

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 3 of this report.

SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the three-month period ended June 30, 2010

Tokyo, July 29, 2010

1. 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	%
Three-month period ended June 30, 2010	¥700,840	5.2	¥156,603	44.6	¥126,844	61.0	¥19,438	(29.0)
Three-month period ended June 30, 2009	¥666,334	2.9	¥108,290	27.3	¥78,797	45.2	¥27,383	41.4

	Net income per share—basic (yen)	Net income per share—diluted (yen)
Three-month period ended June 30, 2010	¥17.96	¥17.39
Three-month period ended June 30, 2009	¥25.33	¥24.45

(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 June 30, 2010	¥4,270,968	¥993,529	11.0	¥434.83
As of March 31, 2010	¥4,462,875	¥963,971	10.5	¥434.74

Note: Shareholders' equity (consolidated)

As of June 30, 2010: ¥470,633 million

As of March 31, 2010: ¥470,531 million

2. Dividends

(Record date)	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Fiscal year ended March 31, 2010	(yen) -	(yen) 0.00	(yen) -	(yen) 5.00	(yen) 5.00
Fiscal year ending March 31, 2011	-	/	/	/	/
Fiscal year ending March 31, 2011 (Forecasted)	/	0.00	-	5.00	5.00

Revision of forecasts on the dividends: No

3. Forecasts on the consolidated operation results for the fiscal year ending in March 2011 (April 1, 2010 – March 31, 2011)

(Percentages are shown as year-on-year changes)
(Millions of yen)

	Operating income	
First-half financial year	¥ -	- (%)
Full financial year	¥500,000	7.3(%)

Revision of forecasts on the consolidated operation results: No

4. Others (Please refer to page 18 “2. Others” for details)

- (1) Significant Changes in Scope of Consolidation: No

Note: Existence or non existence of significant changes in scope of consolidation of specified subsidiaries

- (2) Application of simple accounting methods or special accounting methods for preparation for the consolidated financial statements: No

Note: Existence or non existence of application of simple accounting methods or special accounting methods for the consolidated financial statements

- (3) 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]: No

Note: Existence or non existence of changes in accounting principles, procedures, disclosure methods, etc., used in the presentation of the consolidated financial statements

- (4) Number of shares issued (Common stock)

- [1] Number of shares issued (including treasury stock):

As of June 30, 2010: 1,082,526,378 shares

As of March 31, 2010: 1,082,503,878 shares

- [2] Number of treasury stock:

As of June 30, 2010: 176,045 shares

As of March 31, 2010: 174,775 shares

- [3] Weighted average number of common stock:

As of June 30, 2010: 1,082,335,888 shares

As of June 30, 2009: 1,081,005,310 shares

* Implementation status of quarterly review procedures

This quarterly consolidated financial report is not subject to quarterly review procedures based on Financial Instruments and Exchange Act and the review procedures for the quarterly consolidated financial statements were being conducted when this report was disclosed.

* Note to forecasts on the consolidated operating results and other items

The forecast figures are estimated based on the information which SOFTBANK CORP. is able to obtain at the present point and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors. Please refer to page 16 “1. Qualitative Information Regarding Three-month Period Results (3) Earnings Forecasts” for details of notes to precondition and usage for forecasts.

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1. Qualitative Information Regarding Three-month Period Results

(1) Qualitative Information regarding Consolidated Results of Operations

1. Consolidated Results of Operations

<Overview of results for the first quarter of the fiscal year ending March 31, 2011 (three-month period from April 1 to June 30, 2010)>

Reflecting steady performance at its Mobile Communications business, the SOFTBANK Group (hereafter “the Group”) achieved a ¥34,505 million (5.2%) increase in consolidated net sales compared with the same period of the previous fiscal year (April 1 to June 30, 2009, hereafter “year-on-year”) to ¥700,840 million. Operating income for the three-month period ended June 30, 2010 (hereafter “the period”) increased by ¥48,313 million (44.6%) to ¥156,603 million. This growth in consolidated revenue and profit was driven by earnings growth in the Mobile Communications segment, from an increase in the number of mobile subscribers and an increase in ARPU¹. Ordinary income grew ¥48,047 million (61.0%) to ¥126,844 million. Net income declined ¥7,945 million (29.0%) to ¥19,438 million, this was mainly due to an increase in total income taxes of ¥44,879 million.

Notes:

Definition of terms: as used in this consolidated financial report for the three-month period ended June 30, 2010, references to “the Company,” “the Group” and “the SOFTBANK Group” are to SOFTBANK CORP. and its consolidated subsidiaries except as the context otherwise requires or indicates.

1. Average Revenue Per User.

Revenue and number of mobile phone subscribers include prepaid mobile phones and communication module service subscribers.

For the Mobile Communications segment, the term “ARPU” used alone indicates the total of the basic monthly charge plus voice ARPU plus data ARPU.

The main factors affecting earnings for the period were as follows:

(a) Net Sales

Net sales totaled ¥700,840 million, for a ¥34,505 million (5.2%) year-on-year increase. This was mainly due to an increase in the number of mobile subscribers and an increase in ARPU in the Mobile Communications segment.

(b) Cost of Sales

The cost of sales declined ¥10,425 million (3.3%) year-on-year to ¥307,180 million, mainly from lower depreciation and amortization expenses in the Mobile Communications segment due to the termination of 2G mobile phone service.

(c) Selling, General and Administrative Expenses

Selling, general and administrative expenses declined ¥3,381 million (1.4%) year-on-year to ¥237,055 million.

This was mainly due to a year-on-year decrease in sales commissions² in the Mobile Communications segment as a result of less handset upgrades after the termination of 2G service in March 2010, while there were more handset upgrades to 3G service in the same period of the previous fiscal year leading up to this termination.

Note:

2. Sales commissions paid to sales agents per new subscription and upgrade purchase.

(d) Operating Income

As a result, operating income totaled ¥156,603 million, for a ¥48,313 million (44.6%) year-on-year increase.

(e) Non-operating Income / Expenses, net

The Group recorded a net non-operating loss of ¥29,759 million, which was ¥266 million larger than the ¥29,492 million net non-operating loss in the same period of the previous fiscal year. This was mainly ¥27,789 million in interest expenses.

(f) Ordinary Income

Ordinary income therefore totaled ¥126,844 million, marking a ¥48,047 million (61.0%) year-on-year increase.

(g) Special Income

Special income totaled ¥926 million.

(h) Special Loss

The special loss was ¥9,606 million. Loss on adjustment for changes of accounting standard for asset retirement obligations of ¥7,099 million was recorded.

(i) Income Taxes

Provisions for current income taxes were ¥34,101 million, additional tax expenses of ¥26,450 million were recorded as income taxes - correction, and provisions for deferred income taxes were ¥25,373 million. Current income taxes increased by ¥14,244 million year-on-year, this was mainly the result of loss carryforwards under the BB Mobile Corp. (hereafter "BB Mobile") income taxes under consolidated tax return³ being utilized fully in the previous fiscal year. The income taxes - correction were recorded in response to a correction and ruling notice received by Yahoo Japan Corporation (hereafter "Yahoo Japan") from the Tokyo Regional Taxation Bureau on June 30, 2010. Refer to page 28, "3. Consolidated Financial Statements – Notes Consolidated Statements of Income – 4. Income taxes – corrections" for details. Yahoo Japan paid the relevant additional income taxes on July 1, 2010.

Note:

3. BB Mobile and its subsidiaries including SOFTBANK MOBILE Corp. (hereafter "SOFTBANK MOBILE"), adopt the consolidation taxation system.

(j) Minority Interest in Net Income

Minority interests in net income totaled ¥12,800 million, primarily from profit recorded at Yahoo Japan.

(k) Net Income

As a result of the above, net income totaled ¥19,438 million, for a ¥7,945 million (29.0%) year-on-year decline.

