SOFTBANK CORP.

CONSOLIDATED FINANCIAL REPORT

For the Fiscal Year Ended March 31, 2001

FINANCIAL HIGHLIGHTS

1. Results of Operations

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

	FY2001 (April 2000 through March 2001)	Year-on-year change	FY2000 (April 1999 through March 2000)	Year-on-year change
Revenues	**¥397,105**	–6.2%	¥423,220	–19.9%
Operating income	**16,431**	+96.1	8,377	–30.9
Ordinary income (loss)	**20,065**	—	(51,932)	—
Net income	**36,631**	+333.7	8,446	-77.5
Net income per share— primary (yen)	**110.47**	—	78.05	—
Net income per share—diluted (yen)	**109.38**	—	76.05	—

Notes:

1. Equity in earnings (losses) of affiliates (Million yen):
   Fiscal Year ended March 31, 2001: ¥(19,765)
   Fiscal Year ended March 31, 2000: ¥4,744
2. Average shares outstanding (consolidated) Year ended March 31, 2001: 331,585,133
   Year ended March 31, 2000: 108,228,155
3. There were significant changes in accounting methods during the period under review.
4. Percentage changes for revenues, operating income, ordinary income and net income are compared with the corresponding period of the previous fiscal year.

2. Financial Condition

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

	FY2001 (As of March 31, 2001)	FY2000 (As of March 31, 2000)
Total assets	**¥1,146,083**	¥1,168,308
Shareholders' equity	**424,261**	380,740
Equity ratio (%)	**37.0**	32.6
Shareholders' equity per share (yen)	**¥1,260.14**	¥3,456.55

Note: Shares outstanding (consolidated) As of March 31, 2001: 336,677,714
As of March 31, 2000: 110,150,468

3. Cash Flows

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

	FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)
Cash flows form operating activities	**¥(91,598)**	¥349
Cash flows from investing activities	**(42,612)**	(60,341)
Cash flows from financing activities	**24,548**	220,914
Cash and cash equivalents at end of the period	**¥159,105**	¥268,060

4. Scope of Consolidation

Consolidated subsidiaries: 216
Equity-method non-consolidated subsidiaries: 7
Equity-method affiliates: 110

5. Changes in Scope of Consolidation

Consolidated subsidiaries:
  Newly added: 112
  Newly deleted: 39
Equity-method non-consolidated subsidiaries and affiliates:
  Newly added: 79
  Newly deleted: 15

(Reference)

The following figures are based on those for the fiscal year ended March 31, 2001, and include adjustments and corrections for dilution in connection with stock splits.

Per Share Indices after Retroactive Adjustments

1. Consolidated Basis

	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001
Net income	**¥31.86**	**¥33.59**	**¥121.79**	**¥26.02**	**¥110.47**
Shareholders' equity	**¥764.19**	**¥791.75**	**¥906.45**	**¥1,152.18**	**¥1,260.14**

2. Non-consolidated Basis

	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001
Net income	**¥36.93**	**¥44.60**	**¥38.09**	**¥165.04**	**¥14.50**
Shareholders' equity	**¥775.02**	**¥814.62**	**¥863.72**	**¥1,104.06**	**¥1,172.75**

Notes:

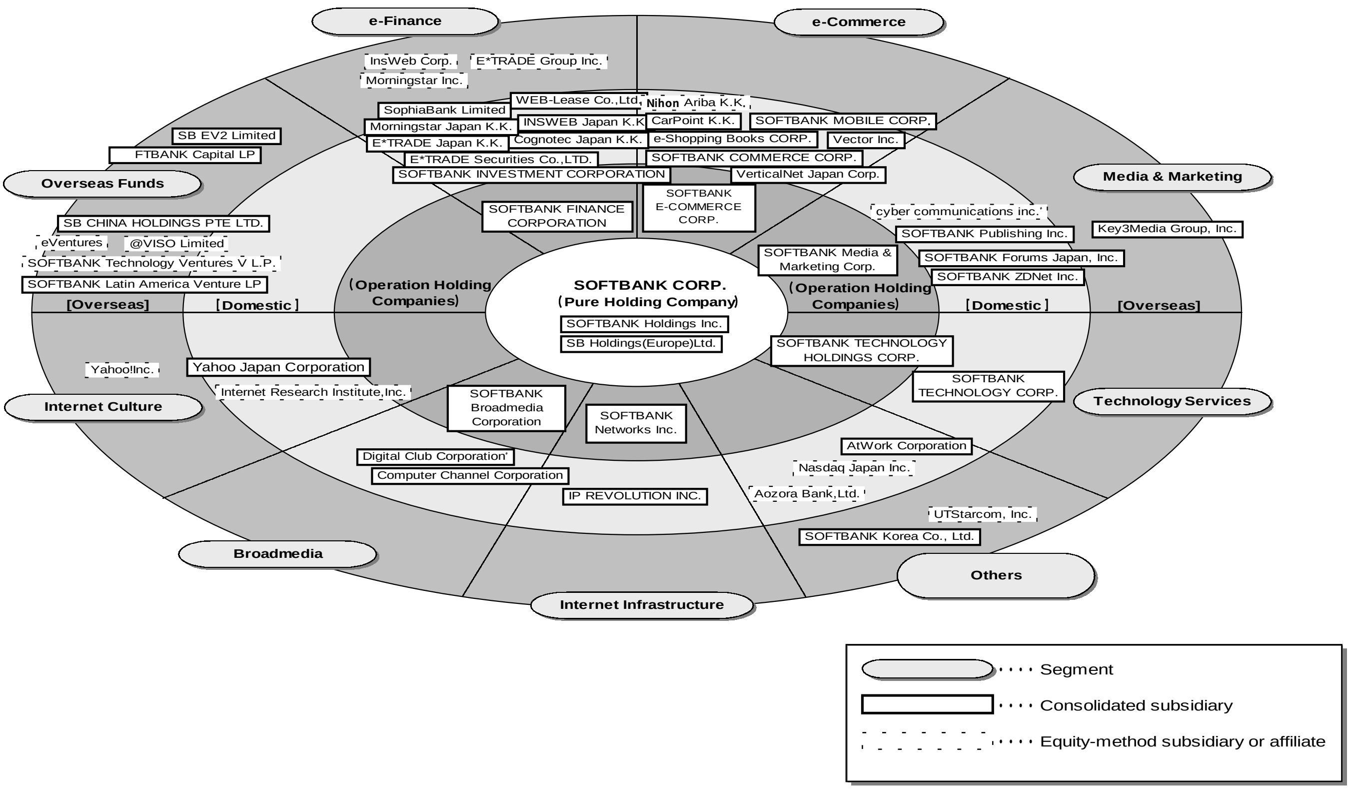
1) Average shares outstanding throughout the given fiscal year after retroactive adjustments was used in the calculation of net income per share, and shares outstanding at year-end after retroactive adjustments was used in the calculation of shareholders' equity per share.

2) Adjustments for the following stock splits were made to the preceding figures.
   May 20, 1997, stock split (each share split into 1.3 shares)
   June 23, 2000, stock split (each share split into 3.0 shares)

The SOFTBANK Group

As of March 31 2001,the SOFTBANK Group Comprised 333 companies with operations in 10 segments.

Business segment	Consolidated subsidiaries (includes partnerships)	Equity-method nonconsolidated subsidiaries and affiliates (includes partnerships	Principal products and operational content of each business
1. e-Commerce	32	10	Sales of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce business, including business transaction platform and e-commerce between business and consumer operations
2. e-Finance	82	21	All inclusive Web-based financial operations, including Internet securities operations; management of domestic venture capital funds; incubation of portfolio corporations
3. Media & Marketing	19	7	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; exhibition management; web content development
4. Broadmedia	7	2	Provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations
5. Internet Culture	4	7	Internet-based advertising operations
6. Technology Services	7	6	Systems integration, network integration, e-commerce and business operations
7. Internet Infrastructure	4	2	Ultra high-speed Internet access services and such related operations as data center business.
8. Overseas Funds	39	49	U.S.- and Asia-focused global private equity operations in Internet-related companies
9. Services	1	3	Human resources and general affairs services
10. Others	21	10	
Total	**216**	**117**	



SOFTBANK subsidiaries listed on domestic stock exchanges (or that have made IPOs) as of March 31, 2001:

Subsidiary	Listed exchange
1.Yahoo Japan Corporation	Over-the-counter
2. SOFTBANK TECHNOLOGY CORP.	Over-the-counter
3. Morningstar Japan K.K.	Nasdaq Japan
4. Vector Inc.	Nasdaq Japan
5. E*TRADE Japan K.K.	Nasdaq Japan
6. SOFTBANK INVESTMENT CORPORATION	Nasdaq Japan

(Reference) Subsidiaries listed on overseas stock exchanges:

Subsidiary	Listed exchange
1. Key3Media Group, Inc.	New York Stock Exchange
2. Softbank Investment International (Strategic) Limited	Hong Kong Stock Exchange

Management Policy and Results of Operations

1. Management Policy—New Developments in Internet Business through the Move to Broadband

SOFTBANK CORP.'s efforts to leverage the full spectrum of management resources on the Internet reflect its belief that the digital information revolution will contribute significantly to the progress of humankind and that its ongoing commitment to drive this revolution will ensure its future growth.

Changes effected in the overheated Nasdaq market in the United States since spring 2000 have begun to impact Japanese Internet-related stocks as well as business conditions surrounding the information industry at large. Additionally, a pervasive sense of uncertainty began to emerge in autumn 2000 regarding the outlook for the U.S. economy, and consequentially its significant effects on business confidence in Japan, makes for overall conditions that are far from optimistic.

Although many Internet startups are currently experiencing hardship due to challenges to business model compatibility and other problems, at the same time a number of promising Internet businesses continue to solidify their revenue bases and prepare for the next phase of market stemming from the increased proliferation of the Internet. In November 2000, the Basic IT Law (Basic Law for the Formation of an Advanced Information Communications Network Society) was passed, spelling out Japan's commitment to IT. The government's e-Japan strategy calls for bringing broadband to 40 million homes within five years. With leading communications companies initiating broadband services since autumn 2000, the major barriers to the spread of the Internet in Japan—namely low speed and high cost—are crumbling and the nation is finally poised to embrace the Internet age in earnest.

