

**Comments to the Quarterly consolidated financial statements of
Softbank SA Capital Group
for the 3rd Quarter 2004 (SA-QSr 3/2004)**

I. Significant Achievements or Failures and Related Events in Q3 2004

Operating Activity

Softbank SA

In the third quarter of 2004, Softbank SA generated PLN 77.0m in sales revenue, representing a 142.1% increase on Q3 2003. The Company was able to improve its revenue by PLN 45.2m by executing large contracts with customers in the banking and public administration sectors. The Company's cumulative revenue for Q1-Q3 2004 sales in the individual sectors as follows:

<i>Sectors</i>	<i>1-3 Q 2004 [PLN '000]</i>	<i>1-3 Q 2004 [%]</i>	<i>1-3 Q 2003 [PLN '000]</i>	<i>1-3 Q 2003 [%]</i>
Banking	90 245	45%	71 715	49%
Public Institutions	105 745	53%	64 244	44%
Other sectors	3 537	2%	10 146	7%
TOTAL	199 527	100%	146 106	100%

In Q3 2004, Softbank SA posted PLN 24.5 in revenue on sales to the banking sector, i.e. at a level similar to that recorded for the analogous period of 2003. As at the end of the first three quarters, the Company's revenue on sales to the banking sector was higher than in 2003 as a result of the on-going (commenced in Q4 2003) implementation of the Integrated IT System (ZSI) at PKO BP SA. The contract for ZSI implementation was concluded in August 2003 and encompasses all products, branches and representative offices of PKO BP SA. The implementation work was divided into 21 stages to be executed over time. In Q3 2003, Softbank SA completed an important phase consisting in an analysis of the bank's requirements. As a result, revenue from ZSI was higher than in the previous quarters of 2004. Furthermore, in Q3 2004, Softbank SA continued to generate revenue on maintenance services provided to PKO BP SA in relation to systems implemented in earlier periods (i.e. ZORBA, CEZAR, and NetBANK).

In Q3 2004, revenue on sales to the public administration sector totalled PLN 51.5m. The Company was able to achieve such high strong sales primarily thanks to revenue realised on a few material contracts. In August 2004, the Company and the Social Security Authority (ZUS) concluded a contract for the delivery of an infrastructure for multiprocessor servers, including a drive array, totalling PLN 19.7m. The contract was completed in Q3 2004.

Another important component of the revenue on sales to the public administration sector was the inflow generated on the implementation of an IT system at the Central Register of Vehicles and Drivers (CEPiK), commenced in Q4 2003. The value of the revenue derived from this contract has been rising as a natural consequence of progress in the work on the development of the CEPiK system.

In Q3 2004, Softbank SA also continued work under a contract for implementation of the Central System for Personalisation of Vehicle Registration Cards (CPDR) which has been operational since October 1st 2004. During the quarter, the Company completed work under a contract with Polska Wytwornia Papierów Wartościowych SA, which is responsible for the printing of the new vehicle registration cards. The PLN 27.7m contract, concluded in April 2004, provides for the delivery of computer hardware and software, provision of training services, installation of computer networks and provision of maintenance services.

In the third quarter of 2004, Softbank SA posted a high operating profit of PLN 13.8m. Its Q3 2004 operating margin was 18.0%. The high profitability is directly attributable to the execution of contracts with high added value, which primarily concern provision of IT services and, to a lesser extent, delivery of IT equipment. Both the contracts executed for the banking sector as well as those for public administration, primarily concerned maintenance and implementation work as well as consulting and installation services.

Epsilio SA

In the first three quarters of 2004, Epsilio SA maintained its sales revenue (as compared with the combined results of Wonlok SA and Saba Grupa Softbank SA) at a level close to that recorded a year earlier. Epsilio SA performed work under a contract concluded with BGŻ SA (main customer) and intensified its efforts to attract new customers from the cooperative banking sector. By lowering its operating expenses, mainly through workforce rationalisation, it was able to post a high operating margin (21.2%) for Q1-Q3 2004.

AWiM Mediabank SA

In Q1-Q3 2004, AWiM Mediabank SA saw its sales revenue fall by 15.3% as its publishing activities were curtailed. Meanwhile, its revenue on sales of advertising time has increased. At present, the undertaking concentrates on radio broadcasting activity (Radio PIN 102 FM). The radio station has been recording a steady increase in particular audience ratios

and its market share; nevertheless, since it has been present on the market for a short time (two years) and has focused on a niche customer group, it is yet to generate positive financial results.

