

SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the nine-month period ended December 31, 2003

Tokyo, February 12, 2004

FINANCIAL HIGHLIGHTS

1. Results of Operations

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

	Net Sales	Operating loss	Ordinary loss	Net loss
	Amount	Amount	Amount	Amount
Nine-month period ended December 31, 2003	¥362,154	¥(46,009)	¥(62,275)	¥(93,683)
FY2003 April 2002 through March 2003	¥406,892	¥ (91,997)	¥ (109,808)	¥ (99,989)

	Net loss per share— primary (yen)	Net loss per share— diluted (yen)
Nine-month period ended December 31, 2003	¥(278.18)	-
FY2003 April 2002 through March 2003	¥ (296.94)	-

Note: No changes in accounting methods during the nine months ended December 31, 2003.

2. Financial Condition

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

	Total assets	Shareholders' equity	Equity ratio (%)	Shareholders' equity per share (yen)
December 31, 2003	¥1,194,036	¥265,650	22.2	¥755.97
FY2003 March 31, 2003	¥946,331	¥257,396	27.2	¥767.56

3. Cash Flows

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

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
Nine-month period ended December 31, 2003	¥(72,447)	¥61,785	¥172,237	¥308,374
FY2003 April 2002 through March 2003	¥ (68,600)	¥119,749	¥(17,615)	¥147,526

4. Scope of Consolidation at December 31, 2003

Consolidated subsidiaries:	172
Equity-method non-consolidated subsidiaries:	1
Equity-method affiliates:	105

5. Changes in Scope of Consolidation during the Nine Months ended December 31, 2003

Consolidated subsidiaries:

Newly added:	10
Newly excluded:	107

Equity-method non-consolidated subsidiaries and affiliates:

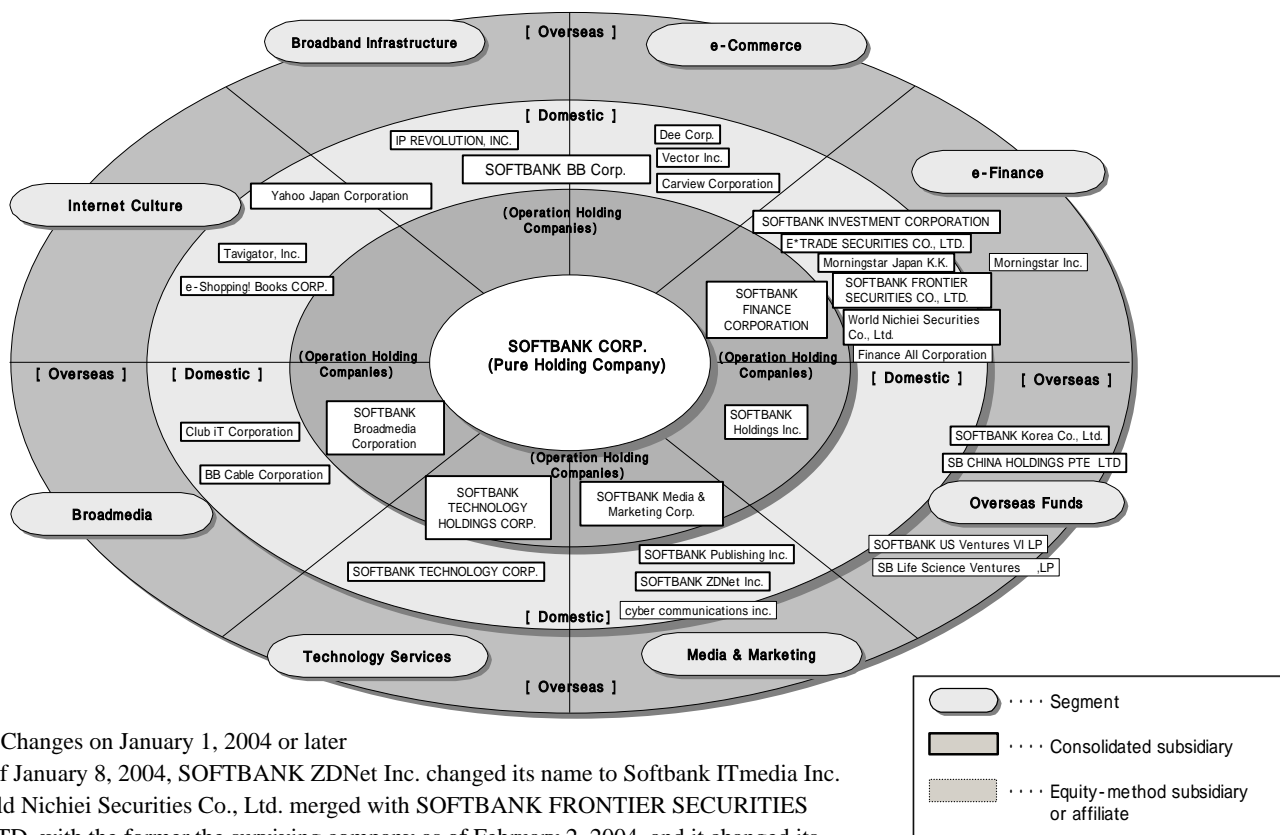
Newly added:	7
Newly excluded:	17

The SOFTBANK Group

As of December 31, 2003, the SOFTBANK Group comprised 278 companies with operation in 8 segments as follows.

Business segment	Consolidated subsidiaries	Equity-method non-consolidated subsidiaries and affiliates	Principal products and operational content of each business
1. Broadband Infrastructure	15	7	ADSL high-speed Internet connection service and IP telephony service; fiber-optic ultra-high-speed Internet connection service and other operations
2. e-Commerce	19	8	Distribution of PC software and such hardware as PCs and peripherals; enterprise solutions; diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C)
3. e-Finance	38	11	All-inclusive financial operations, including on-line security business; management of domestic venture capital funds; incubation of portfolio companies
4. Media & Marketing	13	6	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc.; development of web content specialized in IT
5. Broadmedia	15	2	Provision of applications and content for broadband broadcasting and communications and promoting the spread of such operations
6. Internet Culture	16	5	Internet-based advertising operations; broadband portal business; Internet-based auction business
7. Technology Services	7	4	System solution business; business solution business
8. Overseas Funds	37	60	U.S.- and Asia-focused global venture capital business with a main focus on Internet-related companies
9. Others	12	3	Holding company functions for overseas operations; back-office services in Japan
Total	172	106	

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



Management Policies

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

The broadband market, where the Group is placing the highest priority, is expanding steadily. In Japan, the number of broadband subscribers was 13.64 million as of December 31, 2003 (according to data compiled by the Ministry of Public Management, Home Affairs, Posts and Telecommunications). The Group is taking actions aimed at steadily expanding its base of customers and improving profitability in the broadband infrastructure business. At the same time, in broadband-related markets, the Group is developing businesses by capturing synergies from knowledge gained by Group companies involved in Internet businesses and the broadband infrastructure business.

