

SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the six-month period ended September 30, 2007

Tokyo, November 6, 2007

FINANCIAL HIGHLIGHTS

(Percentages are shown as year-on-year changes)

1. Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
Six-month period ended September 30, 2007	¥1,364,745	21.8	¥167,746	49.0	¥111,165	77.3	¥46,462	221.8
Six-month period ended September 30, 2006	¥1,120,173	114.3	¥112,552	-	¥62,690	-	¥14,439	-
Fiscal year ended March 31, 2007	¥2,544,219	-	¥271,065	-	¥153,423	-	¥28,815	-

	Net income per share - basic (yen)	Net income per share - diluted (yen)
Six-month period ended September 30, 2007	¥43.99	¥41.43
Six-month period ended September 30, 2006	¥13.68	¥12.84
Fiscal year ended March 31, 2007	¥27.31	¥26.62

Note: Equity in earnings of affiliated companies:

Six-month period ended September 30, 2007: ¥3,136 million

Six-month period ended September 30, 2006: ¥8,046 million

Fiscal year ended March 31, 2007: ¥2,130 million

2. Financial Condition

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

	Total assets	Total equity	Equity ratio (%)	Shareholders' equity per share (yen)
As of September 30, 2007	¥4,458,579	¥797,752	7.9	¥327.15
As of September 30, 2006	¥3,986,991	¥665,696	6.2	¥236.14
As of March 31, 2007	¥4,310,852	¥716,237	6.6	¥268.02

Note: Shareholders' equity (consolidated)

As of September 30, 2007: ¥353,435 million

As of September 30, 2006: ¥249,162 million

As of March 31, 2007: ¥282,949 million

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 periods
Six-month period ended September 30, 2007	¥443	¥(227,285)	¥303,526	¥452,771
Six-month period ended September 30, 2006	¥187,139	¥(1,956,985)	¥1,598,773	¥272,572
Fiscal year ended March 31, 2007	¥311,201	¥(2,097,937)	¥1,718,384	¥377,520

4. Dividends

(Recorded date)	Dividends per share		
	Six-month period ended September 30	Fiscal year ended March 31	Total
	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2007	-	2.50	2.50
Fiscal year ending March 31, 2008 Fiscal year ending March 31, 2008 (Forecasted)	-	To be determined	To be determined

5. Earnings Forecast for the Fiscal Year Ending in March 2008 (April 1, 2007 - March 31, 2008)

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

	Net sales	Operating income	Ordinary income	Net income
Fiscal year ending March 31, 2008	¥ -	¥ -	¥ -	¥ -

Due to the introduction of unprecedented new sales and pricing methods in our main telecommunications business, especially in the Mobile Communications business, forecasting the consolidated business results for the fiscal year ending March 2008 is difficult. A forecast of the consolidated business results will therefore be announced as soon as a logical estimate can be made.

6. Significant Changes in Scope of Consolidation

Significant Consolidated subsidiaries: None

7. Accounting Policies

Changes in accounting principles, procedures, disclosure methods, etc., used in the presentation of the consolidated financial statements

- (1) Changes due to revisions in accounting standards: Yes
- (2) Changes other than those in (1): None

Note: Refer to "4. Consolidated Financial Statements, Changes in accounting policies" on the following page 34.

8. Number of Shares Issued (Common stock)

(1) Number of shares issued (including treasury stock):

As of September 30, 2007: 1,080,518,778 shares
As of September 30, 2006: 1,055,323,578 shares
As of March 31, 2007: 1,055,862,978 shares

(2) Number of treasury stock at the fiscal year end:

As of September 30, 2007: 161,698 shares
As of September 30, 2006: 153,076 shares
As of March 31, 2007: 158,611 shares

Note: For basic data for computation of the per share data, please refer to the following page 51.

[For Reference]

FINANCIAL HIGHLIGHTS (Non-Consolidated)

1. Non-Consolidated Results of Operations

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

	Net sales		Operating income (loss)		Ordinary loss		Net loss	
	Amount	%	Amount	%	Amount	%	Amount	%
Six-month period ended September 30, 2007	¥6,328	-	¥3,525	-	¥(4,515)	-	¥(5,179)	-
Six-month period ended September 30, 2006	¥-	-	¥(2,826)	-	¥(13,815)	-	¥(17,614)	-
Fiscal year ended March 31, 2007	¥-	-	¥(8,481)	-	¥(30,766)	-	¥(3,305)	-

	Net income(loss) per share - basic (yen)
Six-month period ended September 30, 2007	¥(4.90)
Six-month period ended September 30, 2006	¥(16.69)
Fiscal year ended March 31, 2007	¥(3.13)

2. Non-Consolidated Financial Condition

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

	Total assets	Total equity	Equity ratio (%)	Shareholders' equity per share (yen)
As of September 30, 2007	¥1,366,744	¥408,986	29.9	¥378.57
As of September 30, 2006	¥1,367,127	¥355,587	25.8	¥334.01
As of March 31, 2007	¥1,347,019	¥372,810	27.4	¥350.15

Note: Shareholders' equity (non-consolidated)

As of September 30, 2007: ¥408,986 million

As of September 30, 2006: ¥352,437 million

As of March 31, 2007: ¥369,660 million

Qualitative Information / Financial Statements

1. Results of Operations

(1) Analysis of Operation Results

<<Summary of the Consolidated Results of Operations>>		
Net sales	¥1,364,745 million	(a 21.8% increase year-on-year)
Operating income	¥167,746 million	(a 49.0% increase year-on-year)
Ordinary income	¥111,165 million	(a 77.3% increase year-on-year)
Interim net income	¥46,462 million	(a 221.8% increase year-on-year)

[Overview of Results for the six-month period from April 1, 2007 to September 30, 2007]

The SOFTBANK Group (hereafter “the Group”) is in the second fiscal year since its full-fledged entry into the mobile communications market through the acquisition of Vodafone K.K. in April 2006. Approximately one year ago, on October 1, 2006, the corporate name of Vodafone K.K. was changed to SOFTBANK MOBILE Corp., (hereafter “SOFTBANK MOBILE”), and the brand name was also changed to “SoftBank” at the same time.

During the interim period, the Group continued to put efforts into its four key initiatives—3G network enhancement, 3G handset lineup enrichment, content enhancement, and enhancement of sales structure—in order to achieve its targets of increasing subscriber numbers, expanding market share, and further establishing the SoftBank brand. As a result, in May 2007, SOFTBANK MOBILE recorded the highest monthly net additions in subscribers (new subscribers minus cancellations) in the industry for the first time. Moreover, since May, SOFTBANK MOBILE has retained the top position in monthly net additions for five consecutive months, and was also number one in net additions during the six-month interim period.

SOFTBANK MOBILE was included in the scope of consolidation from the end of April 2006. Accordingly, the results for the interim period of the previous fiscal year (April 1, 2006 to September 30, 2006) include five months of SOFTBANK MOBILE’s results.

1. Net sales

In the interim period, net sales increased by ¥244,571 million, or 21.8 % year-on-year, to ¥1,364,745 million. This increase was primarily due to the steady increase of mobile phone subscribers and the reflection of six months of results from the Mobile Communications segment from this interim period. The Mobile Communications segment recorded net sales of ¥814,509 million, an increase of 39.4% year-on-year.

2. Operating income

In the interim period, operating income increased by ¥55,194 million, or 49.0 % year-on-year, to ¥167,746 million. The Mobile Communications segment recorded operating income of ¥94,219 million, a 66.4% increase.

Cost of sales in the interim period increased by ¥103,525 million year-on-year, to ¥718,864 million. Selling, general and administrative expenses rose by ¥85,851 million year-on-year, to ¥478,134 million. These increases were primarily due to higher sales of mobile handsets and the reflection of six months of results from the Mobile Communications segment from this interim period.

3. Non-operating income

Non-operating income in the interim period decreased by ¥5,445 million year-on-year to ¥10,185 million. This was principally the result of a decrease of ¥4,909 million in equity in earnings of affiliate companies due to the exclusion from affiliate companies following the sale of all shares held in SBI Holdings, Inc. in August 2006.

4. Non-operating expenses

Non-operating expenses were ¥66,767 million in the interim period. Although interest expense increased by ¥22,829 million, the year-on-year increase in non-operating expenses for the interim period was limited to ¥1,274 million because financing-related expenses totaling ¥19,954 million were recorded in the interim period of the previous fiscal year.

5. Special income

Special income in the interim period totaled ¥29,863 million. Unrealized appreciation on investments at subsidiaries in the U.S. of ¥14,126 million and a gain on sale of investment securities of ¥10,440 million were recorded. Accompanying the listing of consolidated subsidiaries ITmedia Inc. and Carview Corporation, ¥3,089 million was recorded as dilution gain from changes in equity interest.

6. Special loss

Special loss totaled ¥18,098 million in the interim period. The primary reasons were a valuation loss on investment securities of ¥10,165 million and a loss on disposal of fixed assets of ¥3,993 million.

7. Income taxes

Current income taxes totaled ¥16,808 million, deferred income taxes amounted to ¥39,075 million, and minority interests in net income was ¥20,583 million.

Current income taxes, primarily for Yahoo Japan Corporation and other subsidiaries, totaled ¥25,265 million, while ¥8,457 million income tax payable for SOFTBANK Holdings Inc. was reversed as it became unnecessary to recognize; as a result, current income taxes were credited.

Results by business segment are as follows:

[Mobile Communications]

<<Summary of Segment Results for the Interim Period>>	
Net sales	¥814,509 million (a 39.4% increase year-on-year)
Operating income	¥94,219 million (a 66.4% increase year-on-year)
No. 1 in net subscriber additions during the six-month interim period with 1,142,800 net adds	
Total subscribers exceeded 17 million	
Churn rate was 1.42%, upgrade rate was 2.67%, total ARPU amounted to ¥4,800/month for the second quarter	

<Analysis of Interim Results>

Net sales increased by ¥230,050 million, or 39.4 % year-on-year, to ¥814,509 million. Operating income increased by ¥37,584 million year-on-year, or 66.4%, to ¥94,219 million. This increase was primarily due to the reflection of six months of results from the Mobile Communications segment from this interim period, and to a substantial increase in sales of mobile handsets accompanying the steady increase in mobile phone subscribers and handset upgrades.

<Results for the Second Quarter>

	(Millions of yen)					
	Fiscal year ended March 31, 2007				Fiscal year ending March 31, 2008	
	Q1	Q2	Q3	Q4	Q1	Q2
Sales	232,467	351,991	430,328	427,252	391,668	422,841
Operating income	27,293	29,341	56,906	42,202	43,528	50,691

<Number of Subscribers>

As of the end of the interim period, the number of SOFTBANK MOBILE subscribers had reached 17,052,500^{*1}, an increase of approximately 1.75 million subscribers year-on-year. In May 2007, for the first time SOFTBANK MOBILE recorded the highest monthly net addition in subscribers (new subscribers minus cancellations) in the industry. Since May, it has retained the top position in monthly net additions for five consecutive months. Furthermore, its net addition from April to September 2007—1,142,800 subscribers—was also the highest during the six-month interim period. Moreover, the number of 3G subscribers exceeded 10 million on August 11, reaching 10,916,500 at the end of the interim period. As a result, the ratio of 3G subscribers to total number of subscribers reached 64.0%.

	(Lines)					
	Fiscal year ended March 31, 2007				Fiscal year ending March 31, 2008	
	Q1	Q2	Q3	Q4	Q1	Q2
Net additions	30,300	66,800	189,500	412,000	530,800	612,000
Total	15,240,200	15,307,000	15,496,500	15,908,500	16,440,500	17,052,500

*1. The total number of subscribers for SOFTBANK MOBILE includes communication module service subscribers from this fiscal year. The number of communication module service subscribers at the end of the interim period was 1,600.

<Churn Rate and Upgrade Rate>

The churn rate for the second quarter was 1.42%, while the churn rate for 3G handsets was 1.05%. As a result of the release of appealing handsets and the enhancement of services as well as the effect of installment sales for handsets, the churn rate for 3G handsets remained lower than the overall churn rate.

The upgrade rate for the second quarter was 2.67%, an increase of 0.14 percentage point compared to the second quarter of the previous fiscal year, due to the further enhancement of the 3G handset lineup for the summer sales period.

	Fiscal year ended March 31, 2007				Fiscal year ending March 31, 2008	
	Q1	Q2	Q3	Q4	Q1	Q2
Churn rate	1.50	1.27	1.60	1.63	1.46	1.42
(3G only)	1.73	1.50	1.66	1.37	1.07	1.05
Upgrade rate	1.99	2.53	3.02	2.89	2.25	2.67

<ARPU and Average Acquisition Commission per User>

Total ARPU*2 for the second quarter was ¥4,800 per month. ARPU decreased by ¥900 compared to the second quarter of the previous fiscal year due to the effect of the steady growth in the number of subscribers to the *White Plan*, which has a basic monthly charge of ¥980 (including tax) and exceeded 8 million subscribers during September 2007, as well as to the special discount for subscribers to the *New Super Bonus* plan. However, data ARPU increased by ¥90 compared to the second quarter of the previous fiscal year, to ¥1,470, and constituted 30.6% of total ARPU.