The Group is strengthening its cash-flow-oriented management, and aims to reduce its ¥1,939,520 million of net interest-bearing debt⁴ as of the end of March 2009 by half over three years (by the end of March 2012) and to zero over six years (by the end of March 2015). To achieve this, the Group plans to generate an aggregate total of at least ¥1 trillion in free cash flow⁵ over the three years from fiscal 2009 (period from April 1, 2009, to March 31, 2012, previous fiscal year). As a result of strong performance in the Mobile Communications segment, free cash flow totaling ¥57,768 million was recorded during the period. Net interest-bearing debt at the end of the period was ¥1,498,895 million.

Notes:

4. Net interest-bearing debt: interest-bearing debt - cash position.

Interest-bearing debt: short-term borrowings + commercial paper + current portion of corporate bonds + corporate bonds + long-term borrowings. Lease obligations are excluded.

This also excludes the corporate bonds (WBS Class B2 Funding Notes, issued by J-WBS Funding K.K.) with a face value of ¥27,000 million acquired by the Company during the previous fiscal year that were issued under the whole business securitization financing scheme associated with the acquisition of Vodafone K.K.

Cash position: cash and cash deposits + marketable securities recorded as current assets.

5. Free cash flow: cash flows from operating activities + cash flows from investing activities.

2. Results by Business Segment

From this period the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No.20, May 21, 2008) are applied. Hereafter the accounting standard and the guidance on the accounting standard applied in the same period of the previous fiscal year will be referred to as “former standard”, while those applied in this period will be referred to as “new standard.”

Net sales and operating income for the period are compared on a year-on-year basis, based on the new standard.

Note:

Principal operational data is shown on pages 7-8 “(Reference 1: Principal Operational Data).”

(a) Mobile Communications

(Millions of yen)

	Three-month Period Ended June 30, 2009		Three-month Period Ended June 30, 2010	(Reference) Change (d)=(c)-(b)	(Reference) Change % (d)÷(b)
	(Former standard) (a)	(New standard) (b)	(New standard) (c)		
Net sales	407,304	407,285	441,078	33,793	8.3%
Operating income	60,260	60,235	102,657	42,422	70.4%

- **696,600 net subscriber additions for the period**
- **ARPU⁶ for the period was ¥4,290, a ¥260 year-on-year increase. Data ARPU was ¥2,250, a ¥370 year-on-year increase**

<Analysis of Results>

The segment’s net sales increased by ¥33,793 million (8.3%) year-on-year to ¥441,078 million. Telecom service revenue grew on an increase in the number of mobile subscribers combined with an increase in ARPU. Sales commissions decreased as a result of less handset upgrades mainly due to the termination of 2G service while there were more handset upgrades to 3G service in the same period of the previous fiscal year leading up to this termination in March 2010. As a result, operating income increased by ¥42,422 million (70.4%) year-on-year to ¥102,657 million, as a result of an increase in net sales and decreased decrease in sales commissions etc.

Note:

6. Rounded to the nearest ¥10.

<Number of Mobile Phone Subscribers>

Net subscriber additions (new subscribers minus cancellations) for the period totaled 696,600⁷, on continued strong sales of iPhone⁸ and PhotoVision. As a result, the cumulative subscribers at the end of the period stood at 22,573,200⁷, increasing SOFTBANK MOBILE's cumulative subscriber share 0.6 of a percentage point year-on-year, to 19.9%⁹.

Notes:

7. The number of net subscriber additions and the number of cumulative subscribers include prepaid mobile phones and communication module service subscribers.
Net subscriber additions for communication modules for the period totaled 169,800, and the total number of communication module service subscribers as of June 30, 2010 was 707,300.
8. iPhone is a trademark of Apple Inc.
The iPhone trademark is used under license from Aiphone K.K.
9. Calculated by the Company based on Telecommunications Carriers Association statistical data.

<ARPU>

ARPU for the period rose ¥260 year-on-year to ¥4,290. The sum of basic monthly charge and voice ARPU declined ¥120 year-on-year to ¥2,030, due to revised access charges between carriers and an increase in devices like PhotoVision that do not have voice communication functionality. On the other hand, data ARPU rose ¥370 year-on-year to ¥2,250. This was mainly the result of an increase in the number of data-intensive iPhone subscribers, the termination of the non-data-intensive 2G service, and also a further increase in data telecommunication use by non-iPhone subscribers.

<Churn Rate and Upgrade Rate>

The churn rate¹⁰ for the period was 1.02%, which was 0.03 of a percentage point lower year-on-year. There was no longer a negative impact on churn associated with the termination of 2G service, while the number of customers completing their installment handset payments increased and some of these customers churned.

The upgrade rate¹⁰ for the period was 1.18%, which was 0.55 of a percentage point lower year-on-year. This was mainly due to a decrease in upgrades as a result of the termination of 2G service in March 2010.

Note:

10. Includes prepaid mobile phones and communication module service subscribers.

<Average Customer Acquisition Commission>

The average customer acquisition commission¹¹ for the period declined ¥12,900 year-on-year to ¥37,200. This was primarily the reflection of a temporary rise in the average customer acquisition commission in the same period of the previous fiscal year as a result of corporate marketing activities. An increase in the portion of sales represented by devices such as PhotoVision, which have a low customer acquisition commission, also contributed to the decline.

Note:

11. Commissions (average) paid to sales agents per new subscription.
New subscriptions include prepaid mobile phones and communication modules.

(b) Broadband Infrastructure

(Millions of yen)

	Three-month Period Ended June 30, 2009		Three-month Period Ended June 30, 2010	(Reference) Change	(Reference) Change %
	(Former standard) (a)	(New standard) (b)	(New standard) (c)	(d)=(c)-(b)	(d)÷(b)
Net sales	53,806	53,431	49,323	(4,108)	(7.7%)
Operating income	13,903	13,779	11,696	(2,083)	(15.1%)

<Overview of Operations>

This segment's net sales decreased by ¥4,108 million (7.7%) year-on-year to ¥49,323 million. This is mainly because the trend of decreasing revenue on a decline in the number of charged lines¹² of ADSL service continued. Operating income decreased by ¥2,083 million (15.1%) year-on-year to ¥11,696 million, as a result of a decrease in net sales and an increase in sales-related expenses incurred in connection with customer acquisitions for *Yahoo! BB hikari with FLET'S*¹³.

The cumulative number of *Yahoo! BB hikari with FLET'S* contracts totaled 405,000 as of the end of the period, which combined with installed lines¹⁴ of ADSL service brought the total number of users to 4,014,000.

Notes:

12. Number of installed lines excluding customers whose basic monthly charge is free under campaigns or other promotional initiatives.
13. A broadband connection service that combines the Internet connection service *Yahoo! BB* and the *FLET'S HIKARI* fiber-optic connection provided by NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION ("NTT East") and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION ("NTT West"). *FLET'S* and *FLET'S HIKARI* are registered trademarks of NTT East and NTT West.
14. Number of lines for which connection construction for ADSL line at central office of NTT East or NTT West is complete.

(c) Fixed-line Telecommunications

(Millions of yen)

	Three-month Period Ended June 30, 2009		Three-month Period Ended June 30, 2010	(Reference) Change	(Reference) Change %
	(Former standard) (a)	(New standard) (b)	(New standard) (c)	(d)=(c)-(b)	(d)÷(b)
Net sales	86,758	86,758	85,876	(882)	(1.0%)
Operating income	3,493	3,512	6,661	3,149	89.7%

<Overview of Operations>

The segment's net sales decreased by ¥882 million (1.0%) year-on-year to ¥85,876 million. The decrease is mainly a result of the continued decrease in revenue from relay connection voice services including *MYLINE* and international telephone services. Operating income increased by ¥3,149 million (89.7%) to ¥6,661 million. Despite the continuing decline in revenue, there was a significant profit increase as a result of decreases in lease payments on equipment for the *OTOKU Line* service.

