To Our Shareholders:

Disclosed information on the Internet at the Time of Notifying Convocation of the 36th Annual General Meeting of Shareholders

June 2, 2016

SoftBank Group Corp.

Table of Contents

All matters above are provided to shareholders of SoftBank Group Corp. on the website of SoftBank Group Corp. on the Internet (http://www.softbank.jp/) in accordance with all laws and Article 14 of the Articles of Incorporation of SoftBank Group Corp.

Status of SoftBank Group Corp. (“SBG”)

(5) Overview of system to ensure the appropriateness of the operation and its implementation status

The overview of the system established in SBG to ensure the appropriateness of the operations and its implementation status is as follows.

[1] System to ensure the appropriateness of the operation

1. System to ensure that the execution of the duties of directors and employees is in compliance with laws, regulations, and the Articles of Incorporation of SBG

SBG has established the SoftBank Group Officer and Employee Code of Conduct to prescribe the code of conduct to be followed by all directors and employees to ensure that corporate activities are appropriate based not only on regulatory compliance, but also on high ethical standards, and has established the following structure to continuously reinforce the compliance system:

(1) A chief compliance officer (CCO) is appointed. In addition to proposing and carrying out measures required to establish and enhance SBG’s compliance system, the CCO regularly reports to the Board of Directors on compliance-related issues and the status of addressing those issues.

(2) Internal and external hotlines are established for direct reporting and consultations by directors and employees, to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. SBG ensures that persons who have reported or consulted on the hotlines will not be treated disadvantageously by prohibiting the disadvantageous treatment of persons on the grounds of having reported or consulted on the hotline in the SoftBank Group Compliance Rules.

(3) The Internal Audit department carries out audits on the effectiveness of the system for compliance with laws, regulations, and the Articles of Incorporation, and the results of those audits are reported to the CEO and director in charge. The Internal Audit department also works in cooperation with the Audit & Supervisory Board Members by providing them with the results of those audits.

2. System for the storage and management of information regarding the execution of duties by directors

SBG has established the following system to appropriately store and maintain documents and other important information related to the execution of duties by directors including minutes and proposals of the Board of Directors meetings and requests for approval:

(1) SBG determines retention periods and methods and measures to prevent accidents, based on the Information Management Regulations, and classifies and appropriately stores these documents according to their degree of confidentiality.

(2) A chief information security officer (CISO) has been appointed as the person responsible for information security to promote the establishment and reinforcement of the information security system.

3. Regulations and system relating to managing the risk of loss

SBG has established the following system to avoid and minimize risk and to implement necessary measures related to the variety of risks in its business operations:

(1) Responsible departments are designated to address various risks, manage risks in each responsible department and work to reduce risks and prevent the occurrence of risk events based on the Risk Management Regulations. In addition, when an emergency situation arises, an Emergency Response Department will be established according to the designated escalation flow, and efforts will be made to minimize the damage (loss) based on the instructions of the Emergency Response Department.

(2) The General Administration Department will summarize the status of risk evaluation, analysis and response at each responsible department, and regularly report its findings to the Board of Directors.

(3) The Internal Audit department carries out audits on the effectiveness of the risk management process.

4. System to ensure the efficiency of directors in the execution of their duties

SBG has established the following structure to maintain an efficient management system:

(1) SBG has set out the Regulations of the Board of Directors to clarify matters to be decided and reported on by the Board of Directors, and the Internal Approval Regulations and other regulations relating to institutional decision-making to clarify decision-making authority.

(2) To strengthen functions for overseeing the execution of duties and enhance objectivity in management, the Board of Directors includes external directors who are independent of SBG.

(3) To ensure that the directors, including external directors, can discuss matters fully at Board of Directors meetings, they are provided with materials for the meeting in advance, and with additional or supplementary materials upon their request.

(4) The scope of operations, authority and responsibilities necessary for operations are clearly defined in the Regulations on Segregation and Authority of Duties.

5. System to ensure appropriateness of the Group operations

SBG has formulated the SoftBank Group Charter to promote fundamental concepts and policies shared throughout the Group and the SoftBank Group companies Management Regulations which spell out policy and system of the Group companies management. In addition, the following have been established to determine rules that should be abided by Group companies as well as their directors and employees, in the light of the size, materiality and other factors of Group companies:

(1) A group compliance officer (GCO) has been appointed to promote the establishment and reinforcement of Group-wide compliance systems, as the person ultimately responsible for compliance throughout the Group. A Group Hotline has also been established to receive reports and provide

consultation to directors and employees of Group companies to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. SBG ensures that persons who have reported or consulted on the Group Hotline will not be treated disadvantageously by prohibiting the disadvantageous treatment of persons on the grounds of having reported or consulted on the Group Hotline in the SoftBank Group Compliance Rules.

(2) A group chief information security officer (GCISO) has been appointed to promote the establishment and reinforcement of Group-wide information security systems, as the person ultimately responsible for information security throughout the Group.

(3) The representative of each Group company must submit a Representative Oath pertaining to the financial reports submitted to SBG, thereby ensuring the accuracy of the annual securities report and other reports submitted by the Group.

(4) The Internal Audit department comprehensively judges the results of past internal audits, financial position, and carries out internal audits of Group companies deemed as having high risk.

(5) While each Group company addresses risk in an effort to reduce and prevent any possible risks, in the event of emergency, each Group company follows the escalation flow of SBG to minimize damage (loss) in accordance with SBG's instruction.

6. System for excluding antisocial forces

SBG clearly states in the SoftBank Group Officer and Employee Code of Conduct its policy of having absolutely no association with antisocial forces that pose a threat to public order and safety. The General Administration Department is responsible for dealing with inappropriate requests from antisocial forces and will firmly refuse those requests in a resolute manner in cooperation with the police and other external specialist institutions.

7. System relating to support staff that assists the Audit & Supervisory Board Members, matters relating to the independence of the relevant employees from the directors, and matters relating to ensuring the effectiveness of instructions given to the relevant employees

SBG has established the Assistant to Audit Department as an organization to support the work of the Audit & Supervisory Board Members, and has assigned dedicated staff to this department. Directions and instructions to the support staff are issued by the Audit & Supervisory Board Members to ensure the effectiveness of the instructions and any personnel changes, evaluations, or other such actions, require the agreement of the Audit & Supervisory Board Members.

8. System for reporting to the Audit & Supervisory Board Members

Directors and employees of SBG will report the following matters to the Audit & Supervisory Board Members:

(1) Important matters related to the management, finances, or business execution of SBG or the Group companies.

(2) Matters related to the compliance system or use of the hotlines.

(3) The development status of internal control systems.

(4) Matters which could cause significant damage to SBG.

(5) Matters relating to violations of laws, regulations, or the Articles of Incorporation.
(6) Results of audits conducted by the Internal Audit department.
(7) Other matters that the Audit & Supervisory Board Members have decided that need to be reported in order for them to execute their duties.

9. Other systems to ensure that the audits by the Audit & Supervisory Board Members are conducted effectively

(1) When the Audit & Supervisory Board Members deem it necessary, opportunities shall be provided for them to interview directors or employees of Group companies. In addition, the Audit & Supervisory Board Members periodically meet with the independent auditor and the Audit & Supervisory Board Members of major subsidiaries and other entities for an exchange of information and to ensure cooperation.
(2) SBG ensures that persons who have reported or consulted with the Audit & Supervisory Board Members will not be treated disadvantageously by prohibiting the disadvantageous treatment of persons on the grounds of having reported or consulted with the Audit & Supervisory Board Members in the Softbank Group Compliance Rules.
(3) SBG shall pay expenses relating to the independent auditor, the attorneys and other professionals, and other expenses associated with the execution of duties by the Audit & Supervisory Board Members.

[2] Overview of the implementation status of system to ensure the appropriateness of the operation

1. Matters concerning compliance

SBG continues to conduct the compliance training for Directors and employees of SBG and the Group, as well as the offering of information and giving of advice, etc., as necessary, to CCO by GCO for enhancing the compliance system. In addition, SBG works to ensure the effectiveness of compliance of the entire Group through setting and operating hotlines so that Directors and employees of SBG and the Group can report and consult directly. Effects of these measures are reviewed and improved, as necessary.

2. Matters concerning risk management

Based on the Risk Management Rules, responsible departments of each risk at SBG manage risks and continously work on reducing risks and preventing the occurrence thereof. In addition, the General Administration Department summarizes the status of risk evaluation and analysis, as well as measures against and responses to risks, implemented in each responsible department, and regularly reports its findings to the Board of Directors. The Group companies also manage risks individually and continously work on reducing risks and preventing the occurrence thereof.

3. Matters concerning internal audits

The Internal Audit Department carries out audits on the effectiveness of the system for compliance with laws, regulations and the Articles of Incorporation as well as the risk management process at SBG. In addition, the department continuously carries out audits of Group companies deemed as having a high risk and reports the results of the audits to the CEO each time.

4. Matters concerning the execution of duties by Directors and employees

SBG ensures efficiency of the execution of duties by its Directors and employees based on internal regulations such as the Board of Directors Regulations, Internal Approval Regulations and Regulations on Segregation and Authority of Duties. SBG also ensures an environment where matters can be fully discussed at the Board of Directors meetings by Directors including independent External Directors.

5. Matters concerning the execution of duties by Audit & Supervisory Board Members

Audit & Supervisory Board Members attend SBG's important meetings and arrange opportunities to interview Directors and employees of SBG and the Group, as necessary. In addition, they continue to enhance cooperation by holding regular meetings with the Independent Auditor and Audit & Supervisory Board Members, etc. of major subsidiaries. Through these efforts, Audit & Supervisory Board Members ensure the effectiveness of audits.

