SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the Fiscal Year Ended March 31, 2003

FINANCIAL HILIGHTS

1. Results of Operations

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

	FY2003 (April 2002 through March 2003)	Year-on-year change	FY2002 (April 2001 through March 2002)	Year-on-year change
Revenues	**¥406,892**	+0.4%	¥405,315	+2.1%
Operating loss	**(91,997)**	—	(23,901)	—
Ordinary loss	**(109,808)**	—	(33,302)	—
Net loss	**(99,989)**	—	(88,755)	—
Net loss per share— primary (yen)	**(296.94)**	—	(263.53)	—
Net loss per share—diluted (yen)	—	—	—	—
Return on Equity (%)	**-27.7**	—	-20.0	—
Ordinary loss / Total assets (%)	**-10.4**	—	-2.9	—
Ordinary loss / Revenues (%)	**-27.0**	—	-8.2	—

Notes:

1. Equity in gains (losses) under the equity method, net:
   Fiscal Year ended March 31, 2003: ¥11,107 million
   Fiscal Year ended March 31, 2002: ¥(17,575) million
2. Average number of shares issued and outstanding during the year (consolidated)
   Year ended March 31, 2003: 336,857,133 shares
   Year ended March 31, 2002: 336,798,168 shares
3. Changes in accounting methods were applicable to the period under review.
4. Percentage changes for revenues, operating loss, ordinary loss and net loss are compared with the corresponding period of the previous fiscal year.

2. Financial Condition

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

	FY2003 (As of March 31, 2003)	FY2002 (As of March 31, 2002)
Total assets	**¥946,331**	¥1,163,678
Shareholders' equity	**257,396**	465,326
Equity ratio (%)	**27.2**	40.0
Shareholders' equity per share (yen)	**¥767.56**	¥1,381.31

Note: Number of shares outstanding (consolidated)
As of March 31, 2003: 335,293,326 shares
As of March 31, 2002: 336,872,342 shares

3. Cash Flows

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

	FY2003 (April 2002 through March 2003)	FY2002 (April 2001 through March 2002)
Cash flows from operating activities	**¥(68,600)**	¥(79,123)
Cash flows from investing activities	**119,749**	39,751
Cash flows from financing activities	**(17,615)**	1,313
Cash and cash equivalents at end of the year	**¥147,526**	¥119,855

4. Scope of Consolidation

Consolidated subsidiaries: 269
Equity-method non-consolidated subsidiaries: 3
Equity-method affiliates: 113

5. Changes in Scope of Consolidation

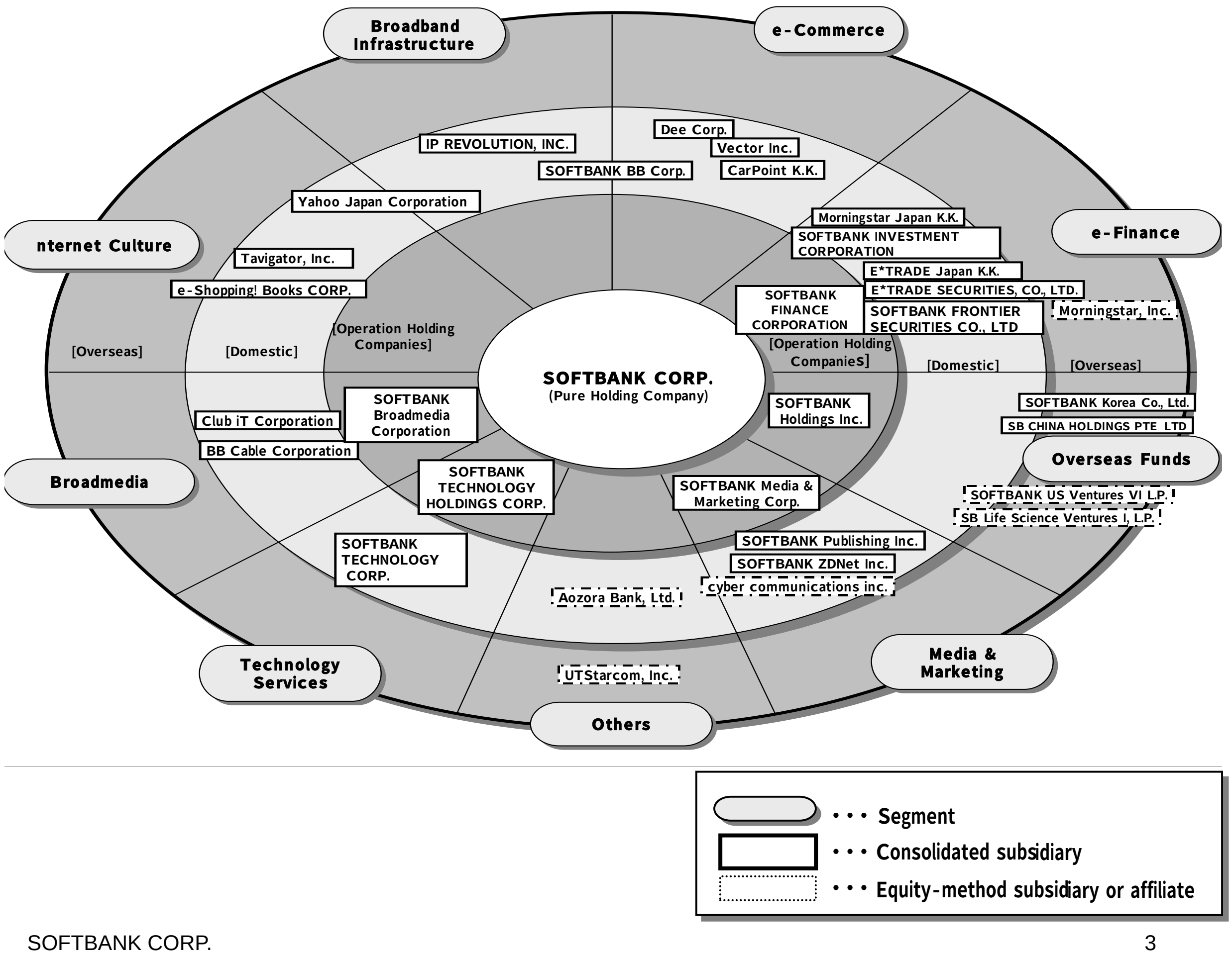
Consolidated subsidiaries:
Newly included: 38
Newly excluded: 54
Equity-method non-consolidated subsidiaries and affiliates:
Newly included: 24
Newly excluded: 21

The SOFTBANK Group

As of March 31, 2003, the SOFTBANK Group comprised 385 companies with operation in 8 segments as follows.

Business segment	Consolidated subsidiaries (includes partnerships)	Equity-method non-consolidated subsidiaries and affiliates (includes partnerships)	Principal products and operational content of each business
1. Broadband Infrastructure	14	8	ADSL high-speed Internet connection service and IP telephony service; fiber-optic ultra-high-speed Internet connection service and other operations
2. e-Commerce	19	10	Sales of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce business, including e-commerce between business and consumer
3. e-Finance	133	15	All inclusive Web-based financial operations, including Internet securities operations; management of domestic venture capital funds; incubation of portfolio corporations
4. Media & Marketing	13	7	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; exhibition management; web content development
5. Broadmedia	14	2	Provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations
6. Internet Culture	16	6	Internet-based advertising operations; broadband portal business; Internet-based auction business
7. Technology Services	7	4	Systems solutions business; business solutions business
8. Overseas Funds	42	54	U.S.- and Asia-focused global private equity operations in Internet-related companies
9. Others	11	10	Holding company functions for overseas operations; back-office services in Japan
Total	269	116	

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



SOFTBANK subsidiaries listed on domestic stock exchanges as of March 31, 2003:

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

(Reference)
Subsidiaries listed on overseas stock exchanges:

Subsidiary	Listed exchange
SOFTBANK INVESTMENT INTERNATIONAL (STRATEGIC) LIMITED	Hong Kong Stock Exchange

Management Policies

1. Fundamental Management Policy

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

Since fiscal 2001, the Group has been guided by a management vision to use broadband to accelerate the pace of the IT revolution in the 21st century. Accordingly, the Group’s resources are being concentrated on the broadband business, with a particular focus on the broadband infrastructure business.

This management policy remained unchanged in fiscal 2003, as the entire Group continued to direct its resources and efforts to the broadband business. To create a solid platform for the promotion of its broadband business, the Group merged four consolidated subsidiaries in January 2003 to create SOFTBANK BB Corp., the Group’s largest operating company. This new company is clearly positioned as the nucleus of the Group. The Group’s commitment to focusing on the broadband business in order to maximize corporate value is firmly established.

2. Policy Regarding Allocation of Earnings

SOFTBANK CORP. (hereafter the “Company”) has followed a policy of distributing earnings in a stable and proper manner to shareholders and all other stakeholders. In fiscal 2003, consolidated retained earnings declined resulting from start-up costs in the broadband infrastructure business. However, in consideration of our corporate policy to pay a stable dividend to shareholders, as well as the Group’s medium to long-term outlook, the Company intends to pay a dividend of ¥7 per share, as in fiscal 2002. As evidenced by the growing number of customers and other positive factors, the Group is seeing concrete results in terms of earnings and cash flows from the broadband infrastructure business, which will become the primary source of sales and earnings for the Group over the medium and long term.

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

The Group’s management strategies over the medium and long-term are as stated:

1. Generate and maximize stable earnings and cash flows by succeeding in the broadband infrastructure business. In this endeavor, the current goals are to continue to expand the customer base and to quickly achieve profitability in the broadband infrastructure business.

2. Concurrently, the Group aims to develop a broad array of opportunities to generate earnings and cash flows by leveraging synergies between Group companies and the broadband infrastructure business.

