SOFTBANK CORP.
CONSOLIDATED FINANCIAL RESULTS
For the three-month period ended June 30, 2005

Tokyo, August 10, 2005

FINANCIAL HIGHLIGHTS

1. Results of Operations

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

	Net Sales		Operating loss		Ordinary loss		Net loss	
	Amount	%	Amount	%	Amount	%	Amount	%
Three-month period ended June 30, 2005	**¥258,637**	**75.6**	**¥(3,190)**	**-**	**¥(13,017)**	**-**	**¥(11,153)**	**-**
Three-month period ended June 30, 2004	¥147,311	41.8	¥(3,819)	-	¥(11,669)	-	¥(17,876)	-
FY2005 April 2004 through March 2005	¥837,018		¥(25,359)		¥(45,248)		¥(59,871)	

	Net loss per share-basic (yen)	Net loss per share-diluted (yen)
Three-month period ended June 30, 2005	**¥(31.73)**	-
Three-month period ended June 30, 2004	¥(50.87)	-
FY2005 April 2004 through March 2005	¥(171.03)	-

Note: Percentage changes for net sales, operating loss, ordinary loss and net loss are compared with the corresponding three-month period of the previous fiscal year.

2. Financial Condition

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

	Total assets	Shareholders' equity	Equity ratio (%)	Shareholders' equity per share (yen)
June 30, 2005	**¥1,620,882**	**¥167,345**	**10.3**	**¥476.15**
June 30, 2004	¥1,667,303	¥230,645	13.8	¥656.36
FY2005 March 31, 2005	¥1,704,853	¥178,016	10.4	¥505.86

3. Cash Flows

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

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
Three-month period ended June 30, 2005	**¥(18,213)**	**¥(28,703)**	**¥12,925**	**¥287,211**
Three-month period ended June 30, 2004	¥(11,937)	¥(23,301)	¥98,752	¥504,395
FY2004 April 2004 through March 2005	¥(45,989)	¥(242,944)	¥277,770	¥320,194

4. Scope of Consolidation at June 30, 2005

Consolidated subsidiaries:	149
Equity-method non-consolidated subsidiaries:	8
Equity-method affiliates:	95

5. Changes in Scope of Consolidation

Consolidated subsidiaries:

Newly added:	3
Excluded:	7

Equity-method non-consolidated subsidiaries and affiliates:

Newly added:	2
Excluded:	7

Management Policies

1. Fundamental Management Policies

The core management philosophy of the SOFTBANK CORP (hereafter "the Company") and the SOFTBANK Group (hereafter "the Group") is "Endeavoring to benefit society and the economy by fostering the sharing of wisdom and knowledge gained through the IT revolution." By conducting business activities in a creative manner, the Group focuses its energy on both contributing to the development of society and increasing its corporate value.

The household penetration rate of broadband connections in Japan is already more than 39%. The rising use of broadband connections along with rapid advances in data communications technology is steadily bringing the world closer to the advent of the ubiquitous information age. As a 21st century lifestyle company that uses broadband technologies to make people's lifestyles richer and more fun, the Group aims to be the number one broadband corporate group in Japan, providing comprehensive telecommunications infrastructure as well as the portals and content that are deployed over such infrastructure. The Group is creating more affluent and enjoyable 21st century lifestyles whereby people can easily communicate anytime, anywhere, and with anyone.

The Group acquired JAPAN TELECOM CO., LTD. in July 2004, and Cable & Wireless IDC Inc. in February 2005, thereby establishing a strong base for operations as a comprehensive telecommunications company. JAPAN TELECOM CO., LTD. merged with JAPAN TELECOM IDC INC., which had inherited the telecommunications operations of Cable & Wireless IDC Inc., to strengthen the foundations of its international telecommunications business, optimize management resources and fasten decision making process by management. Moreover, SOFTBANK BB Corp. and JAPAN TELECOM CO., LTD. are pursuing synergies among their technical, corporate sales and marketing, and consumer sales and marketing departments.

At the end of June 2005, the cumulative number of lines installed in the Group's *Yahoo! BB ADSL* service stood at 4.88 million and the steadily rising cumulative number of lines in the *BB Phone* IP telephony service reached 4.63 million. The profitability of the ADSL business is dramatically improving due to growth in the number of subscribers and in average revenue per user (ARPU) as well as to efforts to cut customer acquisition costs and other costs.

In the FTTH (fiber-to-the-home) business, the Group worked to further expand and strengthen its lineup of offerings, which include the *BBTV* broadband TV broadcasting service; *Wireless TV box*, which enables people to watch terrestrial TV broadcasts on a computer; and *BB Phone hikari*, a fiberoptic IP telephony service. Having launched *Yahoo! BB hikari TV packages* in July 2005, the Group is now undertaking the full-scale development of FTTH operations.

In December 2004, the Group launched a new fixed-line telephone service called *Otoku Line*, and the cumulative number of lines installed for this service had reached 540 thousand at the end of June 2005. JAPAN TELECOM CO., LTD. has established direct marketing channels for *Otoku Line* and is promoting growth in sales of *Otoku Line* to enterprise customers by expanding the service menu.

Entering the mobile business, the Group plans to apply for a license to operate on the 1.7GHz frequency band. The Group obtained an experimental license to operate a W-CDMA system from the Ministry of Internal Affairs and Communications in April 2005 and has subsequently begun test operations using that technology.

The Group is aiming to be a comprehensive telecommunications service provider offering mobile phone, fixed-line telephone, ADSL, FTTH, and diverse other services. The Group intends to be the only corporate group that provides a seamless broadband environment while also supplying broadband infrastructure as well as portals and content, thereby contributing to the realization of the ubiquitous information society.

2. Medium- and Long-Term Strategies

(1) Becoming a Comprehensive Telecommunications Group

The Group is sustaining its efforts to further expand its customer base for broadband infrastructure and fixed-line telecommunications businesses with the goals of obtaining sustainable profits and maximizing cash flow. The Group is working to strengthen its comprehensive telecommunications operations so that it will be able to seamlessly provide diverse telecommunications services that meet a wide range of market needs.

(2) Establishing a Unique Business Model

The Group has established a foundation as a comprehensive telecommunications group, and it is also a corporate group based on the Internet related business. The Group includes many companies that are using the *Yahoo! BB* broadband infrastructure to provide a diverse range of services and content in such areas as music, broadcasting, games, sports, and e-commerce. The Group will establish a unique business model for the broadband era that will generate long-term, stable profits from its infrastructure business, increasing returns from its portal business, and diverse sources of income from its services and content, thereby maximizing Group profits.

3. Important Management Issues

(1) Achieving Consolidated Operating Profit for the Fiscal Year as a Whole

The Company is seeking to achieve consolidated operating profit for the fiscal year as a whole. In the *Otoku Line* business which is still in the stage of initial investments, the Company is focusing on generating profit on a monthly basis ahead of schedule by continuing to bolster the marketing of highly profitable services to corporate customers while shortening the waiting time from the receipt of orders to the start of service. Aiming to enhance the profitability of ADSL business, the Company is sustaining efforts to expand the customer base and boost ARPU through the provision of *BBTV* and other new services. Moreover, the Company is striving to rigorously undertake profit management and profit generation activities throughout its operations to generate consolidated operating profit for the fiscal year as a whole.

(2) Preventing the Recurrence of Inappropriate Marketing Activities for *Otoku Line*

JAPAN TELECOM CO., LTD. received a reprimand from the Ministry of Internal Affairs and Communications in June 2005 due to behavior of certain secondary marketing agencies selling the *Otoku Line* service. These agencies were found to have completed application forms on behalf of certain customers without authorization from those customers. To prevent the recurrence of this problem, JAPAN TELECOM CO., LTD. is carefully investigating the circumstances of all existing back orders for *Otoku Line* while fundamentally reevaluating its marketing systems. In addition, JAPAN TELECOM CO., LTD. is taking steps to ensure that all agencies engaged in direct marketing activities establish departments separate from their marketing departments with the responsibility of confirming customer agreements. Through these initiatives, the Company is doing its utmost to restore public trust.

