

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 4 of this report.

**SOFTBANK CORP.**  
**CONSOLIDATED FINANCIAL REPORT**  
**For the fiscal year ended March 31, 2012**

Tokyo, April 26, 2012

**1. FINANCIAL HIGHLIGHTS**

(Percentages are shown as year-on-year changes)

**(1) Results of Operations**

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

	Net sales		Operating income		Ordinary income		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Fiscal year ended March 31, 2012</b>	<b>¥3,202,435</b>	<b>6.6</b>	<b>¥675,283</b>	<b>7.3</b>	<b>¥573,651</b>	<b>10.2</b>	<b>¥313,752</b>	<b>65.4</b>
Fiscal year ended March 31, 2011	¥3,004,640	8.7	¥629,163	35.1	¥520,414	52.6	¥189,712	96.2

Note: Comprehensive income

Fiscal year ended March 31, 2012: ¥ 356,988 million (62.3%)

Fiscal year ended March 31, 2011: ¥ 219,942 million (51.4%)

	Net income per share—basic (yen)	Net income per share—diluted (yen)	Return on Equity (%)	Ordinary income / Total assets (%)	Operating income / Net sales (%)
<b>Fiscal year ended March 31, 2012</b>	<b>¥285.78</b>	<b>¥278.75</b>	<b>40.3</b>	<b>12.0</b>	<b>21.1</b>
Fiscal year ended March 31, 2011	¥175.28	¥168.57	34.8	11.4	20.9

Note: Equity in earnings (losses) of affiliated companies

Fiscal year ended March 31, 2012: ¥ (2,947) million

Fiscal year ended March 31, 2011: ¥ 2,874 million

**(2) Financial Condition**

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

	Total assets	Total equity	Equity ratio (%)	Shareholders' equity per share (yen)
<b>As of March 31, 2012</b>	<b>¥4,899,705</b>	<b>¥1,435,640</b>	<b>19.1</b>	<b>¥852.69</b>
As of March 31, 2011	¥4,655,725	¥879,618	13.3	¥572.14

Note: Shareholders' equity (consolidated)

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

As of March 31, 2011: ¥619,252 million

**(3) Cash Flows**

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

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
<b>Fiscal year ended March 31, 2012</b>	<b>¥740,227</b>	<b>¥(375,655)</b>	<b>¥(196,667)</b>	<b>¥1,014,558</b>
Fiscal year ended March 31, 2011	¥825,837	¥(264,447)	¥(397,728)	¥847,155

## 2. Dividends

Fiscal years ended March 31	Dividend per share					Total Amount of dividends (Annual) (millions of yen)	Payout ratio (Consolidated) %	Dividend on equity (Consolidated) %
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total			
FY 2011	(yen) -	(yen) 0.00	(yen) -	(yen) 5.00	(yen) 5.00	5,411	2.9	1.0
FY 2012	-	0.00	-	40.00	40.00	43,940	14.0	5.6
FY 2013 (Forecasted)	-	-	-	-	-		-	

Note: Dividend for the fiscal year ending March 31, 2013(Forecasted) is not determined at this point. The concrete amount of dividend will be announced promptly upon resolution.

## 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.

### Other Notes

- (1) Significant Changes in Scope of Consolidation (Changes in Scope of Consolidation of Specified Subsidiaries): Yes  
Newly consolidated: SFJ Capital Limited
- (2) Changes in accounting principles, procedures, disclosure methods, etc., used in the presentation of 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
- (3) Number of shares issued (Common stock)
  - [1] Number of shares issued (including treasury stock):  
As of March 31, 2012: 1,107,728,781 shares  
As of March 31, 2011: 1,082,530,408 shares
  - [2] Number of treasury stock:  
As of March 31, 2012: 9,213,962 shares  
As of March 31, 2011: 180,503 shares
  - [3] Weighted-average number of common stock:  
As of March 31, 2012: 1,097,880,178 shares  
As of March 31, 2011: 1,082,345,444 shares

[For Reference]

FINANCIAL HIGHLIGHTS (Non-Consolidated)

(1) Non-Consolidated Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income (loss)	
	Amount	%	Amount	%	Amount	%	Amount	%
Fiscal year ended March 31, 2012	¥43,700	24.3	¥30,026	28.9	¥36,634	48.6	¥25,339	-
Fiscal year ended March 31, 2011	¥35,161	172.6	¥23,296	903.0	¥24,653	-	¥(2,296)	-

	Net income (loss) per share—basic (yen)	Net income (loss) per share—diluted (yen)
Fiscal year ended March 31, 2012	¥23.08	¥ 22.89
Fiscal year ended March 31, 2011	¥(2.12)	¥ -

(2) Non-Consolidated Financial Condition

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

	Total assets	Net Assets	Equity ratio (%)	Shareholders' equity per share (yen)
As of March 31, 2012	¥2,985,073	¥493,002	16.5	¥448.70
As of March 31, 2011	¥2,185,506	¥419,752	19.2	¥387.72

Note: Shareholders' equity (non-consolidated)

As of March 31, 2012: ¥492,904 million  
 As of March 31, 2011: ¥419,652 million

\* Implementation status of audit procedures

This consolidated financial report is not subject to audit procedures based on Financial Instruments and Exchange Act and the audit procedures for the 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 13 "1. Results of Operations (1) Qualitative Information Regarding Consolidated Results of Operations 3.Forecasts for Fiscal Year Ending March 2013 and the Fiscal Year Ending March 2014" for details of forecasts on the consolidated operating results. SOFTBANK CORP.'s Earnings Results Briefing will be held for media, institutional investors, and financial institutions on April 26, 2012 followed by the Analysts Briefing for institutional investors and financial institutions on April 27, 2012. The Earnings Results Briefing will be streamed live on the Company's Website in Japanese and English (<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 Website afterwards.

## (Appendix)

## Contents

1.	Results of Operations	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. 5
	(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
	3. Forecasts for the Fiscal Year Ending March 2013 and the Fiscal Year Ending March 2014	p.13
	(2) Qualitative Information Regarding Consolidated Financial Position	p.14
	1. Assets, Liabilities, and Equity	p.14
	2. Cash Flows	p.17
	(Reference: Major Financing Activities)	p.19
	(3) Fundamental Policy for Distribution of Profit, and Dividend for the Fiscal Year	p.20
2.	The SOFTBANK Group	p.21
3.	Management Policies	p.22
	(1) Basic Management Approach	p.22
	(2) Target Management Indices	p.22
	(3) Medium- to Long-term Strategies	p.22
	(4) Important Management Issues for the Company	p.23
	(5) Progress in Reduction of Net Interest-bearing Debt and Change of Policy	p.23
4.	Consolidated Financial Statements	p.24
	(1) Consolidated Balance Sheets	p.24
	(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	p.26
	(3) Consolidated Statements of Changes in Equity	p.28
	(4) Consolidated Statements of Cash Flows	p.30
	(5) Significant Doubt About Going Concern Assumption	p.32
	(6) Basis of Presentation of Consolidated Financial Statements	p.32
	(7) Additional information	p.35
	(8) Notes	p.36
	(Consolidated Balance Sheets)	p.36
	(Consolidated Statements of Income)	p.38
	(Consolidated Statements of Changes in Equity)	p.40
	(Consolidated Statements of Cash Flows)	p.42
	(Leases)	p.44
	(Financial Instruments)	p.46
	(Investment in Debt and Equity Securities)	p.52
	(Derivative Transactions)	p.54
	(Income Taxes)	p.57
	(Segment Information)	p.59
	(Per Share Data)	p.61
	(Significant Subsequent Events)	p.62

## Qualitative Information/Financial Statements

### 1. Results of Operations

#### (1) Qualitative Information Regarding Consolidated Results of Operations

##### 1. Consolidated Results of Operations

< Overview of results for the fiscal year from April 1, 2011 to March 31, 2012 >

For the fiscal year ended March 31, 2012 (hereafter “the fiscal year”), the SOFTBANK Group (hereafter “the Group”) achieved consolidated net sales of ¥3,202,435 million, a ¥197,795 million (6.6%) increase compared with the previous fiscal year (April 1, 2010 to March 31, 2011, hereafter “year on year”), with a ¥46,120 million (7.3%) increase in operating income to ¥675,283 million. This consolidated revenue and profit growth was driven by strong performance in the Mobile Communications segment.

Ordinary income grew ¥53,236 million (10.2%) to ¥573,651 million. Net income rose ¥124,039 million (65.4%) to ¥313,752 million. This was largely attributable to a year-on-year rise of ¥103,513 million in special income, in addition to the increase in operating income.

Note:

Definition of terms: as used in this consolidated financial report for the fiscal year from April 1, 2011 to March 31, 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 fiscal year were as follows:

##### (a) Net Sales

Net sales totaled ¥3,202,435 million, for a ¥197,795 million (6.6%) year-on-year increase. This was mainly due to increased telecom service revenue, primarily from steady growth in the number of mobile phone subscribers. Another factor was an increase in sales of mobile handsets due to strong growth in shipments of iPhone 4S,<sup>1</sup> which was launched in October 2011.

##### (b) Cost of Sales

Cost of sales rose ¥112,133 million (8.2%) year on year to ¥1,485,750 million. This was primarily due to an increase in the cost of sales for mobile handsets in the Mobile Communications segment as the number of handsets shipped<sup>2</sup> increased in line with the launch of iPhone 4S, along with higher depreciation and amortization expenses, mainly relating to the installation of additional base stations.

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

Selling, general, and administrative expenses grew ¥39,541 million (3.9%) year on year to ¥1,041,401 million. This was mainly because of an increase in the total amount of sales commissions paid<sup>3</sup> in the Mobile Communications segment, resulting from a rise in the number of handsets sold<sup>4</sup> following the launch of iPhone 4S.

<sup>1</sup> iPhone and iPad are trademarks of Apple Inc.

The iPhone trademark is used under license from Aiphone K.K.

<sup>2</sup> Handsets shipped: handsets shipped (sold) to agents.

<sup>3</sup> Sales commissions paid to sales agents per new subscription and upgrade.

<sup>4</sup> Handsets sold: total of new subscriptions and handset upgrades.

**(d) Operating Income**

As a result, operating income totaled ¥675,283 million, for a ¥46,120 million (7.3%) year-on-year increase. The operating margin rose 0.2 of a percentage point year on year to 21.1%.

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

Non-operating income totaled ¥11,308 million, a ¥6,012 million year-on-year decrease. Non-operating expenses were ¥112,940 million, a ¥13,128 million year-on-year decrease. Interest expense decreased by ¥41,813 million as SOFTBANK MOBILE Corp. paid off its SBM loan<sup>5</sup> in October 2011. Meanwhile, refinancing related expenses totaled ¥24,956 million. These mainly comprised costs relating to the Company's newly procured funds for refinancing of the SBM loan, and repayment of the SBM loan.

**(f) Ordinary Income**

Ordinary income therefore totaled ¥573,651 million, for a ¥53,236 million (10.2%) year-on-year increase.

**(g) Special Income**

Special income totaled ¥117,765 million. The main components of this were gain on sale of investment securities of ¥88,368 million and dilution gain from changes in equity interest of ¥20,185 million.

The gain on sale of investment securities was primarily attributable to a ¥76,430 million gain on sale of Yahoo! Inc. shares. In connection with the Company's financing of US\$1,135 million from CITIBANK, N.A. through one of its U.S. subsidiaries in February 2004, certain forward contracts ("collar transaction") were entered into, which allowed the obligation to be settled at maturity by delivering Yahoo! Inc. shares held by this subsidiary. The forward contracts were to effectively hedge the variability of cash flows associated with the future market price of the underlying security.

During the second quarter of the fiscal year ended March 2012, the obligation under the forward contracts was settled at maturity by effectively delivering the shares of Yahoo! Inc. (book basis of US\$142 million) to CITIBANK, N.A. The cash proceeds received by the Company's aforementioned subsidiary from delivering the shares of Yahoo! Inc. to CITIBANK, N.A. were then remitted to repay the related obligation. Gain on sale of investment securities of ¥76,430 million (US\$993 million) was recorded as a result of settling the forward contracts.

Dilution gain from changes in equity interest was recorded mainly in relation to the Company's equity method affiliate Renren Inc.'s listing on the New York Stock Exchange in May 2011.

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<sup>5</sup> The loan procured 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.).

**(h) Special Loss**

Special loss was ¥59,160 million. The main components of the loss were a premium expense on advanced repayment of long-term debt of ¥21,875 million, loss on liquidation of subsidiaries and affiliates of ¥19,071 million, and a valuation loss on investment securities of ¥13,971 million. The premium expense occurred in relation to SOFTBANK MOBILE Corp.'s repayment of the abovementioned SBM loan in October 2011. The loss on liquidation of subsidiaries and affiliates relates to the liquidation of the Company's subsidiary Charlton Acquisition LLP, which held the Betfair Group plc shares as a holding company in the U.K. The valuation loss on investment securities was mainly associated with a drop in the stock price of Betfair Group plc.

**(i) Income Taxes**

Provisions for current income taxes were ¥196,509 million and provisions for deferred income taxes were ¥58,203 million. Total income taxes increased ¥21,763 million year on year to ¥254,712 million.

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

Minority interests in net income totaled ¥63,790 million, mainly related to net income recorded at Yahoo Japan Corporation.

**(k) Net Income**

As a result of the above, net income totaled ¥313,752 million, for a ¥124,039 million (65.4%) year-on-year increase.

**(l) Comprehensive Income**

Comprehensive income was ¥356,988 million, an increase of ¥137,046 million (62.3%) year on year. Of this, comprehensive income attributable to owners of the parent was ¥296,543 million, up ¥136,765 million (85.6%), and comprehensive income attributable to minority interests was ¥60,445 million, up ¥280 million (0.5%).

## 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)

	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2012	Change	Change %
Net sales	1,944,551	<b>2,144,899</b>	200,348	10.3%
Operating income	402,411	<b>429,236</b>	26,824	6.7%

- **3,540,300 net subscriber additions<sup>6</sup> for the fiscal year**
- **ARPU<sup>7</sup> for the fiscal year was ¥4,150, a ¥60 year-on-year decrease. Data ARPU amounted to ¥2,510, a ¥200 year-on-year increase.**

#### < Overview of Operations >

The segment’s net sales increased by ¥200,348 million (10.3%) year on year to ¥2,144,899 million. The main factor behind the increase was increased telecom service revenue resulting from steady growth in the number of mobile phone subscribers. Another factor was an increase in sales of mobile handsets following strong growth in shipments of iPhone 4S, which was launched during the fiscal year.

The segment’s operating expenses grew ¥173,523 million (11.3%) year on year to ¥1,715,662 million. The main contribution to this increase was an increase in cost of sales for mobile handsets and sales commissions in line with a rise in the number of mobile handsets shipped and sold. The segment also saw higher depreciation and amortization, mainly relating to the installation of additional base stations.

Operating income increased by ¥26,824 million (6.7%) year on year to ¥429,236 million.

#### <Number of Mobile Phone Subscribers>

Net subscriber additions (new subscribers minus cancellations) for the fiscal year totaled 3,540,300. This was primarily the result of increased sales of smartphones such as iPhone and Android<sup>TM 8</sup> handsets, as well as higher sales of iPad<sup>1</sup>, mobile data communications devices, and *Mimamori Phone* (handset with security buzzer). As a result, the cumulative number of subscribers<sup>9</sup> at the end of the fiscal year stood at 28,949,000, raising SOFTBANK MOBILE Corp.’s cumulative subscriber share by 1.5 percentage points year on year, to 23.3%.<sup>10</sup>

<sup>6</sup> The number of net subscriber additions includes prepaid mobile phones and communication module service subscribers. Net communication module service subscriber additions for the fiscal year totaled 741,400.