(d) Internet Culture

(Millions of yen)

	Three-month Period Ended June 30, 2009		Three-month Period Ended June 30, 2010	(Reference) Change	(Reference) Change %
	(Former standard) (a)	(New standard) (b)	(New standard) (c)	(d)=(c)-(b)	(d)÷(b)
Net sales	65,156	65,149	68,405	3,255	5.0%
Operating income	31,717	32,113	35,572	3,459	10.8%

<Overview of Operations>

The segment's net sales increased by ¥3,255 million (5.0%) year-on-year to ¥68,405 million. Growth at Yahoo Japan was related to a year-on-year recovery in listing and display advertising and growth in *Yahoo! Shopping's* transaction value. Operating income increased by ¥3,459 million (10.8%) year-on-year to ¥35,572 million. In addition to the growth in net sales, reduced communication costs etc. and a decrease in depreciation and amortization costs as a result of continued efforts in efficient management and cost reductions contributed to the increase in profit.

(Reference 1: Principal Operational Data)
(a) Mobile Communications

SoftBank mobile phones

	Fiscal Year Ended March 31, 2010					Fiscal Year Ending March 31, 2011
	Q1	Q2	Q3	Q4	Full Year	Q1
(Thousands)						
Net additions ¹	323.3	360.7	350.3	209.4	1,243.7	696.6
(Postpaid)	359	395	383	507	1,645	645
(Prepaid)	(36)	(34)	(33)	(297)	(401)	51
Market share ² (%)	32.3	31.5	35.6	13.4	26.5	45.4
Cumulative subscribers ¹	20,956.2	21,316.9	21,667.2		21,876.6	22,573.2
(3G)	19,455	20,238	20,885		21,876.6	22,573.2
(2G)	1,501	1,079	782		-	-
Market share ² (%)	19.3	19.4	19.6		19.5	19.9
(Yen per month)						
ARPU ³	4,030	4,150	4,200	3,890	4,070	4,290
(Basic monthly charge + voice)	2,150	2,160	2,150	1,750	2,050	2,030
(Data)	1,880	1,990	2,060	2,140	2,020	2,250
(Yen)						
Average acquisition cost per subscriber ⁴	50,100	35,900	37,400	40,200	40,500	37,200
(% per month)						
Churn rate ¹	1.05	1.24	1.16	2.01	1.37	1.02
(3G postpaid)	0.87	1.07	0.99	1.28	1.06	0.99
Upgrade rate ¹	1.73	1.81	1.53	1.78	1.71	1.18

Notes:

- Includes the number of prepaid mobile phones and communication module subscribers.
- Calculated by the Company based on Telecommunications Carriers Association statistical data.
- Average Revenue Per User (rounded to the nearest ¥10).
Revenue and number of mobile phone subscribers include prepaid mobile phones and communication modules.
For the Mobile Communications segment, the term "ARPU" used alone indicates the total of the basic monthly charge plus voice ARPU plus data ARPU.
- Commissions (average) paid to sales agents per new subscription.
New subscriptions include prepaid mobile phones and communication modules.

(b) Broadband Infrastructure

「Yahoo! BB ADSL」

(Thousands)

	Fiscal Year Ended March 31, 2010					Fiscal Year Ending March 31, 2011
	Q1	Q2	Q3	Q4	Full Year	Q1
Installed lines ⁵	4,158	4,040	3,908		3,769	3,609
Charged lines ⁶	3,769	3,657	3,533		3,389	3,221

(Yen per month)

Average user payment per charged line ⁷	4,260	4,260	4,250	4,210		4,200
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(% per month)

Churn rate ⁸	2.12	1.80	1.96	2.20	2.02	2.26
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Notes:

5. Number of lines for which connection construction for ADSL line at central office of NTT East or NTT West is complete.
6. Number of installed lines excluding customers whose basic monthly charge is free under campaigns or other promotional initiatives.
7. Rounded to the nearest ¥10.
8. Average ratio of customer lines with a history of payment, for which a cancellation application has been filed during the relevant period.

(c) Fixed-line Telecommunications

OTOKU Line

(Thousands)

	Fiscal Year Ended March 31, 2010					Fiscal Year Ending March 31, 2011
	Q1	Q2	Q3	Q4	Full Year	Q1
Lines	1,631	1,652	1,657		1,669	1,668

(Yen per month)

ARPU ⁹	6,390	6,280	6,450	6,830		6,610
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Note:

9. Average Revenue Per User (rounded to the nearest ¥10).

(d) Internet Culture

(Millions)

	Fiscal Year Ended March 31, 2010					Fiscal Year Ending March 31, 2011
	Q1	Q2	Q3	Q4	Full Year	Q1
<i>Yahoo! JAPAN</i>						
Total monthly page views ¹⁰	46,445	46,378	42,779	46,882		48,722
Unique browsers ¹¹	229	189	197	209		224
<i>Yahoo! Auctions</i>						
Average number of total listed items ¹²	20	20	23	23		22

Notes:

10. Number of accesses to Yahoo! JAPAN Group websites during the last month of each quarter.
11. Number of browsers accessing a Yahoo! JAPAN service during the last month of each quarter.
12. Daily average number of items posted during the last month of each quarter.

(Reference 2: Capital Expenditure and Depreciation)¹³
(a) Capital Expenditure (acceptance basis)

(Millions of yen)

	Fiscal Year Ended March 31, 2010					Fiscal Year Ending March 31, 2011
	Q1	Q2	Q3	Q4	Full Year	Q1
Mobile Communications	32,408	39,148	47,921	65,291	184,770	25,987
Broadband Infrastructure	1,588	1,590	2,095	4,068	9,343	3,319
Fixed-line Telecommunications	3,710	3,939	3,436	6,893	17,979	5,112
Internet Culture	1,085	1,264	1,450	2,327	6,128	1,906
Others	1,571	915	678	1,528	4,693	1,216
Consolidated total	40,364	46,858	55,582	80,109	222,915	37,542

(b) Depreciation (excluding amortization of goodwill)

(Millions of yen)

	Fiscal Year Ended March 31, 2010					Fiscal Year Ending March 31, 2011
	Q1	Q2	Q3	Q4	Full Year	Q1
Mobile Communications	42,732	43,377	44,656	45,569	176,337	36,636
Broadband Infrastructure	4,373	4,366	4,095	4,188	17,023	4,234
Fixed-line Telecommunications	8,982	8,837	8,669	8,803	35,292	9,104
Internet Culture	2,366	2,441	2,492	2,563	9,864	2,169
Others	1,353	1,243	1,401	1,427	5,426	1,445
Consolidated total	59,809	60,266	61,314	62,553	243,944	53,590

Note:

13. Capital expenditure and Depreciation for the fiscal year ended March 31, 2010 is calculated based on the new standard. Capital expenditure and Depreciation for the e-Commerce segment for the fiscal year ended March 31, 2010 is included in "Others."

(2) Qualitative Information regarding Consolidated Financial Position

1. Assets, Liabilities and Equity

Assets, liabilities, and equity at the end of the period were as follows:

	As of June 30, 2010	As of March 31, 2010	YoY	YoY (%)
Total assets	4,270,968	4,462,875	(191,907)	(4.3%)
Total liabilities	3,277,438	3,498,903	(221,464)	(6.3%)
Total equity	993,529	963,971	29,557	3.1%

(Millions of yen)

(a) Current Assets

Current assets at the end of the period totaled ¥1,512,457 million, for a ¥181,983 million (10.7%) decline from the previous fiscal year-end. The primary components of the change were as follows:

- Cash and deposits decreased by ¥81,282 million from the previous fiscal year-end. Although sales operations were favorable, cash and cash deposits decreased mainly due to the tax payment at Yahoo Japan and BB Mobile income taxes under consolidated tax return and repayments on borrowings including the SBM loan¹.
- Notes and accounts receivable-trade decreased by ¥102,515 million. This was mainly because of collections on installment sales receivables from the previous fiscal year-end shopping season mainly at SOFTBANK MOBILE and sales of installment sales receivables at SOFTBANK MOBILE.

Note:

1. The funds procured for the acquisition of Vodafone K.K. were refinanced in November 2006 via a whole business securitization program.

