SOFTBANK CORP.
CONSOLIDATED FINANCIAL RESULTS
For the fiscal year ended March 31, 2005

Tokyo, May 10, 2005

FINANCIAL HIGHLIGHTS

1. Results of Operations

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

	Net sales		Operating loss		Ordinary loss		Net loss	
	Amount	%	Amount	%	Amount	%	Amount	%
FY 2005 April 2004 through March 2005	**¥837,018**	**61.7**	**¥(25,359)**	-	**¥(45,248)**	-	**¥(59,871)**	-
FY 2004 April 2003 through March 2004	¥517,393	27.2	¥(54,893)	-	¥(71,901)	-	¥(107,094)	-

	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 2005 April 2004 through March 2005	**¥(171.03)**	-	**(28.9)**	**(2.9)**	**(5.4)**
FY 2004 April 2003 through March 2004	¥(314.72)	-	(43.2)	(6.1)	(13.9)

Note:

1. Equity in earnings (loss) under the equity method, net:
   Fiscal Year ended March 31, 2005: ¥ 5,425 million
   Fiscal Year ended March 31, 2004: ¥(2,276) million
2. Weighted average number of shares issued and outstanding during the year (consolidated)
   Fiscal Year ended March 31, 2005: 351,418,709 shares
   Fiscal Year ended March 31, 2004: 340,407,372 shares
3. There are no changes in accounting policies for the fiscal year ended March 31, 2005.
4. Percentage changes for net sales, operating loss, ordinary loss and net loss are compared with the corresponding period of the previous fiscal year.

2. Financial Condition

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

	Total assets	Shareholders' equity	Equity ratio (%)	Shareholders' equity per share (yen)
FY 2005 March 31, 2005	**¥1,704,853**	**¥178,016**	**10.4**	**¥505.86**
FY 2004 March 31, 2004	¥1,421,206	¥238,080	16.8	¥677.40

Note: Number of shares outstanding (consolidated)
As of March 31, 2005: 351,457,170 shares
As of March 31, 2004: 351,404,096 shares

3. Cash Flows

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

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
FY 2005 April 2004 through March 2005	**¥(45,989)**	**¥(242,944)**	**¥277,770**	**¥320,194**
FY 2004 April 2003 through March 2004	¥(83,829)	¥81,878	¥306,390	¥437,132

Note: The amounts in ( ) under operating and investing activities represent cash used in each activity.

4. Scope of Consolidation at March 31, 2005

Consolidated subsidiaries: 153
Equity-method non-consolidated subsidiaries: 8
Equity-method affiliates: 100

5. Changes in Scope of Consolidation

Consolidated subsidiaries:
Newly added: 31
Excluded: 55

Equity-method non-consolidated subsidiaries and affiliates:
Newly added: 18
Excluded: 13

Management Policies

1. Fundamental Management Policy

The core management philosophy of the SOFTBANK Group (hereafter "the Group") is "Endeavoring to benefit society and the economy by fostering the sharing of wisdom and knowledge gained through the IT revolution." By conducting business activities in a creative manner, the Group focuses its energy on both contributing to the development of society and increasing its corporate value. The rising use of broadband connections along with rapid advances in data communications technology is steadily bringing the world closer to the advent of the ubiquitous information age.

SOFTBANK CORP. (hereafter "the Company") is concentrating on developing Japan's broadband market with the aim of becoming a lifestyle company that can provide broadband technology for every aspect of people's lives.

The Group was among the first to concentrate management resources in the broadband business, using ADSL to commence *Yahoo! BB* comprehensive broadband services in September 2001. As of March 2005, the cumulative number of lines installed in the Group's *Yahoo! BB* service exceeded 4.77 million, and the cumulative number of lines for *BB Phone* IP telephony service has grown to 4.51 million. Furthermore, the number of subscribers of wireless LAN service, a value-added service, topped one million. The Group, which fulfilled its role as a frontrunner in the ADSL business to become a market leader, acquired JAPAN TELECOM CO., LTD., in July 2004, creating a telecommunications company with consolidated annual net sales in the range of ¥1 trillion and approximately 10 million lines.

The Group is now entering a new stage of establishing itself as a comprehensive communications company. In October 2004, the Group launched *Yahoo! BB hikari*, a new comprehensive broadband service that uses optical fiber. In December 2004, a new fixed-line telephone service called *Otoku Line* was started that is offered by JAPAN TELECOM CO., LTD. As a means of further bolstering our customer base, in February 2005, we acquired Cable & Wireless IDC Inc., the number two international telecommunications company in Japan. By acquiring telecommunications companies, we are working to reduce the total cost of acquiring new customers and provide multiple services to customers as well as breaking into the market for corporate clients, as we expand our customer base. These proactive endeavors in the telecommunications business are supported by various procurement methods and other strategic financial activities.

Aiming to increase consumers' awareness and trust vis-à-vis the Group and thereby expand our customer base using our communications infrastructure services, in January 2005, we acquired the Fukuoka Daiei Hawks, a professional baseball team, which was reborn as the Fukuoka Softbank Hawks Corp. Looking ahead, we aim to capture synergies with our broadband business by delivering baseball content over the Internet and in the field of electronic transactions with ticket auctions while striving to establish ourselves as a comprehensive communications company with a firm market position.

*Cable & Wireless IDC Inc.'s new name since the acquisition is JAPAN TELECOM IDC INC. In addition, JAPAN TELECOM IDC INC. was divided into SOFTBANK IDC INC. and JAPAN TELECOM IDC INC. on May 1, 2005.

2. Policy Regarding Allocation of Earnings

The fundamental policy of the Company is to increase the profits of shareholders by raising its corporate value, 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 2004.

3. Target Management Indices

In addition to actual figures and changes in the principal management indices—including net sales, operating income, ordinary income, net income, and cash flows—for each of our internal management segments, we attach great importance to such indices, particularly in the telecommunications businesses, that track such user trends as the number of subscribers, market share, churn rate, and average revenue per user (ARPU).

In fiscal 2006, a high-priority management goal is to record a consolidated operating profit. With the commencement of full-fledged operations of our Broadband Infrastructure business, since fiscal 2002, we have recorded consolidated operating losses for four consecutive years. To improve profitability in our ADSL business and achieve operating profit, we will engage in operating efforts in all aspects of our business and work to realize synergies with our acquired businesses, working toward corporate management that will maximize shareholder profit.

4. Medium- and Long-Term Strategies

Over the medium and long terms, we will aim to further increase our customer base in our Broadband Infrastructure business and Fixed-line Telecommunications business as well as achieve stable profits and secure and maximize cash flows, taking as the two axes of this plan: (1) conducting a comprehensive communications business offering a variety of communications methods in a composite manner and (2) capturing synergies among the Group businesses.

(1) Conducting a Comprehensive Communications Business Offering a Variety of Communications Methods in a Composite Manner

On July 30, 2004, with the aim of becoming a comprehensive communications company, the Company acquired 100% of JAPAN TELECOM CO., LTD.'s outstanding common stock, and in December 2004, JAPAN TELECOM CO., LTD. commenced *Otoku Line* service, a new fixed-line telephone service. With the start of *Yahoo! BB hikari* comprehensive broadband services in October 2004, we have engaged in aggressive business expansion. In February 2005, we acquired Cable & Wireless IDC Inc. with an eye to further expanding our customer base, particularly corporate customers. Furthermore, we are exploring each and every possibility in our aim to enter the mobile communications business. Looking ahead, while keeping our sights set on breaking into the mobile phone market along with the IP telephony and fixed-line telephony markets, we are endeavoring to respond to diverse market needs—from cheaper and fast ADSL connection services to high-speed fiber optic communications—and provide multifaceted communications methods, thereby further expanding our customer base.

(2) Capturing Synergies among the Group Businesses

In our Group companies whose business is based on the Internet, we are striving to create a wide array of Internet-based content services and expand business. At Yahoo Japan Corporation, Internet auction and shopping businesses are continuing to grow steadily. Furthermore, *BBTV*, which boasts one of the best content lineups for video-on-demand (VOD) in Japan, is advancing services using fiber optics in addition to ADSLs. Moving forward, we are aiming to strengthen content services developed using a broadband infrastructure and create further added value while raising ARPU and pursuing synergies among our companies, thereby maximizing profits.

In addition, taking advantage of the acquisition of JAPAN TELECOM CO., LTD., and Cable & Wireless IDC Inc., we are advancing a cooperative system and greater efficiency with core broadband infrastructure company SOFTBANK BB Corp. in the technology, corporate, and individual departments, as well as cooperation with other segments, including the e-Commerce and Technology Services businesses in pursuit of maximum profits.

5. Important Management Issues

(1) Enhance Earnings Power in the Broadband Infrastructure Business and Fixed-line Telecommunications Business

The Group is expanding the customer base while conducting this business in a manner that places greater emphasis on increasing earnings power. For example, capital expenditures are being used more efficiently by utilizing existing communications facilities for new businesses and procuring low-cost, high-performance equipment from overseas. In addition, through tie-ups with business partners to lessen the Group's investment burdens at the initial stage of the business cycle and outsourcing call center operations and other activities, the Group is working on the improvement of operating efficiency and cost-cutting. We plan to raise ARPU by creating high-value-added services while realizing various Group synergies, thereby reducing costs and raising efficiency in all facets of the business to strengthen profitability in the Broadband Infrastructure and Fixed-line Telecommunications businesses.

(2) Strengthen Management System for Information Security

With demands for stronger corporate information security management systems and the enactment of the Personal Information Protection Act, in addition to measures to protect customer information covering 649 items, SOFTBANK BB Corp. is continuing to strengthen its management system for information security. Furthermore, the Company has established a Group Information Security Department to carry out risk assessments of information security at Group companies and, based on the results of assessments, supervise proposals and execute measures to resolve risks. Some Group companies have been granted the Privacy Mark and have specialized Information Security Management Systems (ISMSs) in place, and we are taking proactive measures to provide support for further acquisition. We continue to maintain management systems for information security of the highest level and are working as a Group to protect all information assets in our possession.

(3) Strengthening the Internal Management System

In addition to management systems for information security, to cope with the increase in employees and enlargement of the organization resulting from expansion of existing businesses, forays into new business, and acquisitions, such as that of JAPAN TELECOM CO., LTD., we are reassessing our organizational system and working to enhance the Company's internal management system, which employs internal audits. Not only do we plan to enhance internal audits; we also plan to strengthen our compliance system with the establishment of guidelines based on the Group constitution. With the reassessment of these operational flows and management systems, we are working toward the realization of the appropriate operations systems.

6. 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 eight members, including two from outside the Group. The directors make decisions regarding important management issues and supervise the execution of business operations. Directors serve terms lasting two years and are eligible for reelection in fiscal 2006. 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 Conferences 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 minimizing operational risks 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, external directors, and external corporate auditors

There are no applicable items.

(3) Breakdown of compensation of executive officers

Amount of compensation paid to directors and auditors

Directors	5 people	¥217 million
Auditors	5 people	¥58 million

Notes:

1. In addition to the above-mentioned figures, ¥6 million was paid to a retiring director and ¥5 million to a retiring auditor as retirement bonuses.
2. Compensated directors included one director who retired in fiscal 2005.
3. Compensated auditors included one auditor who retired in fiscal 2005.

(4) Breakdown of fees to independent auditors

(a) Amount that the Company and its consolidated subsidiaries pay to independent auditors

¥543 million

(b) Of the above-mentioned amount in (a), amount of fees for audit services

¥419 million

(c) Of the above-mentioned amount in (b), amount of fees paid by the Company

¥65 million

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

(a) For the purpose of strengthening our management systems for information security, we have established an Information Security Committee consisting of the individuals in charge of information security of each business segment to develop a security policy and internal regulations and bolster supervisory systems. In addition, we are working to create a system in which items decided by the Information Security Committee are promptly publicized to employees using such means as portal sites. SOFTBANK BB Corp. has established an Information Security Committee and has implemented various measures, including the placement of Information Security Committee representatives in each of its divisions (organizational measure), the implementation of continuous training such as e-learning for all employees (individual measure), the classification of all operations areas as having one of five security levels (physical measure), and the implementation of surveillance tools and biometrics (technological measure). While reassessing security regulations with some flexibility, we are working Groupwide to further strengthen our management systems for information security. Specifically, with regard to companies that possess personal information, we are continuing to engage in activities aimed at the acquisition of ISMSs and the Privacy Mark.

