

SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the fiscal year ended March 31, 2004

Tokyo, May 10, 2004

FINANCIAL HIGHLIGHTS

1. Results of Operations

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

	Net Sales		Operating loss		Ordinary loss		Net loss	
	Amount	%	Amount	%	Amount	%	Amount	%
FY 2004 April 2003 through March 2004	¥517,393	27.2	¥(54,893)	-	¥(71,901)	-	¥(107,094)	-
FY2003 April 2002 through March 2003	¥406,892	0.4	¥ (91,997)	-	¥ (109,808)	-	¥ (99,989)	-

	Net loss per share— primary (yen)	Net loss per share— diluted (yen)	Negative return on Equity (%)	Ordinary loss / Total assets (%)	Ordinary loss / Net sales (%)
FY 2004 April 2003 through March 2004	¥(314.72)	-	(43.2)	(6.1)	(13.9)
FY2003 April 2002 through March 2003	¥ (296.94)	-	(27.7)	(10.4)	(27.0)

Notes:

1. Equity in gain (loss) under the equity method, net:
 Fiscal Year ended March 31, 2004: ¥ (2,276) million
 Fiscal Year ended March 31, 2003: ¥11,107 million
2. Average number of shares issued and outstanding during the year (consolidated)
 Year ended March 31, 2004: 340,407,372 shares
 Year ended March 31, 2003: 336,857,133 shares
3. No changes in accounting methods for the fiscal year ended March 31, 2004.
4. Percentage changes for net sales, operating loss, ordinary loss and net loss are compared with the corresponding period of the previous fiscal year.

2. Financial Condition

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

	Total assets	Shareholders' equity	Equity ratio (%)	Shareholders' equity per share (yen)
FY2004 March 31, 2004	¥1,421,206	¥238,080	16.8	¥677.40
FY2003 March 31, 2003	¥946,331	¥257,396	27.2	¥767.56

Note: Number of shares outstanding (consolidated)

As of March 31, 2004: 351,404,096 shares

As of March 31, 2003: 335,293,326 shares

3. Cash Flows

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

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
FY 2004 April 2003 through March 2004	¥(83,829)	¥81,878	¥306,390	¥437,132
FY2003 April 2002 through March 2003	¥(68,600)	¥119,749	¥(17,615)	¥147,526

4. Scope of Consolidation at March 31, 2004

Consolidated subsidiaries: 177

Equity-method non-consolidated subsidiaries: 6

Equity-method affiliates: 97

5. Changes in Scope of Consolidation for the Fiscal Year ended March 31, 2004

Consolidated subsidiaries:

Newly added: 19

Excluded: 111

Equity-method non-consolidated subsidiaries and affiliates:

Newly added: 6

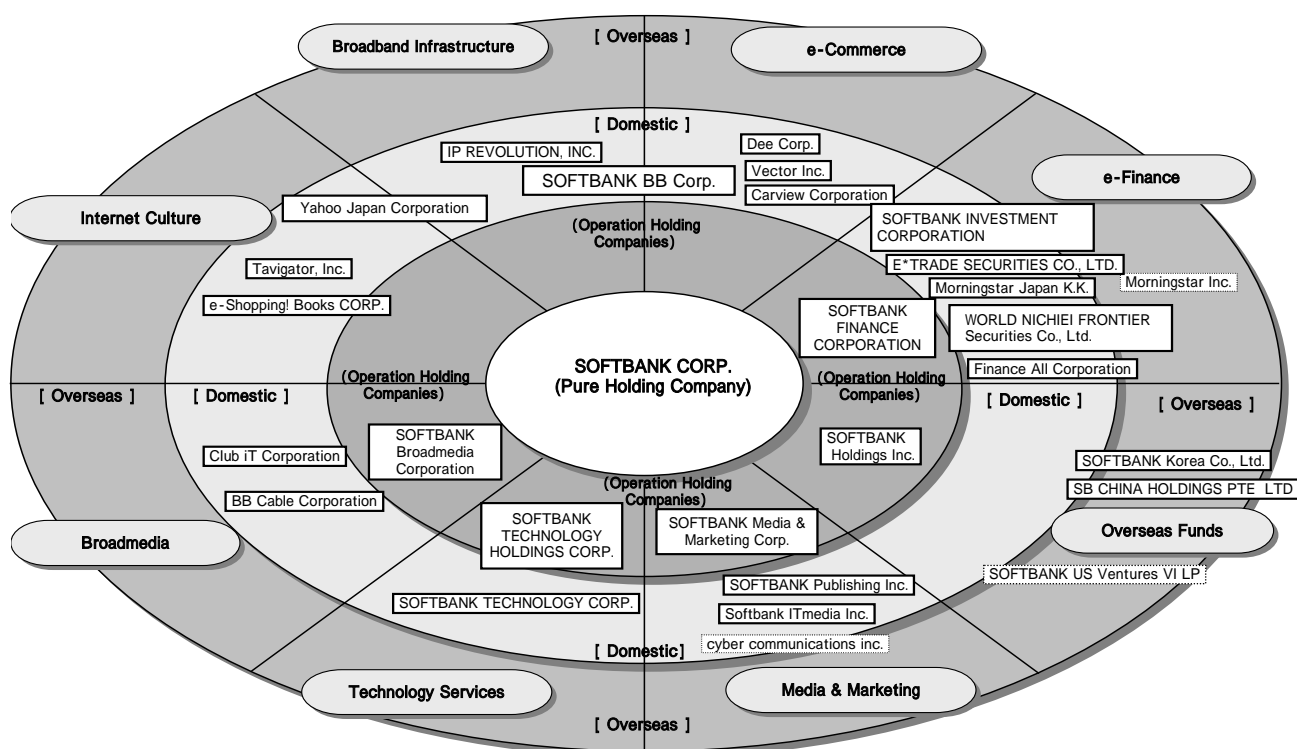
Excluded: 19

The SOFTBANK Group

As of March 31, 2004, the SOFTBANK Group comprised 280 companies with operation in 8 segments as follows.

Business segment	Consolidated subsidiaries	Equity-method non-consolidated subsidiaries and affiliates	Principal products and operational content of each business
1. Broadband Infrastructure	15	7	ADSL high-speed Internet connection service and IP telephony service; fiber-optic ultra-high-speed Internet connection service and other operations
2. e-Commerce	18	7	Distribution of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C)
3. e-Finance	42	9	All-inclusive financial operations, including on-line security business; management of domestic venture capital funds; incubation of portfolio companies
4. Media & Marketing	10	6	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; development of web content specialized in IT
5. Broadmedia	14	2	Provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations
6. Internet Culture	17	5	Internet-based advertising operations; broadband portal business; Internet-based auction business
7. Technology Services	7	3	System solution business; business solution business
8. Overseas Funds	38	61	U.S.- and Asia-focused global venture capital business with a main focus on Internet-related companies
9. Others	16	3	Holding company functions for overseas operations; back-office services in Japan
Total	177	103	

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.



Note: Change on April 1, 2004 or later

On June 18, 2004, SOFTBANK CORP. will merge with SOFTBANK TECHNOLOGY HOLDINGS CORP. with the former the surviving company.

SOFTBANK subsidiaries listed on domestic stock exchanges as of March 31, 2004:

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

Management Policies

1. Fundamental Management Policy

The core management philosophy of the SOFTBANK Group (hereafter “the Group”) is “Endeavoring to benefit society and the economy by fostering the sharing of wisdom and knowledge gained through the IT revolution.” By conducting business activities in a creative manner, the Group focuses its energy on both contributing to the development of society and increasing its corporate value. Based on its vision of using broadband to accelerate the IT revolution and make it a success, the Group in fiscal 2004 continued to place the highest priority on the broadband business domain.

Japan’s broadband market continues to expand rapidly. Expansion is being driven by the *Yahoo! BB* comprehensive broadband service, which the Group started offering on a commercial basis in September 2001. As society as a whole quickly evolves into a digital information society and enters the ubiquitous information age, the Group will continue to contribute to the development of society by offering revolutionary services by drawing on its foresight and innovative ideas in the broadband domain. The Group’s policy is to increase its corporate value by taking full advantage of opportunities to generate earnings, mainly in broadband businesses, as it adapts to changes in the business environment in a flexible and speedy manner.

2. Policy Regarding Allocation of Earnings

The fundamental policy of SOFTBANK CORP. (hereinafter called “the Company”) is to increase the profits of shareholders by raising its corporate value while strengthening its operating base and profitability, returning earnings to shareholders and all other stakeholders in a suitable manner.