These two strategies are integral elements of the Group's management strategy.

Strategy 1 – Success in the Broadband Infrastructure Business

- The Group is currently placing the highest priority on developing the broadband infrastructure business.
- During fiscal 2003, the first step in this direction was taken by successfully achieving the goal of expanding the customer base for the *Yahoo! BB* comprehensive broadband service jointly operated by SOFTBANK BB Corp. and Yahoo Japan Corporation.
- In early February 2003, *Yahoo! BB* became the first DSL communications carrier and ISP in Japan to exceed 2 million lines installed on a cumulative basis (according to data compiled by the Ministry of Public Management, Home Affairs, Posts and Telecommunications), ranking solidly in first place in Japan as both a communications carrier and ISP.
- *Yahoo! BB* has ranked first in Japan in the number of new lines installed every month as of June 2002.
- The Group's ability to marshal its collective strengths to offer a variety of services and conduct an effective and innovative sales promotion has been key to expanding the customer base.
- The most distinguishing feature of *Yahoo! BB* is a nationwide pure-IP broadband network that is nearly complete. This network was designed from the outset to support the bundling of IP telephony and other types of broadband services.

Strategy 2 – Realize Synergies Between SOFTBANK Group Companies via the Broadband Infrastructure Business

The Group's operations and businesses in total exceed the business domains of other existing communications carriers. Remaining firmly based on the infrastructure network, but providing a greater scope, the Group's business activities can further expand the breadth of the broadband market.

The following are some specific illustrations.

- Yahoo Japan Corporation, Japan's largest Internet portal, made a significant contribution to the Group's consolidated earnings in fiscal 2003 with the success of its Internet auction business and other services. Over the medium and long-term, Yahoo! Japan's brand can be further leveraged to offer a variety of contents and services via the Group's broadband infrastructure.
- SOFTBANK BB Corp., which is Japan's leading distributor of IT products, has vendor and reseller relationships built up over more than two decades, and has developed considerable business expertise. Expectations are therefore high for rapid growth in the development and introduction of

broadband-related products and services.

- BB Cable Corporation, which is part of the Broadmedia segment, launched its *BB Cable TV* service by using the ADSL network of *Yahoo! BB*. The Group's objective is to create a new market in which broadcasting and communications converge.

4. Important Management Issues

Achieve Profitability in the Broadband Infrastructure Business

As is true of most infrastructure businesses, the Group's broadband infrastructure business requires substantial start-up costs such as depreciation expenses for transmission equipment, etc., customer acquisition costs and others. Expansion of the *Yahoo! BB* customer base was therefore a primary goal in fiscal 2003 in order to rapidly increase the number of lines installed to a level at which start-up costs can be recovered. As the cumulative lines installed have topped 2 million, SOFTBANK BB Corp. is projected to achieve profitability on a monthly basis with its broadband infrastructure business at the operating level. Plans call for the continued expansion of lines installed to broaden the customer base and concurrently achieve profitability in the shortest time possible.

Growth and Stability in Other Group Segments

For e-Commerce, Media & Marketing, Broadmedia, Internet Culture, Technology Services and other segments, the Group's objective is to promote growth by channeling management resources into activities offering the greatest potential for synergies with the strategic broadband infrastructure business.

In the case of e-Finance and Overseas Funds, the nature of their business activities makes them susceptible to volatile equity markets and related factors, which have adversely impacted their business results. The Group intends to recover operating profitability by effectively managing these businesses in accordance with market trends.

Diversifying Funding Channels

The Group primarily utilized cash and cash equivalents, proceeds from the sale of investment securities, proceeds from the sale of stock in affiliated companies, and other measures to finance the broadband infrastructure business and redeem maturing bonds. In segments other than the broadband infrastructure, the Group businesses are projected to be self-funding. Funds required for the Broadband Infrastructure segment's capital expenditures, marketing programs and other activities are to be procured through a variety of channels. In particular, funds for the procurement of transmission equipment related to the increase of lines installed will be funded through lease finance and so-called "securitization" . Additionally, the Group will effectively manage its finances in consideration of appropriate leverage levels and optimal capitalization composition, a process that includes reducing the cost of capital.

5. Fundamental Policy and Measures Regarding Corporate Governance

Fundamental Policy for Corporate Governance

The Group believes that effective corporate governance is essential to conducting management with a priority on shareholders and cash flows. The management organization is structured to divide authority among relevant parties and create autonomous units. This approach has been beneficial as the Group entered new business areas during the development of the Internet era. The Group's structure is composed of a pure holding company, operation holding companies and operating companies to facilitate decision-making based on the specialized knowledge required by each of the Group's business segments. The pure holding company manages and coordinates all matters involving businesses that span the entire Group, maximizing synergies generated by the Group and making substantial contributions to increasing the Group's corporate value. Maintaining the balance between the division of responsibilities and integration of management functions, in accordance with market conditions, is carefully considered. For example, SOFTBANK BB Corp., which was formed through a merger of four Group's consolidated companies, was recently established.

Enactment of Measures Regarding Corporate Governance

(1) <u>Management organization and other corporate governance items related to management decision-making and the execution and supervision of business operations</u>

The nucleus of the Group's corporate governance is a nine-member board of directors at the pure holding company level. The board is structured to ensure that all issues are fully debated and that decisions can be made accurately and efficiently. Thus, the board is enabled to effectively fulfill its role to conduct strategic decision-making of Group-wide issues and overseeing operating results. A certain proportion of board members (currently three of the nine members) are external directors. The role of the external directors is to supervise the performance of the CEO. The Group continues to adopt a corporate auditor system whereby the auditors monitor the directors and their performance of duties. The majority of the corporate auditors are from outside the Group, ensuring fairness and transparency.

To efficiently and cohesively manage the business segments, each of which is delegated considerable autonomy, a CEO Conference composed of the Company's CEO and representatives from each business segment is held monthly. The Conference coordinates management policies, monitors operating results of Group companies and performs various other tasks. In line with the Group's policy of focusing resources on carefully selected businesses, the CEO Conference is currently conducting a bold rationalization of unprofitable businesses and realigning its business portfolio.

Regarding internal controls, the Group has a system of operational audits to evaluate and verify compliance by the Company and the Group with management policies, laws, articles of incorporation, regulations, guidelines and other applicable rules.

Furthermore, the Group is distinguished by its various measures to strengthen corporate governance functions, such as the extensive use of IT to facilitate efficient management and the attendance by an external corporate lawyer at all board and CEO Conference meetings to provide guidance and advice.

(2) Significant personal, financial, business or other relationships between the Group and external directors and external corporate auditors

There are no applicable items.

(3) Measures taken during the past year to improve corporate governance

During the past year, there were organizational enhancements in the Group management and public relations functions undertaken by the pure holding company. The Internal Audit Department was established at the holding company in January 2002 and is responsible for monitoring the activities of the Company and each Group companies to ensure compliance with management policies. To confirm and maintain fairness and transparency of all business practices, the Group consistently strives to enhance disclosure of relevant information. By holding meetings to report on operations, informational meetings for securities analysts and others, placing news releases and other information on its Web site, and conducting other related activities, the Group is taking prudent steps to enhance its IR activities.

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 ¥1,576 million, or 0.4%, to ¥406,892 million. Comparing with fiscal 2002, revenues increased in the Broadband Infrastructure and Internet Culture segments and decreased in the Media & Marketing and e-Commerce segments, respectively.

The operating loss increased ¥68,096 million to ¥91,997 million. The primary factor for this loss was the increase in costs accompanying the expansion of operations in the Broadband Infrastructure segment, which remains in the start-up phase. Excluding that segment, the other segments in total achieved profitability at the operating level.

The ordinary loss increased ¥76,506 million to ¥109,808 million. This was the result of the operating loss mentioned above and an increase of ¥8,410 million in net non-operating expenses to ¥17,811 million. Non-operating items included net equity in gains under the equity method of ¥11,107 million, compared to a net equity in losses under the equity method in fiscal 2002. However, there was a net loss of ¥12,832 million on distributions from partnerships and a net exchange loss of ¥7,704 million because of the yen's appreciation, as compared to the net exchange gains of ¥24,939 million in fiscal 2002. Net interest expenses decreased ¥5,925 million to ¥7,648 million due to the reduction in interest-bearing debt.

The net loss increased ¥11,234 million to ¥99,989 million. There was a net special gain of ¥38,333 million, which was the result of special income of ¥134,405 million and special losses of ¥96,071 million. The loss before income taxes and minority interest decreased ¥48,465 million to ¥71,474 million. The largest component of special income was a gain on sale of investment securities of ¥127,607 million, representing the partial sale of stock held in Yahoo! Inc., Yahoo Japan Corporation and UTStarcom, Inc. The major components of special losses were a loss on sale of investment securities of ¥10,846 million, attributed to the sale of stock held in E*TRADE Group, Inc. and CNET Networks, Inc., a valuation loss on investment securities of ¥33,848 million, derived principally from the revaluation of stock held in CNET Networks, Inc. and E*TRADE Group, Inc., and a valuation loss on investments in affiliates of ¥32,323 million, primarily due to the revaluation of stock held in Key3Media Group, Inc.

Results of Operations by Business Segment

SOFTBANK BB Corp. was established in January 2003, and since then the operations of

SOFTBANK BB Corp. were apportioned into the Broadband Infrastructure segment (for operations formerly conducted mainly by BB Technologies Corporation and SOFTBANK Networks Inc.) and the e-Commerce segment (for operations formerly conducted mainly by SOFTBANK EC HOLDINGS CORP. and SOFTBANK COMMERCE CORP.). Furthermore, operating results of the Yahoo! BB business ascribed to Yahoo Japan Corporation and those attributed to the Yahoo! BB sales activities conducted by the former SOFTBANK COMMERCE CORP. for the April through December period of fiscal 2003 were included in the Broadband Infrastructure segment’s fiscal 2003 results in order to accurately present the Group’s activities.