<sup>7</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>8</sup> Android is a trademark or a registered trademark of Google Inc.

<sup>9</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 fiscal year was 2,050,000.

<sup>10</sup> Calculated by the Company based on Telecommunications Carriers Association statistical data. Calculated from the numbers of subscribers of NTT DOCOMO, INC., KDDI CORPORATION, and SOFTBANK MOBILE Corp.



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

The number of mobile handsets sold for the fiscal year increased by 2,059,000 year on year to 12,301,000. Of these, new subscriptions increased by 879,000 year on year to 7,163,000, while handset upgrades increased by 1,180,000 to 5,138,000. Meanwhile handsets shipped for the fiscal year increased by 1,666,000 year on year to 11,682,000.

The increases in the number of handsets sold and the number of handsets shipped were mainly the result of expanded sales and shipments of smartphones, *Mimamori Phone*, iPad, and mobile data communications devices.

### <ARPU>

ARPU for the fiscal year decreased ¥60 year on year to ¥4,150. Out of this, voice ARPU declined ¥250 year on year to ¥1,650 and data ARPU rose ¥200 year on year to ¥2,510.

The decline in voice ARPU mainly reflects a dilution due to an increase in devices that do not have voice communication functionality (such as iPad, mobile data communications devices and *PhotoVision* (a digital photo frame with telecommunications functionality)) and a decrease in revenues from incoming calls,<sup>11</sup> which was the result of a reduction in access charges between operators. On the other hand, the increase in data ARPU was mainly the result of the continuing increase in the number of data-intensive smartphone subscribers.

### <Churn Rate and Upgrade Rate>

The churn rate<sup>12</sup> for the fiscal year was 1.12%, which was 0.14 of a percentage point higher year on year. This was primarily because of an increase in contract terminations for *PhotoVision* and prepaid mobile phones.

The upgrade rate<sup>12</sup> for the fiscal year was 1.59%, which was 0.19 of a percentage point higher year on year. This was mainly the result of an increase in upgrades to iPhone 4S.

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

The average acquisition cost per subscriber<sup>13</sup> for the fiscal year declined ¥6,600 year on year to ¥30,300. This was mainly due to an increased number of handsets sold that have a lower acquisition cost per subscriber among overall mobile handset sales, along with a revision of the pricing strategy for some mobile handsets.

The average upgrade cost per subscriber<sup>14</sup> for the fiscal year increased ¥400 to ¥27,100 year on year.

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

<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)

	Fiscal Year Ended March 31, 2011	<b>Fiscal Year Ended March 31, 2012</b>	Change	Change %
Net sales	190,055	<b>171,904</b>	(18,150)	(9.6%)
Operating income	43,154	<b>34,327</b>	(8,826)	(20.5%)

**<Overview of Operations>**

The segment's net sales decreased by ¥18,150 million (9.6%) year on year to ¥171,904 million. This was mainly because of an increasing portion of *Yahoo! BB hikari with FLET'S*,<sup>15</sup> which has relatively lower ARPU<sup>16</sup>, while the total number of broadband lines (total of the cumulative number of installed lines for *Yahoo! BB ADSL* and the cumulative number of contracts<sup>17</sup> for *Yahoo! BB hikari with FLET'S*) continued to increase.

Operating income decreased by ¥8,826 million (20.5%) year on year to ¥34,327 million. This was mainly due to a decrease in net sales and an increase in sales commissions due to an increase in new subscriber acquisitions of *Yahoo! BB hikari with FLET'S*.

The number of installed lines of *Yahoo! BB ADSL* at the end of the fiscal year totaled 2,600,000, for a net decrease of 549,000 from the previous fiscal year-end. Net subscriber additions for *Yahoo! BB hikari with FLET'S* for the fiscal year totaled 676,000, bringing the cumulative number of subscribers at the end of the fiscal year to 1,608,000. As a result, the number of broadband lines stood at 4,209,000.

**(c) Fixed-line Telecommunications**

(Millions of yen)

	Fiscal Year Ended March 31, 2011	<b>Fiscal Year Ended March 31, 2012</b>	Change	Change %
Net sales	356,561	<b>367,645</b>	11,084	3.1%
Operating income	38,006	<b>57,950</b>	19,943	52.5%

**<Overview of Operations>**

The segment's net sales increased by ¥11,084 million (3.1%) year on year to ¥367,645 million. Inter-segment sales increased due to network provision to the Group's telecommunication companies such as SOFTBANK MOBILE Corp., and contributed to the segment's overall revenue growth. On the other hand, net sales to third-parties decreased, primarily as a result of the continued decrease in revenue from relay connection voice services such as *MYLINE*, while revenues from solutions services for corporate customers such as network monitoring, and data center services increased.

Operating income increased by ¥19,943 million (52.5%) to ¥57,950 million. This was due to the increase in

<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.

net sales, combined with a decrease in operating expenses at SOFTBANK TELECOM Corp. This decrease was mainly the result of lower telecommunications equipment fees, a reduction in access charges between operators, an increase in *OTOKU Line* service equipment for which the lease expenses have been paid, and a decrease in marketing sales commissions on a decline in new *OTOKU Line* acquisitions.

**(d) Internet Culture**

(Millions of yen)

	Fiscal Year Ended March 31, 2011	<b>Fiscal Year Ended March 31, 2012</b>	Change	Change %
Net sales	283,615	<b>293,635</b>	10,019	3.5%
Operating income	150,305	<b>156,821</b>	6,516	4.3%

**<Overview of Operations>**

The segment's net sales increased by ¥10,019 million (3.5%) year on year to ¥293,635 million. This was mainly due to revenue growth at Yahoo Japan Corporation in listing and display advertising, game-related services, information listing services, and *Yahoo! Shopping*. While the Great East Japan Earthquake had a negative impact on some business areas at the beginning of the fiscal year, this improved from the second quarter. In *Yahoo! Shopping*, transaction volume via smartphones expanded substantially.

Operating income increased by ¥6,516 million (4.3%) year on year to ¥156,821 million. This was primarily the result of a decrease in communications expenses due to connection efficiency improvements in the operating system for data centers, although sales promotion expenses increased.

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

	Fiscal Year Ended March 31, 2011					Fiscal Year Ended March 31, 2012				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
(Thousands) Net additions <sup>18</sup>	696.6	901.0	925.7	1,008.8	3,532.1	730.0	759.7	936.9	<b>1,113.7</b>	<b>3,540.3</b>
(Postpaid)	645.3	833.6	865.4	975.3	3,319.6	697.5	744.8	943.5	<b>1,131.0</b>	<b>3,516.8</b>
(Prepaid)	51.3	67.4	60.3	33.5	212.5	32.5	14.9	(6.6)	<b>(17.3)</b>	<b>23.5</b>
Market share <sup>19</sup> among 4 operators (%)	45.4	53.5	55.8	40.8	48.0	42.7	40.4	-	-	-
Market share <sup>19</sup> among 3 operators (%)	51.7	60.8	62.7	44.2	53.6	49.1	46.2	42.4	<b>45.8</b>	<b>45.6</b>
(Thousands) Cumulative subscribers <sup>18</sup>	22,573.2	23,474.2	24,399.9	/	25,408.7	26,138.7	26,898.4	27,835.3	/	<b>28,949.0</b>
Market share <sup>19</sup> among 4 operators (%)	19.9	20.3	20.8	/	21.3	21.6	21.8	-	/	-
Market share <sup>19</sup> among 3 operators (%)	20.3	20.8	21.4	/	21.8	22.2	22.5	22.9	/	<b>23.3</b>
(Thousands) Number of handsets sold <sup>20</sup>	2,162	2,712	2,605	2,763	10,242	2,550	2,665	3,787	<b>3,300</b>	<b>12,301</b>
(New subscriptions)	1,375	1,562	1,577	1,770	6,284	1,564	1,624	1,848	<b>2,127</b>	<b>7,163</b>
(Handset upgrades)	787	1,149	1,028	994	3,958	987	1,040	1,938	<b>1,173</b>	<b>5,138</b>
(Thousands) Number of handsets shipped <sup>21</sup>	2,051	2,687	2,736	2,542	10,016	2,493	2,395	3,770	<b>3,025</b>	<b>11,682</b>
(Yen per month) ARPU <sup>22</sup>	4,290	4,300	4,310	3,940	4,210	4,210	4,310	4,230	<b>3,890</b>	<b>4,150</b>
(Voice) <sup>23</sup>	2,030	2,020	1,980	1,570	1,890	1,780	1,780	1,700	<b>1,350</b>	<b>1,650</b>
(Data)	2,250	2,290	2,330	2,370	2,310	2,440	2,520	2,530	<b>2,530</b>	<b>2,510</b>
(Yen) Average acquisition cost per subscriber <sup>24</sup>	37,200	37,500	37,800	35,400	36,900	36,200	30,800	25,700	<b>29,400</b>	<b>30,300</b>
(Yen) Average upgrade cost per subscriber <sup>25</sup>	25,900	25,300	28,700	27,000	26,700	29,000	28,600	25,800	<b>26,300</b>	<b>27,100</b>
(% per month) Churn rate <sup>26</sup>	1.02	0.96	0.91	1.02	0.98	1.08	1.09	1.11	<b>1.20</b>	<b>1.12</b>
(3G postpaid)	0.99	0.92	0.86	0.98	0.94	1.03	1.02	1.04	<b>1.10</b>	<b>1.05</b>
(% per month) Upgrade rate	1.18	1.67	1.43	1.33	1.40	1.28	1.31	2.36	<b>1.38</b>	<b>1.59</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, and therefore, from the third quarter the market share among 4 operators has not been calculated.

<sup>20</sup> Handsets sold: total of new subscriptions and handset upgrades

<sup>21</sup> Handsets shipped: handsets shipped (sold) to agents

<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)."

**Broadband Infrastructure**
*Yahoo! BB ADSL*

	Fiscal Year Ended March 31, 2011					Fiscal Year Ended March 31, 2012				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
(Thousands) Cumulative installed lines	3,609	3,457	3,291	/	3,150	3,009	2,873	2,737	/	<b>2,600</b>
(Yen per month) ARPU <sup>27 28</sup>	3,960	3,950	3,890	3,830	/	3,710	3,650	3,580	<b>3,510</b>	/
(% per month) Churn rate <sup>29</sup>	2.46	2.39	2.66	2.65	2.54	2.56	2.43	2.35	<b>2.44</b>	<b>2.45</b>

*Yahoo! BB hikari with FLET'S*

	Fiscal Year Ended March 31, 2011					Fiscal Year Ended March 31, 2012				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
(Thousands) Cumulative contracts <sup>30</sup>	405	575	783	/	932	1,109	1,272	1,437	/	<b>1,608</b>
(Yen per month) ARPU <sup>27</sup>	1,310	1,450	1,500	1,620	/	1,620	1,660	1,670	<b>1,680</b>	/

**Broadband Lines**

	Fiscal Year Ended March 31, 2011					Fiscal Year Ended March 31, 2012				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
(Thousands) Total users <sup>31</sup>	4,014	4,032	4,074	/	4,082	4,118	4,145	4,175	/	<b>4,209</b>

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

	Fiscal Year Ended March 31, 2011					Fiscal Year Ended March 31, 2012				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
(Thousands) Cumulative lines	1,668	1,667	1,662	/	1,671	1,669	1,679	<b>1,678</b>	/	<b>1,685</b>
(Yen per month) ARPU <sup>27</sup>	6,600	6,570	6,610	6,930	/	6,650	6,570	<b>6,550</b>	<b>6,790</b>	/

<sup>27</sup> Average Revenue Per User: average revenue per contract (rounded to the nearest ¥10)

<sup>28</sup> Starting in the first quarter of the fiscal year ending March 2012, the index was changed to "ARPU" with the number of cumulative installed lines as the denominator. The ARPU data for each quarter of the fiscal year ended March 2011 has therefore been restated to conform with this new definition.

<sup>29</sup> Starting in the first quarter of the fiscal year ending March 2012 the churn rate is calculated with number of cumulative installed lines as the denominator. The churn data for each quarter of the fiscal year ended March 2011 has therefore been restated to conform with this new definition.

<sup>30</sup> Number of users for which connection construction for *FLET'S HIKARI* line at central office of NTT East or NTT West is complete.

<sup>31</sup> Total of the number of installed lines of *Yahoo! BB ADSL* and cumulative contracts of *Yahoo! BB hikari with FLET'S*.

**(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)

$$\begin{aligned} \text{ARPU} &= (\text{voice-related revenue} + \text{data-related revenue}) / \text{number of active subscribers} \\ &= \text{voice ARPU} + \text{data ARPU} \end{aligned}$$

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

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

Number of active subscribers: total of monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month)/2).

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.

Revenues from incoming calls: access 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 in Mobile Communications = 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: total of monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month)/2). 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: total of monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month)/2). 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, 2011					Fiscal Year Ended March 31, 2012				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Mobile Communications	25,987	65,387	116,324	143,826	351,525	84,076	98,399	93,675	<b>146,613</b>	<b>422,766</b>
Broadband Infrastructure	3,319	3,294	5,076	5,160	16,850	5,739	3,861	4,638	<b>12,523</b>	<b>26,762</b>
Fixed-line Telecommunications	5,112	6,362	9,095	15,665	36,236	6,320	8,281	10,654	<b>14,621</b>	<b>39,877</b>
Internet Culture	1,906	1,908	2,783	4,114	10,713	3,349	4,609	3,743	<b>4,218</b>	<b>15,921</b>
Others	1,216	1,559	1,148	1,340	5,265	1,710	5,338	2,041	<b>1,958</b>	<b>11,047</b>
Consolidated total	37,542	78,513	134,428	170,107	420,591	101,196	120,490	114,753	<b>179,935</b>	<b>516,375</b>

**(b) Depreciation and Amortization<sup>32</sup> (excluding amortization of goodwill)**

(Millions of yen)

	Fiscal Year Ended March 31, 2011					Fiscal Year Ended March 31, 2012				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Mobile Communications	37,745	39,671	41,183	48,029	166,630	46,202	48,691	49,266	<b>59,295</b>	<b>203,455</b>
Broadband Infrastructure	4,211	4,213	4,020	3,863	16,308	3,540	3,452	3,507	<b>3,894</b>	<b>14,395</b>
Fixed-line Telecommunications	9,458	9,827	9,631	11,485	40,403	9,188	9,684	9,957	<b>10,969</b>	<b>39,800</b>
Internet Culture	2,169	2,307	2,412	2,533	9,422	2,291	2,395	2,703	<b>2,896</b>	<b>10,288</b>
Others	1,441	1,485	1,631	1,554	6,113	1,521	1,592	2,350	<b>2,421</b>	<b>7,886</b>
Consolidated total	55,025	57,505	58,880	67,466	238,878	62,744	65,816	67,785	<b>79,478</b>	<b>275,825</b>

<sup>32</sup> From the fiscal year depreciation and amortization includes loss on disposal of fixed assets included in operating expenses. Depreciation and amortization for the previous quarters has been reclassified and restated accordingly.

