

**SOFTBANK CORP.**  
**CONSOLIDATED FINANCIAL REPORT**  
**For the interim period ended September 30, 2003**

Tokyo, November 10, 2003

SOFTBANK CORP. today announced its consolidated results for the interim period ended September 30, 2003 (April 1 to September 30, 2003).

**FINANCIAL HIGHLIGHTS**

**1. Results of Operations**

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

	Net Sales		Operating loss		Ordinary loss		Net loss	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Interim period ended September 30, 2003</b>	<b>¥225,454</b>	<b>18.0</b>	<b>¥(39,357)</b>	<b>-</b>	<b>¥(53,645)</b>	<b>-</b>	<b>¥(77,338)</b>	<b>-</b>
Interim period ended September 30, 2002	191,052	4.2	(31,199)	-	(45,956)	-	(55,802)	-
FY2003 ended March 31, 2003	¥406,892	-	¥(91,997)	-	¥(109,808)	-	¥(99,989)	-

	Net loss per share— primary (yen)	Net loss per share— diluted (yen)
<b>Interim period ended September 30, 2003</b>	<b>¥(229.81)</b>	<b>-</b>
Interim period ended September 30, 2002	(166.27)	-
FY2003 ended March 31, 2003	¥(296.94)	-

Notes:

1. Equity in (losses) gains under the equity method

Interim period ended September 30, 2003:	¥(1,358) million
Interim period ended September 30, 2002:	¥2,655 million
Fiscal year ended March 31, 2003:	¥11,107 million

2. Weighted-average number of common stock issued and outstanding during each fiscal period (consolidated)

Interim period ended September 30, 2003:	336,540,038 shares
Interim period ended September 30, 2002:	336,869,930 shares
Fiscal year ended March 31, 2003:	336,857,133 shares

3. No changes in accounting methods

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

## 2. Financial Condition

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

	Total assets	Shareholders' equity	Equity ratio (%)	Shareholders' equity per share (yen)
<b>September 30, 2003</b>	<b>¥974,456</b>	<b>¥217,296</b>	<b>22.3</b>	<b>¥644.97</b>
September 30, 2002	903,283	288,342	31.9	855.33
FY2003 March 31, 2003	¥946,331	¥257,396	27.2	¥767.56

Note: Number of shares outstanding (consolidated)

As of September 30, 2003:	336,907,285 shares
As of September 30, 2002:	336,867,620 shares
As of March 31, 2003:	335,293,326 shares

## 3. Cash Flows

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

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
<b>Interim period ended September 30, 2003</b>	<b>¥(53,678)</b>	<b>¥65,059</b>	<b>¥12,006</b>	<b>¥169,734</b>
Interim period ended September 30, 2002	(11,219)	63,574	(56,339)	107,844
FY2003 ended March 31, 2003	¥ (68,600)	¥119,749	¥(17,615)	¥147,526

## 4. Scope of Consolidation

Consolidated subsidiaries:	175
Equity-method non-consolidated subsidiaries:	2
Equity-method affiliates:	107

## 5. Changes in Scope of Consolidation

Consolidated subsidiaries:

Newly added:	7
Newly excluded:	101

Equity-method non-consolidated subsidiaries and affiliates:

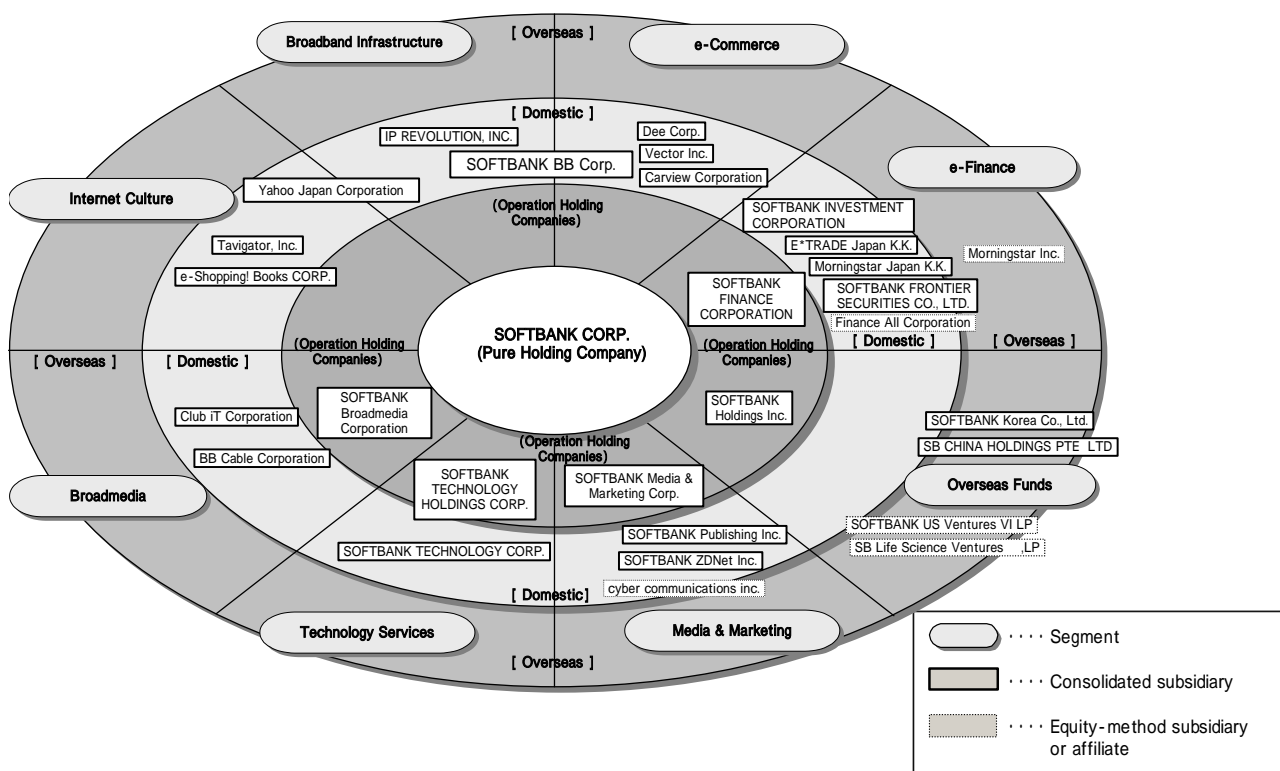
Newly added:	8
Newly excluded:	15

## The SOFTBANK Group

As of September 30, 2003, the SOFTBANK Group comprised 284 companies with operation in 8 segments as follows.

Business segment	Consolidated subsidiaries (includes partnerships)	Equity-method non-consolidated subsidiaries and affiliates (includes partnerships)	Principal products and operational content of each business
1. Broadband Infrastructure	15	7	ADSL high-speed Internet connection service and IP telephony service; fiber-optic ultra-high-speed Internet connection service and other operations
2. e-Commerce	19	10	Distribution of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C)
3. e-Finance	44	14	All-inclusive web-based financial operations, including on-line security business; management of domestic venture capital funds; incubation of portfolio companies
4. Media & Marketing	13	6	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; web content development
5. Broadmedia	15	2	Provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations
6. Internet Culture	13	5	Internet-based advertising operations; broadband portal business; Internet-based auction business
7. Technology Services	7	4	Systems solution business; business solution business
8. Overseas Funds	37	55	U.S.- and Asia-focused global private equity operations in Internet-related companies
9. Others	12	6	Holding company functions for overseas operations; back-office services in Japan
<b>Total</b>	<b>175</b>	<b>109</b>	

Note: SOFTBANK BB Corp., which is engaged in the Broadband Infrastructure and e-Commerce segments, is included in the Broadband Infrastructure segment; Yahoo Japan Corporation, which is engaged in the Internet Culture and Broadband Infrastructure segments, is included in the Internet Culture segment. Both of them are consolidated subsidiaries.



Notes: On June 2, 2003, SOFTBANK INVESTMENT CORPORATION merged with E\*TRADE Japan K.K. with the former the surviving company.

SOFTBANK subsidiaries listed on domestic stock exchanges as of September 30, 2003:

Subsidiary	Listed exchange
1. Yahoo Japan Corporation	JASDAQ
2.SOFTBANK TECHNOLOGY CORP.	JASDAQ
3.Morningstar Japan K.K.	Hercules
4.Vector Inc.	Hercules
5.SOFTBANK INVESTMENT CORPORATION	Tokyo Stock Exchange 1 <sup>st</sup> section Osaka Securities Exchange 1 <sup>st</sup> section
6.SOFTBANK FRONTIER SECURITIES CO., LTD.	Hercules
7.Club iT Corporation	Hercules

## **Management Policies**

### **1. Fundamental Management Policy**

The core management philosophy of the SOFTBANK Group (hereinafter called “the Group”) is “Endeavoring to benefit society and the economy by fostering the sharing of wisdom and knowledge gained through the IT revolution.” By conducting business activities in a creative manner, the Group focuses its energy on enriching society and revitalizing industry while enhancing its corporate value. During the first half of the fiscal year, the Group continued to develop broadband businesses to accelerate the pace of the IT revolution.