Eyeing this period of full scale Internet proliferation, the SOFTBANK Group has established numerous Internet-related businesses starting with Yahoo! operations and followed by e-commerce, e-finance, and media & marketing businesses. During fiscal 2001, ended March 31, 2001, more than 100 companies, both in Japan and overseas, were added to SOFTBANK's stable. These new companies join existing SOFTBANK Group companies in striving to generate profitability and cash flow at the earliest possible date, with public listing ever in their sights. In testimony to this, Morningstar Japan K.K., Vector Inc., E*TRADE Japan K.K., Key3Media Group, Inc., cyber communications inc., and SOFTBANK INVESTMENT CORPORATION all made initial public offerings (IPOs) in fiscal 2001.

With emphasis placed on profitability, the SOFTBANK Group's operating companies are developing business in preparation for the next phase of Internet expansion. Determined to cultivate this new wave of expansion at the earliest possible date, the SOFTBANK Group is proactively engaged in infrastructure and other broadband operations. In the United States and South Korea, the growth of broadband access is giving rise to a myriad of exciting new services and markets. Optimally packaging high-value-added broadband content and services with communications infrastructure is the key to success in this business.

In January 2001, SOFTBANK took a stake in Korea Thrunet Co., Ltd., operator of Korea.com, South Korea's largest broadband portal. The Group will leverage the expertise gained from this investment in its broadband operations—not only in Japan but also throughout Asia as well. In Japan, SOFTBANK is implementing infrastructure operations that take advantage of the unique features of the entire spectrum of communications technologies, including fiber optic and wireless technologies, while commencing broadband application and content businesses. In the days and months ahead, the Group will enhance the value of its services by combining these services to produce a comprehensive package. To implement its Asia-focused broadband strategies, the Group established the SOFTBANK Asia Infrastructure Fund, with capital provided by Cisco Systems, Inc.

Another sector with equal priority as broadband operations is the business transaction platform service business. A large number of corporations in the United States are implementing cost reductions in direct and indirect procurement activities through the application of business transaction platform systems. With Japanese corporations now faced with the task of fundamentally rethinking their procurement systems to contend with international competitors, this is a segment with enormous potential demand. In the field of indirect material procurement, in December 2000 SOFTBANK took a stake in Nihon Ariba K.K.—the Japanese arm of leading U.S. business transaction platform services provider Ariba, Inc.—a move that will carve out a prime position for SOFTBANK in this growing market.

As the Internet business leader, SOFTBANK has established numerous venture businesses and is working to develop a definitive infrastructure for venture business in Japan. SOFTBANK's June 1999 announcement of Nasdaq Japan's establishment resulted in sweeping reforms in Japan's equity finance market and paved the way for hopeful young venture companies by providing capital to enable them to expand of their operations. During the nine months between the commencement of trading in June 2000 and fiscal 2001 year-end, 49 companies had listed their shares on Nasdaq Japan.

Determined to revolutionize Japan's bank loan finance systems, in September 2000 a consortium consisting of SOFTBANK, ORIX Corporation, The Tokio Marine & Fire Insurance Co., Ltd., and several other shareholders completed the acquisition of Nippon Credit Bank, Ltd. (as of January 2001; renamed the Aozora Bank Ltd.). SOFTBANK is the largest shareholder with a 48.9% stake in the bank. While enhancing its financial soundness, Aozora Bank Ltd. is striving for careful but dynamic business development by pushing through preparations for Japan's first pure venture financing operations.

SOFTBANK takes full advantage of the evolution of the Internet throughout the world to implement one of its key strategies—time machine management. Through this strategy, SOFTBANK is carrying out the worldwide incubation of superior business models found through its venture capital operations in particular countries.

The SOFTBANK Group's sphere of operations has expanded both geographically and categorically in step with the penetration of the Internet. To conduct swift and accurate managerial decision making based on expert know-how in each business segment, SOFTBANK has adopted a three-tiered Group structure, comprising a pure holding company, operation holding companies, and operating companies.

To facilitate the implementation of Group strategies and reinforce its management capabilities as a pure holding company for the Group, on October 2, 2000, SOFTBANK pulled formerly outsourced accounting, finance, legal, and investor relations activities in-house. To enhance corporate value Groupwide, SOFTBANK is striving to ensure effective corporate governance by delineating the function of the Board of Directors to entail high-level decision making and supervision, while the Group CEO Council and chief executive officers oversee operations.

2. Results of Operations

Consolidated revenues of SOFTBANK for fiscal 2001 amounted to ¥397,105 million, a 6.2% decrease from the previous fiscal year. Although such businesses as e-finance and e-commerce are growing rapidly, this decrease in revenues is largely attributable to the sale of the Group's U.S. subsidiary Ziff-Davis Inc. and a change in the scope of consolidation for UTStarcom, Inc., from a consolidated subsidiary to an equity-method affiliate, reflecting the dilutive effect of the exercise of warrants following UTStarcom, Inc.'s IPO. Ziff-Davis Inc. and UTStarcom, Inc. had accounted for 24% of fiscal 2000 revenues.

On the other hand, consolidated operating income surged 96.1%, to ¥16,431 million. Primary factors contributing to this leap include the absorption of expenses related to the start-up of new businesses by such superior performance of subsidiaries as SOFTBANK INVESTMENT CORPORATION and SOFTBANK COMMERCE CORP. as well as the sale of Ziff-Davis Inc., which had recorded an operating loss for the previous term.

SOFTBANK recorded consolidated ordinary income of ¥20,065 million, a significant improvement compared with the previous term. At fiscal year-end, the Group held approximately ¥137.5 billion in yen-denominated loans against wholly owned subsidiary SOFTBANK Holdings Inc. and approximately US$700 million in U.S. dollar-denominated receivables against its overseas subsidiaries. ¥28,115 million in exchange gain was recorded due to the yen's depreciation at year-end. Interest expenses have also declined due to a decrease of approximately US$1.1 billion in interest-bearing debt as a result of the sale of Ziff-Davis Inc. Regarding equity in earnings/losses of affiliates, although gain was recorded for equity investment in such operations as Aozora Bank Ltd. and Yahoo! Inc. in the United States, a loss was recorded for portfolio companies of SOFTBANK Capital Partners (SBCP) of the United States, one of SOFTBANK's overseas funds. As a result, an overall loss of ¥19,765 million was recorded in equities.

Net income for the term skyrocketed 333.7%, to ¥36,631 million, as public offering-related dilution, sales of stock in companies making IPOs, and the strategic restructuring of SOFTBANK's investment portfolio contributed to gain on sales of investment securities and dilution gain from changes in equity interest. However, loss on revalutaion of investment securities was also recorded amid falling stock prices on the U.S. Nasdaq exchange and protracted stagnation in the IPO market. BRAIN.COM, INC. of Japan, @viso Limited. (an investment business operating primarily in mainland Europe), eVentures Limited (an investment firm operating mainly in the United Kingdom) and SBCP were the primary entities to which revaluation losses were applied.

Cash flows for the term declined ¥76,200 million overall, and cash and cash equivalents at year-end amounted to ¥159,105 million.

Net cash used in operating activities amounted to ¥91,598 million. This reflected ¥86,053 million in payments of income taxes due to taxes incurred on sales of investment securities, countering the significant increase in income before income taxes, which amounted to ¥87,009 million.

Net cash used in investing activities totaled ¥42,612 million, as such factors as expenditures of ¥233,131 million for the purchase of marketable and investment securities related to investments in Nippon Credit Bank Ltd., overseas funds, and other investments offset ¥104,224 million in proceeds from sales of marketable and investment securities and ¥82,906 million in proceeds from the sale of assets held for Ziff-Davis Inc. publishing operations.

Net cash provided by financing activities amounted to ¥24,548 million due to such factors as ¥30,000 million in net proceeds from the issuance of commercial paper, ¥63,491 million in proceeds from long-term debt mainly incurred by Key3Media Group, Inc., a Ziff-Davis Inc. spinoff, and other financing proceeds, which offset the ¥142,102 million in expenditures from the repayment of the long-term debt, the majority of which was related to Ziff-Davis Inc., the assets of which were sold off by SOFTBANK.

In line with the launch of a Groupwide cash management approach, in October 2000 SOFTBANK established a ¥145 billion commitment line with its banks.

3. Segment Performance and Strategies

e-Commerce—Focusing on the growing business transaction platform segment

Owing to the strong sales recorded by SOFTBANK COMMERCE CORP., revenues for the SOFTBANK Group in the e-Commerce segment increased 11.7% compared with the previous term, to ¥258,521 million. However, due to the Group's establishment of new businesses during the term and the large number of businesses still in the start-up phase, operating costs increased, resulting in a 75.1% decline in operating income, to ¥1,769 million.

As the Internet is very much a first come, first serve industry, SOFTBANK considers swift business development through proactive customer gathering to be the key to success. During the term, the Group continued to establish numerous new e-commerce companies.

In consumer targeted e-commerce operations, SOFTBANK's Internet retail companies, which conduct sales of such products as books, automobile components, toys, and PCs over the Internet, are striving to attain profitability as quickly as possible. Meanwhile, Vector Inc., which provides download services for consumer software, made its IPO in August 2000. As the rift between success and failure in the Internet businesses persists, SOFTBANK recognizes the primary need for the flexible reform of business strategies, including expansion, alteration, and withdrawal. Already during the term, SOFTBANK executued reforms on five of its subsidiaries, including the reworking of the business model for ONSALE JAPAN K.K. In the months and years ahead, the Group will continue to nurture business with strong potential through the firm support systems provided by the operation holding company SOFTBANK E-COMMERCE CORP.