(b) We have adopted the Group Representative Oath System, under which a representative of each consolidated subsidiary must submit a Representative Oath stating that the information contained in the financial statements submitted by Group companies to the Company is true. This system ensures that there is no misconduct or violations of the law or articles of incorporation; that an internal management system is in place, functioning properly; that reports are being made to top management; and that the information security system is cohesive, enabling the Group to disclose company information in a timely and appropriate manner as well as promote stronger corporate governance and risk management. Furthermore, with the establishment of this system, Group companies conduct periodic self-assessments covering 115 items related to internal control and are required to report the results of these assessments to the Company. This allows the Company to verify whether information is disclosed to investors in an accurate and timely manner while developing internal control of the entire Group and improving the Company’s internal management system.

Results of Operations and Financial Position

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

During fiscal 2005, 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. We acquired JAPAN TELECOM CO., LTD. and other companies with the aim of expanding our customer base—corporate customers, in particular—and began our *Otoku Line* service, a new fixed-line telephone service. In the Broadband Infrastructure business, solid increases in the number of subscribers supported continuing improvements in net sales and operating income. Due to start-up costs for *Otoku Line* business in the Fixed-line Telecommunications segment, in the latter half of the year, earnings worsened temporarily; however, we are striving to quickly return consolidated operating income to profitability with an improvement in *Otoku Line* business and the realization of synergies among all businesses.

Regarding our financial position, while SOFTBANK INVESTMENT CORPORATION was excluded from year-end consolidation, the Company pushed forward with a succession of acquisitions—JAPAN TELECOM CO., LTD., Cable & Wireless IDC Inc., and the Fukuoka Daiei Hawks—to expand the scope of our business, and increased the size of our assets. Moving forward, we aim to leverage Group synergies to maximum effect, thereby realizing even further growth.

* Cable & Wireless IDC Inc.'s new name is JAPAN TELECOM IDC INC., and the new name of the Fukuoka Daiei Hawks is Fukuoka Softbank Hawks Corp. In addition, JAPAN TELECOM IDC INC. was divided into SOFTBANK IDC INC. and JAPAN TELECOM IDC INC. on May 1, 2005. SOFTBANK INVESTMENT CORPORATION will change its name to SBI Holdings Inc., shifting to a holding company structure on July 1, 2005.

2. Consolidated Results of Operations

<Overview of Fiscal Year Results>

Net sales increased ¥319,624 million, or 62%, to ¥837,018 million. The increase was primarily attributable to a ¥166,878 million increase from the Fixed-line Telecommunications segment resulting from the new consolidation of JAPAN TELECOM CO., LTD. Furthermore, the Broadband Infrastructure segment's maintenance of its steady trend of expansion, along with net sales increases in the Internet Culture and e-Finance segments, also constituted significant factors.

The operating loss decreased ¥29,534 million to ¥25,359 million. In the Broadband Infrastructure segment, the continuing increase in paying customers reduced the operating loss by ¥33,849 million to ¥53,747 million. Also, due to the start-up costs of JAPAN TELECOM CO., LTD.'s *Otoku Line* services, the Fixed-line Telecommunications segment recorded a ¥36,065 million operating loss.

Aggregated operating income for all segments other than the Broadband Infrastructure segment and the Fixed-line Telecommunications segment continued to grow, increasing ¥31,750 million, or 97%, to ¥64,453 million, backed by higher operating income in the Internet Culture, e-Finance, and e-Commerce segments.

The ordinary loss decreased ¥26,652 million to ¥45,248 million. While the Group recorded ¥5,425 million in a net equity in earnings under the equity method, an increase in interest-bearing debt caused interest expense to increase ¥10,919 million to ¥22,971 million. Although the Group recorded ¥6,508 million in foreign exchange gains in fiscal 2004, the yen's depreciation against both the dollar and euro in fiscal 2005 resulted in an exchange loss of ¥4,040 million.

The net loss decreased ¥47,222 million to ¥59,871 million. Due to the sale of shares held in BB Call Corp. and E*TRADE SECURITIES CO., LTD., and other companies, the gain on the sale of investment securities was ¥59,121 million. And the Group recorded a ¥26,269 million dilution gain from changes in equity interest accompanied by the issuance of new shares in E*TRADE SECURITIES CO., LTD., SOFTBANK INVESTMENT CORPORATION, and other companies. As a result, the Group recorded a special income of ¥89,360 million. However, due to a eurobond covenant amendment fee of ¥4,071 million, a loss on the sale of investment securities of ¥3,081 million resulting from the sale of eAccess Ltd. and other stock, and a valuation loss on investment securities of ¥7,161 million, the Group recorded a special loss of ¥53,660 million, resulting in a net loss before income taxes and minority interest of ¥9,548 million. Taxes of ¥9,879 million (after refunds and adjustments) and minority interest of ¥40,444 million have been recorded.

<Fiscal Year Results by Business Segment>

Broadband Infrastructure—Segment sales increased ¥76,399 million, or 59%, to ¥205,306 million. The number of paying customers in the *Yahoo! BB ADSL* service continued to grow steadily. There was also an increase in their share of customers using value-added services, such as higher-speed services and wireless LAN. The result was strong sales at SOFTBANK BB Corp. and Yahoo Japan Corporation. The operating loss decreased ¥33,849 million to ¥53,747 million. The improvement in the operating margin was due to growth in the number of customers and average revenue per user (ARPU), as well as to a decline in the cost of acquiring customers in the ADSL business and slower growth in fixed expenses compared to business expansion. Results in this segment include special income of ¥38,706 million from the gain on the sale of investment securities resulting from the sale of shares held in BB Call Corp. in August 2004.

Fixed-line Telecommunications—Segment sales totaled ¥166,878 million. The operating results of JAPAN TELECOM CO., LTD., which was consolidated on its deemed acquisition date of September 30, 2004, are reflected in this segment, which was established with the acquisition, starting in the latter half of fiscal 2005. Due to the fact that, following the acquisition, the initial burden of the investment for starting up for new *Otoku Line* services in December 2004 was incurred in fiscal 2005, the segment recorded an operating loss of ¥36,065 million.

e-Commerce—Segment sales increased ¥33 million, or 0%, to ¥254,921 million, and the operating income increased ¥1,593 million, or 44%, to ¥5,240 million. Due to a marketing strategy focused on profitability and increased sales to corporate customers, license sales to high-volume customers and sales of intelligent home appliances to major home electronics retailers remained strong at SOFRBANK BB Corp. In addition, this segment worked to capture synergies by collaborating with the corporate divisions of JAPAN TELECOM CO., LTD., SOFTBANK TECHNOLOGY CORP., and other Group companies as well as focusing efforts on the development and sales of new Internet services, teaming up with the Broadband Infrastructure segment to offer BB Security, security services to *Yahoo! BB* customers and BB Soft, software delivery service.

Internet Culture—Segment sales increased ¥38,393 million, or 60%, to ¥102,448 million, and operating income was up ¥17,497 million, or 54%, to ¥50,079 million. The advertising market as a whole saw its first upturn in four years, and, as Internet advertising costs exceeded radio advertising costs for the first time, exhibiting very high growth, sales of Yahoo Japan Corporation were steady mainly due to those of National Clients* and sponsor sites, enabling it to post record-high advertisement sales. Furthermore, in addition to favorable performance by such non-advertising corporate businesses as recruitment site *Yahoo! Rikunabi*, the

number of *Yahoo! Auctions* and *Yahoo! Shopping* stores made a solid increase, and with growth in the individual business with the number of Yahoo! Premium IDs exceeding 5,000,000, Yahoo Japan Corporation marked drastic increase both in sales and profit.
*Advertisers with significant exposure through other mass media channels.

e-Finance—Segment revenue increased ¥37,370 million, or 90%, to ¥78,797 million. Operating income was up ¥13,803 million, or 234%, to ¥19,714 million. The revenue growth was mainly attributable to the acquisition of a controlling stake in WORLD NICHIEI Securities Co., Ltd.*, along with higher brokerage commission revenue at E*TRADE SECURITIES CO., LTD., stemming from ongoing strength in Japan's stock markets. There was special income of ¥2,909 million from a gain on the June 2004 sale of investment securities from the partial sale of shares held in E*TRADE SECURITIES CO., LTD., and a ¥9,974 million dilution gain from changes in equity interest accompanied by the issuance of new shares in E*TRADE SECURITIES CO., LTD., in November 2004. Furthermore, equity fluctuations stemming from the issuance of new shares in SOFTBANK INVESTMENT CORPORATION in March 2005 resulted in a dilution gain of ¥14,334 million, which was recorded as special income, and, due to a decrease in equity interest accompanied by the same issuance of new shares, SOFTBANK INVESTMENT CORPORATION changed from a consolidated subsidiary to an affiliate accounted for under the equity method.

* WORLD NICHIEI Securities Co., Ltd. and SOFTBANK FRONTIER SECURITIES CO., LTD. merged in February 2004 to form WORLD NICHIEI FRONTIER Securities Co., Ltd. The new company's name will change to SBI Securities Corporation on July 1, 2005.

Broadmedia—Segment sales increased ¥2,770 million, or 21%, to ¥15,663 million. This was mainly the result of higher sales at Broadmedia Studios Corporation, to which the operations of MOVIE TELEVISION INC.* were transferred as it is undergoing bankruptcy procedures under the Civil Rehabilitation Law. The operating loss decreased ¥2,286 million to ¥1,019 million. This segment carried out a reassessment of the allocation of management resources, a part of which was the closure of unprofitable businesses—including the liquidation of the incubation business—and a shift to content-related business. With the transfer of BB Cable Corporation to SOFTBANK BB Corp. on September 30, 2004, the burden of investments associated with the BBTV business was shifted to the Broadband Infrastructure segment beginning with the third quarter. However, this segment continued to post a loss because of expenses associated with BBTV operations during the first half of the fiscal year.

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

Technology Services—Segment sales increased ¥2,907 million, or 13%, to ¥25,510 million. Growth in back-office operations services for e-commerce sites due to higher demand for anti-virus software and strong sales of network system operations and maintenance services as well as security-related devices at SOFTBANK TECHNOLOGY CORP. were the main factors behind the rise. Due to the steady growth in high-margin services and solutions businesses, operating income increased ¥409 million, or 56%, to ¥1,145 million.

Media & Marketing—Segment sales decreased ¥1,927 million, or 13%, to ¥12,479 million, and the operating loss decreased ¥28 million to ¥1,064 million. This performance is mainly a reflection of declining sales of magazines and books at SOFTBANK Publishing Inc., which continues to be impacted by the contraction of the market for IT publications. Compared with the slump in paper media, the field of digital media exhibited signs of a gradual recovery, allowing ITmedia Inc., which operates an IT total information site, to post healthy growth in both net sales and operating income. Furthermore, Internet media business, such as music site *BARKS*, made aggressive forays into related markets for the first time.

3. Financial Position

The consolidation of JAPAN TELECOM CO., LTD., from the end of September 2004, resulted in the inclusion of ¥519,320 million in consolidated total assets. Meanwhile, SOFTBANK INVESTMENT CORPORATION, which was excluded from consolidation as of its deemed transfer date of March 31, 2005, had total consolidated assets of ¥396,644 million as of March 31, 2004. As a result, total consolidated assets rose ¥283,646 million to ¥1,704,853 million.