In Japan, the number of broadband subscribers rose to 12.25 million as of September 30, 2003, a figure that includes more than 9.22 million DSL subscribers (according to data compiled by the Ministry of Public Management, Home Affairs, Posts and Telecommunications), or more than 75% of all broadband subscribers. DSL services, which sparked the rapid diffusion of broadband Internet access, continue to be the driving force of growth for the broadband market. The *Yahoo! BB* comprehensive broadband service, which is offered jointly by Group companies, has the leading market share among Japan’s DSL communication carriers. The Group continues to introduce revolutionary services, such as the July 2003 introduction of an ADSL service with a maximum downstream speed of 26 Mbps, retaining its position as the market leader.

As broadband Internet access gains greater acceptance, hopes are high for the expansion of new broadband-related markets as well as the infrastructure business. Public awareness of IP telephony services is rising rapidly, indicating that market penetration will climb with increasing momentum. The Group was first in Japan to roll out an IP telephony service. In October 2003, BB Phone broke the 3 million-user mark as it preserved an overwhelming lead over competitors. The Group is dedicated not only to conducting businesses with foresight and innovation, but also to continuing to adapt with flexibility and speed to social change and shifts in the operating environment, conducting its business activities so as to maximize opportunities to generate earnings.

### **2. Basic Policy Regarding Allocation of Earnings**

SOFTBANK CORP. (hereinafter called “the Company”) has followed a policy of distributing earnings to shareholders in a steady and appropriate manner, taking into consideration the need to maintain the proper balance between measures to bolster the operating base and to preserve a stable dividend for shareholders over the medium- and long-term perspective.

The Company thus plans to pay a dividend that reflects operating results. However, no decision has yet been reached regarding a dividend applicable to the current fiscal year.

### **3. Medium- and Long-Term Management Strategy**

The Group's strategy is to become the number-one company in the broadband business domain. With the broadband infrastructure business as the nucleus, the entire Group is working as one to promote these businesses. SOFTBANK BB Corp., which handles the infrastructure business, has consistently ranked number one among Japanese DSL communication carriers since August 2002 in terms of the number of cumulative lines installed and since June 2002 in terms of the net increase in lines installed on a monthly basis. As of September 30, 2003, the number of lines installed exceeded 3.24 million (and was 3.399 million as of the end of October 2003). Work will continue on acquiring more customers to establish a solid customer base, which is a key issue in the infrastructure business, thereby generating and maximizing stable earnings and cash flows.

At the same time, the Group is developing businesses in the content and services domains in a manner that maximizes synergies with the broadband infrastructure business. Yahoo Japan Corporation is benefiting from the widespread availability of high-speed, high-capacity, always-on Internet connections. Its advertising business is performing very well and its e-commerce businesses, such as the auction and shopping businesses, are growing. In July 2003, BB Cable Corporation\*<sup>1</sup>, which offers the *BB Cable TV* service by using the ADSL network of *Yahoo! BB*, began expanding its service area outward from Tokyo's 23 wards to other areas of Tokyo and three neighboring prefectures (Kanagawa, Chiba and Saitama), using the *Yahoo BB!* service to develop new markets. Also in July 2003, SOFTBANK BB Corp. opened the *BB Games* online game portal site in conjunction with BB Serve Corporation\*<sup>2</sup> By making effective use of the *Yahoo BB!* customer base, the Group aims to capture a substantial share of the growing online game market. The Group aims to establish a diverse range of earnings sources and generate cash flows by capturing synergies between the broadband infrastructure business and Group companies whose operations are rooted in the Internet. With these goals in mind, the entire Group will continue to work together to develop broadband businesses.

\*1 Consolidated subsidiary that is a wholly owned subsidiary of Club iT Corporation.

\*2 Consolidated subsidiary that is 55% owned by SOFTBANK BB Corp.

### **4. Important Management Issues**

#### **Achieve Profitability in the Broadband Infrastructure Business and Increase Earnings Power**

Now that *Yahoo! BB* has exceeded 3 million cumulative lines installed, the broadband infrastructure business of SOFTBANK BB Corp. is making steady progress toward achieving profitability at the operating level on a monthly basis. At the same time, substantial expenses are being incurred for acquiring customers and other requirements because this business is in its start-up and growth phases. From the standpoint of achieving the proper balance between expansion of the customer base and the

level of expenses, the Group is working to achieve efficient growth in the number of lines installed and paying customers while adding new services and taking other steps to increase average revenue per user. Through these actions, the Group aims to achieve profitability in the broadband infrastructure business at an early stage.

### **Changes in Competitive and Regulatory Environments**

The Group is active in the IT and communications industries, both fields where the speed of technological progress is extremely fast. Dramatic changes in the competitive environment are expected to continue. The constant evolution of the regulatory climate for communications services is likely to have an effect on the Group's business plans. The Group is responding aggressively and rapidly to these changes by introducing revolutionary services before competitors and conducting businesses in a flexible manner that reflects regulatory changes and shifts in demand patterns.

### **Growth and Stability in Other Group Segments**

Now that high-speed, high-capacity, always-on Internet connections are readily available, the Group expects to see further growth at Group companies whose operations are rooted in the Internet. The Group will maximize synergies between these companies and its broadband infrastructure business with the aim of generating more growth.

### **Diversifying Funding Channels**

During the first half of the fiscal year, the Group primarily utilized cash and cash equivalent, proceeds from sale of investment securities and stock in affiliated companies associated with business portfolio realignments, lease financing and the liquidation of assets to finance the broadband infrastructure business and redeem maturing bonds. In segments other than the broadband infrastructure segment, the Group has already delineated a clear policy of having each business meet its funding needs through its own cash flows. On the other hand, the Group plans to employ a variety of methods to procure the funds needed for capital expenditures, acquiring customers and for other requirements in the broadband infrastructure business.

## **5. Fundamental Policy and Measures Regarding Corporate Governance**

The Company believes that corporate governance is essential to conducting management that places priority on shareholders and cash flows. As a pure holding company, the Company manages and coordinates the Group's diverse businesses mainly through its board of directors and CEO Conference, and is working to strengthen its Group management system.

The board of directors has nine members, three of whom are outside directors. Directors are responsible for making decisions regarding important management matters and supervising management. The CEO Conference, whose members are the Company's representative director, the CEOs of each business segment and others, coordinates management policies, manages operating results and handles other matters. All meetings of the board and CEO Conference are attended by an external attorney who provides guidance and advice in order to strengthen corporate governance. The Company continues to use the corporate auditor system whereby the auditors monitor the performance of directors in the execution of their duties. The majority of the corporate auditors are from outside the Group, ensuring fairness and transparency.

With regard to internal controls, the Internal Audit Department evaluates and verifies business activities of all types to be certain that the Company and Group companies conform to management policies, laws and regulations, the articles of incorporation, guidelines and other applicable rules. Furthermore, this department gives specific suggestions and directives in order to improve operations as well as to prevent problems from occurring.

Throughout the Group, compliance and risk management are viewed as the responsibility of directors and all employees. Based on this stance, each Group company conducts educational activities. One illustration is SOFTBANK BB Corp., the Group's largest operating company. This company has established a Crisis Management Committee, Privacy Management Committee and System Security Management Committee, creating a system that can strengthen capabilities to minimize latent risks, formulate means to prevent problems, prepare for contingencies and ensure the security of information. This company is constantly reviewing these systems to make them even more effective.

## **6. Other Items**

### **Fundamental Policy regarding Relationships with Related Parties**

None

### **Other Important Matters Regarding the Company's Management**

None



## Results of Operations and Financial Position

### 1. Consolidated Results of Operations

#### First-Half Overview

Net sales increased ¥34,402 million, or 18.0%, year-to-year to ¥225,454 million. Net sales in the Broadband Infrastructure segment increased significantly as the number of *Yahoo! BB* paying customers grew. Net sales in the Internet Culture segment continued to increase.

Operating loss increased ¥8,157 million year-to-year to ¥39,357 million. This was mainly due to higher expenses for acquiring new customers and other up-front expenses associated with growth in the scale of operations in the Broadband Infrastructure segment. Excluding the Broadband Infrastructure segment, aggregate operating income for the other segments continued to increase, rising ¥10,245 million to ¥10,308 million. Two major contributors were a strong performance in the Internet Culture segment and a profit in the e-Finance segment following a period of losses.

The ordinary loss increased ¥7,688 million year-to-year to ¥53,645 million. In addition to operating loss, this reflected net non-operating expenses of ¥14,288 million. Due to the yen's appreciation during the first half, there was a net exchange gain of ¥3,471 million, a ¥12,712 million improvement over last year's loss. However, there was a net equity in losses of ¥1,358 million under the equity method, which is ¥4,013 million less than last year's gain, mainly due to the sale of all shares in Aozora Bank, Ltd. ("Aozora") As a result of the sale, Aozora was excluded from affiliates accounted for under the equity method and the equity gain associated with Aozora was recognized for a shorter period than in the first half of the previous fiscal year. Net interest expense increased ¥1,376 million year-to-year to ¥5,290 million. Non-operating items also included a valuation loss of ¥10,052 million with regard to inventories that the Group purchased at the initial stage of the Broadband Infrastructure business.