Average acquisition commission per user for the second quarter decreased to ¥31,400. This decline was attributable to a decrease in sales subsidies, following the introduction of installment sales for handsets in September 2006, compared to the second quarter of the previous fiscal year.

	Fiscal year ended March 31, 2007				Fiscal year ending March 31, 2008	
	Q1	Q2	Q3	Q4	Q1	Q2
Total	5,590	5,700	5,560	5,210	5,000	4,800
(Voice)	4,230	4,320	4,230	3,830	3,590	3,340
(Data)	1,350	1,380	1,330	1,380	1,410	1,470

*2. Average Revenue Per User

<<Summary of Efforts Made During the Second Quarter Concerning Key Challenges>>

3G base stations exceeded 46,000

3G subscribers exceeded 10 million

Started provision of video content streaming service within the *Yahoo! Streaming* (beta version)

***White Plan* applications exceeded 8 million, *Double White* applications exceeded 2 million**

<3G Network Enhancement>

On August 1, 2007 SOFTBANK MOBILE reached its target of 46,000 3G base stations. This target was scheduled for completion during the first half of fiscal 2008. At the end of the interim period, the number of 3G base stations was 47,439, an increase of approximately 1.8 thousand from 29,404 stations, at the end of the previous fiscal year.

In addition, the Group has commenced trials for new technologies to diversify its information transmission services. These include the wireless communication system using Femto-cell^{*3} for which the Group acquired a license from the Ministry of Internal Affairs and Communications in June 2007 and FMC^{*4}, a fusion of fixed and mobile lines.

*3. Small mobile phone base stations designed to increase call quality in interior locations, such as residential or office environments

*4. Fixed Mobile Convergence

<3G Handset Lineup Enrichment>

Twelve new handsets, which were announced in May as the lineup for the summer 2007 sales period, revolving around the keyword *style*, were launched successively during the interim period. Moreover, the development of new handsets for the winter sales period moved forward at the same time, and, on October 22, 10 new handsets in 49 colors were announced, revolving around the theme *PREMIUM*. Seven of the ten handsets are compatible with 3G *High Speed* data transmission service based on HSDPA^{*5}, enabling users to easily download large data, such as video content.

*5. High Speed Downlink Packet Access: The high speed data transmission protocol standardized by “Release 5,” of the 3G mobile communications standardizing body, the Third Generation Partnership Project (3GPP)

<Content Enhancement>

On August 30, 2007, SOFTBANK MOBILE started a video content streaming service at *Yahoo! Streaming* (beta version), a video content portal for mobile users that had been launched in May 2007. The streaming method offers users a more enjoyable viewing experience by reducing the wait time compared to the conventional download method^{*6}. *Yahoo! Streaming* (beta version) is provided by three Group companies—SOFTBANK MOBILE, TV Bank Corporation, and Yahoo Japan Corporation—via the *Yahoo! Keitai* portal for SOFTBANK MOBILE handsets. Users can enjoy over 1,000 video content titles every month free of information charge^{*7} from a variety of genres, such as news, sport, and cartoon.

*6. Some content continues to be provided through the download method

*7. Separate communication charges apply for downloading content

<Enhancement of the Sales Structure>

To enhance the sales force, the SoftBank shop network was expanded further. As a result, the number of SoftBank shops reached 2,417 at the end of the interim period, an increase of 342 from the end of the previous fiscal year.

Regarding pricing, there has been steady growth in the number of applications for the *White Plan*, which allows users to make unlimited domestic on-net voice calls between 1:00am and 9:00pm for a basic monthly charge of ¥980 (including tax) and to make calls outside of this time range or to other operators' users for a flat fee of ¥21 (including tax) per 30 seconds. The number of *White Plan* applications exceeded 8 million on September 17, 2007. In addition, the number of applications to the *Double White* plan has exceeded 2 million. This plan, which is available to *White Plan* subscribers, halves the ¥21 flat fee to ¥10.5 (including tax) per 30 seconds for an additional ¥980 (including tax) per month. Moreover, the *White Plan Family Discount 24* discount service, which offers *White Plan* subscribers free domestic calls 24 hours a day between family members, was launched and applied from the June 2007 billing month.

[Broadband Infrastructure]

<<Summary of Segment Results for the Interim Period>>	
Net sales	¥129,819 million (a 0.6% increase year-on-year)
Operating income	¥18,986 million (a 62.7% increase year-on-year)
Total installed lines for <i>Yahoo! BB ADSL</i> , 5,042,000 (at the end of September 2007)	
Launch of integrated communication service, <i>BB Communicator</i>	

<Analysis of Interim Results>

Net sales increased by ¥768 million, or 0.6%, year-on-year, to ¥129,819 million. Operating income increased by ¥7,317 million, or 62.7%, to ¥18,986 million.

<Results for the Second Quarter>

	(Millions of yen)					
	Fiscal year ended March 31, 2007				Fiscal year ending March 31, 2008	
	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	63,322	65,728	67,266	67,910	65,747	64,072
Operating income	5,479	6,189	7,747	7,393	8,665	10,320

<Operating Conditions>

The number of installed lines of *Yahoo! BB ADSL*, the comprehensive broadband service provided by SOFTBANK BB Corp. (hereafter "SOFTBANK BB"), was 5,042,000 lines at the end of the interim period. On a customer payment basis, ARPU for the second quarter reached ¥4,341. In ADSL operations, measures to improve management efficiency resulted in increased operating income. Moreover, the ratio of subscribers to faster services, such as *Yahoo! BB 50M*, and high value added services, such as *Wireless LAN Pack*, increased steadily, reaching 29.2% for faster services, including *Yahoo! BB 50M*, and 29.9% for *Wireless LAN Pack*.

In addition, on September 1, 2007 SOFTBANK BB launched an integrated communication service, *BB Communicator*. This service allows customers to use application tools—such as IP phone, mail, and phone

book—regardless of their Internet service provider, as long as they have a broadband connection.

<FTTH>

Concerning FTTH connection service, SOFTBANK BB is maintaining a state of readiness that will enable it to start full-fledged operations as soon as a fair competitive environment is established. SOFTBANK BB will continue to implement R&D in technologies to succeed ADSL, such as trial services aimed at the commercialization of FTTR*⁸ and R&D in high speed PLC*⁹.

*8. Fiber To The Remote terminal: transmission method using the optic fiber used for FTTH from NTT stations to equipment located near the user's premises. Similar to ADSL for the last mile transmission from this transmission equipment, typically installed on electrical poles etc. to the user copper cables are used.

*9. Power Line Communication: telecommunication that uses electrical power lines as a transmission medium.

[Fixed-line Telecommunications]

<<Summary of Segment Results for the Interim Period >>	
Net sales	¥181,473 million (a 0.3% decrease year-on-year)
Operating income	¥349 million (a 18.2% increase year-on-year)
Recorded profit for first time in five quarters	
Total installed lines for the <i>Otoku Line</i> service, 1,315,000 (at the end of September 2007)	

<Analysis of Interim Results>

Net sales decreased by ¥477 million, or 0.3% year-on-year, to ¥181,473 million. Operating income amounted to ¥349 million in the interim period, an increase of ¥53 million, or 18.2%, and the first quarterly operating profit in five quarters.

<Results for the Second Quarter>

	(Millions of yen)					
	Fiscal year ended March 31, 2007				Fiscal year ending March 31, 2008	
	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	88,673	93,276	93,712	98,466	90,486	90,986
Operating income (loss)	1,212	(916)	(2,603)	(656)	(111)	460

<Operating Conditions>

SOFTBANK TELECOM Corp. (hereafter "SOFTBANK TELECOM") is utilizing its core *Otoku Line* direct connection fixed-line voice service to expand its corporate customer base. The number of installed for the *Otoku Line* steadily increased, reaching a total of 1,315,000 by the end of the interim period, a year-on-year increase of 287,000. Corporate customers constituted 65.9% of the total lines, an increase of 16.0 percentage points. SOFTBANK TELECOM will continue to focus its efforts on direct marketing to major corporate clients, for which marketing efficiency is higher.

[Internet Culture]

<<Summary of Segment Results for the Interim Period>>	
Net sales	¥110,419 million (a 20.9% increase year-on-year)
Operating income	¥54,915 million (a 23.8% increase year-on-year)
Number of stores on <i>Yahoo! Shopping</i> and <i>Yahoo! Auctions</i> reached 29,436	

<Analysis of Interim Results>

Net sales increased by ¥19,100 million, or 20.9%, year-on-year, to ¥110,419 million. Operating income increased by ¥10,571 million, or 23.8%, to ¥54,915 million.

<Results for the Second Quarter>

	(Millions of yen)					
	Fiscal year ended March 31, 2007				Fiscal year ending March 31, 2008	
	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	44,642	46,676	50,049	52,842	52,796	57,623
Operating income	21,630	22,712	25,011	27,189	27,148	27,766

<Operating Conditions>

In Internet advertising operations, Yahoo Japan Corporation focused on sales of products that meet the needs of advertisers, such as products with a high level of branding-related effects and advertising based on behavioral targeting. As a result, display advertising sales in the second quarter steadily increased. Furthermore, in non-advertising business services, the total number of stores on *Yahoo! Shopping* and *Yahoo! Auctions* was 29,436 at the end of the interim period, a year-on-year increase of 7,132. Accordingly, tenant fees and commission revenues increased substantially. Moreover, sales from *Yahoo! Real Estate* grew significantly due to an enhanced product lineup and an increase in the number of properties listed.

[e-Commerce]

<<Summary of Segment Results for the Interim Period>>	
Net sales	¥125,473 million (a 1.0% increase year-on-year)
Operating income	¥2,100 million (a 26.6% decrease year-on-year)

<Analysis of Interim Results>

Net sales increased by ¥1,293 million, or 1.0% year-on-year, to ¥125,473 million. Operating income decreased by ¥759 million year-on-year, or 26.6%, to ¥2,100 million.

< Results for the Second Quarter >

(Millions of yen)

	Fiscal year ended March 31, 2007				Fiscal year ending March 31, 2008	
	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	59,142	65,037	65,369	82,021	61,660	63,812
Operating income	1,461	1,399	2,010	1,809	1,167	933

<Operating Conditions>

In SOFTBANK BB's distribution business, sales of security-related products and network peripherals, such as routers, switching devices, servers, and PCs etc. to corporate customers were strong during the interim period. Although sales of hardware to mass appliance retailers increased, operating income decreased due to sluggish sales of highly profitable software and initial investments in the corporate market.

[Others]

<Analysis of Interim Results>

Net sales increased by ¥7,704 million, or 17.5% year-on-year, to ¥51,779 million. Operating loss was ¥650 million, compared with an operating loss of ¥169 million in the interim period of the previous fiscal year.

The results of this segment include the performance of broadcast media business (mainly Broadmedia Corporation), technology services business (SOFTBANK TECHNOLOGY CORP.), media & marketing business (mainly SOFTBANK Creative Corp. and ITmedia Inc.), overseas fund business, and other businesses (mainly TV Bank Corp. and *Fukuoka Softbank Hawks* related businesses).

< Results for the Second Quarter >

(Millions of yen)

	Fiscal year ended March 31, 2007				Fiscal year ending March 31, 2008	
	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	20,289	23,785	21,628	25,082	24,871	26,907
Operating income (loss)	(717)	547	(4,002)	(557)	(689)	38

[Forecasts for the full fiscal year]

In the Group's core telecommunication businesses, especially the Mobile Communications business, the Group has introduced the installment sales method for mobile handsets and is introducing a range of price plans and discount services etc. to meet diverse customer needs. These include sales and pricing methods that have no precedent in the industry and it is difficult to estimate customer trends for them. At this point, we cannot make sound estimates, and it is difficult to make performance forecasts.

To proactively provide enhanced information disclosure to shareholders and investors, consolidated performance forecasts will be announced at the point when rational estimates are possible.

