

Tokyu Corporation

Consolidated Financial Statements

Fiscal 2006

(April 1, 2006 – March 31, 2007)

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product and service launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For the Fiscal year Ended March 31, 2007

Tokyu Corporation

May 15, 2007

Stock Code: 9005	Listed exchanges: Tokyo Stock Exchange first section	
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Planned date of general meeting of shareholders: June 28, 2007	Telephone: 81-3-3477-6168	
Scheduled day of commencing dividend payment: June 29, 2007		
Planned date for submission of financial reports: June 29, 2007		* Amounts less than ¥1 million have been ignored.

1. Consolidated Financial Results for Fiscal Year Ended March 31, 2007

1) Consolidated Operating Results

(Figures in percentages denote the year-on-year change)

Millions of yen

	FY ended March 31, 2007		FY ended March 31, 2006	
		Change (%)		Change (%)
Operating revenue	1,381,975	(0.5)	1,388,554	31.5
Operating profit	80,088	(6.5)	85,654	11.2
Recurring profit	81,227	9.7	74,052	10.5
Net income	58,722	39.9	41,962	18.4
Net income per share (¥)	¥49.43		¥35.64	
Net income per share (diluted) (¥)	¥46.58		¥33.34	
Return on equity (%)	20.0%		18.9%	
Ratio of recurring profit to net assets (%)	4.1%		3.6%	
Ratio of recurring profit to operating revenue (%)	5.8%		6.2%	

Reference:

(1) Equity in income (losses) of equity-method affiliates: FY ended March 31, 2007: ¥7,652 million; FY ended March 31, 2006: ¥(3,251) million

2) Consolidated Financial Position

Millions of yen

	As of March 31, 2007	As of March 31, 2006
Total assets	1,949,350	2,021,268
Net assets	363,282	258,728
Equity ratio (%)	16.9%	12.8%
Net assets per share (¥)	¥269.77	¥218.53

Reference: Shareholders' equity: FY ended March 31, 2007: ¥328,506 million; FY ended March 31, 2006: ¥ – million

3) Consolidated Cash Flows

Millions of yen

	FY ended March 31, 2007	FY ended March 31, 2006
Operating activities	156,130	160,852
Investing activities	(88,744)	(49,158)
Financing activities	(75,195)	(128,439)
Cash and cash equivalents at end of year	29,959	49,032

2. Dividends

	FY ended March 31, 2008 (forecast)	FY ended March 31, 2007	FY ended March 31, 2006
Dividend per share – interim (¥)	3.00	3.00	2.50
Dividend per share – end of term (¥)	3.00	3.00	2.50
Dividend per share – annual (¥)	6.00	6.00	5.00
Total cash dividends (annual)		7,214	5,913
Dividend payout ratio (consolidated) (%)	16.2	12.1	14.0
Net assets dividend ratio (consolidated) (%)		2.5	2.6

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

(Percentage figures for the full year denote the year-on-year increase or decrease.

Percentage figures for the interim period denote the increase or decrease from the previous interim period.)

Millions of yen

	Interim		Full year	
		Change (%)		Change (%)
Operating revenue	668,000	(0.9)	1,382,000	0.0
Operating profit	41,500	9.5	78,500	(2.0)
Recurring profit	37,000	0.4	72,000	(11.4)
Net income	21,000	(27.3)	45,000	(23.4)
Net income per share (¥)	17.25		36.95	

4. Others

- (1) Important changes of subsidiaries during the term
(change of specified subsidiaries that lead to a change in the scope of consolidation): Yes
New: 0 company Eliminated: 1 company (TC Properties Co., Ltd.)
(Note) For more details, please see Page 20, "Basis of Presentation of Consolidated Financial Statements."
- (2) Changes in accounting principles and procedures and the presentation method, etc. of consolidated financial statements (those which are included in change in significant accounting policies that will be the bases for preparing consolidated financial statements)
1) Changes associated with the revision of accounting principles, etc.: Yes
2) Change other than 1): No
(Note) For more details, please see Page 20, "Basis of Presentation of Consolidated Financial Statements", and Page 23, "Change in significant accounting policies".
- (3) Number of shares issued (common stock)
1) Number of shares issued at the end of the term (including treasury stock) (shares)
FY ended March 31, 2007: 1,221,546,909 FY ended March 31, 2006: 1,187,111,041
2) Number of treasury stock at the end of the term (shares)
FY ended March 31, 2007: 3,813,279 FY ended March 31, 2006: 3,498,288
(Note) For the number of shares that is the basis for the calculation of consolidated net income per share, please see Page 31, "Per Share Information."

(Reference) Summary of Non-consolidated Results

1. Financial Results for Fiscal Year Ended March 31, 2007

1) Non-consolidated Operating Results

(Figures in percentages denote the year-on-year change)

Millions of yen

	FY ended March 31, 2007		FY ended March 31, 2006	
		Change (%)		Change (%)
Operating revenue	263,712	7.9	244,434	(1.5)
Operating profit	54,760	(14.2)	63,804	11.3
Recurring profit	45,278	(16.5)	54,222	17.4
Net income	13,109	(65.2)	37,656	60.9
Net income per share (¥)	¥11.02		¥31.89	
Net income per share (diluted) (¥)	¥10.40		¥29.84	

2) Non-consolidated Financial Position

Millions of yen

	As of March 31, 2007		As of March 31, 2006	
Total assets	1,413,835		1,466,818	
Net assets	309,919		287,663	
Equity ratio (%)	21.9%		19.6%	
Net assets per share (¥)	¥254.12		¥242.57	

Reference: Shareholders' equity: FY ended March 31, 2007: ¥309,919 million; FY ended March 31, 2006: ¥ – million

**2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2008
(April 1, 2007 to March 31, 2008)**

(Percentage figures for the full year denote the year-on-year increase or decrease.

Percentage figures for the interim period denote the increase or decrease from the previous interim period.)

Millions of yen

	Interim		Full year	
		Change (%)		Change (%)
Operating revenue	116,600	(6.2)	255,600	(3.1)
Operating profit	30,500	26.7	53,700	(1.9)
Recurring profit	26,700	27.0	45,400	0.3
Net income	9,300	(24.1)	21,000	60.2
Net income per share (¥)	¥7.63		¥17.22	

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 5 for more details on these forecasts.

1. Review of Operations

1. Analysis of Results

(1) Overview of Fiscal 2006

In the fiscal year under review, the Japanese economy continued to sustain a recovery. Personal spending firmed with an increase in capital expenditure and an improved employment environment, against the background of strong corporate earnings.

In this environment, the Group (the Company and its consolidated subsidiaries and equity method affiliates) adopted a very proactive approach to its operations, increased business efficiency, and took steps to improve performance. Specifically, we sought to reform our profit structure and achieve sustainable growth through collaboration between our operations in the areas served by Tokyu's railway lines based on our three-year, medium-term management plan, which was in its second year in the term under review.

Special factors included the switch of TC Properties from a consolidated subsidiary to an equity method affiliate, and a change in the accounting period of Sapporo Tokyu Store Chain, affecting business results. In addition, disposal cost of fixed assets in our railway operations increased as a result of the completion of construction for underground operations of the Meguro Line. As a consequence, operating revenue stood at ¥1,381,975 million (down 0.5% year on year), and operating profit was ¥80,088 million (rising 6.5%). With the improvement in investment gains from equity method, recurring profit was ¥81,227 million (up 9.7%), and net income ¥58,722 million (an increase of 39.9%).

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

Transportation

In our railway operations, we bolstered our safety management function with the establishment of the Safety Promotion Committee in June 2006, ahead of the revision of the Railway Enterprise Law in October. The Committee's task is to prevent accidents from occurring or recurring. Safety is at the very basis of all our operations, and initiatives to ensure safety are underway throughout the Company. In our railway operations, in particular, we constantly remind our employees that ensuring safe transportation is their most critical role. We also completed installation of signals to prevent excessive speed on bends on the Ikegami Line and Tokyu Tamagawa Line, equipped with the automatic train stop (ATS) system to improve safety in train operations. So that our customers can use our stations safely and comfortably, we are increasing the number of security buttons and security cameras installed on platforms, concourses, restrooms and other locations, and we continue to build elevators, escalators and multifunction restrooms. We plan to make all our stations barrier-free by fiscal 2010. In addition, we equipped 21 stations with automatic external defibrillators (AEDs). We will continue to undertake large-scale improvements to bolster transportation capacity, mitigate congestion, and improve convenience.

Regarding services, we introduced in March the use of the IC card PASMO, which can be used for all main railways and fixed route buses in the Tokyo metropolitan area.

The number of passengers carried rose 2.3% year on year, with the numbers of commuters and non-commuters carried both rising 2.3% with an increase in population in areas along the railway lines and network effects. Revenue from fare rose 2.5%. The number of passengers carried by Izukyu Corp., a consolidated subsidiary, also increased.

In our bus operations, the number of passengers carried in the Tokyo metropolitan area rose, partly because of revisions to the schedules of Tokyu Bus Corp., especially the schedules for morning rush hours and late at night. In local operations, the total number of passengers increased, despite a downturn following the demand spike in the Nagoya region last year because of the Aichi Expo.

Operating revenue of the Transportation segment was ¥192,636 million (down 0.2% year on year), affected by the exclusion of the revenue of Nihon Kamotsu Kyuso, etc., following stock transfers in the preceding year. Operating profit was ¥25,699 million (down 34.0%), partly because of an increase in disposal cost of fixed assets in railway operations.

Real Estate

In the real estate sales business, the Company sold built-for-sale houses and condominiums, mainly in the Tama Den-en toshi areas.

In the real estate leasing business, we strived to improve the value of our properties through renovations and by seeking tenants suited to the features of our office and commercial buildings.

Tokyu Facility Service, which engages in real estate management, continued to operate in difficult conditions, attributable to tougher competition for orders and falling prices. Nonetheless, renovations and remodeling increased as customers began to boost their capital expenditures.