The net loss increased ¥21,536 million year-to-year to ¥77,338 million. The main component of special income was a gain on sale of investment securities of ¥18,213 million, mostly due to the partial sale of stock in UTStarcom, Inc. and cyber communications inc. The main components of special losses were a loss on sale of investment securities of ¥10,446 million, primarily due to the sale of all shares held in Aozora, and a valuation loss on investment in affiliates of ¥6,712 million, mostly resulting from a one-time amortization of goodwill for SOFTBANK Korea Co., Ltd., due to a revaluation of its portfolio companies.

## **Results of Operations by Business Segment**

**Broadband Infrastructure**—Segment sales were ¥53,549 million, a year-to-year increase of ¥40,028 million, or 296.1%. In the *Yahoo! BB* business, significant growth in the number of paying customers contributed to sales growth at SOFTBANK BB Corp. and the ISP revenue growth at Yahoo Japan Corporation. Also contributing to sales growth was an increase in the average revenue per user, particularly from the increase in share of paying customers who use higher priced services, such as an ADSL service with a maximum downstream speed of 12 Mbps, and additional services such as a wireless LAN service. Mainly due to expenses for acquiring new customers in the *Yahoo! BB* business, operating loss increased ¥18,402 million year-to-year to ¥49,665 million.

**e-Commerce**—Segment sales decreased ¥9,098 million, or 7.1%, to ¥118,252 million and operating income was down 9.5%, or ¥118 million year-to-year, to ¥1,133 million. Results were impacted most by lower sales of software to consumers by SOFTBANK BB Corp. because of sluggish markets. To increase profitability, this company is concentrating on developing its solutions business. Although this solutions business is not currently making a significant contribution to sales, earnings are increasing steadily. In other companies in this segment, operating income was generally higher compared with the first half of the previous fiscal year. Earnings growth was particularly strong at Carview Corporation, Dee Corp., e-Career CORP. and Vector Inc.

**e-Finance**—Segment revenue increased ¥1,261 million, or 9.3%, year-to-year to ¥14,760 million. A major source of growth was an increase in brokerage commission revenue at E\*TRADE SECURITIES CO., LTD. because of the higher trading volume in Japan's recovering stock markets. The segment had operating income of ¥815 million, an improvement of ¥2,920 million over the loss in the first half of the previous fiscal year. In addition to higher earnings at E\*TRADE SECURITIES CO., LTD. and a decrease in the valuation loss on operational investment securities of SOFTBANK INVESTMENT CORPORATION, operating income benefited from a gain on sale of operational investment securities.

**Media & Marketing**—Segment sales decreased ¥978 million, or 12.0%, to ¥7,184 million and operating loss increased ¥94 million to ¥557 million, year-to-year, respectively. This performance mainly reflects lower sales and earnings at SOFTBANK Publishing Inc., the result of declining magazine and book sales amid a prolonged slump in the publishing market. There was a gain on sale of investment securities of ¥7,070 million from the partial sale of shares in cyber communications inc.

**Broadmedia**—Segment sales increased ¥1,304 million, or 24.3%, year-to-year to ¥6,661 million and operating loss increased ¥860 million to ¥1,461 million. This was mainly attributable to start-up

expenses at BB Cable Corporation, which operates the “BB Cable TV” service via the ADSL network, and expenses associated with the commencement of operations of this service.

**Internet Culture**—Segment sales increased ¥12,269 million, or 78.2%, year-to-year to ¥27,962 million and operating income was up ¥8,029 million, or 130.9%, year-to-year to ¥14,161 million. This was mainly due to steady growth in advertising revenue and an increase in system utilization fees in the auction business at Yahoo Japan Corporation.

**Technology Services**—Segment sales increased ¥578 million, or 5.9%, year-to-year to ¥10,360 million. This was mainly attributable to higher sales from the e-business service of SOFTBANK TECHNOLOGY CORP., which handles everything from sales and procurement activities to billing and bill collection for e-commerce site operators. Operating income decreased ¥110 million, or 41.0%, year-to-year to ¥158 million. This was mainly the result of erosion in the gross margin due to severe price competition, as well as higher personnel expenses at SOFTBANK TECHNOLOGY CORP.

**Overseas Funds**—Segment revenue decreased ¥709 million, or 36.0%, year-to-year to ¥1,258 million. This was mainly due to lower fund management fees at SOFTBANK Holdings Inc. Operating income was down ¥865 million, or 58.3%, year-to-year to ¥619 million.

**Others**—Segment sales decreased ¥9,656 million, or 81.3%, year-to-year to ¥2,219 million, mainly a reflection of lower sales at SOFTBANK Commerce Korea Corporation, and Operating loss decreased ¥1,553 million year-to-year to ¥2,292 million.

## 2. Consolidated Financial Position

### Balance Sheet Analysis

**Current assets** increased ¥86,610 million to ¥494,048 million, compared with March 31, 2003. This was mainly because of a ¥27,311 million increase in cash and deposits and an increase of ¥77,693 million in cash segregated as deposits related to securities business and receivables related to margin transactions at E\*TRADE SECURITIES CO., LTD.

**Property and equipment** decreased ¥1,259 million to ¥100,989 million, compared with March 31, 2003. There was an increase in transmission equipment of ¥6,958 million, mainly at SOFTBANK BB Corp. Offsetting this increase was a ¥8,217 million decrease in the other component of property and equipment that mainly resulted from the exclusion of WEB-Lease Co., Ltd. from the scope of consolidation, thereby removing its leasing assets from the consolidated balance sheet.

**Investments and other assets** decreased ¥52,269 million to ¥360,077 million, compared with March 31, 2003. The primary reason was a ¥45,840 million decrease in investment securities, mostly reflecting the sale of all shares held in Aozora. Offsetting this decline somewhat was an increase in the market value of stock held in Yahoo! Inc. and UTStarcom, Inc., which was reclassified from an equity-method affiliate to an available-for-sale security and carried at market value at the end of the first half.

**Total Liabilities** increased ¥61,290 million to ¥704,219 million, compared with March 31, 2003. One reason was an increase of ¥20,614 million in long-term deferred tax liabilities resulting mainly from the increase in net unrealized gain on other securities in relation to stock in Yahoo! Inc. and UTStarcom, Inc. Another factor was a ¥69,467 million increase in payables related to margin transactions and guarantee deposits received from customers related to securities business at E\*TRADE SECURITIES CO., LTD. There was a ¥4,660 million decrease in interest-bearing debt, compared with March 31, 2003, mostly the result of the redemption of bonds.

**Shareholders' equity** was down ¥40,100 million to ¥217,296 million, compared with March 31, 2003, mainly due to a ¥80,048 million increase in accumulated deficits. Offsetting this somewhat was a ¥46,951 million increase in net unrealized gain on other securities in relation to stock in Yahoo! Inc. and UTStarcom, Inc.

## **Cash Flows Analysis**

### **(1) Summary**

While cash was used for operating activities, it was provided by investing and financing activities. As a result, cash and cash equivalents increased ¥22,208 million to ¥169,734 million, compared with March 31, 2003.

**Net cash used for operating activities** was ¥53,678 million, ¥42,458 million more than cash used in the first half of the previous fiscal year. Loss before income taxes and minority interest was ¥65,154 million, mostly the result of operating loss in the Broadband Infrastructure segment. Interest of ¥6,033 million was paid, and income taxes of ¥9,692 million were paid, mainly at Yahoo Japan Corporation. Depreciation and amortization increased ¥7,052 million year-to-year to ¥15,717 million.

**Net cash provided by investing activities** was ¥65,059 million, an increase of ¥1,485 million from the first half of the previous fiscal year. Though ¥39,431 million was used mainly for the purchases of transmission equipment at SOFTBANK BB Corp., there were proceeds of ¥125,689 million from sale of marketable and investment securities, including stock in Aozora and UTStarcom, Inc.

**Net cash provided by financing activities** was ¥12,006 million, an increase of ¥68,345 million from the first half of the previous fiscal year. Despite the use of ¥16,720 million for repayment of short-term borrowings (net) and of ¥44,270 million for bond redemptions, there were proceeds of ¥57,410 million from long-term debt and proceeds of ¥17,000 million from the issuance of commercial paper (net).

## **(2) Factors That May Have a Material Impact on Cash Flows in the Second Half and Subsequent Fiscal Periods**

### **• Growth in Installed Lines at *Yahoo! BB***

In the broadband infrastructure business, where the Company is concentrating its management resources, growth in the number of lines installed at *Yahoo! BB* will result in start-up expenses associated with acquiring new subscribers. Therefore, this growth will temporarily have a negative influence on operating cash flows.

