

# Consolidated Statements of Cash Flows

SOFTBANK INVESTMENT CORPORATION and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Six-Month Period Ended 31st March, 2003	Year Ended 31st March, 2004	Year Ended 31st March, 2004
<b>OPERATING ACTIVITIES:</b>			
(Loss) income before income taxes and minority interests	¥ (5,501)	¥ 12,008	\$ 113,683
Adjustments for:			
Income taxes paid	(902)	(690)	(6,535)
Amortisation and depreciation	109	954	9,030
Provision for valuation allowance for operational investment securities	1,861	669	6,330
Provision for (reversal of) allowance for doubtful accounts	31	(1,819)	(17,219)
Write-down of operational investment securities	2,897	1,120	10,604
Equity loss in funds	1,822	31	289
Loss on transfer of stock within the group		7,025	66,507
Gain on sales of investment securities	(37)	(10,079)	(95,417)
Changes in assets and liabilities:			
Increase in operational investment securities and operational investments in funds	(614)	(810)	(7,667)
Decrease (increase) in operational loan receivables	1,050	(7)	(69)
(Increase) decrease in real estate inventory	(1,269)	1,453	13,760
Increase in segregated assets for customers		(51,622)	(488,706)
Decrease in trading assets		1,502	14,223
Increase in leased assets		(644)	(6,093)
Net changes in margin transaction assets and liabilities		(2,389)	(22,615)
Increase in customers' deposits for securities transactions		2,295	21,727
Increase in consignment guarantee money received for margin transactions		42,363	401,047
Net changes in loans receivable and payable secured by securities		(7,821)	(74,039)
Decrease in unearned income	(1,763)	(136)	(1,292)
Other—net	(4,496)	5,118	48,449
Net cash used in operating activities	¥ (6,812)	¥ (1,479)	\$ (14,003)
<b>INVESTING ACTIVITIES:</b>			
Purchase of intangible assets	(4)	(633)	(5,990)
Investments in investment securities		(1,700)	(16,094)
Investments in marketable securities	(2,893)		
Proceeds from sale of investment securities		4,117	38,974
Proceeds from sale of marketable securities	2,879		
Proceeds from sale of subsidiaries' stock		15,140	143,329
Cash received (paid) in business acquisition, net of cash acquired	18	(4,369)	(41,361)
Cash received in sale of subsidiaries, net of cash relinquished	47	102	962
Investments in subsidiaries	(239)	(800)	(7,569)
Investments in loans receivable	(19,231)	(6,745)	(63,853)
Collections of loans receivable	18,710	7,011	66,376
Other—net	(17)	47	445
Net cash (used in) provided by investing activities	(730)	12,170	115,219
<b>FINANCING ACTIVITIES:</b>			
Decrease in short-term borrowings—net		(3,930)	(37,205)
Proceeds from long-term debt	1,350	23,155	219,204
Repayment of long-term debt		(5,439)	(51,489)
Dividends paid	(302)	(41)	(394)
Proceeds from issuance of common stock	10	1,078	10,207
Proceeds from issuance of common stock to minority shareholders		956	9,049
Reissuance of treasury stock		913	8,641
Purchase of treasury stock		(219)	(2,069)
Other—net	(1)	(20)	(187)
Net cash provided by financing activities	1,057	16,453	155,757
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>			
	(44)	10	98
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)</b>	¥ (6,529)	¥ 27,154	\$ 257,071

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<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)</b>	¥ (6,529)	¥ 27,154	\$ 257,071
<b>CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES</b>	26	3,051	28,878
<b>CASH AND CASH EQUIVALENTS DECREASED DUE TO EXCLUSION FROM CONSOLIDATION OF CERTAIN SUBSIDIARIES</b>		(28)	(265)
<b>CASH AND CASH EQUIVALENTS OF A NEWLY MERGED COMPANY</b>	142	299	2,831
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	10,246	3,885	36,777
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	¥ 3,885	¥ 34,361	\$ 325,292

**NON-CASH INVESTING AND FINANCING ACTIVITIES** (Notes 2.a and 19):

Assets acquired and liabilities assumed in merger of E*TRADE Japan K.K.:			
Current assets		¥ 402	\$ 3,805
Non-current assets*		17,893	169,391
Total assets		¥ 18,295	173,196
Current liabilities		¥ 84	\$ 802
Long-term liabilities		18	168
Total liabilities		¥ 102	\$ 970
Assets acquired and liabilities assumed in merger of ETJ's consolidated subsidiaries:			
Current assets		¥125,767	\$1,190,633
Non-current assets		6,524	61,767
Total assets		¥132,291	\$1,252,400
Current liabilities		¥112,768	\$1,067,576
Long-term liabilities		57	541
Statutory reserves		648	6,132
Total liabilities		¥113,473	\$1,074,249
Assets increased by consolidation of subsidiary previously unconsolidated	¥ 26		
Assets acquired and liabilities assumed in merger of E-Real Estate Co., Ltd.:			
Current assets	¥ 1,234		
Non-current assets	2		
Total assets	¥ 1,236		
Current liabilities	¥ 1,031		
Total liabilities	¥ 1,031		

\*Non-current assets mentioned above included investments in subsidiaries of ¥14,729 million (\$139,441 thousand).

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** (Note 2.a):

Fair value of assets acquired	¥ (1,421)	¥ (89,859)	\$ (850,699)
Liabilities assumed	1,237	53,764	508,988
Goodwill	(6)	7,204	68,201
Loss on transfer of stock within the group		(7,025)	(66,507)
Statutory reserves		69	658
Minority interest	30	17,088	161,771
Acquisition costs	(160)	(18,759)	(177,588)
Cash acquired	178	14,390	136,227
Cash received (paid) in business acquisitions, net of cash acquired	¥ 18	¥ (4,369)	\$ (41,361)
Fair value of assets sold	¥ 259	¥ 410	\$ 3,885
Liabilities relinquished	(3)	(151)	(1,432)
Minority interests	(112)		
Foreign currency translation adjustments		(217)	(2,056)
Gain on sale of the stock—net	37	246	2,328
Foreign exchange loss		(3)	(34)
Sale value	181	285	2,691
Cash relinquished	(134)	(183)	(1,729)
Cash received in sale of subsidiaries, net of cash relinquished	¥ 47	¥ 102	\$ 962

See notes to consolidated financial statements.