

SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the three-month period ended June 30, 2008

Tokyo, August 5, 2008

1. FINANCIAL HIGHLIGHTS

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

(1) Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
Three-month period ended June 30, 2008	¥647,255	-	¥85,086	-	¥54,272	-	¥19,368	-
Three-month period ended June 30, 2007	¥663,084	34.2	¥78,746	44.9	¥51,154	96.8	¥25,130	-

	Net income per share - basic (yen)	Net income per share - diluted (yen)
Three-month period ended June 30, 2008	¥17.92	¥17.07
Three-month period ended June 30, 2007	¥23.80	¥22.36

(2) Financial Condition

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

	Total assets	Total equity	Equity ratio (%)	Shareholders' equity per share (yen)
As of June 30, 2008	¥4,428,635	¥844,662	9.0	¥367.39
As of March 31, 2008	¥4,558,901	¥848,725	8.4	¥355.15

Note: Shareholders' equity (consolidated)

As of June 30, 2008: ¥397,016 million
As of March 31, 2008: ¥383,742 million

2. Dividends

(Record date)	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
FY 2008	(yen) -	(yen) 0.00	(yen) -	(yen) 2.50	(yen) 2.50
FY 2009	-	-	-	-	2.50
FY 2009 (Forecasted)	-	0.00	-	2.50	-

3. Forecast of the consolidated results for the fiscal year ending in March 2009 (April 1, 2008 – March 31, 2009)

Revision of forecast of the consolidated results: None

Forecast of the consolidated results for the fiscal year ending March 2009 is not disclosed. Please see "Qualitative Information / Financial Statements 3. Qualitative Information on Forecast of Consolidated Results" in details on page 15.

4. Others

- (1) Significant Changes in Scope of Consolidation (Changes in Scope of Consolidation of Special-Purpose Companies):
None
- (2) Application of simple accounting methods or special accounting methods for preparation for the consolidated financial statements: None
- (3) Changes in accounting principles, procedures, disclosure methods, etc., used in the presentation of the consolidated financial statements (Changes described in “(5) Basis of Presentation of Quarterly Consolidated Financial Statements”)
[1] Changes due to revisions in accounting standards: Yes
[2] Changes other than those in [1]: Yes
Note: Please see “Qualitative Information / Financial Statements 5. Others” in details on page 17.
- (4) Number of shares issued (Common stock)
[1] Number of shares issued (including treasury stock):
As of June 30, 2008: 1,080,786,678 shares
As of March 31, 2008: 1,080,664,578 shares
[2] Number of treasury stock:
As of June 30, 2008: 164,306 shares
As of March 31, 2008: 163,811 shares
[3] Weighted average number of common stock :
As of June 30, 2008: 1,080,540,130 shares
As of June 30, 2007: 1,055,722,128 shares

“Accounting Standard for Quarterly Financial Reporting and its Implementation Guidance” (ASBJ Statement No.12 issued on March 14, 2007) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14 issued on March 14, 2007) were applied for the period ended June 30, 2008. The consolidated financial statements for the period ended June 30, 2008 were prepared by following “Regulations for Quarterly Consolidated Financial Statements”.

Qualitative Information / Financial Statements

1. Qualitative Information on Consolidated Results of Operations

<<Summary of Results of Operations>>		
Net sales	¥647,255 million	(2.4% decrease year-on-year)
Operating income	¥85,086 million	(8.1% increase year-on-year)
Ordinary income	¥54,272 million	(6.1% increase year-on-year)
Net income	¥19,368 million	(22.9% decrease year-on-year)

<Overview of results for the period ended June 30, 2008>

Net sales for the period (three-month period ended June 30, 2008) totaled ¥647,255 million, and operating income came to ¥85,086 million. Net sales declined compared to the corresponding three-month period in the previous fiscal year (the three-month period ended June 30, 2007; hereinafter ‘year-on-year’), primarily because of a decline in handset sales caused by a decrease in the number of handset upgrades and others at the Mobile Communications segment and a decline in ARPU even though the business had steady growth in the number of subscribers year-on-year. Nevertheless, the Mobile Communications business made progress in reducing operating expenses leading to operating income growth. Operating income also grew at the Internet Culture and Broadband Infrastructure segments, resulting in an overall year-on-year increase.

The Internet is at the core of the SOFTBANK Group’s (hereinafter ‘the Group’) business activities. The Group operates under the two concepts of “Winners in the mobile Internet market are winners in the Internet market,” and “Winners in Asia are winners in the World,” with the twin aims of becoming the “No. 1 mobile Internet company” and the “No. 1 Internet company in Asia.”

The Mobile Communications business has achieved the industry’s highest monthly net additions in the number of subscribers (new subscribers minus cancellations) since May 2007, placing SOFTBANK MOBILE Corp. (hereinafter ‘SOFTBANK MOBILE’) first in the industry’s net subscriber additions for the fiscal year ended March 31, 2008. Net additions remained strong during the period, bringing the unbroken streak of being No. 1 in net additions to 14 consecutive months*².

In April 2008, SOFTBANK CORP. (hereinafter ‘the Company’) invested in Oak Pacific Interactive, operator of Xiaonei.com, China’s largest SNS*³, and working with the Company’s Chinese affiliate Alibaba Group Holding Limited, is accelerating development in Asia with a focus on China. Another agreement was reached in April 2008 among China Mobile Limited, the world’s largest mobile phone company in terms of the number of subscribers, Vodafone Group Plc and the Company to establish the Joint Innovation Lab joint venture.

*1. Average Revenue Per User

*2. Source: Telecommunications Carriers Association

*3. Social Networking Service: A website providing community-oriented, membership-based services to promote and support interaction among people.

<Quarterly Results>

(Millions of yen)

	Fiscal year ended March 31, 2008				Fiscal year ending March 31, 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	663,084	701,660	694,020	717,402	647,255	—	—	—
Operating income	78,746	89,000	92,441	64,098	85,086	—	—	—
Ordinary income	51,154	60,010	120,833	26,615	54,272	—	—	—
Net income	25,130	21,331	46,734	15,427	19,368	—	—	—

(1) Net Sales

Net sales declined ¥15,829 million, or 2.4% year-on-year, to ¥647,255 million. The decrease was primarily the result of a ¥19,082 million decline in net sales at the Mobile Communications segment on a decline in handset sales caused by a decrease in the number of handset upgrades and others and a decline in ARPU even though the business had steady growth in the number of subscribers year-on-year.

(2) Operating Income

Operating income rose ¥6,339 million, 8.1% year-on-year, to ¥85,086 million. The Mobile Communications segment reduced operating expenses and operating income grew, while the Internet Culture segment recorded a 12.5% increase to ¥3,394 million and the Broadband Infrastructure segment a 20.9% increase to ¥1,809 million.

The cost of sales for the period decreased by ¥17,569 million year-on-year, to ¥335,326 million, reflecting a decline in handset sales caused by a decrease in the number of handset upgrades and others at the Mobile Communications segment. Selling, general and administrative expenses came to ¥226,842 million, a decrease of ¥4,599 million year-on-year.

(3) Non-operating Income

Non-operating income decreased ¥2,506 million year-on-year, to ¥2,024 million.

(4) Non-operating Expenses

Non-operating expenses came to ¥32,839 million, remaining at a level comparable to the previous year's ¥32,123 million. The main contributor was interest expense of ¥28,402 million, which increased by ¥1,441 million year-on-year. In addition, while a ¥1,440 million equity in earnings of affiliated companies was recorded in the same period of the previous fiscal year, this period saw a ¥1,605 million equity in loss of affiliated companies.

