

SOFTBANK CORP.
CONSOLIDATED INTERIM FINANCIAL REPORT
For the Six Months Ended September 30, 2002

FINANCIAL HIGHLIGHTS

1. Results of Operations

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

| | FY2003 Interim (April 2002 through September 2002) | Year-on -year change | FY2002 Interim (April 2001 through September 2001) | Year-on -year change | FY2002 (April 2001 through March 2002) |
|---|---|----------------------------|---|----------------------------|---|
| Revenues | ¥191,052 | 4.2% | ¥183,372 | 1.7% | ¥405,315 |
| Operating income (loss) | (31,199) | - | (8,704) | - | (23,901) |
| Ordinary income (loss) | (45,956) | - | (16,150) | - | (33,302) |
| Net income (loss) | (55,802) | - | (54,315) | - | (88,755) |
| Net income (loss) per share— primary (yen) | (166.27) | - | (161.29) | - | (263.53) |
| Net income (loss) per share— diluted (yen) | - | - | - | - | - |

Notes:

- Equity in earnings (losses) of affiliates (Million yen):
Six months ended September 30, 2002: ¥2,655 Six months ended September 30, 2001: ¥(8,976)
Fiscal Year ended March 31, 2002: ¥(17,575)
- Average shares outstanding (consolidated) Six months ended September 30, 2002: 336,869,930
Six months ended September 30, 2001: 336,762,941
Year ended March 31, 2002: 336,798,168
- Changes in accounting methods were applicable to the period under review.
- Percentage changes for revenues, operating income (loss), ordinary income (loss) and net income (loss) are compared with the corresponding period of the previous interim fiscal year.

2. Financial Condition

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

| | FY2003 Interim (As of September 30, 2002) | FY2002 Interim (As of September 30, 2001) | FY2002 (As of March 31, 2002) |
|---|---|---|-------------------------------------|
| Total assets | ¥903,283 | ¥1,123,856 | ¥1,163,678 |
| Shareholders' equity | 288,342 | 352,429 | 465,326 |
| Equity ratio (%) | 31.9 | 31.4 | 40.0 |
| Shareholders' equity per share (yen) | 855.33 | 1,046.30 | 1,381.31 |

Note: Shares outstanding (consolidated) As of September 30, 2002: 336,867,620
As of September 30, 2001: 336,833,168
As of March 31, 2002: 336,872,342

3. Cash Flows

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

| | FY2003 Interim (April 2002 through September 2002) | FY2002 Interim (April 2001 through September 2001) | FY2002 (April 2001 through March 2002) |
|---|--|--|--|
| Cash flows from operating activities | ¥(11,219) | ¥(53,995) | ¥(79,123) |
| Cash flows from investing activities | 63,574 | (24,254) | 39,751 |
| Cash flows from financing activities | (56,339) | 63,509 | 1,313 |
| Cash and cash equivalents at end of the period | 107,844 | 146,821 | 119,855 |

4. Scope of Consolidation

Consolidated subsidiaries: 290 Equity-method non-consolidated subsidiaries: 4
Equity-method affiliates: 114

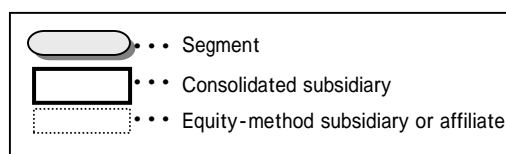
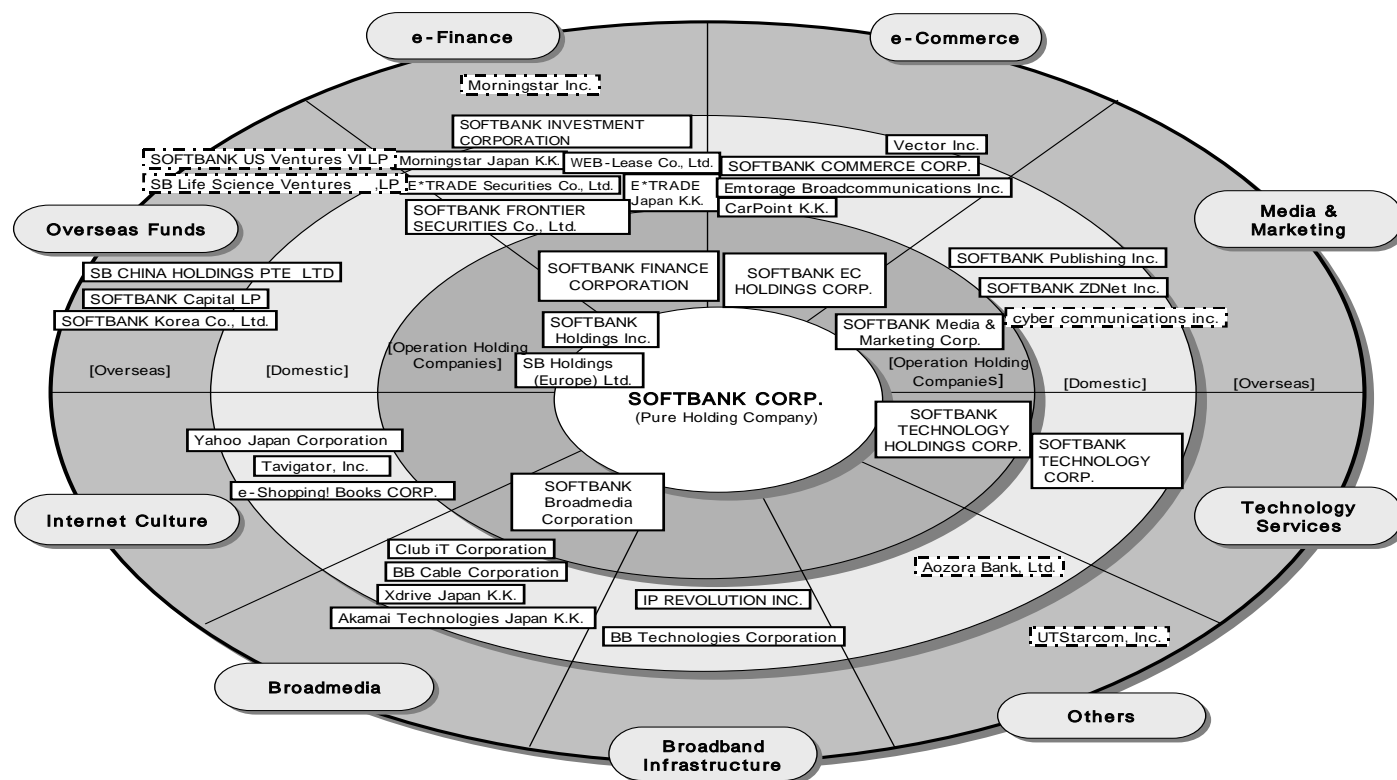
5. Changes in Scope of Consolidation

Consolidated subsidiaries:
Newly added: 31 Newly deleted: 26
Equity-method non-consolidated subsidiaries and affiliates:
Newly added: 14 Newly deleted: 9

The SOFTBANK Group

As of September 30, 2002, the SOFTBANK Group Comprised 408 companies with operation in 9 segments.

| Business segment | Consolidated subsidiaries (includes partnerships) | Equity-method non-consolidated subsidiaries and affiliates (includes partnerships) | Principal products and operational content of each business |
|-----------------------------|---|--|--|
| 1. e-Commerce | 25 | 18 | Sales of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce business, including e-commerce between business and consumer |
| 2. e-Finance | 138 | 18 | All inclusive Web-based financial operations, including Internet securities operations; management of domestic venture capital funds; incubation of portfolio corporations |
| 3. Media & Marketing | 14 | 8 | Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; exhibition management; web content development |
| 4. Broadmedia | 14 | 2 | Provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations |
| 5. Internet Culture | 17 | 5 | Internet-based advertising operations; broadband portal business; Internet-based auction business |
| 6. Technology Services | 7 | 4 | Systems solutions business; business solutions business |
| 7. Broadband Infrastructure | 17 | 1 | ADSL technology-based broadband infrastructure business; optical fiber-based ultra high-speed Internet access services and other operations |
| 8. Overseas Funds | 44 | 52 | U.S.- and Asia-focused global private equity operations in Internet-related companies |
| 9. Others | 14 | 10 | Holding company functions for overseas operations; back-office services in Japan |
| Total | 290 | 118 | |



SOFTBANK subsidiaries listed on domestic stock exchanges as of September 30, 2002:

| Subsidiary | Listed exchange |
|--|--|
| 1.Yahoo Japan Corporation | JASDAQ |
| 2.SOFTBANK TECHNOLOGY CORP. | JASDAQ |
| 3.Morningstar Japan K.K. | Nasdaq Japan |
| 4.Vector Inc. | Nasdaq Japan |
| 5.E*TRADE Japan K.K. | Nasdaq Japan |
| 6.SOFTBANK INVESTMENT CORPORATION | Tokyo Stock Exchange 1 st section (Nasdaq Japan) |
| 7.SOFTBANK FRONTIER SECURITIES Co., Ltd. | Nasdaq Japan |
| 8.Club IT Corporation | Nasdaq Japan |

(Reference) Subsidiaries listed on overseas stock exchanges:

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

Management Policies

1. Fundamental Management Policy

The core philosophy of the SOFTBANK Group (hereafter as “the Group”) is “Endeavoring to benefit society and the economy by fostering the sharing of wisdom and knowledge gained through the IT revolution”. By constantly providing innovative services, the Group aspires to remain at the forefront of social and economic progress.

The broadband market continues to expand rapidly with growth sparked by the launch of the Group’s *Yahoo! BB* comprehensive broadband service, while conditions in the IT industry are challenging due to shrinking demand for mobile phones and PCs and other factors. DSL connection services, currently the driving force of the broadband market, have been growing in 2002 at an average rate of more than 310,000 new lines per month, according to data compiled by Ministry of Public Management, Home Affairs, Posts and Telecommunications. As of October 31, 2002, the cumulative number of DSL lines stood at 4,639,000. It appears that Japan has reached the stage where broadband technology is widely used.