(b) Fixed Assets

Fixed assets totaled ¥2,756,602 million at the end of the period, for a ¥9,880 million (0.4%) decrease from the previous fiscal year-end. The primary components of the change were as follows:

- Total property and equipment decreased ¥5,603 million from the previous fiscal year-end. A decrease of ¥38,239 million mainly related to depreciation of telecommunications equipment, and increases of ¥21,900 million mainly as a result of new acquisitions of telecommunications equipment and ¥10,735 million reflecting the application of an accounting standard for asset retirement obligations.
- Total intangible assets decreased ¥17,121 million from the previous fiscal year-end. This was because of a decrease in goodwill of ¥15,650 million caused by the regular amortization at SOFTBANK MOBILE and SOFTBANK TELECOM Corp.
- Investments and other assets increased by ¥12,844 million from the previous fiscal year-end, mainly from a ¥14,632 million increase in investment securities.

(c) Current Liabilities

Current liabilities at the end of the period totaled ¥1,282,485 million, for a ¥96,393 million (7.0%) decrease from the previous fiscal year-end. The primary components of the change were as follows:

- Accounts payable-other and accrued expenses declined by ¥96,199 million from the previous fiscal year-end. This was mainly because of SOFTBANK MOBILE's payments of agency commissions for the previous fiscal year-end shopping season and of accounts payable for equipment.
- The current portion of corporate bonds increased by ¥93,500 million from the previous fiscal year-end. Transfers were made from corporate bonds under long-term liabilities in the amounts of ¥53,500 million for the 25th Unsecured Straight Corporate Bond and ¥60,000 million for the 27th Unsecured Straight Corporate Bond, as the redemption dates came to be within one year, while the redemption of the 24th Unsecured Straight Corporate Bond resulted in payments of ¥20,000 million.
- Short-term borrowings decreased by ¥47,923 million from the previous fiscal year-end. This was mainly the result of repayments of borrowings procured via the securitization of installment sales receivables at SOFTBANK MOBILE.
- Income taxes payable decreased by ¥37,340 million. This was mainly because of BB Mobile's income tax payments under consolidated tax return and tax payments at Yahoo Japan.

(d) Long-term Liabilities

Long-term liabilities totaled ¥1,994,953 million at the end of the period, for a ¥125,071 million (5.9%) decrease from the previous fiscal year-end. The primary components of the change were as follows:

- Long-term borrowings decreased by ¥65,943 million. This was mainly because SOFTBANK MOBILE repaid ¥46,988 million of its SBM loan.
- Corporate bonds outstanding decreased by ¥63,867 million from the previous fiscal year-end. This included a reduction of ¥113,500 million in total for the 25th Unsecured Straight Corporate Bond and the 27th Unsecured Straight Corporate Bond, which were transferred to current liabilities, while the issuance of the 31st and 32nd Unsecured Straight Corporate Bonds increased the amount by a total of ¥50,000 million.

(e) Equity

Equity totaled ¥993,529 million at the end of the period, for a ¥29,557 million (3.1%) increase from the previous fiscal year-end. Retained earnings increased ¥9,189 million, totaling ¥52,260 million at the end of the period. Minority interests came to ¥522,364 million, an increase of ¥29,401 million. This was mainly due to the change in the scope consolidation of SB Asia Infrastructure Fund L.P., from an affiliate under equity method to a consolidated subsidiary. This change reflects the adoption of Accounting Standards Codification Topic (ASC) 810, Consolidations formerly SFAS No.167, Amendments to FASB Interpretation No. 46 (R) (SFAS 167) applied at certain subsidiaries of the Company in the United States of America.

2. Cash Flows

Cash flow activities during the period were as follows.

Cash and cash equivalents at the end of the period totaled ¥605,492 million, for a ¥82,189 million decrease from the previous fiscal year-end.

(Millions of yen)

	Three-month Period Ended June 30, 2009	Three-month Period Ended June 30, 2010	YoY
Cash flows from operating activities	132,087	132,998	911
Cash flows from investing activities	(75,511)	(75,230)	281
(Reference) Free cash flow	56,576	57,768	1,192
Cash flows from financing activities	(31,337)	(140,735)	(109,397)

(a) Cash Flows from Operating Activities:

Net cash provided by operating activities totaled ¥132,998 million (compared with ¥132,087 million provided in the same period of the previous fiscal year).

Income before income taxes and minority interests totaled ¥118,164 million, while non-cash items of ¥53,590 million in depreciation and amortization and ¥15,650 million in amortization of goodwill were recorded as positive. Receivables-trade decreased by ¥106,163 million due to collections on installment sales receivables from the previous fiscal year-end shopping season at SOFTBANK MOBILE etc., and sales of installment sales receivables at SOFTBANK MOBILE. In addition, income taxes paid of ¥98,558 million were recorded for a ¥79,166 million year-on-year increase. This was mainly due to increased income tax payments at BB Mobile's income tax under consolidated tax return and at Yahoo Japan.

(b) Cash Flows from Investing Activities:

Net cash used in investing activities was ¥75,230 million (compared with ¥75,511 million used in the same period of the previous fiscal year).

Capital expenditures, mainly at telecommunications-related businesses, resulted in outlays of ¥58,689 million for property and equipment and intangibles. Purchases of marketable and investment securities resulted in ¥20,315 million in cash outlays.

As a result, free cash flow (the combined net cash flows from operating activities and investing activities) for the period was a positive ¥57,768 million (compared with a positive ¥56,576 million in the same period of the previous fiscal year), for a year-on-year increase of ¥1,192 million.

(c) Cash Flows from Financing Activities:

Net cash used in financing activities was ¥140,735 million (compared with ¥31,337 million used in the same period of the previous fiscal year).

Repayments of long-term borrowings totaled ¥120,184 million, outlays for the repayment of lease obligations came to ¥49,115 million, and ¥20,404 million was used for the redemption of corporate bonds. On the other hand, corporate bond issues generated ¥49,787 million and long-term borrowings raised ¥20,000 million.

(Reference)
Major Financing Activities

The major financing activities in the period were as follows:

Item	Company Name	Details	Summary
Issue bonds	SOFTBANK CORP.	Issue of the 31 st Unsecured Straight Corporate Bond	Issue date: June 2, 2010 Redemption date: May 31, 2013 Procured amount: ¥25,000 million Interest rate: 1.17%/year Use: redemption of bonds which will mature by the end of June 2011
		Issue of the 32 nd Unsecured Straight Corporate Bond	Issue date: June 2, 2010 Redemption date: June 2, 2015 Procured amount: ¥25,000 million Interest rate: 1.67%/year Use: redemption of bonds which will mature by the end of June 2011
Bond redemption	SOFTBANK CORP.	24 th Series of Unsecured Straight Bond (Fukuoka SoftBank HAWKS Bond)	Redemption date: April 26, 2010 Redeemed amount: ¥20,000 million
Securitization of receivables (recorded as borrowings)	SOFTBANK MOBILE Corp.	Procurement of funds totaling ¥10,000 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: June 29, 2010 Redemption method: monthly pass-through repayment Use: capital expenditure and repayment of funds raised via the whole business securitization financing scheme
Repayment of securitization of receivables	SOFTBANK MOBILE Corp.	Repayment of ¥55,657 million.	Repayment of funds procured through securitization of receivables
Increase or decrease in debt (excluding securitization of receivables)	SOFTBANK MOBILE Corp.	Decrease of ¥46,988 million	Repayment of funds raised via the whole business securitization financing scheme
	Yahoo Japan Corporation	Decrease of ¥10,000 million	

(3) Earnings Forecasts

The Group is forecasting consolidated operating income of ¥500,000 million for the fiscal year ending March 31, 2011. Consolidated net sales are subject to, among others, rapid changes in the Group's main markets, the Internet and telecommunications industry. There is, therefore, a possibility that new sales methods will be introduced in the future in response to changes in the market situation, making it difficult to publicly disclose a forecast for consolidated net sales. Forecasts for consolidated ordinary income and consolidated net income are also difficult to publicly disclose because the performance of the Company's various holdings of investment securities and investments via funds is subject to changes in the market environment and other factors, making equity in earnings under the equity method and valuation gain and loss on investment securities difficult to project.

In this market environment, it is difficult to make forecasts, and because the Group is managed with an emphasis on full-year results, interim forecasts are not disclosed.