### **3. Forecasts for Fiscal Year Ending March 2013 and the Fiscal Year Ending March 2014**

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) Qualitative Information Regarding Consolidated Financial Position

### 1. Assets, Liabilities, and Equity

Assets, liabilities, and equity at the end of the fiscal year were as follows:

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012	Change	Change %
Total assets	4,655,725	<b>4,899,705</b>	243,979	5.2%
Total liabilities	3,776,107	<b>3,464,065</b>	(312,042)	(8.3%)
Total equity	879,618	<b>1,435,640</b>	556,021	63.2%

#### (a) Current Assets

Current assets at the end of the fiscal year totaled ¥1,910,452 million, for a ¥47,835 million (2.6%) increase from the previous fiscal year-end. The primary components of the change were as follows:

- Cash and deposits increased by ¥154,593 million from the previous fiscal year-end. This was mainly because of steady performances in each of the business segments, in addition to the Company's subsidiary SFJ Capital Limited procuring funds by issuing preferred (restricted voting) securities in preparation of the payment of accounts payable in April 2012 to the Vodafone Group<sup>33</sup> as part of a transaction made in December 2010. On the other hand, outlays related to capital expenditure increased and the Company repaid borrowings such as the SBM loan.
- Marketable securities decreased by ¥73,524 million from the previous fiscal year-end. This was mainly due to the transfer of shares of Yahoo! Inc. held by one of the Company's U.S. subsidiaries to CITIBANK, N.A., as described on page 3 (g) Special Income.

#### (b) Fixed Assets

Fixed assets totaled ¥2,983,553 million at the end of the fiscal year, for a ¥191,826 million (6.9%) increase from the previous fiscal year-end. The primary components of the change were as follows:

- Total property and equipment increased ¥182,945 million from the previous fiscal year-end, primarily from new acquisitions of telecommunications equipment such as base stations for its network enhancement.
- Total intangible assets increased ¥6,169 million from the previous fiscal year-end. This was mainly because software increased by ¥61,278 million as a result of new acquisitions of telecommunications equipment. On the other hand, goodwill decreased by ¥58,995 million resulting from regular amortization of the goodwill recorded when the Company acquired SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp.

#### (c) Current Liabilities

Current liabilities at the end of the fiscal year totaled ¥1,923,725 million, for a ¥279,317 million (17.0%) increase from the previous fiscal year-end. The primary components of the change were as follows:

- Accounts payable – other and accrued expenses increased by ¥273,631 million from the previous fiscal year-end. This was mainly the result of transferring ¥200,000 million from long-term liabilities – other to current

<sup>33</sup> Vodafone International Holdings B.V. and Vodafone Overseas Finance Limited

liabilities as an amount scheduled to be paid to the Vodafone Group as part of a transaction made with the Vodafone Group in December 2010. This payment was completed on April 2, 2012. Moreover, accounts payable increased following new acquisitions of telecommunications equipment.

- Commercial paper decreased by ¥25,000 million from the previous fiscal year-end, as it was fully redeemed during the fiscal year.
- Lease obligations increased ¥21,376 million from the previous fiscal year-end. This was mainly due to an increase in new acquisitions of telecommunications equipment through lease transactions, which led to an increase in the amount of payments to be made within one year.
- The current portion of corporate bonds increased by ¥16,488 million from the previous fiscal year-end. This was mainly due to transfers from long-term to current liabilities for corporate bonds in the amounts of ¥30,000 million for the 28<sup>th</sup> Unsecured Straight Corporate Bond, ¥65,000 million for the 29<sup>th</sup> Unsecured Straight Corporate Bond, and ¥49,988 million for the Convertible Bond Due 2013. On the other hand, the 27<sup>th</sup> Unsecured Straight Corporate Bond of ¥60,000 million, the 25<sup>th</sup> Unsecured Straight Corporate Bond of ¥53,500 million, and SOFTBANK TELECOM Corp.'s 2nd series Unsecured Straight Corporate Bond of ¥15,000 million were redeemed.

#### **(d) Long-term Liabilities**

Long-term liabilities totaled ¥1,540,339 million at the end of the fiscal year, for a ¥591,359 million (27.7%) decrease from the previous fiscal year-end. The primary components of the change were as follows:

- Long-term borrowings decreased by ¥470,889 million from the previous fiscal year-end. This was mainly due to loan repayments of ¥772,577 million made by SOFTBANK MOBILE Corp. On the other hand, the Company's long-term borrowings were increased by ¥301,100 million, mainly due to refinancing of the SBM loan.
- Long-term liabilities – other decreased by ¥205,363 million from the previous fiscal year-end. This was mainly due to the transfer of ¥200,000 million to accounts payable – other and accrued expenses for the above-mentioned payment scheduled as part of a transaction with the Vodafone Group, since the payment date came to be within one year.
- Lease obligations increased by ¥147,929 million from the previous fiscal year-end. This was mainly due to an increase in new acquisitions of telecommunications equipment via lease transactions.
- Corporate bonds decreased ¥47,490 million from the previous fiscal year-end. Transfers were made for corporate bonds from long-term to current liabilities in the amounts of ¥30,000 million for the 28<sup>th</sup> Unsecured Straight Corporate Bond, ¥65,000 million for the 29<sup>th</sup> Unsecured Straight Corporate Bond, and ¥49,988 million for the Convertible Bond due 2013 as the redemption dates came to be within one year. Moreover, ¥32,400 million of the Subordinated Notes Due 2016 issued by the Company's subsidiary, Phoenix JT Limited, was redeemed early, and the Company's Convertible Bond Due 2014 (balance at the previous fiscal year-end: ¥49,992 million) was converted into common stock of the Company. On the other hand, the Company issued the 36<sup>th</sup> Unsecured Straight Corporate Bond of ¥100,000 million, the 37<sup>th</sup> Unsecured Straight Corporate Bond of ¥30,000 million, and the 38<sup>th</sup> Unsecured Straight Corporate Bond of ¥50,000 million for a total of ¥180,000 million.

**(e) Equity**

Equity totaled ¥1,435,640 million at the end of the fiscal year, for a ¥556,021 million (63.2%) increase from the previous fiscal year-end. The equity ratio rose 5.8 percentage points from the previous fiscal year-end to 19.1%. The primary components of the change were as follows:

**(Shareholders' equity)**

Shareholders' equity increased ¥334,625 million from the previous fiscal year-end to ¥957,947 million.

- At the end of the fiscal year, common stock totaled ¥213,797 million and additional paid-in capital was ¥236,562 million. This result includes the conversion of the Convertible Bond Due 2014 into common stock of the Company during the fiscal year, which increased common stock by ¥25,022 million and additional paid-in capital by ¥24,052 million.
- Retained earnings totaled ¥530,534 million at the end of the fiscal year, for a ¥308,257 million increase from the previous fiscal year-end. This was primarily because net income of ¥313,752 million was recorded.
- Treasury stock totaled ¥22,947 million, for a ¥22,706 million increase from the previous fiscal year-end. This was mainly due to acquisitions of treasury stock in September and October 2011 in preparation for the exercise of stock acquisition rights and allowing execution of a flexible capital strategy in response to changes in the business environment.

**(Valuation and translation adjustments)**

Valuation and translation adjustments of ¥21,253 million were recorded as debit at the end of the fiscal year, a ¥17,184 million increase from the previous fiscal year-end.

- Net unrealized gain on available-for-sale securities was ¥10,566 million at the end of the fiscal year, a ¥24,354 million decrease from the previous fiscal year-end, and a deferred loss on derivatives under hedge accounting of ¥993 million was recorded, a ¥12,217 million decrease from the previous fiscal year-end. These declines are mainly a result of settlement of forward contracts ("collar transaction") by one of the Company's U.S. subsidiaries upon maturity of a loan from CITIBANK, N.A. during the second quarter of the fiscal year ended March 2012, as described on page 3 (g) Special Income. The subsidiary entered into the contract when it obtained the loan.
- Foreign currency translation adjustments improved by ¥19,387 million from the previous fiscal year-end to a debit of ¥30,826 million at the end of the fiscal year. This improvement was mainly due to the recognition of foreign currency translation adjustments as loss related to the liquidation of the Company's subsidiary Charlton Acquisition LLP.

**(Minority interests)**

- Minority interests totaled ¥498,047 million at the end of the fiscal year, for a ¥238,385 million increase from the previous fiscal year-end. This was mainly due to the issuance of preferred (restricted voting) securities amounting ¥200,000 million by the Company's subsidiary SFJ Capital Limited.

## 2. Cash Flows

Cash flows during the fiscal year were as follows:

Cash and cash equivalents at the end of the fiscal year totaled ¥1,014,558 million, for a ¥167,403 million increase from the previous fiscal year-end.

(Millions of yen)

	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2012	Change
Cash flows from operating activities	825,837	<b>740,227</b>	(85,609)
Cash flows from investing activities	(264,447)	<b>(375,655)</b>	(111,207)
(Reference) Free cash flow	561,389	<b>364,571</b>	(196,817)
Cash flows from financing activities	(397,728)	<b>(196,667)</b>	201,060

### (a) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥740,227 million (compared with ¥825,837 million provided in the previous fiscal year). The primary components of the change were as follows:

- Income before income taxes and minority interests totaled ¥632,256 million.
- The main items added to income before income taxes and minority interests were ¥275,825 million in depreciation and amortization and ¥62,606 million in amortization of goodwill.
- The main items subtracted from income before income taxes and minority interests were gain on sale of marketable and investment securities, net of ¥88,278 million and dilution gain from changes in equity interest, net of ¥19,685 million.
- Income taxes paid were ¥195,640 million.

### (b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥375,655 million (compared with ¥264,447 million used in the previous fiscal year). The primary components of the change were as follows:

- Capital expenditures, mainly at telecommunications-related businesses, resulted in outlays of ¥455,023 million for purchase of property and equipment, and intangibles.
- Proceeds from sale of marketable and investment securities were ¥87,985 million. For details on proceeds from sale of marketable securities and investment securities, refer to page 42, “3. Consolidated Financial Statements - (6) Notes (Consolidated Statements of Cash Flows) – 2. Proceeds from sale of marketable and investment securities and Repayment of long-term debt”.
- Outlays for purchase of marketable and investment securities were ¥33,323 million.
- Proceeds from advanced redemption of debt security generated ¥30,375 million. This was due to early redemption of WBS Class B2 Funding Notes<sup>34</sup> held by the Company.

<sup>34</sup> Issued by J-WBS Funding K.K. in November 2006 to provide part of the funding for the SBM loan. The Company acquired these bonds at face value of ¥27,000 million during the fiscal year ended March 2010.

As a result, free cash flow (the combined net cash flows from operating activities and investing activities) for the fiscal year was a positive ¥364,571 million (compared with a positive ¥561,389 million in the previous fiscal year), for a year-on-year decrease of ¥196,817 million.

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

Net cash used in financing activities was ¥196,667 million (compared with ¥397,728 million used in the previous fiscal year). The primary components of the change were as follows:

(Items increasing cash flows)

- Newly procured long-term debt provided ¥600,819 million, sale and lease back of equipment newly acquired provided ¥338,705 million, issuance of preferred securities by a subsidiary provided ¥200,000 million, and issuance of corporate bonds provided ¥179,159 million.

(Items decreasing cash flows)

- Outlays included ¥919,696 million for repayments of long-term debt, ¥166,290 million for the repayment of lease obligations, ¥163,437 million for redemption of bonds, ¥124,291 million for decrease in short-term borrowings, net, and ¥25,000 million for decrease in commercial paper, net. In addition, purchase of treasury stock amounted to ¥22,706 million, and cash dividends paid to minority shareholders came to ¥20,346 million.

**(d) Trends in Cash Flow-related Indicators**

A summary of trends in cash flow related indicators is presented below.

	Fiscal Year Ended March 31, 2010	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2012
Equity ratio	10.5 %	13.3%	<b>19.1%</b>
Equity ratio (Market cap.)	55.9 %	77.2%	<b>54.9%</b>
Debt repayment period	2.8 years	2.2 years	<b>1.5 years</b>
Interest coverage ratio	7.1	8.9	<b>16.3</b>

Notes:

1. The above indicators are calculated using the following formulas based on consolidated figures:  
 Equity ratio: shareholders' equity divided by total assets.  
 Equity ratio (market cap.): market capitalization divided by total assets.  
 Debt repayment period: interest-bearing debt divided by EBITDA.  
 Interest coverage ratio: EBITDA divided by interest expenses.
2. EBITDA: operating income (loss) + depreciation and amortization + including amortization of goodwill.
3. Market capitalization is calculated based on the number of shares outstanding, net of treasury stock.
4. Interest-bearing debt: short-term borrowings + commercial paper + current portion of corporate bonds + corporate bonds + long-term borrowings. Lease obligations are excluded.  
 This also excludes the corporate bonds (WBS Class B2 Funding Notes, issued by J-WBS Funding K.K.) with a face value of ¥27,000 million acquired by the Company during the fiscal year ended March 31, 2010 that were issued under the whole business securitization scheme associated with the acquisition of Vodafone K.K.
5. Interest expense is the corresponding figure on the Consolidated Statements of Income.

**(Reference: Major Financing Activities)**

The major financing activities in the fiscal year were as follows:

Item	Company Name	Details	Summary
Bond issuances	SOFTBANK CORP.	36 <sup>th</sup> Unsecured Straight Corporate Bond (Fukuoka SoftBank HAWKS Bond)	Issue date: June 17, 2011 Redemption date: June 17, 2016 Total amount of issue: ¥100,000 million Interest rate: 1.00%/year
		37 <sup>th</sup> Unsecured Straight Corporate Bond	Issue date: June 10, 2011 Redemption date: June 10, 2014 Total amount of issue: ¥30,000 million Interest rate: 0.65%/year
		38 <sup>th</sup> Unsecured Straight Corporate Bond	Issue date: January 27, 2012 Redemption date: January 27, 2014 Total amount of issue: ¥50,000 million Interest rate: 0.42%/year
Bond redemptions	SOFTBANK CORP.	27 <sup>th</sup> Unsecured Straight Corporate Bond (Fukuoka SoftBank HAWKS Bond)	Redemption date: June 10, 2011 Redeemed amount: ¥60,000 million
		25 <sup>th</sup> Unsecured Straight Corporate Bond	Redemption date: June 17, 2011 Redeemed amount: ¥53,500 million
	SOFTBANK TELECOM Corp.	2 <sup>nd</sup> Unsecured Straight Corporate Bond	Redemption date: December 7, 2011 Redeemed amount: ¥15,000 million
	Phoenix JT Limited	Subordinated Notes Due 2016 (early redemption)	Redemption date: December 15, 2011 Redeemed amount: ¥32,400 million
Increase or decrease of commercial paper	SOFTBANK CORP.	Decrease of ¥25,000 million	
Acquisition of treasury stock	SOFTBANK CORP.	Acquisition of treasury stock in the market	Period for acquisition: September 2 to 7, 2011 (execution base) Total cost of acquisition: ¥10,793 million
			Period for acquisition: October 3 to 5, 2011 (execution base) Total cost of acquisition: ¥11,899 million
Preferred securities issuances	SFJ Capital Limited	Issuance of preferred securities	Issue date: September 22, 2011 Total amount of issue: ¥200,000 million Dividend rate: 2.04%/year
Repayment of securitization of receivables	SOFTBANK MOBILE Corp.	Repayment of ¥49,903 million	Repayment of funds procured via securitization of mobile handsets installment sales receivables
Increase or decrease in debt (excluding securitization of receivables)	SOFTBANK CORP.	Increase of ¥439,400 million	Mainly increase of long-term borrowings related to refinancing of the funds procured by SOFTBANK MOBILE Corp. via whole business securitization
	SOFTBANK MOBILE Corp.	Decrease of ¥772,577 million	Repayment of funds raised via the whole business securitization financing scheme
	SB Broadband Investments	Decrease of ¥93,370 million	Repayment of borrowings through the sale of Yahoo! Inc. shares <sup>35</sup>
Capital expenditure by financial lease	SOFTBANK MOBILE Corp. etc.	New capital expenditure via leases	Funds newly procured during the period: ¥338,705 million

<sup>35</sup> Refer to page 42, “3. Consolidated Financial Statements – (6) Notes (Consolidated Statements of Cash Flows) – 2. Proceeds from sale of marketable and investment securities and repayment of long-term debt”.