(5) Special Income

Special income totaled ¥5,283 million, which included ¥2,464 million from sales of investment securities and ¥2,209 million from dilution gain from changes in equity interest.

(6) Special Loss

Special losses came to ¥2,201 million, the major component of which was a ¥1,313 million valuation loss on investment securities.

(7) Income Taxes and Others

Current income taxes totaled ¥11,741 million, deferred income taxes came to ¥14,533 million, and ¥11,710 million was recorded as minority interests in net income.

Results by business segment are as follows:

[Mobile Communications]

<<Summary of Segment Results>>	
Net sales	¥372,585 million (4.9% decrease year-on-year)
Operating income	¥44,273 million (1.7% increase year-on-year)
First quarter net subscriber additions totaled 525,500, No. 1 in monthly net additions for 14 consecutive months	
Total subscribers surpassed 19 million, 3G subscribers exceeded 15 million	

<Analysis of Results>

Net sales decreased by ¥19,082 million year-on-year, or 4.9%, to ¥372,585 million. Operating income increased by ¥744 million year-on-year, or 1.7%, to ¥44,273 million. The decrease in net sales was primarily a reflection of a decline in handset sales caused by a decrease in the number of handset upgrades and others at SOFTBANK MOBILE, the segment's core company. In addition, even though the number of subscribers showed steady growth, ARPU was lower year-on-year.

<Quarterly Results>

(Millions of yen)

	Fiscal year ended March 31, 2008				Fiscal year ending March 31, 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	391,668	422,841	406,081	410,260	372,585	—	—	—
Operating income	43,528	50,691	53,760	26,589	44,273	—	—	—

<Number of Mobile Phone Subscribers>

SOFTBANK MOBILE has recorded the industry's highest monthly net additions in subscribers (new subscribers minus cancellations) for the 14 consecutive months since May 2007. The number of SOFTBANK MOBILE subscribers totaled 19,111,700^{*4} as of the end of the period, for a year-on-year increase of 2,671,200 subscribers and a 1.6 percentage point increase in market share to 18.4%. The number of 3G subscribers exceeded 15 million.

This performance was primarily a reflection of the steady increase in the business's comprehensive strength under the "four key initiatives" of 3G network enhancement, 3G handset lineup enrichment, mobile content enhancement, and enhancement of the sales structure and branding. In addition, the number of applications for *White Plan* with a basic monthly charge of ¥980 (including tax) exceeded 14 million in July, 2008.

In order to further promote the migration to 3G service, SOFTBANK MOBILE stopped accepting new contract applications for its 2G service, including its prepaid service, on March 31, 2008. The 2G service, including its prepaid service, will be terminated by March 31, 2010.

(Thousands of lines)

	Fiscal year ended March 31, 2008				Fiscal year ending March 31, 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net additions	530.8	612.0	561.0	972.7	525.5	—	—	—
Total	16,440.5	17,052.5	17,613.5	18,586.2	19,111.7	—	—	—

*4. The total number of subscribers for SOFTBANK MOBILE includes communication module service subscribers. The number of communication module service subscribers at the end of the period was 17,700.

<Churn Rate and Upgrade Rate>

The churn rate for the period was 0.98%, marking the first time the overall rate fell below the 1% level. The upgrade rate for the period was 1.27%, for a 0.98 percentage point decline year-on-year.

In addition to the steady decline in the churn rate linked to increased customer satisfaction under the “four key initiatives,” the full-scale introduction of installment sales of handsets in October 2006 is contributing to the decline in the churn rate.

(%/month)

	Fiscal year ended March 31, 2008				Fiscal year ending March 31, 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Churn rate	1.46	1.42	1.21	1.19	0.98	—	—	—
(3G only) ^{*5}	1.07	1.05	0.88	0.85	0.72	—	—	—
Upgrade rate	2.25	2.67	2.00	1.93	1.27	—	—	—

*5. Excludes the 3G Prepaid Service.

<ARPU and Average Acquisition Commission per User>

Total ARPU in the period was ¥4,180, for a year-on-year decline of ¥820. This decline in total ARPU was a reflection of the *Special Discount* for subscribers to *New Super Bonus* and the growth in the number of subscribers to *White Plan*, which has a basic monthly charge of ¥980 (including tax). On the other hand, data ARPU rose ¥240 year-on-year to ¥1,650, and accounted for 39.4% of total ARPU.

The average acquisition commission per user during the period was ¥35,600.

(Yen per month)

	Fiscal year ended March 31, 2008				Fiscal year ending March 31, 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	5,000	4,800	4,520	4,310	4,180	—	—	—
(Voice)	3,590	3,340	3,040	2,710	2,530	—	—	—
(Data)	1,410	1,470	1,490	1,600	1,650	—	—	—

<Other>

SOFTBANK MOBILE has been continuously pursuing '3G handset lineup enrichment' and announced 12 new models of handsets as its handset lineup for summer in June 2008. These new models were released successively from late June. All of them are '3G High Speed' compatible with the 'PC Site Browser' function enabling optimal enjoyment of mobile Internet, and are equipped with a large screen for watching 'One Seg' broadcasts. In addition, SOFTBANK MOBILE launched Apple's iPhone(TM) 3G on July 11 in Japan that was released in 21 countries in the world on the same day.

[Broadband Infrastructure]

<<Summary of Segment Results>>	
Net sales	¥60,127 million (8.5% decrease year-on-year)
Operating income	¥10,475 million (20.9% increase year-on-year)
Total installed lines for <i>Yahoo! BB ADSL</i> : 4,653,000 (at the end of June 2008)	
<i>White Call 24</i> launched, providing free domestic calls between <i>BB Phone</i> and SoftBank mobile phones	

<Analysis of Results>

Net sales decreased by ¥5,619 million year-on-year, or 8.5%, to ¥60,127 million. Operating income increased by ¥1,809 million, or 20.9%, to ¥10,475 million. Revenue from core company SOFTBANK BB Corp.'s (hereinafter 'SOFTBANK BB') ADSL business is trending lower on declines in both the total installed lines and ARPU, but the trend of profit growth continues because of lower depreciation and amortization and leasing expenses for telecommunications equipment.

<Quarterly Results>

(Millions of yen)

	Fiscal year ended March 31, 2008				Fiscal year ending March 31, 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	65,747	64,072	64,340	63,908	60,127	—	—	—
Operating income	8,665	10,320	11,309	9,404	10,475	—	—	—

<Overview of Operations>

The number of installed lines for *Yahoo! BB ADSL*, the comprehensive broadband service provided by SOFTBANK BB, totaled 4,653,000 lines at the end of the period, and ARPU on a customer payment basis was ¥4,283.

SOFTBANK BB and SOFTBANK MOBILE launched the *White Call 24* discount service from June 2008. This service provides free domestic voice calls between subscribers of the Group's *BB Phone (050)* IP telephony service and SoftBank mobile phones (*White Plan*). This is increasing the Group's competitiveness by creating synergies between the two companies, including cross-selling across the two companies' sales channels.

[Fixed-Line Telecommunications]

<<Summary of Segment Results>>	
Net sales	¥88,453 million (2.2% decrease year-on-year)
Operating income	¥798 million
Total installed lines for the <i>OTOKU Line</i> service: 1,443,000 (at the end of June 2008)	
<i>White Line 24</i> launched, providing free domestic calls between <i>OTOKU Line</i> and SoftBank mobile phones	

<Analysis of Results>

Net sales decreased by ¥2,033 million year-on-year, or 2.2%, to ¥88,453 million. Operating income totaled ¥798 million, marking a turnaround from the previous year's ¥111 million operating loss. Revenue at core company SOFTBANK TELECOM Corp. (hereinafter 'SOFTBANK TELECOM') from existing telecommunications services, excluding the *OTOKU Line* direct connection fixed-line voice service, declined, but profitability has been maintained since the second quarter of the previous fiscal year because of lower equipment utilization fees, including access charges.

