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

The No.1 Name in Broadband

ANNUAL REPORT 2003

THE NO.1

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Contents

The Dawn of the Ubiquitous Broadband Age

The SOFTBANK Group is a corporate group dedicated to developing broadband-related businesses. All activities are guided by our management philosophy of "Endeavoring to benefit society and the economy by fostering the sharing of wisdom and knowledge gained through the IT revolution." We are convinced that broadband will accelerate the pace of the IT revolution in the 21st century. Translating this belief into action, we are building broadband networks and introducing innovative services that create entirely new markets, contributing to society and increasing our enterprise value.

There are three principal electronic technologies that are a fundamental part of our affluent lives. First is the telephone, which was invented in 1876. Second is television, where broadcasts began in 1941. And third is the microprocessor, which first appeared in the 1970s. We believe that broadband encompasses all three. The broadband-driven IT revolution is certain to fundamentally alter how we live and how companies are managed. Virtually every kind of electrical device has a microprocessor. One can easily envision a day not far off when all of these devices will be linked by broadband networks—the ubiquitous broadband age.

The SOFTBANK Business Model – Unparalleled

Several years ago we began channeling management resources to the broadband sector, anticipating its emergence based on insight gained from more than two decades of experience in the IT industry. In advance of our competitors, we started to build a robust high-capacity broadband network throughout Japan. SOFTBANK Group established this business model, beginning with an ADSL offering, into a comprehensive broadband service called *Yahoo! BB*, by progressively providing users with innovative value-added services based on the broadband network and achieving Group profitability. Now, our goal, and the focus of the entire Group, is nothing less than becoming Japan's leader in broadband infrastructure services, solidly based at the forefront of the broadband market. Concurrently, we have developed business models that realize maximum synergies from our strengths in distribution experience and create and supply more types of media and content services by leveraging our own unique and robust broadband infrastructure.

A Review of Results in the Year Ended March 2003

In fiscal 2003, ended March 31, 2003, the SOFTBANK Group reported a consolidated net loss of ¥99,989 million. The primary factor for this loss was in cost incurred in the Broadband Infrastructure segment, as a result of our placing the highest business priority on expanding our broadband infrastructure customer base in order to generate future stable profitability and cash flows. As a result, we incurred up-front expenses, notably for customer acquisitions and associated equipment depreciation expenses. Excluding this segment, the SOFTBANK Group accomplished its goal of profitability on a consolidated operating income basis.

Our financial position improved in fiscal 2003, as we continued our progress in reducing interest-bearing debt. Moreover, we applied conservative assumptions to determine the relevant valuation losses on investment securities, etc. to realistically reflect the weak market conditions in Japan and overseas, and reduce the risk of further declines in the value of the investment securities, etc.

Appropriation of cash and cash equivalents, and proceeds from sales of investment securities and stock of affiliated companies were used for up-front investments in the Broadband Infrastructure segment and to reduce interest-bearing debt. Looking ahead, we will continue our policy of ensuring a variety of funding sources for our future capital requirements.

Playing a Part in the "e-Japan" Strategy

In 2001, Japan's government unveiled its "National Broadband Initiative," which called for Japan to become the world's most advanced IT nation within five years. Towards achieving the goal, the initiative began in 2002 with a program to increase IT literacy in Japan. The SOFTBANK Group mounted an effort to provide broadband infrastructure and related services such as ADSL and wireless LAN at no cost to schools, libraries and certain other public facilities throughout Japan. Of the 93 institutions that applied as of March 31, 2003, services were already being supplied to 33 by May 1. We will in turn complete the installations for the remaining institutions and we look forward to using this program to provide more people with the opportunity to experience SOFTBANK Group broadband services. We are committed to playing a role in contributing to society through the elimination of the so-called "digital divide" separating IT-literate people from others. We also strive to assist children and adults to make IT a part of their lives.

Maximizing Shareholder Value as Japan's Premier Broadband Corporate Group

The SOFTBANK Group remains fully committed to realizing the IT revolution. We are actively promoting the broadband sector as the epitome of this revolution for the 21st century, with the objective of becoming Japan's number one corporate group in the broadband domain. We want our shareholders to share our philosophy and goals. The SOFTBANK Group makes huge leaps to translate the earnings and cash flows generated by our broadband businesses into greater value for shareholders. We appreciate your continued support of SOFTBANK.

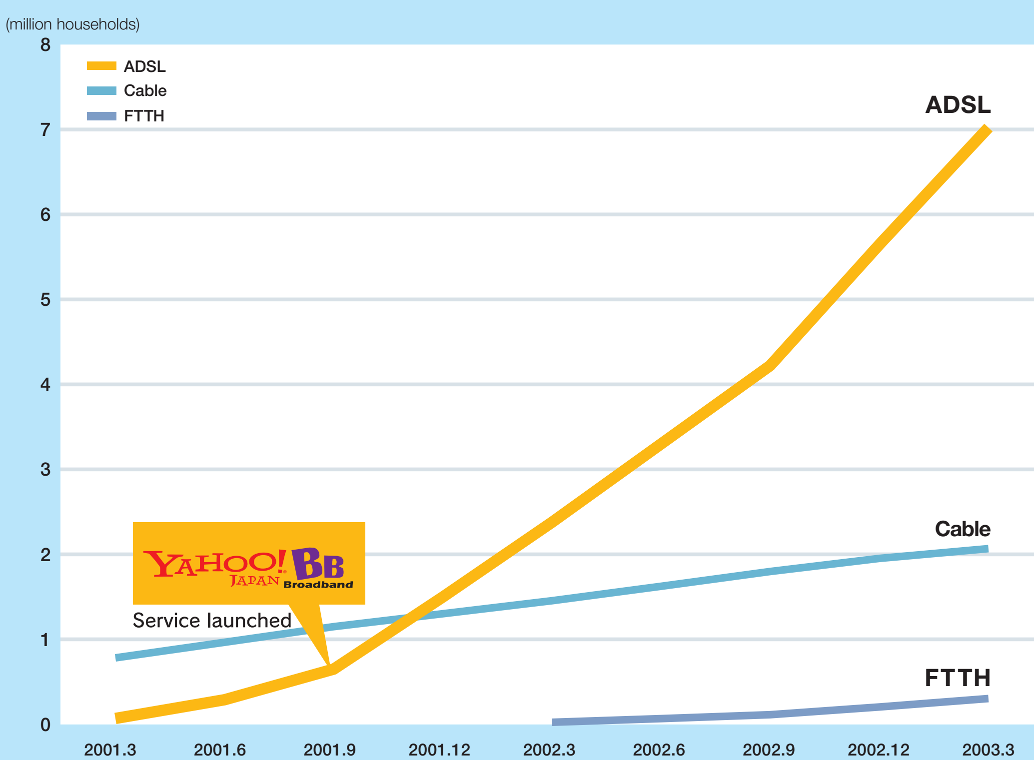
July 2003

Masayoshi Son
President and Chief Executive Officer

The broadband market is rapidly gaining acceptance in Japan. By the end of March 2003, about 9.4 million households had broadband, a penetration rate of approximately 20%. ADSL is the driving force behind this growth with a share of about 75% of broadband homes, or 7 million.

The SOFTBANK Group is a corporate group at the forefront of the burgeoning broadband in Japan. The strength of the SOFTBANK Group is the construction of its own pure-IP backbone network. Having this network, being able to provide various value-added services to the base ADSL, which together comprise the business model, the comprehensive broadband service *Yahoo! BB*. Leveraging this broadband network, we plan to continue solidifying our leadership in Japanese broadband.

Broadband market growth led by ADSL



Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications

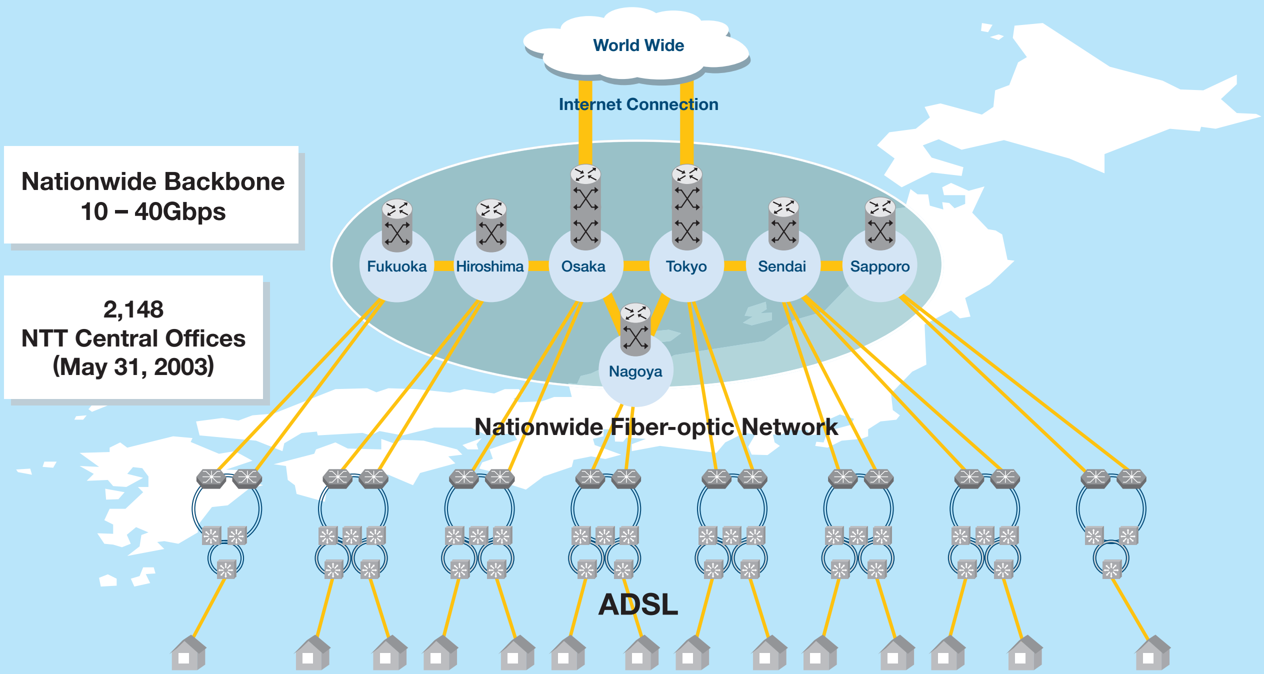
Broadband Infrastructure Puts SOFTBANK Far Ahead of Competitors

To flexibly and rapidly offer broadband-driven revolutionary services with unmatched pricing, the SOFTBANK Group has strategically constructed a nationwide dark fiber*1 IP backbone network using Gigabit Ethernet*2 technology. This network differs from competing networks in two critical ways. First is its capacity. This network features IX*3, that can move Internet traffic at a speed of more than 30Gbps. During 2003, planned upgrades are to boost this speed to 40Gbps on the interexchange channel between Tokyo and Osaka, and to over 10Gbps on the nationwide backbone. Additionally, the network, developed by NTT central offices is linked by a ring structure*4 with redundancy*5. As dark fiber is used, higher traffic volumes can be easily accommodated. The second key difference is low cost. The SOFTBANK Group's broadband network was assembled through the effective utilization of dark fiber rather than actually laying new fiber-optic cable, eliminating the need for massive investments in network construction. Also our network's structure is based on IP routers that are inexpensive, yet deliver outstanding performance, to further reduce costs.

In this way, SOFTBANK Group realized the network with low costs. This is why *Yahoo! BB* rates can be set so low, clearly distinguishing us from competing services. Backed by this strategic broadband network, SOFTBANK Group outclasses its rivals, an achievement originating from its unparalleled strengths.

*1 Refers to fiber-optic cables that have been laid but are as yet unused.
*2 LAN standard that raises the transmission speed of Ethernet to 1Gbps (1,000Mbps).
*3 Internet exchange, a mutual Internet connection point.
*4 A connection structure in which the trunk line is arranged as a loop.
*5 The ability to withstand network obstacles and other problems.

SOFTBANK's Nationwide IP Backbone Network

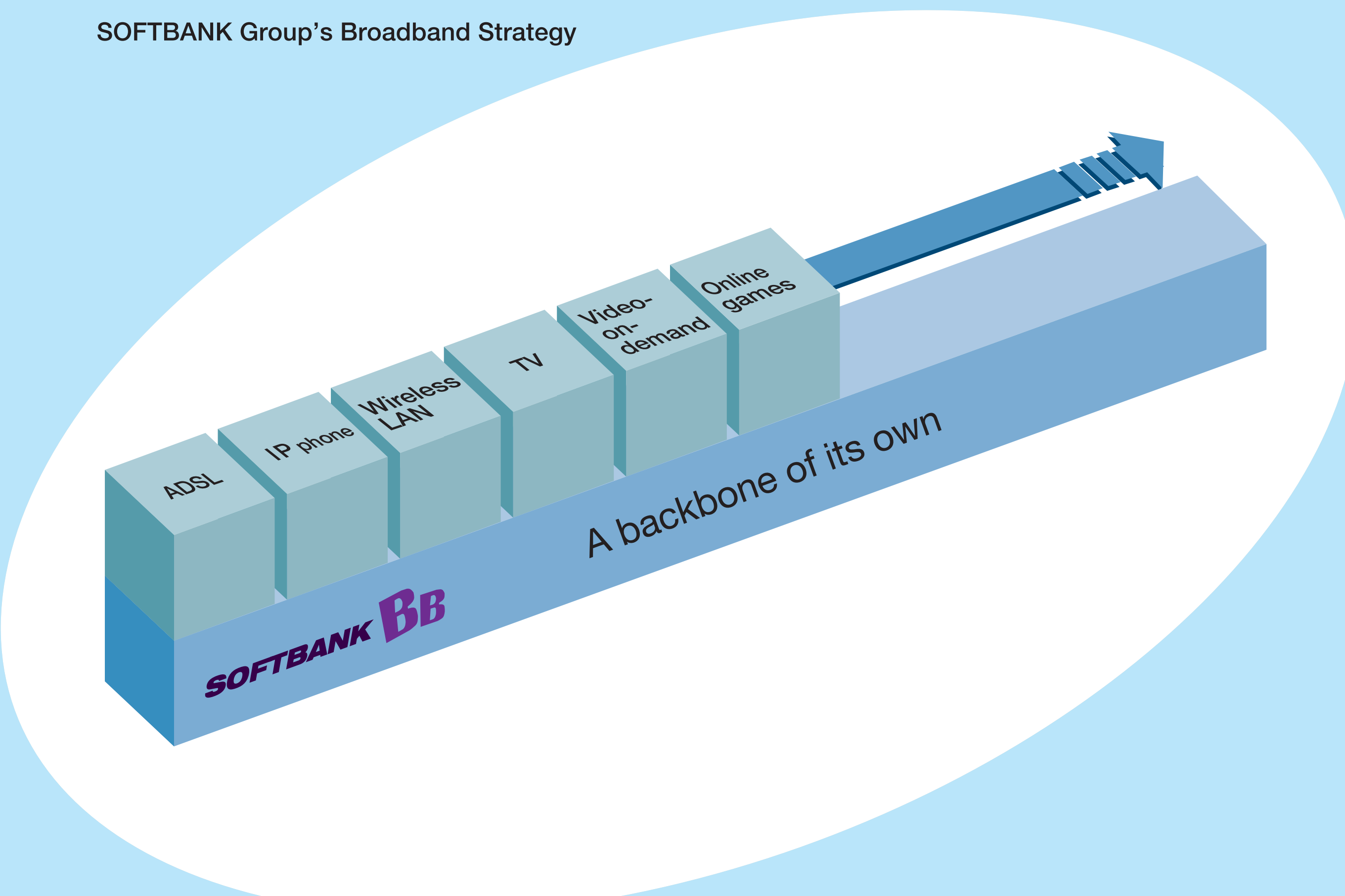


The 1st reason: A Vertically Integrated Business Model

Distinguishing the SOFTBANK Group is a unique vertically integrated business model that provides combined ADSL Internet connection, Internet access service and value-added services. At the heart of this model is the *Yahoo! BB* comprehensive broadband service, which is offered jointly by SOFTBANK BB Corp. and Yahoo Japan Corporation. Low-cost rates are offered for our individual broadband services. However, the principal characteristic of our business model is the ability to increase sales and earnings per subscriber by adding a growing lineup of services. To take advantage of our Group synergy, we continue to roll out a steady stream of new services, such as IP telephony and wireless LAN, to remain far ahead of the competition.