As of December 31, 2003, the cumulative number of lines installed by the Group’s *Yahoo! BB* comprehensive broadband service was more than 3.69 million (and was 3.817 million as of January 31, 2004). This helped the Group to retain its number-one position in ADSL services in Japan among communications carriers and ISPs. The *BB Phone* IP telephony service also remained the clear market leader (the Group data) with 3.457 million lines as of December 31, 2003 (, and the number of *BB Phone* lines as of January 31, 2004 was 3.584 million). As part of efforts to further expand the customer base and improve profitability, the Group is continuing to broaden services, such as the January 2004 introduction of *Yahoo! BB 45M* service. Furthermore, plans call for the development of various kinds of utility computing ^(*) services utilizing the Group’s broadband network. One example is the streaming distribution of applications, new type of software distribution, by which the Group aims to develop new markets and increase earnings in the e-Commerce business. All Group companies continuously commit to work together to develop businesses utilizing its broadband infrastructure, with the goal of ultimately building reliable, diversified earnings sources and robust cash flows.

In December 2003, the Group acquired a preliminary license to test third-generation (3G) mobile phone standards, TD-CDMA and CDMA2000. Based on the results of upcoming trials, the Group will consider future actions, taking into consideration necessary management resources, economic viability and other factors. ^(*)

Important issues for implementing the business expansion outlined above are making the broadband infrastructure business profitable, enhancing its profitability, and diversifying fund procurement channels. In the broadband infrastructure business, the Group incurs substantial expenses associated with acquiring new customers and other activities as a one-time cost during the start-up and growth phases of the broadband infrastructure business. By continuously monitoring the balance between the level of expenses and expansion of the customer base, the Group aims to develop this business in an efficient manner. At the same time, the Group will take measures to raise average revenue per customer such as the introduction of new services, which should lead to improvement in profit margins. Through these actions, the Group aims to make the broadband infrastructure business profitable at an early stage.

Regarding fund procurement activities, SOFTBANK CORP. procured a total of ¥198,680 million in Euro markets in December 2003. The issuance of 14,500,000 shares of common stock generated proceeds of ¥48,680 million. The issuance of Euroyen-denominated convertible bonds with stock acquisition rights, which had different terms, generated proceeds of ¥150,000 million. Of total proceeds, ¥140.5 billion is earmarked for the repayment of interest-bearing debt and the remainder for the broadband business. Along with the procurement of funds, this fundraising also led to improvement in indicators of the Group's financial stability and soundness.

Regarding future fund procurement activities, the Group plans to continue diversifying its funding channels to quickly meet requirements for funds in the broadband business and for the repayment of interest-bearing debt. This will be done by continuously monitoring trends in bond and equity markets while taking into consideration the maintenance of an optimum capital structure. In particular, because long-term interest rates are at a historic low, the Group plans to consider the possibility of issuing bonds domestically or abroad while monitoring market trends.

(*1) Utility computing is a concept whereby users are supplied with precisely the amount of computing power and applications they need at any required time, just as one turns a water faucet on and off. For example, users can access a server and utilize an application via a broadband connection only when needed. This service offers many benefits, especially the ability to cut management expenses for companies that use large numbers of PCs and applications.

(*2) The TD-CDMA standard may not receive regulatory approval in Japan, and it is possible that the Group may not be able to acquire a commercial license to use these transmission technologies mentioned above.

Results of Operations and Financial Position

1. Consolidated Results of Operations

Overview of First Three Quarters (Nine-month period)

For the first three quarters of the fiscal year 2004, the Group recorded net sales of ¥362,154 million, operating loss of ¥46,009 million, ordinary loss of ¥62,275 million and net loss of ¥93,683 million.

Regarding net sales, in addition to net sales in the e-Commerce segment, there was a steady performance by the Broadband Infrastructure segment due to a significant growth in the number of paying customers in the *Yahoo! BB* service and an increase in average revenue per customer. There were also strong performances by the Internet Culture and e-Finance segments.

Operating loss of ¥46,009 million was primarily due to customer-acquisition costs and other up-front expenses incurred associated with the growth in the scale of operations in the Broadband Infrastructure segment. Excluding the Broadband Infrastructure segment, there was aggregate operating income of ¥21,637 million for the first three quarters of the fiscal year 2004.

The Group recorded ordinary loss of ¥62,275 million, which included non-operating expenses of ¥16,265 million, net of non-operating income. Net exchange gain was recorded because of the yen's appreciation during the first three quarters of the fiscal year 2004, but there was a valuation loss on inventories of ¥10,052 million recorded in the first half of the fiscal year 2004, associated with inventories purchased at the initial stage of the Broadband Infrastructure business.

Net loss of ¥93,683 million was mainly the result of gains on sale of investment securities; losses on sale of investment securities, mainly all shares held in Aozora Bank, Ltd.; and a valuation loss on investment in affiliates and others, most of which was recorded during the first half of the fiscal year 2004.

Overview of Third Quarter (three-month period)

For the third quarter of the fiscal year 2004 (October 1, 2003 to December 31, 2003), the Group recorded net sales of ¥136,699 million, operating loss of ¥6,652 million, ordinary loss of ¥8,630 million and net loss of ¥16,344 million.

Net sales increased ¥15,126 million compared with the second quarter of the fiscal year 2004. Contributing to this growth were sales of ¥34,422 million in the Broadband Infrastructure segment and continued growth in sales in the Internet Culture and e-Finance segments.

