

Tokyo Broadcasting System, Inc. and Its Subsidiaries
Consolidated Financial Statements for the Fiscal Year Ended March 31, 2004
(Unaudited)

Note: The records are in accordance with the provisions set forth in the Japanese Securities and Exchange Law and accounting principles and practices generally accepted in Japan. U.S. accounting standard is not applied.

(1) Consolidated Balance Sheets as of March 31, 2003 and 2004

	FY2003 (As of March 31, 2003)		FY2004 (As of March 31, 2004)		Year on year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change (Millions of yen)
ASSETS					
I. Current assets					
1. Cash on hand and in banks	65,626		57,661		(7,965)
2. Notes and accounts receivable—trade	61,127		62,988		1,860
3. Marketable securities	2,381		1,003		(1,378)
4. Inventories	9,181		11,930		2,748
5. Other current assets	14,391		11,509		(2,882)
Allowance for doubtful accounts	(111)		(217)		(105)
Total current assets	152,596	34.4	144,874	29.9	(7,722)
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings and structures	77,031		72,150		(4,880)
(2) Machinery and vehicles	12,829		15,827		2,997
(3) Tools and others	1,920		1,909		(10)
(4) Land	76,138		76,156		18
(5) Construction in progress	6,173		12,817		6,643
Total tangible fixed assets	174,094	39.2	178,862	36.9	4,768
2. Intangible fixed assets					
Total intangible fixed assets	4,155	0.9	5,366	1.1	1,210
3. Investments and other assets					
(1) Investment securities	95,949		142,509		46,560
(2) Long-term prepaid expenses	6,551		4,682		(1,869)
(3) Other investments and assets	10,965		8,887		(2,078)
Allowance for doubtful accounts	(535)		(577)		(42)
Total investments and other assets	112,931	25.5	155,502	32.1	42,570
Total fixed assets	291,181	65.6	339,730	70.1	48,549
Total assets	443,778	100.0	484,605	100.0	40,827

	FY2003 (As of March 31, 2003)		FY2004 (As of March 31, 2004)		Year on year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change (Millions of yen)
LIABILITIES					
I. Current liabilities					
1. Notes and accounts payable—trade	28,416		26,731		(1,685)
2. Short-term borrowings	13,840		14,563		723
3. Accounts payable-other	14,104		17,185		3,080
4. Income taxes payable	6,809		4,180		(2,628)
5. Other current liabilities	10,122		8,581		(1,541)
Total current liabilities	73,294	16.5	71,241	14.7	(2,052)
II. Long-term liabilities					
1. Bonds	20,000		20,000		-
2. Long-term debt	15,657		10,184		(5,472)
3. Allowance for retirement and severance benefits	5,193		13,259		8,066
4. Deferred tax liabilities	24,656		38,030		13,373
5. Other long-term liabilities	4,957		4,070		(886)
Total long-term liabilities	70,464	15.9	85,544	17.7	15,080
Total liabilities	143,758	32.4	156,786	32.4	13,028
MINORITY INTERESTS					
Minority interests	1,732	0.4	1,711	0.3	(21)
SHAREHOLDERS' EQUITY					
I. Common stock					
II. Additional paid-in capital	44,163	9.9	44,163	9.1	-
III. Retained earnings	42,561	9.6	42,561	8.8	-
IV. Net unrealized gain on securities	172,896	39.0	174,970	36.1	2,073
V. Foreign currency translation adjustments	39,065	8.8	64,863	13.4	25,797
VI. Treasury stock at cost	24	0.0	(40)	(0.0)	(64)
	(424)	(0.1)	(410)	(0.1)	13
Total shareholders' equity	298,287	67.2	326,107	67.3	27,820
Total liabilities, minority interests and shareholders' equity	443,778	100.0	484,605	100.0	40,827

(2) Consolidated Statements of Income for the Years Ended March 31, 2003 and 2004

