

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 2 of this report.

**SOFTBANK CORP.**  
**CONSOLIDATED FINANCIAL REPORT**  
**For the three-month period ended June 30, 2012**

Tokyo, July 31, 2012

**1. FINANCIAL HIGHLIGHTS**

**(1) Results of Operations**

(Percentages are shown as year-on-year changes)  
(Millions of yen; amounts less than one million yen are omitted.)

	Net sales		Operating income		Ordinary income		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Three-month period ended June 30, 2012</b>	¥766,902	0.3	¥192,124	9.3	¥180,978	19.7	¥90,661	(4.4)
Three-month period ended June 30, 2011	¥764,237	9.0	¥175,825	12.3	¥151,230	19.2	¥94,791	387.6

Note: Comprehensive income

Three-month period ended June 30, 2012: ¥99,164 million (4.7) %

Three-month period ended June 30, 2011: ¥104,007 million 329.6%

	Net income per share—basic (yen)	Net income per share—diluted (yen)
<b>Three-month period ended June 30, 2012</b>	¥82.53	¥80.88
Three-month period ended June 30, 2011	¥87.35	¥83.91

**(2) Financial Condition**

(Millions of yen; amounts less than one million yen are omitted.)

	Total assets	Total equity	Equity ratio (%)
<b>As of June 30, 2012</b>	¥4,628,074	¥1,423,286	20.0
As of March 31, 2012	¥4,899,705	¥1,435,640	19.1

Note: Shareholders' equity

As of June 30, 2012: ¥923,448 million

As of March 31, 2012: ¥936,693 million

**2. Dividends**

(Record date)	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Fiscal year ended March 31, 2012	(yen) -	(yen) 0.00	(yen) -	(yen) 40.00	(yen) 40.00
Fiscal year ending March 31, 2013	-	-	-	-	-
Fiscal year ending March 31, 2013 (Forecasted)	-	20.00	-	20.00	40.00

Note:

Revision of forecasts on the dividends: Yes

The Company has distributed its surplus as a year-end dividend annually, and since sufficient profit is expected for the year ending March 31, 2013 as well, it has decided to implement an interim dividend to increase opportunities to return profit to shareholders. This applies to shareholders on record as of the base date of September 30, 2012.

### 3. Forecasts on the consolidated operation results for the fiscal year ending in March 2013 (April 1, 2012 – March 31, 2013)

For the fiscal year ending March 31, 2013, the SOFTBANK Group will continue to focus on network expansion and customer acquisition in the Mobile Communications segment. Although this will increase the SOFTBANK Group's expenses, the customer base is expected to continue to expand steadily. As a result, the Group is forecasting a year-on-year increase in both net sales and operating income, and expects operating income to exceed ¥700 billion.

#### \* Notes

- (1) Significant changes in scope of consolidation (Changes in scope of consolidation of specified subsidiaries): No
- (2) Application of special accounting methods for preparation for the consolidated financial statements: No
- (3) Changes in accounting policies, accounting estimates and retrospective restatements in the consolidated financial statements
  - [1] Changes due to revisions in accounting standards: No
  - [2] Changes other than those in [1]: No
  - [3] Changes in accounting estimates: No
  - [4] Retrospective restatements: No
- (4) Number of shares issued (Common stock)
  - [1] Number of shares issued (including treasury stock):

As of June 30, 2012:	1,107,728,781 shares
As of March 31, 2012:	1,107,728,781 shares
  - [2] Number of treasury stock:

As of June 30, 2012:	9,214,600 shares
As of March 31, 2012:	9,213,962 shares
  - [3] Weighted average number of common stock:

As of June 30, 2012:	1,098,514,638 shares
As of June 30, 2011:	1,085,217,816 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 17 "1. Qualitative Information Regarding Three-month Period Results (3) Qualitative Information Regarding Consolidated Earnings Forecasts" for details of notes to precondition and usage for forecasts.

SOFTBANK CORP.'s Earnings Results Briefing will be held for media, institutional investors, and financial institutions on July 31, 2012 followed by the Analysts Briefing for institutional investors and financial institutions on August 1, 2012. The Earnings Results Briefing will be streamed live on the Company's Web site in Japanese and English at (<http://www.softbank.co.jp/en/irinfo>). The material used in the Analysts Briefing will be uploaded the day before the briefing and the video on demand will be made available as soon as possible on the Company's Web site afterwards.

## (Appendix)

## Contents

1. Qualitative Information Regarding Three-month Period Results	p. 2
(1) Qualitative Information Regarding Consolidated Results of Operations	p. 2
1. Consolidated Results of Operations	p. 2
2. Results by Business Segment	p. 4
(Reference 1: Principal Operational Data)	p. 9
(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business)	p.11
(Reference 3: Capital Expenditure and Depreciation)	p.12
(2) Qualitative Information Regarding Consolidated Financial Position	p.13
1. Assets, Liabilities, and Equity	p.13
2. Cash Flows	p.16
(Reference: Major Financing Activities)	p.17
(3) Qualitative Information Regarding Consolidated Earnings Forecasts	p.17
2. Consolidated Financial Statements	p.18
(1) Consolidated Balance Sheets	p.18
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	p.20
(3) Consolidated Statements of Cash Flows	p.22
(4) Significant Doubt About Going Concern Assumption	p.24
(5) Notes	p.24
(6) Segment Information	p.25
(7) Significant Changes in Shareholders' Equity	p.26

## 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 three-month period from April 1, 2012 to June 30, 2012 >

For the three-month period ended June 30, 2012 (hereafter “the period”), the SOFTBANK Group (hereafter “the Group”) achieved consolidated net sales of ¥766,902 million, a ¥2,665 million (0.3%) increase compared with the same period of the previous fiscal year (April 1, 2011 to June 30, 2011, hereafter “year on year”), with a ¥16,299 million (9.3%) increase in operating income to ¥192,124 million. Ordinary income grew ¥29,748 million (19.7%) to ¥180,978 million. Net income declined ¥4,129 million (4.4%) to ¥90,661 million.

Note:

Definition of terms: as used in this consolidated financial report for the three-month period from April 1, 2012 to June 30, 2012, 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.

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

#### (a) Net Sales

Net sales totaled ¥766,902 million, for a ¥2,665 million (0.3%) year-on-year increase. This was mainly due to increases in sales in the Fixed-line Telecommunications and the Internet Culture segments, which outweighed a decrease in sales in the mainstay Mobile Communications segment.

#### (b) Cost of Sales

Cost of sales declined ¥833 million (0.2%) year on year to ¥340,506 million. This was primarily due to a decrease in the cost of goods in line with an increase in the proportion of handsets sold that have lower cost of goods among overall handset sales. Meanwhile, depreciation and amortization increased in the Mobile Communications segment, mainly due to the installation of additional base stations.