Operating loss was ¥6,652 million, primarily due to customer-acquisition costs and other up-front expenses incurred associated with growth in the scale of operations in the Broadband Infrastructure segment. This was an improvement of ¥8,506 million over the second quarter of the fiscal year 2004, indicating a trend of quarterly decline in operating loss.

Ordinary loss was ¥8,630 million, due to interest expenses of ¥2,522 million, net of interest income, and other expenses incurred, while the Group recorded a net exchange gain of ¥1,603 million due to the yen's appreciation during the third quarter of the fiscal year 2004.

Loss before income taxes and minority interest was ¥10,693 million, due mainly to other special losses of ¥3,827 million and other expenses recorded, while the Group recorded a ¥2,327 million gain on sale of investment securities due to the partial sale of shares in cyber communications inc. and other portfolio companies. After a deduction of ¥4,624 million for minority interests in earnings of Yahoo Japan Corporation and other items, there was net loss of ¥16,344 million.

Results of Operations by Business Segment for the First Three Quarters (nine-month period)

Broadband Infrastructure—Segment sales were ¥87,971 million. In the *Yahoo! BB* business, significant growth in the number of paying customers and an increase in average revenue per customer resulting from the increase in share of paying customers who use services such as an ADSL service with maximum downstream speeds of 12Mbps and 26Mbps, *BB Phone*, and a wireless LAN service, contributed to higher sales at SOFTBANK BB Corp. There was also ISP revenue growth at Yahoo Japan Corporation. Segment sales have been increasing steadily on a quarterly basis. Due mainly to customer-acquisition costs incurred in the *Yahoo! BB* business, there was an operating loss of ¥67,646 million, although operating loss has been declining steadily on a quarterly basis.

e-Commerce—Segment sales were ¥180,959 million and operating income was ¥2,402 million. Results were impacted by lower sales of software to consumers by SOFTBANK BB Corp., reflecting sluggish markets. Sales and operating income recovered in the third quarter relative to the first and second quarters because of higher sales of computer peripherals to consumers and a strategic focus on the solutions business. With the growing acceptance of broadband connections that make possible high-volume data transmission, SOFTBANK BB Corp. is seeking to increase sales by using new types of software distribution such as downloads and ASP services. At the same time, this company is further concentrating on the highly profitable service and solution businesses. The solution business, with a focus on security-related solutions such as antivirus services and firewalls, is gradually making a greater contribution to operating income. Operating income at other e-Commerce segment

companies is stable. Earnings growth was solid at Carview Corporation, eCareer CORP. and Vector Inc.

e-Finance—Segment revenue was ¥28,314 million. Revenue of World Nichiei Securities Co., Ltd.^(*) for the third quarter (October 1, 2003 to December 31, 2003) was included following the acquisition of a controlling stake in this company by SOFTBANK INVESTMENT CORPORATION. In addition, there was a substantial increase in brokerage commission revenue at E*TRADE SECURITIES CO., LTD. due to the higher trading volume in Japan's active stock markets. Operating income was ¥3,581 million. In addition to the contributions of E*TRADE SECURITIES CO., LTD. and World Nichiei Securities Co., Ltd., operating income benefited from a gain on sale of operational investment securities by SOFTBANK INVESTMENT CORPORATION. SOFTBANK INVESTMENT INTERNATIONAL (STRATEGIC) LIMITED, which posted operating loss in the first half of the fiscal year 2004, was excluded from the scope of consolidation from the third quarter of the fiscal year 2004. As a subsequent event, we sold part of our holding in E*TRADE SECURITIES CO., LTD. and SOFTBANK INVESTMENT CORPORATION in January 2004. Gains on such sale of investment securities will be recorded in results of the fourth quarter of the fiscal year 2004. These transactions will not affect these companies' consolidated subsidiary status.

^(*) World Nichiei Securities Co., Ltd. became a consolidated subsidiary in October 2003 following the acquisition of controlling stake in this company by SOFTBANK INVESTMENT CORPORATION. On February 2, 2004, World Nichiei Securities Co., Ltd. merged with SOFTBANK FRONTIER SECURITIES CO., LTD. and was renamed WORLD NICHIEI FRONTIER Securities Co., Ltd.

Media & Marketing—Segment sales were ¥10,795 million and operating loss was ¥842 million. This performance mainly reflected lower sales at SOFTBANK Publishing Inc. of magazines and books due to the absence of popular titles amid a prolonged slump in the publishing market. There was a gain on sale of investment securities of ¥7,857 million from the partial sale of shares in cyber communications inc., most of which was recorded in the first half of the fiscal year 2004.

Broadmedia—Segment sales were ¥9,791 million and operating loss was ¥2,376 million. This loss was mainly attributable to start-up expenses at BB Cable Corporation, which operates the *BB Cable TV* service using the ADSL network, expenses associated with the commencement of operations of this service, and expenses for the acquisition of content for broadcasts and video-on-demand (VOD).

Internet Culture—Segment sales were ¥45,075 million and operating income was ¥23,147 million. This performance was mainly due to steady growth in system utilization fees in the auction business at

Yahoo Japan Corporation as the volume of transactions rose and to continued strength in this company's advertising revenues.

Technology Services—Segment sales were ¥15,948 million. There was a steady performance by the e-business service provided by SOFTBANK TECHNOLOGY CORP., which handles everything from sales and procurement activities to billing and bill collection for e-commerce site operators. However, sales were no longer recorded from the ADSL sales support service, which was reflected in performance. Operating income was ¥306 million. The operating margin is declining due to higher personnel expenses at new businesses.

2. Consolidated Financial Position

Balance Sheet Analysis

Assets increased ¥247,705 million to ¥1,194,036 million, compared with March 31, 2003. Cash and deposits increased ¥162,217 million, compared with March 31, 2003, mainly through the issuance of Euroyen convertible bonds with stock acquisition rights in December 2003, which generated proceeds of ¥150,000 million, and issuance of common stock (14,500,000 shares), which generated proceeds of ¥48,680 million. Furthermore, compared with March 31, 2003, there was an increase of ¥110,190 million in cash segregated as deposits related to securities business and receivables related to margin transactions. This was due to growth in the number of margin accounts and transactions at E*TRADE SECURITIES CO., LTD. and the inclusion of World Nichiei Securities Co., Ltd. in the scope of consolidation in the third quarter of the fiscal year 2004. In addition, there was an increase of ¥6,127 million to ¥85,411 million in transmission equipment, mainly at SOFTBANK BB Corp.