The Group is positioning broadband infrastructure businesses and other broadband-related activities as its most important business domain. The Group will channel its management resources into the broadband sector and develop businesses in a creative manner with the aim of maximizing its corporate value.

2. Basic Policy Regarding Allocation of Earnings

SOFTBANK CORP. (hereafter as “the Company”) strives to fulfill its social obligations through the proper distribution of earnings among all its stakeholders. In the current fiscal year, the Company has not yet finalized plans for dividend payments. The Company plans to distribute earnings in line with operating results, while taking it into consideration the need to maintain the proper balance between measures to bolster the operating base and to preserve a stable dividend for shareholders over the medium and long-term prospective.

The Group will step up efforts to reinforce its operating base by building a structure capable of maximizing earnings from the broadband infrastructure business. At the same time, the Group will work even harder in other business domains to improve profitability. The aim is to establish a diverse range of earnings sources for the entire Group, thereby facilitating the consistent and proper return of earnings to shareholders and all other stakeholders.

3. Medium- and Long-Term Management Strategy

The Group's strategy is to become the number-one corporate group in a diverse range of business domains involving broadband technology. The group's current goal is that BB Technologies Corporation becomes the leader in broadband infrastructure business by expanding the customers at *Yahoo! BB*, a comprehensive broadband service being offered in conjunction with Yahoo Japan Corporation.

In late September 2002, the *Yahoo! BB* service became the first Japanese DSL operator to exceed one million lines on a cumulative basis, according to data compiled by Ministry of Public Management, Home Affairs, Posts and Telecommunications. As of October 31, 2002, the number of lines installed stood at 1,208,000.

This achievement is the result of strong sales promotions activities supported by the entire Group. Since June 2002, *Yahoo! BB* has consistently ranked first in the number of new subscribers in monthly basis and in August recaptured the number-one market share. This service will continue to attract new customers through the Internet using *Yahoo! Japan*, through retailers of electronics and other products, and through other innovative sales channels. This service has also been successful at retaining existing customers by offering a diverse lineup of services and customer support that has been dramatically improved.

Distinguishing *Yahoo! BB* from most of all is its high-performance and low-price nationwide broadband network. This purely IP network is structured connecting more than 1,500 (as of October 31, 2002) NTT central offices. This high-performance network makes it possible to offer a variety of services. A number of new services were launched during the first half of the current fiscal year. Among them were an ADSL service with a maximum downstream speed of 8 Mbps, an IP telephone service called *BB Phone*, an ADSL service with a maximum downstream speed of 12 Mbps and a wireless LAN service. The Group plans to offer more new and creative services, such as the *BB Cable TV* service that is already operating on a trial basis. The goal is to improve profitability by offering many services.

In businesses outside the broadband infrastructure domain, the Group has many proprietary brands, most notably *Yahoo! Japan*, that collectively establishes a powerful platform for broadband businesses. In e-Commerce, e-Finance, Media & Marketing, Broadmedia, Internet Culture, Technology Services and other fields, the Group is developing and supplying a diverse array of services, content and applications. Through this stance, the Group intends to continue growing by enlarging the broadband market.

4. Important Management Issues

Increase Market Share in the Broadband Infrastructure Business

As is true of most infrastructure businesses, the Group's broadband infrastructure business requires substantial up-front investments. In the first half of the current fiscal year, this business generated an operating loss due to expenses associated with ongoing start-up investments. However, a broadband network capable of generating added value is already in place. A Group-wide effort to capture customers has given the Group a leading 26% market share in Japan as of the end of October 2002. The Group is placing the highest priority on increasing its share of the broadband infrastructure market. The Group will implement a variety of tactics to expand the market share in order to maximize earnings over the medium and long-term prospective.

Strengthen the Group's Financial Position

The Group has significantly improved its financial position since the previous fiscal year. The Group will continue to preserve access to many fund-procurement channels to fund the start-up investments required in the broadband infrastructure business. Concurrently, the Group will continue its policy of rapidly reducing net interest-bearing debt to a suitable level. Net interest-bearing debt has fallen by ¥38.3 billion during the first half of the current fiscal year to ¥193.6 billion as of September 30, 2002. The Group intends to make more progress to attain a sound financial position.

Growth and Stability Outside the Broadband Infrastructure Business Domain

In e-Commerce, Media & Marketing, Broadmedia, Internet Culture, Technology Services and other fields, the Group is aiming for continued growth by channeling management resources into activities where the greatest potential exists for synergies with the strategic broadband infrastructure business.

In e-Finance and Overseas Funds, the natures of business are susceptible to stock market movements and other factors. Presently, these businesses are performing poorly due to adverse market conditions. The Group plans to stabilize operating performance by examining means of conducting businesses in accordance with market trends.

5. Group's Management Structure

Board of Directors and Corporate Auditors

The nine-member Board of Directors includes three outside directors. The inclusion of this external perspective ensures that the board functions as a transparent and effective decision-making body. Individuals from outside the Group account for more than half of its corporate auditors, who are responsible for overseeing the performance of the directors.

The Group will continue to strive to upgrade its system of management checks and balances to strengthen its corporate governance.

Disclosure Activities

Improving the disclosure of information is essential to enhancing corporate governance. The Group works to conduct comprehensive disclosures of all operating information in line with its basic policy of releasing information in a fair and timely fashion. The Group will continue to take many actions to deepen communications with all stakeholders. Such actions include meetings to report on current operations, information meetings for analysts and others, and the placement of releases and other information on the Group's Web site.

6. Other Items

Related-Party Transactions

None

Other Important Matters Regarding Management

None

Results of Operations and Financial Position

1. Results of Operations

First-Half Overview

In the first half of the current fiscal year, despite the negative impact on sales due to the exclusion from consolidation of Key3Media Group, Inc., there was a year-on-year increase of ¥7,680 million, or 4.2%, in consolidated sales to ¥191,052 million. This increase was mainly attributable to higher sales in the Internet Culture segment and to the full-fledged contribution of sales in the Broadband Infrastructure segment.

Compared with the first half of the previous fiscal year, the operating loss increased ¥22,494 million to ¥31,199 million. The primary cause was initial investment costs required to launch Broadband Infrastructure activities, a business now entering a period of expansion. Excluding this segment, the other consolidated subsidiaries returned to profitability at the operating level.

The ordinary loss increased ¥29,806 million to ¥45,956 million. There was a net equity gain under the equity method, compared with a loss one year earlier, but the Company recognized the net non-operating loss of ¥14,757 million. That loss was mainly due to an exchange loss of ¥9,240 million caused by yen appreciation and ¥5,151 million in losses from investment in partnerships in the e-Finance segment.

The net loss increased ¥1,487 million to ¥55,802 million. This included special income of ¥51,117 million that primarily represented ¥46,618 million in gain on sales of investment securities, mostly in respect of Yahoo! Inc. and UTStarcom, Inc. Outweighing these gains were special losses of ¥58,569 million. The major components were a valuation loss on investment-in affiliates, mainly shares held in Key3Media Group, Inc. and Club iT Corporation, totaling ¥21,714 million; a valuation loss on investment securities, mainly shares held in CNET Networks, Inc. and E*TRADE Group, Inc., totaling ¥18,685 million; and ¥9,764 million in loss on sales of investment securities such as E*TRADE Group, Inc.

Results of Operations by Business Segment

e-Commerce—Segment sales were down ¥2,148 million, or 1.7% year on year, to ¥127,351 million. This was mainly attributable to lower sales at SOFTBANK COMMERCE CORP. Operating income increased ¥116 million, or 10.3%, to ¥1,252 million. Sales declining and a lower operating margin ratio at SOFTBANK COMMERCE CORP. was outweighed by an improvement in operating profitability at CarPoint K.K. and other recently launched businesses. Sales and expenses associated

with incentives for *Yahoo! BB* sales by SOFTBANK COMMERCE CORP. through major retailers are included in the Broadband Infrastructure segment from the first half of the current fiscal year.

e-Finance—Segment revenue increased ¥2,967 million, or 28.2%, to ¥13,499 million. This was mainly due to growth in brokerage commissions at E*TRADE SECURITIES, CO., LTD., which is a consolidated subsidiary of E*TRADE Japan K.K. The operating loss declined ¥1,469 million to ¥2,105 million, mainly the result of a smaller valuation loss on the operational investment securities of SOFTBANK INVESTMENT CORPORATION. Special losses in this segment were recorded due to a valuation loss of ¥2,155 million on investment securities representing E*TRADE Group, Inc., an estimated reimbursement of success fees of ¥2,416 million (included in “other special losses”) at SOFTBANK Ventures, Inc. and other items.

Media & Marketing—Segment sales fell ¥15,859 million, or 66.0%, to ¥8,163 million and operating income was down ¥1,078 million to a loss of ¥463 million. The primary causes were the exclusion from consolidation of Key3Media Group, Inc. and lower sales and operating profitability at SOFTBANK Publishing Inc. because of an extremely challenging business environment in the publishing industry.

Broadmedia—Segment sales declined ¥688 million, or 11.4%, to ¥5,357 million due to the termination of acquisition of new CS subscribers because Club iT Corporation has cancelled the agency agreement with a communications satellite services. A decline in the operating margin ratio at Club iT Corporation and higher licensing fees paid by Akamai Technologies Japan K.K. were mainly responsible for a year-on-year decrease of ¥895 million in operating income to a ¥600 million loss. The entire premium of ¥3,295 million resulting from the take-over-bid for Club iT Corporation in the first half of the current fiscal year was written off as a valuation loss on investment in affiliates.