ZUI Novum Sp. z o.o.

ZUI Novum Sp. z o.o., as provider of proprietary IT solutions for cooperative banks, generates stable financial results at high profit ratios. After the first three quarters of 2004, its cumulative sales revenue grew by 9.3% and the net margin by 5.9%.

Sawan Grupa Softbank SA

In Q3 2004, the sales revenue of Sawan Grupa Softbank SA rose by 63.0% (y-o-y) though the value of its cumulative revenue (Q1–Q3) remained unchanged (PLN 8.8m) due to the weaker sales in H1 2004. In Q3 2004, the undertaking recorded an operating loss (PLN –47 thousand), whose aggregate value after the first three quarters of 2004 totalled PLN -2.7m. The main reason for the loss is the inclusion of costs relating to work on some products (as at June 30th 2004) under current operating expenses.

Softbank Serwis Sp. z o.o.

The undertaking posted sound Q3 2004 financial results, both in terms of sales and profitability. In the third quarter, its sales revenue grew by 65.6% (y-o-y) to PLN 16.5m thanks to, among others, the consulting services and implementation work performed on the CEPiK and CPDR systems. As a result of cost rationalisation, Softbank Serwis Sp. z o.o. saw an improvement in its cumulative Q1–Q3 operating margin from 4.4% in Q3 2003 to 3.2% in Q3 2004.

Employment

As at September 30th 2004, the Softbank Group employed 957 persons. In the last 12 months, the Group's workforce decreased by 48 employees, mainly as a result of the restructuring carried out at the following subsidiary undertakings: Softbank Serwis Sp. z o.o., Epsilio SA and Sawan Grupa Softbank SA. Concurrently, the workforce at Softbank SA grew by 65 employees (mainly computer programmers) as a result of the commencement of the main phase of execution of two material contracts concerning implementation of the CEPiK system and the ZSI at PKO BP SA.

Employment in Softbank Capital Group

	<i>as at 2004-09-30</i>	<i>as at 2003-09-30</i>
Softbank Capital Group	957	1.005
Softbank S.A.	343	278
Bezpieczeństwo.pl Sp. z o.o	0	12
Epsilio S.A.	214	248
AWiM Mediabank S.A.	25	32
Net Power S.A.	0	0
ZUI Novum Sp. z o.o.	41	40
Sawan Grupa Softbank S.A.	100	133
Softbank Serwis Sp. z o.o.	234	274

Financial Activity

In the third quarter of 2004, as in previous periods, the Softbank Group financed its operations with own and external funds (debt).

In Q3 2004, all available funds were invested in high-yield securities bearing very low risk (guaranteed by the bank or the parent undertaking) and bank time deposits.

The Company used own funds, external financing and the collected trade debtors to settle its accounts payable and investment liabilities on an on-going basis.

As at September 30th 2004, the financial liabilities contracted by the Parent Undertaking totalled PLN 120.6m and included: PLN 51.8m in loans and borrowings, PLN 48.7m in short-term corporate bonds – including an issue acquired by Softbank Serwis Sp. z o.o. (subsidiary undertaking) worth PLN 17.5m, and PLN 20.1m in other liabilities.

Investment Activity

- The Executive Board of Softbank SA, registered office in Warsaw (Softbank), hereby reports that on September 7th 2004 Softbank signed an agreement whereby it agreed to acquire a total of 495,000 (four hundred and ninety five thousand) shares offered by Comp Rzeszów SA (Comp Rzeszów) and Mr Adam Góral in the public offering of Comp Rzeszów shares, to commence on September 8th 2004. Softbank will acquire the shares at a price determined based on the subscription orders placed during the book-building process (September 8–10th 2004), falling within the price range of PLN 85–94 per offered share. In addition, Softbank will submit a declaration to acquire more of the offered shares in the book-building process.

Softbank is interested in acquiring a total of 20–23% of shares in Comp Rzeszów. Moreover, upon acquisition of shares in Comp Rzeszów by Softbank, a cooperation agreement between Softbank and Comp Rzeszów, dated September 6th 2004,

will come into force. The agreement defines the terms of cooperation of the two companies on IT projects in the banking sector. This cooperation will make it possible to enhance the range of products offered by Comp Rzeszów and Softbank in the sector. The synergy effects between the companies will make it possible to share knowledge and experience as well as to leverage the best resources accumulated by them to execute projects.