(2) Financial Position

<<Summary of the Consolidated Financial Position>>		
Total assets	¥4,458,579 million	(a 3.4 % increase from the end of March 2007)
Total liabilities	¥3,660,827 million	(a 1.8 % increase from the end of March 2007)
Equity	¥797,752 million	(a 11.4 % increase from the end of March 2007)
Cash flows from operating activities	a ¥ 443 million increase	
Cash flows from investing activities	a ¥ 227,285 million decrease	
Cash flows from financial activities	a ¥ 303,526 million increase	
Balance of cash and cash equivalents	¥452,771 million	(a ¥75,251 million increase from the end of March 2007)

1. Assets, Liabilities and Equity

In the second quarter, SOFTBANK CORP. (hereafter “the Company”) issued 24,000,000 shares following the execution of stock acquisition rights. As a result of the execution, the Company received payments totaling ¥44,088 million, out of which ¥23,640 million was recorded as common stock. At the end of the interim period, the equity ratio had increased by 1.3 percentage point, to 7.9%, from 6.6% at the end of the previous fiscal year, due to the execution of stock acquisition rights and an improvement in accumulated deficit accompanying the Company’s strong performance. Assets, liabilities, and equity at the end of the interim period were as follows:

[Current Assets]

Current assets increased by ¥197,611 million from the end of the previous fiscal year, to ¥1,445,045 million. This was mainly due to an increase in notes and accounts receivable-trade of ¥142,652 million, resulting from a favorable trend in the installment sales of mobile handsets of SOFTBANK MOBILE. Also, as a consequence of SOFTBANK MOBILE securitizing a portion of its installment sales receivables and payments received on the execution of stock acquisition rights of the Company, cash and deposits increased by ¥95,072 million.

Furthermore, funds procured through the securitization of installment sales receivables were recorded as borrowings, and the entrusted installment sales receivables were recorded as notes and accounts receivable-trade.

[Fixed Assets]

<Property and equipment, net>

Property and equipment, net increased by ¥17,434 million to ¥1,047,287 million, from the end of the previous fiscal year. This was primarily the result of an increase of ¥39,468 million in telecommunications equipment, such as base stations and switching equipment. On the other hand, due to the completion of construction, construction-in-progress decreased by ¥18,298 million.

<Intangible assets>

Intangible assets decreased by ¥22,574 million, to ¥1,257,136 million, from the end of the previous fiscal year. This was primarily the result of a decrease of ¥27,755 million in goodwill, whereas software increased by ¥10,803 million.

<Investments and other assets>

Investments and other assets decreased by ¥44,487 million, to ¥705,189 million, from the end of the previous fiscal year. This was primarily the result of reversing ¥28,357 million in non-current deferred tax assets due to utilization of loss carry-forwards. The other factor was a decrease of ¥21,541 million in investment securities due to a decline in stock prices of shares held, including Yahoo! Inc. of the U.S.

[Current Liabilities]

Current liabilities decreased by ¥32,626 million, to ¥1,110,276 million, from the end of the previous fiscal year. This was primarily the result of decreases of ¥64,073 million in notes and accounts payable-trade, ¥54,700 million in accounts payable-other and accrued expenses, and ¥20,000 million in cash receipts as collateral, which offset increases of ¥82,497 million in short-term borrowing and ¥36,213 million in current portion of lease obligations.

[Long-term liabilities]

Long-term liabilities increased by ¥98,838 million, to ¥2,550,550 million from the end of the previous fiscal year. Lease liabilities increased by ¥136,161 million and corporate bonds rose ¥58,102 million, while long-term debt decreased by ¥62,260 million.

The balance of long-term borrowings procured by SOFTBANK MOBILE through the whole business securitization (WBS) financing scheme decreased by ¥43,676 million, to ¥1,311,414 million from the end of the previous fiscal year.

[Equity]

Equity increased by ¥81,514 million from the end of the previous fiscal year, to ¥797,752 million and net income in the interim period was ¥46,462 million. However, due to the adoption of new accounting standards at a U.S. subsidiary, a reduction in retained earnings of ¥5,150 million and payment of dividends from retained earnings of ¥2,639 million were recorded. As a result, accumulated deficit improved by ¥38,347 million. In addition, increases of ¥24,005 million in common stock and ¥23,963 million in additional paid-in capital were recorded due to such factors as the execution of stock acquisition rights and stock subscription rights. Moreover, deferred loss on derivatives under hedge accounting improved by ¥18,023 million, and minority interests in consolidated subsidiaries increased ¥14,143 million. However, unrealized gain on available-for-sale securities decreased by ¥35,676 million.

A subsidiary of the Company in the United States of America applied “Accounting for Uncertainty in Income Taxes” (Financial Accounting Standard Board Interpretation No. 48), effective for fiscal years beginning after December 15, 2006, from the six-month period ended at September 30, 2007. The cumulative effect of applying the provisions of this Interpretation was reported as an adjustment to the opening balance of accumulated deficit.

2. Cash Flow

During the interim period, net cash provided by operating activities was ¥443 million, net cash used in investing activities was ¥227,285 million, and net cash provided by financing activities was ¥303,526 million. As a result, cash and cash equivalents at the end of the interim period amounted to ¥452,771 million, an increase of ¥75,251 million from the end of the previous fiscal year.

[Cash Flow from Operating Activities]

Net cash provided by operating activities was ¥443 million.

Income before income taxes and minority interests amounted to ¥122,930 million. As non-cash items, depreciation and amortization of ¥107,762 million and amortization of goodwill of ¥29,456 million were recorded. Other adjustment items included unrealized appreciation on investments at subsidiaries in the U.S. of ¥14,126 million and gain on sales of marketable and investment securities, net of ¥10,632 million, which were subtracted from income before income taxes and minority interest, and interest expense of ¥55,374 million, which was added. In addition, due to an increase in receivables of ¥144,235 million and a decrease in payables of ¥64,734 million operating cash flow was impacted negatively. Interest paid was ¥49,686 million, and income taxes paid for Yahoo Japan Corporation and others was ¥28,692 million.

[Cash Flow from Investing Activities]

Net cash used in investing activities was ¥227,285 million.

As a result of capital investment, mainly in the telecommunications segments, purchase of property and equipment and intangibles totaled ¥204,405 million. In addition, purchase of marketable and investment securities was ¥29,777 million, while proceeds from sales of marketable and investment securities were ¥21,787 million.

[Cash Flows from Financing Activities]

Net cash provided by financing activities was ¥303,526 million.

In the Mobile Communications segment, ¥220,816 million was recorded from the sale and lease back of equipment newly acquired, and mobile handset installment sales receivables were securitized, which resulted in proceeds from long-term debt of ¥153,024 million. In addition, proceeds from issuance of bonds by the Company were ¥89,471 million, and from exercise of warrants were ¥44,819 million. On the other hand, short-term debt and cash receipts as collateral decreased by ¥46,160 million and ¥20,000 million, respectively. Repayment of long-term debt was ¥86,438 million, and payment for the redemption of straight bonds was ¥23,932 million.

[Trends in Cash Flow Related Indicators]

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

	As of March 31, 2005	As of March 31, 2006	As of March 31, 2007	As of September 30, 2007
Equity ratio	10.4%	13.4%	6.6%	7.9%
Equity ratio (market cap.)	91.1%	201.3%	74.2%	51.4%
Debt repayment period	19.3 years	6.0 years	4.5 years	3.9 years
Interest coverage ratio	1.9	5.5	6.6	5.6

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 EBITDA

(EBITDA has been doubled for the interim period closing to annualize the figure.)

Interest coverage ratio: EBITDA divided by interest expenses

2. EBITDA = Operating income (loss) + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses.

3. Market capitalization is calculated based on the number of shares outstanding, net of treasury stock

4. Interest-bearing debt is the sum of all borrowings, commercial paper, and bonds on the consolidated balance sheets for the end of the fiscal year or interim period.

5. Interest expense is the corresponding figure on the consolidated statements of income for the fiscal year or interim period.

[Reference]

A summary of cash flow related indicators excluding the Mobile Communications Segment is presented below.

	As of March 31, 2007	As of September 30, 2007
Debt repayment period	4.6 years	3.7 years
Interest coverage ratio	6.8	7.9

3. Major Financing Activities

The major financing activities in the interim period were as follows:

Item	Company Name	Details	Summary
New stock issue	SOFTBANK CORP.	¥44,088 million procured following the execution of stock acquisition rights.	Date of execution: September 27, 2007 Funds procured: ¥44,088 million
Bond issue	SOFTBANK CORP.	24th Unsecured Straight Bond (Fukuoka SoftBank Hawks Bonds)	Date of issue: April 26, 2007 Date of redemption: April 26, 2010 Aggregate amount of issue: ¥20,000 million Coupon: 2.72% Use: mainly repayment of existing interest-bearing debt
		25th Unsecured Straight Bond	Date of issue: June 19, 2007 Date of redemption: June 17, 2011 Aggregate amount of issue: ¥55,000 million Coupon: 3.39% Use: mainly repayment of debt
		26th Unsecured Straight Bond	Date of issue: June 19, 2007 Date of redemption: June 19, 2014 Aggregate amount of issue: ¥15,000 million Coupon: 4.36% Use: mainly repayment of debt
Securitization of receivables	SOFTBANK MOBILE Corp.	Procurement of funds totaling ¥88,161 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: June 29, 2007 Redemption method: monthly pass-through repayment Use: capital investment and repayment of funds raised via WBS
		Procurement of funds totaling ¥64,863 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: September 28, 2007 Redemption method: monthly pass-through repayment Planned use: capital investment and repayment of funds raised via WBS
Repayment of debt and others	SOFTBANK CORP.	¥62,112 million	Borrowings: ¥57,112 million (net) and 5,000 million commercial paper
	SOFTBANK MOBILE Corp.	¥43,676 million	Repayment of funds raised via WBS
	SOFTBANK TELECOM Corp.	¥11,600 million	
	Yahoo Japan Corporation	¥10,000 million	
Bond redemption	SOFTBANK CORP.	2nd Unsecured Straight Bond	Date of redemption: September 27, 2007 Aggregate amount of redemption: ¥23,900 million
Implementation of capital investment through finance lease agreements with ownership transfer	SOFTBANK MOBILE Corp.	Implementation of capital investment for mobile communications utilizing lease agreements	Funds procured during the interim period: ¥220,816 million

(3) Basic Policy for Profit Distribution and Dividends for Fiscal 2008

The Company strives to increase returns to shareholders by augmenting enterprise value. Our basic policy is to return our profits to all our stakeholder groups in a fair way.

The Company's policy regarding dividends is to set dividend payments while taking into consideration the need to maintain the proper balance between bolstering the operating base and preserving a stable dividend from a medium-to-long-term perspective. The dividend for the current fiscal year is undecided at this time, and there are no plans to pay an interim dividend.

2. The SOFTBANK Group

As of September 30, 2007, the Group is comprised of the Company (pure holding company) and the following ten business segments. The number of consolidated subsidiaries and equity-method companies in each business segment is as follows.

