

Tokyo Broadcasting System, Inc. and Its Subsidiaries
Consolidated Financial Statements for the Fiscal Year Ended March 31, 2005
(Unaudited)

Note: The following results are direct translation of the flash reports issued in Japanese, which is 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. All figures in the following Statements have been rounded off, and thus, may not coincide with figures on Financial Statements that are in Japanese.

(1) Consolidated Balance Sheets as of March 31, 2004 and 2005

	FY2004 (As of March 31, 2004)		FY2005 (As of March 31, 2005)		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	57,661		52,724		(4,936)
2. Notes and accounts receivable—trade	62,988		61,872		(1,115)
3. Marketable securities	1,003		19,999		18,995
4. Inventories	11,930		11,419		(510)
5. Other current assets	11,509		28,111		16,602
Allowance for doubtful accounts	(217)		(137)		79
Total current assets	144,874	29.9	173,990	34.4	29,115
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings and structures	72,150		70,245		(1,904)
(2) Machinery and vehicles	15,827		19,915		4,087
(3) Tools and others	1,909		2,806		896
(4) Land	76,156		76,479		322
(5) Construction in progress	12,817		11,000		(1,817)
Total tangible fixed assets	178,862	36.9	180,446	35.6	1,584
2. Intangible fixed assets					
Total intangible fixed assets	5,366	1.1	7,374	1.5	2,008
3. Investments and other assets					
(1) Investment securities	142,509		131,644		(10,864)
(2) Long-term prepaid expenses	4,682		3,326		(1,356)
(3) Other investments and assets	8,887		9,778		890
Allowance for doubtful accounts	(577)		(435)		142
Total investments and other assets	155,502	32.1	144,313	28.5	(11,188)
Total fixed assets	339,730	70.1	332,135	65.6	(7,595)
Total assets	484,605	100.0	506,125	100.0	21,519

	FY2004 (As of March 31, 2004)		FY2005 (As of March 31, 2005)		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	26,731		26,290		(440)
2. Short-term borrowings	14,563		5,831		(8,732)
3. Accounts payable-other	17,185		22,663		5,478
4. Income taxes payable	4,180		8,734		4,554
5. Other current liabilities	8,581		20,913		12,332
Total current liabilities	71,241	14.7	84,433	16.7	13,191
II. Long-term liabilities					
1. Bonds	20,000		10,000		(10,000)
2. Long-term debt	10,184		30,112		19,927
3. Allowance for retirement and severance benefits	13,259		8,160		(5,099)
4. Deferred tax liabilities	38,030		28,943		(9,086)
5. Other long-term liabilities	4,070		18,111		14,041
Total long-term liabilities	85,544	17.7	95,328	18.8	9,783
Total liabilities	156,786	32.4	179,761	35.5	22,974
MINORITY INTERESTS					
Minority interests	1,711	0.3	1,639	0.3	(71)
SHAREHOLDERS' EQUITY					
I. Common stock					
I. Common stock	44,163	9.1	44,163	8.7	-
II. Additional paid-in capital					
II. Additional paid-in capital	42,561	8.8	42,561	8.4	-
III. Retained earnings					
III. Retained earnings	174,970	36.1	182,924	36.1	7,953
IV. Net unrealized gain on securities					
IV. Net unrealized gain on securities	64,863	13.4	55,529	11.0	(9,333)
V. Foreign currency translation adjustments					
V. Foreign currency translation adjustments	(40)	(0.0)	(32)	(0.0)	7
VI. Treasury stock at cost					
VI. Treasury stock at cost	(410)	(0.1)	(422)	(0.0)	(11)
Total shareholders' equity	326,107	67.3	324,724	64.2	(1,383)
Total liabilities, minority interests and shareholders' equity	484,605	100.0	506,125	100.0	21,519

(2) Consolidated Statements of Income for the Years Ended March 31, 2004 and 2005

	FY2004 (April 1, 2003- March 31, 2004)		FY2005 (April 1, 2004- March 31, 2005)		Year on year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change (Millions of yen)
I. Net sales	295,015	100.0	301,731	100.0	6,715
II. Cost of sales	201,923	68.4	210,956	69.9	9,033
Gross profit	93,091	31.6	90,774	30.1	(2,317)
III. Selling, general and administrative expenses	67,820	23.0	68,264	22.6	443
Operating income	25,271	8.6	22,510	7.5	(2,760)
IV. Non-operating income					
1. Interest income	60		47		
2. Dividend income	356		1,086		
3. Other non-operating income	704		959		
Total non-operating income	1,120	0.4	2,094	0.7	973
V. Non-operating expenses					
1. Interest expense	199		123		
2. Equity in losses of affiliated companies	1,845		1,459		
3. Other non-operating expenses	443		1,040		
Total non-operating expenses	2,488	0.9	2,623	0.9	134
Ordinary income	23,903	8.1	21,981	7.3	(1,921)
VI. Extraordinary gain	949	0.3	5,509	1.8	4,559
VII. Extraordinary loss					
1. Retirement and severance benefit expenses	10,443		-		
2. Write-down of investment securities	788		517		
3. Loss on disposal of fixed assets	2,665		464		
4. Others	649		9,307		
Total extraordinary loss	14,547	4.9	10,289	3.4	(4,258)
Income before income taxes and minority interests	10,305	3.5	17,201	5.7	6,896
Income taxes	6,321	2.1	7,478	2.5	1,156
Minority interests	(93)	(0.0)	(167)	(0.1)	(74)
Net income	4,076	1.4	9,890	3.3	5,813