(see public message dated on 08-09-2004)

- The Executive Board of Softbank SA hereby reports that on October 18th 2004 Softbank SA and COMP Rzeszów SA, registered office in Rzeszów, signed a letter of intent. The signatories of the letter intend to reach an agreement concerning the sale of 892,500 shares in Epsilio SA of Łódź, representing 100% of its share capital, by Softbank SA to COMP Rzeszów SA.

The Executive Board of Softbank SA believes that the combination of COMP Rzeszów SA's and Epsilio SA's know-how, resources and experience will foster further dynamic growth of both companies and improvement of profitability thanks to product and sales synergies.

(see public message dated on 19-10-2004)

- The Executive Board of Softbank SA hereby reports that on October 18th 2004 it was notified of the registration in the investment account of Softbank SA, 450,000 ordinary bearer shares of COMP Rzeszów SA, with a par value of PLN 0.10 per share. Following the registration, Softbank SA holds 605,000 COMP Rzeszów SA shares, representing 17.54% of the share capital and votes at its General Shareholders Meeting.

Softbank SA purchased shares of COMP Rzeszów SA in a public offering launched on September 8th 2004. The shares were acquired at the issue price of PLN 94 per share, i.e. the aggregate price of PLN 56,870,000.

The acquisition was financed with Softbank SA's own funds and a bank loan. The value of the acquired shares exceeds 10% of Softbank SA's equity. There are no links between Softbank SA, its managing or supervising personnel, and the parties selling shares in COMP Rzeszów SA.

(see public message dated on 19-10-2004)

II. Factors and Events with Material Bearing on Financial Performance and Key Adjustments under Provisions and Revaluation Write-Offs

Sales Revenue

After the first three quarters of 2004, the Softbank Group posted net sales revenue of PLN 259.4m, representing a 29.9% increase on the analogous period of the previous year. The robust growth rate in the Group sales is primarily attributable to the higher sales of the Parent Undertaking. In the period, sales revenue of Softbank SA rose by 36.6%. A decisive majority of the Group's revenue (71.2% – net of consolidation eliminations) was generated by Softbank SA. The second largest percentage share of the Group's sales was realised by Softbank Serwis Sp. z o.o (13.7% – net of consolidation eliminations). After the first three quarters of 2004, the Parent Undertaking posted PLN 199.5m in sales revenue and the other Group undertakings included in the consolidated financial statements generated an additional PLN 80.8m.

In terms of the structure of the Group's sales revenue as at the end of the first three quarters of 2004, 44.8% (PLN 116.3m) represented revenue on sales of products and services. The remaining 55.2% (PLN 143.1m) was derived on sales of goods for resale and materials. Revenue on sales of hardware accounted for 35.7% of total sales revenue for Q1-Q3 2004, as compared with 51.9% in the analogous period of 2003. Revenue on sales of own services represented 20.5% of the three quarter total (16.5% in 2003).

In Q3 2004, the Group's sales revenue amounted to PLN 94.4m, up by 82.2% on Q3 2003. The high sales dynamics follow from the better sales at the Parent Undertaking – Softbank SA saw its revenue jump by 142.1% in the period.

Costs

After the first three quarters of 2004, the Group's cost of sales totalled PLN 190.2m, translating into a gross sales margin of 26.7%. To compare, in the analogous period of 2003, the Group's gross sales margin had amounted to 17.0%. As at the end of the period January–September 2004, the Group's gross margin on sales of products and services amounted to 38.1% and on sales of goods for resale – 17.4%. The higher gross sales margin is a direct consequence of the high revenue posted by the Parent Undertaking under contracts with high added value (chiefly concerning implementation, installation and consulting services).

Despite the higher sales revenue in Q1–Q3 2004 (by PLN 60m), the aggregate selling costs and general and administrative expenses rose by only PLN 9.9m. This paved the way for a high operating profit of PLN 12.3m.