<Quarterly Results>

(Millions of yen)

	Fiscal year ended March 31, 2008				Fiscal year ending March 31, 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	90,486	90,986	89,979	99,288	88,453	—	—	—
Operating income (loss)	(111)	460	1,375	1,615	798	—	—	—

<Overview of Operations>

SOFTBANK TELECOM is utilizing its core *OTOKU Line* direct connection fixed-line voice service to expand its corporate customer base. The number of *OTOKU Line* lines installed at the end of the period stood at 1,443,000, for an increase of 186,000 during the period. Corporate customers constituted 72.3% of the total number of lines, and this figure continues to rise.

SOFTBANK TELECOM acquired additional shares of SOFTBANK TELECOM PARTNERS Corp.*6 (hereinafter 'SOFTBANK TELECOM PARTNERS') in April 2008, making it a subsidiary, as a means of strengthening sales to small and medium-sized companies. In June, the *White Line 24* discount service was launched to enhance synergies with the Mobile Communications segment and strengthen the corporate business. This service provides free domestic voice calls between subscribers of SOFTBANK TELECOM's *OTOKU Line 24* service and SoftBank mobile phones (*White Plan*).

*6. On July 1, 2008, JAPAN TELECOM Invoice Co., Ltd. changed its name to SOFTBANK TELECOM PARTNERS Corp.

[Internet Culture]

<<Summary of Segment Results>>	
Net sales	¥62,326 million (18.1% increase year-on-year)
Operating income	¥30,542 million (12.5% increase year-on-year)

<Analysis of Results>

Net sales increased by ¥9,530 million year-on-year, or 18.1%, to ¥62,326 million. Operating income increased by ¥3,394 million, or 12.5%, to ¥30,542 million.

<Quarterly Results>

(Millions of yen)

	Fiscal year ended March 31, 2008				Fiscal year ending March 31, 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	52,796	57,623	66,505	70,717	62,326	—	—	—
Operating income	27,148	27,766	28,864	31,457	30,542	—	—	—

<Overview of Operations>

In the advertising business of Yahoo Japan Corporation, the core company in the segment, sales of behavioral targeting advertising that targets users according to their past history of Internet usage surged year on year. Sales of the business's core product, *Prime Display*, also increased. Paid search advertising sales also rose substantially year-on-year due to the consolidation of Overture K.K. and greater use of its services by non Yahoo Japan Corporation Group companies due to the open partnership policy.

Efforts in *Yahoo! Shopping* and *Yahoo! Auctions* to increase the number of merchant stores were continued during the period. As a result, at the end of the period, the number of merchant stores registered on *Yahoo! Shopping* and *Yahoo! Auctions* totaled 32,061, expanding by 3,693 stores year-on-year. In addition, tenant and commission fees for *Yahoo! Shopping* and *Yahoo! Auctions* expanded favorably. Efforts to improve added value for *Yahoo! Premium* membership IDs resulted in the number of IDs breaking through the 7 million mark during the period for the first time.

[e-Commerce]

<<Summary of Segment Results>>	
Net sales	¥62,459 million (1.3% increase year-on-year)
Operating income	¥1,009 million (13.5% decrease year-on-year)

<Analysis of Results>

Net sales increased by ¥798 million year-on-year, or 1.3%, to ¥62,459 million. Operating income decreased by ¥157 million, or 13.5%, to ¥1,009 million.

<Quarterly Results>

(Millions of yen)

	Fiscal year ended March 31, 2008				Fiscal year ending March 31, 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	61,660	63,812	69,634	75,615	62,459	—	—	—
Operating income	1,167	933	809	246	1,009	—	—	—

<Overview of Operations>

Core company SOFTBANK BB's distribution division posted strong sales of network equipment including routers and switching devices, and of IT equipment for corporate customers including servers and client PCs. Sales of mobile phone accessories and personal computer software under the *SoftBank SELECTION* brand, launched in November 2007, began to contribute to earnings. On the other hand, there was limited growth in sales of high-margin software to corporate customers and this led to an operating income remaining at the same level. SOFTBANK BB will continue to pursue additional synergies with Group telecommunications companies as it strengthens its sale of mobile phone accessories and corporate business.

[Others]

<Analysis of Results>

Net sales decreased by ¥3,053 million year-on-year, or 12.3%, to ¥21,818 million. The operating loss was ¥758 million, compared with the previous year's operating loss of ¥689 million.

This segment includes the Technology Services business (SOFTBANK TECHNOLOGY CORP.), the Media & Marketing business (mainly SOFTBANK Creative Corp. and ITmedia Inc.), the Overseas Funds business, and Other businesses (mainly TV Bank Corporation and Fukuoka Softbank Hawks Corp.).

Broadmedia Corporation, which belonged to the Broadmedia segment that was previously included in this segment, changed from a consolidated subsidiary to an equity-method affiliate as the result of a capital increase via third-party allotment of shares implemented on May 16, 2008. The Broadmedia segment was therefore disbanded in the first quarter.

<Quarterly Results>

(Millions of yen)

	Fiscal year ended March 31, 2008				Fiscal year ending March 31, 2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	24,871	26,907	23,184	24,909	21,818	—	—	—
Operating income (loss)	(689)	38	(2,617)	(1,852)	(758)	—	—	—

2. Qualitative Information on Consolidated Financial Position

<<Summary of the Consolidated Financial Position>>		
Total assets	¥4,428,635 million	(2.9% decrease year-on-year)
Total liabilities	¥3,583,973 million	(3.4% decrease year-on-year)
Equity	¥844,662 million	(0.5% decrease year-on-year)
Cash flows from operating activities	¥52,899 million increase	
Cash flows from investing activities	¥90,769 million decrease	
Cash flows from financing activities	¥32,254 million decrease	
Balance of cash and cash equivalents	¥419,498 million	(¥70,768 million decrease from the end of March 2008)

1. Assets, Liabilities and Equity

Assets, liabilities, and equity at the end of the period were as follows:

(1) Current Assets

Current assets decreased by ¥118,556 million from the end of the previous fiscal year, to ¥1,464,188 million. This was mainly because of declines of ¥71,714 million in cash and deposits, ¥38,092 million in notes and accounts receivable-trade primarily at three telecommunications companies, SOFTBANK MOBILE, SOFTBANK BB, and SOFTBANK TELECOM and ¥15,385 million in deferred tax assets.

Installment sales of mobile handsets at the Mobile Communications segment remained strong, and SOFTBANK MOBILE procured cash by securitizing a portion of these installment sales receivables. Total cash procured during the period came to ¥45,343 million (see “(2) Major Financing Activities” on page 14). These procured funds were recorded as borrowings and entrusted installment sales receivables were recorded as accounts receivable-trade.

(2) Fixed Assets

<Property and Equipment, net>

Property and equipment, net declined by ¥11,655 million from the end of the previous fiscal year, to ¥1,017,609 million. This was primarily due to depreciation.

<Intangible Assets>

Intangible assets increased by ¥22,114 million from the end of the previous fiscal year, to ¥1,260,424 million. This came primarily from a ¥25,253 million increase in goodwill, associated with SOFTBANK TELECOM’s acquisition of additional shares of SOFTBANK TELECOM PARTNERS in April 2008, making SOFTBANK TELECOM PARTNERS a consolidated subsidiary of SOFTBANK TELECOM.