Consolidated Statements of Changes in Equity

(Fiscal year ended March 31, 2016)

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

	Equity attributable to owners of the parent			
	Common stock	Capital surplus	Retained earnings	Treasury stock
As of April 1, 2015	238,772	374,845	1,740,686	(48,383)
Comprehensive income				
Net income	-	-	474,172	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	474,172	-
Transactions with owners and other transactions				
Cash dividends	-	-	(47,261)	-
Transfer of accumulated other comprehensive income to retained earnings	-	-	342	-
Purchase and disposal of treasury stock	-	-	(1,316)	(266,369)
Changes from business combination	-	-	-	-
Changes from loss of control	-	-	-	-
Changes in interests in subsidiaries	-	(128,912)	-	-
Changes in associates' interests in their subsidiaries	-	15,736	-	-
Share-based payment transactions	-	(3,457)	-	-
Other	-	3,022	-	-
Total transactions with owners and other transactions	-	(113,611)	(48,235)	(266,369)
As of March 31, 2016	238,772	261,234	2,166,623	(314,752)

	Equity attributable to owners of the parent		Non-controlling interests	Total equity
	Accumulated other comprehensive income	Total		
As of April 1, 2015	540,386	2,846,306	1,006,871	3,853,177
Comprehensive income				
Net income	-	474,172	84,069	558,241
Other comprehensive income	(278,308)	(278,308)	(20,341)	(298,649)
Total comprehensive income	(278,308)	195,864	63,728	259,592
Transactions with owners and other transactions				
Cash dividends	-	(47,261)	(46,719)	(93,980)
Transfer of accumulated other comprehensive income to retained earnings	(342)	-	-	-
Purchase and disposal of treasury stock	-	(267,685)	-	(267,685)
Changes from business combination	-	-	54,409	54,409
Changes from loss of control	-	-	(96,060)	(96,060)
Changes in interests in subsidiaries	-	(128,912)	(94,567)	(223,479)
Changes in associates' interests in their subsidiaries	-	15,736	-	15,736
Share-based payment transactions	-	(3,457)	5,943	2,486
Other	-	3,022	(1,947)	1,075
Total transactions with owners and other transactions	(342)	(428,557)	(178,941)	(607,498)
As of March 31, 2016	261,736	2,613,613	891,658	3,505,271

Statement of Changes in Equity

(Fiscal year from April 1, 2015 to March 31, 2016)

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

	Shareholders' equity							
		Additional paid-in capital		Retained earnings				
					Other retained earnings			
	Common stock	Capital reserve	Total additional paid-in capital	Earned surplus reserve	Retained earnings carried forward	Total retained earnings	Treasury stock	Total Shareholders' equity
Balance at April 1, 2015	¥238,772	¥472,079	¥472,079	¥1,414	¥229,282	¥230,696	¥(48,383)	¥893,164
Changes of items during the year								
Cash dividends	—	—	—	—	(47,261)	(47,261)	—	(47,261)
Net income	—	—	—	—	779,783	779,783	—	779,783
Purchase of treasury stock	—	—	—	—	—	—	(269,214)	(269,214)
Disposal of treasury stock	—	—	—	—	(1,316)	(1,316)	2,845	1,529
Items other than changes in shareholders' equity, net	—	—	—	—	—	—	—	—
Total changes in the year	—	—	—	—	731,205	731,205	(266,369)	464,836
Balance at March 31, 2016	¥238,772	¥472,079	¥472,079	¥1,414	¥960,487	¥961,901	¥(314,752)	¥1,358,000

	Valuation and translation adjustments			Stock acquisition rights	Total equity
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at April 1, 2015	¥1,232	¥(67)	¥1,165	¥364	¥894,693
Changes of items during the year					
Cash dividends	—	—	—	—	(47,261)
Net income	—	—	—	—	779,783
Purchase of treasury stock	—	—	—	—	(269,214)
Disposal of treasury stock	—	—	—	—	1,529
Items other than changes in shareholders' equity, net	1,284	(2)	1,282	(344)	938
Total changes in the year	1,284	(2)	1,282	(344)	465,774
Balance at March 31, 2016	¥2,516	¥(69)	¥2,447	¥20	¥1,360,467

Notes to Consolidated Financial Statements

(Basis of Presentation of Consolidated Financial Statements)

1. Basis of financial statements preparation

Consolidated Financial statements of SoftBank Group Corp. and its subsidiaries are prepared on the basis of International Financial Reporting Standard (the "IFRS") in compliance with Article 120, paragraph 1 of the Ordinance on Company Accounting. In compliance with the same article, certain disclosures required on the IFRS are omitted.

Company names and abbreviations used in the notes, except as otherwise stated or interpreted differently in the context, are as follows:

Company name / Abbreviation	Definition
"SoftBank Group Corp."	SoftBank Group Corp. (stand-alone basis)
The "Company"	SoftBank Group Corp. and its subsidiaries
*Each of the following abbreviations indicates the respective company, and its subsidiaries if any.	
"Sprint"	Sprint Corporation
"Sprint Communications"	Sprint Communications, Inc.
"Brightstar"	Brightstar Global Group Inc.
"Clearwire"	Clearwire Corporation
"Alibaba"	Alibaba Group Holding Limited
"GungHo"	GungHo Online Entertainment, Inc.

Note:
SoftBank Corp. changed its company name to SoftBank Group Corp. effective on July 1, 2015. The company name "SoftBank Group Corp." is used consistently in the notes including the information with regard to the transactions occurred before the change.

2. Scope of consolidation

Number of Consolidated subsidiaries: 739

Names of main consolidated subsidiaries

SoftBank Group Japan GK, SoftBank Group International GK, SoftBank Corp. [1], Sprint Corporation, Yahoo Japan Corporation, Brightstar Global Group Inc. and SoftBank Group International Limited [2].

Name of main entities newly consolidated and reasons of consolidation

SoftBank Group International Limited [2]	Newly established
Askul Corporation	Increase of voting ownership due to purchase of treasury stock by Askul Corporation
Ikyu Corporation	Newly acquired

Name of main entities excluded from consolidation and reasons of exclusion

GungHo Online Entertainment, Inc. [3]	Changed to equity method associate due to sales of shares to GungHo and execution of agreement to extinguish pledge on share
SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation [1]	Absorbed through absorption type merger
BB Mobile Corp. , Mobiletech Corporation [4]	Absorbed through absorption type merger

Note:

1. Subsidiaries of the Company, SoftBank Mobile Corp., SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation conducted an absorption type merger with SoftBank Mobile Corp. being the surviving company, effective on April 1, 2015. SoftBank Mobile Corp. changed its company name to SoftBank Corp. on July 1, 2015.
2. Corporate name has changed to SoftBank Group Capital Limited as of April 27, 2016.

3. Operating results for the period until the transfer to equity method associate on June 1, 2015 are presented as discontinued operations separately from continuing operations in the consolidated statement of income. The details are described in “4. Discontinued operations” under “Notes to Consolidated Statements of Income.”

4. Subsidiaries of the Company, BB Mobile Corp. and Mobiletech Corporation has been absorbed from conducting an absorption type merger with SoftBank Group Corp. being the surviving company, effective on December 1, 2015.

3. Changes in scope of equity method associates

Number of equity associates: 131

Name of main entities applying equity method

Alibaba Group Holding Limited

Name of main entities newly included in scope of equity method associate and reason of equity method application

GungHo Online Entertainment, Inc.	Changed from consolidated subsidiary due to sales of shares held to GungHo and execution of agreement to extinguish pledge on share
Social Finance, Inc.	Newly acquired

Name of main entity excluded from scope of equity method associate and reason of exclusion

Askul Corporation	Newly consolidated

Names of main associates not accounted for under equity method and its reason

Jasper Infotech Private Limited

ANI Technologies Private Limited

Grab Inc.

The reason equity method is not applied:

Regarding preferred stock investment in associates, when the feature of preferred stock is substantively different from common stock, it is not accounted for using the equity method, and it is designated as the financial assets at fair value through profit or loss.

4. Fiscal year ends of equity method associate

The Company applies equity method to the financial statements of Alibaba, an associate of the Company, on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba due to the contract with Alibaba. Adjustments are made for significant transactions or events that occurred during the intervening period and which were publicly announced by Alibaba.

5. Summary of significant accounting policies

(1) Evaluation standards and methods for financial instruments

a. Financial assets

Financial assets are measured at fair value at initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets other than financial assets at fair value through profit or loss (“financial assets at FVTPL”) are added to the fair value of the financial assets at initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized in profit or loss.

b. Non-derivative financial assets

Non-derivative financial assets are classified into “financial assets at FVTPL”, “held-to-maturity investments”, “loans and receivables,” and “available-for-sale financial assets.” The classification depends on the nature and purpose of the financial assets and is determined at initial recognition.

(a) Financial assets at FVTPL

Financial assets are classified as “financial assets at FVTPL” when they are held for trading purposes or designated as financial assets at FVTPL.

Financial assets other than derivatives, which are mainly acquired to be sold in the short term, are classified as held for trading purposes.

The Company designates a financial asset as a financial asset at FVTPL upon initial recognition, if:

・the financial assets are managed in accordance with the Company's documented risk management policy or investment strategy; and

・its performance is reviewed on the fair value basis by the Company's management to make decisions about the investment plan.

Also, while it is required to separate an embedded derivative from its host, when it is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, the entire hybrid contract is designated and accounted for as financial assets at FVTPL.

Subsequent to initial recognition, financial assets at FVTPL are stated at fair value. Gains or losses arising from changes in fair value, dividend income and interest income are recognized in profit or loss.

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as "held-to-maturity investments."

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(c) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables."

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(d) Available-for-sale financial assets

Non-derivative financial assets are classified as "available-for-sale financial assets," if:

・ they are designated as "available-for-sale financial assets"; or

・ they are classified neither as "financial assets at FVTPL," "held-to-maturity investments," nor "loans and receivables."

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and gains or losses arising from changes in fair value are recognized in other comprehensive income. Exchange differences arising on monetary financial assets classified as available-for-sale financial assets, interest income calculated using the effective interest method relating to available-for-sale financial assets and dividends received are recognized in profit or loss.

(e) Impairment of financial assets

Among financial assets other than those at FVTPL, available-for-sale equity instruments are assessed for any objective evidence of impairment at the end of the fiscal year and at the end of each quarter, and the other assets are assessed for any objective evidence of impairment at the end of the fiscal year. Financial assets are impaired when there is objective evidence that loss events occurred subsequent to initial recognition of the financial assets and when estimated negative future cash flows of the financial assets from those events can be reasonably estimated.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value below the cost is considered to be objective evidence of impairment. In addition, objective evidence of impairment of all financial assets could include:

・ significant financial difficulty of the issuer or borrower;

・ breach of contract, such as a default or delinquency in interest or principal payments;

・ high possibilities of borrowers' bankruptcy or entering financial reorganization; or

・ disappearance of an active market for the financial assets.

The Company assesses the existence of objective evidence of impairment individually for separately significant assets or collectively for assets with no individual significance.

