

SOFTBANK CORP.
CONSOLIDATED INTERIM FINANCIAL REPORT
For the six months ended September 30, 2000

FINANCIAL HIGHLIGHTS

1. Results of Operations

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

	FY2001 interim (April 2000 through September 2000)	Year-on- year change	FY2000 interim (April 1999 through September 1999)	Year-on- year change
Revenues	180,236	-10.6%	201,579	-18.1%
Operating income	4,703	+27.6%	3,685	-41.1%
Ordinary income (loss)	1,037	—	11,298	—
Net income (loss)	36,310	—	3,517	—
Net income (loss) per share— primary (yen)	109.79	—	32.93	—
Net income (loss) per share— diluted (yen)	108.61	—	31.35	—

Notes:

1. Equity in earnings (losses) of affiliates

Six months ended September 30, 2000: 6,847 million yen

Six months ended September 30, 1999: 4,221

Year ended March 31, 2000: 4,744

2. Evaluation loss on derivatives transactions

Six months ended September 30, 2000: 254

3. There is accounting change during the period under review.

4. Percentage changes for revenues, operating income, ordinary income and net income are compared with the corresponding period of the previous fiscal year.

2. Financial Condition

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

	FY2001 interim (April 2000 through September 2000)	FY2000 interim (April 1999 through September 1999)
Total assets	1,078,146	1,065,342
Shareholders' equity	383,944	330,762
Equity ratio (%)	35.6	31.0
Shareholders' equity per share (yen)	1,159.73	3,035.43

3. Cash Flows

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

	FY2001 interim (April 2000 through September 2000)	FY2000 interim (April 1999 through September 1999)
Cash flows from operating activities	79,217	—
Cash flows from investing activities	31,501	—
Cash flows from financing activities	41,138	—
Cash and cash equivalents at end of year	177,759	—

4. Scope of Consolidation

Consolidated subsidiaries:	187
Equity-method non-consolidated subsidiaries:	2
Equity-method affiliates:	85

5. Changes in Scope of Consolidation

Consolidated subsidiaries:	
Newly added:	68
Newly deleted:	24
Equity-method non-consolidated subsidiaries and affiliates:	
Newly added:	46
Newly deleted:	12

(Reference)

The following table shows fiscal 1999, 2000, and 2001 first-half and full-term net income per share and shareholders' equity per share figures adjusted retroactively to account for the impact of a three-for-one share split implemented on June 24, 2000.

Consolidated

(yen)

	FY2001 interim (April 2000 through September 2000)	FY2000 (April 1999 through March 2000)	FY2000 interim (April 1999 through September 1999)	FY1999 (April 1998 through March 1999)	FY1999 interim (April 1998 through September 1998)
Net income per share	109.79		10.98		10.72
Net income per share		26.02		121.79	
Shareholders' equity per share	1,159.73	1,152.18	1,011.81	906.45	756.00

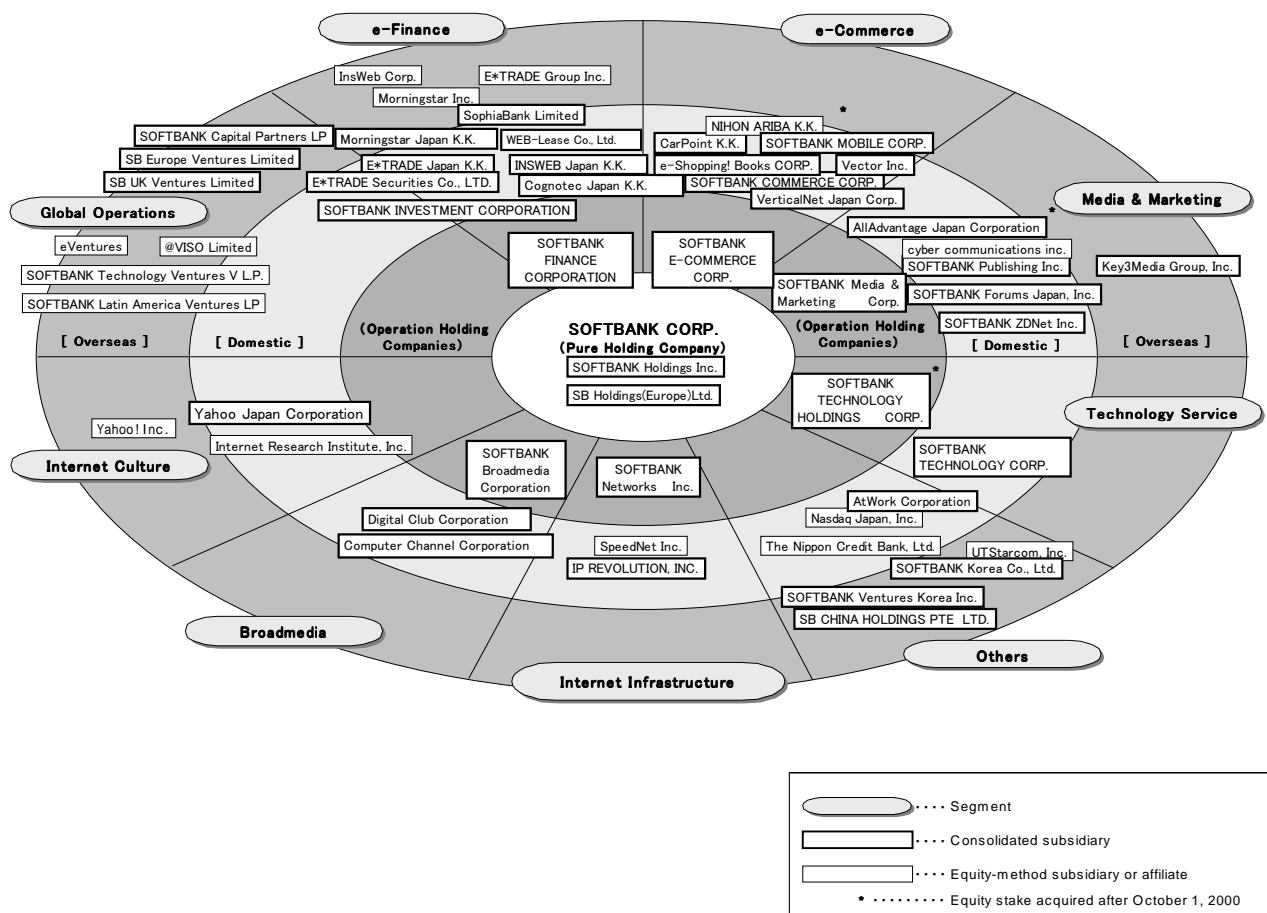
Note:

Net income per share figures are calculated based on the average number of shares issued during each respective period, while shareholders' equity per share figures are calculated based on the number of shares issued at year-end.

THE SOFTBANK GROUP

As of September 30, 2000, the SOFTBANK Group comprised 274 companies with operations in 10 segments.

Business segment	Consolidated subsidiaries (includes partnerships)	Equity-method non-consolidated subsidiaries and affiliates (includes partnerships)	Principal businesses
1. e-Commerce	29	2	Distribution of PC software, PCs and peripheral equipment; e-commerce (online merchandise sales, brokerage)
2. e-Finance	77	17	Comprehensive Internet-based financial operations, including securities brokerage and mutual fund rating services; management of domestic venture capital fund and comprehensive support for venture companies
3. Media & Marketing	37	8	Publishing (PC magazines, books, amusement magazines); management of computer-related exhibitions; Internet-based information services
4. Broadmedia	3	1	Satellite broadcasting; management of membership system service
5. Internet Culture	2	7	Internet search services; Internet-based information services; Internet community services
6. Technology Services	6	5	Systems integration; technology development and support for e-commerce business
7. Internet Infrastructure	4	1	Broadband infrastructure business using fiber optics and wireless
8. Foreign Investment Funds	10	27	Internet-related venture capital operations in the United States and other countries
9. Services	2	4	Personnel and administrative support; temporary staff services
10. Others	17	15	
Total	187	87	



MANAGEMENT POLICY AND RESULTS OF OPERATIONS

1. Management Policy Leading the Digital Information Revolution

The SOFTBANK Group's efforts to expand its operations reflect its belief that the digital information revolution will contribute significantly to the progress of humankind and that its ongoing commitment to drive the revolution will ensure its own future growth. The digital information industry is growing and evolving rapidly, while fragmenting into a myriad of business segments. To assert its position as a leader in the digital information revolution, SOFTBANK has implemented a three-tiered business structure comprising a pure holding company, operation holding companies and operating companies. The SOFTBANK Group is capitalizing on this structure, which seeks to maximize Group synergies while enabling each operating company to take responsibility for its own future, to achieve growth.

