assets	40,431	29,479
Deferred tax liabilities on gain from revaluation of land		
Deferred tax liabilities from revaluation of land	(7,351)	(7,605)
Total Deferred Tax Liabilities	(7,351)	(7,605)

Note: Net deferred tax assets for fiscal 2001 and fiscal 2002 were included in the following balance sheet items.

	Millions of Yen	
	(Fiscal 2002 Year End)	(Fiscal 2001 Year End)
Current assets – deferred tax assets	16,002	5,706
Property and equipment– deferred tax assets	44,970	33,955
Current liabilities – other	19	6
Long-term liabilities - deferred tax liabilities	20,521	10,176
Long-term liabilities - deferred tax liabilities from revaluation of land	7,351	7,605

2. The effective tax rate for fiscal 2001 differed from the normal tax rate for the following reasons:

	%	
	(Fiscal 2002 Year End)	(Fiscal 2001 Year End)
Computed normal tax rate	42.1	42.1
(Adjustments)		
Entertainment expenses	3.3	4.0
Dividend income deducted from earnings	(9.0)	(2.2)
Valuation allowances	7.8	(8.6)
Consolidation adjustment account	42.3	6.4
Equity in income/losses of non-consolidated subsidiaries and affiliates	(16.4)	4.7
Tax differences on unrealized gains and others	9.2	10.0
Resident’s tax equalization etc.	3.7	1.6
Adjusted profit on sale of subsidiaries’ stock	6.7	---
Effect of change in tax rates	5.1	---
Other	0.7	---
Effective tax rate	95.5	58.0

3. The effective tax rate used to calculate this year’s deferred tax assets and deferred tax liabilities, which are limited to those that are expected to be disposed of on and after April 1, 2004, has been lowered to 40.5% from 42.1% the year before in accordance with the Law Partially Amending Local Taxes (2003, Article 9), which came into effect on March 31, 2003. As a result, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) was reduced by ¥684 million, which increased the amount of corporate income tax adjustment for this year by ¥684 million. Deferred tax liabilities related to revaluation decreased by ¥293 million while differences arising on land revaluation increased by the same amount.

9. Securities

Fiscal 2002（As of March 31, 2003）

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

Millions of yen

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

(2) Other securities (with market quotations)

Millions of yen

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

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

(3) Other securities sold in fiscal 2002

Millions of yen

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

(4) Securities not valued at market

Millions of yen

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

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

Millions of yen

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

2. Fiscal 2001（As of March 31, 2002）

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

（Unit: ¥ mln）

	Instrument	Book value	Market value	Unrealized gain or loss
Securities with market quotations exceeding their carrying values on consolidated balance sheets	(1) JGB, Municipal bonds	467	487	19
	(2) Corporate bonds	---	---	---
	(3) Others	159	159	0
	Subtotal	626	646	19
Securities with market quotations not exceeding their carrying values on consolidated balance sheets	(1) JGB, Municipal bonds	11	10	(1)
	(2) Corporate bonds	100	95	(4)
	(3) Others	18	17	(0)
	Subtotal	129	123	(5)
Total		756	770	13

(2) Other securities (with market quotations)

（Unit: ¥ mln）

	Instrument	Acquisition cost	Book value	Unrealized gain or loss
Securities with market quotations exceeding their carrying values on consolidated balance sheets	(1) Equity securities	23,518	30,849	7,331
	(2) Debt securities			
	JGB, Municipal bonds	1,096	1,129	32
	Corporate bonds	34	38	3
	Others	---	---	---
	(3) Other securities	64	65	0
	Subtotal	24,715	32,082	7,367
Securities with market quotations not exceeding their carrying values on consolidated balance sheets	(1) Equity securities	31,344	22,737	(8,606)
	(2) Debt securities			
	JGB, Municipal bonds	348	343	(5)
	Corporate bonds	---	---	---
	Others	---	---	---
	(3) Other securities	277	243	(33)
	Subtotal	31,971	23,325	(8,645)
Total		56,686	55,407	(1,278)

Note: The acquisition cost represents book value after write downs. The Company wrote down ¥1,187 million in other securities with market quotations.