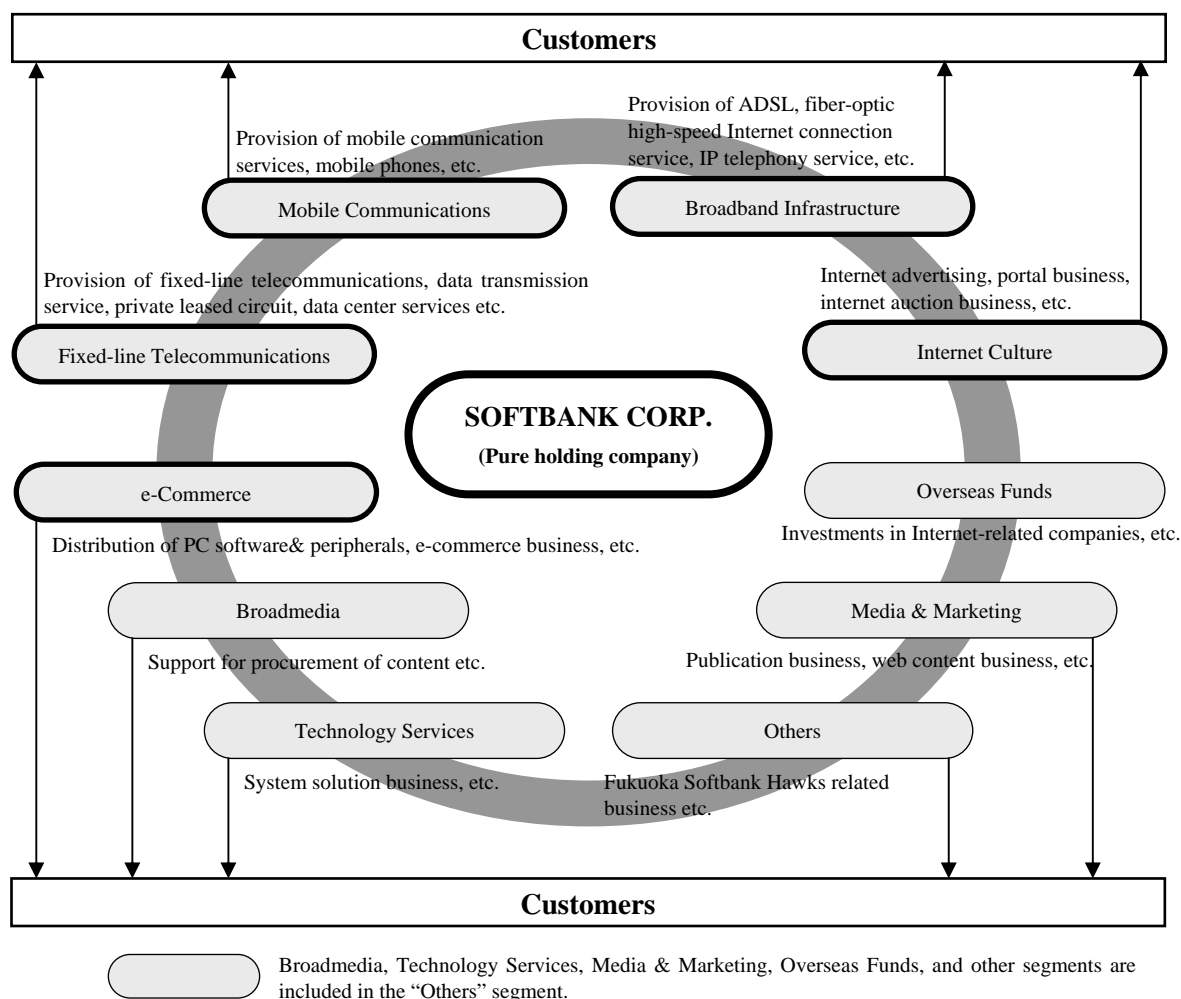
Business segments	Consolidated subsidiaries	Equity-method non-consolidated subsidiaries and affiliates	Main business of segment and name of business
Mobile Communications	5	2	Provision of mobile communication services and mobile phones accompanying the services etc. (Core company: SOFTBANK MOBILE Corp.)
Broadband Infrastructure	5	3	Provision of ADSL and fiber-optic high-speed Internet connection service, IP telephony service, etc. (Core company: SOFTBANK BB Corp. ^(Note1))
Fixed-line Telecommunications	5	-	Fixed-line telecommunications such as voice transmission service, data transmission service, private leased circuit and data center service etc. (Core companies: SOFTBANK IDC Corp., SOFTBANK TELECOM Corp. ^(Note1))
Internet Culture	15	18	Internet-based advertising operations, portal business and auction business etc. (Core company: Yahoo Japan Corporation ^(Note1))
e-Commerce	7	4	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) etc. (Core companies: SOFTBANK BB Corp. ^(Note1) , Vector Inc., Carview Corporation)
Others	75	47	Broadmedia, Technology Services, Media & Marketing, Overseas Funds, Others (Core companies: Broadmedia Corporation ^(Note2) , SOFTBANK TECHNOLOGY CORP., SOFTBANK Creative Corp., ITmedia Inc., Fukuoka Softbank Hawks Marketing Corp.)
Total	112	74	

(Notes)

- SOFTBANK BB Corp., SOFTBANK TELECOM Corp. and Yahoo Japan Corporation are included in the consolidated subsidiaries of the Broadband Infrastructure, Fixed-line Telecommunications and Internet Culture segments, respectively, while SOFTBANK BB Corp., SOFTBANK TELECOM Corp. and Yahoo Japan Corporation operate multiple businesses and their operating results are allocated to multiple business segments.
- Broadmedia Corporation changed its company name from Club iT Corporation on October 1, 2007.

[Segment Diagram]

The diagram of the Group's segments is as follows:



[Listed Companies]

The following SOFTBANK subsidiaries are listed on domestic stock exchanges as of September 30, 2007:

Company Name	Listed Exchange
Yahoo Japan Corporation	Tokyo Stock Exchange 1st section Jasdaq Securities Exchange
SOFTBANK TECHNOLOGY CORP.	Tokyo Stock Exchange 1st section
Vector Inc.	Osaka Securities Exchange Hercules
Broadmedia Corporation	Osaka Securities Exchange Hercules
ITmedia Inc. ^(Note3)	Tokyo Stock Exchange Mothers
Carview Corporation ^(Note3)	Tokyo Stock Exchange Mothers

(Notes)

3. ITmedia Inc. and Carview Corporation listed their shares on the Tokyo Stock Exchange Mothers on April 19 and June 12 of 2007 respectively

3. Management Policies

The following items have been omitted, as there have been no significant changes to the information disclosed in the Consolidated Financial Report for the fiscal year ended March 31, 2007 (released on May 8, 2007): (1) Fundamental Management Policies, (2) Target Management Indices, (3) Medium-and-Long-Term Strategies, (4) Important Management Issues for the Company.

To view the aforementioned report, please refer to the following websites:

<SOFTBANK CORP. website>

<http://www.softbank.co.jp/en/irlibrary/results/en/>

<Tokyo Stock Exchange website (Company Search page)>

<http://www.tse.or.jp/listing/compsearch/> (Japanese only)

4. Consolidated Financial Statements

Consolidated Balance Sheets

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

	As of September 30, 2006		As of September 30, 2007		As of March 31, 2007		Increase (Decrease) for six months
	Amount	%	Amount	%	Amount	%	Amount
ASSETS							
Current assets:							
Cash and deposits	¥273,166		¥472,738		¥377,666		¥95,072
Notes and accounts receivable - trade	349,211		726,625		583,972		142,652
Marketable securities	7,792		9,261		8,588		672
Inventories	74,450		85,325		76,898		8,427
Deferred tax assets	89,774		97,451		108,994		(11,542)
Other current assets	163,912		93,837		119,250		(25,412)
Less:							
Allowance for doubtful accounts	(16,024)		(40,195)		(27,936)		(12,258)
Total current assets	942,283	23.6	1,445,045	32.4	1,247,433	28.9	197,611
Fixed assets:							
Property and equipment, net:							
Buildings and structures	87,911		87,986		89,444		(1,457)
Telecommunications equipment	643,721		734,253		694,785		39,468
Telecommunications service lines	94,204		89,623		92,235		(2,611)
Land	30,117		27,770		27,747		22
Construction in progress	72,968		53,479		71,777		(18,298)
Other	44,370		54,172		53,861		310
Total property and equipment	973,293	24.4	1,047,287	23.5	1,029,852	23.9	17,434
Intangible assets, net:							
Goodwill	1,152,108		1,005,172		1,032,927		(27,755)
Software	167,015		211,418		200,615		10,803
Other intangibles	51,671		40,545		46,168		(5,622)
Total intangible assets	1,370,794	34.4	1,257,136	28.2	1,279,710	29.7	(22,574)
Investments and other assets:							
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	440,549		465,879		487,421		(21,541)
Deferred tax assets	163,014		129,426		157,783		(28,357)
Other assets	103,369		118,203		113,877		4,325
Less:							
Allowance for doubtful accounts	(9,415)		(8,319)		(9,405)		1,085
Total investments and other assets	697,517	17.5	705,189	15.8	749,677	17.4	(44,487)
Total fixed assets	3,041,605	76.3	3,009,613	67.5	3,059,240	71.0	(49,627)
Deferred charges	3,101	0.1	3,920	0.1	4,178	0.1	(257)
Total assets	¥3,986,991	100.0	¥4,458,579	100.0	¥4,310,852	100.0	¥147,726

Consolidated Balance Sheets

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

	As of September 30, 2006		As of September 30, 2007		As of March 31, 2007		Increase (Decrease) for six months
	Amount	%	Amount	%	Amount	%	Amount
LIABILITIES AND EQUITY							
Current liabilities:							
Accounts payable - trade	¥106,385		¥131,093		¥195,167		¥(64,073)
Short-term borrowings	1,422,194		276,154		193,656		82,497
Commercial paper	10,000		-		5,000		(5,000)
Current portion of corporate bonds	94,231		52,572		43,964		8,608
Accounts payable - other and accrued expenses	299,557		360,861		415,561		(54,700)
Income taxes payable	82,791		27,360		33,070		(5,709)
Current portion of lease obligations	-		54,262		18,049		36,213
Cash receipts as collateral	150,000		130,000		150,000		(20,000)
Other current liabilities	86,918		77,971		88,433		(10,462)
Total current liabilities	2,252,078	56.5	1,110,276	24.9	1,142,903	26.5	(32,626)
Long-term liabilities:							
Corporate bonds	473,712		480,702		422,599		58,102
Long-term debt	389,918		1,666,923		1,729,183		(62,260)
Deferred revenue	33,865		18,991		26,392		(7,401)
Deferred tax liabilities	44,588		49,860		50,136		(276)
Liability for retirement benefits	17,248		16,232		16,701		(468)
Allowance for point mileage	43,682		43,796		43,787		8
Lease obligations	-		211,126		74,964		136,161
Other liabilities	66,200		62,918		87,947		(25,028)
Total long-term liabilities	1,069,215	26.8	2,550,550	57.2	2,451,712	56.9	98,838
Total liabilities	3,321,294	83.3	3,660,827	82.1	3,594,615	83.4	66,211
Equity:							
Common stock	162,983	4.1	187,315	4.2	163,309	3.8	24,005
Cash receipts for new stock subscriptions	-	-	-	-	1	0.0	(1)
Additional paid-in capital	187,343	4.7	211,632	4.7	187,669	4.3	23,963
Accumulated deficit	(206,373)	(5.2)	(153,924)	(3.4)	(192,271)	(4.5)	38,347
Less: Treasury stock	(179)	(0.0)	(201)	(0.0)	(193)	(0.0)	(7)
Total shareholders' equity	143,774	3.6	244,822	5.5	158,515	3.6	86,306
Unrealized gain on available-for-sale securities	94,523	2.3	86,942	1.9	122,619	2.8	(35,676)
Deferred loss on derivatives under hedge accounting	(12,427)	(0.3)	(8,972)	(0.2)	(26,995)	(0.6)	18,023
Foreign currency translation adjustments	23,292	0.6	30,643	0.7	28,810	0.7	1,832
Total valuation and translation adjustments	105,388	2.6	108,613	2.4	124,434	2.9	(15,820)
Stock acquisition rights	3,154	0.1	66	0.0	3,180	0.1	(3,114)
Minority interests	413,379	10.4	444,250	10.0	430,106	10.0	14,143
Total equity	665,696	16.7	797,752	17.9	716,237	16.6	81,514
Total liabilities and equity	¥3,986,991	100.0	¥4,458,579	100.0	¥4,310,852	100.0	¥147,726

Consolidated Statements of Income

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

	Six-month period ended September 30, 2006		Six-month period ended September 30, 2007		Increase (Decrease)	Fiscal year ended March 31, 2007	
	Amount	%	Amount	%		Amount	Amount
Net sales	¥1,120,173	100.0	¥1,364,745	100.0	¥244,571	¥2,544,219	100.0
Cost of sales	615,339	54.9	718,864	52.7	103,525	1,409,520	55.4
Gross Profit	504,834	45.1	645,881	47.3	141,046	1,134,698	44.6
Selling, general and administrative expenses	392,282	35.0	478,134	35.0	85,851	863,633	33.9
Operating income	112,552	10.1	167,746	12.3	55,194	271,065	10.7
Interest income	2,134		1,537		(596)	3,394	
Foreign exchange gain, net	-		2,605		2,605	-	
Equity in earnings of affiliated companies	8,046		3,136		(4,909)	2,130	
Income from investments in partnerships, net	1,758		-		(1,758)	1,726	
Other non-operating income	3,693		2,905		(787)	6,280	
Non-operating income	15,631	1.4	10,185	0.7	(5,445)	13,531	0.5
Interest expense	32,545		55,374		22,829	79,521	
Foreign exchange loss, net	1,841		-		(1,841)	834	
Financing related expenses	19,954		-		(19,954)	28,715	
Other non-operating expenses	11,151		11,392		241	22,101	
Non-operating expenses	65,493	5.9	66,767	4.9	1,274	131,173	5.2
Ordinary income	62,690	5.6	111,165	8.1	48,474	153,423	6.0
Gain on sale of investment securities	69,206		10,440		(58,765)	84,106	
Dilution gain from changes in equity interest	995		3,089		2,094	2,598	
Unrealized appreciation on investments at subsidiaries in the U.S.	-		14,126		14,126	4,935	
Other special income	1,266		2,206		940	4,641	
Special income	71,468	6.4	29,863	2.2	(41,605)	96,282	3.8
Valuation loss on investment securities	2,092		10,165		8,073	5,351	
Loss on disposal of fixed assets	453		3,993		3,540	7,695	
Loss on redemption of bonds	7,386		-		(7,386)	10,429	
Loss on office relocation	1,853		-		(1,853)	2,642	
Other special losses	3,475		3,939		464	15,013	
Special loss	15,260	1.4	18,098	1.3	2,837	41,132	1.6
Income before income taxes and minority interests	118,898	10.6	122,930	9.0	4,031	208,573	8.2
Income taxes:							
Current	80,972	7.2	16,808	1.2	(64,164)	48,726	1.9
Deferred	6,041	0.5	39,075	2.9	33,033	93,676	3.7
Minority interests in net income	17,444	1.6	20,583	1.5	3,139	37,355	1.5
Net income	¥14,439	1.3	¥46,462	3.4	¥32,022	¥28,815	1.1