The Company’s policy regarding dividends is to set dividend payments while taking into consideration the need to maintain the proper balance between measures to bolster the operating base and to preserve a stable dividend from a medium- and long-term perspective. Based on this policy, the Company has proposed a dividend of ¥7 per share, the same as in fiscal 2003.

3. Medium- and Long-Term Strategies

The SOFTBANK Group’s strategies over the medium and long terms are as follows:

(1) Generate and maximize stable earnings and cash flows by succeeding in the broadband infrastructure business.

(2) Create a broad array of opportunities for generating and maximizing earnings and cash flows in Internet-based Group companies by leveraging synergies between these companies and the broadband infrastructure business.

(1) Succeed in the broadband infrastructure business

In March 2004, the cumulative number of lines installed in the Group’s *Yahoo! BB* service surpassed 4 million. Firmly positioned as the leader in the ADSL service market among Japan’s communications carriers and ISPs, this service continues to drive the expansion of this market. The Group’s next target is to raise cumulative number of lines installed to more than 6 million by September 2005. The Group also continues to hold an

overwhelming lead (based on Company data) in the IP telephony market, where the cumulative lines installed of its *BB Phone* IP telephone service reached 3.78 million at the end of March 2004.

During fiscal 2004, the Group launched the *Yahoo! BB 26M* and *Yahoo! BB 45M* services and started the full-scale deployment of *wireless LAN Pack*, increasing the number of users of services with a high degree of added value. The Group plans to further expand the customer base while preserving the proper balance with other management resources and raising average revenues per user. Through these actions, the Group intends to generate and maximize stable earnings and cash flows by succeeding in the broadband infrastructure business.

(2) Leverage synergies between Internet-based Group companies and the broadband infrastructure business

The Group has assembled the world's largest full-IP network with the provision of visual, voice and other services in mind. From this base, the Group is also developing businesses in broadband-related markets as well, drawing on know-how gained by Internet-based Group companies and on synergies with the broadband infrastructure business.

Yahoo Japan Corporation is benefiting from the widespread availability of high-speed, high-capacity, always-on Internet connections. Its advertising business is performing very well and its auction and shopping businesses are growing. BB Cable Corporation, which offers the *BB Cable TV* service over the *Yahoo! BB* ADSL network, is increasing the number of channels and enlarging its content lineup for video-on-demand. This company will continue using the *Yahoo BB!* service's infrastructure and customer base to deploy its business. SOFTBANK BB Corp. began offering a service for application streaming distribution. All group companies are working together to generate and maximize diversified earnings sources and cash flows by utilizing the broadband infrastructure business .

4. Important Management Issues

<Achieve Profitability in the Broadband Infrastructure Business and Increase Earnings Power>

In the broadband infrastructure business, substantial expenses are temporarily being incurred to acquire customers and for other purposes as this business is in its start-up and growth phases. The Group is working to continue to increase the number of lines installed and paying customers while maintaining the proper balance between growth in the customer base and the level of expenses. The Group is also working to expand services with a high degree of added value to increase average revenue per user and boost profit margins. Through these measures, the Group aims to achieve profitability at an early stage and increase earnings power in the broadband infrastructure business.

<Growth in Segments Outside the Broadband Infrastructure>

Now that high-speed, high-capacity, always-on Internet connections are readily available, the Group expects to see further growth in opportunities to generate profits at Group companies whose operations are rooted in the Internet. The operating income of segments outside the broadband infrastructure became profitable in fiscal 2003 and generated a large increase in fiscal 2004. The Group will maximize synergies between these companies and its broadband infrastructure business with the aim of generating more growth.

<Strengthen Management System for Information Security>

During fiscal 2004, an incident involving the unauthorized acquisition of *Yahoo! BB* customer information occurred at SOFTBANK BB Corp.

To prevent this problem from occurring again, SOFTBANK BB Corp. is focusing all its energy on building the most effective information security management system as quickly as possible. The goal is to position the *Yahoo! BB* brand as a symbol of “safety and reliability” over the medium and long terms. In addition to measures taken at SOFTBANK BB Corp., the entire Group has begun taking concrete actions to reinforce security regarding the management of information. The Group regards this incident as a valuable lesson. All executives and employees have been made well aware that the establishment of the best possible information security management system is one of the highest priorities of the Group. The Group is working as one to protect all of its information resources.

5. Fundamental Policy and Measures Regarding Corporate Governance

<Fundamental Policy for Corporate Governance>

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

<Enactment of Measures Regarding Corporate Governance>

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

(a) Corporate governance units

The Company has a corporate auditor system. Three of the four corporate auditors are from outside the Group, ensuring objectivity, fairness and transparency. The auditors monitor the performance of directors in the execution of their duties with regard to all business activities. The Board of Directors has nine members, including three from outside the Group. The directors make decisions regarding important management issues and supervise the execution of business operations. In addition, a CEO Conference composed of the Company’s representative director and the CEOs of each business segment and others is held each month. The Conference coordinates management policies for the entire Group, manages operating results of Group companies and performs other tasks.

A consulting attorney provides advice and guidance as necessary regarding daily business operations and management decisions. This attorney also attends all meetings of the Board of Directors and CEO Conference to provide advice and guidance. This adds transparency to Group management and reinforces compliance activities.

(b) Internal controls

The Group has an internal control framework for the purpose of raising the efficiency of business management and promoting compliance activities. Based on a plan, the Internal Audit Department conducts operational audits covering all management and business activities. These audits evaluate and verify compliance by the Company and the entire Group with management policies, laws, articles of incorporation, regulations, guidelines and other applicable rules. Furthermore, this department gives specific suggestions and directives in order to improve operations as well as to prevent problems from occurring in advance.

(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

(a) From the standpoint of stressing accountability to stakeholders, the Group began releasing quarterly results of operations beginning with the first quarter of fiscal 2004, thus better disclosing information in a timely and appropriate manner. In the first and third quarters, the Group released information on the same level as in its interim financial statements.

(b) Concrete measures were enacted to strengthen the management system for information security. At SOFTBANK BB Corp., a chief information security officer (CISO) was appointed to clarify responsibility for information security and establish a framework for the effective execution of various measures. Additionally, the Privacy Management Advisory Board, which is made up of specialists from outside the Group who are well versed in crisis management and privacy issues, was established, giving the Group evaluations and advice on information management from an objective standpoint. This committee submitted its first report in March 2004. Moreover, a Technical Advisory Board has been established. Members, who are prominent experts in the fields of networks and Internet security, provide the Group with objective evaluations and advice concerning systems, networks, security and related matters. For the purpose of developing security policies and internal regulations, and strengthening the auditing system, an Information Security Committee has been established that consists of the individuals in charge of information security of each business segment.

To further reinforce information security management systems across the Group, the entire Group is taking concrete actions, including the appointment of a CISO in each company and development of a security policy applicable to the entire Group.

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. Management's Analysis of Results of Operations and Financial Position

During fiscal 2004, the Group continued to concentrate on the broadband business. Actions continued to focus on acquiring more customers to expand the scale of operations with the goal of maximizing future earnings and cash flows. As a result, the Group reported an operating loss, ordinary loss and net loss for the year, primarily due to customer-acquisition costs and other up-front expenses. However, net sales were higher than in fiscal 2003 and there was a large decline in the operating loss. Management believes this shows that its broadband business model has been established. There was also a substantial year-on-year improvement in operating income at segments outside broadband infrastructure.

Regarding the financial position, the equity ratio declined compared with the end of fiscal 2003, but the Company conducted equity financing during fiscal 2004 to help offset the decline in shareholders' equity. In addition, funds were procured in various ways during fiscal 2004. As a result, cash and cash equivalents at the end of fiscal 2004 substantially increased compared with the end of fiscal 2003.

2. Consolidated Results of Operations

<Overview of Fiscal Year Results>

Net sales increased ¥110,501 million, or 27%, to ¥517,393 million. Net sales increased ¥88,899 million to ¥128,906 million in the Broadband Infrastructure segment due to growth in the number of paying customers in *Yahoo! BB* service and other factors. In addition, net sales increased in the Internet Culture and e-Finance segments.

The operating loss decreased ¥37,103 million to ¥54,893 million. Operating income increased ¥15,700 million to ¥32,582 million in the Internet Culture segment and the e-Finance segment reported operating income of ¥5,911 million compared with the prior year's loss of ¥5,823 million. In addition, the operating loss in the Broadband Infrastructure segment decreased due to the increase in net sales and other factors. Aggregate operating income for the segments outside the broadband infrastructure continued to increase, rising to ¥32,703 million.