<Balance Sheet Analysis (comparison with fiscal 2004)>

Current assets decreased ¥281,822 million to ¥606,117 million. The primary factor in the decrease was a reduction in deposits related to securities business and receivables related to margin transactions of ¥276,576 million after the exclusion of SOFTBANK INVESTMENT CORPORATION.

Property and equipment increased ¥336,537 million to ¥451,717 million. This was mainly due to increases in telecommunications equipment and telecommunications service lines of ¥205,500 million (including ¥206,733 million from JAPAN TELECOM CO., LTD.), buildings and structures of ¥52,867 million (including ¥45,339 million from JAPAN TELECOM CO., LTD.), and construction in progress of ¥45,872 million (including ¥32,255 million from JAPAN TELECOM CO., LTD.).

Intangible assets increased ¥86,512 million to ¥103,540 million. This included an additional goodwill resulting from the completed acquisitions of JAPAN TELECOM CO., LTD., the Fukuoka Daiei Hawks, and Cable & Wireless IDC Inc. of ¥36,903 million, ¥4,054 million, and ¥2,924 million, respectively. Furthermore, other intangible assets of ¥15,070 million were posted due to a business transfer contract related to the acquisition of the Fukuoka Daiei Hawks granting baseball promotional rights.

Investments and other assets increased ¥142,971 million to ¥541,972 million. Factors in the rise included an increase in the market values of shares held in Yahoo! Inc. worth ¥57,421 million as well as a ¥45,001 million increase resulting from the change in status of SOFTBANK INVESTMENT CORPORATION to an affiliate accounted for under the equity method. Due to a change in accounting standards for financial instruments, a portion of investments in partnerships was reclassified to investment securities and investments in partnerships accounts.

Current liabilities increased ¥135,053 million to ¥690,796 million. Although the exclusion of SOFTBANK INVESTMENT CORPORATION from consolidation resulted in a decrease in payables related to margin transactions and guarantee deposits related to securities business to result in a ¥244,494 million decrease, accounts payable and accrued expenses, short-term borrowings, and cash received as collateral increased ¥161,844 million, ¥92,345 million, and ¥90,000 million, respectively.

Long-term liabilities increased ¥232,501 million to ¥767,096 million. This was mainly due to the fact that, with the consolidation of JAPAN TELECOM CO., LTD., corporate bonds (long-term liabilities) and long-term debt cumulatively increased ¥169,540 million (including ¥159,475 million from JAPAN TELECOM CO., LTD.), and other long-term liabilities, which include derivative liabilities, increased ¥48,149 million.

Shareholders' equity decreased ¥60,064 million to ¥178,016 million. Accumulated deficits increased ¥62,736 million due to the net loss in fiscal 2005, while unrealized gain on investments in limited partnerships and similar investments of ¥13,846 million was recorded, resulting from changes in accounting standards for financial instruments.

<Cash Flows Analysis>

(1) Summery of Fiscal 2005

Cash flows were a negative ¥9,688 million during fiscal 2005 as cash was used in operating and investing activities while cash was provided by financing activities.

Net cash used in operating activities was ¥45,989 million. Loss before income taxes and minority interest improved ¥67,195 million to ¥9,548 million, while depreciation and amortization of ¥66,417 million was recorded; however, due to the sale of BB Call Corp. and other companies, a gain on sale of marketable and investment securities of ¥56,049 million was posted as an adjustment item (affecting special income in the income statements), and equity fluctuations in E*TRADE SECURITIES CO., LTD., and SOFTBANK INVESTMENT CORPORATION led to a dilution gain of ¥25,200 million and ¥31,533 million in income taxes paid by Yahoo Japan Corporation and other companies, constituting the primary factors in the net outflow.

Net cash used in investing activities was ¥242,944 million. Although inflows included ¥34,840 million associated with the sale of shares in BB Call Corp. and other subsidiaries accompanying a change in the scope of consolidation and ¥57,099 million from the sale of marketable securities, such as eAccess Ltd. stock, there were outflows of ¥172,320 million for the acquisition of JAPAN TELECOM CO., LTD., and other subsidiaries accompanying a change in the scope of consolidation and ¥90,943 million for the purchase of property and equipment and intangibles telecommunications equipment mainly for SOFTBANK BB Corp.

Net cash provided by financing activities was ¥277,770 million. In addition to redeeming ¥33,908 million of preferred stock held by former JAPAN TELECOM CO., LTD., shareholder Vodafone K.K., primary contributing factors to the inflow were proceeds from issuing corporate bonds—for JAPAN TELECOM CO., LTD., SOFTBANK CORP., SOFTBANK INVESTMENT CORPORATION, and other companies—of ¥153,378 million, proceeds from issuance of shares to minority shareholders—such as E*TRADE SECURITIES CO., LTD. and other companies, totaling ¥30,298 million, ¥51,362 million in the proceeds from a public offering and allocation to a third party of shares in SOFTBANK INVESTMENT CORPORATION, a ¥90,000 million increase in cash received as collateral under security deposit agreements, and an increase in short-term borrowings amounting to ¥53,468 million.

Cash and cash equivalents at the end of the year reflected a ¥107,529 million decrease primarily due to the exclusion of SOFTBANK INVESTMENT CORPORATION from consolidation. As a result of the foregoing, cash and cash equivalents at the end of fiscal 2005 totaled ¥320,194 million, a decrease of ¥116,937 million from the end of fiscal 2004.

(2) Factors That May Have a Material Impact on Cash Flows in the Following Fiscal Year

-Need for Funds to Support Growth in the Group's Telecommunications Services Business

The Group has always concentrated management resources in its Broadband Infrastructure segment and, in addition to *Yahoo! BB* services employing ADSL, is engaged in the full-fledged expansion of various services, including *Yahoo! BB hikari* services, which use optical fibers. Furthermore, in the Fixed-line

Telecommunications segment, we are vigorously working to expand our customer base for *Otoku Line* service, a new fixed-line telephone services. With this business expansion, prior investment generated in the form of capital investment as well as customer acquisition costs aimed at strengthening our customer base may have a temporary negative effect on operating cash flows and free cash flows in fiscal 2006.

-Commitment-line Contract

Upon the end of the term of a commitment line established in the previous fiscal year, the Company in October 2004, entered into a ¥105,000 million commitment-line contract with eight financial institutions, which was arranged by Mizuho Corporate Bank, Ltd. At year-end, the balance of commitment-line borrowings totaled ¥75,000 million. Borrowings through the commitment line will be made in consideration of the current level of liquidity, the availability of other fund procurement methods, and other factors. The Company has not decided whether to continue the contract into fiscal 2006.

-Refinancing of JAPAN TELECOM CO., LTD.'s long-term borrowings

On April 27, 2005, a ¥106,000 million of JAPAN TELECOM CO., LTD.'s existing debt was repaid, and ¥130,000 million in long-term borrowings was borrowed from Deutsche Bank AG, Mizuho Corporate Bank, Ltd., and Sumitomo Mitsui Banking Corporation.

-Redemption of Bonds

As of the fiscal year-end, outstanding Group bonds totaled ¥426,393 million, of which ¥48,145 million is expected to be redeemed within one year from March 31, 2005.

<Trends in Cash Flow Indicators>

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

	As of March 31,		
	2005	2004	2003
Equity ratio	10.4%	16.8%	27.2%
Equity ratio (Market cap.)	91.1%	120.4%	48.9%
Debt repayment period	—	—	—
Interest coverage ratio	—	—	—

Notes:

1. The above indicators are calculated using the following formulas based on consolidated figures.
   Equity ratio — Shareholders' equity divided by total assets
   Equity ratio (Market cap.) — Market capitalization divided by total assets
   Debt repayment period — Interest-bearing debt divided by net operating cash inflows
   Interest coverage ratio — Net operating cash inflows divided by interest expenses
2. Market capitalization is calculated by multiplying the closing stock price by the number of shares outstanding, net of treasury stock, as at March 31, 2005.
3. Interest-bearing debt is the sum of all consolidated liabilities on which interest must be paid.
4. Net operating cash inflows and interest expenses are the corresponding figures shown on the consolidated statements of cash flows.
5. Negative figures are indicated by a "—" sign.

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 Group's operations. Furthermore, factors other than those listed below could have a significant effect on business. The following risks associated with the business are those apparent to the Company at present and are not intended to be all-inclusive.

(1) (Risks related to economic environment and market trends)

The Group is active in a broad range of markets, including broadband-related markets, IT-related distribution markets, fixed-line telecommunications 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.

Specifically, in the Broadband Infrastructure segment, in addition to the risk of increased costs of acquiring customers with the emergence of new market trends, the growth in this business could be severely restricted if Japan's broadband market shrinks.

Turning to the e-Commerce segment, although this business is enjoying strong sales for highly profitable Internet-based security software and corporate applications software, if we are not able to respond to such changes in the market environment as a change in the distribution channels of Group products or a rapid shift in consumer trends, the business could be detrimentally affected.

The Internet Culture segment is extremely sensitive to general economic trends in the advertising industry, particularly in times of sluggishness, when the tendency in all industries is to put high priority on controlling advertising spending. Furthermore, as the Internet advertising business has a short history, it is also easily affected by overseas markets, such as the United States, that are ahead of Japan in this field.

In the second half of fiscal 2005, we established the Fixed-line Telecommunications segment, under which JAPAN TELECOM CO., LTD., launched new *Otoku Line* services aimed at capturing new customers. However, due to changes in demand whereby customers are moving away from fixed-line telephone services while the use of mobile phones and the Internet has permeated the market and is expanding, shrinkage in the market for fixed-line telephone services is advancing. It may cost more than initially estimated to acquire customers, or it may be difficult or take longer to realize projected profit in this business.

(2) (Risks related to technological innovation and competition)

In the IT and telecommunications industries in which the Group is developing business, rapid technological innovations—including those in the field of telecommunications, such as telecommunications networks and systems—are progressing while competition intensifies, and there is a possibility that the services offered by the Group in the IT and telecommunications sectors could lose their competitiveness.

In the fields of telecommunications networks and systems as well as telecommunications equipment, rapid technological innovation is constantly occurring both in hardware and software. With such technological advances, the Group's services could become obsolete or mismatched with market trends in demand, making it impossible to realize profits as forecast.

Past deregulation of the telecommunications industry has facilitated easier market entry, resulting in extremely tough competition in Japan's broadband and fixed communications markets. As a result, broadband usage fees in Japan are some of the lowest in the world, but it is possible that price competition will continue. Some competitors boast capital strength, price competitiveness, customer bases, and brand recognition that exceed those of the Group, which could reduce the Group's competitiveness.

(3) (Risks related to rules and regulations)

A number of laws and regulations—including the Telecommunications Business Law, the Law concerning Nippon Telegraph and Telephone Corporation, and the Personal Information Protection Act—apply to the Group's business. Due to changes in these laws and regulations or the implementation of new laws and regulations in the future, the Group may not be able to develop its business as expected. For example, a change in the Telecommunications Business Law that revises the NTT connection charge would decrease profitability in the broadband market. With regard to intellectual property, because a number of companies are aggressively promoting the development of Internet technologies and business models that include broadband technology, there is the possibility that the Group might be sued by a third party for compensatory damages for patent violation and that, in the future, the Group's know-how regarding content provision and technology uses may be limited. Also, due to the fact that there are few laws focusing on Internet-related business in Japan, it is unclear how laws regarding user privacy, consumer protection, and content regulation will be applied to the Internet Culture business. In addition to this, although the Group has implemented policies to protect leaks of personal information by significantly strengthening its customer information management system, establishing handling methods for personal information acquired and possessed by the Group, and limiting access to its personal information database, even with these measures in place, it may be possible that we cannot completely protect against personal information leaks.

(4) (Risks related to foreign exchange, financial, and stock markets)

The value of investment securities in the Group's possession depends on movement in the domestic and overseas markets as well as the foreign exchange and stock markets, and imports of telecommunications equipment can be also influenced by the direction of the foreign exchange market. At fiscal year-end, the Company's foreign currency bonds include regular bonds denominated in euros worth €400 million and approximately $1,100 million in borrowings owed to an overseas subsidiary, and, due to market influences, the consolidated foreign exchange gain in fiscal 2004 amounted to ¥6,508 million, while in fiscal 2005, we recorded a consolidated foreign exchange loss of ¥4,040 million.