In Japan, operation holding companies have been given responsibility for cultivating new businesses and formulating strategies for their respective segments. In the six months ended September 30, 2000, alone, these operation holding companies established more than 30 new companies, all of which have set clear goals for achieving profitability and listing their shares publicly at the earliest possible date. During the period, four of these new companies made initial public offerings (IPOs): Vector Inc., Morningstar Japan K.K., E*TRADE Japan K.K. and cyber communications inc.

SOFTBANK takes advantage of the different phase of the Internet's evolution in the world to implement one of its key strategies, called "time machine management," which fosters the worldwide incubation of superior business models in one country. Accordingly, the Company is stepping up its venture capital operations, a crucial component of this strategy. Currently, the SOFTBANK Group's venture capital funds—including the SOFTBANK INTERNET TECHNOLOGY FUND, established in spring 2000 and one of Japan's largest venture capital funds—command total assets in excess of ¥900 billion worldwide.

With Japanese Internet stocks beginning to feel the impact of the down turn in the overheated U.S. NASDAQ market since spring 2000, the outlook for Internet-related businesses is far from optimistic. However, Japan, which lags behind the United States and the South Korea in terms of Internet penetration, is only now facing the real Internet age. Through his participation in the Japanese government's IT Strategy Council and other key initiatives, SOFTBANK's president and chief executive officer, Masayoshi Son, continues to champion the cause of deregulation in the information technology (IT) industry. The expected elimination in the next few years of growth-hindering rules that have kept transmission speeds low and user costs high is expected to accelerate the Internet's penetration into every aspect of life in Japan.

SOFTBANK has identified broadband and business-to-business (B2B) services as its core growth sectors. In the United States and Korea, the growth of broadband access is giving rise to an exciting range of new services and markets. Through its Internet infrastructure businesses, SOFTBANK is promoting the expansion of broadband access, expected to take off in 2001, and is cultivating related operations with a view to capitalize on emerging markets and services.

In the United States, many major corporations have achieved significant cost reductions through the use of Internet-based B2B services. Driven by the need to strengthen global competitiveness, Japanese corporations are taking decisive steps to replace conventional transaction scheme with B2B in such crucial areas as procurement. As a consequence, according to a survey by the Ministry of International Trade and Industry (MITI) and Andersen Consulting, Japan's B2B market will soar to ¥68 trillion in 2003, from ¥12 trillion in 1999. In a move aimed at carving out a prime position for itself in this growing market, SOFTBANK and leading U.S. B2B services provider Ariba, Inc., announced the launch of a joint venture, NIHON ARIBA K.K., in October 2000.

In September 2000, a consortium consisting of SOFTBANK, ORIX Corporation, the Tokio Marine and Fire Insurance Co., Ltd., and several other shareholders completed its acquisition of the Nippon Credit Bank, Ltd. (NCB). SOFTBANK's stake in the bank is 48.9%. As NCB's largest shareholder, SOFTBANK pledges to support efforts to recreate the bank in a manner that will help revolutionize Japan's bank loan market. SOFTBANK has already wrought change on Japan's equity finance market with the announcement of Nasdaq Japan in June 1999. Between the commencement of trading in June 2000 and the end of the period under review, a total of 28 companies had listed their shares on Nasdaq Japan.

To facilitate the implementation of Group strategies and reinforce its management capabilities as the pure holding company for the Group, on October 1, SOFTBANK pulled formerly out-sourced accounting, finance, legal and investor relations functions in-house. With the aim of enhancing corporate value throughout the SOFTBANK Group, SOFTBANK is striving to ensure effective corporate governance by delineating the function of the Board of Directors as high-level decision making and supervision, and the Group CEO Council and chief executive officers, who are responsible for overseeing operations.

2. Results of Operations

Consolidated revenues of SOFTBANK amounted to ¥180,236 million in the first half of fiscal 2001, ended September 30, 2000, a 10.6% decrease from the corresponding period in fiscal 2000. This result is largely attributable to the absence of approximately ¥47 billion in sales from the publishing and ZDNet businesses of Ziff-Davis Inc., owing to restructuring; and a change in the scope of consolidation for UTStarcom, Inc., from a consolidated subsidiary to an equity-method affiliate, reflecting the dilutive effect of the company's IPO on SOFTBANK's ownership. Despite an increase in expenses related to the start-up of new businesses, the divestiture of loss-maker ZDTV and other factors led to a 27.6% gain in operating income, to ¥4,703 million.

A decline in interest expense, owing to the restructuring of Ziff-Davis and other factors, and exchange gain of ¥6,590 million, reflecting an exchange translation gain on an intercompany loan to U.S. subsidiary SOFTBANK Holdings, Inc., contributed to a recovery in ordinary income, to ¥1,037 million. This was a sharp increase from the ordinary loss of ¥11,298 million recorded in the first half of fiscal 2000.

SOFTBANK recorded net income of ¥36,310 million, compared with a net loss of ¥3,517 million in the same period a year earlier, as IPO-led dilution, sales of stock in companies making IPOs and the strategic restructuring of its business portfolio contributed to gain on sales of investment securities and gains on sales of stocks by investees.

Net cash provided by financing activities during the period was exceeded by net cash used in operating and investing activities, resulting in a net decrease in cash and cash equivalents of ¥61,266 million. Due to these changes and efforts to promote more efficient financing, cash and cash equivalents at the end of the period amounted to ¥177,759 million.

Net cash used in operating activities amounted to ¥79,217 million. This reflected ¥30,750 million in gain on sales of stock by investees and ¥48,156 million in gain on sales of investment securities; and ¥64,481 million in payment for income taxes, countering ¥68,298 million in income before income taxes and minority interest.

Net cash used in investing activities totaled ¥31,501 million, as ¥146,927 million in payments for purchase of investment securities, resulting from the acquisition of equity stakes in several companies, including NCB, offset ¥82,906 million in proceeds from sales of operations and ¥38,015 million in proceeds from sales of investment securities.

Owing to ¥24,351 million in proceeds from issuance of subsidiaries' stock to minority shareholders and ¥13,266 million in proceeds from issuance of bonds by subsidiaries, net cash provided by financing activities reached ¥41,138 million.

In line with the launch of Groupwide cash management approach, in October 2000 SOFTBANK established a ¥145 billion commitment line with banks. SOFTBANK will continue to step up efforts to ensure the efficiency of financing throughout the SOFTBANK Group.

3. Segment Performance and Strategies

e-Commerce Launching new businesses designed to capture the growing e-commerce market

(Results for the period: revenue: ¥116,710 million; operating income: ¥1,162 million)

With improvements in Japan's telecommunications environment expected to spur a sharp rise in corporate and individual e-commerce users, SOFTBANK is increasing efforts to launch B2B and business-to-consumer (B2C) services companies. During the period under review, a total of 20 new companies were established, including VerticalNet Japan Corp., a B2B provider of industry-specific community services, and B2C services firm eselect Corp.

Recognizing that commercial practices differ between Japan and the United States, SOFTBANK is working with leading firms in a variety of industries to provide B2C platforms suited to the domestic markets. Four e-shopping companies, which offer online sales of books, automotive components and parts, toys and other products, operate in partnership with such firms as Seven-Eleven Japan Co., Ltd., Tohan Corporation and Nippon Mitsubishi Oil Corporation. This approach has generated considerable synergies: the capabilities of its partners lower inventory costs, while offering a common platform to these companies significantly reduces each company's initial investment. With the number of Internet users in Japan expected to expand rapidly, SOFTBANK expects to secure profitability in its B2C businesses in the years ahead.

