

Consolidated Financial Section

Financial Statement Analysis and 2002 Results

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Management's Discussion and Analysis

Overview

TECHNOLOGICAL REVOLUTIONS IN THE TELEVISION BROADCASTING INDUSTRY

It has been 50 years since NTV became the first commercial broadcaster in Japan. In the ensuing years, television broadcasting has undergone a series of momentous changes that has made possible entirely new functions. Among the major events were the advent of color broadcasts and multiplex sound and text broadcasts. BS and CS satellite broadcasting services give people more viewing options. Satellite broadcasting was recently converted from analog to digital, one step ahead of terrestrial broadcasting, where the digital conversion is to begin at the end of 2003. Digital terrestrial broadcasting will provide numerous benefits, heralding a new era of television. Some high-performance functions and services made possible by digital technology include high-resolution HDTV pictures, multi-surround sound, multi-channel broadcasting, data broadcasting and interactive programs. As this progress occurs, broadband communications is driving the convergence of broadcasting and telecommunications. One example is that telecommunications carriers are expected to begin sending television signals to households over fiber-optic lines in the near future.

NTV WINS THE QUADRUPLE CROWN TITLE OF ANNUAL BROADCAST VIEWER RATINGS FOR THE NINTH STRAIGHT YEAR

The Japanese television broadcasting industry has entered a significant period of transition, brought about by the advent of digital broadcasting and the convergence of broadcasting and telecommunications. For over a decade, NTV has actively reformed and reenergized its organization, creating one of the industry's most outstanding teams of program creators. This talented team has enabled NTV to win the quadruple crown title of annual viewer ratings for the ninth straight year. While Japan's advertising market is expected to remain soft, it is in times like these that the competitive landscape of the broadcasting industry can be redrawn. This is a prime opportunity for NTV to capture even higher ratings.

JAPAN'S ADVERTISING EXPENDITURES AND GROSS DOMESTIC PRODUCT (GDP)

Year	Advertising Expenditures		GDP		Advertising Expenditures Relative to GDP (%)
	(Billions of Yen)	Year-on-year Change (%)	(Billions of Yen)	Year-on-year Change (%)	
1989	5,071.5	114.8	410,469.2	107.3	1.24
1990	5,564.8	109.7	442,072.3	107.7	1.26
1991	5,726.1	102.9	469,940.7	106.3	1.22
1992	5,461.1	95.4	482,383.4	102.6	1.13
1993	5,127.3	93.9	486,412.3	100.8	1.05
1994	5,168.2	100.8	491,887.0	101.1	1.05
1995	5,426.3	105.0	498,872.3	101.4	1.09
1996	5,771.5	106.4	511,946.8	102.6	1.13
1997	5,996.1	103.9	523,051.1	102.2	1.15
1998	5,771.1	96.2	516,579.2	98.8	1.12
1999	5,699.6	98.8	509,115.9	98.6	1.12
2000	6,110.2	107.2	513,376.8	100.8	1.19
2001	6,058.0	99.1	507,455.5	98.8	1.19
2002	5,703.2	94.1	500,598.6	98.6	1.14

Source: Dentsu Inc., Advertising Expenditures 2002

A HEAD OFFICE BUILDING DESIGNED FOR NEW CHALLENGES

The NTV Group is expanding in many fields other than terrestrial broadcasting. BS Nippon Corporation and CS Nippon Corporation have entered the satellite broadcasting field to seize new opportunities. These two equity-method associated companies are not yet contributing to earnings. However, NTV views these companies as key upfront investments needed to secure satellite-based media channels for the impending era of digital broadcasting. Meanwhile, Nippon Television Music Corporation and Forecast Communications Inc. are achieving steady growth in businesses that support the reuse of program content and multimedia content distribution. The NTV Group's policy is to actively develop businesses grounded on multi-format content use to expand sales in the non-broadcasting business.