In fiscal 2005, consolidated interest-bearing debt totaled ¥853,917 million, and interest expense amounted to ¥22,971 million. It is possible that the payment of interest could increase in keeping with rises in interest rates stemming from financial market trends.

Investing activities are a primary source of cash flows for the Group, and a total crash in market prices of these investments could adversely affect the Company's capital procurement capabilities. Stocks of Internet-related companies in Japan, the United States, and other countries constitute the majority of the Company's investments. Changes in the stock prices of these companies are extreme, and a fall in the value of these assets could have a significant effect on the Company's procurement capabilities. In fiscal 2005, unrealized gains on other marketable securities totaled ¥136,662 million, and appreciated gains (the difference between the value at the time of acquisition and the current market price), on the Company's equity in publicly traded consolidated subsidiaries and affiliates accounted for under the equity method, amounted to ¥1,824,125 million.

(5) (Risks associated with new business)

Regarding new businesses that the Group wishes to develop, it is possible that the Group will not be able to develop as expected. The Group has obtained a 1.7GHz experiment station license, seeking entry into the mobile phone market; however, its entry into the mobile phone market could be impeded by the denial of a business license or trends in demand for the proposed service, making it possible that the business cannot develop as expected. Furthermore, with regard to *Yahoo! BB hikari* services begun in October 2004 and JAPAN TELECOM CO., LTD.'s new *Otoku Line* services begun in December, 2004, as both are still in the initial stages, it is possible that they will not be able to fulfill expectations regarding customer acquisition and profits.

(6) (Risks related to other companies' equipment and brands)

In developing the Group's Broadband Infrastructure business, NTT Group dark fiber is used, and telecommunications equipment is installed at their central offices, so the Group depends on them. In addition, the Broadband Infrastructure business's primary service, *Yahoo! BB*, employs Yahoo! Inc's Yahoo! brand. If, in the future, there was a significant change in either of these relationships, it is possible that the Group could not realize business development as forecast. Furthermore, the success of the Group businesses is affected not only by Group trends, but also by relationships with its content providers, Internet service providers (ISPs), and hardware makers.

(7) (Risks associated with unforeseen situations concerning the management)

The Company's existing and new businesses are planned and promoted by the Group's executives and regular employees. Unforeseen situations concerning top management—President and Chief Executive Officer Masayoshi Son, in particular—may create an obstacle to a business's smooth progress and influence the Group's business.

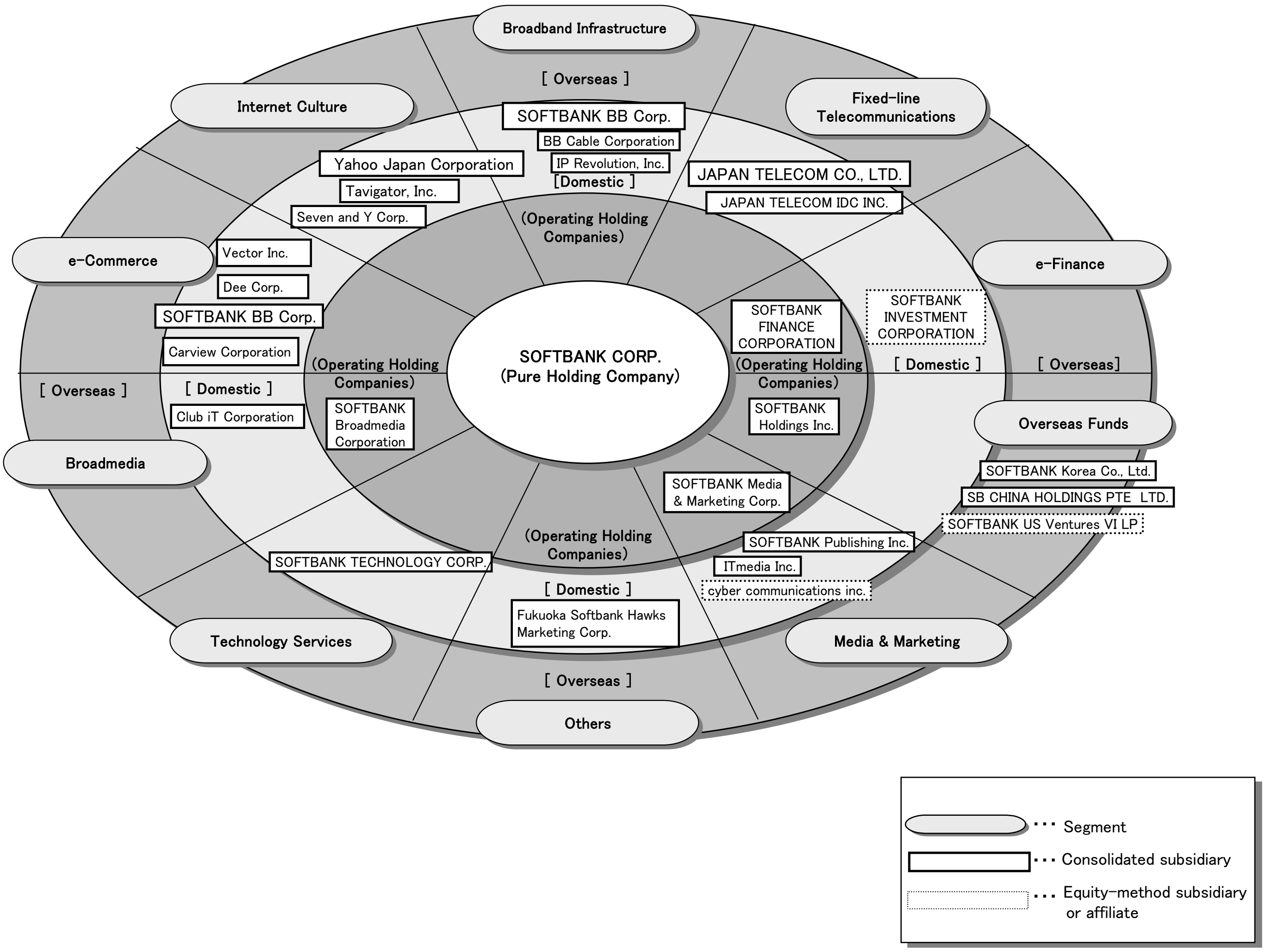
The SOFTBANK Group

As of March 31, 2005, the SOFTBANK Group included 261 companies with operations in nine business segments as follows.

Business segment		Consolidated subsidiaries	Equity-method non-consolidated subsidiaries and affiliates	Principal products and operational content of each business
1.	Broadband Infrastructure	(Notes 1and 3) 17	6	ADSL and fiber-optic high-speed Internet connection service, IP telephony service, provision of content and other operations
2.	Fixed-line Telecommunications	(Note 2) 14	2	Fixed-line telecommunications such as voice transmission service, data transmission service and private leased circuit
3.	e-Commerce	(Note 1) 17	9	Distribution of PC software and such hardware as PCs and peripherals, enterprise solutions, and diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C)
4.	Internet Culture	(Note 1) 22	9	Internet-based advertising operations, broadband portal business, and Internet-based auction business
5.	e-Finance	(Note 4) 5	(Note 4) 7	Internet-based all-inclusive financial operations
6.	Broadmedia	(Note 3) 10	2	Promoting the spread of broadband service such as broadcasting and communications; support for procurement of contents
7.	Technology Services	7	3	System solution business and business solution business
8.	Media & Marketing	8	6	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc., and development of web content specialized in IT
9.	Overseas Funds	34	60	U.S.- and Asia-focused global venture capital business with a main focus on Internet-related companies
10.	Others	19	4	Leisure and service business, holding company functions for overseas operations, and back-office services in Japan
Total		153	108	

Notes:

1. SOFTBANK BB Corp. and Yahoo Japan Corporation are included in consolidated subsidiaries of the Broadband Infrastructure and Internet Culture segments, respectively, while both SOFTBANK BB Corp. and Yahoo Japan Corporation operate multiple businesses and their operating results are allocated to multiple business segments.
2. The Fixed-line Telecommunications segment is newly established in fiscal year 2005 as the Company acquired JAPAN TELECOM CO., LTD. and its nine subsidiaries at September 30, 2004.
3. BB Cable Corporation ("BB Cable") is included in the Broadband Infrastructure segment from the second half of fiscal year 2005 because BB Cable was acquired by SOFTBANK BB Corp. effective September 30, 2004.
4. The number of consolidated subsidiaries decreased by 40 and the number of equity-method non-consolidated subsidiaries and affiliates increased by one as SOFTBANK INVESTMENT CORPORATION changed to an equity-method affiliate from a consolidated subsidiary at March 31, 2005.



Note 1: JAPAN TELECOM IDC INC. separated to form JAPAN TELECOM IDC INC. and SOFTBANK IDC INC. on May 1, 2005.

2: SOFTBANK INVESTMENT CORPORATION will rename the company SBI Holdings, Inc. and establish a holding company structure on July 1, 2005.

SOFTBANK subsidiaries listed on domestic stock exchanges as of March 31, 2005 include the following.

Subsidiary	Listed exchange
Yahoo Japan Corporation	Tokyo Stock Exchange 1st section
SOFTBANK TECHNOLOGY CORP.	Tokyo Stock Exchange 2nd section
Vector Inc.	Hercules
Club iT Corporation	Hercules

Note: The following subsidiaries were excluded from consolidated subsidiaries as SOFTBANK INVESTMENT CORPORATION changed to an equity-method affiliate from a consolidated subsidiary at the end of fiscal year 2005.

Subsidiary	Listed exchange
SOFTBANK INVESTMENT CORPORATION	Tokyo Stock Exchange 1st section Osaka Securities Exchange 1st section
Morningstar Japan K.K.	Hercules
Finance All Corporation	Hercules
WORLD NICHIEI FRONTIER Securities Co., Ltd.	Hercules
E*TRADE SECURITIES CO., LTD.	JASDAQ
VeriTrans, Inc.	Hercules

CONSOLIDATED BALANCE SHEETS

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

	March 31, 2005		March 31, 2004		Increase (Decrease)
	Amount	**%**	Amount	%	
ASSETS					
Current assets:					
Cash and deposits	**¥287,978**		¥327,023		¥(39,044)
Notes and accounts receivable - trade	**168,262**		87,982		80,280
Marketable securities	**39,403**		113,659		(74,255)
Inventories	**47,224**		25,064		22,160
Deferred tax assets	**3,025**		5,255		(2,230)
Cash segregated as deposits related to securities business	**-**		95,532		(95,532)
Receivables related to margin transactions	**-**		181,043		(181,043)
Other current assets	**67,542**		64,105		3,436
Less: Allowance for doubtful accounts	**(7,319)**		(11,726)		4,406
Total current assets	**606,117**	**35.5**	887,940	62.5	(281,822)
Non-current assets:					
Property and equipment, net					
Buildings and structures	**56,860**		3,992		52,867
Telecommunications equipment	**198,598**		91,542		107,055
Telecommunications service lines	**99,133**		688		98,444
Land	**19,396**		2,269		17,127
Construction-in-progress	**49,354**		3,482		45,872
Others	**28,373**		13,203		15,170
Total tangible assets	**451,717**	**26.5**	115,179	8.1	336,537
Intangible assets, net:					
Goodwill	**48,313**		-		48,313
Other intangibles	**55,227**		17,028		38,199
Total intangible assets	**103,540**	**6.1**	17,028	1.2	86,512
Investments and other assets:					
Investment securities and investments in partnerships	**434,441**		262,906		171,534
Other investments	**40**		86,654		(86,614)
Deferred tax assets	**40,472**		29,303		11,168
Other assets	**75,688**		24,461		51,226
Less: Allowance for doubtful accounts	**(8,669)**		(4,324)		(4,344)
Total investments and other assets	**541,972**	**31.8**	399,001	28.1	142,971
Deferred charges	**1,504**	**0.1**	2,056	0.1	(551)
Total assets	**¥1,704,853**	**100.0**	¥1,421,206	100.0	¥283,646