Internet Culture—Segment sales rose ¥3,613 million, or 29.9%, to ¥15,692 million and operating income was up ¥2,255 million, or 58.2%, to ¥6,132 million. This performance was due to growth in fee incomes mainly by a system utilization fee in the auction business.

Sales and expenses of Yahoo Japan Corporation related to the *Yahoo! BB* service are included in the Broadband Infrastructure segment from the first half of the current fiscal year.

Technology Services—Segment sales increased ¥1,330 million, or 15.7%, to ¥9,782 million. This was mainly attributable to higher sales of PC-related products, growth in escrow services, and an increase in revenue from the installation and maintenance services relating to the broadband infrastructure business in SOFTBANK TECHNOLOGY CORP. Operating income was down ¥171 million, or 39.0%, to ¥269 million due to the decline of the gross profit margin in the system solutions business and to the increase of the fix costs, like personnel costs and others, in SOFTBANK TECHNOLOGY CORP.

Broadband Infrastructure—Segment sales totaled ¥13,520 million. Major contributors were BB

Technologies Corporation, which continues to expand its business, and IP REVOLUTION, INC., which is a company posting steady growth in sales through an ultra-high-speed Internet connection service using fiber optics. On the other hand, this segment posted an operating loss of ¥31,262 million due to substantial start-up costs. BB Technologies Corporation reported sales of ¥10,089 million and an operating loss of ¥29,419 million. One of the start-up costs was new customers acquisition costs, like sales promotion expenses, outsourcing fees such as processing applications, etc., and accounted for almost one-third of this company's total operating expenses of ¥39,508 million. Sales and expenses of SOFTBANK COMMERCE CORP. associated with incentives for *Yahoo! BB* sales through major retailers, and sales and expenses of Yahoo Japan Corporation associated with the *Yahoo! BB* business are included in the Broadband Infrastructure segment from the first half of the current fiscal year.

Overseas Funds—Segment revenue increased ¥1,193 million, or 154.0%, to ¥1,967 million due to an increase in fund management fees. Lower expenses due to restructuring actions since the previous fiscal year resulted in a ¥1,638 million improvement in operating income to ¥1,484 million.

Other Businesses—Segment sales increased ¥1,461 million, or 14.0%, to ¥11,876 million, and the operating loss decreased ¥1,727 million to ¥3,845 million, as compared with the corresponding period of the previous fiscal year.

Results of Operations by Geographic Segment

Japan—Sales increased ¥17,964 million, or 11.4%, year on year to ¥175,892 million. Contributing to this growth was an increase in Internet Culture segment sales and sales generated by the Broadband Infrastructure segment. The start-up costs at Broadband Infrastructure business, a sector now in a growth phase, caused an operating loss to rise by ¥24,215 million, or 1,048.8%, to ¥26,524 million.

North America—Sales fell ¥11,392 million, or 81.7%, to ¥2,555 million and the operating loss declined ¥607 million, or 65.3%, to ¥323 million. These changes were primarily due to the exclusion from consolidation of Key3Media Group, Inc.

Europe—Sales decreased ¥110 million, or 40.2%, to ¥163 million and the operating loss increased ¥11 million, or 3.3%, to ¥371 million. This performance mainly reflected the exclusion from consolidation of Key3Media Group, Inc. and an operating loss in overseas funds business.

Korea—Revenues increased ¥1,882 million, or 19.9%, to ¥11,340 million, but the operating loss rose ¥241 million, or 29.5%, to ¥1,058 million.

2. Financial Position

Balance Sheet Analysis

Current assets totaled ¥354,369 million, ¥40,078 less than at the end of the previous fiscal year. This was mainly attributable to a ¥26,439 million drop in other current assets caused by the transfer to property and equipment of a temporary reimbursement in BB Technologies Corporation, which that had been initially recorded as future lease assets under the company's plan.

Property and equipment increased ¥45,157 million to ¥73,566 million. This was mainly the result of the transfer of a temporary reimbursement of BB Technologies Corporation from the current assets and capital expenditures.

Investments and other assets decreased ¥263,418 million to ¥445,115 million. The largest component was a decrease of ¥266,516 million in investment securities. This was due primarily to the partial sale of shares in Yahoo! Inc. and a decline in its market value, as well as sales of equity investments in UTStarcom, Inc., E*TRADE Group, Inc. and certain other companies.

Liabilities decreased ¥83,078 million to ¥568,139 million. Other current liabilities, which include the account payables at BB Technologies Corporation, increased ¥22,668 million. However, there was a decline of ¥62,579 million in deferred tax liabilities due to the partial sale of Yahoo! Inc. and a decline in its market value, and a decline of ¥58,253 million in interest-bearing debts.

Shareholders' equity decreased ¥176,983 million to ¥288,342 million as a net loss reduced retained earnings by ¥58,258 million and there was a ¥107,409 million decline in an unrealized gain on other securities.

Cash Flow Analysis

Although cash was provided by investing activities, cash was used for both operating and financing activities. The net result was a decrease of ¥12,010 million to ¥107,844 million in cash and cash equivalents compared with March 31, 2002.

Net cash used for operating activities was ¥11,219 million, but this was ¥42,775 million less than cash used in the first half of the previous fiscal year. There was a loss before income taxes and minority interest of ¥53,408 million, but this was partially offset by depreciation and amortization of ¥8,664 million, valuation loss on investment securities of ¥40,399 million, net exchange losses of ¥9,177 million and other non-cash expenses. Another positive factor was the ¥13,773 million year-on-year decrease in cash payments for income taxes to ¥8,646 million.

Net cash provided by investing activities was ¥63,574 million, ¥87,829 million more than one year earlier. Purchases of property and equipment and intangible assets totaled ¥26,213 million, mainly for initial investment costs at BB Technologies Corporation, and purchases of marketable and investment securities totaled ¥20,441 million. On the other hand, sales of marketable and investment securities generated proceeds of ¥110,261 million, which was mainly Yahoo! Inc. shares.

Net cash used for financing activities was ¥56,339 million. This was mainly the result of ongoing measures to reduce interest-bearing debts. Repayment of bonds was ¥24,782 million and there was a ¥27,574 million net decrease in short-term borrowings. On a year-on-year basis, net financing cash flows declined ¥119,848 million because proceeds from the issuance of bonds totaled ¥123,691 million in the first half of the previous fiscal year.

CONSOLIDATED BALANCE SHEETS

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

| | FY2003 interim | | FY2002 interim | | Increase (Decrease) | FY2002 | |
|--|----------------------------|--------------|----------------------------|--------------|------------------------|------------------------|--------------|
| | (As of September 30, 2002) | | (As of September 30, 2001) | | | (As of March 31, 2002) | |
| | Amount | % | Amount | % | | Amount | % |
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash and deposits | ¥102,379 | | ¥128,824 | | ¥(26,444) | ¥113,580 | |
| Notes and accounts receivable - trade | 55,912 | | 67,784 | | (11,871) | 62,047 | |
| Marketable securities | 7,612 | | 19,458 | | (11,845) | 9,545 | |
| Inventories | 41,119 | | 25,874 | | 15,244 | 36,312 | |
| Deferred tax assets | 6,155 | | 8,175 | | (2,020) | 15,430 | |
| Receivables related to margin transactions | 52,319 | | 26,955 | | 25,364 | 42,316 | |
| Other current assets | 90,363 | | 97,506 | | (7,142) | 116,802 | |
| Less : Allowance for doubtful accounts (current) | (1,494) | | (1,637) | | 143 | (1,586) | |
| Total current assets | 354,369 | 39.2 | 372,942 | 33.2 | (18,573) | 394,447 | 33.9 |
| Non current assets | | | | | | | |
| Property and equipment, net | | | | | | | |
| Transmission equipments | 48,944 | | 5,476 | | 43,468 | 11,464 | |
| Others | 24,621 | | 16,263 | | 8,357 | 16,943 | |
| Total tangible assets | 73,566 | 8.1 | 21,740 | 1.9 | 51,825 | 28,408 | 2.4 |
| Intangible assets, net | | | | | | | |
| Goodwill | 4,285 | | 48,962 | | (44,676) | 4,180 | |
| Trade names | - | | 43,979 | | (43,979) | - | |
| Consolidation adjustment | 12,829 | | 16,040 | | (3,210) | 16,190 | |
| Other intangibles | 12,562 | | 25,246 | | (12,683) | 11,160 | |
| Total intangible assets | 29,678 | 3.3 | 134,228 | 12.0 | (104,550) | 31,531 | 2.7 |
| Investments and other assets | | | | | | | |
| Investment securities | 254,633 | | 419,997 | | (165,364) | 521,150 | |
| Long-term loans | 858 | | 2,862 | | (2,003) | 1,287 | |
| Deferred tax assets | 48,835 | | 26,639 | | 22,196 | 35,832 | |
| Investments in partnerships | 130,527 | | 134,514 | | (3,986) | 141,456 | |
| Other assets | 11,797 | | 9,971 | | 1,826 | 10,313 | |
| Less : Allowance for doubtful accounts | (1,538) | | (1,632) | | 94 | (1,506) | |
| Total investments and other assets | 445,115 | 49.3 | 592,352 | 52.7 | (147,237) | 708,533 | 60.9 |
| Deferred charges | 555 | 0.1 | 2,593 | 0.2 | (2,038) | 757 | 0.1 |
| TOTAL ASSETS | ¥903,283 | 100.0 | ¥1,123,856 | 100.0 | ¥(220,572) | ¥1,163,678 | 100.0 |