Broadband Infrastructure－Segment sales increased ¥30,839 million, or 336.3%, to ¥40,007 million. This was mainly attributable to the sharp growth in revenues for the Yahoo! BB business when the number of lines installed surged from approx. 490,000 at the end of fiscal 2002 to approx. 2,360,000 at the end of fiscal 2003 and the service lineup was expanded. The growth in lines installed increased customer acquisition costs related to incentive payments to sales agents and other marketing expenses, as well as associated equipment depreciation expenses and lease payments, etc. The operating loss increased ¥78,252 million to ¥96,204 million. For activities other than the Yahoo! BB business, IP REVOLUTION, INC. (a wholly owned subsidiary of SOFTBANK BB Corp.), as a provider of an ultra-high-speed, fiber-optic Internet connection services, realized steady growth in sales throughout the fiscal year and achieved profitability on a monthly basis in the second half of fiscal 2003.

To enhance its equity and strengthen its financial base, SOFTBANK BB Corp. procured ¥120,000 million through the issuance of common stock to SOFTBANK CORP. As half of this amount was allocated to common stock, SOFTBANK BB Corp.’s common stock stood at ¥63,000 million at the end of fiscal 2003.

e-Commerce－Segment sales decreased ¥18,109 million, or 6.4%, to ¥266,086 million. In fiscal 2002, this segment had benefited from the distribution of a major product from MICROSOFT CORP. and the strong demand for anti-virus software sparked by widely publicized Internet viruses. Absent such factors, SOFTBANK BB Corp. (formerly SOFTBANK COMMERCE CORP.) recorded a decline in sales for fiscal 2003. The operating income decreased ¥739 million, or 23.1%, to ¥2,466 million, due to lower sales and competitive pressure on operating margins.

Among other e-Commerce segment companies, Vector Inc. continued to post growth in sales and operating income in fiscal 2003, while CarPoint K.K. and e-Career CORP. both became profitable at the operating level. Additionally, Dee Corp. and e-Shopping! Toys CORP. have progressed from start-up to growth stages.

e-Finance—Segment revenue increased ¥3,906 million, or 16.1%, to ¥28,167 million. A major contributor to this growth was increased brokerage commissions and financial income from interest and dividends at E*TRADE SECURITIES, CO., LTD. The operating loss increased ¥903 million to ¥5,823 million, mainly due to an increase in valuation loss on operational investment securities of SOFTBANK INVESTMENT CORPORATION attributed to adverse trends in the global financial markets. In non-operating income and expenses, the segment posted a net loss of ¥12,583 million on distributions from partnerships. Special losses of ¥4,246 million on the revaluation of affiliated companies recorded by a consolidated subsidiary in Hong Kong and ¥2,541 million (other special losses) due to a refund of success fees by SOFTBANK Ventures, Inc.

Media & Marketing—Segment sales decreased ¥31,526 million, or 65.1%, to ¥16,912 million and the operating income decreased ¥3,085 million to a loss of ¥523 million. The exclusion from consolidation of Key3Media Group, Inc. was the primary cause for the decline in both sales and operating income. Also, the market for IT-related magazines and books faced contraction as individuals increasingly used the Internet to acquire information. Due to this trend, both sales and operating income declined at SOFTBANK Publishing Inc. Nevertheless, improvements in SOFTBANK Publishing Inc.'s operating income were achieved in the second half of fiscal 2003, as compared to the second half of fiscal 2002, through cost reductions and other measures. Improvements in profitability were also realized at the operating level for SOFTBANK ZDNet Inc. and other Media & Marketing segment companies.

Broadmedia—Segment sales decreased ¥182 million, or 1.5%, to ¥11,944 million. This was principally the result of a marginal decline in sales at Club iT Corporation. Although sales from services provided to existing CS subscribers remained solid, the company was no longer acquiring new subscribers. Revenue increases were posted by BB Factory Corporation, which operates "chBB", a CS channel devoted exclusively to games-related programs, and CDN Solutions K.K. (formerly Akamai Technologies Japan K.K.), which steadily acquired clients from among major media firms and other companies. The operating loss increased ¥1,576 million to ¥1,615 million. The primary factors were start-up expenses at CDN Solutions K.K. and development-related expenses at BB Cable Corporation, which launched the "BB Cable TV" service via the ADSL network. A consolidated adjustment of ¥3,295 million was amortized in fiscal 2003 as the special loss (valuation loss on investment in affiliates) relating to the tender offer for Club iT Corporation.

Internet Culture—Segment sales increased ¥6,185 million, or 19.3%, to ¥38,200 million. The main sources of growth were Yahoo Japan Corporation's advertising revenues, which achieved an all-time high, its introduction of system utilization fees and increased volume in its auction business. Tavigator, Inc. also posted higher sales. Operating income for the segment increased ¥6,945 million, or 69.9%, to ¥16,881 million, resulting from the income growth posted by the aforementioned Yahoo Japan Corporation's businesses.

Technology Services－Segment sales increased ¥7,201 million, or 38.9%, to ¥25,728 million. The main contributor was SOFTBANK TECHNOLOGY CORP., specifically its e-business services such as PC software and settlement and collection services and the ADSL sales support service of its broadband solutions business. Operating income decreased ¥22 million, or 1.9%, to ¥1,113 million, impacted by declines in the gross margin for the business solution and broadband solution businesses, as well as increased personnel expenses, at SOFTBANK TECHNOLOGY CORP.

Overseas Funds－Segment revenue increased ¥796 million, or 32.1%, to ¥3,277 million, primarily reflecting growth in fund management fees at SOFTBANK Holdings Inc. Operating income rose ¥2,218 million to ¥1,991 million as cost reductions from restructuring restored the segment profitability.

Others－Segment sales decreased ¥4,941 million, or 23.8%, to ¥15,862 million. The operating loss decreased ¥271 million to ¥6,383 million.

Results of Operations by Geographic Segment

Japan－Sales increased ¥33,311 million, or 9.4%, to ¥387,033 million, as revenues rose in the Broadband Infrastructure, Internet Culture and other segments. The operating loss increased ¥66,263 million to ¥82,255 million. This was chiefly the result of increased up-front costs in the Broadband Infrastructure segment associated with the Yahoo! BB business expansion.

North America－Sales decreased ¥26,589 million, or 87.3%, to ¥3,864 million and the operating loss was ¥617 million, a difference of ¥2,472 million compared with fiscal 2002's operating income. The main reason for these changes was the exclusion of Key3Media Group, Inc. from consolidation.

Europe－ Sales decreased ¥2,508 million, or 94.0%, to ¥160 million. The operating loss was ¥573 million, an improvement of ¥687 million over fiscal 2002's operating loss. The main reason for these changes was the exclusion of Key3Media Group, Inc. from consolidation.

Korea－Sales decreased ¥5,546 million, or 28.4%, to ¥13,973 million. The operating loss increased

¥1,240 million to ¥2,817 million.

2. Financial Position

Balance Sheet Analysis

Current assets increased ¥12,989 million to ¥407,437 million. Cash and deposits increased ¥33,922 million, which was attributable mainly to the sales of investment securities and partial sales of investments in subsidiaries. However, there was a ¥17,000 million decrease in other current assets because temporary payments by SOFTBANK BB Corp. (formerly BB Technologies Corporation), that had been placed in other current assets, were transferred to property and equipment.

Property and equipment increased ¥73,840 million to ¥102,249 million. The main contributors were the above mentioned transfer from other current assets and the purchase of transmission equipment by SOFTBANK BB Corp., (formerly BB Technologies Corporation), including equipment for installation in NTT central offices and modems for use in the homes of Yahoo! BB subscribers.

Investments and other assets decreased ¥296,186 million to ¥412,346 million. As a result of the partial sale of investments in Yahoo! Inc., UTStarcom, Inc. and other companies, investment securities declined ¥253,735 million. Furthermore, investments in partnerships declined ¥43,849 million, which resulted primarily from the sale of investments in KFB Newbridge Investment, L.P. and the revaluation of the carrying value of the SOFTBANK INTERNET TECHNOLOGY FUNDs.

Liabilities decreased ¥8,289 million to ¥642,929 million. Accounts payables – other increased ¥38,054 million, which reflected the purchase of transmission equipment by SOFTBANK BB Corp. Interest-bearing debt declined ¥24,849 million due to bond redemptions and other factors. In addition, long-term deferred tax liabilities decreased ¥37,676 million due to sales of investment securities and other actions.

Shareholders' equity decreased ¥207,929 million to ¥257,396 million. In addition to the ¥105,066 million decline in retained earnings caused by the net loss, the sale of investments in Yahoo! Inc. and certain other factors resulted in a ¥87,029 million decline in net unrealized gain on other securities, and there was a ¥13,644 million decline in translation adjustments.

Cash Flows Analysis

In fiscal 2003, cash was provided by investing activities, while used for operating and financing activities. As a result, cash and cash equivalents increased to ¥147,526 million at the end of fiscal 2003., as compared to ¥119,855 million at the end of fiscal 2002.

Net cash used for operating activities was ¥68,600 million, ¥10,522 million less than cash used in fiscal 2002. The loss before income taxes and minority interest was ¥71,474 million, but this was partially offset by depreciation and amortization of ¥20,904 million and a valuation loss on investment securities of ¥66,172 million and other non-cash expenses, while gains on sale of marketable and investment securities of ¥116,839 million, equity in gains under the equity method of ¥11,107 million, and other non-cash income were negative factors. Another positive factor was the ¥11,977 million year-on-year decrease in cash payments for income taxes to ¥13,202 million.

