

# Tokyu Corporation

## Consolidated Financial Statements First Quarter of the Fiscal Year Ending March 31, 2015

(April 1, 2014 – June 30, 2014)

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 [Japanese Accounting Standards] (Consolidated)**  
**For the First Quarter of Fiscal Year Ending March 31, 2015**

**Tokyu Corporation**

August 8, 2014

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date for submission of quarterly financial reports:	August 8, 2014		
Scheduled date of commencement of dividend payment:	—		
Supplementary documents for quarterly results	YES		
Quarterly results briefing (for institutional investor and analysts)	NO		

\* Amounts of less than ¥1 million have been rounded down.

**1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2015**  
**(April 1, 2014 to June 30, 2014)**

*(Figures in percentages denote the year-on-year change)*  
*Million yen*

1) Consolidated Operating Results

	Three months ended June 30, 2014		Three months ended June 30, 2013	
		Change (%)		Change (%)
Operating revenue.....	259,158	0.9	256,890	1.5
Operating profit.....	20,747	1.1	20,517	21.5
Recurring profit.....	19,387	(5.4)	20,497	17.2
Net income .....	12,281	(9.1)	13,504	34.0
Net income per share (¥).....	9.78		10.75	
Net income per share (diluted) (¥).....	-		10.74	

Notes: Comprehensive Income: Three months ended June 30, 2014: ¥13,194 million [-23.5%]; Three months ended June 30, 2013: ¥17,250 million [76.3%]

2) Consolidated Financial Position

*Million yen*

	As of June 30, 2014	As of March 31, 2014
Total assets .....	1,969,332	2,021,794
Net assets .....	539,077	537,711
Equity ratio (%).....	26.1	25.3

Reference: Shareholders' equity: As of June 30, 2014: ¥513,516 million; As of March 31, 2014: ¥511,789 million

**2. Dividends**

	FY ending March 31, 2015 (forecast)	FY ending March 31, 2015	FY ended March 31, 2014
Dividend per share – end of first quarter (¥)		—	—
Dividend per share – end of first half (¥)	4.00		3.50
Dividend per share – end of third quarter (¥)	—		—
Dividend per share – end of term (¥)	4.00		4.00
Dividend per share – annual (¥)	8.00		7.50

Note: Revisions to dividend forecasts published most recently: No

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)**

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

*Million yen*

	First half		Full year	
		Change (%)		Change (%)
Operating revenue.....	515,700	(0.2)	1,068,800	(1.3)
Operating profit.....	36,200	(0.9)	70,000	12.6
Recurring profit.....	31,800	(12.4)	63,500	1.4
Net income .....	18,900	(30.9)	38,000	(32.7)
Net income per share (¥).....	¥15.03		¥30.23	

Note: Revision to consolidated business performance forecasts published most recently: No

**\* Notes**

(1) Changes in important subsidiaries during the consolidated quarter (cumulative) under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): No

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

1) Changes in accounting policies with revision of accounting standards, etc.: Yes

2) Changes in accounting policies other than 1): No

3) Changes in accounting estimates: No

4) Restatement of revisions: No

(Note) For details, please see the statement under the heading of "2. Matters Relating to Summary Information (Notes), (1) Changes in accounting policies, changes in accounting estimates, and restatement of revisions" on page 3 of the accompanying materials.

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the term (including treasury stock) (shares)

As of June 30, 2014:	1,263,525,752	As of March 31, 2014:	1,263,525,752
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2) Number of treasury stock at the end of the term (shares)

As of June 30, 2014:	11,072,591	As of March 31, 2014:	6,307,435
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3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)

Three months ended June 30, 2014:	1,255,566,209
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Three months ended June 30, 2013:	1,256,016,789
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(Note) The number of treasury stock includes shares of the Company held by a group of shareholding employees in trust, as follows:  
As of June 30, 2014: 1,423,000 shares; As of March 31, 2014: 1,705,000 shares

**\* Status of a quarterly review**

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have not been reviewed at the time of the announcement of this financial summary.