Consolidated Statements of Changes in Equity

Interim period from April 1, 2006 to September 30, 2006:

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

	Shareholders' equity						Valuation and translation adjustments				Stock acquisition rights	Minority interests	Total equity
	Common stock	Cash receipts for new stock subscriptions	Additional paid-in capital	Accumulated deficit	Treasury stock	Total	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total			
Balance at April 1, 2006	¥162,916	¥5	¥187,303	¥(218,561)	¥(169)	¥131,494	¥129,051	¥(36,840)	¥19,062	¥111,273	¥3,150	¥101,346	¥347,263
Changes of items during the period													
Exercise of warrants	67	(5)	67	-	-	128	-	-	-	-	-	-	128
Cash dividends (Note)	-	-	-	(2,637)	-	(2,637)	-	-	-	-	-	-	(2,637)
Bonuses to directors (Note)	-	-	-	(90)	-	(90)	-	-	-	-	-	-	(90)
Adjustments of accumulated deficit due to change in scope of the consolidation	-	-	(26)	476	-	449	-	-	-	-	-	-	449
Net income	-	-	-	14,439	-	14,439	-	-	-	-	-	-	14,439
Purchase of treasury stock	-	-	-	-	(9)	(9)	-	-	-	-	-	-	(9)
Items other than changes in shareholders' equity	-	-	-	-	-	-	(34,527)	24,413	4,229	(5,885)	4	312,033	306,152
Total changes in this period	67	(5)	40	12,187	(9)	12,280	(34,527)	24,413	4,229	(5,885)	4	312,033	318,432
Balance at September 30, 2006	¥162,983	¥-	¥187,343	¥(206,373)	¥(179)	¥143,774	¥94,523	¥(12,427)	¥23,292	¥105,388	¥3,154	¥413,379	¥665,696

Note: Appropriation of retained earnings resolved at the annual shareholders' meeting held in June 2006.

Interim period from April 1, 2007 to September 30, 2007:

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

	Shareholders' equity						Valuation and translation adjustments				Stock acquisition rights	Minority interests	Total equity
	Common stock	Cash receipts for new stock subscriptions	Additional paid-in capital	Accumulated deficit	Treasury stock	Total	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total			
Balance at April 1, 2007	163,309	1	187,669	(192,271)	(193)	158,515	122,619	(26,995)	28,810	124,434	3,180	430,106	716,237
Changes of items during the period													
Increase in accumulated deficit due to adoption of new accounting standards at a subsidiary in the U.S.	-	-	-	(5,150)	-	(5,150)	-	-	-	-	-	-	(5,150)
Exercise of warrants	24,005	(1)	23,963	-	-	47,967	-	-	-	-	-	-	47,967
Cash dividends	-	-	-	(2,639)	-	(2,639)	-	-	-	-	-	-	(2,639)
Adjustments of accumulated deficit due to change in scope of the consolidation	-	-	-	(325)	-	(325)	-	-	-	-	-	-	(325)
Net income	-	-	-	46,462	-	46,462	-	-	-	-	-	-	46,462
Purchase of treasury stock	-	-	-	-	(7)	(7)	-	-	-	-	-	-	(7)
Items other than changes in shareholders' equity	-	-	-	-	-	-	(35,676)	18,023	1,832	(15,820)	(3,114)	14,143	(4,791)
Total changes in this period	24,005	(1)	23,963	38,347	(7)	86,306	(35,676)	18,023	1,832	(15,820)	(3,114)	14,143	81,514
Balance at September 30, 2007	187,315	-	211,632	(153,924)	(201)	244,822	86,942	(8,972)	30,643	108,613	66	444,250	797,752

Fiscal year from April 1, 2006 to March 31, 2007:

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

	Shareholders' equity						Valuation and translation adjustments				Stock acquisition rights	Minority interests	Total equity
	Common stock	Cash receipts for new stock subscriptions	Additional paid-in capital	Accumulated deficit	Treasury stock	Total	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total			
Balance at April 1, 2006	¥162,916	¥5	¥187,303	¥(218,561)	¥(169)	¥131,494	¥129,051	¥(36,840)	¥19,062	¥111,273	¥3,150	¥101,346	¥347,263
Changes of items during the year													
Exercise of warrants	393	(5)	393	-	-	780	-	-	-	-	-	-	780
Cash receipts for new stock subscriptions	-	1	-	-	-	1	-	-	-	-	-	-	1
Cash dividends (Note)	-	-	-	(2,637)	-	(2,637)	-	-	-	-	-	-	(2,637)
Bonuses to directors (Note)	-	-	-	(90)	-	(90)	-	-	-	-	-	-	(90)
Adjustments of accumulated deficit due to change in scope of the consolidation	-	-	(26)	202	-	176	-	-	-	-	-	-	176
Net income	-	-	-	28,815	-	28,815	-	-	-	-	-	-	28,815
Purchase of treasury stock	-	-	-	-	(23)	(23)	-	-	-	-	-	-	(23)
Items other than changes in shareholders' equity	-	-	-	-	-	-	(6,432)	9,845	9,747	13,160	30	328,760	341,951
Total changes in the year	393	(3)	366	26,289	(23)	27,021	(6,432)	9,845	9,747	13,160	30	328,760	368,973
Balance at March 31, 2007	¥163,309	¥1	¥187,669	¥(192,271)	¥(193)	¥158,515	¥122,619	¥(26,995)	¥28,810	¥124,434	¥3,180	¥430,106	¥716,237

Note: Appropriation of retained earnings resolved at the annual shareholders' meeting held in June 2006.

Consolidated Statements of Cash Flows

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

	Six-month period ended September 30, 2006	Six-month period ended September 30, 2007	Fiscal year ended March 31, 2007
Cash flows from operating activities:			
Income before income taxes and minority interests	¥118,898	¥122,930	¥208,573
Adjustments for:			
Depreciation and amortization	84,542	107,762	189,092
Amortization of goodwill	26,871	29,456	53,595
Equity in earnings of affiliated companies	(8,046)	(3,136)	(2,130)
Dilution gain from changes in equity interest, net	(960)	(1,463)	(2,484)
Valuation loss on investment securities	2,092	10,165	5,351
Unrealized appreciation on investments at subsidiaries in the U.S.	-	(14,126)	(4,935)
Gain on sale of marketable and investment securities, net	(69,192)	(10,632)	(79,885)
Foreign exchange (gain) loss, net	1,749	(2,488)	1,136
Interest and dividend income	(2,348)	(1,871)	(3,713)
Interest expense	32,545	55,374	79,521
Changes in operating assets, and liabilities			
Decrease (increase) in receivables – trade	5,237	(144,235)	(225,489)
Increase (decrease) in payables - trade	6,797	(64,734)	91,184
Other, net	37,142	(5,729)	103,913
Sub-total	235,330	77,270	413,729
Interest and dividends received	3,796	1,552	5,519
Interest paid	(24,551)	(49,686)	(62,081)
Income taxes paid	(27,436)	(28,692)	(45,964)
Net cash provided by operating activities	187,139	443	311,201

- Continued -

Consolidated Statements of Cash Flows (Continued)

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

	Six-month period ended September 30, 2006	Six-month period ended September 30, 2007	Fiscal year ended March 31, 2007
Cash flows from investing activities:			
Purchase of property and equipment, and intangibles	¥(158,611)	¥ (204,405)	¥(297,764)
Purchase of marketable and investment securities	(95,349)	(29,777)	(114,022)
Proceeds from sale of marketable and investment securities	145,434	21,787	168,354
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	(1,844,046)	2,674	(1,844,849)
Sale of interests in subsidiaries previously consolidated, net	91	-	(89)
Proceeds from sales of interests in consolidated subsidiaries	8	1,012	10
Increase in loan receivables	(9,232)	(18,078)	(16,519)
Collection of loan receivables	6,534	16,740	15,749
Other, net	(1,815)	(17,239)	(8,805)
Net cash used in investing activities	(1,956,985)	(227,285)	(2,097,937)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	1,183,612	(46,160)	(8,848)
Decrease in commercial paper, net	(400)	(5,000)	(5,400)
Proceeds from long-term debt	220,070	153,024	1,586,970
Repayment of long-term debt	(29,822)	(86,438)	(98,151)
Proceeds from issuance of bonds	-	89,471	72,558
Redemption of bonds	(26,931)	(23,932)	(205,334)
Exercise of warrants	134	44,819	786
Proceeds from issuance of shares to minority shareholders	300,203	6,039	300,378
Cash dividends paid	(2,628)	(2,628)	(2,640)
Cash dividends paid to minority shareholders	(3,045)	(3,514)	(3,143)
Proceeds from sale and lease back of equipment newly acquired	-	220,816	65,818
Increase (decrease) in cash receipts as collateral, net	50,000	(20,000)	50,000
Other, net	(92,418)	(22,970)	(34,607)
Net cash provided by financing activities	1,598,773	303,526	1,718,384
Effect of exchange rate changes on cash and cash equivalents	838	(662)	3,073
Net (decrease) increase in cash and cash equivalents	(170,234)	76,022	(65,277)
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(3,886)	(771)	(3,896)
Cash and cash equivalents, beginning of the period	446,694	377,520	446,694
Cash and cash equivalents, end of the period	¥272,572	¥452,771	¥377,520

Condensed Quarterly Financial Information

Condensed Statements of Income

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

	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter
	April 1, 2006 to June 30, 2006	July 1, 2006 to September 30, 2006	October 1, 2006 to December 31, 2006	January 1, 2007 to March 31, 2007	April 1, 2007 to June 30, 2007	July 1, 2007 to September 30, 2007
	Amount	Amount	Amount	Amount	Amount	Amount
Net sales	¥494,231	¥625,941	¥702,195	¥721,850	¥663,084	¥701,660
Cost of sales	273,895	341,443	390,157	404,024	352,896	365,968
Gross profit	220,336	284,498	312,037	317,826	310,188	335,692
Selling, general and administrative expenses	165,978	226,303	227,304	244,045	231,442	246,691
Operating income	54,357	58,194	84,733	73,780	78,746	89,000
Non-operating income (Note)	12,096	4,540	1,829	4,259	4,531	5,654
Non-operating expenses (Note)	40,459	26,039	37,637	36,231	32,123	34,643
Ordinary income	25,994	36,696	48,924	41,808	51,154	60,010
Special income	4,672	66,795	15,788	9,024	9,940	19,922
Special loss	1,365	13,895	6,688	19,182	2,692	15,406
Income before income taxes and minority interests	29,302	89,596	58,024	31,650	58,403	64,527
Income taxes - Current	10,146	70,826	12,552	(44,798)	2,826	13,982
Income taxes - Deferred	9,224	(3,182)	27,211	60,423	20,065	19,009
Minority interests in net income	8,514	8,930	10,765	9,145	10,380	10,203
Net income	¥1,418	¥13,021	¥7,494	¥6,881	¥25,130	¥21,331

Note: Foreign exchange gain (loss), equity in earnings (loss) of affiliated companies, and income (expenses) from investments in partnerships were included in "Non-operating income" and "Non-operating expenses" and were netted on quarterly basis for presentation purposes.

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
	April 1, 2006 to June 30, 2006	July 1, 2006 to September 30, 2006	October 1, 2006 to December 31, 2006	January 1, 2007 to March 31, 2007	April 1, 2007 to June 30, 2007	July 1, 2007 to September 30, 2007
	Amount	Amount	Amount	Amount	Amount	Amount
Net cash provided by (used in) operating activities	¥64,675	¥122,464	¥71,193	¥52,868	¥(27,478)	¥27,922
Net cash provided by (used in) investing activities	(1,965,832)	8,847	(71,675)	(69,276)	(111,519)	(115,766)
Net cash provided by (used in) financing activities	1,743,429	(144,656)	124,058	(4,446)	218,480	85,045
Effect of exchange rate changes on cash and cash equivalents	134	703	(2,716)	4,951	1,495	(2,158)
Net increase (decrease) in cash and cash equivalents	(157,593)	(12,641)	120,859	(15,902)	80,978	(4,955)
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(3,886)	-	(9)	-	(771)	-
Cash and cash equivalents, beginning of the period	446,694	285,214	272,572	393,423	377,520	457,727
Cash and cash equivalents, end of the period	¥285,214	¥272,572	¥393,423	¥377,520	457,727	452,771
Note: "Depreciation and amortization" and "amortization of goodwill" included in net cash provided by operating activities	¥48,989	¥62,424	¥66,271	¥65,001	¥67,960	¥69,259

Basis of Presentation of Consolidated Financial Statements

1. Changes in scope of consolidation

As of September 30, 2007, SOFTBANK CORP. (the “Company”) consolidated 112 subsidiaries (together, the “Group”). 80 subsidiaries were not consolidated as the individual and aggregate amounts were not considered material in relation to the consolidated total assets, net sales, net income and retained earnings (accumulated deficit) of the SOFTBANK Consolidated Financial Statements.