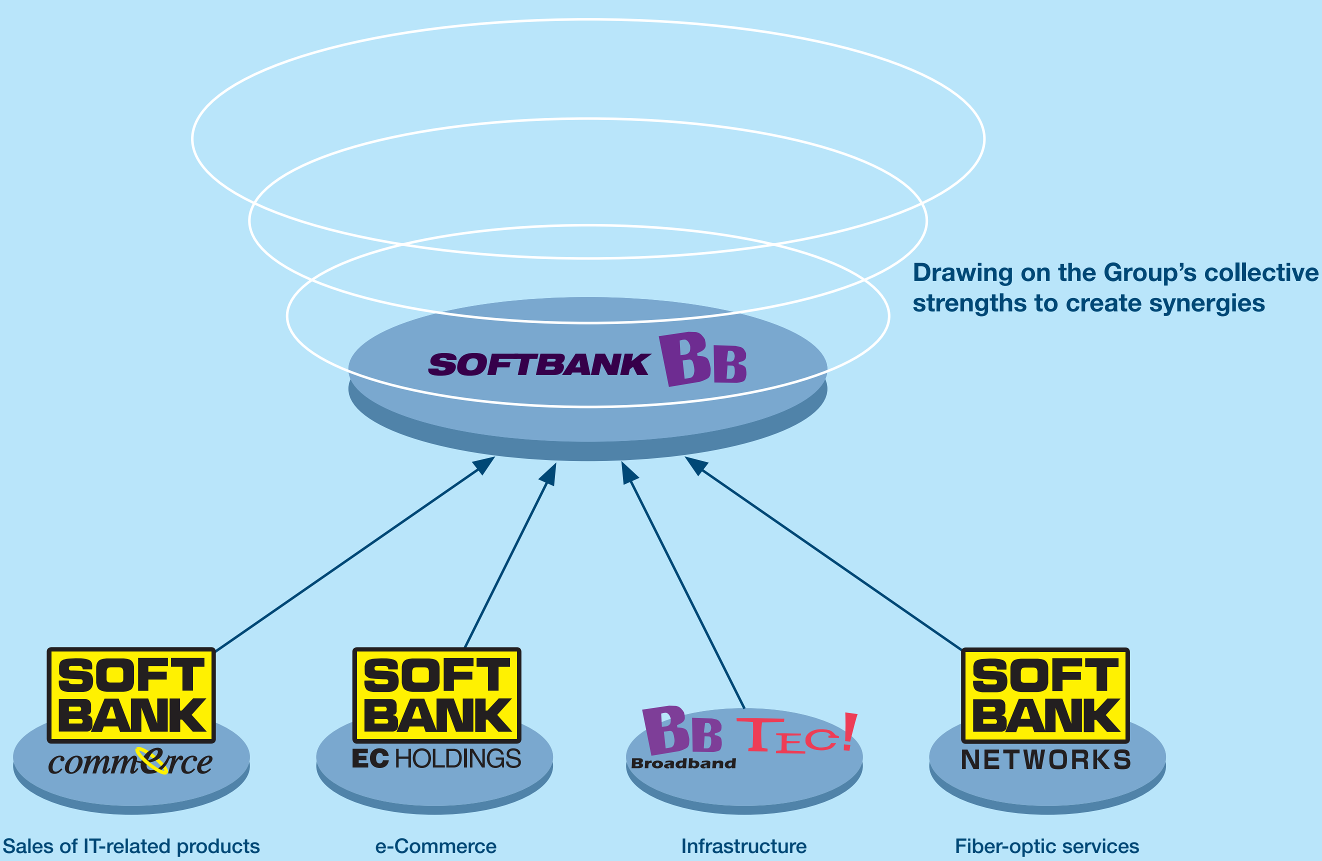
SOFTBANK Group's vertically integrated business model allows us to supply services that are both flexible and high quality. In comparison, our competitors rely on a horizontal alignment structure in which separate companies provide the ADSL and ISP (Internet Service Provider) functions.This business model requires the coordination of two or more partners to launch a new service. Providing a service of this nature requires more time and often different technologies and operating platforms must be integrated, which can lead to an undeniable degradation of service. Our model keeps all sales and earnings within a single corporate group. Vertical integration is great for the rapidly evolving broadband service marketplace.

SOFTBANK Group's Broadband Strategy



SOFTBANK Group plans to increase this degree of vertical integration and, in order to put together an organization dedicated to the broadband business, we established SOFTBANK BB Corp. on January 1, 2003 by merging four wholly owned subsidiaries of SOFTBANK CORP. The aim of this merger was to develop a single platform for the provision of technologies, merchandise, services and operations of the highest caliber. Equally important is the ability to apply broadband businesses to strengthen the sales and distribution business in IT-related products gained since the inception of SOFTBANK CORP. more than two decades ago. Moreover, the SOFTBANK Group offers a combination of both the ultra-high-speed, fiber-optic Internet connection service for corporate clients and the *Yahoo! BB* service, in order to meet their diverse needs. Opportunities to benefit from synergies are thus much greater. The Group's strategy will be to continue to focus management resources on the broadband business operations quickly and efficiently, and to pursue the further expansion of market share.

Concentration of Resources on Broadband Business

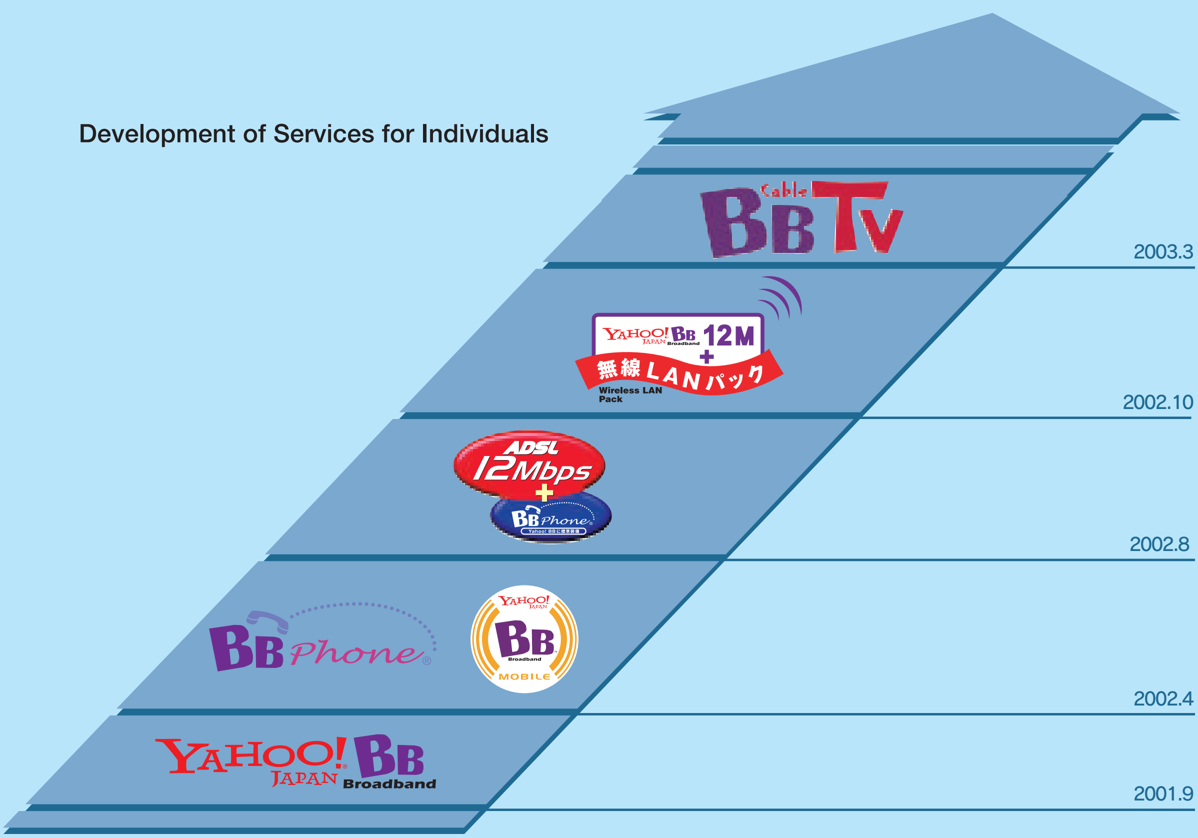


The 2nd reason: Launching Revolutionary Services

One quality has distinguished the SOFTBANK Group strategically in the broadband arena ever since the debut of *Yahoo! BB*—the ability to leverage a superior network to supply many types of services and applications, including voice and streaming.

In April 2002, we made headlines by starting *BB Phone*, the world's first commercial broadband IP telephony service. Users can call fixed-line phones, cell and PHS phones and even make overseas calls at very low costs, while calls between *BB Phone* subscribers are free. That same month, a trial version of *Yahoo! BB Mobile**[1], a wireless Internet connection service, was made available in the Tokyo area and elsewhere in Japan at no charge. Access was offered at selected fast food and family restaurants*[2]. August 2002 saw the launch of *Yahoo! BB 12M*, an ADSL service that is more resistant to attenuation in speed caused by communication distances and communication interference than *8M ADSL*. And in October 2002 we launched *Yahoo! BB 12M + Wireless LAN Pack*, the first service in the world to use a single modem to provide ADSL, IP telephony and the wireless LAN access *TRIO-MODEM*. By allowing subscribers to use a single modem for a home wireless LAN and mobile Internet access while away from home, this new service heralded the impending start of the ubiquitous broadband age*[3]. Next came the commercialization of *BB Cable TV* in March 2003. The world's first cable TV broadcast to employ ADSL, this service features real-time multicasting*[4] and video on demand*[5]. Subscribers can enjoy pictures with high quality and video-on-demand rental services.

Development of Services for Individuals



In concert with these services for individuals, we are upgrading the service lineup for corporate users. The primary service is an ultra high-speed, always on, high-capacity fiber-optic data communications service that can handle large quantities of data at a speed of between 100Mbps and 1Gbps. Another service is *Broadband VPN*, a nationwide virtual private network service that can link many locations at once. *Yahoo! BB SOHO* provides still more versatility in catering to companies of various sizes and business needs. The wide array of services includes B-Conference, a TV conference system that had its full-fledged introduction in March 2003, B-R@S RAS (remote access) services using VPN technology, and such other value-added services as PC conferencing and VoIP (Voice over Internet Protocol) solutions.

Through the steady introduction of services with high degrees of added value, the SOFTBANK Group will continue to develop and capture market share and increase opportunities for earning profits.

*1 The nationwide *Yahoo! BB* broadband infrastructure is to be used to link LAN access points that use a wireless, ultra-high-speed Internet access service with numerous public sector and commercial facilities throughout the country. *Yahoo! BB* lines will be linked to wireless LAN access points set up nationwide to provide access to *Yahoo! BB* via a wireless LAN.

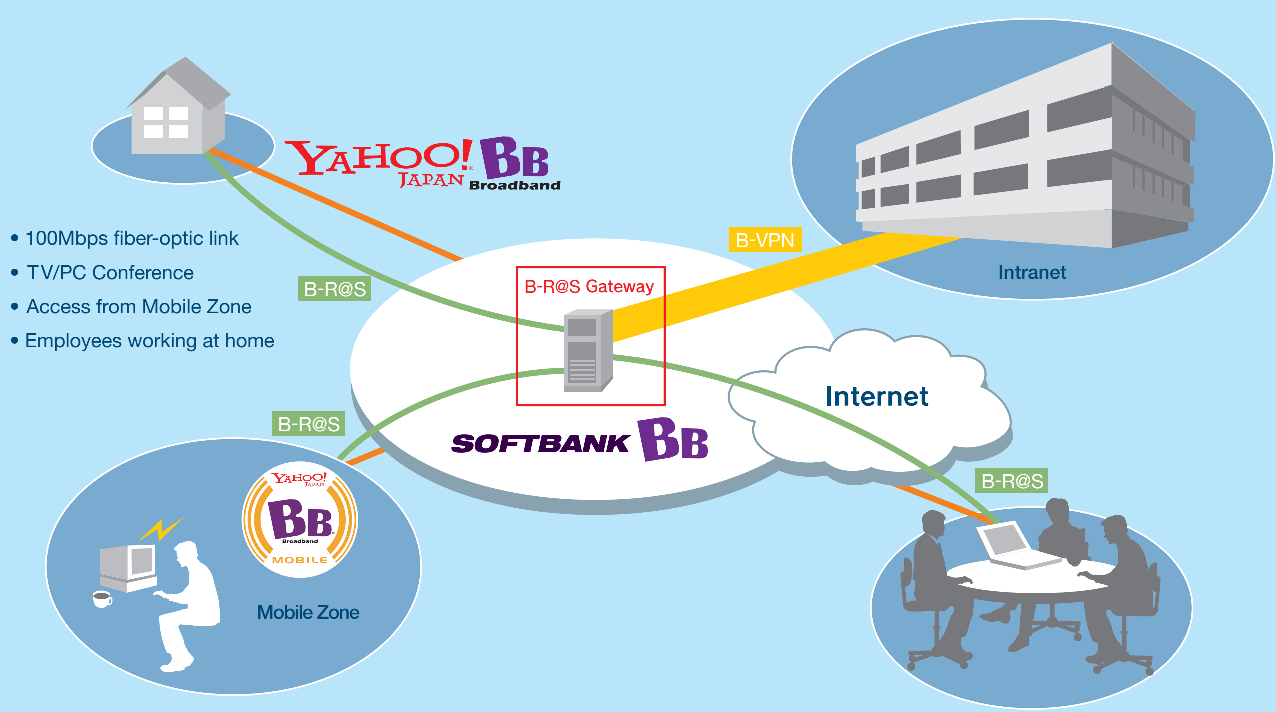
*2 Offered mainly by McDonald's, mister Donut, Starbucks Coffee, Denny's, Yahoo! Café, DOMDOM, DipperDan, Doutor Coffee, LOTTERIA, and GINZA Renoir.

*3 The original meaning of "ubiquitous" is Latin meaning "exist universally". An age in which computers become as much a part of everyday living as household electronic appliances. Without being aware they are using a computer, individuals will be able to rapidly and safely access networks to obtain the information they require.

*4 Technology that allows sending a datum feed to all network users who wish to receive it.

*5 A system that allows individuals to view programs whenever they want.

Example of a Total Solution for Corporate Clients
– B-VPN + B-R@S –



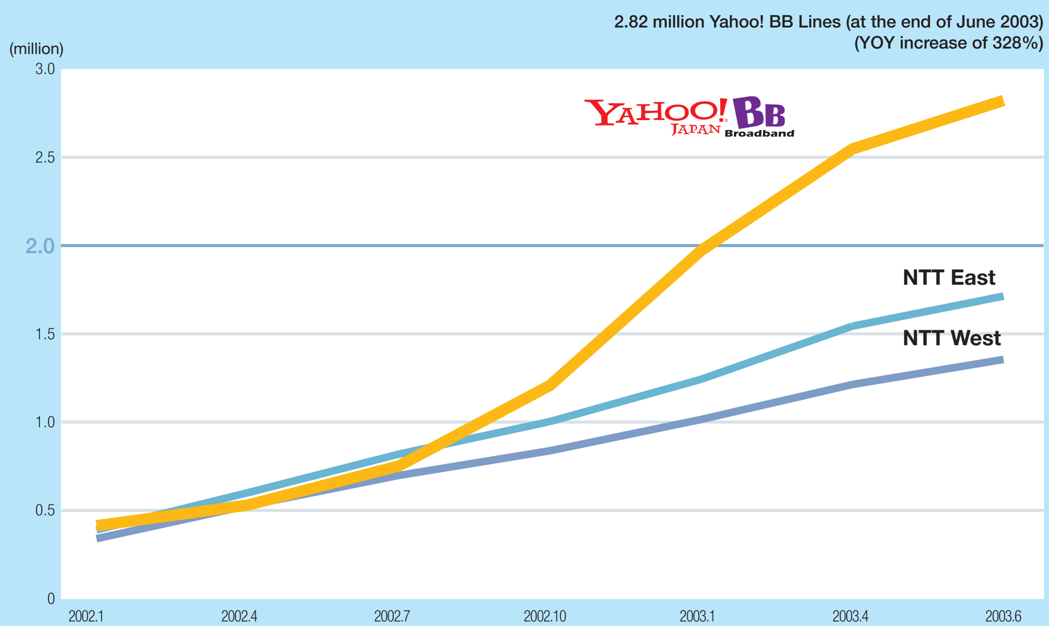
The 3rd reason: Multi-faceted and Effective Marketing Activities to Attract Users

As an infrastructure-reliant activity, broadband businesses inevitably require up-front investments to construct networks. Recovering these investments requires increasing earnings per user by building a large user base and capturing market share. For this reason, a critical factor to ensure the success of an undertaking is new user acquisition and increasing market share. In respect, it goes without saying that our vertically integrated business model displays its greatest strength. But this alone does not ensure success. Combining this model with multi-faceted and effective marketing activities satisfies all.

As it stands, the SOFTBANK Group has achieved considerable success with its marketing strategies. *Yahoo! BB* has grown rapidly; with the cumulative user base exceeding 2 million in February 2003, 16 months after the service's introduction. We believe that the acquisition 2 million users after only 16 months is the earliest in the world. Furthermore, *Yahoo! BB* beat the competition, having been ranked number one for 11 consecutive months through April 2003 in terms of the monthly-based number of new subscribers and rate of growth. Making this achievement possible are extensive and multi-faceted marketing activities that rely chiefly on the Web and high-volume retailers.