The NTV Tower, our new head office building, was completed in late April 2003. This state-of-the-art broadcasting facility is fully equipped with the latest technology. NTV will continue to face many challenges, including soft advertising sales due to economic adversity and an increase in depreciation accompanying investments in digitalization and the new head office building. Nonetheless, the NTV Group will make a concerted effort to draw on experience gained over the last 50 years to overcome these challenges.

OPERATIONAL REVIEW

The NTV Group consists of Nippon Television Network Corporation, 16 subsidiaries and 17 associated companies. Group companies, including subsidiaries and associated companies are responsible for various aspects of key businesses. NTV subsidiaries consist of 12 consolidated subsidiaries and four non-consolidated subsidiaries, classified as such due to their negligible impact on group-wide operating results. The equity method is applied to the four non-consolidated subsidiaries and 17 associated companies.

The NTV Group has three business segments: television broadcasting, cultural activities and other. Business activities and performance in each segment are as follows.

TELEVISION BROADCASTING

The primary activities in the television broadcasting segment are the production and broadcasting of television programs over NTV's nationwide network and the sale of broadcasting time to advertisers and sponsorship programs. NTV's primary sources of sales in this segment are the sale of television broadcasting time during specific programs and the sale of advertising spots, which are flexibly scheduled. There are five consolidated subsidiaries, two non-consolidated subsidiaries and 10 affiliated companies involved in the production and broadcasting of television programs. The main consolidated subsidiary in this segment is NTV Eizo Center Corporation.

During fiscal 2002, ended March 31, 2003, total television broadcasting sales declined ¥12,097 million, or 4.0%, to ¥292,295 million and operating income declined ¥12,132 million, or 21.1%, to ¥45,495 million. NTV continued to achieve high viewer ratings, winning the quadruple crown title for the ninth straight year. However, soft advertising demand due to Japan's weak economy caused the decline in sales and operating income. In the fiscal year under review, the top line was hit hard by a sharp fall in advertising spot sales in the first half. Demand slackened among the largest buyers of NTV's advertising spots, including prominent companies in the food and beverage, financial services and pharmaceuticals industries. There was strong advertising demand in the second half among the services, automobile and electric appliances industries, but this comeback wasn't enough to offset weaker demand in other industries. Consequently, fiscal 2002 sales of advertising spots decreased 4.7% year on year. Sales of television broadcasting time were also weak, declining 3.2% compared with the previous fiscal year.

The television broadcasting segment represented 85.3% of net sales for fiscal 2002.

A BREAKDOWN OF NTV'S NET SALES BY OPERATIONS



CULTURAL ACTIVITIES

The main activities in the cultural activities segment are concerts and art exhibits, film production and distribution, sports events, and publishing and sales of books and catalogs. VAP Inc. plans, produces, records and sells CDs, videotapes and DVDs, while Nippon Television Music Corporation plans and produces recorded music, including CDs, represents music copyrights and manages merchandising rights. Two unconsolidated subsidiaries and two associated companies are also primarily engaged in this segment.

Segment sales decreased ¥10,844 million, or 21.1%, to ¥40,608 million and operating income was down ¥4,422 million, or 80.0%, at ¥1,107 million. The cultural activities segment held many successful large-scale events during the fiscal year, including the *Marc Chagall Exhibition* in Tokyo, Niigata and Hiroshima and a concert tour by Paul McCartney in Japan. SHIBUYA-AX, a live music hall operated together with Dentsu Inc., also made a steady contribution to earnings. During fiscal 2002, films such as *Neko no Ongaeshi (The Cat Returns)*, *Mohouhan (The Copy Cat)*, *Tasogare Seibei (The Twilight Samurai)* and *Meitantei Conan (Detective Conan Crossroad in the Ancient Capital)* had strong box office performances. However, segment sales and earnings decreased sharply in fiscal 2002 mainly due to the sharp sales and earnings growth in the previous fiscal year from the blockbuster film *Sen to Chihiro no Kami Kakushi (Spirited Away)*. A decline in record sales also dented operating results in fiscal 2002. This was mainly due to the lack of a hit record on a par with the *Mr. Children* album released by subsidiary VAP in the previous fiscal year. This album made a strong contribution to sales, but only a minimal contribution to earnings, as the CD business has relatively low margins. Consequently, in fiscal 2002, VAP achieved higher earnings on much lower sales than in the previous fiscal year.