#### (c) Selling, General, and Administrative Expenses

Selling, general, and administrative expenses declined by ¥12,800 million (5.2%) year on year to ¥234,271 million. This was mainly because of a decrease in the total amount of sales commissions<sup>1</sup> in the Mobile Communications segment, resulting from an increase in the proportion of handsets sold having a lower acquisition cost per subscriber among overall handset sales.

#### (d) Operating Income

As a result, operating income totaled ¥192,124 million, for a ¥16,299 million (9.3%) year-on-year increase. The operating margin rose 2.1 percentage points year on year to 25.1%.

---

<sup>1</sup> Sales commission paid to sales agents per new subscription and upgrade.

**(e) Non-operating Income / Expenses**

Non-operating income totaled ¥2,976 million, a ¥285 million (8.8%) year-on-year decrease. Non-operating expenses were ¥14,122 million, a ¥13,735 million (49.3%) year-on-year decrease. Interest expense decreased by ¥13,363 million as SOFTBANK MOBILE Corp. paid off its SBM loan<sup>2</sup> in October 2011.

**(f) Ordinary Income**

Ordinary income therefore totaled ¥180,978 million, for a ¥29,748 million (19.7%) year-on-year increase.

**(g) Special Income**

Special income totaled ¥3,336 million, for a ¥17,020 million year-on-year decrease. This was mainly because of a decrease in dilution gain from changes in equity interest. In the same period of the previous fiscal year, a dilution gain from changes in equity interest of ¥15,424 million was recorded mainly in relation to the Company's equity method affiliate Renren Inc.'s listing on the New York Stock Exchange.

**(h) Special Loss**

Special loss was ¥3,503 million, for a ¥3,123 million year-on-year increase.

**(i) Income Taxes**

Provisions for current income taxes were ¥57,719 million and provisions for deferred income taxes were ¥15,403 million. Total income taxes increased ¥12,922 million year on year to ¥73,122 million.

**(j) Minority Interests in Net Income**

Minority interests in net income totaled ¥17,027 million, mainly related to net income recorded at Yahoo Japan Corporation.

**(k) Net Income**

As a result of the above, net income totaled ¥90,661 million, for a ¥4,129 million (4.4%) year-on-year decrease.

**(l) Comprehensive Income**

Comprehensive income totaled ¥99,164 million, for a ¥4,842 million (4.7%) year-on-year decrease. Of this, comprehensive income attributable to owners of the parent was ¥82,109 million, for a ¥5,858 million (6.7%) year-on-year decrease, and comprehensive income attributable to minority interests was ¥17,145 million, for a ¥1,015 million (6.3%) year-on-year increase.

---

<sup>2</sup>

The loan procured in November 2006 under a whole business securitization scheme as part of the loan for procurement of the acquisition finance for Vodafone K.K. (currently SOFTBANK MOBILE Corp.). The loan was fully repaid in October 2011.

## 2. Results by Business Segment

Note:

Principal operational data are shown on pages 9-10 “(Reference 1: Principal Operational Data).”

### (a) Mobile Communications

(Millions of yen)

	Three-month Period Ended June 30, 2011	Three-month Period Ended June 30, 2012	Change	Change %
Net sales	514,090	<b>506,211</b>	(7,879)	(1.5%)
Operating income	116,491	<b>128,106</b>	11,614	10.0%

- **753,100 net subscriber additions<sup>3</sup> for the period**
- **ARPU<sup>4</sup> for the period was ¥4,020 a ¥190 year-on-year decrease.**  
**Data ARPU amounted to ¥2,540, a ¥100 year-on-year increase.**

#### < Revenue Recognition >

In the Mobile Communications segment, net sales are mainly generated through telecom service revenue and sales of mobile handsets. The telecom services consist of voice and data services and are recognized as revenue when services are provided to customers, based upon basic flat-rate monthly charges plus usage of traffic in accordance with price plans subjected to discounts.

Sales of mobile handsets are recognized when merchandise is shipped to sales agents. The agents sell the mobile handsets to the customers mainly by installment payments over a period of 24 months. SOFTBANK MOBILE Corp. purchases the installment sales receivables from the agents and collects the installment sales receivables during the 24 months.

Activation fees from new customers are recognized as revenue when services are activated.

#### < Overview of Operations >

The segment's net sales decreased by ¥7,879 million (1.5%) year on year to ¥506,211 million. The main factor behind the decrease was a decline in sales of mobile handsets, which outweighed increased telecom service revenue resulting from steady growth in the number of mobile phone subscribers. The decline in sales of mobile handsets was due to an increase in the proportion of handsets shipped<sup>5</sup> having lower unit prices, and a temporary decline in handsets shipped due to the impending launch of 900 MHz band communication services in July 2012.

The segment's operating expenses decreased ¥19,493 million (4.9%) year on year to ¥378,105 million. This decrease was mainly due to declines in the cost of goods and sales commissions in line with an increased proportion of handsets sold that have lower cost of goods and acquisition cost per subscriber among overall handset sales. Meanwhile, the segment recorded higher depreciation and amortization, mainly relating to the

<sup>3</sup> The number of net subscriber additions includes prepaid mobile phones and communication module service subscribers. Net communication module service subscriber additions for the period totaled 107,200.

<sup>4</sup> For definition and calculation method of ARPU, refer to page 11 “(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business).”

<sup>5</sup> Handsets shipped: handsets shipped (sold) to agents

installation of additional base stations.

Operating income increased by ¥11,614 million (10.0%) year on year to ¥128,106 million.

**<Number of Mobile Phone Subscribers>**

Net subscriber additions (new subscribers minus cancellations) for the period totaled 753,100. This was primarily the result of steady sales of smartphones such as iPhone<sup>6</sup> and Android<sup>TM 7</sup> handsets, as well as increased sales of iPad,<sup>6</sup> mobile data communications devices, and *Mimamori Phone* (handset with security buzzer). As a result, the cumulative number of subscribers<sup>8</sup> at the end of the period stood at 29,702,100, raising SOFTBANK MOBILE Corp.'s cumulative subscriber share by 1.4 percentage points year on year, to 23.6%.<sup>9</sup>

**< Number of Mobile Handsets Shipped/ Sold >**

Handsets shipped for the period decreased by 134,000 year on year to 2,359,000. The decrease was mainly due to a temporary decline in handsets shipped due to the impending launch of 900 MHz band communication services in July 2012.

The number of mobile handsets sold<sup>10</sup> for the period increased by 36,000 year on year to 2,586,000. The increase was mainly due to steady sales of smartphones, iPad, mobile data communications devices, and *Mimamori Phone*, while conventional mobile handsets sold decreased. Of mobile handsets sold, new subscriptions increased by 100,000 year on year to 1,663,000, while handset upgrades decreased by 64,000 year on year to 923,000.

**<ARPU>**

ARPU for the period (based on cumulative subscribers including communication modules) decreased ¥190 year on year to ¥4,020. Out of this, voice ARPU declined ¥300 year on year to ¥1,480 and data ARPU rose ¥100 year on year to ¥2,540.