### **• Redemption of Bonds**

As of September 30, 2003, the Group had ¥131,344 million of bonds outstanding. Bond redemptions totaling ¥12,660 million are scheduled for the second half of the fiscal year 2004 and redemptions totaling ¥36,154 million are scheduled for the fiscal year 2005.

### **• Commitment-line Contract**

On October 22, 2003, the Company entered into a ¥98,000 million commitment-line contract with seven financial institutions, which was arranged by Mizuho Corporate Bank, Ltd. The Company plans to exercise this commitment-line as required, taking into consideration its liquidity, capital structure and other fund procurement activities.

## **(3) Trends in Cash Flow Indicators**

A summary of trends in cash flow indicators is presented below.

	As of Sept. 30, 2003	As of Mar. 31, 2003	As of Sept. 30, 2002	As of Mar. 31, 2002
Equity ratio	22.3%	27.2%	31.9%	40.0%
Equity ratio (Market cap.)	163.2%	48.9%	43.9%	68.8%
Debt repayment period				
Interest coverage ratio				

Notes:

1. The above indicators are calculated using the following formulas based on consolidated figures.

Equity ratio:	Shareholders' equity divided by total assets
Equity ratio (Market cap.):	Market capitalization divided by total assets
Debt repayment period:	Interest-bearing debt divided by operating cash flows
Debt repayment period at the first half:	Interest-bearing debt divided by interim operating cash flows times two
Interest coverage ratio:	Operating cash flows divided by interest expenses

2. Market capitalization is calculated by multiplying the closing stock price by the number of shares outstanding, net of treasury stock, as at September 30, 2003.

3. Interest-bearing debt is the sum of all consolidated liabilities on which interest must be paid.

4. Operating cash flows and interest expenses are the figures shown on the consolidated statements of cash flows.

5. Negative figures are indicated by a “ - ” sign.

## CONSOLIDATED BALANCE SHEETS

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

	FY2004 interim		FY2003		Increase (Decrease)	FY2003 interim	
	(As of September 30, 2003)		(As of March 31, 2003)			(As of September 30, 2002)	
	Amount	%	Amount	%		Amount	%
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash and deposits	¥174,814		¥147,503		¥27,311	¥102,379	
Notes and accounts receivable - trade	64,783		64,255		528	55,912	
Marketable securities	2,512		5,059		(2,547)	7,612	
Inventories	30,345		42,201		(11,856)	41,119	
Deferred tax assets	4,655		7,035		(2,380)	6,155	
Cash segregated as deposits related to securities business	66,093		34,574		31,518	31,247	
Receivables related to margin transactions	95,022		48,847		46,175	52,319	
Other current assets	64,578		65,227		(649)	59,116	
Less : Allowance for doubtful accounts	(8,757)		(7,268)		(1,489)	(1,494)	
<b>Total current assets</b>	<b>494,048</b>	<b>50.7</b>	<b>407,437</b>	<b>43.1</b>	<b>86,610</b>	<b>354,369</b>	<b>39.2</b>
<b>Non-current assets:</b>							
<b>Property and equipment, net</b>							
Transmission equipment	86,242		79,284		6,958	48,944	
Others	14,747		22,964		(8,217)	24,621	
<b>Total tangible assets</b>	<b>100,989</b>	<b>10.3</b>	<b>102,249</b>	<b>10.8</b>	<b>(1,259)</b>	<b>73,566</b>	<b>8.1</b>
<b>Intangible assets, net:</b>							
Consolidation adjustment	3,811		9,830		(6,018)	12,829	
Other intangibles	15,284		14,008		1,276	16,848	
<b>Total intangible assets</b>	<b>19,096</b>	<b>2.0</b>	<b>23,838</b>	<b>2.5</b>	<b>(4,742)</b>	<b>29,678</b>	<b>3.3</b>
<b>Investments and other assets:</b>							
Investment securities	221,574		267,414		(45,840)	254,633	
Investments in partnerships	94,557		97,606		(3,049)	130,527	
Long-term loans	1,431		780		650	858	
Deferred tax assets	28,827		32,701		(3,874)	48,835	
Other assets	15,166		15,637		(470)	11,797	
Less : Allowance for doubtful accounts	(1,480)		(1,794)		314	(1,538)	
<b>Total investments and other assets</b>	<b>360,077</b>	<b>37.0</b>	<b>412,346</b>	<b>43.6</b>	<b>(52,269)</b>	<b>445,115</b>	<b>49.3</b>
<b>Deferred charges</b>	<b>245</b>	<b>0.0</b>	<b>459</b>	<b>0.0</b>	<b>(213)</b>	<b>555</b>	<b>0.1</b>
<b>Total assets</b>	<b>¥974,456</b>	<b>100.0</b>	<b>¥946,331</b>	<b>100.0</b>	<b>¥28,125</b>	<b>¥903,283</b>	<b>100.0</b>

## CONSOLIDATED BALANCE SHEETS

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

	FY2004 interim		FY2003		Increase (Decrease)	FY2003 interim	
	(As of September 30, 2003)		(As of March 31, 2003)			(As of September 30, 2002)	
	Amount	%	Amount	%	Amount	%	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>Current liabilities:</b>							
Notes and accounts payable - trade	¥41,591		¥58,534		¥(16,942)	¥55,192	
Short-term borrowings	173,546		150,557		22,988	82,358	
Commercial paper	21,000		4,000		17,000	10,000	
Current portion of corporate bonds	41,924		56,219		(14,294)	67,919	
Current portion of convertible bonds	60		60		-	-	
Accounts payable - other	40,900		60,243		(19,342)	32,635	
Accrued expenses	14,013		14,576		(563)	13,086	
Income taxes payable	13,153		10,912		2,241	23,516	
Deferred tax liabilities	106		5,978		(5,871)	553	
Payables related to margin transactions	87,683		44,458		43,224	44,720	
Guarantee deposits received from customers related to securities business	60,808		34,565		26,243	31,987	
Other current liabilities	34,935		18,399		16,535	29,808	
<b>Total current liabilities</b>	<b>529,723</b>	<b>54.4</b>	<b>458,504</b>	<b>48.5</b>	<b>71,218</b>	<b>391,778</b>	<b>43.4</b>
<b>Long-term liabilities:</b>							
Corporate bonds	89,315		121,763		(32,448)	137,132	
Convertible bonds	45		45		-	105	
Long-term debt	10,243		8,149		2,093	9,875	
Deferred tax liabilities	53,900		33,285		20,614	8,383	
Accrued retirement benefits	29		49		(20)	39	
Other liabilities	20,961		21,130		(168)	20,825	
<b>Total long-term liabilities</b>	<b>174,496</b>	<b>17.9</b>	<b>184,424</b>	<b>19.4</b>	<b>(9,928)</b>	<b>176,360</b>	<b>19.5</b>
<b>Total liabilities</b>	<b>704,219</b>	<b>72.3</b>	<b>642,929</b>	<b>67.9</b>	<b>61,290</b>	<b>568,139</b>	<b>62.9</b>
<b>Minority interest in consolidated subsidiaries</b>							
	52,941	5.4	46,005	4.9	6,936	46,802	5.2
<b>Shareholders' equity:</b>							
Common stock	137,958	14.1	137,867	14.6	90	137,867	15.3
Additional paid-in capital	162,354	16.7	162,231	17.1	123	162,231	17.9
Accumulated deficits	(181,079)	(18.6)	(101,031)	(10.7)	(80,048)	(54,223)	(6.0)
Net unrealized gain on other securities	86,547	8.9	39,595	4.2	46,951	19,215	2.1
Translation adjustments	11,567	1.2	20,932	2.2	(9,364)	23,268	2.6
Less: Treasury stock	(52)	(0.0)	(2,199)	(0.2)	2,146	(17)	(0.0)
<b>Total shareholders' equity</b>	<b>217,296</b>	<b>22.3</b>	<b>257,396</b>	<b>27.2</b>	<b>(40,100)</b>	<b>288,342</b>	<b>31.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥974,456</b>	<b>100.0</b>	<b>¥946,331</b>	<b>100.0</b>	<b>¥28,125</b>	<b>¥903,283</b>	<b>100.0</b>