The cultural activities segment represented 11.9% of net sales for fiscal 2002.

OTHER

In the other segment, the major consolidated subsidiaries are NTV Services Inc., which is involved in housing, insurance sales and sales of novelty goods at various events; Nippon Television Work 24 Corporation, which is engaged in general facility management services, including property; Nippon Television Football Club Co., Ltd., which manages a professional soccer team; and Forecast Communications Inc., which offers Internet-related services. There are five associated companies involved in this segment engaged in new media, trading in artworks, local heating and cooling, and other businesses.

Sales in this segment increased ¥978 million, or 11.3%, to ¥9,623 million, while operating income climbed ¥480 million, or 119.1%, to ¥883 million. This was mainly attributable to growth in licensing businesses and a strong performance by Internet-related businesses.

The other segment represented 2.8% of net sales for fiscal 2002.

SALES BY BUSINESS SEGMENT
(Billions of Yen)



Financial Review

NET SALES

During the fiscal year ended March 31, 2003, Japan's economy slid deeper into recession. Exports to Asia, including China, were strong, but consumer spending showed no signs of improvement in light of a worsening employment picture and falling personal income levels. There were also protracted declines in stock prices and private-sector capital expenditures. In this climate, the advertising industry struggled as many companies scaled back budgets. Total advertising expenditures in Japan in calendar 2002 were ¥5,703.2 billion, down 5.9% year on year, according to Dentsu Inc. Television advertising expenditures fell 6.4% to ¥1,935.1 billion. Total advertising expenditures and television advertising expenditures declined for the second straight year.

Due to these factors, consolidated net sales decreased ¥22,384 million, or 6.2%, to ¥336,299 million. The decrease was mainly due to lower sales in the television broadcasting segment due to soft advertising demand. This was partly offset by sales of advertising spots for telecasting extensions of *The Yomiuri Giants Baseball Games*, which were extended to a maximum of 60 minutes, and sales of advertisements for large one-time events such as the FIFA World Cup and the Japan Series professional baseball games, for which NTV stepped up sales activities. In the cultural activities segment, the recorded music business posted sharp sales declines due to the absence of a hit CD on a par with the previous year's strong-selling *Mr. Children* album.

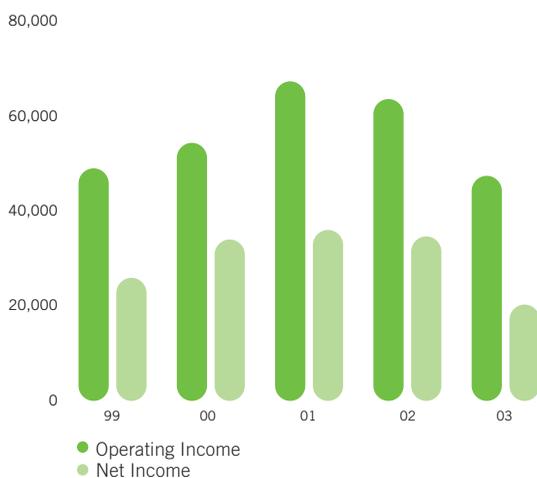
The licensing business, which involves merchandising rights and VP rights operations carried out by subsidiaries and associated companies, performed well, with the re-release of popular programs in the form of videos and DVDs and the sale of rights to program content and characters for use in games, Internet sites and toys making earnings contributions. The licensing business made a contribution of close to ¥10.0 billion to consolidated net sales, approximately 47% higher than in the previous fiscal year.