Net cash provided by investing activities increased ¥79,998 million to ¥119,749 million. Purchases of property and equipment and intangibles were ¥64,500 million (mainly transmission equipment purchased by SOFTBANK BB Corp.) and purchase of marketable and investment securities was ¥33,413 million (mainly in the e-Finance segment). On the other hand, proceeds from sale of marketable and investment securities, including Yahoo! Inc. stock, were ¥171,350 million and proceeds from sale of interests in consolidated subsidiaries, including the partial sale of Yahoo Japan Corporation stock, were ¥56,356 million.

Net cash used for financing activities was ¥17,615 million, a ¥18,929 million decrease from fiscal 2002. There was a ¥44,104 million increase in short-term borrowings, but repayment of bonds was ¥52,223 million. Furthermore, proceeds from issuance of bonds fell from ¥126,393 million to ¥2,496 million as measures were taken to reduce interest-bearing debts.

<Factors That May Have a Material Impact on Cash Flows in the Following Fiscal Year>

Sale of investment in Aozora Bank, Ltd.

The Company is currently conducting negotiations to sell its investment in Aozora Bank, Ltd. and plans to complete all necessary procedures before the semi-annual closing ending September 2003. The Company expects that the sale of these shares will generate a suitable amount of proceeds. The purchaser, timing of the sale, price and other matters will be disclosed when appropriate.

Redemption of Bonds

The Group had ¥178,087 million of bonds outstanding as of the end of fiscal 2003. Of this amount, ¥56,279 million is scheduled for redemption during fiscal 2004.

Commitment-line Contract

On October 24, 2002, the Company made a ¥86.0 billion commitment-line contract with eight banks that was arranged by Mizuho Corporate Bank, Ltd. No decision has been reached at this time regarding the extension of this contract in fiscal 2004.

【Equity ratio, Market cap equity ratio, Debt repayment period and Interest coverage ratio】

Years ended March 31	2003	2002
Equity ratio	27.2%	40.0%
Market cap equity ratio	48.9%	68.8%
Debt repayment period	6.7 years	—
Interest coverage ratio	5.9	—

Equity ratio: Total shareholders' equity / Total assets

Market cap equity ratio: Market capitalization / Total assets

Debt repayment period: Interest-bearing debt / Free cash flow

Interest coverage ratio: Free cash flow / Interest expenses

* All figures are computed from the Company's consolidated financial statements.

* Market capitalization is calculated by multiplying the closing price of the Company's shares by the total number of shares outstanding at the end of fiscal 2003.

* Free cash flow represents the sum of operating and investing cash flows.

* Interest-bearing debt is the sum of liabilities on the consolidated balance sheets on which interest must be paid.

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

* Interest expenses are the interest expense provided on the consolidated statements of income.

CONSOLIDATED BALANCE SHEETS

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

	FY2003 As of March 31, 2003		FY2002 As of March 31, 2002		Increase (Decrease)
	Amount	**%**	Amount	%	
ASSETS					
Current assets					
Cash and deposits	**¥147,503**		¥113,580		¥33,922
Notes and accounts receivable - trade	**64,255**		62,047		2,207
Marketable securities	**5,059**		9,545		(4,485)
Inventories	**42,201**		36,312		5,889
Deferred tax assets	**7,035**		15,430		(8,394)
Receivables related to margin transactions	**48,847**		42,316		6,531
Other current assets	**99,802**		116,802		(17,000)
Less : Allowance for doubtful accounts (current)	**(7,268)**		(1,586)		(5,681)
Total current assets	**407,437**	**43.1**	394,447	33.9	12,989
Non-current assets					
Property and equipment, net					
Transmission equipment	**79,284**		11,464		67,819
Others	**22,964**		16,943		6,021
Total tangible assets	**102,249**	**10.8**	28,408	2.4	73,840
Intangible assets, net					
Software	**11,194**		8,741		2,453
Consolidation adjustment	**9,830**		16,190		(6,360)
Other intangibles	**2,814**		6,600		(3,786)
Total intangible assets	**23,838**	**2.5**	31,531	2.7	(7,693)
Investments and other assets					
Investment securities	**267,414**		521,150		(253,735)
Investments in partnerships	**97,606**		141,456		(43,849)
Long-term loans	**780**		1,287		(506)
Deferred tax assets	**32,701**		35,832		(3,130)
Other assets	**15,637**		10,313		5,323
Less : Allowance for doubtful accounts	**(1,794)**		(1,506)		(287)
Total investments and other assets	**412,346**	**43.6**	708,533	60.9	(296,186)
Deferred charges	**459**	**0.0**	757	0.1	(298)
TOTAL ASSETS	**¥946,331**	**100.0**	¥1,163,678	100.0	¥(217,347)

CONSOLIDATED BALANCE SHEETS

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

	FY2003 (As of March 31, 2003) Amount	%	FY2002 (As of March 31, 2002) Amount	%	Increase (Decrease)
LIABILITIES					
Current liabilities					
Notes and accounts payable - trade	**¥58,534**		¥56,742		¥1,792
Short-term borrowings	**150,557**		114,190		36,366
Commercial paper	**4,000**		10,000		(6,000)
Current portion of corporate bonds	**56,219**		48,841		7,378
Current portion of convertible bonds	**60**		-		60
Accounts payable - other	**60,243**		22,188		38,054
Accrued expenses	**14,576**		10,176		4,400
Income taxes payable	**10,912**		9,593		1,318
Deferred tax liabilities	**5,978**		47		5,930
Payables related to margin transactions	**44,458**		37,417		7,040
Allowance for sales returns	**1,269**		1,343		(74)
Other current liabilities	**51,695**		48,434		3,260
Total current liabilities	**458,504**	**48.5**	358,976	30.8	99,528
Long-term liabilities					
Corporate bonds	**121,763**		179,365		(57,602)
Convertible bonds	**45**		125		(80)
Long-term debt	**8,149**		13,121		(4,971)
Deferred tax liabilities	**33,285**		70,962		(37,676)
Accrued retirement benefits	**49**		331		(281)
Other Liabilities	**21,130**		28,335		(7,205)
Total long-term liabilities	**184,424**	**19.4**	292,241	25.1	(107,817)
TOTAL LIABILITIES	**642,929**	**67.9**	651,218	55.9	(8,289)
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	**46,005**	**4.9**	47,134	4.1	(1,129)
SHAREHOLDERS' EQUITY					
Common stock	**137,867**	**14.6**	137,867	11.9	-
Additional paid-in capital	**162,231**	**17.1**	162,231	13.9	-
Retained earnings (deficits)	**(101,031)**	**(10.7)**	4,035	0.3	(105,066)
Net unrealized gain on other securities	**39,595**	**4.2**	126,625	10.9	(87,030)
Translation adjustments	**20,932**	**2.2**	34,577	3.0	(13,645)
Less: Treasury stock	**(2,199)**	**(0.2)**	(10)	(0.0)	(2,189)
TOTAL SHAREHOLDERS' EQUITY	**257,396**	**27.2**	465,326	40.0	(207,930)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**¥946,331**	**100.0**	¥1,163,678	100.0	¥(217,347)

CONSOLIDATED STATEMENTS OF INCOME

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

	FY2003 (April 2002 through March 2003) Amount	%	FY2002 (April 2001 through March 2002) Amount	%	Increase (Decrease)
Net sales from non-financing business	**¥379,998**	**93.4**	¥381,532	94.1	¥(1,533)
Cost of sales	**347,889**	**85.5**	319,328	78.8	28,561
Gross profit	**32,109**	**7.9**	62,204	15.3	(30,094)
Selling, general and administrative expenses	**120,186**	**29.5**	81,311	20.0	38,875
Operating loss from non-financing business	**(88,076)**	**(21.6)**	(19,107)	(4.7)	(68,969)
Revenue from financing business	**26,893**	**6.6**	23,782	5.9	3,110
Financing business expenses	**30,813**	**7.6**	28,576	7.1	2,236
Operating loss from financing business	**(3,920)**	**(1.0)**	(4,794)	(1.2)	873
Total operating loss	**(91,997)**	**(22.6)**	(23,901)	(5.9)	(68,096)
Interest income	**1,092**		2,065		(973)
Exchange gains	**-**		24,939		(24,939)
Equity in gains under the equity method	**11,107**		-		11,107
Other non-operating income	**5,553**		5,526		27
Non-operating income	**17,753**	**4.4**	32,530	8.0	(14,777)
Interest expense	**8,741**		15,640		(6,899)
Exchange loss	**7,704**		-		7,704
Equity in losses under the equity method	**-**		17,575		(17,575)
Other non-operating expenses	**19,119**		8,715		10,404
Non-operating expenses	**35,564**	**8.8**	41,931	10.3	(6,366)
Ordinary loss	**(109,808)**	**(27.0)**	(33,302)	(8.2)	(76,506)
Gain on sale of investment securities	**127,607**		67,068		60,538
Dilution gains from changes in equity interest	**2,138**		19,353		(17,214)
Other special income	**4,659**		4,776		(117)
Special income	**134,405**	**33.0**	91,198	22.5	43,206
Loss on sale of investment securities	**10,846**		15,673		(4,826)
Valuation loss on investment securities	**33,848**		99,046		(65,197)
Valuation loss on investment in affiliates	**32,323**		19,413		12,910
Valuation loss on goodwill and other intangible assets	**-**		19,978		(19,978)
Dilution loss from changes in equity interest	**1,393**		3,761		(2,367)
Other special losses	**17,658**		19,963		(2,305)
Special loss	**96,071**	**23.6**	177,836	43.9	(81,765)
Loss before income taxes and minority interest	**(71,474)**	**(17.6)**	(119,939)	(29.6)	48,465
Income taxes -current	**14,849**	**3.6**	8,378	2.0	6,471
Income tax refunds	**11,125**	**2.7**	-	-	11,125
Income taxes -deferred	**27,350**	**6.7**	(36,219)	(8.9)	63,569
Minority interest	**2,560**	**0.6**	3,343	0.8	(783)
Net loss	**¥(99,989)**	**(24.6)**	¥(88,755)	(21.9)	¥(11,234)