The ordinary loss decreased ¥37,907 million to ¥71,901 million. There was a net non-operating loss of ¥17,007 million, ¥803 million less than in fiscal 2003. The previous year's exchange loss of ¥7,704 million became a gain of ¥6,508 million due to the yen's appreciation. However, an increase in interest-bearing debts caused net interest expense to increase ¥3,603 million to ¥11,252 million. Furthermore, net equity in loss under the equity-method was ¥2,276 million in fiscal 2004 due to the decrease in equity in gain under the equity-method from Aozora Bank, Ltd. and other factors, while net equity in gain under the equity-method of ¥11,107 million was recorded in fiscal 2003. In addition, there was a valuation loss on inventories of ¥10,052 million associated with modems and other equipment purchased at the initial stage of the Broadband Infrastructure business.

The net loss increased ¥7,104 million to ¥107,094 million. Special income was ¥42,786 million and special loss was ¥47,629 million, resulting in a net special loss of ¥4,843 million. As a result, the loss before income taxes and minority interest increased ¥5,269 million to ¥76,744 million. The major component of special income was a gain on sale of investment securities of ¥37,601 million, mainly the partial sale of shares held in SOFTBANK INVESTMENT CORPORATION, UTStarcom, Inc. and cyber communications inc. The special loss included a loss on sale of investment securities of ¥10,585 million, mainly the sale of shares held in Aozora Bank, Ltd., and a valuation loss on investment in affiliates of ¥9,188 million, mainly resulting from a one-time amortization of goodwill for SOFTBANK Korea Co., Ltd., due to a revaluation of its portfolio companies.

<Overview of Fourth Quarter Results (three-month period)>

In the fourth quarter of fiscal 2004 (January 1, 2004 to March 31, 2004), net sales was ¥155,239 million, the operating loss was ¥8,884 million, the ordinary loss was ¥9,626 million and the net loss was ¥13,410 million.

Net sales in the Broadband Infrastructure segment increased every quarter in fiscal 2004, rising to ¥40,935 million in the fourth quarter and net sales in the e-Commerce segment increased ¥11,222 million compared with the third quarter.

The operating loss increased ¥2,231 million compared with the third quarter. This was mainly attributable to an increase in customer-acquisition costs in the Broadband Infrastructure segment and a decrease in operating income in the e-Finance segment because there was no sale of operational investment securities during the fourth quarter.

In non-operating income/expenses items, there were a net exchange gain of ¥1,433 million as the yen appreciated and a net interest expense of ¥3,439 million as the issuance of bonds and other procurements caused interest-bearing debts to increase.

Special income included a ¥17,060 million gain on sale of investment securities, including the partial sale of shares held in SOFTBANK INVESTMENT CORPORATION. An extraordinary cost for information security measures of ¥3,176 million was recorded as a special loss. This mainly represents expenses for cash voucher in conjunction with the unauthorized acquisition of customer information in the *Yahoo! BB* service.

<Fiscal Year Results by Business Segment>

Broadband Infrastructure—Segment sales increased ¥88,899 million, or 222%, to ¥128,906 million. Expansion in the scale of the *Yahoo! BB* service contributed to sales growth at SOFTBANK BB Corp. and ISP revenue increase at Yahoo Japan Corporation. As a result, this segment has developed into a business generating annual sales of more than ¥100 billion. Mainly due to customer acquisition costs, the operating loss was ¥87,597 million, but this was ¥8,607 million less than in fiscal 2003 due to growth in the number of paying customers and other factors.

e-Commerce—Segment sales decreased ¥11,197 million, or 4%, to ¥254,888 million. This was attributable to the decrease of sales of software to consumers due to a drop in average unit prices and other factors, whereas the solutions business, mainly involving security, and hardware posted strong sales at SOFTBANK BB Corp. Operating income increased ¥1,180 million, or 48%, to ¥3,647 million. This was the result of reducing selling, general and administrative expenses by rationalizing personnel, logistics and other expenses and also growth in the solutions business, which has a high profit margin, at SOFTBANK BB Corp., especially in the second half.

Among other companies in this segment, operating results were generally better compared with fiscal 2003. In particular, Carview Corporation and e-Career CORP. (now SOFTBANK Human Capital Corp.) and other companies continued to post growth in net sales and operating income.

e-Finance—Segment revenue increased ¥13,260 million, or 47%, to ¥41,427 million. A major source of growth was the sales growth following the acquisition of a controlling stake in WORLD NICHIEI Securities Co., Ltd.* by SOFTBANK INVESTMENT CORPORATION in October 2003. Other factors were an increase in brokerage commission revenue and financial income from interest and dividends at E*TRADE SECURITIES CO., LTD. due to the higher trading volume in Japan's active stock markets. The segment recorded operating income of ¥5,911 million compared with the loss of ¥5,823 million in fiscal 2003. In addition to increased operating income at E*TRADE SECURITIES CO., LTD. and the contribution of WORLD NICHIEI FRONTIER Securities Co., Ltd., the operating income benefited from a decrease in the valuation loss on operational investment securities and a gain on sale of operational investment securities of SOFTBANK INVESTMENT CORPORATION.

This segment recorded a ¥9,890 million gain on sale of investment securities as special income in the fourth quarter, resulting from the partial sale of shares held in SOFTBANK INVESTMENT CORPORATION.

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

Media & Marketing—Segment sales decreased ¥2,505 million, or 15%, to ¥14,407 million and the operating loss increased ¥569 million to ¥1,092 million. This performance mainly reflects lower sales of magazines and books at SOFTBANK Publishing Inc. amid a prolonged slump in the publishing market.

Broadmedia—Segment sales increased ¥948 million, or 8%, to ¥12,892 million and the operating loss increased ¥1,689 million to ¥3,305 million. This was mainly attributable to depreciation expenses, leasing fees, development-related expenses, content expenses and others at BB Cable Corporation, which operates the *BB Cable TV* service via the ADSL network.

Internet Culture—Segment sales increased ¥25,854 million, or 68%, to ¥64,054 million and operating income was up ¥15,700 million, or 93%, to ¥32,582 million. Amid signs of recovery in the overall Japanese advertising market, Yahoo Japan Corporation aggressively sold major advertising products to National Clients*, such as “brand panels” for top pages and others, capturing more advertising business from these clients. Sponsor site related sales were also favorable, helping to raise advertising sales to a new record high.

In the auction business at Yahoo Japan Corporation, a new system was introduced to boost its server capacity and other infrastructure components were added, enabling this business to handle more than 10 million items. Moreover, monthly system-use fees for stores were lowered in order to increase auction stores and a package discount was introduced for stores that also open stores on Yahoo! Shopping. As a result, auction sales increased substantially.

*Advertisers with significant exposure through other mass media channels.

Technology Services—Segment sales decreased ¥3,125 million, or 12%, to ¥22,603 million. There was an increase in sales relating to the backoffice service of SOFTBANK TECHNOLOGY CORP., which handles everything from sales to billing and bill collection on e-commerce sites. However, net sales in the ADSL sales support service declined. Operating income decreased ¥377 million, or 34%, to ¥736 million. This was mainly the result of a decline in the gross margin in the broadband solution business and increase of personnel expenses associated with new businesses at SOFTBANK TECHNOLOGY CORP.

Overseas Funds—Segment revenue decreased ¥834 million, or 25%, to ¥2,443 million. Operating income was down ¥615 million, or 31%, to ¥1,375 million. This was mainly due to lower fund management fees at SOFTBANK Holdings Inc.

Others—Segment sales decreased ¥9,990 million, or 63%, to ¥5,871 million, mainly a reflection of lower sales at SOFTBANK Commerce Korea Corporation. The operating loss decreased ¥2,417 million to ¥3,965 million.

3. Financial Position

<Balance Sheet Analysis (comparison of the end of fiscal 2004 with fiscal 2003)>

Current assets increased ¥480,503 million to ¥887,940 million. There was a ¥179,520 million increase in cash and deposits mainly due to the issuance of convertible bonds (¥150,000 million), common stock (¥48,680 million) and straight bonds (400 million euros, equivalent to ¥55,316 million). In addition, marketable securities increased ¥108,599 million due to a loan through a U.S. subsidiary that temporarily invested the funds in short-term investment trust. There was an increase of ¥193,154 million in cash segregated as deposits related to securities business and receivables related to margin transactions due to an increase in margin accounts and trading volume at E*TRADE SECURITIES CO., LTD. and the inclusion of WORLD NICHIEI Securities Co., Ltd. in the scope of consolidation.

