SOFTBANK

annual report 2002

the big picture

Our *vision* is clear—

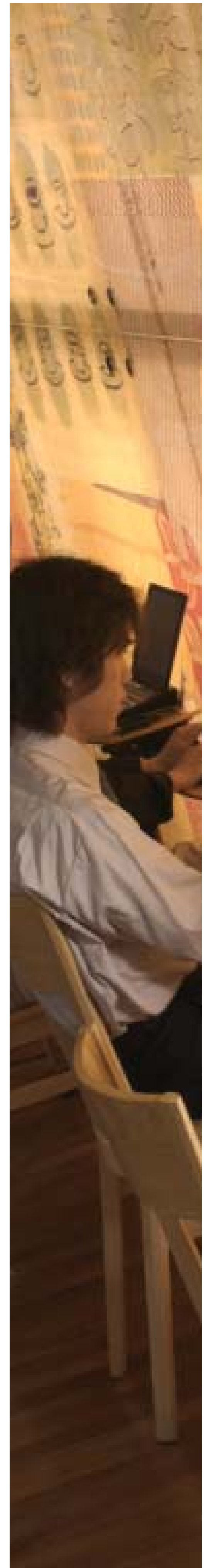
SOFTBANK CORP.

http://www.softbank.co.jp/

CONTENTS

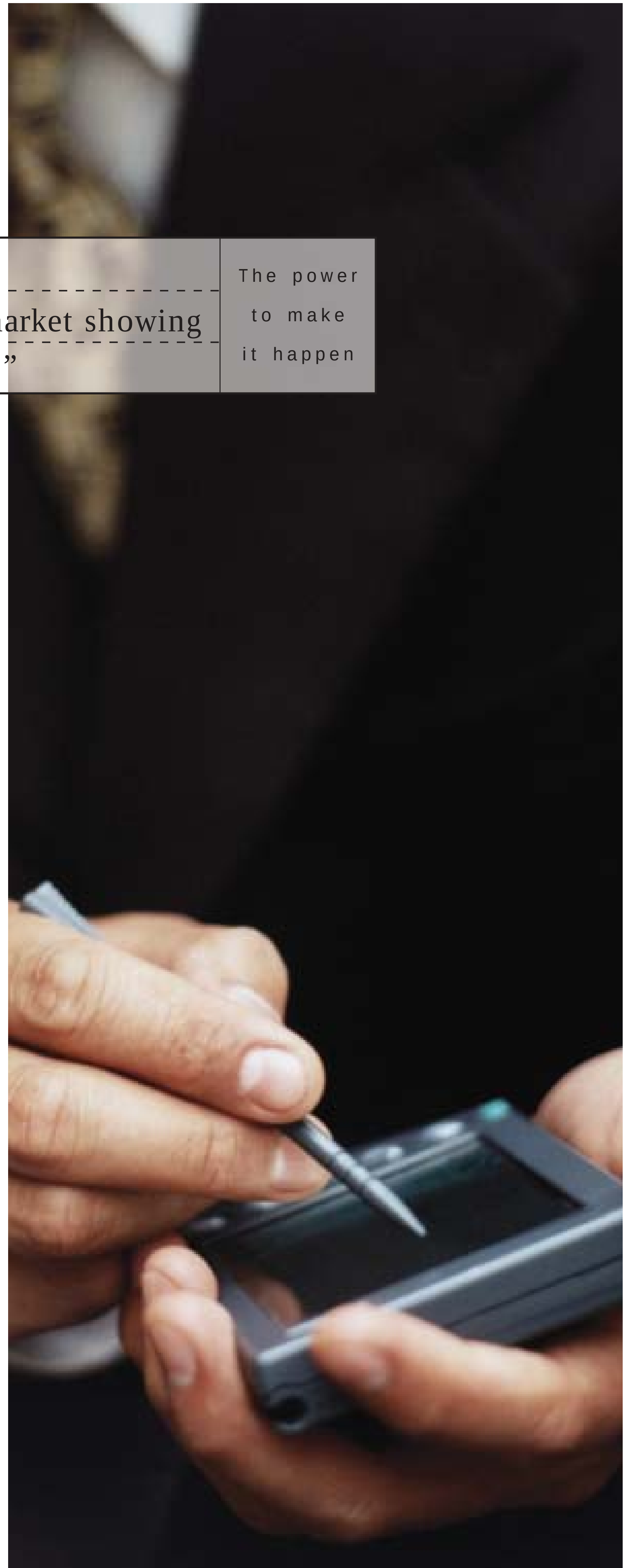
—and it is coming into view

The power to make it happen



"We have a growing **presence** in a market showing exponential growth"

The power to make it happen



To Our Shareholders

Channeling Resources to Broadband

Based on the unwavering founding principle of "Endeavoring to benefit society and the economy by fostering the sharing of wisdom and knowledge gained through the IT revolution," the SOFTBANK Group anticipates the direction of progress in the digital information industry, combining new ideas and technologies to deliver a steady stream of industry standards far ahead of our competitors. By adapting to the rapid shifts that characterize the IT industry, we are firmly positioned as the front-runner in Japan's Internet business world. Today, the Internet stands on the verge of the next stage of development—broadband. A blueprint entitled "National Broadband Initiative – Establishing Japan as the Most Advanced IT Nation" was released in October 2001 by the Ministry of Public Management, Home Affairs, Posts and Telecommunications. In order for Japan to become a broadband advanced country, this initiative recommends that at least 30 million households are to have always-on, high-speed Internet access (xDSL, CATV or wireless) by fiscal 2005. Furthermore, the ministry envisions ultra-high-speed, fiber-optic networks offering continuous access to at least 10 million households.

Broadband has thus been taken up at the national level. These events come as no surprise to us. The SOFTBANK Group has been preparing for the advent of the broadband era for several years now. Thanks to this foresight, we completed laying the groundwork for leadership during fiscal 2002, the year ended March 31, 2002. Our subsidiary BB Technologies Corporation has established a one-of-a-kind broadband network covering most of Japan, signaling the start of our full-scale development of broadband-related businesses.

SOFTBANK's Three Broadband Strategies

Our aim is nothing less than to become the number one corporate group in the broadband domain. Through the following three-part strategy, we will develop huge markets that in some way or another use broadband technology.

Number one in broadband infrastructure—BB Technologies Corporation's broadband network utilizing dark fiber makes possible the provision of always-on, high-speed ADSL Internet connection at the most competitive rate possible. The *Yahoo! BB* comprehensive broadband service using ADSL began commercial operations in September 2001 and is off to a strong start. The SOFTBANK Group also supplies an ultra-high-speed, fiber-optic, always-on Internet connection service, mainly targeting corporate clients and apartment complexes. We will continue to provide infrastructure services that cover many user categories as we seek to become number one in market share and infrastructure. We expect to be rewarded with consistently strong revenues and profits.

Number one in broadband platforms—The SOFTBANK Group has many widely recognized and respected brands, including the *Yahoo! Japan* portal sites and *Vector*, a software downloading site. We plan to sustain growth by establishing an even larger number of these platforms within the Group.

Number one in broadband content and services—Either standalone or through partnerships, Group companies will create and supply content and services unique to broadband. Becoming number one in more types of content and services will help diversify our revenue sources.

Debt Reduction and Financial Soundness

SOFTBANK CORP. recorded a consolidated net loss of ¥88,755 million in fiscal 2002. One cause was start-up expenses for broadband infrastructure businesses. Another was valuation losses on investment securities, particularly those held overseas, and valuation losses on investments held in affiliates due to the weakness in global equity markets brought on by the terrorist attacks in the U.S. and other factors. Furthermore, there was a valuation loss on goodwill and other intangible assets due to the application of new U.S. accounting standards.

Shareholders' equity increased ¥41,065 million to ¥465,326 million as Yahoo! Inc. was accounted at fair market value, whereas it was previously accounted for based on the equity method, and translation adjustments increased. We used proceeds from sales of investment securities to redeem and repurchase straight bonds. This allowed us to reduce our debt by ¥47,797 million during the fiscal year to ¥365,645 million at the end of March 2002. Net debt, which is debt less liquidity on hand*, declined to ¥232,017 million. These improvements give the SOFTBANK Group a more solid base from which to launch broadband businesses.

* SOFTBANK defines liquidity on hand as the sum of cash and deposits, short-term marketable securities (MMF, mid-term government bond funds, etc.) and specified money trusts.

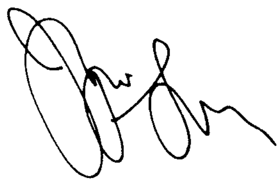
Contributing to the Expansion of Broadband

The September 2001 launch of the low-priced *Yahoo! BB* comprehensive broadband service triggered a surge in demand for broadband service in Japan. To further expand broadband services, we supported the Japanese government's "e-Japan Strategy," which aims to raise the IT literacy of the population, by announcing that we will provide broadband infrastructure and related services to schools, libraries and certain other public facilities in Japan for six years at no charge. We aim to contribute, even if only a little, to the creation of a broadband environment for educational facilities. It is vital to raise the IT literacy of children by enabling them to experience new ways of communicating and sharing knowledge, such as through high-speed Internet access, wireless Internet access, broadband telephony and other leading-edge technologies.

A Commitment to Shareholder Value

In line with its founding principle, the SOFTBANK Group is pursuing an "IT revolution" through a constant process of evolution in its business models. As a new century begins, there is no doubt that broadband will be the driving force behind this revolution for many years to come. We intend to seize the opportunities that arise. This is why we will continue to channel our resources to broadband. We will aim to increase shareholder value by focusing on broadband businesses that can produce stable profits and cash flows over the long term.

July 2002



Masayoshi Son
President and Chief Executive Officer

the big picture: our vision is clear

Pioneering Japan's Broadband Market—
With Foresight and a One-of-a-kind IP*[1] Backbone Network

The Advent of the Broadband Era

The importance of broadband has escalated to such a level that whoever dominates broadband will most likely dictate the course of the information-centric society of the 21st century. Nations around the world are embracing this technology. Pace-setting South Korea has, according to statistics of the Ministry of Information and Communication of the Republic of Korea, 8.49 million households with broadband access as of April 2002, a penetration rate of almost 60%. Japan, despite its slow start, is promoting broadband by announcing its "e-Japan strategy," which sets forth the goal of making Japan one of the world's most advanced IT societies within five years. The provision of broadband service has thus become a national goal.

There is no doubt that the broadband age will soon be upon us. SOFTBANK Group has been aware of the worldwide broadband groundswell and its implications for Japan for quite some time. We acted early. We have already laid the groundwork for a diverse line of broadband enterprises. Due to such foresight, we got off to a big head start and now have a wide lead over our competitors.

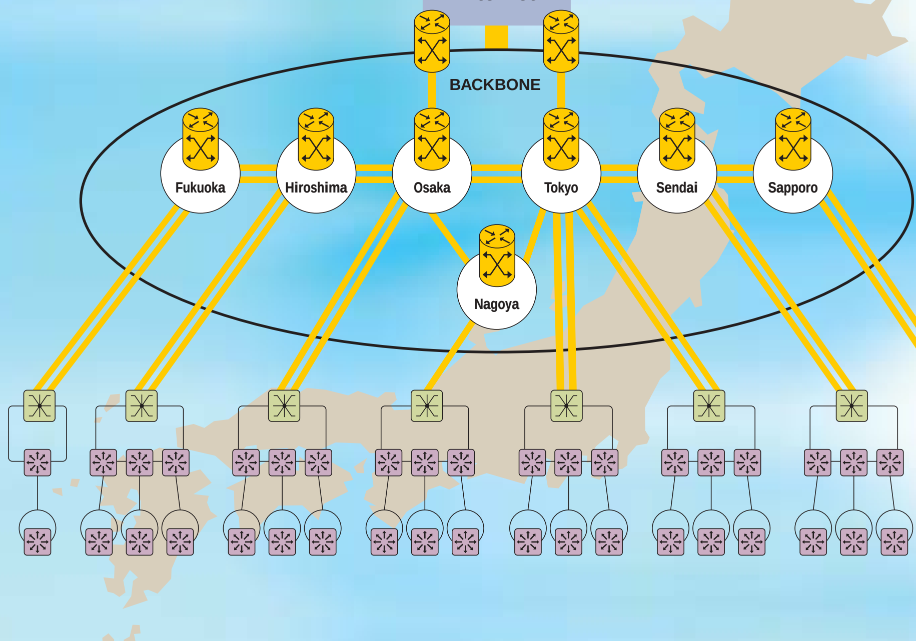
A One-of-a-kind IP Network for High-performance, Low-cost Broadband Services

SOFTBANK Group member BB Technologies Corporation has a dark fiber*[2] nationwide IP backbone network using Gigabit Ethernet*[3] technology. With speeds exceeding one gigabit, Ethernet technology is far superior to ATM, the mainstream for backbone networks until now. Operating costs are much lower, too. With this infrastructure, we were able to launch an ADSL Internet service called *Yahoo! BB 8M* at a price far below those our competitors offered at the time, with a maximum downstream speed of 8 Mbps*[4]. In July 2002, we began trial service of *Yahoo! BB 12M*, an ADSL service better suited to cope with such speed-limiting factors as distance and communication interference. Most distinguishing this service is the *Yahoo! BB Combo Modem 12M**[5]. This device automatically selects one of three ADSL standards, Annex. A.ex, Annex. A or Annex. C*[6], constantly using the one best suited to the current status of the user's telephone line. More services that address user needs will be introduced in the future.

The SOFTBANK Group already serves corporate clients and residents of large, multi-unit residential structures in the high-potential market of always-on fiber-optic Internet service. Following up on our 100Mbps always-on Internet connection service, we in May 2002, ahead of our competitors, made one gigabit ultra-high-speed connection service available nationwide. With respect to wireless Internet service, in April 2002, we started a trial connection service. These achievements originate from invaluable SOFTBANK strengths: foresight and a one-of-a-kind network that makes possible high-performance, low-cost broadband services.

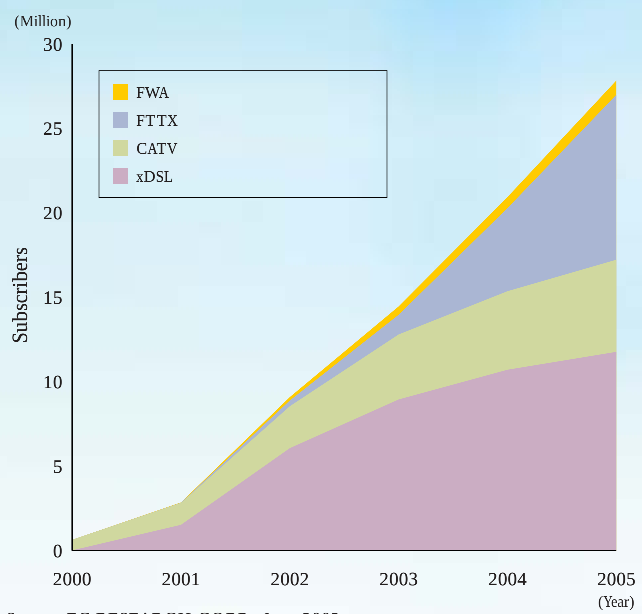
*[1] Internet Protocol: Common protocol for using telecommunications equipment in Internet communication.
*[2] Refers to laid but yet unused fiber-optic cables.
*[3] LAN standard which accelerates the transmission speed of Ethernet to 1Gbps (1,000Mbps).
*[4] The service is provided on a best-efforts basis and transmission speed is not guaranteed.
*[5] The *Combo Modem* is compatible with the *Yahoo! BB* ADSL service and *BB Phone* IP telephony service.
*[6] Annex. C is to be introduced in stages as the facilities of communications carriers are upgraded to accommodate this technology.

SOFTBANK's Nationwide IP Backbone Network

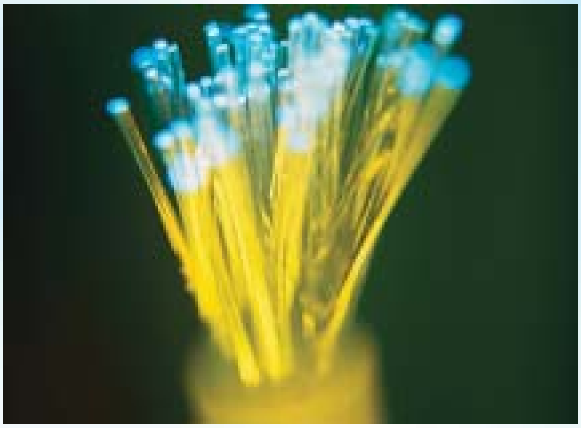


BB Technologies Corporation has a dark fiber nationwide IP backbone network based on Gigabit Ethernet technology.

Projected Internet Use by Access Technology



Source: EC RESEARCH CORP., June 2002



Inside a fiber-optic cable

the big picture: our vision is clear

Higher Profitability and Expanding Broadband Services Through Alliance Partners

Higher Profitability

We designed and built our network not only to provide for ADSL Internet service but also for IP telephony, wireless Internet access and other various services. Due to this structure, when we launch a new service, it is unnecessary to restructure the network, thereby minimizing additional capital expenditures. Accordingly, cost efficiency and scalability make the profitability of our broadband service much higher than if the network had been constructed solely for ADSL service.

***BB Phone* Launches Commercial Service and Increases Relationships with Prominent Partners**

In addition to the ADSL service, we began a commercial, low-cost broadband telephony service called *BB Phone* in April 2002 that utilizes VoIP (Voice over Internet Protocol) technology*[1]. Customers, without changing their existing telephones, telephone numbers or dialing additional numbers, enjoy the flat rate of ¥7.5*[2] per 3 minutes for calls within Japan or to the continental U.S. Furthermore, all calls between *BB Phone* subscribers are free. Only a company with its own IP backbone network can offer such low prices.

In addition, trial service of *Yahoo! BB Mobile**[3], which provides a download transmission speed of up to 11Mbps by exploiting the same *Yahoo! BB* broadband infrastructure, began in the same month. The preparation for this service is being conducted with well-known business partners, including McDonald's Company (Japan), Ltd., the DUSKIN Group and Starbucks Coffee Japan, Ltd., whose stores will offer a broadband experience service spearheaded by *Yahoo! BB Mobile*. We also are raising the awareness of the quality and convenience of *BB Phone* by offering *BB Phone* service at no cost*[4] to customers at selected *McDonald's* and *Mister Donut* restaurants.

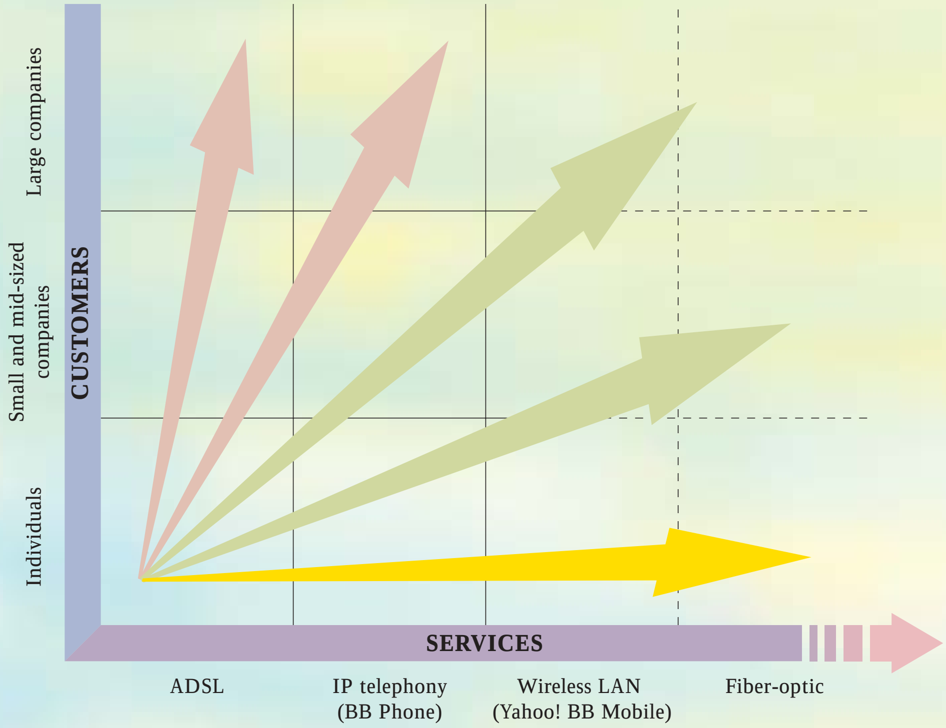
Furthermore, with Sony Computer Entertainment Inc., we have started marketing *Yahoo! BB for PlayStation 2*, allowing *Yahoo! BB* and *BB Phone* services to be used on *PlayStation 2* game consoles. We expect to broaden our service to non-computer users by taking broadband from computer screens to TV screens.

