SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the Fiscal Year Ended March 31, 2002

FINANCIAL HILIGHTS

1. Results of Operations

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

	FY2002 (April 2001 through March 2002)	Year-on-year change	FY2001 (April 2000 through March 2001)	Year-on-year change
Revenues	**¥405,315**	+2.1%	¥397,105	-6.2%
Operating income	**(23,901)**	—	16,431	+96.1
Ordinary income (loss)	**(33,302)**	—	20,065	—
Net income	**(88,755)**	—	36,631	+333.7
Net income per share— primary (yen)	**(263.53)**	—	110.47	—
Net income per share—diluted (yen)	—	—	109.38	—

Notes:

1. Equity in earnings (losses) of affiliates (Million yen):
   Fiscal Year ended March 31, 2002: ¥(17,575)
   Fiscal Year ended March 31, 2001: ¥(19,765)
2. Average shares outstanding (consolidated) Year ended March 31, 2002: 336,798,168
   Year ended March 31, 2001: 331,585,133
3. There were no 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.)

	FY2002 (As of March 31, 2002)	FY2001 (As of March 31, 2001)
Total assets	**¥1,163,678**	¥1,146,083
Shareholders' equity	**465,326**	424,261
Equity ratio (%)	**40.0**	37.0
Shareholders' equity per share (yen)	**¥1,381.31**	¥1,260.14

Note: Shares outstanding (consolidated) As of March 31, 2002: 336,872,342
As of March 31, 2001: 336,677,714

3. Cash Flows

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

	FY2002 (April 2001 through March 2002)	FY2001 (April 2000 through March 2001)
Cash flows from operating activities	**¥(79,123)**	¥(91,598)
Cash flows from investing activities	**39,751**	(42,612)
Cash flows from financing activities	**1,313**	24,548
Cash and cash equivalents at end of the period	**¥119,855**	¥159,105

4. Scope of Consolidation

Consolidated subsidiaries: 285
Equity-method non-consolidated subsidiaries: 2
Equity-method affiliates: 111

5. Changes in Scope of Consolidation

Consolidated subsidiaries:
Newly added: 97
Newly deleted: 28
Equity-method non-consolidated subsidiaries and affiliates:
Newly added: 27
Newly deleted: 31

(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 Adjustment

1. Consolidated Basis

	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002
Net Income	**¥33.59**	**¥121.79**	**¥26.02**	**¥110.47**	**¥(263.53)**
Shareholders' equity	**¥791.75**	**¥906.45**	**¥1,152.18**	**¥1,260.14**	**¥1,381.31**

2. Non-consolidated Basis

	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002
Net Income	**¥44.60**	**¥38.09**	**¥165.04**	**¥14.50**	**¥(94.68)**
Shareholders' equity	**¥814.62**	**¥863.72**	**¥1,104.06**	**¥1,172.75**	**¥1,074.58**

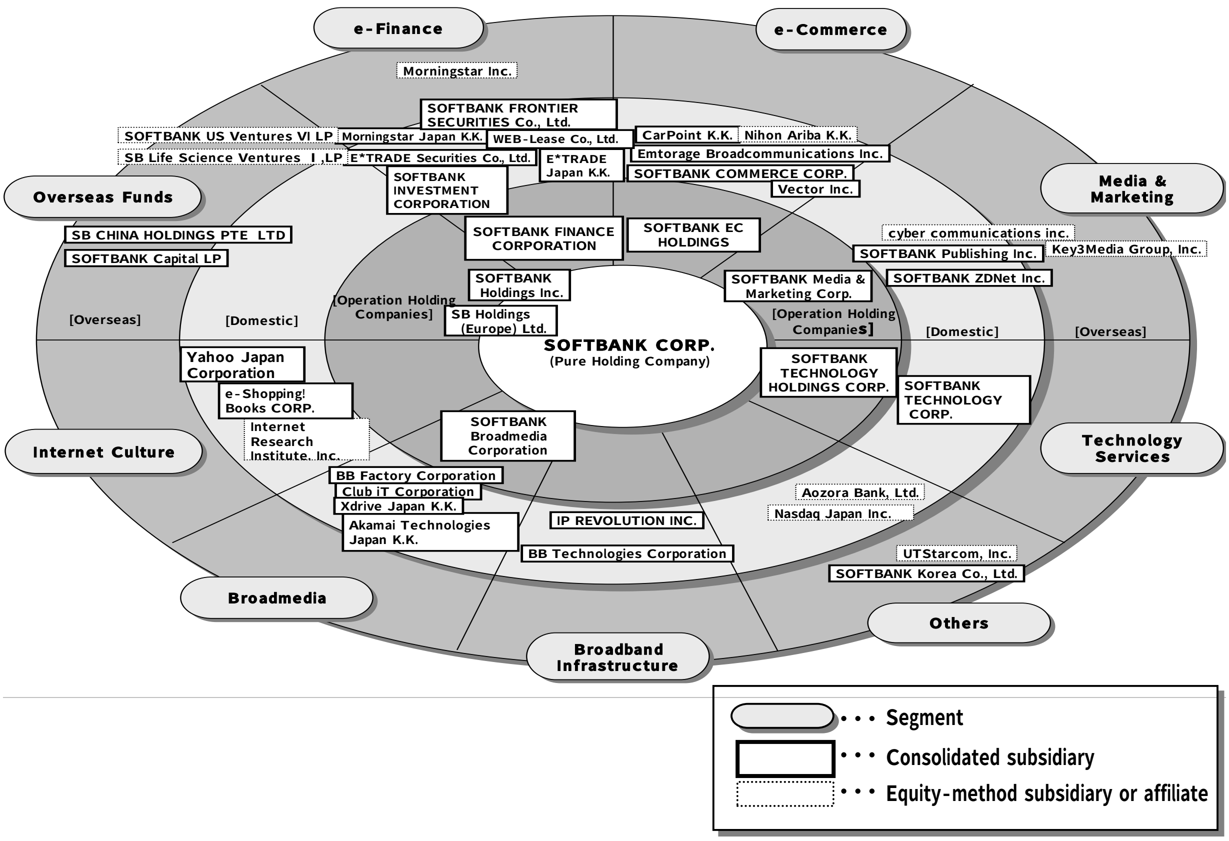
Notes:

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 2002, the SOFTBANK Group Comprised 398 companies with operation in 9 segments.

Business segment	Consolidated subsidiaries (includes partnerships)	Equity-method non-consolidated subsidiaries and affiliates (includes partnerships)	Principal products and operational content of each business
1. e-Commerce	26	12	Sales of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce business, including e-commerce between business and consumer
2. e-Finance	135	21	All inclusive Web-based financial operations, including Internet securities operations; management of domestic venture capital funds; incubation of portfolio corporations
3. Media & Marketing	14	8	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; exhibition management; web content development
4. Broadmedia	15	2	Provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations
5. Internet Culture	11	6	Internet-based advertising operations; broadband portal business; Internet-based auction business
6. Technology Services	8	3	Systems solutions business; business solutions business
7. Broadband Infrastructure	14	1	ADSL technology-based broadband infrastructure business; optical fiber-based ultra high-speed Internet access services and other operations
8. Overseas Funds	43	52	U.S.- and Asia-focused global private equity operations in Internet-related companies
9. Others	19	8	Holding company functions for overseas operations; back-office services in Japan
Total	285	113	



Management Policies

1. Fundamental Management Policy

The core management philosophy of the SOFTBANK Group is "to contribute to mankind and society by using the digital information revolution to promote the sharing of wisdom and knowledge." Over the past two decades, the Group has focused all its energy on developing Japan's digital information industry as the acknowledged industry leader. Initially, business activities were limited to software sales and publishing PC magazines. Later, the SOFTBANK Group launched a variety of new businesses that targeted the unique structure of the IT industry, which is characterized by dramatic and rapid changes. In recent years, the Group has been a driving force behind the growth of Internet businesses in Japan. A large number of businesses were started, enabling the SOFTBANK Group to play an important role in raising Internet proliferation in Japan to its present level.

Now, the SOFTBANK Group is placing priority on opportunities spawned by a new element of the Internet market: broadband technology. Resources are now being channeled to this field. By achieving further growth, the Group is determined to make the greatest possible contribution to the development of Japan's broadband services market, and, in the process maximize the Group's value.

2. Fundamental Profit Allocation Policy

The SOFTBANK Group's policy is to fulfill its obligations to society through the suitable distribution of profits among all stakeholders. Furthermore, by generating a steady stream of earnings from a variety of sources, the Group aims to continue to pay a stable dividend.

3. Medium- and Long-Term Strategies and Key Performance Indicators

The SOFTBANK Group's primary goal over the medium and long term is to become the number-one corporate group in the broadband market. By implementing the following three strategies, the Group plans to conquer the numerous markets born out of broadband technology. These businesses will be operated so as to generate stable earnings and cash flows.

