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**December 3, 2001**

**Consolidated Earnings Report for the First Half of Fiscal 2001**

Company Name: Tokyu Corporation
Stock Exchange Listing: Tokyo Stock Exchange
Code Number: 9005
Head Office: Tokyo
SEC accounting standards: The company does not apply SEC accounting standards.

# 1. Consolidated Results of Operations for the First Half of Fiscal 2001 (April 1, 2001 – September 30, 2001)

### (1) Consolidated Business Results

*(Figures of less than ¥1 million are rounded down)*

| | Revenue from Operations | | Operating Income | | Recurring Income | |
|---|---|---|---|---|---|---|
| | ¥ mln | % | ¥ mln | % | ¥ mln | % |
| Fiscal 2001 Interim | 471,869 | 5.3 | 28,384 | (23.8) | 9,792 | (47.5) |
| Fiscal 2000 Interim | 447,921 | - | 37,226 | - | 18,647 | - |
| Fiscal 2000 | 1,012,890 | | 64,374 | | 23,634 | |

| | Net Income | | Net Income Per Share | Net Income Per Share (Diluted) |
|---|---|---|---|---|
| | ¥ mln | % | ¥ | ¥ |
| Fiscal 2001 Interim | 4,518 | - | 4.08 | - |
| Fiscal 2000 Interim | (16,677) | - | (15.20) | - |
| Fiscal 2000 | (30,163) | | (27.50) | - |

Notes:
(1) Equity in losses of affiliates:
Interim fiscal 2001: ¥(1,408) million; Interim fiscal 2000: ¥(2,553) million; Fiscal 2000: ¥(8,299) million
(2) Weighted average number of shares (consolidated): Interim fiscal 2001: 1,108,167,165; Interim fiscal 2000: 1,096,964,576; Fiscal 2000: 1,096,958,697
(3) Changes in accounting standards were applicable to the above figures.
(4) The percentage figures accompanying revenue from operations, operating income, recurring income and net income represent year-on-year changes.

### (2) Consolidated Financial Position

| | Total assets (¥ mln) | Shareholders' equity (¥ mln) | Shareholders' equity ratio (%) | Shareholders' equity per share (¥) |
|---|---|---|---|---|
| Fiscal 2001 Interim | 2,528,029 | 151,562 | 6.0 | 135.01 |
| Fiscal 2000 Interim | 2,461,820 | 150,826 | 6.1 | 137.35 |
| Fiscal 2000 | 2,499,886 | 139,066 | 5.6 | 126.64 |

Note: Number of shares issued and outstanding (consolidated): Interim fiscal 2001: 1,122,574,677; Interim fiscal 2000: 1,098,097,377; Fiscal 2000: 1,098,085,620

**(3) Consolidated Cash Flows**

| | Operating Activities | Investing Activities | Financing Activities | Cash and Cash Equivalents at End of Year |
|---|---|---|---|---|
| | ¥ mln | ¥ mln | ¥ mln | ¥ mln |
| Fiscal 2001 Interim | 13,885 | (30,225) | (27,453) | 90,805 |
| Fiscal 2000 Interim | 20,100 | (27,567) | (39,583) | 90,229 |
| Fiscal 2000 | 89,217 | (63,421) | (42,910) | 124,328 |

**(4) Scope of Consolidation and Adoption of the Equity Method**

Consolidated subsidiaries: 240
Unconsolidated subsidiaries accounted for by the equity method: 1
Affiliates accounted for by the equity method: 42

**(5) Changes in Scope of Consolidation and Affiliates Accounted for Under the Equity Method**

Consolidated subsidiaries:
New: 25
Excluded: 8
Affiliates accounted for under equity method:
New: 1
Excluded: 5

**2. Consolidated Forecast for Fiscal 2001 (April 1, 2001 – March 31, 2002)**

| | Revenue from Operations (¥ mln) | Recurring Income (¥ mln) | Net Income (¥ mln) |
|---|---|---|---|
| Full Year | 1,100,000 | 21,500 | 10,500 |

Reference – Projected net income per share for the entire year: ¥9.35

## *1. The Tokyu Group*

The Tokyu Group comprises Tokyu Corporation (the Company), 241 subsidiaries and 44 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, Abashiri Kotsu, Inc. #1, Jotetsu Corp. #1, Tokyu Shachi Bus Co., Ltd. #1 C, Kusakaru Corp. #1 A, B |
| Cargo transportation | Tokyu Air Cargo Co., Ltd. #1, Nihon Kamotsu Kyuso Co., Ltd. #1 A, Tokyu Freight Service Co., Ltd. #1 A, B, Tokyo Tsuun Co., Ltd. #1 A, Sotetsu Transportation Co., Ltd. #2 A |
| Flight operations | Japan Air System Co., Ltd. #2 |
| | 37 other firms |

**(2) Real Estate (47 companies)**

| Main businesses | Companies |
|---|---|
| Real estate sales | Tokyu Corp., Tokyu Land Corp. #2 A, B, C |
| Real estate leasing | Tokyu Corp., Tokyu YMM Properties Co., Ltd. #1, Shibuya Development Inc. #1 A, Kitami Tokyu Building #1 C |
| Real estate management | Tokyu Community Corp. #2 A, B, C, Tokyu Service Corp. #1 A, B, Tokyu Building Service Inc. #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 (27 companies)**

| Main businesses | Companies |
|---|---|
| Department store operations | Tokyu Department Store Co., Ltd. #2 A, D |
| Retail operations | Tokyu Store Chain Co., Ltd. #2 A, D, Sapporo Tokyu Store Chain Co., Ltd. #1, Tokyu Hands Inc. #2 A, D, Toko Shoji #1 A |
| General trading operations | Kowa #1, Tokyu Geox Co., Ltd. #1 D |
| | 20 other firms |

**(4) Leisure and Services (73 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 |
| | 64 other firms |

**(5) Hotels (62 companies)**

| Main business | Companies |
|---|---|
| Hotels | Tokyu Corp., Tokyu Hotel Chain Co., Ltd. #1 A, Kansai Tokyu Inn and 27 other firms #1 B; Tokyu Canada Corp. #1, Pan Pacific Hotels & Resorts Pte. Ltd. #1, Mauna Lani Resort (Operation) Inc. #1 |
| | 29 other firms |

**(6) Construction (15 companies)**

| Main business | Companies |
|---|---|
| Construction | Tokyu Construction Co., Ltd. #1 A, B, Seikitokyu Kogyo Co., Ltd. #2 B |
| | 13 other firms |

**(7) Other (33 companies)**

| Main businesses | Companies |
|---|---|
| Maintenance of rolling stock for railway operations | Tokyu Car Corp. #2 A, B, 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 |
| Food products manufacturing | Gold Pak Co., Ltd. #1 D |
| | 27 other firms |

Notes #1 Subsidiary, #2 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, Tokyu Tourist Corp., Tokyu Kanko Service Tohoku Inc., Tokyu Kanko Service Inc., Tokyu Kanko Service Nishinippon Inc., Izukyu Corp., Jotestsu Corp., Kusakaru Corp., Tokyu Service Corp., Tokyu Bus Corp., Tokyu Canada Corp., and Mauna Lani Resort (Operation), Inc.
2. 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 First Section of the Tokyo Stock Exchange. Tokyu Construction Co., Ltd., Tokyu Land Corp. and Tokyu Car Corp. are listed on the First Sections of the Tokyo Stock Exchange and Osaka Securities Exchange. Tokyu Department Store Co. Ltd. is listed on the First Section of the Tokyo Stock Exchange and on the Sapporo Securities Exchange. Shiroki Corp. is listed on the First Sections of the Tokyo Stock Exchange and Nagoya Stock Exchange. Izukyu Corp., Tokyu Recreation Co., Ltd. and Sotetsu Transportation Co., Ltd. are listed on the Second Section of the Tokyo Stock Exchange. Japan Air System 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 Interim Fiscal 2001:**

**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 − all based in southwestern Tokyo and Kanagawa Prefecture. The total track length of these passenger lines is 102.1 kilometers. Izukyu Corp., a consolidated subsidiary, operates a 45.7km line between Ito and Izukyu Shimoda on the Izu Peninsula. Ueda Kotsu. Corp., another consolidated subsidiary, operates an 11.6km long passenger line between Ueda and Bessho Onsen, in Nagano Prefecture.

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

**Cargo transportation**: Freight transportation services are operated by consolidated subsidiaries Nihon Kamotsu Kyuso Co., Ltd. and Tokyo Tsuun Co., Ltd., as well as affiliate Sotetsu Transportation Co., Ltd. Most of their operations are centered in metropolitan Tokyo. The light and heavy cargos 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.