### **(3) Fundamental Policy for Distribution of Profit, and Dividend for the Fiscal Year**

The Company has prioritized reduction of its net interest-bearing debt in order to improve the Group's financial status after the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE). The Company has steadily reduced its net interest-bearing debt, supported by strong results in the Mobile Communications segment. Net interest-bearing debt has been reduced to under 30% of the level at March 31, 2009 over three years. As a result of these efforts, the Company's credit ratings have been raised substantially.

In light of this improvement in the Group's financial status, growth potential of businesses and other factors, the Company has decided to change its policy. The Group will now focus on investing actively for sustained growth and returning profits to shareholders, while maintaining a sound financial status.

Under this new policy, the Company has decided to propose raising the year-end dividend per share for the fiscal year by ¥35.00 from ¥5.00 in the previous fiscal year to ¥40.00. This increase in the dividend for the fiscal year includes early implementation of the dividend increase previously planned for the fiscal year ending March 31, 2015.

## 2. The SOFTBANK Group

As of March 31, 2012, the Group's business segments were comprised of the following consolidated subsidiaries and equity method companies. The segments' main businesses were as follows.

WILLCOM, Inc. is in the process of reorganization under the Corporate Reorganization Act and the Company does not have effective control over WILLCOM, Inc. Therefore, WILLCOM, Inc. is not treated as a subsidiary.

Business Segments		Consolidated Subsidiaries	Equity Method Non-consolidated Subsidiaries and Affiliates	Main Business of Segment and Name of Business
Reportable segments	Mobile Communications	3	1	Provision of mobile communication services and sale of mobile handsets accompanying the services, etc. (Core company: SOFTBANK MOBILE Corp.)
	Broadband Infrastructure	3	—	Provision of high-speed Internet connection service, IP telephony service, and provision of content, etc. (Core company: SOFTBANK BB Corp. <sup>36</sup> )
	Fixed-line Telecommunications	2	—	Provision of fixed-line telecommunications, etc. (Core company: SOFTBANK TELECOM Corp. <sup>36</sup> )
	Internet Culture	12	7	Internet-based advertising operations, e-commerce site operations such as <i>Yahoo! Auctions</i> and <i>Yahoo! Shopping</i> , membership services, etc. (Core company: Yahoo Japan Corporation <sup>36</sup> )
Others		113	66	Distribution of PC software and peripherals, Fukuoka SOFTBANK HAWKS related businesses, etc.
Total		133	74	

### [Listed Companies]

The Company's five following consolidated subsidiaries were listed on domestic stock exchanges as of March 31, 2012:

Company Name	Listed Exchange
Yahoo Japan Corporation	Tokyo Stock Exchange First section Osaka Stock Exchange JASDAQ (Standard)
SOFTBANK TECHNOLOGY CORP.	Tokyo Stock Exchange First section
Vector Inc.	Osaka Stock Exchange JASDAQ (Standard)
ITmedia Inc.	Tokyo Stock Exchange Mothers
Carview Corporation	Tokyo Stock Exchange Mothers

<sup>36</sup> Although SOFTBANK BB Corp., SOFTBANK TELECOM Corp., and Yahoo Japan Corporation are included as consolidated subsidiaries in the Broadband Infrastructure, Fixed-line Telecommunications, and Internet Culture segments, respectively, SOFTBANK BB Corp., SOFTBANK TELECOM Corp., and Yahoo Japan Corporation operate multiple businesses and therefore their operating results are allocated to multiple business segments.



### 3. Management Policies

#### (1) Basic Management Approach

The SOFTBANK Group is guided by a corporate philosophy of “Information Revolution – Happiness for everyone.” The Group aims to be a provider of the most essential technologies and services to people around the world through its endeavors in various businesses in the information industry, while maximizing its enterprise value.

#### (2) Target Management Indices

The Group has set a target of achieving consolidated operating income of ¥1 trillion in the fiscal year ending March 31, 2017.

#### (3) Medium- to Long-term Strategies

##### 1. Forming and Expanding a Strategic Synergy Group Focused on Asia

The Group operates in the information industry, which is characterized by rapid shifts in technology, business models, and market needs. To become a provider of the most essential technologies and services to people around the world, it is imperative that the Group is flexible regarding any specific technologies or business models, and continues transforming itself repeatedly in line with the changes in the times, expanding and changing its lines of business.

While the Group will naturally work to establish new services and businesses internally, another strategy is to complement this activity and accelerate self-transformation by investing in and forming joint ventures with companies that have the best technologies or business models at the time, eventually forming and expanding a “strategic synergy group” focused on Asia. Each of the companies in the strategic synergy group will make decisions autonomously, enabling them to continue to grow while creating synergies with one another.

##### 2. Focus on Mobile Internet

Forecasts for trends in Japan five years from now suggest the cumulative number of smartphones will have increased more than three-fold, and that the number of tablets sold will have increased almost six-fold.<sup>37</sup> These trends point to a world-wide shift toward using these mobile devices as a means for accessing the Internet, in preference to PCs. The Group’s strategy is to develop its businesses focused on the mobile Internet domain, which will expand in line with this change.

In line with this strategy, the Group will work to strengthen the mobile communications network, provide high-speed telecommunications services, and enhance its lineup of smartphones and tablets. It is also working to enhance its cloud services, optimize services such as e-commerce for mobile devices, and provide a full array of mobile content including video, electronic books, and games. Attractive services and content are not only capable of creating strong earnings in themselves, but are also important elements to distinguish the Group’s mobile communications services from competitors. As such, they have the potential to increase data telecom service revenue even further.

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<sup>37</sup> Mobile Computing Promotion Consortium forecast (November 25, 2011)  
Comparison of the forecast for one year from April 2011 to March 2012 and from April 2016 to March 2017.

#### **(4) Important Management Issues for the Company**

The Group recognizes the need to enhance its network for the mobile communications services provided by SOFTBANK MOBILE Corp. SOFTBANK MOBILE Corp. has increased the number of mobile phone base stations from 122,508 at the end of March 2011, to 185,881 as of the end of March 2012.

In March 2012, SOFTBANK MOBILE Corp. received an allocation for the 900MHz band, known as the “platinum band.” This band will enable more efficient and wider coverage compared to the SOFTBANK MOBILE Corp.’s existing band. The new band will enable SOFTBANK MOBILE Corp. to make comprehensive improvements to its communication environment. Initially, these include coping with traffic increase and introducing new technologies such as Long Term Evolution (LTE). Moreover, SOFTBANK MOBILE Corp. will build a robust and disaster-proof communication environment and lifeline network taking advantage of the greater efficiency and wider coverage of the platinum band.

At the same time, the Group will continue efforts to improve user convenience by providing small base stations (femtocells) and Wi-Fi routers free of charge in users’ homes and in stores.

#### **(5) Progress in Reduction of Net Interest-bearing Debt and Change of Policy**

In order to improve its financial status, the Group prioritized reducing its net interest-bearing debt by setting a target of reducing its ¥1,939,520 million of net interest-bearing debt<sup>38</sup> as of the end of March 2009 by half over three years (by the end of March 2012), and to zero over six years (by the end of March 2015). Net interest-bearing debt at the end of March 2012 had been reduced by far more than the target of reducing net interest-bearing debt by half. It stood at ¥547,298 million, down 71.8% from the end of March 2009. As a result of these efforts, the Company’s credit ratings have been raised substantially.

In light of this improvement in the Group’s financial status, growth potential of businesses and other factors, the Company has decided to change its policy. The Group will no longer pursue the target of reducing net interest-bearing debt to zero by the end of March 2015, but will focus on investing actively for sustained growth and returning profits to shareholders, while maintaining a sound financial status.

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<sup>38</sup> Net interest-bearing debt: interest-bearing debt minus cash position.

Interest-bearing debt: short-term borrowings + commercial paper + current portion of corporate bonds + corporate bonds + long-term debt.  
 Lease obligations are excluded.

Cash position: cash and cash deposits + marketable securities recorded as current assets.

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

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	¥861,657	¥1,016,251
Notes and accounts receivable - trade	657,774	661,287
Marketable securities	78,099	4,575
Merchandise and finished products	49,887	42,618
Deferred tax assets	90,907	56,469
Other current assets	162,068	168,264
Less:		
Allowance for doubtful accounts	(37,778)	(39,014)
Total current assets	1,862,617	1,910,452
<b>Fixed assets:</b>		
<b>Property and equipment, net:</b>		
Buildings and structures	74,867	77,404
Telecommunications equipment	840,839	988,541
Telecommunications service lines	68,856	65,213
Land	22,882	23,175
Construction in progress	55,663	80,501
Other property and equipment	50,339	61,555
Total property and equipment	1,113,447	1,296,393
<b>Intangible assets, net:</b>		
Goodwill	839,238	780,242
Software	248,872	310,151
Other intangibles	32,233	36,120
Total intangible assets	1,120,345	1,126,514
<b>Investments and other assets:</b>		
Investment securities	340,436	338,198
Deferred tax assets	109,145	104,327
Other assets	123,360	134,076
Less:		
Allowance for doubtful accounts	(15,008)	(15,957)
Total investments and other assets	557,933	560,644
Total fixed assets	2,791,726	2,983,553
<b>Deferred charges</b>	1,381	5,699
<b>Total assets</b>	¥4,655,725	¥4,899,705

**Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
	Amount	Amount
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable - trade	¥193,644	¥190,532
Short-term borrowings	410,950	403,167
Commercial paper	25,000	-
Current portion of corporate bonds	128,500	144,988
Accounts payable - other and accrued expenses	561,421	835,053
Income taxes payable	115,355	125,116
Current portion of lease obligations	131,305	152,682
Other current liabilities	78,230	72,184
<b>Total current liabilities</b>	<b>1,644,407</b>	<b>1,923,725</b>
<b>Long-term liabilities:</b>		
Corporate bonds	507,390	459,900
Long-term debt	1,030,959	560,070
Deferred tax liabilities	26,582	20,370
Liability for retirement benefits	14,414	14,953
Allowance for point mileage	41,947	32,074
Lease obligations	199,769	347,699
Other liabilities	310,636	105,272
<b>Total long-term liabilities</b>	<b>2,131,699</b>	<b>1,540,339</b>
<b>Total liabilities</b>	<b>3,776,107</b>	<b>3,464,065</b>
<b>Equity:</b>		
Common stock	188,775	213,797
Additional paid-in capital	212,510	236,562
Retained earnings	222,277	530,534
Less: Treasury stock	(240)	(22,947)
<b>Total shareholders' equity</b>	<b>623,321</b>	<b>957,947</b>
Unrealized gain on available-for-sale securities	34,920	10,566
Deferred gain(loss) on derivatives under hedge accounting	11,224	(993)
Foreign currency translation adjustments	(50,213)	(30,826)
<b>Total valuation and translation adjustments</b>	<b>(4,068)</b>	<b>(21,253)</b>
Stock acquisition rights	703	898
Minority interests	259,661	498,047
<b>Total equity</b>	<b>879,618</b>	<b>1,435,640</b>
<b>Total liabilities and equity</b>	<b>¥4,655,725</b>	<b>¥4,899,705</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
	April 1, 2010 to March 31, 2011	April 1, 2011 to March 31, 2012
	Amount	Amount
<b>Net sales</b>	¥3,004,640	¥3,202,435
<b>Cost of sales</b>	1,373,617	1,485,750
<b>Gross Profit</b>	1,631,022	1,716,685
<b>Selling, general and administrative expenses</b>	1,001,859	1,041,401
<b>Operating income</b>	629,163	675,283
Interest income	2,228	1,829
Dividends income	1,628	2,570
Equity in earnings of affiliated companies	2,874	-
Other non-operating income	10,589	6,908
<b>Non-operating income</b>	17,320	11,308
Interest expense	104,019	62,206
Equity in losses of affiliated companies	-	2,947
Refinancing related expense	2,783	24,956
Other non-operating expenses	19,265	22,831
<b>Non-operating expenses</b>	126,069	112,940
<b>Ordinary income</b>	520,414	573,651
Gain on sale of investment securities	6,623	88,368
Dilution gain from changes in equity interest	2,879	20,185
Unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the U.S.,net	263	1,985
Other special income	4,485	7,225
<b>Special income</b>	14,252	117,765
Valuation loss on investment securities	8,739	13,971
Premium on advanced redemption of debt security	-	21,875
Loss on liquidation of subsidiaries and affiliates	-	19,071
Loss on disaster	14,416	-
Valuation loss on option	9,521	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	7,099	-
Other special losses	14,276	4,242
<b>Special loss</b>	54,053	59,160
<b>Income before income taxes and minority interests</b>	480,612	632,256
<b>Income taxes:</b>		
Current	173,509	196,509
Correction	27,391	-
Deferred	32,047	58,203
<b>Total income taxes</b>	232,949	254,712
<b>Income before minority interests</b>	247,663	377,543
<b>Minority interests in net income</b>	57,950	63,790
<b>Net income</b>	¥189,712	¥313,752

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
	April 1, 2010 to March 31, 2011	April 1, 2011 to March 31, 2012
	Amount	Amount
<b>Income before minority interests</b>	¥247,663	¥377,543
<b>Other comprehensive income</b>		
Unrealized loss on available-for-sale securities	(6,822)	(25,780)
Deferred loss on derivatives under hedge accounting	(3,176)	(12,661)
Foreign currency translation adjustment	(10,195)	21,328
Share of other comprehensive income of affiliated companies accounted for using equity method	(7,526)	(3,442)
<b>Total other comprehensive loss</b>	(27,720)	(20,554)
<b>Comprehensive income</b>	219,942	356,988
<b>Comprehensive income attributable to</b>		
owners of the parent	159,777	296,543
minority interests	60,165	60,445

**(3) Consolidated Statements of Changes in Equity**

Fiscal year from April 1, 2010 to March 31, 2011:

	Shareholders' equity					Valuation and translation adjustments				Stock acquisition rights	Minority interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total			
<b>Balance at April 1, 2010</b>	¥188,750	¥213,068	¥43,071	¥(225)	¥444,665	¥43,864	¥ 14,528	¥(32,525)	¥25,866	¥476	¥492,963	¥963,971
Decrease in retained earnings due to adoption of practical solution on unification of accounting policies applied to associates accounted for using the equity method	-	-	(4,510)	-	(4,510)	-	-	-	-	-	-	(4,510)
<b>Changes of items during the year</b>												
Exercise of warrants	24	24	-	-	49	-	-	-	-	-	-	49
Cash dividends	-	-	(5,411)	-	(5,411)	-	-	-	-	-	-	(5,411)
Net income	-	-	189,712	-	189,712	-	-	-	-	-	-	189,712
Purchase of treasury stock	-	-	-	(15)	(15)	-	-	-	-	-	-	(15)
Adjustments of retained earnings due to change in scope of consolidation	-	-	(585)	-	(585)	-	-	-	-	-	-	(585)
Changes in foreign affiliate's interests in its subsidiary	-	(582)	-	-	(582)	-	-	-	-	-	-	(582)
Items other than changes in shareholders' equity, net	-	-	-	-	-	(8,943)	(3,303)	(17,687)	(29,935)	226	(233,301)	(263,010)
<b>Total changes in the year</b>	24	(558)	183,715	(15)	183,166	(8,943)	(3,303)	(17,687)	(29,935)	226	(233,301)	(79,843)
<b>Balance at March 31, 2011</b>	¥188,775	¥212,510	¥222,277	¥(240)	¥623,321	¥34,920	¥ 11,224	¥(50,213)	¥(4,068)	¥703	¥259,661	¥879,618