Investments and other assets decreased. The primary reason was a ¥4,783million decrease in investment securities, compared with March 31, 2003, mostly reflecting the sale of all shares held in Aozora Bank, Ltd. This was partly offset by an increase in the market value of stock held in Yahoo! Inc. and UTStarcom, Inc. ^(*4)

Total liabilities increased ¥214,053 million to ¥856,982 million compared with March 31, 2003. Short-term borrowings decreased, but there was a ¥93,412 million increase in payables related to margin transactions and guarantee deposits received from customers related to securities business, mainly at E*TRADE SECURITIES CO., LTD. and World Nichiei Securities Co., Ltd. In addition, there was a ¥123,751 million increase in corporate bonds (long-term liabilities) because of the above-mentioned December 2003 bond issuance. Although there was a ¥111,868 million increase in interest-bearing debt to ¥452,663 million, net interest-bearing debt ^(*5) decreased ¥46,951 million to ¥141,280 million, compared with March 31, 2003.

Shareholders' equity increased ¥8,253 million to ¥265,650 million, compared with March 31, 2003. Accumulated deficits increased by ¥96,384 million, mainly due to net loss recorded for first three quarters of the fiscal year 2004. However, this was outweighed by a increase in common stock and additional paid-in capital resulting from the above-mentioned issuance of common stock, and a ¥68,027 million increase in net unrealized gain on other securities in relation to stock in Yahoo! Inc. and UTStarcom, Inc. ^{(*)4}

^{(*)4} UTStarcom, Inc. was reclassified from an equity-method affiliate to an available-for-sale security.

^{(*)5} Interest-bearing debt, net of cash and deposits and marketable securities.

Cash Flow Analysis

Net cash used for operating activities was ¥72,447 million. This was mainly attributable to loss before income taxes and minority interest of ¥75,847 million, mostly due to operating loss recorded in the Broadband Infrastructure segment; depreciation and amortization of ¥23,868 million; and, income taxes paid of ¥16,095 million, mainly at Yahoo Japan Corporation.

Net cash provided by investing activities was ¥61,785 million. Although ¥54,520 million was used for the purchase of property and equipment and intangibles, mainly transmission equipment purchased at SOFTBANK BB Corp., there were proceeds of ¥142,414 million from the sale of marketable and investment securities, including stock in Aozora Bank, Ltd. and UTStarcom, Inc., mainly in the first half of the fiscal year 2004.

Net cash provided by financing activities was ¥172,237 million. Although ¥67,442 million was used for the repayment of short-term borrowings (net), mainly in the third quarter of the fiscal year 2004, there were proceeds of ¥162,761 million from the issuance of bonds, chiefly the December 2003 bond issuance, and ¥48,861 million from the issuance of shares.

As a result of the foregoing, **cash and cash equivalents** as of December 31, 2003 totaled ¥308,374 million, an increase of ¥160,848 million from March 31, 2003.

CONSOLIDATED BALANCE SHEETS

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

	December 31, 2003		March 31, 2003		Increase (decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets:					
Cash and deposits	¥309,720		¥147,503		¥162,217
Notes and accounts receivable - trade	70,097		64,255		5,842
Marketable securities	1,661		5,059		(3,398)
Inventories	32,743		42,201		(9,458)
Deferred tax assets	4,899		7,035		(2,136)
Cash segregated as deposits related to securities business	75,899		34,574		41,325
Receivables related to margin transaction:	117,712		48,847		68,864
Other current assets	71,312		65,227		6,084
Less : Allowance for doubtful accounts	(9,011)		(7,268)		(1,743)
Total current assets	675,035	56.5	407,437	43.1	267,598
Non-current assets:					
Property and equipment, net					
Transmission equipment	85,411		79,284		6,127
Others	18,108		22,964		(4,856)
Total tangible assets	103,520	8.7	102,249	10.8	1,270
Intangible assets, net:					
Consolidation adjustment	-		9,830		(9,830)
Other intangibles	15,031		14,008		1,023
Total intangible assets	15,031	1.2	23,838	2.5	(8,806)
Investments and other assets:					
Investment securities	262,631		267,414		(4,783)
Investments in partnerships	90,497		97,606		(7,109)
Deferred tax assets	28,555		32,701		(4,146)
Other assets	23,675		16,417		7,258
Less : Allowance for doubtful accounts	(5,660)		(1,794)		(3,866)
Total investments and other assets	399,699	33.5	412,346	43.6	(12,647)
Deferred charges	749	0.1	459	0.0	290
Total assets	¥1,194,036	100.0	¥946,331	100.0	¥247,705

CONSOLIDATED BALANCE SHEETS

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

	December 31, 2003		March 31, 2003		Increase (decrease)
	Amount	%	Amount	%	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Notes and accounts payable - trade	¥41,660		¥58,534		¥(16,874)
Short-term borrowings	127,585		150,557		(22,971)
Commercial paper	16,000		4,000		12,000
Current portion of corporate bonds	44,584		56,279		(11,694)
Accounts payable - other and accrued expenses	55,696		74,819		(19,123)
Income taxes payable	9,144		10,912		(1,767)
Deferred tax liabilities	311		5,978		(5,667)
Payables related to margin transactions	99,416		44,458		54,957
Guarantee deposits received from customers related to securities business	73,020		34,565		38,454
Other current liabilities	34,369		18,399		15,969
Total current liabilities	501,787	42.0	458,504	48.5	43,282
Long-term liabilities:					
Corporate bonds	245,560		121,808		123,751
Long-term debt	18,932		8,149		10,783
Deferred tax liabilities	67,352		33,285		34,066
Consolidation adjustment	2,713		-		2,713
Other liabilities	20,635		21,179		(544)
Total long-term liabilities	355,195	29.8	184,424	19.4	170,770
Total liabilities	856,982	71.8	642,929	67.9	214,053
Minority interest in consolidated subsidiaries	71,403	6.0	46,005	4.9	25,398
Shareholders' equity:					
Common stock	162,303	13.6	137,867	14.6	24,436
Additional paid-in capital	186,690	15.6	162,231	17.1	24,458
Accumulated deficits	(197,416)	(16.5)	(101,031)	(10.7)	(96,384)
Net unrealized gain on other securities	107,623	9.0	39,595	4.2	68,027
Translation adjustments	6,510	0.5	20,932	2.2	(14,422)
Less: Treasury stock	(60)	(0.0)	(2,199)	(0.2)	2,138
Total shareholders' equity	265,650	22.2	257,396	27.2	8,253
Total liabilities and shareholders' equity	¥1,194,036	100.0	¥946,331	100.0	¥247,705