(3) Strengthening the Internal Management Systems

To respond to needs associated with growth in the scale of its operations, in the number of employees and in the size of the organizational structure, the Company is reassessing its organizational systems while also taking steps to enhance its internal management systems employing internal auditing functions. The reassessment of organizational systems is designed to establish appropriate management systems.

(4) Enhancement of Information Security Management Systems

As a part of its corporate social responsibility (CSR) programs, the Group is continuing to build and maintain top-level Groupwide information security management systems while maintaining existing Privacy Mark and Information Security Management System (ISMS) certifications and obtaining such certifications for additional Group units. In addition, the Group has launched a project aimed at developing a common platform for information security and is working to achieve a unified across-the-board rise in the level of information security through the implementation of measures such as those involving the construction of portal sites, the establishment of guidelines, the distribution of handbooks, and the creation of e-learning programs.

Results of Operations and Financial Position

1. Consolidated Results of Operations

<Overview of Results for the three-month period ended June 30, 2005>

Net sales increased ¥111,326 million, or 76% compared with the same period of the previous fiscal year, to ¥258,637 million. Sales in the Fixed-line Telecommunications segment newly created in the latter half of the previous fiscal year due to the acquisition of JAPAN TELECOM CO., LTD. amounted to ¥88,604 million. A continued rise in the number of paying customers and in ARPU supported a ¥15,030 million increase, to ¥61,205 million in sales in the Broadband Infrastructure segment, as well as a ¥13,565 million increase, to ¥34,635 million in sales in the Internet Culture segment. As SOFTBANK INVESTMENT CORPORATION*1 changed to an equity-method affiliate from a consolidated subsidiary at March 31, 2005, no sales were recorded in the e-Finance segment, compared with ¥15,906 million in sales recorded in that segment during the same period of the previous fiscal year.

Operating loss decreased ¥629 million to ¥3,190 million. In the Broadband Infrastructure segment, the steady increase in sales and efforts to lower costs, including new customer acquisition related costs, reduced the operating loss by ¥13,843 million, to ¥4,494 million. In the Internet Culture segment, the continued robustness of advertising-related businesses contributed to boosting operating income by ¥5,365 million, to ¥16,469 million. In contrast, in the Fixed-line Telecommunications segment, the cost of initial investments related to the *Otoku Line* services of JAPAN TELECOM CO., LTD. led to the recording of a ¥14,089 million operating loss. In the e-Finance segment, ¥3,970 million in operating income was recorded during the same period of the previous fiscal year.

Ordinary loss increased ¥1,348 million, to ¥13,017 million. The shift of SOFTBANK INVESTMENT CORPORATION to the equity method affiliate and other factors caused net equity in earnings under the equity method to rise ¥3,906 million, to ¥1,610 million. However, an increase in interest-bearing debt caused interest expense to increase ¥1,806 million, to ¥6,806 million, and the effect of the depreciation of the yen against the dollar on the value of foreign currency denominated debt and other factors resulted in the foreign exchange loss increasing ¥1,178 million, to ¥2,874 million.

Net loss shrank ¥6,722 million, to ¥11,153 million. The Company recorded a gain on sales of investment securities of ¥21,827 million as special income in relation primarily to the sale of investments in IT Fund*2 and Morningstar, Inc., while a refinance arrangement fee of ¥3,153 million was recorded as a special loss. Mainly due to the performance of Yahoo Japan Corporation, income taxes of ¥5,450 million (after refunds and adjustments) were recorded. In addition, minority interest of ¥6,463 million was recorded.

<Results for the Three-Month Period Ended June 30, 2005 by Business Segment>

Broadband Infrastructure—Segment sales increased ¥15,030 million, or 33%, to ¥61,205 million. The number of paying customers in the *Yahoo! BB ADSL* service continued to grow steadily, as did the related ARPU figure, supporting strong sales by SOFTBANK BB Corp. The operating loss decreased ¥13,843 million, to ¥4,494 million. The large improvement in operating profitability reflected the rise in sales from ADSL operations as well as efforts made to reduce customer acquisition costs and other costs.

Fixed-line Telecommunications—Segment sales totaled ¥88,604 million and the operating loss was ¥14,089 million due to the burden of initial investments associated with the start of *Otoku Line* services. Regarding that company's traditional operations, sales declined in operations related to voice transmission services, data transmission and dedicated line services. Since the three-month period ended June 30, 2005, this segment reflected the results of JAPAN TELECOM IDC INC. and SOFTBANK IDC Corp.

e-Commerce—Segment sales increased ¥2,433 million, or 4%, to ¥60,469 million. SOFTBANK BB Corp. maintained robust sales of personal computers and related products to major home electronics retailers and enhanced license sales to corporate customers. Operating income decreased ¥814 million, or 53%, to ¥726 million, reflecting such factors as a decline in sales of highly profitable software products and a rise in personnel costs associated with efforts to bolster marketing capabilities.

Internet Culture—Segment sales increased ¥13,565 million, or 64%, to ¥34,635 million. Advertising sales by Yahoo Japan Corporation surged substantially, reflecting national clients' increasing recognition of Internet advertising's value and a concomitant general trend toward larger Internet advertising budgets as well as Yahoo Japan Corporation's proactive marketing efforts. Regarding non-advertising businesses, the number of *Yahoo! Shopping* stores grew, and strong performance was sustained by Yahoo! Premium and *Yahoo! Auctions* operations. Operating income increased ¥5,365 million, or 48%, to ¥16,469 million.

Broadmedia—Segment sales increased ¥554 million, or 18%, to ¥3,631 million. This was mainly the result of higher sales at Broadmedia Studios Corporation, to which the operations of MOVIE TELEVISION INC. were transferred during the second quarter of the previous fiscal year. Operating results improved ¥1,473 million, to ¥634 million of operating income. Profitability in this segment was considerably improved by the shift of BB Cable Corporation to the Broadband Infrastructure segment from the third quarter of the previous fiscal year.

Technology Services—Segment sales decreased ¥90 million, or 2%, to ¥5,451 million. SOFTBANK TECHNOLOGY CORP. recorded robust sales in its business providing integrated back-office operations services for e-commerce sites, but its sales involving commissioned settlement and credit collection services for e-businesses were down. Operating income decreased ¥78 million, or 49%, to ¥81 million, reflecting such factors as rises in personnel expense and advertising and promotional expenses.

Media & Marketing—Segment sales decreased ¥367 million, or 12%, to ¥2,653 million, and operating loss increased ¥88 million to ¥415 million. This performance mainly reflects declining sales of magazines and books by SOFTBANK Publishing Inc. which continues to be impacted by the contraction of the market for IT publications.

Other—Segment sales increased ¥5,983 million, or 273%, to ¥8,175 million, and operating loss increased ¥270 million to ¥1,052 million. This segment reflects the performance of Fukuoka Softbank Hawks related business.

2. Financial Position

<Balance Sheet Analysis>

Current assets decreased ¥52,446 million, to ¥553,671 million. The primary factors behind the decrease were a ¥32,518 million decrease in marketable securities and a ¥15,288 million decrease in notes and accounts receivable-trade, mainly a drop in e-commerce operations.

Property and equipment increased ¥5,926 million, to ¥457,644 million. The rate of increase was only 1% owing to the completion of proactive investment by SOFTBANK BB Corp. and JAPAN TELECOM CO., LTD.

Intangible assets decreased ¥102 million, to ¥103,438 million. Other intangibles, such as software, increased ¥1,326 million, but goodwill decreased ¥1,429 million due to amortization.

Investments and other assets decreased ¥37,400 million, to ¥504,571 million. This mainly reflected a ¥37,107 million drop in investment securities due to the sale of shares in IT Fund and other securities.

Current liabilities decreased ¥74,597 million, to ¥616,198 million. Short-term borrowings rose ¥28,058 million. However, accounts payable-other and accrued expenses decreased ¥65,764 million and accounts payable-trade, primarily for e-commerce operations, fell ¥19,098 million, and income taxes payable dropped ¥12,014 million.