We intend to capture a higher market share by raising the profile of our services through various partnerships and by increasing convenience by offering services through numerous points.

*[1] Technology that facilitates voice communication by breaking voice data into IP packets for transmission over a TCI/IP network.
*[2] Overseas calls are billed per minute.
*[3] Based on the IEEE802.11b wireless LAN standard for the 2.4GHz band. The service is provided on a best-efforts basis and transmission speed is not guaranteed.
*[4] Free calling is a limited promotion that is to expire a few months after the introduction of this service.

The SOFTBANK Group is making broadband services available at a rapidly increasing number of locations.

An Extensive Service Lineup for All Customer Segments



ADSL is not the only technology that the SOFTBANK Group offers for Internet access. Group companies have started offering fiber-optic and wireless LAN connections, targeting two markets with significant growth prospects. This approach allows the Group to meet a diverse range of customer needs for broadband services.

the big picture: our vision is clear

Diversifying Sales Channels

When *Yahoo! BB* first appeared, it was sold exclusively through *Yahoo! Japan*. In April 2002, leveraging the existing sales infrastructure of SOFTBANK COMMERCE CORP., we opened up new sales channels by entering into agreements with several*[1] major home electronics retailers, including BEST DENKI Co., Ltd. and YAMADA-DENKI Co., Ltd. Prospective users now have the choice of signing up on the Internet or in person at one of these stores, allowing us to target those customers without Internet access.

Opening yet another local sales channel, we have started to establish a network of *BB SHOP!* stores dedicated exclusively to broadband. The first one opened on May 25 of this year. Our goal is to have 1,000 of these franchised stores by the end of the fiscal year. Users can experience broadband and its related services first-hand at *BB SHOP!* stores, which offer broadband peripherals and publications in addition to *Yahoo! BB* and *BB Phone*, feature Internet cafés and host special events such as on-line game competitions. Trained staff members will answer installation and other follow-up questions so that even beginners can use broadband with ease. With these stores, we aim to increase our brand awareness by raising exposure as well as boost customer satisfaction and the reliability of our services by further strengthening customer support.

Through sales agents, we are making broadband services readily available to corporate users as well. Enterprise *BB Phone* service will enable corporate users to reduce their fixed-line telecommunications fee by having *BB Phone* provide the fixed-line service at a fixed price set at 20% below the most recent 3-month average fixed-line fee*[2].

With respect to data communication services, we provide virtual private networks that connect head offices and branch offices via a high-speed yet low-cost IP backbone network. Large cost savings become possible due to the cost-effective establishment of a dedicated network without resorting to expensive dedicated lines or frame-relay*[3] service. Moreover, we are planning various enterprise services.

A Group-wide Drive to Develop Broadband Businesses

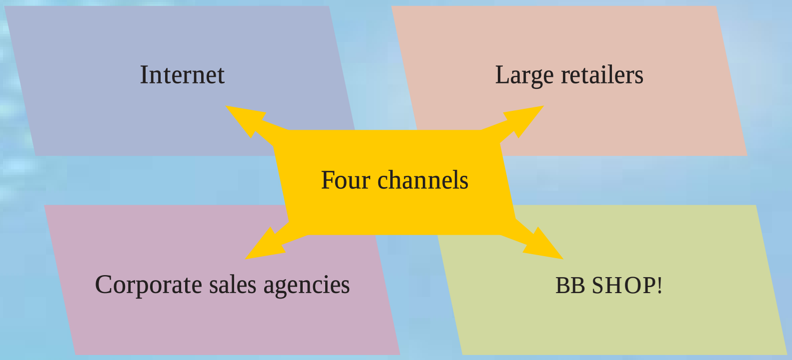
With a one-of-a-kind IP backbone network in place, the SOFTBANK Group has an immense advantage that competitors cannot easily match: the ability to supply many broadband services at a low cost. By increasing our market share through alliances with strong partners and developing attractive services and content through broadband platforms at Group companies, we plan to maximize broadband earnings across the entire Group. We started our preparation for broadband infrastructure businesses long ago and are now providing various services on a commercial basis. We will continue to use the resources of the entire Group to expand our market share and service lineup.

*[1] Major partners are BEST DENKI Co., Ltd., YAMADA-DENKI Co., Ltd., Nojima Corporation., Laox Co., Ltd., K'S DENKI CORP., Yodobashi Camera Co., Ltd. 3Q, Nissen Co., Ltd., EIDEN Co., Ltd., NEXUS Co., Ltd., Denkodo Co., Ltd., Ninomiya Limited., YACHIYO MUSEN DENKI CO., LTD., Wonder Corporation, Matsumoto Denki, Dynamite Group, Kawamura Denki, PC DEPOT CORPORATION and JAPANESE CONSUMERS' CO-OPERATIVE UNION.

*[2] Subject to certain conditions. Calling charges for calls from fixed-line phones to mobile phones are progressive and vary based on the discounts offered by each mobile carrier. Rates are reviewed periodically.

*[3] Broadband data transmission network which simplifies the existing packet transmission protocol.

Adding Sales Channels



Each *BB SHOP!* offers a full line of broad-band services and information.

Profiles of the Largest Domestic Group Companies Ranked by Revenue

SOFTBANK COMMERCE CORP. [www.sb-commerce.co.jp]

This company distributes computer software, hardware and peripherals, supplies total solutions to companies for the use of IT and B-2-B services, and also has a comprehensive broadband business. SOFTBANK COMMERCE CORP. is in the midst of transforming from an IT distributor to a supplier of IT services and solutions. Furthermore, by developing broadband activities, the company is building a recurring "stock" type business model to complement its distribution "flow" business. This sets the stage for much higher profitability and sustained, long-term growth. As the distribution of IT-related products is the original core business of SOFTBANK, SOFTBANK COMMERCE CORP. is the largest contributor to consolidated revenues of any subsidiary.

Non-consolidated	
Sales	¥275,407 million
Operating income	¥6,740 million

Yahoo Japan Corporation [www.yahoo.co.jp]

This subsidiary operates Japan's largest portal site, boasting an overwhelming lead in the numbers and diversity of users. Monthly page views currently exceed 7.6 billion (March 2002). The company is diversifying its profit structure by fully utilizing its powerful brand, unsurpassed user base and technological resources. In 2001, another source of revenues was added to the core advertising business with the start of the *Yahoo! BB* comprehensive broadband service in conjunction with BB Technologies Corporation. Yahoo Japan Corporation is now playing an important role in the SOFTBANK Group's strategic broadband business drive. In the auction business, listing fees for submitting items and transaction fees for making purchases were introduced to create a new source of earnings. To increase advertising revenues, EGroups Inc., which operates the *eGroups* groupware service, became a subsidiary. This provides a solid base for offering more e-mail advertising and other services. To expand e-commerce and other services, Yahoo Japan Corporation acquired Internet book retailer e-Shopping! Books CORP. and other companies.

Consolidated	
Sales	¥31,497 million
Operating income	¥10,406 million
Code no.:	4689 (Jasdaq)

SOFTBANK TECHNOLOGY CORP. [www.tech.softbank.co.jp]

The nucleus of the SOFTBANK Group's technology services business activities, this company is a source of total solutions for e-commerce. Expertise covers consulting services, system design, construction and operation, as well as sales and settlement support services that include the operations of customer support and call centers. This company also supplies technical services involving the design and construction of systems for *Yahoo! BB* and other broadband infrastructure businesses. Another skill is developing proposals for the restructuring of corporate networks so as to utilize IP telephony, TV conferencing and other technologies.

Consolidated	
Sales	¥18,544 million
Operating income	¥1,312 million
Code no.:	4726 (Jasdaq)

SOFTBANK Publishing Inc. [www.softbankpub.co.jp]

Formed to handle publishing businesses only four months after SOFTBANK's inception, this company publishes a variety of magazines and books, most related to PCs, PC games and the Internet. With the growth of the broadband market, SOFTBANK Publishing Inc. is generating strong sales through broadband periodicals *Yahoo! BB Magazine* and *NetRunner*. An Internet strategy is taking this company beyond print media, mainly through an alliance with subsidiary SOFTBANK ZDNet Inc. The goal is to increase earnings by making magazines and other media more valuable to advertisers.

Non-consolidated	
Sales	¥16,726 million
Operating income	¥929 million

Club iT Corporation [www.clubit.co.jp]

Club iT Corporation's primary businesses are the promotion and sales of broadband Internet services and the planning and operation of *Club iT*, a subscription-based service. The company's strategy is to package and market Internet services and applications, ranging from the *Yahoo! BB* broadband Internet service to the recently established *BB Phone* broadband telephony service, among others, that cater to a diverse array of user needs. In addition, Broadmedia TV Planning Corporation, a wholly-owned subsidiary, plans to leverage broadband IP networks to offer a variety of highly useful services, including a soon-to-be-launched, fee-based, on-demand and live video/audio distribution service.

Consolidated	
Sales	¥10,785 million
Operating income	¥2,042 million
Code no.:	4347 (Nasdaq Japan)

E*TRADE Japan K.K. [www.etrade.ne.jp]

This company was established as a joint-venture company of SOFTBANK FINANCE CORPORATION and E*TRADE Group, Inc., a pioneer in on-line securities brokerage in the U.S. A holding company, E*TRADE Japan K.K. has several subsidiaries including E*TRADE SECURITIES CO., LTD., a multiple on-line securities business; e-Commodity Co., Ltd., an on-line commodity futures business; SOFTBANK FRONTIER SECURITIES CO., LTD., which supports unlisted companies or venture firms in corporate finance support services, such as private placement prior to an IPO; Dream Support, Inc. an expert in IR-related advertising; and SF REALTY CO., LTD., a real estate broker in conjunction with real estate securitization business. E*TRADE SECURITIES CO., LTD. is proud of having the largest number of accounts among on-line brokerages in Japan. Through E*TRADE SECURITIES' innovative commissions system, its number of transactions has grown remarkably in a stagnant market environment.

Consolidated	
Revenue	¥8,763 million
Operating income	¥1,137 million
Code no.:	8627 (Nasdaq Japan)

Supplementary information:
SOFTBANK FRONTIER SECURITIES CO., LTD.

Non-consolidated	
Revenue	¥564 million
Operating income	¥220 million
Code no.:	8629 (Nasdaq Japan)

SOFTBANK INVESTMENT CORPORATION [www.sbinvestment.co.jp]

As an "Industry Incubator" contributing to the development of new industries, SOFTBANK INVESTMENT CORPORATION has invested in and fostered a number of high-potential venture companies. In addition to providing risk capital, SOFTBANK INVESTMENT CORPORATION supplies a variety of infrastructures necessary for venture company growth. To diversify, SOFTBANK INVESTMENT CORPORATION is raising funds to invest in other fields. Two examples are corporate restructuring funds aiming to rehabilitate companies that have a potentially sound core business but currently suffer from sluggish performance due to excessive investments in non- core businesses during Japan's "bubble economy," and real estate funds targeting Japan's growing real estate market.

Consolidated	
Revenue	¥8,615 million
Operating income	¥784 million
Code no.:	8473 (TSE, 1st Section; Nasdaq Japan)

Finance All Corporation

As an operation holding company, Finance All Corporation oversees operating companies with innovative financial businesses, such as E-Loan Japan Co., Ltd., a comparative marketplace for loan products, INSWEB Japan K.K., a comparative marketplace for insurance products, GOODLOAN Co., Ltd., a housing loan lending and brokerage company, and WEB-Lease Co., Ltd., a general leasing company handling mainly IT equipment. To meet customer needs, Finance All Corporation has developed a multitude of businesses: on-line sites that compare and search for various financial products: low-interest-rate housing loans based on securitization schemes; and the arrangement of lease syndicates.

Consolidated (unaudited)	
Revenue	¥4,760 million
Operating income	¥260 million

Vector Inc. [www.vector.co.jp]

Vector Inc. is the leading provider of Electric Software Distribution generating revenue from sales of software that is downloaded via the Internet to PCs, PDAs and mobile phones. The company functions as a platform that links providers (copyright holders) of computer software, visual material and various other digital content with consumers (end users). Backed by the popularity of anti-virus software and other types of software, cumulative downloads of software topped 400 million in February 2002. The advent of broadband networks enables the transmission of bulky software that was previously impractical with narrowband technology. Rapid expansion in numbers of downloads in tandem with higher unit prices of software are spurring strong growth in revenue and earnings.

Non-consolidated	
Sales	¥1,345 million
Operating income	¥151 million
Code no.:	2656 (Nasdaq Japan)

Morningstar Japan K.K. [www.morningstar.co.jp]

Morningstar Japan K.K. offers an on-line rating and analysis service with third-party objectivity that covers mutual funds and an extensive line of financial products and services, mainly for individual investors. Additionally, Morningstar Japan K.K. provides corporate clients with advice on asset management and e-commerce site management. Consulting services are provided in conjunction with subsidiaries Morningstar Asset Management Co., Ltd., a specialist in asset management which provides consulting and advisory services, and Gomez Japan K.K., which evaluates and ranks e-commerce sites and offers consulting and other support for companies operating these sites. By taking advantage of its business model that can integrate the "Net" and "Real" domains, Morningstar Japan K.K. and its group companies have thrived to build an even more powerful base for comprehensive rating and analysis services.

Consolidated	
Revenue	¥820 million
Operating income	¥313 million
Code no.:	4765 (Nasdaq Japan)

* This section lists domestic consolidated operating companies ranked by revenue, but excludes operating companies in the Broadband Infrastructure segment.
* Sales/revenue and operating income of each company are the portion that was included in the consolidated financial statements of SOFTBANK CORP. for the fiscal year ended March 31, 2002.

Directors and Corporate Auditors

As of June 21, 2002

President & Chief Executive Officer

Masayoshi Son

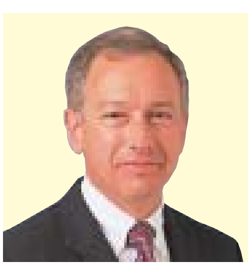
Directors

Yoshitaka Kitao
President & CEO,
SOFTBANK FINANCE CORPORATION

Ken Miyauchi
President & CEO,
SOFTBANK EC HOLDINGS CORP.

Kazuhiko Kasai

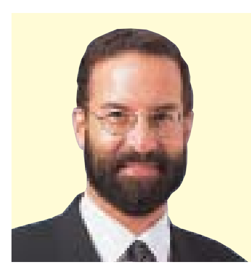
Masahiro Inoue
President & CEO,
Yahoo Japan Corporation



Ronald D. Fisher
Vice Chairman,
SOFTBANK Holdings Inc.

Jun Murai, Ph. D.
Professor, Faculty of Environmental Information,
KEIO University

Tadashi Yanai
President & CEO,
FAST RETAILING CO., LTD.



Mark Schwartz
Senior Director,
Goldman, Sachs & Co.

Corporate Auditors

Mitsuo Sano
Full-time Corporate Auditor,
SOFTBANK CORP.

Yasuharu Nagashima
Attorney

Saburo Kobayashi
Full-time Corporate Auditor,
HEIWA Corporation

Hidekazu Kubokawa
Certified Public Accountant,
Certified Tax Accountant

Note: Mr. Yasuharu Nagashima, Mr. Saburo Kobayashi, and Mr. Hidekazu Kubokawa, candidates for the reappointment of Corporate Auditors, satisfy the qualifications of outside corporate auditors as provided in Paragraph 1, Article 18 of the "Law for Special Measures to Commercial Code Concerning Audit, etc. of Kabushiki-kaisha."

Financial Section

Six-Year Summary of Selected Financial Data

Years ended March 31

	Millions of yen						Thousands of U.S. dollars
	1997	1998	1999	2000	2001	**2002**	**2002**
For the year:							
Sales	¥ 359,742	¥ 513,364	¥528,159	¥ 423,221	¥ 397,105	**¥ 405,315**	**$3,041,765**
Operating income (loss)	33,670	31,938	12,130	8,378	16,431	**(23,901)**	**(179,372)**
Income (loss) before income taxes and minority interest	29,567	33,824	36,640	32,169	87,010	**(119,940)**	**(900,112)**
Net income (loss)	9,092	10,303	37,538	8,447	36,631	**(88,755)**	**(666,079)**
At year-end:							
Total interest-bearing debt	¥ 645,334	¥ 681,651	¥444,392	¥ 418,706	¥ 413,442	**¥ 365,645**	**$2,744,048**
Shareholders' equity	234,617	242,758	284,976	380,740	424,261	**465,326**	**3,492,128**
Total assets	1,070,645	1,140,251	952,578	1,168,308	1,146,083	**1,163,679**	**8,733,049**
Shareholders' equity ratio (%)	21.9	21.3	29.9	32.6	37.0	**40.0**	**40.0**
Return on equity (%)	5.1	4.3	14.2	2.5	9.1	**(20.0)**	**(20.0)**

	Yen						U.S. dollars
Per share:							
Net income (loss)—primary	¥ 31.86	¥ 33.59	¥121.79	¥ 26.02	¥ 110.47	**¥ (263.53)**	**$ (1.98)**
Shareholders' equity	764.19	791.75	906.45	1,152.18	1,260.14	**1,381.31**	**10.37**
Cash dividends	20.00	40.00	20.00	20.00	7.00	**7.00**	**0.05**

Notes: 1. Yen figures have been translated into U.S. dollars, for convenience only, at the rate of ¥133.25=U.S.$1.00, the exchange rate prevailing at March 31, 2002.
2. Sales includes sales from non-financing business and revenue from financing business.
3. Net income (loss) per share is calculated based on the average number of shares outstanding during each fiscal year, and shareholders' equity per share is calculated based on the number of shares outstanding as of each fiscal year-end.
These figures are retroactively adjusted to reflect the following stock splits:
May 20, 1996 1.4:1/Nov. 20, 1996 1.4:1/May 20, 1997 1.3:1/June 23, 2000 3:1
4. The dividend paid in fiscal 1998 included an additional commemorative payment of ¥20.00 per share.

Financial Analysis

Operating Environment

During fiscal 2002 (the year ended March 31, 2002), the terrorist attacks in the U.S. and other factors prolonged the global economic downturn. In Japan, this led to weakness in corporate earnings and stock prices as consumer spending softened and private-sector capital expenditures fell sharply. Despite these unfavorable conditions, robust expansion continued in Japan's broadband market. Growth accelerated dramatically following the start of *Yahoo! BB* service by SOFTBANK Group. For some time, broadband businesses have been clearly positioned as a strategic sector for the entire Group, holding the promise of generating consistent operating cash flows over many years. In accordance with this strategy, new investments were made in the broadband-related businesses, and management resources continued to be allocated to existing subsidiaries, affiliates and portfolio companies with favorable outlooks. Subsidiaries with no near-term prospects for returning to profitability were liquidated, closed or restructured. Particularly noteworthy was the start of operations at BB Technologies Corporation, which is supported by the entire SOFTBANK Group, and the launch of the *Yahoo! BB*, comprehensive broadband service by this company and Yahoo Japan Corporation, a core Group member. This signaled the beginning of the SOFTBANK Group's full-scale launch of its broadband infrastructure business. By the end of March 2002, only seven months after the start of *Yahoo! BB*, this service was performing well, having increased its user base to 490,000.