CONSOLIDATED BALANCE SHEETS

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

	March 31, 2005		March 31, 2004		Increase (Decrease)
	Amount	**%**	Amount	%	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Notes and accounts payable - trade	**¥63,684**		¥47,613		¥16,070
Short-term borrowings	**181,186**		88,841		92,345
Commercial paper	**15,500**		11,000		4,500
Current portion of corporate bonds	**48,145**		36,154		11,991
Accounts payable – other and accrued expenses	**228,264**		66,420		161,844
Income taxes payable	**21,600**		18,858		2,742
Deferred tax liabilities	**527**		233		293
Payables related to margin transactions	**-**		160,382		(160,382)
Guarantee deposits received from customers related to securities business	**-**		84,111		(84,111)
Cash receipt as collateral	**100,000**		10,000		90,000
Other current liabilities	**31,887**		32,125		(238)
Total current liabilities	**690,796**	**40.5**	555,742	39.1	135,053
Long-term liabilities:					
Corporate bonds	**378,248**		297,067		81,180
Long-term debt	**230,837**		142,477		88,359
Deferred tax liabilities	**57,419**		58,212		(792)
Accrued retirement benefits	**17,359**		34		17,325
Negative goodwill	**-**		1,721		(1,721)
Other liabilities	**83,232**		35,082		48,149
Total long-term liabilities	**767,096**	**45.1**	534,595	37.6	232,501
Total liabilities	**1,457,893**	**85.6**	1,090,337	76.7	367,555
Minority interest in consolidated subsidiaries	**68,943**	**4.0**	92,787	6.5	(23,843)
Shareholders' equity:					
Common stock	**162,397**	**9.5**	162,303	11.4	93
Additional paid-in capital	**186,783**	**10.9**	186,690	13.1	93
Accumulated deficit	**(273,362)**	**(16.0)**	(210,625)	(14.8)	(62,736)
Net unrealized gain on other securities	**136,662**	**8.0**	105,198	7.4	31,464
Net unrealized loss on derivative instruments	**(41,056)**	**(2.4)**	(9,462)	(0.6)	(31,593)
Translation adjustments	**6,697**	**0.4**	4,044	0.3	2,653
Less: Treasury stock	**(106)**	**(0.0)**	(66)	(0.0)	(39)
Total shareholders' equity	**178,016**	**10.4**	238,080	16.8	(60,064)
Total liabilities and shareholders' equity	**¥1,704,853**	**100.0**	¥1,421,206	100.0	¥283,646

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	FY 2005 April 2004 through March 2005		FY 2004 April 2003 through March 2004		Increase (Decrease)
	Amount	%	Amount	%	
Net sales	**¥837,018**	**100.0**	¥517,393	100.0	¥319,624
Cost of sales	**547,402**	**65.4**	384,024	74.2	163,378
Gross Profit	**289,615**	**34.6**	133,369	25.8	156,246
Selling, general and administrative expenses	**314,975**	**37.6**	188,263	36.4	126,711
Operating loss	**(25,359)**	**(3.0)**	(54,893)	(10.6)	29,534
Interest income	**2,398**		799		1,598
Foreign exchange gain	**-**		6,508		(6,508)
Equity in earnings under the equity method	**5,425**		-		5,425
Income from investments in partnerships	**3,711**		1,165		2,546
Other non-operating income	**4,931**		4,000		930
Non-operating income	**16,466**	**2.0**	12,473	2.4	3,992
Interest expense	**22,971**		12,052		10,919
Foreign exchange loss	**4,040**		-		4,040
Equity in loss under the equity method	**-**		2,276		(2,276)
Valuation loss on inventories	**-**		10,052		(10,052)
Other non-operating expenses	**9,343**		5,100		4,243
Non-operating expenses	**36,356**	**4.4**	29,481	5.7	6,875
Ordinary loss	**(45,248)**	**(5.4)**	(71,901)	(13.9)	26,652
Gain on sale of investment securities	**59,121**		37,601		21,520
Dilution gain from changes in equity interest	**26,269**		1,650		24,619
Other special income	**3,969**		3,534		435
Special income	**89,360**	**10.7**	42,786	8.3	46,574
Loss on sale of investment securities	**3,081**		10,585		(7,504)
Valuation loss on investment securities	**7,161**		5,085		2,076
Valuation loss on investment in affiliates	**1,678**		9,188		(7,509)
Penalty for unfulfilled contract commitment	**6,147**		-		6,147
Bond covenant amendment fee	**4,071**		-		4,071
Provision for doubtful accounts	**2,473**		1,029		1,443
Office relocation expenses	**2,265**		-		2,265
Additions to reserves under special laws	**1,176**		742		434
Other special losses	**25,603**		20,996		4,606
Special loss	**53,660**	**6.4**	47,629	9.2	6,031
Loss before income taxes and minority interest	**(9,548)**	**(1.1)**	(76,744)	(14.8)	67,195
Income taxes:					
Current	**34,740**	**4.2**	24,530	4.8	10,209
Refunded	**2,897**	**0.3**	-	-	2,897
Deferred	**(21,963)**	**(2.6)**	(9,336)	(1.8)	(12,626)
Minority interest	**40,444**	**4.8**	15,156	2.9	25,288
Net loss	**¥(59,871)**	**(7.2)**	¥(107,094)	(20.7)	¥47,222

Note: In prior years, SOFTBANK CORP. presented the results of investments in partnerships on a gross basis in "Income from investments in partnerships" and "Expenses from investments in partnerships" in the consolidated statements of operations. Effective from April 1, 2004, SOFTBANK CORP. has combined the results of investments in partnerships in the account of "Income from investments in partnerships" or "Expenses from investments in partnerships" and has presented such amounts on a net basis in the consolidated statements of operations. The amounts for the fiscal year ended March 31, 2004 have been reclassified to conform to the current year presentation.

CONSOLIDATED STATEMENTS OF ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS

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

	FY 2005 April 2004 through March 2005	FY 2004 April 2003 through March 2004
ADDITIONAL PAID-IN CAPITAL		
Additional paid-in capital at the beginning of the year	**¥186,690**	¥162,231
Increase due to issuance of shares	**93**	24,425
Increase in paid-in capital due to sale of treasury stock	**-**	32
Additional paid-in capital at the end of the year	**¥186,783**	¥186,690

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

	FY 2005 April 2004 through March 2005	FY 2004 April 2003 through March 2004
ACCUMULATED DEFICIT		
Accumulated deficit at the beginning of the year	**¥(210,625)**	¥(101,031)
Net loss	**(59,871)**	(107,094)
Cash dividends	**(2,459)**	(2,342)
Bonuses to directors	**(176)**	(73)
Net adjustments to retained earnings due to change in scope of the consolidation	**(98)**	(287)
Increase due to merger	**17**	202
Decrease due to merger	**(147)**	-
Accumulated deficit at the end of the year	**¥(273,362)**	¥(210,625)

Note: In accordance with the accounting principles generally accepted in Japan, the cumulative effect arising from any changes in the scope of consolidation is treated as an adjustment to retained earnings in the consolidated statements of additional paid-in capital and retained earnings.

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	FY 2005 April 2004 through March 2005	FY 2004 April 2003 through March 2004
Ⅰ **Cash flows from operating activities:**		
Loss before income taxes and minority interest	**¥(9,548)**	¥(76,744)
Adjustments to reconcile loss before income taxes and minority interest to net cash used in operating activities:		
Depreciation and amortization	**66,417**	32,864
Equity in (earnings) loss under the equity method, net	**(5,425)**	2,276
Dilution gain from changes in equity interest, net	**(25,200)**	(657)
Valuation loss on investment securities	**8,840**	14,274
Gain on sale of marketable and investment securities, net	**(56,049)**	(27,032)
Foreign exchange loss (gain), net	**5,324**	(5,366)
Interest and dividend income	**(2,862)**	(1,323)
Interest expense	**22,971**	12,052
Changes in operating assets, liabilities and others		
Increase in receivables – trade	**(15,854)**	(25,023)
Increase (decrease) in payables - trade	**2,371**	(9,531)
Increase in other receivables	**(70,813)**	(75,485)
Increase in other payables	**97,095**	73,831
Other, net	**(17,519)**	24,672
Sub-total	**(251)**	(61,194)
Interest and dividends received	**2,506**	978
Interest paid	**(17,924)**	(11,206)
Income taxes paid	**(31,533)**	(16,174)
Refund of income taxes	**1,213**	3,767
Net cash used in operating activities	**(45,989)**	(83,829)

- Continued -

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

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

	FY2005 April 2004 through March 2005	FY2004 April 2003 through March 2004
Ⅱ Cash flows from investing activities:		
Purchase of property and equipment and intangibles	**¥(90,943)**	¥(61,472)
Purchase of marketable and investment securities	**(29,582)**	(38,945)
Proceeds from sale of marketable and investment securities	**57,099**	151,136
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	**(172,320)**	1,693
Sale of interests in subsidiaries previously consolidated, net	**34,840**	(1,167)
Proceeds from sale of interests in consolidated subsidiaries	**8,110**	29,212
Increase in loan receivables	**(21,387)**	(23,028)
Collection of loans	**9,105**	22,577
Purchase of business rights and others	**(13,113)**	-
Other, net	**(24,753)**	1,871
Net cash (used in) provided by investing activities	**(242,944)**	81,878
Ⅲ Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	**53,468**	(76,851)
Proceeds from issuance of commercial paper	**102,500**	77,500
Redemption of commercial paper	**(98,000)**	(70,500)
Proceeds from long-term debt	**166,400**	204,828
Repayment of long-term debt	**(192,836)**	(50,993)
Proceeds from issuance of bonds	**153,378**	216,636
Redemption of bonds	**(36,124)**	(56,870)
Proceeds from issuance of shares	**187**	48,631
Proceeds from issuance of shares to minority shareholders	**30,298**	3,704
Proceeds from issuance of shares through public offering and allocation to a third party in SOFTBANK INVESTMENT CORPORATION	**51,362**	-
Redemption of preferred shares held by minority shareholder	**(33,908)**	-
Cash dividends paid	**(2,457)**	(2,317)
Cash dividends paid to minority shareholders	**(2,160)**	(112)
Increase in cash receipt as collateral	**90,000**	10,000
Other, net	**(4,336)**	2,735
Net cash provided by financing activities	**277,770**	306,390
Ⅳ Effect of exchange rate changes on cash and cash equivalents	**1,474**	(13,459)
Ⅴ Net (decrease) increase in cash and cash equivalents	**(9,688)**	290,980
Ⅵ Increase in cash and cash equivalents due to newly consolidated companies	**12**	-
Ⅶ Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	**(107,529)**	(1,373)
Ⅷ Increase in cash and cash equivalents due to merger	**267**	-
Ⅸ Cash and cash equivalents at the beginning of the year	**437,132**	147,526
Ⅹ Cash and cash equivalents at the end of the year	**¥320,194**	¥437,132