## CONSOLIDATED STATEMENTS OF INCOME

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

	FY2004 interim		FY2003 interim		Increase (Decrease)	FY2003	
	(April 2003 through September 2003)		(April 2002 through September 2002)			(April 2002 through March 2003)	
	Amount	%	Amount	%		Amount	%
<b>Net sales</b>	<b>¥225,454</b>	<b>100.0</b>	¥191,052	100.0	¥34,402	¥406,892	100.0
<b>Cost of sales</b>	<b>176,351</b>	<b>78.2</b>	168,399	88.1	7,952	361,243	88.8
<b>Gross profit</b>	<b>49,103</b>	<b>21.8</b>	22,653	11.9	26,450	45,648	11.2
<b>Selling, general and administrative expenses</b>	<b>88,460</b>	<b>39.2</b>	53,852	28.2	34,607	137,646	33.8
<b>Operating loss</b>	<b>(39,357)</b>	<b>(17.4)</b>	(31,199)	(16.3)	(8,157)	(91,997)	(22.6)
Interest income	346		525		(179)	1,092	
Exchange gain	3,471		-		3,471	-	
Equity in gains under the equity method	-		2,655		(2,655)	11,107	
Other non-operating income	2,364		2,321		43	5,553	
<b>Non-operating income</b>	<b>6,182</b>	<b>2.7</b>	5,501	2.8	680	17,753	4.4
Interest expense	5,636		4,439		1,197	8,741	
Exchange loss	-		9,240		(9,240)	7,704	
Equity in losses under the equity method	1,358		-		1,358	-	
Valuation loss on inventories	10,052		-		10,052	-	
Other non-operating expenses	3,422		6,579		(3,157)	19,119	
<b>Non-operating expenses</b>	<b>20,470</b>	<b>9.1</b>	20,259	10.6	211	35,564	8.8
<b>Ordinary loss</b>	<b>(53,645)</b>	<b>(23.8)</b>	(45,956)	(24.1)	(7,688)	(109,808)	(27.0)
Gain on sale of investment securities	18,213		46,618		(28,404)	127,607	
Other special income	1,965		4,499		(2,534)	6,797	
<b>Special income</b>	<b>20,178</b>	<b>9.0</b>	51,117	26.8	(30,938)	134,405	33.0
Loss on sale of investment securities	10,446		9,764		682	10,846	
Valuation loss on investment securities	4,117		18,685		(14,567)	33,848	
Valuation loss on investment in affiliates	6,712		21,714		(15,001)	32,323	
Other special losses	10,411		8,405		2,005	19,051	
<b>Special loss</b>	<b>31,688</b>	<b>14.1</b>	58,569	30.7	(26,881)	96,071	23.6
<b>Loss before income taxes and minority interest</b>	<b>(65,154)</b>	<b>(28.9)</b>	(53,408)	(28.0)	(11,746)	(71,474)	(17.6)
<b>Income taxes:</b>							
Current	13,028	5.8	23,784	12.4	(10,755)	14,849	3.6
Refunded	-	-	4,957	2.6	(4,957)	11,125	2.7
Deferred	(4,730)	(2.1)	(15,338)	(8.0)	10,607	27,350	6.7
<b>Minority interest</b>	<b>3,886</b>	<b>1.7</b>	(1,095)	(0.6)	4,981	(2,560)	(0.6)
<b>Net loss</b>	<b>¥(77,338)</b>	<b>(34.3)</b>	¥(55,802)	(29.2)	¥(21,536)	¥(99,989)	(24.6)

Note:

SOFTBANK CORP. had presented the results of the financing businesses separately in the accounts of "Revenue from financing business" and "Financing business expenses" in the consolidated statements of income. Effective from April 1, 2003, SOFTBANK CORP. has presented the combined results of operations of non-financing business and financing business in the accounts of "Net sales", "Cost of sales", and "Selling, general and administrative expenses" in the consolidated statements of income.

**CONSOLIDATED STATEMENTS OF  
ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS**

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

	FY2004 interim (April 2003 through September 2003)	FY2003 interim (April 2002 through September 2002)	FY2003 (April 2002 through March 2003)
<b>ADDITIONAL PAID-IN CAPITAL</b>			
<b>Additional paid-in capital at the beginning of the period</b>	<b>¥162,231</b>	¥162,231	¥162,231
Increase due to issuance of shares	90	-	-
Increase in paid-in capital due to sale of treasury stock	32	-	-
<b>Additional paid-in capital at the end of the period</b>	<b>¥162,354</b>	¥162,231	¥162,231

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

	FY2004 interim (April 2003 through September 2003)	FY2003 interim (April 2002 through September 2002)	FY2003 (April 2002 through March 2003)
<b>RETAINED EARNINGS (DEFICITS)</b>			
<b>Retained earnings (deficits) at the beginning of the period</b>	<b>¥(101,031)</b>	¥4,035	¥4,035
Net loss	(77,338)	(55,802)	(99,989)
Cash dividends	(2,342)	(2,358)	(2,358)
Bonuses to directors	(73)	(75)	(75)
Net adjustments to retained earnings due to changes in investment in the affiliated companies accounted for under the equity method	(338)	(14)	(2,636)
Net adjustments to retained earnings due to changes in the scope of the consolidation	44	(1)	9
Decrease due to merger	-	(6)	(17)
<b>Accumulated deficits at the end of the period</b>	<b>¥(181,079)</b>	¥(54,223)	¥(101,031)

Note:

Under Japan GAAP, the cumulative effect of any changes in the scope of the consolidation and the application of the equity method to affiliated companies is treated as an adjustment to retained earnings in the consolidated statements of additional paid-in capital and retained earnings.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	FY2004 interim (April 2003 through September 2003)	FY2003 interim (April 2002 through September 2002)	FY2003 (April 2002 through March 2003)
<b>I Cash flows from operating activities:</b>			
Loss before income taxes and minority interest	¥(65,154)	¥(53,408)	¥(71,474)
Adjustments to reconcile loss before income taxes and minority interest to net cash used for operating activities:			
Depreciation and amortization	15,717	8,664	20,904
Equity in losses (gains) under the equity method, net	1,358	(2,655)	(11,107)
Valuation loss on investment securities	10,829	40,399	66,172
Gains on sale of marketable and investment securities, net	(7,777)	(36,854)	(116,839)
Exchange (gain) loss, net	(2,788)	9,177	8,626
Interest and dividend income	(563)	(591)	(1,311)
Interest expense	5,636	4,439	8,741
(Increase) decrease in receivables- trade	(1,734)	6,564	(3,522)
(Decrease) increase in payables-trade	(15,862)	(3,632)	3,172
(Increase) decrease in other receivables	(38,842)	(6,436)	8,576
Increase in other payables	37,048	11,858	2,208
Others, net	19,805	18,333	32,792
	(42,326)	(4,141)	(53,061)
Interest and dividends received	606	773	1,138
Interest paid	(6,033)	(5,224)	(9,386)
Income taxes paid	(9,692)	(8,646)	(13,202)
Refund of income taxes	3,767	6,018	5,911
Net cash used for operating activities	(53,678)	(11,219)	(68,600)
<b>II Cash flows from investing activities:</b>			
Purchase of property and equipment and intangibles	(39,431)	(26,213)	(64,500)
Purchase of marketable and investment securities	(20,889)	(20,441)	(33,413)
Proceeds from sale of marketable and investment securities	125,689	110,261	171,350
Additional investments in newly consolidated entities	(563)	(680)	(591)
Proceeds from sale of interests in subsidiaries previously consolidated	(1,010)	(220)	(23)
Proceeds from sale of interests in consolidated subsidiaries	2,001	1,080	56,356
Increase in loan receivables	(3,295)	(3,381)	(5,211)
Collections of loans	1,843	1,085	1,975
Others, net	715	2,084	(6,191)
Net cash provided by investing activities	65,059	63,574	119,749
<b>III Cash flows from financing activities:</b>			
Proceeds from issuance of shares to minority shareholders	1,123	4,763	4,842
(Decrease) increase in short-term borrowings, net	(16,720)	(27,574)	44,104
Proceeds from issuance of commercial paper	36,500	10,000	14,000
Repayment of commercial paper	(19,500)	(10,000)	(20,000)
Proceeds from long-term debt	57,410	30	1,380
Repayment of long-term debt	(3,861)	(7,406)	(7,758)
Proceeds from issuance of bonds	-	2,396	2,496
Redemption of bonds	(44,270)	(24,782)	(52,223)
Cash dividends paid	(2,308)	(2,318)	(2,354)
Cash dividends paid to minority shareholders	(96)	(28)	(122)
Others, net	3,730	(1,418)	(1,980)
Net cash provided by (used for) financing activities	12,006	(56,339)	(17,615)
<b>IV Effect of exchange rate changes</b>	<b>169</b>	<b>(7,950)</b>	<b>(5,728)</b>
<b>V Net increase (decrease) in cash and cash equivalents</b>	<b>23,556</b>	<b>(11,935)</b>	<b>27,805</b>
<b>VI Increase in cash and cash equivalents due to the companies newly consolidated</b>	<b>-</b>	<b>34</b>	<b>60</b>
<b>VII Decrease in cash and cash equivalents due to exclusion of entities previously consolidated</b>	<b>(1,348)</b>	<b>(108)</b>	<b>(194)</b>
<b>VIII Cash and cash equivalents at the beginning of the period</b>	<b>147,526</b>	<b>119,855</b>	<b>119,855</b>
<b>IX Cash and cash equivalents at the end of the period</b>	<b>¥169,734</b>	<b>¥107,844</b>	<b>¥147,526</b>

## **Basis of Presentation of Consolidated Financial Statements**

### **1. Changes in Scope of Consolidation**

(1) As of September 30, 2003, SOFTBANK CORP. (the "Company") consolidated 175 subsidiaries. 12 subsidiaries were not consolidated due to their immateriality in terms of the consolidated total assets, net sales, net loss and accumulated deficits of the SOFTBANK consolidated financial statements.