When there is objective evidence of impairment on loans and receivables or held-to-maturity investments, the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognized in profit or loss as an impairment loss. The impairment loss is recognized through the use of an allowance account, and the carrying amount of a loan and receivable is written off against the allowance account when it is considered uncollectible.

The carrying amount of held-to-maturity investments is reduced by the impairment loss directly. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset does not exceed what the amortized cost would have been had the impairment not been recognized.

When there is objective evidence that an available-for-sale financial asset is impaired, previously recognized accumulated other comprehensive income is transferred to profit or loss. Impairment losses on equity instruments classified as available-for-sale financial assets are not reversed.

c. Derivatives and hedge accounting

(a) Derivatives

The Company is engaged in derivative transactions, including foreign currency forward contract and interest rate swaps in order to manage its exposure to foreign exchange rate and interest rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair values at the end of fiscal year. Changes in the fair value of derivative are recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument.

(b) Hedge accounting

The Company designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At the inception of the hedge, the Company formally designates and documents the hedge relationship qualifying for hedge accounting, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period.

The effective portion of changes in the fair value of derivatives that are designated and qualifying as cash flow hedges is recognized in other comprehensive income and accumulated in equity. Accumulated other comprehensive income is transferred to profit or loss through a line item relating to the hedged item in the consolidated statement of income, in the periods when the cash flows from the hedged item affect profit or loss. Any ineffective portion of changes in fair value of derivatives is recognized immediately in profit or loss.

When the hedged forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the Company removes the associated gains or losses previously recognized in accumulated other comprehensive income and includes them in the initial amount of the cost of the non-financial asset or non-financial liability (basis adjustment).

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised or when hedge no longer meets the criteria for hedge accounting.

When hedge accounting is discontinued, any gains or losses recognized in accumulated other comprehensive income remains in equity and is reclassified to profit or loss when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gains or losses recognized in accumulated other comprehensive income are reclassified immediately to profit or loss.

(c) Embedded derivatives

Derivatives embedded in non-derivative host contracts (“embedded derivatives”) are separated from the host contracts and accounted for as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts and the whole financial instruments, including embedded derivatives, are not measured at FVTPL. While it is required to separate an embedded derivative from its host, when it is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, the entire hybrid contract is designated and accounted for as financial assets at FVTPL.

(2) Evaluation standards and methods for inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile handsets and accessories. Their costs comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs are mainly calculated on the moving-average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(3) Evaluation standards, valuation methods, and depreciation or amortization methods for Property, plant and equipment and intangible assets

a. Property, plant and equipment

Property, plant and equipment are measured on a historical cost basis, less accumulated depreciation and accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the asset and the initial estimated costs related to disassembly, retirement and site restoration.

Property, plant and equipment are depreciated mainly using the straight-line method over the estimated useful lives of each component. The depreciable amount is calculated as the cost of an asset, less its residual value. Land and construction in progress are not depreciated.

The estimated useful lives of major component of property, plant and equipment are as follows:

Buildings and structures	
Buildings	12 - 50 years
Other	5 - 15 years
Telecommunications equipment	
Wireless equipment, switching equipment, and other network equipment	5 - 30 years
Towers	15 - 42 years
Other	5 - 40 years
Equipment and fixtures	
Leased mobile devices	2 - 3 years
Other	4 - 10 years

The depreciation methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in an accounting estimate.

Assets held under finance leases are depreciated over their estimated useful lives when there is certainty that ownership will be obtained by the end of the lease term. However, when there is no certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term or their estimated useful lives.

b. Intangible assets

Intangible assets are measured on a historical cost basis at cost, less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill at initial recognition and are measured at fair value at the acquisition date. Any internally generated research and development expenditure is recognized as an expense in the period in which it is incurred, except for expenditures on development activities eligible for capitalization (internally generated intangible assets). The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets all of the capitalization criteria to the date the development is completed.

There are intangible assets with finite useful lives and intangible assets with indefinite useful lives. The intangible assets with finite useful lives are amortized over the estimated useful lives. Amortization of the customer relationships is calculated by the sum-of-the-digits method and intangible assets with finite useful lives other than customer relationships are amortized by the straight-line method.

The estimated useful lives of major categories of intangible assets with finite useful lives are as follows:

Software	
Software related to wireless equipment	5 - 10 years
Other	3 - 5 years
Customer relationships	4 - 24 years
Favorable lease contracts	3 - 23 years
Game titles	5 years
Trademarks (with finite useful lives)	34 years
Spectrum migration costs	18 years
Other	4 - 20 years

Amortization methods, useful lives and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in an accounting estimate.

Favorable lease contracts are recognized as intangible assets based on the estimated fair value of the favorable portion of future cash flows if, at the time of business combinations, the terms of operating lease contracts in which the acquiree is the lessee are favorable compared to market terms.

Spectrum migration costs are the amount that the Company incurred in connection with the costs arising from the migration of the existing users from the 900 MHz band, which SoftBank Corp. acquired, to the other frequency spectrum based on the termination campaign. Useful lives are estimated based on the actual utilization of the frequency spectrum in the past.

Intangible assets with indefinite useful lives are as follows:

・ Licenses using specific frequency spectrum granted by the U.S. Federal Communications Commission (“FCC licenses”)
・ Trademarks (with indefinite useful lives)

As long as the Company acts within the requirements of the regulatory authorities, the renewal and extension of FCC licenses are reasonably certain at minimal cost. Therefore, it is determined that FCC licenses have indefinite useful lives.

The Company determined that “Sprint”, “Boost Mobile” and other trademarks have indefinite useful lives as they can be legally used continuously as long as the business continues and management’s current plans are to offer service under these trademarks for the foreseeable future.

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are not amortized. The impairment of these assets is described in “(5) Impairment of property, plant and equipment, intangible assets and goodwill.”

(4) Accounting policy of goodwill

Please refer to “(10) Accounting policy of Business combinations” for the measurement of goodwill at initial recognition. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash-generating units or groups of cash-generating units to which goodwill has been allocated, and annually regardless of any indication of impairment. Impairment is described in “(5) Impairment of property, plant and equipment, intangible assets and goodwill.”

Any excess in the cost of acquisition of an associate or joint venture over the Company’s share of the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill and included within the carrying amount of the relevant company.

Because goodwill is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment in associates or joint ventures, including goodwill, is tested for impairment as a single asset whenever objective evidence indicates that the investment may be impaired.

(5) Impairment of property, plant and equipment, intangible assets and goodwill

a. Impairment of property, plant and equipment and intangible assets

At the end of fiscal year, the Company determines whether there is any indication that property, plant and equipment and intangible assets may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

The recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

At the end of fiscal year, the Company evaluates whether there is any indication that an impairment loss recognized in prior years for assets other than goodwill have decreased or extinguished. If such indication of a reversal of an impairment loss exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount of an asset or cash-generating unit is estimated to be higher than its carrying amount, a reversal of an impairment loss is recognized, to the extent the increased carrying amount does not exceed the lower of the recoverable amount or the carrying amount (net of depreciation and amortization) that would have been recognized had no impairment loss been recognized.

b. Impairment of goodwill

At the end of the fiscal year and at the end of each quarter, the Company determines whether there is any indication that goodwill may be impaired.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the combination, and it is tested for impairment annually regardless of any indication of impairment, and when there is an indication that the cash-generating unit or groups of cash-generating units may be impaired. If, at the time of the impairment test, the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or groups of cash-generating units and then to the other assets pro rata based on the carrying amount of each asset in the unit or groups of cash-generating units.

Any impairment loss for goodwill is recognized directly in profit or loss and is not reversed in subsequent periods.

(6) Defined benefit plans

SoftBank Corp. has frozen its defined benefit lump-sum plans since March 2006 and 2007, respectively. Liabilities for the frozen defined benefit lump-sum plans are recognized as defined benefit liabilities until they are paid in the form of a lump sum at the time of future retirement of employees.

Sprint has frozen its defined benefit pension plans since December 2005. Liabilities for the defined benefit pension plans are recognized as defined benefit liabilities until they are paid as pensions after the time of retirement of employees.

The liability recognized in respect of the defined benefit plans (the defined benefit liability) is the present value of the defined benefit obligation less the fair value of plan assets at the end of the fiscal year.

The defined benefit obligation is determined by independent actuaries using the projected unit credit method, and its present value is determined by applying a discount rate based on the yield curve of high-quality corporate bonds over the approximate period of the benefit payments.

Defined benefit cost includes service cost, net interest on the net defined benefit liability (asset), and re-measurements of the net defined benefit liability (asset). Service cost and net interest are recognized in net profit or loss. Net interest is determined using the discount rate described above.

The liabilities for the frozen defined benefit plans are calculated on the basis of retirement benefits vested at the time the plans were frozen. Therefore, service cost is not incurred for those defined benefit plans.

The Company's remeasurement, which comprise actuarial gains and losses and the return on plan assets (excluding amounts included in net interest), are recognized in other comprehensive income and transferred to retained earnings immediately from accumulated other comprehensive income.

(7) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured using the estimated future cash flows, discounted using a pretax rate reflecting the time value of money and the specific risks of the liability, after taking into account the risks and uncertainties surrounding the obligation at the end of the fiscal year.

The Company recognizes asset retirement obligations, restructuring provision, provision for loss on interest repayment, and provision for unprofitable contract as provisions.

Restructuring provisions are recognized when the Company has a detailed formal plan for the restructuring and has raised a valid expectation to those who will be affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features of the plan.

Provision for loss on interest repayment is recorded based on an amount representing future expected claims in order to prepare for future claims by debtors, etc., for repayment of interest paid in excess of the rate permitted under the Interest Rate Restriction Act.

(8) Accounting policy for revenue recognition

The Company's main accounting policy for revenue recognition is as follows:

<u>Domestic Telecommunications segment and Sprint segment</u>

a. Mobile Communications service and sales of mobile handsets

The Company provides mobile telecommunications services, which consist of voice communications and data transmission to subscribers, and also sells mobile handsets and accessories to customers.

In the Mobile Communications service, revenues are mainly generated from basic monthly charges, telecom service ("revenues from the mobile telecommunications service") and other fees. Also, revenues from the sale of mobile handsets ("revenues from the sale of mobile handsets") are generated from the sale of mobile handsets and accessories to subscribers or dealers.