OPERATING INCOME

Program production expenses at the parent company, which represent a large percentage of operating expenses, increased 1.3% to ¥112,362 million. This mainly reflected fees for broadcasting rights and increased program production expenses for the summer 2002 FIFA World Cup, which was co-hosted by Japan and South Korea. However, these expenses were more than offset by higher sales of television broadcasting time during this event. On balance, NTV generated earnings of ¥1,120 million from the FIFA World Cup. Higher outlays for producing programs for the new CS digital broadcasting business also drove up operating expenses. Under these circumstances, NTV worked to efficiently allocate and deploy resources. Consequently, the cost of sales decreased ¥3,709 million, or 1.7%, to ¥215,180 million. Selling, general and administrative expenses declined ¥2,508 million, or 3.3%, to ¥73,712 million thanks to tight budget controls.

As a result of the above, operating income decreased ¥16,167 million, or 25.4%, to ¥47,407 million.

OPERATING INCOME AND NET INCOME (Millions of Yen)



NET INCOME

In other expenses, NTV booked a loss on devaluation of investment securities of ¥6,680 million due to tumbling stock prices. This included devaluation losses on stock in SKY Perfect Communications Inc., which was purchased as a strategic investment. NTV also was mandated to excavate archaeological ruins that were discovered when the site of its former building in Shinjuku was leveled. This resulted in a one-time loss on ruins investigation of ¥1,227 million. Consequently, total other expenses climbed to ¥9,441 million, compared with ¥1,206 million in the previous fiscal year. Net income decreased ¥14,352 million, or 41.4%, to ¥20,296 million.

LIQUIDITY AND FINANCIAL RESOURCES

Total assets were ¥476,634 million as of March 31, 2003, up 7.4% over a year earlier.

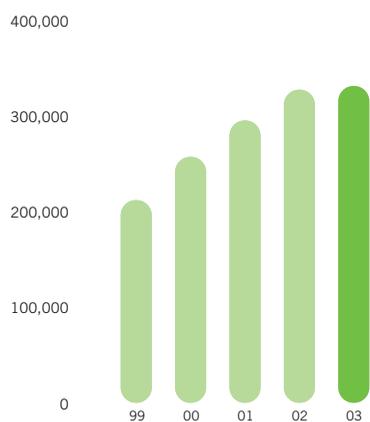
Total current assets increased 12.1% to ¥207,444 million. The main components were a ¥10,993 million increase in cash and cash equivalents, and a ¥11,710 million increase in other receivables due to a transfer from non-current assets to reflect the remaining portion of proceeds due from the sale of a former NTV building in Shinjuku that is due within one year.

In property and equipment — at cost, construction in progress increased to ¥59,748 million, mainly reflecting a ¥25,497 million increase in construction in progress relating to NTV's new head office. In investments and other assets, investment securities and investment in unconsolidated subsidiaries and associated companies decreased by a combined ¥8,623 million. As a result, total non-current assets increased ¥10,480 million. Total current liabilities rose ¥28,427 million to ¥112,716 million. This mainly reflected an increase of ¥34,865 million in short-term bank loans to ¥35,765 million, to finance part of the construction of NTV's new head office. Total non-current liabilities remained mostly the same as a year earlier, resulting in an increase of ¥28,504 million in total liabilities to ¥147,258 million.

Total shareholders' equity rose 1.2% to ¥327,116 million due to an increase of ¥9,364 million in treasury stock. The shareholders' equity ratio declined 4.2 percentage points to 68.6%. Earnings per share declined from ¥1,366.34 to ¥801.99.

Regarding interest-bearing debt, NTV increased short-term bank loans from ¥900 million to ¥35,765 million to finance part of the construction of its new head office. The interest coverage ratio, which is operating cash flows divided by interest paid, decreased from 4,002.9 times at the end of fiscal 2001, when NTV was virtually debt-free, to 559.6 times at March 31, 2003. Nonetheless, NTV still has only minimal debt. The effective number of years to repayment (interest-bearing debt divided by operating cash flows) increased from 0.0 years to 1.4 years.

SHAREHOLDERS' EQUITY (Millions of Yen)



CASH FLOWS

As of March 31, 2003, cash and cash equivalents were ¥81,944 million, ¥10,993 million higher than a year earlier.