<Investments and Other Assets>

Investments and other assets decreased by ¥21,786 million from the end of the previous fiscal year, to ¥683,976 million. This was primarily the result of a ¥37,293 million decrease in investments securities associated with the decline in share price of Yahoo! Inc. in the U.S.

(3) Current Liabilities

Current liabilities decreased by ¥52,167 million from the end of the previous fiscal year, to ¥1,188,536 million.

Although short-term borrowings increased by ¥71,997 million, there were declines of ¥78,219 million in accounts payable-other and accrued expenses, ¥24,948 million in notes and accounts payable-trade, ¥16,517 million in income taxes payable, and ¥12,500 million in corporate bonds scheduled for redemption within one year.

The increase in short-term borrowings consisted primarily of ¥14,564 million procured by SOFTBANK MOBILE via the securitization of installment sales receivables, and borrowings by the Company increased by ¥67,500 million.

(4) Long-term Liabilities

Long-term liabilities decreased by ¥74,035 million from the end of the previous fiscal year, to ¥2,395,436 million, mainly because of a ¥47,589 million decrease in long-term debt.

The balance of long-term debt procured by SOFTBANK MOBILE through the whole business securitization financing scheme decreased by ¥14,544 million from the end of the previous fiscal year, to ¥1,261,944 million.

(5) Equity

Equity decreased by ¥4,062 million from the end of the previous fiscal year, to ¥844,662 million. While ¥2,701 million in dividend payments from retained earnings were recorded, net income for the period was ¥19,368 million, and accumulate deficit improved by ¥16,519 million. The deferred gain on derivatives under hedge accounting improved by ¥17,771 million, to ¥5,948 million, but there were decreases of ¥18,179 million in the unrealized gain on available-for-sale securities, ¥17,387 million in minority interests, and ¥3,013 million in foreign currency translation adjustments.

2. Cash Flows

Net cash provided by operating activities was ¥52,899 million, net cash used in investing activities was ¥90,769 million, and net cash used in financing activities was ¥32,254 million. As a result, cash and cash equivalents at the end of the period totaled to ¥419,498 million, a decrease of ¥70,768 million from the end of the previous fiscal year.

(1) Cash Flow from Operating Activities

Net cash provided by operating activities was ¥52,899 million. Income before income taxes and minority interests for the period totaled ¥57,354 million. As non-cash items, depreciation and amortization of ¥56,999 million and amortization of goodwill of ¥15,185 million were recorded. Other adjustment items included in income before income taxes and minority interests for the period included interest expense of ¥28,402 million. Operating cash flow was positively impacted by a ¥39,836 million decrease in receivables-trade, but there was a negative impact from a ¥24,322 million decrease in payables-trade. Interest paid was ¥27,221 million, and income taxes paid by Yahoo Japan Corporation and other entities were ¥33,409 million.

(2) Cash Flow from Investing Activities

Net cash used in investing activities was ¥90,769 million. As a result of capital expenditure, mainly in the telecommunications segments, purchase of property and equipment and intangibles totaled ¥71,553 million. SOFTBANK TELECOM's acquisition of additional shares of SOFTBANK TELECOM PARTNERS, making SOFTBANK TELECOM PARTNERS a consolidated subsidiary of SOFTBANK TELECOM, resulted in a major outlay of ¥17,530 million for acquisition of interests in subsidiaries newly consolidated. In addition, purchases of marketable and investment securities totaled ¥17,207 million, while proceeds from sale of marketable and investment securities were ¥10,225 million.

(3) Cash Flow from Financing Activities

Net cash used in financing activities was ¥32,254 million. Short-term borrowings, net, grew by ¥57,234 million, and proceeds from long-term debt were ¥45,343 million. Mainly in the Mobile Communications segment, proceeds of ¥16,334 million were recorded from the sale and lease back of equipment newly acquired. However, ¥81,660 million of long-term debt was repaid, and there was a ¥33,464 million outlay for purchase of treasury stock of subsidiaries in consolidation mainly at Yahoo Japan Corporation and other entities. In addition, repayment for the lease obligations and bond redemptions totaled ¥17,413 million and ¥14,041 million, respectively.

[Reference]
(1) Major Investing Activities

The major investing activities in this period were as follows:

Investee Company	Investor Company	Net Cash Outflow	Voting Rights
SOFTBANK TELECOM PARTNERS Corp.	SOFTBANK TELECOM Corp.	¥17,204 million (*)	100.0%
Oak Pacific Interactive	SOFTBANK CORP.	¥10,240 million	14.1%

* This is the amount after subtracting ¥8,325 million of cash and cash equivalents and others, which SOFTBANK TELECOM PARTNERS Corp. held at the acquisition, from acquisition cost of ¥25,530 million.

(2) Major Financing Activities

The major financing activities in this period were as follows:

Item	Company Name	Details	Summary
Stock buyback by subsidiaries in consolidation	Yahoo Japan Corporation	Implementation of the stock buyback by Yahoo Japan Corporation	Buyback Period: June 2, 2008 to June 30, 2008 (Trade date basis) Total amount of buyback: ¥37,821 million
Securitization of receivables	SOFTBANK MOBILE Corp.	Procurement of funds totaling ¥45,343 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: June 27, 2008 Redemption method: monthly pass-through repayment Use: capital investment and repayment of funds raised via the whole business securitization financing scheme
Increase or decrease of debt and others	SOFTBANK CORP.	Increase ¥49,500 million (net)	Increase in borrowings by ¥47,500 million (net) and Increase in commercial paper by ¥2,000 million
	SOFTBANK MOBILE Corp.	Decrease ¥14,544 million	Repayment of funds raised via the whole business securitization financing scheme
	SOFTBANK TELECOM Corp.	Decrease ¥5,800 million	
	Yahoo Japan Corporation	Decrease ¥10,000 million	
Bond redemption	SOFTBANK CORP.	20th Unsecured Straight Bond	Date of redemption: June 9, 2008 Aggregate amount of redemption: ¥12,500 million
Implementation of capital investment through finance lease agreements with ownership transfer	SOFTBANK MOBILE Corp.	Implementation of capital investment for mobile communications utilizing lease agreements	Funds procured during this period : ¥15,980 million

3. Qualitative Information on Forecast of Consolidated Results

The Group has introduced a range of price plans and discount services to meet diverse customer needs in its core telecommunications businesses, most notably installment sales for mobile handsets at the Mobile Communications business. Given the difficulty of estimating customer trends in light of these sales and pricing methods that are unprecedented in the industry, it is difficult to make meaningful performance forecasts.

The SOFTBANK Group will therefore endeavor to proactively provide a higher level of information disclosure to shareholders and investors by announcing consolidated performance forecasts when it becomes possible to provide meaningful estimates.

4. The SOFTBANK Group

As of June 30, 2008, the Group is comprised of the Company (pure holding company) and the following nine business segments. The number of consolidated subsidiaries and equity-method companies in each business segment is as follows.