CONDENSED QUARTERLY FINANCIAL INFORMATION

Condensed Statements of Operations

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

	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
	April 1, 2003 to June 30, 2003	July 1, 2003 to September 30, 2003	October 1, 2003 to December 31, 2003	January 1, 2004 to March 31, 2004	April 1, 2004 to June 30, 2004	July 1, 2004 to September 30, 2004	October 1, 2004 to December 31, 2004	January 1, 2005 to March 31, 2005
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Net sales	¥103,881	¥121,572	¥136,699	¥155,239	¥147,311	¥156,395	¥258,087	¥275,224
Cost of sales	83,824	92,526	97,535	110,137	92,770	99,707	170,489	184,434
Gross profit	20,057	29,046	39,164	45,101	54,540	56,687	87,597	90,789
Selling, general and administrative expenses	44,255	44,205	45,816	53,986	58,359	59,658	95,134	101,822
Operating loss	(24,197)	(15,159)	(6,652)	(8,884)	(3,819)	(2,970)	(7,536)	(11,032)
Non-operating income (Note)	2,573	4,064	2,924	4,199	3,068	1,846	10,465	10,704
Non-operating expenses (Note)	9,009	11,917	4,901	4,941	10,918	13,114	10,963	10,978
Ordinary loss	(30,633)	(23,011)	(8,630)	(9,626)	(11,669)	(14,239)	(8,034)	(11,306)
Special income	12,362	7,815	2,830	19,776	9,763	40,690	16,665	22,240
Special loss	6,667	25,020	4,894	11,047	2,365	8,526	18,272	24,496
(Loss) income before income taxes and minority interest	(24,938)	(40,215)	(10,693)	(896)	(4,271)	17,925	(9,641)	(13,561)
Income taxes - Current	9,360	3,668	777	10,723	8,927	3,817	9,524	12,470
Income taxes - Refunded	-	-	-	-	-	-	-	2,897
Income taxes - Deferred	(721)	(4,009)	248	(4,854)	(3,949)	(4,542)	(7,449)	(6,022)
Minority interest	1,156	2,729	4,624	6,645	8,626	6,819	14,843	10,153
Net (loss) income	¥(34,734)	¥(42,603)	¥(16,344)	¥(13,410)	¥(17,876)	¥11,830	¥(26,560)	¥(27,266)

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

Condensed Statements of Cash Flows

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

	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
	April 1, 2003 to June 30, 2003	July 1, 2003 to September 30, 2003	October 1, 2003 to December 31, 2003	January 1, 2004 to March 31, 2004	April 1, 2004 to June 30, 2004	July 1, 2004 to September 30, 2004	October 1, 2004 to December 31, 2004	January 1, 2005 to March 31, 2005
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Ⅰ Net cash (used in) provided by operating activities	¥(37,821)	¥(15,856)	¥(18,769)	¥(11,381)	¥(11,937)	¥6,644	¥(25,416)	¥(15,280)
Ⅱ Net cash (used in) provided by investing activities	(7,899)	72,959	(3,273)	20,092	(23,301)	(136,910)	¥(17,352)	¥(65,379)
Ⅲ Net cash provided by (used in) financing activities	22,791	(10,785)	160,231	134,152	98,752	20,469	34,503	124,046
Ⅳ Effect of exchange rate changes	213	(44)	451	(14,080)	3,778	2,977	(7,364)	2,082
Ⅴ Net (decrease) increase in cash and cash equivalents	(22,716)	46,273	138,640	128,783	67,291	(106,819)	(15,630)	45,468
Ⅵ Increase in cash and cash equivalents due to newly consolidated companies	-	-	-	-	10	1	-	-
Ⅶ Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	(149)	(1,198)	(0)	(25)	(45)	-	-	(107,483)
Ⅷ Increase in cash and cash equivalents due to merger	-	-	-	-	6	-	-	261
Ⅸ Cash and cash equivalents at the beginning of the period	147,526	124,660	169,734	308,374	437,132	504,395	397,578	381,948
Ⅹ Cash and cash equivalents at the end of the period	¥124,660	¥169,734	¥308,374	¥437,132	¥504,395	¥397,578	¥381,948	¥320,194
Note: Depreciation and amortization included in net cash (used in) provided by operating activities	¥7,587	¥8,129	¥8,151	¥8,996	¥9,850	¥8,956	¥22,847	¥24,763

Basis of Presentation of Consolidated Financial Statements

1. Changes in scope of consolidation

As of March 31, 2005, SOFTBANK CORP. （the “Company”）consolidated 153 subsidiaries. Thirteen subsidiaries were not consolidated as the individual and aggregate amounts were not considered material in terms of the consolidated total assets, net sales, net income (loss) and retained earnings (accumulated deficit) of the SOFTBANK consolidated financial statements.

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

<Increase>

JAPAN TELECOM CO.,LTD.	Newly acquired
ACE SECURITIES CO.,LTD.	Newly acquired
JAPAN TELECOM IDC INC.	Newly acquired
Fukuoka Softbank Hawks Corp.	Newly acquired
Other 27 companies	

<Decrease>

SOFTBANK TECHNOLOGY HOLDINGS CORP.	Merger
BB Call Corp.	Sale of all shares
SOFTBANK INVESTMENT CORPORATION	Decrease in ownership percentage
E*TRADE SECURITIES CO., LTD.	Due to exclusion of its parent company, SOFTBANK INVESTMENT CORPORATION from consolidation
WORLD NICHIEI FRONTIER Securities Co., Ltd.	Due to exclusion of its parent company, SOFTBANK INVESTMENT CORPORATION from consolidation
ACE SECURITIES CO.,LTD.	Due to exclusion of its parent company, SOFTBANK INVESTMENT CORPORATION from consolidation
Other 49 companies	

2. Changes in scope of equity method

As of March 31, 2005, the Company held eight non-consolidated subsidiaries and 100 affiliates, all of which were accounted for under the equity method.

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

<Increase>

SOFTBANK INVESTMENT CORPORATION	Change from a consolidated subsidiary
All About, Inc.	Newly acquired
CREO CO., LTD.	Newly acquired
Other 15 companies	

<Decrease>

13 companies

3. Fiscal year end

Fiscal year ends of consolidated subsidiaries for both domestic and overseas entities are as follows:

<Fiscal year end>	<Domestic>	<Overseas>
March end (as same as the consolidated balance sheet date)	81	30
June end	1	-
September end	3	-
December end	6	27
January end	1	-
February end	4	-

4. Summary of significant accounting policies

[1] Evaluation standards and methods for major assets

(1) Marketable securities and investment securities

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

Other securities:

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

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

(2) Derivative instruments: Stated at fair value

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

[2] Depreciation and amortization

(1) Property and equipment

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

<Additional information for change of estimated useful life>

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

As a result, depreciation expense included in cost of sales decreased by ¥3,034 million, operating loss and ordinary loss decreased by the same amount, and income before income taxes and minority interest increased by the same amount for the fiscal year ended March 31, 2005 as compared with the amount which would have been recognized if the previous estimated useful life had not been changed.

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

[3] Accounting principles for major allowances and accruals

(1) Allowance for doubtful accounts:

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

(2) Accrued retirement benefits:

JAPAN TELECOM CO., LTD., JAPAN TELECOM IDC INC., and certain other subsidiaries which became newly consolidated subsidiaries of the Company during the fiscal year ended March 31, 2005, have defined benefit pension plans for their employees. Those companies accounted for the liability for retirement benefits based on the projected benefit obligations at March 31, 2005.

[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 operations 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 foreign currency exchange rate for the period. Assets and liabilities are translated using the foreign currency 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 leases

Under the accounting principles generally accepted in Japan, 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 that includes the estimated acquisition cost, estimated accumulated depreciation and future lease payments or receipts.

[6] Accounting for significant hedge transactions

(1) Collar transaction

① Hedge accounting

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

② Derivative instruments for hedging and hedged items

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

Hedged items: Equity security

③ Hedging policy

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

(2) Interest rate swap and interest rate cap

① Hedge accounting

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

② Derivative instruments for hedging and hedged items

Derivative instruments for hedging: Interest rate swap and interest rate cap contracts

Hedged items: Interest expense on borrowings

③ Hedging policy

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

[7] Accounting method for consumption taxes

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

5. Accounting for business combinations

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

6. Amortization of goodwill

"Goodwill" is amortized on a straight-line basis over reasonably estimated periods, in which economic benefits are expected to be realized. An immaterial goodwill is expensed as incurred.

7. Appropriation of retained earnings

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

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

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

Additional Information

Change in the presentation of investments in partnerships

Following the application of a partial revision to the Japanese securities and exchange laws effective from December 1, 2004, and the release of revised practical guidelines for financial instruments accounting on February 15, 2005, investments in limited partnerships and similar investments are classified as investment securities from the fiscal year ended March 31, 2005.
The amount of applicable investments in partnerships which are included in “Investment securities and investments in partnerships” on the consolidated balance sheets is ¥ 101,020 million for the fiscal year ended March 31, 2005.

Effect of the change in the standard enterprise tax in Japan

Effective from April 1, 2004, the enterprise tax components attributed to added value and capital were reported in selling, general and administrative expenses due to the change in the standard enterprise tax component amounts in Japan.
Selling, general and administrative expenses increased by ¥1,715 million. As a result, operating loss and ordinary loss increased by ¥1,715 million and income before income taxes and minority interest decreased by ¥1,715 million for the fiscal year ended March 31, 2005, accordingly.

Notes

1. Accumulated depreciation of property and equipment

	March 31, 2005	March 31, 2004
	625,280 million yen	49,426 million yen

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

		March 31, 2005	March 31, 2004
Held by the Company	common stock	**40,956 shares**	32,730 shares
Number of shares issued	common stock	**351,498,126**	351,436,826

3. Investments in non-consolidated subsidiaries and affiliates

	March 31, 2005	March 31, 2004
Investment securities and investments in partnerships	**120,897** million yen	30,891 million yen
Other investments	-	35,183

4. Receivables and payables related to margin transactions

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

	March 31, 2005	March 31, 2004
Receivables -		
Loans receivable from customers for margin transactions	**- million yen**	168,484 million yen
Cash deposits (collateral) for securities borrowed from securities companies	-	12,558
Payables -		
Loans payable to securities companies for margin transactions	**- million yen**	126,721 million yen
Proceeds from securities sold for margin transactions	-	33,661

5. Assets pledged as collateral

(1) For future lease liabilities

	March 31, 2005	March 31, 2004
Assets pledged as collateral:		
Notes and accounts receivable - trade	**11,247 million yen**	8,727 million yen
Other current assets (accounts receivable – other)	**7**	36
Secured liabilities:		
Notes and accounts payable - trade	**5 million yen**	57 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 each fiscal year are as follows:

	March 31, 2005	March 31, 2004
Future lease liabilities (including the above “Notes and accounts payable-trade”)	**37,263 million yen**	33,558 million yen

5. Assets pledged as collateral (continued)

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

	March 31, 2005		March 31, 2004	
Assets pledged as collateral:				
Cash and deposits	**446**	**million yen**	902	million yen
Notes and accounts receivable - trade	**1,120**		1,124	
Inventories	**-**		544	
Buildings and structures	**6,660**		405	
Telecommunications equipment	**14,172**		5,486	
Telecommunications service lines	**13,689**		-	
Land	**5,582**		1,102	
Property and equipment- others	**0**		-	
Investment securities	**193,398**		138,064	
Secured liabilities:				
Notes and accounts payable - trade	**493**	**million yen**	592	million yen
Short-term borrowings	**25,882**		13,081	
Accounts payable – other and accrued expenses	**18**		-	
Other current liabilities	**-**		346	
Long-term debt	**212,119**		118,483	
Other long-term liabilities	**289**		-	

Note:

The following, which are included in the amounts above, are pledged as factory foundation collateral.

Buildings and structures	**6,141**	**million yen**	-	million yen
Telecommunications equipment	**11,170**		-	
Telecommunications service lines	**13,689**		-	
Land	**580**		-	

The following, which are included in the amounts above, are guaranteed by factory foundation collateral. (Notes 1 and 2)

Short-term borrowings	**6,625**	**million yen**	-	million yen
Long-term debt	**99,375**		-	

Note 1: The short-term borrowings of ¥6,625 million and long-term debt of ¥99,375 million at JAPAN TELECOM CO., LTD.("JAPAN TELECOM"), a wholly owned subsidiary of the Company, is secured by investment securities in JAPAN TELECOM held by the Company and three consolidated subsidiaries of JAPAN TELECOM.