Key Data on Undertakings included in the Consolidated Financial Statements for Q3 2004*)

Undertaking % of equity / total vote held by Parent Undertaking	Business profile	Sales revenue [PLN '000]		Net profit / loss [PLN '000]	
		Q1- Q3 2004	Q1- Q3 2003	Q1- Q3 2004	Q1- Q3 2003
Softbank SA Parent Undertaking www.softbank.pl	Delivery of comprehensive IT solutions, primarily to the financial and public administration sectors	199,527	146,106	13,651	-19,193
Bezpieczeństwo.pl Sp. z o.o. 100/100	Construction and implementation of IT systems to support and coordinate the activities of emergency services	292	538	2,329	(1,357)
Epsilio SA 100/100 www.epsilio.pl	Development and implementation of IT solutions for the banking sector, including cooperative banks.	20,993	16,380	4,115	563
AWiM Mediabank SA 100/100 www.mediabank.pl	Publishing, marketing, and radio broadcasting activity (Radio PIN 102 FM)	2,873	3,391	(3,417)	(4,061)
Net Power SA 49/49	Delivery of IT applications and solutions to the enterprise sector.	0	0	-41	7
ZUI Novum Sp. z o.o. 51/51 www.novum.pl	Development of banking applications and delivery of comprehensive IT systems for cooperative banks.	9,265	8,478	550	666
Saba Grupa Softbank SA 100/100	Development of banking applications and delivery of comprehensive IT systems for cooperative banks.	0	4,205	(25)	(3,737)
Sawan Grupa Softbank SA 71/71 www.sawan.com.pl	IT solutions supporting management (data warehouses, reporting systems, and CRM systems).	8,714	8,639	(2,113)	88
Softbank Serwis Sp. z o.o. 100/100	Maintenance of computer software and hardware delivered by the Group by outsourcing IT systems.	38,318	31,235	1,465	7,958
Zeto Rodan Sp. z o.o. 51/51	Development and delivery of IT solutions for financial institutions, in particular for brokerage houses.	359	1,068	15	3

*) net of consolidation eliminations.

The value of equity interests disclosed as at September 30th 2004.

Saba Grupa Softbank SA was subject to consolidation to the end of February 2004. The Q1-Q3 2004 column includes data for the period January 1st – February 29th 2004.

Comparable data for Epsilio SA for Q1-Q3 2003 disclose data of Wonlok SA. In Q4 2003, the enterprise of Saba Grupa Softbank SA was merged into Wonlok SA and the resulting undertaking was renamed as Epsilio SA. Epsilio SA is subject to consolidation as of July 1st 2003, nevertheless the Q1-Q3 2003 column include data for the period January 1st – September 30th 2003.

Zeto Rodan Sp. z o.o. was subject to consolidation to the end of March 2004. The Q1-Q3 2004 column includes data for the period January 1st – March 31st 2004.

Key Factors with Material Bearing on Financial Performance of the Softbank Group in Q3 2004

Factors material to operating results:

- Profit on sales up by PLN 11.0m as a result of the execution of material contracts (with high added value) in the banking and public administration sectors;
- Result on other activities up as a result of the release of provisions for tax liabilities (PLN 2.9m) prompted by the decision received from the Tax Supervisory Authority concerning the inspection underway at the Parent Undertaking;
- Result on other activities down as a result of the creation of a revaluation write-off on intangible fixed assets (PLN 1.2m);
- Result on other activities down by PLN 0.8m as a result of the creation/reversal of revaluation write-offs on doubtful accounts receivable;

Factors material to result on financing activity:

- Pre-tax profit up by PLN 12.1m as a result of an rise in the market price of shares of COMP Rzeszów SA (short-term investment);
- Pre-tax profit down by PLN 0.6m as a result of the creation of provisions for the purchase of shares of COMP Rzeszów SA;
- Pre-tax profit down as a result of a valuation of financial derivatives embedded in concluded trade agreements (PLN 12.0m);

- Pre-tax profit up as a result of a valuation of concluded forward-type contracts (PLN 1.4m);
- Pre-tax profit up as a result of the realisation of forward-type contracts concluded in previous periods (PLN 0.8m);

Factors material to the net result:

- Pre-tax profit down as a result of a consolidation goodwill write-off (PLN 1.6m) which comprised primarily a goodwill write-off for Epsilio SA;
- Net profit up by PLN 0.4m as a result of a decrease in deferred tax provisions and an increase in deferred tax assets.