(4) The SOFTBANK Group

As of June 30, 2010, the Group's business segments were comprised of the following consolidated subsidiaries and equity method companies. The segments' main businesses were as follows.

Business Segments		Consolidated Subsidiaries	Equity Method Non-consolidated Subsidiaries and Affiliates	Main Business of Segment and Name of Business
Reportable segments	Mobile Communications	3	1	Provision of mobile communication services and sale of mobile phones accompanying the services etc. (Core company: SOFTBANK MOBILE Corp.)
	Broadband Infrastructure	3	-	Provision of high-speed Internet connection service, IP telephony service, and provision of content etc. (Core company: SOFTBANK BB Corp. ^(Note))
	Fixed-line Telecommunications	2	-	Provision of fixed-line telecommunications etc. (Core companies: SOFTBANK TELECOM Corp. ^(Note))
	Internet Culture	12	10	Internet-based advertising operations, e-commerce site operations such as <i>Yahoo! Auctions</i> and <i>Yahoo! Shopping</i> etc. (Core company: Yahoo Japan Corporation ^(Note))
Others		93	67	Distribution of PC software and peripherals, Fukuoka SOFTBANK HAWKS related businesses, etc.
Total		113	78	

Note:

Although SOFTBANK BB Corp., SOFTBANK TELECOM Corp. and Yahoo Japan Corporation are included as consolidated subsidiaries in the Broadband Infrastructure, Fixed-line Telecommunications and Internet Culture segments, respectively, SOFTBANK BB Corp., SOFTBANK TELECOM Corp. and Yahoo Japan Corporation operate multiple businesses and therefore their operating results are allocated to multiple business segments.

[Listed Companies]

The Company's five following subsidiaries were listed on domestic stock exchanges as of June 30, 2010:

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
ITmedia Inc.	Tokyo Stock Exchange Mothers
Carview Corporation	Tokyo Stock Exchange Mothers

2. Others

(1) Significant Changes in Scope of Consolidation (Changes in Scope of Consolidation of Specified Subsidiaries)

There are no significant changes in scope of consolidation.

(2) Application of simple accounting methods or special accounting methods for preparation for the consolidated financial statements

There are no applicable items.

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

[1] Application of accounting standard for equity method of accounting for investments

“Accounting Standard for Equity Method of Accounting for Investments” (Accounting Standards Board of Japan (ASBJ) Statement No. 16, March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (Practical Issues Task Force (PITF) No. 24, March 10, 2008) were applied and necessary adjustments for the consolidated accounting were made for the period ended June 30, 2010. The effect of this change is not material for the period ended June 30, 2010.

[2] Application of accounting standard for asset retirement obligations

“Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) were applied as of April 1, 2010. The effect of this change in operating income and ordinary income is not material and income before income taxes and minority interests decreased by ¥7,469 million for the period ended June 30, 2010.

1. Asset retirement obligations which are recorded in the consolidated balance sheets

The Group reasonably estimated removal costs and recorded the asset retirement obligations mainly for the corporate head quarter building, certain data and network centers located in the rental properties under the rental contracts. Useful periods of 2 years to 33 years and discount rates from 0.1% to 2.3% are applied for the estimation of asset retirement obligations.

2. Asset retirement obligations which are not recorded in the consolidated balance sheets

The Group has obligations to restore mobile phone base stations and telephone line facilities for transmission to their original conditions under the rental contracts. However, considering business continuity, the removal of these facilities is difficult and the possibility of executing the obligation to restore these facilities to their original conditions is extremely low, and therefore, the asset retirement obligations are not recorded at the period ended June 30, 2010.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
	Amount	Amount
ASSETS		
Current assets:		
Cash and deposits	¥608,770	¥690,053
Notes and accounts receivable - trade	714,034	816,550
Marketable securities	3,569	4,342
Merchandise and finished products	39,208	37,030
Deferred tax assets	63,721	74,290
Other current assets	117,320	106,733
Less:		
Allowance for doubtful accounts	(34,168)	(34,559)
Total current assets	1,512,457	1,694,440
Fixed assets:		
Property and equipment, net:		
Buildings and structures	75,438	68,182
Telecommunications equipment	696,450	706,283
Telecommunications service lines	72,748	72,983
Land	22,385	22,401
Construction in progress	27,694	34,634
Other property and equipment	50,381	46,218
Total property and equipment	945,099	950,703
Intangible assets, net:		
Goodwill	885,118	900,768
Software	222,242	208,915
Other intangibles	27,903	42,702
Total intangible assets	1,135,264	1,152,386
Investments and other assets:		
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	384,660	370,027
Deferred tax assets	141,019	152,654
Other assets	173,576	164,950
Less:		
Allowance for doubtful accounts	(23,017)	(24,238)
Total investments and other assets	676,238	663,394
Total fixed assets	2,756,602	2,766,483
Deferred charges	1,908	1,951
Total assets	¥4,270,968	¥4,462,875

Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
	Amount	Amount
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable - trade	¥146,726	¥158,942
Short-term borrowings	390,037	437,960
Current portion of corporate bonds	147,900	54,400
Accounts payable - other and accrued expenses	355,209	451,408
Income taxes payable	63,143	100,483
Current portion of lease obligations	113,118	109,768
Other current liabilities	66,350	65,914
Total current liabilities	1,282,485	1,378,878
Long-term liabilities:		
Corporate bonds	384,656	448,523
Long-term debt	1,215,642	1,281,586
Deferred tax liabilities	30,781	30,482
Liability for retirement benefits	15,519	15,557
Allowance for point mileage	46,843	47,215
Lease obligations	202,964	224,484
Other liabilities	98,546	72,175
Total long-term liabilities	1,994,953	2,120,024
Total liabilities	3,277,438	3,498,903
Equity:		
Common stock	188,771	188,750
Additional paid-in capital	213,088	213,068
Retained earnings	52,260	43,071
Less: Treasury stock	(228)	(225)
Total shareholders' equity	453,892	444,665
Unrealized gain on available-for-sale securities	33,469	43,864
Deferred gain on derivatives under hedge accounting	20,062	14,528
Foreign currency translation adjustments	(36,791)	(32,525)
Total valuation and translation adjustments	16,740	25,866
Stock acquisition rights	531	476
Minority interests	522,364	492,963
Total equity	993,529	963,971
Total liabilities and equity	¥4,270,968	¥4,462,875

(2) Consolidated Statements of Income

(Millions of yen)

	Three-month period ended June 30, 2009	Three-month period ended June 30, 2010
	April 1, 2009 to June 30, 2009	April 1, 2010 to June 30, 2010
	Amount	Amount
Net sales	¥666,334	¥700,840
Cost of sales	317,606	307,180
Gross Profit	348,727	393,659
Selling, general and administrative expenses	240,437	237,055
Operating income	108,290	156,603
Interest income	118	529
Foreign exchange gain, net	383	-
Equity in earnings of affiliated companies	-	216
Other non-operating income	1,718	2,476
Non-operating income	2,220	3,222
Interest expense	27,490	27,789
Foreign exchange loss, net	-	152
Equity in losses of affiliated companies	632	-
Other non-operating expenses	3,591	5,039
Non-operating expenses	31,713	32,981
Ordinary income	78,797	126,844
Dilution gain from changes in equity interest	789	520
Unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net	866	52
Other special income	752	353
Special income	2,408	926
Valuation loss on investment securities	924	1,431
Impairment loss	797	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	7,099
Other special losses	290	1,075
Special loss	2,012	9,606
Income before income taxes	79,193	118,164
Income taxes:		
Current	19,856	34,101
Correction	-	26,450
Deferred	21,189	25,373
Total income taxes	41,046	85,925
Income before minority interests	-	32,238
Minority interests in net income	10,763	12,800
Net income	¥27,383	¥19,438