The decline in voice ARPU mainly reflects dilution due to an increase in devices that do not have voice communication functionality (such as iPad, mobile data communications devices) and a decrease in revenues from incoming calls,<sup>11</sup> which was the result of a reduction in interconnection charges between operators. On the other hand, the increase in data ARPU was mainly the result of the continuing increase in the number of high data ARPU smartphone subscribers, although the increase in subscribers to low data usage products such as *Mimamori Phone* has also had a dilution effect on data ARPU.

<sup>6</sup> iPhone and iPad are trademarks of Apple Inc. The iPhone trademark is used under license from Aiphone K.K.

<sup>7</sup> Android is a trademark or a registered trademark of Google Inc.

<sup>8</sup> The cumulative number of subscribers includes prepaid mobile phones and communication module service subscribers. The cumulative number of communication module service subscribers at the end of the period was 2,157,200.

<sup>9</sup> Calculated by the Company based on Telecommunications Carriers Association statistical data.

<sup>10</sup> Calculated from the numbers of subscribers of NTT DOCOMO, INC., KDDI CORPORATION, and SOFTBANK MOBILE Corp.

<sup>10</sup> Handsets sold: total of new subscriptions and handset upgrades

<sup>11</sup> Interconnection charges received from other operators for voice calls from their customers on their network to SoftBank mobile phones as a charge for the services provided in the SOFTBANK MOBILE Corp. service area.

**< Churn Rate and Upgrade Rate >**

The churn rate<sup>12</sup> for the period was 1.03%, which was 0.04 of a percentage point lower year on year. This was primarily because of a lower churn rate among corporate customers.

The upgrade rate<sup>12</sup> for the period was 1.05%, which was 0.23 of a percentage point lower year on year. This was mainly because compared to the same period of the previous fiscal year less new handset models were released during the period. In addition, the iPhone upgrade campaign conducted from October 2011 enhanced iPhone upgrades during the previous fiscal year.

**< Average Acquisition and Upgrade Cost per Subscriber >**

The average acquisition cost per subscriber<sup>13</sup> for the period declined ¥9,700 year on year to ¥26,500. This was mainly due to an increased proportion of handsets sold that have a lower acquisition cost per subscriber among overall mobile handset sales.

The average upgrade cost per subscriber<sup>14</sup> for the period decreased ¥2,000 to ¥27,000 year on year.

---

<sup>12</sup> For definition and calculation of the churn and upgrade rates, see page 11 “(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business).”

<sup>13</sup> Average commission paid to sales agents per new subscription. New subscriptions include prepaid mobile phones and communication modules.

<sup>14</sup> Average commission paid to sales agents per handset upgrade. Upgrades include communication modules.

**(b) Broadband Infrastructure**

(Millions of yen)

	Three-month Period Ended June 30, 2011	<b>Three-month Period Ended June 30, 2012</b>	Change	Change %
Net sales	44,019	<b>41,364</b>	(2,655)	(6.0%)
Operating income	10,221	<b>9,459</b>	(761)	(7.4%)

**<Overview of Operations>**

The segment's net sales decreased by ¥2,655 million (6.0%) year on year to ¥41,364 million. This was mainly because the share of sales accounted for by *Yahoo! BB hikari with FLET'S*,<sup>15</sup> which has a relatively lower ARPU,<sup>16</sup> at the end of the period increased. On the other hand, the cumulative number of *Yahoo! BB* subscribers (total of the cumulative number of *Yahoo! BB ADSL* subscribers and the cumulative number of *Yahoo! BB hikari with FLET'S* subscribers<sup>17</sup>) continued to increase.

Operating income decreased by ¥761 million (7.4%) year on year to ¥9,459 million. This was mainly due to a decrease in net sales.

The cumulative number of *Yahoo! BB* subscribers at the end of the period totaled 4,238,000 for an increase of 29,000 from the previous fiscal year-end. Out of this the cumulative number of *Yahoo! BB ADSL* subscribers stood at 2,467,000, a decrease of 134,000 from the previous fiscal year-end, and the cumulative number of *Yahoo! BB hikari with FLET'S* subscribers totaled 1,771,000, an increase of 163,000 from the previous fiscal year-end.

**(c) Fixed-line Telecommunications**

(Millions of yen)

	Three-month Period Ended June 30, 2011	<b>Three-month Period Ended June 30, 2012</b>	Change	Change %
Net sales	87,492	<b>92,438</b>	4,945	5.7%
Operating income	12,913	<b>15,598</b>	2,685	20.8%

**<Overview of Operations>**

The segment's net sales increased by ¥4,945 million (5.7%) year on year to ¥92,438 million. Growth in revenues from solutions services for corporate customers such as data center services contributed to an increase of net sales to third parties. In addition, inter-segment sales increased due to provision of telecommunication lines to Group companies such as SOFTBANK MOBILE Corp.

Operating income increased by ¥2,685 million (20.8%) to ¥15,598 million. This was due to the increase in net

<sup>15</sup> 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.

<sup>16</sup> Average Revenue Per User: average revenue per user (rounded to the nearest ¥10)

<sup>17</sup> Number of users for which connection construction for *FLET'S HIKARI* line at central office of NTT East or NTT West is complete and who are provided with services.

sales, combined with a decrease in lease payments for *OTOKU Line* equipment and a decrease in interconnection charges paid to other operators at SOFTBANK TELECOM Corp., following a reduction in interconnection charges between operators.

**(d) Internet Culture**

(Millions of yen)

	Three-month Period Ended June 30, 2011	<b>Three-month Period Ended June 30, 2012</b>	Change	Change %
Net sales	69,610	<b>75,434</b>	5,824	8.4%
Operating income	36,605	<b>40,113</b>	3,507	9.6%

**<Overview of Operations>**

The segment's net sales increased by ¥5,824 million (8.4%) year on year to ¥75,434 million. This was mainly due to revenue growth at Yahoo Japan Corporation driven by listing advertising. Especially revenue from listing advertising via smartphones increased significantly. In addition, display advertising from transportation, leisure, communications services, and makeup and toiletry product-related companies increased leading to revenue growth. Growth in information listing services such as job vacancy information, data center and game-related services also contributed to higher overall sales.

Operating income increased by ¥3,507 million (9.6%) year on year to ¥40,113 million. This was primarily the result of an increase in net sales.