**Flight operations:** Affiliate Japan Air System Co., Ltd. operates scheduled and chartered flights, mainly on domestic routes.

**Real Estate:**

**Real estate sales**: The 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, mainly along the railway lines operated by the Company in Tokyo and Kanagawa Prefecture. Tokyu Land Corp., an affiliate, is also engaged in the real estate leasing business, mainly in office building leasing, and operates primarily in the Tokyo metropolitan area, the Kinki region and in major regional cities.

**Real estate management**: Affiliate Tokyu Community Corp. and consolidated subsidiaries Tokyu Service Corp. and Tokyu Building Service Inc. are engaged in comprehensive building management services (management of building facilities, cleaning and security services), and condominium management services (including administration and facility management).

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

**Retail:**

**Department store operations:** Affiliate Tokyu Department Store Co., Ltd. operates department stores in Shibuya, Kichijoji, Machida and Sapporo.

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

**General trading operations**: Tokyu Geox Co., Ltd., a consolidated subsidiary, manufactures and markets aggregates, and Kowa Co., Ltd., another consolidated 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. 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 that extend along the Company’s railway lines in Tokyo, Kawasaki and Yokohama.

**Hotel operations**

In Japan, the Company operates three hotel chains: Tokyu Inns (29 hotels), Excel Hotel Tokyu (4 hotels) and Tokyu Resorts (2 hotels), while consolidated subsidiary Tokyu Hotel Chain Co., Ltd. is responsible for running 17 Tokyu Hotels. Another consolidated subsidiary, Tokyu Hotel Management Co., Ltd., provides hotel reservations services and is also engaged in marketing. Overseas, consolidated subsidiary Pan Pacific Hotels and Resorts PTE. LTD. operates hotels and provides hotel management services. 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 and government buildings, as well as civil engineering projects for highways, railways and land development. Seikitokyu Kogyo Co., Ltd., an affiliate, focuses on projects for civil engineering, paving, water works, and other general construction.

**Other**

**Rolling stock manufacture**: Affiliate 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 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 under OEM agreements with leading automakers. This company also produces and markets transportation machinery and equipment parts.

In food products manufacturing, affiliate Gold Pak Co., Ltd. manufactures and markets vegetable juices and other health products.

## *2.Management Policy*

### (1) Basic Management Policy

Tokyu Group's roots go back to the establishment of Meguro Kamata Railway Company in 1922. The Group has now expanded to 434 companies and 10 public corporations, with Tokyu Corporation as the nucleus. The Group's core operations focus on urban development centered on railway operations. Over the years, the Group has diversified to provide a wide range of services related to the daily lives of the people in the communities it serves. The Group is also actively involved in social programs and environmental activities through foundations, social activities, and Tokyu Association programs.

The Group seeks to fulfill its social responsibilities by building a business deeply rooted in local communities. In 1997, the Group spelled out its core management policy: "Work independently and in collaboration to raise Group synergy and establish a trusted and beloved brand." Toward this goal, the Group adopted the slogan "Toward a Beautiful Age," and has been working toward "Creating a Beautiful Lifestyle Environment" to meet varying consumer needs and to make Tokyu the brand of choice.

To assure continuing growth in the 21st century, the Company is implementing 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 Management Policy sets forth a new approach to the management of the entire group and broadly outlines a plan of action that adheres to this approach. These initiatives will help to create a new image for the Tokyu Group by March 2003.

### (2) Medium- to Long-Term Management Strategy and Pressing Tasks

The Tokyu Group has identified three basic themes to guide the Tokyu Basic Management Policy. First is the establishment of Group governance led by the parent company, the largest Group shareholder, to realize Tokyu's management philosophy of "independence and cooperation." The second policy is growth through joint business tie-ups and alliances inside and outside the Tokyo Group with the view to enhancing customer satisfaction. Third is risk management through compliance.

As a first step toward implementing these policies, we have identified our core businesses as those that add more value to and spur greater activity at areas along our railway lines, including strategic locations such as Shibuya; and those that make a significant contribution to raising the value of the Tokyu brand. The Group's operations will be reorganized by selecting and focusing resources on such businesses. We have sold certain group tax companies, restructured regional bus operations and withdrawn from petroleum sales. In addition, we established Tokyu Hotel Management Co., Ltd. in January 2001, and in July made Tokyu Hotel Chain Co., Ltd. a wholly owned subsidiary, as part of our drive to reorganize our hotel business. Plans call for integrating three Group transportation companies into Sotetsu Transportation Co., Ltd. and making Sotetsu a consolidated subsidiary by April 2002. Tokyu Store Chain Co., Ltd. will also be converted into a consolidated subsidiary in April 2002. This company will play a vital role in adding more value to Tokyu businesses located in areas along its railway lines.

In building management, we plan to merge consolidated subsidiaries Tokyu Service Corp. and Tokyu Building Service, Inc. in July 2002. The move will strengthen the operating base of the new general building management firm. In flight operations, Japan Air Systems Co., Ltd., an equity-method affiliate, and Japan Airlines have reached a basic agreement to integrate the management through the establishment of an incorporated holding company in September 2002, pending necessary approval from the Japanese government and both companies' shareholders. Detailed planning of this move will commence shortly.

Secondly, to improve the effectiveness of these measures, we are currently looking at the modalities for reorganizing our decision-making systems, business performance evaluation systems, brand management and other important elements of business.

Third, we will breathe new life into our businesses and railway lines by focusing resources on key areas from which our railway lines operate, including Tokyo's popular Shibuya district. Several growth strategies will support this drive, including media operations, initiatives to strengthen our customer base, entry into the real estate investment trust (REIT) business, reorganization of station functions, and expanding our in-house venture system for new businesses. For example, marking our entry into the REIT business was the June 2001 joint establishment of real estate advisory firm Tokyu Real Estate Investment Management Inc. together with Tokyu Land Corp. A basic agreement has also been reached between Tokyu Corp., Tokyu Land Corp. and Australian firm Lend Lease Corporation on forming an alliance mainly in the REIT business. The three parties are currently in discussions toward getting the alliance up and running. One specific example of our efforts to reorganize functions at stations is the "ranKing ranQueen" store established within the Shibuya Station complex in July 2001. This all-new theme store uses product ranking information obtained from research firms and Tokyu Group companies to display and sell a diverse range of top-performing brands, as well as provide information on new products.

We are confident that successful implementation of these initiatives will maximize shareholder value.

**(3) Realigning Tokyu Group Management**

The Tokyu Group Corporate Executive Committee, chaired by the chairman of the board of Tokyu Corp., determines the management policies of the Tokyu Group. Establishing this committee to systematically define policies that involve the exercise of rights and the fulfillment of obligations under the Commercial Code shows our commitment to enhancing management transparency. The committee is responsible for major business decisions and capital policy for the Group companies, evaluation of the performance of companies in the Tokyu Group and brand management.

In July 2000, we implemented several corporate reorganization measures, setting up Corporate Headquarters and New Business Strategy Headquarters to establish a foundation from which to fully implement the Tokyu Group’s business policies. In July 2001, we set up Compliance Division within Corporate Headquarters, a move that will strengthen one of the basic themes of the Tokyu Basic Management Policy—risk management through compliance.

**(4) Management Performance Targets**

One of the Tokyu Group’s key management performance targets is to reduce the ratio of interest-bearing debt to EBITDA (operating income + depreciation and amortization) to 10 times or less by March 2003. We intend to restore our financial robustness by applying cash flow-based parameters, and taking decisions in light of current financial conditions, our ability to generate earnings through operating activities, and our ability to handle interest-bearing liabilities. This target will also apply to Group companies that are not consolidated subsidiaries. We will make a concerted effort Group-wide to achieve this goal.

At present, we are looking into the possibility of introducing growth-oriented performance targets from the fiscal year ending March 2004.

**(5) Basic Policy on Distribution of Profits**

Railway operations constitute the main business of the Tokyu Group. Given the extremely public nature of these operations, we are able to sustain stable business results over long periods while working to further strengthen our operating base. Over the years, capital expenditures have been made on an ongoing basis to increase transportation capacity, enhance safety measures and improve services. The Tokyu Group maintains a basic earnings distribution policy of continuously paying stable dividends to shareholders. Since the fiscal year ended March 1983, we have provided an annual dividend of ¥5 per share. We will continue to provide stable dividends as we make further efforts to lift per-share earnings levels with the view to enhancing shareholder value.