Property and equipment increased ¥12,930 million to ¥115,179 million. Transmission equipment increased ¥12,947 million, mainly at SOFTBANK BB Corp. due to growth in the number of lines installed for its *Yahoo! BB* service.

Investments and other assets decreased ¥13,345 million to ¥399,001 million. There was a ¥10,951 million decline in investments in partnerships and increases in the market values of shares held in Yahoo! Inc. and

UTStarcom, Inc. However, the sale of shares held in Aozora Bank, Ltd. caused investment securities to decline ¥4,508 million.

Total liabilities increased ¥447,408 million to ¥1,090,337 million. There was a ¥61,715 million decrease in short-term borrowings but a ¥165,470 million increase in payables related to margin transactions and guarantee deposits received from customers related to securities business mainly at E*TRADE SECURITIES CO., LTD. and WORLD NICHIEI FRONTIER Securities Co., Ltd. Regarding long-term liabilities, corporate bonds (long-term liabilities) increased ¥175,258 million due to the issuance of convertible bonds and straight bonds, and long-term debt increased ¥134,327 million due to loans through a U.S. subsidiary and other loans.

Shareholders' equity decreased ¥19,316 million to ¥238,080 million. Accumulated deficits increased ¥109,594 million due to the net loss, while net unrealized gain on other securities in relation to stock in Yahoo! Inc., UTStarcom, Inc. and certain other companies increased ¥65,602 million. In addition, the issuance of common stock raised common stock by ¥24,436 million and additional paid-in capital by ¥24,458 million.

<Cash Flows Analysis>

Cash flows were positive in fiscal 2004 as cash was provided by investing and financing activities while cash was used in operating activities.

Net cash used in operating activities increased ¥15,228 million to ¥83,829 million. Loss before income taxes and minority interest was ¥76,744 million, mostly the result of the operating loss in the Broadband Infrastructure segment, interest paid was ¥11,206 million and income taxes paid were ¥16,174 million. Depreciation and amortization increased ¥11,960 million to ¥32,864 million.

Net cash provided by investing activities decreased ¥37,871 million to ¥81,878 million. ¥61,472 million was used for purchase of property and equipment and intangibles, mainly transmission equipment at SOFTBANK BB Corp., and ¥38,945 million for purchase of marketable and investment securities. However, there were proceeds of ¥151,136 million from sale of marketable and investment securities, including shares held in Aozora Bank, Ltd. and UTStarcom, Inc. There were also proceeds of ¥29,212 million from the partial sale of shares held in certain consolidated subsidiaries, including E*TRADE SECURITIES CO., LTD. and SOFTBANK INVESTMENT CORPORATION.

Net cash provided by financing activities increased ¥324,006 million to ¥306,390 million. Despite the use of ¥76,851 million for repayment of short-term borrowings, net, ¥56,870 million for redemption of bonds and ¥50,993 million for repayment of long-term debt, there were proceeds of ¥216,636 million from the issuance of convertible bonds and straight bonds, ¥48,631 million from the issuance of shares and ¥204,828 million from long-term debt, mainly through a U.S. subsidiary.

As a result of foregoing, cash and cash equivalents at the end of fiscal 2004 totaled ¥437,132 million, an increase of ¥289,606 million from the end of fiscal 2003.

4. Risks relating to our businesses and others

The following is a list of some significant items that may have an effect on the operating results, financial position and other aspects of the SOFTBANK Group's operations.

(i) The Group is active in a broad range of markets including broadband-related markets, IT-related distribution markets, securities transaction markets and other markets. Demand for services and products supplied by the Group are dependent on economic conditions, trends in these markets and other factors.

(ii) In the IT industry, where the Group conducts its business activities, technological innovation is rapid and competition among participants is increasing. The provision of services by the Group and trends in demand for services supplied by the Group are subject to trends in IT industry technological innovation and competition among participants.

(iii) The Group's business activities are governed by a variety of laws and regulations including but not limited to the Telecommunications Business Law and the Securities and Exchange Law. Revisions to these laws and regulations, and the establishment of new laws and regulations in the future, may prevent the Group from conducting its business activities as expected.

(iv) Valuations of investment securities held by the Group are affected by economic and stock market conditions in Japan and overseas, and trends in foreign exchange markets. Furthermore, loans between the Company and its overseas subsidiaries, the import of communications equipment and other activities are vulnerable to trends in foreign exchange markets.

(v) The Group may not be able to operate new businesses as expected. For example, the Group has acquired a preliminary license to conduct tests regarding the TD-CDMA and CDMA2000, which are third-generation mobile phone standards. Although tests are now under way, the Group's entry into a third-generation mobile phone business will depend on the ability to obtain a commercial license, the trends in demand for this service and other factors.

(vi) The Group uses dark-fiber owned by NTT to conduct its broadband infrastructure business. The Group has installed its communications equipment at NTT's central offices and pays NTT a connection fee. Furthermore, the *Yahoo! BB* comprehensive broadband service, which is a core service of the broadband infrastructure business, depends on the *Yahoo!* brand of Yahoo! Inc. If there is any change in the relationship between the Group and these companies, the Group may no longer be able to conduct its business activities as expected.

Please note that this is not a complete list of factors that could affect operating results.

CONSOLIDATED BALANCE SHEETS

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

	March 31, 2004		March 31, 2003		Change
	Amount	%	Amount	%	
ASSETS					
Current assets:					
Cash and deposits	¥327,023	23.0	¥147,503	15.6	¥179,520
Notes and accounts receivable - trade	87,982	6.2	64,255	6.8	23,727
Marketable securities	113,659	8.0	5,059	0.5	108,599
Inventories	25,064	1.8	42,201	4.5	(17,137)
Deferred tax assets	5,255	0.4	7,035	0.7	(1,780)
Cash segregated as deposits related to securities business	95,532	6.7	34,574	3.7	60,958
Receivables related to margin transactions	181,043	12.7	48,847	5.2	132,195
Other current assets	64,105	4.5	65,227	6.9	(1,121)
Less : Allowance for doubtful accounts	(11,726)	(0.8)	(7,268)	(0.8)	(4,458)
Total current assets	887,940	62.5	407,437	43.1	480,503
Non-current assets:					
Property and equipment, net					
Transmission equipment	92,231	6.5	79,284	8.4	12,947
Others	22,948	1.6	22,964	2.4	(16)
Total tangible assets	115,179	8.1	102,249	10.8	12,930
Intangible assets, net:					
Consolidation adjustment	-	-	9,830	1.0	(9,830)
Other intangibles	17,028	1.2	14,008	1.5	3,019
Total intangible assets	17,028	1.2	23,838	2.5	(6,810)
Investments and other assets:					
Investment securities	262,906	18.5	267,414	28.3	(4,508)
Investments in partnerships	86,654	6.1	97,606	10.3	(10,951)
Deferred tax assets	29,303	2.1	32,701	3.5	(3,398)
Other assets	24,461	1.7	16,417	1.7	8,044
Less : Allowance for doubtful accounts	(4,324)	(0.3)	(1,794)	(0.2)	(2,530)
Total investments and other assets	399,001	28.1	412,346	43.6	(13,345)
Deferred charges	2,056	0.1	459	0.0	1,597
Total assets	¥1,421,206	100.0	¥946,331	100.0	¥474,875