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

	Fiscal Year Ended March 31, 2012					Fiscal Year Ending March 31, 2013
	Q1	Q2	Q3	Q4	Full Year	Q1
(Thousands) Net additions <sup>18</sup>	730.0	759.7	936.9	1,113.7	3,540.3	<b>753.1</b>
(Postpaid)	697.5	744.8	943.5	1,131.0	3,516.8	<b>772.1</b>
(Prepaid)	32.5	14.9	(6.6)	(17.3)	23.5	<b>(19.0)</b>
Market share <sup>19</sup> among 4 operators (%)	42.7	40.4	-	-	-	-
Market share <sup>19</sup> among 3 operators (%)	49.1	46.2	42.4	45.8	45.6	<b>47.5</b>
(Thousands) Cumulative subscribers <sup>18</sup>	26,138.7	26,898.4	27,835.3		28,949.0	<b>29,702.1</b>
Market share <sup>19</sup> among 4 operators (%)	21.6	21.8	-		-	-
Market share <sup>19</sup> among 3 operators (%)	22.2	22.5	22.9		23.3	<b>23.6</b>
(Thousands) Number of handsets shipped <sup>20</sup>	2,493	2,395	3,770	3,025	11,682	<b>2,359</b>
(Thousands) Number of handsets sold <sup>21</sup>	2,550	2,665	3,787	3,300	12,301	<b>2,586</b>
(New subscriptions)	1,564	1,624	1,848	2,127	7,163	<b>1,663</b>
(Handset upgrades)	987	1,040	1,938	1,173	5,138	<b>923</b>
(Yen per month) ARPU <sup>22</sup>	4,210	4,310	4,230	3,890	4,150	<b>4,020</b>
(Voice) <sup>23</sup>	1,780	1,780	1,700	1,350	1,650	<b>1,480</b>
(Data)	2,440	2,520	2,530	2,530	2,510	<b>2,540</b>
(Yen) Average acquisition cost per subscriber <sup>24</sup>	36,200	30,800	25,700	29,400	30,300	<b>26,500</b>
(Yen) Average upgrade cost per subscriber <sup>25</sup>	29,000	28,600	25,800	26,300	27,100	<b>27,000</b>
(% per month) Churn rate <sup>26</sup>	1.08	1.09	1.11	1.20	1.12	<b>1.03</b>
(Postpaid)	1.03	1.02	1.04	1.10	1.05	<b>0.96</b>
(% per month) Upgrade rate <sup>26</sup>	1.28	1.31	2.36	1.38	1.59	<b>1.05</b>

<sup>18</sup> Includes the number of prepaid mobile phones and communication module service subscribers.

<sup>19</sup> Calculated by the Company based on Telecommunications Carriers Association statistical data.  
 4 operators: NTT DOCOMO, INC., KDDI CORPORATION, eAccess Ltd. and SOFTBANK MOBILE Corp.  
 3 operators: NTT DOCOMO, INC., KDDI CORPORATION, and SOFTBANK MOBILE Corp.

From December 2011, net additions and cumulative subscribers of eAccess Ltd. are no longer disclosed to the Telecommunications Carriers Association. Therefore, from the third quarter of the fiscal year ended March 2012, the market share among 4 operators has not been calculated.

<sup>20</sup> Handsets shipped: handsets shipped (sold) to agents

<sup>21</sup> Handsets sold: total of new subscriptions and handset upgrades

<sup>22</sup> For definition and calculation method of ARPU, refer to page 11 "(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business)."

<sup>23</sup> Calculated including basic monthly charge.

<sup>24</sup> Average commission paid to sales agents per new subscription. New subscriptions include prepaid mobile phones and communication modules.

<sup>25</sup> Average commission paid to sales agents per handset upgrade. Upgrades include communication modules.

<sup>26</sup> For definition and calculation of the churn and upgrade rates, see page 11 "(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business)."

**(Reference)**

	Fiscal Year Ended March 31, 2012					Fiscal Year Ending March 31, 2013
	Q1	Q2	Q3	Q4	Full Year	Q1
(Yen per month) ARPU <sup>22</sup> (excluding communication modules)	4,430	4,550	4,490	4,140	4,400	<b>4,300</b>
(Voice) <sup>23</sup>	1,880	1,900	1,820	1,450	1,760	<b>1,590</b>
(Data)	2,550	2,660	2,670	2,690	2,640	<b>2,710</b>

**(b) Broadband Infrastructure**
*Yahoo! BB*

	Fiscal Year Ended March 31, 2012					Fiscal Year Ending March 31, 2013
	Q1	Q2	Q3	Q4	Full Year	Q1
(Thousands) <i>Yahoo! BB</i> cumulative subscribers <sup>27</sup>	4,118	4,145	4,175		4,209	<b>4,238</b>
<i>Yahoo! BB ADSL</i>						
(Thousands) Cumulative subscribers	3,009	2,873	2,737		2,600	<b>2,467</b>
(Yen per month) ARPU <sup>28</sup>	3,710	3,650	3,580	3,510		<b>3,450</b>
(% per month) Churn rate	2.56	2.43	2.35	2.44	2.45	<b>2.60</b>
<i>Yahoo! BB hikari with FLET'S</i>						
(Thousands) Cumulative subscribers <sup>29</sup>	1,109	1,272	1,437		1,608	<b>1,771</b>
(Yen per month) ARPU <sup>28</sup>	1,620	1,660	1,670	1,680		<b>1,670</b>

**(c) Fixed-line Telecommunications**
*OTOKU Line*

	Fiscal Year Ended March 31, 2012					Fiscal Year Ending March 31, 2013
	Q1	Q2	Q3	Q4	Full Year	Q1
(Thousands) Cumulative lines	1,669	1,679	1,678		1,685	<b>1,684</b>
(Yen per month) ARPU <sup>28</sup>	6,650	6,570	6,550	6,790		<b>6,530</b>

<sup>27</sup> Total of the cumulative number of *Yahoo! BB ADSL* subscribers and the cumulative number of *Yahoo! BB hikari with FLET'S* subscribers.

<sup>28</sup> Average Revenue Per User: average revenue per contract (rounded to the nearest ¥10)

<sup>29</sup> Number of users for which connection construction for *FLET'S HIKARI* line at central office of NTT East or NTT West is complete and who are provided with services.

**(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business)**

**1. Definition and calculation method of ARPU**

ARPU (Average Revenue Per User per month) (rounded to the nearest ¥10)

ARPU = (voice-related revenue + data-related revenue) / number of active subscribers

= voice ARPU + data ARPU

ARPU (excluding communication modules) = (voice-related revenue + data-related revenue - communication modules-related revenue) / number of active subscribers (excluding communication modules)

Voice ARPU = voice-related revenue (such as voice call charges, revenues from incoming calls, basic monthly charges) / number of active subscribers

Data ARPU = data-related revenue (such as packet communication charges) / number of active subscribers

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month)/2).  
The number of active subscribers is based on SOFTBANK MOBILE Corp.'s cumulative subscribers including prepaid mobile phones, communication modules, and devices that do not have voice communication functionalities.

Number of active subscribers used in the calculation of ARPU (excluding communication modules) excludes communication modules.

Revenues from incoming calls: interconnection charges received from other operators for voice calls from their customers on their network to SoftBank mobile phones as a charge for the services provided in the SOFTBANK MOBILE Corp. service area.

**2. Definition and calculation method of churn rate**

Churn rate = churn / number of active subscribers (rounded off to the nearest 0.01%)

Churn = total number of subscribers that churned during the relevant period

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month)/2).  
The number of active subscribers is based on SOFTBANK MOBILE Corp.'s cumulative subscribers including prepaid mobile phones, communication modules, and devices that do not have voice communication functionalities.