Additionally, we are strengthening our customer support system to increase satisfaction among existing customers and promoting the acquisition of new users. Now, our call center provides continuous 24-hour support to subscribers. Besides, we are now moving to further upgrade customer services, such as by completing installations sooner and addressing their needs. Our customer support system has resulted in an attrition rate below those of our competitors. SOFTBANK Group strives to be number one in customer satisfaction.

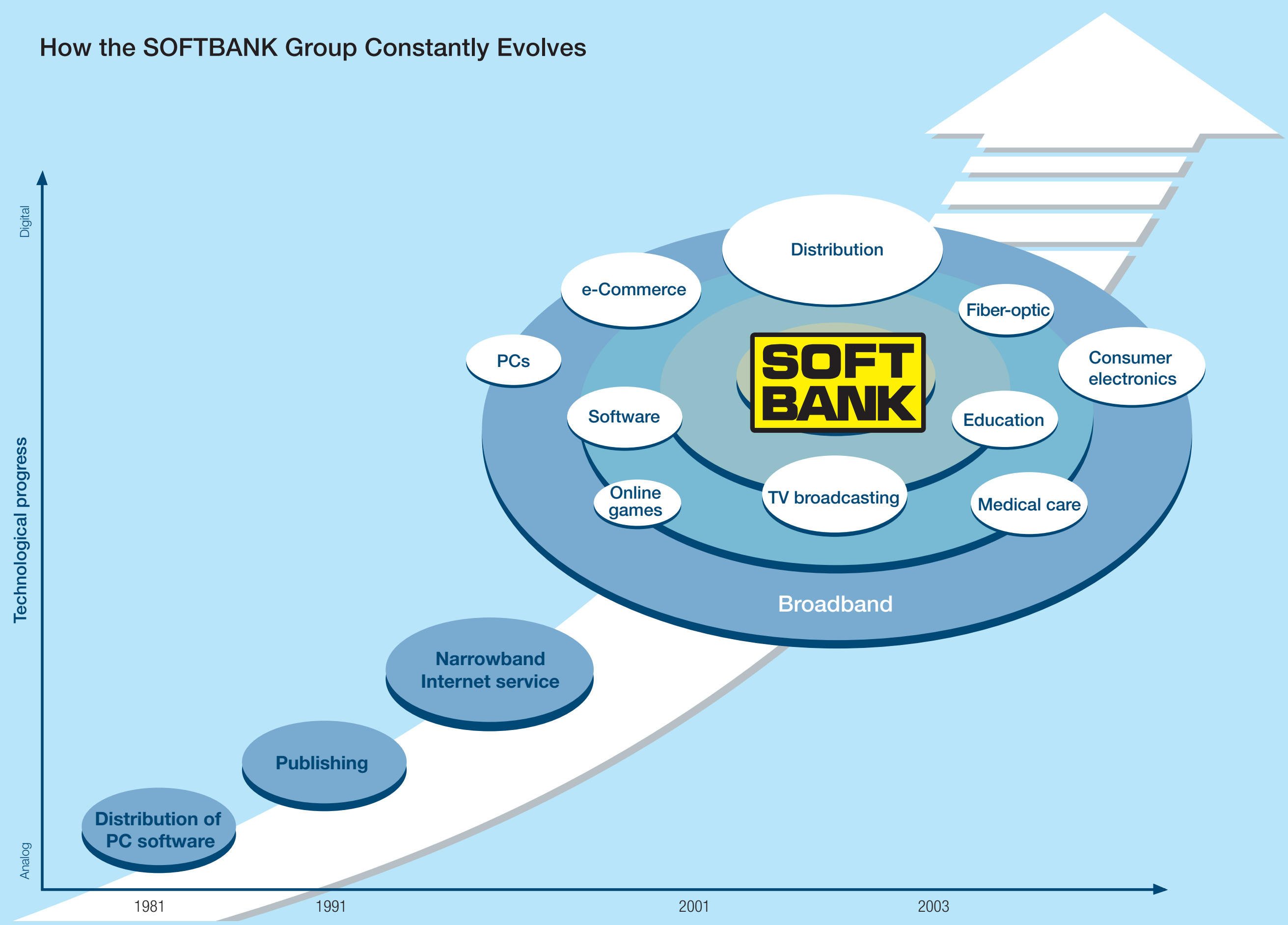
Subscriber Acquisition (Subscribers at major telecom carriers)



Conclusion: Growing and Evolving with the Unlimited Potential of Broadband

ADSL has played a key role in Japan's rapid acceptance of broadband. And SOFTBANK Group has used ADSL to expand the broadband market. SOFTBANK Group is firmly positioned at the forefront of broadband in Japan. In general, infrastructure businesses are described as an increasing returns business. To generate high returns, it is therefore vital that we retain our position of leadership. We will continue to achieve this by steadily executing business strategies that take advantage of our superiority. SOFTBANK Group will persist in stressing creative and dynamic management, and continue to grow and evolve with the limitless potential of the broadband market.

How the SOFTBANK Group Constantly Evolves



Directors and Corporate Auditors

As of June 24, 2003

President & Chief Executive Officer

Masayoshi Son

Directors

Yoshitaka Kitao
President & CEO,
SOFTBANK FINANCE CORPORATION

Ken Miyauchi
Executive Vice President,
SOFTBANK BB 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
Chairman & CEO,
FAST RETAILING CO., LTD.

Mark Schwartz
President & CEO,
Soros Fund Management LLC

Corporate Auditors

Mitsuo Sano
Full-time Corporate Auditor,
SOFTBANK CORP.

Yasuharu Nagashima
Attorney

Kouichi Shibayama
(Zeirishi-Hojin ChuoAoyama (PricewaterhouseCoopers)/ Advisor)

Hidekazu Kubokawa
Certified Public Accountant,
Certified Tax Accountant

Note:Mr. Yasuharu Nagashima, Mr. Kouichi Shibayama, 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.”

Six-Year Summary of Selected Financial Data

Years ended March 31

						Millions of yen	Thousands of U.S.dollars
	1998	1999	2000	2001	2002	**2003**	**2003**
For the year:							
Sales	¥ 513,364	¥528,159	¥ 423,221	¥ 397,105	¥ 405,315	**¥406,892**	**$3,385,125**
Operating income (loss)	31,938	12,130	8,378	16,431	(23,901)	**(91,997)**	**(765,370)**
Income (loss) before income taxes and minority interest	33,824	36,640	32,169	87,010	(119,940)	**(71,475)**	**(594,632)**
Net income (loss)	10,303	37,538	8,447	36,631	(88,755)	**(99,989)**	**(831,858)**
At year-end:							
Interest-bearing debt	¥ 681,651	¥444,392	¥ 418,706	¥ 413,442	¥ 365,645	**¥340,796**	**$2,835,237**
Shareholders' equity	242,758	284,976	380,740	424,261	465,326	**257,397**	**2,141,405**
Total assets	1,140,251	952,578	1,168,308	1,146,083	1,163,679	**946,331**	**7,872,970**
Shareholders' equity ratio (%)	21.3	29.9	32.6	37.0	40.0	**27.2**	**27.2**
Return on equity (%)	4.3	14.2	2.5	9.1	(20.0)	**(27.7)**	**(27.7)**

						yen	U.S. dollars
Per share:							
Net income (loss)-primary	¥ 33.59	¥121.79	¥ 26.02	¥ 110.47	¥ (263.53)	**¥(296.94)**	**$(2.47)**
Shareholders' equity	791.75	906.45	1,152.18	1,260.14	1,381.31	**767.56**	**6.39**
Cash dividends	40.00	20.00	20.00	7.00	7.00	**7.00**	**0.06**

Notes: 1. Yen figures have been translated into U.S. dollars, for convenience only, at the rate of ¥120.20=U.S.$1.00, the exchange rate prevailing on March 31, 2003.

2. Sales represents sales from non-financing business and revenue from financing business.

3. Effective from fiscal 2003, shareholders' equity per share and net income (loss) per share are calculated in accordance with "Accounting Standards for Earnings per Share" (Financial Accounting Standards No. 2) and "Implementation Guidance for Accounting Standards for Earnings per Share" (Financial Accounting Standards Implementation Guidance No. 4).

Net income (loss) per share is calculated based on the weighted-average number of share issued and 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.

Operating Environment

During fiscal 2003, the fiscal year ended March 31, 2003, some sectors of Japan's economy showed signs of a rebound in the first half. However, the economy weakened considerably in the second half. Behind this downturn were declines in private-sector capital expenditures and depressed final demand due to concerns about the outlook for the global economy, falling stock prices and the impact of events in Iraq. Despite these circumstances, Japan's broadband market continued to expand rapidly. Driving this growth in demand was the provision of the low-cost, always-on Internet connection by SOFTBANK Group's Yahoo! BB service. Yahoo! BB has the largest number of DSL subscribers, driving the growth of entire broadband market. The DSL subscriber base rose from 2.38 million at the end of March 2002 to 7.02 million as of March 31, 2003, according to data compiled by the Japanese Ministry of Public Management, Home Affairs, Posts and Telecommunications.

During fiscal 2003, the overriding goal of SOFTBANK Group operations was to increase the customer base in the Broadband Infrastructure segment. The Group's management resources were concentrated in a group-wide basis on the broadband businesses domain in order to generate stable profitability and cash flows over the medium and long term. As a result, the number of *Yahoo! BB* lines installed on a cumulative basis rose to about 2.36 million as of March 31, 2003, confirming its number one share among both telecommunication carriers and ISP companies. By continuing the expansion of its customer base, the SOFTBANK Group strives to ensure the profitability of the Broadband Infrastructure business as quickly as possible.

SOFTBANK Group's Organizational Structure

As of March 31, 2003, the SOFTBANK Group consisted of 281 subsidiaries and 114 affiliates. Operations are divided into eight business segments: Broadband Infrastructure, e-Commerce, e-Finance, Media & Marketing, Broadmedia, Internet Culture, Technology Services and Overseas Funds. In general, the Group has three tiers: a pure holding company, operation holding companies and operating companies. The operation holding companies make management decisions based on the specialized knowledge required by each at the Group's business segments, while operating companies can operate freely as units that are delegated authority and that are autonomous. SOFTBANK CORP., the pure holding company, manages and coordinates the entire Group maximizing synergies generated by the Group and making substantial contributions to increasing the Group corporate value. In January 2003, SOFTBANK BB Corp. was established through the merger of four SOFTBANK CORP. subsidiaries (BB Technologies Corporation, SOFTBANK Networks Inc., SOFTBANK EC HOLDINGS CORP. and SOFTBANK COMMERCE CORP.) As the Group's largest operating company, SOFTBANK BB Corp. is active in the Broadband Infrastructure and e-Commerce segments to support the objective of positioning the broadband business as the Group's flagship operation.

Strengthened Corporate Governance

The SOFTBANK Group managed measures to strengthen its corporate governance in order to maximize its enterprise value and the value of the entire group, as well as to manage with an emphasis on shareholders and cash flows. The nucleus of the corporate governance is a nine-member board of directors at the pure holding company at present. A certain proportion of board members (currently three of the nine members) are external directors. Furthermore, the Group continues to adopt a corporate auditor system in which the majority of these auditors come from outside the Group.

During the past year, there were organizational enhancements in the Group management and public relations functions undertaken by the pure holding company. The Internal Audit Department was established at the holding company in January 2002 and is responsible for monitoring the activities of the Company and each of the Group companies to ensure compliance with management policies.

Factors Underlying Fluctuations in Consolidated Results

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

Broadband Business Up-front Expenses and Profitability

In fiscal 2003, the SOFTBANK Group focused on expanding its market share in the broadband infrastructure business. As a result, *Yahoo! BB* became the first DSL communications carrier in Japan to exceed 2 million lines installed on a cumulative basis, and it makes the Group the largest provider of DSL services in Japan. However, accomplishing this goal required considerable up-front expenses related to depreciation for transmission equipment and customer acquisition, etc. These expenses materially impacted on the Group's operating results in fiscal 2003. On a medium and long term basis, achieving more than 2 million lines installed places the broadband infrastructure business within sight of its goal of generating positive operating cash flows and profitability in near future.

Revisions to Organization and Investment Portfolio

SOFTBANK Group's objective is to be the preeminent corporate group in the broadband domain. In pursuit of this objective, SOFTBANK BB Corp. was established in fiscal 2003, and the integration and reorganization of the Group business portfolios was implemented. As before, the Group continues to implement liquidations, withdrawals, integrations, and restructurings of subsidiaries where there are no prospects for profitability. Affiliated companies and portfolio investments were constantly reviewed, leading to the restructuring of operations, and additional investments and partial sales of interests. Fiscal 2003 operating results were affected by such actions, which implemented fiscal 2002, the exclusion from consolidation of Key3Media Group, Inc. and the reclassification of Yahoo! Inc. from an equity-method affiliate to available-for-sale securities following the partial sale of the Group's equity interest in this company. Fiscal 2003 results were also affected by gains and losses on sales of investment securities.

Market Conditions

The SOFTBANK Group has reduced downside risk by revaluating investment securities and investment in funds in accordance with market conditions. However, due to the protracted downturn in stock markets in Japan and overseas, the Group revaluates investment securities in cases where declines in the market value or effective value of securities are significant, except in cases where a recovery in value is expected. Accounting for such valuation losses can affect operating results.

Foreign Exchange Fluctuations

The SOFTBANK Group is exposed to risks associated with changes in foreign exchange rates mainly through the loan/borrowing between SOFTBANK CORP. and overseas subsidiaries, the importing of transmission equipment for the broadband segment, or other reasons. In fiscal 2003, the appreciation of the yen resulted in a net exchange loss incurred. The foreign exchange position depends on the Group's business and SOFTBANK Group does hedge some of portions.

Outline of Consolidated Results

Sales

Sales increased ¥1,577 million to ¥406,892 million. Sales increased in the Broadband Infrastructure and Internet Culture segments, but decreased in the Media & Marketing and e-Commerce segments.

Operating Income

Operating loss increased ¥68,096 million to ¥91,997 million. The primary factor for this loss was the increase in costs accompanying the expansion of operations in the Broadband Infrastructure segment, which remains in the start-up phase. Excluding this segment, other segments in total achieved profitability at the operating level.

Net Income

Net loss increased ¥11,234 million to ¥99,989 million. Details regarding income and expense items are as follows.

Interest expense, net:	¥7,649 million

Interest expense decreased ¥5,926 million affected by reductions in interest-bearing debts during the fiscal year.

Equity in gain under the equity method, net:	¥11,108 million

Equity in gain in Aozora Bank, Ltd. amounted to ¥20,384 million and equity in loss from overseas investment mainly declined compared to the previous year.

Exchange loss, net:	¥7,704 million

Exchange loss was chiefly attributable foreign exchange loss caused by the appreciation of the yen on the repayment of loans to overseas subsidiaries by SOFTBANK CORP.

Loss from investment in partnership:	¥12,833 million

A net loss of distributions from partnerships was posted as a result of the adverse global financial markets, primarily in the e-Finance segment.

Gain (loss) on sales of investment securities, net:	¥116,761 million
(Major items)	
Yahoo! Inc.	¥63,457 million
Yahoo Japan Corporation	¥52,230 million
UTStarcom, Inc.	¥6,916 million
E*TRADE Group, Inc.	¥(7,338 million)
CNET Networks, Inc.	¥(2,479 million)

Valuation loss on investment securities, net:	¥66,173 million
(Major items)	
Key3Media Group, Inc.	¥9,794 million
CNET Networks, Inc.	¥3,798 million
SBI E2-Capital Limited	¥3,618 million
E*TRADE Group, Inc.	¥2,289 million

Income Taxes

Current income tax totaled ¥14,849 million, while tax refunds were ¥11,125 million. Deferred income tax was ¥27,351 million. The total tax provision in fiscal 2003 was ¥31,075 million, resulting in a tax rate per statement of income of 43.48% in negative. The difference between the tax rate and statutory tax rate of 42.05% was mainly attributed 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

SOFTBANK BB Corp. was established in January 2003, and since then the operations of SOFTBANK BB Corp. were apportioned into the Broadband Infrastructure segment (for operations formerly conducted mainly by BB Technologies Corporation and SOFTBANK Networks Inc.) and the e-Commerce segment (for operations formerly conducted mainly by SOFTBANK EC HOLDINGS CORP. and SOFTBANK COMMERCE CORP.). Furthermore, operating results of the *Yahoo! BB* business ascribed to Yahoo Japan Corporation and the results attributed to the *Yahoo! BB* sales activities conducted by the former SOFTBANK COMMERCE CORP. for the period April through December 2002 were included in the Broadband Infrastructure segment's fiscal 2003 results in order to accurately present the Group's activities.

