

SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the three-month period ended June 30, 2007

Tokyo, August 8, 2007

FINANCIAL HIGHLIGHTS

1. Results of Operations

(Millions of yen; amounts less than one million yen are omitted.)

	Net sales		Operating income		Ordinary income		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
Three-month period ended June 30, 2007	¥663,084	34.2	¥78,746	44.9	¥51,154	96.8	¥25,130	-
Three-month period ended June 30, 2006	¥494,231	91.1	¥54,357	-	¥25,994	-	¥1,418	-
Fiscal year ended March 31, 2007	¥2,544,219	129.5	¥271,065	335.1	¥153,423	458.1	¥28,815	(49.9)

(Percentages are shown as year-on-year changes)

	Net income per share—basic (yen)	Net income per share—diluted (yen)
Three-month period ended June 30, 2007	¥23.80	¥22.36
Three-month period ended June 30, 2006	¥1.34	¥0.81
Fiscal year ended March 31, 2007	¥27.31	¥26.62

2. Financial Condition

(Millions of yen; amounts less than one million yen are omitted.)

	Total assets	Total equity	Equity ratio (%)	Shareholders' equity per share (yen)
Three-month period ended June 30, 2007	¥4,456,521	¥759,741	7.1	¥299.27
Three-month period ended June 30, 2006	¥4,031,003	¥646,190	5.8	¥222.90
Fiscal year ended March 31, 2007	¥4,310,852	¥716,237	6.6	¥268.02

3. Cash Flows

(Millions of yen; amounts less than one million yen are omitted.)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
Three-month period ended June 30, 2007	¥(27,478)	¥(111,519)	¥218,480	¥457,727
Three-month period ended June 30, 2006	¥64,675	¥(1,965,832)	¥1,743,429	¥285,214
Fiscal year ended March 31, 2007	¥311,201	¥(2,097,937)	¥1,718,384	¥377,520

4. Earnings forecast for the fiscal year ending in March 2008 (April 1, 2007 – March 31, 2008)

(Millions of yen; amounts less than one million yen are omitted.)

	Net sales	Operating Income	Ordinary income	Net income
Six-month period ending September 30, 2007	¥ -	¥ -	¥ -	¥ -
Fiscal year ending March 31, 2008	¥ -	¥ -	¥ -	¥ -

Due to the introduction of unprecedented new sales and pricing methods in our main telecommunications business, especially in the Mobile Communications business, forecasting the consolidated business results for the fiscal year ending March 2008 is difficult. A forecast of the consolidated business results will therefore be announced as soon as a logical estimate can be made.

5. Others

Significant Changes in Scope of Consolidation: None

Accounting Policies

- (1) Apply simplification of accounting methods: None
- (2) Changes in accounting methods from the latest fiscal year: None

Qualitative Information / Financial Statements

1. Qualitative Information Relating to the Consolidated Results of Operations

<<Summary of the Consolidated Results of Operations>>		
Net sales	¥663,084 million	(a 34.2% increase year-on-year)
Operating income	¥78,746 million	(a 44.9% increase year-on-year)
Ordinary income	¥51,154 million	(a 96.8% increase year-on-year)
Net income	¥25,130 million	(17.7 times year-on-year)

The SOFTBANK Group (hereafter “the Group”) has entered the second fiscal year since its full-fledged entry into the mobile communications market through the acquisition of Vodafone K.K. (current SOFTBANK MOBILE Corp., hereafter “SOFTBANK MOBILE”) in April 2006. As in the previous fiscal year, during the first quarter (April 1st, 2007 to June 30th, 2007) the Group continued to put efforts into its four key initiatives—3G network enhancement, 3G handset enrichment, content enhancement, and enhancement of sales structure—in order to achieve its targets of increasing subscriber numbers and expanding market share.

SOFTBANK MOBILE is included in the scope of consolidation from the end of April 2006; accordingly the results for the first quarter of the previous fiscal year (FY 2007) include two months of SOFTBANK MOBILE’s results.

1. Net Sales

In the first quarter, net sales increased by ¥168,853 million or 34.2% year-on-year, to ¥663,084 million. This increase was primarily due to the reflection of three months of results from the Mobile Communications segment from this quarter.

2. Operating Income

In the first quarter, operating income increased by ¥24,389 million or 44.9% year-on-year, to ¥78,746 million. The Mobile Communications segment recorded operating income of ¥43,528 million (a 59.5% increase year-on-year).

Cost of sales in the first quarter increased by ¥79,000 million year-on-year, to ¥352,896 million. Selling, general and administrative expenses increased by ¥65,463 million year-on-year, to ¥231,442 million.

These increases were due to the reflection of three months of results from the Mobile Communications segment from this quarter.

3. Non-operating Income

Non-operating income decreased by ¥7,565 million year-on-year, to ¥4,531 million in the first quarter. This was primarily the result of a decrease of ¥7,610 million in equity in earnings of affiliate companies following the sale of all shares held in SBI Holdings, Inc. in August 2006.

4. Non-operating Expenses

Non-operating expenses decreased by ¥8,335 million year-on-year, to ¥32,123 million in the first quarter. This

decrease was mainly due to a year-on-year increase in interest expenses of ¥12,358 million, and financing related expenses in the first quarter of the previous fiscal year totaling ¥19,954 million.

5. Special Income

Special income totaled ¥9,940 million in the first quarter. The primary reason was a gain on sale of investment securities of ¥4,632 million. Accompanying the listing of consolidated subsidiaries ITmedia Inc. and Carview Corporation, ¥2,866 million was recorded as dilution gain from changes in equity interest.

6. Special Loss

Special loss totaled ¥2,692 million in the first quarter. The primary reason was a loss on disposal of fixed assets of ¥1,030 million.

7. Income Taxes

Current income taxes totaled ¥2,826 million, deferred income taxes totaled ¥20,065 million, and minority interests in net income totaled ¥10,380 million.

Current income taxes primarily for Yahoo Japan Corporation and other subsidiaries totaled ¥11,719 million, while ¥8,893 million of income tax payable for SOFTBANK Holdings Inc. was reversed, as it became unnecessary to recognize; as a result, current income taxes were credited.

Results by business segment are as follows:

[Mobile Communications]

<<Summary of segment results for the first quarter>>	
Net sales	¥391,668 million (a 68.5% increase year-on-year)
Operating income	¥43,528 million (a 59.5% increase year-on-year)
No. 1 in quarterly net subscriber additions	
Churn rate 1.46%, Total ARPU ¥5,000 per month	
White Plan subscribers exceed 5 million	

<Analysis of Quarterly Results>

Net sales increased by ¥159,200 million, or 68.5%, on a year-on-year basis, to ¥391,668 million. Operating income increased by ¥16,234 million, or 59.5%, to ¥43,528 million.

The acquired Vodafone K.K. (current SOFTBANK MOBILE), was included in the scope of consolidation from the end of April 2006, accordingly the results for the first quarter of the previous fiscal year (FY 2007) include two months of SOFTBANK MOBILE's results.

	FY2007				FY2008
	Q1	Q2	Q3	Q4	Q1
Sales	232,467	351,991	430,328	427,252	391,668
Operating Income	27,293	29,341	56,906	42,202	43,528

<Number of Subscribers>

As of the end of the first quarter, SOFTBANK MOBILE's cumulative subscribers amounted to 16,440,500*¹ subscribers, an increase of approximately 1.2 million year-on-year. In May 2007, SOFTBANK MOBILE recorded the highest monthly net additions (new subscribers minus cancellations) among the three mobile operators for the first time. It retained this top position in June for the second consecutive month, recording more than 200,000 net additions. In addition, the net addition from April to June 2007, amounting to 530,800 was also the highest on a quarterly basis. Moreover, the ratio of 3G users to total number of subscribers surpassed 50% at the end of April 2007, reaching 56.1% at the end of the first quarter.

	FY2007				FY2008
	Q1	Q2	Q3	Q4	Q1
Net Additions	30,300	66,800	189,500	412,000	530,800
Total	15,240,200	15,307,000	15,496,500	15,908,500	16,440,500

*1. The total number of subscribers for SOFTBANK MOBILE at the end of June 2007 includes 1,200 communication module service subscribers.

<Churn Rate and Upgrade Rate>

The churn rate for the first quarter was 1.46%, a 0.04 percentage point decline year-on-year, from 1.50%. The decrease in the churn rate was a result of the release of appealing handsets and the enhancement of services as well as the effect of the installment sales for handsets introduced in September 2006. The upgrade rate was 2.25%, a year-on-year increase of 0.26 percentage point.

	FY2007				FY2008
	Q1	Q2	Q3	Q4	Q1
Churn Rate	1.50	1.27	1.60	1.63	1.46
Upgrade Rate	1.99	2.53	3.02	2.89	2.25

<ARPU and Average Acquisition Commission per User>

Total ARPU*² for the first quarter was ¥5,000 per month. ARPU decreased by ¥590 year-on-year due to the effect of the steady growth in the number of subscribers to the *White Plan*, which has a basic monthly charge of ¥980 (including tax) and exceeded five million subscribers during the first quarter, and to the special discount for subscribers to the *New Super Bonus* plan. However, data ARPU increased by ¥60, to ¥1,410, and constituted 28.2% of total ARPU.

Average acquisition commission per user for the first quarter was ¥30,700. This decline was attributable to a decrease in sales subsidies following the introduction of installment sales for handsets during the previous quarter.