**3. Definition and calculation method of upgrade rate**

Upgrade rate in Mobile Communications = number of upgrades / number of active subscribers (rounded off to the nearest 0.01%)

Number of upgrades = total number of upgrades during the relevant period

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month)/2).  
The number of active subscribers is based on SOFTBANK MOBILE Corp.'s cumulative subscribers including prepaid mobile phones, communication modules, and devices that do not have voice communication functionalities.

**(Reference 3: Capital Expenditure and Depreciation)**
**(a) Capital Expenditure (acceptance basis)**

(Millions of yen)

	Fiscal Year Ended March 31, 2012					Fiscal Year Ending March 31, 2013
	Q1	Q2	Q3	Q4	Full Year	Q1
Mobile Communications	84,076	98,399	93,675	146,613	422,766	<b>82,464</b>
Broadband Infrastructure	5,739	3,861	4,638	12,523	26,762	<b>2,671</b>
Fixed-line Telecommunications	6,320	8,281	10,654	14,621	39,877	<b>8,236</b>
Internet Culture	3,349	4,609	3,743	4,218	15,921	<b>4,942</b>
Others	1,710	5,338	2,041	1,958	11,047	<b>94,970</b>
Consolidated total	101,196	120,490	114,753	179,935	516,375	<b>193,286</b>

**(b) Depreciation and Amortization (excluding amortization of goodwill)**

(Millions of yen)

	Fiscal Year Ended March 31, 2012					Fiscal Year Ending March 31, 2013
	Q1	Q2	Q3	Q4	Full Year	Q1
Mobile Communications	46,202	48,691	49,266	59,295	203,455	<b>58,467</b>
Broadband Infrastructure	3,540	3,452	3,507	3,894	14,395	<b>3,441</b>
Fixed-line Telecommunications	9,188	9,684	9,957	10,969	39,800	<b>9,749</b>
Internet Culture	2,291	2,395	2,703	2,896	10,288	<b>2,636</b>
Others	1,521	1,592	2,350	2,421	7,886	<b>2,185</b>
Consolidated total	62,744	65,816	67,785	79,478	275,825	<b>76,480</b>

## (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:

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012	Change	Change %
Total assets	4,899,705	<b>4,628,074</b>	(271,630)	(5.5%)
Total liabilities	3,464,065	<b>3,204,788</b>	(259,276)	(7.5%)
Total equity	1,435,640	<b>1,423,286</b>	(12,353)	(0.9%)

#### (a) Current Assets

Current assets at the end of the period totaled ¥1,546,328 million, for a ¥364,124 million (19.1%) decrease from March 31, 2012, (hereafter “the previous fiscal year-end”). The primary components of the change were as follows:

- Cash and deposits decreased by ¥258,070 million from the previous fiscal year-end. This was mainly because of the payment of accounts payable – other of ¥200,000 million in April 2012 to the Vodafone Group,<sup>30</sup> and the payment for a year-end dividend of ¥39,231 million for the year ended March 31, 2012. Also, in May 2012 Yahoo Japan Corporation acquired 42.6% of the shares (voting rights at the time of acquisition) of ASKUL Corporation for ¥33,038 million.
- Notes and accounts receivable-trade decreased by ¥88,438 million from the previous fiscal year-end. This decrease was mainly the result of a temporary increase in accounts receivable-trade from sales agents at the previous fiscal year-end. During the fourth quarter of the previous fiscal year handsets shipped at SOFTBANK MOBILE Corp. increased due to seasonal factors.

#### (b) Fixed Assets

Fixed assets totaled ¥3,076,544 million at the end of the period, for a ¥92,991 million (3.1%) increase from the previous fiscal year-end. The primary components of the change were as follows:

- Property and equipment increased ¥113,293 million from the previous fiscal year-end. The main increases were ¥50,707 million in land, and ¥40,672 million in buildings and structures. These increases were due primarily to recording the lease asset relating to the Yahoo! JAPAN Dome (hereafter, “the Yahoo! Dome”) on the consolidated balance sheet for the period. In accordance with transitional measures, after the revision of the accounting standard for leases effective from April 1, 2008, the lease contract relating to the Yahoo! Dome continued to be accounted for as an operating lease transaction, while being classified as a finance lease that did not transfer ownership of the leased property to the lessee. Fukuoka SOFTBANK HAWKS Marketing Corp. (hereafter “HAWKS Marketing”) entered into a purchase contract in March 2012 to acquire a trust beneficiary interest in the Yahoo! Dome in July 2015. As a result the lease contract was reclassified as a finance lease that is deemed to transfer ownership of the leased asset to the lessee and recorded as a lease asset on the consolidated

<sup>30</sup> Vodafone International Holdings B.V. and Vodafone Overseas Finance Limited

balance sheet. Although HAWKS Marketing entered into this contract in March 2012, since HAWKS Marketing's fiscal year ends February its financial statements are reflected in the consolidated financial statements with a one-month lag. Therefore this is reflected in the consolidated financial statements in the period ended June 30, 2012.

- Total intangible assets decreased ¥10,012 million from the previous fiscal year-end. This was mainly because goodwill decreased by ¥15,806 million resulting from regular amortization of the goodwill recorded when the Company acquired SOFTBANK MOBILE Corp., SOFTBANK TELECOM Corp., and others. On the other hand, software increased by ¥11,761 million as a result of new acquisitions of telecommunications equipment.
- Investments and other assets decreased by ¥10,290 million from the previous fiscal year-end. This was mainly due to a ¥19,952 million decrease in investment securities. This decrease was primarily a result of Alibaba Group Holding Limited, the Company's equity method affiliate, acquiring the shares of Alibaba.com Limited, a subsidiary of Alibaba Group Holding Limited, through a takeover bid in June 2012 and privatizing it (please refer to page 26 for details). Yahoo Japan Corporation's acquisition of 42.6% of the shares (voting rights at the time of acquisition) of ASKUL Corporation at ¥33,038 million is also reflected.

**(c) Current Liabilities**

Current liabilities at the end of the period totaled ¥1,565,528 million, for a ¥358,196 million (18.6%) decrease from the previous fiscal year-end. The primary components of the change were as follows:

- Accounts payable – other and accrued expenses decreased by ¥259,460 million from the previous fiscal year-end. This was mainly the result of paying an accounts payable – other of ¥200,000 million to the Vodafone Group in April 2012 by the Company, as well as paying unpaid sales commissions to sales agents from the year-end shopping season of the previous fiscal year by SOFTBANK MOBILE Corp.
- Income taxes payable decreased by ¥68,092 million from the previous fiscal year-end. This was mainly because payments were made for income tax payable at the previous fiscal year-end while income tax payable was recorded for the period.
- Accounts payable – trade decreased by ¥53,288 million from the previous fiscal year-end. This decrease was mainly the result of a temporary increase in accounts payable – trade at the previous fiscal year-end. During the fourth quarter of the previous fiscal year the number of handsets procured at SOFTBANK MOBILE Corp. increased due to seasonal factors.
- The current portion of corporate bonds increased by ¥25,000 million from the previous fiscal year-end. This was mainly due to the transfer from corporate bonds under long-term liabilities of the 31<sup>st</sup> Unsecured Straight Corporate Bond.