OPERATING ACTIVITIES

Net cash provided by operating activities decreased ¥12,910 million to ¥25,981 million, compared with ¥38,891 million in the previous fiscal year. The main components were income before income taxes of ¥37,966 million, down from ¥62,368 million, and an adjustment for a ¥6,680 million loss on devaluation of investment securities, sharply higher than the ¥342 million booked in the previous fiscal year.

INVESTING ACTIVITIES

Net cash used in investing activities was ¥37,393 million, mainly reflecting construction expenses for NTV's new head office building. The main components were purchases of property and equipment of ¥34,310 million, up from ¥26,474 million in fiscal 2001, and purchases of investment securities of ¥15,797 million, which declined from ¥25,383 million in fiscal 2001. These outflows were partly offset by proceeds from the sales of marketable securities of ¥12,524 million, against ¥2,015 million in fiscal 2001.

FINANCING ACTIVITIES

Net cash provided by financing activities was ¥22,464 million. Short-term bank loans increased ¥34,865 million compared with a ¥160 million decrease in fiscal 2001, and there were payments of ¥9,364 million for the purchases of treasury stock.

OUTLOOK

NTV's new head office building, equipped with state-of-the-art facilities, was completed in April 2003, with broadcasting operations scheduled to begin in fall this year. In fiscal 2003, NTV expects to record approximately ¥6.5 billion in one-time costs associated with moving to the new head office and related taxes. Of this amount, approximately ¥4.2 billion will be recorded as operating expenses, while ¥2.2 billion will be classified as other expenses. Budgeted capital expenditures and depreciation on a parent company basis are presented in the table below.

	Capital expenditures (¥ Billion)	Depreciation (¥ Billion)
FY2003	53.5	16.0
FY2004	8.3	21.0
FY2005	5.5	17.0
FY2006	6.0	14.0

CONSOLIDATED BASIS DEPRECIATION

(Millions of Yen)

8,000

6,000

4,000

2,000

0

00

01

02

03

In fiscal 2003, NTV expects business conditions to remain difficult, with no signs of improvement in the advertising market. In this climate, it will be difficult to achieve sales growth. Moreover, NTV will no longer receive tenant income from its former head office in Kojimachi due to the relocation of associated companies and other firms to this building. In fiscal 2003, therefore, NTV expects to incur expenses related to both its new head office and the Kojimachi building. These and other factors are expected to weigh down operating results for fiscal 2003 even more than in fiscal 2002. While depreciation will steadily increase over the coming years, NTV expects to reap substantial benefits from its move to the new head office building, which coincides with the start of digital terrestrial broadcasts and gives NTV a significant edge over its competitors.

Consolidated Financial Statements

Consolidated Balance Sheets

Nippon Television Network Corporation and Consolidated Subsidiaries
March 31, 2003 and 2002

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
CURRENT ASSETS:			
Cash and cash equivalents	¥ 81,944	¥ 70,951	\$ 681,730
Time deposits	1,063	843	8,844
Marketable securities (Note 3)	9,254	12,830	76,988
Receivables:			
Trade notes	8,450	10,160	70,300
Trade accounts	75,455	71,932	627,745
Other	12,538	828	104,310
Allowance for doubtful accounts	(194)	(218)	(1,614)
Program rights	7,610	5,606	63,311
Deferred tax assets (Note 8)	7,300	7,277	60,732
Prepaid expenses and other	4,722	5,279	39,285
Allowance for doubtful accounts	(698)	(400)	(5,807)
Total current assets	207,444	185,088	1,725,824
PROPERTY AND EQUIPMENT—At cost (Notes 4 and 9):			
Land	115,113	115,015	957,679
Buildings and structures	32,847	32,748	273,270
Machinery, vehicles and equipment	65,232	64,916	542,695
Construction in progress	59,748	34,251	497,071
Total	272,940	246,930	2,270,715
Accumulated depreciation	(73,777)	(71,927)	(613,785)
Net property and equipment	199,163	175,003	1,656,930
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	47,151	54,998	392,271
Investment in unconsolidated subsidiaries and associated companies	8,623	9,389	71,739
Deferred tax assets (Note 8)	6,292	853	52,346
Long-term receivable		11,739	
Other assets	8,208	7,116	68,286
Allowance for doubtful accounts	(247)	(388)	(2,055)
Total investments and other assets	70,027	83,707	582,587
TOTAL	¥ 476,634	¥ 443,798	\$ 3,965,341