The SOFTBANK Group's Operating System

As of March 31, 2002, the SOFTBANK Group consisted of SOFTBANK CORP., 299 subsidiaries and 113 affiliates. SOFTBANK Group is involved in a broad range of activities within the digital information industry. These activities are divided into eight business segments, including e-Commerce and e-Finance. Each segment is managed by an operation holding company that specializes in a particular field of business or geographic region. SOFTBANK CORP., a pure holding company, manages the entire Group. The "Broadband Infrastructure" segment newly started from the fiscal year ended March 31, 2002, and included the "Internet Infrastructure" segment separately disclosed in prior fiscal years.

Factors Underlying Fluctuations in Consolidated Results

The major factors affecting the operations of SOFTBANK Group are as follows.

Revisions in Business Strategies

SOFTBANK CORP. is constantly reviewing its business strategies and making changes in the composition of the corporate group, which was described in the section above, and other investment portfolios in accordance with strategic revisions. In fiscal 2002, the decision was made to concentrate management resources on the broadband business while liquidating, closing or restructuring subsidiaries for which there is no concrete schedule for a return to profitability. Investments in affiliates and other investment portfolios are also constantly reviewed, a process that results in additional investment or partial sales of interests.

Change in the Number of Consolidated Subsidiaries

During fiscal 2002, 97 companies were newly consolidated and 28 companies were excluded from consolidated subsidiaries due to the sale of, or declines in, SOFTBANK Group's ownership share. In fiscal 2002, Key3Media Group, Inc., formerly a consolidated subsidiary, became an equity-method affiliate due to a decline in SOFTBANK Group's voting interests.

Sales of Investment Securities

As of March 31, 2002, SOFTBANK CORP. had investments in 113 affiliates and a large number of other companies. As a result of additional investments or partial sales of interests, SOFTBANK Group generally records, in every fiscal year, gains or losses on sales of investment securities and dilution gains or losses from changes in equity interests.

Changes in Stock Prices

SOFTBANK Group is exposed to risks associated with the volatility of stock prices. Due to the protracted downturn in stock markets in Japan and overseas, SOFTBANK Group records valuation loss on investment securities in cases where declines in the value of securities are deemed to be other than temporary.

Foreign Exchange Fluctuations

SOFTBANK Group is exposed to risks associated with changes in foreign exchange rates through foreign currency-denominated loan receivables from SOFTBANK CORP. to overseas subsidiaries and certain other transactions. The U.S. dollar/yen exchange rates as of the year-ends of fiscal 2000, 2001 and 2002 were ¥106.15, ¥123.90 and ¥133.25, respectively, and exchange gains were recorded in the consolidated statements of income during the fiscal years ended March 31, 2001 and 2002. SOFTBANK CORP. sharply lowered its loans to overseas subsidiaries during this fiscal year. While this lowered exposure to foreign exchange fluctuations, financial results may be affected by foreign exchange movements in future years because SOFTBANK CORP. does not hedge these risks.

Outline of Consolidated Results

Sales

Consolidated sales increased ¥8,210 million to ¥405,315 million. Sales increased in the e-Commerce and Internet Culture segments. The higher sales were also due to the start of operations at BB Technologies Corporation, which began operations during this fiscal year, and other factors.

Operating Income

There was a consolidated operating loss of ¥23,901 million, a decline of ¥40,332 million compared with the previous year's operating income. One reason was a loss of approximately ¥17,952 million recorded in the Broadband Infrastructure segment due to start-up expenses at BB Technologies Corporation and other factors. Another reason was losses posted by the e-Finance and other segments due to adverse economic and market conditions in Japan and overseas.

Net Income

There was a consolidated net loss of ¥88,755 million, ¥125,386 million less than the net income in the previous fiscal year. Details regarding income and expense items are as follows.

Interest expense:	¥15,640 million

Interest expense increased ¥3,376 million, mainly because of bonds issued by Key3Media Group, Inc.

Equity in losses under the equity method, net:	¥17,576 million

Although equity in gains in Aozora Bank, Ltd. amounted to ¥19,162 million, there was an even higher level of equity in losses mainly in overseas investments.

Exchange gains, net:	¥24,939 million

Exchange gains were mainly attributable to the effect of a weakening yen on loans from SOFTBANK CORP. to wholly-owned subsidiary SOFTBANK Holdings Inc. and other overseas subsidiaries (yen-denominated loans of ¥54,296 million and U.S. dollar-denominated loans of $362 million).

Gains (losses) on sales of investment securities, net:	¥51,395 million
(Major items)	
Yahoo! Inc.	¥33,829 million
UTStarcom, Inc.	¥16,942 million
SKY Perfect Communications Inc.	¥6,102 million
SOFTBANK INVESTMENT CORPORATION	¥4,508 million
CNET Networks, Inc.	¥(10,286) million

Dilution gains from changes in equity interests, net:	¥15,592 million
(Major items)	
Yahoo! Inc.	¥6,520 million
UTStarcom, Inc.	¥7,072 million

Valuation loss on investment securities:	¥118,460 million
(Major items)	
Asia Global Crossing, Ltd.	¥40,309 million
CNET Networks, Inc.	¥29,762 million
Overseas funds*	¥25,837 million

* *The venture capital and private equity investments businesses managed by SOFTBANK Holdings Inc.*

Valuation loss on goodwill and other intangible assets:	¥19,978 million
(Major item)	
Key3Media Group, Inc.	¥18,292 million

Income Taxes

The provision for income taxes was ¥27,841 million, resulting in an effective tax rate of 23.21%. The difference between the effective tax rate and statutory tax rate of 42.05% was mainly attributable to an increase in the valuation allowance established against the deferred tax assets on operating tax loss carry-forwards of certain consolidated subsidiaries.

Outline of Consolidated Business Results by Segment

Sales

	Millions of yen		(%)
	2001	**2002**	change
e-Commerce Segment	¥258,521	**¥284,195**	9.9
e-Finance Segment	31,404	**24,260**	–22.7
Media & Marketing Segment	53,263	**48,439**	–9.1
Broadmedia Segment	13,002	**12,127**	–6.7
Internet Culture Segment	13,224	**32,016**	142.1
Technology Services Segment	14,471	**18,528**	28.0
Broadband Infrastructure Segment	–*	**9,169**	–*
Overseas Funds	1,741	**2,482**	42.6
Others	22,477	**20,803**	–7.4

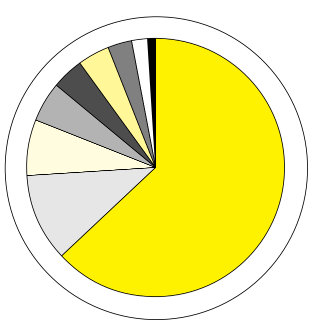
The above figures are prior to inter-segment eliminations.

*This segment newly started from the fiscal year ended March 31, 2002.

Operating income (loss)

	Millions of yen		(%)
	2001	**2002**	change
e-Commerce Segment	1,769	**3,206**	81.2
e-Finance Segment	13,437	**(4,921)**	–
Media & Marketing Segment	5,905	**2,561**	–56.6
Broadmedia Segment	1,055	**(40)**	–
Internet Culture Segment	4,702	**9,937**	111.3
Technology Services Segment	475	**1,136**	139.2
Broadband Infrastructure Segment	(1,069)	**(17,952)**	–
Overseas Funds	240	**(226)**	–
Others	(5,665)	**(6,655)**	–

[Share of Sales by Segment]



- e-Commerce Segment (63%)
- Media & Marketing Segment (11%)
- Internet Culture Segment (7%)
- e-Finance Segment (5%)
- Technology Services Segment (4%)
- Others (4%)
- Broadmedia Segment (3%)
- Broadband Infrastructure Segment (2%)
- Overseas Funds (1%)

e-Commerce

(26 consolidated subsidiaries and 12 affiliates accounted for under the equity method)

Main sources of sales: Distribution of PC software, hardware, and peripherals; operations of enterprise business and business transaction platforms and consumer-related e-commerce businesses

Net sales rose ¥25,674 million to ¥284,195 million. This was mainly attributable to steady growth at SOFTBANK COMMERCE CORP. and higher sales at Emtorage Broadcommunications, Inc. and other broadband-related businesses. Operating income increased ¥1,437 million to ¥3,206 million as improving results at broadband-related businesses that are no longer in a start-up phase outweighed expenses to launch other broadband ventures during this fiscal year.

e-Finance

(135 consolidated subsidiaries and 21 affiliates accounted for under the equity method)

Main sources of revenue: All inclusive, Web-based financial operations including Internet brokerage operations; management of mainly domestic venture capital funds; incubation of portfolio companies

Net sales decreased ¥7,144 million to ¥24,260 million due to a decline in fund success fees at SOFTBANK INVESTMENT CORPORATION, while sales at Morningstar Japan K.K., E*TRADE Japan K.K. and WEB-Lease Co., Ltd. made organic growth. Operating income slid ¥18,358 million to a loss of ¥4,921 million due to SOFTBANK INVESTMENT CORPORATION's lower fund success fees, valuation loss on operational investment securities recognized due to the weak stock market, and start-up expenses at newly established subsidiaries.

Media & Marketing

(14 consolidated subsidiaries and 8 affiliates accounted for under the equity method)

Main sources of sales: Book and magazine publication in such areas as PCs, the Internet, entertainment; exhibition management; Web content development

Net sales were down ¥4,824 million to ¥48,439 million. This decline was mainly attributable to lower sales at SOFTBANK Publishing Inc. and Key3Media Group, Inc. Operating income declined ¥3,344 million to ¥2,561 million, the result of lower sales and start-up expenses at new ventures.

Broadmedia

(15 consolidated subsidiaries and 2 affiliates accounted for under the equity method)

Main sources of sales: Provision of applications and content for broadcasting and broadband communications, and promoting the spread of such operations

Net sales decreased ¥875 million to ¥12,127 million due to a decline in new members at *Club iT*, which is managed by Club iT Corporation. There was an operating loss of ¥40 million, ¥1,095 million less than the previous fiscal year's operating income, mainly because of start-up expenses at Akamai Technologies Japan K.K. and Xdrive Japan K.K.

Internet Culture

(11 consolidated subsidiaries and 6 affiliates accounted for under the equity method)

Main sources of sales: Internet-based advertising, broadband portals, auctions

Net sales surged ¥18,792 million to ¥32,016 million. Amid a generally difficult advertising market, Yahoo Japan Corporation reported a small decrease in Internet advertising sales. However, there were large increases in sales at *Yahoo! BB* and *Yahoo*'s auction business, as Yahoo Japan Corporation continued to diversify its business. Operating income was up ¥5,235 million to ¥9,937 million.

Technology Services

(8 consolidated subsidiaries and 3 affiliates accounted for under the equity method)

Main sources of sales: System solutions, business solutions

Net sales increased ¥4,057 million to ¥18,528 million and operating income rose ¥661 million to ¥1,136 million. In both cases, growth was the result of the strong performance of broadband-related services, including the establishment of a broadband infrastructure by SOFTBANK TECHNOLOGY CORP., and expansion of new e-business services, particularly settlement and collection services.

Broadband Infrastructure

(14 consolidated subsidiaries and 1 affiliate accounted for under the equity method)

Main sources of sales: Provision of ADSL-based (Asymmetric Digital Subscriber Line) broadband infrastructure services, fiber-optic ultra-high-speed Internet access services, other related businesses

Net sales were ¥9,169 million, including sales of ¥6,125 million from BB Technologies Corporation, sales of the Metallic Communications Group, which was newly included in consolidation, and sales of IP REVOLUTION, INC., a consolidated company in the former Internet Infrastructure segment that generated sales from this fiscal year. Operating loss was ¥17,952 million as many companies are still in their start-up phases.

"Broadband Infrastructure" segment newly started from the fiscal year ended March 31, 2002, and included the "Internet Infrastructure" segment separately disclosed in prior fiscal years.

Overseas Funds

(43 consolidated subsidiaries and 52 affiliates accounted for under the equity method)

Main sources of revenue: US- and Asia-focused global private equity fund business targeting Internet-related companies

Net sales were up ¥741 million to ¥2,482 million as management fees from funds held by SOFTBANK Holdings, Inc. and other existing funds increased. The operating loss decreased ¥466 million to ¥226 million. The loss was the result of lower earnings from funds at SOFTBANK Holdings, Inc. and the loss on funds at SB CHINA HOLDINGS PTE LTD., although this represented an improvement from the previous fiscal year.

Others
(19 consolidated subsidiaries and 8 affiliates accounted for under the equity method)
Main sources of sales: Provision of functional services by overseas holding companies, back-office support services in Japan, other related administrative services

Net sales decreased ¥1,674 million to ¥20,803 million, mainly the result of lower sales at SOFTBANK Korea Co., Ltd. A decline in operating income at SOFTBANK Korea Co., Ltd. and start-up expenses at Dee Corp. caused the operating loss to widen ¥990 million to ¥6,655 million.

Inter-segment sales, which were eliminated at “Elimination and corporate,” increased due to the start of operations at BB Technologies Corporation, Yahoo Japan Corporation, SOFTBANK COMMERCE CORP. and SOFTBANK TECHNOLOGY CORP., all sold equipments or services to this company.

Balance Sheet Analysis

Current Assets
Current assets increased ¥29,281million to ¥394,448 million. This was mainly attributable to the temporary payments for future lease assets of approximately ¥47.0 billion that were included in inventories and other current assets (from BB Technologies Corporation) and an increase of ¥19,464 million in receivables related to margin transactions at E*TRADE Japan K.K. and others.

Intangible Assets
Intangible assets decreased ¥88,084 million to ¥32,289 million, mainly because of the elimination of ¥36,389 million in goodwill, ¥41,094 million in trade names and ¥10,601 million in other intangible assets of Key3Media Group, Inc., which was excluded from consolidated subsidiaries in this fiscal year, and accounted for under the equity method since then.

Major changes in investments in affiliates and other securities were as follows.

Yahoo! Inc.: Valued at the fair market value because of exclusion from equity-method affiliates due to decline in ownership following partial sales of stock, and others. .... ¥177,080 million

E*TRADE Group, Inc.: Valued at the fair market value because of exclusion from equity-method affiliates and partial sales of stock. .... ¥(34,633) million

Key3Media Group, Inc.: Reclassified from a consolidated subsidiary to an equity-method affiliate following partial sales of stock, and others. .... ¥11,988 million

CNET Networks, Inc.: Partial sales of stock and loss on valuation of investment securities. .... ¥(33,864) million

Asia Global Crossing Ltd.: Difference in fair market value between 2002 and 2001 fiscal year-ends (including ¥40,309 million valuation loss on investments recognized in the consolidated statements of income). .... ¥(67,013) million

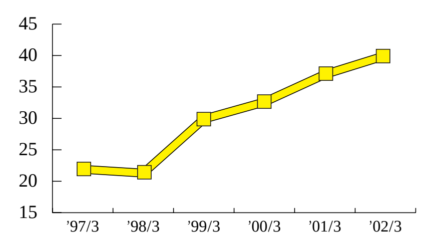
SKY Perfect Communications Inc.: Partial sales of stock and difference in fair market value between 2002 and 2001 fiscal year-ends. .... ¥(17,526) million

Aozora Bank, Ltd.: Equity in gains under the equity method. .... ¥19,047 million

Total Liabilities
Liabilities decreased ¥11,150 million to ¥651,218 million. There was an increase of ¥38,338 million in deferred tax liabilities. Interest-bearing debts were down ¥47,797 million.

Shareholders’ Equity
Shareholders’ equity increased ¥41,065 million to ¥465,326 million. While retained earnings declined ¥90,769 million, unrealized gain on other securities rose ¥108,190 million because Yahoo! Inc. was accounted at the fair market value, and translation adjustments increased ¥23,136 million.

[Shareholders’ Equity Ratio] (%)



Cash Flow Analysis

Comparative Summary of Cash Flows

	Millions of yen	
	2001	**2002**
Net cash used for operating activities	¥ (91,599)	**¥ (79,124)**
Net cash (used for) provided by investing activities	(42,612)	**39,751**
Net cash provided by financing activities	24,548	**1,314**
Effect of exchange rate changes	33,462	**3,579**
Net decrease in cash and cash equivalents	(76,201)	**(34,480)**
Net increase in cash and cash equivalents due to companies newly consolidated	518	**3**
Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	(22,444)	**(4,773)**
Decrease in cash and cash equivalents due to change in accounting treatment applied to the silent investment association	(10,828)	**–**
Cash and cash equivalents at the beginning of the year	268,060	**159,105**
Cash and cash equivalents at the end of the year	159,105	**119,855**

Cash Flows from Operating Activities

Net cash used for operating activities was ¥79,124 million. In addition to the operating loss, there was an outflow of ¥37,475 million in other receivables, mainly resulting from temporary payments for future lease assets by BB Technologies Corporation. Income tax payments resulted in an outflow of ¥25,181 million. However, there was an improvement of ¥12,475 million in net operating cash flows compared with the previous fiscal year because of a substantial decline in income tax payments.

Cash Flows from Investing Activities

Net cash provided by investing activities was ¥39,751 million, while net cash used was ¥42,612 million in the previous fiscal year. There were payments of ¥71,427 million to purchase marketable and investment securities and ¥30,272 million to purchase property and equipment and intangible assets. On the other hand, sales of marketable and investment securities generated proceeds of ¥157,985 million.

Proceeds from major sales of marketable and investment securities	
Yahoo! Inc.	¥46,314 million
E*TRADE Group, Inc.	¥44,704 million
UTStarcom, Inc.	¥25,453 million
SKY Perfect Communications Inc.	¥11,752 million
CNET Networks, Inc.	¥9,375 million

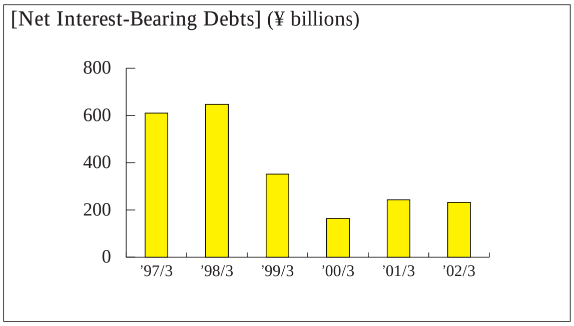
Cash Flows from Financing Activities

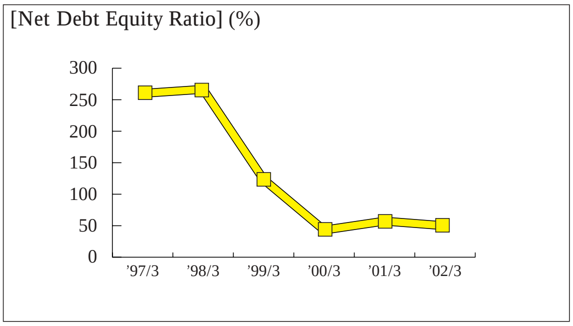
Net cash provided by financing activities was ¥1,314 million, while net cash provided was ¥24,548 million in the previous fiscal year. Proceeds from issuance of bonds, mainly by SOFTBANK CORP. and Key3Media Group, Inc., were ¥126,394 million. On the other hand, there were bond repayments of ¥53,598 million, a decrease in short-term borrowings of ¥29,226 million, and a net repayment of commercial paper of ¥20,000 million based on the strategy of reducing interest-bearing debts.

