SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the Interim period ended September 30, 2004

Tokyo, November 10, 2004

FINANCIAL HILIGHTS

1. Results of Operations

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

	Net sales		Operating loss		Ordinary loss		Net loss	
	Amount	%	Amount	%	Amount	%	Amount	%
Interim period ended September 30, 2004	**¥303,706**	**34.7**	**¥(6,790)**	**-**	**¥(25,908)**	**-**	**¥(6,045)**	**-**
Interim period ended September 30, 2003	¥225,454	18.0	¥(39,357)	-	¥(53,645)	-	¥(77,338)	-
FY2004 April 2003 through March 2004	¥517,393	-	¥(54,893)	-	¥(71,901)	-	¥(107,094)	-

	Net loss per share—primary (yen)	Net loss per share—diluted (yen)
Interim period ended September 30, 2004	**¥(17.20)**	**-**
Interim period ended September 30, 2003	¥(229.81)	-
FY2004 April 2003 through March 2004	¥(314.72)	-

Notes:

1. Equity in loss under the equity method
   Interim period ended September 30, 2004: ¥(4,575) million
   Interim period ended September 30, 2003: ¥(1,358) million
   Fiscal year ended March 31, 2004: ¥(2,276) million

2. Average number of shares issued and outstanding during each fiscal period (consolidated)
   Interim period ended September 30, 2004: 351,402,492 shares
   Interim period ended September 30, 2003: 336,540,038 shares
   Fiscal year ended March 31, 2004: 340,407,372 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

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

	Total assets	Shareholders' equity	Equity ratio (%)	Shareholders' equity per share (yen)
September 30, 2004	**¥2,080,360**	**¥231,846**	**11.1**	**¥659.78**
September 30, 2003	¥974,456	¥217,296	22.3	¥644.97
FY2004 March 31,2004	¥1,421,206	¥238,080	16.8	¥677.40

Note: Number of shares outstanding (consolidated)

As of September 30, 2004: 351,400,767 shares
As of September 30, 2003: 336,907,285 shares
As of March 31, 2004: 351,404,096 shares

3. Cash Flows

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

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
Interim period ended September 30, 2004	**¥(5,292)**	**¥(160,211)**	**¥119,221**	**¥397,578**
Interim period ended September 30, 2003	¥(53,678)	¥65,059	¥12,006	¥169,734
FY2004 April 2003 through March 2004	¥(83,829)	¥81,878	¥306,390	¥437,132

4. Scope of Consolidation at September 30, 2004

Consolidated subsidiaries: 198
Equity-method non-consolidated subsidiaries: 7
Equity-method affiliates: 101

5. Changes in Scope of Consolidation

Consolidated subsidiaries:
Newly added: 29
Excluded: 8

Equity-method non-consolidated subsidiaries and affiliates:
Newly added: 9
Excluded: 4

Management Policies

1. Fundamental Management Policy

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

The household penetration rate of broadband connections in Japan is already more than 30%, bringing the country closer to the full-fledged advent of the ubiquitous information age and making broadband an integral element of infrastructures for daily activities. SOFTBANK CORP. (hereafter "the Company") is concentrating on developing Japan's broadband market with the aim of becoming a lifestyle company that can provide broadband for every aspect of people's lives.

The Group concentrated its resources on Internet-related businesses from an early stage of this market's development, launching in September 2001 the *Yahoo! BB* comprehensive broadband service. The cumulative number of lines installed in the Group's *Yahoo! BB* service exceeded 4.49 million at the end of September 2004, enabling the Group to retain its leading position in the ADSL service market among Japan's communications carriers and ISPs. The Group also continues to hold an overwhelming lead in the IP telephony market, where the cumulative lines installed for its *BB Phone* IP telephony service rose to 4.24 million at the end of September 2004 (based on Company data).

The Group has played a pioneering role in offering ADSL services in Japan, consistently serving as a leader in driving market growth. In October 2004, the Group launched *Yahoo! BB hikari*, a new comprehensive broadband service that uses optical fiber. In addition to its solid ADSL service operating base, the Group has created an ultra-fast Internet connection environment with one of the world's highest speeds by utilizing optical fiber with a maximum speed of 1 Gbps as a new business development that reflects advances in technology and changes in the operating environment. The Group will continue to grow as a comprehensive communications company that offers ADSL, fiber-optic, fixed-line telephone, IP telephony and other services. The Group will actively expand its comprehensive broadband services, simultaneously developing infrastructure and content.

2. Policy Regarding Allocation of Earnings

The fundamental policy of the Company is to increase the profits of shareholders by raising its corporate value while returning earnings to shareholders and all other stakeholders in a suitable manner.

The Company's policy is to set dividend payments taking into consideration the need to maintain the proper balance between the demand for funds for future business expansion and actions to bolster the operating base and maintaining a stable dividend. At this time, no decision has been made regarding a dividend in the current fiscal year.

3. Medium- and Long-Term Strategies

The Company has positioned the broadband infrastructure business as its core business and thus concentrates resources in this field. Hereafter, the Company will expand its comprehensive communications business mainly in broadband infrastructure by adding fixed-line telecommunications. In terms of numerical goals, the Company is aiming to increase total cumulative number of lines installed for *Yahoo! BB ADSL* and *Yahoo! BB hikari* to more than 6 million by September 2005. Regarding earnings goals, the Group in September 2004 achieved its goal of generating a consolidated operating profit on a monthly basis during the current fiscal year. The medium- and long-term strategies are (1) to conduct a comprehensive communications business offering a variety of communication methods in a composite manner and (2) to generate added value in a manner that captures synergies among Internet-based Group companies. The objective is to further expand the customer base of the broadband infrastructure business and the fixed-line telecommunications business and to generate and maximize stable earnings and cash flows.

(1) Conduct a comprehensive communication business offering a variety of communication methods in a composite manner

With the aim of business expansion as a comprehensive communications company, the Company on July 30, 2004 acquired 100% of the issued and outstanding shares of JAPAN TELECOM CO., LTD. The first step in capturing synergies following this purchase was the September 2004 announcement of a direct-collection-type (see note) fixed-line telephone service offered by JAPAN TELECOM CO., LTD. and called *Otoku Line*. This service, which utilizes the proprietary communications network and facilities of JAPAN TELECOM CO., LTD., offers a revolutionary fixed-line telephone service with inexpensive basic fees and calling charges. By offering this service, the Group has established a new source of earnings, entering markets that were served exclusively by NTT, such as services based on basic charges and optional services such as call-waiting. In October 2004 a new comprehensive broadband service called Yahoo! BB hikari was launched. By using optical fiber with a maximum speed of 1 Gbps, Yahoo! BB hikari creates one of the world’s fastest giga-level networks. Taking advantage of optical fiber that can both send and receive signals at a high speed, *Yahoo! BB hikari* is to be operated linking with the provision of new content services.

Following the acquisition of JAPAN TELECOM CO., LTD., the Company in October 2004 decided to purchase Cable & Wireless IDC Inc. for the purpose of strengthening its international telecommunications business and expanding its customer base, chiefly among companies. Already active in the IP telephony and fixed-line telephone sectors, the Company is bringing the cellular telephone market into view. The Company will work on further expansion of its customer base by offering a variety of communications methods in a composite manner, ranging from inexpensive, high-speed ADSL connection services to ultra-high-speed communications using fiber-optic cables, in order to meet diversifying market needs.

Note: A direct connection to the homes of users by using dry copper (copper circuits) owned and leased by NTT and placing the Company’s own switching facilities at NTT central offices.

(2) Generate added value in a manner that captures synergies among Internet-based Group companies

Internet-based Group companies are working on creating a variety of broadband-based content services and expanding businesses offered on broadband infrastructures. Yahoo Japan Corporation has a number of steadily growing businesses. Examples include an Internet auction business, shopping business, and the joint operation of an employment information site with Recruit Co., Ltd. SOFTBANK BB Corp. and BB Serve Inc. announced an exclusive business alliance with game software developer KOEI Co., Ltd. involving the planning, development and sale of online game software. E*TRADE SECURITIES CO., LTD. ranks first among online securities companies in terms of the number of securities accounts and stock brokerage transaction volume for individuals. In addition to the current ADSL network, *BBTV*, a cable TV broadcasting service, will provide a fiber-optic cable broadcasting service that supplies high-fidelity moving images available only on an ultra-high-speed communications environment.

By continuing to strengthen its broadband-based content services, the Group plans to generate even more added value and increase average revenue per user (ARPU).

4. Important Management Issues

<Enhance Earnings Power in the Broadband Infrastructure Business and Fixed-line Telecommunications Business>

The Group is expanding the customer base while conducting this business in a manner that places greater emphasis on increasing earnings power. For example, capital expenditures are being used more efficiently by utilizing existing communications facilities for new businesses and procuring low-cost, high-performance equipment from overseas. In addition, through tie-ups with business partners to lessen the Group's investment burdens at the initial stage of the business cycle and outsourcing call center operations and other activities, the Group is working on the improvement of operating efficiency and cost cutting. Through the creation of services with a high degree of added value, the Group is working on raising ARPU while taking many actions to boost efficiency. In this way, the Group aims to make the broadband infrastructure business and fixed-line telecommunications business profitable as soon as possible.

<Changes in Competitive and Regulatory Environments>

The Group is a member of the IT and communications industry, where technological progress is rapid and companies are subject to a variety of regulations, such as the need to obtain approval for certain activities. In order to take the greatest possible advantage of opportunities to generate earnings, the Group is working hard with government agencies, companies in the industry and the general public, easing regulations and achieving a fair competitive environment, as well as on responding to shifts in market conditions and the business environment in a flexible and speedy manner.

<Strengthen Management System for Information Security>

With Japan about to begin enforcing a personal information protection law, demands on companies' information security management systems are rising. SOFTBANK BB Corp. has already implemented customer information protection initiatives covering 649 items. A Group Information Security Department established in July 2004 has started evaluating risks associated with information security at all Group companies. The department is in charge of managing the formulation and oversight of the execution of countermeasures based on these evaluations. Efforts will also be made to assist Group companies to obtain Privacy Mark and Information Security Management System (ISMS) certification. The Group will continue to take steps to protect all information resources of the Group, maintaining the highest level of security management systems.

5. Fundamental Policy and Measures Regarding Corporate Governance

The Company believes that enhancing corporate governance is essential to continuously raising corporate value. As a pure holding company of the SOFTBANK Group, the Company horizontally manages and coordinates the Group's diverse businesses, mainly through its Board of Directors and CEO Conference, while respecting the independence and specialized knowledge of each Group company and is working to strengthen its Group management system. From the standpoint of placing importance on accountability to all stakeholders, the Company works on the rapid and suitable disclosure of information.

