

Tokyo Broadcasting System, Inc. and Its Subsidiaries
Consolidated Financial Statements for the Fiscal Year Ended March 31, 2006
(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, 2005 and 2006

	FY2005 (As of March 31, 2005)		FY2006 (As of March 31, 2006)		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	52,724		38,859		(13,865)
2. Notes and accounts receivable—trade	61,872		68,084		6,211
3. Marketable securities	19,999		-		(19,999)
4. Inventories	11,419		10,741		(678)
5. Other current assets	28,109		15,642		(12,467)
Allowance for doubtful accounts	(137)		(162)		(25)
Total current assets	173,990	34.4	133,165	24.0	(40,824)
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings and structures	70,245		67,772		(2,473)
(2) Machinery and vehicles	19,915		18,691		(1,223)
(3) Tools and others	2,806		2,843		36
(4) Land	76,479		76,292		(187)
(5) Construction in progress	11,000		23,613		12,613
Total tangible fixed assets	180,446	35.6	189,212	34.1	8,765
2. Intangible fixed assets					
Total intangible fixed assets	7,374	1.5	7,746	1.4	372
3. Investments and other assets					
(1) Investment securities	131,644		213,624		81,979
(2) Long-term prepaid expenses	3,326		849		(2,476)
(3) Other investments and assets	9,777		11,224		(1,447)
Allowance for doubtful accounts	(435)		(552)		(117)
Total investments and other assets	144,313	28.5	225,146	40.5	80,832
Total fixed assets	332,135	65.6	422,106	76.0	89,970
Total assets	506,125	100.0	555,271	100.0	49,145

	FY2005 (As of March 31, 2005)		FY2006 (As of March 31, 2006)		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	26,290		32,164		5,874
2. Short-term borrowings	5,831		3,361		(2,470)
3. Accounts payable-other	22,663		20,441		(2,221)
4. Income taxes payable	8,734		6,059		(2,675)
5. Other current liabilities	20,913		20,253		(660)
Total current liabilities	84,433	16.7	82,282	14.8	(2,150)
II. Long-term liabilities					
1. Bonds	10,000		-		(10,000)
2. Long-term debt	30,112		30,040		(72)
3. Allowance for retirement and severance benefits	8,160		9,196		1,036
4. Deferred tax liabilities	28,943		41,224		12,300
5. Other long-term liabilities	18,111		12,821		(5,290)
Total long-term liabilities	95,328	18.8	93,303	16.8	(2,024)
Total liabilities	179,761	35.5	175,585	31.6	(4,175)
MINORITY INTERESTS					
Minority interests	1,639	0.3	1,659	0.3	19
SHAREHOLDERS' EQUITY					
I. Common stock	44,163	8.7	54,685	9.9	10,522
II. Additional paid-in capital	42,561	8.4	59,953	10.8	17,391
III. Retained earnings	182,924	36.1	192,297	34.6	9,372
IV. Net unrealized gain on securities	55,529	11.0	71,116	12.8	15,587
V. Foreign currency translation adjustments	(32)	(0.0)	13	0.0	46
VI. Treasury stock at cost	(422)	(0.0)	(39)	(0.0)	382
Total shareholders' equity	324,724	64.2	378,026	68.1	53,302
Total liabilities, minority interests and shareholders' equity	506,125	100.0	555,271	100.0	49,145

(2) Consolidated Statements of Income for the Years Ended March 31, 2005 and 2006

	FY2005 (April 1, 2004- March 31, 2005)		FY2006 (April 1, 2005- March 31, 2006)		Year on year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change (Millions of yen)
I. Net sales	301,731	100.0	306,041	100.0	4,310
II. Cost of sales	210,956	69.9	218,658	71.4	7,701
Gross profit	90,774	30.1	87,382	28.6	(3,391)
III. Selling, general and administrative expenses	68,264	22.6	70,977	23.2	2,713
Operating income	22,510	7.5	16,404	5.4	(6,105)
IV. Non-operating income					
1. Interest income	47		52		
2. Dividend income	1,086		1,076		
3. Other non-operating income	958		743		
Total non-operating income	2,094	0.7	1,874	0.6	(220)
V. Non-operating expenses					
1. Interest expense	123		95		
2. Equity in losses of affiliated companies	1,459		1,808		
3. Other non-operating expenses	1,040		985		
Total non-operating expenses	2,623	0.9	2,890	1.0	267
Ordinary income	21,981	7.3	15,388	5.0	(6,592)
VI. Extraordinary gain	5,509	1.8	16,945	5.5	11,436
VII. Extraordinary loss					
1. Write-down of investment securities	517		144		
2. Loss on disposal of fixed assets	464		389		
3. Others	9,306		4,181		
Total extraordinary loss	10,289	3.4	4,719	1.5	(5,569)
Income before income taxes and minority interests	17,201	5.7	27,615	9.0	10,413
Income taxes	7,478	2.5	14,138	4.6	6,659
Minority interests	(167)	(0.1)	(37)	(0.0)	130
Net income	9,890	3.3	13,513	4.4	3,623