CONSOLIDATED BALANCE SHEETS

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

	March 31, 2004		March 31, 2003		Change
	Amount	%	Amount	%	
LIABILITIES AND					
SHAREHOLDERS' EQUITY					
Current liabilities:					
Notes and accounts payable - trade	¥47,613	3.3	¥58,534	6.2	¥(10,920)
Short-term borrowings	88,841	6.3	150,557	15.9	(61,715)
Commercial paper	11,000	0.8	4,000	0.4	7,000
Current portion of corporate bonds	36,154	2.5	56,279	6.0	(20,124)
Accounts payable - other and accrued expenses	66,420	4.7	74,819	7.9	(8,399)
Income taxes payable	18,858	1.3	10,912	1.2	7,946
Deferred tax liabilities	233	0.0	5,978	0.6	(5,744)
Payables related to margin transactions	160,382	11.3	44,458	4.7	115,924
Guarantee deposits received from customers related to securities business	84,111	5.9	34,565	3.7	49,545
Other current liabilities	42,125	3.0	18,399	1.9	23,726
Total current liabilities	555,742	39.1	458,504	48.5	97,237
Long-term liabilities:					
Corporate bonds	297,067	20.9	121,808	12.9	175,258
Long-term debt	142,477	10.0	8,149	0.8	134,327
Deferred tax liabilities	58,212	4.1	33,285	3.5	24,926
Consolidation adjustment	1,721	0.1	-	-	1,721
Other liabilities	33,745	2.4	20,617	2.2	13,127
Total long-term liabilities	533,224	37.5	183,862	19.4	349,362
Reserves under special laws:					
Reserve for securities trading liabilities	1,267	0.1	494	0.0	773
Reserve for commodities trading liabilities	103	0.0	67	0.0	35
Total reserves under special laws	1,371	0.1	561	0.0	809
Total liabilities	1,090,337	76.7	642,929	67.9	447,408
Minority interest					
in consolidated subsidiaries	92,787	6.5	46,005	4.9	46,782
Shareholders' equity:					
Common stock	162,303	11.4	137,867	14.6	24,436
Additional paid-in capital	186,690	13.1	162,231	17.1	24,458
Accumulated deficits	(210,625)	(14.8)	(101,031)	(10.7)	(109,594)
Net unrealized gain on other securities	105,198	7.4	39,595	4.2	65,602
Net unrealized loss on derivative instruments	(9,462)	(0.6)	-	-	(9,462)
Translation adjustments	4,044	0.3	20,932	2.2	(16,888)
Less: Treasury stock	(66)	(0.0)	(2,199)	(0.2)	2,132
Total shareholders' equity	238,080	16.8	257,396	27.2	(19,316)
Total liabilities and shareholders' equity	¥1,421,206	100.0	¥946,331	100.0	¥474,875

CONSOLIDATED STATEMENTS OF INCOME

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

	FY2004		FY2003		Change
	April 2003 through		April 2002 through		
	March 2004		March 2003		
	Amount	%	Amount	%	
Net sales	¥517,393	100.0	¥406,892	100.0	¥110,501
Cost of sales	384,024	74.2	361,243	88.8	22,780
Gross profit	133,369	25.8	45,648	11.2	87,721
Selling, general and administrative expenses	188,263	36.4	137,646	33.8	50,617
Operating loss	(54,893)	(10.6)	(91,997)	(22.6)	37,103
Interest income	799	0.2	1,092	0.3	(292)
Exchange gain	6,508	1.3	-	-	6,508
Equity in gain under the equity method	-	-	11,107	2.7	(11,107)
Reversal of warrants due to expiration	1,811	0.3	881	0.2	930
Other non-operating income	5,394	1.0	4,672	1.2	721
Non-operating income	14,514	2.8	17,753	4.4	(3,239)
Interest expense	12,052	2.3	8,741	2.2	3,311
Exchange loss	-	-	7,704	1.9	(7,704)
Equity in loss under the equity method	2,276	0.4	-	-	2,276
Valuation loss on inventories	10,052	2.0	-	-	10,052
Other non-operating expenses	7,140	1.4	19,119	4.7	(11,978)
Non-operating expenses	31,521	6.1	35,564	8.8	(4,043)
Ordinary loss	(71,901)	(13.9)	(109,808)	(27.0)	37,907
Gain on sale of investment securities	37,601	7.3	127,607	31.4	(90,006)
Other special income	5,185	1.0	6,797	1.6	(1,612)
Special income	42,786	8.3	134,405	33.0	(91,619)
Loss on sale of investment securities	10,585	2.0	10,846	2.7	(261)
Valuation loss on investment securities	5,085	1.0	33,848	8.3	(28,763)
Valuation loss on investment in affiliates	9,188	1.8	32,323	8.0	(23,135)
Extraordinary cost for information security measures	3,176	0.6	-	-	3,176
Other special losses	19,592	3.8	19,051	4.6	540
Special loss	47,629	9.2	96,071	23.6	(48,441)
Loss before income taxes and minority interest	(76,744)	(14.8)	(71,474)	(17.6)	(5,269)
Income taxes:					
Current	24,530	4.8	14,849	3.6	9,680
Refunded	-	-	11,125	2.7	(11,125)
Deferred	(9,336)	(1.8)	27,350	6.7	(36,687)
Minority interest	15,156	2.9	(2,560)	(0.6)	17,716
Net loss	¥(107,094)	(20.7)	¥(99,989)	(24.6)	¥(7,104)

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

CONSOLIDATED STATEMENTS OF
ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS

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

	FY2004	FY2003
	April 2003 through	April 2002 through
	March 2004	March 2003
ADDITIONAL PAID-IN CAPITAL		
Additional paid-in capital		
at the beginning of the period	¥162,231	¥162,231
Increase due to issuance of shares	24,425	-
Increase in paid-in capital due to sale of treasury stock	32	-
Additional paid-in capital		
at the end of the period	¥186,690	¥162,231

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

	FY2004	FY2003
	April 2003 through	April 2002 through
	March 2004	March 2003
RETAINED EARNINGS		
(ACCUMULATED DEFICITS)		
Retained earnings (accumulated deficits)		
at the beginning of the period	¥(101,031)	¥4,035
Net loss	(107,094)	(99,989)
Cash dividends	(2,342)	(2,358)
Bonuses to directors	(73)	(75)
Net adjustments to retained earnings due to change in scope of the consolidation	(287)	(2,627)
Increase due to merger	202	-
Decrease due to merger	-	(17)
Accumulated deficits		
at the end of the period	¥(210,625)	¥(101,031)

Note: Under Japanese GAAP, the cumulative effect arising from any changes in scope of consolidation is treated as an adjustment to retained earnings in the consolidated statements of additional paid-in capital and retained earnings.

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	FY2004	FY2003
	April 2003 through March 2004	April 2002 through March 2003
I Cash flows from operating activities:		
Loss before income taxes and minority interest	¥(76,744)	¥(71,474)
Adjustments to reconcile loss before income taxes and minority interest to net cash used in operating activities:		
Depreciation and amortization	32,864	20,904
Equity in loss (gain) under the equity method, net	2,276	(11,107)
Valuation loss on investment securities	14,274	66,172
Gain on sale of marketable and investment securities, net	(27,032)	(116,839)
Exchange (gain) loss, net	(5,366)	8,626
Interest and dividend income	(1,323)	(1,311)
Interest expense	12,052	8,741
Increase in receivables- trade	(25,023)	(3,522)
(Decrease) increase in payables-trade	(9,531)	3,172
(Increase) decrease in other receivables	(75,485)	8,576
Increase in other payables	73,831	2,208
Others, net	24,015	32,792
	(61,194)	(53,061)
Interest and dividends received	978	1,138
Interest paid	(11,206)	(9,386)
Income taxes paid	(16,174)	(13,202)
Refund of income taxes	3,767	5,911
Net cash used in operating activities	(83,829)	(68,600)

- Continued -

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

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

	FY2004	FY2003
	April 2003 through March 2004	April 2002 through March 2003
II Cash flows from investing activities:		
Purchase of property and equipment and intangibles	(61,472)	(64,500)
Purchase of marketable and investment securities	(38,945)	(33,413)
Proceeds from sale of marketable and investment securities	151,136	171,350
Additional investments in newly consolidated entities	1,693	(591)
Sale of interests in subsidiaries previously consolidated	(1,167)	(23)
Proceeds from sale of interests in consolidated subsidiaries	29,212	56,356
Increase in loan receivables	(23,028)	(5,211)
Collection of loans	22,577	1,975
Others, net	1,871	(6,191)
Net cash provided by investing activities	81,878	119,749
III Cash flows from financing activities:		
Proceeds from issuance of shares to minority shareholders	3,704	4,842
(Decrease) increase in short-term borrowings, net	(76,851)	44,104
Proceeds from issuance of commercial paper	77,500	14,000
Redemption of commercial paper	(70,500)	(20,000)
Proceeds from long-term debt	204,828	1,380
Repayment of long-term debt	(50,993)	(7,758)
Proceeds from issuance of bonds	216,636	2,496
Redemption of bonds	(56,870)	(52,223)
Proceeds from issuance of shares	48,631	-
Cash dividends paid	(2,317)	(2,354)
Cash dividends paid to minority shareholders	(112)	(122)
Others, net	12,735	(1,980)
Net cash provided by (used in) financing activities	306,390	(17,615)
IV Effect of exchange rate changes	(13,459)	(5,728)
V Net increase in cash and cash equivalents	290,980	27,805
VI Increase in cash and cash equivalents due to the companies newly consolidated	-	60
VII Decrease in cash and cash equivalents due to exclusion of the entities previously consolidated	(1,373)	(194)
VIII Cash and cash equivalents at the beginning of the period	147,526	119,855
IX Cash and cash equivalents at the end of the period	¥437,132	¥147,526