Interest-Bearing Debts and Liquidity on Hand

SOFTBANK CORP. is rapidly improving its financial position as planned, based on its medium- and long-term business plans. During fiscal 2002, investment securities were sold and other actions taken to reduce interest-bearing debts. The result was a large decline in interest-bearing debts of ¥47,797 million to ¥365,645 million.

SOFTBANK CORP. aims to maintain a level of liquidity on hand sufficient to preserve a financial position that can withstand changes and fluctuations in economic and market conditions. SOFTBANK Group defines liquidity on hand as the sum of cash and deposits, short-term marketable securities (MMF, mid-term government bond funds, etc.) and specified money trusts. This figure amounted to ¥133,628 million as of March 31, 2002, providing adequate liquidity to meet obligations such as the maturity of bonds during fiscal 2003. As a result, net interest-bearing debts declined ¥11,025 million during fiscal 2002 to ¥232,017 million as of March 31, 2002.





Note:
For the fiscal years 1997-2000, net interest-bearing debts was calculated by deducting cash and deposits. For fiscal 2001-2002, cash and deposits, short-term marketable securities and specified money trusts (The SOFTBANK Group definition of liquidity on hand) have been deducted.

Market Capitalization at Fiscal 2002 Year-End

The following table lists the market capitalization of main public companies invested in directly by SOFTBANK CORP. and its consolidated subsidiaries in Japan and overseas. SOFTBANK Groups' portion of market capitalization was ¥913.9 billion as of March 31, 2002, after partial sales of interests in investment securities during this fiscal year.

Year ended March 31, 2002 — Billions of yen

Company Names	Market	Market Capitalization(*1)	Ownership % (including indirect holdings)(*2)	SOFTBANK's Portion of Market Capitalization	Year-on-Year Change	Remarks
E*TRADE Japan K.K.	Nasdaq J: 8627	37.3	49.2%	18.3	–16.1	
Internet Research Institute, Inc.	TSE: Mothers: 4741	16.0	12.2%	1.9	–5.4	
cyber communications inc.	Nasdaq J: 4788	45.2	46.7%	21.1	–30.8	
SKY Perfect Communications Inc.	TSE: Mothers: 4795	281.8	1.0%	3.0	–17.5	
SOFTBANK INVESTMENT CORPORATION	TSE First/ Nasdaq J: 8473	56.7	66.3%	37.6	–176.2	Listed on TSE 1st Section in this fiscal year
SOFTBANK TECHNOLOGY CORP.	Jasdaq: 4726	19.2	64.5%	12.4	–17.5	
SOFTBANK FRONTIER SECURITIES CO., LTD	Nasdaq J: 8629	3.3	40.0%	1.3	1.3	IPO in this fiscal year
Vector Inc.	Nasdaq J: 2656	24.7	52.3%	12.9	–4.6	
Morningstar Japan K.K.	Nasdaq J: 4765	17.9	48.1%	8.6	–28.3	
Yahoo Japan Corporation	Jasdaq: 4689	752.2	50.5%	380.1	64.1	
CNET Networks, Inc.	Nasdaq: CNET	101.2	10.5%	10.7	–22.9	
E*TRADE Group, Inc.	NYSE: ET	446.0	4.3%	19.3	–34.7	
InsWeb Corporation	Nasdaq: INSW	4.7	18.5%	0.8	–0.2	
Key3Media Group, Inc.	NYSE: KME	41.7	53.7%	22.4	–30.2	
UTStarcom, Inc.	Nasdaq: UTSI	382.9	31.6%	121.1	29.1	
Yahoo! Inc.	Nasdaq: YHOO	1,464.3	16.2%	237.3	5.3	
Other				4.1	–52.8	
Total				913.9	–337.4	

Notes: 1. Market capitalization was calculated based on the closing prices of stocks on March 29, 2002. The value of foreign stocks was translated into yen at the exchange rate prevailing on that day.
2. Ownership percentage refers to the ratio of economic interests (SOFTBANK CORP.'s ownership ratio in the subsidiary × the subsidiary's ownership ratio in the investee), excluding the ownership of venture capital funds managed by SOFTBANK CORP.'s subsidiaries.

Consolidated Balance Sheets

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (note 4)
	March 31		March 31,
	2001	**2002**	**2002**
ASSETS			
Current assets:			
Cash and deposits (notes 3(13), 16 and 19(2))	¥ 141,057	**¥ 113,580**	**$ 852,384**
Notes and accounts receivable—trade (notes 8, 14(2) and 28)	81,286	**62,047**	**465,644**
Marketable securities (notes 3(3), 10, 16, 18(1) and 19(2))	29,344	**9,545**	**71,633**
Inventories (note 9)	23,414	**36,312**	**272,513**
Deferred tax assets (note 26)	8,235	**15,430**	**115,798**
Receivables related to margin transactions (notes 17, 18(2) and 18(3))	22,853	**42,317**	**317,571**
Other current assets (notes 3(13), 14(2), 16 and18(4))	60,222	**116,803**	**876,570**
Less: Allowance for doubtful accounts (note 3(3))	(1,244)	**(1,586)**	**(11,907)**
Total current assets	365,167	**394,448**	**2,960,206**
Property and equipment (notes 3(5), 14(1) and 27)	13,529	**28,408**	**213,196**
Intangible assets:			
Goodwill (note 3(5))	56,760	**20,371**	**152,879**
Trade names (notes 3(5) and 12)	41,094	**–**	**–**
Other intangibles (notes 3(5) and 27)	22,519	**11,918**	**89,442**
Total intangible assets	120,373	**32,289**	**242,321**
Investments and advances:			
Investments in and advances to non-consolidated subsidiaries and affiliates (notes 3(3) and 11)	334,870	**232,659**	**1,746,034**
Investment securities (notes 3(3), 10, 16 and 18(1))	218,064	**346,599**	**2,601,116**
Long-term loans	3,033	**1,287**	**9,660**
Other investments	82,664	**93,662**	**702,906**
Deferred tax assets (note 26)	9,826	**35,833**	**268,914**
Less: Allowance for doubtful accounts (note 3(3))	(1,443)	**(1,506)**	**(11,304)**
Total investments and advances	647,014	**708,534**	**5,317,326**
Total assets	¥1,146,083	**¥1,163,679**	**$8,733,049**

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars (note 4)
	March 31		March 31,
	2001	**2002**	**2002**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings (notes 13 and 14(1))	¥ 125,602	**¥ 106,706**	**$ 800,796**
Commercial paper (note 13)	30,000	**10,000**	**75,047**
Current portion of long-term debt (note 13)	30,894	**56,326**	**422,707**
Accounts payable—trade (note 14(2))	63,936	**56,742**	**425,832**
Accounts payable—other (note 14(2))	11,809	**18,332**	**137,576**
Income taxes payable	23,428	**9,593**	**71,994**
Accrued expenses	10,655	**10,176**	**76,371**
Payables related to margin transactions (notes 17, 18(2) and 18(3))	17,546	**37,418**	**280,809**
Advances from customers	3,072	**2,431**	**18,244**
Allowance for sales returns	1,471	**1,344**	**10,086**
Deferred tax liabilities (note 26)	299	**48**	**360**
Other current liabilities (notes 3(13), 16 and 18(4))	60,597	**49,860**	**374,184**
Total current liabilities	379,309	**358,976**	**2,694,006**
Long-term liabilities:			
Long-term debt (notes 13 and 14(1))	226,946	**192,613**	**1,445,498**
Deferred tax liabilities (note 26)	32,373	**70,962**	**532,550**
Other long-term liabilities (notes 3(8), 3(13), 16 and 20)	23,740	**28,667**	**215,136**
Total long-term liabilities	283,059	**292,242**	**2,193,184**
Total liabilities	662,368	**651,218**	**4,887,190**
Minority interest in consolidated subsidiaries	59,454	**47,135**	**353,731**
Shareholders' equity:			
Common stock, ¥50 par value (notes 19(3) and 24)			
Authorized – 1,200,000,000 shares			
Issued: 336,876,826 shares in 2002	–	**137,868**	**1,034,653**
336,678,179 shares in 2001	137,630	**–**	**–**
Additional paid-in capital (notes 19(3) and 24)	161,953	**162,232**	**1,217,497**
Retained earnings (note 25)	94,804	**4,035**	**30,282**
Net unrealized gains on other securities (notes 3(3) and 10)	18,435	**126,625**	**950,285**
Translation adjustments (note 3(2))	11,441	**34,577**	**259,490**
Treasury stock (note 24): 4,484 shares in 2002	–	**(11)**	**(79)**
465 shares in 2001	(2)	**–**	**–**
Total shareholders' equity	424,261	**465,326**	**3,492,128**
Contingent liabilities (note 29)			
Total liabilities and shareholders' equity	¥1,146,083	**¥1,163,679**	**$8,733,049**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (note 4)
	For the years ended March 31		For the year ended March 31,
	2001	**2002**	**2002**
Net sales from non-financing business (note 31)	¥365,201	**¥ 381,532**	**$2,863,284**
Cost of sales	291,508	**319,328**	**2,396,461**
Gross profit	73,693	**62,204**	**466,823**
Selling, general and administrative expenses (notes 3(5) and 21)	70,493	**81,311**	**610,215**
Operating income (loss) from non-financing business (note 31)	3,200	**(19,107)**	**(143,392)**
Revenue from financing business (note 31)	31,904	**23,783**	**178,481**
Financing business expenses (note 21)	18,673	**28,577**	**214,461**
Operating income (loss) from financing business (note 31)	13,231	**(4,794)**	**(35,980)**
Total operating income (loss) (note 31)	16,431	**(23,901)**	**(179,372)**
Non-operating income (expenses):			
Interest income	4,364	**2,065**	**15,502**
Interest expense	(12,264)	**(15,640)**	**(117,376)**
Equity in losses under the equity method, net (note 3(5))	(19,766)	**(17,576)**	**(131,902)**
Exchange gains, net (note 3(2))	28,116	**24,939**	**187,160**
Gains on sale of marketable and investment securities, net (note 10)	95,290	**51,395**	**385,707**
Dilution gains from changes in equity interest, net (note 15)	48,154	**15,592**	**117,013**
Valuation loss on investment securities (note 22)	(57,992)	**(118,460)**	**(889,003)**
Valuation loss on goodwill and other intangible assets (notes 3(5) and 23)	–	**(19,978)**	**(149,932)**
Loss on discontinued operations (note 6(1))	(8,604)	**–**	**–**
Others, net (note 3(14))	(6,719)	**(18,376)**	**(137,909)**
Income (loss) before income taxes and minority interest	87,010	**(119,940)**	**(900,112)**
Income taxes (note 26):			
Current	(69,044)	**(8,378)**	**(62,876)**
Deferred	20,427	**36,219**	**271,815**
	(48,617)	**27,841**	**208,939**
Minority interest	(1,762)	**3,344**	**25,094**
Net income (loss)	¥ 36,631	**¥ (88,755)**	**$ (666,079)**

	Yen		U.S. dollars (note 4)
Net income (loss) per share (note 3(11))	2001	**2002**	**2002**
Primary	¥110.47	**¥ (263.53)**	**$ (1.98)**
Diluted	¥109.38	**¥-(note below)**	**$-(note below)**

Note: Diluted net income per share is not disclosed due to the loss position.

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Shareholders' Equity

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES

	Number of shares issued and outstanding	Millions of yen						
		Common stock	Additional paid-in capital	Net unrealized gains (losses) on other securities	Translation adjustments	Treasury stock	Retained earnings	Total
Balance at March 31, 2000:	110,150,468	¥124,957	¥149,211	¥ 47,547	¥ –	¥ (67)	¥59,092	¥380,740
Net income	–	–	–	–	–	–	36,631	36,631
Cash dividends	–	–	–	–	–	–	(2,203)	(2,203)
Bonuses to directors	–	–	–	–	–	–	(117)	(117)
Retained earnings of the companies merged	–	–	–	–	–	–	46	46
Adjustment to investment in affiliates due to change in accounting from equity method to cost basis	–	–	–	–	–	–	1,384	1,384
Decrease in retained earnings of companies excluded from consolidation	–	–	–	–	–	–	(29)	(29)
Conversion of convertible bonds (note 19(3))	562,780	784	784	–	–	–	–	1,568
Exercise of warrants	80,977	206	281	–	–	–	–	487
Issuance of the Company's shares to a third party (note 7(1))	5,565,900	11,683	11,677	–	–	–	–	23,360
Stock split (notes 3(11) and 24)	220,317,334	–	–	–	–	–	–	–
Decrease in net unrealized gains on other securities (notes 3(3) and 10)	–	–	–	(29,112)	–	–	–	(29,112)
Translation adjustments (note 3(2))	–	–	–	–	11,441	–	–	11,441
Sales of treasury stock	255	–	–	–	–	65	–	65
Balance at March 31, 2001	336,677,714	¥137,630	¥161,953	¥ 18,435	¥11,441	¥ (2)	¥94,804	¥424,261
Net income	–	–	–	–	–	–	**(88,755)**	**(88,755)**
Cash dividends (note 25)	–	–	–	–	–	–	**(2,357)**	**(2,357)**
Bonuses to directors	–	–	–	–	–	–	**(143)**	**(143)**
Adjustment to investment in affiliates due to change in accounting from equity method to cost basis	–	–	–	–	–	–	**487**	**487**
Decrease in retained earnings of companies excluded from consolidation	–	–	–	–	–	–	**(1)**	**(1)**
Conversion of convertible bonds (note 19(3))	**53,795**	**73**	**73**	–	–	–	–	**146**
Exercise of warrants	**144,852**	**165**	**206**	–	–	–	–	**371**
Increase in net unrealized gains on other securities (notes 3(3) and 10)	–	–	–	**108,190**	–	–	–	**108,190**
Translation adjustments (note 3(2))	–	–	–	–	**23,136**	–	–	**23,136**
Acquisition of treasury stock	**(4,019)**	–	–	–	–	**(9)**	–	**(9)**
Balance at March 31, 2002	**336,872,342**	**¥137,868**	**¥162,232**	**¥126,625**	**¥34,577**	**¥(11)**	**¥ 4,035**	**¥465,326**

	Number of shares issued and outstanding	Thousands of U.S. dollars (note 4)						
		Common stock	Additional paid-in capital	Net unrealized gains (losses) on other securities	Translation adjustments	Treasury stock	Retained earnings	Total
Balance at March 31, 2001:	336,677,714	$1,032,871	$1,215,409	$138,351	$ 85,865	$(16)	$711,471	$3,183,951
Net income	–	–	–	–	–	–	**(666,079)**	**(666,079)**
Cash dividends (note 25)	–	–	–	–	–	–	**(17,687)**	**(17,687)**
Bonuses to directors	–	–	–	–	–	–	**(1,071)**	**(1,071)**
Adjustment to investment in affiliates due to change in accounting from equity method to cost basis	–	–	–	–	–	–	**3,651**	**3,651**
Decrease in retained earnings of companies excluded from consolidation	–	–	–	–	–	–	**(3)**	**(3)**
Conversion of convertible bonds (note 19(3))	**53,795**	**548**	**547**	–	–	–	–	**1,095**
Exercise of warrants	**144,852**	**1,234**	**1,541**	–	–	–	–	**2,775**
Increase in net unrealized gains on other securities (notes 3(3) and 10)	–	–	–	**811,934**	–	–	–	**811,934**
Translation adjustments (note 3(2))	–	–	–	–	**173,625**	–	–	**173,625**
Acquisition of treasury stock	**(4,019)**	–	–	–	–	**(63)**	–	**(63)**
Balance at March 31, 2002	**336,872,342**	**$1,034,653**	**$1,217,497**	**$950,285**	**$259,490**	**$(79)**	**$ 30,282**	**$3,492,128**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (note 4)
	Years ended March 31		Year ended March 31,
	2001	**2002**	**2002**
Cash flows from operating activities:			
Income (loss) before income taxes and minority interest	¥ 87,010	**¥(119,940)**	**$ (900,112)**
Adjustments to reconcile income before income taxes and minority interest to cash used for operating activities:			
Depreciation and amortization	8,072	**11,750**	**88,177**
Equity in losses under the equity method	19,766	**17,576**	**131,902**
Dilution gains from changes in equity interest, net	(48,154)	**(15,592)**	**(117,013)**
Valuation loss on investment securities	57,992	**118,460**	**889,003**
Valuation loss on goodwill and other intangible assets	–	**19,978**	**149,932**
Gains on sale of marketable and investment securities, net	(95,405)	**(51,491)**	**(386,420)**
Exchange gains, net	(28,220)	**(20,311)**	**(152,429)**
Interest and dividend income	(4,378)	**(2,129)**	**(15,979)**
Interest expense	12,264	**15,640**	**117,376**
Loss on discontinued operations	16,246	**–**	**–**
(Increase) decrease in receivables—trade	(4,259)	**16,685**	**125,213**
Increase (decrease) in payables—trade	10,902	**(10,533)**	**(79,048)**
Increase in other receivables	(48,645)	**(37,475)**	**(281,235)**
Increase in other payables	24,760	**9,785**	**73,434**
Others, net	(5,777)	**8,614**	**64,642**
	2,174	**(38,983)**	**(292,557)**
Interest and dividends received	4,103	**2,321**	**17,418**
Interest paid	(11,823)	**(17,281)**	**(129,689)**
Income taxes paid	(86,053)	**(25,181)**	**(188,971)**
Net cash used for operating activities	(91,599)	**(79,124)**	**(593,799)**
Cash flows from investing activities:			
Purchase of property and equipment and intangibles	(16,242)	**(30,272)**	**(227,185)**
Purchase of marketable and investment securities	(233,131)	**(71,427)**	**(536,035)**
Proceeds from sale of marketable and investment securities	104,224	**157,985**	**1,185,631**
Additional investment in newly consolidated entities (note 19(4))	(363)	**(18,264)**	**(137,063)**
Proceeds from sale of interests in consolidated subsidiaries	20,966	**10,554**	**79,206**
Extension of long-term loans	(6,648)	**(12,803)**	**(96,086)**
Collection of long-term loans	5,155	**8,294**	**62,247**
Proceeds from sale of assets held for sale	82,906	**–**	**–**
Others, net	521	**(4,316)**	**(32,393)**
Net cash (used for) provided by investing activities	(42,612)	**39,751**	**298,322**
Cash flows from financing activities:			
Proceeds from issuance of shares to minority shareholders	38,503	**11,040**	**82,850**
Increase (decrease) in short-term borrowings, net	37,548	**(29,226)**	**(219,333)**
Proceeds from issuance of commercial paper	50,000	**71,400**	**535,835**
Repayment of commercial paper	(20,000)	**(91,400)**	**(685,929)**
Proceeds from long-term debt	63,491	**15,630**	**117,301**
Repayment of long-term debt	(142,103)	**(43,531)**	**(326,687)**
Proceeds from issuance of bonds	27,867	**126,394**	**948,545**
Repayment of bonds	(26,604)	**(53,598)**	**(402,236)**
Proceeds from issuance of shares	23,275	**–**	**–**
Cash dividends paid	(2,201)	**(2,347)**	**(17,611)**
Others, net	(25,228)	**(3,048)**	**(22,877)**
Net cash provided by financing activities	24,548	**1,314**	**9,858**
Effect of exchange rate changes	33,462	**3,579**	**26,858**
Net decrease in cash and cash equivalents	(76,201)	**(34,480)**	**(258,761)**
Net increase in cash and cash equivalents due to companies newly consolidated	518	**3**	**19**
Decrease in cash and cash equivalents due to exclusion of previously consolidated entities (notes 3(14), 19(5) and 19(6))	(22,444)	**(4,773)**	**(35,818)**
Decrease in cash and cash equivalents due to change in accounting treatment applied to the silent investment association (note 3(15))	(10,828)	**–**	**–**
Cash and cash equivalents at the beginning of the year	268,060	**159,105**	**1,194,035**
Cash and cash equivalents at the end of the year (note 19(2))	¥159,105	**¥119,855**	**$ 899,475**

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES

1. Organization and nature of business –

SOFTBANK CORP. (the "Company") was incorporated in September 1981 in Japan. The SOFTBANK Group is involved in the following businesses:

- e-Commerce: Distribution of PC software, hardware and peripherals; operations of enterprise business and business transaction platforms, consumer-related e-commerce businesses;
- e-Finance: All inclusive, Web-based financial operations including Internet brokerage operations; management of mainly domestic venture capital funds; incubation of portfolio companies
- Media & Marketing: Book and magazine publication in such areas as PCs, the Internet, entertainment; exhibition management; Web content development;
- Broadmedia: Provision of applications and content for broadcasting and broadband communications, and promoting the spread of such operations;
- Internet Culture: Internet-based advertising, broadband portals, auctions;
- Technology Services: System solutions, business solutions;
- Broadband Infrastructure: Provision of ADSL-based (Asymmetric Digital Subscriber Line) broadband infrastructure services, fiber-optic ultra-high-speed internet access services and other related businesses;
- Overseas Funds: US-and Asia-focused global private equity fund business targeting Internet-related companies;
- Others: Provision of functional services by overseas holding companies, back-office support services in Japan and other related administrative services.