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

	FY2004 (April 1, 2003- March 31, 2004)	FY2005 (April 1, 2004- March 31, 2005)	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	42,561	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	174,970	2,073
1. Consolidated retained earnings at beginning of year	-	73	
II. Net income	4,076	9,890	
III. Decrease in retained earnings	2,003	2,010	6
VI. Retained earnings at end of year	174,970	182,924	7,953

(4) Consolidated Statements of Cash Flows for the Years Ended March 31, 2004 and 2005

	FY2004 (April 1, 2003- March 31, 2004)	FY2005 (April 1, 2004- March 31, 2005)	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	10,305	17,201	
2. Depreciation and amortization	10,811	13,078	
3. Amortization of long-term prepaid expenses	2,064	1,943	
4. Loss on devaluation of investment securities	788	517	
5. Retirement and severance benefit expenses	8,066	(5,099)	
6. Loss on disposal of fixed assets	2,929	1,231	
7. Interest and dividend income	(416)	(1,133)	
8. Interest expenses	199	123	
9. Equity in losses of affiliated companies	1,845	1,459	
10. Gain on sale of investment securities	(904)	(371)	
11. (Increase) decrease in notes and accounts receivable—trade	(1,860)	1,293	
12. (Increase) decrease in inventories	(2,748)	518	
13. Increase (decrease) in notes and accounts payable	(1,685)	(483)	
14. Others	2,649	3,612	
Subtotal	32,043	33,892	1,848
15. Interest and dividends received	416	1,148	
16. Interest paid	(229)	(146)	
17. Income taxes paid	(13,155)	(8,716)	
Net cash provided by operating activities	19,075	26,178	7,103
II. Cash flows from investing activities			
1. Payments for purchase of securities	-	(18,999)	
2. Net proceeds from sale of securities	2,381	-	
3. Payments for purchase of tangible fixed assets	(15,195)	(14,786)	
4. Proceeds from sale of tangible fixed assets	29	15	
5. Payments for purchase of intangible fixed assets	(2,058)	(3,202)	
6. Payments for purchase of investment securities	(6,036)	(4,815)	
7. Proceeds from sale of investment securities	1,031	704	
8. Others	(564)	617	
Net cash used in investing activities	(20,412)	(40,466)	(20,054)
III. Cash flows from financing activities			
1. Proceeds from short-term borrowings	472	1,230	
2. Proceeds from long-term borrowings	-	20,000	
3. Repayment of debts	(5,221)	(10,035)	
4. Dividends paid	(1,765)	(1,765)	
5. Others	(49)	(83)	
Net cash used in financing activities	(6,563)	9,346	15,910
IV. Effect of exchange rate changes on cash and cash equivalents	(64)	23	87
V. Increase (decrease) in cash and cash equivalents	(7,965)	(4,917)	3,047
VI. Cash and cash equivalents at beginning of year	65,495	57,530	(7,965)
VII. Cash and cash equivalents at end of year	57,530	52,612	(4,917)

(5) Segment Information

Financial information by business segment for the years ended March 31, 2004 and 2005 are summarized as follows:

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

Year ended March 31, 2005

(Millions of yen)

	Broadcasting	Real estate	Others	Total	Elimination /Corporate	Consolidated
I. Operating revenues and operating income						
Operating revenues						
(1) Outside customers	258,374	2,512	40,845	301,731	-	301,731
(2) Inter-segment	4,020	4,852	6,006	14,880	(14,880)	-
Total	262,394	7,365	46,851	316,611	(14,880)	301,731
Operating expenses	246,705	6,741	40,652	294,100	(14,879)	279,220
Operating income	15,689	623	6,198	22,511	(0)	22,510
II. Assets, depreciation and capital expenditures						
Assets	214,856	94,811	29,552	339,220	166,905	506,125
Depreciation	10,319	1,591	1,167	13,078	-	13,078
Capital expenditures	10,846	4,047	2,302	17,195	-	17,195

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, 2004 and 2005

	FY2004 (As of March 31, 2004)		FY2005 (As of March 31, 2005)		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	54,029		48,320		(5,708)
2. Notes receivable	715		585		(130)
3. Accounts receivable	57,561		57,995		434
4. Marketable securities	1,003		19,999		18,995
5. Programs and work in process	9,614		8,308		(1,305)
6. Other current assets	8,741		24,373		15,632
Allowance for doubtful accounts	(24)		(29)		(5)
Total current assets	131,641	28.6	159,554	33.3	27,913
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings	68,139		66,032		(2,107)
(2) Structures	2,674		2,492		(182)
(3) Machinery and equipment etc.	15,618		20,761		5,142
(4) Land	75,384		75,384		-
(5) Construction in progress	12,701		10,520		(2,180)
Total tangible fixed assets	174,519	37.9	175,191	36.5	672
2. Intangible fixed assets					
Total intangible fixed assets	4,583	1.0	6,320	1.3	1,737
3. Investments and other assets					
(1) Investment securities	124,893		116,110		(8,782)
(2) Shares of affiliated companies	23,470		23,362		(107)
(3) Other investments	9,665		8,225		(1,439)
Allowance for doubtful accounts	(280)		(242)		38
Valuation allowance for investments	(7,684)		(8,820)		(1,136)
Total investments and other assets	150,063	32.5	138,635	28.9	(11,427)
Total fixed assets	329,165	71.4	320,148	66.7	(9,017)
Total assets	460,807	100.0	479,702	100.0	18,895