CONSOLIDATED STATEMENTS OF ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS

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

	FY2003 (April 2002 through March 2003)
ADDITIONAL PAID-IN CAPITAL	
Additional paid-in capital at the beginning of the year	**¥162,231**
Increase	-
Decrease	-
Additional paid-in capital at the end of the year	**¥162,231**

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

	FY2003 (April 2002 through March 2003)	FY2002 (April 2001 through March 2002)
RETAINED EARNINGS (DEFICITS)		
Retained earnings at the beginning of the year	**¥4,035**	¥94,803
Net loss	**(99,989)**	(88,755)
Cash dividends	**(2,358)**	(2,356)
Bonuses to directors	**(75)**	(142)
Adjustment to retained earnings due to changes in investment in affiliates under the equity method, net	**(2,636)**	487
Increase in retained earnings of consolidated subsidiaries excluded from consolidation	**11**	-
Decrease in retained earnings of subsidiaries included into consolidation	**(2)**	(0)
Decrease due to merger	**(17)**	-
Retained earnings (deficits) at the end of the year	**¥(101,031)**	¥4,035

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

		FY2003 (April 2002 through March 2003)	FY2002 (April 2001 through March 2002)
I	**Cash flows from operating activities:**		
	Loss before income taxes and minority interest	**¥(71,474)**	¥(119,939)
	Adjustments to reconcile loss before income taxes and minority interest to net cash used for operating activities		
	Depreciation and amortization	**20,904**	11,749
	Equity in (gains) losses under the equity method, net	**(11,107)**	17,575
	Dilution gains from changes in equity interest, net	**(744)**	(15,591)
	Valuation loss on investment securities	**66,172**	118,459
	Gains on sale of marketable and investment securities, net	**(116,839)**	(51,490)
	Exchange loss (gains), net	**8,626**	(20,311)
	Interest and dividend income	**(1,311)**	(2,129)
	Interest expense	**8,741**	15,640
	Valuation loss on goodwill and other intangible assets	**-**	19,978
	(Increase) decrease in receivables- trade	**(3,522)**	16,684
	Increase (decrease) in payables-trade	**3,172**	(10,533)
	Decrease (increase) in other receivables	**8,576**	(37,474)
	Increase in other payables	**2,208**	9,785
	Others, net	**33,537**	8,613
		(53,061)	(38,983)
	Interest and dividends received	**1,138**	2,320
	Interest paid	**(9,386)**	(17,281)
	Income taxes paid	**(13,202)**	(25,180)
	Refunds of income taxes	**5,911**	-
	Net cash used for operating activities	**(68,600)**	(79,123)
II	**Cash flows from investing activities:**		
	Purchases of property and equipment and intangibles	**(64,500)**	(30,272)
	Purchase of marketable and investment securities	**(33,413)**	(71,426)
	Proceeds from sale of marketable and investment securities	**171,350**	157,985
	Additional investments in newly consolidated entities	**(591)**	(18,263)
	Proceeds from sale of interests in previously consolidated subsidiaries	**(23)**	(33)
	Proceeds from sale of interests in consolidated subsidiaries	**56,356**	10,554
	Increase in loan receivables	**(5,211)**	(12,803)
	Collections of loans	**1,975**	8,294
	Others, net	**(6,191)**	(4,283)
	Net cash provided by investing activities	**119,749**	39,751
III	**Cash flows from financing activities:**		
	Proceeds from issuance of shares to minority shareholders	**4,842**	11,039
	Increase (decrease) in short-term borrowings, net	**44,104**	(29,226)
	Proceeds from issuance of commercial paper	**14,000**	71,400
	Repayment of commercial paper	**(20,000)**	(91,400)
	Proceeds from long-term debt	**1,380**	15,630
	Repayment of long-term debt	**(7,758)**	(43,531)
	Proceeds from issuance of bonds	**2,496**	126,393
	Repayment of bonds	**(52,223)**	(53,597)
	Cash dividends paid	**(2,354)**	(2,346)
	Cash dividends paid to minority shareholders	**(122)**	(336)
	Others, net	**(1,980)**	(2,712)
	Net cash (used for) provided by financing activities	**(17,615)**	1,313
IV	**Effect of exchange rate changes**	**(5,728)**	3,578
V	**Net increase (decrease) in cash and cash equivalents**	**27,805**	(34,479)
VI	**Increase in cash and cash equivalents due to companies newly consolidated**	**60**	2
VII	**Decrease in cash and cash equivalents due to exclusion of previously consolidated entities**	**(194)**	(4,772)
VIII	**Cash and cash equivalents at the beginning of the year**	**119,855**	159,105
IX	**Cash and cash equivalents at the end of the year**	**¥147,526**	¥119,855

Basis of Presentation of Consolidated Financial Statements

1 Changes in scope of consolidation

a) As of March 31, 2003, SOFTBANK ＣＯＲＰ．（the "Company") consolidated 269 subsidiaries. 12 subsidiaries were not consolidated due to their immateriality in terms of the consolidated total assets, sales and revenues, net income and retained earnings of the SOFTBANK consolidated financial statements.
Main changes in the scope of the consolidation for the year ended March 31, 2003 were as follows;

<Increase；including partnerships>

1	BB SHOP! CORP.	Newly established
2	BIOVISION CAPITAL CORP	Newly established

Other 36 companies

<Decrease；including partnerships>

1	SOFTBANK EC HOLDINGS CORP.	Merger
2	SOFTBANK COMMERCE CORP.	Merger
3	SOFTBANK Networks Inc.	Merger
4	Tokyo Metallic Communications Corp.	Merger
5	e-Shopping! Wine CORP.	Decrease in shareholding percentage due to sale of shares

Other 49 companies

b) As of March 31, 2003, the Company held 3 non-consolidated subsidiaries and 113 affiliates, all of which were accounted for under the equity method.
Main changes in application of the equity method for the year ended March 31, 2003 were as follows;

<Increase；including partnerships>

1	BEST BroadBand Corp.	Newly established
2	YAMADA BroadBand Corp.	Newly established
3	INTAGE Interactive Inc.	Newly established

Other 21 companies

<Decrease；including partnerships>

1	InsWeb Corporation	Decrease in the shareholding percentage
2	Key3Media Group, Inc.	Sale of all shares

Other 19 companies

2 Fiscal year end

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

<Fiscal year end>	<Domestic>	<Overseas>
March end (as same as consolidated B/S date)	98	28
June end	2	5
July end	1	-
September end	4	-
December end	16	112
February end	3	-

3 Summary of significant accounting policies

[1] Evaluation standards and methods for major assets

(1) Marketable securities and investment securities

Held-to-maturity debt securities :	Stated at amortized cost
Other securities:	
With market quotations:	Stated at fair value, which represents the market prices at the balance sheet date (Unrealized gain/loss are included as a separate component in shareholders' equity, net of tax, while cost is primarily determined using the moving-average method)
Without market quotations:	Carried at cost, primarily based on the moving-average method

(2) Derivative instruments	Stated at fair value
(3) Inventories	Carried at cost, primarily based on the moving-average method

[2] Depreciation and amortization

(1) Property and equipment:

Transmission equipment:	Computed using the straight-line method.
Others:	Computed primarily using the declining-balance method.
(2) Intangible assets:	Computed using the straight-line method.

[3] Accounting principles for major allowances and accruals

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

(2) Allowance for sales returns:
Allowance for sales returns is calculated for the gross margin of future sales returns expected subsequent to the balance sheet dates on an accrual basis.

(3) Accrued retirement benefits:
Some domestic consolidated subsidiaries use the simplified method to calculate their accrued retirement benefits based on the projected benefit obligation as of the end of the consolidated fiscal year.
Starting on July 1, 2002, the Company and most of its domestic consolidated subsidiaries transferred their non-contributory defined benefit pension plans to the defined contribution pension plans, and reversed accrued retirement benefits at the time of the transfer.

[4] Translation of foreign currency transactions and accounts

All assets and liabilities in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates. Exchange gains or losses are charged in the net income when incurred.
The translation of revenues and expenses in the financial statements of foreign consolidated subsidiaries into Japanese yen is performed by using the average exchange rate for the period. Assets and liabilities are translated using the foreign exchange rates prevailing at the balance sheet date, and capital stock is translated using the historical rates. Foreign currency financial statement translation differences are presented as a separate component of "Shareholders' equity", except for the portion pertaining to minority shareholders, which is included in "Minority interest in consolidated subsidiaries".

[5] Finance lease

Finance leases other than those whereby the ownership of the assets would be transferred to lessees at the end of the lease periods are accounted for as operating leases.

[6] Accounting method for consumption taxes

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

4 Accounting for business combinations

All assets and liabilities of an acquired entity are revalued at the respective fair market value at the combination date.

5 Amortization of consolidation adjustment

"Consolidation adjustment" is amortized on a straight- line basis over five to seven years. An immaterial consolidation adjustment is expensed as incurred.

6 Appropriation of retained earnings

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

7 Scope of cash and cash equivalents in the consolidated statements of cash flows

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

8 Other basis of presentation of consolidated financial statements

[1] Accounting method for treasury stock and reduction of legal reserves

Effective from the fiscal year beginning April 1, 2002, the Company adopted Financial Accounting Standards No.1: "Accounting Standards for Treasury Stock and Reduction of Legal Reserves". Adoption of this new standard had an immaterial impact on the Company's results of operations and financial position.
In addition, consolidated statements of additional paid-in capital and retained earnings have been prepared in accordance with the amended "Regulations Concerning Consolidated Financial Statements", effective from the fiscal year beginning April 1, 2002.