(3) Consolidated Statements of Additional Paid-in Capital and Retained Earnings for the Years Ended March 31, 2005 and 2006

	FY2005 (April 1, 2004- March 31, 2005)	FY2006 (April 1, 2005- March 31, 2006)	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	59,953	17,391
RETAINED EARNINGS			
I. Retained earnings at beginning of year	174,970	182,924	7,953
II. Net income	9,890	13,513	
III. Decrease in retained earnings	2,010	4,140	2,130
VI. Retained earnings at end of year	182,924	192,297	9,372

(4) Consolidated Statements of Cash Flows for the Years Ended March 31, 2005 and 2006

	FY2005 (April 1, 2004- March 31, 2005)	FY2006 (April 1, 2005- March 31, 2006)	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	17,201	27,615	
2. Depreciation and amortization	13,078	14,028	
3. Amortization of long-term prepaid expenses	1,943	3,108	
4. Loss on devaluation of investment securities	517	144	
5. Retirement and severance benefit expenses	(5,099)	1,036	
6. Loss on disposal of fixed assets	1,231	926	
7. Interest and dividend income	(1,133)	(1,129)	
8. Interest expenses	123	95	
9. Equity in losses of affiliated companies	1,459	1,808	
10. Gain on sale of investment securities	(371)	(16,945)	
11. (Increase) decrease in notes and accounts receivable—trade	1,293	(6,211)	
12. (Increase) decrease in inventories	518	696	
13. Increase (decrease) in notes and accounts payable	(483)	5,865	
14. Others	3,108	6,141	
Subtotal	33,892	37,235	3,343
15. Interest and dividends received	1,148	1,139	
16. Interest paid	(146)	(95)	
17. Income taxes paid	(8,716)	(15,018)	
Net cash provided by operating activities	26,178	23,261	(2,917)
II. Cash flows from investing activities			
1. Payments for purchase of securities	(18,999)	-	
2. Payments for purchase of tangible fixed assets	(14,786)	(23,491)	
3. Proceeds from sale of tangible fixed assets	15	10	
4. Payments for purchase of intangible fixed assets	(3,202)	(3,270)	
5. Payments for purchase of investment securities	(4,815)	(60,113)	
6. Proceeds from sale of investment securities	704	17,019	
7. Others	617	20,027	
Net cash used in investing activities	(40,466)	(49,817)	(9,351)
III. Cash flows from financing activities			
1. Proceeds from short-term borrowings	1,230	542	
2. Proceeds from long-term borrowings	20,000	-	
3. Dividends paid	(1,765)	(3,855)	
4. Others	(10,118)	15,933	
Net cash used in financing activities	9,346	12,619	3,272
IV. Effect of exchange rate changes on cash and cash equivalents	23	90	67
V. Increase (decrease) in cash and cash equivalents	(4,917)	(13,845)	(8,928)
VI. Cash and cash equivalents at beginning of year	57,530	52,612	(4,917)
VII. Cash and cash equivalents at end of year	52,612	38,767	(13,845)

(5) Segment Information

Financial information by business segment for the years ended March 31, 2005 and 2006 are summarized as follows:

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

Year ended March 31, 2006

(Millions of yen)

	Broadcasting	Real estate	Others	Total	Elimination / Corporate	Consolidated
I. Operating revenues and operating income						
Operating revenues						
(1) Outside customers	259,417	2,545	44,078	306,041	-	306,041
(2) Inter-segment	4,474	4,971	5,475	14,921	(14,921)	-
Total	263,891	7,517	49,553	320,962	(14,921)	306,041
Operating expenses	253,738	6,894	43,913	304,546	(14,909)	289,636
Operating income	10,153	623	5,639	16,416	(11)	16,404
II. Assets, depreciation and capital expenditures						
Assets	212,240	109,581	47,546	369,368	185,903	555,271
Depreciation	11,205	1,606	1,270	14,082	-	14,082
Capital expenditures	7,802	12,996	4,206	25,005	-	25,005

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, 2005 and 2006

	FY2005 (As of March 31, 2005)		FY2006 (As of March 31, 2006)		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	48,320		34,676		(13,644)
2. Notes receivable	585		567		(17)
3. Accounts receivable	57,995		64,921		6,925
4. Marketable securities	19,999		-		(19,999)
5. Programs and work in process	8,308		7,149		(1,159)
6. Other current assets	24,371		11,930		(12,443)
Allowance for doubtful accounts	(29)		(32)		(3)
Total current assets	159,554	33.3	119,214	22.7	(40,340)
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings	66,032		63,167		(2,865)
(2) Structures	2,492		2,429		(62)
(3) Machinery and equipment etc.	20,759		19,588		(1,171)
(4) Land	75,384		75,376		(8)
(5) Construction in progress	10,520		23,196		12,676
Total tangible fixed assets	175,191	36.5	183,760	35.1	8,568
2. Intangible fixed assets					
Total intangible fixed assets	6,320	1.3	6,258	1.2	(62)
3. Investments and other assets					
(1) Investment securities	116,110		198,172		82,061
(2) Shares of affiliated companies	23,362		20,595		(2,766)
(3) Other investments	8,223		6,970		(1,253)
Allowance for doubtful accounts	(242)		(298)		(55)
Valuation allowance for investments	(8,820)		(10,304)		(1,483)
Total investments and other assets	138,635	28.9	215,139	41.0	76,504
Total fixed assets	320,148	66.7	405,158	77.3	85,009
Total assets	479,702	100.0	524,372	100.0	44,669