**\* Explanations about the proper use of financial forecasts and other important notes**

(Notes on forecast results)

The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors. For details on the forecast results, please see the statement under the heading of "1. Qualitative Information on Consolidated Financial Results, etc. for the First Quarter Ended, (3) Explanation about the future outlook, including forecast for consolidated earnings" on page 3 of the accompanying materials.

(Method of acquiring supplementary documents for quarterly results)

The "Summary of Results for the First Quarter of FY2015/3" will be disclosed on our IR website and TDnet (Timely Disclosure network) today.

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## ○ Same-day disclosure documents

Documents providing an overview of the settlement for the first quarter of the fiscal year ending March 2015  
 (Note) These documents were posted on the Company's website, and are also disclosed on TDnet.

## 1. Qualitative Information on Consolidated Financial Results, etc. for the First Quarter Ended June 30, 2014

### (1) Explanation about Consolidated Financial Results

Tokyu Corporation (the "Company") and its consolidated subsidiaries (collectively the "Group") have focused on the three-year medium-term business plan with the theme of Creation, Communication and Challenges to aim for sustainable growth in the future, strengthened business tie-ups from the viewpoint of customers to achieve planned objectives steadily, and sought to maximize consolidated results.

Operating revenue for the first quarter of the consolidated fiscal year under review stood at ¥259,158 million (up 0.9% year on year) due to the life service business remaining brisk. Operating profit rose 1.1% from a year earlier, to ¥20,747 million. Recurring profit declined 5.4%, to ¥19,387 million, reflecting the completion of the recording of the amount of amortization of negative goodwill in the previous fiscal year. Net income amounted to ¥12,281 million (down 9.1% year on year).

Operating results on a segment basis are as follows. The results for individual segments include inter-segment internal revenues or transfers where applicable. The Company presents operating profit for each reported segment as segment profit in this document.

#### (i) Transportation

In the Company's railway operations, the number of commuters carried rose 1.3% year on year in the first quarter under review, while the number of non-commuters carried decreased 2.4%. Overall, the number of passengers carried declined 0.2%. This was primarily attributable to a decrease in the purchase of commuter tickets in reaction to last-minute purchase of commuter tickets ahead of the consumption tax hike, despite a rise in the population along rail lines and the improvement of employment conditions, etc.

As a result, operating revenue for the Transportation segment amounted to ¥47,339 million (down 0.7% year on year), and operating profit for the segment was ¥8,503 million (down 7.4% year on year).

(Operation results of Tokyu Corporation's railway operations)

Categories		Units	First quarter of the previous fiscal year	First quarter of the fiscal year under review
			April 1, 2013 to June 30, 2013	April 1, 2014 to June 30, 2014
Number of operating days		Days	91	91
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	35,809	36,013
Number of passengers carried	Non-commuter	Thousand passengers	113,602	110,912
	Commuter	Thousand passengers	170,175	172,366
	Total	Thousand passengers	283,777	283,278
Passenger revenue	Non-commuter	Million yen	18,598	18,202
	Commuter	Million yen	15,170	15,280
	Total	Million yen	33,768	33,482
Miscellaneous income from railway operations		Million yen	4,423	4,342
Total revenues		Million yen	38,191	37,824
Average passenger revenue per day		Million yen	371	368
Operating efficiency		%	52.4	52.3

(Note) Calculation method of the operating efficiency

$$\text{Operating efficiency} = \frac{\text{Number of passengers carried}}{\text{Operating distance of passenger trains}} \times \frac{\text{Average service distance}}{\text{Average transportation capacity}} \times 100$$

**(ii) Real Estate**

Operating revenue for the Real Estate segment stood at ¥39,824 (down 2.3% year on year), primarily reflecting a decline in reaction to increased sales of large-scale collective housing (condominiums) for the previous fiscal year in the Company's real estate sales business. However, operating profit rose 0.2% year on year, to ¥9,193 million, thanks to a reduction in the cost of the Company's real estate leasing business.

**(iii) Life Service**

In the Life Service segment, operating revenue increased 0.9% from a year earlier, to ¥128,435 million yen, because Tokyu Department Store Co., Ltd. (January settlement) in department store operations and Tokyu Store Chain Co., Ltd. (February settlement) in chain store operations saw a last-minute rise in demand ahead of the consumption tax hike. Operating profit for the segment reached ¥234 million (up 54.6% year on year).