Fiscal year from April 1, 2011 to March 31, 2012:

	Shareholders' equity					Valuation and translation adjustments				Stock acquisition rights	Minority interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Unrealized gain(loss) on available-for-sale securities	Deferred gain(loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total			
<b>Balance at April 1, 2011</b>												¥879,618
<b>Changes of items during the year</b>												
Exercise of warrants	25,022	24,979	-	-	50,002	-	-	-	-	-	-	50,002
Cash dividends	-	-	(5,411)	-	(5,411)	-	-	-	-	-	-	(5,411)
Net income	-	-	313,752	-	313,752	-	-	-	-	-	-	313,752
Purchase of treasury stock	-	-	-	(22,706)	(22,706)	-	-	-	-	-	-	(22,706)
Adjustments of retained earnings due to change in scope of consolidation	-	-	(83)	-	(83)	-	-	-	-	-	-	(83)
Changes in foreign affiliate's interests in its subsidiary	-	(927)	-	-	(927)	-	-	-	-	-	-	(927)
Items other than changes in shareholders' equity, net	-	-	-	-	-	(24,354)	(12,217)	19,387	(17,184)	195	238,385	221,396
<b>Total changes in the year</b>	25,022	24,052	308,257	(22,706)	334,625	(24,354)	(12,217)	19,387	(17,184)	195	238,385	556,021
<b>Balance at March 31, 2012</b>	¥213,797	¥236,562	¥530,534	¥(22,947)	¥957,947	¥10,566	¥ (993)	¥(30,826)	¥(21,253)	¥898	¥498,047	¥1,435,640



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

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
	April 1, 2010 to March 31, 2011	April 1, 2011 to March 31, 2012
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	¥480,612	¥632,256
Adjustments for:		
Depreciation and amortization	224,937	275,825
Amortization of goodwill	62,688	62,606
Equity in (earnings) losses of affiliated companies	(2,874)	2,947
Dilution gain from changes in equity interest, net	(2,045)	(19,685)
Valuation loss on investment securities	8,739	13,971
Unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net	(263)	(1,985)
Gain on sale of marketable and investment securities, net	(5,972)	(88,278)
Foreign exchange gain, net	(1,587)	(255)
Interest and dividend income	(3,856)	(4,399)
Interest expense	104,019	62,206
Changes in operating assets, and liabilities		
Decrease (increase) in receivables - trade	167,452	(5,031)
Increase (decrease) in payables - trade	33,679	(3,004)
Other, net	37,277	66,958
Sub-total	1,102,806	994,130
Interest and dividends received	3,900	4,222
Interest paid	(94,708)	(62,485)
Income taxes paid	(186,162)	(195,640)
Net cash provided by operating activities	825,837	740,227

- Continued -

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

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
	April 1, 2010 to March 31, 2011	April 1, 2011 to March 31, 2012
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment, and intangibles	¥ (208,553)	¥ (455,023)
Purchase of marketable and investment securities	(79,441)	(33,323)
Proceeds from sale of marketable and investment securities	31,492	87,985
Proceeds from advanced redemption of debt security	-	30,375
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	(701)	(4,007)
Other, net	(7,243)	(1,661)
Net cash used in investing activities	(264,447)	(375,655)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings, net	20,129	(124,291)
Increase (decrease) in commercial paper, net	25,000	(25,000)
Proceeds from long-term debt	252,900	600,819
Repayment of long-term debt	(459,165)	(919,696)
Proceeds from issuance of bonds	233,936	179,159
Redemption of bonds	(105,508)	(163,437)
Proceeds from issuance of shares to minority shareholders	1,684	322
Proceeds from issuance of preferred securities by a subsidiary	-	200,000
Purchase of treasury stock	(15)	(22,706)
Cash dividends paid	(5,387)	(5,420)
Cash dividends paid to minority shareholders	(16,009)	(20,346)
Proceeds from sale and lease back of equipment newly acquired	117,596	338,705
Repayment of lease obligations	(155,063)	(166,290)
Payments for additional entrustment for debt assumption	(75,000)	-
Payments for repurchase of minority interests and long-term debt	(213,564)	-
Other, net	(19,260)	(68,486)
Net cash used in financing activities	(397,728)	(196,667)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(4,203)	165
<b>Net increase in cash and cash equivalents</b>	159,457	168,069
<b>Increase in cash and cash equivalents due to newly consolidated subsidiaries</b>	1,919	68
<b>Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries</b>	(64)	(734)
<b>Decrease in cash and cash equivalents resulting from corporate separation</b>	(1,837)	-
<b>Cash and cash equivalents, beginning of the year</b>	687,681	847,155
<b>Cash and cash equivalents, end of the year</b>	¥847,155	¥1,014,558

## (5) Significant Doubt about Going Concern Assumption

There are no applicable items.

## (6) Basis of Presentation of Consolidated Financial Statements

### 1. Changes in scope of consolidation

As of March 31, 2012, SOFTBANK CORP. (the "Company") consolidated 133 subsidiaries (together, the "Group"). 63 subsidiaries were not consolidated as the individual and aggregate amounts were not considered material in relation to the consolidated total assets, net sales, net income, and retained earnings of the SOFTBANK consolidated financial statements.

Changes in scope of consolidation are as follows:

<Increase>

25 companies

Significant changes:

SFJ Capital Limited

<Decrease>

9 companies

Significant changes:

Charlton Acquisition LLP

The Company owns 100% shares issued by WILLCOM, Inc. However, WILLCOM, Inc. is in the process of reorganization under the Corporate Reorganization Act and the Company does not have effective control over WILLCOM, Inc. Therefore, WILLCOM, Inc. is not treated as a subsidiary.

### 2. Changes in scope of equity method

As of March 31, 2012, the Company held 3 non-consolidated subsidiaries and 71 affiliates, all of which were accounted for under the equity method. 60 non-consolidated subsidiaries and 26 affiliates were not accounted for under the equity method, as the individual and aggregate amounts were not considered material in relation to the net income and retained earnings of the SOFTBANK consolidated financial statements.

Changes in scope of equity method are as follows:

<Increase>

9 companies

Significant changes:

InMobi Pte Ltd

<Decrease>

8 companies

### 3. Fiscal year end

Fiscal year ends of consolidated subsidiaries for both domestic and overseas entities are as follows:

<Fiscal year end>	<Domestic>	<Overseas>
March end (same as the consolidated balance sheet date)	46	53
July end	-	11
November end	1	-
December end	1	18
February end	3	-

#### 4. Summary of significant accounting policies

##### (1) Evaluation standards and methods for major assets

###### [1] Marketable securities and investment securities

Held-to-maturity debt securities: Stated at amortized cost

Available-for-sale securities:

With market quotations: Stated at fair value, which represents the market prices at the balance sheet date (unrealized gain/loss is included as a separate component in equity, net of tax, while cost is primarily determined using the moving-average method)

Without market quotations: Carried at cost, primarily based on the moving-average method

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 Accounting Standards Codification (ASC) Topic 946 and account for the investment securities in accordance with the ASC 946. The investment securities are carried at fair value, and net changes in fair value are recorded in the consolidated statements of income under the application of the ASC 946.

[2] Derivative instruments: Stated at fair value

[3] Inventories (merchandise): Carried at cost, primarily net selling value determined by the moving-average method

##### (2) Depreciation and amortization

###### [1] Property and equipment:

Buildings and structures: Computed primarily using the straight-line method

Telecommunications equipment: Computed using the straight-line method

Telecommunications service lines: Computed using the straight-line method

Others: Computed primarily using the straight-line method

[2] Intangible assets: Computed using the straight-line method

Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease periods are computed using the straight-line method over the period of the finance leases. Finance lease transactions in which the ownership of leased assets was not transferred to lessees and contracted before April 1, 2008, are accounted for as operating lease transactions and “as if capitalized” information is disclosed in the notes to the Company’s consolidated financial statements.

##### (3) Accounting principles for major allowances and accruals

###### <Allowance for doubtful accounts>

To prepare for uncollectible credits, allowance for doubtful accounts is calculated based on the actual bad debt ratio, and specific allowance for doubtful accounts deemed to be uncollectible is calculated considering its collectability.

###### <Accrued retirement benefits>

SOFTBANK MOBILE, SOFTBANK TELECOM, and certain other subsidiaries have defined benefit pension plans for their employees. These companies account for the obligation for retirement benefits based on the projected benefit obligations at the end of the fiscal year.

SOFTBANK MOBILE and SOFTBANK TELECOM amended the pension plans by suspending the defined benefit pension plans at the end of March 2007 and March 2006, respectively, and implementing defined contribution pension plans. The retirement benefits existed and calculated under the benefit pension plan were fixed and will be paid at the retirement of applicable employees, and the projected benefit obligations are calculated based on these fixed retirement benefits. As a result, there is no service cost under the defined benefit pension plans at SOFTBANK MOBILE and SOFTBANK TELECOM.

<Allowance for point mileage >

SOFTBANK MOBILE has an allowance for point mileage which is accrued based on the estimated future obligation arising from point service, based on past experience.

(4) Translation of foreign currency transactions and accounts

All assets and liabilities in foreign currencies are translated at the foreign currency exchange rates prevailing at the respective balance sheet dates. Foreign currency exchange gains or losses are charged to net income when incurred.

The translation of foreign currency-denominated revenues and expenses in the financial statements of foreign consolidated subsidiaries into Japanese yen is performed by using the average exchange rate for the period. Assets and liabilities are translated using the foreign currency exchange rates prevailing at the balance sheet dates, and capital stock is translated using the historical foreign currency exchange rates. Foreign currency financial statement translation differences are presented as a separate component of "Equity," and the portion pertaining to minority shareholders is included in "Minority interests."

(5) Accounting for significant hedge transactions

[1] Forward-exchange contract

① <Hedge accounting>

Receivables and obligations denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuation are translated at the contracted rate, if the forward contracts qualify for hedge accounting. For forecasted transactions denominated in foreign currencies, recognitions of gains or losses resulting from changes in fair value of derivative instruments for hedging are deferred until the related gains and losses on hedged items are recognized.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging:	Forward-exchange contract
Hedged items:	Foreign currency-denominated receivables, obligations, and forecasted transactions

③ <Hedging policy>

In accordance with the Group's policy, derivative financial instruments are used to hedge foreign exchange risk associated with hedged items denominated in foreign currencies.

④ <Effectiveness of hedge transactions >

For receivables and obligations denominated in foreign currencies, effectiveness of the hedge transaction is omitted due to qualifying for hedge accounting. For forecasted transaction denominated in foreign currencies, the effectiveness of hedge transaction is assessed by measuring high correlation between the variability of cash flows associated with the foreign currency fluctuation of hedged items and variability of cash flows of hedge instruments.

[2] Interest rate swap

① <Hedge accounting>

Recognitions of gains or losses resulting from changes in fair value of derivative instruments for hedging are deferred until the related gains and losses on hedged items are recognized.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging:	Interest rate swap contracts
Hedged items:	Interest expense on borrowings

③ <Hedging policy>

In accordance with the Group's policy, derivative financial instruments are used to hedge the risk of exposures to fluctuations in interest rates in accordance with its internal policies, regarding the authorization and credit limit amount.

④ <Effectiveness of hedge transactions >

The effectiveness of hedge transaction is assessed by measuring high correlation between the variability of cash flows associated with the interest rate of hedged items and variability of cash flows of hedge instruments.

(6) Amortization of goodwill

“Goodwill” is amortized on a straight-line basis over reasonably estimated periods in which economic benefits are expected to be realized. Immaterial goodwill is expensed as incurred. The goodwill resulted from acquisition of Vodafone K.K. (currently SOFTBANK MOBILE) is amortized over a 20-year-period.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

“Cash and cash equivalents” are comprised of cash on hand, bank deposits withdrawable on demand, and highly liquid investments with initial maturities of three months or less and a low risk of fluctuation in value.

(8) Other

[1] Accounting method for consumption taxes

Consumption taxes are accounted for using the net method of reporting.

[2] Application of consolidated taxation system

BB Mobile Corp., as a parent company of the consolidated tax return, SOFTBANK MOBILE, and Telecom Express Co., Ltd., adopted the consolidated taxation system.

**(7) Additional information**

“Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan (ASBJ) Statement No. 24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) were applied to accounting changes and error corrections made on or after April 1, 2011.

**(8) Notes**
**(Consolidated Balance Sheets)**
**1. Accumulated depreciation of property and equipment**

	As of March 31, 2011	As of March 31, 2012
	1,113,677 million yen	<b>1,205,104 million yen</b>

**2. Investments in non-consolidated subsidiaries and affiliates**

	As of March 31, 2011	As of March 31, 2012
Investment securities and investments in partnerships	192,046 million yen	<b>209,484 million yen</b>

**3. Secured loans**

(1) Assets pledged as collateral for secured liabilities

[1] For short-term borrowings and long-term debt

Assets pledged as collateral and secured liabilities by consolidated subsidiaries are as follows:

	As of March 31, 2011	As of March 31, 2012
Assets pledged as collateral:		
Cash and deposits	222,613	<b>99</b>
Notes and accounts receivable - trade	306,527	-
Marketable securities	73,592	-
Buildings and structures	11,694	-
Telecommunications equipment	281,936	-
Telecommunications service lines	71	-
Land	10,747	-
Investments and other assets - other assets	9,554	-
Total	916,738 million yen	<b>99 million yen</b>

	As of March 31, 2011	As of March 31, 2012
Secured liabilities:		
Accounts payable - trade	964	<b>935</b>
Short-term borrowings	93,686	<b>27</b>
Long - term debt*	772,577	<b>64</b>
Total	867,227 million yen	<b>1,027 million yen</b>

\*Consolidated subsidiaries shares owned by SOFTBANK MOBILE, SOFTBANK MOBILE shares owned by BB Mobile Corp. and BB Mobile Corp. shares owned by Mobiletech Corporation were pledged as collateral for long-term debt (totaled to ¥772,577 million as of March 31, 2011) resulting from the acquisition of SOFTBANK MOBILE, in addition to the assets pledged as collateral above. In October, 2011 the long term loan was paid off and the collateral pledged was canceled.

(2) Borrowings by security lending agreements

Cash receipts as collateral from financial institutions, to whom the Company lent a portion of shares in its subsidiary under security lending agreements are presented as follows:

	As of March 31, 2011	As of March 31, 2012
Short-term borrowings	114,000 million yen	<b>93,000 million yen</b>

(3) Others

A consolidated subsidiary purchased assets by installments, and the assets of which ownership was not transferred to the consolidated subsidiary and its installment payables are as follows:

	As of March 31, 2011	As of March 31, 2012
Assets of which ownership is not transferred:		
Buildings and structures	60	<b>59</b>
Telecommunications equipment	55,075	<b>54,927</b>
Construction in progress	186	<b>210</b>
Other property and equipment	1	<b>6</b>
Software	14,055	<b>17,006</b>
Other intangibles	179	<b>36</b>
Investments and other assets - other assets	328	<b>246</b>
Total	69,886 million yen	<b>72,494 million yen</b>

	As of March 31, 2011	As of March 31, 2012
Installment payables:		
Accounts payable - other and accrued expenses	9,906	<b>16,208</b>
Long-term liabilities - Other liabilities	63,086	<b>58,037</b>
Total	72,993 million yen	<b>74,245 million yen</b>

**4. Guarantee obligation**

The Company has entered into a sponsor agreement with WILLCOM, Inc. Under the sponsor agreement, the Company provides necessary financial support to WILLCOM, Inc. for business operation and execution of the rehabilitation plan. The agreement is effective until WILLCOM, Inc. completes the payment of its reorganization claims and reorganization security interests (total amount ¥41,000 million) amounting to ¥ 40,969 million as of March 31, 2011, and ¥ 34,151 million as of March 31, 2012, respectively.