Main changes in the scope of the consolidation for the interim period ended September 30, 2003 were as follows:

<Increase; including partnerships>

7 companies were newly consolidated.

<Decrease; including partnerships>

- |  |   |
|--|---|
| 1. Softbank Investment International (Strategic) Limited and its 79 subsidiaries | Decrease in shareholding percentage                                 |
| 2. Finance All Corporation and its 4 subsidiaries                                | Sale of a portion of shares and decrease in shareholding percentage |
| 3. E*TRADE Japan K.K.  | Merger  |

Other 15 companies

(2) As of September 30, 2003, the Company held 2 non-consolidated subsidiaries and 107 affiliates, all of which were accounted for under the equity method.

Main changes in the application of the equity method for the interim period ended September 30, 2003 were as follows:

<Increase; including partnerships>

- |                            |                                     |
|----------------------------|-------------------------------------|
| 1. Finance All Corporation | Change from consolidated subsidiary |
|----------------------------|-------------------------------------|

Other 7 companies

<Decrease; including partnerships>

- |                      |                             |
|----------------------|-----------------------------|
| 1. UTStarcom, Inc.   | Sale of a portion of shares |
| 2. Aozora Bank, Ltd. | Sale of shares              |

Other 13 companies

### **2. Fiscal year end**

Fiscal year ends of consolidated subsidiaries in terms of domestic and overseas are as follows:

<Fiscal year end>	<Domestic>	<Overseas>
March end (as same as consolidated B/S date)	93	28
June end	2	3
July end	1	-
September end	2	-
December end	16	27
January end	1	-
February end	2	-

### 3. Summary of Significant Accounting Policies

#### [1] Standards and methods of valuation for significant assets

##### (1) Marketable securities and investment securities

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

Other securities:

With market quotations: Stated at fair value, which represents the market price at the balance sheet date (Unrealized gains/losses are included as a separate component of "Shareholders' equity", net of tax, while cost is determined primarily based on the moving-average method)

With no market quotations: Carried at cost, primarily based on the moving-average method

(2) Derivative instruments: Stated at fair value

(3) Inventories: Carried at cost, primarily based on the moving-average method

#### [2] Depreciation and amortization

##### (1) Property and equipment:

Transmission equipment: Computed using the straight-line method

Others: Computed primarily using the declining-balance method

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

#### [3] Accounting principles for major allowances and accruals

Allowance for doubtful accounts

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

#### [4] Translation of foreign currency transactions and accounts

Foreign currency transactions are generally translated using the foreign exchange rates prevailing at the respective transaction dates. All assets and liabilities in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates. Exchange gains or losses are credited or charged to current income when incurred.

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

Foreign currency financial statement translation differences are presented as a separate component of "Shareholders' equity", except for the portion pertaining to minority shareholders, which is included in "Minority interest in consolidated subsidiaries".

#### [5] Leases

Under the Japanese accounting standards, capital leases, as defined therein, other than those whereby ownership of the assets is transferred to the lessee at the end of the lease term, are accounted for as operating leases with certain disclosures.

#### [6] Accounting method for consumption taxes

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

### 4. The Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flow

"Cash and cash equivalents" comprise cash on hand, bank deposits withdrawable on demand and highly liquid investments with initial maturities of three months or less and a low risk of fluctuation in value.

## NOTES

### 1. Accumulated depreciation of property and equipment

	September 30, 2003	March 31, 2003	September 30, 2002
	<b>32,104 million yen</b>	27,417 million yen	18,999 million yen

### 2. Number of treasury stock held by the Company and its subsidiaries

		September 30, 2003	March 31, 2003	September 30, 2002
Held by the Company	common stock	<b>29,541 shares</b>	24,781 shares	9,206 shares
Held by consolidated subsidiaries	common stock	<b>- shares</b>	1,558,719 shares	- shares
Number of shares issued	common stock	<b>336,936,826 shares</b>	336,876,826 shares	336,876,826 shares

### 3. Receivables and payables relating to margin transactions

Receivables and payables relating to margin transactions in securities businesses engaged by certain consolidated subsidiaries are as follows:

	September 30, 2003	March 31, 2003	September 30, 2002
Receivables related to margin transactions:			
Loans receivable from customers for margin transactions	<b>88,545 million yen</b>	42,457 million yen	46,914 million yen
Cash deposits as collateral for securities borrowed from securities finance companies	<b>6,477</b>	6,389	5,405
Payables related to margin transactions:			
Loans payable to securities finance companies for margin transactions	<b>63,302</b>	27,906	31,600
Proceeds from securities sold for margin transactions	<b>24,380</b>	16,552	13,119

#### 4. Assets pledged as collateral

##### (1) For future lease liabilities

	September 30, 2003	March 31, 2003	September 30, 2002
<u>Assets pledged as collateral:</u>			
Notes and accounts receivable - trade	6,412 million yen	9,450 million yen	5,740 million yen
Other current assets (accounts receivable -other)	60	81	67
<u>Secured liabilities:</u>			
Notes and accounts payable - trade	175 million yen	251 million yen	278 million yen

Note:

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

The future lease liabilities at the end of the periods are as follows:

	September 30, 2003	March 31, 2003	September 30, 2002
Future lease liabilities (including the above "Notes and accounts payable-trade")	42,377 million yen	32,732 million yen	35,817 million yen

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

	September 30, 2003	March 31, 2003	September 30, 2002
<u>Assets pledged as collateral:</u>			
Cash and deposits	485 million yen	- million yen	- million yen
Notes and accounts receivable - trade	1,126	-	-
Inventory	1,692	1,704	-
Marketable securities	307	-	-
Transmission equipment	7,228	-	-
Other property and equipment	-	195	86
Investment securities	151,973	55,711	-
<u>Secured liabilities:</u>			
Notes and accounts payable - trade	805 million yen	- million yen	- million yen
Short-term borrowings	48,769	19,920	43
Accounts payable - other	97	-	-
Accrued expenses	-	58	-
Other current liabilities	388	-	-
Long-term debt	6,639	1,350	-
Other long-term liabilities	291	-	-

Note:

SOFTBANK America Inc. ("SBA"), a wholly-owned subsidiary of the Company, pledged and delivered investment securities into a collateral securities account. SBA is able to release the excess amount over 142.857% of the secured liabilities.

The assets pledged as collateral and secured liabilities at the end of the periods are as follows:

	September 30, 2003	March 31, 2003	September 30, 2002
<u>Assets pledged as collateral:</u>			
Investment securities			
(Book value)	151,708 million yen	55,711 million yen	- million yen
(Fair market value)	151,708	63,175	-
(Releasable amount)	76,527	34,758	-
<u>Secured liabilities:</u>			
Short-term borrowings	42,275	19,833	-
Accrued expenses	-	58	-

#### 4. Assets pledged as collateral (continued)

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

	September 30, 2003	March 31, 2003	September 30, 2002
<u>Assets pledged as collateral:</u>			
Investments in partnerships	1,993 million yen	2,229 million yen	1,982 million yen
<u>Secured liabilities:</u>			
Long-term debt owed by a third party	2,367	2,388	2,400

#### 5. Line of credit as a creditor (not used)

	September 30, 2003	March 31, 2003	September 30, 2002
	49 million yen	51 million yen	24 million yen

#### 6. Balance of accounts receivable sold

	September 30, 2003	March 31, 2003	September 30, 2002
	5,888 million yen	7,466 million yen	8,071 million yen

#### 7. Valuation loss on investments in subsidiaries and affiliates

"Valuation loss on investments in affiliates" recognized as a special loss in the consolidated statements of income are as follow:

(1) Valuation loss on investment in consolidated subsidiaries

	September 30, 2003	September 30, 2002	March 31, 2003
	5,380 million yen	6,065 million yen	10,610 million yen

(2) Valuation loss on investment in affiliates accounted for under the equity method

	September 30, 2003	September 30, 2002	March 31, 2003
	1,332 million yen	15,649 million yen	21,713

#### 8. Consolidated statements of cash flow

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

	September 30, 2003	September 30, 2002	March 31, 2003
Cash and deposits	174,814 million yen	102,379 million yen	147,503 million yen
Marketable securities	2,512	7,612	5,059
Time deposits with original maturity over three months	(5,568)	(431)	(2,866)
Deposits received from customers in commodities business	(100)	(19)	(29)
Stocks and bonds with original maturity over three months	(1,922)	(1,696)	(2,140)
Cash and cash equivalents	169,734 million yen	107,844 million yen	147,526 million yen



## 9. Leases

### 1. Capital leases in which the ownership of leased assets is not transferred to lessees at the end of the lease periods

#### (as a lessee)

(1) Amounts equivalent to acquisition costs, accumulated depreciation and net book value at the end of the periods