Condensed quarterly financial information

Condensed Statement of Income	(Millions of yen; amounts less than one million yen are omitted.)			
	Fourth quarter (January 1, 2004 to March 31, 2004)	Third quarter (October 1, 2003 to December 31, 2003)	Second quarter (July 1, 2003 to September 30, 2003)	First quarter (April 1, 2003 to June 30, 2003)
	Amount	Amount	Amount	Amount
Net sales	¥155,239	¥136,699	¥121,572	¥103,881
Cost of sales	110,137	97,535	92,526	83,824
Gross profit	45,101	39,164	29,046	20,057
Selling, general and administrative expenses	53,986	45,816	44,205	44,255
Operating loss	(8,884)	(6,652)	(15,159)	(24,197)
Non-operating income	4,004	4,327	3,042	3,139
Non-operating expenses	4,746	6,304	10,895	9,575
Ordinary loss	(9,626)	(8,630)	(23,011)	(30,633)
Special income	19,776	2,830	7,815	12,362
Special loss	11,047	4,894	25,020	6,667
Loss before income taxes and minority interest	(896)	(10,693)	(40,215)	(24,938)
Income taxes:				
Current	10,723	777	3,668	9,360
Deferred	(4,854)	248	(4,009)	(721)
Minority interest	6,645	4,624	2,729	1,156
Net loss	¥(13,410)	¥(16,344)	¥(42,603)	¥(34,734)

- Continued -

Condensed Statement of Cash Flows**(Millions of yen; amounts less than one million yen are omitted.)**

	Fourth quarter (January 1, 2004 to March 31, 2004)	Third quarter (October 1, 2003 to December 31, 2003)	Second quarter (July 1, 2003 to September 30, 2003)	First quarter (April 1, 2003 to June 30, 2003)
	Amount	Amount	Amount	Amount
I				
Net cash used in operating activities	¥(11,381)	¥(18,769)	¥(15,856)	¥(37,821)
II				
Net cash provided by (used in) investing activities	20,092	(3,273)	72,959	(7,899)
III				
Net cash provided by (used in) financing activities	134,152	160,231	(10,785)	22,791
IV				
Effect of exchange rate changes	(14,080)	451	(44)	213
V				
Net increase (decrease) in cash and cash equivalents	128,783	138,640	46,273	(22,716)
VI				
Decrease in cash and cash equivalents due to exclusion of the entities previously consolidated	(25)	(0)	(1,198)	(149)
VII				
Cash and cash equivalents at the beginning of the period	308,374	169,734	124,660	147,526
VIII				
Cash and cash equivalents at the end of the period	¥437,132	¥308,374	¥169,734	¥124,660
Note:				
Depreciation and amortization included in net cash used in operating activities	¥8,996	¥8,151	¥8,129	¥7,587

Basis of Presentation of Consolidated Financial Statements

1. Changes in scope of consolidation

(1) As of March 31, 2004, SOFTBANK CORP. (the "Company") consolidated 177 subsidiaries. 15 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, 2004 were as follows:

<Increase>

- | | |
|---|-------------------|
| 1. WORLD NICHIEI FRONTIER Securities Co., Ltd.
(Former WORLD NICHIEI Securities Co., Ltd.) | Newly invested |
| 2. Indival, Inc. | Newly established |
| 3. Tao Bao Holding Limited | Newly invested |

Other 16 companies

<Decrease>

- | | |
|---|--------------------|
| 1. E*TRADE Japan K.K. | Merger |
| 2. SOFTBANK FRONTIER SECURITIES CO., LTD. | Merger |
| 3. SOFTBANK INVESTMENT INTERNATIONAL
(STRATEGIC) LIMITED and its 79 subsidiaries | Sale of all shares |

Other 29 companies

(2) As of March 31, 2004, the Company held 6 non-consolidated subsidiaries and 97 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, 2004 were as follows:

<Decrease>

- | | |
|----------------------|------------------------|
| 1. Aozora Bank, Ltd. | Sale of all shares |
| 2. UTStarcom, Inc. | Partial sale of shares |

Other 17 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 the consolidated B/S date)	93	32
June end	1	2
September end	4	-
December end	15	27
January end	1	-
February end	2	-

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

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.

[4] Translation of foreign currency transactions and accounts

All assets and liabilities in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates. Exchange gains or losses are charged to the net income when incurred.

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

[5] Capital lease

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

[6] Accounting for significant hedge transactions

(1) Hedge accounting

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

(2) Derivative instruments for hedging and hedged items

Derivative instruments for hedging: Prepaid variable share forward contract (the collar transaction)

Hedged asset: Equity security

(3) Hedging policy

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

[7] 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 reasonably estimated periods, in which economic benefits are expected to be realized. 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.

NOTES

1. Accumulated depreciation of property and equipment

	March 31, 2004	March 31, 2003
	49,426 million yen	27,417 million yen

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

	March 31, 2004	March 31, 2003
Held by the Company common stock	32,730 shares	24,781 shares
Held by consolidated subsidiaries common stock	- shares	1,558,719 shares
Number of shares issued common stock	351,436,826 shares	336,876,826 shares

3. Receivables and payables relating to margin transactions

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

	March 31, 2004	March 31, 2003
Receivables related to margin transactions -		
Loans receivable from customers for margin transactions	168,484 million yen	42,457 million yen
Cash deposits (collateral) for securities borrowed from securities companies	12,558	6,389
Payables related to margin transactions -		
Loans payable to securities companies for margin transactions	126,721 million yen	27,906 million yen
Proceeds from securities sold for margin transactions	33,661	16,552

4. Assets pledged as collateral

(1) For future lease liabilities

	March 31, 2004	March 31, 2003
<u>Assets pledged as collateral:</u>		
Notes and accounts receivable - trade	8,727 million yen	9,450 million yen
Other current assets	36	81
<u>Secured liabilities:</u>		
Notes and accounts payable - trade	57 million yen	251 million yen

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

	March 31, 2004	March 31, 2003
Future lease liabilities (including the above "Notes and accounts payable-trade")	33,558 million yen	32,732 million yen

4. Assets pledged as collateral (continued)

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

	March 31, 2004	March 31, 2003
<u>Assets pledged as collateral:</u>		
Cash and deposits	902 million yen	- million yen
Notes and accounts receivable - trade	1,124	-
Inventories	544	1,704
Transmission equipment	5,486	-
Property and equipment- others	1,507	195
Investment securities	138,064	55,711
<u>Secured liabilities:</u>		
Notes and accounts payable - trade	592 million yen	- million yen
Short-term borrowings	13,681	19,920
Accounts payable - other and accrued expenses	-	58
Other current liabilities	346	-
Long-term debt	118,483	1,350

Notes:

1. In addition, stocks of ¥2,639 million which are deposited by customers as collateral for margin transactions in relation to sales of securities were pledged as collateral at the fiscal year ended March 31, 2004.

2. At the fiscal year ended March 31, 2003, 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 was able to release the excess amount over 142.857% of the secured liabilities, consisting of ¥19,833 million as "Short-term borrowings" and ¥58 million as "Accounts payable - other and accrued expenses".

As of March 31, 2003, the fair market value of the pledged and delivered investment securities was ¥63,175 million, of which ¥34,758 million representing the excess amount over the 142.857% of the secured liabilities was able to be released.

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

	March 31, 2004	March 31, 2003
<u>Assets pledged as collateral:</u>		
Investments in partnerships	1,842 million yen	2,229 million yen
<u>Secured liabilities:</u>		
Long-term debt owed by a third party	2,349 million yen	2,388 million yen

5. Cash receipt as collateral

Cash receipt as collateral from financial institutions, to whom the Company lent its subsidiary's shares under a security deposit agreement, is presented as follows.