	FY2005 (As of March 31, 2005)		FY2006 (As of March 31, 2006)		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	25,687		30,205		4,518
2. Short-term borrowings	24,480		22,340		(2,140)
3. Accounts payable-other	21,469		19,158		(2,310)
4. Accrued expenses	1,512		996		(515)
5. Other current liabilities	18,808		17,271		(1,535)
Total current liabilities	91,958	19.2	89,974	17.1	(1,983)
II. Long-term liabilities					
1. Bonds	10,000		-		(10,000)
2. Long-term debt	30,000		30,000		-
3. Allowance for retirement and severance benefits	6,486		7,799		1,312
4. Deferred tax liabilities	23,357		34,445		11,088
5. Other long-term liabilities	16,187		10,411		(5,774)
Total long-term liabilities	86,031	17.9	82,657	15.8	(3,373)
Total liabilities	177,989	37.1	172,632	32.9	(5,357)
SHAREHOLDERS' EQUITY					
I. Common stock					
	44,163	9.2	54,685	10.4	10,522
II. Additional paid-in capital					
	44,212		56,392		12,179
III. Retained earnings					
1. Earned reserve	4,217		4,217		
2. Voluntary reserve	151,312		157,312		
3. Unappropriated retained earnings	10,642		11,839		
Total retained earnings	166,171	34.7	173,368	33.1	7,197
IV. Net unrealized gain on securities					
	52,781	11.0	67,315	12.8	14,533
V. Treasury stock at cost					
	(5,616)	(1.2)	(22)	(0.0)	5,594
Total shareholders' equity	301,712	62.9	351,739	67.1	50,026
Total liabilities and shareholders' equity	479,702	100.0	524,372	100.0	44,669

(2) Non-consolidated Statements of Income for the Years Ended March 31, 2005 and 2006

	FY2005 (April 1, 2004- March 31, 2005)		FY2006 (April 1, 2005- March 31, 2006)		Year on year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change (Millions of yen)
I. Operating revenues					
1. Broadcasting	233,919		235,227		
2. Others	28,994		30,468		
Total operating revenues	262,913	100.0	265,695	100.0	2,781
II. Operating costs	184,572	70.2	191,006	71.9	6,433
III. Selling, general and administrative expenses	60,720	23.1	63,905	24.0	3,185
Operating income	17,619	6.7	10,783	4.1	(6,836)
IV. Non-operating income					
1. Interest income	33		33		
2. Dividend income	1,953		1,568		
3. Other non-operating income	448		205		
Total non-operating income	2,436	0.9	1,808	0.7	(627)
V. Non-operating expenses					
1. Interest expense	66		40		
2. Interest on bonds	65		65		
3. Other non-operating expenses	850		835		
Total non-operating expenses	983	0.3	942	0.4	(40)
Ordinary income	19,072	7.3	11,649	4.4	(7,423)
VI. Extraordinary gain	5,453	2.1	16,891	6.3	11,437
VII. Extraordinary loss					
1. Loss on disposal of fixed assets	464		389		
2. Write-down of investment securities	318		1		
3. Provision for valuation allowance for investments	1,136		1,483		
4. Others	8,854		4,602		
Total extraordinary loss	10,774	4.1	6,480	2.4	(4,293)
Income before income taxes	13,752	5.3	22,060	8.3	8,307
Income taxes-current	9,650		9,353		
Income taxes-deferred	(5,002)		1,555		
Total income taxes	4,648	1.8	10,908	4.1	6,557
Net income	9,104	3.5	11,152	4.2	2,047
Retained earnings carried forward	2,419		2,777		357
Interim dividend paid	882		2,090		1,207
Unappropriated retained earnings at end of year	10,642		11,839		1,197

Breakdown of Operating Revenues

(Millions of yen)

	FY2006	FY2005	Comparison	Change (%)
Television	235,227	233,919	1,307	0.6
Time sales	57,601	55,378	2,222	4.0
Spot sales	103,019	103,556	(536)	(0.5)
Programming	62,898	62,587	311	0.5
Others	11,708	12,397	(688)	(5.6)
Others	30,468	28,994	1,474	5.1
Operations()	25,833	24,492	1,340	5.5
Real estate	4,635	4,501	133	3.0
Total	265,695	262,913	2,781	1.1

()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.