CONSOLIDATED BALANCE SHEETS

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

| | FY2003 interim (As of September 30,2002) | | FY2002 interim (As of September 30,2001) | | Increase (Decrease) | FY2002 (As of March 31,2002) | | |
|---|---|--------------|---|--------------|------------------------|---------------------------------|--------------|--|
| | Amount | % | Amount | % | | Amount | % | |
| LIABILITIES | | | | | | | | |
| Current liabilities | | | | | | | | |
| Notes and accounts payable - trade | ¥55,192 | | ¥53,267 | | ¥1,925 | ¥56,742 | | |
| Short-term borrowings | 82,358 | | 132,316 | | (49,957) | 114,190 | | |
| Commercial paper | 10,000 | | 20,000 | | (10,000) | 10,000 | | |
| Current portion of corporate bonds | 67,919 | | 45,469 | | 22,450 | 48,841 | | |
| Current portion of convertible bonds | - | | 6,586 | | (6,586) | - | | |
| Income taxes payable | 23,516 | | 7,329 | | 16,187 | 9,593 | | |
| Deferred tax liabilities | 553 | | 3,407 | | (2,854) | 47 | | |
| Accrued expenses | 13,086 | | 11,140 | | 1,946 | 10,176 | | |
| Payables related to margin transactions | 44,720 | | 21,967 | | 22,752 | 37,417 | | |
| Allowance for sales returns | 1,139 | | 1,335 | | (196) | 1,343 | | |
| Other current liabilities | 93,291 | | 80,538 | | 12,753 | 70,623 | | |
| Total current liabilities | 391,778 | 43.4 | 383,357 | 34.1 | 8,421 | 358,976 | 30.8 | |
| Long-term liabilities | | | | | | | | |
| Corporate bonds | 137,132 | | 269,490 | | (132,357) | 179,365 | | |
| Convertible bonds | 105 | | 125 | | (20) | 125 | | |
| Long-term debt | 9,875 | | 13,476 | | (3,601) | 13,121 | | |
| Deferred tax liabilities | 8,383 | | 12,337 | | (3,954) | 70,962 | | |
| Accrued retirement benefits | 39 | | 372 | | (332) | 331 | | |
| Other liabilities | 20,825 | | 24,581 | | (3,756) | 28,335 | | |
| Total long-term liabilities | 176,360 | 19.5 | 320,382 | 28.5 | (144,022) | 292,241 | 25.1 | |
| TOTAL LIABILITIES | 568,139 | 62.9 | 703,740 | 62.6 | (135,600) | 651,218 | 55.9 | |
| MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES | 46,802 | 5.2 | 67,687 | 6.0 | (20,884) | 47,134 | 4.1 | |
| SHAREHOLDERS' EQUITY | | | | | | | | |
| Common stock | 137,867 | 15.3 | 137,808 | 12.3 | 58 | 137,867 | 11.9 | |
| Additional paid-in capital | 162,231 | 17.9 | 162,172 | 14.4 | 58 | 162,231 | 13.9 | |
| Retained (deficit) earnings | (54,223) | (6.0) | 38,505 | 3.4 | (92,728) | 4,035 | 0.3 | |
| Net unrealized gain (loss) on other securities | 19,215 | 2.1 | (13,569) | (1.2) | 32,785 | 126,625 | 10.9 | |
| Translation adjustments | 23,268 | 2.6 | 27,512 | 2.5 | (4,244) | 34,577 | 3.0 | |
| Less: Treasury stock | (17) | (0.0) | (0) | (0.0) | (17) | (10) | (0.0) | |
| TOTAL SHAREHOLDERS' EQUITY | 288,342 | 31.9 | 352,429 | 31.4 | (64,087) | 465,326 | 40.0 | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | ¥903,283 | 100.0 | ¥1,123,856 | 100.0 | ¥(220,572) | ¥1,163,678 | 100.0 | |

CONSOLIDATED STATEMENTS OF INCOME

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

| | FY2003 interim | | FY2002 interim | | Increase (Decrease) | FY2002 | |
|---|--|---------------|--|--------|------------------------|------------------------------------|--------|
| | (April 2002 through September 2002) | | (April 2001 through September 2001) | | | (April 2001 through March 2002) | |
| | Amount | % | Amount | % | | Amount | % |
| Net sales from non-financing business | ¥177,834 | 93.1 | ¥172,656 | 94.2 | ¥5,178 | ¥381,532 | 94.1 |
| Cost of sales | 163,959 | 85.8 | 137,974 | 75.3 | 25,985 | 319,328 | 78.8 |
| Gross profit | 13,875 | 7.3 | 34,682 | 18.9 | (20,807) | 62,204 | 15.3 |
| Selling, general and administrative expenses | 45,063 | 23.6 | 39,669 | 21.6 | 5,393 | 81,311 | 20.0 |
| Operating loss from non-financing business | (31,188) | (16.3) | (4,987) | (2.7) | (26,200) | (19,107) | (4.7) |
| Revenue from financing business | 13,217 | 6.9 | 10,715 | 5.8 | 2,501 | 23,782 | 5.9 |
| Finance business expenses | 13,228 | 6.9 | 14,433 | 7.8 | (1,204) | 28,576 | 7.1 |
| Operating loss from financing business | (11) | (0.0) | (3,717) | (2.0) | 3,706 | (4,794) | (1.2) |
| Total operating loss | (31,199) | (16.3) | (8,704) | (4.7) | (22,494) | (23,901) | (5.9) |
| Interest income | 525 | | 1,439 | | (914) | 2,065 | |
| Exchange gains, net | - | | 9,348 | | (9,348) | 24,939 | |
| Equity in gains under the equity method, net | 2,655 | | - | | 2,655 | - | |
| Other non-operating income | 2,321 | | 2,414 | | (93) | 5,526 | |
| Non-operating income | 5,501 | 2.8 | 13,203 | 7.2 | (7,701) | 32,530 | 8.0 |
| Interest expense | 4,439 | | 7,903 | | (3,464) | 15,640 | |
| Exchange loss, net | 9,240 | | - | | 9,240 | - | |
| Equity in losses under the equity method, net | - | | 8,976 | | (8,976) | 17,575 | |
| Other non-operating expenses | 6,579 | | 3,768 | | 2,810 | 8,715 | |
| Non-operating expenses | 20,259 | 10.6 | 20,648 | 11.3 | (389) | 41,931 | 10.3 |
| Ordinary loss | (45,956) | (24.1) | (16,150) | (8.8) | (29,806) | (33,302) | (8.2) |
| Gain on sale of investment securities | 46,618 | | 5,646 | | 40,972 | 67,068 | |
| Dilution gains from changes in equity interest | 1,949 | | 11,441 | | (9,492) | 19,353 | |
| Other special income | 2,549 | | 312 | | 2,237 | 4,776 | |
| Special income | 51,117 | 26.8 | 17,399 | 9.5 | 33,717 | 91,198 | 22.5 |
| Loss on sale of investment securities | 9,764 | | 5,160 | | 4,603 | 15,673 | |
| Valuation loss on investment securities | 18,685 | | 34,821 | | (16,136) | 99,046 | |
| Valuation loss on investment in affiliates | 21,714 | | 16,045 | | 5,668 | 19,413 | |
| Dilution loss from changes in equity interest | 484 | | 3,429 | | (2,944) | 3,761 | |
| Other special losses | 7,920 | | 11,801 | | (3,881) | 39,942 | |
| Special loss | 58,569 | 30.7 | 71,257 | 38.9 | (12,688) | 177,836 | 43.9 |
| Loss before income taxes and minority interest | (53,408) | (28.0) | (70,008) | (38.2) | 16,599 | (119,939) | (29.6) |
| Income taxes -current | 23,784 | 12.4 | 5,733 | 3.1 | 18,051 | 8,378 | 2.0 |
| Income tax refunds | 4,957 | 2.6 | - | - | 4,957 | - | - |
| Income taxes -deferred | (15,338) | (8.0) | (18,731) | (10.2) | 3,393 | (36,219) | (8.9) |
| Minority interest | 1,095 | 0.6 | 2,694 | 1.5 | (1,598) | 3,343 | 0.8 |
| Net loss | ¥(55,802) | (29.2) | ¥(54,315) | (29.6) | ¥(1,487) | ¥(88,755) | (21.9) |

**CONSOLIDATED STATEMENTS OF
ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS**

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

**FY2003 interim
(April 2002 through
September 2002)**

ADDITIONAL PAID-IN CAPITAL

| | |
|--|-----------------|
| Additional paid-in capital at the beginning of the period | ¥162,231 |
| Increase | - |
| Decrease | - |
| Additional paid-in capital at the end of the period | ¥162,231 |

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

FY2003 interim **FY2002 interim** **FY2002**
(April 2002 through **(April 2001 through** **(April 2001 through**
September 2002) **September 2001)** **March 2002)**