[2] Per share information

Effective from the fiscal year beginning April 1, 2002, the Company and its consolidated subsidiaries adopted Financial Accounting Standards No.2: "Accounting Standards for Earnings per Share" and Financial Accounting Standards Implementation Guidance No.4: "Implementation Guidance for Accounting Standards for Earnings per Share", issued by the Accounting Standards Board of Japan on September 25, 2002.
Retroactive per share information is described in the "PER SHARE DATA" section.

[3] Defined contribution pension plan

Following the enactment of the Act for Defined Contribution Pension, the Company and most of its domestic consolidated subsidiaries transferred their non-contributory defined benefit pension plans to the defined contribution pension plans on July 1, 2002, and adopted Financial Accounting Standards Implementation Guidance No.1: "Accounting for Transfers between Retirement Benefit Plans", issued by Accounting Standards Board of Japan on January 31, 2002.
The related transition obligation of ¥297 million was recognized as "Other special losses" in the consolidated statement of income for the period ended March 31, 2003.

NOTES

1 Accumulated depreciation of property and equipment

	As of March 31, 2003	As of March 31, 2002
	27,417 million yen	10,756 million yen

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

		As of March 31, 2003	As of March 31, 2002
Held by the Company	common stock	**24,781 shares**	4,484 shares
Held by consolidated subsidiaries	common stock	**1,558,719 shares**	- shares
Number of shares issued	common stock	**336,876,826 shares**	336,876,826 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 the years are as follows:

	As of March 31, 2003	As of March 31, 2002
Cash and deposits	**1,956 million yen**	6,804 million yen
Other current assets (Operational investment securities)	**-**	11,936
Other current assets (Others)	**23**	232
Investment securities	**763**	1,491
Investments in partnerships	**2,903**	2,726
Accounts payable-other	**0**	163
Other current liabilities (Others)	**-**	0
Other non-current liabilities	**5,647**	23,028

4 Receivables and payables related to margin transactions

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

	As of March 31, 2003	As of March 31, 2002
Receivables related to margin transactions -		
Loans receivable from customers for margin transactions	**42,457 million yen**	37,881 million yen
Cash deposits as collateral for securities borrowed from securities finance companies	**6,389**	4,434
Payables related to margin transactions -		
Loans from securities finance companies for margin transactions	**27,906**	24,379
Proceeds from securities sold for margin transactions	**16,552**	13,038

5 Assets pledged as collateral

(1) For future lease liabilities

FY 2003 (as of March 31, 2003) **(Millions of yen; amounts less than one million yen are omitted.)**

Assets pledged as collateral		**Secured liabilities**	
Type of collateral	**Carrying amount**	**Account**	**Carrying amount**
Notes and accounts receivable - trade	**9,450**	**Notes and accounts payable - trade**	**251**
Other current assets (accounts receivable -other)	**81**		

Note : The collateral for the future lease liabilities of ¥32,732 million, of which ¥251 million was for "Notes and accounts payable-trade", was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries and a broadcasting company, based on marketing agreements, etc.
The current receivables at March 31, 2003, held as the collateral for the above future lease liabilities, consisted of "Notes and accounts receivable-trade" of ¥9,450 million and "Other current assets" of ¥81 million, respectively.

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	Account	Carrying amount
Notes and accounts receivable - trade	3,592	Notes and accounts payable - trade	319
Other current assets (accounts receivable - other)	53	Other current liabilities (accounts payable -other)	96

Note : The collateral for the future lease liabilities of ¥33,902 million, of which ¥319 million was for "Notes and accounts payable-trade" and ¥96 million was for "Other current liabilities", was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries and a broadcasting company, based on marketing agreements, etc.
The current receivables at March 31, 2002, held as the collateral for the above future lease liabilities, consisted of "Notes and accounts receivable-trade" of ¥3,592 million and "Other current assets" of ¥53 million, respectively.

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

FY2003 (as of March 31, 2003) **(Millions of yen; amounts less than one million yen are omitted.)**

Assets pledged as collateral		**Secured liabilities**	
Type of collateral	**Carrying amount**	**Account**	**Carrying amount**
Other current assets (real property for sale)	**1,704**	**Short-term borrowings**	**87**
Property and equipment	**195**	**Short-term borrowings**	**19,833 ($165 million)**
		Other current liabilities (interest payable)	**58**
Investment securities	**55,711**	**Long-term debt**	**1,350**

Note : SOFTBANK America Inc. ("SBA"), a wholly-owned subsidiary of the Company, pledged and delivered investment securities amounting to ¥55,711 million into a collateral securities account.
SBA is able to release the excess amount over 142.875% of the secured liabilities, consisting of ¥19,833 million as "Short-term borrowings" and ¥58 million as "Other current liabilities (Accrued interest)".
As of March 31, 2003, the fair market value of the pledged and delivered investment securities was ¥63,175 million, of which ¥34,755 million representing the excess over the 142.875% collateral required is able to be released.

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	Account	Carrying amount
Property and equipment	1,262	Short-term borrowings	163
		Long-term debt	275

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

FY 2003 (as of March 31, 2003) **(Millions of yen; amounts less than one million yen are omitted.)**

Assets pledged as collateral		**Secured liabilities**	
Type of collateral	**Carrying amount**	**Account**	**Carrying amount**
Investments in partnerships	**2,229**	**Long-term debt in the third party**	**2,388**

FY2002 (as of March 31, 2002)
No transactions applicable.

6 Line of credit as a creditor (not used)

	As of March 31, 2003	As of March 31, 2002
	51 million yen	24 million yen

7 Balance of accounts receivable sold

	As of March 31, 2003	As of March 31, 2002
	7,466 million yen	11,825 million yen

8 Notes receivable discounted

	As of March 31, 2003	As of March 31, 2002
	- million yen	40 million yen

9 Notes receivable maturing at year-end

Notes receivable are settled on the date of clearance. Since the year end date of March 31, 2002 was a non-business day, the following balance of notes receivable maturing on that date was not settled and was included in the closing balances of "Notes and accounts receivable-trade".

	As of March 31, 2003	As of March 31, 2002
Notes receivable	**- million yen**	98 million yen

10 Dilution gain (loss) from changes in equity interest

Dilution gains (losses) were recognized from changes in the Company's equity interest as a result of capital transactions by investees including an initial public offering.
The major dilution gain (loss) from changes in equity interest for the year ended March 31, 2003 are as follows:

	Gain	(Loss)
UTStarcom, Inc.	**875 million yen**	**695 million yen**
E*TRADE Japan K.K .	**851**	**52**

11 Valuation loss on investments in subsidiaries and affiliates

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

(1) Valuation loss on investment in consolidated subsidiaries

	As of March 31, 2003	As of March 31, 2002
	10,610 million yen	331 million yen

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

	As of March 31, 2003	As of March 31, 2002
	21,713 million yen	19,082 million yen

12 Consolidated statements of cash flows

(1) Reconciliation of cash and cash equivalents to the amounts included in the accompanying consolidated balance sheets

	As of March 31, 2003	As of March 31, 2002
Cash and deposits	**147,503 million yen**	113,580 million yen
Marketable securities	**5,059**	9,545
Time deposits with original maturity over three months	**(2,866)**	(1,065)
Deposits received from customers in commodities business	**(29)**	(31)
Stocks and bonds with original maturity over three months	**(2,140)**	(2,173)
Cash and cash equivalents	**147,526 million yen**	119,855 million yen

(2) Significant non-cash transactions

Conversion of convertible bonds to shareholders' equity	**- million yen**	146 million yen

13 Leases

13-1. Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease periods

(as a lessee)

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

	As of March 31, 2003	As of March 31, 2002
Property and equipment		
Equivalent to acquisition costs	**52,311**	42,315
Less: Amount equivalent to accumulated depreciation	**(17,328)**	(8,872)
Net book value	**34,982 million yen**	33,442 million yen
Software (Intangible assets)		
Equivalent to acquisition costs	**1,105**	1,358
Less: Amount equivalent to accumulated amortization	**(261)**	(353)
Net book value	**844 million yen**	1,004 million yen
Total		
Equivalent to acquisition costs	**53,417**	43,673
Less: Amount equivalent to accumulated depreciation	**(17,589)**	(9,226)
Net book value	**35,827 million yen**	34,447 million yen

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

	As of March 31, 2003	As of March 31, 2002
Due within one year	**12,434**	8,780
Due after one year	**25,708**	27,565
Total	**38,143 million yen**	36,346 million yen

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

	For the year ended March 31, 2003	For the year ended March 31, 2002
Lease payments	**12,021 million yen**	6,370 million yen
Amount equivalent to depreciation expense	**10,062**	5,366
Amount equivalent to interest expense	**2,142**	1,263

(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 periods, assuming no residual value, except in cases where the residual value is guaranteed in the lease contract.