The business flow of the above transactions consists of "Indirect sales," where the Company sells mobile handsets to dealers and enters into telecommunications services contracts with subscribers through dealers, and "Direct sales," where the Company sells mobile handsets to subscribers and enters into telecommunications services contracts directly with subscribers. The revenues are recognized respectively as follows.

(a) Indirect sales

Revenues from the sale of mobile handsets are recognized when mobile handsets are delivered to dealers, which is when risk and economic value are deemed to be transferred. Commission fees paid to dealers related to the sales of mobile handsets are deducted from revenues.

The mobile telecommunications services are recognized as revenue when services are provided to subscribers. Discounts are deducted from revenues from monthly mobile telecommunications services as a discount of mobile telecommunications charges.

Activation fees are deferred upon entering into the contract and recognized as revenues over the estimated average contract period. Upgrade fees are recognized as revenues over the estimated average usage period of handsets with the subscribers. Direct costs related to activation are deferred to the extent of the activation fees and upgrade fees and are amortized over the respective same period.

(b) Direct sales

In direct transactions, as the revenue from the sales of mobile handsets and the mobile telecommunications services, including the fees, are considered to be one transaction, the total amount of revenues is allocated to mobile handsets and telecommunications service on the basis of fair value ratio.

When handsets are sold in installments, revenue from the sales of mobile handsets is recognized based on the fair value ratio when handsets are delivered to the subscribers. When handsets are sold in lump-sum payment, the maximum amount of revenues to be recognized by the sale of mobile handsets is set by the amounts to be received from subscribers at the sales of mobile handsets. The amount of revenue allocated to the mobile telecommunication services is recognized when the service is provided to the subscribers.

b. Fixed-line Telecommunications service

In the Fixed-line Telecommunications service, revenues are generated mainly from voice communications and digital data transmission services, internet provider charges, ADSL service fees, IP telephony service fees, and the usage of the network ("revenues from fixed-line telecommunications service").

Revenues from fixed-line telecommunications services are recognized as revenues when services are provided to subscribers, based upon fixed monthly charges plus the usage of the network.

<u>Yahoo Japan segment</u>

In the Yahoo Japan segment, revenues are generated mainly from sponsored search advertising, display advertising, e-commerce related commission fees, revenue from membership and product sales.

Sponsored search advertising revenue is recognized when a visitor of the website clicks the advertisement. Display advertising comprises premium advertising, Yahoo! Display Ad Network ("YDN") and others. Revenue from premium advertising is recognized over a period in which related advertisement is displayed. Revenue from YDN is recognized when a visitor of the website clicks the advertisement on the page with the related content. Revenue from e-commerce-related commission fees is recognized when the transaction occurs. Revenue from membership fees is recognized over an effective period of the membership. Revenue from product sales is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably.

<u>Distribution segment</u>

In the Distribution segment, revenues are generated mainly from distribution of mobile handsets to telecommunication service providers and retailers overseas, and sales of PC software, peripherals, and mobile handsets accessories in Japan. Revenue in the Distribution segment is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably. For transaction conducted by the Company on behalf of third parties, revenue is presented on net basis by excluding payment to third parties from the total consideration received from customers.

(9) Accounting policy for foreign currency translation

a. Transactions denominated in foreign currencies

Financial statements of each group company are prepared with the currency based on the primary economic environment in which it operates ("functional currency"). Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the rates prevailing at the end of the fiscal year. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured.

Exchange differences arising from translation are recognized in profit or loss, while exchange differences, arising from non-monetary available-for-sale financial assets measured through other comprehensive income, and cash flow hedges are recognized in other comprehensive income.

b. Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including goodwill arising from acquisitions and the adjustments of fair value) are translated into Japanese yen using exchange rates prevailing at the end of the fiscal year.

Incomes and expenses are translated into Japanese yen by using the average exchange rates for each quarter. When the translated amounts do not approximate the amounts translated by the exchange rates at the dates of the transactions, the exchange rates at the transaction dates are used for the translation.

Exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income and cumulative differences are included in accumulated other comprehensive income.

These cumulative differences are reclassified from equity to profit or loss when the Company loses control or significant influence over the foreign operation.

(10) Accounting policy of Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date.

The consideration transferred in a business combination is measured as the sum of the assets transferred by the Company, liabilities assumed by the Company from the former owners of the acquiree, and the fair value at the acquisition date of the equity interests issued by the Company. Acquisition-related costs are recognized as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

・ deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits,” respectively;
・ liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date; and
・ assets or disposal groups that are classified as held for sale are measured in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations.”

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the consideration transferred and the amount of any non-controlling interest in the acquiree is less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized immediately in profit or loss.

On an acquisition-by-acquisition basis, the Company chooses a measurement basis of non-controlling interests at either fair value or by the proportionate share of the non-controlling interests in the recognized amounts of the acquiree’s identifiable net assets. When a business combination is achieved in stages, the Company's previously held interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts arising from changes in the value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports in its financial statements provisional amounts for the items for which the accounting is incomplete. The Company retrospectively adjusts the provisional amounts recognized at the acquisition date as the adjustment during the measurement period when new information about facts and circumstances that existed as of the acquisition date and, if known, would have affected the recognized amounts for the business combination. The measurement period shall not exceed one year from the acquisition date.

Goodwill arising in business combinations that occurred before the date of transition to IFRSs is carried over at the carrying amount under the previous accounting principles (Japanese Generally Accepted Accounting Principles “JGAAP”) as of the date of transition to IFRSs, and recorded by that amount after an impairment test.

(11) Accounting method for consumption taxes

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

(Changes in presentation)

Consolidated Statements of Income

Continuing operations and discontinued operations are presented separately for the fiscal year ended March 31, 2016. The details are described in “4. Discontinued operations” under “Notes to Consolidated Statements of Income.”

(Changes in accounting estimates)

1. Recognition of expenses and liabilities related to contingencies

   The details are described in (b) under “b. Legal and administrative proceedings to which Sprint and its subsidiaries are party” under “(3) Litigation” under “4. Contingent Liabilities” under “Notes to Consolidated Statements of Financial Position” and Note 2 of “1. Other operating loss” under “Notes to Consolidated Statements of Income.”

2. Impairment on tangible asset

   The details are described in Note 4 of “1. Other operating loss” under “Notes to Consolidated Statements of Income.”

3. Impairment of financial assets

   The details are described in Note 2 of “3. Other non-operating income and loss” under “Notes to Consolidated Statements of Income.”

4. Fair value of financial assets

   The details are described in Note 3 of “3. Other non-operating income and loss” under “Notes to Consolidated Statements of Income.”

(Business combinations)

1. ASKUL Corporation

(1) Overview of consolidation

ASKUL Corporation, the Company’s associate which primarily conducts mail order services for office supplies, became the Company’s subsidiary on August 27, 2015 as a result of ASKUL Corporation’s acquisition of its own treasury stock as resolved by its Board of Directors on May 19, 2015. As a result of ASKUL Corporation’s acquisition of its own treasury stock, the ownership ratio of ASKUL Corporation’s voting rights held by the Company rose from 41.7% (as of May 20, 2015) to 44.4% (as of August 27, 2015). The Company did not yet hold the majority of the voting rights of ASKUL Corporation, however, considering the dispersion of voting rights in ASKUL Corporation and the voting patterns exercised in ASKUL Corporation’s past shareholders meetings, etc., the Company judged that it has substantial control of ASKUL Corporation and has converted it to a consolidated subsidiary.

(2) Summary of acquiree

Name:	ASKUL Corporation
Business description:	Mail-order business for stationery, other products and services

(3) Acquisition date

August 27, 2015

(4) Consideration transferred and the components

(Millions of yen)

		Acquisition date (August 27, 2015)
Fair value of equity interest in ASKUL Corporation already held at the time of the acquisition		93,611
Total consideration transferred	A	93,611

As a result of the reevaluation of equity interest already held at the time of the acquisition of control by the Company in ASKUL Corporation at fair value on the acquisition date, the Company recognized a gain on the acquisition of ¥59,441 million. This gain is presented as “Gain from remeasurement relating to business combination” in the consolidated statements of income.

(5) Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date

(Millions of yen)

		Acquisition date (August 27, 2015)
Trade and other receivables		45,365
Other current assets		44,751
Tangible assets		32,315
Intangible assets		69,124
Other non-current assets		8,394
Total assets		199,949
Current liabilities		71,495
Non-current liabilities		34,586
Total liabilities		106,081
Net assets	B	93,868
Non-controlling interests[1]	C	54,036
Goodwill[2]	A-(B-C)	53,779

Notes:

1. Non-controlling interests

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at the acquisition date in the identifiable net assets of the acquiree at the acquisition date.

2. Goodwill

Goodwill reflects excess earning power expected from the future business development and the synergy between the Company and the acquiree.

(6) Proceeds from acquisition of control over subsidiaries

(Millions of yen)

	Acquisition date (August 27, 2015)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	31,291
Proceeds in cash from the acquisition of control over the subsidiary	31,291

(7) Sales and net income of the acquiree

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statements of income, are ¥189,013 million and ¥2,970 million, respectively.

In addition, the above net income includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and other.

2. Ikyu Corporation

(1) Outline of consolidation

The Company, for the purpose of ensuring the effectiveness of the growth through the e-Commerce Revolution which is strategically important for Yahoo Japan Corporation, has been performing a tender offer for Ikyu Corporation's shares, etc., which was resolved in its board of directors' meeting, held on December 15, 2015. The tender offer ended on February 3, 2016 and Yahoo Japan Corporation has acquired 27,480,682 shares of Ikyu Corporation's common shares at ¥94,341 million in cash. Consequently, the Company's voting rights ratio for Ikyu Corporation has become 94.3% and Ikyu Corporation has been converted to a consolidated subsidiary.

(2) Summary of acquiree

Name:	Ikyu Corporation
Business description:	Operation of various internet sites that provide reservation services for hotels, restaurants, and other.

(3) Date of acquisition

February 3, 2016

(4) Consideration transferred and the components

		(Millions of yen) Acquisition date (February 3, 2016)
Payment by cash		94,341
Total consideration transferred	A	94,341

(5) Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (February 3, 2016)
Current assets		8,934
Intangible assets		26,183
Other non-current assets		1,130
Total assets		36,247
Current liabilities		4,270
Non-current liabilities		8,177
Total liabilities		12,447
Net assets	B	23,800
Non-controlling interests[1]	C	1,503
Goodwill[2]	A-(B-C)	72,044

Notes:

1. Non-controlling interests

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at the acquisition date in the identifiable net assets of the acquiree at the acquisition date.

