

# Tokyu Corporation

## Consolidated Financial Statements First Quarter of the Fiscal Year Ending March 31, 2014

(April 1, 2013 – June 30, 2013)

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, 2014**

**Tokyu Corporation**

August 9, 2013

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
URL	http://www.tokyu.co.jp/	Inquiries:	Katsumi Oda, Senior Manager, Finance and Accounting Division
President	Hirofumi Nomoto	Telephone:	81-3-3477-6168
Planned date for submission of quarterly financial reports:	August 9, 2013		
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, 2014**  
**(April 1, 2013 to June 30, 2013)**

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

1) Consolidated Operating Results

	Three months ended June 30, 2013		Three months ended June 30, 2012	
		Change (%)		Change (%)
Operating revenue.....	256,890	1.5	252,993	0.1
Operating profit.....	20,517	21.5	16,884	(8.3)
Recurring profit.....	20,497	17.2	17,488	(16.5)
Net income .....	13,504	34.0	10,077	(31.8)
Net income per share (¥).....	10.75		8.04	
Net income per share (diluted) (¥).....	10.74		7.99	

Notes: Comprehensive Income: Three months ended June 30, 2013: ¥17,250 million [76.3%]; Three months ended June 30, 2012: ¥9,782 million [-36.5%]

2) Consolidated Financial Position

*Million yen*

	As of June 30, 2013	As of March 31, 2013
Total assets .....	1,983,535	1,964,476
Net assets .....	512,863	499,545
Equity ratio (%).....	24.6	24.2

Reference: Shareholders' equity: As of June 30, 2013: ¥487,476 million; As of March 31, 2013: ¥476,174 million

**2. Dividends**

	FY ending March 31, 2014 (forecast)	FY ending March 31, 2014	FY ended March 31, 2013
Dividend per share – end of first quarter (¥)		—	—
Dividend per share – end of first half (¥)	3.50		3.50
Dividend per share – end of third quarter (¥)	—		—
Dividend per share – end of term (¥)	4.00		3.50
Dividend per share – annual (¥)	7.50		7.00

Note: Revisions to dividend forecasts published most recently: No

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)**

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

	First half		Full year	
		Change (%)		Change (%)
Operating revenue.....	516,400	(0.6)	1,085,200	1.6
Operating profit.....	31,300	(5.5)	58,000	4.0
Recurring profit.....	27,300	(16.7)	54,000	(4.1)
Net income .....	20,500	10.9	42,500	(1.3)
Net income per share (¥).....	¥16.32		¥33.84	

Note: Revision to consolidated business performance forecasts published most recently: Yes

**\* 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.: No
  - 2) Changes in accounting policies other than 1): No
  - 3) Changes in accounting estimates: No
  - 4) Restatement of revisions: No
- (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, 2013: 1,263,525,752 As of March 31, 2013: 1,263,525,752
  - 2) Number of treasury stock at the end of the term (shares)  
As of June 30, 2013: 7,404,633 As of March 31, 2013: 7,566,612
  - 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)  
Three months ended June 30, 2013: 1,256,016,789  
Three months ended June 30, 2012: 1,253,915,205

(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, 2013: 2,865,000 shares; As of March 31, 2013: 3,127,000 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.

(Method of acquiring supplementary documents for quarterly results)

The "Summary of Results for the First Quarter of FY2013" will be disclosed on our IR website and TDnet (Timely Disclosure network) today.

(Reference) Summary of Non-Consolidated Results

**Non-Consolidated Forecast for the Fiscal Year Ending March 31, 2014  
(April 1, 2013 to March 31, 2014)**

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

	First half		Full year	
		Change (%)		Change (%)
Operating revenue.....	128,600	7.4	294,900	13.8
Operating profit.....	25,200	2.2	43,800	13.5
Recurring profit.....	21,700	(2.2)	34,900	5.0
Net income .....	16,100	10.3	29,800	2.1
Net income per share (¥).....	¥12.80		¥23.70	

Note: Revision to non-consolidated business performance forecasts published most recently: Yes

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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 2014  
 (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, 2013

### (1) Explanation about Consolidated Financial Results

Tokyu Corporation (the "Company") and its consolidated subsidiaries (collectively the "Group") continued to propel their businesses forward and improve management efficiency with efforts to rebuild earnings structures and advance other reforms for sustaining their growth into the future.