Given the global nature of competition among corporations, in the B2B sector SOFTBANK opted for a different strategy, which was to introduce a highly successful overseas model into the Japanese market. To create an efficient B2B transaction system in advance of attempts to launch industry-specific transactions, SOFTBANK has teamed up with Ariba to launch full-scale operations at NIHON ARIBA, which provides Ariba's B2B platform, the standard model in the United States.

In the period under review, start-up costs for new businesses pushed up operating expenses, restraining growth in operating income. In IT product distribution, a sector in which subsidiary SOFTBANK COMMERCE CORP. has long been active, firm demand from corporate clients contributed to stable sales and income in the absence of major hit products.

e-Finance Establishing the Group's operating foundation as a comprehensive financial services provider

(Results for the period: revenue: ¥10,824 million, operating income: ¥2,064 million)

The realization of SOFTBANK's new buyer-centered Three "One" Services during the period under review marked a milestone for the e-Finance segment. To facilitate these services—so named because they comprise One-Stop comprehensive financial services; One Table services, which provide sites enabling customers to compare various services; and One-to-One services, which are counseling services for individual customers—SOFTBANK established four new companies. As of September 30, 2000, the e-Finance segment encompassed 25 companies operating as a single large financial services group.

The operating companies under the umbrella of SOFTBANK FINANCE CORPORATION, the segment's operation holding company, have taken decisive steps to achieve their primary goals of becoming profitable and listing their shares publicly at the earliest possible date. During the period, two of these companies made IPOs: Morningstar Japan in June and E*TRADE Japan in September. Venture capital and IPO consulting firm SOFTBANK INVESTMENT CORPORATION is scheduled to follow suit on December 15, 2000.

With individual companies in this segment starting to register favorable performances, SOFTBANK is also promoting alliances and maximizing synergies. Because the financial services industry is closely linked to a variety of other industries, SOFTBANK also recognizes the importance of seeking alliances with companies in other industries and outside the Group to respond to the needs of its

clients for higher-value-added services. SophiaBank Limited, an incubation-oriented think tank, has formed a consortium comprising of more than 50 major corporations in different industries. By cooperating with companies in a variety of other industries, the consortium will promote the development of innovative financial services and the expansion of Group operations into such new markets as business-to-business-to-employees (B2B2E).

Segment sales during the period were bolstered by the contributions of E*TRADE Japan, which saw its revenues double from the first half of fiscal 2000; higher advertising revenues at Morningstar Japan, which provides an Internet-based mutual fund rating service; and solid gains posted by other operating companies. Operating income declined, however, because of the relative smallness of carry fees from venture capital funds under SOFTBANK INVESTMENT, which were concentrated in first-half operating income in fiscal 2000.

Media & Marketing Developing highly sophisticated Internet content with the goal of becoming a comprehensive information services provider

(Results for the period: revenue: ¥23,835 million; operating income: ¥1,758 million)

The operations of the Media & Marketing segment have traditionally centered on IT-related information services, but SOFTBANK is now shifting its focus to comprehensive Internet-based information services. During the period, SOFTBANK launched several new content development companies, including music community provider LAUNCH Japan K.K., WebMD Japan Corp., which operates a medical and health-care site for doctors; and sports community provider Rivals Japan Corporation. Recognizing that excellence is essential to success in the content development business, SOFTBANK is taking steps to raise the quality of its content, including asking customers to serve as product monitors.

Efforts to attract new customers are spearheaded by subsidiaries SOFTBANK Publishing Inc., which publishes 18 information magazines, and SOFTBANK ZDNet Inc., which provides a comprehensive IT information site accessed by approximately two million visitors monthly. When promotion conducted through these media succeeds in raising the number of page hits for SOFTBANK's content services page, the sale of advertising is taken over of by affiliate cyber communications. All Advantage Japan Corporation, in which SOFTBANK took an equity stake in October 2000, is in charge of data mining and other efforts aimed at enhancing the effectiveness of advertising.

With the IT sector attracting more and more attention from all parts of society, SOFTBANK Publishing and IT-related exposition management company SOFTBANK Forums Japan, Inc., are seeing improvements in their performances. During the period, SOFTBANK completed the sale of assets in Ziff-Davis, the primary factor behind the segment's operating loss in fiscal 2000. As a consequence, only the results of Key3Media Group, Inc., an exhibition management firm that spun off from Ziff-Davis in fiscal 2001, are included in SOFTBANK's consolidated results. Key3Media Group is seeing steady growth in the number of exhibitors and attendees at its exhibitions and conferences, bolstering revenues from exhibitors and participants. Growth in operating income in the segment was also supported by an increase in advertising revenues.

Broadmedia Capitalizing on the future convergence of communications and broadcasting services

(Results for the period: revenue: ¥7,285 million; operating income: ¥1,133 million.)

With the realization of broadband connectivity in Japan expected within a few years, the Broadmedia segment is focusing on helping infrastructure providers and other media service companies to promote broadband infrastructure and applications, including content, thereby enabling them to enhance services for end-users.

The spread of broadband networks will lower the barriers that have traditionally separated broadcasting and communications, a trend that is pushing the market toward services that unite the two to allow the transmission of a wide range of content via the most effective routes.

Digital Club Corporation (DC) is playing a crucial role in the growth of communications satellite (CS) broadcasting in Japan by promoting subscriptions, thus resolving the challenge of a limited number of viewers—a challenge that faces any newly introduced infrastructure or application service. To reinforce their business basis in preparation to expand, DC reduced the number of its sales agencies in which joint-venture partner Hikari Tsushin, Inc., has a stake to 12, from 270, and restructured its sales network. DC terminated businesses with Hikari Tsushin in August 2000. While this initially had a negative impact on membership, the decline bottomed out in September, after which subscriptions picked up once again. As a consequence, DC's membership scheme will be reestablished in December under a new brand name, "Club iT."

The Broadmedia segment's operations encompass a second domain: applications. In a move aimed at strengthening its operations, subsidiary Computer Channel Corporation accepted equity investments from Yahoo Japan Corporation and SOFTBANK Media & Marketing Corp.

Internet Culture Expanding rapidly in tandem with the growth of the Internet advertising market

(Results for the period: revenue: ¥5,464 million; operating income: ¥1,779 million.)

According to a survey by Nippon Research Center, the number of Internet users in Japan has soared to 19 million, resulting in an increase in the value and impact of Internet advertising. A survey by Dentsu Inc. estimates that the market for Internet advertising, worth approximately ¥24.1 billion in 1999, will rise to ¥50 billion in 2000 and balloon to ¥200 billion in 2005—comparable to the market for radio advertising.

An estimated 87.2% of Japan's Internet users access the Yahoo! Japan site more than once in four weeks, a significantly higher rate than the country's second-largest Web portal site. During the period under review, Yahoo! Japan had more than 100 million page hits per day, making it by far the most frequently accessed Japanese-language service site in Japan. Expanding use of Yahoo! Japan also brought an increase in advertising revenues during the period, which contributed to solid growth in segment results.

Yahoo! Auctions, which commenced in September 1999, boasts a higher number of bids per day than any of its competitors in Japan. In the near future, the company will also reinforce its mobile Internet services.

Until fiscal 2000, the Internet Culture segment included the operations of Ziff-Davis's subsidiary ZDNet. As part of its reorganization of Ziff-Davis, however, SOFTBANK sold its stake in ZDNet. Accordingly, segment results no longer reflect ZDNet's results.

Technology Services Building on network infrastructure construction capabilities

(Results for the period: revenue: ¥6,937 million; operating income: ¥247 million.)

The Technology Services segment is spearheaded by SOFTBANK TECHNOLOGY CORP. This company's biggest strength is its ability to provide comprehensive systems solutions for Japan's rapidly growing number of Internet businesses. Of SOFTBANK TECHNOLOGY's approximately 220 employees, 10 boast Cisco Systems, Inc.'s Cisco Certified Internetwork Expert (CCIE) qualification. With sales of systems integration services up 130% from the first half of fiscal 2000, and in line with its goal of building up its broadband operations in this segment, SOFTBANK announced a tie-up with Cisco subsidiary Cisco Systems K.K. of Japan in November 2000.

SOFTBANK was involved in e-commerce well before the e-commerce boom, and continues to work to expand sales in this sector. The Company is using its accumulated know-how to assist other companies in the construction of their systems. This organic combination of e-commerce expertise and network infrastructure technologies is enabling the Company to provide comprehensive system construction services.