Sales

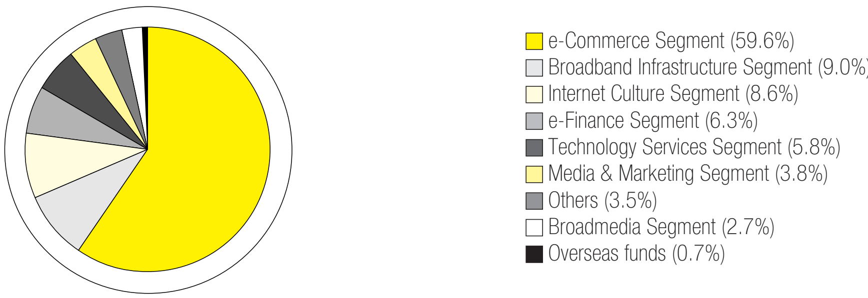
	Millions of yen		(%)
	2002	2003	Change
Broadband Infrastructure Segment	¥ 9,169	**¥ 40,008**	336.3
e-Commerce Segment	284,195	**266,086**	(6.4)
e-Finance Segment	24,260	**28,167**	16.1
Media & Marketing Segment	48,439	**16,914**	(65.1)
Broadmedia Segment	12,127	**11,945**	(1.5)
Internet Culture Segment	32,016	**38,201**	19.3
Technology Services Segment	18,528	**25,729**	38.9
Overseas Funds	2,482	**3,277**	32.1
Others	20,803	**15,862**	(23.8)

The above numbers include inter-segment sales.

Operating income (loss)

	Millions of yen		(%)
	2002	2003	Change
Broadband Infrastructure Segment	¥(17,952)	**¥(96,205)**	–
e-Commerce Segment	3,206	**2,466**	(23.1)
e-Finance Segment	(4,921)	**(5,823)**	–
Media & Marketing Segment	2,561	**(522)**	–
Broadmedia Segment	(40)	**(1,616)**	–
Internet Culture Segment	9,937	**16,882**	69.9
Technology Services Segment	1,136	**1,113**	(2.0)
Overseas Funds	(226)	**1,991**	–
Others	(6,655)	**(6,384)**	–

[Share of Sales by Segment]



Broadband Infrastructure

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

Main sources of sales: ADSL high-speed Internet connection service and IP telephony service; fiber-optic ultra-high-speed Internet connection service and other operations

Segment sales increased ¥30,839 million, or 336.3%, to ¥40,008 million. This was mainly attributable to the sharp growth in sales for the *Yahoo! BB* business as the number of lines installed surged from approximately 490,000 at the end of fiscal 2002 to approximately 2,360,000 at the end of fiscal 2003 and the service lineup was expanded. The growth in lines installed increased customer acquisition costs related to incentive payments to sales agents, as well as associated equipment depreciation expenses and lease payments, etc. The operating loss increased ¥78,253 million to ¥96,205 million. For activities other than the *Yahoo! BB* business, IP REVOLUTION, INC. (a wholly owned subsidiary of SOFTBANK BB Corp.), as a provider of an ultra-high-speed, fiber-optic Internet connection service, realized steady growth in sales throughout the fiscal year and achieved profitability on a monthly basis in the second half of fiscal 2003.

To enhance its equity and strengthen its financial base, SOFTBANK BB Corp. procured ¥120,000 million through the issuance of common stock to SOFTBANK CORP. As half of this amount was allocated to common stock, SOFTBANK BB Corp.'s common stock stood at ¥63,000 million at the end of fiscal 2003.

e-Commerce

(19 consolidated subsidiaries and 10 affiliates accounted for under the equity method)

Main sources of sales: Sales of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce business, including e-commerce between businesses and consumers

Segment sales decreased ¥18,109 million, or 6.4%, to ¥266,086 million. In fiscal 2002, this segment had benefited from the distribution of a major product from MICROSOFT CORP. and the strong demand for anti-virus software sparked by widely publicized Internet viruses. In the absence of such factors, SOFTBANK BB Corp. (formerly SOFTBANK COMMERCE CORP, see page 15) recorded a decline in sales for fiscal 2003. Segment operating income decreased ¥740 million, or 23.1%, to ¥2,466 million, due to lower sales and stiffer market competition resulting in lower operating margin ratios.

Among other e-Commerce segment companies, Vector Inc. continued to post growth in sales and operating income in fiscal 2003, while CarPoint K.K. and e-Career CORP. both became profitable at the operating level. Additionally, Dee Corp. and e-Shopping! Toys CORP. have progressed from start-up to growth stages.

e-Finance

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

Main sources of revenues: All-inclusive Web-based financial operations, including Internet securities operations; management of domestic venture capital funds; incubation of portfolio corporations.

Segment revenue increased ¥3,907 million, or 16.1%, to ¥28,167 million. A major contributor to this growth was increased brokerage commissions and financial income at E*TRADE SECURITIES CO., LTD. The operating loss increased ¥902 million to ¥5,823 million, mainly due to an increase in valuation loss on operational investment securities of SOFTBANK INVESTMENT CORPORATION attributed to adverse trends in the global financial markets. The segment posted ¥4,247 million loss on the revaluation of affiliated companies, which was recorded by a consolidated subsidiary in Hong Kong, a net loss of ¥12,584 million on distributions from partnerships, and ¥2,541 million loss due to a refund of success fees by SOFTBANK Ventures, Inc.

Media & Marketing

(13 consolidated subsidiaries and 7 affiliates accounted for under the equity method)

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

Segment sales decreased ¥31,525 million, or 65.1%, to ¥16,914 million and operating income decreased ¥3,083 million to a loss of ¥522 million. The exclusion from consolidation of Key3Media Group, Inc. was the primary cause for the decline in both sales and operating income. Also, the market for IT-related magazines and books faced contraction as individuals increasingly used the Internet to acquire information. Due to this trend, both sales and operating income declined at SOFTBANK Publishing Inc. Nevertheless, improvements in SOFTBANK Publishing Inc.'s operating income were achieved in the second half of fiscal 2003, as compared to the second half of fiscal 2002, through cost reductions and other measures. Improvements in profitability were also realized at the operating level for SOFTBANK ZDNet Inc. and other Media & Marketing segment companies.

Broadmedia

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

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

Segment sales decreased ¥182 million, or 1.5%, to ¥11,945 million. This was principally the result of a marginal decline in sales at Club iT Corporation. Although sales from services provided to existing CS subscribers remained solid, the company was no longer acquiring new subscribers. sales increases were posted by BB Factory Corporation, which operates *chBB*, a CS channel devoted exclusively to game-related programs, and CDN Solutions K.K. (formerly Akamai Technologies Japan K.K.), which steadily acquired clients from among major media firms and other companies. The operating loss increased ¥1,576 million to ¥1,616 million. The primary factors were start-up expenses at CDN Solutions K.K. and development-related expenses at BB Cable Corporation, which launched the *BB Cable TV* service via the ADSL network. A goodwill of ¥3,296 million related to the tender offer for Club iT Corporation was amortized when incurred in fiscal 2003 as valuation loss on investment securities.

Internet Culture

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

Main sources of sales: Internet-based advertising operations; broadband portal business; Internet-based auction business

Segment sales increased ¥6,185 million, or 19.3%, to ¥38,201 million. The main sources of growth were Yahoo Japan Corporation's advertising revenues, which achieved an all-time high, its introduction of system utilization fees and increased volume in its auction business. Tavigator, Inc. also posted higher sales. Operating income increased ¥6,945 million, or 69.9%, to ¥16,882 million, resulting from the income growth posted by the aforementioned Yahoo Japan Corporation's businesses.

Technology Services

(7 consolidated subsidiaries and 4 affiliates accounted for under the equity method)

Main sources of sales: Systems solutions business; business solutions business

Segment sales increased ¥7,201 million, or 38.9%, to ¥25,729 million. The main contributor was SOFTBANK TECHNOLOGY CORP., specifically its e-business services such as PC software and settlement and collection services and the ADSL sales support service of its broadband solutions business. Operating income decreased ¥23 million, or 2.0%, to ¥1,113 million, impacted by declines in the gross margin for the business solution and broadband solution businesses, as well as increased personnel expenses, at SOFTBANK TECHNOLOGY CORP.

Overseas Funds

(42 consolidated subsidiaries and 54 affiliates accounted for under the equity method)

Main sources of revenues: U.S. and Asia-focused global private equity operations in Internet-related companies

Segment revenue increased ¥795 million, or 32.1%, to ¥3,277 million, primarily reflecting growth in fund management fees at SOFTBANK Holdings Inc. Operating income rose ¥2,217 million to ¥1,991 million as cost reductions from restructuring restored the segment profitability.

Others

(11 consolidated subsidiaries and 10 affiliates accounted for under the equity method)

Main sources of sales: Holding company functions for overseas operations; back-office services in Japan

Segment sales decreased ¥4,941 million, or 23.8%, to ¥15,862 million. The operating loss decreased ¥271 million to ¥6,384 million.

Balance Sheet Analysis

Current Assets

Current assets increased ¥12,989 million to ¥407,437 million. Cash and deposits increased ¥33,923 million, which was attributable mainly to the sales of investment securities and partial sales of investments in subsidiaries. However, other current assets decreased ¥17,001 million because temporary payments by SOFTBANK BB Corp. (formerly BB Technologies Corporation, see page 15), which had been placed in other current assets, were transferred to property and equipment.

Property and Equipment

Property and equipment increased ¥73,841 million to ¥102,249 million. The main contributors were the above mentioned transfer from other current assets and the purchase of transmission equipment by SOFTBANK BB Corp., (formerly BB Technologies Corporation, see page 15), including equipment for installation in NTT central offices and modems for use in the homes of *Yahoo! BB* subscribers.

Investments and Advances

Investments and advances decreased ¥296,187 million to ¥412,347 million. Major changes were as follows.

Aozora Bank, Ltd.: Equity in gain under the equity method	¥21,039 million
Yahoo! Inc.: Partial sales of shares	(¥161,226 million)
CNET Networks, Inc.: Valuation loss and sales of all shares	(¥10,723 million)
E*TRADE Group, Inc.: Sales of all shares	(¥19,120 million)
Key3Media Group, Inc.: Valuation loss and sales of all shares	(¥11,988 million)

Total Liabilities

Liabilities decreased ¥8,289 million to ¥642,929 million. Accounts payable-other increased ¥39,960 million, which reflected the purchase of transmission equipment by SOFTBANK BB Corp. Interest-bearing debts declined ¥24,849 million due to bond redemptions and other factors. In addition, long-term deferred tax liabilities decreased ¥37,676 million due to sales of investment securities and other actions.

Shareholders' Equity

Shareholders' equity decreased ¥207,929 million to ¥257,397 million. In addition, retained earnings declined ¥105,066 million resulting from the net loss, the unrealized gain on other securities declined ¥87,030 million due to the sale of investments in Yahoo! Inc. and others. Translation adjustments declined ¥13,644 million.

Cash Flow Analysis

In fiscal 2003, cash was provided by investing activities, while used for operating and financing activities. As a result, cash and cash equivalents increased ¥27,671 million to ¥147,526 million.

	Millions of yen	
	2002	**2003**
Net cash used for operating activities	¥(79,124)	**¥ (68,601)**
Net cash provided by investing activities	39,751	**119,750**
Net cash provided by (used for) financing activities	1,314	**(17,616)**
Effect of exchange rate changes	3,579	**(5,728)**
Net (decrease) increase in cash and cash equivalents	(34,480)	**27,805**
Increase in cash and cash equivalents due to companies newly consolidated	3	**61**
Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	(4,773)	**(195)**
Cash and cash equivalents at the beginning of the year	159,105	**119,855**
Cash and cash equivalents at the end of the year	119,855	**147,526**

Cash Flows from Operating Activities

Net cash used for operating activities was ¥68,601 million, ¥10,523 million less than cash used in fiscal 2002. The loss before income taxes and minority interest was ¥71,475 million, but this was partially offset by depreciation and amortization of ¥20,904 million, a valuation loss on investment securities of ¥66,173 million and other non-cash expenses, while gain on sale of marketable and investment securities of ¥116,839 million, equity in gain under the equity method of ¥11,108 million and other non-cash income were negative factors. Another positive factor was the ¥11,978 million year-on-year decrease in cash payments for income taxes to ¥13,203 million.

Cash Flows from Investing Activities

Net cash provided by investing activities increased ¥79,999 million to ¥119,750 million. Purchase of property and equipment and intangibles was ¥64,501 million (mainly transmission equipment purchased by SOFTBANK BB Corp.) and purchase of marketable and investment securities was ¥33,414 million (mainly in the e-Finance segment). On the other hand, proceeds from sale of marketable and investment securities, including Yahoo! Inc. shares, were ¥171,350 million and proceeds from sale of interests in consolidated subsidiaries, including the partial sale of Yahoo Japan Corporation shares, were ¥56,356 million.

Proceeds from major sales of marketable and investment securities	
Yahoo! Inc.	¥103,921 million
Yahoo Japan Corporation	¥52,272 million
UTStarcom, Inc	¥17,986 million

Cash Flows from Financing Activities

Net cash used for financing activities was ¥17,616 million, a ¥18,930 million decrease from fiscal 2002. Short-term borrowings increased ¥44,104 million, but repayment of bonds was ¥52,223 million. Furthermore, proceeds from issuance of bonds fell from ¥126,394 million to ¥2,496 million as measures were taken to reduce interest-bearing debts.

Interest-Bearing Debts, Liquidity on Hand and Fund Procurement

Interest-Bearing Debts and Liquidity on Hand

SOFTBANK Group. continued to improve its financial position from the previous fiscal year, using bond redemptions and other measures to reduce interest-bearing debts by ¥24,849 million to ¥340,796 million.

SOFTBANK Group continues to prudently manage its liquidity position at levels sufficient to preserve financial characteristic less susceptible to ambiguity economic and market conditions. The liquidation on hand was ¥152,563 million as of March 31, 2003, providing adequate liquidity to meet obligations such as the redemption of bonds maturing in fiscal 2004. To further increase liquidity, SOFTBANK Group plans to sell certain marketable and investment securities to maintain ample liquidity on hand.

Diversifying Funding Channels

The SOFTBANK Group primarily utilized cash and cash equivalents, proceeds from the sale of investment securities and investments in affiliated companies, and other measures to finance the broadband infrastructure business and redeem maturing bonds during fiscal 2003. In segments other than Broadband Infrastructure, the Group businesses are clearly projected to be self-reliant for operating funds. Meanwhile, the funding policy of the Group, relevant to up-front investments required for the Broadband Infrastructure segment's capital expenditures, new customer acquisition and other activities, are to be procured through a variety of channels. In particular, funds for the procurement of transmission equipment related to the expansion of lines installed will be increasingly provided by lease financing and the use of so-called "securitization." etc. Additionally, the Group will effectively manage its finances in consideration of appropriate leverage levels and optimal capitalization composition, a process that includes reducing the cost of capital.

Market Capitalization at Fiscal 2003 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.

Year ended March 31, 2003 (Billions of yen)

Company Names	Market	Market Capitalization(*2)	Interest % (including indirect holdings) (*3)	SOFTBANK's Portion of Market Capitalization	Year-on-Year change
cyber communications inc.	Hercules: 4788	22.6	46.6%	10.5	(10.5)
E*TRADE Japan K.K.	Hercules: 8627	17.3	44.2%	7.6	(10.6)
Morningstar Japan K.K.	Hercules: 4765	5.4	47.8%	2.5	(6.0)
SOFTBANK INVESTMENT CORPORATION	TSE First/OSE First: 8473	13.8	66.2%	9.1	(28.5)
SOFTBANK TECHNOLOGY CORP.	JASDAQ: 4726	7.1	63.9%	4.5	(7.8)
UTStarcom, Inc.	Nasdaq: UTSI	257.1	21.2%	54.4	(66.6)
Vector Inc.	Hercules: 2656	8.9	51.3%	4.5	(8.3)
Yahoo! Inc.	Nasdaq: YHOO	1,725.1	4.4%	76.1	(161.2)
Yahoo Japan Corporation	JASDAQ: 4689	918.5	41.9%	385.3	5.1
Other				7.6	(56.4)
Total				562.6	(351.3)

Notes: 1. On December 16, 2002, the Nasdaq Japan stock market was renamed Nippon New Market—Hercules.
2. Market capitalization was calculated based on the closing prices of stocks on March 31, 2003. The value of foreign stocks was translated into yen at the exchange rate prevailing on that day.
3. Interest percentage refers to the ratio of economic interests (SOFTBANK Corp.'s ownership ratio in the subsidiary x the subsidiary's ownership ratio in the investee), excluding the interests of venture capital funds managed by SOFTBANK Corp.'s subsidiaries.
4. On June 2, 2003, SOFTBANK INVESTMENT CORPORATION and E*TRADE Japan K.K. merged to form the new SOFTBANK INVESTMENT CORPORATION.