Long-term liabilities decreased ¥3,850 million, to ¥763,246 million. Although straight corporate bonds increased ¥5,104 million principally due to the issuance of “Fukuoka Softbank Hawks Bond” by the Company, the decrease in long-term liabilities mainly reflected a ¥3,935 million fall in long-term debt and a ¥5,340 million drop in deferred tax liabilities.

Shareholders’ equity decreased ¥10,670 million, to ¥167,345 million, mainly because accumulated deficit grew due to the recording of a net loss.

<Cash Flow Analysis>

During the three-month period ended June 30, 2005, cash was used in operating and investing activities, while cash was provided by financing activities. As a result, cash and cash equivalents at the end of the period amounted to ¥287,211 million, a decrease of ¥32,983 million from the end of the previous fiscal year.

Net cash used in operating activities was ¥18,213 million. Income before income taxes and minority interest amounted to ¥760 million, and depreciation and amortization totaled ¥20,942 million. However, the sale of shares in IT Fund and other factors caused a gain on sale of marketable and investment securities of ¥21,699 million to be posted as an adjustment item (affecting special income in the consolidated statements of operations). Another major factor affecting net cash used in operating activities was the payment of ¥18,867 million in corporate income taxes by Yahoo Japan Corporation and others.

Net cash used in investing activities was ¥28,703 million. This mainly reflected the payment of accounts payable-other associated with capital investments in broadband infrastructure and fixed-line telecommunications businesses, causing ¥90,147 million in cash outflow for the purchase of property and equipment and intangibles. However, ¥69,922 million in proceeds from the sale of marketable and investment securities were recorded in connection with the sale of shares in IT Fund and other securities.

Net cash provided by financing activities was ¥12,925 million. This mainly reflected ¥12,252 million in proceeds from the issuance of bonds.

Notes:

*1 Currently SBI Holdings Inc.

*2 SOFTBANK INTERNET TECHNOLOGY FUND No.1 and No.2

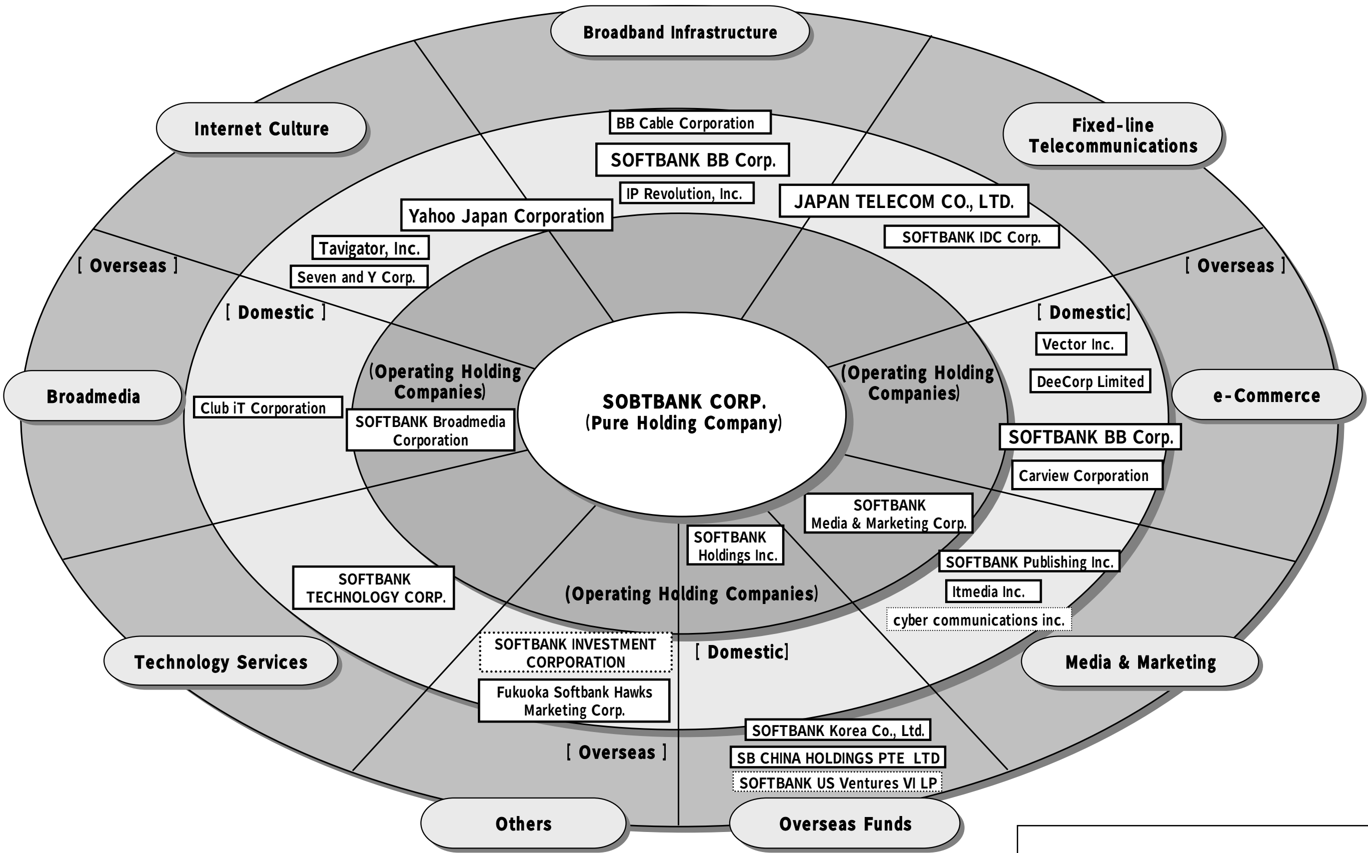
The SOFTBANK Group

As of June 30, 2005, the SOFTBANK Group included 252 companies with operations in nine business segments as follows.

Business segment	Consolidated subsidiaries	Equity-method non-consolidated subsidiaries and affiliates	Principal products and operational content of each business
1. Broadband Infrastructure	(Note 1) 17	6	ADSL and fiber-optic high-speed Internet connection service, IP telephony service, provision of content and other operations
2. Fixed-line Telecommunications	(Note 1) 13	2	Fixed-line telecommunications such as voice transmission service, data transmission service, private leased circuit and data center service
3. e-Commerce	(Note 1) 18	10	Distribution of PC software and such hardware as PCs and peripherals, enterprise solutions, and diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C)
4. Internet Culture	(Note 1) 22	10	Internet-based advertising operations, broadband portal business, and Internet-based auction business
5. Broadmedia	10	2	Promoting the spread of broadband service such as broadcasting and communications; support for procurement of content
6. Technology Services	6	3	System solution business and business solution business
7. Media & Marketing	8	6	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc., and development of web content specializing in IT
8. Overseas Funds	34	57	U.S.- and Asia-focused global venture capital business with a main focus on Internet-related companies
9. Others	21	7	Leisure and service business, holding company functions for overseas operations, and back-office services in Japan
Total	149	103	

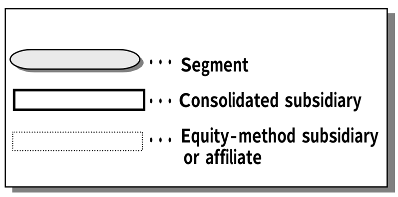
Notes:1. SOFTBANK BB Corp., JAPAN TELECOM CO., LTD. and Yahoo Japan Corporation are included in consolidated subsidiaries of the Broadband Infrastructure, Fixed-line Telecommunications and Internet Culture segments, respectively, while SOFTBANK BB Corp., JAPAN TELECOM CO., LTD. and Yahoo Japan Corporation operate multiple businesses and their operating results are allocated to multiple business segments.

2. An e-Finance business segment ended as SOFTBANK INVESTMENT CORPORATION changed to an equity-method affiliate from a consolidated subsidiary at March 31, 2005.