Strategy 1 – Become the number-one company in broadband infrastructure

BB Technologies Corporation has completed its own broadband network covering most of Japan, making possible the provision of low-cost ADSL services. Since beginning to offer commercial services in September 2001, this company has gained approximately 490,000 subscribers in just over half a year. This represents more than 20% of the approximately 2.4 million ADSL subscribers in Japan. BB Technologies Corporation will continue to offer a wide range of services and take other steps to expand its subscriber base.

Strategy 2 – Become the number-one broadband platform group

The SOFTBANK Group includes many companies that have their own powerful brands and platforms. Among these companies are Yahoo Japan Corporation, Internet securities firm E*TRADE Japan K.K., mutual fund information service Morningstar Japan K.K., Internet job search company e-Career CORP., IT news network ZDNet (SOFTBANK ZDNet Inc.), software downloading site operator Vector Inc. and many others. Growing opportunities to earn profits among these Group companies is one example of synergies that can be generated by the development of the broadband infrastructure business. In April 2002, BB Technologies Corporation began the commercial operation of a new broadband phone service, BB Phone, creating another potential source of earnings for the Group.

Strategy 3 – Capturing the number-one market shares in broadband platform-based services and content markets

The SOFTBANK Group will develop and supply a variety of services and applications by promoting far-reaching cooperation among SOFTBANK Group companies and companies outside the Group in e-Commerce, e-Finance, media & marketing, broadcasting and other fields.

4. Important Management Issues

Making the broadband infrastructure business profitable as fast as possible

Now that BB Technologies Corporation has largely completed a nationwide broadband network, the Group has the ability to supply identical services anywhere in Japan. The Group plans to distinguish itself from competitors by combining this network with the Group's collective strengths to supply a diverse line of services. The goal is to rapidly achieve profitability and positive cash flows on a stand-alone monthly basis.

Rapid establishment of profitable operations at other new businesses

The extremely difficult conditions prevailing in the Internet business marketplace have severely impacted the operations of the SOFTBANK Group. On the positive side, this tumultuous period has clearly demonstrated which business models are successful, while spotlighting those that are not viable. This rapid process of "natural selection" of business models is enabling the Group to concentrate resources on carefully chosen activities by winding down and integrating Group companies. More actions will be taken to make all Group companies profitable.

Enhancing the Group's financial strength

The SOFTBANK Group is currently taking steps to realize a significant improvement in its financial strength. One goal is to rapidly reduce net interest-bearing debt to a suitable level. Some investment securities will be sold and cash will be used to repurchase bonds. Through these and other actions, there was a substantial drop in net interest-bearing debt during the second half of the past fiscal year. The Group will seek further progress with the aim of building an even sounder financial position.

5. Measures Involving Management Systems and Organizations

The SOFTBANK Group is divided into three tiers: a pure holding company, operating holding companies that oversee operating companies in a particular business field, and operating companies. This structure is designed to facilitate rapid decision-making based on the specialized knowledge required by each of the Group’s business segments. Each core operating company is headed by a CEO. Monthly meetings of these CEOs provide a forum for reports on business activities, information exchange, refinements in management policies and other interchanges that increase synergies within the Group. The SOFTBANK Board of Directors has nine members, three of whom come from outside the Group. The board serves as the Group’s highest decision-making body. The Board of Auditors is charged with monitoring how the directors perform their duties. The majority of these auditors come from outside the Group.

In January 2002, a Business Auditing Office was established at the holding company. This new body is responsible for monitoring the activities of the Group companies to ensure that they conform to the Group’s management policies.

The SOFTBANK Group remains fully committed to making still more improvements in its corporate governance systems in the coming years.

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. Results of Operations

Summary

Revenues increased ¥8,209 million, or 2.1%, to ¥405,315 million. This was mainly attributable to growth in the e-Commerce and Internet Culture segments.

There was an operating loss of ¥23,901 million, a decline of ¥40,332 million compared with the previous year's operating income. One reason was a loss of approximately ¥17,952 million due to start-up expenses at BB Technologies Corporation and other Broadband Infrastructure businesses. Another reason was losses posted by e-Finance and other segments due to adverse economic and market conditions in Japan and overseas.

Ordinary income declined ¥53,367 million to a loss of ¥33,302 million. Although an exchange gain of ¥24,939 million was recorded because of the decline in the yen's value, equity losses under the equity method, mainly in overseas investments of ¥17,575 million and net interest expenses of ¥13,574 million were recorded.

The net loss for the year was ¥88,755 million, ¥125,386 million less than the previous year. The company recorded as a special income, a net gain of approximately ¥51,395 million from partial sales of stock held in Yahoo! Inc., UTStarcom, Inc., E*TRADE Group Inc. and other companies. However, loss of approximately ¥118,459 million on the revaluation of investment securities and stock held in affiliates was recognized.(major components are write-off of approximately ¥40.3 billion in Asia Global Crossing Ltd. stock, approximately ¥29.7 billion in CNET Networks, Inc. stock and approximately ¥25.8 billion in overseas funds and other investments).

The valuation loss on goodwill and other intangible assets held by Key3Media Group, Inc., an affiliate, of ¥19,978 million was recognized, which was the transitional impairment losses due to the application of new U.S. accounting standards.

Operating Results by Business Segment

In e-Commerce, revenues rose ¥25,674 million, or 9.9%, to ¥284,195 million. Broadband-related revenues increased at Emtorage Broadcommunications, Inc. and AIP Bridge CORP., while SOFTBANK COMMERCE CORP., e-Shopping! Toys CORP. and other companies performed well. Operating income increased ¥1,436 million, or 81.2%, to ¥3,206 million. Although selling, general and administrative expenses increased at SOFTBANK COMMERCE CORP. due to the launch of broadband related businesses, the operating income improved at other businesses that have moved out of their start-up phases.

In e-Finance, revenues declined ¥7,143 million, or 22.7%, to ¥24,260 million. Revenues grew at Morningstar Japan K.K., E*TRADE Japan K.K. and WEB Lease Co., Ltd., however there was a decrease in fund success fees at SOFTBANK INVESTMENT CORPORATION. There was an operating loss of ¥4,920 million, ¥18,357 million less than the operating income posted in the previous fiscal year. In addition to the lower fund success fees earned by SOFTBANK INVESTMENT CORPORATION, there was a loss on the revaluation of operational investment securities at this company due to slumping stock markets and start-up losses from a number of new business ventures.

In Media & Marketing, revenues declined ¥4,822 million, or 9.1%, to ¥48,439 million. Revenues continued to climb at SOFTBANK ZDNet Inc., Click2learn Japan K.K. and other companies, but this growth was outweighed by lower revenues at SOFTBANK Publishing Inc. and Key3Media Group, Inc. Operating income was down ¥3,342 million, or 56.6%, to ¥2,561 million. In publishing, lower advertising revenues, a profitable source of funds, halved earnings at SOFTBANK Publishing. Earnings also suffered from a narrowing of profit margins at Key3Media Group, Inc., as well as start-up costs at new businesses. Key3Media Group, Inc. is no longer a consolidated subsidiary, having become an equity-method affiliate at the end of the fiscal year due to a decline in the SOFTBANK Group’s ownership.

In Broadmedia, revenues declined ¥874 million, or 6.7%, to ¥12,127 million. One reason was lower revenues at Club iT Corporation because of a decline in new subscribers. Operating income was down ¥1,095 million to a loss of ¥39 million. Start-up expenses at Akamai Technologies Japan K.K. and Xdrive Japan K.K. were the primary cause. Club iT posted a net loss of ¥613 million for the year due to a write-down of ¥2,404 million on CS tuners, antennas and other items resulting from the termination in April 2002 of a SKY PerfecTV! sales agent agreement with SKY Perfect Communications Inc. Club iT will now concentrate on restructuring its operations. Plans call for preserving its existing base of CS broadcast viewers while rapidly ramping up new businesses such as the provision of broadband services and the distribution of video programs to individuals.

In Internet Culture, revenues surged ¥18,791 million, or 142.1%, to ¥32,015 million. Amid a generally difficult advertising market, Yahoo Japan Corporation reported a small decrease in advertising revenues. However, there were large increases in revenues at Yahoo! BB and Yahoo’s auction business, two facets of Yahoo Japan’s diversification drive. Operating income was up ¥5,234 million, or 111.3%, to ¥9,936 million. This was mainly attributable to much higher earnings at Yahoo! BB and the auction business.

In Technology Services, revenues increased ¥4,055 million, or 28.0%, to ¥18,527 million and operating income rose ¥659 million, or 138.8%, to ¥1,135 million. In both cases, growth was the result of the strong performance of broadband-related services, including the establishment of a broadband infrastructure by SOFTBANK Technology Corp.