**(iv) Hotel and Resort**

Operating revenue for the Hotel and Resort segment stood at ¥23,200 million (up 2.1% year on year), reflecting the high occupancy of Tokyu Hotels Co., Ltd. in hotel operations and a rise in average daily rates. Operating profit for the segment amounted to ¥918 million (up 103.0% year on year).

**(v) Business Support**

In the Business Support segment, operating revenue amounted to ¥37,347 million (down 2.5% year on year) due to a decline in reaction to events for which orders were received by Tokyu Agency Inc. for the advertising business in the previous fiscal year. Operating loss for the segment was ¥159 million (operating profit of ¥404 million for the previous fiscal year).

**(2) Explanation about Consolidated Financial Position****Assets**

Total assets at the end of the first quarter of the fiscal year under review decreased ¥52,462 million from the end of the previous fiscal year, to ¥1,969,332 million, largely because of a decline in cash and deposits and trade notes & accounts receivable.

**Liabilities**

Total liabilities at the end of the first quarter of the fiscal year under review decreased ¥53,829 million from the end of the previous fiscal year, to ¥1,430,254 million. This was primarily attributable to a decrease in accounts payable-other relating to capital investment and a decline in interest bearing debt\* of ¥26,752 million from the end of the previous fiscal year, to ¥963,286 million.

**Net assets**

Net assets at the end of the first quarter of the fiscal year under review rose ¥1,366 million from the end of the previous fiscal year, to ¥539,077 million, mainly reflecting the posting of net income for the first quarter, despite the acquisition of treasury stocks and a decline in retained income due to the application of the accounting standard for retirement benefits.

\* Interest-bearing debt: the sum of debt, corporate bonds, and commercial papers.

**(3) Explanation about the Future Outlook, Including Forecast for Consolidated Earnings**

The Company has not revised its consolidated earnings forecasts for the first two quarters and the full year of the consolidated fiscal year ending March 2015 that were publicly announced on May 15, 2014.

\* The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors.

## 2. Matters Relating to Summary Information (Notes)

### (1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions

Changes in Accounting Policies

#### **Accounting Standard for Retirement Benefits, etc.**

With respect to the accounting standard for retirement benefits (Accounting Standards Board of Japan (ASBJ) Statement No.26 issued May 17, 2012; hereinafter "Retirement Benefits Accounting Standards") and the guidance on accounting standards for retirement benefits (ASBJ Guidance No.25 issued May 17, 2012; hereinafter "Guidance"), the provisions of the text of paragraph 35 of the Retirement Benefits Accounting Standards and the text of paragraph 67 of the Guidance have been applied from the first quarter of the fiscal year under review, and the method of calculating retirement benefit liability and service cost was revised. The method of deciding on a discount rate was changed from a discount rate based on the number of years, which is approximate to the average years of remaining service of employees, to a method of using a single weighted average discount rate, which reflects the expected period of payment of retirement benefits, and an amount for each expected period of payment.

As to the application of the Retirement Benefits Accounting Standards, etc., in accordance with the transitional treatment provided in paragraph 37 of the Retirement Benefits Accounting Standards, the amount of the effect of the changes in the method of calculating retirement benefit liability and service cost was added to, or deducted from, retained income at the beginning of the first quarter of the fiscal year under review.

As a result, assets for retirement benefits at the beginning of the first quarter of the fiscal year under review decreased ¥883 million. Retirement benefit liability increased ¥3,741 million, and retained income declined ¥3,217 million. The effects on operating profit, recurring profit and income before income taxes for the first quarter of the fiscal year under review are negligible.