The Company has a corporate auditor system. Three of the four corporate auditors are from outside the Group, ensuring objectivity, fairness and transparency. The auditors monitor the performance of directors in the execution of their duties with regard to all business activities. To provide for decision-making and the oversight of business execution from a broader perspective, the Board of Directors has eight members, including two from outside the Group. In addition, the CEO Conference, composed of the Company's representative director and the CEOs of each business segment and others, is held each month. The conference coordinates Group management policies for the entire group, manages operating results of Group companies and performs other tasks. To strengthen corporate governance, a consulting attorney from outside the Group attends all meetings of the Board of Directors and CEO Conference, providing advice, guidance and other assistance.

To provide an internal control framework, the Internal Audit Department systematically conducts operational audits covering all management and business activities. These audits evaluate and verify compliance by the Company and Group companies with management policies, laws, articles of incorporation, regulations, guidelines and other applicable rules, and results are reported to management.

As a measure to improve corporate governance, a Branding Strategy Department was established in September 2004 to build a uniform SOFTBANK Group brand image and improve the value of the brand. With the number of Group companies growing and business activities becoming more diverse, the role of this department is to make the public aware of the SOFTBANK management philosophy and its products and services as well as to establish the SOFTBANK brand as the symbol of a trustworthy company.

6. Other Items

Fundamental Policy Regarding Relationships with Related Parties

There are no applicable items.

Important Items Regarding the Company's Management

There are no applicable items.

Results of Operations and Financial Position

1. Consolidated Results of Operations

<Overview of First-half Results> (comparison with the first half of fiscal 2004)

In the first half of fiscal 2005, net sales increased ¥78,251 million, or 35%, to ¥303,706 million. Steady growth in Broadband Infrastructure segment sales continued along with the increase in the number of paying customers in the *Yahoo! BB* service. In addition, net sales increased in the Internet Culture and e-Finance segments.

The operating loss decreased ¥32,566 million to ¥6,790 million compared with the first half of the previous fiscal year. The operating loss in the Broadband Infrastructure segment decreased as growth in operating expenses was held to 27% as net sales rose 79% year on year. Aggregate operating income for all segments other than the Broadband Infrastructure segment continued to grow, increasing ¥17,579 million, or 171%, to ¥27,888 million, backed by higher operating income in the Internet Culture, e-Finance and e-Commerce segments. In addition, the Group in September 2004 achieved a consolidated operating profit on a monthly base.

The ordinary loss decreased ¥27,736 million to ¥25,908 million. Net equity in losses under the equity method increased ¥3,216 million to ¥4,575 million mainly due to the exclusion from the equity method of Aozora Bank, Ltd., which was sold in September 2003. There was an exchange loss of ¥5,526 million due to the yen's depreciation compared with a gain of ¥3,471 million in the first half of the previous fiscal year. An increase in interest-bearing debt caused net interest expense to increase ¥4,594 million to ¥10,231 million. As a result, there was an increase of ¥4,830 million in net non-operating expenses to ¥19,118 million.

The net loss decreased ¥71,293 million to ¥6,045 million compared with the first half of the previous fiscal year. Special income includes a ¥46,314 million gain on the sale of investment securities, including the sale of shares held in BB Call Corp., E*TRADE SECURITIES CO., LTD., and other companies. Due to this gain and other items, there was a net special income of ¥39,562 million compared with a net special loss of ¥11,509 million in the first half of the previous fiscal year.

<Changes in Major Subsidiaries during First Half>

On July 30, 2004, the Company purchased 143,855,424 shares of common stock (100% of shares issued) of JAPAN TELECOM CO., LTD. at a cost of ¥143,330 million. The acquisition of JAPAN TELECOM CO., LTD. was made for the purposes of significantly increasing the scale of the Group's business operations and providing a comprehensive line of communication services that include consumer and corporate voice, data, Internet connection, and other services. As JAPAN TELECOM CO., LTD. is treated as having been consolidated at the end of the fiscal year's first half, this company was included in the consolidated balance sheet as of September 30, 2004 and will be included in the consolidated income statement beginning with the second half of this fiscal year. The Group plans to include the operations of JAPAN TELECOM CO., LTD. into the newly established Fixed-line Telecommunications segment.

Assets and liabilities associated with the acquisition of JAPAN TELECOM CO., LTD. and its associated 10 companies as of September 30, 2004, and the impact on the Company's cash flows were as follows.

Assets and Liabilities

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

Current assets	¥168,604	Current liabilities	¥163,973
Property and equipment, net	275,839	Long-term liabilities	152,973
Intangible assets, net	18,257	Minority interest*2	33,954
Investments and other assets	39,321	SOFTBANK Corp. interest	189,959
Consolidation adjustment	38,836		
Total	¥540,859	Total	¥540,859

*1. Inter-company transactions of JAPAN TELECOM CO., LTD. and 10 other companies were eliminated.

*2. Includes ¥33,908 million of minority shareholder's preferred shares that were redeemed on October 4, 2004.

Impact on Cash Flows

Acquisition cost of JAPAN TELECOM CO., LTD. and 10 other companies*1	¥189,959 million
Loans extended to JAPAN TELECOM CO., LTD. and 10 other companies*2	¥29,462 million
Cash and cash equivalents of JAPAN TELECOM CO., LTD. and 10 other companies*3	(¥60,584 million)
Cash used for acquisition of JAPAN TELECOM CO., LTD. and 10 other companies	¥158,837 million

*1 Includes expenses associated with acquisition and additional investments by the deemed acquisition date, September 30, 2004.

*2 Loans extended up to the deemed acquisition date, September 30, 2004.

*3 Includes ¥33,908 million of cash and cash equivalents used for redemption of preferred shares on October 4, 2004.

<First-half Results by Business Segment> (comparison with the first half of fiscal 2004)

Broadband Infrastructure—Segment sales increased ¥42,445 million, or 79%, to ¥95,994 million. The monthly churn rate in the *Yahoo! BB ADSL* service remained low at between 1% and 2% and the number of paying customers continued to grow steadily. Along with growth in the number of customers, there was an increase in the share of users using value-added services such as more high-speed services and wireless LAN. The result was strong sales at SOFTBANK BB Corp. and ISP revenue growth at Yahoo Japan Corporation. The operating loss was ¥34,678 million as customer acquisition costs remained high. However, steady improvement in profitability is continuing since this was ¥14,987 million less than in the first half of the previous fiscal year as the year-on-year increase in operating expenses was held to 27% as net sales rose. Results in this segment include special income of ¥38,706 million from the gain on the sale of investment securities resulting from the sale of shares held in BB Call Corp. in August 2004.

e-Commerce—Segment sales increased ¥1,357 million, or 1%, to ¥119,610 million. Contributing to this performance was continuing strength in software sales at SOFTBANK BB Corp., the core business of this company, backed by Internet sales of highly profitable security-related software and sales of application software for corporate customers. In addition, a redeployment of employees to the Broadband Infrastructure business, rationalization of distribution systems, and other measures were taken to improve operating efficiency. As a result, operating income increased ¥1,447 million, or 128%, to ¥2,580 million.

e-Finance—Segment revenue increased ¥16,010 million, or 108%, to ¥30,771 million. Operating income rose ¥6,320 million, or 775%, to ¥7,135 million. The revenue growth was mainly attributable to the acquisition of a controlling stake in WORLD NICHIEI Securities Co., Ltd. (see note) along with higher brokerage commission revenue and financial income from interest and dividends at E*TRADE SECURITIES CO., LTD. due to continuing strength in Japan's stable stock markets. Also contributing to earnings was a strong performance by the investments of IT funds, mainly SOFTBANK INTERNET TECHNOLOGY FUND, one of Japan's largest venture capital funds. In addition, there was special income of ¥2,909 million from a gain on the sale of investment securities from the partial sale of shares held in E*TRADE SECURITIES CO., LTD.

*WORLD NICHIEI Securities Co., Ltd. and SOFTBANK FRONTIER SECURITIES CO., LTD. merged in February 2004 to form WORLD NICHIEI FRONTIER Securities Co., Ltd.

Media & Marketing—Segment sales decreased ¥1,063 million, or 15%, to ¥6,120 million and the operating loss increased ¥39 million to ¥596 million. The main causes of the sales decline were the temporary suspension of publication of a major magazine and falling sales of entertainment magazines, mainly involving games, at SOFTBANK Publishing Inc.

Broadmedia—Segment sales increased ¥887 million, or 13%, to ¥7,548 million. This was mainly the result of higher sales at Broadmedia Studios Corporation, to which was transferred the operations of MOVIE TELEVISION INC. (see note), a company undergoing the Civil Rehabilitation Law, Japanese Chapter 11 procedures. The operating loss decreased ¥40 million to ¥1,421 million. The operating loss continued at the *BBTV* business of BB Cable Corporation related to the growth in start-up expenses involving the full-scale launch of the business. BB Cable Corporation was transferred to SOFTBANK BB Corp. on September 30, 2004 for the purpose of strengthening ties with the *BBTV* and *Yahoo! BB* businesses. BB Cable Corporation will be included in the Broadband Infrastructure segment from the second half of this fiscal year, but the results for the first half of the fiscal year are included in the Broadmedia segment.

*In July 2004, Broadmedia Studios Corporation, a wholly-owned subsidiary of SOFTBANK Broadmedia Corporation, took over all operations of MOVIE TELEVISION INC.

Internet Culture—Segment sales increased ¥15,832 million, or 57%, to ¥43,795 million and operating income was up ¥8,034 million, or 57%, to ¥22,196 million. Yahoo Japan Corporation posted record-high advertising revenue as a hot summer in Japan caused strong seasonal demand from beverage companies and as marketing efforts consolidating sponsorship sites only to Overture Services, Inc. encouraged closer relationships with venders, boosting advertising sales. In addition, there was steady growth in sales from *Yahoo! RIKUNABI*, a recruiting information site launched during the first half through a tie-up with

RECRUIT CO., LTD. Taking steps to aggressively develop new markets, the segment also began operating *Shotworks*, a site for hiring short-term workers.

Technology Services—Segment sales increased ¥1,309 million, or 13%, to ¥11,669 million. The primary reason was an increase in sales relating to the back-office service on e-commerce sites, network system development, operation and maintenance services, security equipment and other products of SOFTBANK TECHNOLOGY CORP. Due to the higher sales, operating income increased ¥260 million, or 164%, to ¥419 million.

2. Financial Position

<Balance Sheet Analysis> (comparison with the end of fiscal 2004)
The consolidation of JAPAN TELECOM CO., LTD. increased consolidated assets by ¥540,859 million. Please refer to the above section titled "Changes in Major Subsidiaries during First Half" for further details.

