

Softbank Corp
31 August 2005

SOFTBANK CORP.

CONSOLIDATED FINANCIAL RESULTS

For the three-month period ended June 30, 2005

Tokyo, August 10, 2005

FINANCIAL HIGHLIGHTS

1. Results of Operations

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

	Net Sales		Operating loss		Ordinary loss		Net loss	
	Amount	%	Amount	%	Amount	%	Amount	%
Three-month period ended June 30, 2005	258,637	75.6	(3,190)	-	(13,017)	-	(11,153)	-
Three-month period ended June 30, 2004	147,311	41.8	(3,819)	-	(11,669)	-	(17,876)	-
FY2005 April 2004 through March 2005	837,018		(25,359)		(45,248)		(59,871)	

	Net loss per share- basic (yen)	Net loss per share- diluted (yen)
Three-month period ended June 30, 2005	(31.73)	-
Three-month period ended June 30, 2004	(50.87)	-
FY2005 April 2004 through March 2005	(171.03)	-

Note: Percentage changes for net sales, operating loss, ordinary loss and net loss are compared with the corresponding three-month period of the previous fiscal year.

2. Financial Condition

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

	Total assets	Shareholders' equity	Equity ratio (%)	Shareholders' equity per share (yen)
June 30, 2005	1,620,882	167,345	10.3	476.15
June 30, 2004	1,667,303	230,645	13.8	656.36
FY2005	1,704,853	178,016	10.4	505.86
March 31, 2005				

3. Cash Flows

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

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
Three-month period ended June 30, 2005	(18,213)	(28,703)	12,925	287,211
Three-month period ended June 30, 2004	(11,937)	(23,301)	98,752	504,395
FY2004 April 2004 through March 2005	(45,989)	(242,944)	277,770	320,194

4. Scope of Consolidation at June 30, 2005

Consolidated subsidiaries:	149
Equity-method non-consolidated subsidiaries:	8
Equity-method affiliates:	95

5. Changes in Scope of Consolidation

Consolidated subsidiaries:

Newly added: 3

Excluded: 7

Equity-method non-consolidated subsidiaries and affiliates:

Newly added: 2

Excluded: 7

CONSOLIDATED BALANCE SHEETS

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

	June 30, 2005		March 31, 2005		Increase (Decrease)	June 30, 2004	
	Amount	%	Amount	%		Amount	%
ASSETS							
Current assets:							
Cash and deposits	288,119		287,978		140	372,413	
Notes and accounts receivable - trade	152,974		168,262		(15,288)	82,191	
Marketable securities	6,885		39,403		(32,518)	135,399	
Inventories	61,168		47,224		13,943	31,755	

Deferred tax assets	2,326		3,025		(698)	3,989	
Cash segregated as deposits related to securities business	-		-		-	128,211	
Receivables related to margin transactions	-		-		-	221,669	
Other current assets	49,558		67,542		(17,983)	70,608	
Less : Allowance for doubtful accounts	(7,362)		(7,319)		(42)	(7,489)	
Total current assets	553,671	34.2	606,117	35.5	(52,446)	1,038,749	62.3
Non-current assets:							
Property and equipment, net							
Buildings and structures	57,372		56,860		512	4,086	
Telecommunications equipment	214,928		198,598		16,329	91,984	
Telecommunications service lines	96,874		99,133		(2,258)	691	
Land	19,396		19,396		-	2,269	
Construction-in-progress	42,187		49,354		(7,167)	3,022	
Others	26,884		28,373		(1,489)	14,829	
Total property and equipment	457,644	28.2	451,717	26.5	5,926	116,885	7.0
Intangible assets, net:							
Goodwill	46,884		48,313		(1,429)	-	
Other intangibles	56,553		55,227		1,326	18,582	
Total intangible assets	103,438	6.4	103,540	6.1	(102)	18,582	1.1
Investments and other assets:							
Investment securities and investments in partnerships	397,333		434,441		(37,107)	344,740	
Other investments	-		-		-	92,759	
Deferred tax assets	42,282		40,472		1,810	32,059	
Other assets	73,655		75,728		(2,073)	26,075	
Less : Allowance for doubtful accounts	(8,700)		(8,669)		(30)	(4,345)	
Total investments and other assets	504,571	31.1	541,972	31.8	(37,400)	491,288	29.5
Deferred charges	1,557	0.1	1,504	0.1	53	1,797	0.1
Total assets	1,620,882	100.0	1,704,853	100.0	(83,970)	1,667,303	100.0