RETAINED EARNINGS

| | | | |
|--|------------------|----------------|----------------|
| Retained earnings at the beginning of the period | ¥4,035 | ¥94,803 | ¥94,803 |
| Adjustment to investment in affiliates due to change in accounting from equity method to cost basis | 93 | 624 | 690 |
| Increase in retained earnings of companies excluded from consolidation | 1 | - | - |
| Increase in retained earnings | 94 | 624 | 690 |
| Net loss | (55,802) | (54,315) | (88,755) |
| Cash dividends | (2,358) | (2,356) | (2,356) |
| Bonuses to directors | (75) | (46) | (142) |
| Adjustment to investment in affiliates due to change in accounting from equity method to cost basis | (107) | (203) | (203) |
| Decrease in retained earnings of companies included into consolidation | (2) | (0) | (0) |
| Decrease due to merger | (6) | - | - |
| Decrease in retained earnings | (58,352) | (56,922) | (91,458) |
| Retained (deficit) earnings at the end of the period | ¥(54,223) | ¥38,505 | ¥4,035 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

| | FY2003 interim (April 2002 through September 2002) | FY2002 interim (April 2001 through September 2001) | FY2002 (April 2001 through March 2002) |
|---|--|--|--|
| I Cash flows from operating activities: | | | |
| Loss before income taxes and minority interest | ¥(53,408) | ¥(70,008) | ¥(119,939) |
| Adjustments to reconcile income before income taxes and minority interest to cash used for operating activities | | | |
| Depreciation and amortization | 8,664 | 4,188 | 11,749 |
| Equity in (gains) losses under the equity method, net | (2,655) | 8,976 | 17,575 |
| Dilution gains from changes in equity interest, net | (1,464) | (8,012) | (15,591) |
| Valuation loss on investment securities | 40,399 | 50,866 | 118,459 |
| Gains on sale of marketable and investment securities, net | (36,854) | (491) | (51,490) |
| Exchange losses (gains), net | 9,177 | (7,961) | (20,311) |
| Interest and dividend income | (591) | (1,491) | (2,129) |
| Interest expense | 4,439 | 7,903 | 15,640 |
| Decrease in receivables- trade | 6,564 | 18,558 | 16,684 |
| Decrease in payables-trade | (3,632) | (15,308) | (10,533) |
| Increase in other receivables | (6,436) | (36,961) | (37,474) |
| Increase in other payables | 11,858 | 20,450 | 9,785 |
| Others, net | 19,798 | 4,991 | 28,591 |
| | (4,141) | (24,300) | (38,983) |
| Interest and dividends received | 773 | 1,418 | 2,320 |
| Interest paid | (5,224) | (8,693) | (17,281) |
| Income taxes paid | (8,646) | (22,419) | (25,180) |
| Refunds of income taxes | 6,018 | - | - |
| Net cash used for operating activities | (11,219) | (53,995) | (79,123) |
| II Cash flows from investing activities: | | | |
| Purchases of property and equipment and intangible assets | (26,213) | (8,470) | (30,272) |
| Purchase of marketable and investment securities | (20,441) | (37,318) | (71,426) |
| Proceeds from sale of marketable and investment securities | 110,261 | 29,107 | 157,985 |
| Additional investments in newly consolidated entities | (680) | (5,033) | (18,263) |
| Proceeds from sale of interests in previously consolidated subsidiaries | (220) | (9) | (33) |
| Proceeds from sale of interests in consolidated subsidiaries | 1,080 | 767 | 10,554 |
| Increase in loan receivables | (3,381) | (7,724) | (12,803) |
| Collections of loans | 1,085 | 3,379 | 8,294 |
| Others, net | 2,084 | 1,046 | (4,283) |
| Net cash provided by (used for) investing activities | 63,574 | (24,254) | 39,751 |
| III Cash flows from financing activities: | | | |
| Proceeds from issuance of shares to minority interest | 4,763 | 2,430 | 11,039 |
| Decrease in short-term borrowings, net | (27,574) | (3,359) | (29,226) |
| Proceeds from issuance of commercial paper | 10,000 | 50,000 | 71,400 |
| Repayment of commercial paper | (10,000) | (60,000) | (91,400) |
| Proceeds from long-term debt | 30 | 2,200 | 15,630 |
| Repayment of long-term debt | (7,406) | (38,946) | (43,531) |
| Proceeds from issuance of bonds | 2,396 | 123,691 | 126,393 |
| Redemption of bonds | (24,782) | (9,550) | (53,597) |
| Cash dividends paid | (2,318) | (2,336) | (2,346) |
| Cash dividends paid to minority interest | (28) | - | (336) |
| Others, net | (1,418) | (620) | (2,712) |
| Net cash (used for) provided by financing activities | (56,339) | 63,509 | 1,313 |
| IV Effect of exchange rate changes | (7,950) | 2,454 | 3,578 |
| V Net decrease in cash and cash equivalents | (11,935) | (12,286) | (34,479) |
| VI Net increase in cash and cash equivalents due to the companies newly consolidated | 34 | 2 | 2 |
| VII Decrease in cash and cash equivalents due to exclusion of previously consolidated entities | (108) | - | (4,772) |
| VIII Cash and cash equivalents at the beginning of the period | 119,855 | 159,105 | 159,105 |
| IX Cash and cash equivalents at the end of the period | ¥107,844 | ¥146,821 | ¥119,855 |

Basis of Presentation of Consolidated Financial Statements

1. Changes in Scope of Consolidation

a) As of September 30, 2002, SOFTBANK CORP. (the "Company") consolidated 290 subsidiaries. 10 subsidiaries were not consolidated due to their immateriality in terms of the consolidated total assets, sales and revenues, net income and retained earnings of the SOFTBANK consolidated financial statements.

Main changes in scope of consolidation for the period ended September 30, 2002 were as follows;

<Newly consolidated subsidiaries (including partnerships)>

| | |
|---------------------------------------|-------------------|
| 1 BB SHOP! CORP. | Newly established |
| 2 SBI INTELLECTUAL PROPERTY CO., LTD. | Newly established |
| 3 Netrust, Ltd. | Newly invested in |

Other 28 companies

<Subsidiaries (including partnerships) excluded from consolidation>

| | |
|---|---|
| 1 e-Shopping! Wine CORP. | Decrease in shareholding percentage due to sale of shares |
| 2 Prime Partners Corp. (former SmartFirm Corp.) | Sale of shares |
| 3 CAPITAL. COM, INC | Merger |

Other 23 companies

b) As of September 30, 2002, the Company held 4 non-consolidated subsidiaries and 114 affiliates, all of which were accounted for under the equity method.

Main changes in application of the equity method for the period ended September 30, 2002 were as follows;

<Increase ; including partnerships>

| | |
|--------------------------|-------------------|
| 1 BEST BroadBand Corp. | Newly established |
| 2 YAMADA BroadBand Corp. | Newly established |
| 3 LAOX BB Corp. | Newly established |

Other 11 companies

<Decrease ; including partnerships>

| | |
|----------------------|---|
| 1 InsWeb Corporation | Decrease in the shareholding percentage |
| 2 MessageMedia, Inc. | Decrease in the shareholding percentage |

Other 7 companies

2. Fiscal year end

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

| <Fiscal year end> | <Domestic> | <Overseas> |
|---|------------|------------|
| March end (as same as consolidated B/S date) | 110 | 29 |
| June end | 7 | 6 |
| September end | 7 | - |
| December end | 13 | 115 |
| February end | 3 | - |

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 price at the balance sheet date (Unrealized gains/losses are included as a separate component of "Shareholders' equity", net of tax, while cost of sales is determined primarily based on the moving-average method)

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

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

[2] Depreciation and amortization

(1) Property and equipment:

The Company and its domestic consolidated subsidiaries calculate depreciation using the declining-balance method, except in respect of a transmission equipment, of which it is calculated using the straight-line method. Foreign consolidated subsidiaries calculate depreciation using the straight-line method based on the estimated useful lives of the related assets, in accordance with the accounting principles generally accepted and applied in their respective countries of domicile.

(2) Intangible assets:

The straight-line method. Goodwill is amortized over 5 to 20 years.

[3] Accounting principles for major allowances and accruals

(1) Allowance for doubtful accounts

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

(2) Allowance for sales returns:

Allowance for sales returns is provided for the gross margin of future sales returns expected subsequent to the balance sheet date on an accrual basis.

(3) Accrued retirement benefits

Some domestic consolidated subsidiaries use the simplified method to calculate their accrued retirement benefits based on the projected benefit obligation as of the end of the consolidated fiscal year.

Starting on July 1, 2002, the Company and some domestic consolidated subsidiaries transferred their pension plans from non-contributory defined benefit pension plans to the defined contribution pension plans, and reversed their accrued retirement benefits at the time that transferring was made.

[4] Translation of foreign currency transactions and accounts

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

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

[5] Finance lease

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

[6] Accounting method of consumption taxes

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

5 The Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flow

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

(Additional information)

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

Effective from the fiscal year beginning April 1, 2002, the Company adopted Financial Accounting Standards No.1: "Accounting Standards for Treasury Stock and Reduction of Legal Reserves". Adoption of this new standard had an immaterial impact on the Company's results of operations and financial position.

In addition, consolidated statements of additional paid-in capital and retained earnings have been prepared in accordance with the amended "Regulations Concerning Semi-annual Consolidated Financial Statements", effective from the fiscal year beginning April 1, 2002.

[2] Defined Contribution Pension Plan

Following the enactment of the Act for Defined Contribution Pension, the Company and some domestic consolidated subsidiaries transferred their pension plans from non-contributory defined benefit pension plans to defined contribution pension plans on July 1, 2002, and adopted Financial Accounting Standards Implementation Guidance No.1: "Accounting for Transfers between Retirement Benefit Plans", issued by Accounting Standards Board of Japan on January 31, 2002.

The related transition obligation of ¥297 million was recognized as "Other special losses" in the consolidated statement of income for the period ended September 30, 2002.

NOTES

1 Accumulated depreciation of property and equipment

| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|--|--------------------------|--------------------------|----------------------|
| | 18,999 million yen | 9,805 million yen | 10,756 million yen |

2 Number of treasury stock held by the Company

| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|--|--------------------------|--------------------------|----------------------|
| | 9,206 shares | 175 shares | 4,484 shares |

3 Accounting for the assets and liabilities of the silent investment association

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

| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|---|--------------------------|--------------------------|----------------------|
| Cash and deposits | 7,731 million yen | 7,167 million yen | 6,804 million yen |
| Other current assets- (Operational investment securities) | 11,967 | 14,710 | 11,936 |
| Other current assets- (other) | 24 | 260 | 232 |
| Investment securities | - | 5,501 | 1,491 |
| Investments in partnerships | 4,565 | 1,392 | 2,726 |
| Other current liabilities | 457 | 811 | 163 |
| Other non-current liabilities- (Deposit from the silent investment association) | 23,832 | 28,219 | 23,028 |

4 Receivables and payables relating to margin transactions

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

| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|---|--------------------------|--------------------------|----------------------|
| Receivables relating to margin transactions: | | | |
| Loans receivable from customers for margin transactions | 46,914 million yen | 23,241 million yen | 37,881 million yen |
| Cash deposits as collateral for securities borrowed from securities finance companies | 5,405 | 3,713 | 4,434 |
| Payables relating to margin transactions: | | | |
| Loans from securities finance companies for margin transactions | 31,600 | 13,208 | 24,379 |
| Proceeds from securities sold for margin transactions | 13,119 | 8,759 | 13,038 |

5 Assets pledged as collateral

(1) For future lease liabilities

FY2003 interim (as of September 30, 2002)

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

| Assets pledged as collateral | | | Secured liabilities | |
|--|-----------------|------------------|-------------------------------------|-----------------|
| Type of collateral | Carrying amount | Type of security | Account | Carrying amount |
| Notes and accounts receivable - trade | 5,740 | Mortgage | Notes and accounts payables - trade | 278 |
| Other current assets (accounts receivable -other) | 67 | Mortgage | | |

Note: The collateral for the future lease liabilities of ¥35,817 million, of which ¥278 million was for "Notes and accounts payable-trade", was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries and a broadcasting company, based on marketing agreements, etc.