*2. Average Revenue Per User

	(Yen per month)				
	FY2007				FY2008
	Q1	Q2	Q3	Q4	Q1
Total	5,590	5,700	5,560	5,210	5,000
Voice	4,230	4,320	4,230	3,830	3,590
Data	1,350	1,380	1,330	1,380	1,410

<<Summary of efforts made during the first quarter concerning key challenges>>

3G base stations increased to 39,022

Announcement of 12 new handsets for summer 2007 sales period

Start of *Yahoo! Streaming* (beta version) video content service for SoftBank mobile phone users

Introduction of *White Plan Family Discount 24*, which offers free domestic calls 24 hours a day among family members

<3G Network Enhancement>

At the end of the first quarter, the number of 3G base stations was 39,022, an increase of approximately 10,000 from 29,404 stations at the end of the previous fiscal year. Furthermore, as of August 1, 2007 46,000 3G base stations, the number strived towards during the first half of fiscal 2008, are in service.

In addition, the Group has commenced trials for new technologies to diversify its information transmission services. These include the wireless communication system using Femto-cell^{*3} for which the Group acquired a license from the Ministry of Internal Affairs and Communications in June 2007, and FMC^{*4} a fusion of fixed and mobile lines.

*3. Small mobile phone base stations designed to increase call quality in interior locations, such as residential or office environments

*4. Fixed Mobile Convergence

<3G Handset Lineup Enrichment>

Twelve new handsets have been announced to be released as the lineup for the summer 2007 sales period, revolving around the keyword *style*. Eight of the twelve handsets are compatible with *3G High Speed* data transmission service based on HSDPA^{*5} standards, enabling users to easily download large data, such as video content.

*5. High Speed Downlink Packet Access: The high speed data transmission protocol standardized by "Release 5," of the 3G mobile communications standardizing body, the Third Generation Partnership Project (3GPP)

<Content Enhancement>

Three companies of the Group—SOFTBANK MOBILE, TV Bank Corporation, and Yahoo Japan Corporation—have launched the *Yahoo! Streaming* (beta version) video content service. The service is available via the *Yahoo! Keitai* portal for SoftBank mobile phone users. Users can enjoy over 1,000 video content titles per month free of information charge^{*6}, from a variety of genres such as news and sports.

*6. Separate communication charges apply for downloading content.

<Enhancement of the Sales Structure>

To enhance the sales force, the SoftBank shop network was expanded further. As a result, the number of SoftBank shops reached 2,252 at the end of the first quarter, an increase of 177 from the end of the previous fiscal year.

SoftBank mobile phone users who subscribe to the *White Plan* can make unlimited domestic on-net voice calls between 1:00am and 9:00pm for a basic monthly charge of ¥980 (including tax). For calls outside of this time range or to other operators' users, users pay a flat fee of ¥21 (including tax) per 30 seconds. In addition, the *White Plan Family Discount 24* discount service, which offers *White Plan* subscribers free domestic calls 24 hours a day between family members, was launched and applied from June 2007 usage on. In addition, accompanying the introduction of *White Plan Family Discount 24*, SOFTBANK MOBILE started the *Family Introduction* campaign from June 2007, which will continue until August 2007.

Subscribers to the *White Plan* continue to increase steadily, topping five million during the first quarter and surpassing six million during July 2007.

[Broadband Infrastructure]

<<Summary of segment results for the first quarter>>	
Net sales	¥65,747 million (a 3.8% increase year-on-year)
Operating income	¥8,665 million (a 58.2% increase year-on-year)
Total installed lines for Yahoo! BB ADSL, 5,134,000	

<Results for the First Quarter >

Net sales increased by ¥2,424 million, or 3.8%, year-on-year, to ¥65,747 million. Operating income increased by ¥3,186 million, or 58.2%, to ¥8,665 million.

	FY2007				FY2008
	Q1	Q2	Q3	Q4	Q1
Net Sales	63,322	65,728	67,266	67,910	65,747
Operating Income	5,479	6,189	7,747	7,393	8,665

<ADSL>

The number of *Yahoo! BB ADSL* lines installed at the end of the first quarter reached 5,134,000 lines. On a customer payment basis, ARPU for the quarter decreased slightly year-on-year, to ¥4,358. However, the ratio of subscribers to faster services, such as *Yahoo! BB 50M*, and high value added services, such as *Wireless LAN Pack*, increased steadily. SOFTBANK BB Corp. (hereafter "SOFTBANK BB") will continue to promote efficiency in management and pursue higher profits.

<FTTH>

Concerning FTTH connection service, SOFTBANK BB is maintaining a state of readiness that will enable it to start full fledged operations as soon as a fair competitive environment is established. SOFTBANK BB will continue to implement R&D in technologies to succeed ADSL, such as trial services aimed at the commercialization of FTTR^{*7} and R&D in high speed PLC^{*8}.

*7. Fiber To The Remote terminal: transmission method using the optic fiber used for FTTH from NTT stations to equipment located near the user's premises. Similar to ADSL for the last mile transmission from this transmission equipment, typically installed on electrical poles etc. to the user copper cables are used.

*8. Power Line Communication: telecommunication that uses electrical power lines as a transmission medium.

[Fixed-line Telecommunications]

<<Summary of segment results for the first quarter>>	
Net sales	¥90,486 million (a 2.0% increase year-on-year)
Total installed lines for <i>Otoku Line</i> service,	1,257,000

<Results for the First Quarter>

Net sales increased by ¥1,812 million, or 2.0%, year-on-year, to ¥90,486 million. Operating loss amounted to ¥111 million. Due to a one-off factor, the reversal of reserve for retirement benefits of ¥2,575 million that occurred in the first quarter of the previous fiscal year, operating income was recorded at ¥1,212 million.

	FY2007				(Millions of yen)
	Q1	Q2	Q3	Q4	FY2008 Q1
Sales	88,673	93,276	93,712	98,466	90,486
Operating Income (loss)	1,212	(916)	(2,603)	(656)	(111)

<Operating Conditions>

SOFTBANK TELECOM Corp. (hereafter "SOFTBANK TELECOM") is utilizing its core *Otoku Line* direct connection fixed-line voice service to expand its corporate customer base. The number of *Otoku Lines* installed steadily increased, reaching a total of 1,257,000 by the end of the first quarter, a year-on-year increase of 362,000. Corporate customers constituted 63.0% of the total lines.

SOFTBANK TELECOM is focusing on three key operational areas—*Otoku Line* service, Data Services, and Mobile Solutions offered in collaboration with SOFTBANK MOBILE. SOFTBANK TELECOM will continue to strengthen its services for corporate customers while increasing management efficiency.

[Internet Culture]

<<Summary of segment results for the first quarter>>	
Net sales	¥52,796 million (a 18.3% increase year-on-year)
Operating income	¥27,148 million (a 25.5% increase year-on-year)
Number of stores on <i>Yahoo! Shopping</i> and <i>Yahoo! Auctions</i> reached 28,368	

<Results for the First Quarter>

Net sales increased by ¥8,153 million, or 18.3%, year-on-year, to ¥52,796 million. Operating income increased by ¥5,517 million, or 25.5% year-on-year, to ¥27,148 million.

	FY2007				FY2008
	Q1	Q2	Q3	Q4	Q1
Sales	44,642	46,676	50,049	52,842	52,796
Operating Income	21,630	22,712	25,011	27,189	27,148

<Operating Conditions>

Yahoo Japan Corporation focused on sales of products with a high level of branding-related effects and targeted advertisements. In addition, sponsored site related sales rose substantially and Internet advertising sales increased. Furthermore, in non-advertising business services, the total number of stores on *Yahoo! Shopping* and *Yahoo! Auctions* was 28,368 at the end of the first quarter, a year-on-year increase of 8,692. Accordingly, tenant fees and commission revenues increased substantially. Moreover, in consumer services, *Yahoo! Auctions* continued to implement initiatives to expand usage, such as enabling bidding by anyone with a *Yahoo! JAPAN* ID, and the transaction volume recorded a solid increase.

[e-Commerce]

<<Summary of segment results for the first quarter>>	
Net sales	¥61,660 million (a 4.3% increase year-on-year)
Operating income	¥1,167 million (a 20.1% decrease year-on-year)
Carview Corporation listed on the Tokyo Stock Exchange (TSE) Mothers Market	

<Results for the First Quarter>

Net sales increased by ¥2,518 million, or 4.3% year-on-year, to ¥61,660 million. Operating income decreased by ¥294 million, or 20.1% year-on-year, to ¥1,167 million.

	FY2007				(Millions of yen) FY2008
	Q1	Q2	Q3	Q4	Q1
Sales	59,142	65,037	65,369	82,021	61,660
Operating Income	1,461	1,399	2,010	1,809	1,167

<Operating conditions>

In SOFTBANK BB's distribution business, sales to corporate customers during the first quarter climbed steadily.

In addition, Carview Corporation, a consolidated subsidiary, was listed on the TSE Mothers Market on June 12th, 2007.

[Others]

The results of this segment include the performance of broadcast media business (mainly Club iT Corporation), technology services business (SOFTBANK TECHNOLOGY CORP.), media & marketing business (mainly SOFTBANK Creative Corp. and ITmedia Inc.), overseas fund business, and other businesses (mainly TV Bank Corp. and *Fukuoka Softbank Hawks* related businesses).

In addition, ITmedia Inc., a consolidated subsidiary in media & marketing operations, was listed on the TSE Mothers Market on April 19th, 2007.

2. Qualitative Analysis Relating to the Consolidated Financial Position

<<Summary of the Consolidated Financial Position>>		
Total assets	¥4,456,521 million	(a ¥145,668 million increase from end of FY07)
Total liabilities	¥3,696,779 million	(a ¥102,164 million increase from end of FY07)
Total equity	¥759,741 million	(a ¥43,503 million increase from end of FY07)
Balance of cash and cash equivalents	¥457,727 million	(a ¥80,207 million increase from end of FY07)

(1) Assets, Liabilities and Equity

In this quarter, SOFTBANK MOBILE raised ¥88,161 million by securitizing a portion of the mobile handset installment sales receivables. Consequently, long-term debt and short-term borrowings increased to ¥51,515 million and ¥36,645 million, respectively. As a result of this fund-raising, SOFTBANK MOBILE entrusted installment sales receivables with the asset trustee, and recorded in notes and accounts receivable–trade of ¥88,161 million. (Please refer to “(3) Major Financing Activities” on page 13 for further details.)