Current assets increased ¥210,606 million to ¥1,098,547 million. This increase was mainly due to a ¥62,126 million increase in trade notes and accounts receivable associated with the consolidation of JAPAN TELECOM CO., LTD. (including ¥62,299 million from JAPAN TELECOM CO., LTD.) and a ¥114,520 million increase in cash segregated as deposits related to securities business and receivables related to margin transactions at E*TRADE SECURITIES CO., LTD. and other companies. There was a ¥22,861 million increase in cash and deposits.

Property and equipment increased ¥284,502 million to ¥399,682 million, mainly due to the consolidation of JAPAN TELECOM CO., LTD. Telecommunications equipment and service lines increased ¥194,357 million (including ¥196,109 million from JAPAN TELECOM CO., LTD.), buildings and structures increased ¥46,351 million (including ¥45,249 million from JAPAN TELECOM CO., LTD.), and other property and equipment including land, construction in progress, fixtures and other items increased ¥43,793 million (including ¥34,479 million from JAPAN TELECOM CO., LTD.).

Intangible assets increased ¥62,221 million to ¥79,249 million. The main reason was an additional consolidation adjustment of ¥38,836 million associated with the consolidation of JAPAN TELECOM CO., LTD. and its subsidiaries that caused consolidation adjustments to increase ¥38,499 million compared with the end of the previous fiscal year.

Investments and other assets increased ¥102,286 million to ¥501,288 million, mainly due to a ¥68,237 million increase in investment securities compared with the end of the previous fiscal year, which was caused by growth in the market values of shares held in Yahoo! Inc. and certain other companies.

Total liabilities increased ¥608,628 million to ¥1,698,966 million. The consolidation of JAPAN TELECOM CO., LTD. and other factors caused the sum of short-term borrowings and long-term debts to increase ¥250,665 million (including ¥166,058 million from JAPAN TELECOM CO., LTD.). In addition, there was a ¥95,103 million increase in payables related to margin transactions and guarantee deposits received from customers related to securities business at E*TRADE SECURITIES CO., LTD. and other companies. In other current liabilities, there was an increase of ¥60,000 million compared with the end of the previous fiscal year in cash receipt as collateral under security deposit agreements. The primary reason for the increase in other long-term liabilities was a ¥50,542 million increase in derivative liabilities associated with derivative transactions utilizing Yahoo! Inc. stock as the market value of these shares climbed.

Shareholders' equity decreased ¥6,233 million to ¥231,846 million. Net unrealized gain on other securities increased ¥28,285 million compared with the end of the previous fiscal year because of the increase in the market value of Yahoo! Inc. stock and other items, while there was an increase of ¥32,210 million in net unrealized loss on derivative instruments resulting from changes in the market value of derivative transactions in relation to stock in Yahoo! Inc. In addition, accumulated deficits increased ¥8,632 million compared with the end of the previous fiscal year because of the net loss and other factors.

<Cash Flows Analysis>

(1)Overview of First-half Results

Cash flows were a negative ¥39,527 million during the first half as cash was used in operating and investing activities while cash was provided by financing activities. The main reason was a payment of ¥158,837 million for the acquisition of JAPAN TELECOM CO., LTD. As a result, cash and cash equivalents decreased ¥39,554 million to ¥397,578 million compared with the end of the previous fiscal year. Please refer to the above section titled "Changes in Major Subsidiaries during First Half" for further details on the effect of the JAPAN TELECOM CO., LTD. acquisition on cash flows.

Net cash used in operating activities was ¥5,292 million, a substantial improvement as this was ¥48,385 million less than cash used in the first half of the previous fiscal year. Operating cash flows became positive in the second quarter, mainly a reflection of the smaller loss in the Broadband Infrastructure segment and of steady growth in the Internet Culture, e-Finance and certain other segments. In the first half, income before income taxes and minority interest was ¥13,654 million and depreciation and amortization was ¥18,806 million, but operating cash flows remained negative due to interest payments of ¥8,990 million and income tax payments of ¥19,334 million.

Net cash used in investing activities was ¥160,211 million. There were proceeds of ¥39,451 million from the sale of stock in BB Call Corp. and other subsidiaries, but a payment of ¥158,205 million for the acquisition of JAPAN TELECOM CO., LTD. and other subsidiaries and an outflow of ¥30,594 million for purchase of property and equipment and intangibles, mainly telecommunications equipment at SOFTBANK BB Corp.

Net cash provided by financing activities was ¥119,221 million. This was mainly due to proceeds of ¥51,400 million from short-term borrowings and ¥27,400 million from long-term debts and to proceeds of ¥60,000 million from cash receipt as collateral under security deposit agreements. In addition, there were proceeds of ¥20,529 million from the issuance of convertible bonds by SOFTBANK INVESTMENT CORPORATION and other sources. SOFTBANK CORP. used ¥29,324 million for the redemption of bonds.

(2)Factors That May Have a Material Impact on Cash Flows in the Second Half

・**Need for Funds to Support Growth in the Group's Communication Services Business**
The Group has for some time been concentrating resources on the Broadband Infrastructure business. In addition to an ADSL service, in October 2004 the Group started a new comprehensive broadband service that uses fiber-optic cables. In December 2004, the Group will begin offering a direct-collection-type fixed-line telephone service. This business expansion will require start-up investments in the form of capital expenditures as well as expenditures to acquire customers to bolster the customer base. As a result, operating cash flows and free cash flows may temporarily become negative.

・**Acquisition of Cable and Wireless IDC Inc.**
The Company on October 26, 2004 signed a stock purchase contract for the purpose of acquiring Cable and Wireless IDC Inc. The acquisition price will be ¥12.3 billion and the acquisition date is not yet fixed.

・**Sales of Equity Stock and Warrants**
On October 4, 2004, JAPAN TELECOM CO., LTD. sold 166,670 shares of stock and 11,852 warrants (equivalent to 59,260 shares) held in eAccess Ltd. for ¥18,292 million.

・**Loan Agreement and Redemption of Preferred Shares at SORA HOLDINGS JAPAN INC. ("SORA")**
SORA, a wholly owned subsidiary of the Company, entered into a ¥32.5 billion loan agreement (maturity date: June 15, 2011, interest rate: 3.75% per annum) with Deutsche Bank Akitiengesellschaft on October 4, 2004. All proceeds from the loan agreement were used to redeem preferred shares of SORA held by Vodafone K.K.
SORA is one of the companies associated with the Company's acquisition of JAPAN TELECOM CO., LTD. Vodafone K.K. used to own SORA as a holding company to own preferred shares of JAPAN TELECOM CO., LTD.
As a result of the above transaction, JAPAN TELECOM CO., LTD.'s preferred shares held by Vodafone K.K. through SORA were completely redeemed.
Note: SORA will continue to exist following redemption of the preferred shares.

・**Commitment-line Contract**
Upon the end of the term of a commitment line established in the previous fiscal year, the Company on October 19, 2004 entered into a ¥105,000 million commitment-line contract with eight financial institutions, which was arranged by Mizuho Corporate Bank, Ltd. Borrowings through the commitment line will be made in consideration of the current level of liquidity, the availability of other fund procurement methods and other factors. The Company has not decided whether to continue the contract into fiscal 2006.

・**Redemption and Issuance of Bonds**

As of September 30, 2004, the Group had ¥327,661 million of bonds outstanding. Bond redemptions totaling ¥54,945 million are scheduled within one year from September 30, 2004. A straight bond issue at JAPAN TELECOM CO., LTD., a wholly owned subsidiary of the Company, was approved at the Board of Directors' meeting held on November 2, 2004. The issue terms, such as the amount to be issued, have not yet been determined. Proceeds from the bond issue will be used to reduce the amount of JAPAN TELECOM CO., LTD.'s borrowings.

Trends in Cash Flow Indicators

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

	Six months ended Sept. 30, 2004	Year ended March 31, 2004	Six months ended Sept. 30, 2003	Year ended March 31, 2003
Equity ratio	11.1%	16.8%	22.3%	27.2%
Equity ratio (Market cap.)	86.3%	120.4%	163.2%	48.9%
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 net operating cash in-flows
Debt repayment period at the end of the fiscal year's first half	Interest-bearing debt divided by (net operating cash in-flows times two)
Interest coverage ratio	Net operating cash in-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, 2004.

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

4. Net operating cash in-flows and interest expenses are the corresponding figures shown on the consolidated statements of cash flows.

5. Negative figures are indicated by a "—" sign.

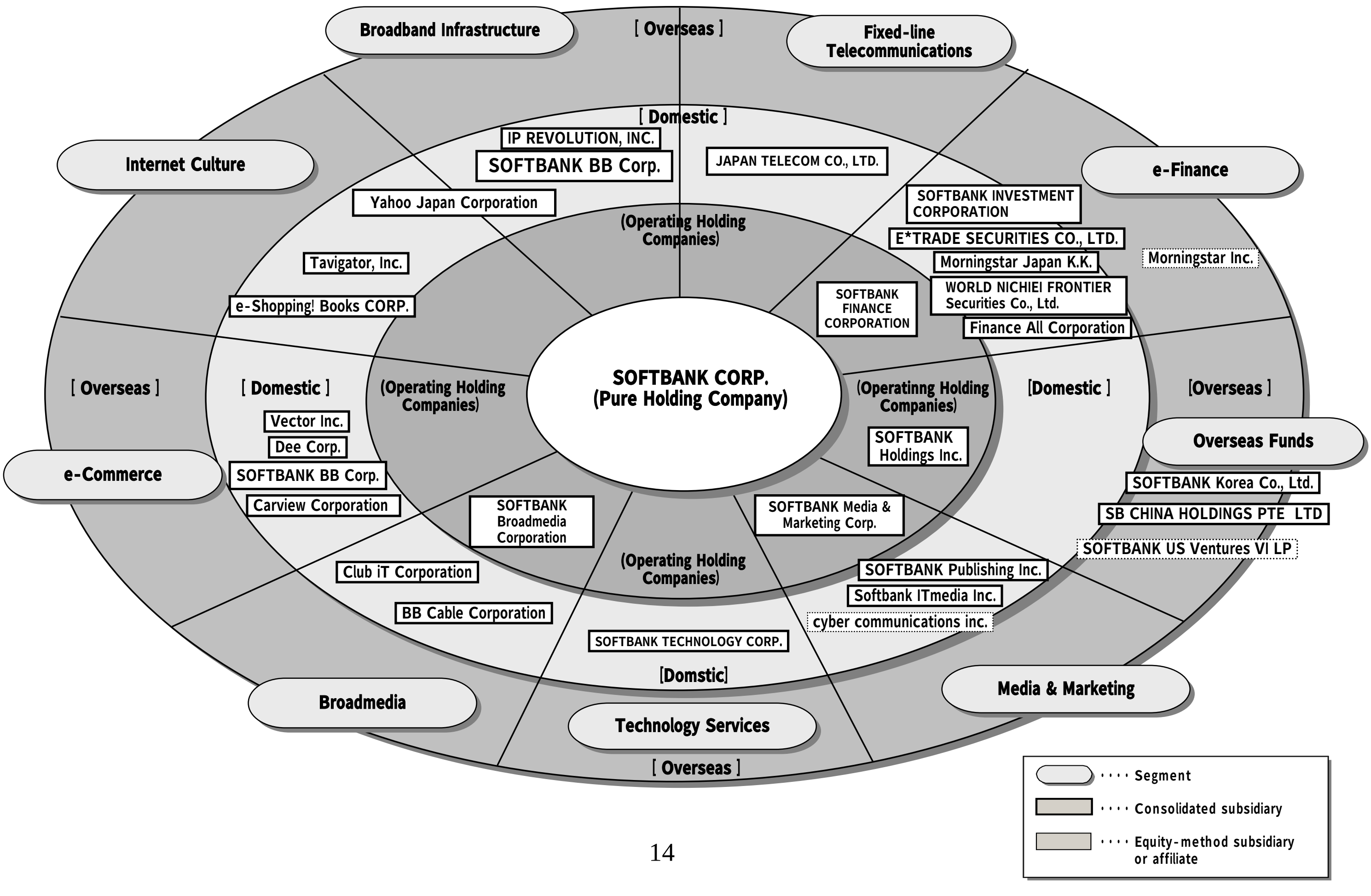
The SOFTBANK Group

As of September 30, 2004, the SOFTBANK Group comprised 306 companies with operation in nine segments as follows.