CONSOLIDATED STATEMENTS OF INCOME

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

	Nine-month period ended		FY2003	
	December 31, 2003		April 2002 through March 2003	
	Amount	%	Amount	%
Net sales	¥362,154	100.0	¥406,892	100.0
Cost of sales	273,886	75.6	361,243	88.8
Gross profit	88,268	24.4	45,648	11.2
Selling, general and administrative expenses	134,277	37.1	137,646	33.8
Operating loss	(46,009)	(12.7)	(91,997)	(22.6)
Interest income	504		1,092	
Exchange gain	5,075		-	
Equity in gain under the equity method	-		11,107	
Other non-operating income	4,929		5,553	
Non-operating income	10,509	2.9	17,753	4.4
Interest expense	8,317		8,741	
Exchange loss	-		7,704	
Equity in losses under the equity method	1,780		-	
Valuation loss on inventories	10,052		-	
Other non-operating expenses	6,623		19,119	
Non-operating expenses	26,775	7.4	35,564	8.8
Ordinary loss	(62,275)	(17.2)	(109,808)	(27.0)
Gain on sale of investment securities	20,540		127,607	
Other special income	2,468		6,797	
Special income	23,009	6.4	134,405	33.0
Loss on sale of investment securities	10,512		10,846	
Valuation loss on investment securities	4,237		33,848	
Valuation loss on investment in affiliates	7,592		32,323	
Other special losses	14,238		19,051	
Special loss	36,582	10.1	96,071	23.6
Loss before income taxes and minority interest	(75,847)	(20.9)	(71,474)	(17.6)
Income taxes:				
Current	13,806	3.8	14,849	3.6
Refunded	-	-	11,125	2.7
Deferred	(4,481)	(1.2)	27,350	6.7
Minority interest	8,511	2.4	(2,560)	(0.6)
Net loss	¥(93,683)	(25.9)	¥(99,989)	(24.6)

Note:

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

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

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

	Nine-month period ended December 31, 2003	FY2003 April 2002 through March 2003
ADDITIONAL PAID-IN CAPITAL		
Additional paid-in capital at the beginning of the period	¥162,231	¥162,231
Increase due to issuance of shares	24,425	-
Increase in paid-in capital due to sale of treasury stock	32	-
Additional paid-in capital at the end of the period	¥186,690	¥162,231

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

	Nine-month period ended December 31, 2003	FY2003 April 2002 through March 2003
RETAINED EARNINGS (DEFICITS)		
Retained earnings (deficits) at the beginning of the period	¥(101,031)	¥4,035
Net loss	(93,683)	(99,989)
Cash dividends	(2,342)	(2,358)
Bonuses to directors	(73)	(75)
Net adjustments to retained earnings due to change in scope of the consolidation	(286)	(2,627)
Decrease due to merger	-	(17)
Accumulated deficits at the end of the period	¥(197,416)	¥(101,031)

Note:

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Nine-month period ended December 31, 2003	FY2003 April 2002 through March 2003
I Cash flows from operating activities:		
Loss before income taxes and minority interest	¥(75,847)	¥(71,474)
Adjustments to reconcile loss before income taxes and minority interest to net cash used for operating activities:		
Depreciation and amortization	23,868	20,904
Equity in losses (gains) under the equity method, net	1,780	(11,107)
Valuation loss on investment securities	11,830	66,172
Gain on sale of marketable and investment securities, net	(10,023)	(116,839)
Exchange (gain) loss, net	(4,098)	8,626
Interest and dividend income	(754)	(1,311)
Interest expense	8,317	8,741
Increase in receivables- trade	(6,992)	(3,522)
(Decrease) increase in payables-trade	(15,496)	3,172
(Increase) decrease in other receivables	(53,384)	8,576
Increase in other payables	46,194	2,208
Others, net	22,114	32,792
	(52,492)	(53,061)
Interest and dividends received	870	1,138
Interest paid	(8,497)	(9,386)
Income taxes paid	(16,095)	(13,202)
Refund of income taxes	3,767	5,911
Net cash used in operating activities	(72,447)	(68,600)
II Cash flows from investing activities:		
Purchase of property and equipment and intangibles	(54,520)	(64,500)
Purchase of marketable and investment securities	(25,623)	(33,413)
Proceeds from sale of marketable and investment securities	142,414	171,350
Additional investments in newly consolidated entities	321	(591)
Proceeds from sale of interests in subsidiaries previously consolidated	(1,158)	(23)
Proceeds from sale of interests in consolidated subsidiaries	2,393	56,356
Increase in loan receivables	(16,108)	(5,211)
Collection of loans	11,167	1,975
Others, net	2,899	(6,191)
Net cash provided by investing activities	61,785	119,749
III Cash flows from financing activities:		
Proceeds from issuance of shares to minority shareholders	2,520	4,842
(Decrease) increase in short-term borrowings, net	(67,442)	44,104
Proceeds from issuance of commercial paper	59,500	14,000
Repayment of commercial paper	(47,500)	(20,000)
Proceeds from long-term debt	66,312	1,380
Repayment of long-term debt	(5,138)	(7,758)
Proceeds from issuance of bonds	162,761	2,496
Redemption of bonds	(48,470)	(52,223)
Proceeds from issuance of shares	48,861	-
Cash dividends paid	(2,312)	(2,354)
Cash dividends paid to minority shareholders	(97)	(122)
Others, net	3,243	(1,980)
Net cash provided by (used in) financing activities	172,237	(17,615)
IV Effect of exchange rate changes	620	(5,728)
V Net increase in cash and cash equivalents	162,196	27,805
VI Increase in cash and cash equivalents due to the companies newly consolidated	-	60
VII Decrease in cash and cash equivalents due to exclusion of the entities previously consolidated	(1,348)	(194)
VIII Cash and cash equivalents at the beginning of the period	147,526	119,855
IX Cash and cash equivalents at the end of the period	¥308,374	¥147,526