#### **Practical treatment concerning transactions for delivering the Company's shares to employees, etc. through a trust**

The "Practical treatment concerning transactions for delivering the Company's shares to employees, etc. through a trust" (No. 30 Practical Report dated December 25, 2013) has been applied from the first quarter of the fiscal year under review. With respect to the accounting treatment of trust contracts that were entered into before the beginning of the first year of the application of the above practical report, the method adopted in the past will continue to be applied. Accordingly, the application of the above practical report has no effect on the quarterly consolidated financial statements.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

Million yen

Item	As of March 31, 2014	As of June 30, 2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	55,749	36,213
Trade notes & accounts receivable	117,285	106,222
Merchandise and products	15,992	16,683
Land and buildings for sale	52,176	52,645
Work in progress	4,794	5,305
Raw materials and supplies	5,661	5,683
Deferred tax assets	15,727	11,162
Others	29,815	28,368
Allowance for doubtful accounts	(746)	(762)
Total current assets	296,456	261,522
<b>Fixed Assets</b>		
Tangible fixed assets		
Buildings & structures (net)	710,020	700,938
Rolling stock & machinery (net)	56,436	54,285
Land	606,991	606,952
Construction in progress	92,863	94,698
Others (net)	20,797	20,503
Total tangible fixed assets	1,487,109	1,477,378
Intangible fixed assets	26,133	25,657
Investments & others		
Investment securities	130,810	123,823
Deferred tax assets	16,585	17,623
Net defined benefit asset	3,421	2,551
Others	61,996	61,533
Allowance for doubtful accounts	(718)	(758)
Total investments and others	212,094	204,773
Total fixed assets	1,725,338	1,707,809
<b>Total Assets</b>	<b>2,021,794</b>	<b>1,969,332</b>



Million yen

Item	As of March 31, 2014	As of June 30, 2014
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade notes & accounts payable	97,905	90,232
Short-term debt	291,101	269,535
Current portion of corporate bonds	38,000	12,000
Accrued income taxes	6,446	1,796
Provision	11,587	8,028
Advances received	16,657	24,608
Others	116,190	92,453
Total current liabilities	577,888	498,655
<b>Long-Term Liabilities</b>		
Corporate bonds	210,228	220,228
Long-term debt	450,709	461,522
Provision	2,961	2,817
Net defined benefit liability	34,047	39,141
Long-term deposits from tenants and club members	110,090	110,141
Deferred tax liabilities	27,096	27,141
Deferred tax liabilities from revaluation	9,922	9,922
Others	36,418	35,775
Total long-term liabilities	881,473	906,691
<b>Special Legal Reserves</b>		
Urban railways improvement reserve	24,721	24,908
<b>Total Liabilities</b>	1,484,083	1,430,254
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Common stock	121,724	121,724
Capital surplus	140,793	140,861
Retained income	252,355	256,384
Treasury stock	(3,139)	(6,529)
Total shareholders' equity	511,734	512,441
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gains (losses) on investment securities, net of taxes	5,614	7,109
Net unrealized gains (losses) on hedging instruments, net of taxes	90	77
Land revaluation reserve	9,364	9,364
Foreign currency translation adjustment account	3,704	3,347
Remeasurements of defined benefit plans	(18,718)	(18,823)
Total accumulated other comprehensive income	54	1,075
<b>Minority Interests</b>	25,921	25,561
<b>Total Net Assets</b>	537,711	539,077
<b>Total Liabilities and Net Assets</b>	2,021,794	1,969,332

**(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statements of Comprehensive Income****(Quarterly Consolidated Statements of Income)***Million yen*

Item	April 1, 2013 to June 30, 2013	April 1, 2014 to June 30, 2014
<b>Operating revenue</b>	256,890	259,158
Cost of operating revenue		
Operating expenses & cost of sales (Transportation etc.)	188,992	190,796
SG&A expenses	47,380	47,613
Total cost of operating revenue	236,372	238,410
<b>Operating profit</b>	20,517	20,747
Non-operating profit		
Interest income	87	52
Dividend income	600	610
Amortization of negative goodwill	860	-
Investment gains from equity method	565	949
Dividend income of insurance	691	695
Others	1,323	342
Total non-operating profit	4,127	2,650
Non-operating expenses		
Interest expenses	3,397	3,062
Others	751	948
Total non-operating expenses	4,148	4,010
<b>Recurring profit</b>	20,497	19,387
Extraordinary gains		
Gain on sales of fixed assets	615	16
Subsidies received for construction	700	125
Gain on reversal of urban railways improvement reserve	473	473
Others	359	399
Total extraordinary gains	2,148	1,014
Extraordinary losses		
Reduction entry of land contribution for construction	614	95
Transfer to urban railways improvement reserve	665	660
Loss on disposal of fixed assets	257	373
Others	580	319
Total extraordinary losses	2,117	1,449
<b>Income before income taxes and minority interests</b>	20,528	18,952
Corporate income taxes	6,799	6,484
<b>Income before minority interests</b>	13,728	12,468
Minority interest in earnings of consolidated subsidiaries	224	186
<b>Net income</b>	13,504	12,281