SOFTBANK's business transaction platform operations continue to gain prominence. During the term under review, SOFTBANK followed up on its establishment of VerticalNet Japan Corp., a provider of industry-specific community services, by taking an approximate 40% stake in Nihon Ariba K.K., a provider of procurement software for indirect goods in December 2000 (SOFTBANK: 20%, SOFTBANK E-COMMERCE CORP: 20%). During the current fiscal year, the Group will extend its related business interests into such fields as enterprise software. The establishment of a corporate infrastructure to support business transactions, exemplified by the procurement solutions of Ariba, is essential to the full-fledged diffusion of the e-marketplace. Currently, a large number of Japanese corporations are fully embracing procurement software and enterprise solutions as a means of enhancing efficiency and effectiveness in their operations, making this a market segment with substantial growth potential. Through SOFTBANK COMMERCE CORP., the Group will leverage the customer and supplier networks and expertise it has accumulated through conventional software marketing operations while using the expansion in sales of Ariba solutions as a foothold to firmly establish its enterprise business.

e-Finance—Fusing Net space and traditional (Real space) businesses together: the key to future business success

Due to the substantial increase in carry earned by SOFTBANK INVESTMENT CORPORATION, revenues for this segment surged 68.4%, compared with the previous term, to ¥31,404 million. Although operating costs increased due to the large number of companies in the start-up phase, operating income also increased 43.4%, to ¥13,437 million, due to the boost from carry earned by SOFTBANK INVESTMENT COPORATION.

During the term under review, the SOFTBANK FINANCE CORPORATION worked to actualize comprehensive Internet-based financial services by establishing new finance companies under the fundamental strategy of providing the consumer-centric “Three-One Services.” Theses services are so named because they comprise one-stop comprehensive financial services; one-table services, which provide sites that enable the comparison of various services; and one-to-one services, which provide counseling for individual customers. During the term, Morningstar Japan K.K., E*TRADE Japan K.K., and SOFTBANK INVESTMENT CORPORATION all made IPOs.

Now that the SOFTBANK FINANCE CORPORATION has established numerous Internet finance service companies, the strategic fusing of these Net space businesses with Real space businesses will be a cornerstone for SOFTBANK’s future success in this segment. As part of this strategy, in February 2001 the Group, together with Yamato Mutual Life Insurance, Co., established Azami Life Insurance, Co., Ltd., and took over the insurance policies of Taisho Life Insurance, Co., Ltd., entirely. In the future, the Group plans to merge Yamato Mutual Life Insurance Co. into Azami Life Insurance Co., Ltd. With mutual benefits for Group finance businesses firmly in mind, SOFTBANK will fuse together its established customer base and a sales network of more than 100 branches with the Group’s financial services.

SOFTBANK also recognizes the importance of seeking alliances outside of the Group and in other industries to respond to the needs of its clients for higher-value-added services. SophiaBank Limited, an industry icubation-oriented think tank, has formed a consortium comprising more than 50 major companies.

To strengthen cooperation among companies with similar strategies and customer bases and provide more comprehensive and efficient services, SOFTBANK will establish new companies to unify its existing businesses and work toward IPOs. In line with this policy, in April 2001 the marketspace-providing INSWEB Japan K.K., E-Loan Japan K.K., and GOODLOAN Co., Ltd. were integrated into Finance All Corporation.

The e-Finance Group, through SOFTBANK INVESTMENT CORPORATION, does more than simply invest in and develop companies that penetrate new industries. It also provides financial support for the creation of new industries and the reform of existing industries. The Group will strive to generate new value by coordinating the Internet operations in which it invests and traditional businesses. It is SOFTBANK FINANCE's philosophy that the finance industry forms the backbone of all other industries, and it will continue to provide financial support for the IT armaments of Japanese companies.

Media & Marketing—Becoming the top content provider in every field

As SOFTBANK completed the sale of its assets in Ziff-Davis Inc. during the term, the results of Key3Media Group, Inc., a spin-off of Ziff-Davis Inc., are included in the Group's overseas consolidated results for this segment. Revenues, including domestic operations, amounted to ¥53,262 million. An increase in participants in Key3Media Group, Inc.'s exhibitions and conferences, and strong advertising revenues helped absorb the increase in operating costs related to new domestic start-ups, resulting in an overall increase in operating income for the term, to ¥5,904 million.

Group's domestic business SOFTBANK Media & Marketing Corp. strove to be a comprehensive Internet-based information supplier and established content development companies during the term under review in a wide variety of fields, including music, medicine, sports, and education. To increase advertising revenues by augmenting its content, increasing its number of page views, and elevating its media value SOFTBANK is improving the level of its content by utilizing customer feeback.

Along with changes in the Internet business environment, Internet-based businesses are continuing to undergo a weeding out process. Against this backdrop, the content developers under the umbrella of SOFTBANK Media & Marketing Corp. are striving to attain the number-one position in their respective fields with the utmost speed. Given the Internet's multiple page layer structures, users tend to remain loyal to that content with which they are familiar. Hence, obtaining the number-one position in each field will dramatically boost the Group's media value. Media value also increases as a result of the provision of specific category targeted content, as in the case of SOFTBANK ZDNet Inc., which specializes in IT business. SOFTBANK ZDNet Inc. will further enhance its advertising effectiveness by developing advertisements with strong impact, including those that make use of its skyscraper advertising solutions.

Broadmedia—Delivering broadband applications to more and more customers

During the term under review, Digital Club Corporation subscriptions for SKY PerfecTV! exceeded 360,000. Revenues from subscribers contributed to revenues for the segment of ¥13,001 million, an increase of approximately ¥4.0 billion. Despite downward pressure caused by the many new start-ups during the term, operating income remained at approximately the same level as the previous term, amounting to ¥1,055 million.

The popularity of broadband networks has lowered the barriers that have traditionally separated broadcasting and communications. The two will soon converge. SOFTBANK has so far engaged in satellite broadcasting associated business through Digital Club Corporation and Computer Channel Corporation, a commissioned broadcaster specializing in the IT field.

In the days to come, the Group will leverage its accumulated expertise in an expanded range of broadband services on offer.

SOFTBANK Broadmedia Corporation, the heart of SOFTBANK's broadmedia business, is striving to expand its operations by working applications and content for broadcasting and communications infrastructures into its own realm of business. Convincing the greatest number of customers to use its applications and content is essential to this business, and SOFTBANK will ensure that its applications are utilized in the full spectrum of broadband infrastructures, including cable and fiber optic services. To this end, in April 2001 SOFTBANK established Xdrive Japan K.K., which provides Internet-based storage services, and Akamai Technologies Japan K.K., which provides high-efficiency content delivery network (CDN) services, as well as made Digital Media Factory Inc., the Okinawa-based computer graphics production company, into a subsidiary.

Internet Culture—Internet advertising with high growth potential over the medium to long term

Until fiscal 2000, the internet culture segment included the operations of Ziff-Davis' ZDNet division. However, with SOFTBANK's sale of its stake in Ziff-Davis Inc, revenues during the term under review declined in tandem. However, advertising revenues from Yahoo Japan Corporation increased substantially, forestalling the overall decline at an acceptable rate of 26.2%, with revenues for the term amounting to ¥13,223 million. Due to the strong results recorded by the Yahoo! Japan operations, operating income for the term surged 110.1%, to ¥4,702 million.

As reports of slowdowns in the market for Internet advertising in the United States make their way to Japan, Japanese advertisers as well have become more conservative in their Internet advertising activities. It is possible that the stable growth of the past few years may enter a period of deceleration. However, with expansion of the Internet user population expected over the medium to long term, Internet advertising is expected to increase in media value and continue to evolve as a business.

According to the Nippon Research Center Ltd., the proportion of users accessing the Yahoo! Japan at least once in a four-week period is 86.9%, giving it a substantial lead over the nearest contender (54.4%) and making it by far the most frequently accessed Japanese-language portal in Japan. Yahoo Japan Corporation will continue to improve its sales structure, enhance the development of its advertising products and services, and strive to further expand its advertising business.

As Yahoo Japan Corporation expands its advertising revenues, it will also work to diversify its earnings. The company will endeavor to increase revenues from its shopping operations and achieve revenues related to its auction business in their commencement of such e-commerce between business and consumer services as Yahoo! Premium Auctions. Yahoo Japan Corporation will also work to secure new sources of revenues in the business enterprise service segment and explore the possibilities for of the adoption of Corporate Yahoo!, a service that customizes corporate portals.

Technology Services—Providing comprehensive solutions

Due to increasing revenues from the network integration and other operations of SOFTBANK TECHNOLOGY CORP., revenues for the segment during the term under review increased approximately ¥4.1 billion, to ¥14,471 million. However, as a result of the costs of starting up new companies and SOFTBANK TECHNOLOGY CORP.'s advance investments in business transaction platform technologies, operating income declined approximately ¥400 million, to ¥475 million.

Leveraging the strengths of its business expertise gained through its experience in existing e-commerce operations and network integration acumen, during the term under review, SOFTBANK entered the business transaction platform market, began offering Ariba solutions, and constructed business transaction platform systems for the retail industry.

As the improvement of communications infrastructure progresses, business transaction platform solutions and broadband solutions are expected to expand. Starting from the three traditional business sectors of systems integration, network integration, and e-commerce and technical support, during the current term, SOFTBANK will introduce business operations as a fourth pillar for its technology services business. Business operations comprise a comprehensive operational service that includes all essential items for running an Internet-based business, including authentication, billing, and payment systems; corporate Intranets; storage management support; and system management and supervision services. Through business operations services, SOFTBANK will provide a comprehensive package of total solutions, including all consulting necessary to start up businesses as well as for network integration and system and business operations once the business is up and running.

As with other business segments, on October 2000 SOFTBANK established SOFTBANK TECHNOLOGY HOLDINGS CORP., an operation holding company to oversee its technology services operations. It plans to invest in overseas companies that possess promising new technologies.

Internet Infrastructure—Providing wide-ranging services at lowest costs

As SOFTBANK spent the term under review in preparation for the start-up of ultra high-speed Internet access services, associated data centers, and overseas access service operations, no revenues were recorded for this segment. However, operating costs resulted in an operating loss of ¥1,068 million.

Type I telecommunications carrier IP Revolution, Inc. (IPR), commenced operations in Tokyo's 23 wards in February 2001 and now provides fiber-optic ultra high-speed Internet access to tenant buildings and apartment complexes. The firm is able to provide its services at low prices by using dark fibers from other companies effectively and configuring simple networks using devices compliant with Internet Protocol (IP) technology, in addition to installing its own fiber optic cables.

