

Q&A

Disclosure policy upon IFRS transition

Q: When announcing the financial statements under Japanese GAAP (“JGAAP”) for the fiscal year ended March 2013, will IFRS-based P&L and B/S also be disclosed for reference?

A: The IFRS-based financial statements will not be available until the first quarter of the fiscal year ending March 2014, when we will disclose the first consolidated financial statements under IFRS.

Q: Will IFRS-based financials for past years be available?

A: IFRS-based financial information is available only from fiscal 2012 since the transition date is April 1, 2012. For fiscal years preceding the base date, for example fiscal 2011, IFRS-based figures do not exist theoretically.

Q: Will those JGAAP figures in the parallel disclosure be reliable enough to update financial models for analysis purposes?

A: The documents specified on pages 3 and 4 on the presentation material are documents we are required to disclose. The disclosure of JGAAP financial statements will not be mandatory as of the first quarter of the fiscal year ending March 2014, yet we are considering providing JGAAP-based figures in a reasonable way.

Q: The publicly-announced guidance for operating income is JGAAP-based (JPY 800 million or above in domestic business for fiscal year ending March 2014), but that will make no sense after IFRS transition. Do you plan to provide IFRS-based guidance going forward?

A: We cannot commit to providing the IFRS-based guidance. However, in the internal discussions, we realize the necessity of IFRS-based guidance going forward.

Scope of consolidation under IFRS

Q: Will eAccess Ltd. (“eAccess”), Wireless City Planning Inc. (“WCP”), and WILLCOM Inc. (“WILLCOM”) be consolidated after adoption of IFRS?

A: eAccess and WCP are equity-method affiliates in accordance with JGAAP but are consolidated subsidiaries under IFRS. As for goodwill under IFRS, purchase price allocation will apply to the assets of acquired entity and those assets that are not be categorized into intangible assets are left as goodwill. Goodwill is no longer amortized under IFRS.

WILLCOM is in the process of reorganization under the Corporate Reorganization Act and will therefore not be consolidated until the process ends even after the transition to IFRS.

Q: What Segment will show P&L of eAccess and WCP going forward? Will a new segment be set up?

A: Of the results of eAccess, EMOBILE’s figures will be included in the Mobile Communications Segment along with WCP’s, and the figures for ADSL business of eAccess will go to the Broadband Infrastructure Segment.

Q: Will breakdown by subsidiary be available in Mobile Communication Segment?

A: SoftBank only reports consolidated financial statements and breakdown by business segment

and has no plan to provide breakdown by subsidiary, such as SoftBank Mobile Corp. ("SoftBank Mobile"), eAccess or WCP.

Amortization of goodwill of equity-method affiliates

Q: The impact on net income of discontinuation of goodwill amortization includes JPY 7.2 billion, which represents that of equity method affiliates. Is that related to Alibaba Group?

A: JPY 7.2 billion is the total of goodwill amortization of a number of equity-method affiliates, not a large amount from one specific affiliate.

Q: Since amortization of goodwill negatively affects JGAAP-based net income in full, discontinuation of goodwill amortization will therefore affect it positively under IFRS. Is that correct?

A: Yes.

Q: According to the explanation, equity in losses of affiliated companies comes below the line of operating income as your investment is more of equity investment. It is possible that it comes above the line of operating income if the company's policy changes?

A: Yes, it could happen depending on circumstances.

Impact on operating income and net income (excluding impact of goodwill amortization)

Q: Is it correct that the recognition of the expenses related to acquisition of shares in subsidiaries means booking costs at one time upon acquisition?

A: Yes, that is correct. They are not an accumulation from the past.

Q: How do you calculate amortized cost to financial liabilities?

A: Taking an example of fees and expenses relating to the bridge loan agreement for Sprint acquisition executed on December 18, 2012, the total amount is approximately JPY 17 billion. Under JGAAP, the full amount is to be expensed at one time, while IFRS requires the amount be allocated pro rata throughout the assumed period (approximately a half year in the case of the bridge loan). Accordingly, out of the JPY 17 billion, the amount worth a half month is expensed under IFRS in the nine-month period ended December 2012, and the remaining is deferred. The difference in accounting standards resulted in a JPY 15.1 billion gap in the financial results for the nine-month period ended December 2012.

Q: Does the revision of residual value of a part of property, plant and equipment have an impact on P&L, like it does on B/S as specified on page 11 on the presentation material?

A: The revised residual value of property, plant and equipment was applied retrospectively. Most of the B/S impact of JPY 53.3 billion is from the variance as of the transition date.

Impacts on B/S (Recording the amounts related to securitized installment sales receivables on B/S)

Q: What percentage of securitized installment sales receivable will be recorded back on B/S upon adoption of IFRS?

A: Securitized installment sales receivables at SoftBank Mobile in full will be put back on B/S upon the shift to IFRS.

Impacts on B/S (other)

Q: Will a breakdown by Japan and overseas operations be presented when disclosing consolidated interest-bearing debt? Or will the Sprint financial statements be the source to look at interest -bearing debt incurred by Sprint?

A: Ways of disclosure are to be considered for post-acquisition interest-bearing debt.

Segment Information

Q: What are the adjustments made to Internet Culture Segment for IFRS conversion, resulting in increase of net sales and operating income? What items are subject to adjustment?

A: Difference in net sales comes from recording of sales – net or gross. Key item subject to adjustment is traffic acquisition cost in advertisement business.

Q: Will operating income by segment be available even after transition to IFRS?

A: For now the plan is to disclose segment breakdown on the operating income line, yet potential disclosure of segment breakdown on some other line is under consideration.

Reconciliations in sales of Mobile Communications Segment

Q: What is handset sales commission?

A: SoftBank Mobile pays the commission to a dealer upon sale of a mobile handset to a customer. The commission is also paid to a dealer upon customer's handset upgrade.

Q: Will acquisition/upgrade cost per SoftBank Mobile subscriber be disclosed in a different way than before given the difference between IFRS and JGAAP in recording sales and expenses?

A: The scope and extent of disclosure of financials, including acquisition cost per subscriber, is to be determined in the ways not to compromise appropriate level of consistency with pre-IFRS transition disclosure, in order to avoid confusion broader audience.

Sprint consolidation

Q: Sprint Nextel Corporation ("Sprint") reports financial results under USGAAP today. Will SoftBank consolidate the results of Sprint by converting them to IFRS-based figures?

A: Yes. The fiscal year of Sprint ends in December while that of SoftBank ends in March. IFRS does not allow time lag in financial reporting based on difference in fiscal year-end. So Sprint's figures as of March will be consolidated in SoftBank's results up to March. Sprint, a public company in the US, will continue to disclose its financial results under USGAAP and will report SoftBank its figures that are converted to IFRS for consolidation.

Q: Will IFRS-based consolidation of Sprint's results start upon the deal closing, if the deal is closed?

A: Yes.

Q: What will be the reporting segment of Sprint? Will that be separated from domestic business Segments?

A: The plan is, though not final, to disclose Sprint results under an independent segment from existing segments.

Q: Interest expense is a big item in Sprint. Is there a plan to disclose breakdown of interest expenses by Japan and US operations, which will help analysis of EBIT from Japan and US?

A: We may consider that.