	FY2003 (April 1, 2002- March 31, 2003)		FY2004 (April 1, 2003- March 31, 2004)		Year on year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change (Millions of yen)
I. Net sales	294,839	100.0	295,015	100.0	175
II. Cost of sales	197,991	67.1	201,923	68.4	3,931
Gross profit	96,847	32.9	93,091	31.6	(3,755)
III. Selling, general and administrative expenses	72,521	24.6	67,820	23.0	(4,700)
Operating income	24,326	8.3	25,271	8.6	944
IV. Non-operating income					
1. Interest income	277		60		
2. Dividend income	247		356		
3. Other non-operating income	738		704		
Total non-operating income	1,264	0.4	1,120	0.4	(143)
V. Non-operating expenses					
1. Interest expense	469		199		
2. Equity in losses of affiliated companies	1,358		1,845		
3. Other non-operating expenses	722		443		
Total non-operating expenses	2,551	0.9	2,488	0.9	(62)
Ordinary income	23,039	7.8	23,903	8.1	863
VI. Extraordinary gain	3,803	1.3	949	0.3	(2,853)
VII. Extraordinary loss					
1. Retirement and severance benefit expenses	-		10,443		
2. Write-down of investment securities	1,627		788		
3. Loss on disposal of fixed assets	-		2,665		
4. Others	1,485		649		
Total extraordinary loss	3,112	1.0	14,547	4.9	11,434
Income before income taxes and minority interests	23,729	8.1	10,305	3.5	(13,424)
Income taxes	12,952	4.4	6,321	2.1	(6,630)
Minority interests	177	0.1	(93)	(0.0)	(271)
Net income	10,599	3.6	4,076	1.4	(6,522)

(3) Consolidated Statements of Additional Paid-in Capital and Retained Earnings for the Years Ended March 31, 2003 and 2004

	FY2003 (April 1, 2002- March 31, 2003)	FY2004 (April 1, 2003- March 31, 2004)	Year on year
	Amount (Millions of yen)	Amount (Millions of yen)	Change (Millions of yen)
ADDITIONAL PAID-IN CAPITAL			
I. Additional paid-in capital at beginning of year	41,429	42,561	
II. Additional paid-in capital at end of year	42,561	42,561	-
RETAINED EARNINGS			
I. Retained earnings at beginning of year	-	172,896	
1. Consolidated retained earnings at beginning of year	165,259	-	
II. Net income	10,599	4,076	
III. Decrease in retained earnings	2,961	2,003	
VI. Retained earnings at end of year	172,896	174,970	2,073

(4) Consolidated Statements of Cash Flows for the Years Ended March 31, 2003 and 2004

	FY2003 (April 1, 2002- March 31, 2003)	FY2004 (April 1, 2003- March 31, 2004)	Year on year
	Amount (Millions of yen)	Amount (Millions of yen)	Change (Millions of yen)
I. Cash flows from operating activities			
1. Income before income taxes and minority interests	23,729	10,305	
2. Depreciation and amortization	10,022	10,811	
3. Amortization of long-term prepaid expenses	1,964	2,064	
4. Gain (loss) on establishment of retirement benefit trust	(2,001)	-	
5. Retirement and severance benefit expenses	(782)	8,066	
6. Loss on disposal of fixed assets	-	2,929	
7. Interest expenses	469	199	
8. Equity in losses of affiliated companies	1,358	1,845	
9. Gain (loss) on sale of investment securities	(360)	(904)	
10. (Increase) decrease in notes and accounts receivable—trade	(105)	(1,860)	
11. (Increase) decrease in inventories	318	(2,748)	
12. Increase (decrease) in notes and accounts payable	(223)	(1,685)	
13. Others	1,118	3,022	
Subtotal	35,507	32,043	(3,464)
14. Interest and dividends received	524	416	
15. Interest paid	(481)	(229)	
16. Income taxes paid	(12,183)	(13,155)	
Net cash provided by operating activities	23,368	19,075	(4,292)
II. Cash flows from investing activities			
1. Net proceeds from withdrawal of time deposits	1,220	-	
2. Net proceeds from sale of securities	10,988	2,381	
3. Payments for purchase of tangible fixed assets	(12,339)	(15,195)	
4. Proceeds from sale of tangible fixed assets	1,049	29	
5. Payments for purchase of intangible fixed assets	(1,465)	(2,058)	
6. Payments for purchase of investment securities	(7,114)	(6,036)	
7. Proceeds from sale of investment securities	361	1,031	
8. Provision of loans	(1,021)	-	
9. Others	1,128	(564)	
Net cash used in investing activities	(7,192)	(20,412)	(13,219)
III. Cash flows from financing activities			
1. Proceeds from short-term borrowings	13,768	472	
2. Repayment of debts	(122)	(5,221)	
3. Redemption of bonds	(22,039)	-	
4. Dividends paid	(1,749)	(1,765)	
5. Others	(1,482)	(49)	
Net cash used in financing activities	(11,624)	(6,563)	5,060
IV. Effect of exchange rate changes on cash and cash equivalents	(55)	(64)	(9)
V. Increase (decrease) in cash and cash equivalents	4,495	(7,965)	(12,460)
VI. Cash and cash equivalents at beginning of year	61,000	65,495	4,495
VII. Cash and cash equivalents at end of year	65,495	57,530	(7,965)