Consolidated Balance Sheets

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (note 4)
	March 31		March 31,
	2002	**2003**	**2003**
ASSETS			
Current assets:			
Cash and deposits (note 16(2))	¥ 113,580	**¥147,503**	**$1,227,147**
Notes and accounts receivable-trade (notes 7, 12(2) and 25)	62,047	**64,255**	**534,568**
Marketable securities (notes 3(3), 9,15(1) and 16(2))	9,545	**5,060**	**42,095**
Inventories (notes 3(6) and 8)	36,312	**42,202**	**351,098**
Deferred tax assets (notes 3(8) and 23)	15,430	**7,036**	**58,533**
Receivables related to margin transactions (notes 14, 15(2) and 15(3))	42,317	**48,847**	**406,385**
Other current assets (notes 12(1), 12(2) and15(4))	116,803	**99,802**	**830,302**
Less: allowance for doubtful accounts (note 3(5))	(1,586)	**(7,268)**	**(60,467)**
Total current assets	394,448	**407,437**	**3,389,661**
Property and equipment, net (notes 3(7), 3(11), 12(1) and 24):			
Transmission equipment	11,465	**79,284**	**659,604**
Other	16,943	**22,965**	**191,056**
Total tangible assets	28,408	**102,249**	**850,660**
Intangible assets, net (note 3(7)):			
Software (notes 3(11) and 24)	8,741	**11,195**	**93,133**
Goodwill (note 3(1))	20,371	**9,860**	**82,034**
Other intangibles	3, 177	**3,243**	**26,977**
Total intangible assets	32,289	**24,298**	**202,144**
Investments and advances:			
Investments in and advances to non-consolidated subsidiaries and affiliates (notes 3(1), 3(3), 10, and 12(1))	232,659	**208,142**	**1,731,627**
Investment securities (notes 3(3), 9, 12(1) and 15(1))	346,599	**109,308**	**909,380**
Long-term loans	1,287	**780**	**6,493**
Other investments (note 12(3))	93,662	**63,209**	**525,869**
Deferred tax assets (notes 3(8) and 23)	35,833	**32,702**	**272,062**
Less: allowance for doubtful accounts (note 3(5))	(1,506)	**(1,794)**	**(14,926)**
Total investments and advances	708,534	**412,347**	**3,430,505**
Total assets (note 28)	¥1,163,679	**¥946,331**	**$7,872,970**

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,
	2002	2003	2003
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings (notes 11(1) and 12(1))	¥ 106,706	¥147,223	$1,224,818
Commercial paper (note 11(1))	10,000	4,000	33,278
Current portion of long-term debt (notes 11(2), 11(3) and 11(4))	56,326	59,614	495,953
Notes and accounts payable-trade (note 12(2))	56,742	58,534	486,974
Accounts payable-other	18,332	58,292	484,955
Accrued expenses (note 12(1))	10,176	14,576	121,270
Income taxes payable	9,593	10,912	90,782
Payables related to margin transactions (notes 14, 15(2) and 15(3))	37,418	44,459	369,872
Advances from customers	2,431	2,457	20,441
Deferred tax liabilities (notes 3(8) and 23)	48	5,979	49,739
Other current liabilities (note 15(4))	51,204	52,459	436,433
Total current liabilities	358,976	458,505	3,814,515
Long-term liabilities:			
Long-term debt (notes 11(2), 11(3), 11(4), 12(1) and 16(3))	192,613	129,959	1,081,188
Deferred tax liabilities (notes 3(8) and 23)	70,962	33,286	276,919
Other liabilities	28,667	21,179	176,205
Total long-term liabilities	292,242	184,424	1,534,312
Total liabilities	651,218	642,929	5,348,827
Minority interest in consolidated subsidiaries (note 3(2))	47,135	46,005	382,738
Shareholders' equity:			
Common stock (notes 16(3) and 21)			
Authorized: 1,200,000,000 shares			
Issued: 336,876,826 shares in 2002 and 2003	137,868	137,868	1,146,984
Additional paid-in capital (notes 16(3) and 22)	162,232	162,232	1,349,679
Retained earnings (deficit) (notes 3(13) and 22)	4,035	(101,031)	(840,527)
Net unrealized gain on other securities (notes 3(3) and 9)	126,625	39,595	329,416
Translation adjustments (note 3(2))	34,577	20,933	174,149
Less: treasury stock (note 21):			
4,484 shares in 2002 and 1,583,500 shares in 2003	(11)	(2,200)	(18,296)
Total shareholders' equity	465,326	257,397	2,141,405
Contingent liabilities (note 26)			
Total liabilities and shareholders' equity	¥1,163,679	¥946,331	$7,872,970

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,
	2002	2003	2003
Net sales from non-financing business (note 28)	¥ 381,532	¥379,999	$3,161,389
Cost of sales (note 28)	319,328	347,889	2,894,255
Gross profit	62,204	32,110	267,134
Selling, general and administrative expenses (notes 18 and 28)	81,311	120,187	999,887
Operating loss from non-financing business (note 28)	(19,107)	(88,077)	(732,753)
Revenue from financing business (notes 24 and 28)	23,783	26,893	223,736
Financing business expenses (notes 18 and 28)	28,577	30,813	256,353
Operating loss from financing business (note 28)	(4,794)	(3,920)	(32,617)
Total operating loss (note 28)	(23,901)	(91,997)	(765,370)
Non-operating income (expenses):			
Interest income	2,065	1,092	9,087
Interest expense	(15,640)	(8,741)	(72,721)
Equity in (loss) gain under the equity method, net (note 3(7))	(17,576)	11,108	92,409
Exchange gain (loss), net (note 3(2))	24,939	(7,704)	(64,095)
Gain on sale of marketable and investment securities, net (note 9)	51,395	116,761	971,390
Dilution gain from changes in equity interest, net (note 13)	15,592	745	6,198
Valuation loss on investment securities, net (notes 3(3) and 19)	(118,460)	(66,173)	(550,523)
Valuation loss on goodwill and other intangible assets (notes 3(7) and 20)	(19,978)	–	–
Other, net (note 3(9))	(18,376)	(26,566)	(221,007)
Loss before income taxes and minority interest	(119,940)	(71,475)	(594,632)
Income taxes (notes 3(8) and 23):			
Current	(8,378)	(14,849)	(123,540)
Refunded	–	11,125	92,557
Deferred	36,219	(27,351)	(227,542)
	27,841	(31,075)	(258,525)
Minority interest	3,344	2,561	21,299
Net loss	¥ (88,755)	¥ (99,989)	$ (831,858)

	Yen		U.S. dollars (note 4)
Net loss per share (notes 3(12) and 30)	2002	2003	2003
-Primary	¥(263.53)	¥(296.94)	$(2.47)
-Diluted (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

Millions of yen

	Number of shares issued and outstanding	Common stock	Additional paid-in capital	Net unrealized gain (loss) on other securities	Translation adjustments	Treasury stock	Retained earnings (deficit)	Total
Balance at March 31, 2001	336,677,714	¥137,630	¥161,953	¥ 18,435	¥ 11,441	¥ (2)	¥ 94,804	¥424,261
Net loss	–	–	–	–	–	–	(88,755)	(88,755)
Cash dividends	–	–	–	–	–	–	(2,357)	(2,357)
Bonuses to directors	–	–	–	–	–	–	(143)	(143)
Net adjustments to retained earnings due to changes in investments in affiliates accounted for under the equity method (see note below)	–	–	–	–	–	–	487	487
Decrease in the retained earnings of subsidiaries included into consolidation	–	–	–	–	–	–	(1)	(1)
Conversion of convertible bonds (note 16(3))	53,795	73	73	–	–	–	–	146
Exercise of warrants	144,852	165	206	–	–	–	–	371
Increase in net unrealized gain on other securities (notes 3(3) and 9)	–	–	–	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
Net loss	–	–	–	–	–	–	(99,989)	(99,989)
Cash dividends (note 22)	–	–	–	–	–	–	(2,358)	(2,358)
Bonuses to directors	–	–	–	–	–	–	(75)	(75)
Net adjustments to retained earnings due to changes in investments in affiliates accounted for under the equity method (see note below)	–	–	–	–	–	–	(2,637)	(2,637)
Increase in the retained earnings of consolidated subsidiaries excluded from consolidation	–	–	–	–	–	–	12	12
Decrease in the retained earnings of subsidiaries included into consolidation	–	–	–	–	–	–	(2)	(2)
Decrease due to merger	–	–	–	–	–	–	(17)	(17)
Decrease in net unrealized gain on other securities (notes 3(3) and 9)	–	–	–	(87,030)	–	–	–	(87,030)
Translation adjustments (note 3(2))	–	–	–	–	(13,644)	–	–	(13,644)
Acquisition of treasury stock (note 21)	(1,579,016)	–	–	–	–	(2,189)	–	(2,189)
Balance at March 31, 2003	335,293,326	¥137,868	¥162,232	¥ 39,595	¥ 20,933	¥(2,200)	¥(101,031)	¥257,397

Thousands of U.S. dollars (note 4)

	Number of shares issued and outstanding	Common stock	Additional paid-in capital	Net unrealized gain (loss) on other securities	Translation adjustments	Treasury stock	Retained earnings (deficit)	Total
Balance at March 31, 2002:	336,872,342	$1,146,984	$1,349,679	$1,053,456	$287,663	$ (88)	$ 33,570	$3,871,264
Net loss	–	–	–	–	–	–	(831,858)	(831,858)
Cash dividends (note 22)	–	–	–	–	–	–	(19,618)	(19,618)
Bonuses to directors	–	–	–	–	–	–	(626)	(626)
Net adjustments to retained earnings due to changes in investments in affiliates accounted for under the equity method (see note below)	–	–	–	–	–	–	(21,930)	(21,930)
Increase in the retained earnings of consolidated subsidiaries excluded from consolidation	–	–	–	–	–	–	98	98
Decrease in the retained earnings of subsidiaries included into consolidation	–	–	–	–	–	–	(20)	(20)
Decrease due to merger	–	–	–	–	–	–	(143)	(143)
Decrease in net unrealized gain on other securities (notes 3(3) and 9)	–	–	–	(724,040)	–	–	–	(724,040)
Translation adjustments (note 3(2))	–	–	–	–	(113,514)	–	–	(113,514)
Acquisition of treasury stock (note 21)	(1,579,016)	–	–	–	–	(18,208)	–	(18,208)
Balance at March 31, 2003	335,293,326	$1,146,984	$1,349,679	$ 329,416	$174,149	$(18,296)	$(840,527)	$2,141,405

Note: Under Japan GAAP, the cumulative effect of any changes in investments in affiliates accounted for under the equity method is treated as an adjustment to retained earnings in the consolidated statement of changes in shareholders' equity.

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,
	2002	2003	2003
Cash flows from operating activities:			
Loss before income taxes and minority interest	¥(119,940)	¥ (71,475)	$ (594,632)
Adjustments to reconcile loss before income taxes and minority interest to net cash used for operating activities:			
Depreciation and amortization	11,750	20,904	173,910
Equity in loss (gain) under the equity method, net	17,576	(11,108)	(92,409)
Dilution gain from changes in equity interest, net	(15,592)	(745)	(6,198)
Valuation loss on investment securities	118,460	66,173	550,523
Valuation loss on goodwill and other intangible assets	19,978	–	–
Gain on sale of marketable and investment securities, net	(51,491)	(116,839)	(972,042)
Exchange (gain) loss, net	(20,311)	8,627	71,772
Interest and dividend income	(2,129)	(1,312)	(10,913)
Interest expense	15,640	8,741	72,721
Decrease (increase) in receivables-trade	16,685	(3,522)	(29,305)
(Decrease) increase in payables-trade	(10,533)	3,173	26,398
(Increase) decrease in other receivables	(37,475)	8,576	71,350
Increase in other payables	9,785	2,208	18,370
Others, net	8,614	33,538	279,015
	(38,983)	(53,061)	(441,440)
Interest and dividends received	2,321	1,139	9,472
Interest paid	(17,281)	(9,387)	(78,093)
Income taxes paid	(25,181)	(13,203)	(109,841)
Refund of income taxes	–	5,911	49,179
Net cash used for operating activities	(79,124)	(68,601)	(570,723)
Cash flows from investing activities:			
Purchase of property and equipment and intangibles	(30,272)	(64,501)	(536,611)
Purchase of marketable and investment securities	(71,427)	(33,414)	(277,983)
Proceeds from sale of marketable and investment securities	157,985	171,350	1,425,544
Additional investments in newly consolidated entities	(18,264)	(591)	(4,918)
Proceeds from sale of interests in consolidated subsidiaries	10,554	56,356	468,855
Increase in loan receivables	(12,803)	(5,212)	(43,360)
Collection of loans	8,294	1,975	16,432
Others, net	(4,316)	(6,213)	(51,705)
Net cash provided by investing activities	39,751	119,750	996,254
Cash flows from financing activities:			
Proceeds from issuance of shares to minority shareholders	11,040	4,843	40,287
(Decrease) increase in short-term borrowings, net	(29,226)	44,104	366,924
Proceeds from issuance of commercial paper	71,400	14,000	116,473
Repayment of commercial paper	(91,400)	(20,000)	(166,389)
Proceeds from long-term debt	15,630	1,380	11,481
Repayment of long-term debt	(43,531)	(7,759)	(64,547)
Proceeds from issuance of bonds	126,394	2,496	20,769
Repayment of bonds	(53,598)	(52,223)	(434,468)
Cash dividends paid	(2,347)	(2,354)	(19,585)
Others, net	(3,048)	(2,103)	(17,498)
Net cash provided by (used for) financing activities	1,314	(17,616)	(146,553)
Effect of exchange rate changes	3,579	(5,728)	(47,655)
Net (decrease) increase in cash and cash equivalents	(34,480)	27,805	231,323
Increase in cash and cash equivalents due to companies newly consolidated	3	61	507
Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	(4,773)	(195)	(1,621)
Cash and cash equivalents at the beginning of the year (note 16(1))	159,105	119,855	997,130
Cash and cash equivalents at the end of the year (notes 16(1) and 16(2))	¥ 119,855	¥ 147,526	$1,227,339

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

1. Organization and nature of business –

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

- Broadband Infrastructure: ADSL high-speed Internet connection service and IP telephony service; fiber-optic ultra-high-speed Internet connection service and other operations;
- e-Commerce: sales of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce business, including e-commerce between business and consumer;
- e-Finance: all inclusive Web-based financial operations, including Internet securities operations; management of domestic venture capital funds; incubation of portfolio corporations;
- Media & Marketing: book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; exhibition management; web content development;
- Broadmedia: provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations;
- Internet Culture: Internet-based advertising operations; broadband portal business; Internet-based auction business;
- Technology Services: systems solutions business; business solutions business;
- Overseas Funds: U.S.-and Asia-focused global private equity operations in Internet-related companies;
- Others: holding company functions for overseas operations; back-office services in Japan.

The Group merged four consolidated subsidiaries in January 2003 to create SOFTBANK BB Corp., the Group's largest operating company, which offers ADSL services and IP telephony services, and focuses on broadband infrastructure business in order to maximize corporate value.

At March 31, 2002 and 2003, the Company consolidated 285 and 269 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 generally accepted accounting principles in Japan while its foreign subsidiaries maintain their records and prepare their financial statements in conformity with generally accepted accounting principles 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 generally accepted accounting principles and practices 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 generally accepted accounting principles and practices in countries and jurisdictions other than Japan.

3. Summary of significant accounting policies –

(1) Consolidation and investments in affiliates –

The accompanying consolidated financial statements include the accounts of the Company and those of its subsidiaries that are controlled by the Company. Under the effective control approach, all majority-owned companies are to be consolidated. Additionally, companies in which share ownership equals 50% or less may be required to be consolidated in cases where such companies effectively controlled by the Company or controlled through the interests held by a party who has a close relationship with the parent in accordance with generally accepted accounting principles in Japan.

The 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 over which the Company and its consolidated subsidiaries have significant influence are accounted for under the equity method. Consolidated income includes the Company's and its consolidated subsidiaries' 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 its consolidated 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 seven years, except for that held by U.S. consolidated subsidiaries that have adopted Statement of Financial Accounting Standards ("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. Exchange gains or losses are credited or charged to current income when incurred.

The translation of revenues and expenses in the financial statements of foreign consolidated subsidiaries into Japanese yen is performed by using the average exchange rates for the period. 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", except for the portion pertaining to minority shareholders, which is included in "Minority interest in consolidated subsidiaries".

(3) Investments in debt and equity securities –
Investments in debt and equity securities are 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, on 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.

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

(4) Derivatives –
The Company and its consolidated subsidiaries have entered into forward exchange contracts and currency and interest rate swap transactions to hedge against adverse fluctuations in foreign currency exchange rates and interest rates. Derivative instruments are recognized as either assets or liabilities at their respective fair values at the respective balance sheet dates, and gains and losses arising from changes in fair value are recognized in current income in the corresponding fiscal period.

The Company and its consolidated subsidiaries did not apply hedge accounting on such derivative instruments, whereby gains and losses are deferred as assets or liabilities.

(5) Allowance for doubtful accounts –
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.

(6) 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.

(7) Depreciation and amortization –
Property and equipment are carried at cost less accumulated depreciation. Accumulated depreciation as at March 31, 2002 and 2003 was ¥10,757 million and ¥27,417 million ($228,096 thousand), respectively.

Transmission equipment is depreciated based on the straight-line method and other property and equipment is depreciated primarily based on the declining-balance method.

Intangible assets are amortized based on the straight-line method over their estimated useful lives.

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.

(8) 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.