2. Goodwill

Goodwill reflects excess earning power expected from the future business development and the synergy between the Company and the acquiree.

(6) Payment for acquisition of control over subsidiaries

	(Millions of yen) Acquisition date (February 3, 2016)
Payment for the acquisition by cash	(94,341)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	4,016
Payment for the acquisition of control over the subsidiary by cash	(90,325)

(7) Sales and net income of the acquiree

The amount of the aquiree's sales and net income after the acquisition date is immaterial.

(Handset sale-leaseback transaction)

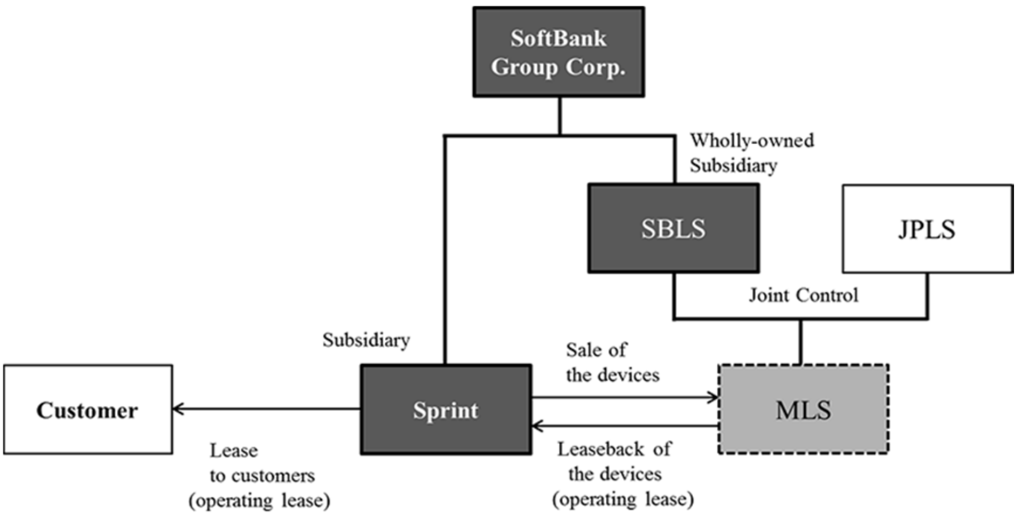
In November 2015, Sprint entered into agreements (Handset Sale-Leaseback) to sell and leaseback certain leased devices, with Mobile Leasing Solutions, LLC (MLS).

MLS was established for leasing business by SBLS HD US, Inc. (SBLS), a wholly-owned subsidiary of SoftBank Group Corp. and JPLS HD US, Inc. (JPLS), a company formed by Japanese leasing companies. It is contractually agreed that significant management policy and operating decision of MLS require the unanimous consent of its board of directors designated by SBLS and JPLS. Accordingly, the Company accounts for MLS under the equity method as a joint venture.

Under this transaction, Sprint sold the devices and transferred the associated certain specified customer lease end rights and obligations to MLS in exchange for a total amount of $1.3 billion, consisting of proceeds totaling $1.1 billion cash which was received in December 2015 and a deferred purchase price receivable of $0.1 billion, the remaining amount of the total proceeds, which will be settled at the end of the agreement. Simultaneously with the sale of the devices and transfer of certain specified customer lease end rights and obligations, MLS leased back each device to Sprint pursuant to the Master Lease Agreement in exchange for monthly rental payments to be made by Sprint to MLS. In addition, Brightstar has a contractual agreement with MLS to provide reverse logistics and remarketing services to MLS with respect to the devices that are returned to MLS. The terms and conditions of the transaction are negotiated and determined based on the market price and the content of transaction.

Sprint derecognized devices from property, plant and equipment when they were sold to MLS. The $65 million (¥7,801 million) difference between the fair value and the carrying amount of the devices sold was recognized as "Other operating loss" in the consolidated statements of income.

Outline of the transaction*



Note:
* This chart only refers to major transactions and the relationship between the Company and major parties, to provide an outline of the transaction.

(Notes to Consolidated Statements of Financial Position)

1. Borrowings by asset pledge and security lending

(1) Assets pledged as collateral and associated liabilities

Assets pledged as collateral and secured liabilities by the Company are as follows:

	(Millions of yen)
Assets pledged as collateral:	
Cash and cash equivalents	496
Trade and other receivables	9,248
Other financial assets	31,131
Inventories	2,704
Property, plant and equipment	238,127
Total	281,706
Secured liabilities:	
Trade and other payables	21,623
Interest-bearing debt	
Short-term borrowings	6,695
Current portion of long-term borrowings	82,031
Long-term borrowings	80,082
Total	190,431

Other than the above assets pledged as collateral, approximately $13.6 billion (before consolidation adjustments) of the assets of our subsidiary, Clearwire Communications LLC, are pledged as collateral for the $0.3 billion corporate bond issued by Clearwire Communications LLC. Also, $2.8 billion (before consolidation adjustments) of the assets of Brightstar is pledged as collateral for the $0.7 billion borrowing from the bank to Brightstar.

(2) Borrowings by security lending agreements

The Company entered into securities lending contract regarding its certain subsidiary stocks. The amount of received cash is recognized as short-term borrowings and included in interest-bearing debt.

Interest-bearing debt	(Millions of yen)
Short-term borrowings	149,050

(3) Others

Assets with limited property rights and the associated interest-bearing debt due to the installment purchase by the Company are as follows:

	(Millions of yen)
Assets with limited property rights:	
Property, plant and equipment	109,602
Intangible assets	35,286
Other non-current assets	69
Total	144,957
Interest-bearing debt	
Current portion of installment payables	41,538
Installment payables	60,963
Total	102,501

2. Allowance for doubtful accounts directly deducted from assets

	(Millions of yen)
Trade and other receivables	45,306
Other financial assets (non-current)	34,838
Total	80,144

3. Accumulated depreciation and accumulated impairment losses of property, plant and equipment

(Millions of yen)
2,846,092

4. Contingent liabilities

(1) Lending commitments

The details of lending commitments which are mainly related to cashing service incidental to credit card business are as follows:

	(Millions of yen)
Lending commitments	196,937
Funded	9,355
Unfunded	187,582

(2) Guaranteed obligations

Guarantee which the Company provides when loans are made from affiliate financial institution to individuals regarding the credit guarantee business are as follows:

	(Millions of yen)
Total amount of financial guarantee contract	13,822
Balance of financial guarantee	10,418

(3) Litigation

SoftBank Group Corp. and certain of its subsidiaries are currently party to a number of currently-pending legal and administrative proceedings. As it is difficult to reasonably estimate the final results of such matters, reserves have not been recorded. Based on the information currently available, we do not expect that the results of these proceedings will have a material adverse effect on our financial position or results of operations.

a. Litigation in which SoftBank Corp. is involved as a party

(a) On April 30, 2015, SoftBank Corp. filed a lawsuit with the Tokyo District Court against Japan Post Information Technology Co., Ltd. (hereinafter referred to as “JPiT”), claiming for payment of remuneration, etc., for additional services provided in connection with the installation of telecommunication lines, etc., that were ordered by JPiT in relation to a project to migrate the communication network connecting approximately 27,000 sites (postal offices, etc.) existing countrywide to a new network, the 5th PNET.

Pursuant to a contract dated February 7, 2013, SoftBank Corp. was requested by JPiT to carry out, among other services, installation services for telecommunication lines for Japan Post Group’s business sites existing countrywide. SoftBank Corp. performed such services and upon JPiT’s request, SoftBank Corp. also performed services that exceeded the scope of services stipulated in the contract.

Although SoftBank Corp. negotiated with JPiT over an extended period regarding the remuneration etc. (approximately ¥ 14.9 billion) for these additional services, SoftBank Corp. and JPiT were unable to arrive at a settlement. Accordingly, SoftBank Corp. duly filed the lawsuit, claiming for payment of remuneration, etc., for such additional services.

(b) On April 30, 2015, JPiT filed a lawsuit against SoftBank Corp. and Nomura Research Institute, Ltd. (hereinafter referred to as “NRI”) as co-defendants.

In such lawsuit, JPiT alleges that SoftBank Corp. and NRI delayed performance, etc., of the ordered services related to the project for migration to the 5th PNET mentioned in (a) above, and alleges that such delay caused damages to JPiT (¥ 16.15 billion). JPiT made joint and several claims against both SoftBank Corp. and NRI for such alleged damages.

SoftBank Corp. intends to fully contest JPiT’s claims in this lawsuit.

The order to consolidate the lawsuit (b) above to the lawsuit (a) above was made on July 29, 2015. On November 13, 2015, SoftBank Corp. modified the amount of claim from approximately ¥ 14.9 billion to approximately ¥ 20.4 billion as a result of a review of the remuneration etc. with respect to additional services regarding the lawsuit (a) above.

b. Legal and administrative proceedings to which Sprint and its subsidiaries are party

(a) In March 2009, a stockholder brought suit, Bennett v. Sprint Nextel Corp., in the U.S. District Court for the District of Kansas (hereinafter referred to as “the Bennett case”), alleging that Sprint Communications and three of its former officers violated Section 10(b) of the Exchange Act and Rule 10b-5 by failing to adequately disclose certain alleged operational difficulties subsequent to the Sprint-Nextel merger, and by purportedly issuing false and misleading statements regarding the write-down of goodwill. The district court granted final approval of a settlement in August 2015, which did not have a material impact to our financial statements. Five related stockholder derivative suits related to the Bennet case were filed against Sprint Communications and certain of its present and/or former officers and directors. The first, *Murphy v. Forsee*, was filed in state court in Kansas on April 8, 2009, was removed to federal court, and was stayed by the court pending resolution of the motion to dismiss the *Bennett* case; the second, *Randolph v. Forsee*, was filed on July 15, 2010 in state court in Kansas, was removed to federal court, and was remanded back to state court; the third, *Ross-Williams v. Bennett, et al*., was filed in state court in Kansas on February 1, 2011; the fourth, *Price v. Forsee, et al.*, was filed in state court in Kansas on April 15, 2011; and the fifth, *Hartleib v. Forsee, et. al.*, was filed in federal court in Kansas on July 14, 2011. These cases were essentially stayed while the *Bennett* case was pending, and Sprint has reached an agreement in principle to settle the matters, by agreeing to some governance provisions and by paying plaintiffs' attorneys fees in an immaterial amount. The hearing to approve the settlement has been set for May 26, 2016.