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

13 Leases transaction (continued)

13-1. Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease periods

(as a lessor)

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

	As of March 31, 2003	As of March 31, 2002
Property and equipment		
Acquisition costs	**613**	1,004
Less: Accumulated depreciation	**(262)**	(231)
Net Book value	**350 million yen**	773 million yen
Software (Intangible assets)		
Acquisition costs	**295**	511
Less: Accumulated amortization	**(141)**	(134)
Net Book value	**154 million yen**	377 million yen
Total		
Acquisition costs	**909**	1,516
Less: Accumulated depreciation	**(404)**	(365)
Net Book value	**504 million yen**	1,150 million yen

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

	As of March 31, 2003	As of March 31, 2002
Due within one year	**188**	286
Due after one year	**348**	902
Total	**536 million yen**	1,189 million yen

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

	For the year ended March 31, 2003	For the year ended March 31, 2002
Lease income	**333 million yen**	307 million yen
Depreciation expenses	**286**	262
Amount equivalent to interest income	**63**	71

(4) Calculation method of amount equivalent to interest income

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

13-2. Non-cancelable operating lease transactions

(as a lessee)

The future lease payments for non-cancelable operating lease

	As of March 31, 2003	As of March 31, 2002
Due within one year	**210**	253
Due after one year	**240**	1,723
Total	**451 million yen**	1,977 million yen

(as a lessor)

No transactions applicable.

14 Significant subsequent events

(1) Sale of partial shareholdings of UTStarcom, Inc.

In April 2003, the Company sold 8,000,000 shares of UTStarcom, Inc. through SOFTBANK America Inc., a wholly-owned subsidiary of the Company, for approximately $139 million (approximately ¥16.6 billion at the rate of ¥119 per U.S. dollar). A capital gain of approximately ¥9.0 billion on this sale will be recorded in the Company's consolidated financial statements for the year ending March 2004.

(2) Refinancing and change of collateral

In April 2003, SOFTBANK America Inc. ("SBA") repaid short-term borrowings of $165 million (¥19,833 million), which were originally borrowed in February 2003, and entered into the new agreement of $380 million long-term borrowings bearing interest at 7.75% per annum from Citibank N.A., repayable in September 2004.
In connection with this refinancing, the collateral for the original $165 million loan was released, and SBA pledged and delivered its investment securities amounting to ¥87,781 million ($920 million at market value) into a collateral securities account. But, SBA is able to release $374 million at market value, representing the excess amount over 142.875% of the secured liabilities.
(The market value was calculated based on the share price as of the contract date of the loan agreement.)

(3) SOFTBANK INVESTMENT CORP. - E*TRADE Japan K.K. Merger

On March 7, 2003, SOFTBANK INVESTMENT CORPORATION ("SBIV") and E*TRADE Japan K.K.("ETRJ"), consolidated subsidiaries of the Company, entered into a merger agreement, which was approval at the extra-ordinary shareholders' meetings of both companies held on March 28, 2003. The merger will be effective on June 2, 2003.

As part of the merger, SBIV, a surviving company, will issue 0.63 shares of its common stock for a share of common stock of ETRJ to the shareholders of ETRJ on register as of June 1, 2003, the previous date of the merger date of June 2, 2003.

An aim of the merger is to establish an entity group which will be able to offer "Comprehensive Financial Services" to customers, such as asset management services, brokerage services, investment banking services, etc. This aim is achieved by the merger between SBIV managing a significant amount of venture capital funds in Japan, and ETRJ holding E*TRADE SECURITIES CO., LTD., which has a large number of customer accounts as an online securities broker.

SEGMENT INFORMATION

1. Business Segment Informatio

(1) FY2003 (for the year ended March 2003)

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

	Broadband Infrastructure	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Overseas Funds	Others	Total	Eliminatior or corporate	Consolidated
Net Sales												
(1) Customers	¥39,945	¥250,782	¥23,615	¥15,916	¥10,442	¥37,740	¥10,912	¥3,277	¥14,258	¥406,892	¥-	¥406,892
(2) Inter-segment	62	15,304	4,551	996	1,502	459	14,815	-	1,603	39,296	(39,296)	-
Total	40,007	266,086	28,167	16,912	11,944	38,200	25,728	3,277	15,862	446,188	(39,296)	406,892
Operating expenses	136,212	263,620	33,990	17,436	13,560	21,319	24,615	1,286	22,246	534,286	(35,397)	498,889
Operating income (loss)	¥(96,204)	¥2,466	¥(5,823)	¥(523)	¥(1,615)	¥16,881	¥1,113	¥1,991	¥(6,383)	¥(88,098)	¥(3,899)	¥(91,997)
Identifiable assets	¥136,625	¥82,518	¥221,646	¥14,514	¥12,442	¥124,573	¥14,757	¥105,752	¥140,712	¥853,544	¥92,787	¥946,331
Depreciation and amortization	12,033	1,157	5,752	324	364	2,249	173	444	1,434	23,932	229	24,161
Capital expenditures	76,928	4,187	4,427	191	4,442	3,147	365	20	316	94,028	(99)	93,928

(2) FY2002 (for the year ended March 2002)

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

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

Notes:

[1] 1. Business segments are categorized primarily based on the nature of business operations, type of services, and similarity of sales channels, etc., which the SOFTBANK Group uses for its internal management from the current fiscal year.

2. Main businesses by segment (based on the current fiscal year)

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

[2] The amount of corporate assets included in the column "Elimination or corporate" was ¥111,078 million, which were mainly surplus operating funds (cash and marketable securities), long-term investment securities of Company and assets held by the corporate division of the Company.

[3] "Capital expenditures" include acquisition of long-term prepaid expenses and deferred assets. "Depreciation and amortization" includes amortization of the long-term prepaid expenses and deferred char

(Change in business segmentation)

Effective from the fiscal year beginning April 1, 2002, the SOFTBANK Group changed its method for dividing the Group's overall business into segments from a method primarily based on the roles and responsibilities of each operation holding company to a new method, which is used for internal management reporting purposes from the current fiscal year, based on the nature of business operations, type of services, and the similarity of sales channels, etc.
The reason for this change is that the SOFTBANK Group intends from now on to focus on the broadband infrastructure business as the most important core business, and would therefore like to disclose the Group's activities more appropriately by integrating all broadband infrastructure-related business into one segment, rather than having such business, as before, spread across various segments.
The following shows the impact on the consolidated statement of income and balance sheets for the year ended March 31, 2003 as compared with the amounts which would have been recognized if the previous allocation had been applied consistently

1 Broadband Infrastructure Segment	"Net sales" increased by ¥3,056 million and "Operating expenses" increased by ¥301million. As a result, "Operating loss" decreased by ¥2,755 million. "Identifiable assets" decreased by ¥2,341 million and "Depreciation and amortization" decreased by¥ 9 million.
2 e-Commerce Segment	"Net sales" decreased by ¥3,743 million and "Operating expenses" decreased by ¥9,018 million. As a result, "Operating income" increased by ¥5,275 million.
3 Internet Culture Segment	"Net sales" decreased by ¥22,245 million and "Operating expenses" decreased by ¥15,393 million. As a result, "Operating income" decreased by ¥6,851 million. "Identifiable assets" decreased by ¥ 3,765million and "Depreciation and amortization" decreased by¥ 325 million.
4 Elimination or corporate	"Net sales" increased by ¥22,932 million and "Operating expenses" increased by ¥24,111 million. As a result, "Operating loss" increased by ¥1,179 million. "Identifiable assets" increased by ¥ 6,107 million and "Depreciation and amortization" increased by¥ 334 million.

SEGMENT INFORMATION

2. Geographic Segment Information

(1) FY2003 (for the year ended March 31, 2003)

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

	Japan	North America	Europe	Korea	Others	Total	Elimination or corporate	Consolidated
Net Sales								
(1) Customers	**¥386,477**	**¥2,992**	**¥-**	**¥13,973**	**¥3,448**	**¥406,892**	**¥-**	**¥406,892**
(2) Inter-segment	**555**	**872**	**160**	**-**	**26**	**1,615**	**(1,615)**	**-**
Total	**387,033**	**3,864**	**160**	**13,973**	**3,475**	**408,507**	**(1,615)**	**406,892**
Operating expenses	**469,288**	**4,482**	**734**	**16,790**	**5,283**	**496,578**	**2,310**	**498,889**
Operating loss	**¥(82,255)**	**¥(617)**	**¥(573)**	**¥(2,817)**	**¥(1,807)**	**¥(88,071)**	**¥(3,925)**	**¥(91,997)**
Identifiable Assets	**¥617,742**	**¥131,911**	**¥46,994**	**¥20,816**	**¥18,648**	**¥836,112**	**¥110,218**	**¥946,331**

(2) FY2002 (for the year 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	Consolidated
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

Notes:

[1] Net sales by geographic region were recognized based on geographic location.
Significant countries in each region are shown below:
North America: U.S.A. and Canada
Europe: U.K., Germany and France
Others: China, Hong Kong and Singapore

[2] The amount of corporate assets included in the column "Elimination or corporate" was ¥111,078 million, which were mainly surplus operating funds (cash and marketable securities) and long-term investment securities of the Company, and assets held by the corporate division of the Company.

3. Overseas Sales

(1) FY2003 (for the year ended March 31, 2003)

Overseas sales for the year ended March 31, 2003 were omitted because the total overseas sales were less than 10% of total consolidated sales.

(2) FY2002 (for the year 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 %

Note:
Net sales by geographic region were recognized based on geographic location.
Significant countries in each region are shown below:
North America: U.S.A. and Canada
Europe: U.K., Germany and France
Others: China, Hong Kong and Singapore

PER SHARE DATA

Effective from the fiscal year beginning April 1, 2002, the Company and its consolidated subsidiaries adopted Financial Accounting Standards No.2: "Accounting Standards for Earnings per Share" and Financial Accounting Standards Implementation Guidance No.4: "Implementation Guidance for Accounting Standards for Earnings per Share", which was issued by Accounting Standards Board of Japan on September 25,2002.
Retroactive per share information is as follows.