Broadband Infrastructure is a newly formed business segment consisting of the operations of BB Technologies Corporation, the three members of the Metallic Communications Group, including Tokyo Metallic Communications Corp., IP Revolution Inc., and other entities. In the previous fiscal year, these companies were part of the Internet infrastructure segment. Revenues in the segment's first year totaled ¥9,168 million. This represents ¥6,124 million in revenues at BB Technologies Corporation, revenues from the newly consolidated Metallic Communications Group and the first revenues from the new IP REVOLUTION Inc., which formerly belonged to the Internet infrastructure segment. As all of these companies are still in early stages of their development, start-up expenses and other items resulted in an operating loss of ¥17,952 million in this segment.

In Overseas Funds, revenues were up ¥740 million or 42.5% to ¥2,481 million as management fees from funds held by SOFTBANK Holdings, Inc. and other existing funds increased. The operating loss decreased by ¥466 million to ¥226 million. The loss was the result of lower earnings from funds at SOFTBANK Holdings, Inc. and the loss on funds at SB CHINA HOLDINGS PTE LTD., although this represented an improvement from the previous fiscal year.

In others, net sales decreased ¥1,674 million to ¥20,803 million, mainly the result of lower sales at SOFTBANK Korea Co., Ltd. A decline in earnings at this company along with start-up expenses at Dee Corp. caused operating income to fall ¥1,090 million to ¥6,655 million.

Results by Geographic Segment

In Japan, revenues increased ¥11,743 million, or 3.4%, to ¥353,721 million. There were increases in the e-Commerce, Internet Culture and certain other segments. Operating income was down ¥35,847 million to a loss of ¥15,992 million. The loss was mainly attributable to start-up expenses in the broadband infrastructure segment and a loss in the e-Finance segment.

In North America, revenues decreased ¥626 million, or 2.0%, to ¥30,453 million. Operating income fell ¥797 million, or 30.1%, to ¥1,854 million. Both declines were caused by lower revenues and earnings at Key3Media Group, Inc. and a one-time increase in selling, general and administrative expenses and other costs at SOFTBANK Holdings, Inc. resulting from a restructuring view of its fund operations.

In Europe, revenues were up ¥1,378 million, or 106.7%, to ¥2,669 million. This growth was the result of higher European revenues at Key3Media Group, Inc. and higher management fees in the fund business. The region's operating loss increased ¥787 million to ¥1,260 million because of lower earnings at Key3Media Group, Inc. and an increase in fund management expenses.

In Korea, revenues decreased ¥1,751 million, or 8.2%, to ¥19,520 million and the operating loss increased ¥720 million to ¥1,576 million. Both revenues and earnings are a reflection of the poor performance of SOFTBANK Korea Co., Ltd. as market conditions were extremely challenging.

2. Financial Position

Balance Sheet

Current assets increased ¥29,280 million compared with March 31, 2001 to ¥394,447 million. This was mainly attributable to the temporary payments for future lease assets of approximately ¥47.0 billion which were included in inventories and other current assets. (from BB Technologies Corporation) and an increase of ¥19,463 million in receivables related to margin transactions at E*TRADE Japan.

Intangible assets decreased by ¥88,242 million to ¥31,531 million, mainly because of the elimination of ¥37,499 million in goodwill and ¥41,093 million in trade names of Key3Media Group, Inc. which was excluded from consolidated subsidiaries.

Investments and other assets rose ¥61,518 million to ¥708,533 million. While the SOFTBANK Group ("the company") recognized the valuation loss on investment securities and sold off certain investment, the investment securities increased ¥179,217 million because Yahoo! Inc. was valued at the fair market value as other securities excluded from the affiliates accounted for by the equity method.

Liabilities decreased ¥11,150 million to ¥651,218 million. There was an increase of ¥38,338 million in deferred tax liabilities. The interest-bearing debts were down by ¥47,798 million.

Shareholders' equity increased ¥41,064 million to ¥465,326 million. While the retained earnings declined by ¥90,768 million, the unrealized gain on other securities rose by ¥108,190 million because Yahoo! Inc. was accounted at the fair market value and the translation adjustments increased by ¥23,135 million.

Cash Flows

In this fiscal year, cash was provided by investing and financing activities, while used for operating activities. The result was the net cash and cash equivalents decreased by ¥39,250 million to ¥119,855 million.

Net cash used for operating activities was ¥79,123 million. In addition to the operating loss, there was an outflow of ¥37,474 million in other receivables mainly resulting from temporary advances for the future lease assets by BB Technologies Corporation. Income tax payments resulted in an outflow of ¥25,180 million. However, there was the improvement of ¥12,474 million in net operating cash flows compared with the previous fiscal year because of a substantial decline in income tax payments.

Net cash provided by investing activities was ¥39,751 million, a net increase of ¥82,363 million compared with the previous fiscal year. There were payments of ¥71,426 million to purchase marketable and investment securities and ¥30,272 million to purchase property and equipment and intangible assets. On the other hand, sales of marketable and investment securities generated proceeds of ¥157,985 million.

Net cash provided by financing activities was ¥1,313 million, ¥23,234 million less than in the previous fiscal year. The proceeds from issuance of bonds mainly by SOFTBANK CORP. and Key3Media Group, Inc. was ¥126,393 million. On the other hand, there were the repayment of bonds of ¥53,597 million, decrease in short-term borrowings was ¥29,226 million, and net repayment of commercial paper was ¥20,000 million based on the company’s strategy of reducing the interest-bearing debts.

CONSOLIDATED BALANCE SHEETS

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

	FY2002 As of March 31, 2002		FY2001 As of March 31, 2001		Increase (Decrease)
	Amount	**%**	Amount	%	
ASSETS					
Current assets					
Cash and deposits	**¥113,580**		¥141,056		¥(27,476)
Trade notes and accounts receivable	**62,047**		81,286		(19,239)
Marketable securities	**9,545**		29,343		(19,798)
Inventories	**36,312**		23,413		12,898
Deferred tax assets	**15,430**		8,234		7,195
Receivables related to margin transactions	**42,316**		22,852		19,463
Other current assets	**116,802**		60,222		56,580
Less : Allowance for doubtful accounts (current)	**(1,586)**		(1,244)		(342)
Total current assets	**394,447**	**33.9**	365,166	31.9	29,280
Non current assets					
Property and equipment	**28,408**	**2.4**	13,529	1.2	14,879
Intangible assets, net					
Goodwill	**4,180**		41,680		(37,499)
Trade names	**-**		41,093		(41,093)
Software	**8,741**		7,135		1,605
Consolidation adjustment	**16,190**		15,079		1,110
Other intangible assets	**2,419**		14,785		(12,365)
Total intangible assets	**31,531**	**2.7**	119,774	10.4	(88,242)
Investments and other assets					
Investment securities	**521,150**		492,853		28,296
Long-term loan receivables	**1,287**		3,033		(1,746)
Deferred tax assets	**35,832**		9,826		26,006
Investments in partnerships	**141,456**		133,303		8,152
Other assets	**10,313**		9,440		873
Less : Allowance for doubtful accounts	**(1,506)**		(1,442)		(63)
Total investments and other assets	**708,533**	**60.9**	647,014	56.5	61,518
Deferred charges	**757**	**0.1**	598	0.0	159
TOTAL ASSETS	**¥1,163,678**	**100.0**	¥1,146,083	100.0	¥17,595

CONSOLIDATED BALANCE SHEETS

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

	FY2002 (As of March 31, 2002)		FY2001 (As of March 31, 2001)		Increase (Decrease)
	Amount	**%**	Amount	%	
LIABILITIES					
Current liabilities					
Trade notes and accounts payable	**¥56,742**		¥63,935		¥(7,193)
Short-term borrowings	**114,190**		128,482		(14,291)
Commercial paper	**10,000**		30,000		(20,000)
Current portion of straight bonds	**48,841**		21,400		27,441
Current portion of convertible bonds	**-**		6,614		(6,614)
Income taxes payable	**9,593**		23,428		(13,834)
Deferred tax liabilities	**47**		298		(250)
Accrued expenses	**10,176**		10,654		(478)
Payables related to margin transactions	**37,417**		17,545		19,872
Allowance for sales returns	**1,343**		1,471		(127)
Other current liabilities	**70,623**		75,478		(4,855)
Total current liabilities	**358,976**	**30.8**	379,309	33.1	(20,332)
Long-term liabilities					
Straight bonds	**179,365**		175,368		3,997
Convertible bonds	**125**		-		125
Long-term debt	**13,121**		51,578		(38,456)
Deferred tax liabilities	**70,962**		32,372		38,589
Accrued retirement benefits	**331**		152		179
Other Liabilities	**28,335**		23,587		4,747
Total long-term liabilities	**292,241**	**25.1**	283,059	24.7	9,182
TOTAL LIABILITIES	**651,218**	**55.9**	662,368	57.8	(11,150)
MINORITY INTERESTS	**47,134**	**4.1**	59,453	5.2	(12,318)
SHAREHOLDERS' EQUITY					
Common stock	**137,867**	**11.9**	137,630	12.0	237
Additional paid-in capital	**162,231**	**13.9**	161,953	14.1	278
Retained earnings	**4,035**	**0.3**	94,803	8.3	(90,768)
Net unrealized gain (loss) on other securities	**126,625**	**10.9**	18,435	1.6	108,190
Translation adjustments	**34,577**	**3.0**	11,441	1.0	23,135
Less: Treasury stock	**(10)**	**(0.0)**	(2)	(0.0)	(8)
TOTAL SHAREHOLDERS' EQUITY	**465,326**	**40.0**	424,261	37.0	41,064
TOTAL LIABILITIES , MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	**¥1,163,678**	**100.0**	¥1,146,083	100.0	¥17,595