The current receivables at September 30, 2002, held as the collateral for the above future lease liabilities, consisted of "Notes and accounts receivable-trade" of ¥5,740 million and "Other current assets" of ¥67 million, respectively.

FY2002 interim (as of September 30, 2001)

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

| Assets pledged as collateral | | | Secured liabilities | |
|--|-----------------|------------------|------------------------------------|-----------------|
| Type of collateral | Carrying amount | Type of security | Account | Carrying amount |
| Notes and accounts receivable - trade | 894 | Mortgage | Notes and accounts payable - trade | 344 |
| Other current assets (accounts receivable -other) | 13 | Mortgage | | |

Note: The collateral for the future lease liabilities of ¥9,753 million, of which ¥344 million was for "Notes and accounts payable-trade", was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries and a broadcasting company, based on marketing agreements, etc.

The current receivables at September 30, 2001, held as the collateral for the above future lease liabilities, consisted of "Notes and accounts receivable-trade" of ¥894 million and "Other current assets" of ¥13 million, respectively.

FY 2002 (as of March 31, 2002)

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

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

Note: The collateral for the future lease liabilities of ¥33,902 million, of which ¥319 million was for "Notes and accounts payable-trade" and ¥96 million was for "Other current liabilities", was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries and a broadcasting company, based on marketing agreements, etc.

The current receivables at March 31, 2002, held as the collateral for the above future lease liabilities, consisted of "Notes and accounts receivable-trade" of ¥3,592 million and "Other current assets" of ¥53 million, respectively.

5 Assets pledged as collateral (continued)

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

FY2003 interim (as of September 30, 2002)

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

| Assets pledged as collateral | | | Secured liabilities | |
|------------------------------|-----------------|------------------|-----------------------|-----------------|
| Type of collateral | Carrying amount | Type of security | Account | Carrying amount |
| Property and equipment | 86 | Mortgage | Short-term borrowings | 43 |

FY2002 interim (as of September 30, 2001)

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

| Assets pledged as collateral | | | Secured liabilities | |
|-----------------------------------|-----------------|------------------|---|-----------------|
| Type of collateral | Carrying amount | Type of security | Account | Carrying amount |
| Cash and deposits (time deposits) | 23 | Mortgage | Other current liabilities (other account payables) | 172 |
| Property and equipment | 2,131 | Mortgage | Short-term borrowings | 277 |
| | | | Long-term debt | 237 |

FY2002 (as of March 31, 2002)

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

| Assets pledged as collateral | | | Secured liabilities | |
|------------------------------|-----------------|------------------|-----------------------|-----------------|
| Type of collateral | Carrying amount | Type of security | Account | Carrying amount |
| Property and equipment | 1,262 | Mortgage | Short-term borrowings | 163 |
| | | | Long-term debt | 275 |

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

FY2003 interim (as of September 30, 2002)

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

| Assets pledged as collateral | | | Secured liabilities | |
|------------------------------|-----------------|------------------|-----------------------------------|-----------------|
| Type of collateral | Carrying amount | Type of security | Account | Carrying amount |
| Investments in partnerships | 1,982 | Mortgage | Long-term debt in the third party | 2,400 |

FY2002 interim (as of September 30, 2001)

No transactions applicable.

FY2002 (as of March 31, 2002)

No transactions applicable.

6 Line of credit as a creditor (not used)

| | | |
|---------------------------------|--------------------------|----------------------|
| As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
| 24 million yen | 24 million yen | 24 million yen |

7 Accounts receivable sold

| | | |
|---------------------------------|--------------------------|----------------------|
| As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
| 8,071 million yen | - million yen | 11,825 million yen |

8 Notes receivable discounted

| | | |
|---------------------------------|--------------------------|----------------------|
| As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
| - million yen | - million yen | 40 million yen |

9 Notes receivable maturing on the period-end dates

Notes receivable are settled on the date of clearance. Since the period-end dates of September 30, 2001 and March 31, 2002 were non-business days, the following balance of notes receivable maturing on those dates were not settled and were included in the closing balances of "Notes and accounts receivable-trade".

| | | | |
|------------------|---------------------------------|--------------------------|----------------------|
| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
| Notes receivable | - million yen | 39 million yen | 98 million yen |

10 Dilution gains (losses) from changes in equity interest

Dilution gains (losses) were recognized from changes in the Company's equity interest as a result of capital transactions by investees including an initial public offering.

The major dilution gains (losses) for the period ended September 30, 2002 are as follows:

| | | |
|----------------------|-----------------|---------------|
| | Gains | (Losses) |
| UTStarcom, Inc. | 891 million yen | - million yen |
| E*TRADE Japan K .K . | 851 | 47 |

11 Valuation loss on investments in affiliates

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

(1) Valuation loss on investment in consolidated subsidiaries

| As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|---------------------------------|--------------------------|----------------------|
| 6,065 million yen | 192 million yen | 331 million yen |

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

| As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|---------------------------------|--------------------------|----------------------|
| 15,649 million yen | 15,852 million yen | 19,082 million yen |

12 Consolidated statements of cash flow

Reconciliation of cash and cash equivalents to the amounts included in the accompanying consolidated balance sheets is as follows.

| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|---|---------------------------------|--------------------------|----------------------|
| Cash and deposits | 102,379 million yen | 128,824 million yen | 113,580 million yen |
| Marketable securities | 7,612 | 19,458 | 9,545 |
| Time deposits with original maturity over three months | (431) | (1,334) | (1,065) |
| Deposits received from customers in commodities business | (19) | - | (31) |
| Stocks and bonds with original maturity over three months | (1,696) | (127) | (2,173) |
| Cash and cash equivalents | 107,844 million yen | 146,821 million yen | 119,855 million yen |

13 Leases

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

(as a lessee)

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

| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|---|---------------------------|--------------------------|----------------------|
| Property and equipment | | | |
| Equivalent to acquisition costs | 47,369 | 19,147 | 42,315 |
| Less: Amount equivalent to accumulated depreciation | (12,567) | (7,188) | (8,872) |
| Net book value | 34,802 million yen | 11,959 million yen | 33,442 million yen |
| Software (Intangible assets) | | | |
| Equivalent to acquisition costs | 574 | 297 | 1,358 |
| Less: Amount equivalent to accumulated amortization | (200) | (54) | (353) |
| Net book value | 373 million yen | 242 million yen | 1,004 million yen |
| Total | | | |
| Equivalent to acquisition costs | 47,944 | 19,445 | 43,673 |
| Less: Amount equivalent to accumulated depreciation | (12,767) | (7,242) | (9,226) |
| Net book value | 35,176 million yen | 12,202 million yen | 34,447 million yen |

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

| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|---------------------|---------------------------|--------------------------|----------------------|
| Due within one year | 11,445 | 4,231 | 8,780 |
| Due after one year | 29,296 | 9,148 | 27,565 |
| Total | 40,741 million yen | 13,379 million yen | 36,346 million yen |

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

| | For the period ended September 30, 2002 | For the period ended September 30, 2001 | For the period ended March 31, 2002 |
|--|--|--|--|
| Lease payments | 5,680 million yen | 2,307 million yen | 6,370 million yen |
| Amount equivalent to depreciation expenses | 4,739 | 2,198 | 5,366 |
| Amount equivalent to interest expense | 1,069 | 452 | 1,263 |

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

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

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

13 Leases transaction (continued)

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

(as a lessor)

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

| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|--------------------------------|---------------------------------|--------------------------|----------------------|
| Property and equipment | | | |
| Acquisition costs | 993 | 1,009 | 1,004 |
| Less: Accumulated depreciation | (327) | (135) | (231) |
| Net Book value | 666 million yen | 873 million yen | 773 million yen |
| Software (Intangible assets) | | | |
| Acquisition costs | 514 | 370 | 511 |
| Less: Accumulated amortization | (185) | (85) | (134) |
| Net book value | 328 million yen | 285 million yen | 377 million yen |
| Total | | | |
| Acquisition costs | 1,507 | 1,380 | 1,516 |
| Less: Accumulated depreciation | (512) | (221) | (365) |
| Net book value | 994 million yen | 1,158 million yen | 1,150 million yen |

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

| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|---------------------|---------------------------------|--------------------------|----------------------|
| Due within one year | 295 | 253 | 286 |
| Due after one year | 748 | 930 | 902 |
| Total | 1,043 million yen | 1,183 million yen | 1,189 million yen |

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

| | For the period ended September 30, 2002 | For the period ended September 30, 2001 | For the period ended March 31, 2002 |
|--------------------------------------|--|--|--|
| Lease income | 177 million yen | 136 million yen | 307 million yen |
| Depreciation Expenses | 150 | 117 | 262 |
| Amount equivalent to interest income | 35 | 32 | 71 |

(4) Calculation method of amount equivalent to interest income

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

13 Leases transaction (continued)

13-2. Non-cancelable operating lease transactions

(as a lessee)

The future lease payments for non-cancelable operating leases

| | As of September 30, 2002 | As of September 30, 2001 | As of March 31, 2002 |
|---------------------|--------------------------|--------------------------|--------------------------|
| Due within one year | 112 | 643 | 253 |
| Due after one year | 215 | 6,279 | 1,723 |
| <u>Total</u> | <u>327 million yen</u> | <u>6,923 million yen</u> | <u>1,977 million yen</u> |

(as a lessor)

No transactions applicable.