Total operating revenue of the Real Estate division rose to ¥152,017 million yen (up 7.3%), while operating profit move to ¥26,020 million (climbing 19.3%), reflecting the strong sales of condominiums by the Company.

Retail

In its department store operations, Tokyu Department Store promoted assortments and sales strategies from customers' perspectives and instituted restructuring that included radical reviews of selling floor operations to establish a stable profit structure. It also undertook a number of sales activities, such as major events to attract large numbers of new and existing customers.

In its chain store operations, Tokyu Store Chain developed stores and products in a bid to win customer support, based of the concept of quality improvement. In its sales operations, Tokyu Store Chain improved the management efficiency of sales floors and endeavored to bolster its selling power by creating selling spaces and assortments that meet customers' needs for different time slots.

Total operating revenue of the Retail segment fell to ¥660,271 million (down 2.6%), partly because of the leasing of part of the sales floors of Tokyu Department Store and partly because the revenue of Sapporo Tokyu Store Chain reflected performance for only 11 months, following the change in the accounting closing from March to February. However, operating profit rose to ¥16,114 million (up 11.7%), due to cost cutting associated with distribution reform.

Leisure and Services

Our CATV operation (its communications Inc.) saw increases in subscribers to both its broadcast and communications services as a result of efforts to win new customers, and at the end of the fiscal year there were 556,601 connected households, 33,705 more than at the end of fiscal 2005.

As a result of the reduced revenues from Tokyu Agency Inc., overall operating revenue from our leisure and services operations decreased by 3.3% compared to the fiscal 2005, to reach ¥183,284 million, and operating profit increased 13.1% to ¥3,208 million.

Hotels

In its hotel operations, Tokyu Hotel Chain continued to seek revenue through initiatives such as bolstering Internet sales and expanding the membership organization. The occupancy rate at hotels under the direct control of the Tokyu Hotel Chain was 80.2%, the same as that for the preceding fiscal year. However, operating revenue of the Hotel business was ¥99,099 million (down 4.1%), and operating profit was ¥3,714

million (falling 4.9%), since Osaka Tokyu Inn closed at the end of March last year, followed by the closures of Maebashi Tokyu Inn and Capitol Tokyu Hotel, at the ends of July and November, respectively.

Other businesses

In the maintenance of rolling operations, Tokyu Car Corporation recorded increases in both sales and profit owing to the strong sales of cars for JR and private railways.

As a result, overall operating revenue from other businesses increased by 10.4% to ¥170,284 million, while operating profit was ¥4,966 million, increased by 106.5% compared to fiscal 2005.

(2) Outlook for Fiscal 2007

In the next fiscal year, operating profit will fall on temporary negative factors, including a reduction in profit levels in the plan for real estate sales in areas along railway lines from the previous fiscal year and the suspension of operations of some stores associated with a change of business categories in the Retail business, despite a fall in disposal cost of fixed assets in the railway operations of the Company. In addition, non-operating profit, including negative amortization of goodwill and investment gains from equity method, will decline. As a consequence, operating revenue is projected to be ¥1,382 billion (up 0.0% year on year), operating profit ¥78.5 billion (declining 2.0%), recurring profit ¥72.0 billion (falling 11.4%), and net income ¥45.0 billion (down 23.4%).

The forecasts for each operating segment are as follows:

Billions of yen

	Operating revenue		Operating profit	
	Fiscal 2007	YoY change	Fiscal 2007	YoY change
Transportation	195.9	3.2	34.0	8.3
Real Estate	141.6	(10.4)	18.9	(7.1)
Retail	661.2	0.9	14.0	(2.1)
Leisure and Services	188.4	5.1	3.3	0.0
Hotels	103.4	4.3	4.0	0.2
Other	170.8	0.5	4.1	(0.8)
Total	1,461.3	3.7	78.3	(1.4)
Eliminations	(79.3)	(3.6)	0.2	(0.1)
Consolidated	1,382.0	0.0	78.5	(1.5)

2. Analysis of Financial Position

Total assets as of March 31, 2007 were ¥1,949.35 billion, a decline of ¥71.917 billion compared to the end of March 2006. Total liabilities were ¥1,586.068, down ¥130.351 billion, and total net assets were ¥363.282.

Net cash generated by operating activities in the fiscal 2006 was ¥156.13 billion, resulting from net income before income taxes and other adjustments of ¥85.079 billion and, depreciation expenses of ¥54.587 billion, offset by disposal cost of fixed assets of ¥26.052 billion, and other factors. Revenue fell ¥4.722 billion due to an increase in payments including income taxes.

Net cash used in investing activities was ¥88.744 billion, an increase in payments of ¥39.586 billion attributable to a rise in payments for purchases of fixed assets. Proceeds from subsidies received for construction of ¥18.695 billion and proceeds from the sale of investment securities were more than offset by payments for purchases of fixed assets of ¥142.58 billion resulting from continued active capital investment in the construction of quadruple tracking of lines, among other factors, in the Company's railway operations.

Net cash used in financing activities, mainly for the repayment of borrowings and the redemption of bonds, was ¥75.195 billion. The former consolidated subsidiary TC Properties Co., Ltd, became an equity method non-consolidated company as of the beginning of this period resulting in the exclusion of cash and cash equivalents of ¥11.688 billion.

As a result, cash and cash equivalents as of March 31, 2007 stood at ¥29.959 billion, ¥19.073 billion lower than at the end of fiscal 2005.

Consolidated cash flow-related indicator trends were as follows:

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006
Equity ratio (%)	8.0	8.8	12.8	16.9
Market price based equity ratio (%)	37.0	30.3	46.6	57.3
Ratio of interest bearing debt to cash flows	11.8	9.6	6.9	6.5
Interest coverage ratio	4.0	6.1	7.7	8.4

Equity ratio = shareholders equity/total assets

Market price based equity ratio = market capitalization/total assets

Ratio of interest bearing debt to cash flows = interest bearing debt/operating cash flow

Interest coverage ratio = operating cash flow/total interest paid

Notes:

1. Each ratio is calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the share price at the end of the period by the total number of shares outstanding at the end of the period (after deduction of treasury stock).
3. Operating cash flow figures are obtained from the consolidated cash flow statements.

3. Dividend Policy and Dividends for Fiscal 2006 and 2007

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

We have made various capital expenditures to improve our railway services. For example, a combined total of ¥297.9 billion has been used for improvements to the Meguro-Tamagawa stretch of the Meguro Line and quadruple tracking of lines between Tamagawa and Hiyoshi on the Toyoko Line. We have also made capital expenditures totaling ¥156.4 billion on improvements to the Oimachi-Futakotamagawa stretch of the Oimachi Line and for quadruple tracking on the Den-en toshi Line between Futakotamagawa and Mizonokuchi. These measures have been taken to ease congestion, and to build an efficient transport network that will stimulate greater use of the Meguro and Oimachi Lines. We also plan to strengthen the function of the Toyoko Line in the metropolitan area transport network and increase the attractiveness of Shibuya by establishing a mutual direct train service between the Toyoko Line and Subway Line No. 13. In addition we intend to introduce 10-car (currently 8-car) operation for limited express, commuter express and express trains on the Toyoko Line in order to ease congestion and improve convenience and in total we plan to spend ¥159.3 billion on

improvements to the Toyoko Line between Shibuya and Yokohama. 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.

Our basic policy for the distribution of profits emphasizes stable dividends and capital improvement to strengthen our financial foundations. For the term ended March 31, 2007, we plan to pay an annual dividend of ¥6 (an interim dividend of ¥3 and a year-end dividend of ¥3) in general consideration of net income, net assets, and other factors. We also plan to provide an annual dividend of ¥6 (an interim dividend of ¥3 and a year-end dividend of ¥3) for the year ending March 31, 2008.

We plan to continue to improve profit per share to increase shareholder value and to facilitate the distribution of profits, taking into account the balance between retained earnings and dividends.

2. The Tokyu Group

The Tokyu Group comprises 192 subsidiaries and 21 affiliates. Their main business operations are as follows.

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

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

Transportation

Railway Operations: The Company operates seven railway lines—the Toyoko Line, Meguro Line, Den-en-toshi Line, Oimachi Line, Ikegami Line, Tokyu Tamagawa Line, Kodomonokuni Line and a streetcar line, the Setagaya Line, in southwestern Tokyo and Kanagawa Prefecture. The total track length is 100.1km. Izukyu Corp., a consolidated subsidiary, operates a 45.7km line between Ito and Izukyu Shimoda in the Izu peninsula. Ueda Dentetsu Corp., another consolidated subsidiary, operates an 11.6km long passenger line between Ueda and Bessho Onsen, in Nagano Prefecture.

Bus Operations: Tokyu Bus Corp., a consolidated subsidiary, 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. Consolidated subsidiary Tokyu Shachi Bus Co., Ltd. operates a chartered bus service in Aichi Prefecture.

Real Estate

Real estate sales: The Company's principal operations include land development, primarily at Tama Garden City, housing construction and marketing, and real estate consulting. Affiliate Tokyu Land Corp. operates in metropolitan Tokyo, the Kinki region and major urban centers in regional Japan. The company is engaged in residential land development and marketing, and the construction and marketing of detached houses, medium-rise condominiums, and resort housing. Tokyu Land Corp. is also engaged in joint marketing of detached houses, a system in which Tokyu Land Corp. works with Tokyu Corporation to build and market detached houses 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 a consolidated subsidiary Tokyu Facility Service Co., Ltd. are engaged in comprehensive building management services (management of building facilities, cleaning and security services), and condominium management services (including administration and facilities management).

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

Retail

Department store operations: Tokyu Department Store Co., Ltd., a consolidated subsidiary, operates department stores in Tokyo, Kanagawa Prefecture and Sapporo City in Hokkaido. In addition, a consolidated subsidiary, Nagano Tokyu Department Store Co., Ltd. has a similar operation in Nagano Prefecture.

Chain store 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.