SOFTBANK also established TeraPlanet Inc., an international type I telecommunications carrier. The firm provides low-cost overseas access services by making maximum use of the high-capacity fiber-optic submarine cable system of Asia Global Crossing, Ltd., in which SOFTBANK holds an equity stake. Through these developments, IPR high-speed Internet connection service costs have been further lowered and the high-capacity backbone essential to broadband services has been secured. The Group also established Internet Facilities Inc., which provides Web and e-mail hosting and housing services using IPR's network. IPR will enhance the value of its lines by preparing a copious roster of low-cost services suited to the diverse needs of its customers. IPR will continue to differentiate itself from its competitors amid increasingly severe market competition by providing a wide variety of economical broadband solutions and raising the value of its fiber-optic backbone.

Overseas Funds —Focusing on companies with technological prowess reflecting the unique features of each market

Until fiscal 2000, the results of this segment were composed mostly of the results derived from the current value assessment of investees of the SOFTBANK Capital Partners' fund. However, SOFTBANK Capital Partners underwent legal reorganization during the term under review to strengthen fund control and to more accurately reflect SOFTBANK policies in fund management. As a result, investees are now accounted for using the equity method or stated at cost, and only management fees were recorded as revenues. Revenues for the term amounted to ¥1,741 million, and operating income totaled ¥239 million.

Due to adjustments made in the stock market, downward revisions have also been made to hitherto over-valued investment appraisals, and SOFTBANK is now concentrating its investment activities on companies with the greatest growth potential. SOFTBANK's overseas fund team operates around the world. Well-seasoned experts on each market actively search for profitable investments and analyze each market from a global perspective. Investments are then made in companies with technological strength in these high-prospect fields and still in the early stages of development.

SOFTBANK Emerging Markets, which is tied-up with the World Bank Group's International Finance Corporation, specializes in emerging markets. This year, it commenced full-fledged operations and established offices in Malaysia and Poland. SOFTBANK Emerging Markets will contribute to the growth of its investments by using SOFTBANK's world-spanning network to share information and introduce business partners.

Meanwhile, with the majority of Internet corporations in the United States concentrating their operations within the U.S. market, SOFTBANK will suspend business operations and possibly liquidate @viso Limited and eVentures Limited, which were established to export the business models of U.S. Internet companies into Europe.

4. Geographic Segment Performance

Due to the strong performance of the e-Commerce and e-Finance segments, SOFTBANK's revenues in Japan for the term under review increased 18.1% compared with the previous term, to ¥341,978 million. Operating income also rocketed 38.9%, to ¥19,855 million.

In North America, Ziff-Davis, Inc. was sold and UTStarcom, Inc. was removed from consolidation, leaving Key3Media Group, Inc. as the only major source of revenue for the region. As a result, revenues plummeted 72.0%, to ¥31,079 million. Although the operating income ratio improved due to the sale of assets in underperforming Ziff-Davis Inc, owing to the fall in net sales, operating income dropped 57.3%, to ¥2,651 million.

Revenues in Europe also consisted of revenue from the operations of Key3Media Group, Inc. only, due to the sale of assets in Ziff-Davis, Inc., and amounted to ¥1,291 million. Although Key3Media Group, Inc. successfully generated income during the term, operating costs incurred in the Group's fund business in Europe resulted in an operating loss of ¥473 million.

In operations in South Korea, equity method affiliate SOFTBANK Korea, Co., Ltd., was included in consolidation from the term under review. Demand is high for network products in South Korea where broadband access is spreading rapidly, and IT product wholesale and marketing operations are expanding at a healthy pace, resulting in revenues of ¥21,271 million. Although operating income from business operations was recorded for the term, amortization of consolidated goodwill from the time the company was acquired resulted in an operating loss of ¥856 million.

CONSOLIDATED BALANCE SHEETS

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

	FY2000/2001 (As of March 31,2001)		FY1999/2000 (As of March 31, 2000)		Increase (△Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	(365,166)	(31.9)	(516,458)	(44.2)	(△151,292)
Cash	141,056	12.4	254,708	21.8	△113,651
Trade notes and accounts receivable	81,286	7.1	92,454	7.9	△ 11,168
Marketable securities	29,343	2.6	17,848	1.5	11,495
Inventories	23,413	2.0	16,954	1.5	6,459
Deferred tax assets (current)	8,234	0.7	6,340	0.5	1,894
Assets held for sale	-	-	79,872	6.9	△ 79,872
Other current assets	83,075	7.2	51,507	4.4	31,567
Allowance for doubtful accounts (current)	△ 1,244	△0.1	△ 3,227	△0.3	1,983
Non Current assets	(780,318)	(68.1)	(651,412)	(55.8)	(128,906)
Property and Equipment	13,529	1.2	8,243	0.7	5,286
Intangible assets, net	119,774	10.4	131,784	11.3	△ 12,009
Goodwill	41,680	3.6	56,664	4.9	△ 14,984
Trade names	41,093	3.6	38,438	3.3	2,655
Software	7,135	0.6	4,819	0.4	2,316
Advertiser lists	-	-	2,514	0.2	△ 2,514
Consolidation adjustment	15,079	1.3	15,940	1.4	△ 861
Other intangible assets	14,785	1.3	13,405	1.1	1,379
Investments and other assets	647,014	56.5	511,384	43.8	135,630
Investments in securities	492,853	43.0	398,270	34.1	94,582
Long-term loan receivables	3,033	0.3	2,634	0.2	399
Deferred tax assets	9,826	0.9	2,261	0.2	7,565
Investments in partnership	133,303	11.6	94,727	8.1	38,575
Other assets	9,440	0.8	14,604	1.3	△ 5,163
Allowance for doubtful accounts	△ 1,442	△0.1	△ 1,113	△0.1	△ 328
Deferred charges	(598)	(0.0)	(436)	(0.0)	(161)
TOTAL ASSETS	1,146,083	100.0	1,168,308	100.0	△ 22,224

CONSOLIDATED BALANCE SHEETS

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

	FY2000/2001 (As of March 31,2001)		FY1999/2000 (As of March 31,2000)		Increase (△Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	(379,309)	(33.1)	(344,767)	(29.5)	(34,541)
Trade notes and accounts payable	63,935	5.6	55,828	4.8	8,106
Short-term borrowing	128,482	11.3	88,885	7.6	39,596
Current portion of straight bonds	21,400	1.9	26,300	2.3	△ 4,900
Current portion of convertible bonds	6,614	0.6	-	-	6,614
Commercial paper	30,000	2.6	-	-	30,000
Income tax payable	23,428	2.0	57,743	4.9	△ 34,315
Deferred tax liabilities (current)	298	0.0	28,565	2.4	△ 28,267
Accrued expenses	10,654	0.9	23,681	2.0	△ 13,026
Advance received	11,329	1.0	10,287	0.9	1,042
Allowance for sales returns	1,471	0.1	2,259	0.2	△ 787
Other current liabilities	81,695	7.1	51,216	4.4	30,478
Long-term liabilities	(283,059)	(24.7)	(336,463)	(28.8)	(△ 53,404)
Straight bonds	175,368	15.3	169,089	14.5	6,278
Convertible bonds	-	-	8,182	0.7	△ 8,182
Long-term debt	51,578	4.5	126,248	10.8	△ 74,670
Pension accrual	152	0.0	76	0.0	76
Deferred tax liabilities	32,372	2.8	3,764	0.3	28,607
Other liabilities	23,587	2.1	29,102	2.5	△ 5,514
Translation adjustments	-	-	2,051	0.2	△ 2,051
TOTAL LIABILITIES	662,368	57.8	683,283	58.5	△ 20,914
MINORITY INTEREST	59,453	5.2	104,284	8.9	△ 44,831
SHAREHOLDERS' EQUITY					
Common stock	137,630	12.0	124,957	10.7	12,672
Additional paid-in capital	161,953	14.1	149,211	12.8	12,741
Retained earnings	94,803	8.3	59,091	5.0	35,711
Net unrealized gains on securities available for sale	18,435	1.6	47,546	4.1	△ 29,111
Translation adjustments	11,441	1.0	-	-	11,441
Less: Treasury stock	△ 2	△0.0	△ 66	△0.0	64
TOTAL SHAREHOLDERS' EQUITY	424,261	37.0	380,740	32.6	43,521
TOTAL LIABILITIES , MINORITY INTEREST AND SHAREHOLDERS' EQUITY	1,146,083	100.0	1,168,308	100.0	△ 22,224

CONSOLIDATED STATEMENTS OF INCOME

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

	FY2000/2001 (April 2000 through March 2001) Amount	%	FY1999/2000 (April 1999 through March 2000) Amount	%	Increase (△Decrease)
Revenue from non-Finance business	365,201	92.0	404,635	95.6	△ 39,433
Cost of sales	291,507	73.4	280,780	66.3	10,727
Gross profit	73,693	18.6	123,854	29.3	△ 50,161
Selling, general and administrative expenses	70,493	17.8	125,201	29.6	△ 54,708
Operating income (△loss) from non-Finance	3,200	0.8	△ 1,346	△ 0.3	4,547
Revenue from Finance business (1)	31,903	8.0	18,585	4.4	13,318
Expense for Finance business (2)	18,672	4.7	8,861	2.1	9,811
Operating income from Finance business (3)	13,231	3.3	9,724	2.3	3,506
Total operating income	16,431	4.1	8,377	2.0	8,054
Non-operating income	(42,374)	(10.7)	(17,571)	(4.2)	(24,803)
Interest income	4,363	1.1	2,779	0.7	1,583
Exchange gain	28,115	7.1	-	-	28,115
Equity in earnings of affiliates	-	-	4,744	1.1	△ 4,744
Other non-operating income	9,895	2.5	10,046	2.4	△ 151
Non-operating expenses	(38,740)	(9.7)	(77,881)	(18.5)	(△ 39,140)
Interest expenses	12,263	3.1	20,153	4.8	△ 7,889
Exchange loss	-	-	44,370	10.5	△ 44,370
Equity in losses of affiliates	19,765	5.0	-	-	19,765
Other non-operating expenses	6,710	1.6	13,357	3.2	△ 6,646
Ordinary income (△loss)	20,065	5.1	△ 51,932	△ 12.3	71,998
Special income	(169,925)	(42.8)	(289,072)	(68.3)	(△ 119,146)
Gain on sales of investment securities	119,054	30.0	218,207	51.6	△ 99,152
Dilution gain from changes in equity interest	49,712	12.5	40,072	9.5	9,640
Gain on sales of operations	-	-	29,001	6.8	△ 29,001
Other special income	1,158	0.3	1,791	0.4	△ 633
Special loss	(102,981)	(26.0)	(204,971)	(48.4)	(△ 101,989)
Loss on sales of investment securities	23,764	6.0	602	0.1	23,162
Loss on revaluation of investment securities	29,230	7.4	3,662	0.9	25,567
Loss on revaluation of investments in affiliates	28,761	7.2	-	-	28,761
Loss on discontinued operations	8,604	2.2	77,043	18.2	△ 68,439
Dilution loss from changes in equity interest	1,558	0.4	3,236	0.8	△ 1,677
Evaluation loss on intangible assets	-	-	119,126	28.1	△ 119,126
Other special loss	11,062	2.8	1,300	0.3	9,762
Income before income taxes	87,009	21.9	32,168	7.6	54,841
Income taxes -current	69,043	17.4	52,722	12.5	16,320
Income taxes -deferred	△ 20,427	△ 5.1	62	0.0	△ 20,489
Minority interest	△ 1,762	△ 0.4	29,063	6.9	△ 30,825
Net income	36,631	9.2	8,446	2.0	28,184