Condensed quarterly financial information

Condensed Statement of Income

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

	Three-month period ended	Three-month period ended	Three-month period ended
	December 31, 2003	September 30, 2003	June 30, 2003
	Amount	Amount	Amount
Net sales	¥136,699	¥121,572	¥103,881
Cost of sales	97,535	92,526	83,824
Gross profit	39,164	29,046	20,057
Selling, general and administrative expenses	45,816	44,205	44,255
Operating loss	(6,652)	(15,159)	(24,197)
Non-operating income	4,327	3,042	3,139
Non-operating expenses	6,304	10,895	9,575
Ordinary loss	(8,630)	(23,011)	(30,633)
Special income	2,830	7,815	12,362
Special loss	4,894	25,020	6,667
Loss before income taxes and minority interest	(10,693)	(40,215)	(24,938)
Income taxes:			
Current	777	3,668	9,360
Deferred	248	(4,009)	(721)
Minority interest	4,624	2,729	1,156
Net loss	¥(16,344)	¥(42,603)	¥(34,734)

Condensed Statement of Cash Flows

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

	Three-month period ended	Three-month period ended	Three-month period ended
	December 31, 2003	September 30, 2003	June 30, 2003
	Amount	Amount	Amount
I Net cash used in operating activities	¥(18,769)	¥(15,856)	¥(37,821)
II Net cash (used in) provided by investing activities	(3,273)	72,959	(7,899)
III Net cash provided by (used in) financing activities	160,231	(10,785)	22,791
IV Effect of exchange rate changes	451	(44)	213
V Net increase (decrease) in cash and cash equivalents	138,640	46,273	(22,716)
VI Decrease in cash and cash equivalents due to exclusion of entities previously consolidated	(0)	(1,198)	(149)
VII Cash and cash equivalents at the beginning of the period	169,734	124,660	147,526
VIII Cash and cash equivalents at the end of the period	¥308,374	¥169,734	¥124,660

Note:

	Three-month period ended	Three-month period ended	Three-month period ended
	December 31, 2003	September 30, 2003	June 30, 2003
Depreciation and amortization included in net cash used for operating activities	¥8,151	¥8,129	¥7,587

Basis of Presentation of Consolidated Financial Statements

1. Changes in scope of consolidation

- (1) As of December 31, 2003, SOFTBANK CORP. (the "Company") consolidated 172 subsidiaries. 12 subsidiaries were not consolidated due to their immateriality in terms of the consolidated total assets, net sales, net loss and accumulated deficits of the SOFTBANK consolidated financial statements.

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

<Increase>

World Nichiei Securities Co., Ltd.

<Decrease>

SOFTBANK INVESTMENT INTERNATIONAL (STRATEGIC) LIMITED and its 79 subsidiaries

- (2) As of December 31, 2003, the Company held one non-consolidated subsidiary and 105 affiliated companies, all of which were accounted for under the equity method.

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

<Decrease>

Aozora Bank, Ltd.

UTStarcom, Inc.

2. Summary of significant accounting policies and methods

- [1] Standards and methods of valuation for significant assets

- (1) Marketable securities and investment securities

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

Other securities:

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

With no market quotations: Carried at cost, primarily based on the moving-average method

(2) Derivative instruments: Stated at fair value

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

- [2] Depreciation and amortization

- (1) Property and equipment:

Transmission equipment: Computed using the straight-line method

Others: Computed primarily using the declining-balance method

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

- [3] Accounting principles for major allowances and accruals

Allowance for doubtful accounts:

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

- [4] Translation of foreign currency transactions and accounts

Foreign currency transactions are generally translated using the foreign exchange rates prevailing at the respective transaction dates. All assets and liabilities in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates. Exchange gains or losses are credited or charged to current income when incurred.

The translation of revenues and expenses in the financial statements of foreign subsidiaries into Japanese yen is performed by using the average exchange rates for the period. Assets and liabilities are translated using the foreign exchange rates prevailing at the balance sheet dates, and capital stock is translated using the historical rates.

Foreign currency financial statement translation differences are presented as a separate component of "Shareholders' equity", except for the portion pertaining to minority shareholders, which is included in "Minority interest in consolidated subsidiaries".

- [5] Leases

Under the Japanese accounting standards, capital leases, as defined therein, other than those whereby ownership of the assets is transferred to the lessee at the end of the lease term, are accounted for as operating leases with certain disclosures.

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

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

NOTES

1. Accumulated depreciation of property and equipment

	December 31, 2003	March 31, 2003
	38,608 million yen	27,417 million yen

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

		December 31, 2003	March 31, 2003
Held by the Company	common stock	31,319 shares	24,781 shares
Held by consolidated subsidiaries	common stock	- shares	1,558,719 shares
Number of shares issued	common stock	351,436,826 shares	336,876,826 shares

3. Receivables and payables relating to margin transactions

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

	December 31, 2003	March 31, 2003
Receivables related to margin transactions -		
Loans receivable from customers for margin transactions	113,093 million yen	42,457 million yen
Cash deposits (collateral) for securities borrowed from securities companies	4,619	6,389
Payables related to margin transactions -		
Loans payable to securities companies for margin transactions	77,603	27,906
Proceeds from securities sold for margin transactions	21,812	16,552

4. Assets pledged as collateral

(1) For future lease liabilities

	December 31, 2003	March 31, 2003
<u>Assets pledged as collateral:</u>		
Notes and accounts receivable - trade	7,407 million yen	9,450 million yen
Other current assets (accounts receivable -other)	48	81
<u>Secured liabilities:</u>		
Notes and accounts payable - trade	117 million yen	251 million yen

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

The future lease liabilities at the end of periods are as follows:

	December 31, 2003	March 31, 2003
Future lease liabilities (including the above "Notes and accounts payable-trade")	42,881 million yen	32,732 million yen

4. Assets pledged as collateral (continued)

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

	December 31, 2003	March 31, 2003
<u>Assets pledged as collateral:</u>		
Cash and deposits	181 million yen	- million yen
Notes and accounts receivable - trade	1,129	-
Inventories	3,182	1,704
Marketable securities	329	-
Transmission equipment	6,201	-
Property and equipment-others	1,512	195
Investment securities	185,490	55,711
<u>Secured liabilities:</u>		
Notes and accounts payable - trade	268	-
Short-term borrowings	53,852	19,920
Accounts payable - other and accrued expenses	93	58
Other current liabilities	374	-
Long-term debt	5,328	1,350
Other long-term liabilities	280	-

Note:

1. In addition, stocks of ¥3,612 million which are deposited by customers as collateral for margin transactions in relation to sales of securities were pledged as collateral.