Shopping center operations: Tokyu Malls Development Inc., a consolidated subsidiary, operates city-oriented fashion malls mainly in the Shibuya district of Tokyo, and also operates commercial facilities mainly in the area around Tokyu's railway lines.

Leisure and Services

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

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 in the area around Tokyu's railway lines in Tokyo, Kawasaki and Yokohama.

Advertising operations: Tokyu Agency Inc., a consolidated subsidiary, offers a wide variety of advertising agency services.

Hotel

In Japan, consolidated subsidiary Tokyu Hotels Co., Ltd. operates four hotel brands: Tokyu Hotel, Excel Hotel Tokyu, Tokyu Inn, and Tokyu Resorts (Total: 47 directly managed hotels as of the end of March 2007), which together comprise the "Tokyu Hotels" chain.

Overseas, consolidated subsidiary Pan Pacific Hotels and Resorts Pte. Ltd. provides hotel management services and manages 12 hotels in 10 countries, most of which are located in the Asia-Pacific region.

The Company has agreed to transfer its entire holding of Pan Pacific Hotels and Resorts Pte. Ltd. stock to a third party outside the Group on March 30, 2007.

Other

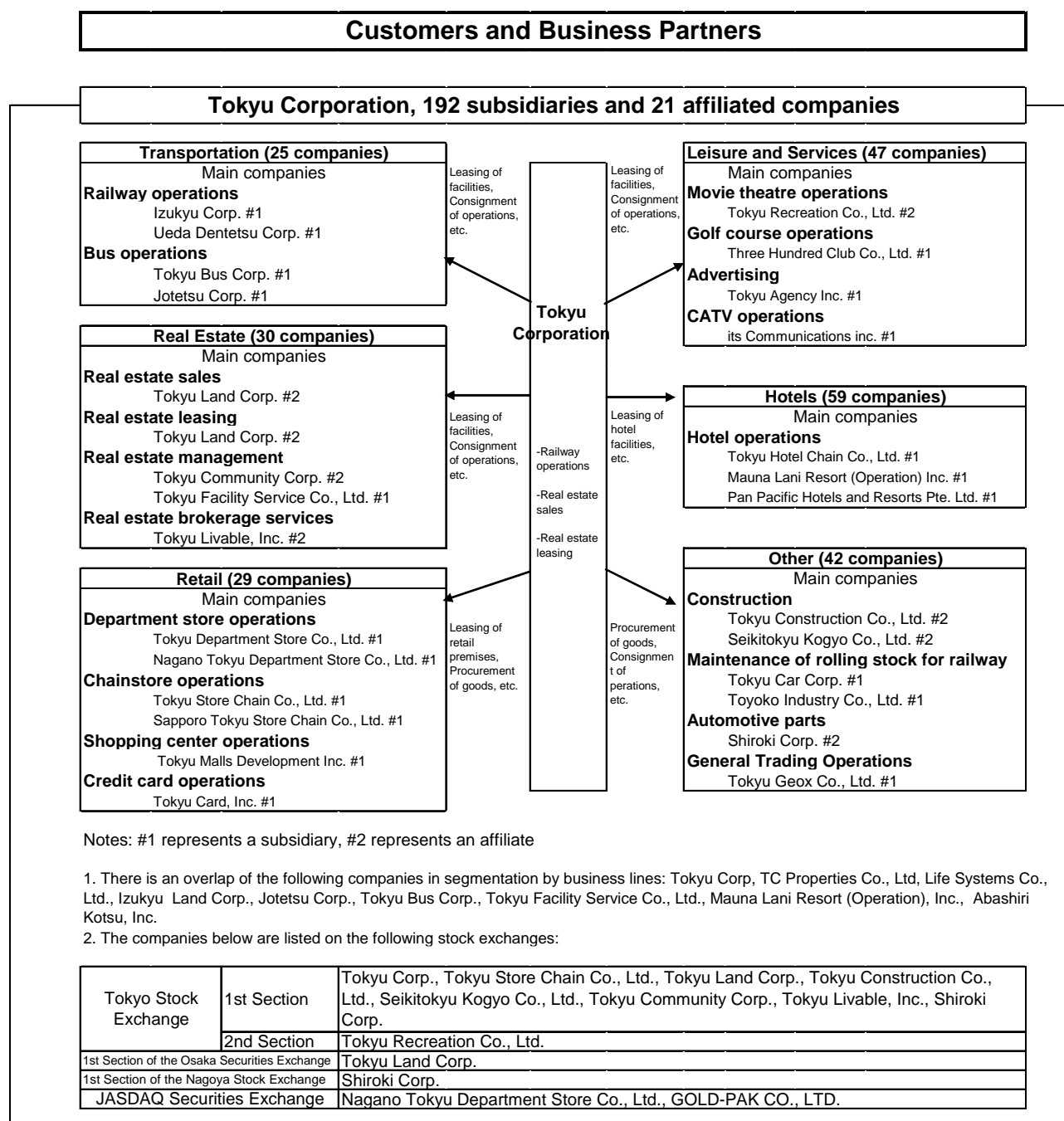
Construction business: Affiliate Tokyu Construction Co., Ltd. is responsible for construction of housing, office buildings and government buildings, as well as civil engineering projects for highways and railways and land development. Affiliate Seikitokyu Kogyo Co., Ltd., focuses on civil engineering,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

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

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

General trading operations: Tokyu Geox Co., Ltd., a consolidated subsidiary, manufactures and markets aggregates.

Grouping by business types is as follows:



3. Management Policy

(1) Our Fundamental Operating Policy

Tokyu Group's roots began with the establishment of Meguro-Kamata Railway Company in 1922 and as of the end of March 2007, the Group is composed of 287 companies and 9 non-profit corporations, with Tokyu Corporation as the nucleus. The Group's core operations focus on urban development centered on railway operations. Over the years, the group has diversified to provide a wide range of services related to the daily lives of the people in the communities it serves. The Group is also actively involved in social programs and environmental activities through foundations, social activities, and Tokyu Association programs.

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

To sustain growth in the 21st century, Tokyu Group laid out the measures outlined in the Tokyu Group Management Policy of April 2000. The management plan emphasizes the Company's position as the major shareholder of the companies comprising the Tokyu Group and as the owner of the Tokyu brand. The Tokyu Group Basic Management Policy sets forth a new approach to management of the entire group and broadly outlines a plan of action that adheres to this approach.

Based upon this management policy, the company has established a medium-term management plan for the three years beginning April 2005. The basic strategy of this three-year plan is to reform our profit structure and realize sustainable growth through collaboration between our operations in the areas served by Tokyu's railway lines. By exploiting the synergies between our core operations in these areas we will focus on the pursuit of a growth strategy

(2) Management indicators and objectives

For the fiscal year to March 2008 our three-year medium-term management plan adopts as consolidated targets Tokyu EBITDA¹ of at least ¥153 billion, interest-bearing debt of ¥1,120 billion or less, and an equity ratio of at least 13.2 per cent.

(3) Our medium- to long-term goals

The Tokyu Group is implementing a three-year medium-term management plan from April 2005. The Group is pursuing three individual growth strategies designed to produce synergy by coordinating core businesses in areas along Tokyu's railway lines, towards the implementation of a basic strategy of reforming the profit structure and achieving sustainable growth through collaboration between our operations in the areas served by Tokyu's railway lines.

In order to promote collaboration among our three core businesses -Transportation, Real estate and Retail-related – in areas along Tokyu railway lines, realize synergies between them and promote them as the drivers of the Tokyu Group's growth we have three specific strategies:

(i) A more focused area strategy

The region served by Tokyu rail lines has been divided into four areas: Shibuya/Yamanote (uptown areas), Denen-toshi, Toyoko, and Ikegami/Tamagawa. The Group studies the situation of people living in the areas served by Tokyu rail lines, while monitoring trends in passengers as well as local commerce and businesses. The Area Strategy Promotion Committee, which consists of cross-functional personnel, is developing

¹ Tokyu EBITDA = Operating profit + Depreciation and Amortization cost+ Amortization of Goodwill (the consolidation adjustment account) + Disposal cost of fixed asset.

business strategies and individual business plans based on an analysis of detailed characteristics of the area. In addition, the Group has begun to develop a mechanism to use its assets in a way that maximizes the effectiveness of the entire Group, and is striving to strengthen ties with local communities, for example, by co-organizing events in different locations in the areas served by Tokyu railway lines.

(ii) Development of focal points in Tokyu areas

The area around Tama Plaza station is being developed as Tama Plaza Terrace, with a grand opening slated for 2010. The Group is also preparing for large projects such as the Futagotamagawa East Region Urban Area Redevelopment Project and Development of the Area around Shibuya Station, obtaining official approval and agreement from the right holders necessary for the commencement of work. The Group will develop projects and facilities that generate synergy, by coordinating the development of areas around stations. In doing so, it hopes to attract new residents, stimulating consumption and demand for railway traffic during the daytime as well as reverse traffic (rush-hour traffic traveling in the direction in which trains are less crowded)

(iii) Promotion of retail-related operations

In the Retail business in the areas served by Tokyu railway lines, which the Group positions as the third core business, the Group will promote facilities plans based on the Retail Business Refinement Plan, which is the Group's basic strategy for areas along Tokyu railway lines. At the same time, the Group will strive to improve customer satisfaction through an operating alliance between Tokyu Department Store and Isetan, while taking steps to improve the convenience and utility of TOP&, the Group's common point card, by integrating it with the IC rail pass card PASMO.

In the next management plan, which gets underway in fiscal 2008, the Group intends to build on its current management initiatives, which are centered on a growth strategy. Specifically the Group aims to solidify its financial health, so that it can maintain the long-term stability of its management foundations as a corporate group operating a public transportation business, while at the same time completing ongoing initiatives and achieving further growth.