(b) On April 19, 2012, the New York Attorney General filed a complaint alleging that Sprint Communications has fraudulently failed to collect and pay more than $100 million in New York sales taxes on receipts from its sale of wireless telephone services since July 2005. The complaint also seeks recovery of triple damages as well as penalties and interest. Sprint Communications moved to dismiss the complaint on June 14, 2012. On July 1, 2013, the court entered an order denying the motion to dismiss in large part, although it did dismiss certain counts or parts of certain counts. Sprint Communications appealed that order and the intermediate appellate court affirmed the order of the trial court. On October 20, 2015, the Court of Appeals of New York affirmed the decision of the appellate court that the tax statute requires Sprint Communications to collect and remit the disputed taxes. Sprint Communications’ petition for certiorari to the U.S. Supreme Court on grounds of federal preemption is pending. Sprint Communications has accrued $180 million during the year ended March 31, 2016 associated with this matter. Sprint Communications will continue to defend this matter vigorously.

Eight related stockholder derivative suits have been filed against Sprint Communications and certain of its current and former officers and directors. Each suit alleges generally that the individual defendants breached their fiduciary duties to Sprint Communications and its stockholders by allegedly permitting, and failing to disclose, the actions alleged in the suit filed by the New York Attorney General. One suit, filed by the Louisiana Municipal Police Employees Retirement System, was dismissed by a federal court. Two suits were filed in state court in Johnson County, Kansas and one of those suits was dismissed as premature; and five suits are pending in federal court in Kansas. The remaining Kansas suits have been stayed pending resolution of the New York Attorney General's suit.

(c) Sprint Communications, Inc. is also a defendant in a complaint filed by stockholders of Clearwire Corporation asserting claims for breach of fiduciary duty by Sprint Communications, and related claims and otherwise challenging the Clearwire Acquisition. *ACP Master, LTD, et al. v. Sprint Nextel Corp., et al.*, was filed April 26, 2013, in Chancery Court in Delaware. Sprint Communication’s motion to dismiss the suit was denied, discover substantially complete, and Sprint Communication’s motion for summary judgement is pending. Plaintiffs in the *ACP Master, LTD* suit have also filed suit requesting an appraisal of the fair value of their Clearwire stock. Discovery in that case was consolidated with the breach of fiduciary duty case and is substantially complete. Trial is scheduled to begin in October 2016. Sprint Communications intends to defend the *ACP Master, LTD* case vigorously.

(d) Sprint is currently involved in numerous court actions alleging that Sprint is infringing various patents. Most of these cases effectively seek only monetary damages. A small number of these cases are brought by companies that sell products and seek injunctive relief as well. These cases have progressed to various degrees and a small number may go to trial if they are not otherwise resolved. Adverse resolution of these cases could require Sprint to pay significant damages, cease certain activities, or cease selling the relevant products and services. In many circumstances, Sprint would be indemnified for monetary losses that Sprint incurs with respect to the actions of Sprint's suppliers or service providers.

(e) In October 2013, the FCC Enforcement Bureau began to issue notices of apparent liability (NALs) to other Lifeline providers, imposing fines for intracarrier duplicate accounts identified by the government during its audit function. Those audits also identified a small percentage of potentially duplicative intracarrier accounts related to Sprint's Assurance Wireless business. No NAL has yet been issued with respect to Sprint and Sprint does not know if one will be issued.

Further, Sprint is not able to reasonably estimate the amount of any claim for penalties that might be asserted.

(f) Various other suits, inquiries, proceedings and claims, either asserted or unasserted, including purported class actions typical for a large business enterprise and intellectual property matters, are possible or pending against Sprint or Sprint's subsidiaries. If Sprint's interpretation of certain laws or regulations, including those related to various federal or state matters such as sales, use or property taxes, or other charges were found to be mistaken, it could result in payments by Sprint.

c. Legal and administrative proceedings to which Brightstar and its subsidiaries are party

Brightstar and its subsidiaries are party to various legal and administrative proceedings globally and particularly in Latin American countries, including disputes relating to tax, labor, contract and other currently pending matters. This litigation mainly consists of four administrative proceedings initiated by tax authorities in Brazil against the subsidiary of Brightstar Corp., involving failure by such entity to pay a portion of taxes owed due to, e.g., differences in understanding between such entity and the tax authorities, for which such authorities have claimed an aggregate of USD 70 million. One case of these four administrative proceedings has been sent to suit, however, a subsidiary of Brightstar Corp. has filed an Annulment Action on October 2015 requesting that the case be returned to the administrative level.

5. Financial covenants

(1) Financial covenants on interest-bearing debts of SoftBank Group Corp.

SoftBank Group Corp.'s interest-bearing debt includes financial covenants and the major financial covenants are as follows.

a. The amount of SoftBank Group Corp.'s net assets at the end of the year must not fall below 75% of SoftBank Group Corp.'s net assets at the end of the previous year.

b. The consolidated statement of financial position of the Company at the end of the fiscal year and the statement of financial position of SoftBank Corp. at the end of the fiscal year must not show a net capital deficiency.

c. In the Company's consolidated financial statement, operating income (loss) or net income (loss) attributable to the owner of the parent company must not result in losses for two consecutive years.

d. Adjusted net interest-bearing debts[1] or leverage ratios[2] designated in the loan agreement must not exceed certain respective amounts or numbers at the end of each annual reporting period and at the end of the second quarter. The threshold amounts of adjusted net interest-bearing debts and leverage ratios shall be softened when the balance of cash and cash equivalents and the fair value of listed shares held by the Company exceed certain amounts.

Notes:

1. Adjusted net interest-bearing debts: Amounts deducting cash and cash equivalents from interest-bearing debts in the consolidated statement of financial position. Certain adjustments are made such as excluding certain listed subsidiaries such as Sprint from the subject.

2. Leverage ratio: Adjusted net interest-bearing debt / adjusted EBITDA[3]

3. Adjusted EBITDA: Certain adjustments are made to EBITDA such as excluding listed subsidiaries such as Sprint.

(2) Financial covenants on interest-bearing debts of Sprint

Major covenants on the interest-bearing debt issued by Sprint are as follows:

a. Holders of a portion ($21.6 billion) of notes issued by Sprint are provided with the right to require Sprint to repurchase the notes if there is a change of control and if there is a decline, to a certain extent, in ratings of the applicable notes by the Rating Services. Also, holders of certain bonds issued by Clearwire ($0.3 billion) are provided with the right to require the repurchase of the notes if a change of control triggering event occurs.

b. It is required that as of the last day of each quarter, Sprint's ratio of total indebtedness[1] to adjusted EBITDA[2] should not exceed a threshold level. Exceeding the ratio could result in the maturities being accelerated. The limit for the ratio was 6.25 as of March 31, 2016.

Note:

1. Total indebtedness: The sum of Sprint’s outstanding debt (excluding trade payable) and guarantee of indebtedness, with certain adjustments defined in contracts with lenders.

2. Adjusted EBITDA: Trailing four quarters EBITDA including adjustments defined in contract with lenders.

(Notes to Consolidated Statements of Income)

1. Other operating loss

The components of other operating loss are as follows:

	(Millions of yen)
Sprint segment	
Loss on disposal of property, plant and equipment[1]	(37,032)
Severance costs associated with reduction in work force of Sprint	(26,079)
Legal reserves[2]	(23,437)
Impairment loss on non-current assets[3]	(19,881)
Other	(10,271)
Distribution segment	
Impairment loss on non-current assets[4]	(13,633)
Other	(2,833)
Other	(6,086)
Total	(139,252)

Notes:

1. ¥30,348 million of loss on disposal that resulted from the write-off of leased devices associated with lease cancellations prior to the scheduled customer lease terms where customers did not return the devices to Sprint, and ¥6,684 million of net loss recognized upon the sale of devices to Mobile Leasing Solutions, LLC under the Handset Sale-Leaseback transaction. Regarding Handset Sale-Leaseback transaction, the details are described in “Handset sale-leaseback transaction.”

2. The detail of legal reserves is described in (b) under “b. Legal and administrative proceedings to which Sprint and its subsidiaries are party” under “(3) Litigation” under “4. Contingent liabilities” under “Notes to Consolidated Statements of Financial Position.”

3. Impairments are primarily related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint’s network plans.

4. Cash-generating units of the Distribution segment are composed of five regions, Brightstar Global Group Inc.’s US & Canada, Latin America, Asia & Oceania, SoftBank Commerce & Service Corp., and Europe & Africa from the fiscal year ended March 31, 2016.

   Of these cash-generating units, as a result of reviewing the business plan of Brightstar Global Group Inc.’s Latin America region, the recoverable amount became negative and therefore the carrying amount related to the cash-generating unit was reduced to zero. Impairment loss on property, plant and equipment was ¥8,070 million and impairment loss on intangible assets was ¥5,563 million. Value in use was used as the recoverable amount and calculated by discounting management approved estimated future cashflow plan by 22.11%, weighted average capital cost before tax.

   Goodwill of Brightstar Global Group Inc. is allocated to entire Brightstar Global Group Inc. (a group of cash-generating units) which bundles five cash-generating units. As a result of the impairment test on entire Brightstar Global Group Inc., the recoverable amount exceeded the carrying amount, and therefore the impairment loss on the goodwill allocated to entire Brightstar Global Group Inc. is not recognized.

2. Finance cost

The components of finance cost are as follows:

	(Millions of yen)
Interest expense	(440,744)

3. Other non-operating income and loss

The components of other non-operating income and loss are as follows:

	(Millions of yen)
Foreign exchange loss[1]	(45,610)
Derivative gain	12,788
Impairment loss on securities[2]	(32,759)
Gain on sales of equity method associates	12,428
Gain from financial assets at FVTPL[3]	114,377
Provision of allowance for doubtful accounts	(21,253)
Other	16,749
Total	56,720

Notes:

1. The value of the Argentine peso decreased against the US dollars in December 2015 due to change in foreign exchange policy by the Argentine Government. As a result, foreign exchange loss of ¥18,614 million associated with dollar-denominated monetary items, such as cash and cash equivalents, account receivables, and account payables, held by Argentine subsidiaries were recorded.