Notes: Finance Business Break-down

	FY2000/2001 e-Finance	FY2000/2001 Overseas Funds	FY1999/2000 e-Finance	FY1999/2000 Overseas Funds
(1) Revenue from Finance business	30,626	1,277	15,981	2,604
(2) Expense for Finance business	17,171	1,501	8,271	589
(3) Operating income from Finance business	13,454	△223	7,710	2,014

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

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

	FY2000/2001 (April 2000 through March 2001)	FY1999/2000 (April 1999 through March 2000)	Increase (△Decrease)
Retained earnings at beginning of period	59,091	52,556	6,534
Increase in retained earnings	(1,431)	(256)	(1,175)
Increase due to exclusion of affiliates under equity method	1,385	-	1,385
Increase due to merger	46	256	△ 210
Decrease in retained earnings	(2,351)	(2,168)	(182)
Dividends	2,203	2,095	107
Directors' bonus	117	72	44
Decrease due to exclusion of affiliates under equity method	1	-	1
Decrease due to exclusion of consolidated subsidiaries	29	-	29
Net income	36,631	8,446	28,184
Retained earnings at end of period	94,803	59,091	35,711

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	FY2000/2001 (April 2000 through March 2001)	FY1999/2000 (April 1999 through March 2000)
Ⅰ Cash flows from operating activities		
Income before income taxes	87,009	32,168
Depreciation and amortization	8,072	32,659
Equity in losses (earnings) of affiliates	19,765	△ 4,744
Dilution gain from changes in equity interest	△ 48,154	△ 36,835
Evaluation loss on intangible assets	-	119,126
Loss (gain) on revaluation of marketable and investment securities	57,991	△ 3,028
Net gain on sales of marketable and investment securities	△ 95,404	△ 218,677
Exchange (gain) loss	△ 28,219	44,370
Interest and dividends income	△ 4,377	△ 2,779
Interest expenses	12,263	20,153
Loss on discontinued operations	16,246	48,041
Increase in trade notes and accounts receivable	△ 4,259	△ 26,214
Increase in trade notes and accounts payable	10,902	22,721
Decrease in other assets	△ 48,644	△ 32,650
Increase in other liabilities	24,759	38,523
Other cash flows from operating activities	△ 5,777	3,454
Subtotal	2,174	36,291
Interest and dividends received	4,103	2,938
Interest expense paid	△ 11,823	△ 20,882
Income taxes paid	△ 86,053	△ 17,997
Net cash (used in) provided by operating activities	△ 91,598	349
Ⅱ Cash flows from investing activities		
Capital expenditures-property, equipment, and intangible assets	△ 16,241	△ 11,637
Purchase of marketable and investment securities	△ 233,131	△ 299,091
Proceeds from sales of marketable and investment securities	104,224	159,905
Proceeds from sales of subsidiary (which is not a subsidiary after the sale)	66	104,724
Purchase of subsidiary (which was not a subsidiary before the sale)	△ 362	△ 11,610
Proceeds from sales of subsidiaries' shares	20,965	-
Payment on lending	△ 6,647	△ 8,172
Proceeds from repayments on lending	5,154	7,608
Proceeds from sale of assets held for business	82,906	-
Other cash flows from investing activities	453	△ 2,067
Net cash used in investing activities	△ 42,612	△ 60,341
Ⅲ Cash flows from financing activities		
Proceeds from issuance of subsidiaries' stock to minority interest	38,502	67,465
Proceeds from sales of subsidiaries' stock to minority interest	-	83,438
Net increase in short-term borrowing	37,547	68,199
Proceeds from issuance of commercial paper	50,000	-
Payments for redemption of commercial paper	△ 20,000	△ 20,000
Proceeds from long-term debt	63,491	7,034
Repayment of long-term debt	△ 142,102	△ 46,738
Proceeds from issuance of bonds	27,867	61,843
Payment for redemption of bonds	△ 26,603	△ 35,333
Proceeds from issuance of common stock	23,275	-
Proceeds from silent partners of consolidated subsidiary	-	44,485
Dividends paid	△ 2,200	△ 2,095
Other cash flows from financing activities	△ 25,228	△ 7,385
Net cash provided by financing activities	24,548	220,914
Ⅳ Effect of exchange rate changes on cash and cash equivalents	33,461	△ 307
Ⅴ Net (decrease) increase in cash and cash equivalents	△ 76,200	160,615
Ⅵ Increase in cash and cash equivalents due to the change from equity method affiliates to consolidated subsidiaries	517	1,558
Ⅶ Decrease in cash and cash equivalents due to the change from consolidated subsidiaries to equity method affiliates	△ 22,444	-
Ⅷ Decrease in cash and cash equivalents due to offset of anonymous investment association	△ 10,827	-
Ⅸ Cash and cash equivalents at beginning of the period	268,060	105,886
Ⅹ Cash and cash equivalents at end of the period	159,105	268,060

Basis of Presentation of Consolidated Financial Statements

1. Scope of Consolidation

The Company consolidates 216 subsidiaries. 20 subsidiaries are not consolidated, **as** their influence on the consolidated financial statements is immaterial in the aspects of total assets, sales, net income and retained earnings.

Changes in scope of consolidation are followings.

<Increase; including Partnerships>

1. Key3Media Group, Inc.	Newly established resulting from spin-off from Ziff-Davis Inc.
2. SB Life Science Pte. Ltd.	Newly established
3.SOFTBANK Emerging Markets, Ltd.	Newly established
4.SB Thrunet Fund, L.P.	Newly established
5.SOFTBANK TECHNOLOGY HOLDINGS CORP.	Newly established
6.Finance All Corporation	Newly established
7.IP Revolution Inc.	Newly established
8.CreariveBank Inc.	Equity Increase due to new share issuance

Other 104 companies

<Decrease; including Partnerships>

1. UTStarcom, Inc.	Changed to affiliates due to dilution by new share issuance
2. Ziff-Davis Inc.	Sold off

Other 37 companies

2. Application of the equity method

110 affiliates and 7 non-consolidated subsidiaries are under the equity method.

Changes in application of the equity method are followings.

<Increase; including Partnerships>

1. Aozora Bank Ltd. (formerly The Nippon Credit Bank, Ltd.)	Newly invested
2. Nihon Ariba K.K	Newly invested
3. UTStarcom, Inc.	Changed from consolidated subsidiary

Other 76 companies

<Decrease; including Partnerships>

1. Able Corporation	Sold off

Other 14 companies

3. Fiscal year ends of subsidiaries

Fiscal year ends of consolidated subsidiaries are followings:

<Fiscal year end>	<Domestic >	<Foreign>
March end(as same as consolidated B/S date)	79	10
June end	2	44
September end	7	-
December end	14	59
February end	1	-

4. Summary of Significant Accounting Policies

(1) Major Asset evaluation

(a) Marketable securities and investments in securities

Held-to-maturity securities: Carried at Amortized Cost

Available-for-sale securities

With a market quotation: Stated at fair value, valued at market prices at balance sheet date. (Amount of the unrealized gains / losses from valuation of marketable securities are charged directly to shareholders' equity, while cost for sale is determined mainly by the moving-average method.)

Without a market quotation:

Stated at Cost, mainly by the moving-average method.

(b) Inventories

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

(2) Depreciation methods for major assets

(a) Tangible fixed assets:

For the Company and domestic consolidated subsidiaries, the declining-balance method is used. For foreign consolidated subsidiaries, the straight-line method is used.

(b) Intangible fixed assets:

The straight-line method is used. Goodwill is amortized over 5 to 40 years.

(3) Recording basis of major allowances and accrual

(a) Allowance for doubtful accounts:

Allowance for doubtful accounts is provided at an amount of possible losses from uncollectable receivables based on the actual rate of losses from bad debt for ordinary receivables, and on estimated recoverability for specific doubtful receivables.

(b) Allowance for sales returns:

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

(c) Pension Accrual:

For the Company and domestic consolidated subsidiaries, pension accrual is calculated based on projected benefit obligations and fair value of the plan assets at the end of the fiscal year. The cumulative effect of adopting the new accounting standard, amounting to 382 million yen, is expensed in this fiscal year. The impact to current year pension cost from the adoption of the new accounting standard is not material.

(4) Finance Leases

Finance leases other than those transferring the ownership of the leased assets to lessees are accounted for by a principle similar to that used for ordinary operating leases.

(5) Anonymous Investment Association

For prior years, assets of an anonymous investment association had been treated as assets of a consolidated subsidiary operating the association, and included in the consolidated balance sheet and footnotes. From this fiscal year, considering the increase in the amount of assets of the anonymous investment association and the existence of assets substantially not belonging to the consolidated group, assets and liabilities belonged to members outside the consolidated group are offset against the deposits from the members of the association.