The Tokyu Group positions safety as the foundation of all businesses. In particular, the Company, whose mission is public transportation, recognizes safety as its largest and most important responsibility and has initiatives underway throughout the Company to ensure safety. Last June, the Company established a Safety Promotion Committee within its organization, and in October, it established a safety management system by developing an operating policy as well as operation and management systems, along with rules to ensure safe transportation. It also adopted safety management regulations to maintain and improve transportation safety. To fulfill our responsibility to customers, we will continue to bolster our safety management functions.

As a corporate citizen, the Tokyu Group is aware of the importance of its social responsibilities. We will therefore bolster Group-wide efforts for compliance and will actively promote CSR management by continuing our commitment to protecting the environment and our social action programs. We will communicate with stakeholders more closely, improve management transparency and the adequacy of operations, and fulfill our corporate social responsibility.

Through these activities, we aim to achieve sustainable growth and maximize corporate value.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

Item	As of March 31, 2007	As of March 31, 2006	Change
Assets			
Current Assets	359,389	373,988	(14,599)
Cash and deposits	31,828	48,482	(16,654)
Trade notes & accounts receivable	134,405	125,448	8,957
Securities	63	22	40
Inventories	134,582	148,050	(13,468)
Deferred tax assets	19,405	22,987	(3,581)
Others	40,486	30,284	10,201
Allowance for doubtful accounts	(1,380)	(1,287)	(93)
Fixed Assets	1,589,961	1,647,279	(57,318)
Tangible fixed assets	1,235,454	1,268,369	(32,915)
Buildings & Structures	537,016	527,009	10,006
Rolling stock & machinery	49,632	52,803	(3,171)
Land	490,057	503,455	(13,397)
Construction in progress	139,541	163,857	(24,316)
Others	19,207	21,244	(2,037)
Intangible fixed assets	49,388	52,890	(3,501)
Consolidation adjustment account	–	14,843	(14,843)
Goodwill	14,251	–	14,251
Others	35,137	38,046	(2,909)
Investments & Others	305,118	326,019	(20,901)
Investment securities	152,538	170,600	(18,062)
Long-term loans receivable	524	809	(285)
Deferred tax assets	13,317	14,638	(1,320)
Others	140,847	159,305	(18,458)
Allowance for doubtful accounts	(2,108)	(19,333)	17,224
Total Assets	1,949,350	2,021,268	(71,917)

Millions of yen

Item	As of March 31, 2007	As of March 31, 2006	Change
Liabilities			
Current Liabilities	649,311	677,862	(28,551)
Trade notes & accounts payable	147,767	134,825	12,941
Short-term debt	259,378	277,490	(18,111)
Current portion of corporate bonds	52,000	65,500	(13,500)
Accrued income taxes	20,039	6,821	13,218
Reserve for employees' bonuses	13,089	12,595	494
Reserve for directors' and corporate auditors' bonus	171	-	171
Advances received	50,834	86,235	(35,400)
Others	106,031	94,394	11,636
Long-term Liabilities	911,355	1,008,418	(97,063)
Corporate bonds	210,499	242,729	(32,230)
Long-term debt	487,018	521,205	(34,187)
Reserve for employees' retirement benefits	40,468	43,688	(3,219)
Reserve for directors' and corporate auditors' retirement benefits	1,885	1,993	(108)
Deposits from tenants and club members	118,941	127,382	(8,440)
Deferred tax liabilities	25,475	28,741	(3,266)
Deferred tax liabilities from revaluation	11,439	11,504	(65)
Others	15,627	31,174	(15,546)
Special legal reserves	25,401	30,137	(4,736)
Urban Railways Improvement Reserve	25,401	30,137	(4,736)
Total Liabilities	1586,068	1,716,419	(130,351)
Minority Interests			
Minority interests	-	46,121	-
Shareholders' Equity			
Common stock	-	110,608	-
Capital surplus	-	106,011	-
Retained income	-	11,326	-
Land revaluation reserve	-	8,817	-
Unrealized holding gains on investment securities, net of taxes	-	27,673	-
Foreign currency translation adjustment account ..	-	(3,752)	-
Treasury stock	-	(1,957)	-
Total Shareholder's Equity	-	258,728	-
Total Liabilities, Minority Interests & Shareholders' Equity	-	2,021,268	-
Net Assets			
Shareholders' Equity	299,869	-	-
Common Stock	121,723	-	-
Capital surplus	117,166	-	-
Retained income	63,184	-	-
Treasury stock	(2,205)	-	-
Valuation, translation and other	28,637	-	-
Net unrealized gains (losses) on investment securities, net of taxes	20,119	-	-
Net unrealized gains (losses) on hedging instruments, net of taxes	(7)	-	-
Land revaluation reserve	9,086	-	-
Foreign currency translation adjustment account ..	(561)	-	-
Minority interests	34,775	-	-
Total Net assets	363,282	-	-
Total Liabilities and Net Assets	1,949,350	-	-

(2) Consolidated Statements of Income*Millions of yen*

Item	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change	Percentage Change
Operating revenue	1,381,975	1,388,554	(6,578)	(0.5)
Cost of operating revenue	1,301,886	1,302,899	(1,012)	(0.1)
Operating expenses & cost of sales (Transportation etc.).....	1,056,502	1,056,071	430	0.0
SG&A expenses.....	245,384	246,827	(1,443)	(0.6)
Operating profit	80,088	85,654	(5,565)	(6.5)
Non-operating profit.....	24,026	15,784	8,241	52.2
Interest & dividends.....	2,534	1,851	682	36.8
Investment gains from equity method	7,652	–	7,652	–
Other non-operating profit	13,838	13,932	(93)	(0.7)
Non-operating expenses	22,887	27,387	(4,499)	(16.4)
Interest.....	18,570	20,477	(1,906)	(9.3)
Investment losses from equity method.....	–	3,251	(3,251)	(100.0)
Other non-operating expenses.....	4,317	3,658	658	18.0
Recurring profit	81,227	74,052	7,175	9.7
Extraordinary gains.....	79,302	42,296	37,005	87.5
Extraordinary losses	75,450	49,514	25,935	52.4
Income before income taxes and minority interests	85,079	66,834	18,245	27.3
Income taxes	20,970	6,161	14,809	240.4
Income tax adjustment	4,469	32,114	(27,645)	(86.1)
Minority interests	916	(13,403)	14,319	–
Net income	58,722	41,962	16,760	39.9

Notes	<i>Millions of yen</i>		
	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change
Breakdown of extraordinary gains			
Subsidies received for construction.....	51,079	6,554	44,524
Gain on sale of fixed assets	9,992	5,270	4,722
Gain on reversal of Urban Railways Improvement Reserve.	7,200	7,200	–
Gain on sale of investment securities.....	4,820	19,560	(14,740)
Breakdown of extraordinary losses			
Loss on reduction of subsidies received for construction. .	39,335	3,440	35,895
Impairment loss	14,568	10,350	4,218
Loss on sale of fixed assets	7,167	4,342	2,824
Appraisal loss on real estate for sale.....	896	8,030	(7,133)

(3) Consolidated Statements of Surplus

Item	Millions of yen
	April 1, 2006 to March 31, 2007
Capital surplus reserve	
Capital surplus reserve at beginning of period	85,523
Increase in capital surplus reserve	20,488
Increase from share exchange	18,299
Increase from conversion of convertible bonds	1,781
Profit on disposal of treasury stock	355
Increase resulting from reduction of consolidated subsidiaries	51
Capital surplus reserve at end of period	106,011
Profit reserve	
Profit reserve at beginning of period	(20,240)
Increase in profit reserve	42,027
Net income	41,962
Increase resulting from reduction of consolidated subsidiaries	65
Decrease in profit reserve	10,460
Cash dividends	5,797
Reversal of land revaluation reserve	4,530
Directors' and corporate auditors' bonuses	133
Profit reserve at end of period	11,326

Consolidated Statements of Changes in Net Assets

(April 1, 2006 to March 31, 2007)

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total Shareholders' equity
Balance at March 31, 2006	110,608	106,011	11,326	(1,957)	225,989
Changes during the period					
Conversions of convertible bonds	11,115	11,114			22,229
Dividends (Note 1)			(6,519)		(6,519)
Directors' and corporate auditors' bonuses (Note 2)			(72)		(72)
Net income			58,722		58,722
Liquidation of land revaluation reserve			(274)		(274)
Purchases of treasury stock				(418)	(418)
Sale of treasury stock		40		168	209
Other			1	1	2
Changes other than those to shareholders' equity (net)					
Total changes during the period	11,115	11,155	51,857	(247)	73,880
Balance at March 31, 2007	121,723	117,166	63,184	(2,205)	299,869

	Valuation, translation and other					Minority interests	Total net assets
	Valuation differences on other investment securities	Unrealized gains (losses) on hedging instruments	Land revaluation reserve	Foreign exchange translation adjustment account	Total valuation, translation and others		
Balance at March 31, 2006	27,673	–	8,817	(3,752)	32,739	46,121	304,849
Changes during the period							
Conversions of convertible bonds							22,229
Dividends (Note 1)							(6,519)
Directors' and corporate auditors' bonuses (Note 2)							(72)
Net income							58,722
Liquidation of land revaluation reserve							(274)
Purchases of treasury stock							(418)
Sale of treasury stock							209
Other							2
Changes other than those to shareholders' equity (net)	(7,553)	(7)	268	3,191	(4,101)	(11,345)	(15,446)
Total changes during the period	(7,553)	(7)	268	3,191	(4,101)	(11,345)	58,433
Balance at March 31, 2007	20,119	(7)	9,086	(561)	28,637	34,775	363,282

Notes: 1. Of dividends, ¥2,963 million is a profit distribution item at the Annual General meeting of Shareholders held in June 2006.