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 lines between Tamagawa and Hiyoshi on Toyoko Line. We have also made capital expenditures totaling ¥156.4 billion on improvements to the Oimachi-Futago-tamagawa stretch of the Oimachi Line, and for quadruple-tracking on Den-en Toshi Line between Futago-tamagawa and Mizonokuchi. These measures have been taken to ease congestion on Toyoko and Den-en Toshi lines, and to build an efficient commuter network that will stimulate greater use of Meguro and Oimachi lines. We are determined to increase our retained 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.

## *3. Review of Operations*

**(1) Overview of the Fiscal 2001 Interim Period**

In the interim period ended September 30, 2001, the ailing Japanese economy failed to shake off the overall tone of recession. Exports and capital expenditures both declined due mainly to the global downturn in IT-related industries. Furthermore, higher unemployment and falling salaries led to ongoing weakness in consumer spending.

In this economic climate, the Tokyu Group (comprising the parent company, consolidated subsidiaries and equity-method affiliates) actively undertook business activities across all its operating segments, while working to raise management efficiencies and reduce expenses.

Consolidated interim revenue from operations climbed 5.3% over the corresponding period of the previous fiscal year to ¥471,869 million. Operating income was ¥28,384 million, down 23.8% year on year, while recurring income declined 47.5% to ¥9,792 million. Net income was ¥4,518 million, an improvement of ¥21,195 million on the loss recorded in the same period of the previous year.

Effective from the interim period ended September 2001, we have formed a new business segment for hotel operations, which were previously part of our leisure and services business. This decision was taken in light of the growing importance of hotels as part of the Group's activities. Furthermore, we determined that Tokyu Bus Corp. plays an important role in businesses peripheral to transportation operations, under which it was previously included. As such, Tokyu Bus Corp. has also been included under real estate operations, and leisure and services. Travel agencies and restaurants located within train station complexes and directly operated by Tokyu Corp. were formerly categorized under transportation operations as associated businesses. From the interim period under review, these businesses have been included under real estate operations. Year-on-year comparisons for segmental operations are restated in line with these changes.

Operating results by business segment are as follows.

**1. Transportation**

In railroad transportation, we invested in safety equipment, emergency training, increasing passenger capacity and development of an efficient railway network, and in improvements on the service side, such as service quality and customer assistance in order to enhance passenger safety, convenience and comfort. Revenue from railway operations of the Company increased over the previous fiscal year due to greater passenger traffic. This was the result of our efforts to improve convenience by operating routes that directly link the Meguro Line with the Namboku and Mita Lines, the introduction of new timetables following the launch of limited express train services on Toyoko Line, and the opening of various new facilities in Shibuya and Minami-Machida. However, passenger traffic at consolidated subsidiaries continued to decline. The number of bus passengers in the Tokyo metropolitan area also fell. In regional bus operations, centered mainly in Hokkaido, the aftereffects of the eruption of Mt. Usu gradually began to wear off as the number of passengers rose, mainly for leased buses. Overall, however, revenues from bus operations decreased due to falling fares. Freight operations continued to face a difficult operating environment due principally to a decline in fares and a reduction in contracted vehicles. Transportation volume fell in domestic automobile freight transportation. However, revenues from international freight operations climbed as higher transportation volumes were recorded due to the contribution of new customers.

As a result of the above, revenue from transportation operations increased 2.5% year on year to ¥127,331 million, while operating income declined 7.7% to ¥21,072 million.

**2. Real Estate**

In real estate sales, we engaged in aggressive sales of ready-built houses, detached houses, condominiums and commercial land. Real-estate leasing operations were supported by strong revenues from the Cerulean Tower, a mixed-use high-rise building that opened in April 2001 in Shibuya, Tokyo. Occupancy rates remained at high levels. In real estate management, we worked to provide low-cost, high-quality services even as customers called for contract revisions and lower charges in response to the prolonged economic downturn.

As a result, revenue from operations declined 0.7% from the previous fiscal year to ¥66,036 million and operating income fell 19.6% to ¥8,987 million.

**3. Retail**

In retail operations, consumer sentiment failed to turn positive, and competition remained fierce as retailers rushed to open new stores following last year's introduction of the Large Retail Store Law. Also exacerbating the situation was a decline in product prices triggered by deflationary influences. During the interim period, consolidated Group companies launched new stores and reorganized operations at underperforming stores. In addition, companies made a concerted effort to enhance customer loyalty by improving customer services, ensuring the high quality of products, and delivering a broad lineup of attractive products at reasonable prices.

Revenue from retail operations increased 7.5% year on year to ¥56,161 million. Following the withdrawal from petrol sales, operating income totaled ¥684 million, an improvement of ¥746 million over the loss reported in the interim period of the prior fiscal year.

**4. Leisure and Services**
In travel agency operations, the opening of Universal Studios Japan stimulated strong demand from individual travelers. However, the operating environment remained severe with corporate demand unable to escape its ongoing slump. Sales volume from group travel declined year on year due to lackluster orders from corporate groups. However, conscientious product planning for individuals and stronger year-on-year results from agency operations for business travel drove higher overall sales volume. In CATV operations, its communications Inc. (formerly Tokyu Cable Television Co., Ltd.) reported higher revenues due to an increase in the number of subscribers to its communications services, and the growing number of joint subscriptions to both its cable television and communications services. Revenue from CATV operations on the whole declined, however, owing to an increase in costs for wiring and installation to boost the number of condominiums connected to communications terminals.

Overall, revenue from leisure and services operations increased 10.6% to ¥46,856 million, while the interim operating loss widened by ¥646 million to ¥3,688 million.

**5. Hotels**
As part of measures implemented under the Tokyu Group Management Policy, we continued to reorganize the operations of the Tokyu Inn Chain, which is under the direct management of the parent company, and Tokyu Hotel Chain Co., Ltd. In July 2001, we integrated the reservation and sales systems of both chains by establishing the Tokyu Hotel Reservation Center. This move has helped to improve convenience for customers and operational efficiency. Cerulean Tower Tokyu Hotel has recorded strong revenues from its 414 rooms and dining facilities since opening in Tokyo's Shibuya Ward in May 2001.

Tokyu Hotel Chain Co., Ltd. was included in the Tokyu Group's scope of consolidation from the fiscal 2001 interim period following an exchange of shares. However, the accounts of Tokyu Hotel Chain were included in the balance sheet only, since the share exchange date fell close to the end of the interim period.

As a result of the above, revenue from hotel operations increased 8.2% year on year to ¥34,330 million, while we reported an operating loss of ¥1,023 million.

**6. Construction**
An exacting market for capturing orders continued to shape construction operations during the interim period, as the private sector, particularly manufacturers, further scaled back capital expenditures, mainly intended for production facilities, and governmental financial constraints led to more public spending cutbacks. Revenue from construction operations accordingly decreased 16.2% to ¥134,511 million while operating income dropped 84.6% to ¥1,092 million.

In normal circumstances, revenue from construction operations is far higher in the second half of the year due to the majority of construction projects being completed then. Seasonal changes also give rise to differences in first-half and second-half results. For example, in fiscal 2000, ended March 31, 2001, interim revenue from construction operations totaled ¥160,608 million, while full-year revenues were ¥412,195 million.

**7. Other**
Revenues from food processing operations climbed as tea and other non-sugar beverages maintained their momentum from the previous year. Orders for rolling stock decreased, but revenues from this business increased overall due to an increase in completed projects.

Effective from the interim period under review, revenues from Gold Pak Co., Ltd. were included in other businesses. As a result, revenue from operations rose ¥28,685 million to ¥36,095 million, while operating income increased ¥1,312 million to ¥1,753 million.

**(2) Cash Flows**
Cash and cash equivalents as of September 30, 2001, stood at ¥90,805 million, down ¥33,522 million from March 31, 2001.

Operating activities provided net cash of ¥13,885 million, down ¥6,214 million year on year. Significant addbacks to income before income taxes of ¥11,803 million were a decline in trade receivables of ¥32,023 million, and depreciation of ¥30,031 million, which countered negative factors, including a ¥24,099 million decline in trade payables. The year-on-year decrease was mainly attributable to income taxes paid.

Net cash used in investing activities was ¥30,225 million, up ¥2,657 million on the prior year's interim period. Payments for the purchase of property and equipment were higher year on year at ¥50,688 million due to ongoing active efforts to make capital expenditures relating to Cerulean Tower and for multi-track lines in railway operations. Another component was payments for the purchase of investment securities. These components were absorbed to a certain extent by higher year-on-year proceeds from the sale of property and equipment.

Financing activities used net cash of ¥27,453 million, down ¥12,130 million year on year. This was attributable to further reductions of long-term borrowings and other interest-bearing liabilities.