Changes in scope of consolidation were as follows:

<Increase>

2 companies

Significant changes:

Overture K.K.

Newly acquired

<Decrease>

8 companies

2. Changes in scope of equity method

As of September 30, 2007, the Company held 3 non-consolidated subsidiaries and 71 affiliates, all of which were accounted for under the equity method. 77 non-consolidated subsidiaries and 24 affiliates were not accounted for under the equity method, as the individual and aggregate amounts were not considered material in relation to the net income and retained earnings (accumulated deficit) of the SOFTBANK Consolidated Financial Statements.

Changes in application of equity method were as follows:

<Increase>

10 companies

Significant changes:

Open Wireless Network Corp.

New joint venture

<Decrease>

2 companies

3. Interim closing date of consolidated subsidiaries

Twenty seven companies have different fiscal year ends within three months from the Company’s fiscal year end, and their financial statements are used for consolidation purposes with adjustments being made for significant transactions taking place in the intervening period.

Three companies have different fiscal year ends over three months from the Company’s fiscal year end, and their financial statements used for consolidation purposes are prepared based on the assumed interim closing date of September 30, 2007.

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

Available-for-sale 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 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

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions established by the American Institute of Certified Public Accountants (“AICPA”) Guide on Investment Companies (the “AICPA Guide”) and account for the investment securities in accordance with the AICPA Guide. The investment securities are carried at fair value, and net changes in fair value are recorded in the consolidated statements of income under the application of the AICPA Guide.

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

[3] Accounting principles for major allowances and accruals

(1) <Allowance for doubtful accounts>

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

(2) <Accrued retirement benefits>

SOFTBANK MOBILE Corp., SOFTBANK TELECOM Corp., and certain other subsidiaries have defined benefit pension plans for their employees. These companies account for the obligation for retirement benefits based on the projected benefit obligations at the end of the fiscal year end.

SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. amended the pension plans by suspending the defined benefit pension plans at the end of March 2007 and March 2006, respectively, and implementing defined contribution pension plans. The retirement benefits existed and calculated under the benefit pension plan were fixed and will be paid at the retirement of applicable employees, and the projected benefit obligations are calculated based on these fixed retirement benefits. As a result, service cost under the defined benefit pension plans at SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. do not occur, but only interest cost occurred for the six-month period ended September 30, 2007.

(3) <Allowance for point mileage >

SOFTBANK MOBILE Corp. has an allowance for point mileage which is accrued based on the estimated future obligation arising from point service, based on past experience.

[4] Translation of foreign currency transactions and accounts

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

The translation of foreign currency denominated 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 currency exchange rates prevailing at the balance sheet dates, and capital stock is translated using the historical foreign currency exchange rates. Foreign currency financial statement translation differences are presented as a separate component of "Equity," and the portion pertaining to minority shareholders, which is included in "Minority interests."

[5] Lease

Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

[6] Accounting for significant hedge transactions

(1) Collar transaction

<Hedge accounting>

Unrealized gains and losses, net of tax, on a collar transaction that qualifies as an effective cash flow hedge at consolidated subsidiaries in the United States of America are reported as a separate component of “Equity” in the Company’s consolidated balance sheets. As such, unrealized gains and losses associated with the collar transaction will be recognized into earnings in the same period during which the hedged assets and liabilities are recognized in earnings.

<Derivative instruments for hedging and hedged items>

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

Hedged items: Equity security

<Hedging policy>

The purpose of the collar transaction is to hedge the variability of cash flows associated with the future market price of the underlying equity security, which is used for the settlement of loans at maturity.

<Effectiveness of hedge transactions>

The effectiveness of hedge transaction is assessed by measuring high correlation between the variability of cash flows associated with the market price of hedged items and variability of cash flows of hedge instruments.

(2) Interest rate swap

<Hedge accounting>

For interest rate swaps whose amounts, index and periods are same as the conditions for hedged items, the “exceptional method” is adopted. Under this method, a certain domestic consolidated subsidiary does not account for gains and losses of those interest rate swaps on a fair value basis and recognizes swap interest on an accrual basis.

<Derivative instruments for hedging and hedged items>

Derivative instruments for hedging: Interest rate swap contracts

Hedged items: Interest expense on borrowings

<Hedging policy>

The domestic consolidated subsidiaries use 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.

< Effectiveness of hedge transactions >

Effectiveness of the hedge transaction is omitted due to the adoption of “exceptional method.”

(3) Forward-exchange contract

<Hedge accounting>

Long-term debt denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuation are translated at the contracted rate, if the forward contracts qualify for hedge accounting.

<Derivative instruments for hedging and hedged items>

Derivative instruments for hedging: Forward-exchange contract

Hedged items: Foreign currency-denominated bond

<Hedging policy>

In accordance with the Company’s policy, the Company uses derivatives to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

< Effectiveness of hedge transactions >

Effectiveness of the hedge transaction is omitted due to qualifying for hedge accounting.

[7] Accounting method for consumption taxes

Consumption taxes are accounted for using the net method of reporting.

4. Accounting for business combinations

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

5. Amortization of goodwill

“Goodwill” is amortized on a straight-line basis over reasonably estimated periods in which economic benefits are expected to be realized. Immaterial goodwill is expensed as incurred.

The goodwill resulted from acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) is amortized over 20-year-period.

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

“Cash and cash equivalents” are comprised of 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.

Change in accounting policies

Accounting for Uncertainty in Income Taxes

A subsidiary of the Company in the United States of America applied “Accounting for Uncertainty in Income Taxes” (Financial Accounting Standard Board Interpretation No. 48), effective for fiscal years beginning after December 15, 2006, from the six-month period ended September 30, 2007.

The cumulative effect of applying the provisions of this Interpretation was recorded as an adjustment to the opening balance of accumulated deficit, and accordingly, accumulated deficit increased by ¥5,150 million for the six-month period ended September 30, 2007.

Notes

(Consolidated Balance Sheets)

1. Accumulated depreciation of property and equipment

As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
655,520 million yen	784,471 million yen	719,297 million yen

2. Contingent liability

Based on debt assumption agreements with financial institutions, SOFTBANK MOBILE Corp. has transferred its debt repayment obligation for straight bonds previously issued to financial institutions. The bonds and payments to financial institutions incurred from transferring its debt repayment obligation for the bonds are eliminated in the Company's consolidated balance sheets.

However, under the terms of the indenture, SOFTBANK MOBILE Corp. will continue to be responsible for payments on the bonds until maturity or redemption of the bonds.

Subject Bonds	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
First Series Unsecured Bond	- million yen	25,000 million yen	25,000 million yen
Third Series Unsecured Bond	- million yen	25,000 million yen	25,000 million yen
Fifth Series Unsecured Bond	- million yen	25,000 million yen	25,000 million yen
Seventh Series Unsecured Bond	- million yen	25,000 million yen	25,000 million yen
Total	- million yen	100,000 million yen	100,000 million yen

3. Assets pledged as collateral

(1) For future lease liabilities

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
<u>Assets pledged as collateral:</u>			
Notes and accounts receivable – trade	10,927 million yen	10,703 million yen	10,877 million yen

In addition to above, amounts eliminated in the consolidated balance sheets as an intercompany balance:

Notes and accounts receivable – trade	13,761 million yen	14,079 million yen	14,029 million yen
---------------------------------------	--------------------	---------------------------	--------------------

Note: The collateral for the future lease liabilities (finance lease accounted for as operating lease transactions) was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries. The future lease liabilities at the end of periods are as follows:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Future lease liabilities			
(finance lease accounted for as operating lease transactions)	17,300 million yen	9,957 million yen	13,026 million yen

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

Assets pledged as collateral and secured liabilities by consolidated subsidiaries are as follows:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
<u>Assets pledged as collateral:</u>			
Cash and deposits	566	169,182	70,897
Notes and accounts receivable – trade	949	292,995	303,486
Buildings and structures	499	14,027	13,986
Telecommunications equipment	1,062	280,972	362,644
Telecommunications service lines	-	163	226
Land	5,001	15,594	15,566
Property and equipment- other	0	-	0
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	158,369	166,544	196,552
Investments and other assets – other assets	-	191	115
Total	166,450 million yen	939,672 million yen	963,475 million yen
<u>Secured liabilities:</u>			
Accounts payable - trade	854	1,109	1,246
Short-term borrowings	7,843	7,027	5,373
Accounts payable – other and accrued expenses	116	-	123
Long-term debt	119,158	1,428,398	1,474,523
Total	127,973 million yen	1,436,535 million yen	1,481,267 million yen

SOFTBANK MOBILE Corp. shares owned by BB Mobile Corp. and BB Mobile Corp. shares owned by Mobiletech Corporation are pledged as collateral for long-term debt (totaled to ¥1,311,414 million) resulted from the refinancing the loan accompanying the acquisition of SOFTBANK MOBILE Corp., in addition to the assets pledged as collateral above.

The fund procured through the securitization of installment sales receivables of SOFTBANK Mobile Corp. in the amount of ¥89,233 million and ¥52,895 million were recorded as “Short-term borrowings” and “Long-term debt,” respectively, as of September 30, 2007. The installment sales receivables, equivalent to ¥142,129 million which is the amount of senior trust certificate of the securitized installment sales receivables for this procurement, was included in “Notes and account receivable-trade,” along with the amount of trust beneficial certificate held by the SOFTBANK MOBILE Corp. Trustee procured the fund through asset backed loans which were backed by these installment sales receivables.

4. Securities loaned

A portion of investment securities was lent to financial institutions according to stock lending agreements, and the amounts of applicable investment securities recorded in the Company’s consolidated balance sheets are as follows:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Investment securities	366 million yen	142 million yen	193 million yen

5. Cash receipts as collateral

Cash receipts as collateral from financial institutions, to whom the Company has lent shares in its subsidiary under security deposit agreements, are presented as follows:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Cash receipts as collateral	150,000 million yen	130,000 million yen	150,000 million yen

According to the security deposit agreements, the Company paid a fixed rate amount as stock bailment fees and other fees totaling ¥1,369 million, ¥1,786 million, and ¥3,539 million for the periods ended September 30, 2006, September 30, 2007, and March 31, 2007, respectively, and recorded the fees as other non-operating expenses in the consolidated statements of income.

6. Deferred revenue

On December 8, 2005, BB TECHNOLOGY Corp. (currently SOFTBANK BB Corp.) sold its modem rental business. The gain on sale of the business was deferred and is being amortized over five years, which is the estimated economic useful life of modem equipment as a revenue source of the modem rental operations. For the six-month periods ended September 30, 2006, September 30, 2007 and for the fiscal year ended March 31, 2007, the Company recorded operating income of ¥2,155 million, ¥2,155 million, and ¥4,311 million, respectively, as a result of amortization.

Based on the service agreement with BB Modem Rental Yugen Kaisha, BB TECHNOLOGY received royalties relating to future revenue from the modem rental business and recorded as deferred revenue. The deferred revenue will be reversed in conjunction with the recognition of revenue in proportion to the actual business performance of the ADSL business, such as the number of paying customers. Royalty fees totaling ¥4,821 million, ¥4,800 million, and ¥9,721 million for the six-month periods ended September 30, 2006, September 30, 2007 and for the fiscal year ended March 31, 2007, respectively were recorded as revenue. Ending balances of deferred revenue as of September 30, 2006, September 30, 2007 and March 31, 2007 were as follows:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Other current liabilities (deferred revenue)	14,853 million yen	15,230 million yen	15,025 million yen
Deferred revenue	33,865 million yen	18,991 million yen	26,392 million yen

In accordance with the service agreement, SOFTBANK BB Corp. must refund a part of the above deferred revenue, which is attributable to the service agreement, if its certain financial performance targets are not met.

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

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
	15,196 million yen	13,910 million yen	7,708 million yen

8. Notes receivable maturing at period-end

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

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Notes and accounts receivable-trade	41 million yen	356 million yen	173 million yen

9. Financial covenants

The Group's interest-bearing debt includes financial covenants, with which the Group is in compliance. The major financial covenants are as follows. If the Group conflicts with the following covenants, creditors may require repayment of all debt. In the events where the covenants set several conditions, the strictest condition is presented below.)

The amount of the Company's net assets at the end of each quarter must not fall below the larger of [1] or [2] below.

[1] 75% of the amount of the Company's net assets at the end of the most recent year.

[2] 60% of the amount of the Company's net assets at March 31, 2005.