CONSOLIDATED STATEMENTS OF INCOME

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

	FY2002 (April 2001 through March 2002)		FY2001 (April 2000 through March 2001)		Increase (Decrease)
	Amount	**%**	Amount	%	
Net sales from non-financing business	**¥381,532**	**94.1**	¥365,201	92.0	¥16,331
Cost of sales	**319,328**	**78.8**	291,507	73.4	27,820
Gross profit	**62,204**	**15.3**	73,693	18.6	(11,489)
Selling, general and administrative expenses	**81,311**	**20.0**	70,493	17.8	10,817
Operating income (loss) from non-financing business	**(19,107)**	**(4.7)**	3,200	0.8	(22,307)
Revenue from financing business	**23,782**	**5.9**	31,903	8.0	(8,121)
Expenses of financing business	**28,576**	**7.1**	18,672	4.7	9,904
Operating income (loss) from financing business	**(4,794)**	**(1.2)**	13,231	3.3	(18,025)
Total operating income (loss)	**(23,901)**	**(5.9)**	16,431	4.1	(40,332)
Interest income	**2,065**		4,363		(2,297)
Exchange gains, net	**24,939**		28,115		(3,176)
Other non-operating income	**5,526**		9,895		(4,369)
Non-operating income	**32,530**	**8.0**	42,374	10.7	(9,843)
Interest expense	**15,640**		12,263		3,376
Equity in losses under the equity method, net	**17,575**		19,765		(2,189)
Other non-operating expenses	**8,715**		6,710		2,004
Non-operating expenses	**41,931**	**10.3**	38,740	9.7	3,190
Ordinary income (loss)	**(33,302)**	**(8.2)**	20,065	5.1	(53,367)
Gain on sale of investment securities	**67,068**		119,054		(51,985)
Dilution gain from changes in equity interest	**19,353**		49,712		(30,359)
Other special income	**4,776**		1,158		3,617
Special income	**91,198**	**22.5**	169,925	42.8	(78,727)
Loss on sale of investment securities	**15,673**		23,764		(8,091)
Loss on valuation of investment securities	**99,046**		29,230		69,816
Loss on valuation of investments in affiliates	**19,413**		28,761		(9,347)
Valuation loss on goodwill and other intangible assets	**19,978**		-		19,978
Loss on discontinued operations	**-**		8,604		(8,604)
Dilution loss from changes in equity interest	**3,761**		1,558		2,202
Other special losses	**19,963**		11,062		8,901
Special losses	**177,836**	**43.9**	102,981	26.0	74,854
Income (loss) before income taxes and minority interests	**(119,939)**	**(29.6)**	87,009	21.9	(206,949)
Income taxes -current	**8,378**	**2.0**	69,043	17.4	(60,665)
Income taxes -deferred	**(36,219)**	**(8.9)**	(20,427)	(5.1)	(15,791)
Minority interests	**3,343**	**0.8**	(1,762)	(0.4)	5,106
Net income (loss)	**¥(88,755)**	**(21.9)**	¥36,631	9.2	¥(125,386)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

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

	FY2002 (April 2001 through March 2002)	FY2001 (April 2000 through March 2001)	Increase（Decrease）
Retained earnings at the beginning of the period	**¥94,803**	¥59,091	¥35,711
Increase due to exclusion of affiliates under equity method	**690**	1,385	(695)
Increase due to merger	**-**	46	(46)
Increase in retained earnings	**690**	1,431	(741)
Cash dividends paid	**2,356**	2,203	153
Bonuses to directors	**142**	117	25
Decrease due to exclusion of affiliates under equity method	**203**	1	202
Net decrease due to companies newly included or excluded from consolidation	**0**	29	(28)
Decrease in retained earnings	**2,703**	2,351	352
Net (loss) income	**(88,755)**	36,631	(125,386)
Retained earnings at the end of period	**¥4,035**	¥94,803	¥(90,768)

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

		FY2002 (April 2001 through March 2002)	FY2001 (April 2000 through March 2001)
I	**Cash flows from operating activities:**		
	Income (loss) before income taxes	**¥(119,939)**	¥87,009
	Depreciation and amortization	**11,749**	8,072
	Equity in losses under the equity method	**17,575**	19,765
	Dilution gains from changes in equity interest, net	**(15,591)**	(48,154)
	Loss on valuation of investment securities	**118,459**	57,991
	Gains on sale of marketable and investment securities, net	**(51,490)**	(95,404)
	Exchange gains, net	**(20,311)**	(28,219)
	Interest and dividend income	**(2,129)**	(4,377)
	Interest expense	**15,640**	12,263
	Valuation loss on goodwill and other intangible assets	**19,978**	-
	Loss on discontinued operations	**-**	16,246
	Decrease (increase) in receivables- trade	**16,684**	(4,259)
	(Decrease) increase in payables-trade	**(10,533)**	10,902
	Increase in other receivables	**(37,474)**	(48,644)
	Increase in other payables	**9,785**	24,759
	Other, net	**8,613**	(5,777)
	Subtotal	**(38,983)**	2,174
	Interest and dividends received	**2,320**	4,103
	Interest paid	**(17,281)**	(11,823)
	Payments for income taxes	**(25,180)**	(86,053)
	Net cash used for operating activities	**(79,123)**	(91,598)
II	**Cash flows from investing activities:**		
	Purchases of property and equipment and intangible assets	**(30,272)**	(16,241)
	Purchase of marketable and investment securities	**(71,426)**	(233,131)
	Proceeds from sale of marketable and investment securities	**157,985**	104,224
	Additional investments in newly consolidated subsidiaries	**(18,263)**	(362)
	Proceeds from sale of interests in previously consolidated subsidiaries	**(33)**	66
	Proceeds from sale of interests in consolidated subsidiaries	**10,554**	20,965
	Increase of loans	**(12,803)**	(6,647)
	Collection of loans	**8,294**	5,154
	Proceeds from sale of assets held for sale	**-**	82,906
	Other, net	**(4,283)**	453
	Net cash provided by (used for) investing activities	**39,751**	(42,612)
III	**Cash flows from financing activities:**		
	Proceeds from issuance of shares to minority shareholders	**11,039**	38,502
	(Decrease) increase in short-term borrowings	**(29,226)**	37,547
	Proceeds from issuance of commercial paper	**71,400**	50,000
	Repayment of commercial paper	**(91,400)**	(20,000)
	Proceeds from long-term debts	**15,630**	63,491
	Repayment of long-term debts	**(43,531)**	(142,102)
	Proceeds from issuance of bonds	**126,393**	27,867
	Repayment of bonds	**(53,597)**	(26,603)
	Cash dividends paid	**(2,346)**	(2,200)
	Other, net	**(3,048)**	(1,952)
	Net cash provided by financing activities	**1,313**	24,548
IV	**Effects of exchange rate changes on cash and cash equivalents**	**3,578**	33,461
V	**Net decrease in cash and cash equivalents**	**(34,479)**	(76,200)
VI	**Net increase in cash and cash equivalents due to companies newly consolidated**	**2**	517
VII	**Decrease in cash and cash equivalents due to exclusion of consolidated entities**	**(4,772)**	(22,444)
VIII	**Decrease in cash and cash equivalents due to change in accounting policy for the investment association**	-	(10,827)
IX	**Cash and cash equivalents at the beginning of the period**	**159,105**	268,060
X	**Cash and cash equivalents at the end of the period**	**¥119,855**	¥159,105

Basis of Presentation of Consolidated Financial Statements

1 Scope of consolidation

As of March 31, 2002, the company consolidated 285 subsidiaries. 14 subsidiaries were not consolidated, as their influence on the consolidated statements was immaterial in the aspects of total assets, sales, net income and retained earnings.
Changes in scope of consolidation for the period ended March 31, 2002 were as follows;