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three-month period ended June 30, 2009	Three-month period ended June 30, 2010
	April 1, 2009 to June 30, 2009	April 1, 2010 to June 30, 2010
Cash flows from operating activities:		
Income before income taxes and minority interests	¥79,193	¥118,164
Adjustments for:		
Depreciation and amortization	59,809	53,590
Amortization of goodwill	15,323	15,650
Impairment loss	797	-
Equity in losses (earnings) of affiliated companies	632	(216)
Dilution gain from changes in equity interest, net	(767)	(518)
Valuation loss on investment securities	924	1,431
Unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net	(866)	(52)
Foreign exchange (gain) loss, net	(461)	162
Interest and dividend income	(278)	(672)
Interest expense	27,490	27,789
Changes in operating assets, and liabilities		
Decrease in receivables - trade	50,306	106,163
Decrease in payables - trade	(11,643)	(14,087)
Other, net	(42,868)	(51,314)
Sub-total	177,592	256,090
Interest and dividends received	343	652
Interest paid	(26,455)	(25,185)
Income taxes paid	(19,392)	(98,558)
Net cash provided by operating activities	132,087	132,998

- Continued -

Consolidated Statements of Cash Flows (Continued)

(Millions of yen)

	Three-month period ended June 30, 2009	Three-month period ended June 30, 2010
	April 1, 2009 to June 30, 2009	April 1, 2010 to June 30, 2010
Cash flows from investing activities:		
Purchase of property and equipment, and intangibles	¥ (76,616)	¥ (58,689)
Purchase of marketable and investment securities	(4,132)	(20,315)
Proceeds from sale of marketable and investment securities	3,819	2,510
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	(40)	-
Other, net	1,457	1,264
Net cash used in investing activities	(75,511)	(75,230)
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(23,129)	(9,662)
Increase in commercial paper, net	2,000	-
Proceeds from long-term debt	80,247	20,000
Repayment of long-term debt	(123,537)	(120,184)
Proceeds from issuance of bonds	59,202	49,787
Redemption of bonds	(2,647)	(20,404)
Exercise of warrants	2,105	41
Proceeds from issuance of shares to minority shareholders	367	222
Cash dividends paid	(1,957)	(4,303)
Cash dividends paid to minority shareholders	(4,444)	(9,886)
Proceeds from sale and lease back of equipment newly acquired	2,763	5,350
Repayment of lease obligations	(21,856)	(49,115)
Other, net	(450)	(2,579)
Net cash used in financing activities	(31,337)	(140,735)
Effect of exchange rate changes on cash and cash equivalents	(354)	(1,076)
Net increase (decrease) in cash and cash equivalents	24,883	(84,043)
Increase in cash and cash equivalents due to newly consolidated subsidiaries	126	1,919
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(807)	(64)
Cash and cash equivalents, beginning of the period	457,644	687,681
Cash and cash equivalents, end of the period	¥481,846	¥605,492

(4) Significant Doubt about Going Concern Assumption

There are no applicable items for the three-month period ended June 30, 2010.

(5) Significant Changes in Shareholder's Equity

There are no applicable items for the three-month period ended June 30, 2010.

(6) Basis of Presentation of Consolidated Financial Statements

(Items described in "2. Others (3) Changes in accounting principles, procedures, disclosure methods, etc., used in the presentation of the consolidated financial statements" on page 18 are excluded.)

1. Changes in scope of consolidation

(1) Changes in scope of consolidation for the three-month period ended June 30, 2010 are as follows:

<Increase>

7 companies

Significant changes:

SB Asia Infrastructure Fund L.P. and its 6 consolidated subsidiaries

<Decrease>

3 companies

(2) The number of consolidated subsidiaries after the changes:

113 companies

2. Changes in scope of equity method

(1) Changes in scope of equity method are as follows:

<Increase>

16 companies

Significant changes:

SB Asia Infrastructure Fund L.P.'s 12 affiliates under equity method

<Decrease>

2 companies

Significant changes:

SB Asia Infrastructure Fund L.P.

(2) The number of non-consolidated subsidiaries and affiliated companies under the equity method after the changes:

Non-consolidated subsidiaries under the equity method: 6 companies

Affiliated companies under the equity method: 72 companies

(Changes in accounting principles and procedures)

Effective April 1, 2010, certain subsidiaries of the Company that apply generally accepted accounting principles in the United States of America adopted Accounting Standards Codification (ASC) 810, Consolidations, formerly SFAS No. 167, Amendments to FASB Interpretation No. 46(R) (SFAS 167).

As a result of the application of the accounting standard, the scope of SB Asia Infrastructure Fund L.P. changed from an affiliate under equity method to a consolidated subsidiary.

The effect of this change is not material for the period ended June 30, 2010.

(7) Notes

(Consolidated Balance Sheets)

1. Accumulated depreciation of property and equipment

As of June 30, 2010	As of March 31, 2010
1,077,022 million yen	1,048,584 million yen

2. Additional entrustment for debt assumption of bonds (As of June 30, 2010)

SOFTBANK MOBILE has entrusted cash for the repayment of the straight bonds listed in the following table based on debt assumption agreements with a financial institution. The bonds are derecognized in the Company's consolidated balance sheets.

The trust had collateralized debt obligations ("CDO") issued by a Cayman Islands based Special-Purpose Company ("SPC"). The SPC contracted a credit default swap agreement secured by debt securities (corporate bonds), which referred to a certain portion of the portfolio consisting of 160 referenced entities. Since defaults (credit events under the agreement) of more than a certain number of referenced entities occurred, ¥75,000 million in total was reduced from the redemption amount of the CDO in April 2009 and an additional entrustment was required for the reduced amount.

As a result, for the amount required as the additional entrustment of ¥75,000 million, a long term accounts payable was recognized as a recognized subsequent event (Type I subsequent event) and included in "Other liabilities" of long-term liabilities in the consolidated balance sheets, and it was recorded as special loss in the consolidated statements of income for the year ended March 31, 2009.

As of June 30, 2010, since the maturity for the additional entrustment was within one year, the accounts payable was included in "Accounts payable-other and accrued expenses" of current liabilities in the consolidated balance sheets.

Mizuho Corporate Bank, Ltd and the Company set up a credit line facility contract in order to support the repayments of the bonds issued by SOFTBANK MOBILE.

As of June 30, 2010	Issue date	Maturity date	Amount of transferred bond
Subject Bonds			
Third Series Unsecured Bond	August 19, 1998	August 19, 2010	25,000
Fifth Series Unsecured Bond	August 25, 2000	August 25, 2010	25,000
Seventh Series Unsecured Bond	September 22, 2000	September 22, 2010	25,000
Total			75,000 million yen

3. Secured loans

(1) Assets pledged as collateral for secured liabilities

[1] For short-term borrowings and long-term debt

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

	As of June 30, 2010	As of March 31, 2010
Assets pledged as collateral:		
Cash and deposits	224,840	213,098
Notes and accounts receivable - trade	255,878	273,231
Buildings and structures	11,957	12,133
Telecommunications equipment	188,332	182,945
Telecommunications service lines	83	86
Land	10,635	10,633
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	64,976	81,701
Investments and other assets - other assets	15,157	17,225
Total	771,861 million yen	791,054 million yen

	As of June 30, 2010	As of March 31, 2010
Secured liabilities:		
Accounts payable - trade	1,119	1,674
Short-term borrowings	1,202	1,928
Long - term debt	1,035,860	1,086,707
Total	1,038,182 million yen	1,090,310 million yen

Consolidated subsidiaries shares owned by SOFTBANK MOBILE, SOFTBANK MOBILE 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 ¥986,702 million and ¥939,714 million, as of March 31, 2010 and June 30, 2010, respectively) resulting from the acquisition of SOFTBANK MOBILE, in addition to the assets pledged as collateral above.

[2] For borrowings of investee

Assets pledged as collateral for third party's liability are as follows:

	As of June 30, 2010	As of March 31, 2010
Assets pledged as collateral:		
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	2,000 million yen	2,000 million yen

(2) Borrowings by securitization of receivables

[1] The securitization of installment sales receivable of SOFTBANK MOBILE

Cash proceeds through the securitization of installment sales receivables of SOFTBANK MOBILE, excluding that qualify for derecognition criteria of a financial asset, were included in "Short-term borrowings" (¥175,359 million and ¥147,276 million, as of March 31, 2010 and June 30, 2010, respectively) and "Long-term debt" (¥44,454 million and ¥26,879 million, as of March 31, 2010 and June 30, 2010, respectively). The amounts of the senior portion of the securitized installment sales receivables (¥219,813 million and ¥174,156 million, as of March 31, 2010 and as of June 30, 2010, respectively) were included in "Notes and account receivable-trade", along with the subordinated portion held by the SOFTBANK MOBILE. The trustee raised the funds through asset backed loans based on the receivables.