1. Current Assets

Current assets increased by ¥170,468 million from the end of the previous fiscal year, to ¥1,417,902 million. This was mainly due to an increase in cash and deposits by ¥101,067 million; as a result of SOFTBANK MOBILE securitizing a portion of its installment sales receivables. Also, due to a favorable trend in the installment sales of mobile handsets of SOFTBANK MOBILE, notes and accounts receivable–trade increased by

¥42,214 million, while inventories increased by ¥32,299 million due to stock reconstitution of mobile handsets etc. in preparation for the summer sales season.

2. Fixed Assets

(Property and equipment, net)

Property and equipment, net increased by ¥15,374 million to ¥1,045,227 million from the end of the previous fiscal year. This was primarily the result of an increase of ¥28,019 million in telecommunications equipment, such as base stations and switching equipment. In addition, due to completion of construction, construction-in-progress decreased by ¥10,099 million.

(Intangible assets)

Intangible assets decreased by ¥8,366 million to ¥1,271,344 million from the end of the previous fiscal year. This was primarily the result of a decrease of ¥14,970 million in goodwill, whereas software increased by ¥9,518 million.

(Investments and other assets)

Investments and other assets decreased by ¥31,811 million to ¥717,866 million from the end of the previous fiscal year. This was primarily the result of reversing ¥24,236 million in non-current deferred tax assets due to utilization of loss carry-forwards. The other factor was a decrease of ¥13,254 million in investment securities due to a decline in stock prices of shares held, etc.

3. Current Liabilities

Current liabilities decreased by ¥28,183 million to ¥1,114,719 million from the end of the previous fiscal year. This is primarily the result of decreases of ¥28,798 million in accounts payable-other and accrued expenses, ¥20,286 million in income taxes payable, ¥20,000 million in cash receipts as collateral, and ¥12,886 million in notes and accounts payable – trade, which offset increases of ¥27,704 million in short-term borrowing, ¥25,120 million in current portion of lease obligations, and ¥12,500 million in corporate bonds scheduled for redemption within one year.

4. Long-term Liabilities

Long-term liabilities increased by ¥130,347 million to ¥2,582,059 million from the end of the previous fiscal year. Lease obligations increased by ¥101,924 million and corporate bonds rose ¥78,355 million, while long-term borrowing decreased by ¥10,784 million.

The balance of long-term borrowings procured by SOFTBANK MOBILE through the whole business securitization (WBS) financing scheme decreased by ¥12,916 million, to ¥1,342,174 million from the end of the previous fiscal year.

5. Equity

Equity increased by ¥43,503 million to ¥759,741 million from the end of the previous fiscal year. Net income of ¥25,130 million was recorded, while payment of dividends from retained earnings was ¥2,639 million, and due to the adoption of new accounting standards at a US subsidiary, a reduction in retained earnings of ¥5,150 million was recorded. As a result, accumulated deficit improved by ¥17,016 million. In addition, deferred gain on derivatives under hedge accounting improved by ¥28,693 million, and minority interests in consolidated subsidiaries increased by ¥10,312 million. However, unrealized gain on available-for-sale securities decreased

by ¥20,354 million.

In regard to the adoption of new accounting standards for a US subsidiary, SOFTBANK Holdings Inc. adopted “Accounting for Uncertainty in Income Taxes (Financial Accounting Standards Board Interpretation No. 48)” from this quarter. The cumulative effect of applying the provisions of this Interpretation was reported as an adjustment to the opening balance of accumulated deficit, and accordingly, it is recorded as increase in accumulated deficit due to the adoption of new accounting standards at a subsidiary in the US in the Consolidated Statements of Changes in Equity.

(2) Cash Flow

During the first quarter, net cash used in operating and investing activities were ¥27,478 million and ¥111,519 million, respectively while net cash provided by financing activities was ¥218,480 million. As a result, cash and cash equivalents at the end of the first quarter amounted to ¥457,727 million, an increase of ¥80,207 million from the end of the previous fiscal year.

1. Cash Flow from Operating Activities

Net cash used in operating activities was ¥27,478 million.

Income before income taxes and minority interests amounted to ¥58,403 million. Depreciation and amortization, as non-cash items was recorded at ¥53,533 million and amortization of goodwill was recorded at ¥14,426 million. Adjustment items included the subtraction of gain on sales of marketable and investment securities, net of ¥4,489 million, which is included in income before income taxes and minority interests, and the addition of interest expense of ¥26,960 million. In addition, the increase in receivables was ¥44,016 million, and the decrease in payables was ¥13,364 million. Primarily, due to an increase in inventories, cash used in other operating activities totaled ¥57,793 million. Interest paid was ¥26,326 million, and income taxes paid for Yahoo Japan Corporation and others was ¥29,770 million.

2. Cash Flow from Investing Activities

Net cash used in investing activities was ¥111,519 million.

As a result of capital investment, mainly in the telecommunications segments, the purchase of property and equipment and intangibles totaled ¥92,916 million. In addition, purchase of marketable and investment securities was ¥14,997 million, while proceeds from the sales of marketable and investment securities was ¥14,311 million.

3. Cash Flows from Financing Activities

Net cash provided by financing activities was ¥218,480 million.

The primary factor was ¥149,864 million recorded from sale and lease back of equipment newly acquired for the Mobile Communications segment. In addition, proceeds from issuance of bonds by the Company was ¥89,483 million, and accompanying the securitization of mobile handset installment sales receivables, proceeds from long-term debt was ¥88,161 million. On the other hand, short-term debt and cash receipts as collateral decreased by ¥46,077 million and ¥20,000 million, respectively. Repayment of long-term debt was ¥31,916 million.

(3) Major Financing Activities

The major financing activities in the first quarter were as follows:

Item	Company Name	Details	Summary
Bond issue	SOFTBANK CORP.	24th unsecured straight bond	Date of issue: April 26, 2007 Date of redemption: April 26, 2010 Aggregate amount of issue: ¥20,000 million Coupon: 2.72% Planned use: mainly repayment of existing interest bearing debt
		25th unsecured straight bond	Date of issue: June 19, 2007 Date of redemption: June 17, 2011 Aggregate amount of issue: ¥55,000 million Coupon: 3.39% Planned use: mainly repayment of debt
		26th unsecured straight bond	Date of issue: June 19, 2007 Date of redemption: June 19, 2014 Aggregate amount of issue: ¥15,000 million Coupon: 4.36% Planned use: mainly repayment of debt
Execute securitization of receivables	SOFTBANK MOBILE Corp.	Procurement of funds totaling ¥88,161 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: June 29, 2007 Redemption method: monthly pass-through repayment Planned use: capital investment and repayment of funds raised via WBS
Repayment of debt and others	SOFTBANK CORP.	¥58,112 million (net of borrowings)	Debt of ¥53,112 million, net of borrowings, and commercial paper of ¥5,000 million
	SOFTBANK MOBILE Corp.	¥12,916 million	Repayment of debt raised via WBS
	Yahoo Japan Corporation	¥10,000 million	---
Implementation of capital investment through finance lease agreements with ownership transfer	SOFTBANK MOBILE Corp.	Implementation of capital investment for mobile communications utilizing lease agreements	Funds procured during the first quarter: ¥149,864 million

SOFTBANK MOBILE has been proactively implementing its installment sales method for mobile handsets (providing handsets at the *New Super Bonus* prices). By securitizing the installment sales receivables, spread over a maximum of 24 times, SOFTBANK MOBILE procured ¥88,161 million by the end of the first quarter. The funds procured are scheduled to be used to repay existing debt and for the SOFTBANK MOBILE's capital investment.

These funds were raised through entrustment. Procured funds were recorded as debt and the entrusted account receivables were recorded as account receivable-trade.

The funds are divided into a program for institutional investors and a program for individual investors. Moody's, credit rating agency, awarded the program for institutional investors an Aaa rating, and Rating and Investment Information, Inc., awarded the program for individual investors an A rating. As a result, SOFTBANK MOBILE could execute this procurement at an interest rate lower than that of existing loans.

3. Qualitative Information Related to the Forecasts of Consolidated Results

In the Group's core telecommunication businesses, especially the Mobile Communications business, the Group has introduced the installment sales method for mobile handsets and is introducing a range of price plans and discount services etc. to meet diverse customer needs. These include sales and pricing methods that have no precedent in the industry and it is difficult to estimate customer trends for them. At this point, we cannot make sound estimates, and it is difficult to make performance forecasts.

To proactively provide enhanced information disclosure to shareholders and investors, consolidated performance forecasts will be announced at the point when rational estimates are possible.