<Increase¦including partnerships>

1	Emtorage Broadcommunications Inc.	Newly established
2	SBI E2-Capital Limited	Newly invested
3	Compy Inc	Newly invested
4	Akamai Technologies Japan K.K.	Newly established
5	Tokyo Metallic Communications Corp.	Newly invested
	Other 92 companies	

<Decrease¦including partnerships>

1	Key3Media Group, Inc.	Change to affiliate due to dilution from new share issuance and sale of shares
2	SB K&K CORPORATION	Liquidation
	Other 26 companies	

2 Application of the equity method

111 affiliates and 2 non-consolidated subsidiaries were accounted for under the equity method at March 31, 2002.
Changes in application of the equity method for the period ended March 31, 2002 were as follows;

<Increase¦including partnerships>

1	RAINBOW TECHNOLOGIES K.K.	Newly established
	Other 26 companies	

<Decrease¦including partnerships>

1	Yahoo! Inc.	Equity decrease due to sale of shares
2	E* TRADE Group, Inc.	Equity decrease due to sale of shares
3	PROFECIO, Inc. (Former PASONA SOFTBANK, INC.)	Disposal
	Other 28 companies	

The company had accounted for Yahoo! Inc. under the equity method and the profit and loss of Yahoo! Inc. during the current fiscal year were reflected in the consolidated financial statements. However, as a result of sale of part of the shares of Yahoo! Inc. in January and April 2002, the company accounted for Yahoo! Inc. as "investment securities" at fair value at the end of the fiscal year.

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 consolidated B/S date)	108	19
June end	5	47
August end	1	-
September end	6	-
December end	17	81
February end	1	-

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 of sales is determined primarily based on the moving-average method)

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

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

[2] Depreciation and amortization

(1) Property and equipment:

Depreciation at the company and its domestic consolidated subsidiaries is computed primarily based on the declining-balance method. Depreciation at the foreign consolidated subsidiaries is based on the estimated useful lives using the straight line method , in accordanc with the accounting principles generally accepted and applied in their respective countries of domicile.

(2) Intangible assets:

The straight-line method. Goodwill is amortized over 5 to 20 years.
(The US consolidated subsidiaries ceased the amortization of the goodwill, due to applying SFAS No.142 from this period.)

[3] Accounting principles for major allowances and accruals

(1) Allowance for doubtful accounts is provided based on the aggregate amount of estimated credit losses for doubtful receivables plus an amount for the receivables other than doubtful receivables calculated using historical written-off experience from certain prior periods

(2) Allowance for sales returns:

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

(3) Accrued retirement benefits

For the Company and most of its domestic consolidated subsidiaries, accrued pension benefits are calculated based on projected benefi obligations and fair value of the plan assets at the balance sheet date. Actuarial gains and losses are recognized in the consolidated statements of income in the year immediately subsequent to the fiscal year of occurrence.

[4] Translation of foreign currency transactions and accounts

Assets and liabilities denominated in foreign currencies are translated using foreign exchange rates prevailing at the respective balance sheet dates. Exchange gains or losses are included in the net income when incurred.
The translation of revenues and expenses in the financial statements of foreign consolidated subsidiaries into Japanese yen is performe by using the average exchange rate during the period. The assets and liabilities of foreign consolidated subsidiaries are translated using the foreign exchange rates prevailing at the balance sheet dates, and capital stock is translated using the historical rates.
The resulting translation adjustments are accumulated as a component of shareholders' equity, except that the portion pertain to minority shareholders is included in minority interests.

[5] Finance lease

Finance leases other than those transferring the ownership of the leased assets to lessees at the end of the lease term are accounted for in the same manner as operating leases.

[6] Accounting method for consumption taxes

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

5 Accounting for business combinations

Purchase method - Revalue the assets and liabilities of the acquired firm to the respective fair market value at the combination date.

6 Amortization of the consolidation adjustment

The consolidation adjustment is amortized on a straight- line basis over 5 to 7 years. Immaterial amounts of consolidation adjustment are expensed as incurred.

7 Appropriation of retained earnings

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

8 Scope of cash and cash equivalents in the consolidated statements of cash flow

Cash and cash equivalents in the consolidated statements of cash flow are composed of cash on hand, bank deposits withdrawable on demand and highly liquid investments purchased with initial maturities of three months or less and which represent low risk of fluctuation in value.

(Additional information)

[1] Effective April 1, 2001, the consolidated subsidiaries engaged in securities business adopted the "Uniform Accounting Standards of Securities Companies", issued by Japan Securities Dealers Association on September 28, 2001.
Principal changes in the presentation of the consolidated balance sheets are as follows,

(1) In accordance with the "Securities and Exchange Law, No.47, Paragraph 3", segregated cash from customers (money trust only) included in "cash and deposits" in prior years, is now included in "other current assets" in the assets section.
The money trust from customers of 10,590 million yen was included into "cash and deposits" at prior year end.

(2) Securities received as collateral, recorded as "other current assets" (27,368 million yen as of 3/31/2001) in the assets section, "other current liabilities" (27,365 million yen as of 3/31/2001) and "other non current liabilities" (2 million yen as of 3/31/2001) in the liabilities section, are no longer recognized on the consolidated balance sheets.

[2] Statement of Financial Accounting Standards No.142: Goodwill and Other Intangible Assets

The U.S. consolidated subsidiaries have adopted SFAS No.142 from this period, which requires an impairment test at least annually and also whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, for goodwill and indefinite-lived intangible assets, rather than recognizing periodic amortization charges.
Key3Media Group Inc., which is an affiliate under the equity method, and Yahoo! Inc, which has been excluded from affiliates under the equity method and stated as "investment securities " at the end of this period, have recognized the transitional impairment losses due to the application of SFAS No.142 in their first quarter in January through March 2002 for their fiscal year ended at December end. The Company has recognized its portion of impairment losses of 19,978 million yen as "valuation loss on goodwill and other intangible assets" in the consolidated statement of income in this period.
In addition, the goodwill held by consolidated subsidiaries and affiliates other than U.S companies continues to be amortized based on the straight-line method

NOTES

1 Accumulated depreciation of property and equipment

As of March 31, 2002	As of March 31, 2001
10,756 million yen	6,516 million yen

2 Number of treasury stock held by the Company

As of March 31, 2002	As of March 31, 2001
4,484 shares	465 shares

3 Assets and liabilities of the silent investment association

The assets and liabilities belonging to the silent investment association, net of deposits from the association members, at the end of periods are as follows;

	As of March 31, 2002	As of March 31, 2001
Cash and deposits	**6,800 million yen**	5,689 million yen
Marketable securities	**- million yen**	235 million yen
Other current assets- investments	**11,936 million yen**	15,489 million yen
Other current assets- other	**232 million yen**	305 million yen
Investment securities	**1,491 million yen**	5,291 million yen
Investments in partnerships	**1,976 million yen**	1,392 million yen
Other current liabilities	**163 million yen**	482 million yen
Other non-current liabilities (advance received and held by the silent association)	**22,273 million yen**	27,921 million yen

4 Receivables and payables related to margin transactions

The receivables and payables related to margin transactions, held by the consolidated subsidiaries engaged in securities business, at the end of periods are as follows;

	As of March 31, 2002	As of March 31, 2001
Receivables related to margin transactions		
Loans receivable from customers for margin transactions	**37,881 million yen**	20,938 million yen
Cash deposits as collateral for securities borrowed from securities finance companies	**4,434 million yen**	1,914 million yen
Payables related to margin transactions		
Loans from securities finance companies for margin transactions	**24,379 million yen**	13,514 million yen
Proceeds from securities sold for margin transactions	**13,038 million yen**	4,031 million yen

5 Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral related to lease contracts

FY 2002 (as of March 31, 2002) **(Millions of yen; amounts less than one million yen are omitted.)**

Assets pledged as collateral			**Secured liabilities**	
Type of collateral	**Carrying amount**	**Type of security**	**Account**	**Carrying amount**
Trade notes and accounts receivable	**3,592**	**Mortgage**	**Trade notes and accounts payable**	**319**
Other current assets (accounts receivable -other)	**53**	**Mortgage**	**Other current liabilities (accounts payable -other)**	**96**

Notes : The collateral for the future lease liabilities of 43,837 million yen, of which 319 million yen was accounts payable and 96 million yen was accounts payable - other, was provided by mortgaging credits that certain consolidated subsidiaries held for the future cash flow from customers and consigned broadcasting companies based on marketing agreements, etc. The balances of these credits as of March 31,2002 were 3,592 million yen in accounts receivable and 53 million yen in other current assets.

FY 2001 (as of March 31, 2001) (Millions of yen; amounts less than one million yen are omitted.)