	March 31, 2004	March 31, 2003
Other current liabilities	10,000 million yen	- million yen

6. Reserve required under special laws

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

7. Net unrealized gains/losses on derivative instruments

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

The consolidated subsidiary in the United States of America has entered into a variable share prepaid forward contract (the "collar transaction") utilizing its shares of an equity security. The purpose of this collar transaction is to hedge the variability of cash flows associated with the future market price of the underlying security, which is used for the settlement of the loans. According to SFAS 133, unrealized gains and losses, net of tax, on the effective portion of the cash flow hedge as defined are reported as a separate component of "Shareholders' equity", until gains and losses on the hedged item are recognized in earnings.

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

March 31, 2004	March 31, 2003
204 million yen	51 million yen

9. Balance of accounts receivable sold

March 31, 2004	March 31, 2003
6,581 million yen	7,466 million yen

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

March 31, 2004	March 31, 2003
1,267 million yen	- million yen

11. Valuation loss on investments in subsidiaries and affiliates

"Valuation loss on investments in affiliates" presented as a special loss in the consolidated statements of income is as follows:

I. Valuation loss on investment in consolidated subsidiaries

March 31, 2004	March 31, 2003
7,275 million yen	10,610 million yen

II. Valuation loss on investment in affiliates accounted for under the equity method

March 31, 2004	March 31, 2003
1,913 million yen	21,713 million yen

12. Consolidated statements of cash flows

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

	March 31, 2004		March 31, 2003
Cash and deposits	327,023	million yen	147,503 million yen
Marketable securities	113,659		5,059
Time deposits with original maturity over three months	(2,331)		(2,866)
Deposits received from customers in the commodities business	(75)		(29)
Stocks and bonds with original maturity over three months	(1,143)		(2,140)
Cash and cash equivalents	437,132	million yen	147,526 million yen

Significant subsequent events

Zero Coupon Convertible Bonds due 2009 (bonds with stock acquisition rights) (“the Bonds”) offering at the Company’s subsidiary

The Bonds offering was approved at the board of directors’ meeting of SOFTBANK INVESTMENT CORPORATION, a subsidiary of the Company, on March 22, 2004. The summary below describes the terms and conditions of the Bonds.

- | | |
|---|---|
| (1) Bonds offered: | The ¥20,000,000,000 Zero Coupon Convertible Bonds due 2009 (bonds with stock acquisition rights) of SOFTBANK INVESTMENT CORPORATION |
| (2) Issued amount: | 20,000 million yen |
| (3) Offered amount: | 100% of principal amount |
| (4) Interest rate: | Zero coupons |
| (5) Redemption date: | April 8, 2009 (London time. Fully redemption of issued amounts) |
| (6) Date of receipt and issuance: | April 8, 2004 (London time) |
| (7) Collateral: | None |
| (8) Conditions of stock acquisition rights: | |
| a. Type of shares: | Common stock of SOFTBANK INVESTMENT CORPORATION |
| b. Number of stock acquisition rights: | 2,000 |
| c. Acquisition price: | No consideration |
| d. Valid period for exercise of stock acquisition rights: | Effective from April 22, 2004 to March 18, 2009 (London time) |
| (9) Offering: | Private offering in foreign markets mainly in Europe, except for the U.S. |

Segment information

1. Business Segment Information

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

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

	Broadband Infrastructure	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net Sales												
(1) Customers	¥128,711	¥243,902	¥37,949	¥13,186	¥8,770	¥63,613	¥14,435	¥2,443	¥4,382	¥517,393	¥-	¥517,393
(2) Inter-segment	195	10,985	3,477	1,221	4,122	441	8,167	-	1,489	30,102	(30,102)	-
Total	128,906	254,888	41,427	14,407	12,892	64,054	22,603	2,443	5,871	547,496	(30,102)	517,393
Operating expenses	216,504	251,241	35,515	15,500	16,198	31,472	21,867	1,067	9,837	599,205	(26,918)	572,287
Operating income (loss)	¥(87,597)	¥3,647	¥5,911	¥(1,092)	¥(3,305)	¥32,582	¥736	¥1,375	¥(3,965)	¥(51,709)	¥(3,184)	¥(54,893)
Identifiable assets	¥174,814	¥74,053	¥455,796	¥9,628	¥16,230	¥218,780	¥16,212	¥76,257	¥185,607	¥1,227,381	¥193,825	¥1,421,206
Depreciation and amortization	22,875	1,522	4,320	370	1,309	3,510	202	326	297	34,735	(1,189)	33,546
Capital expenditures	52,273	1,341	3,246	263	3,145	6,561	210	12	1,378	68,435	72	68,507

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

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

	Broadband Infrastructure	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net Sales												
(1) Customers	¥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	4,689	365	20	316	95,570	(99)	95,470

Notes: 1. Business segments are categorized primarily based on the nature of business operations, type of services, and similarity of sales channels, etc., which the SOFTBANK Group uses for its internal management purpose.

2. Please refer to the chart of "The SOFTBANK Group" for main businesses by segments.

3. The amounts of corporate assets included in the column "Elimination or corporate" were ¥111,078 million and ¥223,970 million at the fiscal year ended 2003 and 2004, respectively, which were mainly surplus operating funds (cash and marketable securities), long-term investment securities of the Company and assets held by the corporate division of the Company.

4. "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 charges.

2. Geographic Segment Information

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

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

	Japan	North America	Others	Total	Elimination or corporate	Consolidated
Net Sales						
(1) Customers	¥509,676	¥2,194	¥5,523	¥517,393	¥-	¥517,393
(2) Inter-segment	522	56	107	686	(686)	-
Total	510,198	2,250	5,631	518,080	(686)	517,393
Operating expenses	558,680	3,506	7,506	569,693	2,594	572,287
Operating loss	¥(48,481)	¥(1,255)	¥(1,874)	¥(51,612)	¥(3,281)	¥(54,893)
Identifiable Assets	¥804,977	¥334,678	¥69,367	¥1,209,023	¥212,182	¥1,421,206

(2) 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

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

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

2. The amounts of corporate assets included in the column "Elimination or corporate" were ¥111,078 million and ¥223,970 million at the fiscal year ended 2003 and 2004, respectively, 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. Due to the decrease in materiality of the results of "Europe" and "Korea", the SOFTBANK Group combined the results of "Europe" and "Korea" into "Others" effective from April 1, 2003.

3. Overseas Sales

Overseas sales for the year ended March 31, 2004 were omitted because the total overseas sales were less than 10% of total consolidated sales.

LEASES

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

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

	March 31, 2004	March 31, 2003
Property and equipment		
Equivalent to acquisition costs	60,289	52,311
Less: amount equivalent to accumulated depreciation	(22,578)	(17,328)
Net book value	37,711 million yen	34,982 million yen
Software (intangible assets)		
Equivalent to acquisition costs	928	1,105
Less: amount equivalent to accumulated amortization	(187)	(261)
Net book value	741 million yen	844 million yen
Total		
Equivalent to acquisition costs	61,218	53,417
Less: amount equivalent to accumulated depreciation	(22,766)	(17,589)
Net book value	38,452 million yen	35,827 million yen

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

	March 31, 2004	March 31, 2003
Due within one year	15,154	12,434
Due after one year	27,901	25,708
Total	43,056 million yen	38,143 million yen

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

	FY2004 April 2003 through March 2004	FY2003 April 2002 through March 2003
Lease payments	15,836 million yen	12,021 million yen
Amount equivalent to depreciation expense	13,747	10,062
Amount equivalent to interest expense	2,408	2,142

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

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

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

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

(as a lessor)

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

	March 31, 2004	March 31, 2003
Property and equipment		
Acquisition costs	617	613
Less: accumulated depreciation	(284)	(262)
Net book value	332 million yen	350 million yen
Software (intangible assets)		
Acquisition costs	168	295
Less: accumulated amortization	(38)	(141)
Net book value	129 million yen	154 million yen
Total		
Acquisition costs	785	909
Less: accumulated depreciation	(323)	(404)
Net book value	461 million yen	504 million yen

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

	March 31, 2004	March 31, 2003
Due within one year	176	188
Due after one year	307	348
Total	483 million yen	536 million yen

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

	FY2004 April 2003 through March 2004	FY2003 April 2002 through March 2003
Lease income	156 million yen	333 million yen
Depreciation expense	134	286
Amount equivalent to interest income	23	63

(4) Calculation method of amount equivalent to interest income

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

2. Non-cancelable operating lease transactions

(as a lessee)

The future lease payments for non-cancelable operating lease

	March 31, 2004	March 31, 2003
Due within one year	599	210
Due after one year	285	240
Total	884 million yen	451 million yen

(as a lessor)

No transaction applicable.