2. Shares and debt interests related to investments of PT Trikomsel Oke Tbk. in Indonesia were impaired as the investment amount and the debt interests amount were not expected to be collected. As a result, impairment loss on securities and provision of allowance for doubtful accounts totaling ¥38,185 million were recorded for the fiscal year ended March 31, 2016.

3. Gain or loss from changes in fair value of preferred stock investment, such as ANI Technologies Private Limited and Jasper Infotech Private Limited in India, which includes embedded derivatives and are designated as financial assets at FVTPL.

4. Discontinued operations

GungHo Online Entertainment, Inc.

SoftBank Group Corp. entered into an agreement to tender in the Tender Offer for 188,235,200 shares, a portion of the common shares of GungHo held by SoftBank Group Corp, on April 28, 2015. The Tender Offer was completed on June 1, 2015 and 188,235,200 common shares of GungHo held by Softbank Group Corp. were transferred to GungHo for ¥80,000 million.

An agreement between Heartis G.K. (“Heartis”) and Son Holdings Inc. to extinguish the pledge on 100,000,000 shares, out of the common shares of GungHo held by Heartis, was executed and the Agreement on Exercise of Voting Rights* for the 100,000,000 shares was terminated effective on June 1, 2015.

As a result of the transactions, GungHo was no longer qualified as a subsidiary and became an equity method associate on June 1, 2015.

Operating results related to GungHo from April 1, 2015 to June 1, 2015 are presented as discontinued operations separately from continuing operations in the consolidated statement of income.

Note:

Heartis (Taizo Son’s asset management company, the second largest shareholder of GungHo, and Taizo Son, chairman of GungHo is the representative director), and Masayoshi Son, chairman and CEO of SoftBank Group Corp., entered into a Memorandum of Understanding on Exercise of Voting Rights for Deferment of Execution of Pledges (the “MOU”), on April 1, 2013. Under the MOU, all of GungHo common shares held by Heartis were pledged to Son Holdings, Masayoshi Son’s asset management company and in order to defer the execution of pledges, Heartis agreed to act on behalf of Masayoshi Son at the shareholders’ meeting of GungHo, for the voting rights related to 213,080,000 shares (ownership ratio: 18.50%) out of the common shares of GungHo held by Heartis. In addition, the title of Taizo Son was changed from chairman of GungHo to director of GungHo, effective on March 22, 2016.

The operating results and cash flows from discontinued operations are as follows:

	(Millions of yen) Fiscal year ended March 31, 2016
Revenue	26,604
Expense	(17,404)
Income before income tax from discontinued operations	9,200
Income taxes	(3,568)
Income after income tax from discontinued operations	5,632
Loss relating to loss of control in discontinued operations	(12,739)
Deferred tax expenses for investment temporary differences	139
Net loss from discontinued operations	(6,968)

(Notes to Consolidated Statements of Changes in Equity)

1. Class and number of outstanding shares as of March 31, 2016

Common stocks 1,200,660,365 shares

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share	Record date	Effective date	Resource of dividend
Shareholders' meeting held on June 19, 2015	Common stocks	23,784	¥20.00	March 31, 2015	June 22, 2015	Retained earnings
Board of directors meeting held on October 22, 2015	Common stocks	23,477	¥20.00	September 30, 2015	December 14, 2015	Retained earnings

(2) Dividends of which record date is in the fiscal year ended March 31, 2016 and effective date for payment is in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share	Record date	Effective date	Resource of dividend
Shareholders' meeting held on June 22, 2016	Common stocks	24,085	¥ 21.00	March 31, 2016	June 23, 2016	Retained earnings

3. Number of shares for stock acquisition rights as of March 31, 2016

Common stocks 689,700 shares

4. Capital surplus

The Company acquired additional 24.1% shares of Supercell, a subsidiary of the Company, from existing shareholders and the Company's ownership in Supercell became 77.8%. In connection with this transaction, ¥120,847 million is deducted from capital surplus as "Changes in interests in subsidiaries."

(Financial Instruments)

1. Conditions of Financial instruments

(1) Market risk

a. Currency risk

The Company is engaged in international businesses through investments, financial contributions and establishment of joint ventures. The Company undertakes transactions denominated in foreign currencies with foreign parties and, through lending and borrowing from foreign subsidiaries. Consequently, there is currency risk from changes in currency rates mainly in US dollar, Indian Rupee and Euro.

To manage this risk, the Company continuously monitors exchange rates and manages exchange rate exposures of the Company. The Company also uses foreign currency forward contracts to hedge the risk. Derivative transactions entered into by the Company are conducted and controlled based on the Company's internal rules for derivative transactions and are limited to the extent of actual demands.

b. Price risk
For the purpose of its business strategy, the Company holds securities traded in active markets, including listed stock, and is exposed to market price fluctuation risk. To manage this risk, the Company continuously monitors financial condition of security issuers and stock market fluctuation.

c. Interest rate risk
The Company raises funds through issuing interest-bearing debts. Certain interest-bearing debts are issued with floating interest rates and are exposed to interest rate risk. In order to prevent and reduce interest rate risk, the Company maintains an appropriate mixture of fixed and floating interest rate debts. For certain borrowings and bonds with floating interest rates, the Company also utilizes derivative transactions such as interest rate swaps in order to hedge interest rate fluctuation risk, converting floating interests into fixed interests. For floating interest rate debts, the Company continuously monitors interest rate fluctuation.

(2) Credit risk
In the course of the Company's business, trade and other receivables, and other financial assets (including deposits, equity securities, receivables and derivatives) are exposed to credit risk of its counterparties. In order to prevent and reduce the risk, the Company does not expose itself to significant concentrations of credit risk for such receivables and financial assets. To manage the credit risk, the Company 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.

(3) Liquidity risk
In order to prevent and reduce liquidity risk, the Company maintains access to diversified fund raising sources including both indirect financing, such as bank loans and leases, and direct financing, such as issuance of bonds and commercial paper and securitization, taking market conditions and current/non-current debts ratio into consideration. Funds are mainly invested in short-term deposits and MMF. The Company also continuously monitors forecast and actual movement of cash flows and liquidity.

2. Fair value of financial instruments

The carrying amounts and fair values of financial instruments are as follows. Financial instruments whose carrying amounts are reasonably similar to fair values are not included in the table below. Financial instruments that are measured at fair value on a recurring basis are also excluded because their fair values are the same as the carrying amounts.

(Millions of yen)

Non-current	Carrying amount	Fair value
Interest-bearing debt		
Long-term borrowings	1,785,500	1,797,632
Corporate bonds	6,611,947	6,099,330
Lease obligations	815,194	817,057
Installment payables	63,181	64,280
Total	9,275,822	8,778,299

(1) Fair value measurement of financial instruments
The major valuation techniques for fair value measurements of the above financial liabilities are as follows:

a. Long-term borrowings
Fair values of non-current portion of long-term borrowings with variable rates are measured based on the discounted cash flow method using observable inputs such as market interests. Fair values of non-current portion of long-term borrowings with fixed rate are measured based on discounted cash flow using an interest rate including the credit spread that would be used for a borrowing with the same terms and maturities.

b. Corporate bonds
Fair values of non-current portion of corporate bonds are mainly measured by using the quoted prices in active markets for identical bonds.

c. Lease obligations

Fair values of non-current portion of lease obligations are measured based on the discounted cash flow method, using an interest rate that would be used for a lease agreement with the same terms and maturities.

d. Installment payables

Fair values of non-current portion of installment payables are measured based on the discounted cash flow method using the interest rate considering the remaining repayment period and credit risks.

(2) Redemption schedule for interest-bearing debt

Redemption schedule for interest-bearing debt are as follows.

(Millions of yen)

	Carrying amount	Contractual cash flows	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Interest-bearing debt				
Short-term borrowings	515,408	517,573	517,573	-
Commercial papers	42,000	42,000	42,000	-
Long-term borrowings (including current portion)	2,528,725	2,553,233	744,977	183,489
Corporate bonds (including current portion)	7,512,632	7,482,796	891,917	294,754
Lease obligations	1,212,186	1,212,186	396,992	331,509
Installment payables borrowings	111,480	112,110	48,925	38,845
Total	11,922,431	11,919,898	2,642,384	848,597

	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021	After April 1, 2021
Interest-bearing debt				
Short-term borrowings	-	-	-	-
Commercial papers	-	-	-	-
Long-term borrowings (including current portion)	620,194	13,016	988,330	3,227
Corporate bonds (including current portion)	738,040	1,041,354	643,402	3,873,329
Lease obligations	254,849	157,628	65,813	5,395
Installment payables borrowings	16,116	8,224	-	-
Total	1,629,199	1,220,222	1,697,545	3,881,951

(Per share data)

Equity per share attributable to owners of the parent	¥2,278.85
Basic earnings per share	
Continuing operations	¥411.22
Discontinued operations	(¥8.73)
Total	¥402.49

Notes to Financial Statements

(Summary of significant accounting policies)

1. Evaluation standards and methods for major assets

(1) Marketable securities and investment securities

Investments in subsidiaries and affiliated companies	: Carried at cost based on the moving-average method
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 based on the moving-average method

(2) Derivative instruments : Stated at fair value

2. Depreciation and amortization

(1) Property and equipment : Computed using the straight-line method

(2) Intangible assets : Computed using the straight-line method
Software for SoftBank Group Corp.'s use is amortized using the straight-line method based on internal availability period (five years).

3. Accounting principles for major allowances and accruals

(1) Allowance for doubtful accounts

To prepare for uncollectible credits, allowance for doubtful accounts (excluding receivables from subsidiaries) is calculated based on the actual bad debt ratio, and specific allowance for doubtful accounts deemed to be uncollectible and receivable from subsidiaries are calculated considering its collectability.

(2) Allowance for bonus

Allowance for bonus is calculated based on SoftBank Group Corp.'s computation method for expected payment.

4. Other basis of presentation of financial statements

(1) Deferred charges

Stock issuance cost	: Amortized by the month over three years
Bond issuance cost	: Amortized by the month over redemption period

(2) Accounting for significant hedge transactions

[1] 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 SoftBank Group Corp.'s policy, SoftBank Group Corp. uses derivative financial instruments to hedge the risk of exposures to fluctuations in interest rates, 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.