4. The SOFTBANK Group

As of June 30, 2007, the SOFTBANK Group is comprised of the following ten business segments. The number of consolidated subsidiaries and equity-method affiliates in each business segment is as follows:

Business segments	Consolidated subsidiaries	Equity-method affiliates	Principal products and operational content of each business
1. Mobile Communications	5	1	Mobile communication services, and sale of mobile phones accompanying to its services Main operating company: SOFTBANK MOBILE Corp.
2. Broadband Infrastructure	(Note 1) 5	4	ADSL and fiber-optic high-speed Internet connection service, IP telephony service, provision of content and other operations Main operating company: SOFTBANK BB Corp. (note 1)
3. Fixed-line Telecommunications	(Note 1) 5	-	Fixed-line telecommunications such as voice transmission service, data transmission service, private leased circuit and data center service Main operating companies: SOFTBANK TELECOM Corp. (note 1) SOFTBANK IDC Corp.
4. Internet Culture	(Note 1) 14	17	Internet-based advertising operations, broadband portal business, and Internet-based auction business Main operating company: Yahoo Japan Corporation (note 1)
5. e-Commerce	(Note 1) 7	4	Distribution of PC software and such hardware as PCs and peripherals, enterprise solutions, and diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C) Main operating companies: SOFTBANK BB Corp. (note 1) Vector Inc. Carview Corporation
6 Others:			
Broadmedia	6	1	Broadband service such as broadcasting and communications; support for procurement of content Main operating company: Club iT Corporation (note 2)
Technology Services	1	-	System solution business and business solution business Main operating company: SOFTBANK TECHNOLOGY CORP.
Media & Marketing	3	-	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc., and development of web content specializing in IT Main operating companies: SOFTBANK Creative Corp. ITmedia Inc.
Overseas Funds	42	35	U.S.- and Asia-focused global venture capital business principally focused on Internet-related companies Main operating company: SOFTBANK Holdings Inc.
Others	24	8	Leisure and service business, holding company functions for overseas operations, and back-office services in Japan Main operating companies: Fukuoka Softbank Hawks Marketing Corp. TV Bank Corporation
Total	112	70	

Notes

- SOFTBANK BB Corp., SOFTBANK TELECOM Corp. and Yahoo Japan Corporation are included in the consolidated subsidiaries of the Broadband Infrastructure, Fixed-line Telecommunications and Internet Culture segments, respectively, while SOFTBANK BB Corp., SOFTBANK TELECOM Corp. and Yahoo Japan Corporation operate multiple businesses and their operating results are allocated to multiple business segments.
- Club iT Corporation will change its company name (trade name) to Broadmedia Corporation on October 1, 2007.

SOFTBANK subsidiaries listed on domestic stock exchanges as of June 30, 2007:

Subsidiary	Listed exchange
1. Yahoo Japan Corporation	Tokyo Stock Exchange 1 st section Jasdaq Securities Exchange
2. SOFTBANK TECHNOLOGY CORP.	Tokyo Stock Exchange 1 st section
3. Vector Inc.	Osaka Securities Exchange Hercules
4. Club iT Corporation	Osaka Securities Exchange Hercules
5. ITmedia Inc.	Tokyo Stock Exchange Mothers
6. Carview Corporation	Tokyo Stock Exchange Mothers

Note: ITmedia Inc. and Carview Corporation were listed on Tokyo Stock Exchange Mothers on April 19, 2007 and June 12, 2007, respectively.

5. Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen; amounts less than one million yen are omitted.)

	June 30, 2006	June 30, 2007	Increase (Decrease)		March 31, 2007
	Amount	Amount	Amount	%	Amount
ASSETS					
Current assets:					
Cash and deposits	¥285,351	¥478,733	¥193,382	67.8	¥377,666
Notes and accounts receivable - trade	323,034	626,186	303,152	93.8	583,972
Marketable securities	7,173	7,175	2	0.0	8,588
Inventories	78,392	109,197	30,805	39.3	76,898
Deferred tax assets	81,346	113,559	32,212	39.6	108,994
Other current assets	92,123	116,605	24,481	26.6	119,250
Less:					
Allowance for doubtful accounts	(15,545)	(33,556)	(18,010)	-	(27,936)
Total current assets	851,875	1,417,902	566,026	66.4	1,247,433
Fixed assets:					
Property and equipment, net:					
Buildings and structures	88,562	88,301	(261)	(0.3)	89,444
Telecommunications equipment	614,806	722,804	107,998	17.6	694,785
Telecommunications service lines	95,018	90,341	(4,676)	(4.9)	92,235
Land	30,103	27,747	(2,356)	(7.8)	27,747
Construction in progress	79,457	61,678	(17,779)	(22.4)	71,777
Other	47,951	54,354	6,403	13.4	53,861
Total property and equipment	955,899	1,045,227	89,327	9.3	1,029,852
Intangible assets, net:					
Goodwill	1,161,691	1,017,956	(143,734)	(12.4)	1,032,927
Software	158,008	210,133	52,124	33.0	200,615
Other intangibles	51,373	43,253	(8,119)	(15.8)	46,168
Total intangible assets	1,371,073	1,271,344	(99,728)	(7.3)	1,279,710
Investments and other assets:					
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	526,892	474,166	(52,725)	(10.0)	487,421
Deferred tax assets	165,166	133,546	(31,619)	(19.1)	157,783
Other assets	166,018	121,132	(44,885)	(27.0)	113,877
Less:					
Allowance for doubtful accounts	(9,432)	(10,979)	(1,547)	-	(9,405)
Total investments and other assets	848,644	717,866	(130,778)	(15.4)	749,677
Total fixed assets	3,175,618	3,034,438	(141,179)	(4.4)	3,059,240
Deferred charges	3,509	4,180	671	19.1	4,178
Total assets	¥4,031,003	¥4,456,521	¥425,517	10.6	¥4,310,852

Consolidated Balance Sheets

(Millions of yen; amounts less than one million yen are omitted.)

	June 30, 2006	June 30, 2007	Increase (Decrease)		March 31, 2007
	Amount	Amount	Amount	%	Amount
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable - trade	¥91,012	¥182,280	¥91,268	100.3	¥195,167
Short-term borrowings	1,534,529	221,361	(1,313,168)	(85.6)	193,656
Commercial paper	14,600	-	(14,600)	-	5,000
Current portion of corporate bonds	36,064	56,464	20,400	56.6	43,964
Accounts payable – other and accrued expenses	273,781	386,762	112,981	41.3	415,561
Income taxes payable	11,324	12,783	1,458	12.9	33,070
Current portion of lease obligations	-	43,169	43,169	-	18,049
Cash receipts as collateral	150,000	130,000	(20,000)	(13.3)	150,000
Other current liabilities	83,899	81,897	(2,002)	(2.4)	88,433
Total current liabilities	2,195,212	1,114,719	(1,080,492)	(49.2)	1,142,903
Long-term liabilities:					
Corporate bonds	555,404	500,955	(54,448)	(9.8)	422,599
Long-term debt	388,997	1,718,399	1,329,401	341.8	1,729,183
Deferred revenue	37,612	22,695	(14,917)	(39.7)	26,392
Deferred tax liabilities	45,457	52,943	7,486	16.5	50,136
Liability for retirement benefits	17,430	16,494	(936)	(5.4)	16,701
Allowance for point mileage	41,033	43,917	2,884	7.0	43,787
Lease obligations	-	176,888	176,888	-	74,964
Other liabilities	103,663	49,765	(53,897)	(52.0)	87,947
Total long-term liabilities	1,189,599	2,582,059	1,392,460	117.1	2,451,712
Total liabilities	3,384,812	3,696,779	311,967	9.2	3,594,615
Equity:					
Common stock	162,969	163,644	675	0.4	163,309
Cash receipts for new stock subscriptions	-	0	0	-	1
Additional paid-in capital	187,355	188,004	648	0.3	187,669
Accumulated deficit	(219,394)	(175,254)	44,139	-	(192,271)
Less: Treasury stock	(175)	(197)	(22)	-	(193)
Total shareholders' equity	130,754	176,196	45,441	34.8	158,515
Unrealized gain on available-for-sale securities	125,077	102,264	(22,812)	(18.2)	122,619
Deferred (loss) gain on derivatives under hedge accounting	(38,764)	1,697	40,462	-	(26,995)
Foreign currency translation adjustments	18,130	35,967	17,836	98.4	28,810
Total valuation and translation adjustments	104,443	139,929	35,486	34.0	124,434
Stock acquisition rights	3,150	3,195	44	1.4	3,180
Minority interests	407,841	440,419	32,577	8.0	430,106
Total equity	646,190	759,741	113,550	17.6	716,237
Total liabilities and equity	¥4,031,003	¥4,456,521	¥425,517	10.6	¥4,310,852

Consolidated Statements of Income

(Millions of yen; amounts less than one million yen are omitted.)

	Three-month period ended June 30, 2006	Three-month period ended June 30, 2007	Increase (Decrease)		Fiscal year ended March 31, 2007
	Amount	Amount	Amount	%	Amount
Net sales	¥494,231	¥663,084	¥168,853	34.2	¥2,544,219
Cost of sales	273,895	352,896	79,000	28.8	1,409,520
Gross Profit	220,336	310,188	89,852	40.8	1,134,698
Selling, general and administrative expenses	165,978	231,442	65,463	39.4	863,633
Operating income	54,357	78,746	24,389	44.9	271,065
Interest income	1,088	608	(480)	(44.2)	3,394
Foreign exchange gain, net	-	543	543	-	-
Equity in earnings of affiliated companies	9,051	1,440	(7,610)	(84.1)	2,130
Other non-operating income	1,956	1,939	(16)	(0.8)	8,006
Non-operating income	12,096	4,531	(7,565)	(62.5)	13,531
Interest expense	14,601	26,960	12,358	84.6	79,521
Foreign exchange loss, net	154	-	(154)	-	834
Financing related expenses	19,954	-	(19,954)	-	28,715
Other non-operating expenses	5,747	5,162	(584)	(10.2)	22,101
Non-operating expenses	40,459	32,123	(8,335)	(20.6)	131,173
Ordinary income	25,994	51,154	25,159	96.8	153,423
Gain on sale of investment securities	3,971	4,632	660	16.6	84,106
Dilution gain from changes in equity interest	300	2,866	2,565	853.4	2,598
Gain on sale of interests in a subsidiary	-	938	938	-	-
Other special income	400	1,503	1,103	275.5	9,576
Special income	4,672	9,940	5,267	112.7	96,282
Special loss	1,365	2,692	1,326	97.2	41,132
Income before income taxes and minority interests	29,302	58,403	29,100	99.3	208,573
Income taxes:					
Current	10,146	2,826	(7,319)	(72.1)	48,726
Deferred	9,224	20,065	10,841	117.5	93,676
Minority interests in net income	8,514	10,380	1,866	21.9	37,355
Net income	¥1,418	¥25,130	¥23,711	-	¥28,815