CONSOLIDATED BALANCE SHEETS

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

	June 30, 2005		March 31, 2005		Increase (Decrease)	June 30, 2004	
	Amount	%	Amount	%		Amount	%
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities:							
Accounts payable - trade	44,585		63,684		(19,098)	39,066	
Short-term borrowings	209,245		181,186		28,058	103,421	
Commercial paper	8,500		15,500		(7,000)	10,000	
Current portion of corporate bonds	48,145		48,145		-	36,154	
Accounts payable - other and accrued expenses	162,500		228,264		(65,764)	63,815	
Income taxes payable	9,585		21,600		(12,014)	9,688	
Deferred tax liabilities	145		527		(381)	1,056	
Payables related to margin transactions	-		-		-	199,785	
Guarantee deposits received from customers related to securities business	-		-		-	118,853	
Cash receipts as collateral	100,000		100,000		-	70,000	
Other current liabilities	33,489		31,887		1,602	47,831	
Total current liabilities	616,198	38.0	690,796	40.5	(74,597)	699,674	42.0
Long-term liabilities:							
Corporate bonds	383,352		378,248		5,104	317,939	
Long-term debt	226,902		230,837		(3,935)	152,489	
Deferred tax liabilities	52,078		57,419		(5,340)	60,703	
Accrued retirement benefits	17,608		17,359		248	101	
Other liabilities	83,305		83,232		73	102,765	
Total long-term liabilities	763,246	47.1	767,096	45.1	(3,850)	633,999	38.0
Total liabilities	1,379,444	85.1	1,457,893	85.6	(78,448)	1,333,673	80.0
Minority interest in consolidated subsidiaries	74,092	4.6	68,943	4.0	5,148	102,985	6.2
Shareholders' equity:							
Common stock	162,397	10.0	162,397	9.5	-	162,303	9.7
Additional paid-in capital	186,783	11.5	186,783	10.9	-	186,690	11.2
Accumulated deficit	(287,201)	(17.7)	(273,362)	(16.0)	(13,838)	(231,100)	(13.8)

Net unrealized gain on other securities	135,942	8.4	136,662	8.0	(719)	158,538	9.5
Net unrealized loss on derivative instruments	(41,582)	(2.6)	(41,056)	(2.4)	(526)	(52,983)	(3.2)
Foreign currency translation adjustments	11,115	0.7	6,697	0.4	4,417	7,272	0.4
Less: Treasury stock	(109)	(0.0)	(106)	(0.0)	(3)	(75)	(0.0)
Total shareholders' equity	167,345	10.3	178,016	10.4	(10,670)	230,645	13.8
Total liabilities and shareholders' equity	1,620,882	100.0	1,704,853	100.0	(83,970)	1,667,303	100.0

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three-month period ended June 30, 2005		Three-month period ended June 30, 2004		Increase (Decrease)	FY2005 April 2004 through March 2005	
	Amount	%	Amount	%		Amount	%
Net sales	258,637	100.0	147,311	100.0	111,326	837,018	100.0
Cost of sales	175,674	67.9	92,770	63.0	82,903	547,402	65.4
Gross profit	82,962	32.1	54,540	37.0	28,422	289,615	34.6
Selling, general and administrative expenses	86,153	33.3	58,359	39.6	27,793	314,975	37.6
Operating loss	(3,190)	(1.2)	(3,819)	(2.6)	629	(25,359)	(3.0)
Interest income	326		550		(224)	2,398	
Equity in earnings under the equity method	1,610		-		1,610	5,425	
Income from investments in partnerships	-		1,260		(1,260)	3,711	
Other non-operating income	1,185		1,257		(71)	4,931	
Non-operating income	3,122	1.2	3,068	2.1	54	16,466	2.0
Interest expense	6,806		5,000		1,806	22,971	
Foreign exchange loss	2,874		1,696		1,178	4,040	
Equity in loss under the equity method	-		2,295		(2,295)	-	

Other non-operating expenses	3,269		1,926		1,343	9,343	
Non-operating expenses	12,950	5.0	10,918	7.4	2,032	36,356	4.4
Ordinary loss	(13,017)	(5.0)	(11,669)	(7.9)	(1,348)	(45,248)	(5.4)
Gain on sale of investment securities	21,827		6,302		15,524	59,121	
Dilution gain from changes in equity interest	829		450		378	26,269	
Other special income	258		3,009		(2,751)	3,969	
Special income	22,914	8.9	9,763	6.6	13,151	89,360	10.7
Valuation loss on investment securities	1,682		27		1,655	8,840	
Refinance arrangement fee	3,153		-		3,153	-	
Penalty for unfulfilled contract commitment	2,304		-		2,304	6,147	
Bond covenant amendment fee	-		-		-	4,071	
Other special loss	1,995		2,338		(342)	34,601	
Special loss	9,136	3.6	2,365	1.6	6,771	53,660	6.4
Income (loss) before income taxes and minority interest	760	0.3	(4,271)	(2.9)	5,031	(9,548)	(1.1)
Income taxes:							
Current	8,230	3.2	8,927	6.1	(697)	34,740	4.2
Refunded	-	-	-	-	-	2,897	0.3
Deferred	(2,779)	(1.1)	(3,949)	(2.7)	1,169	(21,963)	(2.6)
Minority interest	6,463	2.5	8,626	5.8	(2,163)	40,444	4.8
Net loss	(11,153)	(4.3)	(17,876)	(12.1)	6,722	(59,871)	(7.2)