**(3) Outlook**

For the fiscal year ending March 31, 2002, Tokyu Corporation forecasts revenue from operations of ¥1,100 billion (up 8.6% year on year), recurring profit of ¥21.5 billion (down 9.0%), and net income of ¥10.5 billion, an improvement of ¥40.6 billion over the prior fiscal year's net loss.

## *4.Consolidated Financial Statements*

**(1) Consolidated Balance Sheets**

（Unit: ￥ mln）

| Assets Section | | | |
|---|---|---|---|
| Item | Fiscal 2001 Interim As of September 30, 2001 | Fiscal 2000 Interim As of September 30, 2000 | Fiscal 2000 As of March 31, 2001 |
| （Assets Section） | | | |
| Current Assets | 677,267 | 683,324 | 719,489 |
| Cash and deposits | 92,334 | 92,778 | 125,759 |
| Trades notes and accounts receivable | 147,976 | 134,431 | 178,595 |
| Securities | 450 | 795 | 453 |
| Inventories | 374,699 | 392,528 | 353,161 |
| Deferred tax assets | 4,879 | 5,731 | 5,806 |
| Other current assets | 62,966 | 62,101 | 61,785 |
| Allowance for doubtful accounts | (6,039) | (5,041) | (6,072) |
| Fixed Assets | 1,850,761 | 1,778,495 | 1,780,396 |
| Tangible fixed assets | 1,516,095 | 1,445,427 | 1,453,941 |
| Buildings & structures | 612,505 | 532,364 | 551,433 |
| Machinery & autos | 67,531 | 61,848 | 68,844 |
| Land | 450,896 | 428,913 | 419,698 |
| Construction in progress | 363,407 | 403,358 | 393,931 |
| Others | 21,754 | 18,942 | 20,033 |
| Intangible fixed assets | 59,884 | 42,973 | 46,801 |
| Consolidated adjustment account | 20,326 | 3,898 | 7,441 |
| Others | 39,558 | 39,074 | 39,359 |
| Investments & Others | 274,781 | 290,094 | 279,654 |
| Investment securities | 167,663 | 200,210 | 179,913 |
| Long-term loans receivable | 3,133 | 2,970 | 3,118 |
| Deferred tax assets | 33,852 | 16,181 | 28,353 |
| Others | 85,143 | 82,428 | 81,989 |
| Allowance for doubtful accounts | (15,011) | (11,696) | (13,720) |
| Total assets | 2,528,029 | 2,461,820 | 2,499,886 |

（Unit: ¥ mln）

| Liabilities, Minority Interest and Shareholders' Equity Sections | | | |
|---|---|---|---|
| Item | Fiscal 2001 Interim As of September 30, 2001 | Fiscal 2000 Interim As of September 30, 2000 | Fiscal 2000 As of March 31, 2001 |
| （Liabilities Section） | | | |
| Current Liabilities | 1,192,912 | 1,065,821 | 1,158,301 |
| Trade notes and accounts payable | 163,984 | 147,765 | 186,804 |
| Short-term debt | 605,384 | 573,012 | 572,571 |
| Current portion of long-term debt | 71,640 | 10,800 | 57,300 |
| Accrued income taxes | 6,986 | 16,037 | 25,473 |
| Reserve for guarantees for completed contracts | 520 | 430 | 597 |
| Reserve for employees' bonuses | 12,925 | 12,787 | 11,946 |
| Advances received | 235,463 | 224,155 | 202,527 |
| Others | 96,007 | 80,832 | 101,081 |
| Long-term Liabilities | 1,123,307 | 1,182,993 | 1,142,320 |
| Corporate bonds | 307,101 | 351,741 | 303,741 |
| Long-term debt | 552,815 | 566,848 | 573,304 |
| Reserve for employees' retirement benefits | 83,665 | 70,691 | 75,747 |
| Reserve for directors' retirement benefits | 3,246 | 3,473 | 3,554 |
| Reserve for losses incurred in real estate development projects | - | 8,910 | 6,238 |
| Liabilities resulting from application of equity method accounting | 5,932 | - | - |
| Guarantee deposits | 139,102 | 147,092 | 147,382 |
| Deferred tax liabilities | 10,555 | 10,782 | 10,637 |
| Deferred tax liabilities from revaluation from land | 7,466 | 7,492 | 7,466 |
| Others | 13,422 | 15,962 | 14,247 |
| Special legal reserve | 45,273 | 48,303 | 46,768 |
| Urban Railways Improvement Reserve | 45,273 | 48,303 | 46,768 |
| Total Liabilities | 2,361,492 | 2,297,118 | 2,347,390 |
| （Minority Interest） | | | |
| Minority interest | 14,973 | 13,875 | 13,429 |
| （Shareholders' Equity Section） | | | |
| Common stock | 108,819 | 107,542 | 107,542 |
| Capital surplus | 120,702 | 106,222 | 106,222 |
| Revaluation balance | 9,496 | 3,858 | 9,291 |
| Accumulated deficit | 76,275 | 59,689 | 77,574 |
| Unrealized holding gains on securities | 581 | 9,149 | 6,679 |
| Foreign currency translation adjustment account | (11,293) | (16,184) | (13,036) |
| Treasury stock | (93) | (23) | (17) |
| Parent company stock held by subsidiaries | (376) | (49) | (41) |
| Total Shareholders' Equity | 151,562 | 150,826 | 139,066 |
| Total Liabilities, Minority Interest & Shareholders' Equity | 2,528,029 | 2,461,820 | 2,499,886 |

**(2) Consolidated Statements of Income**

(Unit: ¥ mln)

| Item | Fiscal 2001 Interim From April 1,2001 to September 30, 2001 | Fiscal 2000 Interim From April 1, 2000 to September 30, 2000 | Fiscal 2000 From April 1, 2000 to March 31, 2001 |
|---|---|---|---|
| Revenue from operations | 471,869 | 447,921 | 1,012,890 |
| Cost of revenue from operations | 443,484 | 410,695 | 948,515 |
| Operating expenses & cost of sales (Transportation, etc.) | 384,874 | 361,270 | 841,922 |
| SG&A expenses | 58,609 | 49,424 | 106,593 |
| Operating income | 28,384 | 37,226 | 64,374 |
| Non-operating income | 3,628 | 5,249 | 9,635 |
| Interest & dividends | 1,106 | 1,426 | 2,543 |
| Other income | 2,522 | 3,823 | 7,092 |
| Non-operating expenses | 22,220 | 23,828 | 50,375 |
| Interest | 18,253 | 19,510 | 38,873 |
| Equity in losses of affiliates | 1,408 | 2,553 | 8,299 |
| Other expenses | 2,559 | 1,764 | 3,202 |
| Recurring income | 9,792 | 18,647 | 23,634 |
| Extraordinary gains | 8,289 | 17,078 | 55,863 |
| Extraordinary losses | 6,277 | 49,001 | 104,487 |
| Income before income taxes | 11,803 | (13,276) | (24,988) |
| Income taxes | 6,723 | 15,798 | 29,659 |
| Income tax adjustment | 1,127 | (8,781) | (19,530) |
| Minority interest in losses of consolidated subsidiaries | 565 | 3,615 | 4,954 |
| Net income (loss) | 4,518 | (16,677) | (30,163) |

(¥ mln)

| (Note) | | Fiscal 2001 Interim | Fiscal 2000 Interim | Fiscal 2000 |
|---|---|---|---|---|
| | Breakdown of extraordinary gains | | | |
| | Gain on sale of property and equipment | 3,172 | 1,689 | 21,370 |
| | Reversal of Urban Railways Improvement Reserve | 2,653 | 2,653 | 5,307 |
| | Gain on sale of subsidiary stock | 151 | 9,575 | 12,650 |
| | Gain on establishment of retirement benefit trust | - | - | 7,040 |
| | Breakdown of extraordinary losses | | | |
| | Loss on sale of property and equipment | 1,519 | 1,045 | 3,872 |
| | Past service costs for retirement benefits | 1,513 | - | - |
| | Provision to the Urban Railway Improvement Reserve | 1,157 | 1,120 | 2,239 |
| | Amortization of difference arising from adoption of retirement benefit accounting | - | 34,775 | 69,546 |