2. Profit distribution items at the Annual General meeting of Shareholders held in June 2006.

(4) Consolidated Statements of Cash Flow

Item	Millions of yen		
	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change
I. Cash flows from operating activities			
Income before income taxes	85,079	66,834	18,245
Depreciation and amortization.....	54,587	56,381	(1,794)
Amortization of consolidation adjusting account.....	–	1,621	(1,621)
Amortization of goodwill	1,351	–	1,351
Impairment loss	14,568	10,350	4,218
(Decrease) in employees' retirement benefit reserve...	(3,043)	(3,166)	123
(Decrease) in Urban Railways Improvement Reserve..	(4,736)	(4,795)	59
Subsidies received for construction.....	(51,079)	(6,554)	(44,524)
Reduction in subsidies received for construction.....	39,335	3,440	35,895
Loss (gain) on sale of subsidiaries' shares.....	(90)	1,608	(1,699)
Loss (gain) on sale of fixed assets	(2,825)	(927)	(1,897)
Loss on disposal of fixed assets.....	26,052	10,332	15,719
Extraordinary depreciation of hotel buildings and facilities	–	5,844	(5,844)
Appraisal losses on real estate for sale.....	896	8,030	(7,133)
Investment gain (losses) from the equity method....	(7,652)	3,251	(10,904)
Loss (gain) on sale of investment securities.....	(4,325)	(18,053)	13,728
Decrease (increase) in accounts receivable.....	(9,230)	8,060	(17,290)
Decrease (increase) in inventories	2,213	9,412	(7,198)
(Decrease) increase in trade payables.....	13,054	5,866	7,188
(Decrease) in deposits from tenants and club members.....	215	(734)	950
Interest and dividend income	(2,534)	(1,851)	(682)
Interest payable.....	18,570	20,477	(1,906)
Others	9,625	7,707	1,918
Subtotal	180,034	183,134	(3,100)
Interest and dividends received.....	2,929	2,622	306
Interest paid	(18,565)	(20,814)	2,249
Income taxes paid	(8,267)	(4,089)	(4,177)
Net cash provided by operating activities	156,130	160,852	(4,722)
II. Cash flows from investing activities			
Payments for purchases of fixed assets	(142,580)	(123,851)	(18,728)
Proceeds from sale of fixed assets.....	22,612	19,520	3,092
Payments for acquisition of investment securities.....	(2,877)	(10,024)	7,146
Proceeds from sale of investment securities	10,180	35,684	(25,503)
Payments for acquisition of subsidiaries' shares.....	(50)	(790)	739
Proceeds from sale of subsidiaries' shares resulting in changes in the scope of consolidation	23	8,285	(8,261)
Proceeds from the redemption of preferred shares of affiliate companies	5,350	–	5,350
Proceeds from subsidies received for construction	18,695	21,336	(2,641)
Payments for disbursement of loans receivable.....	(191)	(577)	386
Proceeds from collection of loans receivable	506	1,544	(1,037)
Others	(413)	(286)	(127)
Net cash used in investing activities	(88,744)	(49,158)	(39,586)

(4) Consolidated Statements of Cash Flow (continued)

Item	Millions of yen		
	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change
III. Cash flows from financing activities			
(Decrease) in short-term debt, net.....	(31,624)	(34,778)	3,154
Proceeds from long-term debt.....	71,590	78,502	(6,912)
Repayment of long-term debt.....	(90,128)	(103,810)	13,682
Proceeds from issuance of commercial paper	21,500	–	21,500
Payments for redemption of commercial paper	(21,500)	–	(21,500)
Proceeds from bond issue.....	19,857	–	19,857
Payments for redemption of bonds.....	(43,500)	(63,500)	20,000
Dividends paid by parent company	(6,519)	(5,797)	(722)
Proceeds from minority shareholders' contributions	5,900	–	5,900
Dividends paid to minority shareholders.....	(563)	(543)	(19)
Others	(209)	1,486	(1,695)
Net cash used in financing activities.....	(75,195)	(128,439)	53,244
IV. Effect of exchange rate changes on cash and cash equivalents	424	331	93
V. Increase (decrease) in cash and cash equivalents ..	(7,384)	(16,413)	9,028
VI. Cash and cash equivalents at beginning of period	49,032	65,510	(16,477)
VII. Decrease due to exclusion from consolidation.....	(11,688)	(64)	(11,624)
VIII. Cash and cash equivalents at end of period	29,959	49,032	(19,073)

(5) Basis of Presentation of Consolidated Financial Statements

1. Scope of Consolidation

The Group comprises 184 consolidated subsidiaries, including Izukyu Corp., Tokyu Department Store Co., Ltd., Tokyu Store Chain Co., Ltd., and Tokyu Hotels Co., Ltd. The Group has included a Group point card anonymous association and two other companies, both newly established, in the scope of consolidation. On the other hand, the Group has excluded Tokyu Investment Singapore PTE. LTD. and five other companies that were liquidated, Shibuya Kaihatsu, Inc. and another company that were merged, and two other companies whose shares were sold from the scope of consolidation. TC Properties Co., Ltd. and seven other companies are non-consolidated subsidiaries, since they do not have a significant impact on the consolidated financial statements.

2. Application of the Equity Method

Non-consolidated subsidiary TC Properties Co., Ltd. and six others are accounted for by the equity method. Meanwhile, the 18 affiliates accounted for by the equity method include Tokyu Land Corp. and Tokyu Construction Co., Ltd.

The Group has excluded Hotel Marina City PTE. LTD. and another company whose shares were sold, and Omoigawa Tokyu Golf Club Co., Ltd., which was liquidated from the scope of companies to which the equity method is applied. China Garden Co., Ltd., a non-consolidated subsidiary, and TMS Co., Ltd. and two other companies, associated companies, are not accounted for by the equity method because they do not have significant impacts on the consolidated financial statements.

3. Fiscal Year End of Consolidated Subsidiaries

Among the consolidated subsidiaries, Tokyu Geox Co., Ltd. and 42 other companies close their books on an annual basis on December 31 or February 28, etc. In preparing consolidated financial statements, the Group uses financial statements as of the closing dates and makes the necessary adjustments for important transactions that occurred between the closing dates and the consolidated closing date.

Tokyu Architects and Engineers Inc. and three other companies close their books on September 30, etc. The Group uses their financial statements based on the provisional settlement of accounts as of the consolidated closing date.

4. Summary of Significant Accounting Policies

(1) Valuation Standards and Accounting Treatment for Important Assets

(a) Securities

Bonds held to maturity:

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

Other securities:

Securities with market quotations:

Securities with market quotations are valued at market on the balance sheet date using the market price method.

(The entire difference between the carrying value and the market value is recognized in capital using the direct recognition method. " Cost of sales is mainly computed by the moving average method.)

Securities without market quotations:

Securities without market quotations are valued at cost, which is determined by the moving average method.

In respect of investments in SPCs ('Other securities') the equivalent attributable amounts of the SPC profits and losses are recorded as non-operating profit and expenses and the 'Investment securities' account is adjusted accordingly.

(b) Derivatives

Derivatives are stated at market value.

(c) Inventories

Residential land lots and buildings are mainly valued at cost, using the weighted average (for the region) method or the specific-identification method. According to the type of business other inventories are valued at cost, which is determined by the specific-identification method, the weighted-average method at cost or the lower of cost and market method, the last cost method at cost, the first-in first-out method at cost, the retail method at cost or the moving-average method at cost, or the lower of cost or market.

(2) Method for Depreciating Important Assets

(a) Tangible fixed assets

Depreciation is computed mainly by the declining-balance method. Depreciation of certain leased facilities of the Company and tangible fixed assets of certain consolidated subsidiaries is computed in combination with the straight-line method. Depreciation of buildings (excluding equipment attached to buildings) acquired by the Company and its domestic subsidiaries after April 1, 1998 is computed by the straight-line method. Estimated useful life of tangible fixed assets is assumed as follows:

Buildings and structures: 3-75 years

(b) Intangible fixed assets

Depreciation is computed by the straight-line method. Depreciation of software for in-house use is computed by the straight-line method, assuming a useful life of 5 years.

(3) Deferred assets

Bond and share issue expenses are charged in full as one-time expenses to income as incurred.

(4) Important Reserves

(a) Allowance for doubtful accounts

The allowance for doubtful receivables is provided for at rates based on past collection experience. In addition, the amount deemed necessary to cover individual uncollectible receivables, based on management's estimate of the collectability of each, is provided when appropriate.

(b) Reserve for employees' bonus

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

(c) Reserve for directors' and corporate auditors' bonus

An estimated bonus amount is recorded in anticipation of bonuses to be paid to officers.

(Change to accounting policy)

As of this accounting period, the "Accounting Standard for Directors' Bonus" (ASBJ Statement No. 4 (November 29 2005)) has been applied. As a result, operating profit, recurring profit, and income before income taxes are each ¥171 million lower. The effect on segment information is immaterial.

(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 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 fiscal period) over a period (15 years) that is less than the average remaining years of service of employees, by the straight-line method. Past service liabilities, mainly based on a period (15 years) that is less than the average remaining years of service of eligible employees at the time they arise and are accounted for by the straight-line method.

(e) Directors' retirement benefit reserve

In order to provide for the payment of directors' retirement benefits, of the retirement allowances for directors decided by resolution at the general meeting of shareholders the amount forecast to be payable in the future is provided for in the accounts. However, in respect of certain domestic consolidated subsidiaries an amount based on internal rules is provided.

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

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

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

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

(7) Accounting for subsidies received for construction in Railways Operations

Subsidies received by the Company and consolidated subsidiaries Izukyu Corporation and Ueda Dentetsu Corp. relating to construction projects are accounted for by deducting the total amount of subsidy for the said construction project directly from the acquisition cost of fixed assets once the project is completed.

In the consolidated statements of income, subsidies the Company has received for its construction projects are booked as an extraordinary profit while the amount deducted directly from the acquisition cost of fixed assets is accounted for as "reduction in subsidies received for construction", as an extraordinary loss resulting from subsidies received for construction projects.

(8) Accounting treatment of significant leases

Finance leases, other than those that transfer ownership of the leased assets to the lessee, are treated in the same way as ordinary operating leases for accounting purposes.