	FY2004 (As of March 31, 2004)		FY2005 (As of March 31, 2005)		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	25,731		25,687		(43)
2. Short-term borrowings	30,025		24,480		(5,545)
3. Accounts payable-other	16,063		21,469		5,406
4. Accrued expenses	2,724		1,512		(1,211)
5. Other current liabilities	4,637		18,808		14,170
Total current liabilities	79,181	17.2	91,958	19.2	12,776
II. Long-term liabilities					
1. Bonds	20,000		10,000		(10,000)
2. Long-term debt	10,000		30,000		20,000
3. Allowance for retirement and severance benefits	11,611		6,486		(5,124)
4. Deferred tax liabilities	32,974		23,357		(9,617)
5. Other long-term liabilities	3,480		16,187		12,707
Total long-term liabilities	78,065	16.9	86,031	17.9	7,965
Total liabilities	157,247	34.1	177,989	37.1	20,742
SHAREHOLDERS' EQUITY					
I. Common stock					
I. Common stock	44,163	9.6	44,163	9.2	-
II. Additional paid-in capital					
1. Capital reserve	44,212		44,212		
Total additional paid-in capital	44,212	9.6	44,212	9.2	-
III. Retained earnings					
1. Earned reserve	4,217		4,217		
2. Voluntary reserve	149,312		151,312		
3. Unappropriated retained earnings	5,392		10,642		
Total retained earnings	158,922	34.5	166,171	34.7	7,249
IV. Net unrealized gain on securities	61,867	13.4	52,781	11.0	(9,085)
V. Treasury stock at cost	(5,605)	(1.2)	(5,616)	(1.2)	(11)
Total shareholders' equity	303,559	65.9	301,712	62.9	(1,847)
Total liabilities and shareholders' equity	460,807	100.0	479,702	100.0	18,895

(2) Non-consolidated Statements of Income for the Years Ended March 31, 2004 and 2005

	FY2004 (April 1, 2003- March 31, 2004)		FY2005 (April 1, 2004- March 31, 2005)		Year on year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change (Millions of yen)
I. Operating revenues					
1. Broadcasting	231,920		233,919		
2. Others	24,743		28,994		
Total operating revenues	256,663	100.0	262,913	100.0	6,249
II. Operating costs	177,290	69.1	184,572	70.2	7,281
III. Selling, general and administrative expenses	59,869	23.3	60,721	23.1	851
Operating income	19,503	7.6	17,619	6.7	(1,883)
IV. Non-operating income					
1. Interest income	34		33		
2. Dividend income	2,660		1,953		
3. Other non-operating income	241		449		
Total non-operating income	2,936	1.1	2,436	0.9	(500)
V. Non-operating expenses					
1. Interest expense	140		66		
2. Interest on bonds	67		65		
3. Other non-operating expenses	335		851		
Total non-operating expenses	543	0.2	983	0.3	439
Ordinary income	21,896	8.5	19,072	7.3	(2,823)
VI. Extraordinary gain	289	0.1	5,453	2.1	5,164
VII. Extraordinary loss					
1. Retirement and severance benefit expenses	10,443		-		
2. Loss on disposal of fixed assets	2,665		464		
3. Write-down of investment securities	750		318		
4. Provision for valuation allowance for investments	1,512		1,136		
5. Others	40		8,855		
Total extraordinary loss	15,412	6.0	10,774	4.1	(4,638)
Income before income taxes	6,773	2.6	13,752	5.3	6,979
Income taxes-current	7,838		9,650		
Income taxes-deferred	(5,093)		(5,002)		
Total income taxes	2,745	1.0	4,648	1.8	1,903
Net income	4,028	1.6	9,104	3.5	5,076
Retained earnings carried forward	2,246		2,419		173
Interim dividend paid	882		882		(0)
Unappropriated retained earnings at end of year	5,392		10,642		5,249

Breakdown of Operating Revenues

(Millions of yen)

	FY2005	FY2004	Comparison	Change (%)
Television	233,919	231,920	1,999	0.9
Time sales	55,378	55,321	56	0.1
Spot sales	103,556	101,110	2,446	2.4
Programming	62,587	62,237	349	0.6
Others	12,397	13,250	(853)	(6.4)
Others	28,994	24,743	4,250	17.2
Operations(※)	24,492	20,120	4,371	21.7
Real estate	4,501	4,623	(121)	(2.6)
Total	262,913	256,663	6,249	2.4

(※)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.