2. SOFTBANK America Inc. ("SBA"), a wholly-owned subsidiary of the Company, pledged and delivered investment securities into a collateral securities account. SBA is able to release the excess amount over 142.857% of the secured liabilities.

The assets pledged as collateral and secured liabilities at the end of the periods are as follows:

	December 31, 2003	March 31, 2003
<u>Assets pledged as collateral:</u>		
Investment securities		
(Book value)	180,820 million yen	55,711 million yen
(Fair market value)	180,820	63,175
(Releasable amount)	106,064	34,758
<u>Secured liabilities:</u>		
Short-term borrowings	40,709	19,833
Accounts payable - other and accrued expenses	-	58

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

	December 31, 2003	March 31, 2003
<u>Assets pledged as collateral:</u>		
Investments in partnerships	1,993 million yen	2,229 million yen
<u>Secured liabilities:</u>		
Long-term debt owed by a third party	2,358	2,388

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

	December 31, 2003	March 31, 2003
	109 million yen	51 million yen

6. Balance of accounts receivable sold

	December 31, 2003	March 31, 2003
	6,713 million yen	7,466 million yen

7. Valuation loss on investments in subsidiaries and affiliates

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

(1) Valuation loss on investment in consolidated subsidiaries

December 31, 2003	March 31, 2003
5,668 million yen	10,610 million yen

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

December 31, 2003	March 31, 2003
1,923 million yen	21,713 million yen

8. Consolidated statements of cash flows

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

	December 31, 2003	March 31, 2003
Cash and deposits	309,720 million yen	147,503 million yen
Marketable securities	1,661	5,059
Time deposits with original maturity over three months	(1,723)	(2,866)
Deposits received from customers in the commodities business	(104)	(29)
Stocks and bonds with original maturity over three months	(1,180)	(2,140)
Cash and cash equivalents	308,374 million yen	147,526 million yen

9. Leases

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

(as a lessee)

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

	December 31, 2003	March 31, 2003
Property and equipment		
Equivalent to acquisition costs	74,111	52,311
Less: amount equivalent to accumulated depreciation	<u>(27,492)</u>	<u>(17,328)</u>
Net book value	46,618 million yen	34,982 million yen
Software (intangible assets)		
Equivalent to acquisition costs	1,977	1,105
Less: amount equivalent to accumulated amortization	<u>(595)</u>	<u>(261)</u>
Net book value	1,382 million yen	844 million yen
Total		
Equivalent to acquisition costs	76,089	53,417
Less: amount equivalent to accumulated depreciation	<u>(28,087)</u>	<u>(17,589)</u>
Net book value	48,001 million yen	35,827 million yen

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

	December 31, 2003	March 31, 2003
Due within one year	17,109	12,434
Due after one year	<u>32,441</u>	<u>25,708</u>
Total	49,550 million yen	38,143 million yen

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

	Nine-month period ended December 31, 2003	FY2003 April 2002 through March
Lease payments	11,734 million yen	12,021 million yen
Amount equivalent to depreciation expense	10,751	10,062
Amount equivalent to interest expense	1,812	2,142

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

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

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

9. Leases (continued)

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

(as a lessor)

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

	December 31, 2003	March 31, 2003
Property and equipment		
Acquisition costs	-	613
Less: accumulated depreciation	-	(262)
Net book value	- million yen	350 million yen
Software (intangible assets)		
Acquisition costs	-	295
Less: accumulated amortization	-	(141)
Net book value	- million yen	154 million yen
Total		
Acquisition costs	-	909
Less: accumulated depreciation	-	(404)
Net book value	- million yen	504 million yen

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

	December 31, 2003	March 31, 2003
Due within one year	-	188
Due after one year	-	348
Total	- million yen	536 million yen

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

	Nine-month period ended December 31, 2003	FY2003 April 2002 through March
Lease income	108 million yen	333 million yen
Depreciation expense	93	286
Amount equivalent to interest income	15	63

(4) Calculation method of amount equivalent to interest income

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

2. Non-cancelable operating lease transactions

(as a lessee)

The future lease payments for non-cancelable operating lease

	December 31, 2003	March 31, 2003
Due within one year	377	210
Due after one year	226	240
Total	603 million yen	451 million yen

(as a lessor)

No transaction applicable.

10. Significant subsequent events

(1) Sale of partial shareholdings of E*TRADE SECURITIES CO., LTD.

In January 2004, the Company sold 63,595,000 shares of E*TRADE SECURITIES CO., LTD. through SOFTBANK INVESTMENT CORPORATION, a subsidiary of the Company, for ¥14,944 million. A capital gain of approximately ¥5.9 billion on this sale will be recorded in the Company's consolidated financial statements for the fiscal year ending March 31, 2004.

The Company holds 75% of voting rights of E*TRADE SECURITIES CO., LTD. after the sale of the shareholdings.

(2) Sale of partial shareholdings of SOFTBANK INVESTMENT CORPORATION

In January 2004, the Company sold 100,000 shares of SOFTBANK INVESTMENT CORPORATION through SOFTBANK FINANCE CORPORATION, a wholly-owned subsidiary of the Company, for ¥11,737 million. A capital gain of approximately ¥9.8 billion on this sale will be recorded in the Company's consolidated financial statements for the fiscal year ending March 31, 2004.

The Company holds approximately 47.3% of voting rights of SOFTBANK INVESTMENT CORPORATION after the sale of the shareholdings, and SOFTBANK INVESTMENT CORPORATION is still a consolidated subsidiary of the Company in accordance with the effective control approach.