Business segment		Consolidated subsidiaries	Equity-method non-consolidated subsidiaries and affiliates	Principal products and operational content of each business
1.	Broadband Infrastructure	(Notes 1and 3) 16	6	ADSL and fiber-optic high-speed Internet connection service; IP telephony service; provision of content and other operations
2.	Fixed-line telecommunications	(Note 2) 10	2	Fixed-line telecommunications such as voice transmission service, data transmission service and private leased circuit
3.	e-Commerce	(Note 1) 18	8	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)
4.	e-Finance	51	7	All-inclusive financial operations, including on-line security business; management of domestic venture capital funds; incubation of portfolio companies
5.	Media & Marketing	10	7	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; development of web content specialized in IT
6.	Broadmedia	(Note 3) 13	2	Promoting the spread of broadband service such as broadcasting and communications; support for procurement of contents
7.	Internet Culture	(Note 1) 18	6	Internet-based advertising operations; broadband portal business; Internet-based auction business
8.	Technology Services	7	3	System solution business; business solution business
9.	Overseas Funds	38	62	U.S.- and Asia-focused global venture capital business with a main focus on Internet-related companies
10.	Others	17	5	Holding company functions for overseas operations; back-office services in Japan
Total		198	108	

Notes:

1. SOFTBANK BB Corp. and Yahoo Japan Corporation are included in consolidated subsidiaries of Broadband infrastructure segment and Internet Culture segment, respectively, while both SOFTBANK BB Corp. and Yahoo Japan Corporation operate multiple businesses, and their operating results are allocated to multiple segments.
2. The Company has newly consolidated JAPAN TELECOM CO., LTD. ("JAPAN TELECOM") and its nine subsidiaries at September 30, 2004 as the deemed acquisition date. Balance sheets of JAPAN TELECOM and its subsidiaries were included in the Company's consolidated financial statements for the interim period ended September 30, 2004, and income statements of JAPAN TELECOM and its subsidiaries will be included from the second half of the fiscal year 2005, accordingly. JAPAN TELECOM and its subsidiaries are included into a newly-established "Fixed-line telecommunications" business segment.
3. BB Cable Corporation ("BB Cable") is included in the Broadmedia segment in the interim period ended September 30, 2004, while BB Cable was acquired by SOFTBANK BB Corp. at September 30, 2004. BB Cable will be included in Broadband Infrastructure segment in the second half of the fiscal year 2005.



SOFTBANK subsidiaries listed on domestic stock exchanges as of September 30, 2004:

Subsidiary	Listed exchange
1.Yahoo Japan Corporation	Tokyo Stock Exchange 1st section
2.SOFTBANK TECHNOLOGY CORP.	JASDAQ
3.Morningstar Japan K.K.	Hercules
4.Vector Inc.	Hercules
5.SOFTBANK INVESTMENT CORPORATION	Tokyo Stock Exchange 1st section Osaka Securities Exchange 1st section
6.Club iT Corporation	Hercules
7. Finance All Corporation	Hercules
8. WORLD NICHIEI FRONTIER Securities Co., Ltd.	Hercules

CONSOLIDATED BALANCE SHEETS

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

	FY2005 Interim (As of September 30, 2004)		FY 2004 (As of March 31, 2004)		Increase (Decrease)	FY2004 Interim (As of September 30, 2003)	
	Amount	**%**	Amount	%		Amount	%
ASSETS							
Current assets:							
Cash and deposits	**¥349,884**		¥327,023		¥22,861	¥174,814	
Notes and accounts receivable - trade	**150,108**		87,982		62,126	64,783	
Marketable securities	**53,084**		113,659		(60,574)	2,512	
Inventories	**40,158**		25,064		15,093	30,345	
Deferred tax assets	**4,996**		5,255		(258)	4,655	
Cash segregated as deposits related to securities business	**137,983**		95,532		42,450	66,093	
Receivables related to margin transactions	**253,113**		181,043		72,070	95,022	
Other current assets	**117,776**		64,105		53,670	64,578	
Less: Allowance for doubtful accounts	**(8,559)**		(11,726)		3,167	(8,757)	
Total current assets	**1,098,547**	**52.8**	887,940	62.5	210,606	494,048	50.7
Non-current assets:							
Property and equipment, net							
Buildings and structures	**50,344**		3,992		46,351	2,847	
Telecommunications equipment	**185,504**		91,542		93,961	85,591	
Telecommunications service lines	**101,084**		688		100,396	651	
Others	**62,748**		18,955		43,793	11,899	
Total tangible assets	**399,682**	**19.2**	115,179	8.1	284,502	100,989	10.3
Intangible assets, net:							
Consolidation adjustment	**38,499**		-		38,499	3,811	
Other intangibles	**40,750**		17,028		23,721	15,284	
Total intangible assets	**79,249**	**3.8**	17,028	1.2	62,221	19,096	2.0
Investments and other assets:							
Investment securities	**331,144**		262,906		68,237	221,574	
Investments in partnerships	**90,176**		86,654		3,521	94,557	
Deferred tax assets	**38,397**		29,303		9,093	28,827	
Other assets	**51,322**		24,461		26,861	16,597	
Less: Allowance for doubtful accounts	**(9,751)**		(4,324)		(5,427)	(1,480)	
Total investments and other assets	**501,288**	**24.1**	399,001	28.1	102,286	360,077	37.0
Deferred charges	**1,592**	**0.1**	2,056	0.1	(463)	245	0.0
Total assets	**¥2,080,360**	**100.0**	¥1,421,206	100.0	¥659,154	¥974,456	100.0

CONSOLIDATED BALANCE SHEETS

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

	FY2005 Interim (As of September 30, 2004)		FY 2004 (As of March 31, 2004)		Increase (Decrease)	FY2004 Interim (As of September 30, 2003)	
	Amount	**%**	Amount	%		Amount	%
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities:							
Notes and accounts payable - trade	**¥57,063**		¥47,613		¥9,449	¥41,591	
Short-term borrowings	**189,381**		88,841		100,539	173,546	
Commercial paper	**5,000**		11,000		(6,000)	21,000	
Current portion of corporate bonds	**54,945**		36,154		18,791	41,984	
Accounts payable – other and accrued expenses	**116,895**		66,420		50,475	54,913	
Income taxes payable	**19,278**		18,858		419	13,153	
Deferred tax liabilities	**1,218**		233		984	106	
Payables related to margin transactions	**215,442**		160,382		55,059	87,683	
Guarantee deposits received from customers related to securities business	**124,155**		84,111		40,043	60,808	
Other current liabilities	**189,914**		42,125		147,788	34,935	
Total current liabilities	**973,294**	**46.8**	555,742	39.1	417,551	529,723	54.4
Long-term liabilities:							
Corporate bonds	**272,716**		297,067		(24,351)	89,360	
Long-term debt	**292,602**		142,477		150,125	10,243	
Deferred tax liabilities	**61,041**		58,212		2,829	53,900	
Accrued retirement benefits	**15,021**		34		14,986	29	
Consolidation adjustment	**-**		1,721		(1,721)	-	
Other liabilities	**82,276**		33,711		48,565	20,080	
Total long-term liabilities	**723,658**	**34.8**	533,224	37.5	190,434	173,614	17.8
Reserves under special laws:							
Reserve for securities trading liabilities	**1,884**		1,267		616	795	
Reserve for commodities trading liabilities	**129**		103		26	86	
Total reserves under special laws	**2,013**	**0.1**	1,371	0.1	642	881	0.1
Total liabilities	**1,698,966**	**81.7**	1,090,337	76.7	608,628	704,219	72.3
Minority interest in consolidated subsidiaries	**149,546**	**7.2**	92,787	6.5	56,759	52,941	5.4
Shareholders' equity:							
Common stock	**162,303**	**7.8**	162,303	11.4	-	137,958	14.1
Additional paid-in capital	**186,690**	**9.0**	186,690	13.1	-	162,354	16.7
Accumulated deficit	**(219,257)**	**(10.6)**	(210,625)	(14.8)	(8,632)	(181,079)	(18.6)
Net unrealized gain on other securities	**133,484**	**6.4**	105,198	7.4	28,285	86,547	8.9
Net unrealized loss on derivative instruments	**(41,673)**	**(2.0)**	(9,462)	(0.6)	(32,210)	-	-
Translation adjustments	**10,382**	**0.5**	4,044	0.3	6,337	11,567	1.2
Less: Treasury stock	**(82)**	**(0.0)**	(66)	(0.0)	(15)	(52)	(0.0)
Total shareholders' equity	**231,846**	**11.1**	238,080	16.8	(6,233)	217,296	22.3
Total liabilities and shareholders' equity	**¥2,080,360**	**100.0**	¥1,421,206	100.0	¥659,154	¥974,456	100.0