14 Subsequent events after the date of the consolidated financial statements.

Sales of partial shareholdings of Yahoo! Inc.

On November 6, 2002, the Company sold 17,500,000 shares of Yahoo! Inc. through SOFTBANK America Inc., a wholly-owned subsidiary of the Company, for approximately \$294 million (approximately ¥35.9 billion at the rate of ¥122 per US\$1). A capital gain of approximately ¥26.1 billion on this sale will be recorded in the Company's consolidated financial statements for the period ending March 31, 2003.

SEGMENT INFORMATION
1. Business Segment Information

(1) FY2003 interim (for the six-month period ended September 2002)

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

| | e-Commerce | e-Finance | Media & Marketing | Broadmedia | Internet Culture | Technology Services | Broadband Infrastructure | Overseas Funds | Others | Total | Elimination | Consolidated Total |
|-------------------------|------------|-----------|-------------------|------------|------------------|---------------------|--------------------------|----------------|----------|-----------|-------------|--------------------|
| Net sales | | | | | | | | | | | | |
| (1) Customers | ¥119,813 | ¥11,249 | ¥7,804 | ¥5,198 | ¥15,456 | ¥4,798 | ¥13,493 | ¥1,967 | ¥11,270 | ¥191,052 | - | ¥191,052 |
| (2) Inter-segment | 7,538 | 2,249 | 359 | 158 | 236 | 4,983 | 26 | - | 605 | 16,158 | (16,158) | - |
| Total | 127,351 | 13,499 | 8,163 | 5,357 | 15,692 | 9,782 | 13,520 | 1,967 | 11,876 | 207,211 | (16,158) | 191,052 |
| Operating expenses | 126,099 | 15,605 | 8,626 | 5,957 | 9,559 | 9,512 | 44,782 | 482 | 15,721 | 236,349 | (14,097) | 222,251 |
| Operating income (loss) | ¥1,252 | ¥(2,105) | ¥(463) | ¥(600) | ¥6,132 | ¥269 | ¥(31,262) | ¥1,484 | ¥(3,845) | ¥(29,138) | ¥(2,061) | ¥(31,199) |

(2) FY2002 interim (for the six-month period ended September 2001)

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

| | e-Commerce | e-Finance | Media & Marketing | Broadmedia | Internet Culture | Technology Services | Internet Infrastructure | Overseas Funds | Others | Total | Elimination | Consolidated Total |
|-------------------------|------------|-----------|-------------------|------------|------------------|---------------------|-------------------------|----------------|----------|----------|-------------|--------------------|
| Net sales | | | | | | | | | | | | |
| (1) Customers | ¥121,008 | ¥9,941 | ¥23,581 | ¥5,903 | ¥8,113 | ¥4,280 | ¥27 | ¥774 | ¥9,740 | ¥183,372 | - | ¥183,372 |
| (2) Inter-segment | 8,491 | 591 | 441 | 141 | 3,965 | 4,170 | 0 | - | 674 | 18,476 | (18,476) | - |
| Total | 129,499 | 10,532 | 24,023 | 6,045 | 12,079 | 8,451 | 27 | 774 | 10,414 | 201,849 | (18,476) | 183,372 |
| Operating expenses | 128,364 | 14,106 | 23,407 | 5,751 | 8,201 | 8,010 | 1,060 | 928 | 15,987 | 205,819 | (13,742) | 192,077 |
| Operating income (loss) | ¥1,135 | ¥(3,574) | ¥615 | ¥294 | ¥3,877 | ¥440 | ¥(1,032) | ¥(153) | ¥(5,573) | ¥(3,970) | ¥(4,734) | ¥(8,704) |

(3) FY2002 (for the fiscal year ended March 2002)

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

| | e-Commerce | e-Finance | Media & Marketing | Broadmedia | Internet Culture | Technology Services | Broadband Infrastructure | Overseas Funds | Others | Total | Elimination | Consolidated Total |
|-------------------------|------------|-----------|-------------------|------------|------------------|---------------------|--------------------------|----------------|----------|-----------|-------------|--------------------|
| Net sales | | | | | | | | | | | | |
| (1) Customers | ¥265,107 | ¥21,301 | ¥47,553 | ¥11,795 | ¥20,152 | ¥9,955 | ¥7,386 | ¥2,481 | ¥19,581 | ¥405,315 | - | ¥405,315 |
| (2) Inter-segment | 19,087 | 2,959 | 885 | 331 | 11,862 | 8,571 | 1,781 | - | 1,222 | 46,703 | (46,703) | - |
| Total | 284,195 | 24,260 | 48,439 | 12,127 | 32,015 | 18,527 | 9,168 | 2,481 | 20,803 | 452,018 | (46,703) | 405,315 |
| Operating expenses | 280,989 | 29,181 | 45,877 | 12,166 | 22,078 | 17,391 | 27,121 | 2,708 | 27,458 | 464,972 | (35,756) | 429,216 |
| Operating income (loss) | ¥3,206 | ¥(4,920) | ¥2,561 | ¥(39) | ¥9,936 | ¥1,135 | ¥(17,952) | ¥(226) | ¥(6,654) | ¥(12,953) | ¥(10,947) | ¥(23,901) |

Notes:

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

2. Main businesses by segment (based on the current interim period):

- (1) e-Commerce: Distributes PC software, hardware, and peripherals; operates enterprise businesses and business transaction platform- and consumer-related e-commerce businesses
- (2) e-Finance: All inclusive Web-based financial operations, including Internet securities operations; management of domestic venture capital funds; incubation of portfolio corporations
- (3) Media & Marketing: Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; Web content development
- (4) Broadmedia: Provision of applications and content for broadcasting and broadband communications and promoting the spread of such operations
- (5) Internet Culture: Internet-based advertising, broadband portals, auctions, etc.
- (6) Technology Services: System solutions, business solutions, etc.
- (7) Broadband Infrastructure: Provides ADSL-based broadband infrastructure services, fiber optic ultrahigh-speed internet access services and other businesses.
- (8) Overseas Funds: U.S.- and Asia-focused global private equity operations in Internet-related companies
- (9) Others: Function as overseas holding companies, provide back-office support services in Japan, etc.

[2] "Broadband Infrastructure" segment, which is the broadband business in ADSL (Asymmetric Digital Subscriber Line) technologies started in prior fiscal year, includes "Internet Infrastructure" segment separately disclosed in prior interim period ended September 30, 2001.

(Change in business segmentation)

Effective from the current interim period, the SOFTBANK Group changed its method for dividing the Group's overall business into segments from a method primarily based on the roles and responsibilities of each of the operation holding companies to a new method which is used for internal management reporting purposes from the current interim period, based on the nature of the business operations, type of services, and the similarity of the sales channels, etc.

The reason for the change is that the SOFTBANK Group intends from now on to focus on the broadband infrastructure business as the most important core business, and would therefore like to disclose the Group's activities more appropriately by integrating all broadband infrastructure-related business into one segment, rather than having such business, as before, spread across various segments.

The following shows the impact on the consolidated statement of income for the period ended September 30, 2002 as compared with the amounts which would have been recognized if the previous allocation had been applied consistently.

| | |
|------------------------------------|--|
| 1 e-Commerce Segment | "Net sales" decreased by ¥1,752 million and "Operating expenses" decreased by ¥2,847 million. As a result, "Operating income" increased by ¥1,094 million. |
| 2 Internet Culture Segment | "Net sales" decreased by ¥8,311 million and "Operating expenses" decreased by ¥5,083 million. As a result, "Operating income" decreased by ¥3,288 million. |
| 3 Broadband Infrastructure Segment | "Net sales" increased by ¥1,032 million and "Operating expenses" decreased by ¥2,254 million. As a result, "Operating loss" decreased by ¥3,286 million. |
| 4 Elimination | "Net sales" increased by ¥9,031 million and "Operating expenses" increased by ¥10,184 million. As a result, "Operating loss" increased by ¥1,153 million. |

2. Geographic Segment Information

(1) FY2003 interim (for the period ended September 30, 2002)

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

| | Japan | North America | Europe | Korea | Others | Total | Elimination | Consolidated Total |
|-------------------------|-----------|---------------|--------|----------|--------|-----------|-------------|--------------------|
| Net sales | | | | | | | | |
| (1) Customers | ¥175,604 | ¥1,824 | - | ¥11,340 | ¥2,282 | ¥191,052 | - | ¥191,052 |
| (2) Inter-segment | 287 | 731 | 163 | - | 13 | 1,196 | (1,196) | - |
| Total | 175,892 | 2,555 | 163 | 11,340 | 2,296 | 192,248 | (1,196) | 191,052 |
| Operating expenses | 202,417 | 2,879 | 534 | 12,399 | 3,146 | 221,377 | 874 | 222,251 |
| Operating income (loss) | ¥(26,524) | ¥(323) | ¥(371) | ¥(1,058) | ¥(850) | ¥(29,128) | ¥(2,070) | ¥(31,199) |

(2) FY2002 interim (for the period ended September 30, 2001)