III. Events Subsequent to September 30th 2004 Which may Materially Affect the Future Performance of the Softbank Group

- The Executive Board of Softbank SA reported that it has completed work on the Company's strategy for 2004–2006. Softbank SA intends to provide IT services to customers on the financial services market, with particular focus on the banking industry, and public administration sectors.

The Softbank Group plans to specialise and develop its offering in the following business and technology areas:

1. Development and implementation of applications and systems for financial institutions, based on data warehouse technologies, business intelligence, knowledge and information management, including risk management systems;
2. Implementation of transaction applications for retail, corporate and wholesale banking;
3. Implementation of technologically advanced applications for integration of applications, management of security and resources;
4. Execution of specific, one-off projects involving software development and integration for public administration customers;

Softbank SA plans to address its offering to banks and financial institutions as well as public administration bodies in Poland and other countries of Central and Eastern Europe, and this objective governs the activities related to marketing, sales, production and investments. Softbank SA intends to specialise in complex integration projects. In practice it means transition from transactional systems to integration and management systems.

The objectives that underlie the Company's mission and vision include reduction of operating expenses and maximisation of benefits for customers following from optimisation of their business processes. Unlike the previous strategy, assuming market diversification, Softbank SA's current strategy focuses on selected markets which offer the opportunity to gain competitive advantage drawing on the Company's best knowledge and experience. Softbank SA's strategy aims at increasing the firm value by regaining the leading position on the banking market and winning the position of a major player in the public administration sector. In order to achieve high competitiveness and business effectiveness, the key areas of operations will be integrated at the level of Softbank SA.

In practice, such a strategy means that the Softbank Group intends to win a 12-percent in the Polish market of IT products and services for the banking sector by 2006, and in the same year earn revenue of PLN 360m from this sector, with a 28% gross margin. In 2006, the Group plans to earn revenue of PLN 150m on cooperation with customers in the public administration sector, with a 10% gross margin. The Softbank Group projects that its 2006 net sales revenue will amount to PLN 550m, with a 12% EBITDA margin.

The basis for the projections and their underlying assumptions are contained in the Strategy for 2004–2006 described above. The performance of the planned objectives will be monitored and assessed by the Company after the end of each financial year, based on an analysis of sales revenue and expenses. From the beginning of the first quarter of 2006, the projections will be monitored and assessed by the Company at the end of each quarter.

(see public message dated on 19-10-2004)

IV. The Softbank Executive Board's position on the feasibility of meeting the targets of the 2004 financial forecasts published earlier, in light of the results presented in this report.

The Company did not publish any non-consolidated or consolidated financial forecasts for year 2004.

V. Shareholders and any changes in the ownership structure of major holdings of Softbank shares after the publication of the previous quarterly report.

Softbank's Shareholder Structure as at 5th November 2004

<i>Name</i>	<i>Number of shares and votes at the General Shareholders Meeting</i>	<i>Stake in shareholder's equity</i>
Prokom Software S.A.	5.238.000	25,002 %

Nihonswi AG	2.042.910	9,750 %
Zbigniew Opach	1.880.432	8,980 %
Grupa PZU S.A.	1.320.155	6,301 %

The number and structure of shareholders holding at least 5% of the shares has changed in relation to the previous reporting period as follows:

- PZU Group increased its shareholding by 70'000 shares.

Currently, the share capital of Softbank stands at PLN 20,950,512 and is divided into 20,950,512 ordinary shares with a par value of PLN 1 per share.

VI. Changes in the Number of Softbank Shares or Rights to the Softbank Shares (Options) Held by the Managing and Supervisory Staff of Softbank, According to the Information Available to the Company

<i>Supervisory Board</i>	<i>Number of Softbank Shares</i>	
	<i>as at 10-08-2004</i>	<i>as at 05-11-2004</i>
Ryszard Krauze	0	0 (no change)
Stanisław Janiszewski	1.600	1.600 (no change)
Alicja Kornasiewicz	0	0 (no change)
Maciej Grelowski*	-	0
Piotr Mondalski*	-	2.500

<i>Executive Board</i>	<i>Number of Softbank Shares</i>	
	<i>as at 10-08-2004</i>	<i>as at 05-11-2004</i>
Krzysztof Korba	0	0 (no change)
Piotr Jeleński	0	0 (no change)
Robert Smułkowski	1.500	1.500 (no change)
Przemysław Borzestowski	0	0 (no change)
Przemysław Sęczkowski	0	0 (no change)

* *Members of Supervisory Board from the 9th September 2004*

One Member of the Executive Board of Softbank SA is entitled to acquire 73,857 ordinary bearer shares of the Issuer, with a par value of PLN 1 per share, at a price equal to their par value.