The Company and its subsidiaries operate principally in Japan and the United States and expand their international operations through various investments. The SOFTBANK Group established BB Technologies Corporation and focuses on broadband infrastructure business in accordance with the Group's worldwide business strategies.

At March 31, 2001 and 2002, the Company consolidated 216 and 285 subsidiaries including partnerships, respectively.

2. Basis of presenting the consolidated financial statements –

The Company and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, while its foreign subsidiaries maintain their records and prepare their financial statements in conformity with accounting principles generally accepted in their respective countries of domicile. The accompanying consolidated financial statements of the Company and its consolidated subsidiaries and affiliates (collectively "SOFTBANK") are an English translation of the Japanese consolidated financial statements of SOFTBANK, which have been prepared in accordance with accounting principles and practices generally accepted in Japan.

The accompanying consolidated financial statements incorporate certain reclassifications and rearrangements in order to present them in a form that is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information that is not required under generally accepted accounting principles and practices in Japan, but which is provided herein as additional information. None of the reclassifications or rearrangements have a material effect on the financial statements.

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

3. Summary of significant accounting policies –

(1) Consolidation and investments in affiliates –

All significant inter-company transactions and accounts and unrealized inter-company profits are eliminated upon consolidation, and the portion thereof attributable to minority shareholders is credited or charged to them.

Investments in affiliates in which SOFTBANK has significant influence are accounted for under the equity method. Consolidated income includes SOFTBANK's current equity in the net income of affiliates, after elimination of unrealized inter-company profits.

The excess of the cost over the underlying net equity of investments in subsidiaries and affiliates accounted for under the equity method is recognized as goodwill and is amortized on a straight-line basis over a period of five to forty years, except for that held by U.S. consolidated subsidiaries who have adopted the Statement of Financial Accounting Standards (the "SFAS") No. 142, "Goodwill and Other Intangible Assets," effective from the fiscal year ended March 31, 2002.

Certain consolidated subsidiaries have a fiscal year ending on December 31 each year, while the Company has a fiscal year ending on March 31. For consolidation purposes, the fiscal year of these subsidiaries, ending December 31, has been used with adjustments being made for significant transactions taking place in the intervening period.

(2) Translation of foreign currency transactions and accounts –

Foreign currency transactions are generally translated using the foreign exchange rates prevailing at the respective transaction dates. All assets and liabilities in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates.

The translation of revenue and expenses in the financial statements of foreign consolidated subsidiaries into Japanese yen is performed by using the average exchange rate. Assets and liabilities are translated using the foreign exchange rates prevailing at the balance sheet dates, and capital stock is translated using historical rates.

Foreign currency financial statement translation differences are presented as a separate component of "Shareholders' equity."

Effective from April 1, 2000, the Company and its domestic subsidiaries adopted the new Japanese accounting standard for the translation of foreign currency transactions and foreign currency financial statements. Under the new accounting standard, all assets and liabilities in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates. Foreign currency financial statement translation differences are recorded in the consolidated balance sheet as a separate component of "Shareholders' equity." For years prior to April 1, 2000, long-term receivables and payables in foreign currencies were translated at the foreign exchange rates prevailing at the respective transaction dates.

As a result of adopting the new accounting standard, "Exchange gains, net" and "Income before income taxes and minority interest" for the year ended March 31, 2001 increased ¥8,826 million, as compared with the amount which would have been required if the previous standard had been applied consistently. In addition, in accordance with the new accounting standard, foreign currency translation adjustments amounting to ¥11,441 million, which had been reported as an asset or a liability for fiscal years before April 1, 2000, were presented as a separate component of "Shareholders' equity" as of March 31, 2001.

(3) Financial instruments –

Effective from the fiscal year beginning April 1, 2000, the Company and its domestic subsidiaries adopted the new accounting standards for financial instruments. These standards cover the accounting treatment for investments in debt and equity securities, derivative financial instruments and the allowance for doubtful accounts. Therefore, the financial instruments of the Company and its domestic subsidiaries are stated in accordance with the new standards under Japanese GAAP as follows:

Investments in debt and equity securities:

Investments in debt and equity securities are to be classified into three categories: 1) trading securities; 2) held-to-maturity debt securities; and 3) other securities which are substantially similar to available-for-sale securities, as defined below. These categories are treated differently for the purposes of measuring and accounting for changes in fair value.

Trading securities held for the purpose of generating profits from changes in market value are recognized at their fair value in the consolidated balance sheets. Unrealized gains and losses are included in current income. Held-to-maturity debt securities are expected to be held to maturity and are recognized at historical or amortized cost in the consolidated balance sheets. Other securities classified as other than trading securities and held-to-maturity debt securities are recognized at fair value in the consolidated balance sheets. Unrealized gains and losses, net of tax for these other securities are reported as a separate component of "Shareholders' equity." Declines in the value of other securities and unlisted securities that are deemed to be other than temporary are reflected in current income.

As a result of adopting the new accounting standards, "Investment securities" and "other investments" included under "Investments and advances" at March 31, 2001 increased ¥19,090 million and ¥2,782 million, respectively, as compared with the amounts which would have been required if the previous standards had been applied consistently. Net unrealized gains on investment securities and other investments at March 31, 2001 were reported at ¥11,755 million as part of "Net unrealized gains on other securities" included within "Shareholders' equity." The related deferred tax liabilities were ¥8,769 million.

In addition, the debt and equity securities held and classified as available-for-sale securities by subsidiaries in the United States are reported at fair value, with unrealized gains and losses being included as a separate component of "Shareholders' equity" in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

Allowance for doubtful accounts:

In accordance with the new accounting standards, the 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.

Prior to April 1, 2000, the allowance for doubtful accounts for the Company and its domestic subsidiaries was provided based on the aggregate amount of estimated credit losses on doubtful receivables, plus an amount calculated based on the ratio stipulated by Japanese tax law.

As a result of adopting the new accounting standards, "Total operating income" decreased ¥386 million, and "Income before income taxes and minority interest" increased ¥96 million for the year ended March 31, 2001, respectively, as compared with the amounts which would have been reported if the previous standard had been applied consistently.

(4) Inventories –

Inventories held by the Company and its consolidated subsidiaries are mainly stated at cost, where cost is primarily determined using the moving-average method.

(5) Depreciation and amortization –

Property and equipment are carried at cost less accumulated depreciation. Accumulated depreciation as at March 31, 2001 and 2002 was ¥6,517 million and ¥10,757 million ($80,727 thousand), respectively.

Depreciation is computed primarily based on the declining-balance method, except that at foreign consolidated subsidiaries, it is based on the estimated useful lives of the related assets using the straight-line method, in accordance with the accounting principles generally accepted and applied in their respective countries of domicile.

Amortization of intangibles is based on the following range of estimated lives using the straight-line method.

• Goodwill	5 to 40 years
• Trade names	40 years
• Others	2 to 27 years

The Company's U.S. consolidated subsidiaries have adopted SFAS No. 142, "Goodwill and Other Intangible Assets," from the fiscal year ended March 31, 2002. Under SFAS No. 142, goodwill and certain other intangible assets that are determined to have an indefinite life will no longer be amortized, but rather will be tested for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount.

As a result of the adoption of SFAS No. 142, "Selling, general and administrative expenses" decreased ¥1,815 million ($13,617 thousand) and "Equity in losses under the equity method, net" decreased ¥4,706 million ($35,319 thousand) as compared with the amounts which would have been reported if the previous accounting method had been applied consistently. In addition, "Valuation loss on goodwill and other intangible assets" of ¥19,978 million ($149,932 thousand) was recorded in the consolidated statements of income for the year ended March 31, 2002. As a result, "Income before income taxes and minority interest" for the year ended March 31, 2002 decreased ¥13,457 million ($100,996 thousand) due to the adoption of SFAS No. 142.

The goodwill held by foreign consolidated subsidiaries and affiliates other than U.S. subsidiaries continues to be amortized on the straight-line method.

(6) Allowance for sales returns –

An allowance for sales returns is provided for the gross margin of future sales returns expected subsequent to the balance sheet date on an accrual basis.

(7) Income taxes –

The provision for income taxes is computed based on "Income before income taxes and minority interest" in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

(8) Pension and severance costs –

The Company and most of its domestic subsidiaries maintain a tax qualified pension plan, which is a non-contributory defined benefit pension plan covering substantially all of the eligible employees who have three years or more of service. These companies contribute amounts required to maintain sufficient plan assets to provide for the accrued benefits, subject to limitations on deductibility imposed by Japanese income tax law.

Pension benefits under the tax qualified pension plan are determined based on years of service, basic rates of pay and conditions under which termination occurs, and are payable at the option of the retiring employee either in a lump-sum amount or as an annuity.

Effective from April 1, 2000, the Company and its domestic subsidiaries adopted new accounting standards for pension obligations. The new accounting standards require an actuarial calculation for pension obligations. For the tax-qualified pension plan, transition obligations of ¥383 million as of April 1, 2000, representing an excess of the projected obligations arising from the adoption of the new accounting standards over the funded assets at fair value, were charged to current expenses for the year ended March 31, 2001 at the time of implementing the new accounting standards.

Actuarial gains and losses are recognized in the consolidated statements of income in the fiscal year following that in which they arise.

To supplement the above tax-qualified pension plan, the Company and most of its domestic subsidiaries participate in a multi-employers' contributory defined benefit welfare pension plan (the "welfare pension plan") covering substantially all of their employees. The welfare pension plan is funded in conformity with the funding requirements of the Japanese Welfare Pension Insurance Law, and covers a portion of the governmental welfare pension program and an additional portion under which contributions are made by the respective companies and their employees.

Regarding the welfare pension plan, contributions made by the Company and most of its domestic subsidiaries are expensed out when paid since the pooled fund assets and the entire pension obligations for the welfare pension plan can not be reasonably determined by each of the participants. The pooled fund assets of the Company and most of its domestic subsidiaries at fair value at March 31, 2002, amounted to ¥63,347 million ($475,398 thousand) and the participation ratio of the Company and most of its domestic subsidiaries was 5.64% based on employee numbers.

In addition, certain domestic subsidiaries, who engage in securities business or commodities business, participate in two other welfare pension plans similar to the above welfare pension plan. The fair value of the pooled fund assets of these two plans at March 31, 2002 amounted to ¥514,064 million ($3,857,893 thousand) and ¥51,611 million ($387,322 thousand), respectively. The participation ratio of those subsidiaries was 0.23% and 0.27%, respectively, based on the proportion of their contribution.

(9) Research and development costs –

Research and development costs are expensed as incurred.

(10) Leases –

Under domestic accounting standards, capital leases, as defined therein, other than those whereby ownership of the assets would be transferred to the lessee at the end of the lease term, are allowed to be accounted for as operating leases with footnote disclosure of the estimated acquisition cost, estimated accumulated depreciation and future lease payments or receipts.

The Company and its domestic subsidiaries had no assets under capital leases whereby ownership of the assets would be transferred to them at the end of the lease term. Therefore, the Company and its domestic subsidiaries recorded substantially all leases as operating leases in the manner described in the preceding paragraph.

Foreign subsidiaries record capital leases as assets and obligations at an amount equal to the present value of the lease payments during the lease term.

(11) Net income per share –
Net income per share is computed based on the weighted-average number of shares of common stock issued and outstanding during each fiscal period with an appropriate retroactive adjustment being made to reflect the effect of stock splits.

On June 23, 2000, the Company effected a three-for-one stock split which increased the number of shares issued by 220,317,334. Net income per share of common stock for the year ended March 31, 2001 was calculated assuming the three-for-one stock split occurred as of the beginning of that year.

SOFTBANK holds convertible bonds and bonds with warrants, both of which are potentially dilutive common stock equivalents. Net income per share of common stock for the year ended March 31, 2001, after adjusting for the potentially dilutive common stock equivalents and the stock split (“Net income per share—diluted”), was ¥109.38. The diluted net income per share for the year ended March 31, 2002 was not disclosed due to the loss position.

(12) Appropriation of retained earnings –
Appropriations of retained earnings reflected in the accompanying consolidated financial statements have been recorded after approval by the shareholders as required by the Japanese Commercial Code.

(13) Change in accounting for consolidated subsidiaries engaged in securities business –
Domestic consolidated subsidiaries of the Company that are engaged in securities business have changed their accounting in accordance with the amendment of the “Uniform Accounting Standards of Securities Companies” from the fiscal year beginning April 1, 2001 as follows:

(a) The Company segregated cash from customers (money trust only) and reclassified it from “Cash and deposits” to “Other current assets” in the accompanying balance sheet at March 31, 2002. Such cash from customers amounting to ¥10,590 million had been included in “Cash and deposits” at March 31, 2001.

(b) Securities borrowed and securities received as collateral were offset and no longer recognized on the accompanying balance sheet at March 31, 2002. Securities borrowed and securities received as collateral at March 31, 2001 had been recorded as “Other current assets,” “Other current liabilities” and “Other long-term liabilities” for ¥27,368 million, ¥27,366 million and ¥2 million, respectively, in the accompanying balance sheet at March 31, 2001.

(14) Reorganization of SOFTBANK Capital Partners –
Prior to April 1, 2000, the investment portfolios of SOFTBANK Capital Partners (the “Cap Fund”) had been stated at fair value pursuant to the accounting principles and practices generally accepted in the United States. Net unrealized gains or losses on these portfolios had been realized in the consolidated statements of income. However, since the fiscal year beginning April 1, 2000, to strengthen the control on the SOFTBANK group fund and also to exercise significant influence over the Cap Fund for better decision-making, the Company completed the legal reorganization of the Cap Fund, resulting in two funds: the SOFTBANK side Fund (the “SB side Fund”) invested in by the SOFTBANK Group, and the non-SOFTBANK side Fund invested in by external investors.

Under accounting principles and practices generally accepted in the United States, the SB side Fund should be either consolidated or accounted for under the equity method or at cost, depending on the ownership percentage of the shares, in a manner applicable to a normal investment.

As a result of the above legal reorganization, the portfolios of the SB side Fund at March 31, 2001 were accounted for under the equity method or at cost, and none of the portfolios were consolidated due to the low percentage of shares owned.

The effect of the change arising from the reorganization was to decrease “Income before income taxes and minority interest” for the year ended March 31, 2001 by ¥1,848 million, as compared with the amount which would have been reported if the previous method applied before the reorganization had been applied consistently. Additionally, retained earnings of ¥2,798 million at April 1, 2000 attributable to the non-SOFTBANK side Fund was reported as “Others, net” under other non-operating expenses during the year ended March 31, 2001.

In the consolidated statements of cash flows for the year ended March 31, 2001, cash and cash equivalents of ¥9,263 million, the opening balance of the non-SOFTBANK side Fund, were reported as “Decrease in cash and cash equivalents due to exclusion of previously consolidated entities.”

(15) Change in accounting for assets and liabilities of the silent investment association –

The silent investment association (the "silent association") defined under Articles 535 through 542 of Chapter 3 and 4 of the Japanese Commercial Code effectively consisted of a general partner, SOFTBANK INVESTMENT CORPORATION, which is a consolidated subsidiary of the Company, and the limited partners.

In the financial statements for fiscal years prior to April 1, 2000, assets and liabilities of the silent association had been treated as assets and liabilities of the Company's consolidated subsidiaries.

However, due to the growth in the assets and liabilities of the silent association, substantially attributable to third parties who are the limited partners of the silent association, these assets and liabilities were excluded from consolidation effective from the fiscal year beginning April 1, 2000.

As a result, consolidated total assets and liabilities as at March 31, 2001 decreased ¥28,404 million as compared with the amount which would have been reported if the previous accounting treatment had been applied consistently.

Cash and cash equivalents of ¥10,828 million at April 1, 2000, attributable to the limited partners of the silent association, were stated as "Decrease in cash and cash equivalents due to change in accounting treatment applied to the silent investment association" in the consolidated statements of cash flows for the year ended March 31, 2001.

4. U.S. dollar amounts –

The Company maintains its accounting records in Japanese yen. U.S. dollar amounts presented in the accompanying consolidated financial statements and notes thereto are included solely for the convenience of readers. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S. dollars. As the amounts shown in U.S. dollars are for convenience only, the rate of ¥133.25=US$1 at March 31, 2002, has been used for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

5. Changes in scope of consolidation –

As of March 31, 2002, the Company consolidated 285 subsidiaries and excluded 14 subsidiaries from consolidation due to their immateriality in terms of the consolidated total assets, sales and revenues, net income and retained earnings of the SOFTBANK consolidated financial statements.

Main changes in the scope of the consolidation for the year ended March 31, 2002 were as follows:

Newly consolidated subsidiaries (including partnerships)

Subsidiary	Description
Emtorage Broadcommunications Inc.	Newly established
SBI E2-Capital Limited	Newly invested in
Compy Inc.	Newly invested in
Akamai Technologies Japan K.K.	Newly established
Tokyo Metallic Communications Corp.	Newly invested in
92 other companies	

Subsidiaries (including partnerships) excluded from consolidation

Subsidiary	Description
Key3Media Group, Inc.	Change to affiliate due to dilution resulting from issuance of new shares and sale of shares
SB K&K CORPORATION	Liquidation
26 other companies	

As of March 31, 2002, the Company held two non-consolidated subsidiaries and 111 affiliated companies including partnerships, all of which were accounted for under the equity method. The main non-consolidated subsidiary was DirecTouch Communications Ltd. and the main affiliated companies were Aozora Bank, Ltd., Nihon Ariba K.K. and UTStarcom, Inc.

Other than the above, 12 non-consolidated subsidiaries, such as Dennoutai Co., Ltd., and two affiliated companies, such as 51Marry.com Limited, were not accounted for under the equity method due to their immateriality in terms of the net income and retained earnings of the SOFTBANK consolidated financial statements. Investments in these companies were stated at cost.