(9) Significant hedge accounting methods**(a) Hedge accounting**

Deferred hedge accounting is used in principle. Special hedge accounting is applied for interest rate swaps that meet criteria for qualification for special hedge accounting.

(b) Hedging methods and risks hedged

Hedging methods: interest rate swaps, forward foreign exchange contracts.

Risks hedged: corporate bonds, loans payable, foreign currency denominated monetary liabilities.

(c) Hedging policy

Rules regarding authority to enter into derivative transactions are defined in the Company's Operations Manual. Exposure to interest rate risk and currency risk is hedged in conformity with these regulations. Consolidated subsidiaries engage in derivatives transactions in conformity with their own internal rules, as a means to reduce exposure to interest rate risk and currency risk arising mainly from their regular business operations.

(d) Assessing the effectiveness of a hedge

Rate of changes in the cash flows from hedging instruments methods and the risks hedged over their respective lapsed periods are mainly used as the yardsticks for measuring the effectiveness of the hedge.

(10) Accounting for consumption tax:

The consumption tax exclusion method is applied.

5. Assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are valued at market.

6. Amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized in equal installments over five years. Small amounts are written off in the year of accrual.

7. The Scope of Cash and Cash Equivalents for the Consolidated Cash Flow Statements

For the purpose of the consolidated cash flow statements, the company considers the following as cash and cash equivalents: cash on hand and in banks, and highly liquid short-term investments with original maturities of 3-months or less and without significant risk of change in value.

(6) Change in significant accounting policies

As of this accounting period, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5(December 9, 2005)) and "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Implementation Guidance No. 8 (December 9, 2005)) have been applied.

Net assets under the previous presentation method amounted to ¥328,514 million.

(7) Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

Millions of yen

	As of March 31, 2007	As of March 31, 2006
1. Accumulated depreciation of tangible fixed assets.....	751,303	756,561
2. Contingent liabilities.....	419	470
3. Notes discounted and endorsed.....	246	223
4. Notes related to non-consolidated subsidiaries and affiliates. In the items below the main items related to non-consolidated subsidiaries and affiliates are:		
Investment securities.....	53,973	55,487
5. Pledged assets and secured liabilities		
Pledged assets		
Inventory assets.....	219	-
	[-]	[-]
Buildings and structures.....	325,388	302,052
	[260,533]	[232,675]
Rolling stock and machinery.....	32,731	35,850
	[32,502]	[35,631]
Land.....	120,336	124,325
	[47,770]	[49,467]
Investment securities.....	64	505
	[-]	[-]
Other assets.....	12,658	13,396
	[12,034]	[10,251]
Total.....	491,399	476,129
	[352,840]	[328,026]
Secured liabilities		
Short-term loans payable.....	33,477	33,155
	[3,160]	[2,910]
Long-term loans payable.....	299,468	332,324
	[226,770]	[241,048]
Others.....	12,414	11,819
	[-]	[-]
Total.....	345,360	377,300
	[229,930]	[243,958]

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

6. Lending of securities

Millions of yen

Investment securities	1,792	1,303
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7. The allowance (End March 2006: ¥25,508 million) for "Claims in Bankruptcy and Claims in Receivership" included in the "Allowance for Doubtful Receivables" and accounted for in the "Others" account in "Investments and Others," has been deducted directly from the claims. As of March 31, 2007 there are no such amounts.

8. Notes due at the end of the fiscal year are settled on the date of bill clearing. Since the end of the fiscal year was a bank holiday, the following notes due were included in the balance at the end of the fiscal year.

Trade notes receivable	¥938 million
Trade notes payable	¥4,573 million

	<i>Millions of yen</i>	
	As of March 31, 2007	As of March 31, 2006
Total loan commitments	80,817	82,565
Loans extended	3,425	3,522
Remaining commitment	77,392	79,042

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	26,000	24,000
Loans extended	-	2,201
Remaining commitment	26,000	21,798

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

10. Total amount of subsidies received for construction directly deducted from purchase cost of fixed assets:

	<i>Millions of yen</i>	
	172,420	133,701

(Notes to Consolidated Statements of Income)

1. Additions to reserves were as follows:

	Fiscal 2006	Fiscal 2005
		<i>Millions of yen</i>
Addition to allowance for doubtful accounts reserve	1,218	2,184
Addition to allowance for employees' bonuses.	13,089	12,625
Provision for directors' bonuses	171	-
Retirement benefit costs (Addition to reserve for retirement benefit allowance)	7,932	10,402
Addition to reserve for directors' retirement allowance	16	115

2. Impairment losses

Calculations of impairment losses were conducted by grouping assets in the smallest cash flow generating unit that was largely independent of other assets or asset groups. As a result, in fiscal 2006, for 71 cases of fixed asset groups where the market value was significantly below book value in line with the continued fall in land prices, and fixed asset groups that continued to generate losses, book value was written down to recoverable levels, and that write-down reported as an impairment loss resulting in an extraordinary loss of ¥14,568 million yen.

Region	Main cases	Type	Segment	Impairment loss
Tokyo metropolitan	Mainly stores, etc. Total 27 cases	Land & Buildings, etc.	Real Estate Retail Leisure and Services Hotels	¥1,179 million
Chubu and Hokuriku	Mainly golf courses, etc. Total 22 cases	Land & Buildings, etc.	Transportation Real Estate Retail Leisure and Services Hotels Other	¥5,348 million
Kinki	Mainly golf courses, etc. Total 4 cases	Land & Buildings, etc.	Leisure and Services Hotels Other	¥1,495 million
Others	Mainly stores and buildings, etc. Total 18 cases	Land & Buildings, etc.	Real Estate Retail Hotels Other	¥6,545 million

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

- Tokyo metropolitan area ¥1,179 million yen (Land=¥171 million, Buildings and structures=¥313 million, Others ¥694 million)
- Chubu and Hokuriku area ¥5,348 million (Land=¥987 million, Buildings and structures=¥2,637 million, Others ¥1,723 million)
- Kinki area ¥1,495 million (Land=¥963 million, Buildings and structures=¥320 million, Others ¥210 million)
- Others ¥6,545 million (Land=¥2,824 million, Buildings and structures=¥3,473 million, Others ¥248 million)

The recoverable value of this asset group was calculated by the net sale value method, or utility value. Calculations of recoverable value using the net disposal value method were assessed in line with land values or the capitalization method. Calculations of recoverable value using utility value were calculated by discounting future cash flows at 2.1% - 5.0%.

(Note to Consolidated Statement of Changes in Net Assets)

April 1, 2006 – March 31, 2007

1. Number and type of common shares issued and treasury stock

Thousand shares

	Number of shares as of March 31, 2006	Increase of shares during fiscal 2006	Decrease of shares during fiscal 2006	Number of shares as of March 31, 2007
Shares issued				
Common shares (note 1)	1,187,111	34,435	–	1,221,546
Total	1,187,111	34,435	–	1,221,546
Treasury stock				
Common shares (note 2)	3,498	516	201	3,813
Total	3,498	516	201	3,813

Notes:

1. The increase of issued common shares was due to the conversion of convertible bonds.

2. (1) The increase in the number of treasury shares was attributable to the purchase of odd lot shares

(2) The decrease of treasury shares was due to:

(i) Decrease resulting from sale of odd lot shares: 198,000 shares.

(ii) Decrease resulting from changes in the scope of consolidation or application of the equity method: 2,000 shares.

2. Matters relating to new share subscription rights and own share options

Not applicable.

3. Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividend per share	Dividend record date	Effective date
June 29, 2006 Shareholders' meeting	Common shares	¥2,964 million	¥2.5	March 31, 2006	June 30, 2006
October 27, 2006 Board of directors' meeting	Common shares	¥3,556 million	¥3.0	September 30, 2006	December 7, 2006

(2) Dividends where the record day is in the fiscal 2006 and the effective date is after the end of the term

Date confirmed	Type of stock	Total dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
June 28, 2007 Shareholders' meeting	Common shares	¥3,658 million	Retained income	¥3.0	March 31, 2007	June 29, 2007

(Notes to Consolidated Cash Flow Statements)

1. The reconciliation of period end cash and cash equivalents and amounts recorded in the consolidated balance sheets are as follows:

	<i>Millions of yen</i>	
	As of March 31, 2007	As of March 31, 2006
Cash and deposits	31,828	48,482
Term deposits with maturities longer than 3 months	(1,891)	(1,674)
Securities included in cash equivalents	22	22
Short-term loans included in cash equivalents	-	2,201
Cash and cash equivalents	29,959	49,032

3. Important non-cash items

Millions of yen

	As of March 31, 2007
Increase in capital from conversion of convertible bonds	11,115
Increase in capital surplus from conversion of convertible bonds	11,114
Decrease in convertible bonds from conversion of convertible bonds	22,229

Segment Information

(1) Segment information by business

April 1, 2006 – March 31, 2007

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotel	Other	Total	Elimination/ Headquarters	Consolidated
I. Operating revenue/ Operating profit									
Operating revenue									
(1) Outside customers	191,072	128,269	657,334	162,355	98,498	144,444	1,381,975	–	1,381,975
(2) Inter-segment internal revenues or transfers	1,564	23,748	2,936	20,928	600	25,839	75,618	(75,618)	–
Total	192,636	152,017	660,271	183,284	99,099	170,284	1,457,594	(75,618)	1,381,975
Operating expenses	166,937	125,997	644,156	180,076	95,384	165,318	1,377,871	(75,984)	1,301,886
Operating profit	25,699	26,020	16,114	3,208	3,714	4,966	79,722	365	80,088
II. Assets, depreciation, impairment losses and capital expenditure									
Assets	635,799	354,409	394,015	129,705	85,177	175,744	1,774,851	174,499	1,949,350
Depreciation	27,550	6,330	11,354	3,838	3,699	1,947	54,720	(133)	54,587
Impairment losses	753	2,779	2,384	4,404	3,949	296	14,568	–	14,568
Capital expenditure	75,498	29,282	28,872	4,304	16,411	3,844	158,214	(10,248)	147,966