**5. Line of credit as a creditor (not used)**

	As of March 31, 2011	As of March 31, 2012
	15,894 million yen	<b>14,785 million yen</b>



## 6. Financial covenants

(As of March 31, 2012)

The Group's interest-bearing debt includes financial covenants, with which the Group is in compliance. The major financial covenants are as follows. If the Group fails to comply with the following covenants, creditors may require repayment of all debt. (Where the covenants set several conditions, the strictest condition is presented below.)

As of March 31, 2012, there is no infringement of the debt covenants.

- (1) The amount of the Company's net assets at the end of the year and the first half of the year must not fall below 75% of the Company's net assets at the end of the previous year.
- (2) The consolidated balance sheets of the Company and BB Mobile Corp. at the end of the year and the first half of the year must not show a net capital deficiency. The balance sheets of SOFTBANK MOBILE, SOFTBANK BB and SOFTBANK TELECOM at the end of the year and the first half of the year, must not show a net capital deficiency.

## (Consolidated Statements of Income)

### 1. Selling, general and administrative expenses

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Sales commission and sales promotion expense	513,482 million yen	<b>541,807 million yen</b>
Payroll and bonuses	126,883	<b>124,024</b>
Provision for allowance for doubtful accounts	14,646	<b>13,362</b>

### 2. Refinancing related expense

(For the fiscal year ended March 31, 2012)

It is primarily ¥23,957 million of procurement expense related to the total amount of ¥550.0 billion financing based on the resolution of the directors' meeting held on July 21, 2011 and cancellation expense of interest-rate swap to hedge interest rate risks along with the repayment of SBM loan\*.

\*¥1,366.0 billion loan to SOFTBANK MOBILE procured in November 2006 by Mizuho Trust & Banking Co., Ltd., the "Tokutei Kingai Trust Trustee" under the whole business securitization scheme. The SBM loan was associated with the series of financing transactions for the Company to acquire Vodafone K.K. (currently SOFTBANK MOBILE). This loan was paid off on October 27, 2011.

### 3. Gain on sale of investment securities

(For the fiscal year ended March 31, 2012)

The gain on sale of investment securities for the current period is primarily attributable to a ¥76,430 million gain on sale of Yahoo! Inc. shares.

In connection with the Company's financing of approximately \$1,135 million from CITIBANK, N.A. through its U.S. subsidiary in February 2004, certain forward contracts ("collar transaction") were entered into, which allowed the obligation to be settled at maturity by delivering Yahoo! Inc. shares held by the Company's subsidiary. The forward contracts were to effectively hedge the variability of cash flows associated with the future market price of the underlying securities.

During the fiscal year ended March 31, 2012, the obligation under the forward contracts was settled at maturity by effectively delivering the shares of Yahoo! Inc. (book basis of \$142 million) to CITIBANK, N.A. The cash proceeds received by the Company's subsidiary from delivering the shares of Yahoo! Inc. to CITIBANK, N.A. were then remitted to repay the related obligation. "Gain on sale of investment securities" of ¥76,430 million (\$993 million) was recorded as a result of settling the forward contracts.

During the fiscal year ended March 31, 2011, the shares of Yahoo! Inc. were reclassified to "Marketable securities" under current assets from "Investment securities" under investment and other assets. This was to coincide with the reclassification of the related obligation under current liabilities, of which the remaining period until maturity was less than one year. Accordingly, the gain on sale from this transaction was recorded as "Gain on sale of investment securities."

#### 4. Unrealized appreciation 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 appreciation 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 appreciation on valuation of investments and loss on sale of investments included in unrealized appreciation 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:

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Unrealized appreciation on valuation of investment at subsidiaries in the U.S., net	1,041	<b>3,584</b>
Loss on sale of investments at subsidiaries in the U.S., net	(777)	<b>(1,598)</b>
Total	263 million yen	<b>1,985 million yen</b>

#### 5. Premium expense on advanced repayment of long-term debt

(For the fiscal year ended March 31, 2012)

As a result of the refinancing of SBM loan, a premium expense occurred for the advanced repayment of the entire loan on October 27, 2011.

**(Consolidated Statements of Changes in Equity)**
**Fiscal year from April 1, 2010 to March 31, 2011**
**1. Class and number of outstanding shares**

(shares in thousands)

	March 31, 2010	Increase	Decrease	March 31, 2011
Number of common stocks	1,082,503	26	-	1,082,530

Note: Increase resulted from the exercise of stock acquisition rights.

**2. Class and number of treasury stocks**

(shares in thousands)

	March 31, 2010	Increase	Decrease	March 31, 2011
Number of common stocks	174	5	-	180

Note: Increase resulted from the acquisition of the fractional shares.

**3. Stock acquisition rights**

(1) Stock acquisition rights as stock options

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights (in thousands)				Millions of yen
			March 31, 2010	Increase	Decrease	March 31, 2011	March 31, 2011
The Company	-		-				100
Consolidated subsidiaries	-		-				585
Total			-				685

(2) Stock acquisition rights other than above

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights (in thousands)				Millions of yen
			March 31, 2010	Increase	Decrease	March 31, 2011	March 31, 2011
Consolidated subsidiaries	-		-				18
Total			-				18

**4. Dividends**

(1) Dividend paid

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 25, 2010	Common stocks	5,411	¥5.00	March 31, 2010	June 28, 2010

(2) Dividends which recorded date is in the fiscal year ended March 31, 2011 and effective date for payment is in the fiscal year ended March 31, 2012

Resolution	Class of shares	Amount of dividend (Millions of yen)	Source of dividend	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 24, 2011	Common stocks	5,411	Retained earnings	¥5.00	March 31, 2011	June 27, 2011

**Fiscal year from April 1, 2011 to March 31, 2012**
**1. Class and number of outstanding shares**

(shares in thousands)

	March 31, 2011	Increase	Decrease	March 31, 2012
Number of common stocks	1,082,530	25,198	-	1,107,728

Note: Increase resulted from the exercise of stock acquisition rights.

**2. Class and number of treasury stocks**

(shares in thousands)

	March 31, 2011	Increase	Decrease	March 31, 2012
Number of common stocks	180	9,033	-	9,213

Note: Increase resulted from the acquisition of 9,028 thousand shares based on Companies Act Article 156 with Companies Act 165 (3) and the acquisition of the fractional shares (4 thousands shares).

**3. Stock acquisition rights**

## (1) Stock acquisition rights as stock options

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights (in thousands)				Millions of yen
			March 31, 2011	Increase	Decrease	March 31, 2012	March 31, 2012
The Company	-		-				98
Consolidated subsidiaries	-		-				782
Total			-				880

## (2) Stock acquisition rights other than above

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights (in thousands)				Millions of yen
			March 31, 2011	Increase	Decrease	March 31, 2012	March 31, 2012
Consolidated subsidiaries	-		-				18
Total			-				18

**4. Dividends**

## (1) Dividend paid

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 24, 2011	Common stocks	5,411	¥5.00	March 31, 2011	June 27, 2011

## (2) Dividends which recorded date is in the fiscal year ended March 31, 2012 and effective date for payment is in the fiscal year ending March 31, 2013

Resolution	Class of shares	Amount of dividend (Millions of yen)	Source of dividend	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 22, 2012	Common stocks	43,940	Retained earnings	¥40.0	March 31, 2012	June 25, 2012

**(Consolidated Statements of Cash Flows)**
**1. Reconciliation of cash and cash equivalents to the amounts presented in the accompanying consolidated balance sheets**

	As of March 31, 2011	As of March 31, 2012
Cash and deposits	861,657 million yen	<b>1,016,251 million yen</b>
Marketable securities	78,099	<b>4,575</b>
Time deposits with original maturity over three months	(14,832)	<b>(2,473)</b>
Stocks and bonds with original maturity over three months	(77,769)	<b>(3,794)</b>
Cash and cash equivalents	847,155 million yen	<b>1,014,558 million yen</b>

**2. Scope of Purchase of property and equipment, and intangibles in the consolidated statements of cash flows**

(For the fiscal year ended March 31, 2011 and for the fiscal year ended March 31, 2012)

“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.

**3. Proceeds from sale of marketable and investment securities and Repayment of long-term debt**

(For the fiscal year ended March 31, 2012)

As described in “3. Gain on sale of investment securities under (Consolidated Statements of Income),” the shares of Yahoo! Inc. held by the Company's U.S. subsidiary were delivered to CITIBANK, N.A. in connection with the settlement of the obligation under the forward contracts (“collar transaction”). The cash receipts of ¥57,191 million (\$743 million) equaled the fair value of the shares delivered and were recorded as “Proceeds from sale of marketable and investment securities.” The proceeds received of ¥57,191 million were then remitted to repay the obligation and recorded as “Repayment of long-term debt.”

The difference between the obligation balance of \$1,135 million at maturity and the \$743 million of proceeds from delivering the shares of Yahoo! Inc. that were remitted to CITIBANK, N.A. in full settlement of the obligation was recognized as a realized gain on the forward contracts. Therefore, the balance of the obligation after deduction of the realized gain on the forward contracts, which was equal to the fair value of Yahoo! Inc. shares, was recorded under “Repayment of long-term debt.”

**4. Proceeds from advanced redemption of debt security**

(For the fiscal year ended March 31, 2012)

In January 2010, the Company acquired corporate bonds issued by J-WBS Funding K.K. to provide part of the funding for the SBM loan under the whole business securitization scheme associated with the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE) and recorded the corporate bonds as “Investment securities” on the consolidated balance sheet. These are proceeds from the advanced redemption of the corporate bonds, accompanying the repayment of the entire SBM loan in October 2011.

**5. Proceeds from issuance of preferred securities by a subsidiary**

(For the fiscal year ended March 31, 2012)

They are proceeds from the issuance of preferred securities with limited voting right (preferred securities which have the nature of a stock prescribed in Financial Instruments and Exchange Act Article 2 (1) (ix), which is a part of securities described in Financial Instruments and Exchange Act Article 2 (1) (xvii)) to investors through publicly offering in Japan by the Company's consolidated subsidiary, SFJ Capital Limited.

**6. Proceeds from sale and lease back of equipment newly acquired**

(For the fiscal year ended March 31, 2011, and for the fiscal year ended March 31, 2012)

Once SOFTBANK MOBILE and others purchase telecommunications equipment for the purpose of assembly, installation and inspection, SOFTBANK MOBILE and others sell the equipment to lease companies for sale and lease back purposes. 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” 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.”

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

(For the fiscal year ended March 31, 2011)

The Company acquired all class 1 preferred stock-series 1, 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, which was recorded as “Long-term debt” in the Company’s consolidated balance sheets, from SOFTBANK MOBILE Corp. to Vodafone Overseas Finance Limited for the total amount of ¥412,500 million during the fiscal year ended March 31, 2011. Of the total amount of the acquisition, the amount paid during the fiscal year ended March 31, 2011 amounting to ¥212,500 million, together with related expenses associated with the acquisition were recorded as “Payments for repurchase of minority interest and long-term debt.” The remaining amount of ¥200,000 million is scheduled to be paid in April 2012.

## 8. Non-cash investing and financing transaction

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Acquisitions of fixed assets by installments	51,347 million yen	<b>11,717 million yen</b>
Increase of common stock by the exercise of stock acquisition rights*	-	<b>25,022</b>
Increase of additional paid-in capital by the exercise of stock acquisition rights*	-	<b>24,979</b>
Decrease of stock acquisition rights by the exercise of stock acquisition rights*	-	<b>50,002</b>

\*Due to the exercise of stock acquisition rights on convertible bond due 2013 and convertible bond due 2014

**(Leases)**
**1. Finance lease transactions**
**(As a lessee)**

- (1) Finance leases in which the ownership of leased assets is transferred to lessees at the end of the lease periods
- [1] Details of lease assets are as follows:
- Tangible assets, mainly telecommunications equipment in the Mobile Communications segment.
- [2] Depreciation method for lease assets  
The depreciation method is the same as the method used for fixed assets possessed by each subsidiary and the Company.
- (2) Finance leases in which the ownership of leased assets is not transferred to lessees at the end of the lease period
- [1] Details of lease assets are as follows:
- Tangible assets, mainly telecommunications equipment in the Fixed-line Telecommunications segment.
- [2] Depreciation method for lease assets  
The straight-line method is adopted over the period of the finance leases, assuming no residual value.

Lease transactions contracted before April 1, 2008 are continuously permitted to be accounted for as operating lease transactions, and as if capitalized information is as follows:

- (1) Amounts equivalent to acquisition costs, accumulated depreciation, and accumulated impairment loss of leased property for each year:

	As of March 31, 2011		As of March 31, 2012	
Telecommunications equipment and telecommunications service lines				
Acquisition cost	124,132		<b>61,165</b>	
Accumulated depreciation	(73,353)		<b>(37,468)</b>	
Accumulated impairment loss	(24,743)		<b>(10,176)</b>	
Net leased property	26,035	million yen	<b>13,519</b>	<b>million yen</b>
Buildings and structures				
Acquisition cost	46,715		<b>46,700</b>	
Accumulated depreciation	(14,238)		<b>(16,564)</b>	
Accumulated impairment loss	-		-	
Net leased property	32,477	million yen	<b>30,135</b>	<b>million yen</b>
Property and equipment - others				
Acquisition cost	13,072		<b>5,203</b>	
Accumulated depreciation	(9,859)		<b>(3,131)</b>	
Accumulated impairment loss	(1,078)		<b>(1,013)</b>	
Net leased property	2,134	million yen	<b>1,058</b>	<b>million yen</b>
Intangible assets				
Acquisition cost	8,597		<b>427</b>	
Accumulated depreciation	(8,004)		<b>(233)</b>	
Accumulated impairment loss	(171)		<b>(171)</b>	
Net leased property	421	million yen	<b>23</b>	<b>million yen</b>
Total				
Acquisition cost	192,518		<b>113,496</b>	
Accumulated depreciation	(105,455)		<b>(57,398)</b>	
Accumulated impairment loss	(25,992)		<b>(11,361)</b>	
Net leased property	61,069	million yen	<b>44,736</b>	<b>million yen</b>

Current portion of long-term prepaid expenses related to a lease contract, in which the contract term and payment term are different, in the amount of ¥583 million and ¥492 million as of March 31, 2011 and March 31, 2012 respectively are included in “Other current assets” in the consolidated balance sheets. Long-term prepaid expenses relating to the lease contract as of March 31, 2011 and March 31, 2012 were ¥26,073 million and ¥22,863 million, respectively and are included in “Other assets” of investments and other assets in the consolidated balance sheets.

(2) Obligations under finance lease at the end of each year:

	As of March 31, 2011		As of March 31, 2012	
Due within one year	15,678		<b>8,378</b>	
Due after one year	62,845		<b>54,404</b>	
Total	78,523	million yen	<b>62,782</b>	<b>million yen</b>
Balance of allowance for impairment loss on leased property	4,530	million yen	<b>2,579</b>	<b>million yen</b>

(3) Lease payments, payment of the lease obligation for impaired leased property, amounts equivalent to depreciation, and interest expense for each year:

	Fiscal year ended March 31, 2011		Fiscal year ended March 31, 2012	
Lease payments	30,830	million yen	<b>20,513</b>	<b>million yen</b>
Payment of the lease obligation for impaired leased property	6,246		<b>1,950</b>	
Depreciation expense	20,989		<b>12,966</b>	
Interest expense	6,735		<b>4,831</b>	

(4) Calculation method used to determine the amount equivalent to depreciation and interest expense:

The amount equivalent to depreciation is computed using the straight-line method over the period of the finance leases, assuming no residual value.