Consolidated Statements of Changes in Equity

From April 1, 2006 to June 30, 2006:

(Millions of yen, amounts less than one million yen are omitted)

	Shareholders' equity						Valuation and translation adjustments				Minority interests	Total equity	
	Common stock	Cash receipts for new stock subscriptions	Additional paid-in capital	Accumulated deficit	Treasury stock	Total	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total			Stock acquisition rights
Balance at April 1, 2006	¥162,916	¥5	¥187,303	¥(218,561)	¥(169)	¥131,494	¥129,051	¥(36,840)	¥19,062	¥111,273	¥3,150	¥101,346	¥347,263
Changes of items during the period													
Exercise of warrants	52	(5)	52	-	-	99	-	-	-	-	-	-	99
Cash dividends (Note)	-	-	-	(2,637)	-	(2,637)	-	-	-	-	-	-	(2,637)
Bonuses to directors (Note)	-	-	-	(90)	-	(90)	-	-	-	-	-	-	(90)
Adjustments of accumulated deficit due to change in scope of the consolidation	-	-	-	476	-	476	-	-	-	-	-	-	476
Net income	-	-	-	1,418	-	1,418	-	-	-	-	-	-	1,418
Purchase of treasury stock	-	-	-	-	(5)	(5)	-	-	-	-	-	-	(5)
Items other than changes in shareholders' equity	-	-	-	-	-	-	(3,974)	(1,923)	(932)	(6,830)	-	306,495	299,666
Total changes in this period	52	(5)	52	(833)	(5)	(739)	(3,974)	(1,923)	(932)	(6,830)	-	306,495	298,926
Balance at June 30, 2006	¥162,969	¥-	¥187,355	¥(219,394)	¥(175)	¥130,754	¥125,077	¥(38,764)	¥18,130	¥104,443	¥3,150	¥407,841	¥646,190

Note: Appropriation of retained earnings resolved at the annual shareholders' meeting held on June 23, 2006.

From April 1, 2007 to June 30, 2007:

(Millions of yen, amounts less than one million yen are omitted)

	Shareholders' equity					Valuation and translation adjustments					Stock acquisition rights	Minority interests	Total equity
	Common stock	Cash receipts for new stock subscriptions	Additional paid-in capital	Accumulated deficit	Treasury stock	Total	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total			
Balance at April 1, 2007	163,309	1	187,669	(192,271)	(193)	158,515	122,619	(26,995)	28,810	124,434	3,180	430,106	716,237
Changes of items during the period													
Increase in accumulated deficit due to adoption of new accounting standards at a subsidiary in the U.S.	-	-	-	(5,150)	-	(5,150)	-	-	-	-	-	-	(5,150)
Exercise of warrants	334	(1)	334	-	-	667	-	-	-	-	-	-	667
Cash receipts for new stock subscriptions	-	0	-	-	-	0	-	-	-	-	-	-	0
Cash dividends (Note)	-	-	-	(2,639)	-	(2,639)	-	-	-	-	-	-	(2,639)
Adjustments of accumulated deficit due to change in scope of the consolidation	-	-	-	(323)	-	(323)	-	-	-	-	-	-	(323)
Net income	-	-	-	25,130	-	25,130	-	-	-	-	-	-	25,130
Purchase of treasury stock	-	-	-	-	(4)	(4)	-	-	-	-	-	-	(4)
Items other than changes in shareholders' equity	-	-	-	-	-	-	(20,354)	28,693	7,156	15,495	14	10,312	25,822
Total changes in this period	334	(0)	334	17,016	(4)	17,681	(20,354)	28,693	7,156	15,495	14	10,312	43,503
Balance at June 30, 2007	163,644	0	188,004	(175,254)	(197)	176,196	102,264	1,697	35,967	139,929	3,195	440,419	759,741

Note: Appropriation of retained earnings resolved at the annual shareholders' meeting held on June 22, 2007.

From April 1, 2006 to March 31, 2007:

	(Millions of yen, amounts less than one million yen are omitted)											
	Shareholders' equity					Valuation and translation adjustments					Minority interests	Total equity
	Common stock	Cash receipts for new stock subscriptions	Additional paid-in capital	Accumulated deficit	Treasury stock	Total	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total		
Balance at April 1, 2006	¥162,916	¥5	¥187,303	¥(218,561)	¥(169)	¥131,494	¥129,051	¥(36,840)	¥19,062	¥111,273	¥3,150	¥347,263
Changes of items during the year												
Exercise of warrants	393	(5)	393	-	-	780	-	-	-	-	-	780
Cash receipts for new stock subscriptions	-	1	-	-	-	1	-	-	-	-	-	1
Cash dividends (Note)	-	-	-	(2,637)	-	(2,637)	-	-	-	-	-	(2,637)
Bonuses to directors (Note)	-	-	-	(90)	-	(90)	-	-	-	-	-	(90)
Adjustments of accumulated deficit due to change in scope of the consolidation	-	-	(26)	202	-	176	-	-	-	-	-	176
Net income	-	-	-	28,815	-	28,815	-	-	-	-	-	28,815
Purchase of treasury stock	-	-	-	-	(23)	(23)	-	-	-	-	-	(23)
Items other than changes in shareholders' equity	-	-	-	-	-	-	(6,432)	9,845	9,747	13,160	30	341,951
Total changes in the year	393	(3)	366	26,289	(23)	27,021	(6,432)	9,845	9,747	13,160	30	368,973
Balance at March 31, 2007	¥163,309	¥1	¥187,669	¥(192,271)	¥(193)	¥158,515	¥122,619	¥(26,995)	¥28,810	¥124,434	¥3,180	¥716,237

Note: Appropriation of retained earnings resolved at the annual shareholders' meeting held on June 23, 2006.

Consolidated Statements of Cash Flows

(Millions of yen; amounts less than one million yen are omitted.)

	Three-month period ended June 30, 2006	Three-month period ended June 30, 2007	Fiscal year ended March 31, 2007
Cash flows from operating activities:			
Income before income taxes and minority interests	¥29,302	¥58,403	¥208,573
Adjustments for:			
Depreciation and amortization	38,048	53,533	189,092
Amortization of goodwill	10,940	14,426	53,595
Equity in earnings of affiliated companies	(9,051)	(1,440)	(2,130)
Dilution gain from changes in equity interest, net	(293)	(2,790)	(2,484)
Valuation loss on investment securities	143	169	5,351
Gain on sale of marketable and investment securities, net	(3,970)	(4,489)	(79,885)
Foreign exchange (gain) loss, net	(88)	(829)	1,136
Interest and dividend income	(1,276)	(854)	(3,713)
Interest expense	14,601	26,960	79,521
Changes in operating assets, and liabilities			
Decrease (increase) in receivables – trade	34,259	(44,016)	(225,489)
(Decrease) increase in payables - trade	(12,776)	(13,364)	91,184
Other, net	(1,248)	(57,793)	98,977
Sub-total	98,593	27,914	413,729
Interest and dividends received	2,797	704	5,519
Interest paid	(9,168)	(26,326)	(62,081)
Income taxes paid	(27,546)	(29,770)	(45,964)
Net cash provided by (used in) operating activities	64,675	(27,478)	311,201

- Continued -

Consolidated Statements of Cash Flows (Continued)

(Millions of yen; amounts less than one million yen are omitted.)

	Three-month period ended June 30, 2006	Three-month period ended June 30, 2007	Fiscal year ended March 31, 2007
Cash flows from investing activities:			
Purchase of property and equipment, and intangibles	¥(76,776)	¥(92,916)	¥(297,764)
Purchase of marketable and investment securities	(60,754)	(14,997)	(114,022)
Proceeds from sale of marketable and investment securities	5,958	14,311	168,354
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	(1,835,955)	-	(1,844,849)
Sale of interests in subsidiaries previously consolidated, net	11	-	(89)
Proceeds from sales of interests in consolidated subsidiaries	-	1,012	10
Increase in loan receivables	(4,750)	(10,262)	(16,519)
Collection of loan receivables	2,277	9,891	15,749
Other, net	4,157	(18,558)	(8,805)
Net cash used in investing activities	(1,965,832)	(111,519)	(2,097,937)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	1,286,475	(46,077)	(8,848)
Increase (decrease) in commercial paper, net	4,200	(5,000)	(5,400)
Proceeds from long-term debt	210,070	88,161	1,586,970
Repayment of long-term debt	(7,272)	(31,916)	(98,151)
Proceeds from issuance of bonds	-	89,483	72,558
Redemption of bonds	(1,899)	-	(205,334)
Exercise of warrants	105	669	786
Proceeds from issuance of shares to minority shareholders	300,084	6,023	300,378
Cash dividends paid	(1,846)	(1,983)	(2,640)
Cash dividends paid to minority shareholders	(2,968)	(3,497)	(3,143)
Proceeds from sale and lease back of equipment newly acquired	-	149,864	65,818
Increase (decrease) in cash receipts as collateral, net	50,000	(20,000)	50,000
Other, net	(93,519)	(7,247)	(34,607)
Net cash provided by financing activities	1,743,429	218,480	1,718,384
Effect of exchange rate changes on cash and cash equivalents	134	1,495	3,073
Net (decrease) increase in cash and cash equivalents	(157,593)	80,978	(65,277)
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(3,886)	(771)	(3,896)
Cash and cash equivalents, beginning of the period	446,694	377,520	446,694
Cash and cash equivalents, end of the period	¥285,214	¥457,727	¥377,520

Condensed Quarterly Financial Information

Condensed Statements of Income

(Millions of yen; amounts less than one million yen are omitted.)