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	FY2005 Interim (April 2004 through September 2004)		FY2004 Interim (April 2003 through September 2003)		Increase (Decrease)	FY2004 (April 2003 through March 2004)	
	Amount	**%**	Amount	%		Amount	%
Net sales	**¥303,706**	**100.0**	¥225,454	100.0	¥78,251	¥517,393	100.0
Cost of sales	**192,478**	**63.4**	176,351	78.2	16,127	384,024	74.2
Gross Profit	**111,228**	**36.6**	49,103	21.8	62,124	133,369	25.8
Selling, general and administrative expenses	**118,018**	**38.8**	88,460	39.2	29,557	188,263	36.4
Operating loss	**(6,790)**	**(2.2)**	(39,357)	(17.4)	32,566	(54,893)	(10.6)
Interest income	**1,446**		346		1,100	799	
Exchange gain	**-**		3,471		(3,471)	6,508	
Income from investments in partnerships	**980**		-		980	1,165	
Amortization of consolidation adjustment	**594**		-		594	-	
Other non-operating income	**1,612**		1,855		(242)	4,000	
Non-operating income	**4,634**	**1.5**	5,672	2.5	(1,038)	12,473	2.4
Interest expense	**10,231**		5,636		4,594	12,052	
Exchange loss	**5,526**		-		5,526	-	
Equity in loss under the equity method	**4,575**		1,358		3,216	2,276	
Expenses from investments in partnerships	**-**		322		(322)	-	
Valuation loss on inventories	**-**		10,052		(10,052)	10,052	
Other non-operating expenses	**3,419**		2,590		829	5,100	
Non-operating expenses	**23,752**	**7.8**	19,961	8.9	3,791	29,481	5.7
Ordinary loss	**(25,908)**	**(8.5)**	(53,645)	(23.8)	27,736	(71,901)	(13.9)
Gain on sale of investment securities	**46,314**		18,213		28,100	37,601	
Other special income	**4,139**		1,965		2,174	5,185	
Special income	**50,454**	**16.6**	20,178	9.0	30,275	42,786	8.3
Loss on sale of investment securities	**131**		10,446		(10,315)	10,585	
Valuation loss on investment securities	**3,493**		4,117		(624)	5,085	
Valuation loss on investment in affiliates	**-**		6,712		(6,712)	9,188	
Provision for doubtful accounts	**2,333**		754		1,579	1,029	
Provision for office relocation expenses	**1,882**		-		1,882	-	
Settlement losses on dispute resolution	**1,099**		-		1,099	-	
Additions to reserves under special laws	**514**		319		194	742	
Other special losses	**1,436**		9,337		(7,900)	20,996	
Special loss	**(10,891)**	**(3.6)**	(31,688)	14.1	(20,796)	(47,629)	(9.2)
Income (loss) before income taxes and minority interest	**13,654**	**4.5**	(65,154)	(28.9)	78,808	(76,744)	(14.8)
Income taxes:							
Current	**12,744**	**4.2**	13,028	5.8	(284)	24,530	4.8
Deferred	**(8,491)**	**(2.8)**	(4,730)	(2.1)	(3,760)	(9,336)	(1.8)
Minority interest	**15,446**	**5.1**	3,886	1.7	11,560	15,156	2.9
Net loss	**¥(6,045)**	**(2.0)**	¥(77,338)	(34.3)	¥71,293	¥(107,094)	(20.7)

Note: SOFTBANK CORP. had presented the results of investments in partnerships on a gross basis in “Income from investments in partnerships” and “Expenses from investments in partnerships” in the consolidated statements of operations. Effective from April 1, 2004, SOFTBANK CORP. has presented the combined, net results of investments in partnerships in the account of “Income from investments in partnerships” or “Expenses from investments in partnerships” in the consolidated statements of operations. The results for the interim period ended September 30, 2003 and the fiscal year ended March 31, 2004 have been reclassified to the net basis.

CONSOLIDATED STATEMENTS OF ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS

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

	FY2005 Interim (April 2004 through September 2004)	FY2004 Interim (April 2003 through September 2003)	FY2004 (April 2003 through March 2004)
ADDITIONAL PAID-IN CAPITAL			
Additional paid-in capital at the beginning of the period	**¥186,690**	¥162,231	¥162,231
Increase due to issuance of shares	**-**	90	24,425
Increase in paid-in capital due to sale of treasury stock	**-**	32	32
Additional paid-in capital at the end of the period	**¥186,690**	¥162,354	¥186,690

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

	FY2005 Interim (April 2004 through September 2004)	FY2004 Interim (April 2003 through September 2003)	FY2004 (April 2003 through March 2004)
ACCUMULATED DEFICIT			
Accumulated deficit at the beginning of the period	**¥(210,625)**	¥(101,031)	¥(101,031)
Net loss	**(6,045)**	(77,338)	(107,094)
Cash dividends	**(2,459)**	(2,342)	(2,342)
Bonuses to directors	**(176)**	(73)	(73)
Net adjustments to retained earnings due to change in scope of the consolidation	**43**	(294)	(287)
Increase due to merger	**14**	-	202
Decrease due to merger	**(7)**	-	-
Accumulated deficit at the end of the period	**¥(219,257)**	¥(181,079)	¥(210,625)

Note: Under Japanese GAAP, the cumulative effect arising from any changes in the scope of consolidation 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.)

	FY2005 Interim (April 2004 through September 2004)	FY2004 Interim (April 2003 through September 2003)	FY2004 (April 2003 through March 2004)
Ⅰ **Cash flows from operating activities:**			
Income (loss) before income taxes and minority interest	**¥13,654**	¥(65,154)	¥(76,744)
Adjustments to reconcile income (loss) before income taxes and minority interest to net cash used in operating activities:			
Depreciation and amortization	**18,806**	15,717	32,864
Equity in loss under the equity method, net	**4,575**	1,358	2,276
Valuation loss on investment securities	**3,493**	10,829	14,274
Gain on sale of marketable and investment securities, net	**(46,190)**	(7,777)	(27,032)
Exchange loss (gain), net	**5,385**	(2,788)	(5,366)
Interest and dividend income	**(1,692)**	(563)	(1,323)
Interest expense	**10,231**	5,636	12,052
Decrease (increase) in receivables – trade	**808**	(1,734)	(25,023)
Decrease in payables - trade	**(7,102)**	(15,862)	(9,531)
Increase in other receivables	**(27,782)**	(38,842)	(75,485)
Increase in other payables	**55,430**	37,048	73,831
Others, net	**(9,462)**	19,805	24,015
Sub-total	**20,153**	(42,326)	(61,194)
Interest and dividends received	**1,640**	606	978
Interest paid	**(8,990)**	(6,033)	(11,206)
Income taxes paid	**(19,334)**	(9,692)	(16,174)
Refund of income taxes	**1,238**	3,767	3,767
Net cash used in operating activities	**(5,292)**	(53,678)	(83,829)

- Continued -

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

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

	FY2005 Interim (April 2004 through September 2004)	FY2004 Interim (April 2003 through September 2003)	FY2004 (April 2003 through March 2004)
Ⅱ Cash flows from investing activities:			
Purchase of property and equipment and intangibles	**¥(30,594)**	¥(39,431)	¥(61,472)
Purchase of marketable and investment securities	**(14,637)**	(20,889)	(38,945)
Proceeds from sale of marketable and investment securities	**9,599**	125,689	151,136
Additional investments in newly consolidated entities	**(158,205)**	(563)	1,693
Sale of interests in subsidiaries previously consolidated	**39,451**	(1,010)	(1,167)
Proceeds from sale of interests in consolidated subsidiaries	**5,536**	2,001	29,212
Increase in loan receivables	**(5,321)**	(3,295)	(23,028)
Collection of loans	**3,339**	1,843	22,577
Others, net	**(9,380)**	715	1,871
Net cash (used in) provided by investing activities	**(160,211)**	65,059	81,878
Ⅲ Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	**51,400**	(16,720)	(76,851)
Proceeds from issuance of commercial paper	**39,000**	36,500	77,500
Redemption of commercial paper	**(45,000)**	(19,500)	(70,500)
Proceeds from long-term debt	**27,400**	57,410	204,828
Repayment of long-term debt	**(5,498)**	(3,861)	(50,993)
Proceeds from issuance of bonds	**20,529**	-	216,636
Redemption of bonds	**(29,324)**	(44,270)	(56,870)
Proceeds from issuance of shares	**-**	-	48,631
Proceeds from issuance of shares to minority shareholders	**3,475**	1,123	3,704
Cash dividends paid	**(2,445)**	(2,308)	(2,317)
Cash dividends paid to minority shareholders	**(1,836)**	(96)	(112)
Increase in cash receipt as collateral, net	**60,000**	-	10,000
Others, net	**1,521**	3,730	2,735
Net cash provided by financing activities	**119,221**	12,006	306,390
Ⅳ Effect of exchange rate changes	**6,755**	169	(13,459)
Ⅴ Net (decrease) increase in cash and cash equivalents	**(39,527)**	23,556	290,980
Ⅵ Increase in cash and cash equivalents due to newly consolidated companies	**12**	-	-
Ⅶ Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	**(45)**	(1,348)	(1,373)
Ⅷ Increase in cash and cash equivalents due to merger	**6**	-	-
Ⅸ Cash and cash equivalents at the beginning of the period	**437,132**	147,526	147,526
Ⅹ Cash and cash equivalents at the end of the period	**¥397,578**	¥169,734	¥437,132

Condensed Quarterly Financial Information

Condensed Statement of Income

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

	First quarter April 1, 2003 to June 30, 2003	Second quarter July 1, 2003 to September 30, 2003	Third quarter October 1, 2003 to December 31, 2003	Fourth quarter January 1, 2004 to March 31, 2004	First quarter April 1, 2004 to June 30, 2004	Second quarter July 1, 2004 to September 30, 2004
	Amount	Amount	Amount	Amount	Amount	Amount
Net sales	¥103,881	¥121,572	¥136,699	¥155,239	¥147,311	¥156,395
Cost of sales	83,824	92,526	97,535	110,137	92,770	99,707
Gross profit	20,057	29,046	39,164	45,101	54,540	56,687
Selling, general and administrative expenses	44,255	44,205	45,816	53,986	58,359	59,658
Operating loss	(24,197)	(15,159)	(6,652)	(8,884)	(3,819)	(2,970)
Non-operating income (Note)	2,573	4,064	2,924	4,199	3,068	1,846
Non-operating expenses (Note)	9,009	11,917	4,901	4,941	10,918	13,114
Ordinary loss	(30,633)	(23,011)	(8,630)	(9,626)	(11,669)	(14,239)
Special income	12,362	7,815	2,830	19,776	9,763	40,690
Special loss	6,667	25,020	4,894	11,047	2,365	8,526
(Loss) income before income taxes and minority interest	(24,938)	(40,215)	(10,693)	(896)	(4,271)	17,925
Income taxes - Current	9,360	3,668	777	10,723	8,927	3,817
Income taxes - Deferred	(721)	(4,009)	248	(4,854)	(3,949)	(4,542)
Minority interest	1,156	2,729	4,624	6,645	8,626	6,819
Net (loss) income	¥(34,734)	¥(42,603)	¥(16,344)	¥(13,410)	¥(17,876)	¥11,830