Business segments	Consolidated subsidiaries	Equity-method non-consolidated subsidiaries and affiliates	Main business of segment and name of business
Mobile Communications	5	2	Provision of mobile communication services and sale of mobile phones accompanying the services etc. (Core company: SOFTBANK MOBILE Corp.)
Broadband Infrastructure	5	3	Provision of ADSL and fiber-optic high-speed Internet connection service, IP telephony service, and provision of content etc. (Core company: SOFTBANK BB Corp. ^(Note1))
Fixed-line Telecommunications	4	-	Provision of fixed-line telecommunications and data center service etc. (Core companies: SOFTBANK IDC Corp., SOFTBANK TELECOM Corp. ^(Note1))
Internet Culture	14	19	Internet-based advertising operations, portal business and auction business etc. (Core company: Yahoo Japan Corporation ^(Note1))
e-Commerce	7	4	Distribution of PC software and such hardware as PCs and peripherals, enterprise solutions, and diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C) etc. (Core companies: SOFTBANK BB Corp. ^(Note1) Vector Inc., Carview Corporation)
Others	70	47	Technology Services, Media & Marketing, Overseas Funds, and Other businesses (Core companies: SOFTBANK TECHNOLOGY CORP., SOFTBANK Creative Corp., ITmedia Inc., Fukuoka Softbank Hawks Marketing Corp.)
Total	105	75	

(Notes)

- SOFTBANK BB Corp., SOFTBANK TELECOM Corp. and Yahoo Japan Corporation are included in the consolidated subsidiaries of the Broadband Infrastructure, Fixed-line Telecommunications and Internet Culture segments, respectively, while SOFTBANK BB Corp., SOFTBANK TELECOM Corp. and Yahoo Japan Corporation operate multiple businesses and their operating results are allocated to multiple business segments.
- Broadmedia Corporation, which belonged to the Broadmedia segment that was previously included in the Others above, changed from a consolidated subsidiary to an equity-method affiliate as the result of a capital increase via third-party allotment of shares implemented on May 16, 2008. The Broadmedia segment was therefore disbanded in the first quarter.

[Listed Companies]

The following SOFTBANK subsidiaries are listed on domestic stock exchanges as of June 30, 2008:

Company Name	Listed Exchange
Yahoo Japan Corporation	Tokyo Stock Exchange 1st section Jasdaq Securities Exchange
SOFTBANK TECHNOLOGY CORP.	Tokyo Stock Exchange 1st section
Vector Inc.	Osaka Securities Exchange Hercules
ITmedia Inc.	Tokyo Stock Exchange Mothers
Carview Corporation	Tokyo Stock Exchange Mothers

5. Others

- (1) Significant Changes in Scope of Consolidation (Changes in Scope of Consolidation of Special-Purpose Companies)
There are no significant changes in scope of consolidation as of June 30, 2008.
- (2) Application of simple accounting methods or special accounting methods for preparation for the consolidated financial statements
There are no applicable items.
- (3) Changes in accounting principles, procedures, disclosure methods, etc., used in the presentation of the consolidated financial statements

[1] Application of accounting standard for quarterly financial reporting and its implementation guidance
“Accounting Standard for Quarterly Financial Reporting and its Implementation Guidance” (ASBJ Statement No.12 issued on March 14, 2007) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14 issued on March 14, 2007) were applied for the period ended June 30, 2008. The consolidated financial statements for the period ended June 30, 2008 were prepared by following “Regulations for Quarterly Consolidated Financial Statements”.

[2] Application of accounting standard for measurement of inventories
Prior to April 1, 2008, inventories held for sale in the ordinary course of business were measured by primarily cost determined by the moving-average method. “Accounting Standard for Measurement of Inventories”(ASBJ Statement No.9 issued on July 5, 2006), which is effective for fiscal years beginning on or after April 1, 2008, was adopted for the period ended June 30, 2008. Due to the application of the accounting standard, inventories are measured by primarily net selling value determined by the moving-average method. The effect of this change is not material.

[3] Application of practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements
“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITE No.18 issued on May 17, 2006) was applied for the period ended June 30, 2008 and the necessary adjustments are reflected in the consolidated financial statements. The effect of this change is not material.

[4] Application of accounting standard for lease transactions
Prior to April 1, 2008, finance lease in which the ownership of leased assets was not transferred to lessees was permitted to be accounted for as operating lease transactions. “Accounting Standard for Lease Transactions”(ASBJ Statement No.13 issued on June 17, 1993 and revised on March 30, 2007) and “the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No.16 issued on January 18, 1994 and revised on March 30, 2007) were early adopted from the fiscal year beginning on April 1, 2008. They were applied for all lease transactions contracted after April 1, 2008, and the finance lease transactions are capitalized recognizing lease assets and lease obligations in the balance sheet. The effect of this change is not material.

Finance lease transactions in which the ownership of leased assets was not transferred to lessees and contracted before April 1, 2008 are permitted to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the notes to the lessee’s financial statements.

6. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

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

	As of June 30, 2008	As of March 31, 2008
	Amount	Amount
ASSETS		
Current assets:		
Cash and deposits	¥419,446	¥491,161
Notes and accounts receivable - trade	849,630	887,723
Marketable securities	6,533	4,928
Merchandise	59,348	58,118
Deferred tax assets	90,465	105,850
Other current assets	116,177	103,351
Less:		
Allowance for doubtful accounts	(77,412)	(68,388)
Total current assets	1,464,188	1,582,744
Fixed assets:		
Property and equipment, net:		
Buildings and structures	74,228	75,781
Telecommunications equipment	742,604	744,037
Telecommunications service lines	84,436	86,062
Land	22,543	23,442
Construction in progress	40,263	45,576
Other	53,533	54,364
Total property and equipment	1,017,609	1,029,265
Intangible assets, net:		
Goodwill	999,689	974,435
Software	220,989	224,180
Other intangibles	39,745	39,693
Total intangible assets	1,260,424	1,238,309
Investments and other assets:		
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	427,704	464,997
Deferred tax assets	130,443	126,887
Other assets	130,352	118,491
Less:		
Allowance for doubtful accounts	(4,522)	(4,613)
Total investments and other assets	683,976	705,763
Total fixed assets	2,962,010	2,973,337
Deferred charges	2,436	2,818
Total assets	¥4,428,635	¥4,558,901

Quarterly Consolidated Balance Sheets

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

	As of June 30, 2008	As of March 31, 2008
	Amount	Amount
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable-trade	¥162,330	¥187,279
Short-term borrowings	520,569	448,571
Commercial paper	2,000	-
Current portion of corporate bonds	40,040	52,540
Accounts payable - other and accrued expenses	286,231	364,450
Income taxes payable	18,561	35,079
Current portion of lease obligations	74,497	69,770
Other current liabilities	84,305	83,012
Total current liabilities	1,188,536	1,240,704
Long-term liabilities:		
Corporate bonds	443,699	445,211
Long-term debt	1,539,055	1,586,645
Deferred tax liabilities	42,597	41,977
Liability for retirement benefits	15,923	16,158
Allowance for point mileage	44,785	43,809
Lease obligations	240,901	241,496
Other liabilities	68,474	94,172
Total long-term liabilities	2,395,436	2,469,472
Total liabilities	3,583,973	3,710,176
Equity:		
Common stock	187,510	187,422
Cash receipts for new stock subscriptions	0	-
Additional paid-in capital	211,828	211,740
Accumulated deficit	(75,224)	(91,744)
Less: Treasury stock	(207)	(206)
Total shareholders' equity	323,908	307,213
Unrealized gain on available-for-sale securities	62,734	80,914
Deferred gain (loss) on derivatives under hedge accounting	5,948	(11,823)
Foreign currency translation adjustments	4,424	7,437
Total valuation and translation adjustments	73,107	76,529
Stock acquisition rights	171	120
Minority interests	447,474	464,862
Total equity	844,662	848,725
Total liabilities and equity	¥4,428,635	¥4,558,901