Cash and cash equivalents, which belong to the members of the association outside the consolidated group (amounting to 10,827 million yen) at the beginning of the fiscal year, are stated as “Decrease in cash and cash equivalents due to offset of anonymous investment association” in the statement of cash flows.

5. Amortization of the consolidation adjustment

Consolidation adjustment is amortized on a straight-line basis over five to seven years. Immaterial amount of consolidation adjustment is expensed as incurred.

6. Appropriation of retained earnings

Consolidated statement of retained earnings reflects the appropriation of retained earnings approved during the fiscal year.

7.The Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents in the consolidated statement of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(Additional Information)

1. Accounting Principle for Pension Plans

Effective April 1, 2000, the Company adopted a new accounting standard for its pension plans in accordance with "Policy Statement on Accounting for Pensions" issued by the Business Accounting Deliberation Council on June 16, 1998.

2. Accounting Principle for Financial Instruments

Effective April 1, 2000, the Company adopted a new accounting standard for financial instruments in accordance with "Policy Statement on Accounting Standards for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999.

After examining the holding purposes for marketable securities held by the Company at the beginning of the fiscal year, marketable securities to be matured within one year are included in current assets and the rest of the marketable securities are included in investments in securities.

3. Accounting Principle for Foreign Currency Transactions

Effective April 1, 2000, the Company adopted a new accounting principle for foreign currency transactions in accordance with “Policy Statement on Revising Accounting Standards for Foreign Currency Transactions” issued by the Business Accounting Deliberation Council on October 22, 1999.

NOTES

1 Accumulated depreciation of property and equipment

As of March 31, 2001	As of March 31, 2000
6,516 million yen	6,953 million yen

2 Number of Treasury stock held by the Company

As of March 31, 2001	As of March 31, 2000
465 shares	720 shares

3 Assets and Liabilities held by anonymous Investment Association

For prior years, assets of an anonymous investment association had been treated as assets of a consolidated subsidiary operating the association, and included in the consolidated balance sheet.
From this fiscal year, assets and liabilities belonging to members outside the consolidated group are offset against the deposits form the members of the association.

(1) FY2000/2001 (For the year ended March 31, 2001)
The assets and liabilities belonging to the anonymous investment association, net of deposits from the members of the association, for FY2000/2001 are as follows.

Cash	5,689	million yen
Marketable securities	235	
Other current assets	15,794	(including operating investment securities of 15,489 million yen)
Investments in securities	5,291	
Investments in partnerships	1,392	
Other current liabilities	482	
Other non-current liabilities	27,921	(deposits from the members of the association)

(2) FY1999/2000 (For the year ended March 31, 2000)
The assets and liabilities belonging to the anonymous investment association included in the consolidated balance sheets for FY1999/2000 are as follows.

Cash	2,025	million yen
Marketable securities	8,802	
Other current assets	16,512	(including operating investment securities of 16,150 million yen)
Investments in securities	1,491	
Other current liabilities	1,416	
Other non-current liabilities	24,680	(deposits from the members of the association)

4 Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral related to lease contracts

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

Assets pledged as collateral				
	As of March 31, 2001		As of March 31, 2000	
Account	Carrying amount	Type of collateral	Carrying amount	Type of collateral
Cash	-		550	Pledge
Trade notes and accounts receivable	963	Mortgage	561	Mortgage
Other current assets (Account receivable -other)	12	Mortgage	-	

Secured liabilities				
	As of March 31, 2001		As of March 31, 2000	
Account	Carrying amount		Carrying amount	
Trade notes and accounts payable	401		374	

Notes for FY2000/2001 (as of March 31, 2001)

The collateral listed above are for lease liability of 11,225 million yen (including the above accounts payable of 401 million yen), and are made by mortgaging credits, claimed by consolidated subsidiaries in future, to members based on membership agreements and to a consigned broadcasting company based on marketing agreements.
The ending balances of the above credits are 963 million yen of accounts receivable and 12 million yen of other current assets shown above.

Notes for FY1999/2000 (as of March 31, 2000)

The collateral listed above are for lease liability of 11,257 million yen (including the above accounts payable of 374 million yen), and are made by mortgaging credits, claimed by consolidated subsidiaries in future, to members based on membership agreements and to a consigned broadcasting company based on marketing agreements.
The ending balance of the above credits is 561 million yen of accounts receivable shown above.

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

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

Assets pledged as collateral				
	As of March 31, 2001		As of March 31, 2000	
Account	Carrying amount	Type of collateral	Carrying amount	Type of collateral
Other current assets (Marketable securities in custody)	2,351	Mortgage	-	

Secured liabilities				
	As of March 31, 2001		As of March 31, 2000	
Account	Carrying amount		Carrying amount	
Other current liabilities (Deposits received for securities loaned)	13,514		-	

Notes: In addition to the above, collateral securities received form customers on margin transactions (3,732 million yen) have been provided to Japan Securities Finance Company as collateral for securities borrowed.

(3) Assets pledged as collateral related to loans

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

Assets pledged as collateral				
	As of March 31, 2001		As of March 31, 2000	
Account	Carrying amount	Type of collateral	Carrying amount	Type of collateral
Cash (Time deposits)	48	Mortgage	-	
Property and equipment	1,026	Mortgage	1,219	Mortgage
Investment in securities	69,519	Mortgage	-	

Secured liabilities				
	As of March 31, 2001		As of March 31, 2000	
Account	Carrying amount		Carrying amount	
Short-term borrowing	20,564		52	
Long-term debt	124		146	

Notes for FY2000/2001 (as of March 31, 2001)

Assets and subsidiary stocks of Key3Media, a U.S. consolidated subsidiary of the Company, are pledged as collateral to long-term debt of 298 million dollar (34,243 million yen) and to short-term borrowing (which is reclassified from long-term bank loans) of 1 million dollar (181 million yen).

(4) Commitment to extend credit (Unused credit facility)

As of March 31, 2001	As of March 31, 2000
42 million yen	— million yen

5 Accounting for trade notes receivable with maturity date at the end of the fiscal year

Trade notes receivable with maturity date at the end of the fiscal year were settled on actual exchange dates.
Amount described below is included in the balance sheets at the end of the fiscal year because the last day of this fiscal year was a holiday

Trade notes receivable	983 million yen

6 Notes to consolidated statements of cash flows

(1) Reconciliation of cash and cash equivalents and accounts on the consolidated balance sheets

	(As of March 31, 2001)	(As of March 31, 2000)
Cash	141,056 million yen	254,708 million yen
Marketable securities	29,343	17,848
Time deposits with original maturity exceeding three-month period	△ 2,009	△ 4,410
Deposits received from customers of the consolidated subsidiaries involved in securities business	△ 10,590	-
Stocks and Bonds with original maturity exceeding three-month period	△ 95	△ 86
Cash equivalents included in inventories of consolidated subsidiaries involved in securities business	1,400	-
Cash and cash equivalents	159,105 million yen	268,060 million yen

(2) Significant non-cash transactions

Conversion of convertible bonds	1,568 million yen	40,327 million yen

7 Lease transaction

7-1. Finance leases in which the ownership of leased assets is not transferred to lessees
(as a lessee)

	FY2000/2001 million yen	FY1999/2000 million yen

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

	FY2000/2001 million yen	FY1999/2000 million yen
Property, plant and equipment		
Amount equivalent to acquisition costs	15,186	12,401
Amount equivalent to accumulated depreciation	4,463	1,595
Amount equivalent to costs, less accumulated depreciation at end of the fiscal year	10,722	10,805
Software (Intangible assets)		
Amount equivalent to acquisition costs	256	406
Amount equivalent to accumulated amortization	46	65
Amount equivalent to costs, less accumulated amortization at end of the fiscal year	209	341
Total		
Amount equivalent to acquisition costs	15,443	12,808
Amount equivalent to accumulated depreciation	4,510	1,661
Amount equivalent to costs, less accumulated depreciation at end of the fiscal year	10,932	11,146

(b) Amount equivalent to finance lease obligation at end of the fiscal year

	FY2000/2001	FY1999/2000
One year or less	3,136	2,405
Over a year	8,552	8,938
Total	11,689	11,344

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

	FY2000/2001	FY1999/2000
Lease payments	4,221	1,407
Amount equivalent to depreciation expenses	4,256	1,203
Amount equivalent to interest expenses	1,029	385

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

The amount equivalent to depreciation expenses is computed using the straight line method based on the lease term and no remaining amount.
The amount equivalent to interest expenses, which is calculated by subtracting acquisition costs from total lease payments, is allocated over lease periods based on the interest method.

(as a lessor)

(a) Acquisition costs, accumulated depreciation and costs less accumulated depreciation at end of year

	FY2000/2001	
Property, plant and equipment		
Acquisition costs	478	million yen
Accumulated depreciation	41	
Costs, less accumulated depreciation at end of the fiscal year	436	
Software (Intangible assets)		
Acquisition costs	441	
Accumulated amortization	62	
Costs, less accumulated amortization at end of the fiscal year	378	
Total		
Acquisition costs	919	
Accumulated depreciation	104	
Costs, less accumulated depreciation at end of the fiscal year	815	

(b) Amount equivalent to finance lease obligation at end of the fiscal year

One year or less	248
Over a year	959
	1,208

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

Lease income	180
Depreciation expenses	118
Amount equivalent to interest income	38

(d) Calculation method of amount equivalent to interest income

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

7-2. Non-cancelable operating lease transactions

(as a lessee)

	FY2000/2001	FY1999/2000
Future lease payments	million yen	million yen
One year or less	1,000	57,629
Over a year	3,245	355,178
Total	4,245	412,808

(as a lessor)

N/A

8 Dilution gain/loss from changes in equity interest

During the current fiscal year, as a result of capital transactions including initial public offerings at the investee level, the Company's accounting interest in certain investments was adjusted due to dilution.