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

Condensed Statement of Cash Flows

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

	First quarter April 1, 2003 to June 30, 2003	Second quarter July 1, 2003 to September 30, 2003	Third quarter October 1, 2003 to December 31, 2003	Fourth quarter January 1, 2004 to March 31, 2004	First quarter April 1, 2004 to June 30, 2004	Second quarter July 1, 2004 to September 30, 2004
	Amount	Amount	Amount	Amount	Amount	Amount
Ⅰ Net cash (used in) provided by operating activities	¥(37,821)	¥(15,856)	¥(18,769)	¥(11,381)	¥(11,937)	¥6,644
Ⅱ Net cash (used in) provided by investing activities	(7,899)	72,959	(3,273)	20,092	(23,301)	(136,910)
Ⅲ Net cash provided by (used in) financing activities	22,791	(10,785)	160,231	134,152	98,752	20,469
Ⅳ Effect of exchange rate changes	213	(44)	451	(14,080)	3,778	2,977
Ⅴ Net (decrease) increase in cash and cash equivalents	(22,716)	46,273	138,640	128,783	67,291	(106,819)
Ⅵ Increase in cash and cash equivalents due to newly consolidated companies	-	-	-	-	10	1
Ⅶ Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	(149)	(1,198)	(0)	(25)	(45)	-
Ⅷ Increase in cash and cash equivalents due to merger	-	-	-	-	6	-
Ⅸ Cash and cash equivalents at the beginning of the period	147,526	124,660	169,734	308,374	437,132	504,395
Ⅹ Cash and cash equivalents at the end of the period	¥124,660	¥169,734	¥308,374	¥437,132	¥504,395	¥397,578
Note: Depreciation and amortization included in net cash (used in) provided by operating activities	¥7,587	¥8,129	¥8,151	¥8,996	¥9,850	¥8,956

Basis of Presentation of Consolidated Financial Statements

1. Changes in scope of consolidation

As of September 30, 2004, SOFTBANK CORP. (the "Company") consolidated 198 subsidiaries. 17 subsidiaries were not consolidated due to their immateriality in terms of the consolidated total assets, net sales, net loss and accumulated deficit of the SOFTBANK consolidated financial statements.

Main changes in the scope of the consolidation were as follows:

<Increase>

JAPAN TELECOM CO.,LTD.	Newly acquired
ACE SECURITIES CO.,LTD.	Newly acquired
E*TRADE KOREA CO.,LTD.	Change from an affiliate due to acquisition of additional shares
Other 26 companies	

<Decrease>

SOFTBANK TECHNOLOGY HOLDINGS CORP.	Merger
BB Call Corp.	Sale of all shares
Other six companies	

2. Changes in scope of equity method

As of September 30, 2004, the Company held seven non-consolidated subsidiaries and 101 affiliates, all of which were accounted for under the equity method.

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

<Increase>

All About, Inc.	Newly acquired
Other eight companies	

<Decrease>

E*TRADE KOREA CO., LTD.	Change to a consolidated subsidiary due to acquisition of additional shares
Other three companies	

3. 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 the consolidated B/S date)	102	33
May end	1	−
August end	1	−
September end	7	−
November end	1	−
December end	17	33
January end	1	−
February end	2	−

4. Summary of significant accounting policies

[1] Evaluation standards and methods for major assets

(1) Marketable securities and investment securities

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

Other securities:

With market quotations: Stated at fair value, which represents the market prices at the balance sheet date (unrealized gain/loss are included as a separate component in shareholders' equity, net of tax, while cost is primarily determined using the moving-average method)

Without market quotations: Carried at cost, primarily based on the moving-average method

(2) Derivative instruments: Stated at fair value

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

[2] Depreciation and amortization

(1) Property and equipment

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

<Additional information for change of estimated useful life>

Backbone equipment used for mainly ADSL service had been depreciated over five years. Effective from April 1, 2004, the Company changed the estimated useful life of the backbone equipment, which is included in "Telecommunications equipment" in the Company's consolidated balance sheets, to ten years, to be consistent with other telecommunications equipment for optical fiber, since the backbone equipment is also used for the optical Internet connection service, "Yahoo! BB hikari" which started commercial operation in October 2004.

As a result, depreciation expense included in cost of sales decreased by ¥1,424 million, operating loss and ordinary loss decreased by the same amount, and income before income taxes and minority interest increased by the same amount for the interim period ended September 30, 2004 as compared with the amount which would have been recognized if the previous estimated useful life had been applied consistently.

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

[3] Accounting principles for major allowances and accruals

(1) Allowance for doubtful accounts:

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

(2) Accrued retirement benefits:

JAPAN TELECOM CO., LTD. ("JAPAN TELECOM"), which became a newly consolidated subsidiary of the Company at the interim period ended September 30, 2004, and certain of its subsidiaries have defined benefit pension plans for their employees. JAPAN TELECOM and certain of its subsidiaries accounted for the liability for retirement benefits based on the projected benefit obligations and estimated plan assets at the end of September 2004.

(3) Allowance for office relocation expenses:

Allowance for office relocation expenses is calculated based on the reasonably estimated amounts of disposal losses on fixed assets, expenditures for lease restoration, and other expenses for office relocation of the Company and some domestic consolidated subsidiaries planned in February 2005. Allowance for office relocation expenses is included in "Other current liabilities" in the Company's consolidated balance sheet.

[4] Translation of foreign currency transactions and accounts

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 charged to the net income when incurred.

The translation of revenues and expenses in the financial statements of foreign consolidated subsidiaries into Japanese yen is performed by using the average exchange rate 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] Capital lease

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

[6] Accounting for significant hedge transactions

(1) Collar transaction

① Hedge accounting

Unrealized gains and losses, net of tax, on derivative instruments that are qualified as an effective cash flow hedge at a consolidated subsidiary in the United States of America are reported as a separate component of "Shareholders' equity" in the Company's consolidated balance sheets. As such, unrealized gains and losses associated with the derivative instruments will be recognized into earnings in the same period during which the hedged assets and liabilities are recognized in earnings.

② Derivative instruments for hedging and hedged items

Derivative instruments for hedging:	Prepaid variable share forward contract (the collar transaction)
Hedged items:	Equity security

③ Hedging policy

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

(2) Interest rate swap and interest rate cap

① Hedge accounting

A certain domestic consolidated subsidiary defers recognition of gains or losses resulting from fluctuations in fair value of derivative instruments until the maturity of the hedged transactions.

② Derivative instruments for hedging and hedged items

Derivative instruments for hedging:	Interest rate swap and interest rate cap contracts
Hedged items:	Interest expense on borrowings

③ Hedging policy

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

[7] Accounting method for consumption taxes

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

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

"Cash and cash equivalents" comprises 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.

Additional Information

Effect of the introduction of the new standard enterprise tax in Japan

Effective from April 1, 2004, the newly introduced enterprise tax based on added value and capital is included in selling, general and administrative expenses due to the introduction of the new standard enterprise tax in Japan. As a result, selling, general and administrative expenses increased by ¥749 million. Operating loss and ordinary loss increased by ¥749 million and income before income taxes and minority interest decreased by ¥749 million for the interim period ended September 30, 2004.

Notes

1. Accumulated depreciation of property and equipment

	September 30, 2004	March 31, 2004	September 30, 2003
	558,439 million yen	49,426 million yen	32,104 million yen

2. Number of treasury stock held by the Company

		September 30, 2004	March 31, 2004	September 30, 2003
Shares held by the Company	common stock	**36,059 shares**	32,730 shares	29,541 shares
Number of shares issued	common stock	**351,436,826 shares**	351,436,826 shares	336,936,826 shares

3. Receivables and payables related to margin transactions

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

	September 30, 2004	March 31, 2004	September 30, 2003
Receivables -			
Loans receivable from customers for margin transactions	**243,728 million yen**	168,484 million yen	88,545 million yen
Cash deposits (collateral) for securities borrowed from securities companies	**9,384**	12,558	6,477
Payables -			
Loans payable to securities companies for margin transactions	**185,039 million yen**	126,721 million yen	63,302 million yen
Proceeds from securities sold for margin transactions	**30,402**	33,661	24,380

4. Assets pledged as collateral

(1) For future lease liabilities

	September 30, 2004	March 31, 2004	September 30, 2003
Assets pledged as collateral:			
Notes and accounts receivable - trade	**10,035 million yen**	8,727 million yen	6,412 million yen
Other current assets (accounts receivable – other)	**18**	36	60
Secured liabilities:			
Notes and accounts payable - trade	**8 million yen**	57 million yen	175 million yen

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

	September 30, 2004	March 31, 2004	September 30, 2003
Future lease liabilities (including the above "Notes and accounts payable-trade")	**31,921 million yen**	33,558 million yen	42,377 million yen

4. Assets pledged as collateral (continued)

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

	September 30, 2004	March 31, 2004	September 30, 2003
Assets pledged as collateral:			
Cash and deposits	**735 million yen**	902 million yen	485 million yen
Notes and accounts receivable - trade	**1,117**	1,124	1,126
Marketable securities	**-**	-	307
Inventories	**-**	544	1,692
Buildings and structures	**15,123**	405	-
Telecommunications equipment	**16,929**	5,486	7,228
Telecommunications service lines	**14,739**	-	-
Property and equipment- others	**6,467**	1,102	-
Investment securities	**207,115**	138,064	151,973
Secured liabilities:			
Notes and accounts payable - trade	**552 million yen**	592 million yen	805 million yen
Short-term borrowings	**57,390**	13,081	48,769
Accounts payable – other and accrued expenses	**6**	-	97
Other current liabilities	**364**	346	388
Long-term debt	**246,723**	118,483	6,639
Other long-term liabilities	**-**	-	291

Note:

Following assets, which are included in the above, are pledged as factory foundation collateral.

Buildings and structures	**6,334 million yen**	- million yen	- million yen
Telecommunications equipment	**12,853**	-	-
Telecommunications service lines	**14,739**	-	-
Property and equipment- others	**580**	-	-

Following liabilities, which are included in the above, are guaranteed by factory foundation collateral.