Assets pledged as collateral			Secured liabilities	
Type of collateral	Carrying amount	Type of security	Account	Carrying amount
Trade notes and accounts receivable	963	Mortgage	Trade notes and accounts payable	401
Other current assets (accounts receivable - other)	12	Mortgage		

Notes : The collateral for the future lease liabilities of 11,225 million yen, of which 401 million yen was accounts payable, was provided by mortgaging credits that certain consolidated subsidiaries held for the future cash flow from customers and consigned broadcasting companies based on marketing agreements, etc. The balances of these credits as of March 31,2001 were 963 million yen in accounts receivable and 12 million yen in other current assets.

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

FY 2002 (as of March 31, 2002) **(Millions of yen; amounts less than one million yen are omitted.)**

Assets pledged as collateral			**Secured liabilities**	
Type of collateral	**Carrying amount**	**Type of security**	**Account**	**Carrying amount**
Other current assets (marketable securities in custody)	**-**		**Other current liabilities (Deposits received for securities loaned)**	**-**

FY 2001 (as of March 31, 2001) (Millions of yen; amounts less than one million yen are omitted.)

Assets pledged as collateral			Secured liabilities	
Type of collateral	Carrying amount	Type of security	Account	Carrying amount
Other current assets (marketable securities in custody)	2,351	Mortgage	Other current liabilities (Deposits received for securities loaned)	13,514

Notes : In addition to above, the collateral securities received from customers on margin transaction (3,732 million yen) have been provided to Japan Securities Finance Company as the collateral for securities borrowed as of March 31,2001.

(3) Assets pledged as collateral related to borrowings

FY2002 (as of March 31, 2002) **(Millions of yen; amounts less than one million yen are omitted.)**

Assets pledged as collateral			**Secured liabilities**	
Type of collateral	**Carrying amount**	**Type of security**	**Account**	**Carrying amount**
Property and equipment	**175**	**Mortgage**	**Short-term borrowings**	**163**
Property and equipment	**1,087**	**Mortgage**	**Long-term debts**	**275**

FY2001 (as of March 31, 2001) (Millions of yen; amounts less than one million yen are omitted.)

Assets pledged as collateral			Secured liabilities	
Type of collateral	Carrying amount	Type of security	Account	Carrying amount
Cash and deposits (time deposits)	48	Mortgage	Short-term borrowings	20,564
Property and equipment	1,026	Mortgage	Long-term debts	124
Investment securities	69,519	Mortgage		

Notes : In addition to the above, the assets of Key3Media, a U.S. consolidated subsidiary of the Company, and the common stock of Key3Media's subsidiaries were provided as collateral for long- term debts of US$298 million (34,243 million yen) and short-term borrowings of US$1 million (181million yen) at March 31, 2001.

6 Line of Credit (not used)

	As of March 31, 2002	As of March 31, 2001
	24 million yen	42 million yen

7 Contingent Liabilities

	As of March 31, 2002	As of March 31, 2001
Total of trade notes receivable discounted	**40 million yen**	- million yen
Total of accounts receivable discounted	**11,825 million yen**	- million yen

8 Notes receivable maturing on the period end date

Trade notes receivable are settled on the date of clearance.
The following amounts of notes receivable matured on the period end dates were included in the consolidated balance statements, because the last day of the respective period was a non-business day.

	As of March 31, 2002	As of March 31, 2001
Trade notes receivable	**98 million yen**	983 million yen

9 Dilution gain (loss) from changes in equity interest

Due to capital transactions by investees such as initial public offerings, the Company's shareholding percentages in some investees were diluted.
The major dilution gain (loss) from changes in equity interest for the period ended March 31, 2002 are as follows:

	Gain	(Loss)
Yahoo! Inc.	7,414 million yen	(894) million yen
UTStarcom, Inc.	7,189	(117)
E*TRADE Group, Inc.	-	(1,523)
SOFTBANK INVESTMENT INTERNATIONAL (STRATEGIC) LIMITED	1,385	(274)
National Leisure Group	982	-
Global Sports, Inc.	674	(0)

10 Valuation loss on investments in subsidiaries and affiliates

Valuation loss on investments in subsidiaries and affiliates recognized in the consolidated statements of income for the periods ended March 31 2002 are as follows:

(1) Valuation loss on investment in consolidated subsidiaries

As of March 31, 2002	As of March 31, 2001
331 million yen	168 million yen

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

As of March 31, 2002	As of March 31, 2001
19,082 million yen	28,592 million yen

11 Consolidated statements of cash flow

(1) Reconciliation of cash and cash equivalents to amounts included on the consolidated balance sheets.

	As of March 31, 2002	As of March 31, 2001
Cash and deposits	**113,580 million yen**	141,056 million yen
Marketable securities (mainly MMF)	**9,545**	29,343
Time deposits with original maturity over three months	**(1,065)**	(2,009)
Deposits received from customers of the consolidated subsidiaries engaged in commodity futures	**(31)**	-
Deposits received from customers of the consolidated subsidiaries engaged in securities business	**-**	(10,590)
Stocks and bonds with original maturity over three months	**(2,173)**	(95)
Cash equivalents included in inventories of consolidated subsidiaries engaged in securities business	**-**	1,400
Cash and cash equivalents	**119,855 million yen**	159,105 million yen

(2) Significant non-cash transactions

Conversion of convertible bonds to shareholders' equity.	**146 million yen**	1,568 million yen

12 Lease transactions

12-1. Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease term

(as a lessee)

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

	As of March 31, 2002	As of March 31, 2001
Property and equipment		
Acquisition costs	**42,315**	15,186
Less: Amount equivalent to accumulated depreciation	**(8,872)**	(4,463)
Amount equivalent to costs, less accumulated depreciation at the end of the period	**33,442 million yen**	10,722 million yen
Software (Intangible assets)		
Acquisition costs	**1,358**	256
Less: Amount equivalent to accumulated amortization	**(353)**	(46)
Amount equivalent to costs, less accumulated amortization at the end of the period	**1,004 million yen**	209 million yen
Total		
Acquisition costs	**43,673**	15,443
Less: Amount equivalent to accumulated depreciation	**(9,226)**	(4,510)
Amount equivalent to costs, less accumulated depreciation at the end of the period	**34,447 million yen**	10,932 million yen

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

	As of March 31, 2002	As of March 31, 2001
Due within one year	**8,780**	3,136
Due after one year	**27,565**	8,552
Total	**36,346 million yen**	11,689 million yen

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

	For the period ended March 31, 2002	For the period ended March 31, 2001
Lease payments	**6,370 million yen**	4,221 million yen
Amount equivalent to depreciation expense	**5,366 million yen**	4,256 million yen
Amount equivalent to interest expense	**1,263 million yen**	1,029 million yen

(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 lease term, assuming no remaining amount, except in case that the residual value is guaranteed on the lease contract.

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

12 Leases transaction (continued)

12-1. Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease term.

(as a lessor)

(1) Acquisition costs, accumulated depreciation and costs less accumulated depreciation at the end of the periods

	As of March 31, 2002	As of March 31, 2001
Property and equipment		
Acquisition costs	**1,004**	478
Less: Accumulated depreciation	**(231)**	(41)
Costs, less accumulated depreciation	**773 million yen**	436 million yen
Software (Intangible assets)		
Acquisition costs	**511**	441
Less: Accumulated amortization	**(134)**	(62)
Costs, less accumulated amortization	**377 million yen**	378 million yen
Total		
Acquisition costs	**1,516**	919
Less: Accumulated depreciation	**(365)**	(104)
Costs, less accumulated depreciation	**1,150 million yen**	815 million yen

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

	As of March 31, 2002	As of March 31, 2001
Due within one year	**286**	248
Due after one year	**902**	959
Total	**1,189 million yen**	1,208 million yen

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

	For the period ended March 31, 2002	For the period ended March 31, 2001
Lease income	**307 million yen**	180 million yen
Depreciation	**262 million yen**	118 million yen
Amount equivalent to interest income	**71 million yen**	38 million yen

(4) 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.

12-2. Non-cancelable operating lease transactions

(as a lessee)

The future lease payments for non-cancelable operating lease

	As of March, 2002	As of March 31, 2001
Due within one year	**253**	1,000
Due after one year	**1,723**	3,245
Total	**1,977 million yen**	4,245 million yen

(as a lessor)

No transactions applicable for the current period.

13 Subsequent events after the date of consolidated financial statements.

(1) Sales of stock of Yahoo! Inc.

SOFTBANK America Inc., which is a fully-owned subsidiary of the Company in U.S., has sold off 11.5 million shares of Yahoo! Inc. at approximately 171 million dollars in April 2002 (approximately 22.4 billion yen at the rate of 131 yen per US dollar). The Company will recognize the gain on sale in the amount of approximately 15.7 billion yen in the next fiscal year.

(2) Public tender offer for shares in Club iT Corporation

SOFTBANK Broadmedia Corporation (SBBM), a fully-owned subsidiary of the Company, has announced the take-over bid for shares of Club iT Corporation, which is a consolidated subsidiary of the Company.