(9) Pension and severance costs –

Following the enactment of the Act for Defined Contribution Pensions, the Company and most of its domestic consolidated subsidiaries transferred the projected benefit obligation and related funds assets under the tax qualified non-contributory defined benefit pension plans to the newly adopted defined contribution pension plans on July 1, 2002.

In connection with the transfer described in the preceding paragraph, the transition obligation of ¥297 million ($2,472 thousand) was recognized as "Other non-operating expenses " in the consolidated statement of income for the period ended March 31, 2003 in accordance with Financial Accounting Standards Implementation Guidance No.1: "Accounting for Transfers between Retirement Benefit Plans", issued by the Accounting Standards Board of Japan on January 31, 2002.

Besides the above defined contribution pension plan, the Company and most of its domestic consolidated subsidiaries participate in a multi-employer 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 includes a portion relating to the governmental welfare pension program and an other portion into which contributions are made by the respective companies and their employees.

Contributions made by the Company and most of its domestic consolidated subsidiaries into the welfare pension plan are expensed 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. Fair value of the pooled fund assets at March 31, 2003 belonging to all participants amounted to ¥62,205 million ($517,515 thousand) and the participation ratio of the Company and most of its domestic subsidiaries was 5.89% in terms of the number of employees.

In addition, certain domestic consolidated subsidiaries, engaged in securities business or commodities business participate in two types of welfare of plans, all which are similar to the above welfare pension plan. The fair value each of the pooled fund assets of these two plans at March 31, 2003 amounted to ¥446,577 million ($3,715,283 thousand) and ¥48,962 million ($407,342 thousand), respectively. The participation ratio of each those subsidiaries at March 31, 2003 was 0.26% and 0.31%, respectively, in terms of the proportion each of their contribution.

(10) Research and development costs –

Research and development costs are expensed as incurred.

(11) Leases –

Under domestic accounting standards, capital leases, as defined therein, other than those whereby ownership of the assets is 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.

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

(12) 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.

The Company holds dilutive potential common stock equivalents, such as bonds with warrants, warrants, etc., during the relevant periods. Dilutive net income per share for the years ended March 31, 2002 and 2003 has not been disclosed due to the loss position.

On September 25, 2002, the Accounting Standards Board of Japan issued new accounting standards concerning accounting for net income per share, effective for the fiscal year beginning April 1, 2002. The Company and its consolidated subsidiaries have adopted new accounting standards from the fiscal year commencing on April 1, 2002. Under the new accounting standards, "bonuses to directors", which is determined through appropriation of retained earnings by resolution of general shareholders' meeting subsequent to fiscal year-end and not reflected in the consolidated statement of income of the current fiscal year, should be reflected in the calculation of net income per share, as if "bonuses to directors" was charged to income in the current fiscal year.

Per share information computed in accordance with the new standard is retroactively disclosed in note 30, "Per share data".

(13) Appropriation of retained earnings –

Appropriations of retained earnings reflected in the accompanying consolidated financial statements have been recorded after approval of the shareholders as required under the Commercial Code of Japan.

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 and represent the arithmetical result of translating yen into dollars at the rate of ¥120.20 = US$1, the effective rate of exchange at March 31, 2003. 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.

5. Changes in scope of consolidation –

As of March 31, 2003, the Company consolidated 269 subsidiaries and excluded 12 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, 2003 were as follows:

Newly consolidated subsidiaries (including partnerships)

Subsidiary	Reason
BIOVISION CAPITAL CORP.	Newly established
Plus 37 other companies	

Subsidiaries (including partnerships) excluded from consolidation

Subsidiary	Reason
SOFTBANK EC HOLDINGS CORP.	Merged
SOFTBANK COMMERCE CORP.	Merged
SOFTBANK Networks Inc.	Merged
Tokyo Metallic Communications Corp.	Merged
e-Shopping! Wine CORP.	Shareholding percentage decreased due to sale of shares
Plus 49 other companies	

As of March 31, 2003, the Company held three non-consolidated subsidiaries and 113 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., cyber communications inc. and UTStarcom, Inc.

Other than the above, nine non-consolidated subsidiaries, such as SpicyVector Inc., and an affiliated company, Visual Research Co., 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.

The main changes in non-consolidated subsidiaries and affiliated companies accounted for under the equity method for the year ended March 31, 2003 were as follows:

Newly accounted for under the equity method

Name of subsidiary or affiliate	Reason
BEST BroadBand Corp.	Newly established
YAMADA BroadBand Corp.	Newly established
INTAGE Interactive Inc.	Newly established
Plus 21 other companies	

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

Name of subsidiary or affiliate	Reason
InsWeb Corporation	Shareholding percentage decreased
Key3Media Group, Inc.	All shares sold
Plus 19 other companies	

6. Mergers, acquisitions and restructuring –

(1) Establishment of SOFTBANK BB Corp.

In an aim in establishing a large, but an effective and efficient broadband-focused operating company which intends to maximize corporate value as the heart of the SOFTBANK Group, the Company' four wholly-owned subsidiaries; BB Technologies Corporation ("BBTC"), SOFTBANK Networks Inc., SOFTBANK EC HOLDINGS CORP. and SOFTBANK COMMERCE CORP. were merged on January 7, 2003. BBTC, an existing company after the merger, changed its name into SOFTBANK BB Corp. ("SBB").

SBB is now the largest operating company in the SOFTBANK Group with sales of approximately ¥101 billion ($841 million) for the year ended March 31. 2003 and has approximately 1,200 employees at March 31, 2003.

(2) Sales of all Key3Media Group, Inc. ("Key3Media") shareholding

The Company sold a portion of its shares in Key3Media through its wholly-owned subsidiary, SOFTBANK America Inc. ("SBA"), and, in addition, Key3Media issued convertible preferred stock in 2001. As a result, the Company's voting interests in Key3Media were diluted below 50%, and the Company changed its accounting treatment for Key3Media from a consolidated subsidiary to an affiliate under the equity method at March 31, 2002.

During the fiscal year ended March 31, 2003, the Company sold all of its remaining shares in Key3Media through SBA.

7. Notes receivable maturing at year end –

Notes receivable are settled on the date of clearance. Since the year-end date of March 31, 2002 was a non-business day, notes receivable of ¥99 million maturing on that date were not settled and were included in the closing "Notes and accounts receivable-trade" balance as at March 31, 2002.

8. Inventories –

Inventories at March 31, 2002 and 2003 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	**2003**	**2003**
Merchandise	¥14,393	**¥9,033**	**$ 75,151**
Finished goods	587	**476**	**3,960**
Work-in-process	507	**471**	**3,919**
Raw materials	133	**48**	**402**
Securities for trading	1,718	**389**	**3,232**
Transmission supplies	17,607	**29,428**	**244,825**
Other inventories	1,367	**2,357**	**19,609**
Total	¥36,312	**¥42,202**	**$351,098**

9. Investments in debt and equity securities –

Investments in debt and equity securities at March 31, 2002 and 2003 consisted of "Marketable securities" and "Investment securities", most of which were classified as other securities as described in note 3(3).

The aggregate cost and market value (carrying value) of other securities at March 31, 2002 and 2003 were as follows:

	Millions of yen			
	March 31, **2003**			
		Gross unrealized		Market value
	Cost	Gain	(Loss)	(carrying value)
Equity securities	¥23,408	¥62,622	¥(2,650)	¥83,380
Debt securities	110	0	(0)	110
Other	470	0	(172)	298
Total	¥23,988	¥62,622	¥(2,822)	¥83,788

	Thousands of U.S. dollars			
	March 31, **2003**			
		Gross unrealized		Market value
	Cost	Gain	(Loss)	(carrying value)
Equity securities	$194,738	$520,981	$(22,045)	$693,674
Debt securities	915	1	(0)	916
Other	3,907	1	(1,433)	2,475
Total	$199,560	$520,983	$(23,478)	$697,065

	Millions of yen			
	March 31, 2002			
		Gross unrealized		Market value
	Cost	Gain	(Loss)	(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

Details of other securities sold during the years ended March 31, 2002 and 2003 were as follows:

	Millions of yen		
	For the year ended March 31, 2003		
	Sale amount	Total gain on sale	Total loss on sale
Equity securities	¥122,599	¥65,164	¥(10,349)
Debt securities	5,611	1,726	(173)
Other	100	–	-
Total	¥128,310	¥66,890	¥(10,522)

	Thousands of U.S. dollars		
	For the year ended March 31, 2003		
	Sale amount	Total gain on sale	Total loss on sale
Equity securities	$1,019,956	$542,129	$(86,093)
Debt securities	46,679	14,360	(1,442)
Other	832	–	–
Total	$1,067,467	$556,489	$(87,535)

	Millions of yen		
	For the year ended March 31, 2002		
	Sale amount	Total gain on sale	Total loss 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)

Unlisted investment securities at March 31, 2002 and 2003 had carrying amounts as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Unlisted held-to-maturity securities-			
Domestic debt securities	¥ 1	¥ 0	$ 0
Foreign debt securities	100	199	1,657
Unlisted other securities and available-for-sale securities-			
Equity securities (excluding over-the-counter stocks)	42,376	19,109	158,980
Domestic debt securities	1,742	251	2,084
Foreign debt securities	2,798	1,725	14,351
MMF	11,520	4,370	36,359
Mid-term government bonds fund	323	321	2,668
Beneficial interest in trusts	1,000	–	–
Commercial paper	–	2,000	16,638
Preferred fund certificates	2,000	2,000	16,639
Others	29	605	5,034
Total	¥61,889	¥30,580	$254,410

The redemption schedule for held-to-maturity securities and other securities with maturity dates subsequent to March 31, 2003 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	More than ten years
Held-to maturity securities-				
Corporate bonds	¥ 199	¥ –	¥ –	¥ –
Other securities-				
Debt securities	2,000	929	192	1,006
Total	¥2,199	¥929	¥192	¥1,006

	Thousands of U.S. dollars			
	Within one year	More than one year, less than five years	More than five years, less than ten years	More than ten years
Held-to maturity securities-				
Corporate bonds	$ 1,657	$ –	$ –	$ –
Other securities-				
Debt securities	16,638	7,727	1,601	8,373
Total	$18,295	$7,727	$1,601	$8,373

10. 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, 2002 and 2003 were accounted for under the equity method and shown in the table below:

	%		Millions of yen		Thousands of U.S. dollars
		Interest	March 31		March 31,
	Voting rights(*A)	percentage(*A)	2002	2003	2003
InsWeb Corporation	–	–(*C)	¥818	¥ –	$ –
Morningstar, Inc.	19.6	19.6	5,575	5,850	48,667
Internet Research Institute, Inc.	18.0	10.4	1,191	720	5,991
UTStarcom, Inc.	21.2	21.2	30,283	20,614	171,498
Law.com, Inc.	–	–(*D)	185	–	–
GSI Commerce, Inc. (former Global Sports, Inc.)	10.9	10.7	3,641	2,913	24,235
Aozora Bank, Ltd.	37.0	37.0	83,724	104,763	871,569
Nihon Ariba K.K.	41.2	41.2	4,073	3,464	28,820
Key3Media Group, Inc.	–	–(*D)	11,988	–	–
National Leisure Group, Inc.	27.4	27.0	3,170	2,772	23,060
cyber communications inc.	46.6	46.6	1,923	1,967	16,367
Yahoo! Korea Corporation	33.0	30.9	2,383	2,741	22,800
Odimo Incorporated	10.3	10.2	1,467	1,023	8,512
E*TRADE eCommerce Fund, L.P.	25.0(*B)	–	1,580	1,770	14,725
SOFTBANK Technology Ventures IV L.P.	13.5(*B)	–	2,078	1,678	13,958
ePartners 2	67.5	67.5	1,414	398	3,311
SOFTBANK US Ventures VI L.P.	97.0(*B)	–	40,722	32,941	274,050
SOFTBANK Technology Ventures V L.P.	30.2(*B)	–	7,999	8,036	66,857
SB Life Science Ventures I, L.P.	33.7(*B)	–	1,128	1,020	8,485
SOFTBANK Ventures Fund 1	60.0(*B)	–	2,317	1,768	14,713
Alibaba.com Corporation	30.9	27.6	918	1,410	11,733
Seed Capital Partners II LLC	72.7(*B)	–	905	1,110	9,232
Other			23,177	11,184	93,044
Total			¥232,659	¥208,142	$1,731,627

Notes: (*A): The voting rights and interest percentages above represent the percentages at March 31, 2003.

(*B): These percentages were calculated based on the size of the SOFTBANK Group's fund commitments, 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, 2003, InsWeb Corporation was reported as part of "Investment securities" due to a decrease in the interest percentage resulting from the sale of shares.

(*D): The Company sold all of its shares in Law.com and Key3Media Group, Inc. during the fiscal year ended March 31, 2003.

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

(1) "Short-term borrowings" and "Commercial paper" at March 31, 2002 and 2003 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Short-term borrowings principally from banks-			
With interest rates ranging from 0.50% to 9.00%	¥106,706	¥ –	$ –
With interest rates ranging from 0.23% to 6.96%	–	147,223	1,224,818
Commercial paper-			
With an interest rate of 1.21% per annum	10,000	–	–
With an interest rate of 1.87% per annum	–	4,000	33,278

(2) "Long-term debt" outstanding at March 31, 2002 and 2003 consisted of borrowings from financial institutions and corporate bonds, as shown below:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Unsecured borrowings from financial institutions-			
With interest rates ranging from 0.50% to 5.63%	¥ 20,607	¥ –	$ –
With interest rates ranging from 1.80% to 4.72%	–	11,485	95,545
Unsecured straight bonds-			
Due 2002 to 2007 with interest rates ranging from 2.1% to 3.9%	206,322	–	–
Due 2003 to 2007 with interest rates ranging from 2.4% to 3.9%	–	160,937	1,338,912
Warrant bonds-			
Due 2003 to 2004 with interest rates ranging from 1.0% to 4.0%	16,500	–	–
Due 2003 to 2008 with interest rates ranging from 1.0% to 4.0%	–	14,642	121,811
Convertible bonds-			
Due 2004 to 2005 with interest rates ranging from 0.65% to 2.4%	125	–	–
Due 2004 to 2005 with interest rates ranging from 1.5% to 5.0% (See note below)	–	2,509	20,873
Exchangeable bonds with an interest rate of 1.5% due 2002	5,385	–	–
	248,939	189,573	1,577,141
Less: portion due within one year	(56,326)	(59,614)	(495,953)
	¥192,613	¥129,959	$1,081,188

Note: The conversion prices of convertible bonds are shown below

(1) ¥50,000 per share for the common stock of ALISS-NET Co., Ltd.

(2) ¥50,000 per share for the common stock of Digital Media Factory, Inc.

(3) HK$0.31 per share for the common stock of SOFTBANK INVESTMENT INTERNATIONAL (STRATEGIC) LIMITED

(3) The aggregate annual maturities of borrowings from financial institutions outstanding at March 31, 2003 were as follows:

For the years ending March 31,	Millions of yen	Thousands of U.S. dollars
2004	¥ 3,335	$27,742
2005	4,557	37,914
2006	3,576	29,748
2007	5	42
2008 and thereafter	12	99
Total	¥11,485	$95,545

(4) The aggregate annual maturities of corporate bonds outstanding at March 31, 2003 were as follows:

For the years ending March 31,	Millions of yen	Thousands of U.S. dollars
2004	¥ 56,279	$ 468,211
2005	36,124	300,535
2006	50,555	420,587
2007	11,100	92,346
2008 and thereafter	24,030	199,917
Total	178,088	$1,481,596

12. Assets pledged as collateral –

Assets pledged as collateral at March 31, 2003 were as follows:

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

Assets pledged as collateral	Millions of yen	Thousands of U.S. dollars
Other current assets (real estate for sale)	¥ 1,705	$ 14,181
Property and equipment	195	1,625
Investment securities	55,711	463,490

		Carrying amount
Secured liabilities	Millions of yen	Thousands of U.S. dollars
Short-term borrowings	¥19,920	$165,724
Accrued expenses (accrued interest)	59	488
Long-term debt	1,350	11,231

Note: SOFTBANK America Inc. ("SBA"), a wholly-owned subsidiary of the Company, pledged and delivered investment securities amounting to ¥55,711 million ($463,490 thousand) into a collateral securities account. SBA is able to release the excess amount over 142.857% of the secured liabilities, consisting of ¥19,833 million ($165,000 thousand) as "Short-term borrowings" and ¥59 million ($488 thousand) as "Accrued expenses (accrued interest)". As of March 31, 2003, the fair market value of the pledged and delivered investment securities was ¥63,175 million ($525,584 thousand), ¥34,759million ($289,173 thousand) of which represents the excess over the 142.857% collateral required and is available for release.

(2) For future lease liabilities

The collateral for future lease liabilities of ¥32,733 million ($272,317 thousand), ¥252 million ($2,096 thousand) of which was for "Notes and accounts payable-trade", was provided by mortgaging the aggregate of the current and future receivables due from the customers of certain consolidated subsidiaries and a broadcasting company based on marketing agreements, etc.

Current receivables at March 31, 2003, held as collateral for the above future lease liabilities, consisted of "Notes and accounts receivable-trade" of ¥9,450 million ($78,619 thousand) and "Other current assets" of ¥82 million ($682 thousand), respectively.