(2) Quarterly Consolidated Statements of Income

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

	First quarter
	April 1, 2008 to June 30, 2008
	Amount
Net sales	¥647,255
Cost of sales	335,326
Gross Profit	311,929
Selling, general and administrative expenses	226,842
Operating income	85,086
Interest income	361
Foreign exchange gain, net	110
Other non-operating income	1,552
Non-operating income	2,024
Interest expense	28,402
Equity in loss of affiliated companies	1,605
Other non-operating expenses	2,831
Non-operating expenses	32,839
Ordinary income	54,272
Gain on sale of investment securities	2,464
Dilution gain from changes in equity interest	2,209
Other special income	609
Special income	5,283
Valuation loss on investment securities	1,313
Unrealized loss on valuation of investments and gain on sale of investments at subsidiaries in the U.S., net	840
Other special losses	47
Special loss	2,201
Income before income taxes and minority interests	57,354
Income taxes:	
Current	11,741
Deferred	14,533
Total income taxes	26,275
Minority interests in net income	11,710
Net income	¥19,368

(3) Quarterly Consolidated Statements of Cash Flows

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

	First quarter
	April 1, 2008 to June 30, 2008
Cash flows from operating activities:	
Income before income taxes and minority interests	¥57,354
Adjustments for:	
Depreciation and amortization	56,999
Amortization of goodwill	15,185
Equity in loss of affiliated companies	1,605
Dilution gain from changes in equity interest, net	(2,209)
Valuation loss on investment securities	1,313
Unrealized loss on valuation of investments and gain on sale of investments at subsidiaries in the U.S., net	840
Gain on sales of marketable and investment securities, net	(2,470)
Foreign exchange gain, net	(248)
Interest and dividend income	(716)
Interest expense	28,402
Changes in operating assets, and liabilities	
Decrease in receivables-trade	39,836
Decrease in payables-trade	(24,322)
Other, net	(58,847)
Sub-total	112,722
Interest and dividends received	808
Interest paid	(27,221)
Income taxes paid	(33,409)
Net cash provided by operating activities	52,899

- Continued -

Quarterly Consolidated Statements of Cash Flows (Continued)

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

	First quarter
	April 1, 2008 to June 30, 2008
Cash flows from investing activities:	
Purchase of property and equipment, and intangibles	¥ (71,553)
Purchase of marketable and investment securities	(17,207)
Proceeds from sale of marketable and investment securities	10,225
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	(17,530)
Other, net	5,296
Net cash used in investing activities	(90,769)
Cash flows from financing activities:	
Increase in short-term borrowings, net	57,234
Increase in commercial paper, net	2,000
Proceeds from long-term debt	45,343
Repayment of long-term debt	(81,660)
Redemption of bonds	(14,041)
Exercise of warrants	175
Proceeds from issuance of shares to minority shareholders	511
Cash dividends paid	(2,026)
Cash dividends paid to minority shareholders	(4,086)
Purchase of treasury stock of subsidiaries in consolidation	(33,464)
Proceeds from sale and lease back of equipment newly acquired	16,334
Repayment of lease obligations	(17,413)
Other, net	(1,160)
Net cash used in financing activities	(32,254)
Effect of exchange rate changes on cash and cash equivalents	999
Net decrease in cash and cash equivalents	(69,124)
Increase in cash and cash equivalents due to inclusion of newly consolidated subsidiaries	126
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(1,770)
Cash and cash equivalents, beginning of the period	490,266
Cash and cash equivalents, end of the period	¥419,498

“Accounting Standard for Quarterly Financial Reporting and its Implementation Guidance” (ASBJ Statement No.12 issued on March 14, 2007) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14 issued on March 14, 2007) were applied for the period ended June 30, 2008. The consolidated financial statements for the period ended June 30, 2008 were prepared by following “Regulations for Quarterly Consolidated Financial Statements”.

(4) Notes to Assumption of a Going Concern

There are no applicable items.

(5) Basis of Presentation of Quarterly Consolidated Financial Statements

(Items described in “Qualitative Information/Financial Statements 5. Others” are excluded.)

1. Changes in scope of consolidation

(1) Changes in scope of consolidation are as follows:

<Increase>

5 companies

Significant changes:

SOFTBANK TELECOM PARTNERS Corp. Additionally acquired

<Decrease>

9 companies

Significant changes:

Broadmedia Corporation Decreased in interest due to allocation of new stock to a third party

(2) The number of consolidated subsidiaries after the changes:

105 companies

2. Changes in scope of equity method

(1) Changes in scope of equity method are as follows:

<Increase>

11 companies

Significant changes:

Broadmedia Corporation Changed from a consolidated subsidiary

<Decrease>

3 companies

(2) The number of non-consolidated subsidiaries and affiliated companies under the equity method after the changes:

Non-consolidated subsidiaries under the equity method: 4 companies

Affiliated companies under the equity method: 71 companies

3. Application of consolidated taxation system

BB Mobile Corp., SOFTBANK MOBILE Corp., and its 5 subsidiaries, all of which are subsidiaries of the Company, adopted the consolidated taxation system.

(6) Notes
(Quarterly Consolidated Balance Sheets)
1. Accumulated depreciation of property and equipment

As of June 30, 2008	As of March 31, 2008
870,927 million yen	837,286 million yen

2. Contingent liability

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

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

Subject Bonds	As of June 30, 2008	As of March 31, 2008
First Series Unsecured Bond	-	25,000
Third Series Unsecured Bond	25,000	25,000
Fifth Series Unsecured Bond	25,000	25,000
Seventh Series Unsecured Bond	25,000	25,000
Total	75,000 million yen	100,000 million yen

3. Assets pledged as collateral
(1) For future lease liabilities

	As of June 30, 2008	As of March 31, 2008
<u>Assets pledged as collateral:</u>		
Notes and accounts receivable - trade	9,858 million yen	10,181 million yen

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

Notes and accounts receivable - trade	13,468 million yen	13,787 million yen
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Note: The collateral for the future lease liabilities (finance lease accounted for as operating lease transactions) was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries. The future lease liabilities at the end of each period are as follows:

	As of June 30, 2008	As of March 31, 2008
Future lease liabilities (finance lease accounted for as operating lease transactions)	7,192 million yen	8,121 million yen

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

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

	As of June 30, 2008		As of March 31, 2008	
<u>Assets pledged as collateral:</u>				
Cash and deposits	196,985		220,801	
Notes and accounts receivable - trade	331,505		330,157	
Other current assets	0		10	
Buildings and structures	13,643		13,872	
Telecommunications equipment	257,386		268,494	
Telecommunications service lines	179		170	
Land	15,595		15,576	
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	114,724		152,638	
Investments and other assets - other assets	-		240	
Total	930,017	million yen	1,001,961	million yen
	As of June 30, 2008		As of March 31, 2008	
<u>Secured liabilities:</u>				
Accounts payable - trade	968		1,447	
Short-term borrowings	3,955		4,724	
Long - term debt	1,371,762		1,378,900	
Total	1,376,686	million yen	1,385,072	million yen

SOFTBANK MOBILE Corp. shares owned by BB Mobile Corp. and BB Mobile Corp. shares owned by Mobiletech Corporation are pledged as collateral for long-term debt (totaled to ¥1,261,944 million) resulted from the refinancing of the loan accompanying the acquisition of SOFTBANK MOBILE Corp., in addition to the assets pledged as collateral above.

The funds procured through the securitization of installment sales receivables of SOFTBANK Mobile Corp., in the amount of ¥180,436 million and ¥42,696 million, are recorded as "Short-term borrowings" and "Long-term debt," respectively, as of June 30, 2008. The installment sales receivables, equivalent to ¥223,133 million which is the amount of senior trust certificate of the securitized installment sales receivables for this procurement, is included in "Notes and account receivable-trade," along with the amount of trust beneficial certificate held by the SOFTBANK MOBILE Corp. Trustee procured the funds through asset backed loans which are backed by these installment sales receivables.