(3) Other securities sold in fiscal 2002

Millions of yen

Proceeds from sale	Total gain on sale	Total loss on sale
4,007	688	307

(4) Securities not valued at market

Millions of yen

	Book value
1. Bonds held to maturity	
Matured interest-bearing govt. bonds	10
	1
2. Other securities	
Unlisted stock（Excluding OTC stocks）	34,630
Money management fund	68

(5) Projected future redemption of securities with maturities and bonds held to maturity

Millions of yen

	Less than 1 year	1 to 5 years	5 to 10 years	Longer than 10 years
1．Bonds				
(1) JGB, municipal bonds	212	1,743	5	1
(2) Corporate bonds	5	133	---	---
(3) Others	113	135	17	---
2．Other investment trusts	---	---	---	---
Total	331	2,012	22	1

10. Derivative Transactions

(1) Currency related

Item	Instrument	*Millions of Yen*							
		Fiscal 2002 (As of March 31,2003)				Fiscal 2001 (As of March 31,2002)			
		Contracted amount	Over 1 year	Market value	Valuation Gain/loss	Contracted amount	Over 1 year	Market value	Valuation gain/loss
Off-floor transactions	Transactions denominated in:								
	US Dollars	248	---	247	(1)	296	---	305	8
	Swiss Francs	---	---	---	---	27	---	28	0
	Australian Dollars	22	---	22	0	32	---	33	0
Total		270	---	269	(1)	357	---	366	9

Note:

Fiscal 2002

(As of March 31, 2003)

1. Market value amounts are based on quotations on the futures market.
2. Derivatives treated under the hedge accounting method are undisclosed.

Fiscal 2001

(As of March 31, 2002)

1. Market value amounts are based on quotations on the futures market.
2. Derivatives treated under the hedge accounting method are undisclosed.

(2) Interest rate related

Item	Instrument	*Millions of Yen*							
		Fiscal 2002 (As of March 31,2003)				Fiscal 2001 (As of March 31,2002)			
		Contracted amount	Over 1 year	Market value	Valuation Gain/loss	Contracted amount	Over 1 year	Market value	Valuation gain/loss
Off-floor transactions	Interest rate swaps								
	Receive floating/ pay fixed	1,400	1,400	(62)	(62)	1,400	1,400	(100)	(100)
Total		1,400	1,400	(62)	(62)	1,400	1,400	(100)	(100)

Note:

Fiscal 2002

(As of March 31, 2003)

1. Market value is calculated on the basis of rates provided by financial institutions with whom the Company has entered into derivative transactions.

2. Derivatives treated under the hedge accounting method are not disclosed.

Fiscal 2001

(As of March 31, 2002)

1. Market value is calculated on the basis of rates provided by financial institutions with whom the Company has entered into derivative transactions.

2. Derivatives treated under the hedge accounting method are not disclosed.

11. Retirement and Severance Benefits

(1) Outline of employees retirement benefit system

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

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

(2) Retirement benefit liabilities

	Millions of Yen	
	(Fiscal 2002 Year End)	(Fiscal 2001 Year End)
a. Retirement benefit liabilities	(224,612)	(163,550)
b. Pension fund assets	76,399	68,765
c. Unfunded retirement benefit liabilities (a + b)	(148,212)	(94,784)
d. Unrecognized retirement assets	---	(101)
e. Unrecognized actuarial liabilities	56,871	21,262
f. Unrecognized prior service liabilities	(5,956)	(5,395)
g. Net carried on consolidated balance sheets (c + d + e + f)	(97,297)	(79,018)
h. Prepaid pension costs	125	109
j. Reserve for retirement allowance (g - h)	(97,423)	(79,127)

Notes

Fiscal 2002

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

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

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

Fiscal 2001

1. Certain consolidated subsidiaries use a simplified approach to computing retirement benefits
2. The above breakdown excludes pension fund assets of ¥578 million in the jointly established employee pension plan, the Tokyo Trucking Employee Pension Fund (covering two consolidated subsidiaries that are members and one which has withdrawn).

(3) Retirement benefit expenses

	Millions of Yen (Fiscal 2002)	(Fiscal 2001)
a. Service expense	8,663	6,635
b. Interest expense	5,538	4,528
c. Expected returns	(2,041)	(1,555)
d. Amortization actuarial differences	1,997	1,146
e. Amortization of past service liability	(570)	(336)
f. Past retirement benefit expenses	---	1,513
g. Loss on transfer to defined contribution plan	421	---
h. Premium paid on transfer to defined contribution plan	152	---
i. Loss on closure of retirement benefit scheme	973	---
k. Retirement benefit expenses (a + b + c + d + e + f + g +h + i)	15,135	11,932

Notes

Fiscal 2002 (March 31, 2003)

1. Apart from the above retirement benefit expense, the Company paid additional retirement benefits of ¥1,687 million. These were charged to income as an extraordinary loss.