April 1, 2005 – March 31, 2006

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotel	Other	Total	Elimination/ Headquarters	Consolidated
I. Operating revenue/ Operating profit									
Operating revenue									
(1) Outside customers	191,743	119,125	675,846	168,763	102,792	130,280	1,388,554	–	1,388,554
(2) Inter-segment internal revenues or transfers	1,183	22,599	2,392	20,748	589	23,964	71,478	(71,478)	–
Total	192,927	141,725	678,239	189,512	103,382	154,245	1,460,032	(71,478)	1,388,554
Operating expenses	153,998	119,916	663,817	186,676	99,475	151,840	1,375,725	(72,826)	1,302,899
Operating profit	38,929	21,808	14,422	2,835	3,906	2,404	84,306	1,348	85,654
II. Assets, depreciation, impairment losses and capital expenditure									
Assets	656,085	361,514	410,702	142,268	88,036	175,172	1,833,779	187,489	2,021,268
Depreciation	28,012	7,167	11,433	3,899	4,091	2,135	56,740	(358)	56,381
Impairment losses	26	899	6,267	1,477	875	804	10,350	–	10,350
Capital expenditure	70,635	20,166	15,986	3,676	8,387	8,830	127,682	(345)	127,336

Notes

1. Operating Segments

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

2. Description of operating segments

- Transportation: railway operations and bus operations
- Real Estate: real estate sales, real estate leasing and real estate management
- Retail: department store operations, chain store operations and shopping center operations
- Leisure and Services: advertising operations, golf course operations and CATV operations
- Hotel: hotel operations
- Other: maintenance of rolling stock for railway operations and general trading operations

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

4. Assets of the entire Group included under Elimination/Headquarters for fiscal 2006 and fiscal 2005 were ¥268,650 million and ¥263,825 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 2006: April 1, 2006 – March 31, 2007; Fiscal 2005: April 1, 2005 – March 31, 2006

Geographical segment information is not disclosed since the amount of domestic operating revenue and assets of domestic operations each represents more than 90% of the respective total amounts for all segments.

(3) Overseas sales

Fiscal 2006: April 1, 2006 – March 31, 2007; Fiscal 2005: April 1, 2005 – March 31, 2006

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

Per Share Information

April 1, 2006 – March 31, 2007		April 1, 2005 – March 31, 2006	
Net assets per share	¥269.77	Net assets per share	¥218.53
Net income per share	¥49.43	Net income per share	¥35.64
Net income per share (diluted)	¥46.58	Net income per share (diluted)	¥33.34

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

	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006
Net income per share:		
Net income (¥ million)	58,722	41,962
Amount not attributable to common shareholders (¥ million)	–	72
[Of which, bonuses paid to executive officers as part of the appropriation of surplus]	–	[72]
Net income attributable to common shares (¥ million)	58,722	41,890
Average number of outstanding common shares during the period (1,000 shares)	1,187,972	1,175,313
Net income per share (diluted)		
Net income adjustment (¥ million)	31	33
[Of which, interest paid (after deducting tax equivalent)]	[31]	[33]
Increase in the number of common shares (1,000 shares)	73,282	82,289
[Of which, convertible bonds]	[73,282]	[82,289]
Residual securities not included in the calculation of the diluted net income due to the fact that these securities had no dilutive effect.	-----	-----

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

Millions of yen

Item	As of March 31, 2007	As of March 31, 2006	Change
Assets			
Current Assets	137,549	152,919	(15,369)
Cash and deposits	2,719	2,221	497
Accrued fares	2,311	1,047	1,264
Accounts receivable	27,086	12,791	14,295
Accrued income	1,895	1,698	196
Short-term loans receivable	–	26,664	(26,664)
Securities	29	–	29
Land and buildings for sale	76,879	79,550	(2,670)
Inventory assets	3,440	2,915	525
Prepaid expenses	880	484	395
Deferred tax assets	10,750	14,114	(3,363)
Other current assets	11,553	11,430	123
Fixed Assets	1,276,285	1,313,899	(37,613)
Fixed assets for railway operations	430,957	414,844	16,113
Fixed assets for real estate business	273,921	244,212	29,709
Fixed assets relating to other businesses	28,644	10,433	18,211
Construction in progress	139,610	166,012	(26,401)
Investments & Others	403,151	478,396	(75,245)
Affiliated company's stocks	218,548	294,667	(76,119)
Investment securities	82,152	95,058	(12,906)
Other securities of affiliates	3,330	2,000	1,330
Investment	688	2	685
Long-term loans receivable	37,883	28,254	9,629
Long term prepaid expenses	6,676	4,726	1,949
Prepaid pension expenses	51,355	50,009	1,345
Other investment, etc.	7,282	7,260	22
Allowance for doubtful accounts	(4,766)	(3,583)	(1,183)
Total Assets	1,413,835	1,466,818	(52,983)

Millions of yen

Item	As of March 31, 2007	As of March 31, 2006	Change
Liabilities			
Current Liabilities	336,078	372,404	(36,326)
Short-term debt	152,378	169,838	(17,460)
Current portion of corporate bonds	52,000	43,500	8,500
Convertible bonds to be redeemed within one year	—	22,000	(22,000)
Accrued amount payable	30,214	13,262	16,951
Accrued expenses	5,267	7,030	(1,763)
Accrued consumption tax, etc.	729	812	(82)
Accrued income tax, etc.	13,767	802	12,964
Connection fare deposits	3,890	2,994	895
Deposits	22,537	21,109	1,427
Advance fares	11,379	10,862	517
Advances received	36,180	72,766	(36,585)
Reserve for employees' bonuses	4,015	3,828	187
Reserve for directors' and corporate auditors' bonus	80	—	80
Other current liabilities	3,638	3,596	41
Long-term Liabilities	742,435	776,612	(34,176)
Corporate bonds	184,300	216,300	(32,000)
Convertible bonds	26,199	26,429	(230)
Long-term debt	420,029	415,375	4,653
Deferred tax liabilities	19,005	13,971	5,034
Reserve for directors' and corporate auditors' retirement benefits	552	552	—
Deposits from tenants and club members	82,252	84,033	(1,781)
Other long-term liabilities	10,097	19,950	(9,852)
Special legal reserves	25,401	30,137	(4,736)
Urban Railways Improvement Reserve	25,401	30,137	(4,736)
Total Liabilities	1,103,916	1,179,154	(75,238)
Shareholders' Equity			
Common stock	—	110,608	—
Capital surplus	—	102,541	—
Capital reserve	—	57,755	—
Other capital surplus	—	44,785	—
Gain on decrease in capital and capital reserve	—	44,674	—
Gain on disposal of treasury shares	—	111	—
Retained income	—	52,329	—
Unappropriated retained income	—	52,329	—
Unrealized holding gains on investment securities, net of taxes	—	22,915	—
Treasury stock	—	(731)	—
Total Shareholder's Equity	—	287,663	—
Total Liabilities & Shareholders' Equity	—	1,466,818	—

Millions of yen

Item	As of March 31, 2007	As of March 31, 2006	Change
Net Assets			
Shareholders' Equity	293,109	—	—
Common Stock.....	121,723	—	—
Capital surplus.....	113,696	—	—
Capital reserve.....	68,870	—	—
Other capital surplus.....	44,825	—	—
Retained income.....	58,847	—	—
Other retained income.....	58,847	—	—
Net retained income forwarded	58,847	—	—
Treasury stock.....	(1,157)	—	—
Valuation, translation and other	16,809	—	—
Net unrealized gains (losses) on investment securities, net of taxes.....	16,809	—	—
Total Net assets	309,919	—	—
Total Liabilities and Net Assets	1,413,835	—	—

(2) Statements of Income*Millions of yen*

Item		April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change
Railway operations	Operating revenue	141,882	138,201	3,680
	Cost of operating revenue.....	118,659	102,486	16,173
	Operating profit	23,222	35,715	(12,492)
Real estate business	Operating revenue	121,830	106,232	15,597
	Cost of operating revenue.....	90,292	78,143	12,148
	Operating profit	31,537	28,089	3,448
All businesses	Operating profit	54,760	63,804	(9,044)
Non-operating profit.....				
	Interest & dividends.....	3,524	3,386	138
	Other non-operating profit	7,348	6,383	965
Non-operating expenses				
	Interest	15,674	16,376	(702)
	Other non-operating expenses.....	4,681	2,975	1,705
Recurring profit		45,278	54,222	(8,943)
Extraordinary gains.....		76,085	36,083	40,001
Extraordinary losses		90,034	20,522	69,511
Income before income taxes		31,329	69,782	(38,453)
Income taxes		13,934	155	13,779
Income tax adjustment		4,285	31,970	(27,685)
Net income		13,109	37,656	(24,547)
Profit carried forward from previous term		—	17,622	—
Interim dividend.....		—	2,949	—
Unappropriated retained income		—	52,329	—

(3) Statements of income by segment*Millions of yen*

Item		April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change
Railway operations	Operating revenue	139,965	136,310	3,654
	Cost of operating revenue.....	116,513	100,323	16,189
	Operating profit	23,451	35,986	(12,534)
Tramway operations	Operating revenue	1,916	1,890	26
	Cost of operating revenue.....	2,146	2,162	(15)
	Operating profit	(229)	(271)	41
Railway operations	Operating revenue	141,882	138,201	3,680
	Cost of operating revenue.....	118,659	102,486	16,173
	Operating profit	23,222	35,715	(12,492)
Real estate sales	Operating revenue	68,718	54,915	13,802
	Cost of operating revenue.....	53,274	40,645	12,629
	Operating profit	15,443	14,270	1,173
Real estate leasing	Operating revenue	53,111	51,317	1,794
	Cost of operating revenue.....	37,017	37,497	(480)
	Operating profit	16,094	13,819	2,275
Real estate business	Operating revenue	121,830	106,232	15,597
	Cost of operating revenue.....	90,292	78,143	12,148
	Operating profit	31,537	28,089	3,448
All businesses	Operating revenue	263,712	244,434	19,277
	Cost of operating revenue.....	208,951	180,629	28,322
	Operating profit	54,760	63,804	(9,044)