Notes 1. JAPAN TELECOM IDC INC. separated to form SOFTBANK IDC Corp. and JAPAN TELECOM IDC INC. on May 1, 2005. JAPAN TELECOM IDC INC. merged with JAPAN TELECOM CO., LTD. on July 1, 2005.

2. SOFTBANK INVESTMENT CORPORATION renamed the company SBI Holdings, Inc. and established a holding company structure on July 1, 2005.



CONSOLIDATED BALANCE SHEETS

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

	June 30, 2005		March 31, 2005		Increase	June 30, 2004	
	Amount	**%**	Amount	%	(Decrease)	Amount	%
ASSETS							
Current assets:							
Cash and deposits	¥288,119		¥287,978		¥140	¥372,413	
Notes and accounts receivable - trade	152,974		168,262		(15,288)	82,191	
Marketable securities	6,885		39,403		(32,518)	135,399	
Inventories	61,168		47,224		13,943	31,755	
Deferred tax assets	2,326		3,025		(698)	3,989	
Cash segregated as deposits related to securities business	-		-		-	128,211	
Receivables related to margin transactions	-		-		-	221,669	
Other current assets	49,558		67,542		(17,983)	70,608	
Less : Allowance for doubtful accounts	(7,362)		(7,319)		(42)	(7,489)	
Total current assets	553,671	34.2	606,117	35.5	(52,446)	1,038,749	62.3
Non-current assets:							
Property and equipment, net							
Buildings and structures	57,372		56,860		512	4,086	
Telecommunications equipment	214,928		198,598		16,329	91,984	
Telecommunications service lines	96,874		99,133		(2,258)	691	
Land	19,396		19,396		-	2,269	
Construction-in-progress	42,187		49,354		(7,167)	3,022	
Others	26,884		28,373		(1,489)	14,829	
Total property and equipment	457,644	28.2	451,717	26.5	5,926	116,885	7.0
Intangible assets, net:							
Goodwill	46,884		48,313		(1,429)	-	
Other intangibles	56,553		55,227		1,326	18,582	
Total intangible assets	103,438	6.4	103,540	6.1	(102)	18,582	1.1
Investments and other assets:							
Investment securities and investments in partnerships	397,333		434,441		(37,107)	344,740	
Other investments	-		-		-	92,759	
Deferred tax assets	42,282		40,472		1,810	32,059	
Other assets	73,655		75,728		(2,073)	26,075	
Less : Allowance for doubtful accounts	(8,700)		(8,669)		(30)	(4,345)	
Total investments and other assets	504,571	31.1	541,972	31.8	(37,400)	491,288	29.5
Deferred charges	1,557	0.1	1,504	0.1	53	1,797	0.1
Total assets	¥1,620,882	100.0	¥1,704,853	100.0	¥(83,970)	¥1,667,303	100.0

CONSOLIDATED BALANCE SHEETS

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

	June 30, 2005		March 31, 2005		Increase	June 30, 2004	
	Amount	**%**	Amount	%	(Decrease)	Amount	%
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities:							
Accounts payable - trade	¥44,585		¥63,684		¥(19,098)	¥39,066	
Short-term borrowings	209,245		181,186		28,058	103,421	
Commercial paper	8,500		15,500		(7,000)	10,000	
Current portion of corporate bonds	48,145		48,145		-	36,154	
Accounts payable - other and accrued expenses	162,500		228,264		(65,764)	63,815	
Income taxes payable	9,585		21,600		(12,014)	9,688	
Deferred tax liabilities	145		527		(381)	1,056	
Payables related to margin transactions	-		-		-	199,785	
Guarantee deposits received from customers related to securities business	-		-		-	118,853	
Cash receipts as collateral	100,000		100,000		-	70,000	
Other current liabilities	33,489		31,887		1,602	47,831	
Total current liabilities	616,198	38.0	690,796	40.5	(74,597)	699,674	42.0
Long-term liabilities:							
Corporate bonds	383,352		378,248		5,104	317,939	
Long-term debt	226,902		230,837		(3,935)	152,489	
Deferred tax liabilities	52,078		57,419		(5,340)	60,703	
Accrued retirement benefits	17,608		17,359		248	101	
Other liabilities	83,305		83,232		73	102,765	
Total long-term liabilities	763,246	47.1	767,096	45.1	(3,850)	633,999	38.0
Total liabilities	1,379,444	85.1	1,457,893	85.6	(78,448)	1,333,673	80.0
Minority interest in consolidated subsidiaries	74,092	4.6	68,943	4.0	5,148	102,985	6.2
Shareholders' equity:							
Common stock	162,397	10.0	162,397	9.5	-	162,303	9.7
Additional paid-in capital	186,783	11.5	186,783	10.9	-	186,690	11.2
Accumulated deficit	(287,201)	(17.7)	(273,362)	(16.0)	(13,838)	(231,100)	(13.8)
Net unrealized gain on other securities	135,942	8.4	136,662	8.0	(719)	158,538	9.5
Net unrealized loss on derivative instruments	(41,582)	(2.6)	(41,056)	(2.4)	(526)	(52,983)	(3.2)
Foreign currency translation adjustments	11,115	0.7	6,697	0.4	4,417	7,272	0.4
Less: Treasury stock	(109)	(0.0)	(106)	(0.0)	(3)	(75)	(0.0)
Total shareholders' equity	167,345	10.3	178,016	10.4	(10,670)	230,645	13.8
Total liabilities and shareholders' equity	¥1,620,882	100.0	¥1,704,853	100.0	¥(83,970)	¥1,667,303	100.0

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three-month period ended June 30, 2005		Three-month period ended June 30, 2004		Increase (Decrease)	FY2005 April 2004 through March 2005	
	Amount	**%**	Amount	%		Amount	%
Net sales	¥258,637	100.0	¥147,311	100.0	¥111,326	¥837,018	100.0
Cost of sales	175,674	67.9	92,770	63.0	82,903	547,402	65.4
Gross profit	82,962	32.1	54,540	37.0	28,422	289,615	34.6
Selling, general and administrative expenses	86,153	33.3	58,359	39.6	27,793	314,975	37.6
Operating loss	(3,190)	(1.2)	(3,819)	(2.6)	629	(25,359)	(3.0)
Interest income	326		550		(224)	2,398	
Equity in earnings under the equity method	1,610		-		1,610	5,425	
Income from investments in partnerships	-		1,260		(1,260)	3,711	
Other non-operating income	1,185		1,257		(71)	4,931	
Non-operating income	3,122	1.2	3,068	2.1	54	16,466	2.0
Interest expense	6,806		5,000		1,806	22,971	
Foreign exchange loss	2,874		1,696		1,178	4,040	
Equity in loss under the equity method	-		2,295		(2,295)	-	
Other non-operating expenses	3,269		1,926		1,343	9,343	
Non-operating expenses	12,950	5.0	10,918	7.4	2,032	36,356	4.4
Ordinary loss	(13,017)	(5.0)	(11,669)	(7.9)	(1,348)	(45,248)	(5.4)
Gain on sale of investment securities	21,827		6,302		15,524	59,121	
Dilution gain from changes in equity interest	829		450		378	26,269	
Other special income	258		3,009		(2,751)	3,969	
Special income	22,914	8.9	9,763	6.6	13,151	89,360	10.7
Valuation loss on investment securities	1,682		27		1,655	8,840	
Refinance arrangement fee	3,153		-		3,153	-	
Penalty for unfulfilled contract commitment	2,304		-		2,304	6,147	
Bond covenant amendment fee	-		-		-	4,071	
Other special loss	1,995		2,338		(342)	34,601	
Special loss	9,136	3.6	2,365	1.6	6,771	53,660	6.4
Income (loss) before income taxes and minority interest	760	0.3	(4,271)	(2.9)	5,031	(9,548)	(1.1)
Income taxes:							
Current	8,230	3.2	8,927	6.1	(697)	34,740	4.2
Refunded	-	-	-	-	-	2,897	0.3
Deferred	(2,779)	(1.1)	(3,949)	(2.7)	1,169	(21,963)	(2.6)
Minority interest	6,463	2.5	8,626	5.8	(2,163)	40,444	4.8
Net loss	¥(11,153)	(4.3)	¥(17,876)	(12.1)	¥6,722	¥(59,871)	(7.2)