The amount equivalent to interest expense is calculated by subtracting acquisition costs from the total lease payments and allocated over the lease periods based on the interest method.

Regarding the lease contract of the Fukuoka Yahoo! JAPAN Dome (hereafter “Yahoo Dome”) included in the above notes, Fukuoka SOFTBANK HAWKS Marketing Corp. entered into sales and purchase contract on March 27, 2012 to acquire a trust beneficiary interest related to Yahoo Dome in July of 2015. As financial statement as of the end of February, the fiscal year end of this company, is reflected in the consolidated financial statements, this transaction will be recognized next fiscal year.

Based on this contract, the lease is newly classified and buildings and structures (acquisition cost: ¥38,280 million) and land (acquisition cost: ¥49,360 million) will be recorded in the consolidated financial statements for the fiscal year ending March 31, 2013.



**(Financial Instruments)****1. Conditions of Financial instruments****(1) Management policy**

The Group utilizes diversified financing methods of raising funds through both indirect financing, such as bank loans, and direct financing, such as issuance of bonds and commercial paper and borrowings through securitization, taking market conditions and current/non-current debts ratio into consideration. The Group makes short-term deposits for fund management purposes. The Group also utilizes derivative financial instruments to hedge various risks as described in detail below and does not enter into derivatives for trading or speculative purposes.

**(2) Financial instruments, risks, and risk management**

The notes and accounts receivable-trade are exposed to credit risk of customers. To minimize the credit risk, the Group performs due date controls and balance controls for each customer in accordance with internal customer credit management rules, and regularly screens major customers' credit status. For credit risk associated with installment sales receivables of mobile handsets, SOFTBANK MOBILE screens customers' credit in accordance with internal screening standards for new subscriber contracts as well as refers to an external institution for customers' credit status.

Marketable and investment securities are exposed to stock market fluctuation risk and foreign currency exchange risk. For those risks, the Group is continuously monitoring investees' financial condition, stock market fluctuation, and foreign currency exchange risk. The Group entered into a variable share prepaid forward contract (collar transaction) utilizing its shares of Yahoo! Inc. The purpose of this collar transaction was to hedge the variability of cash flows associated with the future market price of the underlying security, which was for the settlement of loans at their maturity. During the fiscal year ended March 31, 2012, the collar transaction was settled as the obligation under the forward contracts was settled at maturity by effectively delivering the shares of Yahoo! Inc.

Maturities of accounts payable-trade and accounts payable-other are mostly within one year. Loan payables with variable interest rate are exposed to interest rate risk and interest rate swaps are used for certain loan payables in order to hedge this risk. In order to hedge interest rate risk associated with financial assets and liabilities, and foreign currency exchange risk associated with assets and liabilities denominated in foreign currencies, interest rate swap transactions and foreign exchange forward contracts are used. The collar transaction, which was used to hedge the variability of cash flows associated with the future market price of the underlying security, was settled during the fiscal year ended March, 31, 2012.

Hedge accounting is applied for certain derivative transactions. Hedging instruments and hedged items, hedging policy, and effectiveness of hedge transactions are described in "(6) Basis of Presentation of Consolidated Financial Statements 4. Summary of significant accounting policies (5) Accounting for significant hedge transactions." Derivative transactions entered into by the Company are implemented and controlled based on the Company's internal policies and are limited to the extent of actual demand. Balance and fair value of derivative transactions are reported regularly to the board of directors. Consolidated subsidiaries also manage the derivative transactions based on the Company's policies.

**(3) Supplemental explanation regarding fair value of financial instruments**

Fair values of financial instruments are measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Fair value of financial instruments which quoted market price is not available is calculated based on certain assumptions, and the fair value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions described below in "(8) Notes (Derivative Transactions)" does not represent the market risk of the derivative transactions.

## 2. Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2011 are as follows.

In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included. (Please see “Notes 2. Financial instruments of which the fair value is extremely difficult to measure.”)

As of March 31, 2011

(Millions of yen)

	As of March 31, 2011		
	Carrying amount	Fair value	Differences
<b>Assets</b>			
(1) Cash and deposit	¥861,657	¥861,657	¥ -
(2) Notes and accounts receivable-trade	657,774		
Allowance for doubtful accounts <sup>1</sup>	(36,063)		
Notes and accounts receivable-trade, net	621,710	621,710	-
(3) Marketable securities and investment securities			
[1]Held-to-maturity debt securities	1,587	1,487	(100)
[2] Investments in unconsolidated subsidiaries and affiliated companies	15,937	30,947	15,009
[3]Other securities	160,025	160,025	-
<b>Total</b>	<b>1,660,919</b>	<b>1,675,827</b>	<b>14,908</b>
<b>Liabilities</b>			
(1) Accounts payable-trade	193,644	193,644	-
(2) Short-term borrowings	410,950	410,950	-
(3) Current portion of corporate bonds	128,500	128,500	-
(4) Accounts payable-other and accrued expenses	561,421	561,421	-
(5) Income taxes payable	115,355	115,355	-
(6) Current portion of lease obligations	131,305	131,305	-
(7) Corporate bonds	507,390	584,477	77,087
(8) Long-term debt	1,030,959	1,102,328	71,368
(9) Lease obligations	199,769	203,113	3,343
(10) Commercial paper	25,000	25,000	-
(11) Long-term accounts payable-other	265,141	265,085	(56)
<b>Total</b>	<b>3,569,439</b>	<b>3,721,182</b>	<b>151,742</b>
<b>Derivative transactions<sup>2</sup></b>			
[1]Hedge accounting is not applied	(216)	(216)	-
[2]Hedge accounting is applied	20,856	20,856	-
<b>Total</b>	<b>¥ 20,640</b>	<b>¥ 20,640</b>	<b>¥ -</b>

Notes:

- Allowance for doubtful accounts associated with notes and accounts receivable-trade are deducted.
- Derivative assets and liabilities are on net basis. Net liabilities are disclosed in brackets.

As of March 31, 2012

(Millions of yen)

	As of March 31, 2012		
	Carrying amount	Fair value	Differences
<b>Assets</b>			
(1) Cash and deposit	¥1,016,251	¥1,016,251	¥ -
(2) Notes and accounts receivable-trade	661,287		
Allowance for doubtful accounts <sup>1</sup>	(36,882)		
Notes and accounts receivable-trade, net	624,405	624,405	-
(3) Marketable securities and investment securities			
[1]Held-to-maturity debt securities	691	580	(110)
[2] Investments in unconsolidated subsidiaries and affiliated companies	60,599	82,041	21,442
[3]Other securities	83,123	83,123	-
<b>Total</b>	<b>1,785,071</b>	<b>1,806,402</b>	<b>21,331</b>
<b>Liabilities</b>			
(1) Accounts payable-trade	190,532	190,532	-
(2) Short-term borrowings	403,167	403,167	-
(3) Current portion of corporate bonds	144,988	144,988	-
(4) Accounts payable-other and accrued expenses	835,053	835,053	-
(5) Income taxes payable	125,116	125,116	-
(6) Current portion of lease obligations	152,682	152,682	-
(7) Corporate bonds	459,900	466,836	6,936
(8) Long-term debt	560,070	568,472	8,402
(9) Lease obligations	347,699	351,831	4,132
<b>Total</b>	<b>3,219,210</b>	<b>3,238,681</b>	<b>19,470</b>
<b>Derivative transactions<sup>2</sup></b>			
[1]Hedge accounting is not applied	1,683	1,683	-
[2]Hedge accounting is applied	(993)	(993)	-
<b>Total</b>	<b>¥ 689</b>	<b>¥ 689</b>	<b>¥ -</b>

Notes:

- Allowance for doubtful accounts associated with notes and accounts receivable-trade are deducted.
- Derivative assets and liabilities are on net basis. Net liabilities are disclosed in brackets.

### Notes 1. Fair value measurement of financial instruments

Assets

#### (1) Cash and deposits

The carrying amount approximates fair value because of the short maturity of these instruments.

#### (2) Notes and accounts receivable-trade

The carrying amount of installment sales receivables approximates fair value, which is based on the present value of future cash flows through maturity discounted using an estimated credit-risk-adjusted interest rate. The carrying amount of notes and accounts receivable-trade other than installment sales receivables approximates fair value because of the short maturity of these instruments.

(3) Marketable and investment securities

The fair value of equity securities equals quoted market price, if available. The fair value of debt securities equals quoted market price or provided price by financial institutions. The investment securities held by certain subsidiaries in the United States of America which apply ASC 946 are carried at fair value (Please see “(8) Notes (Investment in Debt and Equity Securities) 5. Investment securities evaluated at fair value under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification”). Marketable and investment securities based on holding purpose are described in “(8) Notes (Investment in Debt and Equity Securities).”

Liabilities

(1) Accounts payable-trade, (4) Accounts payable-other and accrued expenses, (5) Income taxes payable, and (10) Commercial paper

The carrying amount approximates fair value because of the short maturity of these instruments.

(2) Short-term borrowings

The carrying amount of the current portion of long-term debt approximates fair value since the carrying amount was equivalent to the present value of future cash flows discounted using the current borrowing rate for similar debt of a comparable maturity. Borrowings other than the current portion of long-term debt, the carrying amount approximates fair value because of the short maturity of these instruments.

(3) Current portion of corporate bonds

The carrying amount approximates fair value because the carrying amount was equivalent to the quoted market price.

(6) Current portion of lease obligations

The carrying amount approximates fair value since the carrying amount was equivalent to the present value of future cash flows discounted using the current interest rate for similar lease contracts of comparable maturities and contract conditions.

(7) Corporate bonds

Fair value equals the quoted market price or the price provided by a financial institution.

(8) Long-term debt

Fair value of long-term debts is based on the price provided by a financial institution or the present value of future cash flows discounted using the current borrowing rate for similar debt of a comparable maturity.

(9) Lease obligations

Fair value equals to the present value of future cash flows discounted using the current interest rate for similar lease contracts of comparable maturities and contract conditions.

(11) Long-term accounts payable - other

Fair value of long-term accounts payable-other is based on the present value of future cash flows discounted using the rate with consideration for period up to payment date and credit risk.

Derivative Transactions

Contract amount, fair value, unrealized gain or loss, and others are described in “(8) Notes (Derivative Transactions).”

**Notes 2. Financial instruments of which the fair value is extremely difficult to measure**

(Millions of yen)

Classification	Carrying Amounts	
	As of March 31, 2011	As of March 31, 2012
Unlisted investment securities of unconsolidated subsidiaries and affiliated companies	¥176,108	¥148,884
Unlisted equity securities	55,297	42,805
Investments in partnerships	9,579	6,666
Total	¥240,985	¥198,357

Above are not included in “Assets (3) Marketable securities and investment securities” because there is no market value and it is extremely difficult to measure the fair value.

**Notes 3. The redemption schedule for money claim and held-to-maturity debt securities with maturity date subsequent to the consolidated balance sheets date.**

As of March 31, 2011

(Millions of yen)

Classification	April 1, 2011 to March 31, 2012	April 1, 2012 to March 31, 2016	April 1, 2016 to March 31, 2021	April 1, 2021 and thereafter
Cash and deposits	¥861,657	¥ -	¥ -	¥ -
Notes and accounts receivable-trade	566,564	91,210	-	-
Marketable and investment securities				
Held-to-maturity debt securities (corporate bonds)	1,100	-	-	600
Other securities with maturity date (corporate bonds)	117	400	27,200	-
Other securities with maturity date (other)	-	109	-	-
Sub-total	1,217	509	27,200	600
Total	¥1,429,438	¥91,719	¥27,200	¥600

As of March 31, 2012

(Millions of yen)

Classification	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2017	April 1, 2017 to March 31, 2022	April 1, 2022 and thereafter
Cash and deposits	¥1,016,251	¥ -	¥ -	¥ -
Notes and accounts receivable-trade	587,958	73,328	-	-
Marketable and investment securities				
Held-to-maturity debt securities (corporate bonds)	200	-	-	600
Other securities with maturity date (corporate bonds)	630	200	200	-
Other securities with maturity date (other)	400	101	-	-
Sub-total	1,230	301	200	600
Total	¥1,605,440	¥73,630	¥200	¥600

**Notes 4. The redemption schedule for corporate bonds, long-term debt, lease obligations, and other interest bearing debt subsequent to the consolidated balance sheets date.**

As of March 31, 2011

(Millions of yen)

Classification	April 1, 2011 to March 31, 2012	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015
Corporate bonds	¥128,500	¥144,998	¥204,992	¥44,900
Long-term debt	182,694	124,100	268,825	232,581
Lease obligations	131,305	85,325	55,599	40,919
Accounts payable – other by installment purchase	9,906	13,921	13,921	13,921
<b>Total</b>	<b>¥452,407</b>	<b>¥368,345</b>	<b>¥543,338</b>	<b>¥332,322</b>

Classification	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2021	April 1, 2021 and thereafter
Corporate bonds	¥70,000	¥42,500	¥-
Long-term debt	230,000	175,452	-
Lease obligations	17,861	63	-
Accounts payable – other by installment purchase	13,921	7,401	-
<b>Total</b>	<b>¥331,782</b>	<b>¥225,417</b>	<b>¥-</b>

As of March 31, 2012

(Millions of yen)

Classification	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Corporate bonds	¥144,988	¥205,000	¥74,900	¥70,000
Long-term debt	299,209	359,290	200,310	72
Lease obligations	152,682	120,372	101,289	80,644
<b>Total</b>	<b>¥596,880</b>	<b>¥684,663</b>	<b>¥376,500</b>	<b>¥150,716</b>

Classification	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2022	April 1, 2022 and thereafter
Corporate bonds	¥100,000	¥10,000	¥-
Long-term debt	388	7	-
Lease obligations	45,389	3	-
<b>Total</b>	<b>¥145,778</b>	<b>¥10,011</b>	<b>¥-</b>

**(Investment in Debt and Equity Securities)**
**1. Held-to-maturity debt securities**

As of March 31, 2011

(Millions of yen)

Classification	Carrying amount	Fair value	Differences
Fair value > Carrying amount			
Corporate bonds	¥197	¥199	¥1
Fair value ≤ Carrying amount			
Corporate bonds	1,390	1,288	(102)
<b>Total</b>	<b>¥1,587</b>	<b>¥1,487</b>	<b>¥(100)</b>

As of March 31, 2012

(Millions of yen)

Classification	Carrying amount	Fair value	Differences
Fair value ≤ Carrying amount			
Corporate bonds	¥691	¥580	¥(110)

**2. Marketable and investment securities at fair value**

As of March 31, 2011

(Millions of yen)

Classification	Carrying amount	Investment Cost	Differences
Carrying amount > Investment cost			
(1)Equity securities	¥92,582	¥19,151	¥73,430
(2)Debt securities	31,060	26,587	4,473
(3)Others	2,390	2,298	91
Sub-total	126,033	48,038	77,995
Carrying amount ≤ Investment cost			
(1)Equity securities	20,185	27,667	(7,481)
(2)Debt securities	693	702	(9)
(3)Others	632	636	(4)
Sub-total	21,510	29,005	(7,494)
<b>Total</b>	<b>¥147,544</b>	<b>¥77,043</b>	<b>¥70,500</b>

Note: Investment securities held by certain subsidiaries in the United States of America which apply ASC 946 are described in below "5. Investment securities evaluated at fair value under the provisions set forth in Financial Services– Investment Companies of the FASB Accounting Standards Codification."