Note 2: JAPAN TELECOM repaid short-term borrowings of ¥6,625 million and long-term debt of ¥99,375 million on April 27, 2005, and entered into a new long- term debt agreement totaling ¥130 billion. In connection with this refinancing, assets pledged as factory foundation collateral and investment securities in JAPAN TELECOM held by the Company and three consolidated subsidiaries of JAPAN TELECOM noted above were released.

6. Cash receipt as collateral

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

	March 31, 2005		March 31, 2004	
Cash receipt as collateral	**100,000**	**million yen**	10,000	million yen

The Company paid fixed rate amount as stock bailment fees and other fees totaling ¥ 1,692 million for the fiscal year ended March 31, 2005 according to the security deposit agreements, and recorded the fees as other non-operating expenses in the consolidated statements of operations.

7. Net unrealized gains/losses on derivative instruments

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

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 from a sale of an equity security associated with the future market price fluctuations 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, 2005		March 31, 2004	
200	**million yen**	204	million yen

9. Balance of accounts receivable sold

March 31, 2005		March 31, 2004	
7,855	**million yen**	6,581	million yen

10. Selling, general and administrative expenses

The main components of "Selling, general and administrative expenses" for the fiscal years ended March 31, 2005 and 2004 were as follows:

	March 31, 2005		March 31, 2004	
Sales promotion expenses	**95,131**	**million yen**	81,682	million yen
Payroll and bonuses	**45,550**		26,587	
Fees for outsourced services	**37,665**		10,042	
Allowance for doubtful accounts	**3,720**		2,917	

11. Research and development costs included in selling, general and administrative expenses and cost of sales

March 31, 2005		March 31, 2004	
4,098	**million yen**	1,267	million yen

12. Valuation loss on investment in subsidiaries and affiliates

"Valuation loss on investment in affiliates" is recognized as a special loss in the consolidated statements of operations.

	March 31, 2005		March 31, 2004	
Valuation loss on investment in consolidated subsidiaries	**355**	**million yen**	7,275	million yen
Valuation loss on investment in affiliates accounted for under equity method	**1,323**		1,913	

13. Consolidated statements of cash flows

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

	March 31, 2005		March 31, 2004	
Cash and deposits	**287,978**	**million yen**	327,023	million yen
Marketable securities	**39,403**		113,659	
Time deposits with original maturity over three months	**(1,455)**		(2,331)	
Deposits received from customers in the commodities business	-		(75)	
Stocks and bonds with original maturity over three months	**(5,732)**		(1,143)	
Cash and cash equivalents	**320,194**	**million yen**	437,132	million yen

14. Assets and liabilities of companies newly consolidated through business combination

(1) JAPAN TELECOM CO., LTD. and ten companies acquired in connection with the acquisition of JAPAN TELECOM CO., LTD.

		(as of September 30, 2004)	
Current assets	(Note 1)	163,748	million yen
Non-current assets	(Note 1)	333,418	
Goodwill		38,836	
Current liabilities	(Note 1)	(159,117)	
Long-term liabilities	(Note 1)	(152,973)	
Minority interest		(33,954)	
Acquisition cost	(Note 2)	189,959	million yen
Loans made by the Company	(Note 3)	29,462	
Cash and cash equivalents of newly consolidated companies	(Note 4)	(60,584)	
Payments for the acquisition		158,837	million yen

(Note 1) Inter-company transactions are eliminated.

(Note 2) Ancillary expenses related to the acquisition and additional investments up to September 30, 2004, the deemed acquisition date, are included.

(Note 3) This represents loans made by the Company up to September 30,2004, the deemed acquisition date.

(Note 4) Funds used for the redemption of preferred shares of ¥33,908 million on October 4, 2004 are included.

(2) JAPAN TELECOM IDC INC. (former Cable & Wireless IDC Inc.)

	(as of March 31, 2005)	
Current assets	11,503	million yen
Non-current assets	14,474	
Goodwill	2,924	
Current liabilities	(12,667)	
Long-term liabilities	(3,536)	
Acquisition cost	12,698	million yen
Cash and cash equivalents of a newly consolidated company	(3,619)	
Payments for the acquisition	9,078	million yen

15. Payments for the acquisition of Fukuoka Softbank Hawks Corp.

(1) Payments for the acquisition of Fukuoka Softbank Hawks Corp. (former the Fukuoka Daiei Hawks)

	(as of February 28, 2005)	
Acquisition cost	4,154	million yen
Cash and cash equivalents of a newly consolidated company	(168)	
Payments for the acquisition	3,985	million yen

(2) Payments for the purchase of business rights and others related to the Dome business of Fukuoka Softbank Hawks Marketing Corp.

	(as of January 28, 2005)	
Acquisition cost for the Dome business related assets	15,000	million yen
Cash and cash equivalents included in the above assets	(1,886)	
Payments for the purchase of business rights and others	13,113	million yen

16. Assets and liabilities of previously consolidated companies

Exclusion from consolidation due to the decrease in ownership percentage

SOFTBANK INVESTMENT CORPORATION and its consolidated subsidiaries

	(as of March 31, 2005)	
Current assets	717,169	million yen
Non-current assets	39,287	
Deferred charges	458	
Total assets	756,915	million yen
Current liabilities	532,334	million yen
Long-term liabilities	38,543	
Reserves under special laws	2,675	
Minority interest	53,943	
Total liabilities and minority interest	627,496	million yen

Exclusion from consolidation due to the sale of all shares

BB Call Corp.

	(as of July 31, 2004)	
Current assets	9,927	million yen
Non-current assets	-	
Total assets	9,927	million yen
Current liabilities	0	million yen
Long-term liabilities	-	
Total liabilities	0	million yen

Significant Subsequent Events

There are no applicable items.

Segment Information

1. Business segment information

(1) FY 2005 (as of and for the year ended March 31, 2005)

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

	Broadband Infrastructure	Fixed-line Telecommunications	e-Commerce	Internet Culture	e-Finance	Broadmedia	Technology Services	Media & Marketing	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net sales													
(1) Customers	**¥204,974**	**¥165,969**	**¥244,971**	**¥101,913**	**¥73,235**	**¥10,039**	**¥16,032**	**¥11,052**	**¥2,052**	**¥6,777**	**¥837,018**	**¥-**	**¥837,018**
(2) Inter-segment	**331**	**909**	**9,950**	**534**	**5,562**	**5,623**	**9,478**	**1,427**	**-**	**1,692**	**35,510**	**(35,510)**	**-**
Total	**205,306**	**166,878**	**254,921**	**102,448**	**78,797**	**15,663**	**25,510**	**12,479**	**2,052**	**8,469**	**872,528**	**(35,510)**	**837,018**
Operating expenses	**259,054**	**202,944**	**249,681**	**52,368**	**59,083**	**16,682**	**24,365**	**13,544**	**739**	**14,730**	**893,192**	**(30,815)**	**862,377**
Operating income (loss)	**¥(53,747)**	**¥(36,065)**	**¥5,240**	**¥50,079**	**¥19,714**	**¥(1,019)**	**¥1,145**	**¥(1,064)**	**¥1,313**	**¥(6,260)**	**¥(20,663)**	**¥(4,695)**	**¥(25,359)**
Identifiable assets	**¥250,807**	**¥583,487**	**¥76,408**	**¥345,737**	**¥115,507**	**¥8,785**	**¥22,442**	**¥10,758**	**¥73,091**	**¥116,115**	**¥1,603,141**	**¥101,712**	**¥1,704,853**
Depreciation and amortization	**26,796**	**28,250**	**1,333**	**4,720**	**5,900**	**2,307**	**247**	**185**	**17**	**1,027**	**70,786**	**(1,245)**	**69,540**
Capital expenditures	**69,691**	**115,410**	**5,234**	**12,512**	**4,175**	**2,798**	**357**	**222**	**46**	**21,215**	**231,665**	**595**	**232,261**

(2) FY 2004 (as of and for the year ended March 31, 2004)

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

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

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 a description of the main business segments.

3. Unallocated operating expenses for the fiscal years ended March 31, 2005 and 2004 in the column "Elimination or corporate", which mainly represent expenses of the corporate division of the Company, were ¥6,867 million and ¥ 3,482million, respectively.

4. “Fixed-line Telecommunications” business segment is newly established as the Company newly consolidated JAPAN TELECOM CO., LTD. and its subsidiaries at September 30, 2004, the deemed acquisition date. Net sales and operating expenses of JAPAN TELECOM CO., LTD. and its subsidiaries are included in the Company’s results beginning in the third quarter of fiscal year 2005.

5. Net sales and operating expenses of BB Cable Corporation, which was acquired by SOFTBANK BB Corp. at September 30, 2004, were included in the Broadmedia segment for the interim period ended September 30, 2004. Net sales and operating expenses of BB Cable Corporation for the six-month period ended March 31, 2005 are included in the Broadband Infrastructure segment.

6. Corporate assets at March 31, 2005 and 2004 in the column “Elimination or corporate” were ¥151,910 million and ¥223,970 million, respectively. Corporate assets represent 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.

7. “Capital expenditures” include the acquisition of long-term prepaid expenses and deferred charges. “Depreciation and amortization” included the amortization of long-term prepaid expenses and deferred charges.

2. Geographic Segment Information

(1) FY 2005 (as of and for the year ended March 31, 2005)

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

	Japan	**North America**	**Others**	**Total**	**Elimination or corporate**	**Consolidated**
Net sales						
(1)Customers	**¥828,768**	**¥1,910**	**¥6,339**	**¥837,018**	**¥-**	**¥837,018**
(2)Inter-segment	**464**	**371**	**223**	**1,060**	**(1,060)**	**-**
Total	**829,233**	**2,281**	**6,563**	**838,078**	**(1,060)**	**837,018**
Operating expenses	**845,650**	**3,220**	**9,742**	**858,613**	**3,763**	**862,377**
Operating loss	**¥(16,417)**	**¥(938)**	**¥(3,178)**	**¥(20,535)**	**¥(4,823)**	**¥(25,359)**
Identifiable assets	**¥1,184,086**	**¥270,988**	**¥102,832**	**¥1,557,907**	**¥146,945**	**¥1,704,853**

(2) FY 2004 (as of and 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

Notes:

1. Net sales by geographic region are recognized based on the geographic location from which the sales were made.
Significant countries in each region are shown below:
North America: United States of America and Canada
Others: Europe, Korea, China, Hong Kong and Singapore

2. Unallocated operating expenses for the fiscal years ended March 31, 2005 and 2004 in the column "Elimination or corporate", which mainly represent expenses of the corporate division of the Company, were ¥6,867 million and ¥3,482 million, respectively.

3. Corporate assets at March 31, 2005 and 2004 in the column "Elimination or corporate" were ¥151,910 million and ¥223,970 million, respectively. Corporate assets represent 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.

3. Overseas Sales

Overseas sales for the years ended March 31, 2005 and 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 the lessee 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 each fiscal year are as follows.

	March 31, 2005		March 31, 2004	
Telecommunications equipment and telecommunications service lines				
Equivalent to acquisition costs	**195,681**		49,114	
Less: amount equivalent to accumulated depreciation	**(45,685)**		(17,250)	
Net book value	**149,996**	**million yen**	31,863	million yen
Buildings and structures				
Equivalent to acquisition costs	**47,056**		60	
Less: amount equivalent to accumulated depreciation	**(349)**		(17)	
Net book value	**46,706**	**million yen**	42	million yen
Property and equipment - others				
Equivalent to acquisition costs	**15,938**		11,115	
Less: amount equivalent to accumulated depreciation	**(10,293)**		(5,310)	
Net book value	**5,644**	**million yen**	5,804	million yen
Intangible assets				
Equivalent to acquisition costs	**2,727**		928	
Less: amount equivalent to accumulated amortization	**(1,076)**		(187)	
Net book value	**1,651**	**million yen**	741	million yen
Total				
Equivalent to acquisition costs	**261,404**		61,218	
Less: amount equivalent to accumulated depreciation	**(57,404)**		(22,766)	
Net book value	**203,999**	**million yen**	38,452	million yen

(2) The future lease payments for capital leases at the end of each fiscal year are as follows.