[2] The securitization of receivables for ADSL services of SOFTBANK BB

SOFTBANK BB transferred its senior portion of the securitized present and future receivables for ADSL services* to a SPC (a consolidated subsidiary), and the SPC raised the funds through asset backed loans based on the receivables (¥10,504 million and ¥8,032 million, as of March 31, 2010 and June 30, 2010, respectively) from a financial institution. Cash proceeds through the asset backed loans are included in the "Short-term borrowings" (¥6,660 million and ¥6,660 million, as of March 31, 2010 and June 30, 2010, respectively) and "Long-term debt" (¥3,844 million, and ¥1,372 million, as of March 31, 2010 and June 30, 2010, respectively).

Note:* A certain portion of present and future (through March 2012) receivables realized through the ADSL services provided by SOFTBANK BB.

(3) Borrowings by security lending agreements

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

	As of June 30, 2010	As of March 31, 2010
Short-term borrowings	114,000 million yen	114,000 million yen

(4) Others

A consolidated subsidiary purchased assets by installments, and the assets of which ownership was not transferred to the consolidated subsidiary and its installment payables are as follows:

	As of June 30, 2010	As of March 31, 2010
Assets of which ownership is not transferred:		
Buildings and structures	57	35
Telecommunications equipment	18,989	16,710
Construction in progress	2,161	1,538
Software	7,498	4,755
Other intangibles	463	12
Investments and other assets - other assets	368	240
Total	29,539 million yen	23,292 million yen

	As of June 30, 2010	As of March 31, 2010
Installment payables:		
Accounts payable - other and accrued expenses	5,352	4,148
Long term liability - other liabilities	26,760	20,741
Total	32,113 million yen	24,889 million yen

(Consolidated Statements of Income)
1. Selling, general and administrative expenses

	Three-month period ended June 30, 2009	Three-month period ended June 30, 2010
Sales commission and sales promotion expense	119,364 million yen	114,135 million yen
Provision for allowance for doubtful accounts	3,608	3,755

2. Unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the United States of America, net

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification Topic 946(ASC 946) and account for investment securities in accordance with ASC 946.

The net changes in the fair value of the investments are recorded as unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net and loss on sale of investments, computed based on the acquisition cost, is also included in this account. The unrealized appreciation on valuation of investments and loss on sale of investments included in unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net in the consolidated statements of income are as follows:

	Three-month period ended June 30, 2009	Three-month period ended June 30, 2010
Unrealized appreciation on valuation of investment at subsidiaries in the U.S.,net	1,340	179
Loss on sale of investments at subsidiaries in the U.S.,net	(473)	(127)
Total	866 million yen	52 million yen

3. Impairment loss (For the period ended June 30, 2009)

Goodwill at a subsidiary of the Internet culture segment was recorded as an impairment loss of ¥797 million in the consolidated statements of income since the future cash flows were not expected to be generated.

4. Income taxes – corrections (For the period ended June 30, 2010)

Yahoo Japan received a correction notice from Tokyo Regional Taxation Bureau on June 30, 2010. Yahoo Japan acquired all the shares of SOFTBANK IDC Solutions Corp. from the Company in February 2009 and merged it in March 2009. At the merger, loss carryforwards held by SOFTBANK IDC Solutions Corp. were carried and utilized by Yahoo Japan. The notice corrects this tax treatment insisting that the treatment was to reduce Yahoo Japan's income taxes inappropriately. Additional income taxes of ¥ 26,450 million were recorded as income taxes - correction for the period ended June 30, 2010 and were paid on July 1, 2010. Yahoo Japan will submit a request for reconsideration to the national tax tribunal, separately bring legal suit depending on the situation, and thoroughly argue its position on this matter.

(Consolidated Statements of Cash Flows)
1. Reconciliation of cash and cash equivalents to the amounts presented in the accompanying consolidated balance sheets

	As of June 30, 2009	As of June 30, 2010
Cash and deposits	482,799 million yen	608,770 million yen
Marketable securities	4,057	3,569
Time deposits with original maturity over three months	(1,383)	(3,641)
Stocks and bonds with original maturity over three months	(3,626)	(3,205)
Cash and cash equivalents	481,846 million yen	605,492 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 and others purchase telecommunications equipment for the purpose of assembly, installation and inspection, SOFTBANK MOBILE and others sell the equipment to lease companies for sale and lease back purposes. 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

For the three month period ended June 30, 2009

(Millions of yen)

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥405,095	¥52,674	¥76,467	¥64,131	¥51,788	¥16,175	¥666,334	¥-	¥666,334
(2) Inter-segment	2,209	1,131	10,291	1,024	2,424	4,491	21,572	(21,572)	-
Total	407,304	53,806	86,758	65,156	54,213	20,667	687,906	(21,572)	666,334
Operating income (loss)	¥60,260	¥13,903	¥3,493	¥31,717	¥940	¥(880)	¥109,435	¥(1,145)	¥108,290

Notes:

- Business segments are categorized primarily based on the nature of business operations, type of services, and similarity of sales channels which the SOFTBANK Group uses for its internal management purposes.
- The main business segments are as follows:
 Mobile Communications: Provision of mobile communication services and sale of mobile phones accompanying the services etc.
 Broadband Infrastructure: Provision of ADSL and fiber-optic high-speed Internet connection service, IP telephony service, and provision of contents etc.
 Fixed-line Telecommunications: Provision of fixed-line telecommunications service etc.
 Internet Culture: Internet-based advertising operations, portal business, and auction business etc.
 e-Commerce: Distribution of PC software and such hardware as PCs and peripherals, enterprise solutions, and e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C) etc.
 Others: Technology Services, Media & Marketing, Overseas Funds, and other businesses

2. Geographic segment information

For the three month period ended June 30, 2009

(Millions of yen)

	Japan	North America	Others	Total	Elimination or corporate	Consolidated
Net sales						
(1) Customers	¥664,275	¥259	¥1,799	¥666,334	¥-	¥666,334
(2) Inter-segment	95	-	-	95	(95)	-
Total	664,370	259	1,799	666,429	(95)	666,334
Operating income (loss)	¥110,222	¥(315)	¥(178)	¥109,729	¥(1,438)	¥108,290

Notes:

- Net sales by geographic region are recognized based on geographic location of the operation.
- Significant countries in each region are as follows:
 North America: United States of America and Canada
 Others: Europe, Korea, China, Singapore, and others

3. Overseas sales

Disclosure of overseas sales for the three-month period ended June 30, 2009 was omitted because the total overseas sales were less than 10% of total consolidated sales.

4. Reportable segment information

(Additional Information)

“Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No. 20, March 21, 2008) were applied for the period ended June 30, 2010.

(1) Over view of reportable segments

Reportable segments of the Company are components of an entity about which separate financial information is available and such information is evaluated regularly by the board of directors in deciding how to allocate resources and in assessing performance.

The Company as a pure holding company assigns core operating companies to primary businesses. The core operating companies develop comprehensive business strategies for the products and services and perform business activities.

Accordingly, the Company’s segments are separated based on the products and services provided by the core operating companies, and 4 segments, “Mobile Communications,” “Broadband Infrastructure,” “Fixed-line Telecommunications,” and “Internet Culture” are treated as reportable segments.

“Mobile Communications” business provides mobile communication services and sale of mobile phones accompanying the services.

“Broadband Infrastructure” business provides high-speed Internet connection service, IP telephony service, and contents.

“Fixed-line Telecommunications” business provides fixed-line telecommunication services. “Internet Culture” business provides Internet-based advertising operations, e-commerce site operations such as Yahoo! Auctions and Yahoo! Shopping.