Club iT lost the right to be an agent of SKY Perfect Communications Inc. due to breach of the agency agreement.

The Company believes that the take-over bid avoids confusion among investors and the support of SBBM as the parent company will help to expand Club iT Corporation's broadband services businesses.

The funding required for this take-over bid is expected to be 4 billion yen.

SEGMENT INFORMATION

1. Business Segment Information

(1) FY2002 (for the period ended March 2002)

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

	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Broadband Infrastructure	Overseas Funds	Others	Total	Elimination or Corporate Assets	Consolidated Total
Net Sales												
(1) Customers	¥265,107	¥21,301	¥47,553	¥11,795	¥20,152	¥9,955	¥7,386	¥2,481	¥19,581	¥405,315	-	¥405,315
(2) Inter-segment	19,087	2,959	885	331	11,862	8,571	1,781	-	1,222	46,703	(46,703)	-
Total	284,195	24,260	48,439	12,127	32,015	18,527	9,168	2,481	20,803	452,018	(46,703)	405,315
Operating expenses	280,989	29,181	45,877	12,166	22,078	17,391	27,121	2,708	27,458	464,972	(35,756)	429,216
Operating income (loss)	¥3,206	¥(4,920)	¥2,561	¥(39)	¥9,936	¥1,135	¥(17,952)	¥(226)	¥(6,654)	¥(12,953)	¥(10,947)	¥(23,901)
Identifiable Assets	¥83,060	¥298,496	¥26,494	¥16,259	¥279,657	¥8,134	¥77,298	¥134,016	¥184,476	¥1,107,894	¥55,784	¥1,163,678
Depreciation and Amortization	1,152	4,377	3,478	238	2,065	174	1,913	85	1,942	15,428	197	15,625
Capital Expenditures	2,431	16,501	2,962	2,749	3,439	262	10,410	66	1,302	40,127	560	40,687

(2) FY2001 (for the period ended March 2001)

(Millions of 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
Net Sales												
(1) Customers	¥253,943	¥30,626	¥52,414	¥12,998	¥12,481	¥11,728	-	¥1,277	¥21,635	¥397,105	-	¥397,105
(2) Inter-segment	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
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
Depreciation and Amortization	1,571	1,313	4,313	18	1,317	132	13	14	1,858	10,553	150	10,703
Capital Expenditures	4,472	10,197	1,625	165	1,911	443	115	127	1,069	20,127	2,618	22,745

Notes:

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

2.Principal products and operational content of each business:

(1) e-Commerce	Distributes PC software, hardware, and peripherals; operates enterprise businesses and business transaction platform- and consumer-related e-commerce businesses
(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 broadcasting and broadband communications and promoting the spread of such operations
(5) Internet Culture	Internet-based advertising, broadband portals, auctions, etc.
(6) Technology Services	System solutions, business solutions, etc.
(7) Broadband Infrastructure	Provides ADSL-based broadband infrastructure services, fiber optic ultrahigh-speed internet access services and other businesses.
(8) Overseas Funds	U.S.- and Asia-focused global private equity operations in Internet-related companies
(9) Others	Function as overseas holding companies, provide back-office support services in Japan, etc.

[2] The amount of assets classified in the column "Elimination or Corporate Assets" was 75,936 million yen, which included the Company's surplus funds (Cash and Marketable securities), investment securities and assets held by the corporate division of the parent company.

[3] The columns of "Capital Expenditure" and "Depreciation and Amortization" represent long-term prepaid expenses, deferred charges and related amortization amounts.

[4] "Broadband Infrastructure" segment, which is the broadband business in ADSL (Asymmetric Digital Subscriber Line) technologies started in this fiscal period, includes "Internet Infrastructure" segment separately disclosed in prior fiscal years.

2. Geographic Segment Information

(1) FY2002 (for the period ended March 31, 2002)

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

	Japan	North America	Europe	Korea	Others	Total	Elimination or Corporate Assets	Consolidated Total
Net Sales								
(1) Customers	**¥352,044**	**¥28,947**	**¥1,575**	**¥19,520**	**¥3,227**	**¥405,315**	**-**	**¥405,315**
(2) Inter-segment	**1,677**	**1,505**	**1,094**	**-**	**-**	**4,277**	**(4,277)**	**-**
Total	**353,721**	**30,453**	**2,669**	**19,520**	**3,227**	**409,592**	**(4,277)**	**405,315**
Operating expenses	**369,714**	**28,599**	**3,930**	**21,097**	**5,497**	**428,838**	**377**	**429,216**
Operating income (loss)	**¥(15,992)**	**¥1,854**	**¥(1,260)**	**¥(1,576)**	**¥(2,270)**	**¥(19,245)**	**¥(4,655)**	**¥(23,901)**
Identifiable Assets	**¥567,478**	**¥398,053**	**¥44,059**	**¥29,565**	**¥63,799**	**¥1,102,956**	**¥60,721**	**¥1,163,678**

(2) FY2001(for the period ended March 31, 2001)

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

	Japan	North America	Europe	Korea	Others	Total	Elimination or Corporate Assets	Consolidated Total
Net Sales								
(1) Customers	¥341,978	¥30,523	¥1,291	¥21,271	¥2,040	¥397,105	-	¥397,105
(2) Inter-segment	-	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
Identifiable Assets	¥491,551	¥385,017	¥41,282	¥26,556	¥128,068	¥1,072,477	¥73,606	¥1,146,083

Note:

[1] Geographic segmentation policy and major countries of each area are as follows (based on FY2002):

1. Geographic 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 75,936 million yen, which included the Company's surplus funds (Cash and Marketable securities), investment securities and assets held by the corporate division of the parent company.

3. Overseas Sales

(1) FY2002 (for the period ended March 31, 2002)

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

	North America	**Europe**	**Korea**	**Other**	**Total**
I. Overseas sales	**¥29,323**	**¥1,944**	**¥19,532**	**¥3,597**	**¥54,398**
II. Total consolidated sales					**¥405,315**
III. Overseas sales as a percentage of total consolidated sales	**7 %**	**0 %**	**5 %**	**1 %**	**13 %**

(2) FY2001 (for the period ended March 31, 2001)

(Millions of 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. Total consolidated sales					¥397,105
III. Overseas sales as a percentage of total consolidated sales	8 %	0 %	5 %	1 %	14 %

Note: Segmentation policy of overseas and major countries of each area are as follows (based on FY2002)

1. Segmentation policy of overseas sales: 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

TAX EFFECT ACCOUNTING

FY2001/2002 (For the year ended March 31, 2002)

1. Significant components of deferred tax assets and liabilities

Deferred tax assets

	(Million yen)
Valuation loss on marketable and investment securities	**¥79,151**
Loss carryforward	**60,247**
Unrealized profit	**3,506**
Allowances for doubtful debts, etc.	**1,771**
Valuation loss on inventories	**1,483**
Enterprise taxes payable	**841**
Others	**4,225**
Gross deferred tax assets	**151,228**
Less: Valuation allowance	**(79,393)**
Total deferred tax assets	**71,834**

Deferred tax liabilities

Unrealized gains on other securities	**(66,785)**
Valuation gain on marketable and investment securities	**(16,815)**
Foreign exchange gain on long-term receivables in foreign currency	**(3,185)**
Others	**(4,796)**
Gross deferred tax liabilities	**(91,581)**
Net deferred tax liabilities	**¥(19,747)**

2. Reconciliation between the statutory tax rate and effective tax rate:

Statutory tax rate	**42.05 %**
(Reconciliation)	
Differences related to investments in affiliates	**30.32 %**
Change in valuation allowance	**(32.44)**
Tax rate difference	**(15.09)**
Others	**(1.63)**
Income tax rate per statement of income	**23.21 %**

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

1. Significant components of deferred tax assets and liabilities

Deferred tax assets

	(Million yen)
Loss carryforward	¥28,250
Valuation loss on marketable and investment securities	16,767
Foreign exchange loss	2,667
Enterprise taxes payable	2,079
Interests payable	1,601
Allowances for doubtful debts, etc.	1,021
Employee Compensation	515
Depreciation	369
Others	4,818
Gross deferred tax assets	58,089
Less: Valuation allowance	(30,623)
Total deferred tax assets	27,466

Deferred tax liabilities

Unrealized gains on other securities	(21,160)
Accelerated amortization on goodwill and trade names	(10,550)
Valuation gain on marketable and investment securities	(6,197)
Foreign exchange gain on long-term receivables in foreign currency	(3,685)
Others	(481)
Gross deferred tax liabilities	(42,076)
Net deferred tax liabilities	¥(14,610)