	September 30, 2003	March 31, 2003	September 30, 2002
Property and equipment			
Equivalent to acquisition costs	71,888	52,311	47,369
Less: amount equivalent to accumulated depreciation	(25,973)	(17,328)	(12,567)
Net book value	<u>45,915 million yen</u>	<u>34,982 million yen</u>	<u>34,802 million yen</u>
Software (Intangible assets)			
Equivalent to acquisition costs	1,969	1,105	574
Less: amount equivalent to accumulated amortization	(502)	(261)	(200)
Net book value	<u>1,466 million yen</u>	<u>844 million yen</u>	<u>373 million yen</u>
Total			
Equivalent to acquisition costs	73,858	53,417	47,944
Less: amount equivalent to accumulated depreciation	(26,475)	(17,589)	(12,767)
Net book value	<u>47,382 million yen</u>	<u>35,827 million yen</u>	<u>35,176 million yen</u>

(2) The future lease payments for capital lease at the end of the periods

	September 30, 2003	March 31, 2003	September 30, 2002
Due within one year	16,643	12,434	11,445
Due after one year	33,549	25,708	29,296
Total	<u>50,193 million yen</u>	<u>38,143 million yen</u>	<u>40,741 million yen</u>

(3) Lease payments, amounts equivalent to depreciation and interest expense

	FY2004 interim April 2003 through September 2003	FY2003 April 2002 through March 2003	FY2003 interim April 2002 through September 2002
Lease payments	7,194 million yen	12,021 million yen	5,680 million yen
Amount equivalent to depreciation expenses	6,070	10,062	4,739
Amount equivalent to interest expense	1,073	2,142	1,069

(4) Calculation method of amount equivalent to depreciation and interest expense

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

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

## 9. Leases transaction (continued)

### 1. Capital leases in which the ownership of leased assets is not transferred to lessees at the end of the lease periods

#### (as a lessor)

(1) Acquisition costs, accumulated depreciation and net book value at the end of the periods

	September 30, 2003	March 31, 2003	September 30, 2002
Property and equipment			
Acquisition costs	-	613	993
Less: accumulated depreciation	-	(262)	(327)
Net Book value	<b>- million yen</b>	350 million yen	666 million yen
Software (Intangible assets)			
Acquisition costs	-	295	514
Less: accumulated amortization	-	(141)	(185)
Net book value	<b>- million yen</b>	154 million yen	328 million yen
Total			
Acquisition costs	-	909	1,507
Less: accumulated depreciation	-	(404)	(512)
Net book value	<b>- million yen</b>	504 million yen	994 million yen

(2) The future lease receivables for capital leases at the end of the periods

	September 30, 2003	March 31, 2003	September 30, 2002
Due within one year	-	188	295
Due after one year	-	348	748
Total	<b>- million yen</b>	536 million yen	1,043 million yen

(3) Lease income, depreciation and amount equivalent to interest income

	FY2004 interim April 2003 through September 2003	FY2003 April 2002 through March 2003	FY2003 interim April 2002 through September 2002
Lease income	<b>108 million yen</b>	333 million yen	177 million yen
Depreciation Expense	<b>93</b>	286	150
Amount equivalent to interest income	<b>15</b>	63	35

(4) Calculation method of amount equivalent to interest income

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

### 2. Non-cancelable operating lease transactions

#### (as a lessee)

The future lease payments for non-cancelable operating leases

	September 30, 2003	March 31, 2003	September 30, 2002
Due within one year	<b>258</b>	210	112
Due after one year	<b>184</b>	240	215
Total	<b>443 million yen</b>	451 million yen	327 million yen

#### (as a lessor)

No transactions applicable.

## 10. Significant subsequent events

There were no significant subsequent events.

**SEGMENT INFORMATION**

**1. Business Segment Information**

(1) FY2004 interim (for the six-month period ended September 2003)

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

	Broadband Infrastructure	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Overseas Funds	Others	Total	Elimination or corporate	Consolidated Total
Net sales												
(1) Customers	¥53,472	¥112,148	¥12,149	¥6,639	¥4,469	¥27,714	¥6,080	¥1,258	¥1,523	¥225,454	¥-	¥225,454
(2) Inter-segment	76	6,104	2,611	545	2,192	247	4,280	-	696	16,754	(16,754)	-
<b>Total</b>	<b>53,549</b>	<b>118,252</b>	<b>14,760</b>	<b>7,184</b>	<b>6,661</b>	<b>27,962</b>	<b>10,360</b>	<b>1,258</b>	<b>2,219</b>	<b>242,209</b>	<b>(16,754)</b>	<b>225,454</b>
Operating expenses	103,214	117,119	13,945	7,741	8,122	13,800	10,201	639	4,511	279,297	(14,485)	264,811
Operating income (loss)	¥(49,665)	¥1,133	¥815	¥(557)	¥(1,461)	¥14,161	¥158	¥619	¥(2,292)	¥(37,087)	¥(2,269)	¥(39,357)

(2) FY2003 interim (for the six-month period ended September 2002)

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

	Broadband Infrastructure	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Overseas Funds	Others	Total	Elimination or corporate	Consolidated Total
Net sales												
(1) Customers	¥13,493	¥119,813	¥11,249	¥7,804	¥5,198	¥15,456	¥4,798	¥1,967	¥11,270	¥191,052	¥-	¥191,052
(2) Inter-segment	26	7,538	2,249	359	158	236	4,983	-	605	16,158	(16,158)	-
<b>Total</b>	<b>13,520</b>	<b>127,351</b>	<b>13,499</b>	<b>8,163</b>	<b>5,357</b>	<b>15,692</b>	<b>9,782</b>	<b>1,967</b>	<b>11,876</b>	<b>207,211</b>	<b>(16,158)</b>	<b>191,052</b>
Operating expenses	44,782	126,099	15,605	8,626	5,957	9,559	9,512	482	15,721	236,349	(14,097)	222,251
Operating income (loss)	¥(31,262)	¥1,252	¥(2,105)	¥(463)	¥(600)	¥6,132	¥269	¥1,484	¥(3,845)	¥(29,138)	¥(2,061)	¥(31,199)

## SEGMENT INFORMATION

### 1. Business Segment Information (continued)

(3) FY2003 (for the fiscal year ended March 2003)

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

	Broadband Infrastructure	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Overseas Funds	Others	Total	Elimination or corporate	Consolidated Total
Net sales												
(1) Customers	¥39,945	¥250,782	¥23,615	¥15,916	¥10,442	¥37,740	¥10,912	¥3,277	¥14,258	¥406,892	¥-	¥406,892
(2) Inter-segment	62	15,304	4,551	996	1,502	459	14,815	-	1,603	39,296	(39,296)	-
Total	40,007	266,086	28,167	16,912	11,944	38,200	25,728	3,277	15,862	446,188	(39,296)	406,892
Operating expenses	136,212	263,620	33,990	17,436	13,560	21,319	24,615	1,286	22,246	534,286	(35,397)	498,889
Operating income (loss)	¥(96,204)	¥2,466	¥(5,823)	¥(523)	¥(1,615)	¥16,881	¥1,113	¥1,991	¥(6,383)	¥(88,098)	¥(3,899)	¥(91,997)

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. Main businesses by segment:

- (1) Broadband Infrastructure ADSL high-speed Internet connection service and IP telephony service; fiber-optic ultra-high-speed Internet connection service and other operations
- (2) e-Commerce Distribution of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C)
- (3) e-Finance All-inclusive web-based financial operations, including on-line security business; management of domestic venture capital funds; incubation of portfolio companies
- (4) Media & Marketing Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; web content development
- (5) Broadmedia Provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations
- (6) Internet Culture Internet-based advertising operations; broadband portal business; Internet-based auction business
- (7) Technology Services Systems solution business; business solution business
- (8) Overseas Funds U.S.- and Asia-focused global private equity operations in Internet-related companies
- (9) Others Holding company functions for overseas operations; back-office services in Japan

## 2. Geographic Segment Information

### (1) FY2004 interim (for the six-month period ended September 30, 2003)

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

	Japan	North America	Others	Total	Elimination or corporate	Consolidated Total
Net sales						
(1) Customers	¥221,579	¥1,149	¥2,725	¥225,454	¥-	¥225,454
(2) Inter-segment	296	22	29	349	(349)	-
Total	221,876	1,172	2,755	225,804	(349)	225,454
Operating expenses	256,532	2,021	3,884	262,438	2,372	264,811
Operating loss	¥(34,656)	¥(848)	¥(1,129)	¥(36,634)	¥(2,722)	¥(39,357)

### (2) FY2003 interim (for the six-month period ended September 30, 2002)

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

	Japan	North America	Europe	Korea	Others	Total	Elimination or corporate	Consolidated Total
Net sales								
(1) Customers	¥175,604	¥1,824	¥-	¥11,340	¥2,282	¥191,052	¥-	¥191,052
(2) Inter-segment	287	731	163	-	13	1,196	(1,196)	-
Total	175,892	2,555	163	11,340	2,296	192,248	(1,196)	191,052
Operating expenses	202,417	2,879	534	12,399	3,146	221,377	874	222,251
Operating loss	¥(26,524)	¥(323)	¥(371)	¥(1,058)	¥(850)	¥(29,128)	¥(2,070)	¥(31,199)