Segment information

Business Segment Information

(1) For the nine-month period ended December 31, 2003

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

	Broadband Infrastructure	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net Sales												
(1) Third parties	¥87,862	¥172,569	¥25,670	¥9,869	¥6,792	¥44,719	¥9,869	¥1,863	¥2,936	¥362,154	¥-	¥362,154
(2) Inter-segment	109	8,389	2,643	925	2,998	356	6,079	-	1,175	22,678	(22,678)	-
Total	87,971	180,959	28,314	10,795	9,791	45,075	15,948	1,863	4,111	384,832	(22,678)	362,154
Operating expenses	155,618	178,557	24,732	11,637	12,168	21,928	15,642	820	7,047	428,151	(19,987)	408,163
Operating income (loss)	¥(67,646)	¥2,402	¥3,581	¥(842)	¥(2,376)	¥23,147	¥306	¥1,043	¥(2,935)	¥(43,319)	¥(2,690)	¥(46,009)

(2) For the year ended March 31, 2003

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

	Broadband Infrastructure	e-Commerce	e-Finance	Media & Marketing	Broadmedia	Internet Culture	Technology Services	Overseas Funds	Others	Total	Elimination or corporate	Consolidated
Net Sales												
(1) Third parties	¥39,945	¥250,782	¥23,615	¥15,916	¥10,442	¥37,740	¥10,912	¥3,277	¥14,258	¥406,892	¥-	¥406,892
(2) Inter-segment	62	15,304	4,551	996	1,502	459	14,815	-	1,603	39,296	(39,296)	-
Total	40,007	266,086	28,167	16,912	11,944	38,200	25,728	3,277	15,862	446,188	(39,296)	406,892
Operating expenses	136,212	263,620	33,990	17,436	13,560	21,319	24,615	1,286	22,246	534,286	(35,397)	498,889
Operating income (loss)	¥(96,204)	¥2,466	¥(5,823)	¥(523)	¥(1,615)	¥16,881	¥1,113	¥1,991	¥(6,383)	¥(88,098)	¥(3,899)	¥(91,997)

Notes:

1. Business segments are categorized primarily based on the nature of business operations, type of services, and similarity of sales channels, etc., which the SOFTBANK Group uses for its internal management purpose.
2. Please refer to the chart of "The SOFTBANK Group" for main businesses by segments

Investments in Debt and Equity Securities

1. Trading securities

Trading securities and others

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

	December 31, 2003	
	Carrying amount	
	Assets	Liabilities
(1) Equity securities	¥715	¥177
(2) Debt securities	2,172	-
(3) Others	117	3
Total	¥3,006	¥180

2. Non-trading securities

(1) Other securities (available-for-sale) at fair value

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

	December 31, 2003			March 31, 2003		
	Investment Cost	Carrying amount	Differences	Investment Cost	Carrying amount	Differences
(1) Equity securities	¥38,320	¥208,143	¥169,823	¥23,407	¥83,379	¥59,972
(2) Debt securities						
Government bonds	100	100	0	109	110	0
(3) Others	382	328	(53)	469	297	(172)
Total	¥38,802	¥208,572	¥169,770	¥23,987	¥83,787	¥59,800

(2) Unlisted investment securities

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

	December 31, 2003	March 31, 2003
	Carrying amounts	Carrying amounts
(1) Unlisted held-to-maturity securities:		
Domestic debt securities	¥-	¥0
Foreign debt securities	-	199
(2) Unlisted other securities (available-for-sale):		
Equity securities (excluding over-the-counter stocks)	20,529	19,109
Domestic debt securities	71	250
Foreign debt securities	1,086	1,724
MMF	2,978	4,370
Mid-term government bond fund	261	320
Commercial paper	-	1,999
Preferred fund certificates	2,000	2,000
Others	0	605
Total	¥26,927	¥30,580

Derivative transactions

1. Trading transactions

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

Nature of transaction	December 31, 2003			
	Assets		Liabilities	
	Contract amounts	Fair value	Contract amounts	Fair value
Forward exchange contracts	¥0	¥0	¥7	¥0
Bond futures contracts	137	0	-	-
Total	¥138	¥0	¥7	¥0

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

2. Valuation method of fair value

Forward exchange contracts

Forward foreign exchange rates as of December 31, 2003

Bond futures contracts

Bond futures prices as of December 31, 2003

2. Non-trading transactions

Currency Related

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

Nature of transaction	December 31, 2003				March 31, 2003			
	Contract amounts		Fair value	Unrealized gain (loss)	Contract amounts		Fair value	Unrealized gain (loss)
		Over 1 year				Over 1 year		
Swap transactions to-								
• Receive Australia dollars and pay Japanese yen	¥1,000	¥1,000	¥18	¥18	¥1,000	¥1,000	¥15	¥15
Option transactions to-								
• Purchase U.S. dollar call option and Japanese yen put option	9,652 (94)	- (-)	1	(92)	-	-	-	-
• Sell U.S. dollar put option and Japanese yen call option	8,718 (94)	- (-)	(256)	(162)	-	-	-	-
Forward exchange contracts to-								
• Purchase U.S. dollars and sell Japanese yen	48,911	-	43,854	(5,055)	49,124	-	50,105	980
Total				¥(5,292)				¥996

Notes:

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

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

3. The Company and some consolidated subsidiaries entered into forward exchange contracts in order to manage the risk of foreign exchange rate fluctuations relating to the value of assets and liabilities denominated in foreign currency. The Company and its c

Interest Related

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

Nature of transaction	December 31, 2003				March 31, 2003			
	Notional amounts		Fair value	Unrealized gain (loss)	Notional amounts		Fair value	Unrealized gain (loss)
		Over 1 year				Over 1 year		
Swap transactions to-								
• Receive fixed rate and pay floating rate	¥1,285	¥1,142	¥76	¥76	¥1,528	¥1,285	¥121	¥121
• Receive floating rate and pay fixed rate	12,142	11,571	(280)	(280)	2,814	2,142	(198)	(198)
• Receive fixed rate (receipt later) and pay fixed rate (prepayment)	1,000	1,000	35	35	1,000	1,000	36	36
Total				¥(168)				¥(40)

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