Main changes in non-consolidated subsidiaries and affiliated companies accounted for under the equity method for the year ended March 31, 2002 were as follows:

Non-consolidated subsidiaries and affiliated companies (including partnerships) newly accounted for under the equity method

Name of subsidiary or affiliate	Description
RAINBOW TECHNOLOGIES K.K.	Newly established
26 other companies	

Non-consolidated subsidiaries and affiliates (including partnerships) no longer accounted for under the equity method

Name of subsidiary or affiliate	Description
Yahoo! Inc.	Decrease in shareholding percentage due to sale of shares
E* TRADE Group, Inc.	Decrease in shareholding percentage due to sale of shares
PROFECIO, INC. (former PASONA SOFTBANK, INC.)	Sale of shares
28 other companies	

6. Mergers, acquisitions and restructuring –

(1) Spin off into Key3Media Group, Inc. (the "Key3 Media") –

Ziff-Davis Inc. (the "ZDI"), which was a consolidated subsidiary of the Company, sold its publishing division in April 2000, and subsequently ZDI operated two main businesses: ZDNet and ZD Events relating to the exhibition businesses. The exhibition businesses were spun off into Key3Media and continued operations as a consolidated subsidiary of the Company. Then, in August 2000, Key3Media completed an initial public offering and, ZDNet and ZDI were merged into CNET Networks, Inc. (the "CNET") in October 2000. As a result, operating losses of ¥4,832 million of ZDNet and ZDI (excluding the exhibition businesses spun-off) were recorded as a "Loss on discontinued operations" in the consolidated statements of income for the year ended March 31, 2001.

(2) Change in accounting for Key3Media –

The Company sold 2,000,000 Key3Media shares through its wholly-owned subsidiary, SOFTBANK America Inc. (the "SBA"), in November 2001. In addition, Key3Media issued 2,980,000 shares of convertible preferred stock at a price of $25 per share in private placements in November and December 2001 for total proceeds of $67 million and reduction of its debt by $10 million. As a result, the Company's voting interests in Key3Media were diluted below 50%, resulting in the Company changing its accounting for Key3Media from treating it as a consolidated subsidiary to treating it as an affiliate under the equity method at March 31, 2002.

(3) Sale of partial shareholding of Yahoo! Inc. (the "Yahoo!") –

The Company used to account for its share of Yahoo! under the equity method, and reflected the SOFTBANK portion of Yahoo!'s gains and losses in the Company's consolidated statements of income. The Company sold 17,290,866 shares of Yahoo! through SBA in January 2002. The Company classified the remaining shares of Yahoo! as other securities with fair market value at March 31, 2002, in the accompanying consolidated financial statements, accordingly.

7. Significant contracts –

(1) Significant contract with Cisco Systems, Inc. (the "Cisco") –

On January 25, 2001, the Company signed a contract with Cisco to facilitate mutual cooperation in connection with the establishment of an investment fund amounting to $1,050,000 thousand. Simultaneously, Cisco acquired 5,565,900 shares of the Company for an amount of ¥23,360 million and the Company entered into a contract to sell 1,760 shares of Cisco Systems K.K. to Cisco for $275,000 thousand.

(2) Significant contract with TriGem Computer, Inc. (the "TriGem") and Naray & Company Inc. (the "Naray") –

On March 29, 2002, SB THRUNET PTE LTD, a wholly-owned subsidiary of the Company, entered into a contract with TriGem and Naray to sell the common stock of Korea Thrunet Co., Ltd. to TriGem and Naray for $61,568 thousand (¥8,204 million).

8. Notes receivable maturing at year-end –

Notes receivable are settled on the date of clearance. Since the year-end dates of March 31, 2001 and 2002 were non-business days, notes receivable of ¥983 million and ¥99 million ($740 thousand) maturing on those dates were not settled and were included in the closing balances of "Notes and accounts receivable—trade" as at March 31, 2001 and 2002, respectively.

9. Inventories –

Inventories at March 31, 2001 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
Merchandise	¥14,286	**¥14,393**	**$108,018**
Finished goods	573	**587**	**4,405**
Work-in-process	366	**507**	**3,808**
Raw materials	75	**133**	**999**
Securities for trade	2,251	**1,718**	**12,889**
Other inventories (note below)	5,863	**18,974**	**142,394**
Total	¥23,414	**¥36,312**	**$272,513**

Note: "Other inventories" at March 31, 2002 included assets of approximately ¥17 billion (approximately $126 million) held by BB Technologies Corporation, a wholly-owned subsidiary of SOFTBANK, for future lease to customers.

10. Investments in debt and equity securities –

Investments in debt and equity securities at March 31, 2001 and 2002 consisted of "Marketable securities" and "Investment securities," most of which were classified as other securities.

The aggregate cost and market value (carrying value) of other securities at March 31, 2001 and 2002 were as follows:

	Millions of yen			
	March 31, 2002			
		Gross unrealized		Market value
	Cost	Gains	(Losses)	(carrying value)
Equity securities	**¥107,107**	**¥189,249**	**¥(2,405)**	**¥293,951**
Debt securities	**301**	**–**	**(0)**	**301**
Other	**3**	**–**	**–**	**3**
Total	**¥107,411**	**¥189,249**	**¥(2,405)**	**¥294,255**

	Thousands of U.S. dollars			
	March 31, 2002			
		Gross unrealized		Market value
	Cost	Gains	(Losses)	(carrying value)
Equity securities	**$803,805**	**$1,420,258**	**$(18,051)**	**$2,206,012**
Debt securities	**2,261**	**–**	**(5)**	**2,256**
Other	**20**	**–**	**–**	**20**
Total	**$806,086**	**$1,420,258**	**$(18,056)**	**$2,208,288**

	Millions of yen			
	March 31, 2001			
		Gross unrealized		Market value
	Cost	Gains	(Losses)	(carrying value)
Equity securities	¥126,492	¥44,567	¥(15,984)	¥155,075
Debt securities	4,490	2,688	(38)	7,140
Total	¥130,982	¥47,255	¥(16,022)	¥162,215

Details of other securities sold during the years ended March 31, 2001 and 2002 were as follows:

	Millions of yen		
	For the year ended March 31, 2002		
	Sale amount	Total gains on sale	Total losses on sale
Equity securities	**¥48,069**	**¥9,497**	**¥(11,357)**
Debt securities	**6,044**	**8**	**(39)**
Other	**236**	**0**	**–**
Total	**¥54,349**	**¥9,505**	**¥(11,396)**

	Millions of yen		
	For the year ended March 31, 2002		
	Sale amount	Total gains on sale	Total losses on sale
Equity securities	**$360,738**	**$71,269**	**$(85,233)**
Debt securities	**45,361**	**59**	**(294)**
Other	**1,773**	**7**	**–**
Total	**$407,872**	**$71,335**	**$(85,527)**

	Millions of yen		
	For the year ended March 31, 2001		
	Sale amount	Total gains on sale	Total losses on sale
Equity securities	¥51,982	¥42,360	¥(3,346)
Debt securities	25,448	1,683	(1,124)
Other	1,000	–	–
Total	¥78,430	¥44,043	¥(4,470)

Unlisted investment securities at March 31, 2001 and 2002 had carrying amounts as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
(1) Unlisted held-to-maturity securities:			
Domestic debt securities	¥ 0	**¥ 1**	**$ 8**
Foreign debt securities	–	**100**	**748**
(2) Unlisted other securities and available-for-sale securities:			
Equity securities (excluding over-the-counter stocks)	45,063	**42,376**	**318,014**
Domestic debt securities	1,777	**1,742**	**13,075**
Foreign debt securities	9,009	**2,798**	**20,993**
MMF	25,878	**11,520**	**86,457**
Mid-term government bond funds	2,365	**323**	**2,425**
Beneficial interest in trusts	–	**1,000**	**7,505**
Preferred fund certificates	–	**2,000**	**15,009**
Others	1,101	**29**	**227**
Total	¥85,193	**¥61,889**	**$464,461**

The redemption schedule for held-to-maturity securities and other securities with maturity dates subsequent to March 31, 2002 is as follows:

	Millions of yen		
	Within one year	More than one year, less than five years	More than five years, less than ten years
Held-to-maturity securities			
Corporate bonds	**¥ 100**	**¥ –**	**¥ –**
Other securities			
Debt securities	**2,073**	**1,658**	**1,110**
Others	**30**	**–**	**–**
Total	**¥2,203**	**¥1,658**	**¥1,110**

	Thousands of U.S. dollars		
	Within one year	More than one year, less than five years	More than five years, less than ten years
Held-to-maturity securities			
Corporate bonds	**$ 755**	**$ –**	**$ –**
Other securities			
Debt securities	**15,556**	**12,439**	**8,329**
Others	**225**	**–**	**–**
Total	**$16,536**	**$12,439**	**$8,329**

11. Investments in and advances to non-consolidated subsidiaries and affiliates –

Investments in and advances to non-consolidated subsidiaries and affiliates (including partnerships) at March 31, 2001 and 2002 are accounted for under the equity method and shown in the table below.

	%		Millions of yen		Thousands of U.S. dollars
	Ownership percentage(*A)	Interest percentage(*A)	March 31 2001	March 31 **2002**	March 31, **2002**
E*TRADE Group, Inc.	–	–(*C)	¥ 55,463	¥ **–**	$ **–**
Yahoo! Inc.	–	–(*C)	60,284	**–**	**–**
DigitBrain, Inc.	–	–(*C)	2,423	**–**	**–**
InsWeb Corporation	18.57	18.57	2,611	**818**	**6,141**
Morningstar, Inc.	19.66	19.66	8,886	**5,575**	**41,837**
Internet Research Institute, Inc.	18.30	12.27	2,196	**1,191**	**8,941**
PROFECIO, Inc.	–	–	428	**–(*D)**	**–**
UTStarcom, Inc.	31.70	31.70	24,434	**30,283**	**227,266**
Law.com, Inc.	10.40	10.40	3,002	**185**	**1,386**
@viso Limited	50.00	50.00	3,124	**264**	**1,980**
Global Sports, Inc.	11.24	11.24	2,960	**3,641**	**27,321**
Aozora Bank, Ltd.	48.88	48.88	64,676	**83,724**	**628,319**
Nihon Ariba K.K.	41.23	41.23	4,163	**4,073**	**30,566**
Key3Media Group, Inc.	45.02	45.02	–(*E)	**11,988**	**89,963**
Tradescape Corp.	23.13	23.13	3,068	**3,714**	**27,874**
National Leisure Group, Inc.	27.37	27.37	2,417	**3,170**	**23,790**
cyber communications inc.	46.79	46.79	1,726	**1,923**	**14,432**
Yahoo! Korea Corporation	33.00	26.83	2,529	**2,383**	**17,883**
Odimo Incorporated	13.06	13.06	1,529	**1,467**	**11,011**
Nasdaq Japan, Inc.	42.93	42.93	1,440	**1,176**	**8,824**
E*TRADE eCommerce Fund, L.P.	25.00(*B)	–	2,287	**1,580**	**11,857**
SOFTBANK Technology Ventures IV L.P.	3.85(*B)	–	5,727	**2,078**	**15,597**
ePartners 2	31.10(*B)	–	3,428	**1,414**	**10,613**
SOFTBANK US Ventures VI L.P.	97.04(*B)	–	33,504	**40,722**	**305,609**
SOFTBANK Technology Ventures V L.P.	24.95(*B)	–	12,426	**7,999**	**60,032**
SB Life Science Ventures I, L.P.	33.71(*B)	–	–(*F)	**1,128**	**8,466**
SOFTBANK Ventures Fund 1	60.00(*B)	–	2,756	**2,317**	**17,387**
Other			27,383	**19,846**	**148,939**
Total			¥334,870	**¥232,659**	**$1,746,034**

Notes: (*A): The ownership and interest percentages above represent the percentages at March 31, 2002.

(*B): This percentage was calculated based on the size of the fund commitments by the SOFTBANK Group, since the ownership percentage was not determinable due to the fund structure and the various methods for allocating expenses and income.

(*C): At March 31, 2002, E*TRADE Group, Inc., Yahoo! Inc. and DigitBrain, Inc. (former BRAIN.COM, INC.) were reported as "Investment securities" due to a decrease in interest, resulting from sale of shares and/or ownership dilution following stock issuance.

(*D): The Company sold off all its shares of PROFECIO, Inc. (former PASONA SOFTBANK, INC.) during the fiscal year ended March 31, 2002.

(*E): At March 31 2001, Key3Media Group, Inc. was accounted for as a consolidated subsidiary of the Company.

(*F): SB Life Science Ventures I, L.P. was established in August 2001.

12. Trade names –

The “Trade names” balance mainly relates to the events and exhibition business of Key3Media. There was no “Trade names” balance as of March 31, 2002 because Key3Media was excluded from consolidation at March 31, 2002 for the reason explained in note 6(2).

13. Short-term borrowings and long-term debt –

“Short-term borrowings” and “Commercial paper” at March 31, 2001 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	At March 31		March 31,
	2001	**2002**	**2002**
Short-term borrowings principally from banks:			
With interest rates ranging from 0.22% to 11.50%	¥125,602	**¥ –**	**$ –**
With interest rates ranging from 0.50% to 9.00%	–	**106,706**	**800,796**
Commercial paper:			
With an interest rate of 0.65% per annum	30,000	**–**	**–**
With an interest rate of 1.21% per annum	–	**10,000**	**75,047**

“Long-term debt” outstanding at March 31, 2001 and 2002 consisted of borrowings from financial institutions and corporate bonds, as shown below:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
Unsecured borrowings from financial institutions			
With interest rates ranging from 1.40% to 10.77%	¥ 54,459	**¥ –**	**$ –**
With interest rates ranging from 0.50% to 5.63%	–	**20,607**	**154,646**
Unsecured straight bonds			
Due 2001 to 2007 with interest rates ranging from 2.1% to 3.9%	167,403	**–**	**–**
Due 2002 to 2007 with interest rates ranging from 2.1% to 3.9%	–	**206,322**	**1,548,381**
Warrant bonds			
Due 2001 to 2008 with interest rates ranging from 3.0% to 12.0%	23,979	**–**	**–**
Due 2003 to 2004 with interest rates ranging from 1.0% to 4.0%	–	**16,500**	**123,827**
Convertible bonds			
Due 2002 with an interest rate of 0.5%	6,614	**–**	**–**
Due 2004 to 2005 with interest rates ranging from 0.65% to 2.4% (note below)	–	**125**	**938**
Exchangeable bonds with an interest rate of 1.5% due 2002	5,385	**5,385**	**40,413**
	257,840	**248,939**	**1,868,205**
Less: portion due within one year	(30,894)	**(56,326)**	**(422,707)**
	¥226,946	**¥192,613**	**$1,445,498**

Note: The conversion prices of convertible bonds are shown below
(1) ¥50,000 per share for the common stock of E*Advisor Co., Ltd.
(2) ¥50,000 per share for the common stock of ALISS-NET Co., Ltd.
(3) ¥50,000 per share for the common stock of Digital Media Factory, Inc.

The aggregate annual maturities of borrowings from financial institutions outstanding at March 31, 2002 were as follows:

For the years ending March 31,	Millions of yen	Thousands of U.S. dollars
2003	**¥ 7,485**	**$ 56,171**
2004	**3,421**	**25,675**
2005	**3,302**	**24,781**
2006	**6,363**	**47,748**
2007 and thereafter	**36**	**271**
Total	**¥20,607**	**$154,646**

The aggregate annual maturities of corporate bonds outstanding at March 31, 2002 were as follows:

For the years ending March 31,	Millions of yen	Thousands of U.S. dollars
2003	**¥ 48,841**	**$ 366,536**
2004	**57,319**	**430,161**
2005	**36,484**	**273,803**
2006	**49,568**	**371,990**
2007 and thereafter	**36,120**	**271,069**
Total	**¥228,332**	**$1,713,559**

14. Assets pledged as collateral –

Assets pledged as collateral at March 31, 2002 were as follows:

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

Assets pledged as collateral	Millions of yen	Thousands of U.S. dollars	Type of security
Tangible assets	**¥1,263**	**$9,478**	Mortgage

	Carrying amount		
Secured liabilities	Millions of yen	Thousand of U.S. dollars	
Short-term borrowings	**¥163**	**$1,225**	
Long-term debt	**275**	**2,066**	

(2) For future lease liabilities

The collateral for future lease liabilities of ¥33,903 million ($254,430 thousand), of which ¥319 million ($2,395 thousand) was for "Accounts payable—trade" and ¥97 million ($727 thousand) was for "Accounts payable—other," was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries and a broadcasting company, based on marketing agreements, etc.

The current receivables at March 31, 2002, held as the collateral for the above future lease liabilities, consisted of "Accounts receivable" of ¥3,592 million ($26,959 thousand) and "Other current assets" of ¥53 million ($400 thousand), respectively.

15. Dilution gains from changes in equity interest –

"Dilution gains, net" were recognized from changes in the Company's equity interest as a result of capital transactions by investees, including an initial public offering.

Dilution gains/losses for the years ended March 31, 2001 and 2002 consisted of the following:

	Millions of yen				Thousands of U.S. dollars	
	For the years ended March 31				For the year ended March 31,	
	2001		**2002**		**2002**	
	Gains	(Losses)	Gains	(Losses)	Gains	(Losses)
Yahoo! Inc.	¥12,554	¥ –	**¥ 7,414**	**¥ (895)**	**$ 55,642**	**$ (6,714)**
UTStarcom, Inc.	2,535	(60)	**7,190**	**(118)**	**53,955**	**(885)**
E*TRADE Group, Inc.	6,897	–	**–**	**(1,524)**	**–**	**(11,436)**
SOFTBANK INVESTMENT CORPORATION	9,087	(333)	**–**	**–**	**–**	**–**
E*TRADE Japan K.K.	5,052	(85)	**–**	**–**	**–**	**–**
SOFTBANK INVESTMENT INTERNATIONAL (STRATEGIC) LIMITED	–	–	**1,386**	**(275)**	**10,400**	**(2,063)**
Nasdaq Japan, Inc	2,341	–	**–**	**–**	**–**	**–**
Yahoo! Korea Corporation	2,114	–	**–**	**–**	**–**	**–**
Ziff–Davis Inc.	1,469	–	**–**	**–**	**–**	**–**
cyber communications inc.	1,079	–	**–**	**–**	**–**	**–**
Morningstar Japan K.K.	1,355	(21)	**–**	**–**	**–**	**–**
National Leisure Group, Inc.	–	–	**983**	**–**	**7,376**	**–**
Global Sports, Inc.	–	–	**674**	**(0)**	**5,061**	**(4)**
Other	5,230	(1,060)	**1,706**	**(949)**	**12,806**	**(7,125)**
	¥49,713	¥(1,559)	**¥19,353**	**¥(3,761)**	**$145,240**	**$(28,227)**

16. Accounting for the assets and liabilities of the silent investment association –

As described in note 3(15), SOFTBANK has adopted an accounting method for the assets and liabilities of the silent association, resulting in the following assets and liabilities of the silent association being excluded from the consolidated balance sheets at March 31, 2001 and 2002.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
Cash and deposits	¥ 5,689	**¥ 6,805**	**$ 51,069**
Marketable securities	236	**–**	**–**
Other current assets	15,795	**12,169**	**91,326**
Investment securities	6,683	**4,218**	**31,652**
Other current liabilities	(482)	**(163)**	**(1,225)**
Other long-term liabilities	(27,921)	**(23,029)**	**(172,822)**

17. Receivables and payables relating to margin transactions –

Receivables and payables at March 31, 2001 and 2002 relating to margin transactions in securities businesses engaged by certain consolidated subsidiaries were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
Receivables relating to margin transactions:			
Loans receivable from customers for margin transactions	¥20,938	**¥37,882**	**$284,291**
Cash deposits as collateral for securities borrowed from securities finance companies	1,915	**4,435**	**33,280**
Total	¥22,853	**¥42,317**	**$317,571**
Payables relating to margin transactions:			
Loans from securities finance companies for margin transactions	¥13,514	**¥24,379**	**$182,957**
Proceeds from securities sold for margin transactions	4,032	**13,039**	**97,852**
Total	¥17,546	**¥37,418**	**$280,809**

18. Marketable and investment securities relating to commodities and securities businesses –

(1) Assets pledged as initial key deposits for commodities and securities businesses:

"Marketable securities" of ¥301 million ($2,256 thousand) and "Investment securities" of ¥19 million ($139 thousand) at March 31, 2002 were pledged as initial key deposits for commodities and securities businesses.