2. The retirement benefit expenses of certain consolidated subsidiaries that use a simplified approach to computing retirement benefits are included in service expense (a).

Fiscal 2001 (March 31, 2002)

1. Apart from the above retirement benefit expense, the Company paid additional retirement benefits of ¥433 million. These were charged to income as an extraordinary loss.

2. The retirement benefit expenses of certain consolidated subsidiaries that use a simplified approach to computing retirement benefits are included in service expense (a).

3. Consolidated subsidiaries with accounting periods ending in December entered their first year of application of new accounting standards for retirement benefits. The company has recorded the difference between retirement benefits liabilities calculated from estimates in the preceding fiscal year and those calculated from the number of employees and base retirement benefit liabilities as of March 31, 20002, as past retirement benefit expenses. This amount was charged to income as an extraordinary loss in fiscal 2001.

(4) Basis of presentation of retirement benefit liabilities

	(Fiscal 2002)	(Fiscal 2001)
a. Allocation method for estimated retirement benefit amounts	Straight line	Straight line
b. Discount rate	Primarily 2.0%	Primarily 3.0%
c. Expected rate of return	Primarily 3.0%	Primarily 3.0%
d. Amortization period for past service liabilities	Primarily 13 years	Primarily 13 years
e. Amortization period of actuarial differences	Primarily 15 years	Primarily 15 years
f. Amortization period of difference arising from changes in accounting standards	---	---

12. Per Share Information

Year ended March 31, 2003		Year ended March 31, 2002	
Net assets per share	¥134.13	Net assets per share	¥139.11
Net income per share	¥2.83	Net income per share	¥10.66
After adjustment for residual securities (stock options, subscription rights to new shares including convertible bonds, etc.)		After adjustment for residual securities (stock options, subscription rights to new shares including convertible bonds, etc.)	
Net income per share	¥2.66	Net income per share	¥10.00
Starting from this fiscal year, the “Accounting Standards Concerning Annual Net Profit Per Share” (Corporate Accounting Standard Bulleting No.2) and the “Guidelines for Applying the Accounting Standards Concerning Annual Net Profit Per Share” (Corporate Accounting Standards Application Guideline Bulletin No.4) are applicable. If the above Accounting Standards and Guidelines had been applied to the previous fiscal year, per share information would be as follows:			
Net assets per share	¥137.22		
Net income per share	¥10.53		
After adjustment for residual securities (stock options, subscription rights to new shares including convertible bonds, etc.)			
Net income per share	¥9.87		

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

	Year ended March 31, 2003	Year ended March 31, 2002
Net income per share:		
Net income (¥ million)	3,416	---
Amount not attributable to ordinary shareholders (¥ million)	240	---
(Of which bonuses paid executive officers as part of the appropriation of surplus)	(240)	---
Net income attributable to ordinary shares	3,176	---
Average number of outstanding ordinary shares during the year (1,000 shares)	1,123,617	---
Net income per share after adjustment for residual securities		
Net income adjustment (¥ million)	34	---
Of which, interest expense (after deducting tax equivalent)	(34)	---
Increase in the number of ordinary shares (1,000 shares)	83,642	---
(Of which, convertible bonds)	(83,642)	---
Residual securities not included in the calculation of the net income after adjustment for residual securities due to the fact that these securities had no dilutive effect.	33rd unsecured convertible bonds Ordinary shares 7,600,000 shares	

13. Others

I. Separation of construction business of Tokyu Construction Co., Ltd.

Tokyu Construction Co., Ltd, a consolidated subsidiary of Tokyu Corp., decided at a meeting of its board of directors held on May 27, 2003 to separate its construction business, and on the same day signed a separation agreement with the continuing company, TC Holdings Co., Ltd.

1. Purpose of Business Separation

Following formulation of its medium term business plan ‘Profit Plan’ in February 2002 Tokyu Construction has achieved some success in maintaining profitability. However the environment surrounding the construction business has worsened considerably as construction investment has declined, and the introduction of impairment accounting as asset price deflation has continued has led to an increasingly strict appraisal of companies.

In order to meet the challenges of this business environment and regain corporate health as an independent company, Tokyu Construction has decided to thoroughly reform its business structure through separation of its real estate and construction businesses. At the same time, in recognition of the necessity of reducing interest-bearing debt, in March 2003 the Company formulated a new medium term business plan, ‘New Profit Plan’.