Short-term borrowings	**36,760 million yen**	- million yen	- million yen
Accounts payable – other and accrued expenses	**6**	-	-
Long-term debt	**129,297**	-	-

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

	September 30, 2004	March 31, 2004	September 30, 2003
Assets pledged as collateral:			
Investments in partnerships	**1,842 million yen**	1,842 million yen	1,993 million yen
Secured liabilities:			
Long-term debt owed by a third party	**2,331 million yen**	2,349 million yen	2,367 million yen

5. Cash receipt as collateral

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

	September 30, 2004	March 31, 2004	September 30, 2003
Other current liabilities (cash receipt as collateral)	**70,000 million yen**	10,000 million yen	- million yen

6. Reserves required under special laws

Reserve for securities trading liabilities:	Securities Exchange Law, No. 51
Reserve for commodity trading liabilities:	Commodity Exchange Act, No. 136-22

7. Net unrealized gains/losses on derivative instruments

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

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

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

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

September 30, 2004	March 31, 2004	September 30, 2003
143 million yen	204 million yen	49 million yen

9. Balance of accounts receivable sold

September 30, 2004	March 31, 2004	September 30, 2003
5,030 million yen	6,581 million yen	5,888 million yen

10. Research and development costs included in general and administrative expenses and cost of sales

September 30, 2004	September 30, 2003	March 31, 2004
1,470 million yen	- million yen	1,267 million yen

11. Valuation loss on investment in subsidiaries and affiliates

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

	September 30, 2004	September 30, 2003	March 31, 2004
Valuation loss on investment in consolidated subsidiaries	**- million yen**	5,380 million yen	7,275 million yen
Valuation loss on investment in affiliates accounted for under equity method	**- million yen**	1,332 million yen	1,913 million yen

12. Consolidated statements of cash flows

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

	September 30, 2004	September 30, 2003	March 31, 2004
Cash and deposits	**349,884 million yen**	174,814 million yen	327,023 million yen
Marketable securities	**53,084**	2,512	113,659
Time deposits with original maturity over three months	**(4,534)**	(5,568)	(2,331)
Deposits received from customers in the commodities business	**(49)**	(100)	(75)
Stocks and bonds with original maturity over three months	**(807)**	(1,922)	(1,143)
Cash and cash equivalents	**397,578 million yen**	169,734 million yen	437,132 million yen

Significant Subsequent Events

Acquisition of Cable & Wireless IDC Inc. ("C & W IDC")

The Company entered into stock purchase agreement on October 26, 2004 and decided to acquire C & W IDC. As a result, C & W IDC will become a subsidiary of the Company.

1. Purpose of the acquisition

Through the acquisition, the Group will significantly strengthen its international telecommunications business. The Group will seek to become the "the No. 1 broadband company" that provides comprehensive communication services including voice, data and internet connections to corporate clients as well as retail customers.

2. Outline of C & W IDC

(1) Head office address: 2-3-1 Daiba, Minato-ku, Tokyo

(2) Paid-in capital: ¥36.2 billion (as of March 31, 2004)

(3) Principal line of business: Telecommunications

(4) Number of total shares issued: 714,435 shares (as of March 31, 2004)

(5) Financial results for recent fiscal year ended March 2004:

Sales:	¥71,308 million
Operating loss:	¥7,155 million
Ordinary loss:	¥7,650 million
Net loss:	¥6,671 million
Total assets:	¥72,763 million
Shareholders' Equity:	¥2,792 million

3. Outline of the acquisition

(1) Sellers:

Sable Holdings Limited (100% subsidiary of Cable and Wireless plc, "Sable") and Cable & Wireless Aspac B.V. (100% subsidiary of Sable, "Aspac")

(2) Number of shares acquired:

Before share delivery, a debt-equity-swap (DES) for all inter-company loan held by Sable to C & W IDC is arranged. The Company will acquire all of new common stock which will be issued to Sable (number of shares has not been determined) and 700,039 shares held by Aspac (shareholding ratio before DES: 97.98%).

(3) Total cost of acquisition (excluding expenses associated with acquisition): ¥12.3 billion

(4) Date of share acquisition: After DES above (date of share delivery has not been decided yet.)

Sales of its all shares and warrants held in eAccess Ltd.

The Company sold its 166,670 shares and 11,852 warrants (equivalent to 59,260 shares) held in eAccess Ltd. through its wholly-owned subsidiary, JAPAN TELECOM CO., LTD. ("JAPAN TELECOM") for ¥18,292 million on October 4, 2004.

A loss on sale of investment securities of approximately ¥2.2 billion will be recorded in the Company's consolidated financial statements for the three-month period ending December 31, 2004. While JAPAN TELECOM will record a gain on sale of investment securities of approximately ¥14.3 billion on a stand-alone basis in the three-month period ending December 31, 2004 based on historical cost of the investment, the loss on sale of investment securities will be recorded in the Company's consolidated financial statements since investment securities of JAPAN TELECOM were revalued at the fair market value for consolidation purposes on September 30, 2004, which was the deemed acquisition date.

Significant Subsequent Events (continued)

Loan agreement and redemption of preferred shares at SORA HOLDINGS JAPAN INC. (“SORA”)

SORA, a wholly-owned subsidiary of the Company, entered into a ¥32.5 billion loan agreement (maturity date: June 15, 2011, interest rate: 3.75% per annum) with Deutsche Bank Akitengesellschaft on October 4, 2004. All proceeds from the loan agreement were used to redeem preferred shares of SORA held by Vodafone K.K. on October 4, 2004.

SORA is one of the companies associated with the Company’s acquisition of JAPAN TELECOM CO., LTD. (“JAPAN TELECOM”). Vodafone K.K. used to own SORA as a holding company to own preferred shares of JAPAN TELECOM.
As a result of the above transaction, JAPAN TELECOM’s preferred shares held by Vodafone K.K. through SORA were completely redeemed.
Note: SORA exists after the redemption of the preferred shares.

Unsecured straight bond issue at JAPAN TELECOM CO., LTD. (“JAPAN TELECOM”)

Unsecured straight bond issue at JAPAN TELECOM, a wholly-owned subsidiary of the Company, was approved at the Board of Directors’ meeting held on November 2, 2004. The issue terms, such as an issued amount, have not yet been determined. Proceeds from the bond issue will be used to reduce the amount of JAPAN TELECOM’s borrowings

Segment Information

1. Business segment information

(1) FY2005 interim (for the six-month period ended September 30, 2004)

(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
Net sales												
(1) Customers	**¥95,901**	**¥114,289**	**¥27,962**	**¥5,449**	**¥4,679**	**¥43,525**	**¥7,180**	**¥1,138**	**¥3,579**	**¥303,706**	**¥-**	**¥303,706**
(2) Inter-segment	**93**	**5,320**	**2,808**	**671**	**2,869**	**269**	**4,489**	**-**	**1,229**	**17,751**	**(17,751)**	**-**
Total	**95,994**	**119,610**	**30,771**	**6,120**	**7,548**	**43,795**	**11,669**	**1,138**	**4,809**	**321,457**	**(17,751)**	**303,706**
Operating expenses	**130,673**	**117,029**	**23,635**	**6,717**	**8,970**	**21,598**	**11,249**	**311**	**6,448**	**326,635**	**(16,138)**	**310,496**
Operating income (loss)	**¥(34,678)**	**¥2,580**	**¥7,135**	**¥(596)**	**¥(1,421)**	**¥22,196**	**¥419**	**¥826**	**¥(1,639)**	**¥(5,177)**	**¥(1,612)**	**¥(6,790)**

(2) FY2004 interim (for the six-month period ended September 30, 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
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)	-
Total	53,549	118,252	14,760	7,184	6,661	27,962	10,360	1,258	2,219	242,209	(16,754)	225,454
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)

1. Business segment information (continued)

(3) FY2004 (for the year ended March 31, 2004)

(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
Net sales												
(1) Customers	¥128,711	¥243,902	¥37,949	¥13,186	¥8,770	¥63,613	¥14,435	¥2,443	¥4,382	¥517,393	¥-	¥517,393
(2) Inter-segment	195	10,985	3,477	1,221	4,122	441	8,167	-	1,489	30,102	(30,102)	-
Total	128,906	254,888	41,427	14,407	12,892	64,054	22,603	2,443	5,871	547,496	(30,102)	517,393
Operating expenses	216,504	251,241	35,515	15,500	16,198	31,472	21,867	1,067	9,837	599,205	(26,918)	572,287
Operating income (loss)	¥(87,597)	¥3,647	¥5,911	¥(1,092)	¥(3,305)	¥32,582	¥736	¥1,375	¥(3,965)	¥(51,709)	¥(3,184)	¥(54,893)

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. Please refer to the chart of “The SOFTBANK Group” for main businesses by segments.

3. Unallocated operating expenses for the periods ended September 30, 2004, September 30, 2003, and March 31, 2004 in the column "Elimination or corporate", which mainly represent expenses of the corporate division of the Company, were ¥1,674 million, ¥2,826 million and ¥3,482 million, respectively.

4. The Company has newly consolidated JAPAN TELECOM CO., LTD. (“JAPAN TELECOM”) and its nine subsidiaries at September 30, 2004, the deemed acquisition date. Net sales and operating expenses of JAPAN TELECOM and its subsidiaries will be included in the Company’s results from the second half of the fiscal year 2005.
JAPAN TELECOM and its subsidiaries will be included in a new fixed-line telecommunications segment. No company other than JAPAN TELECOM and its subsidiaries will be included in the fixed-line telecommunications segment.

5. Net sales and operating expenses of BB Cable Corporation (“BB Cable”), which was acquired by SOFTBANK BB Corp. at September 30, 2004, were included in the Broadmedia segment for the interim period ended September 30, 2004. Net sales and operating expenses of BB Cable for the second half of the fiscal year 2005 will be included in the Broadband Infrastructure segment.

2. Geographic segment information

(1) FY2005 interim (for the six-month period ended September 30, 2004)

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

	Japan	**North America**	**Others**	**Total**	**Elimination or corporate**	**Consolidated**
Net sales						
(1) Customers	**¥299,324**	**¥1,060**	**¥3,321**	**¥303,706**	**¥-**	**¥303,706**
(2) Inter-segment	**283**	**26**	**56**	**366**	**(366)**	**-**
Total	**299,607**	**1,087**	**3,378**	**304,073**	**(366)**	**303,706**
Operating expenses	**303,529**	**1,287**	**4,343**	**309,161**	**1,335**	**310,496**
Operating loss	**¥(3,922)**	**¥(200)**	**¥(965)**	**¥(5,088)**	**¥(1,702)**	**¥(6,790)**

(2) 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
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)

(3) FY2004 (for the fiscal year ended March 31, 2004)

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

	Japan	North America	Others	Total	Elimination or corporate	Consolidated
Net sales						
(1) Customers	¥509,676	¥2,194	¥5,523	¥517,393	¥-	¥517,393
(2) Inter-segment	522	56	107	686	(686)	-
Total	510,198	2,250	5,631	518,080	(686)	517,393
Operating expenses	558,680	3,506	7,506	569,693	2,594	572,287
Operating loss	¥(48,481)	¥(1,255)	¥(1,874)	¥(51,612)	¥(3,281)	¥(54,893)

Notes: 1. Net sales by geographic region were recognized based on geographic location.