CONSOLIDATED STATEMENTS OF ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS

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

	Three-month period ended June 30, 2005	Three-month period ended June 30, 2004	FY2005 April 2004 through March 2005
ADDITIONAL PAID-IN CAPITAL			
Additional paid-in capital at the beginning of the period	¥186,783	¥186,690	¥186,690
Increase due to issuance of shares	-	-	93
Additional paid-in capital at the end of the period	¥186,783	¥186,690	¥186,783

	Three-month period ended June 30, 2005	Three-month period ended June 30, 2004	FY2005 April 2004 through March 2005
ACCUMULATED DEFICIT			
Accumulated deficit at the beginning of the period	¥(273,362)	¥(210,625)	¥(210,625)
Net loss	(11,153)	(17,876)	(59,871)
Cash dividends	(2,460)	(2,459)	(2,459)
Bonuses to directors	(86)	(172)	(176)
Net adjustments to accumulated deficit due to change in scope of consolidation	-	42	(98)
Increase due to merger	-	-	17
Decrease due to merger	(138)	(7)	(147)
Accumulated deficit at the end of the period	¥(287,201)	¥(231,100)	¥(273,362)

Note: In accordance with accounting principles generally accepted in Japan, the cumulative effect arising from any changes in the scope of consolidation is treated as an adjustment to accumulated deficit in the consolidated statements of additional paid-in capital and retained earnings.

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three-month period ended June 30, 2005	Three-month period ended June 30, 2004	FY2005 April 2004 through March 2005
Ⅰ.Cash flows from operating activities:			
Income (loss) before income taxes and minority interest	**¥760**	¥(4,271)	¥(9,548)
Adjustments to reconcile income (loss) before income taxes and minority interest to net cash used in operating activities:			
Depreciation and amortization	**20,942**	9,850	66,417
Equity in (earnings) loss under the equity method, net	**(1,610)**	2,295	(5,425)
Dilution gain from changes in equity interest, net	**(826)**	(439)	(25,200)
Valuation loss on investment securities	**1,682**	27	8,840
Gain on sale of marketable and investment securities, net	**(21,699)**	(6,289)	(56,049)
Foreign exchange loss, net	**2,657**	1,506	5,324
Interest and dividend income	**(524)**	(836)	(2,862)
Interest expense	**6,806**	5,000	22,971
Changes in operating assets, liabilities and others			
Decrease (increase) in receivables- trade	**14,628**	5,508	(15,854)
(Decrease) increase in payables-trade	**(18,724)**	(7,832)	2,371
Increase in other receivables	**(5,741)**	(33,483)	(70,813)
(Decrease) increase in other payables	**(5,650)**	39,830	97,095
Other, net	**7,007**	(4,073)	(17,519)
Sub-total	**(291)**	6,792	(251)
Interest and dividends received	**1,775**	1,080	2,506
Interest paid	**(3,745)**	(1,373)	(17,924)
Income taxes paid	**(18,867)**	(19,663)	(31,533)
Refund of income taxes	**2,915**	1,227	1,213
Net cash used in operating activities	**(18,213)**	(11,937)	(45,989)

- Continued -

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

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

	Three-month period ended June 30, 2005	Three-month period ended June 30, 2004	FY2005 April 2004 through March 2005
Ⅱ.Cash flows from investing activities:			
Purchase of property and equipment and intangibles	**(90,147)**	(16,762)	(90,943)
Purchase of marketable and investment securities	**(14,409)**	(8,343)	(29,582)
Proceeds from sale of marketable and investment securities	**69,922**	6,048	57,099
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	**-**	(822)	(172,320)
Sale of interests in subsidiaries previously consolidated, net	**(109)**	-	34,840
Proceeds from sale of interests in consolidated subsidiaries	**1**	4,939	8,110
Increase in loan receivables	**(3,780)**	(3,923)	(21,387)
Collection of loans	**5,401**	2,191	9,105
Purchase of business rights and others	**-**	-	(13,113)
Other, net	**4,417**	(6,628)	(24,753)
Net cash used in investing activities	**(28,703)**	(23,301)	(242,944)
Ⅲ.Cash flows from financing activities:			
Increase in short-term borrowings, net	**19,058**	11,966	53,468
(Decrease) increase in commercial paper	**(7,000)**	(1,000)	4,500
Proceeds from long-term debt	**110,020**	10,000	166,400
Repayment of long-term debt	**(110,198)**	(2,028)	(192,836)
Proceeds from issuance of bonds	**12,252**	19,995	153,378
Redemption of bonds	**(5,400)**	-	(36,124)
Proceeds from issuance of shares	**-**	-	187
Proceeds from issuance of shares to minority shareholders	**160**	360	30,298
Proceeds from issuance of shares through public offering and allocation to a third party in SOFTBANK INVESTMENT CORPORATION	**-**	-	51,362
Redemption of preferred shares held by minority shareholder	**-**	-	(33,908)
Cash dividends paid	**(1,816)**	(1,729)	(2,457)
Cash dividends paid to minority shareholders	**(2,256)**	(1,664)	(2,160)
Increase in cash receipt as collateral	**-**	60,000	90,000
Other, net	**(1,892)**	2,852	(4,336)
Net cash provided by financing activities	**12,925**	98,752	277,770
Ⅳ. Effect of exchange rate changes on cash and cash equivalents	**1,150**	3,778	1,474
Ⅴ. Net (decrease) increase in cash and cash equivalents	**(32,840)**	67,291	(9,688)
Ⅵ.Increase in cash and cash equivalents due to newly consolidated companies	**-**	10	12
Ⅶ.Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	**(142)**	(45)	(107,529)
Ⅷ.Increase in cash and cash equivalents due to merger	**-**	6	267
Ⅸ.Cash and cash equivalents at the beginning of the period	**320,194**	437,132	437,132
Ⅹ.Cash and cash equivalents at the end of the period	**¥287,211**	¥504,395	¥320,194

CONDENSED QUARTERLY FINANCIAL INFORMATION

Condensed Statements of Operations

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

	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter
	April 1, 2004 to June 30, 2004	July 1, 2004 to September 30, 2004	October 1, 2004 to December 31, 2004	January 1, 2005 to March 31, 2005	April 1, 2005 to June 30, 2005
	Amount	Amount	Amount	Amount	Amount
Net sales	¥147,311	¥156,395	¥258,087	¥275,224	¥258,637
Cost of sales	92,770	99,707	170,489	184,434	175,674
Gross profit	54,540	56,687	87,597	90,789	82,962
Selling, general and administrative expenses	58,359	59,658	95,134	101,822	86,153
Operating loss	(3,819)	(2,970)	(7,536)	(11,032)	(3,190)
Non-operating income (Note)	3,068	1,846	10,465	10,704	3,122
Non-operating expenses (Note)	10,918	13,114	10,963	10,978	12,950
Ordinary loss	(11,669)	(14,239)	(8,034)	(11,306)	(13,017)
Special income	9,763	40,690	16,665	22,240	22,914
Special loss	2,365	8,526	18,272	24,496	9,136
(Loss) income before income taxes and minority interest	(4,271)	17,925	(9,641)	(13,561)	760
Income taxes - Current	8,927	3,817	9,524	12,470	8,230
Income taxes - Refunded	-	-	-	2,897	-
Income taxes - Deferred	(3,949)	(4,542)	(7,449)	(6,022)	(2,779)
Minority interest	8,626	6,819	14,843	10,153	6,463
Net (loss) income	¥(17,876)	¥11,830	¥(26,560)	¥(27,266)	¥(11,153)

Note: Foreign exchange gain (loss), equity in earnings (loss) under the equity method, and income (expenses) from investments in partnerships were netted on quarterly basis.