(5) Segment Information

Financial information by business segment for the years ended March 31, 2003 and 2004 are summarized as follows:

Year ended March 31, 2003

(Millions of yen)

	Broadcasting	Real estate	Others	Total	Elimination / Corporate	Consolidated
I. Operating revenues and operating income						
Operating revenues						
(1) Outside customers	258,817	3,938	32,083	294,839	-	294,839
(2) Inter-segment	3,926	5,372	5,611	14,910	(14,910)	-
Total	262,743	9,311	37,695	309,750	(14,910)	294,839
Operating expenses	244,413	8,554	32,361	285,329	(14,816)	270,512
Operating income	18,329	756	5,333	24,420	(93)	24,326
II. Assets, depreciation and capital expenditures						
Assets	188,551	93,315	36,912	318,779	124,998	443,778
Depreciation	7,396	1,758	866	10,022	-	10,022
Capital expenditures	9,608	2,305	1,890	13,805	-	13,805

Year ended March 31, 2004

(Millions of yen)

	Broadcasting	Real estate	Others	Total	Elimination / Corporate	Consolidated
I. Operating revenues and operating income						
Operating revenues						
(1) Outside customers	257,386	2,864	34,763	295,015	-	295,015
(2) Inter-segment	3,339	4,705	6,123	14,167	(14,167)	-
Total	260,725	7,570	40,887	309,183	(14,167)	295,015
Operating expenses	242,396	7,134	34,481	284,012	(14,268)	269,744
Operating income	18,328	435	6,406	25,170	100	25,271
II. Assets, depreciation and capital expenditures						
Assets	203,347	94,839	29,329	327,516	157,088	484,605
Depreciation	7,892	1,692	1,226	10,811	-	10,811
Capital expenditures	13,542	5,136	1,339	20,018	-	20,018

Major businesses of each segment

Segment	Business
Broadcasting	Television and radio broadcasting and related businesses
Real estate	Leasing of land and buildings
Others	Planning and production of events and video software, management of a professional baseball club, etc.

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets as of March 31, 2003 and 2004

	FY2003 (As of March 31, 2003)		FY2004 (As of March 31, 2004)		Year on year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change (Millions of yen)
ASSETS					
I. Current assets					
1. Cash on hand and in banks	63,389		54,029		(9,359)
2. Notes receivable	673		715		41
3. Accounts receivable	57,332		57,561		229
4. Marketable securities	2,181		1,003		(1,177)
5. Programs and work in process	7,833		9,614		1,780
6. Other current assets	10,183		8,741		(1,442)
Allowance for doubtful accounts	(47)		(24)		23
Total current assets	141,546	33.4	131,641	28.6	(9,905)
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings	73,380		68,139		(5,240)
(2) Structures	2,416		2,674		258
(3) Machinery and equipment etc.	12,583		15,618		3,034
(4) Land	75,384		75,384		-
(5) Construction in progress	6,128		12,701		6,572
Total tangible fixed assets	169,894	40.1	174,519	37.9	4,624
2. Intangible fixed assets					
Total intangible fixed assets	3,566	0.9	4,583	1.0	1,016
3. Investments and other assets					
(1) Investment securities	77,949		124,893		46,943
(2) Shares of affiliated companies	23,504		23,470		(34)
(3) Other investments	13,469		9,665		(3,803)
Allowance for doubtful accounts	(408)		(280)		127
Valuation allowance for investments	(6,172)		(7,684)		(1,512)
Total investments and other assets	108,342	25.6	150,063	32.5	41,720
Total fixed assets	281,803	66.6	329,165	71.4	47,362
Total assets	423,350	100.0	460,807	100.0	37,456