CONSOLIDATED STATEMENTS OF ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS

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

Three-month period ended June 30, 2005	Three-month period ended June 30, 2004	FY2005 April 2004 through March 2005
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ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital at the beginning of the period	186,783	186,690	186,690
Increase due to issuance of shares	-	-	93
Additional paid-in capital at the end of the period	186,783	186,690	186,783

Three-month period ended June 30, 2005	Three-month period ended June 30, 2004	FY2005 April 2004 through March 2005
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ACCUMULATED DEFICIT

Accumulated deficit at the beginning of the period	(273,362)	(210,625)	(210,625)
Net loss	(11,153)	(17,876)	(59,871)
Cash dividends	(2,460)	(2,459)	(2,459)
Bonuses to directors	(86)	(172)	(176)
Net adjustments to accumulated deficit due to change in scope of consolidation	-	42	(98)
Increase due to merger	-	-	17
Decrease due to merger	(138)	(7)	(147)
Accumulated deficit at the end of the period	(287,201)	(231,100)	(273,362)

Note: In accordance with accounting principles generally accepted in Japan, the cumulative effect arising from any changes in the scope of consolidation is treated as an adjustment to accumulated deficit 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.)

	Three-month period ended June 30, 2005	Three-month period ended June 30, 2004	FY2005 April 2004 through March 2005
I. Cash flows from operating activities:			
Income (loss) before income taxes and minority interest	760	(4,271)	(9,548)
Adjustments to reconcile income (loss) before income taxes and minority interest to net cash used in operating activities:			
Depreciation and amortization	20,942	9,850	66,417
Equity in (earnings) loss under the equity method, net	(1,610)	2,295	(5,425)
Dilution gain from changes in equity interest, net	(826)	(439)	(25,200)
Valuation loss on investment securities	1,682	27	8,840
Gain on sale of marketable and investment securities, net	(21,699)	(6,289)	(56,049)
Foreign exchange loss, net	2,657	1,506	5,324
Interest and dividend income	(524)	(836)	(2,862)
Interest expense	6,806	5,000	22,971
Changes in operating assets, liabilities and others			
Decrease (increase) in receivables- trade	14,628	5,508	(15,854)
(Decrease) increase in payables-trade	(18,724)	(7,832)	2,371
Increase in other receivables	(5,741)	(33,483)	(70,813)
(Decrease) increase in other payables	(5,650)	39,830	97,095
Other, net	7,007	(4,073)	(17,519)
Sub-total	(291)	6,792	(251)
Interest and dividends received	1,775	1,080	2,506
Interest paid	(3,745)	(1,373)	(17,924)
Income taxes paid	(18,867)	(19,663)	(31,533)
Refund of income taxes	2,915	1,227	1,213

Net cash used in operating activities	(18,213)	(11,937)	(45,989)
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CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

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

	Three-month period ended June 30, 2005	Three-month period ended June 30, 2004	FY2005 April 2004 through March 2005
II. Cash flows from investing activities:			
Purchase of property and equipment and intangibles	(90,147)	(16,762)	(90,943)
Purchase of marketable and investment securities	(14,409)	(8,343)	(29,582)
Proceeds from sale of marketable and investment securities	69,922	6,048	57,099
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	-	(822)	(172,320)
Sale of interests in subsidiaries previously consolidated, net	(109)	-	34,840
Proceeds from sale of interests in consolidated subsidiaries	1	4,939	8,110
Increase in loan receivables	(3,780)	(3,923)	(21,387)
Collection of loans	5,401	2,191	9,105
Purchase of business rights and others	-	-	(13,113)
Other, net	4,417	(6,628)	(24,753)
Net cash used in investing activities	(28,703)	(23,301)	(242,944)
III. Cash flows from financing activities:			
Increase in short-term borrowings, net	19,058	11,966	53,468
(Decrease) increase in commercial paper	(7,000)	(1,000)	4,500
Proceeds from long-term debt	110,020	10,000	166,400