### (3) FY2003 (for the fiscal year ended March 31, 2003)

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

	Japan	North America	Europe	Korea	Others	Total	Elimination or corporate	Consolidated Total
Net sales								
(1) Customers	¥386,477	¥2,992	¥-	¥13,973	¥3,448	¥406,892	¥-	¥406,892
(2) Inter-segment	555	872	160	-	26	1,615	(1,615)	-
Total	387,033	3,864	160	13,973	3,475	408,507	(1,615)	406,892
Operating expenses	469,288	4,482	734	16,790	5,283	496,578	2,310	498,889
Operating loss	¥(82,255)	¥(617)	¥(573)	¥(2,817)	¥(1,807)	¥(88,071)	¥(3,925)	¥(91,997)

#### Notes:

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

1. Significant countries in each region disclosed for the interim period ended September 30, 2003 are shown below:

North America: U.S.A. and Canada

Others: Europe, Korea, China, Hong Kong and Singapore

2. SOFTBANK CORP. had presented the results of "Europe" and "Korea" for the interim period ended September 30, 2002 and the fiscal year ended March 31, 2003. Effective from April 1, 2003, SOFTBANK CORP. has included the results of "Europe" and "Korea" into "Others" due to the decrease in materiality of the results of "Europe" and "Korea".

## 3. Overseas Sales

Disclosure of overseas sales was omitted because the total overseas sales were less than 10% of total consolidated sales.

**PER SHARE DATA**

	<b>FY2004 interim</b>	FY2003 interim	FY2003
Net loss per share - primary (yen)	<b>¥(229.81)</b>	¥(166.27)	¥(296.94)
Net loss per share - diluted (note 1)	-	-	-
Net assets per share (yen)	<b>644.97</b>	855.33	767.56
Basic data for computation of the per share data			
1. Average number of common stock outstanding during each fiscal period (unit: shares) (note 2)	<b>336,540,038</b>	336,869,930	336,857,133
2. Net loss allocated to common stock outstanding (in millions of yen)	<b>¥(77,338)</b>	¥(56,010)	¥(100,027)
3. Net loss not allocated to common stock holders (in millions of yen) (note 3)	-	207	38

## Notes:

1. Diluted net income per share is not disclosed due to the loss position.
2. There were no common stock equivalents at each period end.
3. The primary component is "Bonuses to Directors".

**Investments in Debt and Equity Securities**

FY2004 interim (as of September 30, 2003)

**1. Trading securities**

**Trading securities and others**

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

	Carrying amount	
	Assets	Liabilities
(1) Equity securities	¥2,101	¥-
(2) Debt securities	782	-
(3) Others	117	-
<b>Total</b>	<b>¥3,001</b>	<b>¥-</b>

**2. Non-trading securities**

**(1) Other securities (available-for-sale) at fair value**

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

	Investment Cost	Carrying amount	Differences
(1) Equity securities	¥31,283	¥168,866	¥137,583
(2) Debt securities			
Government bonds	109	110	0
(3) Others	402	337	(65)
<b>Total</b>	<b>¥31,795</b>	<b>¥169,313</b>	<b>¥137,518</b>

**(2) Unlisted investment securities**

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

	Carrying amounts
(1) Unlisted held-to-maturity securities:	
Foreign debt securities	¥0
(2) Unlisted other securities (available-for-sale):	
Equity securities (excluding over-the-counter stocks)	20,272
Domestic debt securities	0
Foreign debt securities	991
MMF	4,255
Mid-term government bond fund	261
Preferred fund certificates	2,000
Others	5
<b>Total</b>	<b>¥27,786</b>

**Investments in Debt and Equity Securities (continued)**

FY2003 (as of March 31, 2003)

Non-trading securities

(1) Other securities (available-for-sale) at fair value

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

	Investment Cost	Carrying Amount	Differences
Carrying Amount > Investment Cost			
(1) Equity securities	¥16,312	¥78,934	¥62,621
(2) Debt securities			
Government bonds	9	9	0
(3) Others	0	0	0
Subtotal	16,322	78,944	62,622
Carrying Amount < Investment Cost			
(1) Equity securities	7,094	4,444	(2,649)
(2) Debt securities			
Government bonds	100	100	(0)
(3) Others	469	297	(172)
Subtotal	7,664	4,842	(2,822)
Total	¥23,987	¥83,787	¥59,800

(2) Unlisted investment securities

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

	Carrying Amounts
(1) Unlisted held-to-maturity debt securities	
Domestic debt securities	¥0
Foreign debt securities	199
(2) Unlisted other securities (available-for-sale)	
Equity securities (excluding over-the-counter stocks)	19,109
Domestic debt securities	250
Foreign debt securities	1,724
MMF	4,370
Mid-term government bonds fund	320
Commercial paper	1,999
Preferred fund certificates	2,000
Others	605
Total	¥30,580

FY2003 interim (as of September 30, 2002)

Non-trading securities

(1) Other securities (available-for-sale) at fair value

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

	Investment Cost	Carrying amount	Differences
(1) Equity securities	¥37,888	¥62,614	¥24,725
(2) Debt securities			
Government bonds	310	310	(0)
(3) Others	107	105	(2)
Total	¥38,307	¥63,030	¥24,723

(2) Unlisted investment securities

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

	Carrying amounts
(1) Unlisted held-to-maturity securities:	
Domestic debt securities	¥1
(2) Unlisted other securities (available-for-sale):	
Equity securities (excluding over-the-counter stocks)	29,714
Domestic debt securities	1,845
Foreign debt securities	5,248
MMF	9,257
Mid-term government bond fund	408
Preferred fund certificates	2,000
Others	0
Total	¥48,476



## Derivative transactions

### 1. Trading transactions

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

Nature of transaction	September 30, 2003			
	Assets		Liabilities	
	Contract amounts	Fair value	Contract amounts	Fair value
Forward exchange contracts	¥149	¥5	¥139	¥5
Nikkei futures transactions	-	-	10	0
Total	¥149	¥5	¥149	¥6

Notes: 1. Deemed settlement gains (losses) are recorded under "Fair value".

2. Valuation method of fair value

Forward exchange contracts

Forward foreign exchange rates as of September 30, 2003

Nikkei futures transactions

Nikkei futures prices as of September 30, 2003

3. Derivative liabilities from trading transactions were included into "Other current liabilities" on the consolidated balance sheet.

### 2. Non-trading transactions

#### Currency Related

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

Nature of transaction	September 30, 2003				March 31, 2003				September 30, 2002			
	Contract amounts		Fair value	Unrealized gain (loss)	Contract amounts		Fair value	Unrealized gain (loss)	Contract amounts		Fair value	Unrealized gain
	Over 1 year				Over 1 year				Over 1 year			
Swap transactions to- * Receive Australia dollars and pay Japanese yen	¥1,000	¥1,000	¥40	¥40	¥1,000	¥1,000	¥15	¥15	¥1,000	¥1,000	¥24	¥24
Option transactions to- * Purchase U.S. dollar call option and Japanese yen put option	9,652 (94)	- (-)	28	(66)	-	-	-	-	-	-	-	-
* Sell U.S. dollar put option and Japanese yen call option	8,718 (94)	- (-)	(206)	(111)	-	-	-	-	-	-	-	-
Forward exchange contracts to- * Purchase U.S. dollars and sell Japanese yen	69,161	-	65,138	(4,021)	49,124	-	50,105	980	-	-	-	-
* Purchase Japanese yen and sell U.S. dollars	11,085	-	11,124	(39)	-	-	-	-	-	-	-	-
Total				¥(4,197)				¥996				¥24

Notes: 1. The amounts in ( ) under "Contract amounts" are option fees.

2. Fair value is based on information from financial institutions.

3. The Company and some consolidated subsidiaries entered into forward exchange contracts in order to manage the risk of foreign exchange rate fluctuations relating to the value of assets and liabilities denominated in foreign currency. The Company and its consolidated subsidiaries did not apply hedge accounting.

#### Interest Related

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

Nature of transaction	September 30, 2003				March 31, 2003				March 31, 2003			
	Notional amounts		Fair value	Unrealized gain (loss)	Notional amounts		Fair value	Unrealized gain (loss)	Notional amounts		Fair value	Unrealized gain (loss)
	Over 1 year				Over 1 year				Over 1 year			
Swap transactions to- * Receive fixed rate and pay floating rate	¥1,285	¥1,142	¥79	¥79	¥1,528	¥1,285	¥121	¥121	¥1,528	¥1,428	¥126	¥126
* Receive floating rate and pay fixed rate	2,142	1,571	(119)	(119)	2,814	2,142	(198)	(198)	2,814	2,714	(203)	(203)
* Receive fixed rate (receipt later) and pay fixed rate (prepayment)	1,000	1,000	36	36	1,000	1,000	36	36	1,000	1,000	37	37
Total				¥(2)				¥(40)				¥(39)

Note: Fair value is based on the information from the financial institutions.