4. Cash receipts for new stock subscriptions

Cash receipts for new stock subscriptions represent amounts paid at the exercise of warrants as advances on subscriptions. On July 3, 2008, the Company issued 600 new shares, and ¥0 million and ¥0 million are recorded as "Common stock" and "Additional paid-in capital", respectively.

(Quarterly Consolidated Statements of Income)

1. Selling, general and administrative expenses

	Three-month period ended June 30, 2008
Sales commission	60,305 million yen
Provision for allowance for doubtful accounts	9,791

2. Unrealized loss on valuation of investments and gain on sale of investments at subsidiaries in the United States of America, net

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions of “American Institute of Certified Public Accountants Audit and Accounting Guide” investment companies (the AICPA Guide) and account for the investment securities in accordance with the AICPA Guide.

The net changes in the fair value of the investments are recorded as “Unrealized loss on valuation of investments and gain on sale of investments at subsidiaries in the U.S., net” and gain or loss on sale of investments, computed based on the acquisition cost, is also included in this account. The unrealized gain or loss on valuation of investments and gain or loss on sale of investments included in “Unrealized loss on valuation of investments and gain on sale of investments at subsidiaries in the U.S., net” are as follows:

	Three-month period ended June 30, 2008
Unrealized loss on valuation of investment at subsidiaries in the U.S.,net	(2,256)
Gain on sale of investments at subsidiaries in the U.S.,net	1,416
Total	(840) million yen

(Quarterly Consolidated Statements of Cash Flows)

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

	As of June 30, 2008
Cash and deposits	419,446
Marketable securities	6,533
Time deposits with original maturity over three months	(1,200)
Stocks and bonds with original maturity over three months	(5,281)
Cash and cash equivalents	419,498 million yen

2. Scope of Purchase of property and equipment, and intangibles in the consolidated statements of cash flows

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

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

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

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

(Leases)
1. Finance lease transactions

“Accounting Standard for Lease Transactions”(ASBJ Statement No.13) and “the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No.16) were early adopted from the fiscal year beginning on April 1 , 2008.

(As a lessee)

- (1) Finance leases in which the ownership of leased assets is transferred to lessees at the end of lease periods

[1] Details of lease assets are as follows:

Tangible assets, mainly telecommunications equipment in the Mobile Communications segment.

[2] Depreciation method for lease assets

The depreciation method is the same as the method used for fixed assets possessed by each subsidiary.

- (2) Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease periods

[1] Details of lease assets are as follows:

Tangible assets, telecommunications equipment in the Fixed-line Telecommunications segment.

[2] Calculation method used to determine the amount equivalent to depreciation

The straight-line method is adopted assuming no residual value except in cases where the residual value is guaranteed in the lease contract.

Lease transactions contracted before April 1, 2008 are continuously permitted to be accounted for as operating lease transactions, and the note of as if capitalized information is as follows:

- [1] Amounts equivalent to acquisition costs, accumulated depreciation, and accumulated impairment loss of leased property for each period:

	As of June 30, 2008		As of March 31, 2008	
Telecommunications equipment and telecommunications service lines				
Acquisition cost	178,120		179,479	
Accumulated depreciation	(69,970)		(66,202)	
Accumulated impairment loss	(30,521)		(30,521)	
Net leased property	77,628	million yen	82,755	million yen
Buildings and structures				
Acquisition cost	47,004		47,005	
Accumulated depreciation	(8,023)		(7,429)	
Accumulated impairment loss	-		-	
Net leased property	38,981	million yen	39,575	million yen
Property and equipment - others				
Acquisition cost	17,368		17,979	
Accumulated depreciation	(6,381)		(6,302)	
Accumulated impairment loss	(1,112)		(1,253)	
Net leased property	9,873	million yen	10,423	million yen
Intangible assets				
Acquisition cost	9,464		9,373	
Accumulated depreciation	(3,722)		(3,353)	
Accumulated impairment loss	(205)		(169)	
Net leased property	5,537	million yen	5,851	million yen
Total				
Acquisition cost	251,957		253,838	
Accumulated depreciation	(88,098)		(83,288)	
Accumulated impairment loss	(31,839)		(31,943)	
Net leased property	132,020	million yen	138,606	million yen

Long-term prepaid expenses relating to a lease contract, in which the contract term and payment term are different, for the period ended June 30, 2008 and March 31, 2008 are ¥17,010 million and ¥15,053 million, respectively and are included in "Other assets" of investments and other assets in the consolidated balance sheets.

[2] Obligations under finance lease at the end of each period:

	As of June 30, 2008		As of March 31, 2008	
Due within one year	32,246		32,482	
Due after one year	133,771		141,179	
Total	166,017	million yen	173,662	million yen
Balance of allowance for impairment loss on leased property	19,853	million yen	21,601	million yen

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

	Three-month period ended		Fiscal year ended	
	June 30, 2008		March 31, 2008	
Lease payments	10,638	million yen	44,329	million yen
Reversal of allowance for impairment loss on leased property	1,683		5,387	
Depreciation expense	7,428		30,917	
Interest expense	2,467		12,788	
Impairment loss	-		8,818	

[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 finance 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.

2. Non-cancelable operating lease transactions

(As a lessee)

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

	As of June 30, 2008		As of March 31, 2008	
Due within one year	4,534		2,959	
Due after one year	24,476		13,126	
Total	29,010	million yen	16,086	million yen

(Investment in Debt and Equity Securities)
1. Marketable and investment securities at fair value

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

	As of June 30, 2008			As of March 31, 2008		
	Investment Cost	Carrying Amount	Differences	Investment Cost	Carrying Amount	Differences
(1) Equity securities	31,543	140,209	108,665	29,219	171,676	142,456
(2) Others	5,062	5,057	(5)	1,320	1,318	(2)
Total	36,606	145,266	108,660	30,540	172,994	142,454

2. Carrying amounts of the unlisted investment securities

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

	As of June 30, 2008	As of March 31, 2008
	Carrying Amounts	Carrying Amounts
(1)Held-to-maturity debt securities		
Foreign debt securities	¥700	¥700
Debt securities	398	368
(2)Available-for-sale and other securities		
Equity securities	94,517	91,446
Investments in limited partnerships	6,570	6,725
Money Management Fund	-	2,519
Foreign debt securities	794	958
Others	928	1,058
Total	¥103,909	¥103,777

3. Investment securities evaluated at fair value under the provisions of “American Institute of Certified Public Accountants Audit and Accounting Guide” Investment Companies

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions of “American Institute of Certified Public Accountants Audit and Accounting Guide” investment companies (the AICPA Guide) and account for the investment securities in accordance with the AICPA Guide.