	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter
	April 1, 2006 to June 30, 2006	July 1, 2006 to September 30, 2006	October 1, 2006 to December 31, 2006	January 1, 2007 to March 31, 2007	April 1, 2007 to June 30, 2007
	Amount	Amount	Amount	Amount	Amount
Net sales	¥494,231	¥625,941	¥702,195	¥721,850	¥663,084
Cost of sales	273,895	341,443	390,157	404,024	352,896
Gross profit	220,336	284,498	312,037	317,826	310,188
Selling, general and administrative expenses	165,978	226,303	227,304	244,045	231,442
Operating income	54,357	58,194	84,733	73,780	78,746
Non-operating income (Note)	12,096	4,540	1,829	4,259	4,531
Non-operating expenses (Note)	40,459	26,039	37,637	36,231	32,123
Ordinary income	25,994	36,696	48,924	41,808	51,154
Special income	4,672	66,795	15,788	9,024	9,940
Special loss	1,365	13,895	6,688	19,182	2,692
Income before income taxes and minority interests	29,302	89,596	58,024	31,650	58,403
Income taxes - Current	10,146	70,826	12,552	(44,798)	2,826
Income taxes - Deferred	9,224	(3,182)	27,211	60,423	20,065
Minority interests in net income	8,514	8,930	10,765	9,145	10,380
Net income	¥1,418	¥13,021	¥7,494	¥6,881	¥25,130

Note: Foreign exchange gain (loss), equity in earnings (loss) of affiliated companies, and income (expenses) from investments in partnerships were included in "Non-operating income" and "Non-operating expenses" and were netted on quarterly basis for presentation purposes.

Condensed Statements of Cash Flows

(Millions of yen; amounts less than one million yen are omitted.)

	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter
	April 1, 2006 to June 30, 2006	July 1, 2006 to September 30, 2006	October 1, 2006 to December 31, 2006	January 1, 2007 to March 31, 2007	April 1, 2007 to June 30, 2007
	Amount	Amount	Amount	Amount	Amount
Net cash provided by (used in) operating activities	¥64,675	¥122,464	¥71,193	¥52,868	¥(27,478)
Net cash provided by (used in) investing activities	(1,965,832)	8,847	(71,675)	(69,276)	(111,519)
Net cash provided by (used in) financing activities	1,743,429	(144,656)	124,058	(4,446)	218,480
Effect of exchange rate changes on cash and cash equivalents	134	703	(2,716)	4,951	1,495
Net increase (decrease) in cash and cash equivalents	(157,593)	(12,641)	120,859	(15,902)	80,978
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(3,886)	-	(9)	-	(771)
Cash and cash equivalents, beginning of the period	446,694	285,214	272,572	393,423	377,520
Cash and cash equivalents, end of the period	¥285,214	¥272,572	¥393,423	¥377,520	457,727
Note: "Depreciation and amortization" and "amortization of goodwill" included in net cash provided by operating activities	¥48,989	¥62,424	¥66,271	¥65,001	¥67,960

Basis of Presentation of Consolidated Financial Statements

1. Changes in scope of consolidation

As of June 30, 2007, SOFTBANK CORP. (hereafter the "Company") consolidated 112 subsidiaries. 72 subsidiaries were not consolidated as the individual and aggregate amounts were not considered material in relation to the consolidated total assets, net sales, net income and retained earnings (accumulated deficit) of the SOFTBANK Consolidated Financial Statements.

Changes in scope of consolidation were as follows:

<Increase>

None

<Decrease>

6 companies

2. Changes in scope of equity method

As of June 30, 2007, the Company held 70 affiliates, all of which were accounted for under the equity method. 72 non-consolidated subsidiaries and 25 affiliates were not accounted for under the equity method, as the individual and aggregate amounts were not considered material in relation to the net income and retained earnings (accumulated deficit) of the SOFTBANK Consolidated Financial Statements.

Changes in application of equity method were as follows:

<Increase>

5 companies

<Decrease>

1 company

3. Summary of significant accounting policies

[1] Evaluation standards and methods for major assets

(1) Marketable securities and investment securities

Held-to-maturity debt securities: Stated at amortized cost

Available-for-sale securities:

With market quotations: Stated at fair value, which represents the market prices at the balance sheet date (unrealized gain/loss is included as a separate component in equity, net of tax, while cost is primarily determined using the moving-average method)

Without market quotations: Carried at cost, primarily based on the moving-average method

(2) Derivative instruments: Stated at fair value

(3) Inventories: Carried at cost, primarily based on the moving-average method

[2] Depreciation and amortization

(1) Property and equipment

Buildings and structures: Computed primarily using the straight line method

Telecommunications equipment: Computed using the straight line method

Telecommunications service lines: Computed using the straight line method

Others: Computed primarily using the straight line method

(2) Intangible assets: Computed using the straight-line method

[3] Accounting principles for major allowances and accruals

(1) <Allowance for doubtful accounts>

Allowance for doubtful accounts is calculated based on the aggregate amount of estimated credit losses on doubtful receivables, plus an amount for receivables other than doubtful receivables calculated using historical write-off experience ratios from certain prior periods.

(2) <Accrued retirement benefits>

SOFTBANK MOBILE Corp., SOFTBANK TELECOM Corp., and certain other subsidiaries have defined benefit pension plans for their employees. These companies account for the obligation for retirement benefits based on the projected benefit obligations at the end of the fiscal year end.

SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. amended the pension plans by suspending the defined benefit pension plans at the end of March 2007 and March 2006, respectively, and implementing defined contribution pension plans. The retirement benefit existed and calculated under the benefit pension plan was fixed and will be paid at the retirement of applicable employees, and the projected benefit obligations are calculated based on these fixed retirement benefit. As a result, service cost under the defined benefit pension plans at SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. do not occur, but only interest cost occurred for the three-month period ended June 30, 2007.

(3) <Allowance for point mileage >

SOFTBANK MOBILE Corp. has an allowance for point mileage which is accrued based on the estimated future obligation arising from point service, based on past experience.

[4] Translation of foreign currency transactions and accounts

All assets and liabilities in foreign currencies are translated at the foreign currency exchange rates prevailing at the respective balance sheet dates. Foreign currency exchange gains or losses are charged to net income when incurred.

The translation of foreign currency denominated revenues and expenses in the financial statements of foreign consolidated subsidiaries into Japanese yen is performed by using the average exchange rate for the period. Assets and liabilities are translated using the foreign currency exchange rates prevailing at the balance sheet dates, and capital stock is translated using the historical foreign currency exchange rates. Foreign currency financial statement translation differences are presented as a separate component of "Equity," and the portion pertaining to minority shareholders, which is included in "Minority interests."

[5] Lease

Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

[6] Accounting for significant hedge transactions

(1) Collar transaction

① <Hedge accounting>

Unrealized gains and losses, net of tax, on a collar transaction that qualifies as an effective cash flow hedge at consolidated subsidiaries in the United States of America are reported as a separate component of "Equity" in the Company's Consolidated Balance Sheets. As such, unrealized gains and losses associated with the collar transaction will be recognized into earnings in the same period during which the hedged assets and liabilities are recognized in earnings.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging: Prepaid variable share forward contract (the collar transaction)

Hedged items: Equity security

③ <Hedging policy>

The purpose of the collar transaction is to hedge the variability of cash flows associated with the future market price of the underlying equity security, which is used for the settlement of loans at maturity.

④ <Effectiveness of hedge transactions>

The effectiveness of hedge transaction is assessed by measuring high correlation between the variability of cash flows associated with the market price of hedged items and variability of cash flows of hedge instruments.

(2) Interest rate swap

① <Hedge accounting>

For interest rate swaps whose amounts, index and periods are same as the conditions for hedged items, the “exceptional method” is adopted. Under this method, a certain domestic consolidated subsidiary does not account for gains and losses of those interest rate swaps on a fair value basis and recognizes swap interest on an accrual basis.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging: Interest rate swap contracts

Hedged items: Interest expense on borrowings

③ <Hedging policy>

The domestic consolidated subsidiaries use derivative financial instruments to hedge the risk of exposures to fluctuations in interest rates in accordance with its internal policies, regarding the authorization and credit limit amount.

④ < Effectiveness of hedge transactions >

Effectiveness of the hedge transaction is omitted due to the adoption of “exceptional method.”

(3) Forward-exchange contract

① <Hedge accounting>

Long-term debt denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuation are translated at the contracted rate, if the forward contracts qualify for hedge accounting.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging: Forward-exchange contract

Hedged items: Foreign currency-denominated bond

③ <Hedging policy>

In accordance with the Company’s policy, the Company uses derivatives to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

④ < Effectiveness of hedge transactions >

Effectiveness of the hedge transaction is omitted due to qualifying for hedge accounting.

[7] Accounting method for consumption taxes

Consumption taxes are accounted for using the net method of reporting.

4. Accounting for business combinations

All assets and liabilities of an acquired entities are revalued at the respective fair market value at the combination date.

5. Amortization of goodwill

“Goodwill” is amortized on a straight-line basis over reasonably estimated periods in which economic benefits are expected to be realized. Immaterial goodwill is expensed as incurred.

The goodwill resulted from acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) is amortized over 20-year-period.

6. Scope of cash and cash equivalents in the consolidated statements of cash flows

“Cash and cash equivalents” are comprised of cash on hand, bank deposits withdrawable on demand and highly liquid investments with initial maturities of three months or less and a low risk of fluctuation in value.