VII. Information about lawsuits or administrative proceedings pending against Softbank SA or its subsidiaries regarding their liabilities or receivables.

In the 3rd quarter 2004 there were no pending lawsuits or administrative proceedings against Softbank S.A. or its subsidiaries regarding their liabilities or receivables of combined value exceeding 10% of Softbank SA's equity.

VIII. Information about uncommon transactions between group companies of value exceeding EUR 500,000.

All inter-company transactions between group companies were ordinary transactions conducted on usual market conditions and were the result of regular operating activities of Softbank SA and its subsidiaries.

IX. Guarantees granted.

The combined value of guarantees granted by Softbank SA or its subsidiaries to a single entity or its subsidiary did not exceed 10% of Prokom Software SA's equity.

X. Other Information Which, in the Company's Opinion, is Material to the Assessment of Softbank's Human Resources, Assets, Financial Standing and Financial Performance

The Executive Board of the Company hereby reports that at the meeting of July 23rd 2004 the Supervisory Board of Softbank SA adopted a resolution on selection of an auditor to audit the Company's and the Group's 2004 financial statements. The existing auditor, Ernst and Young Audit Sp. z o.o., registered office at ul. Emilii Plater 53 in Warsaw, was reappointed. The firm is entered into the list of entities qualified to audit financial statements under entry No. 130. The parties will conclude an appropriate agreement for the period necessary to perform the audit. Ernst and Young Audit is a world leading audit and advisory company.

(see public message dated on 24-07-2004)

The Executive Board of the Company hereby reports that at the meeting of July 23rd 2004 the Supervisory Board of Softbank SA removed Mr Jarosław Ogorzałek from his position of a member of the Executive Board. The Company terminated Mr Ogorzałek's employment agreement. The Company is obliged to make a cash payment of PLN 2,067,997 to Mr Ogorzałek or to offer him 73,857 Company shares at par value within 90 days as from the date the Company receives a relevant request.

(see public message dated on 24-07-2004)

The Executive Board of Softbank SA hereby reports that following an adjournment, the Extraordinary General Shareholders Meeting convened for September 3rd 2003 was resumed on September 9th 2004 to appoint the following members to the Company's Supervisory Board:

1. Ryszard Krauze
2. Maciej Grelowski
3. Stanisław Janiszewski
4. Alicja Kornasiewicz
5. Piotr Mondalski

(see public message dated on 10-09-2004)

The Executive Board of Softbank SA reports that on September 17th 2004 a Member of the Executive Board of Softbank SA and the Issuer concluded an employment contract entitling the Member to acquire 73,857 (seventy three thousand, eight hundred and fifty seven) ordinary bearer shares of the Issuer, with a par value of PLN 1 (one złoty) per share, at a price equal to their par value. The Issuer is obliged to enable the Executive Board Member to acquire the shares by December 31st 2004.

If the Issuer does not fulfil this obligation, the Executive Board Member may demand payment by the Issuer of a contractual penalty of PLN 2,067,996 (two million, sixty seven thousand, nine hundred and ninety six złoty).

(see public message dated on 17-09-2004)

SUPPLEMENTARY INFORMATION

I. Changes in Rules Governing the Valuation of Balance-Sheet Items and Calculation of the Financial Result

In the Q3 2004 financial statements the comparable financial data of the Softbank Group and of Softbank SA were restated for the following reasons:

- To correct a fundamental error in the amount of PLN 32,000 thousand, resulting from the disclosure in the balance-sheet as at December 31st 2002 of the balance of unregistered share capital under "liability under unregistered share capital increase" instead of disclosing it under "unregistered share capital increase" in shareholders' equity.
- To correct a fundamental error in the amount of PLN 801 thousand, resulting from the disclosure at fair value, of bonds convertible to shares, which were delivered as payment to entities selling Multinet SA, Pik-Net Sp. z o.o. and Polbox Sp. z o.o. in 2002. The correction had no impact on the net asset value as disclosed in the consolidated financial statements for the periods under review.
- To introduce a change in accounting policy concerning the exchange rate used to translate the value of assets and liabilities held in foreign currencies as at the end of 2003. Such a possibility was introduced by the Amendment to the Polish Companies Act and certain other acts, dated December 12th 2003, in effect as of January 15th 2004, with a possibility of its application to the 2003 financial statements. In accordance with this rule, the individual items of assets and liabilities were valued as at the balance-sheet date at the mid exchange rates quoted by the National Bank of Poland, in effect at that date for the given currency. The change in the accounting policies was reflected in the 2003 opening balance sheet, accordingly, and resulted in the following changes in the comparable data:
 - Q3 2003 net financial result is lower by PLN 382 thousand,
 - Q3 2003 financial expenses are higher by PLN 441 thousand – currency-translation differences,
 - Q3 2003 other operating income is higher by PLN 59 thousand – reversal of revaluation adjustment on accounts receivable increased by currency-translation differences in 2002,
 - balance of cash and cash equivalents as at December 31st 2002 is higher by PLN 10 thousand.
- To account for the H1 2003 valuation of financial derivatives embedded in the concluded administrative agreements (including lease agreements) and other agreements. In the balance-sheet as at December 31st 2002, the results of the embedded financial derivatives were not disclosed as they were not material to the reported results. Accordingly, this change did not necessitate any adjustments in the comparable data. Pursuant to the Directive of the Minister of Finance of February 23rd 2004 amending the Regulation of December 12th 2001 on detailed rules governing the recognition, valuation, scope of disclosure and manner of presentation of financial instruments, and upon an analysis of the relevant provisions of the International Financial Reporting Standards, in particular IFRS 32 and IFRS 39 (amended in 2003), Softbank SA decided not to value as at December 31st 2003 the derivatives embedded in lease agreements in the form of indexation of charges to USD or EUR exchange rates. The decision followed from the fact that long-term lease agreements in Poland customarily provide for such indexation of charges. As a result of the described change in the accounting rules (policy), the Group's financial result and the balance of financial income and expenses for Q1-Q3 2004 decreased by PLN 2,975 thousand; in addition, its balance-sheet total of long-term and short-term assets decreased by PLN 1,873 thousand and PLN 698 thousand, respectively. Meanwhile, the Company's financial result and balance of financial income and expenses decreased by PLN 2,559 thousand; its balance-sheet total of long-term and short-term assets also decreased by PLN 1,570 thousand and PLN 585 thousand, respectively.

- To account for the 2003 decision of the Softbank Group to change the accounting rules (policy) governing the balance-sheet disclosure of provisions. Formerly, provisions were disclosed under other accrued expenses. Currently (as of the end of 2003), they are disclosed in the balance-sheet under “Provisions”. As a result of the change, the following amounts were transferred in comparable data: PLN 3,500 thousand under remuneration for EEA, PLN 1,456 thousand under liabilities towards Siemens, PLN 2,088 thousand under claims of former employees and PLN 2,168 thousand under non-competition agreements were transferred from other accrued expenses to other provisions; PLN 3,223 thousand under provisions for holidays in arrears was transferred from other accrued expenses to short-term provisions for pension and related benefits.

Apart from the above, there were no other material issues which would affect the comparability of the financial data.