	FY2003 (As of March 31, 2003)		FY2004 (As of March 31, 2004)		Year on year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change (Millions of yen)
LIABILITIES					
I. Current liabilities					
1. Trade accounts payable	26,679		25,731		(948)
2. Short-term borrowings	32,654		30,025		(2,628)
3. Accounts payable-other	13,118		16,063		2,944
4. Accrued expenses	2,623		2,724		100
5. Other current liabilities	8,246		4,637		(3,609)
Total current liabilities	83,323	19.7	79,181	17.2	(4,141)
II. Long-term liabilities					
1. Bonds	20,000		20,000		-
2. Long-term debt	15,400		10,000		(5,400)
3. Allowance for retirement and severance benefits	2,894		11,611		8,716
4. Deferred tax liabilities	20,762		32,974		12,212
5. Other long-term liabilities	4,373		3,480		(893)
Total long-term liabilities	63,431	15.0	78,065	16.9	14,634
Total liabilities	146,754	34.7	157,247	34.1	10,492
SHAREHOLDERS' EQUITY					
I. Common stock					
I. Common stock	44,163	10.4	44,163	9.6	--
II. Additional paid-in capital					
1. Capital reserve	44,212		44,212		-
Total additional paid-in capital	44,212	10.4	44,212	9.6	-
III. Retained earnings					
1. Earned reserve	4,217		4,217		
2. Voluntary reserve	141,812		149,312		
3. Unappropriated retained earnings	10,728		5,392		
Total retained earnings	156,758	37.0	158,922	34.5	2,163
IV. Net unrealized gain on securities	37,061	8.8	61,867	13.4	24,805
V. Treasury stock at cost	(5,599)	(1.3)	(5,605)	(1.2)	(5)
Total shareholders' equity	276,595	65.3	303,559	65.9	26,964
Total liabilities and shareholders' equity	423,350	100.0	460,807	100.0	37,456

(2) Non-consolidated Statements of Income for the Years Ended March 31, 2003 and 2004

	FY2003 (April 1, 2002- March 31, 2003)		FY2004 (April 1, 2003- March 31, 2004)		Year on year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change (Millions of yen)
I. Operating revenues					
1. Broadcasting	234,004		231,920		
2. Others	23,560		24,743		
Total operating revenues	257,564	100.0	256,663	100.0	(900)
II. Operating costs	174,125	67.6	177,290	69.1	3,165
III. Selling, general and administrative expenses	63,579	24.7	59,869	23.3	(3,709)
Operating income	19,860	7.7	19,503	7.6	(356)
IV. Non-operating income					
1. Interest income	51		34		
2. Dividend income	2,185		2,660		
3. Other non-operating income	633		241		
Total non-operating income	2,870	1.1	2,936	1.1	66
V. Non-operating expenses					
1. Interest expense	144		140		
2. Interest on bonds	332		67		
3. Other non-operating expenses	330		335		
Total non-operating expenses	807	0.3	543	0.2	(263)
Ordinary income	21,923	8.5	21,896	8.5	(26)
VI. Extraordinary gain	2,001	0.8	289	0.1	(1,712)
VII. Extraordinary loss					
1. Retirement and severance benefit expenses	-		10,443		
2. Loss on disposal of fixed assets	-		2,665		
3. Write-down of investment securities	1,403		750		
4. Provision for valuation allowance for investments	6,172		1,512		
5. Others	134		40		
Total extraordinary loss	7,709	3.0	15,412	6.0	7,702
Income before income taxes	16,215	6.3	6,773	2.6	(9,441)
Income taxes-current	10,070		7,838		
Income taxes-deferred	(2,978)		(5,093)		
Total income taxes	7,092	2.8	2,745	1.0	(4,347)
Net income	9,123	3.5	4,028	1.6	(5,094)
Retained earnings carried forward	2,479		2,246		(233)
Interim dividend paid	874		882		8
Unappropriated retained earnings at end of year	10,728		5,392		(5,336)

Breakdown of Operating Revenues

(Millions of yen)

	FY2004	FY2003	Comparison	Change (%)
Television	231,920	234,004	(2,084)	(0.9)
Time sales	55,321	54,860	461	0.8
Spot sales	101,110	101,295	(185)	(0.2)
Programming	62,237	63,670	(1,432)	(2.3)
Others	13,250	14,178	(927)	(6.5)
Others	24,743	23,560	1,183	5.0
Operations()	20,120	17,905	2,215	12.4
Real estate	4,623	5,655	(1,031)	(18.2)
Total	256,663	257,564	(900)	(0.3)

()Operations: Planning, production and sales of DVD & VHS videos, film investments, oversea and domestic sales of TV programs, internet-related businesses, TV shopping, management of art galleries & special events, etc.