Notes

(Consolidated Balance Sheets)

1. Accumulated depreciation of property and equipment

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
	626,519 million yen	752,539 million yen	719,297 million yen

2. Contingent liability

Based on debt assumption agreements with financial institutions, SOFTBANK MOBILE Corp. has transferred its debt repayment obligation for straight bonds previously issued to financial institutions. The bonds and payments to financial institutions incurred from transferring its debt repayment obligation for the bonds are eliminated in the Company's Consolidated Balance Sheets.

However, under the terms of the indenture, SOFTBANK MOBILE Corp. will continue to be responsible for payments on the bonds until maturity or redemption of the bonds.

Subject Bonds	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
First Series Unsecured Bond	- million yen	25,000 million yen	25,000 million yen
Third Series Unsecured Bond	- million yen	25,000 million yen	25,000 million yen
Fifth Series Unsecured Bond	- million yen	25,000 million yen	25,000 million yen
Seventh Series Unsecured Bond	- million yen	25,000 million yen	25,000 million yen
Total	- million yen	100,000 million yen	100,000 million yen

3. Assets pledged as collateral

(1) For future lease liabilities

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
<u>Assets pledged as collateral:</u>			
Notes and accounts receivable – trade	10,697 million yen	10,891 million yen	10,877 million yen

In addition to above, amounts eliminated in the consolidated balance sheet as an intercompany balance:

Notes and accounts receivable – trade	13,219 million yen	14,143 million yen	14,029 million yen
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Note: The collateral for the future lease liabilities (finance lease accounted for as operating lease transactions) was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries. The future lease liabilities at the end of periods are as follows:

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
Future lease liabilities (finance lease accounted for as operating lease transactions)	20,542 million yen	11,343 million yen	13,026 million yen

(2) For short-term borrowings and long-term debt

Assets pledged as collateral and secured liabilities by consolidated subsidiaries are as follows:

	June 30, 2006	June 30, 2007	March 31, 2007
<u>Assets pledged as collateral:</u>			
Cash and deposits	532 million yen	169,157 million yen	70,897 million yen
Notes and accounts receivable – trade	993	261,446	303,486
Buildings and structures	503	14,017	13,986
Telecommunications equipment	1,284	301,094	362,644
Telecommunications service lines	-	172	226
Land	5,001	15,567	15,566
Property and equipment- other	0	4	0
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	208,169	180,388	196,552
Investments and other assets – other assets	-	228	115
Total	216,484 million yen	942,076 million yen	963,475 million yen

	June 30, 2006	June 30, 2007	March 31, 2007
<u>Secured liabilities:</u>			
Accounts payable - trade	614 million yen	1,214 million yen	1,246 million yen
Short-term borrowings	55,299	8,774	5,373
Accounts payable – other and accrued expenses	116	-	123
Long-term debt	118,283	1,468,040	1,474,523
Total	174,313 million yen	1,478,029 million yen	1,481,267 million yen

SOFTBANK MOBILE Corp. shares owned by BB Mobile Corp. and BB Mobile Corp. shares owned by Mobiletech Corporation are pledged as collateral for long-term debt (totaled to ¥1,342,174 million) resulted from the refinancing the loan accompanying the acquisition of SOFTBANK MOBILE Corp., in addition to the assets pledged as collateral above.

The fund procured through the securitization of installment sales receivables of SOFTBANK Mobile Corp. in the amount of ¥36,645 million and ¥51,515 million were recorded as “Short-term borrowings” and “Long-term debt,” respectively, as of June 30, 2007. The installment sales receivables, equivalent to ¥88,161 million which is the amount of senior trust certificate of the securitized installment sales receivables for this procurement, was included in “Notes and account receivable-trade,” along with the amount of trust beneficial certificate held by the SOFTBANK MOBILE Corp. Trustee procured the fund through asset backed loans which were backed by these installment sales receivables.

4. Securities loaned

A portion of investment securities was lent to financial institutions according to stock lending agreements, and the amounts of applicable investment securities recorded in the Company’s Consolidated Balance Sheets are as follows:

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
Investment securities	40,527 million yen	194 million yen	193 million yen

5. Cash receipts as collateral

Cash receipts as collateral from financial institutions, to whom the Company has lent shares in its subsidiary under security deposit agreements, are presented as follows:

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
Cash receipts as collateral	150,000 million yen	130,000 million yen	150,000 million yen

According to the security deposit agreements, the Company paid a fixed rate amount as stock bailment fees and other fees totaling ¥581 million, ¥914 million, and ¥3,539 million for the periods ended at June 30, 2006, June 30, 2007, and March 31, 2007, respectively, and recorded the fees as other non-operating expenses in the Consolidated Statements of Income.

6. Line of credit as a creditor (not used)

As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
14,373 million yen	10,903 million yen	7,708 million yen

7. Cash receipts for new stock subscriptions

Cash receipts for new stock subscriptions represent amounts paid at the exercise of warrants as advance on subscriptions. In July 2007, the Company issued 600 new shares.

(Consolidated Statements of Income)

1. Selling, general and administrative expenses

	Three-month period ended June 30, 2006	Three-month period ended June 30, 2007	Fiscal year ended March 31, 2007
Sales commission	45,770 million yen	67,660 million yen	260,478 million yen
Sales promotion expense	26,053	42,403	145,382
Payroll and bonuses	20,555	25,352	94,723
Allowance for doubtful accounts	988	7,345	16,614

(Consolidated Statements of Changes in Equity)

From April 1, 2006 to June 30, 2006:

1. Class and number of outstanding shares:

	March 31, 2006	Increase	Decrease	June 30, 2006
Number of common stocks	1,055,231,478	72,000	-	1,055,303,478

Note: Increase resulted from the exercise of stock acquisition rights.

2. Class and number of treasury stocks:

	March 31, 2006	Increase	Decrease	June 30, 2007
Number of common stocks	149,391	2,005	-	151,396

Note: Increase resulted from the acquisition of the fractional shares.

3. Stock acquisition rights:

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights				Millions of yen
			March 31, 2006	Increase	Decrease	June 30, 2006	June 30, 2006
SOFTBANK, Corp.	Stock acquisition rights issued in 2004	Common stocks	24,000,000	-	-	24,000,000	3,150
Consolidated Subsidiaries	-		-				0
Total			-				3,150

4. Dividends:

Dividend paid

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 23, 2006	Common stocks	2,637	¥2.50	March 31, 2006	June 23, 2006

From April 1, 2007 to June 30, 2007:

1. Class and number of outstanding shares:

	March 31, 2007	Increase	Decrease	June 30, 2007
Number of common stocks	1,055,862,978	614,400	-	1,056,477,378

Note: Increase resulted from the exercise of stock acquisition rights.

2. Class and number of treasury stocks:

	March 31, 2007	Increase	Decrease	June 30, 2007
Number of common stocks	158,611	1,593	-	160,204

Note: Increase resulted from the acquisition of the fractional shares.

3. Stock acquisition rights:

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights				Millions of yen
			March 31, 2007	Increase	Decrease	June 30, 2007	June 30, 2007
SOFTBANK, Corp.	Stock acquisition rights issued in 2004	Common stocks	24,000,000	-	-	24,000,000	3,150
Consolidated Subsidiaries	-		-				45
Total			-				3,195

4. Dividends:

Dividend paid

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 22, 2007	Common stocks	2,639	¥2.50	March 31, 2007	June 25, 2007

5. Adoption of new accounting standards at a subsidiary in the United States of America.

A subsidiary of the Company in the United States of America applied "Accounting for Uncertainty in Income Taxes" (Financial Accounting Standard Board Interpretation No. 48) from the period beginning on April 1, 2007. The cumulative effect of applying the provisions of this Interpretation was reported as an adjustment to the opening balance of accumulated deficit, and accordingly, it is recorded as "Increase in accumulated deficit due to adoption of new accounting standards at a subsidiary in the U.S." in the Consolidated Statements of Changes in Equity.

From April 1, 2006 to March 31, 2007:

1. Class and number of outstanding shares:

	March 31, 2006	Increase	Decrease	March 31, 2007
Number of common stocks	1,055,231,478	631,500	-	1,055,862,978

Note: Increase resulted from the exercise of stock acquisition rights.

2. Class and number of treasury stocks:

	March 31, 2006	Increase	Decrease	March 31, 2007
Number of common stocks	149,391	9,220	-	158,611

Note: Increase resulted from the acquisition of the fractional shares.

3. Stock acquisition rights:

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights				Millions of yen
			March 31, 2006	Increase	Decrease	March 31, 2007	March 31, 2007
SOFTBANK, Corp.	Stock acquisition rights issued in 2004	Common stocks	24,000,000	-	-	24,000,000	3,150
Consolidated Subsidiaries	-			-			30
Total				-			3,180

4. Dividends:

(1) Dividend paid

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 23, 2006	Common stocks	2,637	¥2.50	March 31, 2006	June 23, 2006

(2) Dividends which recorded date is in the fiscal year 2007 and effective date for payment is in the fiscal year 2008.

Resolution	Class of shares	Amount of dividend (Millions of yen)	Source of dividend	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 22, 2007	Common stocks	2,639	Retained earnings	¥2.50	March 31, 2007	June 25, 2007

(Consolidated Statements of Cash Flows)

1. Reconciliation of cash and cash equivalents to the amounts presented in the accompanying Consolidated Balance Sheets

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
Cash and deposits	285,351 million yen	478,733 million yen	377,666 million yen
Marketable securities	7,173	7,175	8,588
Time deposits with original maturity over three months	(1,595)	(22,615)	(1,989)
Stocks and bonds with original maturity over three months	(5,714)	(5,566)	(6,744)
Cash and cash equivalents	285,214 million yen	457,727 million yen	377,520 million yen

2. Scope of Purchase of property and equipment, and intangibles in the Consolidated Statement of Cash flows

“Purchase of property and equipment, and intangibles” are comprised of cash outflow from purchasing property and equipment, and intangible assets (excluding goodwill) and long-term prepaid expenses.