Condensed Statements of Cash Flows

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

	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter
	April 1, 2004 to June 30, 2004	July 1, 2004 to September 30, 2004	October 1, 2004 to December 31, 2004	January 1, 2005 to March 31, 2005	April 1, 2005 to June 30, 2005
	Amount	Amount	Amount	Amount	Amount
Ⅰ Net cash (used in) provided by operating activities	¥(11,937)	¥6,644	¥(25,416)	¥(15,280)	¥(18,213)
Ⅱ Net cash used in investing activities	(23,301)	(136,910)	(17,352)	(65,379)	(28,703)
Ⅲ Net cash provided by financing activities	98,752	20,469	34,503	124,046	12,925
Ⅳ Effect of exchange rate changes	3,778	2,977	(7,364)	2,082	1,150
Ⅴ Net increase (decrease) in cash and cash equivalents	67,291	(106,819)	(15,630)	45,468	(32,840)
Ⅵ Increase in cash and cash equivalents due to newly consolidated companies	10	1	-	-	-
Ⅶ Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	(45)	-	-	(107,483)	(142)
Ⅷ Increase in cash and cash equivalents due to merger	6	-	-	261	-
Ⅸ Cash and cash equivalents at the beginning of the period	437,132	504,395	397,578	381,948	320,194
Ⅹ Cash and cash equivalents at the end of the period	¥504,395	¥397,578	¥381,948	¥320,194	¥287,211
Note: Depreciation and amortization included in net cash (used in) provided by operating activities	¥9,850	¥8,956	¥22,847	¥24,763	¥20,942

Basis of Presentation of Consolidated Financial Statements

1. Changes in scope of consolidation

As of June 30, 2005, SOFTBANK CORP. （the "Company"） consolidated 149 subsidiaries. Fourteen subsidiaries were not consolidated as the individual and aggregate amounts were not considered material in relation to the consolidated total assets, net sales, net income (loss) and retained earnings (accumulated deficit) of the SOFTBANK consolidated financial statements.

Changes in the scope of the consolidation were as follows:

<Increase> Three companies

<Decrease> Seven companies

2. Changes in scope of equity method

As of June 30, 2005, the Company held eight non-consolidated subsidiaries and 95 affiliates, all of which were accounted for under the equity method.

Main changes in application of the equity method were as follows:

<Increase>

ValueCommerce Co., Ltd.	Newly invested
One company	

<Decrease>

Morningstar, Inc.	Sale of all shares
Six companies	

3. Summary of significant accounting policies

[1] Valuation standards and methods for major assets

(1) Marketable securities and investment securities

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

Other securities:

With market quotations:	Stated at fair value, which represents the market prices at the balance sheet date (unrealized gain/loss is included as a separate component in shareholders' equity, net of tax, while cost is primarily determined using the moving-average method)
Without market quotations:	Carried at cost, primarily based on the moving-average method
(2) Derivative instruments:	Stated at fair value
(3) Inventories:	Carried at cost, primarily based on the moving-average method

[2] Depreciation and amortization

(1) Property and equipment

Buildings and structures:	Computed primarily using the straight-line method
Telecommunications equipment:	Computed using the straight-line method
Telecommunications service lines:	Computed using the straight-line method
Others:	Computed primarily using the declining balance method

<Additional information for change of estimated useful life>

Transmitters, exchangers and power supply facilities of JAPAN TELECOM CO., LTD. had been depreciated over primarily six years. Effective from April 1, 2005, the Company changed the estimated useful life of a portion of the equipment, which is included in "Telecommunications equipment" in the Company's consolidated balance sheets, to ten years based on a reassessment of the assets' operational lives taking into consideration of years of service provided by the equipment, technological innovation cycles in the telecommunications industry and other relevant factors.

As a result, depreciation expense included in cost of sales decreased by ¥2,922 million. Operating loss and ordinary loss decreased by the same amount and income before income taxes and minority interest increased by the same amount for the three-month period ended June 30, 2005 as compared with the amounts which would have been recognized if the previous estimated useful life had not been changed.

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

[3] Accounting principles for major allowances and accruals

(1) Allowance for doubtful accounts:

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

(2) Accrued retirement benefits:

JAPAN TELECOM CO., LTD., SOFTBANK IDC Corp., and certain other subsidiaries have defined benefit pension plans for their employees. Those companies accounted for the liability for retirement benefits based on the projected benefit obligations at June 30, 2005.

[4] Translation of foreign currency transactions and accounts

All assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates. Foreign exchange gains or losses are charged to operations 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 foreign currency exchange rate for the period. Assets and liabilities are translated using the foreign currency exchange rates prevailing at the balance sheet dates, and capital stock is translated using 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.”

[5] Capital leases

Under accounting principles generally accepted in Japan, capital leases, as defined therein, other than those whereby the ownership of the assets is transferred to the lessee at the end of the lease term, are permitted to be accounted for as operating leases with a footnote disclosure that includes the estimated acquisition cost, estimated accumulated depreciation and future lease payments or receipts.

[6] Accounting for significant hedge transactions

(1) Collar transaction

① Hedge accounting

Unrealized gains and losses, net of tax, on the collar transaction that qualifies as an effective cash flow hedge at a consolidated subsidiary in the United States of America are reported as a separate component of “Shareholders’ equity” in the Company’s consolidated balance sheets. As such, unrealized gains and losses associated with the collar transaction will be recognized in earnings in the same period in which the hedged assets and liabilities are recognized in earnings.

② Derivative instruments for hedging and hedged items

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

Hedged items: Equity security

③ Hedging policy

The purpose of the collar transaction is to hedge the variability of cash flows associated with the future market price fluctuations of the underlying equity security.

(2) Interest rate swap

① Hedge accounting

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

② Derivative instruments for hedging and hedged items

Derivative instruments for hedging:	Interest rate swap contract
Hedged items:	Interest expense on borrowings

③ Hedging policy

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

[7] Accounting method for consumption taxes

Consumption taxes are accounted for using net-of-tax method.

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

“Cash and cash equivalents” comprises cash on-hand, demand deposits at banks and highly liquid investments with initial maturities of three months or less and with a low risk of fluctuation in value.

5. Impairment on fixed assets

The Company applied “Accounting Standards for Impairment on Fixed Assets” (“Opinions Concerning Establishment of Accounting Standards for Impairment of Fixed Assets” issued on August 9, 2002 by the Business Accounting Council in Japan), and “Application Guideline for Accounting Standards for Impairment of Fixed Assets” (Financial Accounting Standards Implementation Guideline No.6 issued on October 31, 2003) from this fiscal year.

The effect of the application of these standards and guideline on the consolidated statements of operations is immaterial.

6. Change in presentation

Following the application of a partial revision to the Japanese securities and exchange laws effective from December 1, 2004, and the release of revised practical guidelines for financial instruments accounting on February 15, 2005, investments in limited partnerships and similar investments have been classified as investment securities since the fiscal year ended March 31, 2005.

The amounts of applicable investments in partnerships which are included in “Investment securities and investments in partnerships” on the consolidated balance sheets are ¥44,506 million and ¥ 101,020 million as of June 30, 2005 and March 31, 2005, respectively.

As a result, there were “Other investments” of ¥83 million and ¥40 million as of June 30, 2005 and March 31, 2005, respectively. Due to the decrease in materiality, other investments are included in “Other assets” as of June 30, 2005 and March 31, 2005.