(3) For long-term debt owed by a third party

Assets pledged as collateral	Millions of yen	Thousands of U.S. dollars
Other investments	¥2,229	$18,544

Secured liabilities	Carrying amount	
	Millions of yen	Thousands of U.S. dollars
Long-term debt owned by a third party	¥2,388	$19,867

13. Dilution gain from changes in equity interest –

The "Dilution gain from changes in equity interest, net" arose from changes in the Company's and its consolidated subsidiaries' equity interest as a result of capital transactions by investees, including an initial public offering.

Dilution gains (losses) for the years ended March 31, 2002 and 2003 consisted of the following.

	Millions of yen				Thousands of U.S. dollars	
	For the years ended March 31				For the year ended March 31,	
	2002		2003		2003	
	Gain	(Loss)	Gain	(Loss)	Gain	(Loss)
Yahoo! Inc.	¥ 7,414	¥ (895)	¥ –(*A)	¥ –(*A)	$ –	$ –
UTStarcom, Inc.	7,190	(118)	876	(696)	7,286	(5,789)
E*TRADE Group, Inc.	–	(1,524)	–(*A)	–(*A)	–	–
SOFTBANK INVESTMENT INTERNATIONAL (STRATEGIC) LIMITED	1,386	(275)	13	(122)	112	(1,018)
National Leisure Group, Inc.	983	–	–	–	–	–
GSI Commerce, Inc. (former Global Sports, Inc.)	674	(0)	42	–	352	–
Other	1,706	(949)	1,207	(575)	10,041	(4,786)
	¥19,353	¥(3,761)	¥2,138	¥(1,393)	$17,791	$(11,593)

Note: (*A) As of March 31, 2002, Yahoo! Inc. and E*TRADE Group, Inc. were classified as available-for-sale securities due to the decreases of shareholdings resulting from sales of shares.

14. Receivables and payables related to margin transactions –

Receivables and payables at March 31, 2002 and 2003 related to margin transactions in securities businesses engaged in by certain consolidated subsidiaries were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Receivables related to margin transactions-			
Loans receivable from customers for margin transactions	¥37,882	¥42,458	$353,227
Cash deposits as collateral for securities borrowed from securities finance companies	4,435	6,389	53,158
Total	¥42,317	¥48,847	$406,385
Payables related to margin transactions-			
Loans from securities finance companies for margin transactions	¥24,379	¥27,906	$232,164
Proceeds from securities sold for margin transactions	13,039	16,553	137,708
Total	¥37,418	¥44,459	$369,872

15. Marketable and investment securities related to commodities and securities businesses –

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

"Marketable securities" of ¥301 million at March 31, 2002 and "Investment securities" of ¥19 million and ¥110 million ($916 thousand) at March 31, 2002 and 2003, respectively, were pledged as initial key deposits for commodities and securities businesses.

(2) Assets held by third parties in connection with margin securities transactions:

The fair value of marketable securities held by third parties at March 31, 2002 and 2003 in connection with margin securities transactions was as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Marketable securities lent to customers	¥13,914	¥16,848	$140,166
Marketable securities pledged as collateral for loans from securities finance companies, including owned marketable securities of ¥1,482 million and ¥17 million ($139 thousand) at March 31, 2002 and 2003, respectively, and marketable securities received from customers of ¥15,373 million ($127,893 thousand) at March 31, 2003	25,803	42,298	351,896

(3) Assets received from third parties in connection with margin securities transactions:

The fair value of marketable securities received from third parties at March 31, 2002 and 2003 in connection with margin securities transactions was as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Marketable securities borrowed from securities finance companies	¥4,422	¥6,206	$51,631
Marketable securities received as security from customers, including ¥10,019 million and ¥19,802 million ($164,744 thousand) repledged by SOFTBANK with the customers' consent at March 31, 2002 and 2003, respectively	35,726	37,611	312,902

(4) Marketable securities deposited as collateral:

In accordance with the Commodity Exchange Law and Articles of Exchange, certain consolidated subsidiaries engaged in the commodities business deposited marketable securities of ¥968 million and ¥722 million ($6,004 thousand) with fiduciary exchange members as guarantee money on commodity futures and as trustee business deposits at March 31, 2002 and 2003, respectively.

16. 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, 2002 and 2003 consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Cash and deposits	¥113,580	¥147,503	$1,227,147
Marketable securities	9,545	5,060	42,095
Time deposits with original maturity over three months	(1,065)	(2,866)	(23,844)
Deposits received from customers in the commodities business	(32)	(30)	(248)
Stocks and bonds with original maturity over three months	(2,173)	(2,141)	(17,811)
Cash and cash equivalents	¥119,855	¥147,526	$1,227,339

(3) Significant non-cash transactions:

In the fiscal year ended March 31, 2002, due to the conversion of convertible bonds, "Common Stock" and "Additional paid-in capital" increased 73 million yen, respectively, and "Long-term debt (convertible bonds)" decreased 146 million yen.

17. Pension and severance costs –

As described in note 3(9), on July 1, 2002, the Company and most of its domestic consolidated subsidiaries adopted the defined contribution pension plan.

The impact of the transfer of projected benefit obligation and plan assets under the tax qualified non-contributory defined benefit pension plan to the defined contribution pension plan at March 31, 2003 was as follows.

	Millions of yen	Thousands of U.S. dollars
Decrease in projected benefit obligation (PBO)	¥1,525	$12,689
Decrease in plan assets at fair value	1,141	9,494
Unrecognized actuarial losses	13	108
Reversal of accrued retirement benefits	¥ 371	$ 3,087

Some domestic consolidated subsidiaries still maintain the defined benefit pension plan at March 31, 2003.
The funded status of retirement benefit obligations at March 31, 2002 and 2003 was as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Projected benefit obligations (PBO)	¥1,567	¥131	$1,090
Plan assets at fair value	1,218	81	678
Unfunded PBO	349	50	412
Unrecognized actuarial loss	(17)	–	–
Accrued pension and severance costs	¥ 332	¥ 50	$ 412

Note: They applied the simplified pension accounting method to calculate the service cost.

The composition of net pension and severance costs for the years ended March 31, 2002 and 2003 was as follows.

	Millions of yen		Thousands of U.S. dollars
	For the years ended March 31,		For the year ended March 31,
	2002	2003	2003
Service costs	¥688	¥531	$4,420
Interest costs	32	9	77
Expected return on plan assets	(15)	(5)	(48)
Recognized actuarial loss	144	4	36
Contributions	N/A	160	1,333
Loss on transfer of pension plans	N/A	297	2,472
Net pension and severance costs	¥849	¥996	$8,290

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

Discount rate	2.5%
Expected return on plan assets	2.2%

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

The main components of "Selling, general and administrative expenses" and "Financing business expenses" for the years ended March 31, 2002 and 2003 were as follows.

	Millions of yen		Thousands of U.S. dollars
	For the years ended March 31		For the year ended March 31,
	2002	2003	2003
Sales promotion expenses	¥ —(*A)	¥43,545	$362,267
Payroll and bonuses	28,905	24,230	201,580
Depreciation and amortization	7,993	—(*A)	—(*A)
Allowance for doubtful accounts	1,974	1,654	13,758
Pension and severance costs	393	—(*A)	—(*A)

Note: (*A) These expenses were immaterial and are therefore not disclosed.

19. Valuation loss on investment securities –

"Valuation loss on investment securities, net" for the years ended March 31, 2002 and 2003 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,
	2002	2003	2003
Loss on investment in affiliates	¥ 19,082	¥21,714	$180,647
Loss on investment in subsidiaries	332	10,610	88,271
Loss on investment in other securities	99,046	33,849	281,605
Total valuation loss	¥118,460	¥66,173	$550,523

20. Valuation loss on goodwill and other intangible assets –

"Valuation loss on goodwill and other intangible assets" of ¥19,978 million for the year ended March 31, 2002 represents the Company's portion of the impairment loss which Key3Media Group, Inc. and Yahoo! Inc. recognized in connection with the application of SFAS No. 142, "Goodwill and Other Intangible Assets".

21. Common stock and treasury stock –

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

Upon resolution at the shareholders' meeting held on June 24, 2003, the Company established a maximum limit for acquisition of treasury stock of 20,000,000 issued shares of common stock, for a consideration not exceeding ¥27,000 million ($224,626 thousand) in total. This resolution is effective until the conclusion of the general shareholders' meeting to be held for the year ending March 31, 2004.

At March 31, 2003, the number of treasury stock held by the Company and its consolidated subsidiaries was as follows.

Held by the Company	Common stock	24,781 shares
Held by consolidated subsidiaries	Common stock	1,558,719 shares

22. Retained earnings –

Under the Commercial Code of Japan, any 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 of the balance sheet date, and any approved appropriations are reflected in the accounts in the period in which the resolution is passed.

Until October 2001, under the Commercial Code of Japan, 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 (deficit)" in the consolidated financial statements) until such a reserve equaled 25 percent of the common stock. This reserve was not available for dividends, but could have been used to reduce a deficit or may have been transferred to the stated capital.

In October 2001, the Commercial Code of Japan was amended to allow companies to draw down that portion of the "Statutory reserve" (defined as the aggregate of "Additional paid-in capital" and the "Legal reserve") that exceeds 25 percent 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, 2003 was approved at the general shareholders' meeting on June 24, 2003, as follows.

	Millions of yen	Thousands of U.S. dollars
Cash dividends at ¥7 per share	¥2,358	$19,618

The Company paid in June 2002 a year-end cash dividend of ¥7 per share, or ¥2,358 million in total, to the shareholders on the register as at March 31, 2002 in accordance with a resolution passed at the shareholders' meeting held on June 21, 2002, and recorded it in the March 31, 2003 consolidated financial statements.

23. 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 % for each of the two years ended March 31, 2002 and 2003.

The differences between the statutory income tax rate and the income tax rate reflected in the consolidated statements of income can be reconciled as follows:

	2002	2003
Statutory income tax rate	42.05%	42.05 %
Reconciliation-		
Differences related to investments in affiliates	30.32	10.01
Changes in valuation allowance	(32.44)	(86.90)
Tax rate differential	(15.09)	(6.95)
Change in statutory tax rate	–	(1.43)
Other	(1.63)	(0.26)
Income tax rate per statements of income	23.21%	(43.48)%

The statutory income tax rate used in calculation of deferred tax assets and liabilities has been changed due to a change in Japanese tax laws. At March 31,2002, 42.05% was used in the calculation. At March 31, 2003, deferred tax assets and liabilities expected to be realized in the following year were calculated using a 42.05% tax rate, while those expected to be realized after April 1, 2004 were calculated using a 40.69% tax rate.

The effect of this change for the year ended March 31, 2003 was a decrease in net deferred tax assets of ¥1,013 million ($8,428 thousand) and an increase of income tax expense of ¥1,022 million ($8,503 thousand)

The significant components of deferred tax assets and liabilities at March 31, 2002 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Deferred tax assets-			
Loss carry-forwards	¥ 60,248	¥116,452	$ 968,819
Valuation loss on investment securities	79,152	66,016	549,214
Enterprise tax payable	841	1,029	8,561
Allowance for doubtful accounts	1,772	4,480	37,272
Unrealized profit	3,507	3,657	30,423
Depreciation and amortization	215	1,519	12,639
Others	5,493	3,573	29,728
Gross deferred tax assets	151,228	196,726	1,636,656
Less: valuation allowance	(79,394)	(141,061)	(1,173,557)
Total deferred tax assets	71,834	55,665	463,099
Deferred tax liabilities-			
Unrealized gain on other securities	(66,785)	(30,870)	(256,822)
Valuation gain on investment securities	(16,815)	(22,898)	(190,497)
Exchange gain on long-term receivables	(3,185)	(743)	(6,178)
Others	(4,796)	(681)	(5,665)
Total deferred tax liabilities	(91,581)	(55,192)	(459,162)
Net amount of deferred tax (liabilities) assets	¥ (19,747)	¥ 473	$ 3,937

The valuation allowance was provided mainly against the deferred tax assets relating to future tax-deductible temporary differences and the 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, 2003 was an increase of ¥61,667 million ($513,043 thousand).

24. Leases –

As described in note 3(11), SOFTBANK, as a lessee, charges periodic capital lease payments to expenses when paid. Such payments for the years ended March 31, 2002 and 2003 amounted to ¥6,370 million and ¥12,021 million ($100,010 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, 2002 and 2003 would have been as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
Capital lease assets	2002	2003	2003
Equivalent to acquisition cost-			
Transmission equipment (see note below)	¥ –	¥33,210	$276,291
Less: accumulated depreciation	–	(7,484)	(62,260)
	–	25,726	214,031
Property and equipment	42,316	19,101	158,911
Less: accumulated depreciation	(8,873)	(9,844)	(81,903)
	33,443	9,257	77,008
Software	1,358	1,106	9,200
Less: accumulated amortization	(353)	(262)	(2,176)
	1,005	844	7,024
Net book value	¥34,448	¥35,827	$298,063

Note: In the fiscal year ended March 31, 2002, lease assets for transmission equipment were included into lease assets for property and equipment because the amount was immaterial in comparison with to total lease assets for property and equipment.

The depreciation and amortization expense for these leased assets for the years ended March 31, 2002 and 2003 would have been ¥5,366 million and ¥10,062 million ($83,713 thousand), respectively, if it had been computed using the straight-line method over the period of the capital leases, assuming no residual value except in cases where the residual value is guaranteed in the lease contract.

The interest expense on lease payments under these capital leases for the years ended March 31, 2002 and 2003 would have been ¥1,264 million and ¥2,142 million ($17,823 thousand), respectively.

The future lease payments for capital leases at March 31, 2002 and 2003 are as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Due within one year	¥ 8,781	¥12,434	$103,447
Due after one year	27,566	25,709	213,884
Total	¥36,347	¥38,143	$317,331

The future lease payments for non-cancelable operating leases at March 31, 2002 and 2003 are as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Due within one year	¥ 253	¥211	$1,754
Due after one year	1,724	241	2,003
Total	¥1,977	¥452	$3,757

SOFTBANK, as a lessor, recognizes periodic capital lease payments received from lessees as financing business revenues. Lease income recognized during the years ended March 31, 2002 and 2003 was ¥307 million and ¥333 million ($2,772 thousand), respectively.

Assets leased under capital lease contracts at March 31, 2002 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
Assets leased to third parties	2002	2003	2003
Acquisition cost-			
Property and equipment	¥1,005	¥614	$5,107
Less: accumulated depreciation	(232)	(263)	(2,188)
	773	351	2,919
Software	511	296	2,459
Less: accumulated amortization	(134)	(142)	(1,177)
	377	154	1,282
Net book value	¥1,150	¥505	$4,201

The depreciation expense for assets leased to third parties for the years ended March 31, 2002 and 2003 was ¥262 million and ¥286 million ($2,379 thousand), respectively. Interest income included in “Revenue from financing business” under these capital leases for the years ended March 31, 2002 and 2003 amounted to ¥72 million and ¥63 million ($527 thousand), respectively.

The future lease receivables for capital leases at March 31, 2002 and 2003 are as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2002	2003	2003
Due within one year	¥ 287	¥189	$1,571
Due after one year	902	348	2,896
Total	¥1,189	¥537	$4,467

25. Accounts receivable sold –

The commerce division of SOFTBANK BB Corp. (former SOFTBANK COMMERCE CORP (see note 6(1)), a wholly-owned subsidiary of the Company, entered into factoring agreements with financial institutions, containing a repurchase clause. Accordingly, "Notes and accounts receivable-trade" amounting to ¥11,826 million and ¥7,467 million ($62,118 thousand) at March 31, 2002 and 2003, respectively, have been excluded from the consolidated balance sheets.

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

26. Contingent liabilities –

There were no material contingent liabilities at March 31, 2003.

27. Subsequent events –

(1) Partial sale of shareholdings in UTStarcom, Inc.

In April 2003, the Company sold 8,000,000 shares of UTStarcom, Inc. through SOFTBANK America Inc., a wholly-owned subsidiary of the Company, for approximately $139 million (approximately ¥16.6 billion at the rate of ¥119 per U.S. dollar). A capital gain of approximately ¥9.0 billion on this sale will be recorded in the Company's consolidated financial statements for the year ending March 31, 2004.

(2) Refinancing and change of collateral

In April 2003, SOFTBANK America Inc. ("SBA") repaid short-term borrowings of $165 million (¥19,833 million), which were originally borrowed in February 2003, and entered into a new agreement with Citibank N.A. for long-term borrowings of $380 million, which bears interest at 7.75% per annum and are repayable in September 2004.

In connection with this refinancing, the collateral for the original loan of $165 million was released, and SBA pledged and delivered investment securities amounting to ¥87,784 million ($920 million at market value) into a collateral securities account. However, SBA can release approximately $370 million at market value, representing the excess over 142.857% of the secured liability. The market value was calculated based on the share price as of the settlement date.

(3) Merger of SOFTBANK INVESTMENT CORP. and – E*TRADE Japan K.K.