Significant countries in each region are shown below:

North America: United States of America and Canada

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

2. Unallocated operating expenses for the periods ended September 30, 2004, September 30, 2003, and March 31, 2004 in the column "Elimination or corporate", which mainly represent expenses of the corporate division of the Company, were ¥1,674 million, ¥2,826 million and ¥3,482 million, respectively.

3. Overseas sales

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

Leases

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

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

	September 30, 2004	March 31, 2004	September 30, 2003
Telecommunications equipment and telecommunications service lines			
Equivalent to acquisition costs	**55,414**	49,114	54,661
Less: amount equivalent to accumulated depreciation	**(24,140)**	(17,250)	(16,354)
Net book value	**31,273 million yen**	31,863 million yen	38,306 million yen
Property and equipment - others			
Equivalent to acquisition costs	**17,579**	11,175	17,226
Less: amount equivalent to accumulated depreciation	**(9,319)**	(5,328)	(9,618)
Net book value	**8,260 million yen**	5,847 million yen	7,608 million yen
Intangible assets			
Equivalent to acquisition costs	**2,832**	928	1,969
Less: amount equivalent to accumulated amortization	**(752)**	(187)	(502)
Net book value	**2,080 million yen**	741 million yen	1,466 million yen
Total			
Equivalent to acquisition costs	**75,827**	61,218	73,858
Less: amount equivalent to accumulated depreciation	**(34,213)**	(22,766)	(26,475)
Net book value	**41,614 million yen**	38,452 million yen	47,382 million yen

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

	September 30, 2004	March 31, 2004	September 30, 2003
Due within one year	**18,835**	15,154	16,643
Due after one year	**26,449**	27,901	33,549
Total	**45,285 million yen**	43,056 million yen	50,193 million yen

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

	FY2005 interim April 2004 through September 2004	FY2004 April 2003 through March 2004	FY2004 interim April 2003 through September 2003
Lease payments	**8,257 million yen**	15,836 million yen	7,194 million yen
Amount equivalent to depreciation expense	**7,303**	13,747	6,070
Amount equivalent to interest expense	**1,099**	2,408	1,073

(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.

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

(as a lessor)

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

	September 30, 2004	March 31, 2004	September 30, 2003
Property and equipment - others			
Acquisition costs	**3,288**	617	-
Less: accumulated depreciation	**(2,576)**	(284)	-
Net book value	**712 million yen**	332 million yen	- million yen
Intangible assets			
Acquisition costs	**342**	168	-
Less: accumulated amortization	**(61)**	(38)	-
Net book value	**281 million yen**	129 million yen	- million yen
Total			
Acquisition costs	**3,631**	785	-
Less: accumulated depreciation	**(2,637)**	(323)	-
Net book value	**994 million yen**	461 million yen	- million yen

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

	September 30, 2004	March 31, 2004	September 30, 2003
Due within one year	**610**	176	-
Due after one year	**419**	307	-
Total	**1,030 million yen**	483 million yen	- million yen

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

	FY2005 interim April 2004 through September 2004	FY2004 April 2003 through March 2004	FY2004 interim April 2003 through September 2003
Lease income	**114 million yen**	156 million yen	108 million yen
Depreciation expense	**99**	134	93
Amount equivalent to interest income	**17**	23	15

(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 lease

	September 30, 2004	March 31, 2004	September 30, 2003
Due within one year	**353**	599	258
Due after one year	**300**	285	184
Total	**654 million yen**	884 million yen	443 million yen

(as a lessor)

The future lease receivables for non-cancelable operating lease

	September 30, 2004	March 31, 2004	September 30, 2003
Due within one year	**376**	-	-
Due after one year	**959**	-	-
Total	**1,335 million yen**	- million yen	- million yen

Investment in Debt and Equity Securities

1. Trading securities

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

	September 30, 2004		March 31, 2004		September 30, 2003	
	Carrying amounts (at fair value)		Carrying amounts (at fair value)		Carrying amounts (at fair value)	
	Assets	**Liabilities**	Assets	Liabilities	Assets	Liabilities
1. Equity securities	**¥327**	**¥-**	¥21	¥4	¥2,101	¥-
2. Debt securities	**2,177**	**-**	1,285	-	782	-
3. Others	**99**	**-**	-	-	117	-
Total	**¥2,604**	**¥-**	¥1,307	¥4	¥3,001	¥-

2. Non-trading securities

(1) Available-for-sale and other securities at fair value

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

	September 30, 2004			March 31, 2004			September 30, 2003		
	Investment costs	**Carrying amounts**	**Differences**	Investment costs	Carrying amounts	Differences	Investment costs	Carrying amounts	Differences
1. Equity securities	**¥60,722**	**¥270,308**	**¥209,585**	¥38,573	¥206,606	¥168,032	¥31,283	¥168,866	¥137,583
2. Debt securities:									
Government bonds	**5,207**	**5,207**	**(0)**	5,381	5,365	(16)	109	110	0
3. Others	**4,193**	**4,174**	**(19)**	378	413	34	402	337	(65)
Total	**¥70,124**	**¥279,689**	**¥209,565**	¥44,333	¥212,384	¥168,050	¥31,795	¥169,313	¥137,518

(2) The carrying amounts of the unlisted investment securities

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

	September 30, 2004 Carrying amounts	March 31, 2004 Carrying amounts	September 30, 2003 Carrying amounts
1. Held-to-maturity debt securities			
Unlisted foreign debt securities	**¥0**	¥-	¥0
2. Available-for-sale and other securities			
Unlisted equity securities (w/o OTC stocks)	**20,930**	19,237	20,272
Unlisted domestic debt securities	**0**	0	0
Unlisted foreign debt securities	**1,157**	1,081	991
Money Management Fund	**3,019**	3,272	4,255
Mid-term government bond funds	**191**	261	261
Preferred fund certificate	**2,000**	2,000	2,000
Designated money trust	**-**	5,000	-
Investment trust without market quotations	**51,210**	106,427	-
Others	**10**	0	5
Total	**¥78,519**	¥137,279	¥27,786

Derivative Transactions

1. Trading transactions

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

Nature of transaction	September 30, 2004				March 31, 2004				September 30, 2003			
	Assets		Liabilities		Assets		Liabilities		Assets		Liabilities	
	Contract amounts	Fair value	Contract amounts	Fair value	Contract amounts	Fair value	Contract amounts	Fair value	Contract amounts	Fair value	Contract amounts	Fair value
Forward exchange contracts	¥42	¥0	¥116	¥0	¥32	¥1	¥71	¥0	¥149	¥5	¥139	¥5
Nikkei 225 index option	0	0	-	-	-	-	-	-	-	-	-	-
Nikkei future contracts	-	-	-	-	23	0	-	-	-	-	10	0
Bond futures contracts	-	-	-	-	138	1	-	-	-	-	-	-
Total	¥43	¥0	¥116	¥0	¥195	¥2	¥71	¥0	¥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 at the end of each fiscal period
Nikkei 225 index option:	Fair values provided by financial institutions at the end of each fiscal period
Nikkei future contracts:	Nikkei future prices at the end of each fiscal period
Bond futures contracts:	Bond futures prices at the end of each fiscal period

2. Non-trading transactions

(1) Currency related

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

Nature of transaction	September 30, 2004				March 31, 2004				September 30, 2003			
	Contract amounts	Over 1 year	Fair value	Unrealized gain (loss)	Contract amounts	Over 1 year	Fair value	Unrealized gain (loss)	Contract amounts	Over 1 year	Fair value	Unrealized gain (loss)
Off-market transactions												
Swap transactions to–												
・Receive Australia dollars and pay Japanese yen	¥1,000	¥1,000	¥40	¥40	¥1,000	¥1,000	¥20	¥20	¥1,000	¥1,000	¥40	¥40
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)
Knock-out option transactions to–												
・Purchase Japanese yen put option and Euro call option	-	-	-	-	3,915 (60)	-	51	(8)	-	-	-	-
・Sell Japanese yen call option and Euro put option	-	-	-	-	3,915 (60)	-	(37)	22	-	-	-	-
Forward exchange contracts to–												
・Purchase U.S. dollars and sell Japanese yen	418	-	426	8	5,650	-	5,437	(212)	69,161	-	65,138	(4,021)
・Purchase Japanese yen and sell U.S. dollars	-	-	-	-	5,275	-	5,269	(6)	11,085	-	11,124	(39)
Forward exchange contracts with conditions to–												
・Purchase Japanese yen and sell Euro	-	-	-	-	8,868	-	1	1	-	-	-	-
Total				¥48				¥(183)				¥(4,197)

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

2. Fair values are based on information provided by 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 those consolidated subsidiaries did not apply hedge accounting.

Derivative Transactions (continued)

(2) Interest related

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

Nature of transaction	September 30, 2004 Notional amounts	Over 1 year	Fair value	Unrealized gain (loss)	March 31, 2004 Notional amounts	Over 1 year	Fair value	Unrealized gain (loss)	September 30, 2003 Notional amounts	Over 1 year	Fair value	Unrealized gain (loss)
Off-market transactions												
Swap transactions to-												
• Receive fixed rate and pay floating rate	**¥1,142**	**¥-**	**¥42**	**¥42**	¥1,285	¥1,142	¥77	¥77	¥1,285	¥1,142	¥79	¥79
• Receive floating rate and pay fixed rate	**11,571**	**10,000**	**(194)**	**(194)**	12,142	11,571	(291)	(291)	2,142	1,571	(119)	(119)
• Receive fixed rate (receipt later) and pay fixed rate (prepayment)	**1,000**	**1,000**	**35**	**35**	1,000	1,000	35	35	1,000	1,000	36	36
Total				**¥(116)**				¥(178)				¥(2)

Notes: 1. Fair values are based on information provided by the financial institutions.
2. Derivative transactions on which the Company applied hedge accounting are excluded.

(3) Securities related

There are no applicable items.

Note: Derivative transactions on which the Company applied hedge accounting are excluded.

Per Share Data

	FY2005 interim	FY2004 interim	FY2004
Net loss per share - primary (yen)	**¥(17.20)**	¥(229.81)	¥(314.72)
Net loss per share - diluted (note 1)	-	-	-
Shareholders' equity per share (yen)	**659.78**	644.97	677.40
Basic data for computation of the per share data			
1. Net loss (in millions of yen)	**¥(6,045)**	¥(77,338)	¥(107,094)
2. Net loss allocated to common stock outstanding (in millions of yen)	**¥(6,045)**	¥(77,338)	¥(107,133)
3. Net loss not allocated to common stock holders (in millions of yen) (note 2)	**¥-**	¥-	¥39
4. Average number of common stock outstanding during each fiscal period (unit: shares) (note 3)	**351,402,492**	336,540,038	340,407,372

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