**(d) Long-term Liabilities**

Long-term liabilities totaled ¥1,639,259 million at the end of the period, for a ¥98,919 million (6.4%) increase from the previous fiscal year-end. The primary components of the change were as follows:

- Lease obligations increased by ¥122,165 million from the previous fiscal year-end. This was mainly due to the reclassification of the lease contract concluded by HAWKS Marketing related to the Yahoo! Dome from finance leases that do not transfer ownership of the leased property to the lessee to finance leases that are deemed to

transfer ownership of the leased property to the lessee (please refer to (b) Fixed Assets on page 13 for details).

- Corporate bonds decreased ¥25,000 million from the previous fiscal year-end. This was due to the transfer of the 31<sup>st</sup> Unsecured Straight Corporate Bond to current liabilities as the redemption date came to be within one year.

#### **(e) Equity**

Equity totaled ¥1,423,286 million at the end of the period, for a ¥12,353 million (0.9%) decrease from the previous fiscal year-end. The equity ratio increased 0.9 of a percentage point from the previous fiscal year-end to 20.0%. The primary components of the change were as follows:

##### **(Shareholders' equity)**

Shareholders' equity decreased ¥4,603 million from the previous fiscal year-end to ¥953,343 million.

- Additional paid-in capital decreased by ¥51,214 from the previous fiscal year-end. This was primarily a result of Alibaba Group Holding Limited, the Company's equity method affiliate, acquiring the shares of Alibaba.com Limited, a subsidiary of Alibaba Group Holding Limited, through a takeover bid in June 2012 and privatizing it. Please refer to page 26 for details.
- Retained earnings increased ¥46,612 million from the previous fiscal year-end. This was primarily because net income of ¥90,661 million was recorded, although this was partially offset by a year-end dividend for the year ended March 31, 2012 of ¥43,940 million.

##### **(Valuation and translation adjustments)**

Valuation and translation adjustments of ¥29,895 million were recorded as debit at the end of the period, a ¥8,641 million decrease from the previous fiscal year-end.

- Net unrealized loss on available-for-sale securities was ¥2,290 million at the end of the period, a ¥12,856 million decrease from the net unrealized gain at the previous fiscal year-end.
- Foreign currency translation adjustments improved by ¥4,113 million from the previous fiscal year-end to a debit of ¥26,712 million at the end of the period.

##### **(Minority interests)**

- Minority interests totaled ¥498,907 million at the end of the period, for a ¥859 million increase from the previous fiscal year-end.

## 2. Cash Flows

Cash flows during the period were as follows:

Cash and cash equivalents at the end of the period totaled ¥757,823 million, for a ¥256,735 million decrease from the previous fiscal year-end.

(Millions of yen)

	Three-month Period Ended June 30, 2011	Three-month Period Ended June 30, 2012	Change
Cash flows from operating activities	107,035	<b>131,879</b>	24,843
Cash flows from investing activities	(76,172)	<b>(166,274)</b>	(90,101)
(Reference) Free cash flow	30,863	<b>(34,395)</b>	(65,258)
Cash flows from financing activities	(146,980)	<b>(220,121)</b>	(73,141)

### (a) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥131,879 million (compared with ¥107,035 million provided in the same period of the previous fiscal year). The primary components of the change were as follows:

- Income before income taxes and minority interests totaled ¥180,811 million.
- The main items added to income before income taxes and minority interests were ¥76,480 million in depreciation and amortization and ¥15,799 million in amortization of goodwill.
- Receivables – trade declined by ¥88,035 million (increase in cash flow). This decrease was mainly the result of a temporarily increase in accounts receivable-trade from sales agents at the previous fiscal year-end. During the fourth quarter of the previous fiscal year handsets shipped at SOFTBANK MOBILE Corp. increased due to seasonal factors.
- Payables – trade declined by ¥53,458 million. This decrease was mainly the result of a temporary increase in accounts payable – trade at the previous fiscal year-end. During the fourth quarter of the previous fiscal year the number of handsets procured at SOFTBANK MOBILE Corp. increased due to seasonal factors.
- Income taxes paid was ¥124,676 million.

### (b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥166,274 million (compared with ¥76,172 million used in the same period of the previous fiscal year). The primary components of the change were as follows:

- Outlays for purchase of property and equipment, and intangibles came to ¥118,045 million. The main factor was capital expenditure in the telecommunications-related businesses.
- Outlays for purchase of marketable and investment securities were ¥45,749 million. This was mainly due to Yahoo Japan Corporation's acquisition of 42.6% of the shares (voting rights at the time of acquisition) of ASKUL Corporation at ¥33,038 million.

As a result, free cash flow (the combined net cash flows from operating activities and investing activities) for the period was a negative ¥34,395 million (compared with a positive ¥30,863 million in the same period of the previous fiscal year), for a year-on-year decrease of ¥65,258 million.

**(c) Cash Flows from Financing Activities**

Net cash used in financing activities was ¥220,121 million (compared with ¥146,980 million used in the same period of the previous fiscal year). The primary components of the change were as follows:

(Items increasing cash flows)

- The sale and lease back of equipment newly acquired provided ¥92,642 million.

(Items decreasing cash flows)

- Outlays included ¥200,444 million for payments for repurchase of minority interests and long-term debt, ¥44,904 million for the repayment of lease obligations, ¥39,231 million for the payment of dividends, and ¥20,071 million for the repayment of long-term debt. The payments for repurchase of minority interests and long-term debt is the amount paid to the Vodafone Group in April 2012, and various related fees. Please refer to page 24 for details.

**(Reference: Major Financing Activities)**

The major financing activities in the period were as follows:

Item	Company Name	Details	Summary
Increase or decrease in debt	SOFTBANK CORP.	Decrease of ¥10,000 million	
Execute sale and lease back	SOFTBANK MOBILE Corp. etc.	Procurement of ¥92,642 million	Capital expenditure via finance leases

**(3) Qualitative Information Regarding Consolidated Earnings Forecasts**

For the fiscal year ending March 31, 2013, the Group will continue to focus on network expansion and customer acquisition in the Mobile Communications segment. Although this will increase the Group's expenses, the customer base is expected to continue to expand steadily. As a result, the Group is forecasting a year-on-year increase in both net sales and operating income, and expects operating income to exceed ¥700 billion.

In the fiscal year ending March 31, 2014, the Group expects to achieve these initiatives and to see its profits enter a new growth phase.