Operating revenue for the first quarter under review stood at ¥256,890 million (up 1.5% year on year), primarily reflecting the strong performance of the Company's real estate sales and real estate leasing businesses. Operating profit amounted to ¥20,517 million (up 21.5% year on year).

Recurring profit came to ¥20,497 million (up 17.2% year on year) due to factors such as a decline in investment gains from the equity method. Net income was ¥13,504 million yen (up 34.0% 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 1.9% year on year in the first quarter under review, while the number of non-commuters carried increased 1.1%. Overall, the number of passengers carried grew 1.6%. These increases were primarily attributable to the impact of a mutual direct train service operation between the Toyoko Line and the Tokyo Metro Fukutoshin Line.

As a result of these achievements, operating revenue for the Transportation segment amounted to ¥47,680 million (up 1.7% year on year). However, operating profit for the segment was ¥9,179 million (down 8.1% year on year), due mainly to higher expenses posted by the Company's railway operations in launching the mutual direct train service operation.

(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, 2012 to June 30, 2012	April 1, 2013 to June 30, 2013
Number of operating days		Days	91	91
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	34,885	35,809
Number of passengers carried	Non-commuter	Thousand passengers	112,405	113,602
	Commuter	Thousand passengers	167,009	170,175
	Total	Thousand passengers	279,414	283,777
Passenger revenue	Non-commuter	Million yen	18,322	18,598
	Commuter	Million yen	14,895	15,170
	Total	Million yen	33,217	33,768
Miscellaneous income from railway operations		Million yen	4,139	4,423
Total revenues		Million yen	37,356	38,191
Average passenger revenue per day		Million yen	365	371
Operating efficiency		%	53.4	52.4

(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 came to ¥40,752 million (up 11.3% year on year), thanks primarily to increased sales of large-scale collective housing (condominiums) in the Company's real estate sales business, and rent growth associated with the opening of Musashi-kosugi Tokyu Square and a steady rent rise posted by Shibuya Hikarie and other properties for the Company's real estate leasing business. Operating profit for the segment was ¥9,173 million (up 69.0% year on year).

**(iii) Life Service**

Operating revenue for the Life Service segment was ¥127,293 million (up 1.1% year on year), mainly reflecting greater income from service charges posted by its communications Inc. for CATV operations. Operating profit for the segment came to ¥1,490 million (up 20.6% year on year), due primarily to the impact of cost reductions posted by Tokyu Store Chain Co., Ltd. for chain store operations.

**(iv) Hotel and Resort**

Operating revenue for the Hotel and Resort segment stood at ¥22,712 million (up 3.6% year on year), attributable to rises in the occupancy rate and average daily rates posted by Tokyu Hotels Co., Ltd. for hotel operations. Operating profit for the segment reached ¥452 million (up 534.8% year on year).

**(v) Business Support**

Operating revenue for the Business Support segment came to ¥38,313 million (down 1.4% year on year), owing primarily to a fall in reaction to a major project completed in the first quarter of the previous fiscal year posted by Tokyu Geox Co., Ltd. for trading house operations. However, operating profit for the segment totaled ¥404 million (up 259.7% year on year), due mainly to a margin improvement posted by Tokyu Techno System Co., Ltd. for rolling-stock related operations.

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

Total assets at the end of the first quarter under review rose ¥19,059 million from the end of the previous fiscal year, to ¥1,983,535 million. This growth was mainly due to an increase in land and buildings for sale posted by the Company.

**Liabilities**

Total liabilities at the end of the first quarter under review increased ¥5,740 million from the end of the previous fiscal year, to ¥1,470,671 million. The increase was primarily attributable to a rise in interest-bearing debt\* of ¥13,775 million from the end of the previous fiscal year, to ¥1,013,342 million, offsetting a fall in accounts payable associated with capital investment.