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

| | Japan | North America | Europe | Korea | Others | Total | Elimination | Consolidated Total |
|-------------------------|----------|---------------|--------|--------|----------|----------|-------------|--------------------|
| Net sales | | | | | | | | |
| (1) Customers | ¥157,845 | ¥13,897 | ¥274 | ¥9,458 | ¥1,897 | ¥183,372 | - | ¥183,372 |
| (2) Inter-segment | 83 | 50 | - | - | - | 133 | (133) | - |
| Total | 157,928 | 13,947 | 274 | 9,458 | 1,897 | 183,505 | (133) | 183,372 |
| Operating expenses | 160,237 | 14,879 | 633 | 10,275 | 3,488 | 189,514 | 2,562 | 192,077 |
| Operating income (loss) | ¥(2,308) | ¥(931) | ¥(359) | ¥(817) | ¥(1,591) | ¥(6,008) | ¥(2,696) | ¥(8,704) |

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

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

| | Japan | North America | Europe | Korea | Others | Total | Elimination | Consolidated Total |
|-------------------------|-----------|---------------|----------|----------|----------|-----------|-------------|--------------------|
| Net sales | | | | | | | | |
| (1) Customers | ¥352,044 | ¥28,947 | ¥1,575 | ¥19,520 | ¥3,227 | ¥405,315 | - | ¥405,315 |
| (2) Inter-segment | 1,677 | 1,505 | 1,094 | - | - | 4,277 | (4,277) | - |
| Total | 353,721 | 30,453 | 2,669 | 19,520 | 3,227 | 409,592 | (4,277) | 405,315 |
| Operating expenses | 369,714 | 28,599 | 3,930 | 21,097 | 5,497 | 428,838 | 377 | 429,216 |
| Operating income (loss) | ¥(15,992) | ¥1,854 | ¥(1,260) | ¥(1,576) | ¥(2,270) | ¥(19,245) | ¥(4,655) | ¥(23,901) |

Note: Net sales by geographic region were recognized based on geographic location.

Significant countries in each region are shown below:

North America: U.S.A. and Canada

Europe: U.K., Germany and France

Others: China, Hong Kong and Singapore

3. Overseas sales

(1) FY2003 interim (for the period ended September 30, 2002)

Overseas sales for the period ended September 30, 2002 were omitted because the total overseas sales were less than 10% of total consolidated sales.

(2) FY2002 interim (for the period ended September 30, 2001)

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

| | North America | Europe | Korea | Other | Total |
|---|---------------|--------|--------|--------|----------|
| I. Overseas sales | ¥14,147 | ¥300 | ¥9,458 | ¥1,940 | ¥25,846 |
| II. Total consolidated sales | | | | | ¥183,372 |
| III. Overseas sales as a percentage of total consolidated sales | 8 % | 0 % | 5 % | 1 % | 14 % |

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

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

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

Note: Net sales by geographic region were recognized based on geographic location.

Significant countries in each region are shown below:

North America: U.S.A. and Canada

Europe: U.K., Germany and France

Others: China, Hong Kong and Singapore

PER SHARE DATA

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

| | FY2003 interim | FY2002 interim | | FY2002 | |
|--|---------------------------------|---------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| | Calculation under new standards | Calculation under new standards | Calculation under previous standards | Calculation under new standards | Calculation under previous standards |
| Net loss per share - primary (yen) | ¥(166.27) | ¥(161.57) | ¥(161.29) | ¥(264.04) | ¥(263.53) |
| Net loss per share - diluted -(note 1) | - | - | - | - | - |
| Net assets per share (yen) | 855.33 | 1,046.02 | 1,046.30 | 1,380.80 | 1,381.31 |
| Basic data for computation of the per share data | | | | | |
| 1. Average number of common stock outstanding during each fiscal period (unit: shares) -(note 2) | 336,869,930 | 336,762,941 | 336,762,941 | 336,798,168 | 336,798,168 |
| 2. Net loss allocated to common stock outstanding (in millions of yen) | ¥(56,010) | ¥(54,412) | ¥(54,315) | ¥(88,926) | ¥(88,755) |
| 3. Net loss not allocated to common stock holders (in millions of yen) -(note 3) | 207 | 96 | N/A | 171 | N/A |

Notes:

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

Investments in Debt and Equity Securities

FY2003 interim (as of September 30, 2002)

1. The aggregate cost and market value (carrying value) of other securities and available-for-sales securities

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

| | FY2003 interim (as of September 30, 2002) | | |
|-----------------------|---|----------------------------------|------------------------------|
| | Cost | Market value (Carrying value) | Unrealized gains/(losses) |
| (1) Equity securities | ¥37,888 | ¥62,614 | ¥24,725 |
| (2) Debt securities | | | |
| Government bonds | 310 | 310 | (0) |
| (3) Others | 107 | 105 | (2) |
| Total | ¥38,307 | ¥63,030 | ¥24,723 |

2. The carrying amounts of unlisted investment securities

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

| | Carrying amounts |
|--|------------------|
| (1) Unlisted held-to-maturity securities: | |
| Debt securities | ¥1 |
| (2) Unlisted other securities and available-for-sale securities: | |
| Equity securities | 29,714 |
| Domestic debt securities | 1,845 |
| Foreign debt securities | 5,248 |
| MMF | 9,257 |
| Mid-term government bond funds | 408 |
| Preferred fund certificates | 2,000 |
| Others | 0 |
| Total | ¥48,476 |

FY2002 interim (as of September 30, 2001)

1. The aggregate cost and market value (carrying value) of other securities and sales-for-sales securities

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

| | FY2002 interim (as of September 30, 2001) | | |
|-----------------------|---|----------------------------------|------------------------------|
| | Cost | Market value (Carrying value) | Unrealized gains/(losses) |
| (1) Equity securities | ¥147,176 | ¥130,218 | ¥(16,957) |
| (2) Others | 2 | 2 | - |
| Total | ¥147,179 | ¥130,221 | ¥(16,957) |

2. The carrying amounts of unlisted investment securities

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

| | Carrying amounts |
|--|------------------|
| (1) Unlisted held-to-maturity securities: | |
| Debt securities | ¥62 |
| (2) Unlisted other securities and available-for-sale securities: | |
| Equity securities (excluding over-the-counter stocks) | 41,384 |
| Domestic debt securities | 11,127 |
| Foreign debt securities | 11,670 |
| MMF | 17,725 |
| Mid-term government bond funds | 1,707 |
| Total | ¥83,677 |

Investments in Debt and Equity Securities (continued)

FY2002 (as of March 31, 2002)

1. The aggregate cost and market value (carrying value) of other securities and available-for-sales securities

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

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

2. The carrying amounts of the unlisted investment securities

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

| | Carrying amounts |
|--|------------------|
| (1) Unlisted held-to-maturity securities: | |
| Domestic debt securities | ¥0 |
| Foreign debt securities | 99 |
| (2) Unlisted other securities and available-for-sale securities: | |
| Equity securities (excluding over-the-counter stocks) | 42,375 |
| Domestic debt securities | 1,742 |
| Foreign debt securities | 2,797 |
| MMF | 11,520 |
| Mid-term government bonds funds | 323 |
| Beneficial interest in trusts | 1,000 |
| Preferred fund certificates | 2,000 |
| Others | 30 |
| Total | ¥61,889 |

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

Currency Related

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

| | Nature of transaction | FY2003 Interim (as of September 30, 2002) | | | | FY2002 Interim (as of September 30, 2001) | | | | FY2002 (as of March 31, 2002) | | | |
|-------------------------|--|---|-------------|------------|---------------------------|---|-------------|------------|---------------------------|-------------------------------|-------------|------------|---------------------------|
| | | Contract amounts | | Fair value | Unrealized gains/(losses) | Contract amounts | | Fair value | Unrealized gains/(losses) | Contract amounts | | Fair value | Unrealized gains/(losses) |
| | | | Over 1 year | | | | Over 1 year | | | | Over 1 year | | |
| Off-market transactions | Swap transactions · Australia dollars receiver, JPY payer | ¥1,000 | ¥1,000 | ¥24 | ¥24 | ¥1,000 | ¥1,000 | ¥(159) | ¥(159) | ¥1,000 | ¥1,000 | ¥10 | ¥10 |
| | Forward exchange contracts · U.S. dollars purchased, Japanese yen sold | - | - | - | - | 1,000 | - | 1,007 | 7 | - | - | - | - |
| | Total | | | | ¥24 | | | | ¥(151) | | | | ¥10 |

Interest Related

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

| | Nature of transaction | FY2003 Interim (as of September 30, 2002) | | | | FY2002 Interim (as of September 30, 2001) | | | | FY2002 (as of March 31, 2002) | | | |
|-------------------------|---|---|-------------|------------|---------------------------|---|-------------|------------|---------------------------|-------------------------------|-------------|------------|---------------------------|
| | | Notional amounts | | Fair value | Unrealized gains/(losses) | Notional amounts | | Fair value | Unrealized gains/(losses) | Notional amounts | | Fair value | Unrealized gains/(losses) |
| | | | Over 1 year | | | | Over 1 year | | | | Over 1 year | | |
| Off-market transactions | Swap transactions · Fix rate receiver, floating rate payer | ¥1,528 | ¥1,428 | ¥126 | ¥126 | ¥5,771 | ¥1,771 | ¥303 | ¥303 | ¥5,771 | ¥1,771 | ¥248 | ¥248 |
| | · Floating rate receiver, fix rate payer | 2,814 | 2,714 | (203) | (203) | 7,485 | 3,485 | (419) | (419) | 7,485 | 3,485 | (366) | (366) |
| | · Fix rate receiver (receipt later), floating rate payer (pre payment) | 1,000 | 1,000 | 37 | 37 | 1,000 | 1,000 | 37 | 37 | 1,000 | 1,000 | 36 | 36 |
| | Total | | | | ¥(39) | | | | ¥(78) | | | | ¥(81) |

Notes: 1. Fair value is based on the information from the financial institutions.

2. In addition to the above, the overseas consolidated subsidiaries engaged in the securities business recorded the fair value of the equity options in the amount of ¥1,015 million, and the notional amounts of these options, measured by the market value of the underlying shares were ¥10,765 million in the period ended September 30, 2001.