II. Rules for Preparation of the Report

1. The Extended Consolidated Quarterly Report of the Softbank Capital Group (“the Report”) includes data for the first three quarters of the 2004 financial year, in the form of:
 - Consolidated Quarterly Financial Statements of the Capital Group (“the Softbank Group” or “the Group”) which include: consolidated balance-sheet and off-balance-sheet items, consolidated profit and loss account, reconciliation of movements in the consolidated shareholders’ equity and consolidated cash-flow statement,
 - Condensed Quarterly Financial Statements of Softbank SA (“the Parent Undertaking” or “the Company”) which include: balance sheet and off-balance-sheet items, profit and loss account, reconciliation of movements in shareholders’ equity, and cash flow statement,
 - Director’s Report on the Activities of Softbank SA (“the Director’s Report”) to the Extended Quarterly Financial Statements.
2. The Extended Quarterly Consolidated Financial Statements of the Softbank Group for the third quarter of 2004 were prepared pursuant to the provisions of the following laws and regulations: amended Polish Accountancy Act of September 29th 1994 (uniform text – Dz. U. of 2002, No. 76, item 694, “the Amended Accountancy Act”), as amended; Regulation of the Minister of Finance on detailed rules governing the recognition, valuation, and scope of disclosure of financial instruments, dated December 12th 2001 (Dz. U. of 2001 No. 149, item 1674, as amended); Regulation of the Minister of Finance on detailed rules governing preparation of financial statements for related undertakings by entities other than banks and insurance companies, dated December 12th 2001 (Dz. U. of 2001, No. 152, item 1729); Regulation of the Polish Council of Ministers on detailed requirements for issue prospectuses and abbreviated issue prospectuses, dated August 11th 2004 (Dz. U. of 2004, No. 186, item 1921); and Regulation of the Polish Council of Ministers on current and periodic reports and the disclosure thereof by issuers of securities, dated October 16th 2001 (Dz. U. No. 139, item 1569, as amended).
3. Section 8 of the Introduction to the Extended Semi-Annual Consolidated Financial Statements for H1 2004 (SA-PSr 2004), published on September 20th 2004, provides a detailed description of the accounting policies applied in the preparation of the Extended Quarterly Financial Statements of the Softbank Group for the first three quarters of 2004.
4. In Q3 2004 (“SA-QSr 3/2004”), the following changes were introduced in the Group’s structure:
 - By virtue of the Share Purchase Agreement, on July 29th 2004 Softbank SA acquired 960 shares in Sawan Grupa Softbank SA, representing 3.86% of the shares and of the total vote at the General Shareholders Meeting of Sawan Grupa Softbank SA.
5. The following Group undertakings were included in the Q1-Q3 2004 consolidated financial statements:
 - Softbank SA – Parent Undertaking;
 - Bezpieczeństwo.pl Sp. z o.o. – consolidated with the full method;
 - Epsilio SA – consolidated with the full method;
 - AWiM Mediabank SA – consolidated with the full method;
 - ZUI Novum Sp. z o.o. – consolidated with the full method;
 - Sawan Grupa Softbank SA – consolidated with the full method;
 - Softbank Serwis Sp. z o.o. – consolidated with the full method;
 - Saba Grupa Softbank S.A. (*) – consolidated with the full method;
 - Zeto-Rodan Sp. z o.o. (**) – consolidated with the full method;
 - NetPower SA – consolidated with the equity method.

(*) On February 27th 2004, the Parent Undertaking disposed of its entire shareholding in Saba Grupa Softbank SA. The undertaking was subject to consolidation to the end of February 2004.

(**) On April 7th 2004, the Parent Undertaking disposed of its entire shareholding in Centrum Informatyki Zeto Rodan Sp. z o.o. The undertaking was subject to consolidation to the end of March 2004.

Bielpolsoft, registered office in Minsk, Belarus (Parent Undertaking held 85.0% of the shares and votes of at the General Shareholders Meeting of Bielpolsoft), was not consolidated since due to the economic situation prevailing in Belarus and the absence of accessible financial data, the Group cannot obtain any financial information for 2000–2003 and for the first three quarters of 2004. The Softbank Group created a revaluation write-off for the value of its entire investment in Bielpolsoft. The Executive Board of the Parent Undertaking was notified that as a result of nationalisation, the Group lost its ownership rights to an equity interest in

Bielpolsoft to the benefit of the State Treasury of Belarus. The Company holds no additional liabilities related to the investment in Bielpolsoft.

6. To translate the financial results from Polish zloty (PLN) to Euro (EUR), the following foreign exchange rates (published by the National Bank of Poland) were used:
 - For the Balance Sheet – the rate as at the balance sheet day. The exchange rate on September 30th 2004 was 1 EUR = 4.3832 PLN, while the exchange rate on September 30th 2003 was 1 EUR = 4.6435 PLN;
 - For the Profit and Loss 3Q/2004 – the average of NBP rates applicable on the last day of each month between January and September 2004 (1 EUR = 4.6435 PLN);
 - For the Profit and Loss 3Q/2003 comparative data – the average of NBP rates applicable on the last day of each month between January and September 2003 (1 EUR = 4.3618 PLN).