To facilitate the undertaking of major projects with a minimal staff, SOFTBANK out-sources programming and systems engineering services to a number of companies established as joint ventures with leading names in pertinent businesses. Since many of these companies are just starting up, however, the cost benefits of this approach have yet to be materialized, and these companies continue to restrain growth in segment operating income.

In October 2000, SOFTBANK established SOFTBANK TECHNOLOGY HOLDING CORP., an operation holding company for the Technology Services segment. The Company will invest in overseas companies with promising technologies to strengthen its capabilities in this area.

Internet Infrastructure Creating a high-speed Internet environment in Japan immediately

Slow access speeds and high communications fees have been significant barriers to the spread of the Internet in Japan. Using state-of-the-art fiber optics, wireless and digital subscriber line technologies, SOFTBANK is working toward the creation of a fast and inexpensive Internet environment.

With the aim of introducing ultrahigh-speed Internet protocol (IP) access service, IP REVOLUTION, INC., obtained a Type I telecommunications carrier license in September 2000. Currently, the company is in negotiations with Tokyo Electric Power Company and Nippon Telegraph and Telephone Corporation regarding the installation of fiber-optic cables in electricity poles. Negotiations are proceeding smoothly in the company's preparations to introduce a low-cost, ultrahigh-speed (10Mbps+) service, initially in the Tokyo metropolitan area, in spring 2001. SpeedNet Inc., which plans to offer Internet connection services using 2.4GHz wireless technology, is currently conducting tests in a broad area of Saitama Prefecture, near Tokyo, with a view to commercialization.

Creating a high-speed Internet environment in Japan demands efficient connections between Japan and other countries. Accordingly, SOFTBANK has taken an equity stake in cable-laying firm Asia Global Crossing, Ltd., a joint venture that is building a high-capacity fiber optic submarine cable system in the Asia-Pacific region. SOFTBANK is also preparing to launch operations in the highly promising data center business.

Foreign Investment Funds Creating a high-speed Internet environment in Japan as soon as possible

(Results for the period: revenue: ¥—; operating loss: ¥111 million)

In its global venture capital operations, SOFTBANK has applied the concept of time machine management, or the worldwide application of superior business models developed in one country, and incubation programs for promising start-up companies. SOFTBANK's global network, centered on the United States, is one of its biggest strengths in this field.

During the period under review, SOFTBANK launched SOFTBANK Technology Ventures VI, its largest U.S. fund, SOFTBANK Europe Ventures and SOFTBANK UK Ventures, bringing total assets in overseas funds to over ¥700 billion.

A decline in the prices of Internet stocks, triggered by movements in the United States has created a harsh environment for venture capital. To ensure success in this market, SOFTBANK is structuring its operations to facilitate the identification of investees by emphasizing on business plans, technologies and human resources, and the provision of long-term, post-investment support for these companies.

Until fiscal 2000, the results of this segment included those of SOFTBANK Capital Partners, which focuses on investment in late stage companies. However, according to an accounting change resulting from a legal reorganization of SOFTBANK Capital Partners, the company's fund is now accounted for using the equity method or stated at cost.

CONSOLIDATED BALANCE SHEETS

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

	FY2001 interim (As of September 30, 2000)		FY2000 interim (As of September 30, 1999)		Increase Decrease)	FY2000 (As of March 31, 2000)	
	Amount	%	Amount	%		Amount	%
ASSETS							
Current assets	(366,693)	(34.0)	(430,562)	(40.4)	(63,868)	(516,458)	(44.2)
Cash	170,880		174,188		3,307	254,708	
Notes and accounts receivable	71,147		102,449		31,301	92,454	
Marketable securities	14,829		65,635		50,805	17,848	
Inventories	19,503		18,499		1,004	16,954	
Deferred tax assets	10,620		7,375		3,244	6,340	
Assets held for sale						79,872	
Other current assets	80,459		69,691		10,768	51,507	
Less: Allowance for doubtful accounts	747		7,276		6,529	3,227	
Non-current assets	(710,985)	(65.9)	(634,077)	(59.5)	(76,907)	(651,412)	(55.8)
Property, Plant and Equipment	11,300	1.0	16,166	1.5	4,865	8,243	0.7
Intangible fixed assets	111,049	10.3	365,393	34.3	254,343	131,784	11.3
Goodwill	39,637		169,365		129,728	56,664	
Trademarks	38,326		82,317		43,991	38,438	
Software	4,311				4,311	4,819	
Advertiser lists			97,224		97,224	2,514	
Consolidation adjustment	14,789				14,789	15,940	
Other intangible assets	13,985		16,486		2,500	13,405	
Investments and other assets	588,635	54.6	252,517	23.7	336,117	511,384	43.8
Investments in securities	434,207		203,145		231,061	398,270	
Long-term loans	3,001		4,978		1,976	2,634	
Deferred income taxes	476		27,719		27,242	2,261	
Investments in partnership	136,156				136,156	94,727	
Other assets	16,740		17,770		1,030	14,604	
Less: Allowance for doubtful accounts	1,947		1,097		850	1,113	
Deferred charges	(467)	(0.1)	(702)	(0.1)	(235)	(436)	(0.0)
TOTAL ASSETS	1,078,146	100.0	1,065,342	100.0	12,804	1,168,308	100.0

CONSOLIDATED BALANCE SHEETS

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

	FY2001 interim (As of September 30, 2000)		FY2000 interim (As of September 30, 1999)		Increase (Decrease)	FY2000 (As of March 31, 2000)	
	Amount	%	Amount	%		Amount	%
LIABILITIES							
Current liabilities	(360,683)	(33.5)	(213,242)	(20.0)	(147,441)	(344,767)	(29.5)
Notes and accounts payable	53,391		39,289		14,101	55,828	
Short-term borrowings	108,861		50,268		58,592	86,353	
Current portion of long-term borrowings	3,748				3,748	2,531	
Current portion of bonds	32,385		15,900		16,485	26,300	
Current portion of convertible bonds			33		33		
Commercial paper	50,000				50,000		
Income taxes payable	28,063		14,825		13,238	57,743	
Deferred tax liabilities	5,713		11,836		6,122	28,565	
Accrued expenses	6,937		23,466		16,529	23,681	
Advance received	14,111				14,111		
Allowance for sales returns	1,212		6,557		5,345	2,259	
Other current liabilities	56,259		51,065		5,194	61,503	
Long-term liabilities	(270,597)	(25.1)	(426,686)	(40.1)	(156,088)	(336,463)	(28.8)
Bonds	183,164		199,984		16,819	169,089	
Convertible bonds	6,669		17,464		10,795	8,182	
Long-term loan payable	51,004		158,048		107,044	126,248	
Allowance for retirement benefits	576				576	76	
Deferred tax liabilities	26,003		23,751		2,252	3,764	
Other long-term liabilities	3,179		27,146		23,967	29,102	
Consolidation adjustment			291		291		
Translation adjustments			7,503	0.7	7,503	2,051	0.2
TOTAL LIABILITIES	631,281	58.6	647,432	60.8	16,151	683,283	58.5
MINORITY INTEREST	62,920	5.8	87,146	8.2	24,226	104,284	8.9
SHAREHOLDERS' EQUITY							
Common stock	125,881	11.7	120,216	11.3	5,665	124,957	10.7
Additional paid-in capital	150,200	13.9	144,386	13.5	5,814	149,211	12.8
Retained earnings	93,177	8.7	46,887	4.4	46,290	59,091	5.0
Net unrealized gains on securities available-for-sale	15,292	1.4	19,427	1.8	4,135	47,546	4.1
Translation adjustments	602	0.1			602		
Less: Treasury stock	4	0.0	154	0.0	150	66	0.0
TOTAL SHAREHOLDERS' EQUITY	383,944	35.6	330,762	31.0	53,181	380,740	32.6
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY	1,078,146	100.0	1,065,342	100.0	12,804	1,168,308	100.0