(2) Assets held by third parties relating to margin securities transactions:

The fair value of "Marketable securities" held by third parties at March 31, 2002 relating to margin securities transactions was as follows.

	Millions of yen	Thousands of U.S. dollars
Marketable securities lent to customers	**¥13,914**	**$104,421**
Marketable securities pledged as collateral for loans from securities finance companies, including owned marketable securities of ¥1,480 million ($11,103 thousand)	**25,803**	**193,636**

(3) Assets received from third parties relating to margin securities transactions:

The fair value of "Marketable securities" received from third parties at March 31, 2002 relating to margin securities transactions was as follows.

	Millions of yen	Thousands of U.S. dollars
Marketable securities borrowed from securities finance companies	**¥ 4,422**	**$ 33,184**
Marketable securities received as security from customers, including ¥10,019 million ($75,187 thousand) repledged by SOFTBANK with customers' consent	**35,726**	**268,115**

(4) "Marketable securities" deposited as collateral:

In accordance with the Commodity Exchange Law and Articles of Exchange, certain consolidated subsidiaries engaged in commodities business deposited "Marketable securities" of ¥968 million ($7,261 thousand) with fiduciary exchange members as the guarantee money on commodity futures and deposits for trustee business at March 31, 2002.

19. Cash flow information –

(1) "Cash and cash equivalents" comprise 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.

(2) "Cash and cash equivalents" at March 31, 2001 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
Cash and deposits	¥141,057	**¥113,580**	**$852,384**
Marketable securities	29,344	**9,545**	**71,633**
Time deposits with original maturity over three months	(2,010)	**(1,065)**	**(7,993)**
Deposits received from customers in commodities business	–	**(32)**	**(238)**
Stocks and bonds with original maturity over three months	(95)	**(2,173)**	**(16,311)**
Cash deposit from customers in securities business	(9,191)	**–**	**–**
Cash and cash equivalents	¥159,105	**¥119,855**	**$899,475**

(3) Significant non-cash transactions –

	Millions of yen		Thousands of U.S. dollars
	For the years ended March 31		For the year ended March 31,
	2001	**2002**	**2002**
Conversion of convertible bonds			
Increase of common stock	¥ 784	**¥ 73**	**$ 548**
Increase of additional paid-in capital	784	**73**	**547**
Decrease of convertible bonds due to conversion	¥1,568	**¥146**	**$1,095**

(4) Acquisition of Tokyo Metallic Communications Corp. –

During the period from June through September 2001, SOFTBANK acquired shares of Tokyo Metallic Communications Corp. (the "Metallic") for ¥1,071 million ($8,037 thousand) and consolidated Metallic in the consolidated financial statements for the year ended March 31, 2002. Upon consolidation, a net cash flow of ¥753 million ($5,653 thousand), representing the excess of the cash consideration of ¥1,071 million ($8,037 thousand) paid for the acquisition over the "Cash and cash equivalents" of ¥318 million ($2,384 thousand) held by Metallic as at the date of acquisition, was disclosed as "Additional investment in newly consolidated entities" in the consolidated statement of cash flows for the year ended March 31, 2002.

The cash consideration of ¥1,071 million paid for the acquisition was allocated as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 1,666	$ 12,506
Non-current assets	5,435	40,789
Current liabilities	(5,241)	(39,335)
Non-current liabilities	(165)	(1,242)
Goodwill	(543)	(4,076)
Minority interest	(81)	(605)
	¥ 1,071	$ 8,037

(5) Exclusion of ZDI from consolidation –

The Company excluded the assets and liabilities of ZDI from consolidation at March 31, 2001, due to the sale of ZDI shares, as follows.

As of January 1, 2000	Millions of yen
Current assets	¥ 92,965
Non-current assets	38,030
Total assets	130,995
Current liabilities	11,696
Non-current liabilities	87,286
Total liabilities	¥ 98,982

(6) Exclusion of previously consolidated subsidiaries from consolidation –

The Company excluded the assets and liabilities of Key3Media from consolidation at March 31, 2002 due to dilution resulting from issuance of new shares and the sale of shares.

As of December 31, 2001	Millions of yen	Thousands of U.S. dollar
Current assets	¥ 11,869	$ 89,074
Non-current assets	116,669	875,565
Total assets	128,538	964,639
Current liabilities	13,922	104,477
Non-current liabilities	55,657	417,690
Total liabilities	¥ 69,579	$522,167

UTStarcom, Inc., was excluded from consolidation at March 31, 2001, due to a decrease in the percentage shareholding meaning it was no longer controlled. The assets and liabilities as of January 1, 2000 of UTStarcom, Inc. were as follows.

As of January 1, 2000	Millions of yen
Current assets	¥24,726
Non-current assets	4,613
Total assets	29,339
Current liabilities	11,056
Non-current liabilities	–
Total liabilities	¥11,056

20. Pension and severance costs –

The funded status of retirement benefit obligations at March 31, 2001 and 2002 was as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
Projected benefit obligations (PBO)	¥1,079	**¥1,567**	**$11,761**
Plan assets at fair value	782	**1,218**	**9,143**
Unfunded PBO	297	**349**	**2,618**
Unrecognized actuarial losses	(144)	**(17)**	**(130)**
Accrued pension and severance costs	¥ 153	**¥ 332**	**$ 2,488**

The composition of net pension and severance costs for the years ended March 31, 2001 and 2002 was as follows.

	Millions of yen		Thousands of U.S. dollars
	For the years ended March 31		For the year ended March 31,
	2001	**2002**	**2002**
Service costs	¥572	**¥688**	**$5,167**
Interest costs	28	**32**	**243**
Expected return on plan assets	(11)	**(15)**	**(115)**
Transition obligations	383	**–**	**–**
Recognized actuarial loss	–	**144**	**1,079**
Net pension and severance costs	¥972	**¥849**	**$6,374**

The assumptions used for the actuarial computation of the retirement benefit obligations for the years ended March 31, 2001 and 2002 were as follows.

Allocation of projected benefit obligations	The projected unit-credit method
Discount rate	2.5% in 2002 (3.0% in 2001)
Expected return on plan assets	2.2% in 2002 (2.2% in 2001)
Transition obligations	Expensed out at the time of implementing the new standard
Actuarial gains/losses	Expensed out in the year subsequent to the fiscal year of occurrence

21. Non-financing business selling, general and administrative expenses and financing business expenses –

The main components of non-financing business “Selling, general and administrative expenses” and “Financing business expenses” for the two years ended March 31, 2001 and 2002 were as follows.

	Millions of yen		Thousands of U.S. dollars
	For the years ended March 31		For the year ended March 31,
	2001	**2002**	**2002**
Payroll and bonuses	¥24,249	**¥28,905**	**$216,922**
Depreciation & amortization	6,767	**7,993**	**59,985**
Allowance for doubtful accounts	655	**1,974**	**14,818**
Pension and severance costs	211	**393**	**2,952**

22. Valuation loss on investment securities –

“Valuation loss on investment securities” for the years ended March 31, 2001 and 2002 was made up as follows.

	Millions of yen		Thousands of U.S. dollars
	For the years ended March 31		For the year ended March 31,
	2001	**2002**	**2002**
Loss on investment in affiliates	¥28,593	**¥ 19,082**	**$143,205**
Loss on investment in subsidiaries	168	**332**	**2,487**
Loss on investment in other securities	29,231	**99,046**	**743,311**
Total valuation losses	¥57,992	**¥118,460**	**$889,003**

23. Valuation loss on goodwill and other intangible assets –

"Valuation loss on goodwill and other intangible assets" of ¥19,978 million ($149,932 thousand) for the year ended March 31, 2002 represents the Company's portion of impairment losses which Key3Media Group, Inc. and Yahoo! Inc. recognized in their first quarter from January 1, 2002 to March 31, 2002 in connection with the application of SFAS No. 142.

24. Common stock and treasury stock –

On April 12, 2000, the board of directors of the Company resolved a three-for-one stock split of the common stock, which was effected on June 23, 2000 for shareholders on the register at April 30, 2000, and issued shares in the amount of 220,317,334. There was no increase in the common stock account because the new shares were distributed from the portion of previously issued shares accounted for as excess of par value in the common stock account in accordance with the Japanese Commercial Code.

In October 2001, the Japanese Commercial Code was amended to allow companies to acquire its own shares (called "treasury stock") to the extent that the aggregate acquisition cost of treasury stock is within the maximum amount available for dividends.

Upon resolution at the shareholders' meeting held on June 21, 2002, the Company established a maximum limit for acquisition of treasury stock under which acquisitions are permitted up to a total not exceeding 30,000,000 issued shares of common stock for a consideration not exceeding ¥60,000 million ($450,281 thousand) in total. This resolution is effective until the conclusion of the general shareholders' meeting to be held for the year ending March 31, 2003.

25. Retained earnings –

Under the Japanese Commercial Code, the appropriation of retained earnings for a fiscal year is made upon resolution of the shareholders at a general meeting, to be held within three months after the balance sheet date, and the approved appropriations are reflected in the accounts in the period in which the resolution is passed.

Until October 2001, under the Japanese Commercial Code, it was required that an amount equivalent to at least 10 percent of cash dividends and bonuses to directors be appropriated as a "Legal reserve" (included in "Retained earnings" in the consolidated financial statements) until such reserve equals 25 percent of the value of the common stock. This reserve was not available for dividends, but could have been used to reduce a deficit or transferred to the stated capital.

In October 2001, the Japanese Commercial Code was amended to allow companies to draw down the portion of "Statutory reserve" (defined as the aggregate of "Additional paid-in capital" and "Legal reserve") that exceeds 25 percent of the value of the common stock. The excess portion may be available for dividends subject to the approval of shareholders.

The proposed appropriation of "Retained earnings" of the Company for the year ended March 31, 2002 was approved at the general shareholders' meeting on June 21, 2002 , as follows.

	Millions of yen	Thousands of U.S. dollars
Cash dividends at ¥7 per share	**¥2,358**	**$17,697**

The Company paid in June 2001 a year-end cash dividend of ¥7 per share, or ¥2,357 million in total, to the shareholders on the register as at March 31, 2001 in accordance with a resolution passed at the shareholders' meeting held on June 21, 2001 and recorded it in the March 31, 2002 consolidated financial statements.

26. Income taxes –

SOFTBANK is subject to a number of different income taxes which, in aggregate, resulted in a statutory income tax rate in Japan of approximately 42.05 percent for each of the two years ended March 31, 2001 and 2002.

The differences between SOFTBANK's statutory income tax rate and the income tax rate reflected in the consolidated statements of income can be reconciled as follows.

	2001	**2002**
Statutory income tax rate	42.05%	**42.05%**
Reconciliation:		
Differences related to investments in affiliates	–	**30.32**
Changes in valuation allowance	7.94	**(32.44)**
Tax rate differential	(8.13)	**(15.09)**
State tax	8.56	**–**
Other	5.45	**(1.63)**
Income tax rate per statements of income	55.87%	**23.21%**

The significant components of deferred tax assets and liabilities at March 31, 2001 and 2002 were as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
Deferred tax assets:			
Loss carry–forwards	¥ 28,250	**¥ 60,248**	**$ 452,143**
Valuation loss on investment securities	16,767	**79,152**	**594,010**
Enterprise tax payable	2,079	**841**	**6,312**
Allowance for doubtful accounts	1,021	**1,772**	**13,295**
Valuation loss on inventories	–	**1,483**	**11,133**
Unrealized profit	–	**3,507**	**26,319**
Depreciation	369	**–**	**–**
Others	9,603	**4,225**	**31,710**
Gross deferred tax assets	58,089	**151,228**	**1,134,922**
Less: valuation allowance	(30,623)	**(79,394)**	**(595,826)**
Total deferred tax assets	27,466	**71,834**	**539,096**
Deferred tax liabilities:			
Unrealized gains on other securities	(21,161)	**(66,785)**	**(501,203)**
Amortization on intangibles	(10,550)	**–**	**–**
Valuation gain on investment securities	(6,198)	**(16,815)**	**(126,193)**
Exchange gains on long-term receivables	(3,685)	**(3,185)**	**(23,903)**
Others	(482)	**(4,796)**	**(35,994)**
Total deferred tax liabilities	(42,076)	**(91,581)**	**(687,293)**
Net amount of deferred tax liabilities	¥(14,610)	**¥(19,747)**	**$ (148,197)**

The valuation allowance was established mainly against the deferred tax assets on future tax-deductible temporary differences and operating tax loss carry-forwards of certain consolidated subsidiaries as it is more likely than not that these deferred tax assets will not be realized within the foreseeable future. The net change in the total valuation allowance for the year ended March 31, 2002 was an increase of ¥48,771 million ($366,009 thousand).

27. Leases –

As described in note 3 (10), SOFTBANK, as a lessee, charges periodic capital lease payments to expenses when paid. Such payments for the years ended March 31, 2001 and 2002 amounted to ¥4,221 million and ¥6,370 million ($47,808 thousand), respectively.

If capital leases that do not transfer the ownership of the assets to the lessee at the end of the lease term had been capitalized, capital lease assets at March 31, 2001 and 2002 would have been as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
Capital lease assets	2001	**2002**	**2002**
Equivalent to acquisition cost:			
Property and equipment	¥15,187	**¥42,316**	**$317,567**
Less: accumulated depreciation	(4,464)	**(8,873)**	**(66,588)**
	10,723	**33,443**	**250,979**
Software	257	**1,358**	**10,191**
Less: accumulated amortization	(47)	**(353)**	**(2,651)**
	210	**1,005**	**7,540**
Net book value	¥10,933	**¥34,448**	**$258,519**

Depreciation and amortization expenses of these leased assets for the years ended March 31, 2001 and 2002 would have been ¥4,256 million and ¥5,366 million ($40,273 thousand), respectively, if they had been computed using the straight-line method over the periods of these capital leases, assuming no residual value, except in cases where the residual value is guaranteed in the lease contract.

The interest expenses on lease payments under these capital leases for the years ended March 31, 2001 and 2002 would have been ¥1,029 million and ¥1,264 million ($9,483 thousand), respectively.

The future lease payments for capital leases at March 31, 2001 and 2002 were as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
Due within one year	¥ 3,137	**¥ 8,781**	**$ 65,896**
Due after one year	8,552	**27,566**	**206,874**
Total	¥11,689	**¥36,347**	**$272,770**

The future lease payments for non-cancelable operating leases at March 31, 2001 and 2002 were as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
Due within one year	¥1,000	**¥ 253**	**$ 1,902**
Due after one year	3,246	**1,724**	**12,937**
Total	¥4,246	**¥1,977**	**$14,839**

As described in note 3 (10), SOFTBANK, as a lessor, recognizes periodic capital lease payments as revenues relating to financing businesses when received from a lessee. Lease income recognized during the years ended March 31, 2001 and 2002 was ¥181 million and ¥307 million ($2,304 thousand), respectively.

Assets under capital lease contracts at March 31, 2001 and 2002 were as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
Assets leased to third parties	2001	**2002**	**2002**
Acquisition cost:			
Property and equipment	¥478	**¥1,005**	**$7,542**
Less: accumulated depreciation	(41)	**(232)**	**(1,740)**
	437	**773**	**5,802**
Software	441	**511**	**3,837**
Less: accumulated amortization	(62)	**(134)**	**(1,007)**
	379	**377**	**2,830**
Net book value	¥816	**¥1,150**	**$8,632**

Depreciation expense relating to assets leased to third parties for the years ended March 31, 2001 and 2002 were ¥119 million and ¥262 million ($1,969 thousand), respectively. Interest income included in "Operating income from financing business" under these capital leases for the years ended March 31, 2001 and 2002 amounted to ¥39 million and ¥72 million ($539 thousand), respectively.

The future lease receivables for capital leases at March 31, 2001 and 2002 were as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2001	**2002**	**2002**
Due within one year	¥249	**¥ 287**	**$2,153**
Due after one year	959	**902**	**6,772**
Total	¥1,208	**¥1,189**	**$8,925**

28. Accounts receivable sold –

In December 2001, SOFTBANK COMMERCE CORP., a wholly-owned subsidiary of the Company, entered into factoring agreements with financial institutions, containing a repurchase clause. Accordingly, "Accounts receivable—trade" amounting to ¥11,826 million ($88,747 thousand) at March 31, 2002 are excluded from the consolidated balance sheet.

It is permissible under Japanese GAAP to account for these sold receivables off the balance sheet only in the cases where the repurchase clause is realizable, for example the default of an original debtor.

29. Contingent liabilities –

There were no material contingent liabilities at March 31, 2002.

30. Subsequent events –

(1) Sales of partial shareholdings of Yahoo! Inc.

In April 2002, the Company sold 11,500,000 shares of Yahoo! Inc. through SBA, a wholly-owned subsidiary of the Company, for approximately $171 million (approximately ¥22.4 billion at the rate of ¥131 per U.S. dollar). A capital gain of approximately ¥15.7 billion on this sale will be recorded in the Company's consolidated financial statements for the first quarter of the fiscal year ending March 31, 2003.

(2) Take-over bid for Club iT Corporation (the "Club iT")

SOFTBANK Broadmedia Corporation (the "SBBM"), a wholly-owned subsidiary of the Company, put its Club iT shares on the public over-the-counter market in March 2002. However, Club iT was forced to cease its operations with SKY Perfect Communications Inc. due to a cancellation of the agency agreement after completion of the initial public offering.

In April 2002, SBBM announced a take-over bid for Club iT through YesNoJapan Corporation, a consolidated subsidiary of SBBM. Upon the announcement, YesNoJapan Corporation acquired 3,381 thousand shares of Club iT for a consideration of approximately ¥4 billion during the period from May 29, 2002 to June 18, 2002, resulting in the Company's voting interests of 99% in Club iT.

31. Segment information –

(1) Business segment information –

The Company, as a pure holding company, categorized the businesses into several segments primarily based on the roles and responsibilities of the operation holding companies, which are consolidated subsidiaries of the Company.

The operations of SOFTBANK Group covers the following business segments:

- e-Commerce: Distribution of PC software, hardware and peripherals; operations of enterprise business and business transaction platforms, consumer-related e-commerce businesses;
- e-Finance: All inclusive, Web-based financial operations including Internet brokerage operations; management of mainly domestic venture capital funds; incubation of portfolio companies
- Media & Marketing: Book and magazine publication in such areas as PCs, the Internet, entertainment; exhibition management; Web content development;
- Broadmedia: Provision of applications and content for broadcasting and broadband communications, and promoting the spread of such operations;
- Internet Culture: Internet-based advertising, broadband portals, auctions;
- Technology Services: System solutions, business solutions;
- Broadband Infrastructure: Provision of ADSL-based (Asymmetric Digital Subscriber Line) broadband infrastructure services, fiber-optic ultra-high-speed internet access services and other related businesses;
- Overseas Funds: US- and Asia-focused global private equity fund business targeting Internet-related companies;
- Others: Provision of functional services by overseas holding companies, back-office support services in Japan and other related administrative services.

The above "Broadband Infrastructure" segment newly started from the fiscal year ended March 31, 2002, and included the "Internet Infrastructure" segment separately disclosed in prior fiscal years.