Notes

1. Accumulated depreciation of property and equipment

	June 30, 2005	March 31, 2005	June 30, 2004
	639,531 million yen	625,280 million yen	57,721 million yen

2. Assets pledged as collateral

(1) For future lease liabilities

	June 30, 2005	March 31, 2005	June 30, 2004
Assets pledged as collateral:			
Notes and accounts receivable - trade	**11,463 million yen**	11,247 million yen	9,350 million yen
Other current assets (accounts receivable – other)	**5**	7	25
Secured liabilities:			
Accounts payable - trade	**3 million yen**	5 million yen	12 million yen

Note: The collateral for the future lease liabilities was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries and a broadcasting company, based on marketing agreements, etc. The future lease liabilities at the end of periods are as follows:

	June 30, 2005	March 31, 2005	June 30, 2004
Future lease liabilities (including the above "Accounts payable-trade")	**32,481 million yen**	37,263 million yen	31,554 million yen

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

	June 30, 2005	March 31, 2005	June 30, 2004
Assets pledged as collateral:			
Cash and deposits	**476 million yen**	446 million yen	994 million yen
Notes and accounts receivable - trade	**1,100**	1,120	1,109
Buildings and structures	**520**	6,660	-
Telecommunications equipment	**2,549**	14,172	4,748
Telecommunications service lines	**-**	13,689	-
Land	**5,001**	5,582	-
Property and equipment- others	**0**	0	-
Investment securities	**203,621**	193,398	209,996
Total	**213,270 million yen**	235,070 million yen	216,848 million yen
Secured liabilities:			
Accounts payable - trade	**544 million yen**	493 million yen	662 million yen
Short-term borrowings	**18,662**	25,882	11,674
Accounts payable – other and accrued expenses	**17**	18	-
Other current liabilities	**-**	-	355
Long-term debt	**116,778**	212,119	121,099
Other long-term liabilities	**204**	289	-
Total	**136,207 million yen**	238,804 million yen	133,791 million yen

Note: In connection with JAPAN TELECOM CO., LTD's loan refinancing on April 27, 2005, assets pledged as factory foundation collateral and investment securities in JAPAN TELECOM CO., LTD. held by the Company and three consolidated subsidiaries of JAPAN TELECOM CO., LTD. as of March 31, 2005 were released.

3. Securities loaned

Certain consolidated subsidiaries lent a portion of investment securities to financial institutions according to stock lending agreements, and the amounts of applicable investment securities recorded in the Company's consolidated balance sheets are as follows:

	June 30, 2005	March 31, 2005	June 30, 2004
Investment securities	**1,836 million yen**	- million yen	225 million yen

4. Cash receipts as collateral

Cash receipts as collateral from financial institutions, to whom the Company lent shares of one of its subsidiaries under security deposit agreements, is presented as follows:

	June 30, 2005	March 31, 2005	June 30, 2004
Cash receipts as collateral	**100,000 million yen**	100,000 million yen	70,000 million yen

According to the security deposit agreements, the Company paid a fixed rate amount as stock bailment fees and other fees totaling ¥ 472 million, ¥ 1,692 million and ¥ 300 million for the periods ended June 30, 2005, March 31, 2005 and June 30, 2004, respectively, and recorded the fees as other non-operating expenses in the consolidated statements of operations.

5. Net unrealized gains/losses on derivative instruments

Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133") has been adopted for derivative instruments transacted by the Company's consolidated subsidiary in the United States of America.

The consolidated subsidiary in the United States of America has entered into a variable share prepaid forward contract (the "collar transaction") utilizing its shares of an equity security. The purpose of this collar transaction is to hedge the variability of cash flows from a sale of an equity security associated with the future market price fluctuations of the underlying security, which is used for the settlement of certain loans.

According to SFAS 133, unrealized gains and losses, net of tax, on the effective portion of the cash flow hedge, as defined, are reported as a separate component of "Shareholders' equity", until gains and losses on the hedged item are recognized in earnings.

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

June 30, 2005	March 31, 2005	June 30, 2004
528 million yen	200 million yen	220 million yen

7. Balance of accounts receivable sold

June 30, 2005	March 31, 2005	June 30, 2004
5,553 million yen	7,855 million yen	3,408 million yen

8. Consolidated statements of cash flows

Reconciliation of cash and cash equivalents to the amounts presented in the accompanying consolidated balance sheets

	June 30, 2005	June 30, 2004	March 31, 2005
Cash and deposits	**288,119 million yen**	372,413 million yen	287,978 million yen
Marketable securities	**6,885**	135,399	39,403
Time deposits with original maturities over three months	**(1,481)**	(2,581)	(1,455)
Deposits received from customers in the commodities business	**-**	(72)	-
Stocks and bonds with original maturities over three months	**(6,311)**	(763)	(5,732)
Cash and cash equivalents	**287,211 million yen**	504,395 million yen	320,194 million yen

Significant Subsequent Events

Sale of all shares held in Advanced Media, Inc.

SOFTBANK BB Corp. and SOFTBANK AM CORPORATION (wholly-owned consolidated subsidiaries of the Company) sold 5,700 shares held in Advanced Media, Inc for approximately ¥6.1 billion in July, 2005. A gain on sale of investment securities of approximately ¥6.0 billion will be recorded in the Company's consolidated financial statements for the three-month period ending September 30, 2005.

Segment Information

1. Business segment information

(1) For the three-month period ended June 30, 2005

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

	Broadband Infrastructure	Fixed-line Telecommunications	e-Commerce	Internet Culture	e-Finance	Broadmedia	Technology Services	Media & Marketing	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net sales					**(Note 5)**								
(1) Customers	**¥61,005**	**¥87,393**	**¥58,535**	**¥34,493**	**-**	**¥2,534**	**¥4,176**	**¥2,399**	**¥348**	**¥7,750**	**¥258,637**	**¥-**	**¥258,637**
(2) Inter-segment	**200**	**1,210**	**1,933**	**141**	**-**	**1,097**	**1,274**	**254**	**-**	**424**	**6,537**	**(6,537)**	**-**
Total	**61,205**	**88,604**	**60,469**	**34,635**	**-**	**3,631**	**5,451**	**2,653**	**348**	**8,175**	**265,175**	**(6,537)**	**258,637**
Operating expenses	**65,700**	**102,694**	**59,742**	**18,165**	**-**	**2,996**	**5,369**	**3,068**	**198**	**9,227**	**267,164**	**(5,336)**	**261,827**
Operating income (loss)	**¥(4,494)**	**¥(14,089)**	**¥726**	**¥16,469**	**-**	**¥634**	**¥81**	**¥(415)**	**¥150**	**¥(1,052)**	**¥(1,988)**	**¥(1,201)**	**¥(3,190)**

(2) For the three-month period ended June 30, 2004

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

	Broadband Infrastructure	Fixed-line Telecommunications	e-Commerce	Internet Culture	e-Finance	Broadmedia	Technology Services	Media & Marketing	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net sales		(Note 4)											
(1) Customers	¥46,132	-	¥55,595	¥20,939	¥14,474	¥1,852	¥3,406	¥2,705	¥569	¥1,634	¥147,311	¥-	¥147,311
(2) Inter-segment	42	-	2,439	130	1,432	1,225	2,134	315	-	557	8,278	(8,278)	-
Total	46,175	-	58,035	21,070	15,906	3,077	5,541	3,021	569	2,191	155,590	(8,278)	147,311
Operating expenses	64,513	-	56,494	9,966	11,936	3,915	5,381	3,348	161	2,973	158,691	(7,560)	151,130
Operating income (loss)	¥(18,337)	-	¥1,540	¥11,103	¥3,970	¥(838)	¥160	¥(327)	¥407	¥(781)	¥(3,101)	¥(717)	¥(3,819)

Business segment information (continued)

(3) FY2005 (for the year ended March 31, 2005)

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

	Broadband Infrastructure	Fixed-line Telecommunications	e-Commerce	Internet Culture	e-Finance	Broadmedia	Technology Services	Media & Marketing	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net sales													
(1) Customers	¥204,974	¥165,969	¥244,971	¥101,913	¥73,235	¥10,039	¥16,032	¥11,052	¥2,052	¥6,777	¥837,018	¥-	¥837,018
(2) Inter-segment	331	909	9,950	534	5,562	5,623	9,478	1,427	-	1,692	35,510	(35,510)	-
Total	205,306	166,878	254,921	102,448	78,797	15,663	25,510	12,479	2,052	8,469	872,528	(35,510)	837,018
Operating expenses	259,054	202,944	249,681	52,368	59,083	16,682	24,365	13,544	739	14,730	893,192	(30,815)	862,377
Operating income (loss)	¥(53,747)	¥(36,065)	¥5,240	¥50,079	¥19,714	¥(1,019)	¥1,145	¥(1,064)	¥1,313	¥(6,260)	¥(20,663)	¥(4,695)	¥(25,359)

Notes: 1. Business segments are categorized primarily based on the nature of business operations, type of services, similarity of sales channels, etc., which the SOFTBANK Group uses for its internal management purpose.