**(Quarterly Consolidated Statements of Comprehensive Income)***Million yen*

Item	April 1, 2013 to June 30, 2013	April 1, 2014 to June 30, 2014
Income before minority interests	13,728	12,468
Other comprehensive income		
Net unrealized gains (losses) on investment securities	(649)	1,171
Net unrealized gains (losses) on hedging instruments	(0)	0
Foreign currency translation adjustment account	4,391	(808)
Remeasurements of defined benefit plans, net of tax		(162)
Share of other comprehensive income of associates accounted for using equity method	(219)	526
Total other comprehensive income	3,521	726
Comprehensive income	17,250	13,194
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	15,908	13,302
Comprehensive income attributable to minority interests	1,341	(107)

### **(3) Notes to Quarterly Consolidated Financial Statements**

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

(Notes If There Is a Considerable Change to Shareholders' Equity)

As stated in 2. Matters Relating to Summary Information (Notes) (1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions, the method of calculating retirement benefit liability and service cost was changed in the first quarter of the fiscal year under review, and the amount of the effect of the changes was added to, or deducted from, retained income. As a result, retained income at the beginning of the first quarter of the fiscal year under review decreased ¥3,217 million.

The Company acquired 5,034,000 treasury stocks during the first quarter of the fiscal year under review based on the resolution passed at the meeting of the Board of Directors held on May 15, 2014. Treasury stocks increased ¥3,390 million, reflecting the above acquisition of treasury stocks, and treasury stocks amounted to ¥6,529 million at the end of the first quarter of the fiscal year under review.

## (Segment Information)

I. April 1, 2013 to June 30, 2013

## 1. Information on operating revenue and operating profits or losses by reported segment

Million yen

	Reported segment					Total	Adjustments (Note) 1	Amount posted in the consolidated financial statements (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort	Business Support			
Operating revenue								
Outside customers	47,557	32,348	125,232	22,594	29,157	256,890	–	256,890
Inter-segment internal revenues or transfers	123	8,403	2,061	118	9,156	19,862	(19,862)	–
Total	47,680	40,752	127,293	22,712	38,313	276,752	(19,862)	256,890
Segment profit	9,179	9,173	1,490	452	404	20,700	(182)	20,517

## Notes

1. An adjustment of negative ¥182 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

II. April 1, 2014 to June 30, 2014

## 1. Information on operating revenue and operating profits or losses by reported segment

Million yen

	Reported segment					Total	Adjustments (Note) 1	Amount posted in the consolidated financial statements (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort	Business Support			
Operating revenue								
Outside customers	47,210	31,229	126,452	23,104	31,160	259,158	–	259,158
Inter-segment internal revenues or transfers	128	8,594	1,983	95	6,186	16,988	(16,988)	–
Total	47,339	39,824	128,435	23,200	37,347	276,146	(16,988)	259,158
Segment profit (loss)	8,503	9,193	2,304	918	(159)	20,759	(11)	20,747

## Notes

1. An adjustment of negative ¥11 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit (loss) has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

## 2. Matters regarding the change of reported segments

As stated in 2. Matters Relating to Summary Information (Notes) (1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions, the method of calculating retirement benefit liability and service cost was changed in the first quarter of the fiscal year under review. Accordingly, the method of calculating retirement benefit liability and service cost for the reported segments was similarly changed.

The effects of the change on segment profit or loss for the first quarter of the fiscal year under review are negligible.

## ○ Same-day disclosure documents

Documents providing an overview of the settlement for the first quarter of the fiscal year ending March 2015 (Note) These documents were posted on the Company's website, and are also disclosed on TDnet.