The carrying amounts of the investment securities at fair value recorded in the consolidated balance sheets at June 30, 2008 and March 31, 2008 are as follows:

As of June 30, 2008

Carrying amounts of investment securities at fair value recorded in consolidated balance sheets: 23,682 million yen

As of March 31, 2008

Carrying amounts of investment securities at fair value recorded in consolidated balance sheets: 26,042 million yen

(Per Share Data)
1. Shareholders' equity per share

	Three-month period ended June 30, 2008	Fiscal year ended March 31, 2008
Shareholders' equity per share (yen)	¥367.39	¥355.15

2. Net income per share

	Three-month period ended June 30, 2008
Net income per share - primary (yen)	¥17.92
Net income per share – diluted (yen)	17.07

3. Basic data for computation of the per share data

Basic data for computation of the per share data	Three-month period ended June 30, 2008
1. Net income (in millions of yen)	19,368
2. Amounts not allocated to shareholders (in millions of yen)	-
3. Net income allocated to common stock outstanding (in millions of yen)	19,368
4. Weighted average number of common stock outstanding during period (unit: thousand of shares)	1,080,540
5. Adjustment for net income used to calculate diluted net income per share (in millions of yen)	
– Adjustments for net income used to calculate diluted net income per share in consolidated subsidiaries and affiliated companies	389
– Interest expense (net of tax)	(10)
– Total	378
6. Increase of common stock used to calculate diluted net income per share (unit: thousand of shares)	76,275
7. Residual securities which do not dilute net income per share and have significant changes from the end of previous fiscal year	-

(7) Segment Information

1. Business segment information

For the three-month period ended June 30, 2008

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

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥370,692	¥58,791	¥78,128	¥61,551	¥59,670	¥18,420	¥647,255	¥-	¥647,255
(2) Inter-segment	1,893	1,336	10,324	774	2,788	3,397	20,515	(20,515)	-
Total	372,585	60,127	88,453	62,326	62,459	21,818	667,771	(20,515)	647,255
Operating income (loss)	44,273	10,475	798	30,542	1,009	(758)	86,341	(1,254)	85,086

Notes:

- Business segments are categorized primarily based on the nature of business operations, type of services, and similarity of sales channels, etc. which the SOFTBANK Group uses for its internal management purpose.
- Regarding the main business segments, please see “Qualitative Information / Financial Statements 4. The SOFTBANK Group” in details on page 16.

2. Geographic segment information

For the three-month period ended June 30, 2008

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

	Japan	North America	Others	Total	Elimination or corporate	Consolidated
Net sales						
(1) Customers	¥643,960	¥297	¥2,997	¥647,255	¥-	¥647,255
(2) Inter-segment	119	-	-	119	(119)	-
Total	644,080	297	2,997	647,375	(119)	647,255
Operating income (loss)	87,097	(286)	(68)	86,741	(1,655)	85,086

Notes:

- Net sales by geographic region are recognized based on geographic location of the operation.

- Significant countries in each region are as follows:

North America : United States of America and Canada

Others : Europe, Korea, China, Singapore, and others

3. Overseas sales

Disclosure of overseas sales for the three-month period ended June 30, 2008 is omitted because the total overseas sales are less than 10% of total consolidated sales.

(8) Notes to Significant Changes in Shareholder's Equity

There are no applicable items.

[For Reference]

Quarterly Consolidated Financial Statements for the three-month period ended June 30, 2007

(1) Summary of Quarterly Consolidated Statements of Income

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

	First quarter
	April 1, 2007 to June 30, 2007
	Amount
Net sales	¥663,084
Cost of sales	352,896
Gross Profit	310,188
Selling, general and administrative expenses	231,442
Operating income	78,746
Interest income	608
Foreign exchange gain, net	543
Equity in earnings of affiliated companies	1,440
Other non-operating income	1,939
Non-operating income	4,531
Interest expense	26,960
Other non-operating expenses	5,162
Non-operating expenses	32,123
Ordinary income	51,154
Gain on sale of investment securities	4,602
Dilution gain from changes in equity interest	2,866
Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net	65
Other special income	1,981
Special income	9,514
Valuation loss on investment securities	169
Other special losses	2,096
Special loss	2,266
Income before income taxes and minority interests	58,403
Income taxes:	
Current	2,826
Deferred	20,065
Total income taxes	22,892
Minority interests in net income	10,380
Net income	¥25,130

(2) Summary of Quarterly Consolidated Statements of Cash Flows

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

	First quarter
	April 1,2007 to June 30,2007
Cash flows from operating activities:	
Income before income taxes and minority interests	¥58,403
Adjustments for:	
Depreciation and amortization	53,533
Amortization of goodwill	14,426
Equity in earnings of affiliated companies	(1,440)
Dilution gain from changes in equity interest, net	(2,790)
Valuation loss on investment securities	169
Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net	(65)
Gain on sale of marketable and investment securities, net	(4,884)
Foreign exchange gain, net	(829)
Interest and dividend income	(854)
Interest expense	26,960
Changes in operating assets, and liabilities	
Increase in receivables-trade	(44,016)
Decrease in payables-trade	(13,364)
Other, net	(57,333)
Sub-total	27,914
Interest and dividends received	704
Interest paid	(26,326)
Income taxes paid	(29,770)
Net cash used in operating activities	(27,478)

- Continued -

Summary of Quarterly Consolidated Statements of Cash Flows (Continued)

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

	First quarter
	April 1,2007 to June 30,2007
Cash flows from investing activities:	
Purchase of property and equipment, and intangibles	¥ (92,916)
Purchase of marketable and investment securities	(14,997)
Proceeds from sale of marketable and investment securities	14,311
Proceeds from sale of interests in consolidated subsidiaries	1,012
Other, net	(18,929)
Net cash used in investing activities	(111,519)
Cash flows from financing activities:	
Decrease in short-term borrowings, net	(46,077)
Decrease in commercial paper, net	(5,000)
Proceeds from long-term debt	88,161
Repayment of long-term debt	(31,916)
Proceeds from issuance of bonds	89,483
Exercise of warrants	669
Proceeds from issuance of shares to minority shareholders	6,023
Cash dividends paid	(1,983)
Cash dividends paid to minority shareholders	(3,497)
Purchase of treasury stock of subsidiaries in consolidation	(126)
Proceeds from sale and lease back of equipment newly acquired	149,864
Decrease in cash receipts as collateral, net	(20,000)
Repayment of lease obligations	(7,047)
Other, net	(72)
Net cash provided by financing activities	218,480
Effect of exchange rate changes on cash and cash equivalents	1,495
Net increase in cash and cash equivalents	80,978
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(771)
Cash and cash equivalents, beginning of the period	377,520
Cash and cash equivalents, end of the period	¥457,727

(3) Segment Information

1. Business segment information

For the three-month period ended June 30, 2007

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

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥389,037	¥64,326	¥77,851	¥51,893	¥58,270	¥21,705	¥633,084	¥-	¥663,084
(2) Inter-segment	2,630	1,420	12,634	902	3,390	3,166	24,145	(24,145)	-
Total	391,668	65,747	90,486	52,796	61,660	24,871	687,230	(24,145)	663,084
Operating income (loss)	43,528	8,665	(111)	27,148	1,167	(689)	79,709	(962)	78,746

Notes:

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

2. The main business segments are as follows:

Mobile Communications : Provision of mobile communication services and sale of mobile phones accompanying the services etc.

Broadband Infrastructure : Provision of ADSL and fiber-optic high-speed Internet connection service, IP telephony service, and provision of contents etc.

Fixed-line Telecommunications: Provision of fixed-line telecommunications service and data center service etc.

Internet Culture : Internet-based advertising operations, portal business, and auction business etc.

e-Commerce : 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) etc.

Others : Broadmedia, Technology Services, Media & Marketing, Overseas funds, and other businesses

2. Geographic segment information

For the three-month period ended June 30, 2007

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

	Japan	North America	Others	Total	Elimination or corporate	Consolidated
Net sales						
(1) Customers	¥659,119	¥464	¥3,500	¥663,084	¥-	¥663,084
(2) Inter-segment	112	-	90	203	(203)	-
Total	659,231	464	3,591	663,288	(203)	663,084
Operating income (loss)	80,675	(304)	(168)	80,202	(1,455)	78,746

Notes:

1. Net sales by geographic region are recognized based on geographic location of the operation.

2. Significant countries in each region are as follows:

North America : United States of America and Canada

Others : Europe, Korea, China, Singapore, and others

3. Overseas sales

Disclosure of overseas sales for the three month period ended June 30, 2007 is omitted because the total overseas sales are less than 10% of total consolidated sales.