**(3) Consolidated Statements of Retained Earnings**

（Unit: ¥ mln）

| Item | Fiscal 2001 Interim<br>From April 1,2001<br>to September 30, 2001 | Fiscal 2000 Interim<br>From April 1, 2000<br>to September 30, 2000 | Fiscal 2000<br>From April 1, 2000<br>to March 31, 2001 |
|---|---|---|---|
| Accumulated deficit, beginning of year | 77,574 | 40,012 | 40,012 |
| Decline in accumulated deficit | - | 243 | 206 |
| Decline in accumulated deficit due to decrease in consolidated subsidiaries | - | 243 | 206 |
| Increase in accumulated deficit | 3,218 | 3,242 | 7,604 |
| Reversal of revaluation balance | 205 | 338 | 1,372 |
| 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 | 28 | - | 582 |
| Dividends | 2,745 | 2,745 | 5,491 |
| Directors’ bonuses | 201 | 158 | 158 |
| Net income (loss) | 4,518 | (16,677) | (30,163) |
| Accumulated deficit, end of year | 76,275 | 59,689 | 77,574 |

**(4) Consolidated Statements of Cash Flows**

（Unit: ¥ mln）

| Item | Fiscal 2001 Interim From April 1, 2001 To September 30, 2001 | Fiscal 2000 Interim From April 1, 2000 To September 30, 2000 | Fiscal 2000 From April 1, 2000 To March 31, 2001 |
|---|---|---|---|
| Ⅰ Cash flows from operating activities | | | |
| Income before income taxes | 11,803 | (13,276) | (24,988) |
| Depreciation | 30,031 | 26,642 | 56,185 |
| Amortization of consolidation adjustment account | 1,059 | 383 | 611 |
| Decrease in employees' retirement benefit reserve | - | (37,548) | (37,548) |
| Increase (decrease) in employees, retirement benefit reserve | (1,300) | 70,691 | 75,633 |
| Establishment of employees' retirement benefit trust | - | - | 26,516 |
| Gain on establishment of employees' retirement benefit trust | - | - | (7,040) |
| Increase (decrease) in reserve for probable loss on development projects | (6,238) | (90) | (2,762) |
| Increase in liabilities resulting from application of equity method accounting | 5,932 | - | - |
| Decrease in Urban Railways Improvement Reserve | (1,495) | (1,533) | (3,067) |
| Contribution from construction received | (26) | (29) | (1,354) |
| Reduction in contribution from construction | 21 | 25 | 1,339 |
| Gain on sale of subsidiary stock | (149) | (9,575) | (12,620) |
| Gain on sale of parent company stock held by subsidiaries | (12) | (286) | (287) |
| Gain (loss) on revaluation of investment securities | 386 | 1,066 | 6,116 |
| Gain (loss) on sale of property and equipment | (1,652) | (643) | (17,497) |
| Loss on disposal of property and equipment | 3,670 | 5,849 | 14,789 |
| Loss on revaluation of real estate for sale | 289 | 2,989 | 4,193 |
| Loss on equity-method investments | 1,408 | 2,553 | 8,299 |
| Gain on change in equity interest | (550) | - | (2,736) |
| Increase (decrease) in accounts receivable | 32,023 | 51,748 | 9,349 |
| Increase (decrease) in inventories | (20,238) | (26,333) | 33,079 |
| Increase (decrease) in accounts payable | (24,099) | (34,358) | 1,362 |
| Increase (decrease) in advances received | 24,717 | - | (24,385) |
| Interest and dividend income | (1,106) | (1,426) | (2,543) |
| Interest expense | 18,253 | 19,510 | 38,873 |
| Other | (16,923) | (15,148) | (6,137) |
| Subtotal | 55,804 | 41,210 | 133,380 |
| Interest and dividends received | 1,379 | 1.302 | 3,102 |
| Interest paid | (17,997) | (18,804) | (38,809) |
| Income taxes paid | (25,300) | (3,608) | (8,456) |
| Net cash provided by operating activities | 13,885 | 20,100 | 89,217 |

| | | | |
|---|---|---|---|
| II. Cash flows from investing activities | | | |
| Payment for purchase of securities | - | - | (0) |
| Proceeds from sale of securities | 65 | - | 273 |
| Payment for purchase of property and equipment | (50,688) | (42,605) | (107,326) |
| Proceeds from sale of property and equipment | 14,211 | 4,353 | 31,747 |
| Payment for purchase of investment securities | (5,463) | (724) | (12,092) |
| Proceeds from sale of investment securities | 733 | 2,983 | 3,040 |
| Proceeds from sale of subsidiary stock | 103 | 10,000 | 11,949 |
| Payment for purchase of subsidiary stock, resulting in changes in the scope of consolidation | - | - | (8,063) |
| Proceeds from purchase of subsidiary stock, resulting in changes in the scope of consolidation | 162 | - | - |
| Proceeds from sale of subsidiary stock, resulting in changes in the scope of consolidation | 0 | - | 870 |
| Proceeds from receipt of contribution for construction | 7,791 | 29 | 24,127 |
| Disbursement of loans receivable | (1,233) | (2,004) | (1,358) |
| Collection of loans receivable | 684 | 1,366 | 2,219 |
| Other | 3,405 | (966) | (8,807) |
| Net cash used in investing activities | (30,225) | (27,567) | (63,421) |
| III. Cash flows from financing activities | | | |
| Payment of short-term loans, net | (8,862) | (24,179) | (34,051) |
| Proceeds from long-term debt | 18,157 | 48,974 | 111,731 |
| Repayment of long-term debt | (51,063) | (33,606) | (92,644) |
| Proceeds from issuance of commercial paper | 7,000 | 6,000 | 14,000 |
| Redemption of commercial paper | (7,000) | (30,000) | (38,000) |
| Proceeds from bond issue | 17,975 | 8,482 | 20,616 |
| Payment for redemption of bonds | (300) | (13,000) | (23,500) |
| Gain on sale of parent company stock held by subsidiaries | 14 | 1,018 | 1,101 |
| Dividends paid by parent company | (2,745) | (2,745) | (5,491) |
| Proceeds from issuance of stock to minority shareholders | 193 | - | 3,388 |
| Dividends paid to minority shareholders | (52) | (67) | (64) |
| Other | (770) | (459) | 3 |
| Net cash used in financing activities | (27,453) | (39,583) | (42,910) |
| Ⅳ Effect of exchange rate changes on cash and cash equivalents | 1,822 | (292) | (3,897) |
| Ⅴ Increase (decrease) in cash and cash equivalents | (41,970) | (47,344) | (13,217) |
| Ⅵ Cash and cash equivalents at beginning of period | 124,328 | 137,589 | 137,589 |
| Ⅶ Decrease in cash and cash equivalents due to exclusion of subsidiary from consolidation | (289) | (16) | (44) |
| Ⅷ Increase in cash and cash equivalents due to inclusion of subsidiary in consolidation. | 8,738 | - | - |
| Ⅸ Cash and cash equivalents at end of period | 90,805 | 90,229 | 124,328 |

**(5) Basis of Presentation of Consolidated Financial Statements**

**1. Scope of Consolidation**

The Tokyu Group comprises 240 consolidated subsidiaries, including Tokyu Construction Co., Ltd. Izukyu Corp., and Tokyu Tourist Corp.

Tokyu Real Estate Investment Management Inc. was newly established and included in the scope of consolidation. Tokyu Hotel Chain Co., Ltd. became a wholly owned subsidiary through an exchange of shares. Subsequently, Tokyu Hotel Chain and its 19 subsidiaries were included in the scope of consolidation. Following the purchase of shares, Toko Shoji Co., Ltd. and three other companies were also included in the scope of consolidation.

The accounts of Tokyu Hotel Chain and its 19 consolidated subsidiaries were included in the balance sheets only, as the share exchange was concluded close to the interim term-end. Tokyu Kenzai Kogyo Co., Ltd. and Island King Inc. were excluded from consolidation as they merged with other consolidated subsidiaries. Hakodate Bus Kosan and Hokkaido Tokyu Kamotsu Soko were liquidated and excluded from consolidation. Hokumon Bus Co., Ltd. and Kusakaru Hire were excluded from consolidation, as Tokyu sold its equity holdings in those companies. Tokyu reduced its equity holdings in Hakodate Bus Corp. through a private placement of shares, making the company a non-consolidated affiliate. Subsequently, Toyo Tire Hakodate Hambai a subsidiary of Hakodate Bus Corp. was excluded from consolidation as it no longer qualifies as a Tokyu subsidiary.

Additionally, AizenEn 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, AizenEn Corp. is accounted for by the equity method. Meanwhile, the 42 affiliates accounted for by the equity method include Tokyu Land Corp. and Tokyu Department Store Co., Ltd, and Tokyu Hotel Chain Co., Ltd. The equity method of accounting was also applied to Hakodate Bus Corp., which has become a Tokyu affiliate.