(4) Statements of Changes in Net Assets

(April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained income	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained income	Total retained income
				Net retained income forwarded		
Balance at March 31, 2006	110,608	57,755	44,785	102,541	52,329	52,329
Changes during the period						
Conversions of convertible bonds	11,115	11,114		11,114		
Dividends (Note 1)					(6,520)	(6,520)
Directors' and corporate auditors' bonuses (Note 2)					(71)	(71)
Net income					13,109	13,109
Purchases of treasury stock						
Sale of treasury stock			40	40		
Changes other than those to shareholders' equity (net)						
Total changes during the period	11,115	11,114	40	11,155	6,518	6,518
Balance at March 31, 2007	121,723	68,870	44,825	113,696	58,847	58,847

	Shareholders' equity		Valuation, translation and other		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation differences on other investment securities	Total valuation, translation and others	
Balance at March 31, 2006	(731)	264,747	22,915	22,915	287,663
Changes during the period					
Conversions of convertible bonds		22,229			22,229
Dividends (Note 1)		(6,520)			(6,520)
Directors' and corporate auditors' bonuses (Note 2)		(71)			(71)
Net income		13,109			13,109
Purchases of treasury stock	(532)	(532)			(532)
Sale of treasury stock	106	146			146
Changes other than those to shareholders' equity (net)			(6,106)	(6,106)	(6,106)
Total changes during the period	(426)	28,362	(6,106)	(6,106)	22,255
Balance at March 31, 2007	(1,157)	293,109	16,809	16,809	309,919

Notes: 1. Of dividends, ¥2,964 million is a profit distribution item at the Annual General meeting of Shareholders held in June 2006.

2. Profit distribution items at the Annual General meeting of Shareholders held in June 2006.

APPENDIX – Tokyu Corporation
1. Summary of Financial results (Consolidated)

Item	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change	
	<i>Millions of yen</i>			%
Operating revenue				
Transportation	192,636	192,927	(290)	(0.2)
Real estate	152,017	141,725	10,292	7.3
Retail	660,271	678,239	(17,968)	(2.6)
Leisure and Services	183,284	189,512	(6,228)	(3.3)
Hotel	99,099	103,382	(4,283)	(4.1)
Other	170,284	154,245	16,039	10.4
Total	1,457,594	1,460,032	(2,437)	(0.2)
Elimination/Headquarters	(75,618)	(71,478)	(4,140)	5.8
Consolidated	1,381,975	1,388,554	(6,578)	(0.5)
Operating profit				
Transportation	25,699	38,929	(13,229)	(34.0)
Real estate	26,020	21,808	4,211	19.3
Retail	16,114	14,422	1,692	11.7
Leisure and Services	3,208	2,835	372	13.1
Hotel	3,714	3,906	(192)	(4.9)
Other	4,966	2,404	2,561	106.5
Total	79,722	84,306	(4,583)	(5.4)
Elimination/Headquarters	365	1,348	(982)	(72.9)
Consolidated	80,088	85,654	(5,565)	(6.5)
Equity method profit (loss)	7,652	(3,251)	10,904	–
Recurring profit	81,227	74,052	7,175	9.7
Net income	58,722	41,962	16,760	39.9

2. Summary of Forecasts (Full-year)

Consolidated

Item	April 1, 2007 to March 31, 2008 <i>Forecast</i>	April 1, 2006 to March 31, 2007	Change	
	<i>Millions of yen</i>			%
Operating revenue				
Transportation	195,900	192,636	3,263	1.7
Real estate	141,600	152,017	(10,417)	(6.9)
Retail	661,200	660,271	928	0.1
Leisure and Services	188,400	183,284	5,115	2.8
Hotel	103,400	99,099	4,300	4.3
Other	170,800	170,284	515	0.3
Total	1,461,300	1,457,594	3,705	0.3
Elimination/Headquarters	(79,300)	(75,618)	(3,681)	4.9
Consolidated	1,382,000	1,381,975	24	0.0
Operating profit				
Transportation	34,000	25,699	8,300	32.3
Real estate	18,900	26,020	(7,120)	(27.4)
Retail	14,000	16,114	(2,114)	(13.1)
Leisure and Services	3,300	3,208	91	2.9
Hotel	4,000	3,714	285	7.7
Other	4,100	4,966	(866)	(17.4)
Total	78,300	79,722	(1,422)	(1.8)
Elimination/Headquarters	200	365	(165)	(45.3)
Consolidated	78,500	80,088	(1,588)	(2.0)
Equity method profit (loss)	6,300	7,652	(1,352)	(17.7)
Recurring profit	72,000	81,227	(9,227)	(11.4)
Net income	45,000	58,722	(13,722)	(23.4)

APPENDIX – Tokyu Corporation**1. Summary of Financial results (Non-consolidated)****(1) Statements of Income**

Item	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change	
	<i>Millions of yen</i>			%
Operating revenue				
Railway operations	141,882	138,201	3,681	2.7
Real estate business	121,830	106,232	15,598	14.7
Real estate sales	68,718	54,915	13,803	25.1
Real estate leasing	53,111	51,317	1,794	3.5
Total	263,712	244,434	19,278	7.9
Operating profit				
Railway operations	23,222	35,715	(12,493)	(35.0)
Real estate business	31,537	28,089	3,448	12.3
Real estate sales	15,443	14,270	1,173	8.2
Real estate leasing	16,094	13,819	2,275	16.5
Total	54,760	63,804	(9,044)	(14.2)
Recurring profit	45,278	54,222	(8,944)	(16.5)
Net income	13,109	37,656	(24,547)	(65.2)

(2) Transport performance of railway operations

Item	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change	
	<i>Thousand persons</i>			%
Passengers carried				
Passengers without commutation tickets	416,219	406,857	9,362	2.3
Passengers with commutation tickets	602,270	588,800	13,470	2.3
Total	1,018,489	995,657	22,832	2.3
	<i>Millions of yen</i>			%
Revenue from fare				
Passengers without commutation tickets	69,987	68,469	1,518	2.2
Passengers with commutation tickets	55,096	53,607	1,489	2.8
Total	125,083	122,076	3,007	2.5

(3) Capital expenditure

Item	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change	
	<i>Billions of yen</i>			%
Railway operations	51.3	45.4	5.9	13.0
Real estate business	35.6	23.0	12.6	54.8
Real estate sales	1.3	0.7	0.6	85.7
Real estate leasing	34.2	22.3	11.9	53.4
Other	18.3	20.0	(1.7)	(8.5)
Contract railway construction	17.4	19.8	(2.4)	(12.1)
Total	105.2	88.4	16.8	19.0

(4) Depreciation costs

Item	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	Change	
	<i>Millions of yen</i>			%
Railway operations	22,888	23,313	(425)	(1.8)
Real estate business	8,234	8,199	35	0.4
Real estate sales	446	405	41	10.1
Real estate leasing	7,787	7,793	(6)	(0.1)
Total	31,122	31,512	(390)	(1.2)

2. Summary of Forecasts (Full-year)

(1) Statements of Income

Non-consolidated

Item	April 1, 2007 to March 31, 2008 <i>Forecast</i>	April 1, 2006 to March 31, 2007	Change	
	<i>Millions of yen</i>			%
Operating revenue				
Railway operations	144,900	141,882	3,018	2.1
Real estate business	110,700	121,830	(11,130)	(9.1)
Real estate sales	57,500	68,718	(11,218)	(16.3)
Real estate leasing	53,200	53,111	89	0.2
Total	255,600	263,712	(8,112)	(3.1)
Operating profit				
Railway operations	32,500	23,222	9,278	40.0
Real estate business	21,200	31,537	(10,337)	(32.8)
Real estate sales	7,100	15,443	(8,343)	(54.0)
Real estate leasing	14,100	16,094	(1,994)	(12.4)
Total	53,700	54,760	(1,060)	(1.9)
Recurring profit	45,400	45,278	122	0.3
Net income	21,000	13,109	7,891	60.2

(2) Transport performance of railway operations

Item	April 1, 2007 to March 31, 2008 <i>Forecast</i>	April 1, 2006 to March 31, 2007	Change	
	<i>Thousand persons</i>			%
Passengers carried				
Passengers without commutation tickets	421,876	416,219	5,657	1.4
Passengers with commutation tickets	618,142	602,270	15,872	2.6
Total	1,040,018	1,018,489	21,529	2.1
	<i>Millions of yen</i>			%
Revenue from fare				
Passengers without commutation tickets	70,897	69,987	910	1.3
Passengers with commutation tickets	56,708	55,096	1,612	2.9
Total	127,605	125,083	2,522	2.0

(3) Capital expenditure

Item	April 1, 2007 to March 31, 2008 <i>Forecast</i>	April 1, 2006 to March 31, 2007	Change	
	<i>Billions of yen</i>			%
Railway operations	51.4	51.3	0.1	0.2
Real estate business	25.7	35.6	(9.9)	(27.8)
Real estate sales	1.2	1.3	(0.1)	(7.7)
Real estate leasing	24.5	34.2	(9.7)	(28.4)
Other	23.4	18.3	5.1	27.9
Contract railway construction	17.1	17.4	(0.3)	(1.7)
Total	100.6	105.2	(4.6)	(4.4)

(4) Depreciation costs

Item	April 1, 2007 to March 31, 2008 <i>Forecast</i>	April 1, 2006 to March 31, 2007	Change	
	<i>Millions of yen</i>			%
Railway operations	24,000	22,888	1,112	4.9
Real estate business	8,500	8,234	266	3.2
Real estate sales	500	446	54	12.1
Real estate leasing	8,000	7,787	213	2.7
Total	32,500	31,122	1,378	4.4