CONSOLIDATED STATEMENTS OF INCOME

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

	FY2001 interim (April 2000 through September 2000)		FY2000 interim (April 1999 through September 1999)		Increase (Decrease)	FY2000 (April 1999 through March 2000)	
	Amount	%	Amount	%		Amount	%
Revenue from non-Finance business	169,878	94.3	201,579	100.0	31,700	404,635	95.6
Cost of sales	137,845	76.5	130,863	64.9	6,981	280,780	66.3
Gross profit	32,033	17.8	70,715	35.1	38,682	123,854	29.3
Selling, general and administrative expenses	29,278	16.3	67,029	33.3	37,751	125,201	29.6
Operating income (loss) from non-Finance business	2,755	1.5	3,685	1.8	930	1,346	0.3
Operating revenue from Finance business	10,358	5.7			10,358	18,585	4.4
Cost from Finance business	8,410	4.6			8,410	8,861	2.1
Operating income from Finance business	1,948	1.1			1,948	9,724	2.3
Total operating income	4,703	2.6	3,685	1.8	1,017	8,377	2.0
Non-operating income	(11,883)	(6.6)	(6,105)	(3.0)	(5,777)	(17,571)	(4.2)
Interest income	1,092		1,129		36	2,779	
Exchange gain	6,590		1,962		4,627		
Equity in earnings of affiliates						4,744	
Other non-operating income	4,199		3,013		1,186	10,046	
Non-operating expenses	(15,548)	(8.6)	(21,089)	(10.4)	(5,541)	(77,881)	(18.5)
Interest expenses	4,155		10,727		6,572	20,153	
Exchange loss						44,370	
Equity in losses of affiliates	6,847		4,221		2,625		
Other non-operating expenses	4,546		6,140		1,594	13,357	
Ordinary income (loss)	1,037	0.6	11,298	5.6	12,336	51,932	12.3
Extraordinary gains	(79,551)	(44.1)	(90,793)	(45.0)	(11,241)	(289,072)	(68.3)
Gain on sales of investment securities	48,342		83,609		35,266	218,207	
Gain on sales of stock by investees (Dilution gain)	31,007		6,232		24,775	40,072	
Gain on sales of operations						29,001	
Other extraordinary gains	201		951		750	1,791	
Extraordinary losses	(12,290)	(6.8)	(86,732)	(43.0)	(74,441)	(204,971)	(48.4)
Loss on sales of investment securities						602	
Evaluation loss on investment securities			1,606		1,606	3,662	
Loss on discontinued operations	7,952		84,457		76,505	77,043	
Loss on sales of stock by investees (Dilution loss)	256				256	3,236	
Write down of intangible assets						119,126	
Other extraordinary losses	4,081		667		3,413	1,300	
Income before income taxes and minority interest	68,298	37.9	7,237	3.6	75,536	32,168	7.6
Income taxes -current	35,381	19.6	13,370	6.6	22,010	52,722	12.5
Income taxes -deferred	3,833	2.1	14,686	7.3	10,853	62	0.0
Minority interest	440	0.3	2,404	1.2	2,845	29,063	6.9
Net income (loss)	36,310	20.1	3,517	1.7	39,828	8,446	2.0

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

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

	FY2001 interim (April 2000 through September 2000)	FY2000 interim (April 1999 through September 1999)	Increase Decrease ()	FY2000 (April 1999 through March 2000)
Retained earnings at beginning of period	59,091	52,556	6,535	52,556
Increase in retained earnings	(88)	(5)	(82)	(256)
Increase resulting from merger				256
Increase resulting from increase in affiliates accounted for under the equity method		5	5	
Other increases in retained earnings	88		88	
Decrease in retained earnings	(2,312)	(2,157)	(155)	(2,168)
Cash dividends	2,203	2,095	107	2,095
Director's bonus	102	61	40	72
Other decreases in retained earnings	7		7	
Net income (loss)	36,310	3,517	39,828	8,446
Retained earnings at end of period	93,177	46,887	46,290	59,091

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	FY2001 interim (April 2000 through September 2000)	FY2000 (April 1999 through March 2000)
Cash flows from operating activities		
Income before income taxes and minority interest	68,298	32,168
Depreciation expenses	3,470	32,659
Equity in earnings (losses) of affiliates	6,847	4,744
Gain on sales of stock by investees	30,750	36,835
Write down of intangible assets		119,126
Evaluation loss on investment securities		3,028
Gain on sales of investment securities	48,156	218,677
Exchange gain and loss	6,457	44,370
Interest and dividends income	1,108	2,779
Interest expenses	4,155	20,153
Loss on discontinued operations	7,952	48,041
Decrease (Increase) in notes and account receivable	7,563	26,214
Increase (Decrease) in notes and accounts payable	458	22,721
Increase in other assets	20,680	32,650
Increase in other liabilities	2,785	38,523
Other cash flows from operating activities	4,855	3,454
Subtotal	11,395	36,291
Interest and dividends received	966	2,938
Interest paid	4,306	20,882
Income taxes paid	64,481	17,997
Net cash used in (provided by) operating activities	79,217	349
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	8,201	11,637
Payments for purchase of investment securities	146,927	299,091
Proceeds from sales of investment securities	38,015	159,905
Proceeds from sales of subsidiaries' stock with change in scope of consolidation	57	104,724
Payments for acquisition of subsidiaries' stock with change in scope of consolidation		11,610
Proceeds from sales of subsidiaries' stock	13,106	
Payments on lending	5,024	8,172
Proceeds from repayments of lending	1,188	7,608
Proceeds from sales of operations	82,906	
Other cash flows from investing activities	6,622	2,067
Net cash used in investing activities	31,501	60,341
Cash flows from financing activities		
Proceeds from issuance of subsidiaries' stock to minority shareholders	24,351	67,465
Proceeds from sales of subsidiaries' stock to minority shareholders		83,438
Net increase in short-term borrowings	23,630	68,199
Proceeds from issuance of commercial paper	50,000	
Payments for redemption of commercial paper		20,000
Proceeds for origination of long-term borrowings	61,983	7,034
Payments for repayment of long-term borrowings	136,878	46,738
Proceeds from issuance of bonds	13,266	61,843
Payments for redemption of bonds		35,333
Proceeds from other members in partnerships		44,485
Dividends paid	2,193	2,095
Other cash flows from financing activities	6,979	7,385
Net cash provided by financing activities	41,138	220,914
Effect of exchange rate changes on cash and cash equivalents	8,314	307
Net increase (Decrease) in cash and cash equivalents	61,266	160,615
Increase in cash and cash equivalents due to increase of consolidated subsidiaries	517	1,558
Decrease in cash and cash equivalents due to decrease of consolidated subsidiaries	18,724	
Decrease in cash and cash equivalents due to offset of anonymous investment association	10,827	
Cash and cash equivalents at beginning of period	268,060	105,886
Cash and cash equivalents at end of period	177,759	268,060

Basis of Presentation of Consolidated Financial Statements

1. Scope of Consolidation

The consolidated financial statements include the accounts of 187 of the Company's subsidiaries.

The accounts of 15 subsidiaries are excluded due to insignificant influence brought to the consolidated financial statements in the aspects of total assets, sales, net income and retained earnings.

Changes in scope of consolidation are followings.

<Increase>

- | | |
|--------------------------|--|
| 1. Key3Media Group, Inc. | Newly established resulting from spin-off from Ziff-Davis Inc. |
| 2. CreariveBank Inc. | Newly established |

Other 66 companies

<Decrease>

- | | |
|--------------------|--|
| 1. UTStarcom, Inc. | Transfer to affiliates accounted for under the equity method due to dilution of the interest by stock issuance |
|--------------------|--|

Other 23 companies

2. Application of the Equity Method

There are 85 affiliates and 2 non-consolidated subsidiaries to be applied for the equity method.

Changes in application of the equity method are followings.

<Increase>

- | | |
|---------------------------------------|---------------------------------------|
| 1. The Nippon Credit Bank, Ltd. | Newly invested |
| 2. UTStarcom, Inc. | Transfer from consolidated subsidiary |
| 3. SOFTBANK Latin America Ventures LP | Newly established |

Other 43 companies

<Decrease>

- | | |
|-----------------------|---------------|
| 1. HeyAnita.com, Inc. | Stock sellout |
|-----------------------|---------------|

Other 11 companies

3. Fiscal Year End of Subsidiary Companies

The fiscal year end of consolidated subsidiary companies, both domestic and foreign, are followings.