Tokyu Hotel Chain Co., Ltd. and two of its subsidiaries were excluded from the application of equity method accounting, as they became consolidated subsidiaries following an exchange of shares. Cherry Tourist and FM Atami previously equity method affiliates, have been excluded from treatment under the equity method since Tokyu sold its equity holding in those companies.

**3. Fiscal Year End of Consolidated Subsidiaries**

Among the consolidated subsidiaries, 87 companies, including Tokyu Tourist Corp. close their books on an semi-annual basis on June 30 or August 31. Semi-annual financial statements as of their respective balance sheet dates were used for the preparation of semi-annual consolidated financial statements. The semi-annual consolidated financial statements were adjusted for material transactions between the fiscal year-end of subsidiaries and the balance sheet date.

Among the consolidated subsidiaries, seven companies, including Three Hundred Club Co., Ltd. close their books on a semi-annual basis on November 30 or December 31. These were adjusted to reflect the financial position and results of operations as of and for years ended March 31, 2001.

**4. Summary of Significant Accounting Practices**

**(1) Valuation Standards and Accounting Treatment for Important Assets**

**(a) Securities**

Bonds held to maturity:

Bonds are valued using the cost amortization method.

Securities with market quotations

Securities with market quotations are valued at market on the semi-annual 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, determined by the moving average method.

**(b) Derivatives**

Derivatives are stated at market value.

**(c) Inventories**

Residential land lots and buildings are valued at cost, and the specific identification method, cost being determined by 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 or the last cost 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 its 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. The 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 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's estimate of collectibility, is provided when appropriate.

**(b) Reserve for guarantee on completed contracts**

The allowance for guarantee 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 accrued during the interim period 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 year) over the remaining period to retirement of the employee, by the straight-line method.

**(e) Directors' retirement benefit reserve**

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

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

All foreign currency denominated credits and debts are translated into yen amounts at the rates of exchange in effect on the interim balance sheet date, and translation gains are accounted as profit or loss. Assets and liabilities of overseas subsidiaries are translated into yen amounts at the rates of exchange in effect on the interim balance sheet date. Revenue and expenses are translated into yen amounts at the average exchange rate for the fiscal year and the differences are included in the 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) 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.

All finance lease transactions by the Company and its consolidated subsidiaries, other than those deemed to transfer ownership of the leased assets to lessees, are accounted for by the method similar to that applicable to ordinary operating leases.

**(8) Hedge accounting standards**

**(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 method: interest rate swaps, currency swaps, foreign exchange forward contracts, interest-cap

Risks hedged: bonds, loans payable, foreign currency denominated credits and debts, scheduled foreign exchange

**(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 used as the yardsticks for measuring the effectiveness of the hedge.

**(9) Accounting for consumption tax:**

The tax exclusion method is applied.

**5. Cash and Cash Equivalents for the Purpose of Interim Consolidated Cash Flow Statements**

For the purpose of interim consolidated cash flow statements, the Company considers the following as funds (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.

**(Supplementary Information)**

Until the interim period ended September 30, 2000, the Company recorded revenue from the media business as non-operating income. Within this, revenues from cellular phone sales were accounted for in non-operating income, the amount obtained after offsetting costs against sales. Since the second half of the fiscal year ended March 31, 2001, revenue from the media business has been included in revenue from operations, and revenue and costs from sales of cellular phones have been accounted for together.

As a result of this change, the prior fiscal year interim revenue from operations declined ¥2,798 million, operating income increased ¥63 million, and non-operating income rose ¥468 million, as compared with the amounts that would have been reported if the new method had been applied in the corresponding interim period of the prior fiscal year.

**(Accounting Changes)**

**(Interim Statements of Income)**

Until the fiscal year ended March 31, 2001, advertising revenues of the Company and Tokyu Bus Corp. were reported in revenue from operations, the net amount obtained after offsetting costs against revenues. Recognizing their growing importance, however, from the fiscal year ending March 31, 2002, these revenues and costs are accounted for together.

In line with this change, both interim revenue from operations and operating expenses for this interim period increased ¥2,134 million as compared with the amounts that would have been reported if the method applied in the corresponding interim period of the prior fiscal year had been applied.

**(Interim Statements of Cash Flows)**

Effective the fiscal year ended March 31, 2001, increases and decreases in advances received are reported as an individual item. In the prior year's interim period, they were accounted for as a ¥10,998 million component of "Other" in cash flows from operating activities.

## Notes to Consolidated Financial Statements

### Notes to Consolidated Balance Sheets

(Unit: ¥ mln)

| | Fiscal 2001 Interim As of Sept. 30,2001 | Fiscal 2000 Interim As of Sept. 30, 2000 | Fiscal 2000 As of March 31, 2001 |
|---|---|---|---|
| 1. Accumulated depreciation (Tangible fixed assets) | 741,861 | 645,538 | 673,845 |
| 2. Contingent liabilities | 1,988 | 2,011 | 2,340 |
| 3. Notes discounted and endorsed | 1,780 | 1,827 | 1,661 |
| 4. Pledged assets and corresponding liabilities | | | |
| Pledged assets | | | |
| Securities | 178 | 328 | 99 |
| | (-) | (-) | (-) |
| Buildings and structures | 365,032 | 300,478 | 349,379 |
| | (223,858) | (198,048) | (218,184) |
| Machinery and Autos | 50,531 | 46,598 | 54,391 |
| | (47,971) | (46,547) | (50,365) |
| Land | 252,626 | 248,035 | 276,755 |
| | (49,189) | (47,871) | (48,224) |
| Investment securities | 14,879 | 12,748 | 14,871 |
| | (-) | (-) | (-) |
| Other assets | 37,744 | 32,125 | 31,834 |
| | (5,758) | (4,888) | (6,349) |
| Total | 720,992 | 640,315 | 727,332 |
| | (326,778) | (297,355) | (323,124) |
| Collateral-backed liabilities | | | |
| Short-term loans payable | 85,003 | 75,251 | 62,179 |
| | (10,841) | (12,326) | (-) |
| Corporate bonds | 8,801 | 9,601 | 9,101 |
| | (6,201) | (6,701) | (6,201) |
| Long-term loans payable | 371,107 | 371,701 | 387,216 |
| | (227,075) | (234,165) | (242,455) |
| Others | 11,079 | 16,808 | 14,077 |
| | (3,662) | (7,424) | (5,570) |
| Total | 475,991 | 473,363 | 472,574 |
| | (247,780) | (260,617) | (254,227) |

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

| | Fiscal 2001 Interim | Fiscal 2000 Interim | Fiscal 2000 |
|---|---|---|---|
| 5. Securities loaned | | | |
| Investment securities | 228 (85,005 thousand bahts) | - | 253 (91,691 thousand bahts) |

6. Notes are accounted upon settlement. Since the balance sheet date was a business holiday, the following amounts of notes receivable maturing on the balance sheet date are included in the outstanding balance of notes receivable.

| | Fiscal 2001 Interim | Fiscal 2000 Interim | Fiscal 2000 |
|---|---|---|---|
| Notes receivable | 1,384 | 1,068 | 1,472 |
| Notes payable | 1,494 | 1,630 | 813 |

7. The allowance for “Claims in Bankruptcy and Claims in Receivership” (Fiscal 2001 interim term-end : ¥40,562 million, fiscal 2000 interim term-end : ¥37,589 million, fiscal 2000 year-end : ¥40,243 million) included in the “Allowance for Doubtful Receivables” and accounted in the “Others” account in “Investments and Others,” has been deducted directly from the “Allowance for Doubtful Receivables.”