	FY2003	FY2002	
	Calculation under new standards	Calculation under new standards	Calculation under previous standards
Net loss per share - primary (yen)	**¥(296.94)**	¥(264.04)	¥(263.53)
Net loss per share - diluted (note 1)	**-**	-	-
Shareholders' equity per share (yen)	**767.56**	1,380.80	1,381.31
Basic data for computation of the per share data			
1. Average number of common stock outstanding during each fiscal year (unit: shares) (note 2)	**336,857,133**	336,798,168	336,798,168
2. Net loss allocated to common stock outstanding (in millions of yen)	**¥(100,027)**	¥(88,926)	¥(88,755)
3. Net loss not allocated to common stock holders (in millions of yen) (note 3)	**38**	171	N/A

Notes:

1. Diluted net income per share is not disclosed due to the loss position.
2. There were no potential dilutive securities in respect of the common stock outstanding at each fiscal year end.
3. The component is "Bonuses to Directors".

TAX EFFECT ACCOUNTING

FY2003 (For the year ended March 31, 2003)

1. Significant components of deferred tax assets and liabilities

Deferred tax assets

	(Million yen)
Loss carry-forwards	**¥116,452**
Valuation loss on investment securities	**66,015**
Allowances for doubtful accounts	**4,480**
Unrealized profit	**3,656**
Depreciation/Amortization	**1,519**
Enterprise tax payable	**1,029**
Others	**3,573**
Gross deferred tax assets	**196,726**
Less: valuation allowance	**(141,061)**
Total deferred tax assets	**55,664**

Deferred tax liabilities

Unrealized gains on other securities	**(30,870)**
Valuation gain on investment securities	**(22,897)**
Exchange gains on long-term receivables	**(742)**
Others	**(680)**
Total deferred tax liabilities	**(55,191)**
Net amount of deferred tax assets	**¥473**

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

Statutory tax rate	**42.05**	**%**
(Reconciliation)		
Differences related to investments in affiliates	**10.01**	**%**
Change in valuation allowance	**(86.90)**	
Tax rate differential	**(6.95)**	
Change in statutory tax rate	**(1.43)**	
Others	**(0.26)**	
Income tax rate per statement of income	**(43.48)**	**%**

3. Due to an amendment to the local tax law, effective from the fiscal year beginning April 1, 2004, the statutory tax rate used for the calculation of deferred tax assets and liabilities has been changed. The Company has therefore applied the statutory tax rate prior to the amendment to temporary differences which will be resolved on or before March 31, 2004 and has applied the new rate to those which will be resolved on or after April 1, 2004.

Due to the change in the statutory tax rate, "Deferred tax assets", net of "Deferred tax liabilities", at March 31, 2003 decreased by ¥1,013 million, and "Income taxes-deferred" for the year ended March 31, 2003 increased by ¥1,022 million, as compared with the amounts which would have been calculated if the tax rate prior to the amendment had been applied consistently to all temporary differences.

FY2002 (For the year ended March 31, 2002)

1. Significant components of deferred tax assets and liabilities

Deferred tax assets

	(Million yen)
Valuation loss on investment securities	¥79,151
Loss carry-forwards	60,247
Unrealized profit	3,506
Allowances for doubtful accounts	1,771
Valuation loss on inventories	1,483
Enterprise tax 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 investment securities	(16,815)
Exchange gain on long-term receivables	(3,185)
Others	(4,796)
Total deferred tax liabilities	(91,581)
Net amount of deferred tax liabilities	¥(19,747)

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

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

INVESTMENT IN DEBT AND EQUITY SECURITIES

FY2003 (as of March 31, 2003)

1. Available-for-sale and other securities at fair value

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

	FY2003 (as of March 31, 2003)		
	Investment Cost	Carrying Amount	Differences
Carrying Amount > Investment Cost			
(1) Equity securities	¥16,312	¥78,934	¥62,621
(2) Debt securities			
Government bonds	9	9	0
(3) Others	0	0	0
Sub-total	16,322	78,944	62,622
Carrying Amount≦Investment Cost			
(1) Equity securities	7,094	4,444	(2,649)
(2) Debt securities			
Government bonds	100	100	(0)
(3) Others	469	297	(172)
Sub-total	7,664	4,842	(2,822)
Total	¥23,987	¥83,787	¥59,800

2. Available-for-sale and other securities sold during the year ended March 31, 2003

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

	Sales Price	Gain on sales	Loss on sales
(1) Equity securities	¥122,598	¥65,163	¥(10,348)
(2) Debt securities	5,610	1,726	(173)
(3) Others	100	-	-
Total	¥128,309	¥66,889	¥(10,521)

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	199
(2) Available-for-sale and other securities	
Unlisted equity securities (w/o OTC stocks)	19,109
Unlisted debt securities	250
Unlisted foreign debt securities	1,724
MMF	4,370
Mid-term government bond funds	320
Commercial paper	1,999
Preferred fund certificate	2,000
Others	605
Total	¥30,580

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	More that ten years
Held-to-maturity securities				
Corporate bonds	¥199	¥-	¥-	¥-
Sub-total	199	-	-	-
Available-for-sale and other securities				
Debt securities				
Government bonds	-	110	-	-
Corporate bonds	-	818	192	-
Others	1,999	-	-	1,006
Sub-total	1,999	928	192	1,006
Total	¥2,199	¥928	¥192	¥1,006

INVESTMENT IN DEBT AND EQUITY SECURITIES (Continued)

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) Available-for-sale and other securities	
Unlisted equity securities (w/o OTC stocks)	42,375
Unlisted debt securities	1,742
Unlisted foreign debt securities	2,797
MMF	11,520
Mid-term government bond funds	323
Beneficial interest in trusts	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	-	-
Available-for-sale and other securities			
(1) Debt securities			
Government bonds	300	12	-
Corporate bonds	1,772	1,645	1,109
(2) Others	30	-	-
Sub-total	2,102	1,657	1,109
Total	¥2,203	¥1,657	¥1,109

DERIVATIVE TRANSACTIONS

Currency Related

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

	Nature of transaction	FY2003 (as of March 31, 2003)				FY2002 (as of March 31, 2002)			
		Contract amounts		**Fair value**	**Unrealized gain**	Contract amounts		Fair value	Unrealized gain
			Over 1 year				Over 1 year		
Off-market transactions	Swap Transactions								
	・ Australia dollars receiver, Japanese yen Payer	**¥1,000**	**¥1,000**	**¥15**	**¥15**	¥1,000	¥1,000	¥10	¥10
	Forward exchange contracts								
	・ U.S. dollars purchased, Japanese yen sold	**49,124**	**-**	**50,105**	**980**	-	-	-	-
	Total				**¥996**				¥10

Notes:

[1] Fair value is based on information from financial institutions.

[2] The Company and some consolidated subsidiaries entered into forward exchange contracts in order to manage the risk of foreign exchange rate fluctuations relating to the value of assets and liabilities denominated in foreign currency. As a hedge accounting has not been applied to those forward exchange contracts, the disclosure thereof is required .

Interest Related

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

	Nature of transaction	FY2003 (as of March 31, 2003)				FY2002 (as of March 31, 2002)			
		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 Receiver, Floating Rate Payer	**¥1,528**	**¥1,285**	**¥121**	**¥121**	¥5,771	¥1,771	¥248	¥248
	・ Floating Rate Receiver, Fix Rate Payer	**2,814**	**2,142**	**(198)**	**(198)**	7,485	3,485	(366)	(366)
	・ Fix Rate Receiver (receipt later), Fix Rate Payer (pre payment)	**1,000**	**1,000**	**36**	**36**	1,000	1,000	36	36
	Total				**¥(40)**				¥(81)

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

N/A

3. Subsidiaries

N/A

4. Affiliates

N/A

PENSION AND SEVERANCE PLANS

1. Pension Plans

Starting on July 1, 2002, the Company and most of its domestic consolidated subsidiaries transferred their non-contributory defined benefit pension plans to the defined contribution pension plans. To supplement these defined contribution plans, the Company and most of its domestic consolidated subsidiaries participate in a multi-employer contributory defined benefit welfare pension plan.

2. Projected Benefit Obligation

The following shows the impact on the transfer from the non-contributory defined benefit pension plans to the defined contribution pension plans.

	As of March 31, 2003
a) Decrease in projected benefit obligation (PBO)	**1,525 million yen**
b) Decrease in plan assets at fair value	**1,141**
c) Unrecognized actuarial losses	**12**
d) Reversal of accrued retirement benefits	**371 million yen**

The Company and most of its domestic consolidated subsidiaries will transfer the total plan assets of ¥1,238 million to the defined contribution pension plans over three years.

	As of March 31, 2003	As of March 31, 2002
a) Projected benefit obligation (PBO)	**131 million yen**	1,567 million yen
b) Plan assets at fair value	**81**	1218
c) Unfunded PBO	**49**	348
d) Unrecognized actuarial losses	**-**	(17)
e) Accrued retirement benefits	**49 million yen**	331 million yen

3. Pension and Severance Costs

a) Service costs (notes 1and 2)	**531 million yen**	688 million yen
b) Interest costs	**9**	32
c) Expected return on plan assets	**5**	15
d) Recognized actuarial losses	**4**	143
e) Contributions	**160**	-
f) Losses on transfer of pension plans	**297**	-
g) Net pension and severance costs	**996 million yen**	849 million yen

Notes
1. The service cost includes a contribution of 416 million yen to a synthetic-type welfare pension plan.
2. The service cost includes the pension costs of subsidiaries adopting the simplified pension accounting method.

4. Actuarial Computation of the Retirement Benefit Obligation

	For the year ended March 31, 2003	For the year ended March 31, 2002
a) Allocation of projected benefit obligations	**N/A**	Project unit-credit method
b) Discount rate	**- %**	2.5% (excluding some subsidiaries/affiliates)
c) Expected return on plan assets	**- %**	2.2% (excluding some subsidiaries/affiliates)
e) Actuarial gains/losses	**N/A**	Expensed out in the year subsequent to the fiscal year of occurrence