

Operating Revenues

1) Asset Management Business

Revenues in the Asset Management Business consist of fees from funds, revenue from operational investment securities, revenue from real estate transactions, investment advisory service fees and others.

Fees from funds

Fees from funds consist of fund establishment fees that are calculated by multiplying the amount of solicited funds at the time of fund establishment by a fixed percentage; fund management fees that are calculated by multiplying initial contributed capital or net asset value by a fixed percentage; and success fees, which are revenues received based on the performance of the management of the fund.

During the fiscal year under review, fees from funds increased 23.8% compared with the previous fiscal year to ¥4,625 million. These revenues were derived mainly from the SOFTBANK INTERNET TECHNOLOGY FUND (initial subscription: ¥150,500 million) established between March-July 2000, as well as from SBI BROADBAND CAPITAL K.K. that was newly established during the term, SBI Broadband Fund No. 1 (Limited Partnership) and SBI BB Media Fund (Limited Partnership).

Revenue from operational investment securities

When securities (operational investment securities) are sold with the aim of realizing capital gains, the amount sold is recorded as revenue from operational investment securities. When the Company or one of its consolidated subsidiaries invests in a fund managed by the Group, an amount corresponding to contributed capital as a proportion of revenues from the fund in accordance with the fund settlement is calculated as revenue from operational investment securities. During the fiscal year under review, revenue from operational investment securities increased 74.1% from the previous fiscal year to ¥11,242 million, chiefly due to the recording of contributed capital as a portion of revenues from the SOFTBANK INTERNET TECHNOLOGY FUND, which has begun producing revenues.

Revenue from real estate transactions, investment advisory service fees and others

During the fiscal year under review, revenue from real estate transactions, investment advisory service fees and others jumped 249.6% compared with the previous fiscal year to ¥8,391 million. This was largely attributable to the sale of interest in partnerships in the real estate business.

2) Brokerage and Investment Banking Business

Revenues in the Brokerage and Investment Banking Business consist mainly of revenue from securities transactions and revenue from commodity futures transactions.

Revenue from securities transactions

Revenues from securities transactions consist of brokerage fees derived from buying and selling of securities; underwriting and sales fees for IPOs; and fees for placement and sales of stock. During the fiscal year under review, revenue from securities transactions increased 119.8% from the previous fiscal year to ¥44,095 million. This revenue was derived mainly from E*TRADE SECURITIES, WORLD NICHIEI FRONTIER Securities Co., Ltd. (name changed to SBI Securities Co., Ltd.) and E*TRADE KOREA Co., Ltd.

Revenue from commodity futures transactions

Revenues from commodity futures transactions are fees received from commodity futures transactions calculated upon settlement at the time of resale, repurchase or transfer by the broker. During the fiscal year under review, revenue from commodity futures transactions increased 21.0% compared with the previous fiscal year to ¥1,302 million. This was derived from e-Commodity Co., Ltd.

3) Financial Services Business

Revenues in the Financial Services Business consist of revenues from the financial marketplace business, financial products business, financial solutions business and others. During the fiscal year under review, revenues in the Financial Services Business amounted to ¥11,857 million, representing a 626.1% increase versus the previous fiscal year. This was derived mainly from FINANCE ALL CORPORATION, WEB-Lease Co., Ltd. (changed to SBI Lease Co., Ltd.) and GOODLOAN Co., Ltd. (changed to SBI Mortgage Co., Ltd.).

Operating Costs

1) Asset Management Business

Cost of operational investment securities

When securities (operational investment securities) are sold with the aim of realizing capital gains, the cost of the securities sold is recorded as cost of operational investment securities (any write-down of these securities are also included in cost). When the Company or one of its consolidated subsidiaries invests in a fund managed by the group, an amount corresponding to the proportion of fund operating costs (any write-downs of securities also included) in accordance with the fund settlement will be calculated as the cost of operational investment securities. During the fiscal year under review, the cost of operational investment securities amounted to ¥10,240 million (included ¥616 million write-down of operational securities and securities held by funds).

Reversal of valuation allowance for operational investment securities

To prepare for any future losses on operational investment securities held by the Company and one of its consolidated subsidiaries at the end of the fiscal year, provision for (reversal of) valuation allowance for operational investment securities is calculated by taking into consideration the situations at investee companies. During the fiscal year under review, reversal of valuation allowance for operational investment securities amounted to ¥71 million.

Other operating costs

Other operating costs, which are those related to the Asset Management Business, amounted to ¥3,453 million. During the fiscal year under review, these costs consisted mainly of personnel costs, cost of real estate and remuneration expenses.

2) Brokerage and Investment Banking Business

Operating costs in the Brokerage and Investment Banking Business were mainly financial costs related to interest on lending and borrowing for margin transactions. During the fiscal year under review, financial charges amounted to ¥2,327 million.

3) Financial Services Business

Rental and lease costs in the Financial Services Business, which were mainly cost of leases incurred by WEB-Lease (SBI Lease Co., Ltd.), amounted to ¥5,374 million during the fiscal year under review.

Selling, General and Administrative Expenses

Selling, general and administrative expenses amounted to ¥35,319 million and consisted mainly of personnel expenses, expenses for commissioning the operation of securities systems and the payment of fees.

Other Income (Expenses)

Other income—net amounted to ¥15,156 million. Factors included dilution gain from changes in equity interest of ¥10,569 million, gain on sale of investment securities—net of ¥3,868 million and provision for statutory reserves of ¥1,177 million.

Consolidated Financial Highlights

SOFTBANK INVESTMENT CORPORATION and Consolidated Subsidiaries

	Millions of Yen Year ended 31st March		Thousands of U.S. Dollars Year ended 31st March
	2004	2005	2005
For the Year:			
Operating Revenues	¥ 35,364	¥ 81,512	\$ 758,886
Operating Costs	12,018	21,323	198,519
Gross Profit	23,346	60,189	560,367
Operating Income	8,087	24,870	231,542
Net Income	4,257	25,631	238,632
Per Share Data (in Yen and U.S. Dollars):			
Basic Net Income	¥ 650.49	¥ 3,579.29	\$33.32
Diluted Net Income	594.89	3,280.47	30.54
Cash Dividends Applicable to the Period	770	350	3.26
At Year-end:			
Total Shareholders' Equity	¥ 47,465	¥ 129,419	\$ 1,204,908
Total Assets	396,645	755,004	7,029,182

Notes: 1. Per share of common stock is computed based on the weighted average number of shares outstanding during the year.
2. U.S. Dollar figures are translated for reference only at ¥107.41 to U.S.\$1.00, the exchange rate at 31st March 2005.