The table below summarizes the business segment information of SOFTBANK for the years ended March 31, 2001 and 2002:

Millions of yen

Year ended March 31, 2002

	Business											
	e–Commerce	e–Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Broadband Infrastructure	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net sales:												
Customers	**¥265,107**	**¥ 21,301**	**¥47,553**	**¥11,795**	**¥ 20,153**	**¥ 9,956**	**¥ 7,387**	**¥ 2,482**	**¥ 19,581**	**¥ 405,315**	**¥ –**	**¥ 405,315**
Inter–segment	**19,088**	**2,959**	**886**	**332**	**11,863**	**8,572**	**1,782**	**–**	**1,222**	**46,704**	**(46,704)**	**–**
Total	**284,195**	**24,260**	**48,439**	**12,127**	**32,016**	**18,528**	**9,169**	**2,482**	**20,803**	**452,019**	**(46,704)**	**405,315**
Operating expenses	**280,989**	**29,181**	**45,878**	**12,167**	**22,079**	**17,392**	**27,121**	**2,708**	**27,458**	**464,973**	**(35,757)**	**429,216**
Operating income (loss)	**¥ 3,206**	**¥ (4,921)**	**¥ 2,561**	**¥ (40)**	**¥ 9,937**	**¥ 1,136**	**¥(17,952)**	**¥ (226)**	**¥ (6,655)**	**¥ (12,954)**	**¥(10,947)**	**¥ (23,901)**
Identifiable assets	**¥ 83,061**	**¥298,497**	**¥26,495**	**¥16,260**	**¥279,657**	**¥ 8,134**	**¥ 77,299**	**¥134,016**	**¥184,476**	**¥1,107,895**	**¥ 55,784**	**¥1,163,679**
Depreciation and amortization	**1,153**	**4,378**	**3,479**	**238**	**2,066**	**174**	**1,914**	**85**	**1,942**	**15,429**	**197**	**15,626**
Capital expenditures	**¥ 2,432**	**¥ 16,501**	**¥ 2,963**	**¥ 2,750**	**¥ 3,440**	**¥ 263**	**¥ 10,410**	**¥ 66**	**¥ 1,302**	**¥ 40,127**	**¥ 561**	**¥ 40,688**

Thousands of U.S. dollars

Year ended March 31, 2002

	Business											
	e–Commerce	e–Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Broadband Infrastructure	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net sales:												
Customers	**$1,989,550**	**$ 159,858**	**$356,873**	**$ 88,520**	**$ 151,239**	**$ 74,715**	**$ 55,436**	**$ 18,623**	**$ 146,951**	**$3,041,765**	**$ –**	**$3,041,765**
Inter–segment	**143,249**	**22,210**	**6,649**	**2,491**	**89,026**	**64,327**	**13,373**	**–**	**9,172**	**350,497**	**(350,497)**	**–**
Total	**2,132,799**	**182,068**	**363,522**	**91,011**	**240,265**	**139,042**	**68,809**	**18,623**	**156,123**	**3,392,262**	**(350,497)**	**3,041,765**
Operating expenses	**2,108,739**	**218,995**	**344,297**	**91,305**	**165,695**	**130,521**	**203,536**	**20,324**	**206,066**	**3,489,478**	**(268,341)**	**3,221,137**
Operating income (loss)	**$ 24,060**	**$ (36,927)**	**$ 19,225**	**$ (294)**	**$ 74,570**	**$ 8,521**	**$(134,727)**	**$ (1,701)**	**$ (49,943)**	**$ (97,216)**	**$ (82,156)**	**$ (179,372)**
Identifiable assets	**$ 623,345**	**$2,240,126**	**$198,835**	**$122,024**	**$2,098,741**	**$ 61,045**	**$ 580,102**	**$1,005,750**	**$1,384,438**	**$8,314,406**	**$418,643**	**$8,733,049**
Depreciation and amortization	**8,649**	**32,855**	**26,105**	**1,788**	**15,504**	**1,309**	**14,361**	**640**	**14,578**	**115,789**	**1,478**	**117,267**
Capital expenditures	**$ 18,249**	**$ 123,838**	**$ 22,236**	**$ 20,637**	**$ 25,814**	**$ 1,973**	**$ 78,128**	**$ 497**	**$ 9,772**	**$ 301,144**	**$ 4,205**	**$ 305,349**

Millions of yen

Year ended March 31, 2001

	Business											
	e–Commerce	e–Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Internet Infrastructure	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net sales:												
Customers	¥253,943	¥ 30,626	¥ 52,415	¥12,998	¥ 12,481	¥11,728	¥ –	¥ 1,278	¥ 21,636	¥ 397,105	¥ –	¥ 397,105
Inter–segment	4,578	778	848	4	743	2,743	–	463	841	10,998	(10,998)	–
Total	258,521	31,404	53,263	13,002	13,224	14,471	–	1,741	22,477	408,103	(10,998)	397,105
Operating expenses	256,752	17,967	47,358	11,947	8,522	13,996	1,069	1,501	28,142	387,254	(6,580)	380,674
Operating income (loss)	¥ 1,769	¥ 13,437	¥ 5,905	¥ 1,055	¥ 4,702	¥475	¥(1,069)	¥240	¥ (5,665)	¥ 20,849	¥ (4,418)	¥ 16,431
Identifiable assets	¥ 97,822	¥308,829	¥140,523	¥33,417	¥129,772	¥ 9,282	¥ 7,588	¥140,886	¥210,839	¥1,078,958	¥67,125	¥1,146,083
Depreciation and amortization	1,571	1,314	4,314	18	1,318	132	14	14	1,858	10,553	150	10,703
Capital expenditures	¥ 4,473	¥ 10,198	¥ 1,625	¥ 165	¥ 1,911	¥ 443	¥ 116	¥ 127	¥ 1,070	¥ 20,128	¥ 2,617	¥ 22,745

The amount of unallocated operating expenses in the column "Elimination or corporate," which mainly represents expenses of the corporate division of the Company, was ¥4,466 million and ¥4,602 million ($34,539 thousand) for the year ended March 31, 2001 and 2002, respectively.

The amount of corporate assets included in the column "Elimination or corporate," for the years ended March 31, 2001 and 2002 were ¥75,102 million and ¥75,936 million ($569,877 thousand), respectively. Corporate assets are mainly surplus operating funds (cash and marketable securities), long-term investment securities of the Company and assets held by the corporate division of the Company.

"Capital expenditure" includes acquisition of long-term prepaid expenses and deferred assets. "Depreciation and amortization" includes amortization of the long-term prepaid expenses and deferred assets.

As described in note 3(13), the Company's domestic subsidiaries engaged in securities businesses have changed their accounting method from the fiscal year beginning April 1, 2001. As a result, securities borrowed by e-Finance, previously recording as "Other current assets" of ¥27,368 million at March 31, 2001, were no longer recognized in the balance sheet at March 31, 2002. There was no impact on net sales, operating expenses or operating income included in the business segment information.

As described in note 3(5), the Company's U.S. consolidated subsidiaries have adopted SFAS No.142, and as a result, the depreciation expenses of Media & Marketing decreased ¥1,815 million ($13,617 thousand) for the year ended March 31, 2002 as compared with the amount which would have been recognized if the previous accounting method had been applied. Also, operating expenses and operating income of Media & Marketing decreased and increased the same amount, respectively. In addition, assets held by Media & Marketing and Internet Culture decreased ¥16,477 million ($123,658 thousand) and ¥375 million ($2,814 thousand), and assets held by e-Finance, Broadband Infrastructure, Overseas Funds and Others increased ¥960 million ($7,208 thousand), ¥117 million ($878 thousand), ¥1,193 million ($8,950 thousand) and ¥1,125 million ($8,440 thousand), respectively, due to the adoption of SFAS No. 142.

As described in note 3(15), due to the change of accounting treatment for assets and liabilities of the silent association, from the fiscal year beginning April 1, 2000, assets and liabilities belonging to the limited partners of the silent association were excluded from consolidation. As a result, assets of the e-Finance business at March 31, 2001 decreased ¥28,404 million. There was no impact on net sales, operating expenses or operating income included in the business segment information.

As described in note 3 (3), the Company and its domestic subsidiaries adopted the new accounting standards for financial instruments from the fiscal year beginning April 1, 2000. As a result, assets of the e-Finance business, Broadmedia business and corporate assets of SOFTBANK at March 31, 2001 increased ¥4,084 million, ¥13,700 million and ¥3,432 million, respectively. There was no impact on net sales, operating expenses or operating income included in the business segment information.

(2) Geographic segment information –

A new geographic segment, "Korea," which had previously been categorized as part of the "Others" segment, was separately disclosed in the geographic segment information from the year ended March 31, 2001 due to the significant growth of business development in Korea.

The table below summarizes the geographic segment information of SOFTBANK for the years ended March 31, 2001 and 2002:

Millions of yen

	For the year ended March 31, 2002							
	Geographic region							
	Japan	North America	Europe	Korea	Others	Total	Elimination or corporate	Consolidated
Net sales:								
Customers	**¥352,044**	**¥ 28,947**	**¥ 1,576**	**¥19,520**	**¥ 3,228**	**¥ 405,315**	**¥ –**	**¥ 405,315**
Inter-segment	**1,678**	**1,506**	**1,094**	**–**	**–**	**4,278**	**(4,278)**	**–**
Total	**353,722**	**30,453**	**2,670**	**19,520**	**3,228**	**409,593**	**(4,278)**	**405,315**
Operating expenses	**369,714**	**28,599**	**3,931**	**21,097**	**5,498**	**428,839**	**377**	**429,216**
Operating income (loss)	**(15,992)**	**1,854**	**(1,261)**	**(1,577)**	**(2,270)**	**(19,246)**	**(4,655)**	**(23,901)**
Identifiable assets	**¥567,479**	**¥398,053**	**¥44,060**	**¥29,565**	**¥63,800**	**¥1,102,957**	**¥60,722**	**¥1,163,679**

Thousands of U.S. dollars

	For the year ended March 31, 2002							
	Geographic region							
	Japan	North America	Europe	Korea	Others	Total	Elimination or corporate	Consolidated
Net sales:								
Customers	**$2,641,983**	**$ 217,243**	**$ 11,825**	**$146,492**	**$ 24,222**	**$3,041,765**	**$ –**	**$3,041,765**
Inter-segment	**12,590**	**11,301**	**8,211**	**–**	**–**	**32,102**	**(32,102)**	**–**
Total	**2,654,573**	**228,544**	**20,036**	**146,492**	**24,222**	**3,073,867**	**(32,102)**	**3,041,765**
Operating expenses	**2,774,590**	**214,627**	**29,498**	**158,327**	**41,260**	**3,218,302**	**2,835**	**3,221,137**
Operating income (loss)	**(120,017)**	**13,917**	**(9,462)**	**(11,835)**	**(17,038)**	**(144,435)**	**(34,937)**	**(179,372)**
Identifiable assets	**$4,258,751**	**$2,987,268**	**$330,654**	**$221,879**	**$478,798**	**$8,277,350**	**$455,699**	**$8,733,049**

Millions of yen

	For the year ended March 31, 2001							
	Geographic region							
	Japan	North America	Europe	Korea	Others	Total	Elimination or corporate	Consolidated
Net sales:								
Customers	¥341,978	¥ 30,524	¥ 1,292	¥21,271	¥ 2,040	¥ 397,105	¥ –	¥ 397,105
Inter-segment	–	556	–	–	–	556	(556)	–
Total	341,978	31,080	1,292	21,271	2,040	397,661	(556)	397,105
Operating expenses	322,122	28,428	1,766	22,127	2,821	377,264	3,410	380,674
Operating income (loss)	19,856	2,652	(474)	(856)	(781)	20,397	(3,966)	16,431
Identifiable assets	¥491,552	¥385,018	¥41,282	¥26,557	¥128,068	¥1,072,477	¥73,606	¥1,146,083

Net sales by geographic region were recognized based on geographic location.

Significant countries in each region are shown below:

North America: U.S.A. and Canada

Europe: U.K., Germany and France

Others: China, Hong Kong and Singapore

The amount of unallocated operating expenses in the column "Elimination or corporate," which mainly represents the expenses of the corporate division of the Company, were ¥4,466 million and ¥4,602 million ($34,539 thousand) for the years ended March 31, 2001 and 2002, respectively.

The amount of corporate assets included in the column "Elimination or corporate" for the years ended March 31, 2001 and 2002 were ¥75,102 million and ¥75,936 million ($569,877 thousand), respectively. Corporate assets are mainly surplus operating funds (cash and marketable securities), long-term investment securities of the Company and assets held by the corporate division of the Company.

As described in note 3(13), the Company's domestic subsidiaries engaged in securities businesses have changed their accounting method from the fiscal year beginning April 1, 2001. As a result, assets in Japan, previously recording as "Other current assets" of ¥27,368 million at March 31, 2001, were no longer recognized in the balance sheet at March 31, 2002. There was no impact on net sales, operating expenses or operating income included in the geographic segment information.

As described in note 3(5), the Company's U.S. consolidated subsidiaries have adopted SFAS No. 142, and as a result, the operating expenses of North America decreased ¥1,815 million ($13,617 thousand) for the year ended March 31, 2002 as compared with the amount which would have been recognized if the previous accounting method had been applied. Accordingly, operating income of North America increased the same amount. In addition, assets held by North America decreased ¥13,457 million ($100,996 thousand) at March 31, 2002.

As described in note 3(15), due to the change of accounting treatment for assets and liabilities of the silent association, from the fiscal year beginning April 1, 2000, assets and liabilities belonging to the limited partners of the silent association were excluded from consolidation. As a result, assets in Japan at March 31, 2001 decreased ¥28,404 million. There was no impact on net sales, operating expenses and operating income included in the geographic segment information.

As described in note 3(3), the Company and its domestic subsidiaries adopted the new Japanese accounting standard for financial instruments from the fiscal year beginning April 1, 2000. As a result, assets in Japan and corporate assets in SOFTBANK at March 31, 2001 increased ¥19,160 million and ¥3,432 million, respectively. There was no impact on net sales, operating expenses and operating income included in the geographic segment information.

(3) Sales to overseas customers –

A new geographic segment, "Korea," which had previously been categorized as part of the "Others" segment, was separately disclosed in the sales to overseas customers information from the year ended March 31, 2001 due to the significant growth of business development in Korea.

The table below shows sales to overseas customers by geographic region and the percentage against consolidated sales for the years ended March 31, 2001 and 2002:

	Millions of yen		Thousands of U.S. dollars
	For the years ended March 31		Year ended March 31,
	2001	**2002**	**2002**
Overseas sales –			
North America	¥ 31,400	**¥ 29,324**	**$ 220,065**
Europe	1,376	**1,944**	**14,591**
Korea	21,287	**19,532**	**146,586**
Others	2,582	**3,598**	**26,999**
Total	¥ 56,645	**¥ 54,398**	**$ 408,241**
Consolidated sales	¥397,105	**¥405,315**	**$3,041,765**

For the years ended March 31,	2001	**2002**
Percentage –		
North America	8%	**7%**
Europe	0	**0**
Korea	5	**5**
Others	1	**1**
Total	14%	**13%**

Overseas sales by geographic region includes sales by the Company and its overseas consolidated subsidiaries to overseas customers, based on geographic location.

Significant countries in each region are shown below:

North America: U.S.A. and Canada

Europe: U.K., Germany and France

Others: China, Hong Kong and Singapore

Report of Independent Auditors

ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS

Kasumigaseki Bldg. 32nd Floor
3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6088, Japan

The Board of Directors
SOFTBANK CORP.

We have audited the accompanying consolidated balance sheets of SOFTBANK CORP. and its subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the two years in the period ended March 31, 2002, all expressed in Japanese yen. Our audits were undertaken in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of SOFTBANK CORP. and its subsidiaries as of March 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for each of the two years in the period ended March 31, 2002 in conformity with accounting principles and practices generally accepted in Japan (see note 2) applied on a consistent basis, except for the changes described in the next two paragraphs.

As described in note 3(15), assets and liabilities of the silent investment association (the "silent association") had been included in the Company's consolidated balance sheets prior to April 1, 2000. However, due to growth in the assets and liabilities of the silent association, substantially belonging to third parties who are limited partners of the silent association, assets and liabilities of the silent association were excluded from consolidation effective from the fiscal year beginning April 1, 2000.

As described in note 3(2), (3) and (8), SOFTBANK CORP. and its Japanese subsidiaries have adopted the new Japanese accounting standards for translation of foreign currency transactions and accounts, financial instruments and pension and severance costs effective from the fiscal year beginning April 1, 2000.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in note 4 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation
Tokyo, Japan
June 21, 2002

SOFTBANK Corporate Directory

Domestic

SOFTBANK CORP.
http://www.softbank.co.jp/
24-1, Nihonbashi-Hakozakicho, Chuo-ku,
Tokyo 103-8501, Japan

BB Technologies Corporation
http://www.bbtec.net/
24-1, Nihonbashi-Hakozakicho, Chuo-ku,
Tokyo 103-8501, Japan

SOFTBANK EC HOLDINGS CORP.
http://www.softbankec.co.jp/
24-1, Nihonbashi-Hakozakicho, Chuo-ku,
Tokyo 103-8501, Japan

SOFTBANK FINANCE CORPORATION
http://www.sbfinance.co.jp/
NTF Takebashi Building, 8th Floor, 3-15,
Kanda-Nishikicho, Chiyoda-ku, Tokyo 101-0054, Japan

SOFTBANK Media & Marketing Corp.
http://www.softbankmm.co.jp/
4-13-13 Akasaka, Minato-ku, Tokyo 107-0052, Japan

SOFTBANK Broadmedia Corporation
http://www.broadmedia.co.jp/
Jingu-mae Media Square Building, 7th Floor,
6-25-14 Jingu-mae, Shibuya-ku, Tokyo 105-0001, Japan

SOFTBANK TECHNOLOGY CORP.
http://www.tech.softbank.co.jp/
Iidabashi Building, 8th Floor, 13-1, Nishi-Gokencho,
Shinjuku-ku, Tokyo 162-0812, Japan

SOFTBANK Networks Inc.
http://www.softbank-net com/
Oak Minami-Azabu Building, 3-19-23, Minami-Azabu,
Minato-ku, Tokyo 106-0047, Japan

Yahoo Japan Corporation
http://www.yahoo.co.jp/
3-6-7, Kita Aoyama, Minato-ku, Tokyo 107-0061, Japan

Overseas

SOFTBANK Holdings Inc.
300 Delaware Avenue,
Wilmington, DE 19801, U.S.A.

SOFTBANK Inc.
http://www.softbank.com/
1188 Centre Street,
Newton Center, MA 02459, U.S.A.

SB Holdings (Europe) Ltd.
1 Berkley Street, London W1J 8DJ,
United Kingdom

SOFTBANK Korea Co., Ltd.
http://www.softbank.co.kr/
Bigway Tower, 11th Floor,
677-25 Yoksam-dong, Kangman-gu,
Seoul 135-914
Republic of Korea

SB CHINA HOLDINGS PTE LTD
http://www.sbcvc.com/
Zhao Feng World Trade Building, 28th Floor,
369 Jiangsu Road, Shanghai 200050, P.R.C.

Shareholder Information

Corporate Headquarters	SOFTBANK CORP. 24-1, Nihonbashi-Hakozakicho, Chuo-ku, Tokyo 103-8501, Japan
Founded	September 3, 1981
Paid-in Capital	¥137,867,524,101 (As of March 31, 2002)
Common Stock Issued	336,876,826 shares (As of March 31, 2002)
Number of Shareholders	282,795 (As of March 31, 2002)
Stock Exchange Registration	Tokyo Stock Exchange, First Section
Annual Meeting	June
Independent Auditors	ChuoAoyama Audit Corporation Kasumigaseki Bldg., 32nd Floor, 3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo 100-6088, Japan
Transfer Agent	UFJ Trust Bank Limited

SOFTBANK CORP.

24-1, Nihonbashi-Hakozakicho, Chuo-ku,
Tokyo 103-8501, Japan