[2] Currency swap

① <Hedge accounting>

Corporate bonds and bond interests denominated in foreign currencies for which foreign currency swap contracts are used to hedge the foreign currency fluctuation are translated at the contracted rate, if the swap contracts qualify for hedge accounting.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging	: Currency swap contracts
Hedged items	: Foreign currency-dominated corporate bonds and bond interests

③ <Hedging policy>

In accordance with SoftBank Group Corp.'s policy, SoftBank Group Corp. uses derivatives to hedge foreign exchange risk associated with hedged items denominated in foreign currencies.

④ < Effectiveness of hedge transactions >

Currency swap is qualified for hedge accounting and effectiveness of the hedge transaction is omitted.

(3) Accounting method for consumption taxes

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

(Balance Sheet)

	Millions of yen
1. Accumulated depreciation of property and equipment	¥10,442

2. Borrowings by security lending agreements

Cash receipts as collateral from financial institutions, to whom SoftBank Group Corp. lent a portion of shares in its subsidiaries and affiliated companies of ¥1,147million under security lending agreements are presented as follows:

	Millions of yen
Short-term borrowings	¥150,000

3. Monetary receivables and liabilities for subsidiaries and affiliated companies

	Millions of yen
Short-term monetary receivables	¥53,320
Long-term monetary receivables	1,437,785
Short-term monetary liabilities	38,859
Long-term monetary liabilities	12,045

4. Monetary receivables and liabilities for board members and corporate auditors

	Millions of yen
Monetary receivables	¥22
Monetary liabilities	905

(Statement of Income)

Transactions with subsidiaries and affiliated companies

	Millions of yen
Net sales	¥46,118
Selling, general and administrative expenses	20,630
Non-operating transactions	2,681,663
Incl. sale of equity securities (Note)	1,189,062

(Note) On March 10, 2016, SoftBank Group Corp. entered into a share purchase agreement to sell 70.4% shares of Starburst Ⅰ, Inc. and all shares of Galaxy Investment Holdings, Inc. to SoftBank Group International GK at the sale value of ¥1,104,010 million. As a result, SoftBank Group Corp. recognized loss on sale of investments in subsidiaries and affiliated companies of ¥345,262 million.

(Statement of Changes in Equity)

Class and number of treasury stocks as of March 31, 2016

Number of common stocks	53,760,198 shares

(Income taxes)

Significant components of deferred tax assets and liabilities

Deferred tax assets	Millions of yen
Investments in subsidiaries and affiliated companies	¥453,825
Deferred taxable loss on a sale of shares of a subsidiary to a 100% owned subsidiary under Japanese group taxation regime	105,719
Loss carryforwards	47,721
Deferred assets	8,375
Others	16,450
Gross deferred tax assets	632,090
Less: valuation allowance	(632,090)
Total deferred tax assets	—

Deferred tax liabilities	Millions of yen
Deferred taxable gain on a sale of shares of a subsidiary to a 100% owned subsidiary under Japanese group taxation regime	(10,004)
Unrealized gains on other securities	(1,555)
Others	(2,023)
Total deferred tax liabilities	(13,582)
Net deferred tax liabilities	¥(13,582)

(Related Party Transactions with SoftBank Group Corp.)

1. Subsidiaries and affiliated companies

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note13)	Account	Balance at March 31, 2016 (Note13)
					Millions of yen		Millions of yen
Subsidiary	SoftBank Corp. (Note1)	Direct 99.9%	Brand royalty revenue	2	¥45,643	Accounts receivable - trade	¥49,294
			Repayment of short-term loans (net of bollowing)		642,077	Short-term borrowings	—
			Interest payment	3	312	Accrued expenses	—
			Collection of short-term loan receivable		158,000	Short-term loan receivable	—
			Lendings of long-term loan receivable (net of receipt)		351,929	Long-term loan receivable	351,929
			Interest receipt	4	11,835	Other current assets	—
			Guarantee provided	5	4,975,773		
Subsidiary	BB Mobile Corp. (Note6)	—	Collection of long-term loan receivable		715,826	Long-term loan receivable	—
			Lendings of short-term loan receivable (net of receipt)		883,296	Short-term loan receivable	883,296
			Interest receipt	4	8,662	Other current assets	4,278
			Borrowing and repayment of short-term loans		205,558	Short-term borrowings	—
			Interest payment	3	173	Accrued expenses	—

Subsidiary	SoftBank Group International GK	Direct 100%	Capital Contribution		300,000		
			Sale of equity securities	7	1,104,010	Other current assets	—
			Lendings of long-term loan receivable		804,000	Long-term loan receivable	804,000
Subsidiary	Mobiletech Corporation (Note6)	—	Dividends receipt	8	1,437,261		
			Lendings of short-term loan receivable		293,535	Short-term loan receivable	293,535
			Interest receipt	4	20	Other current assets	20
Subsidiary	Galilei Japan KK	Indirect 100%	Repayment of long-term loans		200,000	Current portion of long-term debt	—
			Interest payment	3	584	Accrued expenses	—
Subsidiary	Fukuoka SoftBank HAWKS Corp.	Direct 100%	Payment of advertising expense	9	3,600	Accounts payable - other	324
			Lendings of long-term loan receivable (net of receipt)		65,400	Long-term loan receivable Short-term loan receivable	64,520 880
			Interest receipt	4	1,220	Other current assets	—
Subsidiary	SoftBank Group International Limited	Direct 100%	Capital Contribution		446,538		
Subsidiary	Brightstar Corp.	Indirect 100%	Lendings of long-term loan receivable (net of receipt)	12	112,494	Long-term loan receivable	124,511
			Interest receipt	4	1,934	Other current assets	—
Subsidiary	Galaxy Investment Holdings, Inc.	Indirect 100%	Capital Contribution		110,493		
Subsidiary	SB Group US, Inc.	Indirect 100%	Payment of business consignment expenses	10 12	14,085	Accounts payable - other	14,085
Affiliated company	GungHo Online Entertainment, Inc.	Direct 20.8% Indirect 7.7%	Tender offer	11	80,000		

The terms of transactions and the policies

(Notes)1. SoftBank Mobile Corp., SoftBank BB Corp., SoftBank Telecom Corp. and Ymobile Corporation conducted an absorption-type merger with SoftBank Mobile Corp. being the surviving company, effective on April 1, 2015. SoftBank Mobile Corp. changed its corporate name to SoftBank Corp. on July 1, 2015.

2. Brand royalty revenue depends on a rate of gross profit of each company. The rate of brand royalty is based on a reasonable standard.

3. The interest rates for borrowings from related parties are determined in reference to market interest rates.

4. The interest rates for lendings to related parties are determined in reference to market interest rates.

5. SoftBank Group Corp. receives joint surety from SoftBank Corp. for the borrowings from financial institutions, etc. There is no guarantee fee paid.

6. Softbank Group Corp., Mobiletech Corporation and BB Mobile Corp. conducted an absorption-type merger with SoftBank Group Corp. being the surviving company, effective on December 1, 2015. The transaction amount during the period when they were related party and the outstanding balances at the end of the period in which they ceased to be related party are presented.

7. Sales price of equity securities were determined based on the market price of Sprint shares near the closing date.

8. ¥1,237,139 million is recorded as a non-operating income and ¥200,122 million is recorded as a reduction in “Investments in subsidiaries and affiliated companies” on the balance sheet.

9. Payments of advertising expense are for advertising effect provided from overall activities of managing the baseball team.
10. The terms of transactions are determined similarly to ordinary transactions through negotiation.
11. SoftBank Group Corp. applied to the tender offer of treasury shares. (Tender offer period: from April 30, 2015 to June 1, 2015)
12. The transaction amount is translated using the exchange rate (USD1=JPY120.17) as of March 31, 2015 and the exchange rate (USD1=JPY112.68) as of March 31, 2016. The balance is translated at the exchange rate (USD1=JPY112.68) as of March 31, 2016.
13. Consumption taxes are included in the year-end balance, but not in the transaction amount.

2. Directors and major individual shareholders

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note5)	Account	Balance at March 31, 2016 (Note5)
					Millions of yen		Millions of yen
Director and shareholder	Masayoshi Son（Son Assets Management, LLC)	Direct 20.2％	Temporary advance for expenses on behalf of Son Assets Management, LLC	1	¥253	Other current asset	¥22
			Office facility usage		42		
			Receipt of guarantee deposit		―	Long-term liabilities -Other liabilities	178
Director	Yun Ma (Alipay Singapore E-Commerce Pte Ltd)	―	Payment of service fee	2 4	727	Accounts payable - other	727
Director	Kazuhiko Fujihara	Direct 0.0％	Exercise of stock acquisition rights	3	98		

The terms of transactions and the policies

(Notes) 1. “Office facility usage” is determined based on the percentage of facility used similar to subsidiaries and affiliated companies.

2. The terms of transactions are determined similar to ordinary transactions through negotiation.
3. The transaction amount presented is for the period he served as director of SoftBank Group Corp.
4. The transaction amount is translated at the exchange rate (USD1=JPY112.68) as of March 31, 2016.
5. Consumption taxes are included in the year-end balance, but not in the transaction amount.

(Per share data）

Shareholders’ equity per share	¥1,186.19
Net income per share	¥661.90

(Business Combinations)

Absorption-type Merger of Subsidiaries (Mobiletech Corporation and BB Mobile Corp.)

SoftBank Group Corp. merged its wholly-owned subsidiary Mobiletech Corporation ("Mobiletech") and Mobiletech's wholly-owned subsidiary BB Mobile Corp. ("BB Mobile") in an absorption-type of merger (the "Merger"), effective as of December 1, 2015.

1. Outline of transaction

(1) Names of parties to the business combination

	Surviving Company	Dissolving Company	Dissolving Company
① Trade name	SoftBank Group Corp.	Mobiletech Corporation	BB Mobile Corp.
② Nature of business	Pure holding company	Intermediate holding company	Intermediate holding company

(2) Date of the Merger (the effective date)

December 1, 2015

(3) Legal form of the business combination

Absorption-type merger with SoftBank Group Corp. being the surviving company.

(4) Corporate name after business combination

SoftBank Group Corp.

(5) Other outline of transaction

SoftBank Group Corp. decided on the Merger to pursue greater efficiency in management of its subsidiaries.

(6) Outline of the accounting treatment applied

This transaction is recorded as a transaction under common control, based on the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No.21, September 13, 2013) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No.10, September 13, 2013).