At the end of the year and the first half of the year, balance sheets of SOFTBANK BB Corp. and SOFTBANK TELECOM Corp. must not show excessive debt. The consolidated balance sheets of BB Mobile Corp. at the end of the year and the first half of the year must not show excessive debt.

Other than the exceptions listed below, as a general rule, members of the following restricted group of companies (the "restricted group"), will not take on debt obligations* from any company not included in the restricted group or issue any preferred stock after October 12, 2006, the issuance date of these Euro-denominated Senior Notes due 2013.

(Restricted group)

(a) SOFTBANK CORP.

(b) SOFTBANK BB Corp.

(c) SOFTBANK TELECOM Corp.

(d) SOFTBANK MOBILE Corp.

(e) Mobiletech Corporation

(f) BB Mobile Corp.

(g) TELECOM EXPRESS Co., Ltd.

(h) Japan System Solution Co., Ltd.

(i) SBBM Corporation

(Exceptions)

The major exceptions are as follows:

- i . SOFTBANK CORP. is permitted to borrow up to ¥200 billion through its commitment line, etc.
- ii . Borrowing related to the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) (including refinancing) is permitted up to a principal amount of ¥1,450 billion.
- iii . Among the restricted group, those involved in the Mobile Communications business segment (d, f, g, h) are permitted to incur capital expenditure related debt incurring activities* up to a principal amount of ¥400 billion.
- iv . SOFTBANK TELECOM Corp. is permitted to borrow up to a principal amount of ¥175 billion.
- v . The refinancing of the outstanding debt of the restricted group as of October 12, 2006, the issuance date of those notes, is permitted up to the same level of principal amount.
- vi . In the event that [1] a company in the restricted group incurs lease obligations or [2] a subsidiary of SOFTBANK CORP. other than the members of the restricted group incur lease obligations, SOFTBANK CORP. is permitted to provide guarantees to leasing companies up to a principal amount of ¥400 billion for the total of [1] and [2].
- vii . SOFTBANK CORP. is permitted to make security lending transactions using the stock of Yahoo Japan Corporation up to, as a general rule, ¥200 billion.
- viii . Other than (i) to (vii) above, debt-incurring activities* which are pari passu with those notes are permitted up to ¥150 billion.

*(Note) Debt-incurring activities include new borrowings, leasing, etc.

SOFTBANK MOBILE Corp. received a loan (the “SBM loan”) from Mizuho Trust & Banking Co., Ltd. (the “lender”), which, as the Tokutei Kingai Trust Trustee, was entrusted with the proceeds by WBS Funding*1. Under the terms of the SBM loan agreement, SOFTBANK MOBILE Corp. is allowed a certain degree of flexibility in its business operations, as a general rule. However, in the event that the loan agreement's financial performance targets (reduction in cumulative debt, adjusted EBITDA*2, leverage ratio*3) or operational performance targets (number of subscribers) are not met, depending on the importance and the timing of issue, the influence of the lender on the operations of SOFTBANK MOBILE Corp. might be increased. It is possible that limits will be placed on capital investment, that prior approval will be required for development of new services, that a majority of the board directors will be appointed, and that rights to assets pledged as collateral, including shares of SOFTBANK MOBILE Corp., will be exercised. As of September 30, 2007, there is no infringement of the debt covenants.

Note: *1. WBS Funding (Whole Business Securitization Funding)

A special purpose company for the purpose of allocating the total amount raised from domestic and foreign financial institutions—¥1,441.9 billion—under the WBS scheme through the Tokutei Kingai Trust Trustee for the SBM loan to SOFTBANK MOBILE Corp. SOFTBANK MOBILE Corp. borrowed from Tokutei Kingai Trust Trustee an amount of ¥1,366 billion, representing the total amount of ¥1,441.9 billion raised by WBS Funding less such items as interest hedge costs and interest reserve.

*2. Adjusted EBITDA (Adjusted Earning Before Interests, Taxes, Depreciation, and Amortization)

Lease payments which are included in operating expenses are added back to EBITDA.

*3. Leverage ratio

Leverage ratio = Debt / Adjusted EBITDA. The balance of debt does not include capital financing, subordinated loans from the SOFTBANK Group or Vodafone Oversea Financial Limited or existing bonds.

The amount of net assets shown in SOFTBANK TELECOM Corp.'s balance sheets for the end of each interim period and the end of each year must not fall below the larger of [1] or [2] below.

- [1] 75% of the net assets shown in the consolidated balance sheets of SOFTBANK TELECOM Corp. at the end of the most recent year.
- [2] 60% of the amount of net assets shown in the consolidated balance sheets of SOFTBANK TELECOM Corp. as of March 31, 2005.

(Consolidated Statements of Income)

1. Selling, general and administrative expenses

	Six-month period ended September 30, 2006	Six-month period ended September 30, 2007	Fiscal year ended March 31, 2007
Sales commission	125,794 million yen	144,058 million yen	260,478 million yen
Sales promotion expense	60,550	83,243	145,382
Payroll and bonuses	44,300	51,425	94,723
Allowance for doubtful accounts	2,052	15,138	16,614

2. Unrealized appreciation on investments at subsidiaries in the United States of America

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions established by the AICPA Guide and account for the investment securities in accordance with the AICPA Guide.

“Unrealized appreciation on investments at subsidiaries in the U.S.” recognized in the consolidated statements of income in accordance with the AICPA Guide is the net change in the fair value of the investments held by subsidiaries.

(Consolidated Statements of Changes in Equity)

Interim period from April 1, 2006 to September 30, 2006:

1. Class and number of outstanding shares: (shares in thousands)

	March 31, 2006	Increase	Decrease	September 30, 2006
Number of common stocks	1,055,231	92	-	1,055,323

Note: Increase resulted from the exercise of stock acquisition rights.

2. Class and number of treasury stocks: (shares in thousands)

	March 31, 2006	Increase	Decrease	September 30, 2007
Number of common stocks	149	3	-	153

Note: Increase resulted from the acquisition of the fractional shares.

3. Stock acquisition rights:

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights (in thousands)				Millions of yen
			March 31, 2006	Increase	Decrease	September 30, 2006	September 30, 2006
SOFTBANK, Corp.	Stock acquisition rights issued in 2004	Common stocks	24,000	-	-	24,000	3,150
Consolidated Subsidiaries	-			-			4
Total				-			3,154

4. Dividends:

Dividend paid

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 23, 2006	Common stocks	2,637	¥2.50	March 31, 2006	June 23, 2006

Interim period from April 1, 2007 to September 30, 2007:

1. Class and number of outstanding shares: (shares in thousands)

	March 31, 2007	Increase	Decrease	September 30, 2007
Number of common stocks	1,055,862	24,655	-	1,080,518

Note: Increase resulted from the exercise of stock acquisition rights.

2. Class and number of treasury stocks: (shares in thousands)

	March 31, 2007	Increase	Decrease	September 30, 2007
Number of common stocks	158	3	-	161

Note: Increase resulted from the acquisition of the fractional shares.

3. Stock acquisition rights:

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights (in thousands)				Millions of yen
			March 31, 2007	Increase	Decrease	September 30, 2007	September 30, 2007
SOFTBANK, Corp.	Stock acquisition rights issued in 2004	Common stocks	24,000	-	24,000	-	-
Consolidated Subsidiaries	-			-			66
Total				-			66

4. Dividends:

Dividend paid

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 22, 2007	Common stocks	2,639	¥2.50	March 31, 2007	June 25, 2007

5. Adoption of new accounting standards at a subsidiary in the United States of America

A subsidiary of the Company in the United States of America applied "Accounting for Uncertainty in Income Taxes" (Financial Accounting Standard Board Interpretation No. 48), effective for fiscal years beginning after December 15, 2006, from the six-month period ended September 30, 2007. The cumulative effect of applying the provisions of this Interpretation was reported as an adjustment to the opening balance of accumulated deficit, and accordingly, it is recorded as "Increase in accumulated deficit due to adoption of new accounting standards at a subsidiary in the U.S." in the consolidated statements of changes in equity.

Fiscal year from April 1, 2006 to March 31, 2007:

1. Class and number of outstanding shares: (shares in thousands)

	March 31, 2006	Increase	Decrease	March 31, 2007
Number of common stocks	1,055,231	631	-	1,055,862

Note: Increase resulted from the exercise of stock acquisition rights.

2. Class and number of treasury stocks: (shares in thousands)

	March 31, 2006	Increase	Decrease	March 31, 2007
Number of common stocks	149	9	-	158

Note: Increase resulted from the acquisition of the fractional shares.

3. Stock acquisition rights:

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights (in thousands)				Millions of yen
			March 31, 2006	Increase	Decrease	March 31, 2007	March 31, 2007
SOFTBANK, Corp.	Stock acquisition rights issued in 2004	Common stocks	24,000	-	-	24,000	3,150
Consolidated Subsidiaries	-		-				30
Total			-				3,180

4. Dividends:

(1) Dividend paid

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 23, 2006	Common stocks	2,637	¥2.50	March 31, 2006	June 23, 2006

(2) Dividends which recorded date is in the fiscal year 2007 and effective date for payment is in the fiscal year 2008.

Resolution	Class of shares	Amount of dividend (Millions of yen)	Source of dividend	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 22, 2007	Common stocks	2,639	Retained earnings	¥2.50	March 31, 2007	June 25, 2007

(Consolidated Statements of Cash Flows)

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

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Cash and deposits	273,166	472,738	377,666
Marketable securities	7,792	9,261	8,588
Time deposits with original maturity over three months	(2,379)	(21,839)	(1,989)
Stocks and bonds with original maturity over three months	(6,006)	(7,387)	(6,744)
Cash and cash equivalents	272,572 million yen	452,771 million yen	377,520 million yen

2. Scope of Purchase of property and equipment, and intangibles in the consolidated statements of cash flows

“Purchase of property and equipment, and intangibles” are comprised of cash outflows from purchasing property and equipment, and intangible assets (excluding goodwill) and long-term prepaid expenses.

3. Proceeds from sale and lease back of equipment newly acquired

Once SOFTBANK MOBILE Corp. purchases telecommunications equipment for the purpose of assembly, installation and inspection, SOFTBANK MOBILE Corp. sells the equipment to lease companies for sale and lease back purpose. The leased asset and lease obligation are recorded in the consolidated balance sheets.

The cash outflows from the purchase of the equipment from vendors are included in “Purchase of property and equipment, and intangibles” and the cash inflows from the sale of the equipment to lease companies are included in “Proceeds from sale and lease back of equipment newly acquired.”

(Segment Information)

1. Business segment information

(1) For the six-month period ended September 30, 2006

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

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥581,884	¥127,473	¥166,234	¥89,679	¥117,080	¥37,821	¥1,120,173	¥-	¥1,120,173
(2) Inter-segment	2,575	1,577	15,715	1,640	7,099	6,253	34,861	(34,861)	-
Total	584,459	129,050	181,950	91,319	124,180	44,075	1,155,035	(34,861)	1,120,173
Operating expenses	527,824	117,382	181,654	46,976	121,319	44,244	1,039,401	(31,780)	1,007,621
Operating income (loss)	¥56,635	¥11,668	¥295	¥44,343	¥2,860	¥(169)	¥115,633	¥ (3,081)	¥112,552

(2) For the six-month period ended September 30, 2007

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

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥808,914	¥126,750	¥157,874	¥108,862	¥118,511	¥43,831	¥1,364,745	¥-	¥1,364,745
(2) Inter-segment	5,595	3,068	23,598	1,557	6,962	7,947	48,729	(48,729)	-
Total	814,509	129,819	181,473	110,419	125,473	51,779	1,413,474	(48,729)	1,364,745
Operating expenses	720,289	110,832	181,123	55,504	123,372	52,429	1,243,553	(46,555)	1,196,998
Operating income (loss)	¥94,219	¥18,986	¥349	¥ 54,915	¥2,100	¥ (650)	169,920	¥ (2,173)	¥167,746

(3) For the fiscal year ended March 31, 2007

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

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥1,430,821	¥258,824	¥332,136	¥191,509	¥256,923	¥74,003	¥2,544,219	¥-	¥2,544,219
(2) Inter-segment	11,218	5,402	41,993	2,702	14,647	16,781	92,746	(92,746)	-
Total	1,442,040	264,227	374,129	194,212	271,570	90,785	2,636,966	(92,746)	2,544,219
Operating expenses	1,286,296	237,418	377,095	97,667	264,889	95,515	2,358,883	(85,729)	2,273,153
Operating income (loss)	¥155,743	¥26,809	¥(2,965)	¥96,544	¥6,680	¥(4,730)	¥278,082	¥(7,017)	¥271,065

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 the main businesses segments on the page 19.
3. Unallocated operating expenses for the six-month periods ended September 30, 2006, September 30, 2007 and for the fiscal year ended March 31, 2007 in the column “Elimination or Corporate,” mainly represent expenses of the corporate division of the Company, were totaling ¥2,826 million, ¥2,802 million and ¥8,481 million, respectively.
4. In the Mobile Communications segment, which was established for the fiscal year ended March 31, 2007, net sales and operating expenses of SOFTBANK MOBILE Corp. and its consolidated subsidiaries were consolidated from May 2006.