2. Reconciliation between the statutory tax rate and effective tax rate:

Statutory tax rate	42.05 %
(Reconciliation)	
Perpetually-nondeductible expenses such as entertainment expenses	1.76 %
Nondeductible taxes	8.56
Change in valuation allowance	7.94
Equity in net gains under the equity method	2.64
Tax rate difference	(8.13)
Others	1.05
Income tax rate per statement of income	55.87 %

INVESTMENT IN DEBT AND EQUITY SECURITIES

FY2002 (as of March 31, 2002)

1. Available for sale and other securities at fair value

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

	FY2002 (as of March 31, 2002)		
	Investment Cost	Carrying Amount	Differences
Carrying Amount > Investment Cost			
(1) Equity securities	¥79,171	¥268,420	¥189,249
Sub-total	79,171	268,420	189,249
Carrying Amount≦Investment Cost			
(1) Equity securities	27,935	25,530	(2,405)
(2) Debt securities			
Government bonds	301	300	(0)
(3) Others	2	2	-
Sub-total	28,239	25,833	(2,405)
Total	¥107,410	¥294,254	¥186,843

2. Available for sale and other securities sold during the year ended March 31, 2002

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

	Sales Price	Gain on sales	Loss on sales
(1) Equity securities	¥48,068	¥9,496	¥11,357
(2) Debt securities	6,044	7	39
(3) Others	236	0	-
Total	¥54,348	¥9,505	¥11,396

3. The carrying amounts of the unlisted investment securities

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

	Carrying Amounts
(1) Held-to-maturity securities	
Unlisted debt securities	¥0
Unlisted foreign debt securities	99
(2) Other and available for sale securities	
Unlisted equity securities (w/o OTC stocks)	42,375
Unlisted foreign debt securities	2,797
Unlisted debt securities	1,742
MMF	11,520
Mid-term government bonds fund	323
Beneficial interest in trust	1,000
Preferred fund certificate	2,000
Others	30
Total	¥61,889

4. Redemption schedule for "held-to-maturity securities" and "available-for-sale and other securities" with maturity date 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 years, less than ten years
Held-to-maturity securities			
Corporate bonds	¥100	-	-
sub total	100	-	-
Other and available for sale securities			
(2) Debt securities			
Government bonds	300	12	-
Corporate bonds	1,772	1,645	1,109
(3) Others	30	-	-
Sub-total	2,102	1,657	1,109
Total	¥2,203	¥1,657	¥1,109

INVESTMENT IN DEBT AND EQUITY SECURITIES (Continued)

FY2001 (as of March 31, 2001)

1. Available for sale and other securities at fair value

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

	FY2001 (as of March 31, 2001)		
	Investment Cost	Carrying Amount	Differences
Carrying Amount > Investment Cost			
(1) Equity securities	¥56,710	¥101,276	¥44,566
(2) Debts securities	¥3,140	¥5,828	¥2,687
Sub-total	¥59,850	¥107,105	¥47,254
Carrying Amount ≦ Investment Cost			
(1) Equity securities	¥69,782	¥53,798	¥(15,983)
(2) Debt securities			
Corporate bonds	1,350	1,311	(38)
Sub-total	¥71,132	¥55,109	¥(16,022)
Total	¥130,982	¥162,215	¥31,232

2. Held-to-maturity securities sold in prior period (for the year ended March 31, 2001)

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

	Sales Price	Gain on sales	Loss on sales	Purpose of sales
Corporate bonds	40	40	0	Voluntary redemption by issuer
Total	¥40	¥40	¥0	

3.Available for sale and other securities sold in prior period (for the year ended March 31, 2001)

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

	Sales Price	Gain on sales	Loss on sales
(1) Equity securities	¥51,981	¥42,359	¥3,346
(2) Debt securities	25,447	1,682	1,123
(3) Others	1,000	-	-
Total	¥78,429	¥44,042	¥4,470

4.The carrying amounts of the unlisted investment securities

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

	Carrying Amounts
(1) Held-to-maturity securities	
Unlisted debt securities	¥0
(2) Other and available for sale securities	
Unlisted equity securities (w/o OTC stocks)	45,063
Unlisted foreign debt securities	9,008
Unlisted debt securities	1,776
MMF	25,877
Mid-term government bonds fund	2,365
Others	1,099
Total	¥85,192

5. Redemption schedule for "held-to-maturity securities" and "available-for-sale and other securities" with maturity dat
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
Held-to-maturity securities			
Others	¥0	-	-
Sub-total	0	-	-
Other and available for sale securities			
(2) Debt Securities			
Government Bonds	-	0	1
Corporate bonds	-	17,623	-
(3) Others	0	-	-
Sub-total	0	17,623	1
Total	¥1	¥17,623	¥1

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

Currency Related

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

	Nature of transaction	**FY2002 (as of March 31, 2002)**				FY2001 (as of March 31, 2001)			
		Contract amounts		**Fair value**	**Unrealized gain/(loss)**	Contract amounts		Fair value	Unrealized gain/(loss)
			Over 1 year				Over 1 year		
Off-market transactions	Swap Transactions								
	・Australia dollars Receivable, JPY Payable	**¥1,000**	**¥1,000**	**¥10**	**¥10**	¥1,000	¥1,000	¥(176)	¥(176)
	・Call option in US dollars	-	-	-	-	26	-	-	-
	(Option premium)	-	-	-	-	0	-	0	(0)
	・Put option in US dollars	-	-	-	-	26	-	-	-
	(Option premium)	-	-	-	-	0	-	0	(0)
	Total				**¥10**				¥(176)

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

Interest Related

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

	Nature of transaction	**FY2002 (as of March 31, 2002)**				FY2001 (as of March 31, 2001)			
		Notional amounts		**Fair value**	**Unrealized gain/(loss)**	Notional amounts		Fair value	Unrealized gain/(loss)
			Over 1 year				Over 1 year		
Off-market transactions	Swap Transactions								
	・Fix Rate Receivable, Floating Rate Payable	**¥5,771**	**¥1,771**	**¥248**	**¥248**	¥6,014	¥5,771	¥397	¥397
	・Floating Rate Receivable, Fix Rate Payable	**7,485**	**3,485**	**(366)**	**(366)**	8,157	7,485	(563)	(563)
	・Fix Rate Receivable (receipt later), Fix Rate Payable (pre payment)	**1,000**	**1,000**	**36**	**36**	1,000	1,000	36	36
	Total				**¥(81)**				¥(128)

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

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 %	Relationship: Concurrent Post	Relationship: Business Relations	Transactions	Amount (million yen)	Account	Amount outstanding (million yen)
Major individual shareholder	Masayoshi Son	-	-	Representative director of Son Asset Management Co.	37% holding of the Company	-	-	Advertising Expenses	15	Other current assets	0

Terms of trade and conditions
1. The advertising expenses are categorized in the same manner as other similar transactions
2. There are no consumption taxes included in the amounts above

3. Subsidiaries

N/A

4. Affiliates

N/A

PENSION AND SEVERANCE PLANS

1. Pension Plans

The Company and most of its Japanese consolidated subsidiaries maintain tax qualified pension plans and participate in multi-employers' contributory defined benefit welfare pension plans, which are defined benefit pension plans.

Note: The Company and most of its Japanese consolidated subsidiaries will adopt the defined contribution pension plan in conformity with "Defined-Contribution Pension Law", which effective from October 1, 2001.

2. Projected Benefit Obligation

	As of March 31, 2002	As of March 31, 2001
a) Projected benefit obligation (PBO)	**1,567**	1,078
b) Plan assets at fair value	**1,218**	782
c) Unfunded PBO	**348**	296
d) Unrecognized transition obligations	**-**	-
e) Unrecognized actuarial losses	**(17)**	(143)
f) Accrued pension and severance costs	**331 million yen**	152 million yen

3. Pension and Severance Costs

a) Service costs (Notes 1,2)	**688**	571
b) Interest costs	**32**	28
c) Expected return on plan assets	**15**	11
d) Amortization of transition obligations	**-**	382
e) Amortization of actuarial losses	**143**	-
f) Net pension and severance costs	**849 million yen**	971 million yen

Notes
1. The current year's service cost includes a contribution of 409 million yen to a synthetic-type welfare pension plan
2. The service cost includes the pension costs of subsidiaries adopting the simplified method of pension accounting

4. Actuarial Computation of the Retirement Benefit Obligation

	For the period ended March 31, 2002	For the period ended March 31, 2001
a) Allocation of projected benefit obligations	**Project unit-credit method**	Project unit-credit method
b) Discount rate	**2.5% (exclude some subsidiaries/affiliates)**	3.0%
c) Expected return on plan assets	**2.2% (exclude some subsidiaries/affiliates)**	2.2%
d) Amortization period of transition obligations	**-**	Expensed out at the time of implementing the new standard
e) Amortization period of actuarial gain/loss	**Expensed out in the year subsequent to the fiscal year of occurrence**	Expensed out in the year subsequent to the fiscal year of occurrence