<Fiscal year end>	<Domestic >	<Foreign>
March end	62	3
June end	1	47
September end	6	-
December end	12	56

4. Summary of Significant Accounting Policies

(1) Main asset evaluation

(a) Marketable securities and investments in securities

Securities available-for-sale with fair value:

Stated at fair value based on market prices, etc. at end of the interim period.

(Both unrealized gains and losses are included in "Net unrealized gains on securities available-for-sale", a component of shareholder's equity; cost of sales is mainly determined using the moving average methods.)

Securities with no market prices:

Mainly stated at cost determined using the moving average method

(b) Inventories

Inventories held by the domestic consolidated subsidiaries are stated at cost, as determined using the moving-average method. Inventories held by the foreign consolidated subsidiaries are valued at lower of cost, as determined by the first-in first-out method, or market.

(2) Depreciation methods for main assets

(a) Tangible fixed assets

The Company and domestic consolidated subsidiaries:

Computed using the declining balance method

Foreign consolidated subsidiaries

Computed using straight-line method

(b) Intangible fixed assets

Computed using the straight-line method

Goodwill is amortized over the period of 5 to 40 years.

(3) Recording basis of main allowances and accrual

(a) Allowance for doubtful accounts

To prepare for losses from bad debts, allowance for doubtful accounts is provided in the higher of an amount computed using the historical loss experience or equivalent amount to the maximum limit deductible for tax purposes which is determined by the Corporate Tax Laws as a general reserve, and an amount determined by considering the collectibility of specific bad debts.

(b) Allowance for sales returns

Allowance for sales returns is provided based on the estimated losses resulting from possible future returns.

(c) Allowance for retirement benefits

The Company and domestic consolidated subsidiaries:

To provide for the employees' retirement benefits, allowance for retirement benefits is provided the deemed retirement obligations at the end of this period, based on the net amount of estimated retirement obligations less estimated plan assets at the end of this fiscal year. Yen 382 million retirement benefit expense resulting from the adoption of the accounting standards for retirement benefits is charged to the statements of income for the interim. The effect of the adoption of the accounting standards is immaterial compared to the previous method.

(4) Method of accounting for lease transactions

Finance lease transactions, other than those which are deemed to transfer ownership of the leased assets to the lessee, are accounted for as operating lease transactions.

(5) Method of accounting for Anonymous Investment Association

Assets and liabilities of an anonymous investment association were reported as assets and liabilities of the consolidated subsidiaries and noted on the financial statements for FY2000.

For FY2001 interim financial statements, assets and liabilities of an anonymous investment association not belonged to the consolidated Group, are offset due to significant influence to total consolidated assets resulting from increased assets of an

anonymous investment association.

Cash and cash equivalents at beginning of period for an anonymous investment association of Yen 10,827 million is described as “Decrease in cash and cash equivalents due to offset of anonymous investment association”.

(6) Other

Method of accounting for consumption taxes:

Consumption tax is excluded from the amounts of items in the statements of income.

5. The Scope of Assets Represented in the Consolidated Statements of Cash Flows

Cash and cash equivalents in the consolidated statements of cash flows includes petty cash, deposits available for withdrawal on demand and short-term financial instruments with original maturities of three months or less, which are readily convertible to known amount and which represent a minor risk of fluctuations in value.

6. Items Regarding Finance Business

Finance business includes e-Finance business and Foreign Investment Funds business.

Due to the reorganization of SOFTBANK Capital Partners (Cap Funds), which belongs to Foreign Investment Funds business, investment of Cap Funds is either stated at cost or accounted for under the equity method. As a result of this change, Foreign Investment Funds business does not earn any Revenue from Finance business and only incurs Cost from Finance business such as administrative expenses for funds.

(cf: Business Segment Information)

NOTES

1 Accumulated Depreciation of Property and Equipment

(FY2001 interim)	(FY2000 interim)	(FY2000)
5,127 million yen	12,269 million yen	6,953 million yen

2 Number of Treasury Stock Held by the Company

(FY2001 interim)	(FY2000 interim)	(FY2000)
330 shares	3,929 shares	720 shares

3 Assets and Liabilities Held by the Anonymous Investment Association

Assets and liabilities of an anonymous investment association were reported as assets and liabilities of the consolidated subsidiaries in FY2000.

To properly state the consolidated assets and liabilities belonged to the Group, for 2001 interim financial statements, assets and liabilities not belonged to the Group are excluded from the consolidated balance sheets.

The amount excluded from the consolidated balance sheets for 2001 interim is as follows.

	(FY2001 interim)	
Cash and Deposit	35,259 million yen	
Marketable securities	13,061 million yen	
Other current assets	10,744 million yen	(Yen 10,359 million for investments of business purposes)
Investments in securities	5,647 million yen	
Investments in partnership	1,419 million yen	
Other current liabilities	1,033 million yen	
Other non-current liabilities	65,099 million yen	(Deposit of an anonymous investment association)

4 Assets Pledged as Collateral and Secured Liabilities

(1) Assets pledged as collateral related to lease contracts

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

Assets pledged as collateral			Secured liabilities	
Account	Carrying amount	Type of collateral	Account	Carrying amount
Notes and accounts receivable	1,010	Mortgage	Notes and accounts payable	481
Other current assets (Accounts receivable -other)	15	Mortgage		
Total	1,026		Total	481

Note Future receivable under membership contracts and marketing contracts (include the above 1,026 million yen accounts receivable) are secured for the lease payable of 12,682 million yen (include the above 481 million yen notes and accounts payable).

(2) Assets pledged as collateral related to deposits received for securities loaned

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

Assets pledged as collateral			Secured liabilities	
Account	Carrying amount	Type of collateral	Account	Carrying amount
Other current assets (Marketable securities in custody)	1,104	Mortgage	Other current liabilities (Deposits received for securities loaned)	6,281

Note In additions to the above, collateral securities received from customers on margin transactions (1,695 million yen) have been provided to Japan Securities Finance Company as collateral for securities borrowed.

(3) Collateral for loan

Assets and subsidiary stocks of Key3Media, which is consolidated subsidiary of the Company, are pledged as collateral for borrowings of 330 million dollar.

5 Notes Receivable Endorsed for Notes Receivable Trust : 4,351 million yen

Note The 1,584 million yen of notes receivable which maturity date is at end of period is included above.

6 Accounting for Notes Receivable Which Maturity Date is at End of Period

Notes receivable which maturity date is at end of period is recorded on actual settlement date.

Amount described below is included the balance sheets at end of period because the period end of FY2001 interim is on holiday.

Notes receivable 938 million yen

7 Notes to Consolidated Statements of Cash Flows

(1) Reconciliation of cash and cash equivalents and accounts on the consolidated balance sheet at end of FY2001 interim

	(FY2001 interim)	(FY2000)
Cash and deposits	170,880 million yen	254,708 million yen
Marketable securities	14,829	17,848
Time deposits with original maturity exceeding a three-month period	7,874	4,410
Stocks and Bonds with original maturity exceeding a three-month period	76	86
Cash and cash equivalents	<u>177,759</u>	<u>268,060</u>

(2) Significant transaction without cash flows

Transfer to capital stock from convertible bonds 1,513 40,327

8 Lease Transaction

1. Finance leases in which the ownership of leased assets are not transferred to lessees (as a lessee)

(a) Amount equivalent to acquisition costs, accumulated depreciation and costs less accumulated depreciation at end of period

	(FY2001 interim) million yen	(FY2000 interim) million yen	(FY2000) million yen
Property, plant and equipment			
Amount equivalent to acquisition costs	16,225	1,029	12,401
Amount equivalent to accumulated depreciation	<u>2,808</u>	<u>599</u>	<u>1,595</u>
Amount equivalent to costs, less accumulated depreciation at end of period	13,417	429	10,805
Software (Intangible assets)			
Amount equivalent to acquisition costs	1,206	45	406
Amount equivalent to accumulated depreciation	<u>205</u>	<u>31</u>	<u>65</u>
Amount equivalent to costs, less accumulated depreciation at end of period	1,000	13	341
Total			
Amount equivalent to acquisition costs	17,431	1,074	12,808
Amount equivalent to accumulated depreciation	<u>3,014</u>	<u>631</u>	<u>1,661</u>
Amount equivalent to costs, less accumulated depreciation at end of period	14,417	443	11,146

(b) Amount equivalent to finance lease obligation at end of period

One year or less	3,514	212	2,405
Over a year	<u>11,255</u>	<u>252</u>	<u>8,938</u>
Total	14,770	465	11,344

(c) Lease payments, amount equivalent to depreciation expenses and interest expenses

Lease payments	2,058	149	1,407
Amount equivalent to depreciation	1,729	125	1,203
Amount equivalent to interest expenses	538	7	385

(d) Calculation method of amount equivalent to depreciation expenses and interest expenses

The amount equivalent to depreciation expenses is computed using the straight line method based on the lease term and no remaining amount.