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	¥ 35,765	¥ 900	\$ 297,546
Payables:			
Trade notes	2,615	6,778	21,755
Trade accounts	49,517	46,510	411,955
Other	5,827	9,783	48,478
Income taxes payable	12,192	12,859	101,431
Accrued expenses and other	6,800	7,459	56,572
 Total current liabilities	 <u>112,716</u>	 <u>84,289</u>	 <u>937,737</u>
NON-CURRENT LIABILITIES:			
Liabilities for retirement benefits (Note 6)	15,193	14,422	126,398
Guarantee deposits received (Note 4)	19,344	19,000	160,932
Deferred tax liabilities (Note 8)		1,031	
Other	5	12	41
 Total non-current liabilities	 <u>34,542</u>	 <u>34,465</u>	 <u>287,371</u>
MINORITY INTERESTS	<u>2,260</u>	<u>1,725</u>	<u>18,802</u>
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 9 and 10)			
SHAREHOLDERS' EQUITY (Notes 7 and 11):			
Common stock—authorized, 50,000,000 shares; issued, 25,364,548 shares in 2003 and 2002	18,576	18,576	154,542
Additional paid-in capital	17,928	17,928	149,151
Retained earnings	299,477	282,364	2,491,488
Unrealized gain on available-for-sale securities	775	4,719	6,448
Foreign currency translation adjustments	(110)	(102)	(915)
Total	<u>336,646</u>	<u>323,485</u>	<u>2,800,714</u>
Treasury stock—at cost, 408,820 shares in 2003 and 6,515 shares in 2002	(9,530)	(166)	(79,283)
 Total shareholders' equity	 <u>327,116</u>	 <u>323,319</u>	 <u>2,721,431</u>
 TOTAL	 <u>¥ 476,634</u>	 <u>¥ 443,798</u>	 <u>\$ 3,965,341</u>

Consolidated Statements of Income

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
NET SALES	¥ 336,299	¥ 358,683	\$ 2,797,829
COST OF SALES	215,180	218,889	1,790,183
Gross profit	121,119	139,794	1,007,646
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	73,712	76,220	613,245
Operating income	47,407	63,574	394,401
OTHER INCOME (EXPENSES):			
Interest and dividend income	678	693	5,641
Interest expense	(58)	(10)	(483)
Gain on sales of property and equipment	10	42	83
Loss on devaluation of investment securities	(6,680)	(342)	(55,574)
Equity in losses of unconsolidated subsidiaries and associated companies	(1,638)	(1,412)	(13,627)
Loss on ruins investigation	(1,227)		(10,208)
Other—net	(526)	(177)	(4,376)
Other expenses—net	(9,441)	(1,206)	(78,544)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	37,966	62,368	315,857
INCOME TAXES (Note 8):			
Current	20,714	27,332	172,329
Deferred	(3,588)	(105)	(29,850)
Total income taxes	17,126	27,227	142,479
INCOME BEFORE MINORITY INTERESTS	20,840	35,141	173,378
MINORITY INTERESTS IN NET INCOME	(544)	(493)	(4,526)
NET INCOME	¥ 20,296	¥ 34,648	\$ 168,852
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2 m):			
Net income	¥ 801.99	¥ 1,366.34	\$ 6.67
Cash dividends applicable to the year	120.00	120.00	1.00