**Net assets**

Net assets at the end of the first quarter under review grew ¥13,318 million from the end of the previous fiscal year, to ¥512,863 million, mainly reflecting the posting of net income for the quarter.

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

**(3) Explanation about the future outlook, including forecast for consolidated Earnings**

The Company revised its consolidated results forecasts from those it had announced on May 15, 2013 based on assumed gains, including a gain on sales of fixed assets. Specifically, the Company altered its net income for the first half of the fiscal year ending March 31, 2014 to ¥20,500 million yen (an increase of 13.9% from the previous forecast) and its net income for the same fiscal year to ¥42,500 million (an increase of 6.3% from the previous forecast). For your information, the Company made no change to the other results forecasts that were announced on the previous occasion, including operating revenue of ¥516,400 million, operating profit of ¥31,300 million and recurring profit of ¥27,300 million forecast for the first six months of the said fiscal year and operating revenue of ¥1,085,200 million, operating profit of

¥58,000 million and recurring profit of ¥54,000 million forecast for the full period of the said fiscal year.

\* 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. Quarterly Consolidated Financial Statements****(1) Quarterly Consolidated Balance Sheets***Million yen*

Item	As of March 31, 2013	As of June 30, 2013
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	27,241	38,689
Trade notes & accounts receivable	101,830	103,653
Merchandise and products	17,180	17,541
Land and buildings for sale	48,522	63,418
Work in progress	5,203	7,171
Raw materials and supplies	5,103	5,234
Deferred tax assets	14,812	9,875
Others	34,475	30,442
Allowance for doubtful accounts	(921)	(876)
Total current assets	253,447	275,149
<b>Fixed Assets</b>		
Tangible fixed assets		
Buildings & structures (net)	720,903	717,255
Rolling stock & machinery (net)	59,834	59,596
Land	562,741	562,952
Construction in progress	86,945	90,115
Others (net)	19,925	19,858
Total tangible fixed assets	1,450,350	1,449,777
Intangible fixed assets	28,707	28,544
Investments & others		
Investment securities	119,449	119,298
Deferred tax assets	20,209	20,795
Others	94,485	90,814
Allowance for doubtful accounts	(2,173)	(846)
Total investments and others	231,971	230,063
Total fixed assets	1,711,028	1,708,385
<b>Total Assets</b>	1,964,476	1,983,535

Million yen

Item	As of March 31, 2013	As of June 30, 2013
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade notes & accounts payable	88,023	88,719
Short-term debt	234,589	293,090
Current portion of corporate bonds	24,800	60,800
Accrued income taxes	5,067	2,268
Provision	12,076	8,150
Advances received	26,126	27,353
Others	95,271	93,064
Total current liabilities	485,954	573,445
<b>Long-Term Liabilities</b>		
Corporate bonds	223,138	207,138
Long-term debt	517,039	452,313
Reserve for employees' retirement benefits	27,437	27,651
Other provisions	2,881	2,832
Long-term deposits from tenants and club members	110,600	110,352
Deferred tax liabilities	27,041	27,018
Deferred tax liabilities from revaluation	9,922	9,922
Negative goodwill	1,495	735
Others	35,439	35,088
Total long-term liabilities	954,996	873,053
<b>Special Legal Reserves</b>		
Urban railways improvement reserve	23,980	24,172
<b>Total Liabilities</b>	1,464,930	1,470,671
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Common stock	121,724	121,724
Capital surplus	140,497	140,571
Retained income	204,660	213,763
Treasury stock	(3,594)	(3,563)
Total shareholders' equity	463,289	472,497
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gains (losses) on investment securities, net of taxes	6,177	5,104
Net unrealized gains (losses) on hedging instruments, net of taxes	72	88
Land revaluation reserve	9,392	9,391
Foreign currency translation adjustment account	(2,756)	705
Total accumulated other comprehensive income	12,885	15,290
<b>Minority Interests</b>	23,370	25,076
<b>Total Net Assets</b>	499,545	512,863
<b>Total Liabilities and Net Assets</b>	1,964,476	1,983,535