As of March 31, 2012

(Millions of yen)

Classification	Carrying amount	Investment Cost	Differences
Carrying amount > Investment cost			
(1)Equity securities	¥58,168	¥35,012	¥23,155
(2)Debt securities	502	498	3
(3)Others	373	373	0
Sub-total	59,044	35,884	23,159
Carrying amount ≤ Investment cost			
(1)Equity securities	6,278	8,931	(2,652)
(2)Debt securities	730	759	(28)
(3)Others	3,211	3,293	(81)
Sub-total	10,220	12,983	(2,762)
Total	¥69,264	¥48,867	¥20,396

Note: Investment securities held by certain subsidiaries in the United States of America which apply ASC 946 are described in below “5. Investment securities evaluated at fair value under the provisions set forth in Financial Services– Investment Companies of the FASB Accounting Standards Codification.”

### 3. Marketable and investment securities sold during the fiscal year

During the fiscal year ended March 31, 2011

(Millions of yen)

Securities	Sales Price	Gain on sales	Loss on sales
(1)Equity securities	¥13,650	¥1,971	¥598
(2)Others	3,767	105	1
Total	¥17,418	¥2,076	¥600

Note: Sales price of ¥371 million, gain on sales of ¥173 million, and loss on sales of ¥123 million for financial instruments of which the fair value is extremely difficult to measure are included in the amounts above.

During the fiscal year ended March 31, 2012

(Millions of yen)

Securities	Sales Price	Gain on sales	Loss on sales
(1)Equity securities	¥76,696	¥87,007	¥45
(2)Others	2,459	52	83
Total	¥79,155	¥87,060	¥129

Note: Sales price of ¥12,415 million, gain on sales of ¥8,454 million, and loss on sales of ¥19 million for financial instruments of which the fair value is extremely difficult to measure are included in the amounts above.

### 4. Marketable and investment securities impaired

For the fiscal year ended March 31, 2011

Certain marketable and investment securities are impaired, and valuation loss on investment securities of ¥8,739 million (valuation loss on investment securities, of which the fair value is extremely difficult to measure, of ¥6,168 million is included) is recorded for the fiscal year ended March 31, 2011.

For the fiscal year ended March 31, 2012

Certain marketable and investment securities are impaired, and valuation loss on investment securities of ¥13,971 million (valuation loss on investment securities, of which the fair value is extremely difficult to measure, of ¥5,291 million is included) is recorded for the fiscal year ended March 31, 2012.



## 5. Investment securities evaluated at fair value under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification

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.

Proceeds from sales and the carrying amounts of the investment securities at fair value recorded in the consolidated balance sheets were as follows:

	(Millions of yen)	
	As of March 31, 2011	As of March 31, 2012
Proceeds from sales:	¥1,550	¥507
Carrying amounts of investment securities at fair value :	¥12,480	¥13,860

Regarding “Unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net” please see “(8) Notes (Consolidated Statements of Income) 4. Unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the United States of America, net.”

### (Derivative Transactions)

#### (1) Derivative transactions to which the Company did not apply hedge accounting

##### 1. Currency Related

As of March 31, 2011

(Millions of yen)

	Nature of transaction	March 31, 2011			
		Contract amounts		Fair value	Unrealized gain(loss)
			Over 1 year		
Off-market transactions	Forward exchange contracts to:				
	– Purchase U.S. dollars and sell Japanese yen	¥52,791	¥-	¥(217)	¥(217)
	– Purchase U.S. dollars and sell Korean won	353	-	1	1
	Total	¥53,144	¥-	¥(216)	¥(216)

Note: Fair value is based on information provided by financial institutions at the end of the fiscal year.

As of March 31, 2012

(Millions of yen)

	Nature of transaction	March 31, 2012			
		Contract amounts		Fair value	Unrealized gain(loss)
			Over 1 year		
Off-market transactions	Forward exchange contracts to:				
	– Purchase U.S. dollars and sell Japanese yen	¥53,099	¥-	¥1,683	¥1,683
	– Purchase U.S. dollars and sell Korean won	480	-	(0)	(0)
	– Purchase Euro and sell Japanese yen	18	-	(0)	(0)
	Total	¥53,599	¥-	¥1,683	¥1,683

Note: Fair value is based on information provided by financial institutions at the end of the fiscal year.

## 2. Interest Related

As of March 31, 2011

There are no applicable items.

As of March 31, 2012

There are no applicable items.

## 3. Securities Related

As of March 31, 2011

There are no applicable items.

As of March 31, 2012

There are no applicable items.

## (2) Derivative transactions to which the Company applied hedge accounting

### 1. Currency Related

As of March 31, 2011

(Millions of yen)

Hedge accounting method	Nature of transaction	Hedged items	Contract amount		Fair value
				Over 1 year	
Deferral hedge accounting	Forward-exchange contracts: to buy:	Forecasted transactions for expenses denominated in foreign currencies Forecasted transactions for expenses denominated in foreign currencies			
	U.S. dollars		¥205	¥-	¥(3)
	Euro		1,181	-	(1)
Total			¥1,387	¥-	¥(5)

Note: Fair value is based on information provided by financial institutions at the end of the fiscal year.

As of March 31, 2012

(Millions of yen)

Hedge accounting method	Nature of transaction	Hedged items	Contract amount		Fair value
				Over 1 year	
Alternative method	Forward-exchange contracts: to buy:	Accounts payable - other Accounts payable - trade			
	U.S. dollars		¥148	¥-	¥-
	Euro		1,020	-	--
	Forward-exchange contracts: to sell:	Accounts receivable - trade			
	U.S. dollars		86	-	-
Total			¥1,254	¥-	¥-

Note: For certain accounts payable-other, accounts payable-trade, and accounts receivable-trade denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations, fair value of the derivative financial instrument is included in fair value of the accounts payable-other, accounts payable-trade, and accounts receivable - trade as hedged items.

## 2. Interest Related

As of March 31, 2011

(Millions of yen)

Hedge accounting method	Nature of transaction	Hedged items	Contract amount		Fair value
				Over 1 year	
Deferral hedge accounting	Interest swap: Receiving floating rate and paying fix rate	Interest for loan	¥104,000	¥99,000	¥(1,418)
Total			¥104,000	¥99,000	¥(1,418)

Note: Fair value is based on information provided by financial institutions at the end of the fiscal year.

As of March 31, 2012

(Millions of yen)

Hedge accounting method	Nature of transaction	Hedged items	Contract amount		Fair value
				Over 1 year	
Deferral hedge accounting	Interest swap: Receiving floating rate and paying fix rate	Interest for loan	¥99,000	¥84,000	¥(993)
Total			¥99,000	¥84,000	¥(993)

Note: Fair value is based on information provided by financial institutions at the end of the fiscal year.

## 3. Securities Related

As of March 31, 2011

(Millions of yen)

Hedge accounting method	Nature of transaction	Hedged items	Contract amount		Fair value
				Over 1 year	
Deferral hedge accounting	Collar transaction: A variable share prepaid forward contract consisting of a purchased put option and a sold call option	Marketable securities	¥94,461	¥-	¥22,280
Total			¥94,461	¥-	¥22,280

Note: Fair value is based on information provided by financial institutions at the end of the fiscal year.

**(Income Taxes)**

## 1. Significant components of deferred tax assets and liabilities

## Deferred tax Assets

	Amounts	
	As of March 31, 2011	As of March 31, 2012
Depreciation / Amortization	¥64,682	¥49,458
Loss carryforwards	79,172	43,553
Valuation of assets and liabilities of acquired consolidated subsidiaries at fair market value	43,560	30,280
Investment securities	48,450	19,975
Allowances for doubtful accounts	19,903	12,297
Allowances for point mileage	17,068	12,191
Accounts payable-other and accrued expenses	31,520	10,774
Others	64,275	68,967
Gross deferred tax assets	368,633	247,500
Less: valuation allowance	(141,498)	(79,412)
Total deferred tax assets	227,135	168,087

## Deferred tax liabilities

	Amounts	
	As of March 31, 2011	As of March 31, 2012
Deferred taxable gain on a sale of shares of a subsidiary to a 100% owned subsidiary under Japanese group taxation regime	(13,294)	(11,644)
Unrealized gains on other securities	(27,844)	(4,941)
Deferred gain on derivatives under hedge accounting	(7,642)	-
Others	(11,987)	(11,075)
Total deferred tax liabilities	(60,768)	(27,661)
Net deferred tax assets	¥166,366	¥140,426

## 2. Reconciliation between the statutory income tax rate and effective income tax rate:

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Statutory tax rate	40.69	40.69 %
(Reconciliation)		
Change in valuation allowance	(5.05)	(5.81)
Amortization of goodwill	5.09	3.84
Decrease of deferred tax assets*liabilities at fiscal year-end by the change of tax rate	-	1.97
Dilution gain from changes in equity interest	-	(1.27)
Income taxes correction	5.70	-
Consolidation adjustments resulting from gain on sale of investments in consolidated subsidiaries	4.18	-
Others	(2.14)	0.87
Income tax rate per statements of income	48.47	40.29%

### 3. Change of deferred tax assets and deferred tax liability by the change of effective statutory tax rate

“Act on the Partial Revision of the Income Tax Act for the Establishment of a Taxation System Responding to Structural Transformation of Economy and Society” and “Act on Special Measures for Securing Financial Resources Needed to Implement Measures to Recover From the Great East Japan Earthquake” were issued on December 2, 2011. By these acts, the effective statutory tax rate, which is used to calculate deferred tax assets and liability for this year was changed from 40.69%, which was used as of March 31, 2011. The new effective tax rate will be as follows, depending when the temporary difference will reverse.

From April 1, 2012 to March 31, 2015: 38.01%

On and after April 1, 2015: 35.64%

By this change, deferred tax assets net of deferred liability decreased by ¥11,875 million, Deferred income taxes increased by ¥12,452 million and Unrealized gain on available-for-sale securities increased by ¥577 million respectively.

## (Segment Information)

### 1. Segment information

#### (1) Overview of reportable segments

Reportable segments of the Company are components of an entity about which separate financial information is available and such information is evaluated regularly by the board of directors in deciding how to allocate resources and in assessing performance.

The Company as a pure holding company assigns core operating companies to primary businesses. The core operating companies develop comprehensive business strategies for the products and services and perform business activities.

Accordingly, the Company's segments are separated based on the products and services provided by the core operating companies, and 4 segments, "Mobile Communications," "Broadband Infrastructure," "Fixed-line Telecommunications," and "Internet Culture" are treated as reportable segments.

"Mobile Communications" business provides mobile communication services and sale of mobile phones accompanying the services. "Broadband Infrastructure" business provides high-speed Internet connection service, IP telephony service, and contents. "Fixed-line Telecommunications" business provides fixed-line telecommunication services. "Internet Culture" business provides Internet-based advertising operations, e-commerce site operations, such as Yahoo! Auctions and Yahoo! Shopping, and membership services, etc.

#### (2) Calculation for net sales, segment income or loss, and others of reportable segments

Accounting treatment for reportable segments is the same as the treatment described in "Basis of Presentation of Consolidated Financial Statements." Income of reportable segments is based on operating income. Internal net sales between segments are under general business conditions, which are applied for external customers. Assets are not allocated between the reportable segments.

#### (3) Net sales, segment income or loss, and others of reportable segments

For the fiscal year ended March 31, 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	¥1,936,093	¥183,070	¥297,090	¥279,232	¥2,695,486	¥309,153	¥3,004,640	¥-	¥3,004,640
Inter-segment	8,458	6,984	59,471	4,382	79,297	34,481	113,778	(113,778)	-
Total	1,944,551	190,055	356,561	283,615	2,774,783	343,635	3,118,419	(113,778)	3,004,640
Segment income	402,411	43,154	38,006	150,305	633,877	7,092	640,970	(11,806)	629,163
Others:									
Depreciation and amortization	156,993	15,840	36,634	9,422	218,891	4,833	223,725	1,211	224,937

#### 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 ¥(11,806) million represents elimination of intersegment transactions and expenses of the corporate division of the Company, which totaled ¥57 million and ¥(11,864) million, respectively.
3. Segment income is adjusted with operating income in the consolidated statements of income.

For the fiscal year ended March 31, 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	¥2,138,650	¥155,389	¥292,674	¥290,004	¥2,876,720	¥325,715	¥3,202,435	¥-	¥3,202,435
Inter-segment	6,248	16,515	74,971	3,630	101,365	35,282	136,647	(136,647)	-
Total	2,144,899	171,904	367,645	293,635	2,978,085	360,998	3,339,083	(136,647)	3,202,435
Segment income	429,236	34,327	57,950	156,821	678,336	8,800	687,136	(11,853)	675,283
Others: Depreciation and amortization	203,455	14,395	39,800	10,288	267,939	6,277	274,216	1,609	275,825

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 ¥(11,853) million represents elimination of intersegment transactions and expenses of the corporate division of the Company, which totaled ¥1,821 million and ¥(13,674) million, respectively.
3. Segment income is adjusted with operating income in the consolidated statements of income.

## 2. Information on amortization of goodwill and balance of goodwill of reportable segments

Fiscal year ended March 31, 2011

(Millions of yen)

	Reportable segments					Other <sup>1</sup>	Elimination or corporate	Total
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	Subtotal			
Amortization of goodwill	¥51,427	¥1,560	¥7,283	¥1,817	¥62,088	¥599	¥-	¥62,688
Balance of goodwill	775,700	3,119	35,203	21,515	835,539	3,699	-	839,238

Notes:

Negative goodwill, which occurred from a business combination before April 1, 2010, is offset by goodwill.

Fiscal year ended March 31, 2012

(Millions of yen)

	Reportable segments					Other <sup>1</sup>	Elimination or corporate	Total
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	Subtotal			
Amortization of goodwill	¥51,427	¥1,559	¥7,283	¥1,903	¥62,174	¥432	¥-	¥62,606
Balance of goodwill	724,272	1,559	27,920	19,319	773,072	7,170	-	780,242

Notes:

Negative goodwill, which occurred from a business combination before April 1, 2010, is offset by goodwill.

**(Per Share Data)**

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Shareholders' equity per share (yen)	¥572.14	<b>¥852.69</b>
Net income per share - primary (yen)	175.28	<b>285.78</b>
Net income per share - diluted (yen)	168.57	<b>278.75</b>

Basic data for computation of the per share data	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
1. Net income (in millions of yen)	189,712	<b>313,752</b>
2. Net income allocated to common stock outstanding (in millions of yen)	189,712	<b>313,752</b>
3. Amounts not allocated to shareholders (in millions of yen)	-	-
4. Weighted average number of common stock outstanding during each year (unit: shares)	1,082,345,444	<b>1,097,880,178</b>
5. Adjustment for net income used to calculate net income per share – diluted (in millions of yen)		
– Interest expense (net of tax)	963	<b>444</b>
– Adjustments for net income used to calculate diluted net income per share in consolidated subsidiaries and affiliated companies	(87)	<b>(136)</b>
– Total	875	<b>308</b>
6. Increase of common stock used to calculate net income per share – diluted (unit: shares)		
– Corporate bonds with stock acquisition rights	48,296,643	<b>28,715,248</b>
– Stock acquisition rights	712	<b>65,691</b>
– Total	48,297,355	<b>28,780,939</b>
7. Residual securities, which do not dilute net income per share	Stock acquisition rights agreement on June 22, 2005, in accordance with special resolution at general shareholders' meeting and July 29, 2010 in accordance with resolution at board meeting	<b>Stock acquisition rights agreement on June 22, 2005, in accordance with special resolution at general shareholders' meeting</b>



**(Significant Subsequent Events)**

There are no applicable items.