Repayment of long-term debt	(110,198)	(2,028)	(192,836)
Proceeds from issuance of bonds	12,252	19,995	153,378
Redemption of bonds	(5,400)	-	(36,124)
Proceeds from issuance of shares	-	-	187
Proceeds from issuance of shares to minority shareholders	160	360	30,298
Proceeds from issuance of shares through public offering and allocation to a third party in	-	-	51,362
SOFTBANK INVESTMENT CORPORATION			
Redemption of preferred shares held by minority shareholder	-	-	(33,908)
Cash dividends paid	(1,816)	(1,729)	(2,457)
Cash dividends paid to minority shareholders	(2,256)	(1,664)	(2,160)
Increase in cash receipt as collateral	-	60,000	90,000
Other, net	(1,892)	2,852	(4,336)
Net cash provided by financing activities	12,925	98,752	277,770
IV. Effect of exchange rate changes	1,150	3,778	1,474
on cash and cash equivalents			
V. Net (decrease) increase in cash and cash equivalents	(32,840)	67,291	(9,688)
VI. Increase in cash and cash equivalents due to newly consolidated companies	-	10	12
VII. Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	(142)	(45)	(107,529)
VIII. Increase in cash and cash equivalents due to merger	-	6	267
IX. Cash and cash equivalents at the beginning of the period	320,194	437,132	437,132
X. Cash and cash equivalents at the end of the period	287,211	504,395	320,194

Condensed Statements of Operations

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

	First quarter April 1, 2004 to June 30, 2004 Amount	Second quarter July 1, 2004 to September 30, 2004 Amount	Third quarter October 1, 2004 to December 31, 2004 Amount	Fourth quarter January 1, 2005 to March 31, 2005 Amount	First quarter April 1, 2005 to June 30, 2005 Amount
Net sales	147,311	156,395	258,087	275,224	258,637
Cost of sales	92,770	99,707	170,489	184,434	175,674
Gross profit	54,540	56,687	87,597	90,789	82,962
Selling, general and Administrative expenses	58,359	59,658	95,134	101,822	86,153
Operating loss	(3,819)	(2,970)	(7,536)	(11,032)	(3,190)
Non-operating income (Note)	3,068	1,846	10,465	10,704	3,122
Non-operating expenses (Note)	10,918	13,114	10,963	10,978	12,950
Ordinary loss	(11,669)	(14,239)	(8,034)	(11,306)	(13,017)
Special income	9,763	40,690	16,665	22,240	22,914
Special loss	2,365	8,526	18,272	24,496	9,136
(Loss) income before income taxes and minority interest	(4,271)	17,925	(9,641)	(13,561)	760
Income taxes - Current	8,927	3,817	9,524	12,470	8,230
Income taxes - Refunded	-	-	-	2,897	-
Income taxes - Deferred	(3,949)	(4,542)	(7,449)	(6,022)	(2,779)
Minority interest	8,626	6,819	14,843	10,153	6,463
Net (loss) income	(17,876)	11,830	(26,560)	(27,266)	(11,153)

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

Condensed Statements of Cash Flows

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

	First quarter April 1, 2004 to June 30, 2004 Amount	Second quarter July 1, 2004 to September 30, 2004 Amount	Third quarter October 1, 2004 to December 31, 2004 Amount	Fourth quarter January 1, 2005 to March 31, 2005 Amount	First quarter April 1, 2005 to June 30, 2005 Amount
I Net cash (used in) provided by operating activities	(11,937)	6,644	(25,416)	(15,280)	(18,213)
II Net cash used in investing activities	(23,301)	(136,910)	(17,352)	(65,379)	(28,703)
III Net cash provided by financing activities	98,752	20,469	34,503	124,046	12,925
IV Effect of exchange rate changes	3,778	2,977	(7,364)	2,082	1,150
V Net increase (decrease) in cash and cash equivalents	67,291	(106,819)	(15,630)	45,468	(32,840)
VI Increase in cash and cash equivalents due to newly consolidated companies	10	1	-	-	-
VII Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	(45)	-	-	(107,483)	(142)
VIII Increase in cash and cash equivalents due to merger	6	-	-	261	-
IX Cash and cash equivalents at the beginning of the period	437,132	504,395	397,578	381,948	320,194
X Cash and cash equivalents at the end of the period	504,395	397,578	381,948	320,194	287,211

Note:

Depreciation and amortization

included in net cash (used in) provided by operating activities	9,850	8,956	22,847	24,763	20,942
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