**2. Consolidated Financial Statements**
**(1) Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	¥1,016,251	¥758,181
Notes and accounts receivable - trade	661,287	572,849
Marketable securities	4,575	5,601
Merchandise and finished products	42,618	28,854
Deferred tax assets	56,469	38,480
Other current assets	168,264	177,897
Less:		
Allowance for doubtful accounts	(39,014)	(35,536)
Total current assets	1,910,452	1,546,328
<b>Fixed assets:</b>		
<b>Property and equipment, net:</b>		
Buildings and structures	77,404	118,077
Telecommunications equipment	988,541	995,978
Telecommunications service lines	65,213	63,815
Land	23,175	73,883
Construction in progress	80,501	93,870
Other property and equipment	61,555	64,062
Total property and equipment	1,296,393	1,409,687
<b>Intangible assets, net:</b>		
Goodwill	780,242	764,436
Software	310,151	321,913
Other intangibles	36,120	30,152
Total intangible assets	1,126,514	1,116,502
<b>Investments and other assets:</b>		
Investment securities	338,198	318,245
Deferred tax assets	104,327	108,128
Other assets	134,076	140,653
Less:		
Allowance for doubtful accounts	(15,957)	(16,672)
Total investments and other assets	560,644	550,354
Total fixed assets	2,983,553	3,076,544
<b>Deferred charges</b>	5,699	5,202
<b>Total assets</b>	¥4,899,705	¥4,628,074

**Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
	Amount	Amount
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable - trade	¥190,532	¥137,243
Short-term borrowings	403,167	388,188
Current portion of corporate bonds	144,988	169,988
Accounts payable - other and accrued expenses	835,053	575,592
Income taxes payable	125,116	57,023
Current portion of lease obligations	152,682	165,911
Other current liabilities	72,184	71,580
<b>Total current liabilities</b>	<b>1,923,725</b>	<b>1,565,528</b>
<b>Long-term liabilities:</b>		
Corporate bonds	459,900	434,900
Long-term debt	560,070	565,157
Deferred tax liabilities	20,370	18,278
Liability for retirement benefits	14,953	14,872
Allowance for point mileage	32,074	33,556
Lease obligations	347,699	469,864
Other liabilities	105,272	102,629
<b>Total long-term liabilities</b>	<b>1,540,339</b>	<b>1,639,259</b>
<b>Total liabilities</b>	<b>3,464,065</b>	<b>3,204,788</b>
<b>Equity:</b>		
Common stock	213,797	213,797
Additional paid-in capital	236,562	185,347
Retained earnings	530,534	577,147
Less: Treasury stock	(22,947)	(22,948)
<b>Total shareholders' equity</b>	<b>957,947</b>	<b>953,343</b>
Unrealized gain (loss) on available-for-sale securities	10,566	(2,290)
Deferred loss on derivatives under hedge accounting	(993)	(891)
Foreign currency translation adjustments	(30,826)	(26,712)
<b>Total valuation and translation adjustments</b>	<b>(21,253)</b>	<b>(29,895)</b>
Stock acquisition rights	898	930
Minority interests	498,047	498,907
<b>Total equity</b>	<b>1,435,640</b>	<b>1,423,286</b>
<b>Total liabilities and equity</b>	<b>¥4,899,705</b>	<b>¥4,628,074</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**
**Consolidated Statements of Income**

(Millions of yen)

	Three-month period ended June 30, 2011	Three-month period ended June 30, 2012
	April 1, 2011 to June 30, 2011	April 1, 2012 to June 30, 2012
	Amount	Amount
<b>Net sales</b>	¥764,237	¥766,902
<b>Cost of sales</b>	341,340	340,506
<b>Gross profit</b>	422,897	426,395
<b>Selling, general and administrative expenses</b>	247,071	234,271
<b>Operating income</b>	175,825	192,124
Interest income	560	228
Other non-operating income	2,702	2,747
<b>Non-operating income</b>	3,262	2,976
Interest expense	22,407	9,044
Equity in losses of affiliated companies	863	499
Other non-operating expenses	4,586	4,578
<b>Non-operating expenses</b>	27,857	14,122
<b>Ordinary income</b>	151,230	180,978
Gain on sale of investment securities	4,932	851
Dilution gain from changes in equity interest	15,424	2,485
<b>Special income</b>	20,356	3,336
Valuation loss on investment securities	196	394
Unrealized loss on valuation of investments and loss on sale of investments at subsidiaries in the U.S.,net	76	1,332
Loss on system trouble	-	1,229
Other special losses	107	546
<b>Special loss</b>	380	3,503
<b>Income before income taxes and minority interests</b>	171,206	180,811
<b>Income taxes:</b>		
Current	27,954	57,719
Deferred	32,246	15,403
<b>Total income taxes</b>	60,200	73,122
<b>Income before minority interests</b>	111,006	107,688
<b>Minority interests in net income</b>	16,215	17,027
<b>Net income</b>	¥94,791	¥90,661

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Three-month period ended June 30, 2011	Three-month period ended June 30, 2012
	April 1, 2011 to June 30, 2011	April 1, 2012 to June 30, 2012
	Amount	Amount
<b>Income before minority interests</b>	111,006	<b>107,688</b>
<b>Other comprehensive loss</b>		
Unrealized loss on available-for-sale securities	(10,283)	<b>(12,180)</b>
Deferred gain on derivatives under hedge accounting	3,403	<b>101</b>
Foreign currency translation adjustment	(2,234)	<b>(4,730)</b>
Share of other comprehensive income of affiliated companies accounted for using equity method	2,114	<b>8,285</b>
<b>Total other comprehensive loss</b>	(6,998)	<b>(8,523)</b>
<b>Comprehensive income</b>	104,007	<b>99,164</b>
<b>Comprehensive income attributable to:</b>		
Owners of the parent	87,877	<b>82,019</b>
Minority interests	16,129	<b>17,145</b>

**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

	Three-month period ended June 30, 2011	Three-month period ended June 30, 2012
	April 1, 2011 to June 30, 2011	April 1, 2012 to June 30, 2012
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	¥171,206	¥180,811
Adjustments for:		
Depreciation and amortization	62,744	76,480
Amortization of goodwill	15,673	15,799
Equity in losses of affiliated companies	863	499
Dilution gain from changes in equity interest, net	(15,387)	(2,281)
Valuation loss on investment securities	196	394
Unrealized loss on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net	76	1,332
Gain on sale of marketable and investment securities, net	(4,956)	(510)
Foreign exchange gain, net	(75)	(249)
Interest and dividend income	(1,706)	(552)
Interest expense	22,407	9,044
Changes in operating assets and liabilities		
Decrease in receivables - trade	51,923	88,035
Decrease in payables - trade	(36,927)	(53,458)
Other, net	(32,830)	(51,766)
Sub-total	233,208	263,579
Interest and dividend received	1,786	633
Interest paid	(20,931)	(7,657)
Income taxes paid	(107,027)	(124,676)
Net cash provided by operating activities	107,035	131,879

- Continued -

**Consolidated Statements of Cash Flows (Continued)**

(Millions of yen)