On March 7, 2003, SOFTBANK INVESTMENT CORPORATION ("SBIV") and E*TRADE Japan K.K. ("ETRJ"), both are public and consolidated subsidiaries of the Company, entered into a merger agreement, which was approved at the extra-ordinary shareholders' meetings of both companies held on March 28, 2003. The merger became effective from June 2, 2003.

As part of the merger, SBIV, the surviving company, issued 0.63 shares of its common stock for one share of the common stock of ETRJ to the shareholders of ETRJ on the register as of June 1, 2003, the day immediately preceding the merger date of June 2, 2003. ETRJ was dissolved on June 2, 2003.

An aim of the merger was to establish an entity group capable of offering "Comprehensive Financial Services" to customers, such as asset management services, brokerage services, investment banking services, etc. This aim was achieved by the merger since SBIV manages a significant amount of venture capital funds in Japan, and ETRJ owns E*TRADE SECURITIES CO., LTD., an online securities broker with a large number of customer accounts.

28. Segment information –

(1) Business segment information –

The Company, as a pure holding company, has categorized its business into eight segments primarily based on the nature of business operations, type of services, and similarity of sales channels, etc., which the SOFTBANK Group is using for internal management purposes from the current fiscal year.

The operations of the SOFTBANK group include the following business segments:

- Broadband Infrastructure: ADSL high-speed Internet connection service and IP telephony service; fiber-optic ultra-high-speed Internet connection service and other operations;
- e-Commerce: sales of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce business, including e-commerce between business and consumer;
- e-Finance: all-inclusive Web-based financial operations, including Internet securities operations; management of domestic venture capital funds; incubation of portfolio corporations;
- Media & Marketing: book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; exhibition management; Web content development;
- Broadmedia: provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations;
- Internet Culture: Internet-based advertising operations; broadband portal business; Internet-based auction business;
- Technology Services: systems solutions business; business solutions business;
- Overseas Funds: U.S.- and Asia-focused global private equity operations in Internet-related companies;
- Others: holding company functions for overseas operations; back-office services in Japan.

The table below summarizes the business segment information of SOFTBANK for the years ended March 31, 2002 and 2003:

	Millions of yen											
	For the year ended March 31, **2003**											
	Business											
	Broadband Infrastructure	e–Commerce	e–Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net sales-												
Customers	¥ 39,945	¥250,782	¥ 23,616	¥15,917	¥10,442	¥ 37,741	¥10,913	¥ 3,277	¥ 14,259	¥406,892	¥ –	¥406,892
Inter-segment	63	15,304	4,551	997	1,503	460	14,816	–	1,603	39,297	(39,297)	–
Total	40,008	266,086	28,167	16,914	11,945	38,201	25,729	3,277	15,862	446,189	(39,297)	406,892
Operating expenses	136,213	263,620	33,990	17,436	13,561	21,319	24,616	1,286	22,246	534,287	(35,398)	498,889
Operating income (loss)	¥ (96,205)	¥ 2,466	¥ (5,823)	¥ (522)	¥ (1,616)	¥ 16,882	¥ 1,113	¥ 1,991	¥ (6,384)	¥ (88,098)	¥ (3,899)	¥ (91,997)
Identifiable assets	¥136,625	¥ 82,518	¥221,647	¥14,515	¥12,442	¥124,574	¥14,758	¥105,752	¥140,713	¥853,544	¥ 92,787	¥946,331
Depreciation and amortization	12,033	1,157	5,753	324	364	2,249	174	444	1,434	23,932	229	24,161
Capital expenditures	¥ 76,928	¥ 4,187	¥ 4,427	¥ 192	¥ 4,443	¥ 4,690	¥ 365	¥ 21	¥ 317	¥ 95,570	¥ (99)	¥ 95,471

	Thousands of U.S. dollars											
	For the year ended March 31, **2003**											
	Business											
	Broadband Infrastructure	e–Commerce	e–Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net sales-												
Customers	$ 332,322	$2,086,377	$ 196,467	$132,417	$ 86,873	$ 313,986	$ 90,790	$ 27,269	$ 118,624	$3,385,125	$ –	$3,385,125
Inter-segment	523	127,322	37,863	8,290	12,501	3,827	123,261	–	13,342	326,929	(326,929)	–
Total	332,845	2,213,699	234,330	140,707	99,374	317,813	214,051	27,269	131,966	3,712,054	(326,929)	3,385,125
Operating expenses	1,133,218	2,193,180	282,783	145,061	112,814	177,365	204,787	10,699	185,076	4,444,983	(294,488)	4,150,495
Operating income (loss)	$ (800,373)	$ 20,519	$ (48,453)	$ (4,354)	$ (13,440)	$ 140,448	$ 9,264	$ 16,570	$ (53,110)	$ (732,929)	$ (32,441)	$ (765,370)
Identifiable assets	$1,136,650	$ 686,512	$1,843,981	$120,754	$103,512	$1,036,387	$122,778	$879,803	$1,170,655	$7,101,032	$ 771,938	$7,872,970
Depreciation and amortization	100,109	9,626	47,857	2,698	3,028	18,712	1,445	3,697	11,931	199,103	1,905	201,008
Capital expenditures	$ 640,002	$ 34,839	$ 36,835	$ 1,593	$ 36,960	$ 39,017	$ 3,039	$ 173	$ 2,638	$ 795,096	$ (829)	$ 794,267

	Millions of yen											
	For the 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

The amount of unallocated operating expenses for the year ended March 31, 2002 and 2003 in the column "Elimination or corporate", which mainly represents expenses of the corporate division of the Company, was ¥4,602 million and ¥4,041 million ($33,621 thousand), respectively.

The amount of corporate assets at March 31, 2002 and 2003 in the column "Elimination or corporate" were ¥75,936 million and ¥111,078 million ($924,111 thousand), respectively. Corporate assets were 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 expenditures" included acquisition of long-term prepaid expenses and deferred charges. "Depreciation and amortization" included the amortization of long-term prepaid expenses and deferred charges.

Effective from the fiscal year beginning April 1,2002, the SOFTBANK Group changed its segmentation method from the previous method based on the roles and responsibilities of each operation holding company to the new method, being used for an internal management reporting purpose, based on the nature of business operations, type of services, and similarity of sales channels, etc.

The reason hereof is that the SOFTBANK Group intends to focus on the broadband infrastructure business as its core business by integrating all broadband infrastructure-related business into one segment, rather than having such business spread across various segments as before, and then it describes the Group's activities more accurately.

The following shows the impact on the business segment information for the year ended March 31, 2003 as compared with the amounts which would have been recognized if the previous allocation had been applied consistently.

1. Broadband Infrastructure Segment

"Net sales" increased by ¥3,056 million ($25,428 thousand) and "Operating expenses" increased by ¥301 million ($2,506 thousand). As a result, "Operating loss" decreased by ¥2,755 million ($22,922 thousand).

"Identifiable assets" decreased by ¥2,342 million ($19,482 thousand) and "Depreciation and amortization" decreased by ¥10 million ($80 thousand).

2. e-Commerce Segment

"Net sales" decreased by ¥3,744 million ($31,144 thousand) and "Operating expenses" decreased by ¥9,019 million ($75,032 thousand). As a result, "Operating income" increased by ¥5,275 million ($43,888 thousand).

3. Internet Culture Segment

"Net sales" decreased by ¥22,245 million ($185,068 thousand) and "Operating expenses" decreased by ¥15,393 million ($128,067 thousand). As a result, "Operating income" decreased by ¥6,852 million ($57,001 thousand).

"Identifiable assets" decreased by ¥3,766 million ($31,329 thousand) and "Depreciation and amortization" decreased by ¥325 million ($2,706 thousand).

4. Elimination or corporate

"Net sales" increased by ¥22,932 million ($190,784 thousand) and "Operating expenses" increased by ¥24,111 million ($200,593 thousand). As a result, "Operating loss" increased by ¥1,179 million ($9,809 thousand).

"Identifiable assets" increased by ¥6,107 million ($50,811 thousand) and "Depreciation and amortization" increased by ¥335 million ($2,786 thousand).

(2) Geographic segment information –

The table below summarizes the geographic segment information of SOFTBANK for the years ended March 31, 2002 and 2003:

Millions of yen

For the year ended March 31, **2003**

	Geographic region							
	Japan	North America	Europe	Korea	Others	Total	Elimination or corporate	Consolidated
Net sales-								
Customers	¥386,477	¥ 2,992	¥ –	¥13,974	¥ 3,449	¥406,892	¥ –	¥406,892
Inter-segment	556	872	161	–	26	1,615	(1,615)	–
Total	387,033	3,864	161	13,974	3,475	408,507	(1,615)	406,892
Operating expenses	469,289	4,482	734	16,791	5,283	496,579	2,310	498,889
Operating loss	(82,256)	(618)	(573)	(2,817)	(1,808)	(88,072)	(3,925)	(91,997)
Identifiable assets	¥617,743	¥131,911	¥46,994	¥20,816	¥18,649	¥836,113	¥110,218	¥946,331

Thousands of U.S. dollars

For the year ended March 31, **2003**

	Geographic region							
	Japan	North America	Europe	Korea	Others	Total	Elimination or corporate	Consolidated
Net sales-								
Customers	$3,215,287	$ 24,893	$ –	$116,253	$ 28,692	$3,385,125	$ –	$3,385,125
Inter-segment	4,622	7,256	1,339	–	221	13,438	(13,438)	–
Total	3,219,909	32,149	1,339	116,253	28,913	3,398,563	(13,438)	3,385,125
Operating expenses	3,904,231	37,290	6,108	139,692	43,952	4,131,273	19,222	4,150,495
Operating loss	(684,322)	(5,141)	(4,769)	(23,439)	(15,039)	(732,710)	(32,660)	(765,370)
Identifiable assets	$5,139,288	$1,097,432	$390,967	$173,178	$155,147	$6,956,012	$916,958	$7,872,970

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

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

The 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 for the year ended March 31, 2002 and 2003 in the column "Elimination or corporate", which mainly represents the expenses of the corporate division of the Company, was ¥4,602 million and ¥4,041 million ($33,621 thousand), respectively.

The amount of corporate assets at March 31, 2002 and 2003 in the column "Elimination or corporate" was ¥75,936 million and ¥111,078 million ($924,111 thousand), respectively. Corporate assets were 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.

(3) Sales to overseas customers –

Sales to overseas customers for the year ended March 31, 2003 were omitted because total overseas sales were less than 10% of total consolidated sales.

Sales to overseas customers and the percentage of overseas sales against total consolidated sales for the year ended March 31, 2002 were as follows:

	Millions of yen				
	For the year ended March 31, 2002				
	North America	Europe	Korea	Other	Total
Overseas sales	¥ 29,324	¥1,944	¥19,532	¥3,598	¥ 54,398
Total consolidated sales					¥405,315
Percentage	7%	0%	5%	1%	13%

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

The 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

29. Derivative transactions –

The Company and its consolidated subsidiaries entered into forward foreign exchange contracts and currency and interest rate swap transactions to hedge against adverse fluctuations in foreign currency exchange rates and interest rates.

Derivative transactions were used for hedging purposes, but not for speculative trading purposes.

The Company and its subsidiaries are also exposed to credit-related losses in the event of non-performance by counter parties to derivative financial instruments. However, it is not expected that any counter parties will fail to meet their obligations since they are all creditworthy financial institutions.

The Company and its consolidated subsidiaries did not apply hedge accounting.

The fair value of the derivatives outstanding at March 31, 2002 and 2003 was as follows:

Currency Related

	Millions of yen		
	March 31, **2003**		
Nature of transaction	Contract amounts	Fair value	Unrealized gain
Swap transactions to-			
Receive Australian dollars and pay Japanese yen	**¥ 1,000**	**¥ 15**	**¥ 15**
Forward exchange contracts to-			
Purchase U.S. dollars and sell Japanese yen	**49,125**	**50,106**	**981**
Total			**¥996**

	Thousands of U.S. dollars		
	March 31, 2003		
Nature of transaction	Contract amounts	Fair value	Unrealized gain
Swap transactions to-			
Receive Australian dollars and pay Japanese yen	$ 8,319	$ 129	$ 129
Forward exchange contracts to-			
Purchase U.S. dollars and sell Japanese yen	408,691	416,852	8,161
Total			$8,290

	Millions of yen		
	March 31, 2002		
Nature of transaction	Contract amounts	Fair value	Unrealized gain
Swap transactions to-			
Receive Australian dollars and pay Japanese yen	¥1,000	¥11	¥11
Total			¥11

Notes: [1]. Fair value is based on information provided by financial institutions.

[2]. The Company and some consolidated subsidiaries entered into forward exchange contracts in order to manage the risk of foreign exchange rate fluctuations relating to the value of assets and liabilities denominated in foreign currency.

Interest Related

	Millions of yen		
	March 31, 2003		
Nature of transaction	Notional amounts	Fair value	Unrealized gain (loss)
Swap transactions to-			
Receive fixed rate and pay floating rate	¥1,529	¥ 121	¥ 121
Receive floating rate and pay fixed rate	2,814	(199)	(199)
Receive fixed rate (receipt later) and pay fixed rate (prepayment)	1,000	37	37
Total			¥ (41)

	Thousands of U.S. dollars		
	March 31, 2003		
Nature of transaction	Notional amounts	Fair value	Unrealized gain (loss)
Swap transactions to-			
Receive fixed rate and pay floating rate	$12,717	$ 1,011	$ 1,011
Receive floating rate and pay fixed rate	23,414	(1,655)	(1,655)
Receive fixed rate (receipt later) and pay fixed rate (prepayment)	8,319	305	305
Total			$ (339)

	Millions of yen		
	March 31, 2002		
Nature of transaction	Notional amounts	Fair value	Unrealized gain (loss)
Swap transactions to-			
Receive fixed rate and pay floating rate	¥5,771	¥ 249	¥ 249
Receive floating rate and pay fixed rate	7,486	(367)	(367)
Receive fixed rate (receipt later) and pay fixed rate (prepayment)	1,000	37	37
Total			¥ (81)

Note: Fair value is based on information provided by financial institutions.

30. Per share data –

As described in note 3(12), the Company and its consolidated subsidiaries have adopted the new accounting standard from the fiscal year beginning April 1, 2002.

Per share information computed in accordance with the new standard is retroactively disclosed as follows.

	For the years ended March 31		For the year ended March 31,
	2002	2003	2003
Net loss per share - primary (yen / U.S. dollars)	¥ (264.04)	¥(296.94)	$(2.47)
Net loss per share - diluted (see note below)	–	–	–
Shareholders' equity per share (yen / U.S. dollars)	1,380.80	767.56	$ 6.39

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

	Millions of yen		Thousands of U.S. dollars
	For the years ended March 31		For the year ended March 31,
Basic data for the computation of per share data	2002	2003	2003
Net loss	¥ (88,755)	¥ (99,989)	$ (831,858)
Bonuses to directors (see note 3(12))	(172)	(39)	(321)
Net loss after bonuses to directors	(88,927)	(100,028)	(832,179)
Weighted-average number of common stock issued and outstanding during each fiscal year (unit: shares)	336,798,168	336,857,133	336,857,133

ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS

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

To the Board of Directors of
SOFTBANK CORP.

We have audited the accompanying consolidated balance sheets of SOFTBANK CORP. and its subsidiaries as of March 31, 2002 and 2003, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SOFTBANK CORP. and its subsidiaries as of March 31, 2002 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see note 2).

As described in note 28(1), certain business segments were re-categorized during the year ended March 31, 2003. Previously the business segments had been categorized on the basis of the roles and responsibilities of each operation holding company. Effective from the year ended March 31, 2003, the business segments have been categorized based on the nature of business operations, type of services, and the similarity of sales channels, etc. in order to more accurately describe the Group's activities by integrating all broadband infrastructure-related business into one segment, rather than having such business, as before, spread across various segments.

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 24, 2003

SOFTBANK Corporate Directory

Domestic

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

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

SOFTBANK FINANCE CORPORATION
http://www.sbfinance.co.jp/
Izumi Garden Tower, 20th Floor, 1-6-1, Roppongi, Minato-ku,
Tokyo 106-6020, 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 150-0001, Japan

Yahoo Japan Corporation
http://www.yahoo.co.jp/
Roppongi Hills Mori Tower, 6-10-1, Roppongi, Minato-ku,
Tokyo 106-6182, Japan

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

Overseas

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Wilmington, DE 19801, U.S.A.

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

SOFTBANK Korea Co., Ltd.
http://www.softbank.co.kr/
Bigway Tower, 11th Floor,
677-25 Yoksam-dong, Kangnam-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.

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, 2003)
Common Stock Issued	336,876,826 shares (As of March 31, 2003)
Number of Shareholders	266,762 (As of March 31, 2003)
Stock Exchange Registration	Tokyo Stock Exchange, First Section
Annual Meeting	June
Independent Auditors	ChuoAoyama Audit Corporation (A member firm of PricewaterhouseCoopers) Kasumigaseki Bldg., 32nd Floor, 3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo 100-6088, Japan
Transfer Agent	UFJ Trust Bank Limited

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