2. Please refer to the chart of "The SOFTBANK Group" for a description of the main business segments.

3. Unallocated operating expenses for the periods ended June 30, 2005, June 30, 2004 and March 31, 2005 in the column "Elimination or corporate", which mainly represent expenses of the corporate division of the Company, were ¥977 million, ¥757million and ¥6,867 million respectively.

4. The "Fixed-line Telecommunications" business segment was established as of September 30, 2005, and there were no transactions in this segment for the three-month period ended June 30, 2004

5. The "e-Finance" business segment ended as SOFTBANK INVESTMENT CORPORATION (current SBI Holdings, Inc.) changed to an equity-method affiliate from a consolidated subsidiary at March 31, 2005.

Leases

1. Capital leases in which the ownership of leased assets is not transferred to the lessee at the end of lease periods (as a lessee)

(1) Amounts equivalent to acquisition costs, accumulated depreciation and net book value at the end of each period are as follows:

	June 30, 2005	March 31, 2005	June 30, 2004
Telecommunications equipment and telecommunications service lines			
Equivalent to acquisition costs	**195,443 million yen**	195,681 million yen	51,847 million yen
Less: amount equivalent to accumulated depreciation	**(55,141)**	(45,685)	(20,976)
Net book value	**140,302 million yen**	149,996 million yen	30,870 million yen
Buildings and structures			
Equivalent to acquisition costs	**46,988 million yen**	47,056 million yen	25 million yen
Less: amount equivalent to accumulated depreciation	**(899)**	(349)	(10)
Net book value	**46,089 million yen**	46,706 million yen	15 million yen
Property and equipment - others			
Equivalent to acquisition costs	**13,562 million yen**	15,938 million yen	7,904 million yen
Less: amount equivalent to accumulated depreciation	**(7,574)**	(10,293)	(3,492)
Net book value	**5,988 million yen**	5,644 million yen	4,412 million yen
Intangible assets			
Equivalent to acquisition costs	**2,575 million yen**	2,727 million yen	1,325 million yen
Less: amount equivalent to accumulated amortization	**(1,119)**	(1,076)	(387)
Net book value	**1,456 million yen**	1,651 million yen	937 million yen
Total			
Equivalent to acquisition costs	**258,570 million yen**	261,404 million yen	61,102 million yen
Less: amount equivalent to accumulated depreciation	**(64,734)**	(57,404)	(24,867)
Net book value	**193,836 million yen**	203,999 million yen	36,235 million yen

(2) The future lease payments for capital leases at the end of each period are as follows:

	June 30, 2005	March 31, 2005	June 30, 2004
Due within one year	**40,294 million yen**	40,342 million yen	15,066 million yen
Due after one year	**158,495**	167,676	24,746
Total	**198,790 million yen**	208,018 million yen	39,813 million yen

(3) Lease payments and amounts equivalent to depreciation and interest expense for each period are as follows:

	Three-month period ended June 30, 2005	FY2005 April 2004 through March 2005	Three-month period ended June 30, 2004
Lease payments	**14,233 million yen**	27,366 million yen	4,081 million yen
Amount equivalent to depreciation expense	**11,254**	24,209	3,600
Amount equivalent to interest expense	**4,108**	5,179	568

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

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

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

1. Capital leases in which the ownership of leased assets is not transferred to the lessee at the end of lease periods (continued)

(as a lessor)

(1) Acquisition costs, accumulated depreciation and net book value at the end of each period are as follows:

	June 30, 2005	March 31, 2005	June 30, 2004
Property and equipment - others			
Acquisition costs	**164 million yen**	2,644 million yen	637 million yen
Less: accumulated depreciation	**(103)**	(2,576)	(323)
Net book value	**60 million yen**	67 million yen	313 million yen
Intangible assets			
Acquisition costs	**- million yen**	- million yen	181 million yen
Less: accumulated amortization	**-**	-	(48)
Net book value	**- million yen**	- million yen	133 million yen
Total			
Acquisition costs	**164 million yen**	2,644 million yen	818 million yen
Less: accumulated depreciation	**(103)**	(2,576)	(371)
Net book value	**60 million yen**	67 million yen	447 million yen

(2) The future lease receivables for capital leases at the end of each period are as follows:

	June 30, 2005	March 31, 2005	June 30, 2004
Due within one year	**44 million yen**	43 million yen	184 million yen
Due after one year	**21**	29	286
Total	**65 million yen**	72 million yen	470 million yen

(3) Lease income, depreciation and amount equivalent to interest income for each period are as follows:

	Three-month period ended June 30, 2005	FY2005 April 2004 through March 2005	Three-month period ended June 30, 2004
Lease income	**11 million yen**	349 million yen	54 million yen
Depreciation expense	**10**	211	47
Amount equivalent to interest income	**1**	3	8

(4) Calculation method used to determine the amount equivalent to interest income

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

2. Non-cancelable operating lease transactions

(as a lessee)

The future lease payments for non-cancelable operating leases at the end of each period are as follows:

	June 30, 2005	March 31, 2005	June 30, 2004
Due within one year	**8,380 million yen**	6,264 million yen	338 million yen
Due after one year	**13,556**	15,551	119
Total	**21,937 million yen**	21,815 million yen	457 million yen

(as a lessor)

The future lease receivables for non-cancelable operating leases at the end of each period are as follows:

	June 30, 2005	March 31, 2005	June 30, 2004
Due within one year	**1,275 million yen**	972 million yen	- million yen
Due after one year	**1,994**	1,816	-
Total	**3,269 million yen**	2,789 million yen	- million yen

INVESTMENT IN DEBT AND EQUITY SECURITIES

1. Other securities at fair value

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

	June 30, 2005			March 31, 2005			June 30, 2004		
	Investment costs	**Carrying amounts**	**Differences**	Investment costs	Carrying amounts	Differences	Investment costs	Carrying amounts	Differences
1. Equity securities	**¥30,630**	**¥243,264**	**¥212,633**	¥29,924	¥229,412	¥199,488	¥40,113	¥289,965	¥249,852
2. Debt securities:									
Corporate bonds and other debt securities	**5,097**	**5,100**	**3**	5,134	5,141	7	5,344	5,330	(14)
3. Others	**18**	**18**	**0**	18	18	0	385	399	13
Total	**¥35,746**	**¥248,383**	**¥212,637**	¥35,077	¥234,572	¥199,495	¥45,843	¥295,695	¥249,851

2. Carrying amounts of unlisted investment securities

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

	June 30, 2005 Carrying amounts	March 31, 2005 Carrying amounts	June 30, 2004 Carrying amounts
Other securities			
Unlisted equity securities	**¥16,871**	¥16,466	¥19,708
Investments in limited partnerships (see Note)	**6,686**	63,373	-
Preferred fund certificate	**2,000**	2,000	2,000
Money Management Fund	**1,184**	1,836	2,669
Unlisted foreign debt securities	**428**	1,108	1,088
Mid-term government bond funds	**191**	191	261
Commercial paper	**-**	-	9,998
Designated money trust	**-**	3,000	5,600
Investment trust without market quotations	**-**	30,388	118,443
Others	**10**	10	10
Total	**¥27,372**	¥118,374	¥159,780

Note: Relating to "Investments in limited partnerships," the difference between cost and fair value of limited partnerships, net of tax, is recorded in "Net unrealized gain on other securities" in the consolidated balance sheets.