**(Reconciliation of Consolidated Cash Flow Statements)**
The reconciliation of cash and cash equivalents in the cash and cash equivalents in the consolidated cash flow statements and the consolidated balance sheets is as follows:

| (¥ mln) | Fiscal 2001 Interim As of Sept. 30, 2001 | Fiscal 2000 Interim As of Sept. 30, 2000 | Fiscal 2000 As of March 31, 2001 |
|---|---|---|---|
| Cash and deposits in banks | 92,334 | 92,778 | 125,759 |
| Term deposits with maturities longer than 3 months | (1,650) | (2,677) | (1,639) |
| Securities included in cash and cash equivalents | 120 | 128 | 208 |
| Cash and cash equivalents | 90,805 | 90,229 | 124,328 |

## *5.Segment Information*

Fiscal 2001 Interim Period (April 1, 2001 - September 30, 2001)

(Unit: ¥ mln)

| | Transportation | Real Estate | Retail | Leisure and Services | Hotels | Construction | Other | Total | Elimination / Headquarters | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|
| I.Revenues/Operating income | | | | | | | | | | |
| Revenue from operations | | | | | | | | | | |
| (1) Outside customers | 126,325 | 63,388 | 54,976 | 46,205 | 34,233 | 116,128 | 30,611 | 471,869 | - | 471,869 |
| (2) Inter-segment | | | | | | | | | | |
| Internal or transfers | 1,005 | 2,648 | 1,185 | 650 | 96 | 18,383 | 5,484 | 29,454 | (29,454) | - |
| Total | 127,331 | 66,036 | 56,161 | 46,856 | 34,330 | 134,511 | 36,095 | 501,323 | (29,454) | 471,869 |
| Operating expenses | 106,259 | 57,049 | 55,477 | 50,544 | 35,354 | 133,419 | 34,342 | 472,446 | (28,961) | 443,484 |
| Operating income | 21,072 | 8,987 | 684 | (3,688) | (1,023) | 1,092 | 1,753 | 28,877 | (492) | 28,384 |

Fiscal 2000 Interim Period (April 1, 2000 - September 30, 2000)

(Unit: ¥ mln)

| | Transportation | Real Estate | Retail | Leisure and Services | Construction | Other | Total | Elimination / Headquarters | Consolidated |
|---|---|---|---|---|---|---|---|---|---|
| I.Revenues/Operating income | | | | | | | | | |
| Revenue from operations | | | | | | | | | |
| (1) Outside customers | 125,625 | 62,681 | 50,852 | 71,788 | 131,593 | 5,379 | 447,921 | - | 447,921 |
| (2) Inter-segment | | | | | | | | | |
| Internal or transfers | 1,683 | 2,315 | 1,372 | 684 | 29,015 | 2,030 | 37,101 | (37,101) | - |
| Total | 127,309 | 64,996 | 52,225 | 72,472 | 160,608 | 7,410 | 485,023 | (37,101) | 447,921 |
| Operating expenses | 104,169 | 54,109 | 52,288 | 75,329 | 153,522 | 6,969 | 446,389 | (35,694) | 410,695 |
| Operating income | 23,140 | 10,886 | (62) | (2,856) | 7,085 | 440 | 38,633 | (1,407) | 37,226 |

Fiscal 2000 (April 1, 2000 - March 31, 2001)

(Unit: ¥ mln)

| | Transportation | Real Estate | Retail | Leisure and Services | Construction | Other | Total | Elimination / Headquarters | Consolidated |
|---|---|---|---|---|---|---|---|---|---|
| I.Revenues/Operating income | | | | | | | | | |
| Revenue from operations | | | | | | | | | |
| (1) Outside customers | 256,632 | 145,347 | 98,708 | 149,128 | 348,920 | 14,152 | 1,012,890 | - | 1,012,890 |
| (2) Inter-segment | | | | | | | | | |
| Internal or transfers | 3,162 | 4,723 | 2,716 | 1,468 | 63,274 | 5,491 | 80,837 | (80,837) | - |
| Total | 259,795 | 150,071 | 101,424 | 150,597 | 412,195 | 19,643 | 1,093,727 | (80,837) | 1,012,890 |
| Operating expenses | 223,040 | 127,724 | 101,129 | 155,540 | 397,481 | 18,141 | 1,023,058 | (74,542) | 948,515 |
| Operating income | 36,754 | 22,347 | 294 | (4,943) | 14,713 | 1,502 | 70,669 | (6,294) | 64,374 |

**Notes**

1. Operating Segments

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

(Business segment changes)

The “Hotels” segment was included as part of “Leisure and Services” until the end of the fiscal year ended March 31, 2001. The decision to create a new segment for hotels was taken in light of the increase in new consolidated subsidiaries and the importance of hotel operations to the Group’s overall business activities.

Until the fiscal year ended March 31, 2001, Tokyu Bus Corp. was included as part of “Transportation.” However, given the rising importance of this company’s revenue from operations and operating income to businesses peripheral to transportation operations, Tokyu Bus Corp. has also been included under “Real Estate” and “Leisure and Services” from the interim period under review.

Tokyu Corp.'s travel agencies and restaurants located within train station complexes were formerly categorized under "Transportation" as associated businesses. From the interim period under review, these businesses have been included instead under "Real Estate" due to their operation combined with other assets in line with the realignment of business segments and organizational changes at the parent company.

For reference purposes, segmental results for prior accounting periods utilizing the new categorization of business segments are restated as follows:

Fiscal 2000 Interim Period (April 1, 2000 - September 30, 2000)

(Unit: ¥ mln)

| | Transportation | Real Estate | Retail | Leisure and Services | Hotels | Construction | Other | Total | Elimination / Headquarters | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|
| I.Revenues/Operating income | | | | | | | | | | |
| Revenue from operations | | | | | | | | | | |
| (1) Outside customers | 122,541 | 64,185 | 50,852 | 41,724 | 31,644 | 131,593 | 5,379 | 447,921 | - | 447,921 |
| (2) Inter-segment | | | | | | | | | | |
| Internal or transfers | 1,683 | 2,315 | 1,372 | 622 | 79 | 29,015 | 2,030 | 37,118 | (37,118) | - |
| Total | 124,224 | 66,500 | 52,225 | 42,346 | 31,723 | 160,608 | 7,410 | 485,040 | (37,118) | 447,921 |
| Operating expenses | 101,400 | 55,321 | 52,288 | 45,388 | 31,514 | 153,522 | 6,969 | 446,406 | (35,711) | 410,695 |
| Operating income | 22,824 | 11,178 | (62) | (3,041) | 208 | 7,085 | 440 | 38,633 | (1,407) | 37,226 |

Fiscal 2000 (April 1, 2000 - March 31, 2001)

(Unit: ¥ mln)

| | Transportation | Real Estate | Retail | Leisure and Services | Hotels | Construction | Other | Total | Elimination / Headquarters | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|
| I.Revenues/Operating income | | | | | | | | | | |
| Revenue from operations | | | | | | | | | | |
| (1) Outside customers | 250,360 | 148,353 | 98,708 | 90,087 | 62,308 | 348,920 | 14,152 | 1,012,890 | - | 1,012,890 |
| (2) Inter-segment | | | | | | | | | | |
| Internal or transfers | 3,162 | 4,723 | 2,716 | 1,348 | 145 | 63,274 | 5,491 | 80,862 | (80,862) | - |
| Total | 253,522 | 153,077 | 101,424 | 91,435 | 62,453 | 412,195 | 19,643 | 1,093,753 | (80,862) | 1,012,890 |
| Operating expenses | 217,255 | 130,270 | 101,129 | 95,190 | 63,615 | 397,481 | 18,141 | 1,023,083 | (74,568) | 948,515 |
| Operating income | 36,266 | 22,807 | 294 | (3,754) | (1,161) | 14,713 | 1,502 | 70,669 | (6,294) | 64,374 |

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, buildings 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. Accounting Changes

As stated in the "Basis of Presenting the Consolidated Financial Statements" and in "Supplementary Information," until the interim period ended September 30, 2000, the Company accounted for revenue from the media business in revenue from operations. Within this, revenue from sales of cellular phones was reported in non-operating income after offsetting costs against sales. From the second half of fiscal 2001, however, revenue from the media business has been reported in “Leisure and Services,” and revenue and costs from sales of cellular phones have been accounted for together. As a result of this change, the prior fiscal year interim revenue from “Leisure and Services” business declined ¥2,798 million and operating income increased ¥63 million as compared with the amounts that would have been reported if the new method had been applied in the corresponding interim period of the prior fiscal year.

As stated in the “Basis of Presenting the Consolidated Financial Statements” and in “Accounting Changes,” until the fiscal year ended March 31, 2001, advertising revenues of the Company and Tokyu Bus Corp. were reported in revenue from operations, the net amount obtained after offsetting costs against revenues. Recognizing their growing importance, however, from the fiscal year ending March 31, 2002, these revenues and costs are accounted for together. In line with this change, both interim revenue from operations and operating expenses for this interim period increased ¥2,134 million as compared with the amounts that would have been reported if the method applied in the corresponding interim period of the prior fiscal year had been applied.

**(2) Geographical Segment Information**

Fiscal 2001 Interim (April 1, 2001 - September 30, 2001), Fiscal 2000 Interim (April 1, 2000 - September 30, 2000), and Fiscal 2000 (April 1, 2000 - March 31, 2001):

Geographical segment information is not included since revenue from domestic operations represent more than 90% of the total revenues for all segments.