	March 31, 2005		March 31, 2004	
Due within one year	**40,342**		15,154	
Due after one year	**167,676**		27,901	
Total	**208,018**	**million yen**	43,056	million yen

(3) Lease payments, amounts equivalent to depreciation and interest expense for each fiscal year are as follows.

	FY 2005 April 2004 through March 2005		FY 2004 April 2003 through March 2004	
Lease payments	**27,366**	**million yen**	15,836	million yen
Amount equivalent to depreciation expense	**24,209**		13,747	
Amount equivalent to interest expense	**5,179**		2,408	

(4) Calculation method used to determine the 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 is calculated by subtracting acquisition costs from the total lease payments and allocated over the lease periods based on the interest method.

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

(as a lessor)

(1) Acquisition costs, accumulated depreciation and net book value at the end of each fiscal year are as follows.

	March 31, 2005	March 31, 2004
Property and equipment - others		
Acquisition costs	2,644	617
Less: accumulated depreciation	(2,576)	(284)
Net book value	67 million yen	332 million yen
Intangible assets		
Acquisition costs	-	168
Less: accumulated amortization	-	(38)
Net book value	- million yen	129 million yen
Total		
Acquisition costs	2,644	785
Less: accumulated depreciation	(2,576)	(323)
Net book value	67 million yen	461 million yen

(2) The future lease receivables for capital leases at the end of each fiscal year are as follows.

	March 31, 2005	March 31, 2004
Due within one year	43	176
Due after one year	29	307
Total	72 million yen	483 million yen

(3) Lease income, depreciation and amount equivalent to interest income for each fiscal year are as follows.

	FY 2005 April 2004 through March 2005	FY 2004 April 2003 through March 2004
Lease income	349 million yen	156 million yen
Depreciation expense	211	134
Amount equivalent to interest income	3	23

(4) Calculation method used to determine the amount equivalent to interest income

The amount equivalent to interest income is calculated by subtracting acquisition costs from the total of lease income and estimated residual value and 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 leases at the end of each fiscal year are as follows.

	March 31, 2005	March 31, 2004
Due within one year	6,264	599
Due after one year	15,551	285
Total	21,815 million yen	884 million yen

(as a lessor)

The future lease receivables for non-cancelable operating leases at the end of each fiscal year are as follows.

	March 31, 2005	March 31, 2004
Due within one year	972	-
Due after one year	1,816	-
Total	2,789 million yen	- million yen

RELATED PARTY TRANSACTIONS WITH THE COMPANY

1. Parent Company and Major Corporate Shareholders
   N/A

2. Directors and Major Individual Shareholders

Category	Name	Address	Amount of capital	Nature of business or occupation	Proportionate interest	Relationship		Nature of transaction	Amount of transaction	Account	Balance at March 31, 2005
						Concurrent directors	Business relationships				
Director and shareholder	Masayoshi Son	—	—	Son Assets Management, Inc. President	31%	—	—	Cash paid on behalf of Son Assets Management, Inc.	¥25 million	Other Current Asset	¥9 million

Note: Consumption taxes are included in the amount of transaction and year end balance.

3. Subsidiaries
   N/A

4. Affiliates
   N/A

Tax effect accounting

FY 2005 (For the year ended March 31, 2005)

1. Significant components of deferred tax assets and liabilities

	(Million yen)
Deferred tax assets	
Loss carry-forwards	¥195,151
Valuation loss on investment securities	76,288
Depreciation / Amortization	41,511
Net unrealized loss on derivative instruments	21,949
Allowances for doubtful accounts	16,789
Accrued expenses	9,697
Valuation loss on inventories	6,451
Enterprise tax payable	2,409
Unrealized profit	1,305
Others	8,210
Gross deferred tax assets	379,764
Less: valuation allowance	(305,824)
Total deferred tax assets	73,939
Deferred tax liabilities	
Unrealized gains on other securities	(79,676)
Valuation gain on investment securities	(6,077)
Exchange gains on long-term receivables	(2,092)
Others	(542)
Total deferred tax liabilities	(88,389)
Net deferred tax liabilities	¥(14,449)

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

Statutory tax rate	40.69	%
(Reconciliation)		
Dilution gain (loss) from changes in equity interest	111.94	%
Tax reserve reversal in the Company's subsidiary in the United States of America	46.05	
Differences related to investments in affiliates	33.81	
Tax rate differential	17.68	
Change in valuation allowance	(354.40)	
Others	0.78	
Income tax rate per statements of operations	(103.45)	%

FY 2004 (For the year ended March 31, 2004)

1. Significant components of deferred tax assets and liabilities

	(Million yen)
Deferred tax assets	
Loss carry-forwards	¥143,906
Valuation loss on investment securities	64,791
Allowances for doubtful accounts	7,407
Valuation loss on inventories	6,000
Net unrealized loss on derivative instruments	4,940
Unrealized profit	3,157
Enterprise tax payable	1,807
Depreciation/Amortization	1,623
Others	5,604
Gross deferred tax assets	239,239
Less: valuation allowance	(191,220)
Total deferred tax assets	48,019
Deferred tax liabilities	
Unrealized gains on other securities	(57,891)
Valuation gain on investment securities	(4,764)
Exchange gains on long-term receivables	(4,323)
Others	(4,927)
Total deferred tax liabilities	(71,906)
Net deferred tax liabilities	¥(23,887)

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

Statutory tax rate	42.05	%
(Reconciliation)		
Change in valuation allowance	(55.54)	%
Tax rate differential	(2.81)	
Change in statutory tax rate	(2.79)	
Differences related to investments in affiliates	(1.36)	
Others	0.65	
Income tax rate per statements of operations	(19.80)	%

INVESTMENT IN DEBT AND EQUITY SECURITIES

FY 2005 (as of March 31, 2005)

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

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

	FY 2005 (as of March 31, 2005)		
	Investment Cost	Carrying Amount	Differences
Carrying Amount > Investment Cost			
(1)Equity securities	¥29,522	¥229,035	¥199,513
(2)Debt securities: Government bonds	5,134	5,141	7
(3)Others	18	18	0
Sub-total	34,675	234,195	199,520
Carrying Amount≦Investment Cost			
Equity securities	402	377	(24)
Sub-total	402	377	(24)
Total	¥35,077	¥234,572	¥199,495

(2) Available-for-sale and other securities sold during the fiscal year ended March 31, 2005

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

	Sales Price	Gain on sales	Loss on sales
(1)Equity securities	¥26,864	¥5,157	¥1,864
(2)Debt securities	2	0	-
(3)Others	3,739	26	855
Total	¥30,606	¥5,184	¥2,719

(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, excluding over-the-counter stocks	¥16,466
Unlisted foreign debt securities	1,108
Money Management Fund	1,836
Mid-term government bond funds	191
Preferred fund certificate	2,000
Investment trust without market quotations	30,388
Investments in limited partnerships (see note)	63,373
Others	3,010
Total	¥118,374

Note: The amount of difference between cost and fair value at the end of fiscal year 2005, net of tax, on "Investments in limited partnerships" is recorded in "Net unrealized gain on other securities" on consolidated balance sheets.

(4) The 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.)

	April 1, 2005 to March 31, 2006	April 1, 2006 to March 31, 2010	April 1, 2010 to March 31, 2015	April 1, 2015 and thereafter
Available-for-sale and other securities				
Debt securities				
Government bonds	¥-	¥0	¥-	¥-
Corporate bonds	-	3,373	-	-
Others	-	-	892	-
Total	¥-	¥3,373	¥892	¥-

FY 2004 (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 fiscal 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, excluding over-the-counter stocks	¥19,237
Unlisted foreign debt securities	1,081
Money Management Fund	3,272
Mid-term government bond funds	261
Preferred fund certificate	2,000
Designated Money Trust	5,000
Investment trust without market quotations	106,427
Others	0
Total	¥137,279

(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.)

	April 1, 2004 to March 31, 2005	April 1, 2005to March 31, 2009	April 1, 2009 to March 31, 2014	April 1, 2014 and thereafter
Available-for-sale and other securities				
Debt securities				
Government bonds	¥-	¥102	¥-	¥-
Corporate bonds	-	5,471	-	-
Others	-	-	871	-
Total	¥-	¥5,574	¥871	¥-

DERIVATIVE TRANSACTIONS

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

	Nature of transaction	**March 31, 2005** Contract amounts	**Over 1 year**	**Fair value**	**Unrealized gain**	March 31, 2004 Contract amounts	Over 1 year	Fair value	Unrealized gain (loss)
Off-market transactions	Swap transactions to-								
	・Receive Australia dollars and pay Japanese yen	**¥1,000**	**-**	**¥12**	**¥12**	¥1,000	¥1,000	¥20	¥20
	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	**3,193**	**-**	**3,249**	**56**	5,650	-	5,437	(212)
	・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				**¥68**				¥(183)

Notes: 1. The amounts in ( ) under "Contract amounts" are option fees.
2. Fair value is based on information provided by financial institutions at the end of each fiscal year.

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

	Nature of transaction	**March 31, 2005** Contract amounts	**Over 1 year**	**Fair value**	**Unrealized gain (loss)**	March 31, 2004 Contract amounts	Over 1 year	Fair value	Unrealized gain (loss)
Off-market transactions	Swap transactions to-								
	・Receive fixed rate and pay floating rate	**¥1,142**	**-**	**¥39**	**¥39**	¥1,285	¥1,142	¥77	¥77
	・Receive floating rate and pay fixed rate	**11,571**	**-**	**(149)**	**(149)**	12,142	11,571	(291)	(291)
	・Receive fixed rate (receipt later) and pay fixed rate (prepayment)	**1,000**	**-**	**35**	**35**	1,000	1,000	35	35
	Total				**¥(73)**				¥(178)

Notes: 1. Fair value is based on the information provided by the financial institutions at the end of each fiscal year.
2. Derivative transactions on which the Company applied hedge accounting are excluded.

3. Securities related

There are no applicable items.

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

PENSION AND SEVERANCE PLANS

1. Pension Plans

Employees of the Company and most of its domestic consolidated subsidiaries participate in the defined contribution pension plans and the contributory defined benefit welfare pension plans. Certain domestic consolidated subsidiaries have defined benefit pension plans.

2. Projected Benefit Obligation

	March 31, 2005	March 31, 2004
Projected benefit obligation (PBO)	**17,202 million yen**	2,086 million yen
Plan assets at fair value	**-**	1,880
Unfunded PBO	**17,202**	206
Unrecognized actuarial losses	**157**	194
Net liability for retirement benefits	**17,359**	11
Prepaid pension costs	**-**	22
Accrued retirement benefits	**17,359 million yen**	34 million yen

3. Pension and Severance Costs

	March 31, 2005	March 31, 2004
a)Service costs (Notes 1 and 2)	**1,714 million yen**	626 million yen
b)Interest costs	**212**	20
c)Expected return on plan assets	**42**	17
d)Recognized actuarial losses	**212**	49
e)Contributions	**510**	367
f)Losses on transfer of pension plans	**138**	-
g)Net pension and severance costs	**2,745 million yen**	1,047 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

	FY 2005	FY 2004
Net loss per share - primary (yen)	**¥(171.03)**	¥(314.72)
Net loss per share - diluted (Note 1)	**-**	-
Shareholders' equity per share (yen)	**505.86**	677.40
Basic data for computation of the per share data		
1.Weighted average number of common stock outstanding during each fiscal period (unit: shares) (Note 2)	**351,418,709**	340,407,372
2.Net loss (in millions of yen)	**¥(59,871)**	¥(107,094)
3.Net loss allocated to common stock outstanding (in millions of yen)	**¥(60,101)**	¥(107,133)
4.Net loss not allocated to common stock holders (in millions of yen) (Note 3)	**¥229**	¥39

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 attributed to bonuses paid to directors.