

Consolidated Statements of Cash Flows

SOFTBANK INVESTMENT CORPORATION and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March,
	2004	2005	2005
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥12,008	¥ 40,026	\$ 372,651
Adjustments for:			
Income taxes paid	(690)	(9,266)	(86,270)
Amortisation and depreciation	954	3,617	33,675
Provision for valuation allowance for operational investment securities	669		
(Reversal of) provision for allowance for doubtful accounts	(1,819)	178	1,661
Dilution gain from changes in equity interest	(33)	(10,569)	(98,400)
Write-down of operational investment securities	1,120	268	2,493
Equity loss (earnings) in funds	31	(2,944)	(27,404)
Loss on transfer of stock within the group	7,025		
Gain on sales of investment securities—net	(10,088)	(3,868)	(36,008)
Changes in assets and liabilities:			
Increase in operational investment securities	(810)	(7,865)	(73,224)
Increase in operational loans receivable	(7)	(7,315)	(68,106)
Decrease in real estate inventory	1,453	788	7,332
Increase in segregated assets for customers	(51,622)	(81,640)	(760,080)
Decrease (increase) in trading assets	1,502	(145)	(1,348)
Increase in leased assets	(644)	(3,047)	(28,369)
Net changes in margin transaction assets and liabilities	(2,389)	(21,025)	(195,740)
Increase in customers' deposits for securities transactions	2,295	11,862	110,433
Increase in consignment guarantee money received for margin transactions	42,363	63,580	591,938
Net changes in loans receivable and payable secured by securities	(7,821)	(2,562)	(23,852)
(Decrease) increase in unearned income	(136)	1,305	12,152
Other—net	5,160	3,091	28,776
Net cash used in operating activities	¥ (1,479)	¥(25,531)	\$(237,690)
INVESTING ACTIVITIES:			
Purchases of intangible assets	(633)	(2,040)	(18,993)
Purchases of investment securities	(1,700)	(1,978)	(18,417)
Proceeds from sales of investment securities	4,117	10,731	99,907
Proceeds from sales of subsidiaries' stock	15,140	5,303	49,378
Cash paid in business acquisition, net of cash acquired	(4,369)	(2,515)	(23,413)
Cash received in sales of subsidiaries, net of cash relinquished	102	6	52
Investments in subsidiaries	(800)	(1,901)	(17,698)
Investments in loans receivable	(6,745)	(8,437)	(78,553)
Collections of loans receivable	7,011	6,811	63,417
Payments for security deposits	(136)	(2,284)	(21,266)
Collection of security deposits	359	1,164	10,836
Other—net	(176)	(1,508)	(14,041)
Net cash provided by investing activities	12,170	3,352	31,209
FINANCING ACTIVITIES:			
Decrease in short-term borrowings—net	(3,930)	(5,087)	(47,357)
Proceeds from long-term debt	23,155	24,262	225,883
Repayment of long-term debt	(5,439)	(3,025)	(28,163)
Dividends paid	(41)	(1,776)	(16,540)
Dividends paid to minority shareholders		(879)	(8,182)
Proceeds from issuance of common stock	1,078	52,481	488,602
Proceeds from issuance of common stock to minority shareholders	956	28,351	263,955
Reissuance of treasury stock	913	2	21
Purchase of treasury stock	(219)	(24)	(226)
Other—net	(20)		(4)
Net cash provided by financing activities	16,453	94,305	877,989
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS			
	10	75	698
INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)	¥27,154	¥ 72,201	\$ 672,206

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March, 2005
	2004	2005	2005
INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)	¥ 27,154	¥ 72,201	\$ 672,206
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES	3,051	25	232
CASH AND CASH EQUIVALENTS DECREASED DUE TO EXCLUSION FROM CONSOLIDATION	(28)	(133)	(1,237)
CASH AND CASH EQUIVALENTS OF NEWLY MERGED COMPANIES	299	6	56
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,885	34,361	319,901
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 34,361	¥106,460	\$ 991,158

NON-CASH INVESTING AND FINANCING ACTIVITIES (Notes 2.a and 17):

Assets acquired and liabilities assumed in merger of ETJ in exchange for 419,095 shares of common stock issuance:			
Current assets	¥ 402		
Non-current assets*	17,893		
Total assets	¥ 18,295		
Current liabilities	¥ 84		
Long-term liabilities	18		
Total liabilities	¥ 102		
Assets acquired and liabilities assumed in merger of ETJ's consolidated subsidiaries:			
Current assets	¥125,767		
Non-current assets	6,524		
Total assets	¥132,291		
Current liabilities	¥112,768		
Long-term liabilities	57		
Statutory reserves	648		
Total liabilities	¥113,473		

*Non-current assets mentioned above included investments in subsidiaries of ¥14,729 million.

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

Fair value of assets acquired	¥ (89,859)	¥ (63,890)	\$(594,828)
Liabilities assumed	53,764	46,894	436,592
Goodwill	7,204	(4,447)	(41,398)
Loss on transfer of stock within the group	(7,025)		
Statutory reserves	69	128	1,194
Minority interest	17,088	6,867	63,933
Foreign currency translation adjustments		(11)	(107)
Acquisition costs	(18,759)	(14,459)	(134,614)
Cash acquired	14,390	11,944	111,201
Cash paid in business acquisitions, net of cash acquired	¥ (4,369)	¥ (2,515)	\$ (23,413)
Fair value of assets sold	¥ 410	¥ 7	\$ 65
Liabilities relinquished	(151)	(1)	(13)
Foreign currency translation adjustments	(217)		
Gain on sale of the stock—net	246		
Foreign exchange loss	(3)		
Sale value	285	6	52
Cash relinquished	(183)		
Cash received in sale of subsidiaries, net of cash relinquished	¥ 102	¥ 6	\$ 52

See notes to consolidated financial statements.