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

Item	April 1, 2012 to June 30, 2012	April 1, 2013 to June 30, 2013
<b>Operating revenue</b>	252,993	256,890
Cost of operating revenue		
Operating expenses & cost of sales (Transportation etc.)	189,562	188,992
SG&A expenses	46,546	47,380
Total cost of operating revenue	236,109	236,372
<b>Operating profit</b>	16,884	20,517
Non-operating profit		
Interest income	92	87
Dividend income	554	600
Amortization of negative goodwill	860	860
Investment gains from equity method	1,360	565
Others	2,062	2,014
Total non-operating profit	4,930	4,127
Non-operating expenses		
Interest expenses	3,566	3,397
Others	759	751
Total non-operating expenses	4,326	4,148
<b>Recurring profit</b>	17,488	20,497
Extraordinary gains		
Gain on sales of fixed assets	3	615
Subsidies received for construction	593	700
Gain on reversal of urban railways improvement reserve	473	473
Subsidy income	618	204
Others	13	154
Total extraordinary gains	1,701	2,148
Extraordinary losses		
Reduction entry of land contribution for construction	545	614
Transfer to urban railways improvement reserve	664	665
Others	1,115	837
Total extraordinary losses	2,324	2,117
<b>Income before income taxes and minority interests</b>	16,865	20,528
Corporate income taxes	6,562	6,799
<b>Income before minority interests</b>	10,303	13,728
Minority interest in earnings of consolidated subsidiaries	225	224
<b>Net income</b>	10,077	13,504

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

Item	April 1, 2012 to June 30, 2012	April 1, 2013 to June 30, 2013
Income before minority interests	10,303	13,728
Other comprehensive income		
Net unrealized gains (losses) on investment securities	(910)	(649)
Net unrealized gains (losses) on hedging instruments	0	(0)
Foreign currency translation adjustment account	433	4,391
Share of other comprehensive income of associates accounted for using equity method	(43)	(219)
Total other comprehensive income	(520)	3,521
Comprehensive income	9,782	17,250
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,562	15,908
Comprehensive income attributable to minority interests	220	1,341

**(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)

There is no applicable item.

(Segment Information)

I. April 1, 2012 to June 30, 2012

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	46,743	28,570	124,326	21,796	31,556	252,993	–	252,993
Inter-segment internal revenues or transfers	139	8,038	1,595	131	7,294	17,199	(17,199)	–
Total	46,882	36,609	125,921	21,927	38,851	270,192	(17,199)	252,993
Segment profit	9,988	5,428	1,236	71	112	16,836	47	16,884

Notes

1. An adjustment of ¥47 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, 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.

## (Subsequent Events)

## Transfer of a Fixed Asset

At its meeting held on July 26, 2013, the Board of Directors of the Company resolved to transfer the fixed asset described below. The Company concluded a contract for the transfer thereof as of the same day.

## 1. Reason for the transfer

The Company has been advancing initiatives related to its asset portfolio for optimizing the assets in its possession. As part of these initiatives, the Company decided to transfer the asset detailed below to Tokyu REIT, Inc. on this occasion.

## 2. Description of the asset for transfer

## 1) Property name

Tokyu Toranomom Building

## 2) Property type

Land, buildings and structures

## 3) Address

1-216-2 Toranomom, Minato-ku, Tokyo

## 3. Summary of the transferee

## 1) Name

Tokyu REIT, Inc.

## 2) Address

1-12-1 Dogenzaka, Shibuya-ku, Tokyo

## 3) Name and title of the representative

Masahiro Horie, Executive Director

## 4. Transfer schedule

Property transfer date: August 16, 2013 (planned)

## 5. Transfer value

¥15,000 million

## 6. Impact on consolidated income or losses

The Company plans to post ¥3,955 million as a gain on sales of fixed assets in connection with the transfer of the asset concerned.

## ○ Same-day disclosure documents

Documents providing an overview of the settlement for the first quarter of the fiscal year ending March 2014 (Note) These documents were posted on the Company's website, and are also disclosed on TDnet.