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

Tax effect accounting

FY2004 (For the year ended March 31, 2004)	FY2003 (For the year ended March 31, 2003)
1. Significant components of deferred tax assets and liabilities	1. Significant components of deferred tax assets and liabilities
(Million yen)	(Million yen)
Deferred tax assets	Deferred tax assets
Loss carry-forwards ¥143,906	Loss carry-forwards ¥116,452
Valuation loss on investment securities 64,791	Valuation loss on investment securities 66,015
Allowances for doubtful accounts 7,407	Allowances for doubtful accounts 4,480
Valuation loss on inventories 6,000	Unrealized profit 3,656
Net unrealized loss on derivative instruments 4,940	Depreciation/Amortization 1,519
Unrealized profit 3,157	Enterprise tax payable 1,029
Enterprise tax payable 1,807	Others 3,573
Depreciation/Amortization 1,623	Gross deferred tax assets 196,726
Others 5,604	Less: valuation allowance (141,061)
Gross deferred tax assets 239,239	Total deferred tax assets 55,664
Less: valuation allowance (191,220)	
Total deferred tax assets 48,019	
Deferred tax liabilities	Deferred tax liabilities
Unrealized gains on other securities (57,891)	Unrealized gains on other securities (30,870)
Valuation gain on investment securities (4,764)	Valuation gain on investment securities (22,897)
Exchange gains on long-term receivables (4,323)	Exchange gains on long-term receivables (742)
Others (4,927)	Others (680)
Total deferred tax liabilities (71,906)	Total deferred tax liabilities (55,191)
Net amount of deferred tax liabilities ¥(23,887)	Net amount of deferred tax assets ¥473
2. Reconciliation between the statutory income tax rate and effective income tax rate:	2. Reconciliation between the statutory income tax rate and effective income tax rate:
Statutory tax rate 42.05%	Statutory tax rate 42.05%
(Reconciliation)	(Reconciliation)
Change in valuation allowance (55.54)%	Differences related to investments in affiliates 10.01%
Tax rate differential (2.81)	Change in valuation allowance (86.90)
Change in statutory tax rate (2.79)	Tax rate differential (6.95)
Differences related to investments in affiliates (1.36)	Change in statutory tax rate (1.43)
Others 0.65	Others (0.26)
Income tax rate per statement of income (19.80)%	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.

INVESTMENT IN DEBT AND EQUITY SECURITIES

FY2004 (as of March 31, 2004)

1. Trading securities

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

	March 31, 2004	
	Carrying amount	
	Assets	Liabilities
1. Equity securities	¥21	¥4
2. Debt securities	1,285	-
Total	¥1,307	¥4

2. Non-trading securities

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

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

	FY2004 (as of March 31, 2004)		
	Investment Cost	Carrying Amount	Differences
Carrying Amount > Investment Cost			
(1) Equity securities	¥37,027	¥205,128	¥168,100
(2) Debt securities: Government bonds	100	100	0
(3) Others	278	321	42
Sub-total	37,406	205,550	168,143
Carrying Amount < Investment Cost			
(1) Equity securities	1,545	1,477	(68)
(2) Debt securities: Corporate bonds	5,281	5,265	(16)
(3) Others	100	91	(8)
Sub-total	6,927	6,834	(93)
Total	¥44,333	¥212,384	¥168,050

(2) Available-for-sale and other securities sold during the year ended March 31, 2004

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

	Sales Price	Gain on sales	Loss on sales
(1) Equity securities	¥28,319	¥12,080	¥97
(2) Debt securities	807	25	0
(3) Others	7,397	68	56
Total	¥36,524	¥12,174	¥153

(3) The carrying amounts of the unlisted investment securities

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

	Carrying Amounts
Available-for-sale and other securities	
Unlisted equity securities (w/o OTC stocks)	¥19,237
Unlisted foreign debt securities	1,081
Preferred fund certificate	2,000
Mid-term government bond funds	261
MMF	3,272
Designated Money Trust	5,000
Investment trust without market quotations	106,427
Others	0
Total	¥137,279

INVESTMENT IN DEBT AND EQUITY SECURITIES (Continued)

(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

(Millions of 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 than ten years
Available-for-sale and other securities				
Debt securities				
Government bonds	¥-	¥102	¥-	¥-
Corporate bonds	-	5,471	-	-
Others	-	-	871	-
Total	¥-	¥5,574	¥871	¥-

FY2003 (as of March 31, 2003)

Non-trading securities

(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

(Millions of 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 than 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

Derivative transactions

1. Trading transactions

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

Nature of transaction	March 31, 2004			
	Assets		Liabilities	
	Contract amounts	Fair value	Contract amounts	Fair value
Forward exchange contracts	¥32	¥1	¥71	¥0
Nikkei future contracts	23	0	-	-
Bond futures contracts	138	1	-	-
Total	¥195	¥2	¥71	¥0

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

2. Valuation method of fair value

Forward exchange contracts: Forward foreign exchange rates as of March 31, 2004

Nikkei future contracts: Nikkei future prices as of March 31, 2004

Bond futures contracts: Bond futures prices as of March 31, 2004

2. Non-trading transactions

Currency Related

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

Nature of transaction	March 31, 2004				March 31, 2003				
	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 to- • Receive Australia dollars and pay Japanese yen	¥1,000	¥1,000	¥20	¥20	¥1,000	¥1,000	¥15	¥15
	Knock-out option transactions to- • Purchase Japanese Yen put option and Euro call option	3,915	(60)	51	(8)	-	-	-	-
	• Sell Japanese Yen call option and Euro put option	3,915	(60)	(37)	22	-	-	-	-
	Forward exchange contracts to- • Purchase U.S. dollars and sell Japanese yen	5,650	-	5,437	(212)	49,124	-	50,105	980
	• Purchase Japanese Yen and sell U.S. dollars	5,275	-	5,269	(6)	-	-	-	-
	Forward exchange contracts with conditions to- • Purchase Japanese Yen and sell Euro	8,868	-	1	1	-	-	-	-
Total				¥(183)				¥996	

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

2. Fair value is based on information provided by financial institutions.

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

Derivative transactions (continued)

Interest Related

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

	Nature of transaction	March 31, 2004				March 31, 2003			
		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 to-								
	• Receive fixed rate and pay floating rate	¥1,285	¥1,142	¥77	¥77	¥1,528	¥1,285	¥121	¥121
	• Receive floating rate and pay fixed rate	12,142	11,571	(291)	(291)	2,814	2,142	(198)	(198)
	• Receive fixed rate (receipt later) and pay fixed rate (prepayment)	1,000	1,000	35	35	1,000	1,000	36	36
	Total				¥(178)				¥(40)

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

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

	As of March 31, 2004	As of March 31, 2003
Projected benefit obligation (PBO)	2,086 million yen	131 million yen
Plan assets at fair value	1,880	81
<hr/> Unfunded PBO	<hr/> 206	<hr/> 49
Unrecognized actuarial losses	194	-
<hr/> Net liability for retirement benefits	<hr/> 11	<hr/> 49
Prepaid pension costs	22	-
<hr/> <hr/> Accrued retirement benefits	<hr/> <hr/> 34 million yen	<hr/> <hr/> 49 million yen

3. Pension and Severance Costs

	As of March 31, 2004	As of March 31, 2003
a) Service costs (notes 1 and 2)	626 million yen	531 million yen
b) Interest costs	20	9
c) Expected return on plan assets	17	5
d) Recognized actuarial losses	49	4
e) Contributions	367	160
f) Losses on transfer of pension plans	-	297
<hr/> <hr/> g) Net pension and severance costs	<hr/> <hr/> 1,047 million yen	<hr/> <hr/> 996 million yen

Notes:

1. The service cost includes the contribution to multi-employer contributory defined benefit welfare pension plan.
2. The service cost includes the pension costs of subsidiaries adopting the simplified pension accounting method.

Per share data

	FY2004	FY2003
Net loss per share - primary (yen)	¥(314.72)	¥(296.94)
Net loss per share - diluted (note 1)	-	-
Shareholders' equity per share (yen)	677.40	767.56
Basic data for computation of the per share data		
1. Average number of common stock outstanding during each fiscal period (unit: shares) (note 2)	340,407,372	336,857,133
2. Net loss (in millions of yen)	¥(107,094)	¥(99,989)
3. Net loss allocated to common stock outstanding (in millions of yen)	¥(107,133)	¥(100,027)
4. Net loss not allocated to common stock holders (in millions of yen) (note 3)	¥39	¥38

Notes:

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