The amount equivalent to interest expenses, which is calculated by subtracting acquisition costs from total lease payments, is allocated over fiscal years based on the interest method.

(as a lessor)

(FY2001 interim)

(a) Amount equivalent to acquisition costs, accumulated depreciation and costs less accumulated depreciation at end of period

Property, plant and equipment	
Acquisition costs	260 million yen
Accumulated depreciation	23
Costs, less accumulated depreciation at end of period	237
Software (Intangible assets)	
Acquisition costs	221
Accumulated depreciation	20
Costs, less accumulated depreciation at end of period	200
Total	
Acquisition costs	481
Accumulated depreciation	43
Costs, less accumulated depreciation at end of period	437

(b) Amount equivalent to finance lease obligation at end of period

One year or less	84
Over a year	358
Total	443

(c) Lease premiums, depreciation expenses and amount equivalent to interest income

Lease premiums	45
Depreciation expenses	38
Amount equivalent to interest income	11

(d) Calculation method of amount equivalent to interest income

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

2. Non-cancelable operating lease transactions

(as a lessee)

	(FY2001 interim) million yen	(FY2000 interim) million yen	(FY2000) million yen
Future lease payments			
One year or less	696	5,284	57,629
Over a year	1,394	43,076	355,178
Total	2,091	48,361	412,808

(as a lessor)

N/A

9 Gain on Sales of Stock by Investees

During the current period, as a result of capital transactions at the investee level, the Company's interest in certain investments was diluted.

The major investments of dilution gain (total 30,750 million yen) consisted of the following:

	(Gain)
E*TRADE Japan K.K.	5,055 million yen
Yahoo! Inc.	10,904
E*TRADE Group, Inc.	7,145
Morningstar Japan K.K.	1,354
cyber communications inc.	1,079
Ziff-Davis Inc.	1,446
UTStarcom, Inc.	2,314

10. Accounting Change Related Reorganization of SOFTBANK Capital Partners

For FY2000, SOFTBANK Capital Partners (Cap Fund) was stated at fair value based on its portfolio and gain and loss on revaluation of Cap Fund was included as operating income from Finance business on the statements of income under the US GAAP.

In FY 2001, Cap Fund is divided to Softbank side fund (SB side Fund) and Non-Softbank side fund that is consist of external investments, that is for the purpose of strengthening internal control over the fund and reflection of management result to fund. SB side Fund is accounted for under either the consolidation, the equity method or cost based on its percentage of shares.

For FY2001 SB side Fund is accounted for under equity method and stated at cost.

Income before income taxes for FY2001 interim had been decreased of 64.3 million dollar, if SB side Fund was accounted for same methodology as FY 2000.

Adjustment of retained earnings at beginning of period related to this reorganization (2,754 million yen) is reported as extraordinary losses.

11. Spin-off and Initial Public Offering of Key3Media Group, Inc.

On August 21, 2000, Key3Media Group, Inc. (KME), the Company's consolidated subsidiary, completed the initial public offering to the New York Stock Exchange.

Before IPO, Ziff-Davis Inc., consolidated subsidiary owned by SOFTBANK America Inc. (SBA), determined to spin-off the Technology Event business to KME. At IPO, KME issued 11,641,950 new shares (6 dollar per share) for gross proceeds of 69.8 million dollar, and issued 72.9 million dollar of zero-coupon bonds.

As a result of this transaction, shares of the Group, which is owed by SBA, became 54.99%.

12. Losses on Discontinued Operations

The Company recognized losses on discontinued operations related to Ziff-Davis Inc. and Kingston Technology Company. Losses on discontinued operations are expressed apart from continued operations under US GAAP. Losses on discontinued operations are expressed as total amount of losses on sales of operations and operating losses on business before transaction date, though operating losses should be included in the continuing operation under Japan GAAP.

(1) Ziff-Davis Inc. (ZD)

After sales of Publishing division in April 2000, ZD is consisting of ZDNet and ZD Events. Technology Event business was spin-off to Key3Media and continued as a consolidated subsidiary.

On the other hand, as the merger of ZDNet, ZD and CNET Network, Inc. (CNET) was announced in July 2000, they became discontinued operation. 4,239 million yen losses on discontinued operations of ZD and ZDNet (excludes spin-off technology event business) are charged to statements of income for FY2001 interim. Net amount of assets and liabilities for ZD and ZDNet is included in "other current assets" as discontinued operation assets.

(2) Kingston Technology Company (Kingston)

As a result of closure of SOFTBANK Kingston Inc. which is used to own Kingston, and settlement of Kingston relating assets and liabilities, the losses of 3,714 million yen is reported as a loss on discontinued operations in statements of income.

13. Subsequent Events

(1) Merger of ZD and CNET

ZD was merged with CNET on October 17, 2000. The Company had held 62.1% interest of ZD through SOFTBANK Holdings Inc. (SBH) and SBA, and received 0.3397 share of CNET per share of ZD at the merger. As a result, the ownership percentage became 18.1% of the interest of CNET.

Due to this transaction, the gain on sales will be reported on statements of income for FY2001.

(2) Sale of ABLE INC. shares

The Company sold its 33.2% interest in ABLE INC. on October 6, 2000, which was held by Softbank Finance Corporation, the Company's consolidated subsidiary.

As a result, the loss on sale of 19,277 million yen will be reported as a "Loss on sales of investments in securities" in statements of income for FY2001.

SEGMENT INFORMATION

1. Business Segment Information

(1) FY2001 interim (April 2000 through September 2000)

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

	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Foreign Investment Funds	Other	Total	Elimination	Consolidated
. Net sales and operating income/loss											
Net sales											
(1) Sales to external customers	114,905	10,358	23,194	7,284	5,072	5,832		13,589	180,236		180,236
(2) Inter-segment sales and transfers	1,805	466	640	1	391	1,104		369	4,778	4,778	
Total	116,710	10,824	23,835	7,285	5,464	6,937		13,958	185,015	4,778	180,236
Operating expenses	115,547	8,759	22,077	6,151	3,684	6,690	111	17,422	180,445	4,912	175,533
Operating income (loss)	1,162	2,064	1,758	1,133	1,779	247	111	3,464	4,569	133	4,703

(2) FY2000 interim (April 1999 through September 1999)

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

	Software & Network	Finance	Media	Technology Events	Internet	Other	Total	Elimination	Consolidated
. Net sales and operating income/loss									
Net sales									
(1) Sales to external customers	115,193	6,900	47,180	12,480	8,042	11,782	201,579		201,579
(2) Inter-segment sales and transfers	1,770	877	65	25	316	1,113	4,168	4,168	
Total	116,964	7,777	47,245	12,505	8,358	12,896	205,748	4,168	201,579
Operating expenses	113,762	2,916	50,166	11,941	7,680	12,806	199,274	1,381	197,893
Operating income (loss)	3,201	4,860	2,921	564	677	90	6,473	2,787	3,685

(3) FY2000 (April 1999 through March 2000)

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

	e-Commerce	e-Finance	Media & Marketing	Foreign Investment Funds	Internet Culture	Other	Total	Elimination	Consolidated
. Net sales and operating income/loss									
Net sales									
(1) Sales to external customers	15,981	227,897	118,441	2,604	17,255	41,040	423,220		423,220
(2) Inter-segment sales and transfers	2,668	3,630	443		655	2,893	10,289	10,289	
Total	18,649	231,527	118,884	2,604	17,911	43,934	433,509	10,289	423,220
Operating expenses	9,278	224,430	120,806	589	15,672	53,897	424,675	9,832	414,843
Operating income (loss)	9,371	7,097	1,921	2,014	2,238	9,963	8,834	457	8,377