Based on this plan the construction business will further pursue a reformed income structure to raise corporate value as the continuing listed company. The property company will concentrate on the property business, moving swiftly to sell assets and responding rapidly to impairment accounting rules. The company will boldly implement a wide-ranging reform of its corporate organization and in each of its businesses will aim to concentrate activities in order to realize business efficiencies. By creating a business structure focused on the strengths of each business, the company will aim to maximize shareholder value.

2. Outline of Continuing Company

Name:	TC Holdings Co., Ltd. (As of the separation date to be changed to Tokyu Construction (described hereafter as ‘New Tokyu Construction’)
Address:	1-16-14 Shibuya, Shibuya-ku, Tokyo
Representative:	Toyohiko Yamada
Capital:	¥30 million
Business outline:	General construction business

Note: In order to ensure that the continuing company New Tokyu Construction can smoothly begin operations immediately following the separation -- for example by holding the appropriate construction business license -- the company was established on April 10, 2003.

3. Schedule of business separation (planned)

Board meeting to ratify separation	May 27, 2003	Tokyu Construction and New Tokyu Construction
Signing of separation agreement	May 27, 2003	Tokyu Construction and New Tokyu Construction
Shareholders' meeting to ratify separation agreement	June 24, 2003	New Tokyu Construction
Shareholders' meeting to ratify separation agreement	June 25, 2003	Tokyu Construction
Separation day	October 1, 2003	Tokyu Construction and New Tokyu Construction
Registration of separation	October 1, 2003	Tokyu Construction and New Tokyu Construction

4. Method of separation

Tokyu Construction will be the separated company and New Tokyu Construction the successor company. The construction business of Tokyu Construction will be continued by New Tokyu Construction, and its shares will be allocated to Tokyu Construction shareholders by the assimilation and shareholder allotment method.

II. Issue of unsecured debentures

At a board meeting of Tokyu Corp. held on May 27, 2003, it was resolved to issue unsecured debentures on the following conditions:

Name of debentures:	Corporation Unsecured Debentures (containing a special clause providing for limits to the conditions of security in respect of all debentures)
Total amount to be issued:	Up to ¥60 billion (the debentures can be issued in tranches)
Interest rate:	2.0% or lower
Issue price:	¥100 with a par value of ¥100
Redemption price:	¥100 per ¥100 nominal
Maturity:	Up to 10 years
Issue period:	From June 9, 2003 to June 27, 2003
Type of offering:	Public offer
Special conditions:	Negative pledge clause applied
Use of proceeds:	The proceeds will be used for the redemption of corporate bonds and capital expenditure

III. Acquisition of treasury shares

At the board meeting on May 27, 2003, it was resolved to submit a proposal to the annual general meeting of shareholders to be held on June 27, 2003, in respect of the acquisition of treasure shares pursuant to Article 210 of the Commercial Code as follows:

(1) Reason for the acquisition of treasury shares

The Company intends to acquire treasury shares to carry out its capital policy effectively and smoothly pursuant to Article 210 of the Commercial Code.

(2) Outline of acquisition

i. Type of shares to be acquired:	Ordinary shares
ii. Total number of shares to be acquired:	Up to 20 million shares (upper limit) (accounting for up to 1.75% of the total number of shares outstanding)
iii. Total acquisition cost:	Up to ¥10 billion (upper limit)

Note: The above outline is subject to approval of the proposal for acquisition of treasury shares at the annual general meeting of shareholders to be held on June 27, 2003.

IV. Transfer of employees' pension fund agency operation

On March 14, 2003, Tokyu Store K.K., a consolidated subsidiary of the Company, and its consolidated subsidiary (which has a February fiscal year end) obtained the approval of the Minister of Health, Labor and Welfare to suspend future pension payment in respect of employees' pension fund agency operation in accordance with the Defined Contribution Pension Plan Law.

Therefore, Tokyu Store and its consolidated subsidiary will eliminate retirement benefit liabilities in respect of employees' pension fund agency operation retroactive to the date on which the said approval was obtained in accordance with Section 47-2 of the "Guidelines on the Practical Aspects of Retirement Benefit Accounting (Interim Report" (Financial System Committee Report No. 13 of the Association of Certified Public Accountants). Consequently, an extraordinary profit of ¥5,271 million is expected to be recognized in the consolidated statements of income for the year ending March 31, 2004.