3. Proceeds from sale and lease back of equipment newly acquired

Once SOFTBANK MOBILE Corp. purchases telecommunications equipment for the purpose of assembly, installation and inspection, SOFTBANK MOBILE Corp. sells the equipment to lease companies for sale and lease back purpose. The leased asset and lease obligation are recorded in the Consolidated Balance Sheet.

The cash outflows from the purchase of the equipment from vendors are included in “Purchase of property and equipment, and intangibles” and the cash inflows from the sale of the equipment to a lease company are included in “Proceeds from sale and lease back of equipment newly acquired.”

Segment Information

1. Business segment information

(1) For the three-month period ended June 30, 2006

(Millions of yen; amounts less than one million yen are omitted.)

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥231,545	¥62,797	¥81,892	¥44,453	¥55,886	¥17,655	¥494,231	¥-	¥494,231
(2) Inter-segment	922	524	6,781	189	3,256	2,634	14,307	(14,307)	-
Total	232,467	63,322	88,673	44,642	59,142	20,289	508,539	(14,307)	494,231
Operating expenses	205,174	57,842	87,461	23,012	57,681	21,007	452,179	(12,305)	439,874
Operating income (loss)	¥27,293	¥5,479	¥1,212	¥21,630	¥1,461	¥(717)	¥56,360	¥(2,002)	¥54,357

(2) For the three-month period ended June 30, 2007

(Millions of yen; amounts less than one million yen are omitted.)

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥389,037	¥64,326	¥77,851	¥51,893	¥58,270	¥21,705	¥663,084	¥-	¥663,084
(2) Inter-segment	2,630	1,420	12,634	902	3,390	3,166	24,145	(24,145)	-
Total	391,668	65,747	90,486	52,796	61,660	24,871	687,230	(24,145)	663,084
Operating expenses	348,140	57,081	90,597	25,647	60,493	25,560	607,521	(23,183)	584,338
Operating income (loss)	¥43,528	¥8,665	¥(111)	¥27,148	¥1,167	¥(689)	79,709	¥(962)	¥78,746

(3) For the fiscal year ended March 31, 2007

(Millions of yen; amounts less than one million yen are omitted.)

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥1,430,821	¥258,824	¥332,136	¥191,509	¥256,923	¥74,003	¥2,544,219	¥-	¥2,544,219
(2) Inter-segment	11,218	5,402	41,993	2,702	14,647	16,781	92,746	(92,746)	-
Total	1,442,040	264,227	374,129	194,212	271,570	90,785	2,636,966	(92,746)	2,544,219
Operating expenses	1,286,296	237,418	377,095	97,667	264,889	95,515	2,358,883	(85,729)	2,273,153
Operating income (loss)	¥155,743	¥26,809	¥(2,965)	¥96,544	¥6,680	¥(4,730)	¥278,082	¥(7,017)	¥271,065

Notes:

- Business segments are categorized primarily based on the nature of business operations, type of services, and similarity of sales channels, etc. which the SOFTBANK Group uses for its internal management purpose.
- Please refer to the chart of "The SOFTBANK Group" for the main businesses segments.
- Unallocated operating expenses for the three-month periods ended June 30, 2007, June 30, 2006 and for the fiscal year ended March 31, 2007 in the column "Elimination or Corporate," mainly represent expenses of the corporate division of the Company, were totaling ¥1,519 million, ¥1,395 million and ¥8,481 million, respectively.
- In the Mobile Communications segment, which was established for the fiscal year ended March 31, 2007, net sales and operating expenses of SOFTBANK MOBILE Corp. and its consolidated subsidiaries were consolidated from May 2006.

Leases

1. Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease periods

(as a lessee)

(1) Amounts equivalent to acquisition costs, accumulated depreciation, and accumulated impairment loss of leased property for each period:

	As of June 30, 2006		As of June 30, 2007		As of March 31, 2007
Telecommunications equipment and telecommunications service lines					
Acquisition cost	202,110		185,841		185,251
Accumulated depreciation	(74,630)		(61,842)		(60,294)
Accumulated impairment loss	(21,703)		(21,703)		(21,703)
Net leased property	105,776	million yen	102,295	million yen	103,252 million yen
Buildings and structures					
Acquisition cost	48,232		48,240		48,237
Accumulated depreciation	(4,143)		(6,789)		(6,127)
Accumulated impairment loss	-		-		-
Net leased property	44,088	million yen	41,451	million yen	42,109 million yen
Property and equipment - others					
Acquisition cost	17,232		18,533		20,187
Accumulated depreciation	(5,788)		(4,997)		(6,168)
Accumulated impairment loss	(1,656)		(1,330)		(1,388)
Net leased property	9,786	million yen	12,205	million yen	12,630 million yen
Intangible assets					
Acquisition cost	6,702		10,158		10,124
Accumulated depreciation	(1,252)		(2,246)		(2,254)
Accumulated impairment loss	(287)		(221)		(234)
Net leased property	5,161	million yen	7,690	million yen	7,635 million yen
Total					
Acquisition cost	274,277		262,772		263,800
Accumulated depreciation	(85,815)		(75,875)		(74,846)
Accumulated impairment loss	(23,647)		(23,255)		(23,326)
Net leased property	164,814	million yen	163,642	million yen	165,628 million yen

Long-term prepaid expenses relating to a lease contract, in which the contract term and payment term are different, for the period ended at June 30, 2006, June 30, 2007 and for the fiscal year ended at March 31, 2007 were ¥3,169 million, ¥9,718 million and ¥7,848 million, respectively and are included in "other assets" of investments and other assets in the Consolidated Balance Sheets.

(2) Obligations under finance lease at the end of each period:

	As of June 30, 2006		As of June 30, 2007		As of March 31, 2007
Due within one year	34,831		32,950		33,088
Due after one year	161,845		162,513		165,966
Total	196,676	million yen	195,463	million yen	199,055 million yen
Balance of allowance for impairment loss on leased property	21,942	million yen	16,937	million yen	18,170 million yen

- (3) Lease payments, reversal of allowance for impairment loss on leased property, amounts equivalent to depreciation and interest expense for each period:

	Three-month period ended June 30, 2006	Three-month period ended As of June 30, 2007	Fiscal year ended March 31, 2007
Lease payments	12,829 million yen	12,046 million yen	52,875 million yen
Reversal of allowance for impairment loss on leased property	1,484	1,233	5,256
Depreciation expense	9,988	9,134	41,529
Interest expense	3,522	3,312	14,086

- (4) Calculation method used to determine the amount equivalent to depreciation and interest expense:

The amount equivalent to depreciation is computed using the straight-line method over the period of the capital leases, assuming no residual value except in cases where the residual value is guaranteed in the lease contract.

The amount equivalent to interest expense is calculated by subtracting acquisition costs from the total lease payments and allocated over the lease periods based on the interest method.

(as a lessor)

- (1) Acquisition cost and accumulated depreciation at the end of each period:

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
Property and equipment - others			
Acquisition cost	164	-	-
Accumulated depreciation	(149)	-	-
Net leased property	15 million yen	- million yen	- million yen

- (2) The future lease receivables under finance lease at the end of each period:

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
Due within one year	17	-	-
Due after one year	0	-	-
Total	17 million yen	- million yen	- million yen

- (3) Lease income, depreciation and amount equivalent to interest income under finance lease for each period:

	Three-month period ended June 30, 2006	Three-month period ended June 30, 2007	Fiscal year ended March 31, 2007
Lease income	11 million yen	- million yen	29 million yen
Depreciation expense	10	-	29
Interest income	0	-	0

- (4) Calculation method of amount equivalent to interest income

The amount equivalent to interest income is calculated by subtracting acquisition costs from total lease income and estimated residual value and allocated over the lease periods based on the interest method.

2. Non-cancelable operating lease transactions

(as a lessee)

The future lease payments under non-cancelable operating leases at the end of each period:

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
Due within one year	12,922	6,968	9,898
Due after one year	9,258	3,962	4,386
Total	22,181 million yen	10,931 million yen	14,284 million yen

(as a lessor)

The future lease receivables under non-cancelable operating leases at the end of each period:

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
Due within one year	1,309	1,461	1,258
Due after one year	2,161	2,206	1,700
Total	3,470 million yen	3,668 million yen	2,958 million yen

Investment in Debt and Equity Securities

1. Marketable and investment securities at fair value

(Millions of yen; amounts less than one million yen are omitted.)

	As of June 30, 2006			As of June 30, 2007			As of March 31, 2007		
	Investment Cost	Carrying Amount	Differences	Investment Cost	Carrying Amount	Differences	Investment Cost	Carrying Amount	Differences
(1) Equity securities	36,418	233,887	197,469	40,776	201,796	161,019	40,068	231,789	191,722
(2) Other	59	59	-	1,026	1,027	1	1,100	1,100	0
Total	36,477	233,947	197,469	41,802	202,823	161,021	41,168	232,890	191,721

2. The carrying amounts of the unlisted investment securities

(Millions of yen; amounts less than one million yen are omitted.)

	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
	Carrying Amount	Carrying Amount	Carrying Amount
(1) Held-to-maturity debt securities:			
Foreign debt securities	-	700	-
Debt securities	675	468	170
(2) Available-for-sale securities:			
Equity securities	81,127	146,068	141,790
Investments in limited partnerships	5,884	5,018	5,802
Money Management Fund	5,219	4,227	6,053
Foreign debt securities	156	1,247	148
Designated Money Trust	1,000	1,000	1,000
Preferred fund certificate	2,000	-	2,000
Other	470	1,100	618
Total	96,534	159,830	157,583