The major dilution gain / loss from changes in equity interest are as follows:

	(Gain)		(Loss)	
Yahoo! Inc.	12,553	million yen	-	million yen
SOFTBANK INVESTMENT CORPORATION	9,087		△ 332	
E*TRADE Group, Inc.	6,897		-	
E*TRADE Japan K.K.	5,052		△ 85	
UTStarcom, Inc.	2,534		△ 59	
Nasdaq Japan, Inc.	2,340		-	
Yahoo! Korea Corporation	2,113		-	
Ziff-Davis Inc.	1,469		-	
Morningstar Japan K.K.	1,354		△ 21	
cyber communications inc.	1,079		-	

9. Accounting change related with reorganization of SOFTBANK Capital Partners

For the year ended March 31, 2000, SOFTBANK Capital Partners (Cap Fund) revalued the portfolio at fair value and recorded gain /loss in operating income from Finance business on the statements of income under US GAAP.

For the year ended March 31, 2001, the Company legally reorganized Cap Fund to increase the level of control, which SOFTBANK Group has over the Fund, and to be able to exercise significant influence over decision-making of the Fund.

As a result, Cap Fund was divided into SOFTBANK side fund (SB side fund) and Non-SOFTBANK side fund, which consisted of external investments. Under US GAAP, investments held by SB side fund are either consolidated, accounted for under the equity method, or cost method based on the percentage of ownership of shares.

For the year ended March 31, 2001, the equity method and/or cost method were applied to investments held by the SB side fund.

There was no significant effect on net income before income taxes for FY2000/2001 due to this reorganization.

Adjustment to the beginning balance of retained earnings amounting 2,797 million yen, due to the reorganization, was reported as special loss.

10. Loss on Discontinued Operations

The Company recognized loss on U.S. discontinued operations related to Ziff-Davis Inc. and Kingston Technology Company for the year ended March 31, 2001. Loss on discontinued operations was separately recorded from gain/loss on continued operations under US GAAP, whereas under Japanese GAAP total amounts of loss on sales of operations and operating losses before sales of operations were recorded as special losses from discontinued operations.

(1) Ziff-Davis Inc. (ZD)

After sales of publishing division in April 2000, ZD mainly operated ZDNet and ZD Events of an exhibition business. The exhibition business was spun off as Key3Media and continued the operation as a consolidated subsidiary.

On the other hand, ZDNet and ZD were merged to CNET Network, Inc. (CNET) on October 2000, and recorded operating losses as loss on discontinued operations amounting 4,831 million yen regarding ZD and ZDNet (excluding a spun-off exhibition business).

(2) Kingston Technology Company (Kingston)

As a result of settlement of assets and liabilities regarding SOFTBANK Kingston Inc., which was a holding company of Kingston being sold during the consolidated fiscal year ended March 31, 2000, settlement losses of 3,772 million yen were reported as a loss on discontinued operations in statements of income.

11. Loss on investments in affiliates

Loss on revaluation of investments in affiliates classified as special loss was as follows:

(a) Impairment charge of consolidation adjustment for consolidated subsidiaries	168 million yen
(b) Impairment charge of differences resulted from elimination of investment for affiliates	28,592 million yen

12. Significant Subsequent Events N/A

SEGMENT INFORMATION

1. Business Segment Information

(1) FY2000/2001(For the year ended March 31, 2001)

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

	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Internet Infrastructure	Overseas Funds	Others	Total	Elimination or Corporate Assets	Consolidated Total
Ⅰ. Net sales and operating income/loss												
Net sales												
(1) Sales to external customers	253,943	30,626	52,414	12,998	12,481	11,728	-	1,277	21,635	397,105	-	397,105
(2) Inter-segment sales and transfers	4,577	778	847	3	742	2,743	-	463	840	10,997	△ 10,997	-
Total	258,521	31,404	53,262	13,001	13,223	14,471	-	1,741	22,476	408,102	△ 10,997	397,105
Operating expenses	256,751	17,966	47,358	11,946	8,521	13,996	1,068	1,501	28,141	387,252	△ 6,578	380,673
Operating income (△loss)	1,769	13,437	5,904	1,055	4,702	475	△ 1,068	239	△ 5,664	20,850	△ 4,418	16,431
Ⅱ. Assets, depreciation & capital expenditures												
(1) Identifiable assets	97,821	308,828	140,523	33,417	129,771	9,282	7,587	140,886	210,839	1,078,958	67,125	1,146,083
(2) Depreciation	1,571	1,313	4,313	18	1,317	132	13	14	1,858	10,553	150	10,703
(3) Capital expenditures	4,472	10,197	1,625	165	1,911	443	115	127	1,069	20,127	2,618	22,745

(2) FY1999/2000(For the year ended March 31, 2000)

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

	e-Commerce	e-Finance	Media & Marketing	Internet Culture	Overseas Funds	Other	Total	Elimination or Corporate Assets	Consolidated Total
Ⅰ. Net sales and operating income/loss									
Net sales									
(1) Sales to external customers	222,897	15,981	118,441	17,255	2,604	41,040	423,220	-	423,220
(2) Inter-segment sales and transfers	3,630	2,668	443	655	-	2,893	10,289	△ 10,289	-
Total	231,527	18,649	118,884	17,911	2,604	43,934	433,509	△ 10,289	423,220
Operating expenses	224,430	9,278	120,806	15,672	589	53,897	424,675	△ 9,832	414,843
Operating income (△loss)	7,097	9,371	△ 1,921	2,238	2,014	△ 9,963	8,834	△ 457	8,377
Ⅱ. Assets, depreciation & capital expenditures									
(1) Identifiable assets	86,572	345,957	239,287	85,580	117,451	239,299	1,114,148	54,159	1,168,308
(2) Depreciation	458	190	143,492	1,723	-	5,904	151,770	15	151,785
(3) Capital expenditures	1,683	1,253	5,514	1,502	-	2,105	12,060	14	12,074

Notes:

1 1. Business segments are determined according to the responsibility of each operating officer of the segment controlling company.

2. The Company operates principally in the following business segments. (based on FY2000/2001)

(1) e-commerce	Sales of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce business, including business transaction platform and e-commerce between business and consumer operations.
(2) e-Finance	All inclusive Web-based financial operations, including Internet securities operations; management of domestic venture capital funds; incubation of portfolio corporations.
(3) Media & Marketing	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; exhibition management; web content development.
(4) Broadmedia	Provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations.
(5) Internet Culture	Internet-based advertising operations.
(6) Technology Services	Systems integration, network integration, e-commerce and business operations.
(7) Internet Infrastructure	Ultra high-speed Internet access services and such related operations as data center business.
(8) Oversears Funds	U.S.- and Asia-focused global private equity operations in Internet-related companies.
(9) Other	Human resources and general affairs services.

2 The amount of assets classified in the column "Elimination or Corporate Assets" was 75,101million yen, and included the Company's surplus funds (cash and marketable securities), investment securities and assets held by the corporate devision of the parent company

3 Depreciation and capital expenditures include long-term prepaid expenses, deferred assets and related amortizations.
Depreciation of Media & Marketing operations for FY1999/2000 (for the year ended March 31, 2000) included evaluation loss on intangible assets at Ziff-Davis Inc. amounting to 119,126 million yen.

2. Geographical Segment Information

(1) FY2000/2001(For the year ended March 31, 2001)

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

	Japan	North America	Europe	Korea	Others	Total	Elimination or Corporate Assets	Consolidated Total
Ⅰ. Net sales and operating income/loss Net sales								
(1) Sales to external customers	341,978	30,523	1,291	21,271	2,040	397,105	-	397,105
(2) Inter-segment sales and transfers	-	555	-	-	-	555	△ 555	-
Total	341,978	31,079	1,291	21,271	2,040	397,660	△ 555	397,105
Operating expenses	322,123	28,427	1,765	22,127	2,820	377,264	3,409	380,673
Operating income (△loss)	19,855	2,651	△ 473	△ 856	△ 780	20,396	△ 3,964	16,431
Ⅱ. Identifiable assets	491,551	385,017	41,282	26,556	128,068	1,072,477	73,606	1,146,083

(2) FY1999/2000(For the year ended March 31, 2000)

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

	Japan	North America	Europe	Other	Total	Elimination or Corporate Assets	Consolidated Total
Ⅰ. Net sales and operating income/loss Net sales							
(1) Sales to External customers	289,458	111,229	11,126	11,406	423,220	-	423,220
(2) Inter-segment sales and transfers	72	-	-	11,644	11,717	△ 11,717	-
Total	289,531	111,229	11,126	23,050	434,937	△ 11,717	423,220
Operating expenses	275,240	105,020	11,219	27,982	419,462	△ 4,619	414,843
Operating income (△ loss)	14,291	6,209	△ 93	△ 4,932	15,475	△ 7,097	8,377
Ⅱ. Identifiable Assets	377,262	553,331	84,097	83,185	1,097,877	70,430	1,168,308

Notes : Geographical segmentation policy and major countries of each area is as follows.(for the year ended March 31, 2001)

1 1. Geographical segmentation policy — based on geographical adjacency
2. Major countries included in each area
   - North America — U.S.A. and Canada
   - Europe — U.K., Germany and France
   - Others — Singapore, Hong Kong and China

2 The amount of assets classified in the column "Elimination or Corporate Assets" was 75,101million yen, and included the Company's surplus funds (cash and marketable securities), investment securities and assets held by the corporate devision of the parent company

3. Overseas sales

(1) FY2000/2001(For the year ended March 31, 2001)

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

	North America	Europe	Korea	Other	Total
Ⅰ. Overseas sales	31,399	1,376	21,286	2,581	56,644
Ⅱ. Consolidated sales					397,105
Ⅲ. Ratio of overseas sales to consolidated sales	8 %	0 %	5 %	1 %	14 %

(2) FY1999/2000(For the year ended March 31, 2000)

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

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

Notes: Segmentation policy of overseas sales and major countries of each area is as follows. (for the year ended March 31,2001)

1. Segmentation policy of overseas sales — based on geographical adjacency
2. Major countries of each area

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

TAX EFFECT ACCOUNTING

FY2000/2001 (For the year ended March 31, 2001)