Note

- Business segments are determined according to the responsibility of each officer of the segment operation holding company.
- The Company operates principally in the following business segments. (based on FY2001 interim)
 - e-commerce: Distribution of PC software, PCs and peripheral equipment; e-commerce (online merchandise sales, brokerage)
 - e-Finance: Comprehensive Internet-based financial operations, including securities brokerage and mutual fund rating services; management of domestic venture capital fund and comprehensive support for venture companies
 - Media & Marketing: Publishing (PC magazines, books, amusement magazines); management of computer-related exhibitions; Internet-based information services
 - Broadmedia: Satellite broadcasting; management of membership system service
 - Internet Culture: Internet search services; Internet-based information services; Internet community services
 - Technology Services: Systems integration; technology development and support for e-commerce business
 - Foreign Investment Funds: Internet-related venture capital operations in the United States and other countries
 - Other: Holding company function in foreign countries, Infrastructure business of broadband, back-office services business

2. Geographical Segment Information

(1) FY2001 interim (April 2000 through September 2000)

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

	Japan	North America	Europe	Korea	Other	Total	Elimination	Consolidated
. Net sales and operating income/loss								
Net sales								
(1) Sales to external customers	153,867	12,108	92	13,412	755	180,236		180,236
(2) Inter-segment sales and transfers		93				93	93	
Total	153,867	12,201	92	13,412	755	180,330	93	180,236
Operating expenses	149,342	11,587	273	13,442	1,151	175,798	264	175,533
Operating income (loss)	4,525	614	181	30	395	4,532	171	4,703

(2) FY2000 interim (April 1999 through September 1999)

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

	Japan	North America	Other	Total	Elimination	Consolidated
. Net sales and operating income/loss						
Net sales						
(1) Sales to external customers	132,781	52,670	16,127	201,579		201,579
(2) Inter-segment sales and transfers	13	139		153	153	
Total	132,795	52,809	16,127	201,732	153	201,579
Operating expenses	122,224	57,116	16,270	195,611	2,281	197,893
Operating income (loss)	10,570	4,306	142	6,120	2,434	3,685

(3) FY2000 (April 1999 through March 2000)

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

	Japan	North America	Europe	Other	Total	Elimination	Consolidated
. Net sales and operating income/loss							
Net sales							
(1) Sales to external customers	289,458	111,229	11,126	11,406	423,220		423,220
(2) Inter-segment sales and transfers	72			11,644	11,717	11,717	
Total	289,531	111,229	11,126	23,050	434,937	11,717	423,220
Operating expenses	275,240	105,020	11,219	27,982	419,462	4,619	414,843
Operating income (loss)	14,291	6,209	93	4,932	15,475	7,097	8,377

Note 1: Geographical segmentation policy and major countries of each area is as followings. (based on FY2001 interim)

- Geographical segmentation policy based on geographical location
- Major countries of each area

North America	U.S.A. and Canada
Europe	U.K., Germany and France
Other	Singapore, Hong Kong and China

3. Overseas Sales

(1) FY2001 interim (April 2000 through September 2000)

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

	North America	Europe	Korea	Other	Total
. Overseas sales	12,479	92	13,412	755	26,739
. Consolidated sales					180,236
Ratio of overseas sales to consolidated sales	7 %	0 %	7 %	1 %	15 %

(2) FY2000 interim (April 1999 through September 1999)

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

	North America	Other	Total
. Overseas sales	52,414	16,604	69,018
. Consolidated sales			201,579
Ratio of overseas sales to consolidated sales	26 %	8 %	34 %

(3) FY2000 (April 1999 through March 2000)

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

	North America	Europe	Other	Total
. Overseas sales	96,774	12,330	26,275	135,380
. Consolidated sales				423,220
Ratio of overseas sales to consolidated sales	23 %	3 %	6 %	32 %

Note 1: Segmentation policy of overseas sales and major countries of each area is as followings.
(based on FY2001 interim)

1. Segmentation policy of overseas sale based on geographical location
2. Major countries of each area

North America	U.S.A., Canada
Europe	U.K., Germany, France
Other	Singapore, Hong Kong, China

MARKETABLE SECURITIES

FY2001 Interim (As of September 30, 2000)

1. Securities available-for-sale with fair value

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

	Cost	Carrying amount	Difference
(1) Stock	36,796	53,317	16,521
(2) Bonds			
Government and municipal bonds, etc.	0	0	
Corporate bonds			
Other bonds	6,761	10,363	3,601
(3) Other			
Total	43,558	63,681	20,122

2. Major contents and carrying amount of securities not practicable to fair value

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

	Carrying amount
(1) Held-to-maturity debts securities	
Unlisted bonds	34
(2) Other securities	
Unlisted stocks (excluding stocks traded over the counter)	63,996
Unlisted foreign bonds	1,694
Unlisted bonds	7,775
Money management fund	12,266
Mid-range government bonds fund	2,486
Other	73
Total	88,326

Note Fair value information is described "other securities" for FY2001 interim but included both "other securities" and "Subsidiary and affiliated securities" for FY2000.

FY2000 (As of March 31, 2000)

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

	FY2000 (As of March 31, 2000)		
	Carrying amount	Fair value	Unrealized gain or loss
Items in current assets			
Stocks	5,029	56,720	51,690
Bonds	0	0	
Others			
Sub-total	5,030	56,720	51,690
Items in non-current assets			
Stocks	255,391	3,115,210	2,859,818
Bonds	3,984	3,790	194
Others			
Sub-total	259,376	3,119,000	2,859,624
Total	264,406	3,175,721	2,911,315

Note 1: Fair values are based on the following prices.

- (1) Listed securities : closing prices on the Tokyo Stock Exchange and Luxemburg Stock Exchange
- (2) Securities traded over the counter : mainly final prices published by the Japan Securities Dealers Association.
- (3) Securities traded over the foreign counter : closing prices on the Nasdaq
- (4) Beneficiary certificates of unlisted securities investment trust : standard prices
- (5) Securities held by Overseas Fund : prices after interest rate adjustment made on the closing price of Nasdaq

Note 2: Carrying amount of securities excluded from above disclosure

		(Carrying amount as of March 31, 2000)
Current assets	Money management fund	14,108 million yen
	Mid-term government bonds fund	3,653 million yen
	Investment securities for business purposes	11,585 million yen
Fixed assets	Unlisted securities (excluding securities traded over the counter)	131,544 million yen
	Unlisted foreign bonds	7,350 million yen

CONTRACT AND OTHER AMOUNTS, FAIR VALUE AND UNREALIZED GAIN OR LOSS ON DERIVATIVE TRANSACTIONS

Currency Related

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

	Nature of transaction	FY2001 Interim (As of September 30, 2000)				FY2000 (As of March 31, 2000)			
		Contract and other amounts		Fair value	Unrealized gain or loss	Contract and other amounts		Fair value	Unrealized loss
			Over 1 year				Over 1 year		
Off-markets transactions	Swap transactions • Australia dollars receiver, JPY payer	1,000	1,000	190	190	1,000	1,000	23	23
	Total	1,000	1,000	190	190	1,000	1,000	23	23

Interest Related

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

	Nature of transaction	FY2001 Interim (As of September 30, 2000)				FY2001 Interim (As of September 30, 2000)			
		Notional and other amounts		Fair value	Unrealized gain or loss	Notional and other amounts		Fair value	Unrealized gain or loss
			Over 1 year				Over 1 year		
Off-markets transactions	Swap transactions • Fixed rate receiver, floating rate payer	6,014	5,771	384	384	6,257	6,257	439	439
	• Floating rate receiver, fixed rate payer	8,157	7,485	516	516	8,828	8,828	624	624
	• Fixed rate receiver (receipt later), fixed rate payer (pre payment)	2,000	2,000	68	68	2,000	1,000	68	68
	Total	16,171	15,257	63	63	17,085	16,085	117	117

Notes 1 Certain derivative transactions such as those assigned to foreign assets and liabilities in accordance with "Accounting Standards for Foreign Currency Transactions, etc." are excluded from above disclosure.

2 Description of narrative information for derivative transaction is omitted.