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2003 and 2002

	Thousands	Millions of Yen					
	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gain on Available-for- sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, APRIL 1, 2001	25,365	¥ 18,576	¥ 17,928	¥ 251,376	¥ 3,978	¥ (195)	¥ (162)
Net income				34,648			
Cash dividends, ¥97.5 per share				(2,473)			
Bonuses to directors				(140)			
Interim cash dividends, ¥25 per share				(634)			
Adjustment of retained earnings from the adoption of equity method for newly associated company				(413)			
Net increase in unrealized gain on available-for-sale securities					741		
Foreign currency translation adjustments						93	
Increase in treasury stock—net							(4)
BALANCE, MARCH 31, 2002	25,365	18,576	17,928	282,364	4,719	(102)	(166)
Net income				20,296			
Cash dividends, ¥95 per share				(2,409)			
Bonuses to directors				(140)			
Interim cash dividends, ¥25 per share				(626)			
Adjustment of retained earnings from the adoption of equity method for newly associated company				(8)			
Net decrease in unrealized gain on available-for-sale securities					(3,944)		
Foreign currency translation adjustments						(8)	
Increase in treasury stock—net							(9,364)
BALANCE, MARCH 31, 2003	25,365	¥ 18,576	¥ 17,928	¥ 299,477	¥ 775	¥ (110)	¥ (9,530)

Thousands of U.S. Dollars (Note 1)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gain on Available-for- sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
	BALANCE, MARCH 31, 2002	\$ 154,542	\$ 149,151	\$ 2,349,118	\$ 39,260	\$ (857)
Net income			168,852			
Cash dividends, \$0.79 per share			(20,042)			
Bonuses to directors			(1,165)			
Interim cash dividends, \$0.21 per share			(5,208)			
Adjustment of retained earnings from the adoption of equity method for newly associated company			(67)			
Net decrease in unrealized gain on available-for-sale securities				(32,812)		
Foreign currency translation adjustments					(58)	
Increase in treasury stock—net						(77,903)
BALANCE, MARCH 31, 2003	\$154,542	\$149,151	\$2,491,488	\$6,448	\$ (915)	\$ (79,283)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 37,966	¥ 62,368	\$ 315,857
Adjustments for:			
Income taxes—paid	(21,381)	(34,329)	(177,879)
Depreciation and amortization	5,854	6,045	48,702
Provision for (reversal of) liabilities for retirement benefits	771	(455)	6,414
Gain on sales of property and equipment	(10)	(42)	(83)
Loss on devaluation of investment securities	6,680	342	55,574
Equity in losses of unconsolidated subsidiaries and associated companies	1,638	1,412	13,627
Loss on ruins investigation	1,227		10,208
Changes in operating assets and liabilities:			
(Increase) decrease in trade notes and accounts receivables	(1,813)	2,722	(15,083)
Increase in program rights	(2,004)	(452)	(16,672)
(Decrease) increase in trade notes and accounts payables	(1,156)	3,253	(9,617)
Other—net	(1,791)	(1,973)	(14,900)
Total adjustments	(11,985)	(23,477)	(99,709)
Net cash provided by operating activities	25,981	38,891	216,148
INVESTING ACTIVITIES:			
Increase in long-term deposits	(220)	(570)	(1,830)
Decrease in long-term deposits	250	233	2,080
Purchases of marketable securities		(1,499)	
Proceeds from sales of marketable securities	12,524	2,015	104,193
Purchases of property and equipment	(34,310)	(26,474)	(285,441)
Proceeds from sales of property and equipment	14	219	116
Purchases of intangible assets	(607)	(1,120)	(5,050)
Proceeds from sales of investment securities	639	3,354	5,316
Purchases of investment securities	(15,797)	(25,383)	(131,423)
Other—net	114	452	949
Net cash used in investing activities	(37,393)	(48,773)	(311,090)
FINANCING ACTIVITIES:			
Change in short-term bank loans—net	34,865	(160)	290,058
Dividends paid	(3,035)	(3,107)	(25,250)
Purchases of treasury stock	(9,364)		(77,903)
Other—net	(2)	102	(16)
Net cash provided by (used in) financing activities	22,464	(3,165)	186,889
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(59)	(67)	(491)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,993	(13,114)	91,456
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 81,944	¥ 70,951	\$ 681,730

See notes to consolidated financial statements.