1. Major items causing deferred tax assets / liabilities

Deferred tax assets

	(Million yen)
Loss carryforward	28,250
Evaluation loss on investment securities	16,767
Foreign exchange loss	2,667
Enterprise taxes payable	2,079
Interests payable	1,601
Allowances for bad debts, etc.	1,021
Evaluation gain / loss on stock options for officers / employees	515
Depreciation	369
Others	4,818
Deferred tax assets: subtotal	58,089
Valuation reserve	△ 30,623
Deferred tax assets: total	27,466

Deferred tax liabilities

	(Million yen)
Evaluation gain on other marketable securities	△ 21,160
Accelerated amortization on goodwill / trade names	△ 10,550
Evaluation gain on investment securities	△ 6,197
Foreign exchange gain on long-term receivables	△ 3,685
Others	△ 481
Deferred tax liabilities : total	△ 42,076

	(Million yen)
Net amount of deferred tax liabilities	△ 14,610

2. Major items causing differences between statutory and effective rate after tax effect accounting

Statutory tax rate	42.05 %
(Reconciliation)	
Perpetually-nondeductible expenses such as entertainment expenses	1.76 %
Nondeductible taxes	8.56
Valuation reserve	7.94
Equity gain / loss	2.64
Tax rate difference	△ 8.13
Others	1.05
Effective tax rate after tax effect accounting	55.87 %

FY1999/2000 (For the year ended March 31, 2000)

1. Major items causing deferred tax assets / liabilities

Deferred tax assets

	(Million yen)
Foreign exchange loss	15,505
Loss carryforward	10,874
Unrealized gain / loss	10,164
Enterprise taxes payable	4,487
Evaluation gain / loss on stock options for officers / employees	3,646
Evaluation loss on investment securities	3,348
Interests receivable	1,602
Depreciation	1,544
Allowances for bonus, etc.	446
Others	2,601
Deferred tax assets: subtotal	54,217
Valuation reserve	△ 45,615
Deferred tax assets: total	8,602

Deferred tax liabilities

	(Million yen)
Gain on sale of investment securities	△ 21,467
Gain on restructuring of overseas subsidiaries	△ 6,285
Goodwill	△ 1,890
Interests received	△ 806
Unrealized gain	△ 716
Others	△ 1,165
Deferred tax liabilities : total	△ 32,329

	(Million yen)
Net amount of deferred tax liabilities	△ 23,727

2. Major items causing differences between statutory and effective rate after tax effect accounting

Statutory tax rate	42.05 %
(Reconciliation)	
Perpetually-nondeductible expenses such as entertainment expenses	7.62 %
Nondeductible goodwill	48.56
Valuation reserve	74.88
Prorated residential taxes	0.13
Tax rate difference	△ 2.17
Equity gain / loss	△ 4.91
Others	△ 2.07
Effective tax rate after tax effect accounting	164.09 %

MARKETABLE SECURITIES

FY2000/2001 (For the year ended March 31, 2001)

1. Available for sale securities with fair value

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

	FY2000/2001 (For the year ended March 31, 2001)		
	Cost	Carrying Amount	Differences
Fair Value > Carrying Amount			
① Stocks	56,710	101,276	44,566
② Bonds			
Corporate bonds	3,140	5,828	2,687
Sub-total	59,850	107,105	47,254
Fair Value ≦ Carrying Amount			
① Stocks	69,782	53,798	△ 15,983
② Bonds			
Corporate bonds	1,350	1,311	△ 38
Sub-total	71,132	55,109	△ 16,022
Total	130,982	162,215	31,232

Notes: Fair value information at the end of FY2000/2001 is described just for "available for sale securities", whereas at the end of FY1999/2000 "Stocks of subsidiaries and affiliates" are included in addition to "available for sale securities".

2.Held-to-matureity securities sold in FY2000/2001 (for the year ended March 31, 2001)

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

	Cost for sale	Amount for sale	Gain/Loss on sale	Objectives of sales
Bonds	40	40	0	Voluntary redemption by issuance
Total	40	40	0	

3.Available for sale securities sold in FY2000/2001 (for the year ended March 31, 2001)

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

	Amount for sale	Total gains on sale	Total losses on sale
① Stocks	51,605	42,359	△ 3,346
② Bonds	25,447	1,682	△ 1,123
Total	77,053	44,042	△ 4,470

4.Marketable securities not stated at fair value

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

	Stated amount on consolidated balance sheet
(1) Held-to-maturity securities	
Unlisted bonds	0
(2) Available for sale securities	
Unlisted stocks (excluding stocks traded over the counter)	45,063
Unlisted foreign bonds	9,008
Unlisted bonds	1,776
MMF	22,184
Mid-term government bonds fund	2,365
Others	4,793
(3)Stocks of subsidiaries and affiliates	
Stocks of subsidiaries	214
Stocks of affiliates	274,575
Total	359,980

5. Prospected amount for redemption of available for sale securities with maturity date and held-to maturity securities subsequent to the consolidated balance sheet date

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

	Within one year	More than one year, less than five years	More than five year, less than ten years
(1) Held-to-maturity securities			
Others	0	-	-
sub total	0	-	-
(2) Available for sale securities			
Bonds			
Government bond and municipal bond	-	0	1
Corporate bonds	-	17,623	-
Others	0	0	-
Sub-total	0	17,623	1
Total	1	17,623	1

FY1999/2000 (As of March 31, 2000)

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

	FY1999/2000 (As of March 31, 2000)		
	Carrying amount	Fair value	Unrealized gain
① Items classified as current assets			
Stocks	5,029	56,720	51,690
Bonds	0	0	-
Others	-	-	-
Sub-total	5,030	56,720	51,690
② Items classified as non-current assets			
Stocks	255,391	3,115,210	2,859,818
Bonds	3,984	3,790	△ 194
Others	-	-	-
Sub-total	259,376	3,119,000	2,859,624
Total	264,406	3,175,721	2,911,315

Note 1: Fair values are calculated based on the following principles.

(1) Listed securities : closing prices on the Tokyo Stock Exchange or Luxembourg Stock Exchange
(2) Securities traded over the counter : final prices announced by the Japan Securities Dealers Association.
(3) Securities traded over the foreign counter : closing prices on Nasdaq
(4) Beneficiary certificates of securities investment : standard prices
(5) Securities held by Overseas Fund : prices after discounting from the closing price of Nasdaq

Note 2: Carrying amount of securities excluded from above disclosure

(Carrying amount as of March 31, 2000)

Current assets	MMF	14,108	million yen
	Mid-term government bonds fund	3,653	
	Investment securities for business	11,585	
Fixed assets	Unlisted stocks (excluding securities traded over the counter)	131,544	
	Unlisted foreign bonds	7,350	

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

Currency Related

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

	Nature of transaction	FY2000/2001 (As of March 31, 2001)				FY1999/2000 (As of March 31, 2000)			
		Contract and other amounts	Over 1 year	Fair value	Unrealized loss	Contract and other amounts	Over 1 year	Fair value	Unrealized loss
Off-market transactions	Swap Transactions								
	・Australia dollars Receiver, JPY Payer	1,000	1,000	△ 176	△ 176	1,000	1,000	△ 23	△ 23
	・Call option in US dollars	26	-	-	-	-	-	-	-
	(Option premium)	0	-	0	△ 0	-	-	-	-
	・Put option in US dollars	26	-	-	-	-	-	-	-
	(Option premium)	0	-	0	△ 0	-	-	-	-
	Total	1,053	1,000	△ 176	△ 176	1,000	1,000	△ 23	△ 23

Interest Related

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

	Nature of transaction	FY2000/2001 (As of March 31, 2001)				FY1999/2000 (As of March 31, 2000)			
		Notional and other amounts	Over 1 year	Fair value	Unrealized gain or (loss)	Notional and other amounts	Over 1 year	Fair value	Unrealized gain or (loss)
Off-market transactions	Swap Transactions								
	・Fix Rate Reciever, Floating Rate Payer	6,014	5,771	397	397	6,257	6,257	439	439
	・Floating Rate Reciever, Fix Rate Payer	8,157	7,485	△ 563	△ 563	8,828	8,828	△ 624	△ 624
	・Fix Rate Reciever(receipt later), Floating Rate Payer(pre payment)	1,000	1,000	36	36	2,000	1,000	68	68
	Total	15,171	14,257	△ 128	△ 128	17,085	16,085	△ 117	△ 117

Notes: Description of narrative information for derivative transaction is omitted.

RELATED PARTY TRANSACTIONS

1. Parent Company and Major Corporate Shareholders

N/A

2. Directors and Major Individual Shareholders

	Name	Address	Capital / Equity	Business / Occupation	Shareholding (being held) %	Relationship: Concurrent Post	Relationship: Business Relations	Transactions	Amount (million yen)	Account	Amount outstanding (million yen)
Major individual shareholder	Masayoshi Son	-	-	Representative Director, Son Asset Management	37% being directly held	-	-	Travel / transportation expenses	18	Other current assets	1

3. Subsidiaries

N/A

4. Affiliates

N/A

PENSION PLANS

1. Outline of Pension Plans

The Company and domestic consolidated subsidiaries, except some companies, adopt a qualified pension plan and a welfare pension plan, as defined-benefit pension plans.

2. Projected Benefit Obligation (as of March 31, 2001)

	(million yen)
① Projected benefit obligation	1,078
② Plan assets at fair value	782
③ Funded status	296
④ Unrecognized transition obligations	-
⑤ Unrecognized actuarial gain/loss	143
⑥ Pension accruals	152

3. Pension Costs (April 2000 through March 2001)

		(million yen)
① Service cost	(Notes 1,2)	571
② Interest cost		28
③ Expected return on plan assets		11
④ Amortization of transition obligations		382
⑤ Amortization of actuarial gain/loss		-
⑥ Pension Costs		971

Notes

1. Service cost includes a contribution of 360 million yen to a synthetic-type welfare pension plan.
2. Service cost includes pension costs of subsidiaries under simplified method.

4. Computation Basis of Pension Liabilities

① Periodic allocation principle for projected benefit obligations	Standard of fixed-amount-for-period
② Discount rate	3.0 %
③ Expected return on plan assets	2.2 %
④ Amortization period of prior service cost	1 year
⑤ Amortization period of actuarial gain/loss	1 year from the next fiscal year of occurrence