	Three-month period ended June 30, 2011	Three-month period ended June 30, 2012
	April 1, 2011 to June 30, 2011	April 1, 2012 to June 30, 2012
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment, and intangibles	¥(77,800)	¥(118,045)
Purchase of marketable and investment securities	(12,867)	(45,749)
Proceeds from sale of marketable and investment securities	13,569	7,880
Other, net	925	(10,359)
Net cash used in investing activities	(76,172)	(166,274)
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings, net	(49,793)	(20)
Decrease in commercial paper, net	(5,000)	-
Proceeds from long-term debt	50,675	10,140
Repayment of long-term debt	(149,641)	(20,071)
Proceeds from issuance of bonds	129,370	-
Redemption of bonds	(113,500)	-
Proceeds from issuance of shares to minority shareholders	224	466
Cash dividends paid	(4,746)	(39,231)
Cash dividends paid to minority shareholders	(14,926)	(13,075)
Proceeds from sale and lease back of equipment newly acquired	44,532	92,642
Repayment of lease obligations	(33,603)	(44,904)
Payments for repurchase of minority interests and long-term debt	-	(200,444)
Other, net	(571)	(5,623)
Net cash used in financing activities	(146,980)	(220,121)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(517)	(424)
<b>Net decrease in cash and cash equivalents</b>	(116,634)	(254,941)
<b>Increase in cash and cash equivalents due to newly consolidated subsidiaries</b>	23	-
<b>Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries</b>	(734)	(1,793)
<b>Cash and cash equivalents, beginning of the period</b>	847,155	1,014,558
<b>Cash and cash equivalents, end of the period</b>	¥729,809	¥757,823

#### (4) Significant Doubt about Going Concern Assumption

There are no applicable items for the three-month period ended June 30, 2012.

#### (5) Notes

##### (Consolidated Statements of Income)

##### 1. Unrealized loss 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 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 loss 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 loss on valuation of investments and loss on sale of investments included in unrealized loss 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, 2011	Three-month period ended June 30, 2012
Unrealized loss on valuation of investment at subsidiaries in the U.S., net	(76)	(565)
Loss on sale of investments at subsidiaries in the U.S., net	-	(767)
Total	(76) million yen	(1,332) million yen

##### 2. Loss on system trouble

For the three-month period ended June 30, 2012 (From April 1 to June 30, 2012)

The loss is associated with the data loss trouble which occurred in a part of services provided by Firstserver, Inc., a consolidated subsidiary of the Company.

##### (Consolidated Statements of Cash Flows)

##### 1. 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.

##### 2. Proceeds from sale and lease back of equipment newly acquired

Once SOFTBANK MOBILE Corp. and others purchase telecommunications equipment for the purpose of assembly, installation and inspection, SOFTBANK MOBILE Corp. and others sell the equipment to lease companies under sale and lease back arrangements. 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” under cash flows from investing activities 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” under cash flows from financing activities.

##### 3. Payments for repurchase of minority interests and long-term debt

For the three-month period ended June 30, 2012 (From April 1 to June 30, 2012)

In April 2006, BB Mobile Corp issued class 1 preferred stock-series 1 and stock acquisition rights to Vodafone International Holdings B.V. and obtained a subordinated loan from Vodafone Overseas Finance Limited as a series of financing transactions for the Company’s acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.). In November 2006, refinancing of the funds for the acquisition was conducted, and SOFTBANK MOBILE Corp. assumed BB Mobile Corp’s subordinated loan.

In December 2010, the Company acquired aforementioned all class 1 preferred stock-series 1 and stock acquisition rights issued by BB Mobile Corp. to Vodafone International Holdings B.V., and all principal and accrued interest of a long-term loan receivable from SOFTBANK MOBILE Corp. held by Vodafone Overseas Finance Limited for the total amount of ¥412,500 million. Amounting to ¥212,500 million out of the total amount and the remaining amount of ¥200,000 million were paid with the related expenses associated with the acquisition (¥63 million in December 2010 and ¥444 million in April 2012) in December 2010 and in April 2012, respectively.

## (6) Segment Information

### 1. Net sales and segment profit or loss of reportable segments for the three-month period ended June 30, 2011

(Millions of yen)

	Reportable segments					Other <sup>1</sup>	Total	Reconciliations to consolidated statement of income <sup>2</sup>	Amounts in consolidated statement of income <sup>3</sup>
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	Subtotal				
Net sales									
Customers	¥512,216	¥40,764	¥69,718	¥68,631	¥691,330	¥72,906	¥764,237	¥-	¥764,237
Inter-segment	1,874	3,255	17,773	978	23,882	8,649	32,531	(32,531)	-
Total	514,090	44,019	87,492	69,610	715,213	81,556	796,769	(32,531)	764,237
Segment profit	¥116,491	¥10,221	¥12,913	¥36,605	¥176,231	¥2,405	¥178,637	¥(2,811)	¥175,825

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 ¥(2,811) million represent elimination of intersegment transactions and expenses of the corporate division of the Company, which totaled ¥259 million and ¥(3,071) million, respectively.
3. Segment profit is adjusted with operating income in the consolidated statements of income.

### 2. Net sales and segment profit or loss of reportable segments for the three-month period ended June 30, 2012

(Millions of yen)

	Reportable segments					Other <sup>1</sup>	Total	Reconciliations to consolidated statement of income <sup>2</sup>	Amounts in consolidated statement of income <sup>3</sup>
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	Subtotal				
Net sales									
Customers	¥504,525	¥35,810	¥72,218	¥74,679	¥687,233	¥79,668	¥766,902	¥-	¥766,902
Inter-segment	1,686	5,553	20,220	755	28,215	8,599	36,814	(36,814)	-
Total	506,211	41,364	92,438	75,434	715,448	88,268	803,716	(36,814)	766,902
Segment profit	¥128,106	¥9,459	¥15,598	¥40,113	¥193,277	¥1,682	¥194,960	¥(2,835)	¥192,124

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 ¥(2,835) million represent elimination of intersegment transactions and expenses of the corporate division of the Company, which totaled ¥508 million and ¥(3,343) million, respectively.
3. Segment profit is adjusted with operating income in the consolidated statements of income.

**(7) Significant Changes in Shareholders' Equity**

For the three-month period ended June 30, 2012 (From April 1 to June 30, 2012)

Alibaba Group Holding Limited, the Company's affiliate company under the equity method, acquired the shares of Alibaba.com Limited, a subsidiary of Alibaba Group Holding Limited, through its takeover bid in June 2012 and conducted the privatization of Alibaba.com Limited. Financial statements of Alibaba Group Holding Limited were prepared in accordance with accounting principles generally accepted in the U.S., and Alibaba Group Holding Limited recorded the change in the interests in its controlled subsidiary as a decrease in additional paid-in capital.

The Company applied "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (Practical Issues Task Force No.24)" for the transaction and as a result, additional paid-in capital decreased by ¥51,207 million.