**(3) Overseas sales**

Fiscal 2001 Interim (April 1, 2001 - September 30, 2001), Fiscal 2000 Interim (April 1, 2000 - September 30, 2000), and Fiscal 2000 (April 1, 2000 - March 31, 2001):

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

## *6. Leases*

(1) Finance leases 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

(Unit: ¥ mln)

| | Fiscal 2001 Interim | | | Fiscal 2000 Interim | | | Fiscal 2000 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | Acquisition cost equivalents | Accumulated depreciation equivalents | Balance equivalents at the end of period |
| Machinery & Autos | 8,064 | 5,093 | 2,970 | 7,893 | 4,870 | 3,022 | 8,293 | 5,509 | 2,784 |
| Others | 16,850 | 9,150 | 7,700 | 15,176 | 6,755 | 8,420 | 17,495 | 9,457 | 8,037 |
| Total | 24,914 | 14,243 | 10,670 | 23,069 | 11,626 | 11,443 | 25,789 | 14,967 | 10,821 |

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 | Fiscal 2001 Interim Term-end ¥ mln | Fiscal 2000 Interim Term-end ¥ mln | Fiscal 2000 Year end ¥ mln |
|---|---|---|---|
| Within 1 year | 3,741 | 2,809 | 3,732 |
| More than 1 year | 6,929 | 8,634 | 7,089 |
| Total | 10,670 | 11,443 | 10,821 |

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 | Fiscal 2001 Interim ¥ mln | Fiscal 2000 Interim ¥ mln | Fiscal 2000 ¥ mln |
|---|---|---|---|
| Lease rental charge | 2,145 | 1,842 | 4,105 |
| Depreciation equivalents | 2,145 | 1,842 | 4,105 |

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)

| Outstanding lease commitment equivalents | Fiscal 2001 Interim Term-end ¥ mln | Fiscal 2000 Interim Term-end ¥ mln | Fiscal 2000 Year-end ¥ mln |
|---|---|---|---|
| Within 1 year | 3,333 | 2,601 | 2,393 |
| More than 1 year | 24,939 | 21,751 | 22,023 |
| Total | 28,272 | 24,352 | 24,417 |

(3) Finance leases 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

| | Fiscal 2001 Interim | | | Fiscal 2000 Interim | | | Fiscal 2000 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | Acquisition cost equivalents | Accumulated depreciation equivalents | Balance equivalents at the end of period |
| | ¥ mln | ¥ mln | ¥ mln | ¥ mln | ¥ mln | ¥ mln | ¥ mln | ¥ mln | ¥ mln |
| Machinery & Autos | 2 | 0 | 1 | 14 | 13 | 1 | 16 | 14 | 1 |
| Others | 7,885 | 4,240 | 3,645 | 3,106 | 1,100 | 2,005 | 9,163 | 4,696 | 4,467 |
| Total | 7,887 | 4,241 | 3,646 | 3,120 | 1,113 | 2,007 | 9,179 | 4,710 | 4,468 |

| b. Outstanding lease commitment equivalents | Fiscal 2001 Interim<br>¥ mln | Fiscal 2000 Interim<br>¥ mln | Fiscal 2000<br>¥ mln |
|---|---|---|---|
| Within 1 year | 1,367 | 348 | 1,507 |
| More than 1 year | 2,278 | 1,659 | 2,961 |
| Total | 3,646 | 2,007 | 4,468 |

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 2001 Interim<br>¥ mln | Fiscal 2000 Interim<br>¥ mln | Fiscal 2000<br>¥ mln |
|---|---|---|---|
| Lease rental receivable | 793 | 254 | 1,625 |
| Depreciation | 793 | 254 | 1,625 |

(4) Operating Leases（Lessor）

| Outstanding lease commitments | Fiscal 2001 Interim<br>¥ mln | Fiscal 2000 Interim<br>¥ mln | Fiscal 2000<br>¥ mln |
|---|---|---|---|
| Within 1 year | 509 | 358 | 297 |
| More than 1 year | 1,117 | 206 | 232 |
| Total | 1,626 | 565 | 529 |

## 7. Securities

(1) Bonds held to maturity (with market quotations) (Unit: ¥ mln)

| | Fiscal 2001 Interim | | | Fiscal 2000 Interim | | | Fiscal 2000 | | |
|---|---|---|---|---|---|---|---|---|---|
| | As of Sept. 30, 2001 | | | As of Sept. 30, 2000 | | | As of March 31, 2001 | | |
| | Book value | Market value | Unrealized gain or loss | Book value | Market value | Unrealized gain or loss | Book value | Market value | Unrealized gain or loss |
| (1)JGB, municipal bonds | 578 | 605 | 27 | 847 | 902 | 55 | 684 | 732 | 47 |
| (2)Corporate bonds | 100 | 95 | (4) | 22 | 27 | 4 | 122 | 116 | (6) |
| (3) Others | 217 | 217 | 0 | 139 | 142 | 3 | 220 | 221 | 1 |
| Total | 896 | 919 | 23 | 1,009 | 1,073 | 63 | 1,028 | 1,069 | 41 |

(2) Other securities (with market quotations) (Unit: ¥ mln)

| | Fiscal 2001Interim | | | Fiscal 2000 Interim | | | Fiscal 2000 | | |
|---|---|---|---|---|---|---|---|---|---|
| | As of Sept. 30, 2001 | | | As of Sept. 30, 2000 | | | As of March 31, 2001 | | |
| | Book value | Market value | Unrealized gain or loss | Book value | Market value | Unrealized gain or loss | Book value | Market value | Unrealized gain or loss |
| (1)Equity securities | 55,337 | 55,639 | 302 | 74,657 | 88,965 | 14,308 | 52,169 | 63,116 | 10,946 |
| (2) Debt securities | | | | | | | | | |
| JGB, municipal bonds | 1,141 | 1,179 | 37 | 479 | 480 | 0 | 995 | 998 | 3 |
| Corporate bonds | 34 | 38 | 3 | 14 | 15 | 0 | 14 | 15 | 0 |
| Others | 30 | 30 | (0) | 1 | 1 | 0 | - | - | - |
| (3)Other securities | 309 | 296 | (12) | 433 | 368 | (64) | 311 | 302 | (8) |
| Total | 56,854 | 57,185 | 331 | 75,586 | 89,830 | 14,243 | 53,490 | 64,433 | 10,942 |

(3) Securities not valued at market

(Unit: ¥ mln)

| | Fiscal 2001 Interim | Fiscal 2000 Interim | Fiscal 2000 |
|---|---|---|---|
| | As of Sept. 30, 2001 | As of Sept. 30, 2000 | As of March 31, 2001 |
| | Book value | Book value | Book value |
| (1) Bonds held to maturity | | | |
| Matured interest-bearing govt. bonds | 8 | 8 | 8 |
| Privately placed bonds | 1 | - | - |
| (2) Other securities | | | |
| Unlisted stock (excl. OTC) | 29,428 | 26,336 | 31,113 |
| Medium-term JGB fund | 98 | 23 | 20 |
| Money management fund | 20 | 105 | 88 |
| Commercial paper | - | - | 100 |

## 8. Derivatives

Interest rate-related

(Unit: ¥ mln)

| Item | Instrument | Fiscal 2001 Interim (as of Sept. 30, 2001) | | | | Fiscal 2000 Interim (as of Sept. 30, 2000) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Contracted amount | | Market value | Valuation Gain/loss | Contracted amount | | Market value | Valuation gain/loss |
| | | | Over 1 year | | | | Over 1 year | | |
| Off-floor transactions | Interest rate swaps<br><br>Floating payment/<br>Fixed receipt | 1,000 | 1,000 | 82 | 82 | - | - | - | - |
| Total | | 1,000 | 1,000 | 82 | 82 | - | - | - | - |

| Item | Instrument | Fiscal 2000 (as of March 31, 2001) | | | |
|---|---|---|---|---|---|
| | | Contracted amount | | Market value | Valuation Gain/loss |
| | | | Over 1 year | | |
| Off-floor transactions | Interest rate swaps<br><br>Floating payment/<br>Fixed receipt | 2,000 | 1,000 | 67 | 67 |
| Total | | 2,000 | 1,000 | 67 | 67 |

Note:
Fiscal 2001 Interim
1. Market value amounts are based on quotations provided by financial institutions (Counter parties).
2. Derivatives treated under the hedge accounting method are not applicable for disclosure.

Fiscal 2000 Interim
1. All derivatives are treated under the hedge accounting method, and are accordingly not applicable for disclosure.

Fiscal 2000
1. Market value amounts are based on quotations provided by financial institutions (Counter parties).
2. Derivatives treated under the hedge accounting method are not applicable for disclosure.