2. Geographic segment information

(1) For the six-month period ended September 30, 2006

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

	Japan	North America	Others	Total	Elimination or Corporate	Consolidated
Net sales						
(1) Customers	¥1,115,017	¥668	¥4,487	¥1,120,173	¥-	¥1,120,173
(2) Inter-segment	262	-	62	325	(325)	-
Total	1,115,280	668	4,550	1,120,499	(325)	1,120,173
Operating expenses	998,253	1,170	4,848	1,004,272	3,348	1,007,621
Operating income (loss)	¥117,026	¥(501)	¥(298)	¥116,226	¥(3,674)	¥112,552

(2) For the six-month period ended September 30, 2007

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

	Japan	North America	Others	Total	Elimination or Corporate	Consolidated
Net sales						
(1) Customers	¥1,356,729	¥763	¥7,251	¥1,364,745	¥-	¥1,364,745
(2) Inter-segment	300	-	149	449	(449)	-
Total	1,357,029	763	7,401	1,365,195	(449)	1,364,745
Operating expenses	1,185,954	1,172	7,628	1,194,754	2,243	1,196,998
Operating income (loss)	¥171,075	¥(408)	¥(227)	¥170,440	¥(2,693)	¥167,746

(3) For the fiscal year ended March 31, 2007

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

	Japan	North America	Others	Total	Elimination or Corporate	Consolidated
Net sales						
(1) Customers	¥2,532,359	¥1,861	¥9,997	¥2,544,219	¥-	¥2,544,219
(2) Inter-segment	2,979	-	266	3,245	(3,245)	-
Total	2,535,339	1,861	10,264	2,547,465	(3,245)	2,544,219
Operating expenses	2,254,378	2,793	11,065	2,268,236	4,916	2,273,153
Operating income (loss)	¥280,960	¥(931)	¥(801)	¥279,228	¥(8,162)	¥271,065

Notes:

1. Net sales by geographic region are recognized based on geographic location of the operation.

Significant countries in each region are shown below:

North America : United States of America and Canada

Others : Europe, Korea, China, and Singapore

2. Unallocated operating expenses for the six-month periods ended September 30, 2006, September 30, 2007 and for the fiscal year ended March 31, 2007 in the column "Elimination or Corporate," mainly represent expenses of the corporate division of the Company, were totaling ¥2,826 million, ¥2,802 million and ¥8,481 million, respectively.

3. Overseas sales

Disclosure of overseas sales was omitted because the total overseas sales were less than 10% of total consolidated sales for the six-month periods ended September 30, 2006, September 30, 2007 and for the fiscal year ended March 31, 2007.

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

- (1) Amounts equivalent to acquisition costs, accumulated depreciation, and accumulated impairment loss of leased property for each period:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Telecommunications equipment and telecommunications service lines			
Acquisition cost	212,080	181,016	185,251
Accumulated depreciation	(81,206)	(64,498)	(60,294)
Accumulated impairment loss	(21,703)	(21,703)	(21,703)
Net leased property	109,170 million yen	94,814 million yen	103,252 million yen
Buildings and structures			
Acquisition cost	48,237	48,237	48,237
Accumulated depreciation	(4,804)	(7,451)	(6,127)
Accumulated impairment loss	-	-	-
Net leased property	43,432 million yen	40,786 million yen	42,109 million yen
Property and equipment - others			
Acquisition cost	19,998	18,364	20,187
Accumulated depreciation	(4,996)	(5,526)	(6,168)
Accumulated impairment loss	(1,656)	(1,284)	(1,388)
Net leased property	13,346 million yen	11,554 million yen	12,630 million yen
Intangible assets			
Acquisition cost	10,682	10,215	10,124
Accumulated depreciation	(1,755)	(2,685)	(2,254)
Accumulated impairment loss	(287)	(208)	(234)
Net leased property	8,639 million yen	7,321 million yen	7,635 million yen
Total			
Acquisition cost	290,999	257,833	263,800
Accumulated depreciation	(92,763)	(80,160)	(74,846)
Accumulated impairment loss	(23,647)	(23,196)	(23,326)
Net leased property	174,588 million yen	154,476 million yen	165,628 million yen

- (2) Obligations under finance lease at the end of each period:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Due within one year	34,319	32,621	33,088
Due after one year	171,834	154,660	165,966
Total	206,153 million yen	187,282 million yen	199,055 million yen
Balance of allowance for impairment loss on leased property	20,673 million yen	15,704 million yen	18,170 million yen

- (3) Lease payments, reversal of allowance for impairment loss on leased property, amounts equivalent to depreciation and interest expense for each period:

	Six-month period ended September 30, 2006	Six-month period ended As of September 30, 2007	Fiscal year ended March 31, 2007
Lease payments	26,125 million yen	22,299 million yen	52,875 million yen
Reversal of allowance for impairment loss on leased property	2,753	2,465	5,256
Depreciation expense	20,255	18,182	41,529
Interest expense	7,075	5,678	14,086

- (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.

Long-term prepaid expenses relating to a lease contract, in which the contract term and payment term are different, for the period ended September 30, 2006, September 30, 2007 and for the fiscal year ended March 31, 2007 were ¥4,572 million, ¥11,221 million and ¥7,848 million, respectively and are included in "other assets" of investments and other assets in the consolidated balance sheets.

(as a lessor)

- (1) Acquisition cost and accumulated depreciation at the end of each period:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Property and equipment - others			
Acquisition cost	115	-	-
Accumulated depreciation	(109)	-	-
<u>Net leased property</u>	<u>6 million yen</u>	<u>- million yen</u>	<u>- million yen</u>

- (2) The future lease receivables under finance lease at the end of each period:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Due within one year	6	-	-
Due after one year	-	-	-
<u>Total</u>	<u>6 million yen</u>	<u>- million yen</u>	<u>- million yen</u>

- (3) Lease income, depreciation and amount equivalent to interest income under finance lease for each period:

	Six-month period ended September 30, 2006	Six-month period ended September 30, 2007	Fiscal year ended March 31, 2007
Lease income	23 million yen	- million yen	29 million yen
Depreciation expense	22	-	29
Interest income	0	-	0

- (4) Calculation method of amount equivalent to interest income

The amount equivalent to interest income is calculated by subtracting acquisition costs from total 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 under non-cancelable operating leases at the end of each period:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Due within one year	12,776	4,651	9,898
Due after one year	6,887	3,803	4,386
Total	19,663 million yen	8,455 million yen	14,284 million yen

(as a lessor)

The future lease receivables under non-cancelable operating leases at the end of each period:

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Due within one year	1,836	1,481	1,258
Due after one year	2,897	2,253	1,700
Total	4,734 million yen	3,735 million yen	2,958 million yen

(Investment in Debt and Equity Securities)

1. Marketable and investment securities at fair value

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

	As of September 30, 2006			As of September 30, 2007			As of March 31, 2007		
	Investment Cost	Carrying Amount	Differences	Investment Cost	Carrying Amount	Differences	Investment Cost	Carrying Amount	Differences
(1) Equity securities	35,449	187,859	152,410	32,138	182,359	150,221	40,068	231,789	191,721
(2) Other	146	146	-	1,340	1,349	9	1,100	1,100	0
Total	35,596	188,006	152,410	33,479	183,709	150,230	41,168	232,890	191,721

2. Carrying amounts of the unlisted investment securities

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

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
	Carrying Amount	Carrying Amount	Carrying Amount
(1) Held-to-maturity debt securities:			
Foreign debt securities	-	700	-
Debt securities	772	368	170
(2) Available-for-sale securities:			
Equity securities	112,170	107,551	141,790
Money Management Fund	5,694	5,857	6,053
Investments in limited partnerships	5,149	5,633	5,802
Foreign debt securities	-	1,114	148
Designated Money Trust	1,000	1,000	1,000
Preferred fund certificate	2,000	-	2,000
Other	627	1,300	618
Total	127,415	123,525	157,583

3. Investment securities evaluated at fair value under the application of American Institute of Certified Public Accountants (“AICPA”) Audit and Accounting Guide on Investment Companies

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions established by the AICPA Guide and account for the investment securities in accordance with the AICPA Guide.

The carrying amounts of the investment securities at fair value recorded in the consolidated balance sheets at September 30, 2007 and net changes in fair value of those investment securities recorded in the consolidated statements of income for the six-month period ended September 30, 2007 are as follows:

Six-month period ended September 30, 2007 (as of September 30, 2007)

Carrying amounts of investment securities at fair value recorded in consolidated balance sheets:	44,830 million yen
Net changes in fair value of investment securities recorded in consolidated statements of income:	14,126 million yen
(Unrealized appreciation on investments at subsidiaries in the U.S.)	

These investment securities were included in Equity securities in “2. Carrying amounts of the unlisted investments securities, (2) Available-for-sale securities” for the fiscal year ended March 31, 2007. Due to the materiality of the amount and for the purpose of clearly disclosing the investment securities evaluated at fair value, these investments are separately disclosed as “Investment securities evaluated at fair value under the application of AICPA audit and Accounting Guide on Investment Companies.”

(For reference)

Carrying amounts of the investment securities at fair value included in equity securities in “2. Carrying amounts of the unlisted investments securities, (2) Available-for-sale securities” and net changes in fair value of the investment securities recorded in consolidated statements of income are as follows:

Six-month period ended September 30, 2006 (as of September 30, 2006)

Carrying amounts of investment securities at fair value recorded in consolidated balance sheets:	5,345 million yen
Net changes in fair value of investment securities recorded in consolidated statements of income:	- million yen

Fiscal year ended March 31, 2007 (as of March 31, 2007)

Carrying amounts of investment securities at fair value recorded in consolidated balance sheets:	33,256 million yen
Net changes in fair value of investment securities recorded in consolidated statements of income:	4,935 million yen
(Unrealized appreciation on investments at subsidiaries in the U.S.)	

(Derivative Transactions)

1. Currency Related

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

Nature of transaction	September 30, 2006				September 30, 2007				March 31, 2007			
	Contract amounts		Fair value	Unrealized gain (loss)	Contract amounts		Fair value	Unrealized gain (loss)	Contract amounts		Fair value	Unrealized gain (loss)
		Over 1 year				Over 1 year				Over 1 year		
Off-market transactions												
Option transactions to-												
• Purchase U.S. dollars call option and Japanese yen put option	¥5,873	-	¥63	¥63	¥5,900	-	¥(29)	¥(29)	¥5,900	-	¥(41)	¥(41)
Forward exchange contracts to-												
• Purchase U.S. dollars and sell Japanese yen	68,753	-	70,255	1,502	70,936	-	70,963	26	70,890	-	70,866	(23)
• Purchase Euro and sell Japanese yen	-	-	-	-	9,045	-	9,629	584	9,045	-	9,130	85
• Purchase Japanese yen and sell British pound	50,662	-	54,978	(4,316)	-	-	-	-	-	-	-	-
Total				¥(2,750)				¥580				¥20

Notes: 1. Fair value is based on information provided by financial institutions at the end of each period.

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

2. Interest Related

There are no applicable items.

Note: Derivative transactions to 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.

(Per Share Data)

	Six-month period ended September 30, 2006	Six-month period ended September 30, 2007	Fiscal year ended March 31, 2007
Shareholders' equity per share (yen)	¥236.14	¥327.15	¥268.02
Net income per share - primary (yen)	13.68	43.99	27.31
Net income per share - diluted	12.84	41.43	26.62

Basic data for computation of the per share data	Six-month period ended September 30, 2006	Six-month period ended September 30, 2007	Fiscal year ended March 31, 2007
1. Net income (in millions of yen)	14,439	46,462	28,815
2. Net income allocated to common stock outstanding (in millions of yen)	14,439	46,462	28,815
3. Amounts not allocated to shareholders (in millions of yen)	-	-	-
4. Weighted average number of common stock outstanding during each period (unit: shares)	1,055,140,098	1,056,162,870	1,055,264,814
5. Adjustment for net income used to calculate net income per share - diluted (in millions of yen)	191	757	1,520
6. Increase of common stock used to calculate net income per share - diluted (unit: shares)	84,168,845	83,658,516	84,391,085
7. Residual securities which do not dilute net income per share	Stock acquisition rights agreement on June 22, 2005 in accordance with special resolution at general shareholders' meeting	Stock acquisition rights agreement on June 22, 2005 in accordance with special resolution at general shareholders' meeting	Stock acquisition rights agreement on June 22, 2005 in accordance with special resolution at general shareholders' meeting

Note:

Notes for stock options and business combinations are not disclosed in the consolidated financial statements since those notes are insignificant.