(2) Net sales and segment income or loss of reportable segments

For the three month period ended June 30, 2010

(Millions of yen)

	Reportable segments					Other (Note1)	Total	Reconciliations to consolidated statement of income (Note2)	Amounts in consolidated statement of income (Note3)
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	Subtotal				
Net sales									
Customers	¥438,520	¥48,552	¥73,199	¥67,142	¥627,414	¥73,425	¥700,840	¥-	¥700,840
Inter-segment	2,558	770	12,677	1,262	17,268	8,457	25,726	(25,726)	-
Total	441,078	49,323	85,876	68,405	644,683	81,882	726,566	(25,726)	700,840
Segment income	¥102,657	¥11,696	¥6,661	¥35,572	¥156,587	¥2,562	¥159,150	¥(2,546)	¥156,603

Notes:

1. The PC software and peripherals distribution business and Fukuoka SOFTBANK HAWKS related business are included in “Other.”
2. Amounts in the column “Reconciliations to consolidated statement of income” of ¥(2,546) represents elimination of intersegment transactions and expenses of the corporate division of the Company, which totaled ¥537 million and ¥(3,084) million, respectively.
3. Segment income is adjusted with operating income in the consolidated statements of income.

(Leases)
Finance lease transactions
(As a lessee)

- (1) Finance leases in which the ownership of leased assets is transferred to lessees at the end of lease periods
- [1] Details of lease assets are as follows:
Tangible assets, mainly telecommunications equipment in the Mobile Communications segment.
- [2] Depreciation method for lease assets
The depreciation method is the same as the method used for fixed assets possessed by each subsidiary and the Company.
- (2) Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease periods
- [1] Details of lease assets are as follows:
Tangible assets, mainly telecommunications equipment in the Fixed-line Telecommunications segment.
- [2] Depreciation method for lease assets
The straight-line method is adopted over the period of the finance leases, assuming no residual value.

Lease transactions contracted before April 1, 2008 are continuously permitted to be accounted for as operating lease transactions, and as if capitalized information is as follows:

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

	As of June 30, 2010		As of March 31, 2010	
Telecommunications equipment and telecommunications service lines				
Acquisition cost	141,063		141,093	
Accumulated depreciation	(72,133)		(67,776)	
Accumulated impairment loss	(33,232)		(33,232)	
Net leased property	35,698	million yen	40,084	million yen
Buildings and structures				
Acquisition cost	46,729		46,730	
Accumulated depreciation	(12,493)		(11,909)	
Accumulated impairment loss	-		-	
Net leased property	34,236	million yen	34,820	million yen
Property and equipment - others				
Acquisition cost	15,879		16,113	
Accumulated depreciation	(10,635)		(10,223)	
Accumulated impairment loss	(1,242)		(1,242)	
Net leased property	4,002	million yen	4,647	million yen
Intangible assets				
Acquisition cost	9,045		9,070	
Accumulated depreciation	(7,060)		(6,669)	
Accumulated impairment loss	(290)		(290)	
Net leased property	1,695	million yen	2,110	million yen
Total				
Acquisition cost	212,718		213,007	
Accumulated depreciation	(102,321)		(96,579)	
Accumulated impairment loss	(34,765)		(34,765)	
Net leased property	75,631	million yen	81,662	million yen

Long-term prepaid expenses relating to a lease contract, in which the contract term and payment term are different, as of March 31, 2010 and June 30, 2010 were ¥25,157 million and ¥25,971 million, respectively and are included in “Other assets” of investments and other assets in the consolidated balance sheets. Current portion of long-term prepaid expenses related to the lease contract in the amount of ¥670 million and ¥624 million as of March 31, 2010 and June 30, 2010 are included in “Other current assets” in the consolidated balance sheets.

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

	As of June 30, 2010		As of March 31, 2010	
Due within one year	24,840		26,191	
Due after one year	73,251		79,431	
Total	98,091	million yen	105,623	million yen
Balance of allowance for impairment loss on leased property	8,987	million yen	10,776	million yen

(3) Lease payments, payment of the lease obligation for impaired leased property, amounts equivalent to depreciation, and interest expense for each period:

	Three-month period ended		Three-month period ended	
	June 30, 2009		June 30, 2010	
Lease payments	9,584	million yen	7,802	million yen
Payment of the lease obligation for impaired leased property	2,171		1,788	
Depreciation expense	6,137		5,032	
Interest expense	2,348		1,980	

(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 finance leases, assuming no residual value.

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.

(Investment in Debt and Equity Securities)
As of March 31, 2010
1. Held-to-maturity debt securities

(Millions of yen)

Classification	As of March 31, 2010		
	Carrying Amount	Fair Value	Differences
Corporate bonds	¥1,499	¥1,344	¥(155)
Total	¥1,499	¥1,344	¥(155)

2. Marketable and investment securities at fair value

(Millions of yen)

Classification	As of March 31, 2010		
	Carrying Amount	Investment Cost	Differences
(1)Equity securities	¥101,095	¥30,351	¥70,743
(2)Debt securities	28,957	26,673	2,283
(3)Others	3,408	3,064	344
Total	¥133,460	¥60,089	¥73,371

Note: Investment securities held by certain subsidiaries in the United States of America which apply ASC 946 are described in below "3. Investment securities evaluated at fair value under the provisions set forth in Financial Services– Investment Companies of the FASB Accounting Standards Codification."

3. Investment securities evaluated at fair value under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification Topic 946(ASC 946) and account for investment securities in accordance with ASC 946.

The carrying amounts of the investment securities at fair value recorded in the consolidated balance sheets as of March 31, 2010 were as follows:

Carrying amounts of investment securities at fair value :	<u>As of March 31, 2010</u> 15,316 million yen
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As of June 30, 2010

1. Held-to-maturity debt securities

(Millions of yen)

Classification	As of June 30, 2010		
	Carrying Amount	Fair Value	Differences
Corporate bonds	¥999	¥849	¥(150)
Total	¥999	¥849	¥(150)

2. Marketable and investment securities at fair value

(Millions of yen)

Classification	As of June 30, 2010		
	Carrying Amount	Investment Cost	Differences
(1)Equity securities	¥91,473	¥31,163	¥60,310
(2)Debt securities	29,555	27,086	2,468
(3)Others	3,047	3,103	(55)
Total	¥124,077	¥61,353	¥62,723

Note: Investment securities held by certain subsidiaries in the United States of America which apply ASC 946 are described in below “3. Investment securities evaluated at fair value under the provisions set forth in Financial Services– Investment Companies of the FASB Accounting Standards Codification.”

3. Investment securities evaluated at fair value under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification Topic 946(ASC 946) and account for investment securities in accordance with ASC 946.

The carrying amounts of the investment securities at fair value recorded in the consolidated balance sheets as of June 30, 2010 were as follows:

Carrying amounts of investment securities at fair value :	<u>As of June 30, 2010</u> 14,620 million yen
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(Per Share Data)
1. Shareholders' equity per share

	As of June 30, 2010	As of March 31, 2010
Shareholders' equity per share (yen)	¥434.83	¥434.74

2. Net income per share and basic data for computation of the per share data

	Three-month period ended June 30, 2009	Three-month period ended June 30, 2010
Net income per share – primary (yen)	25.33	17.96
Net income per share – diluted (yen)	24.45	17.39

Basic data for computation of the per share data	Three-month period ended June 30, 2009	Three-month period ended June 30, 2010
1. Net income (in millions of yen)	27,383	19,438
2. Amounts not allocated to shareholders (in millions of yen)	-	-
3. Net income allocated to common stock outstanding (in millions of yen)	27,383	19,438
4. Weighted average number of common stock outstanding during each period (unit: thousand of shares)	1,081,005	1,082,335
5. Adjustment for net income used to calculate net income per share – diluted (in millions of yen)		
– Interest expense (net of tax)	240	240
– Adjustments for net income used to calculate diluted net income per share in consolidated subsidiaries and affiliated companies	(7)	(21)
–Total	233	219
6. Increase of common stock used to calculate net income per share– diluted (unit: thousand of shares)	48,582	48,299
7. Significant changes in residual securities which do not dilute net income per share	-	-