

Voluntary Adoption of  
International Financial Reporting Standards (IFRS)  
from the first quarter of the fiscal year  
ending March 2014

March 2013

SoftBank Corp.



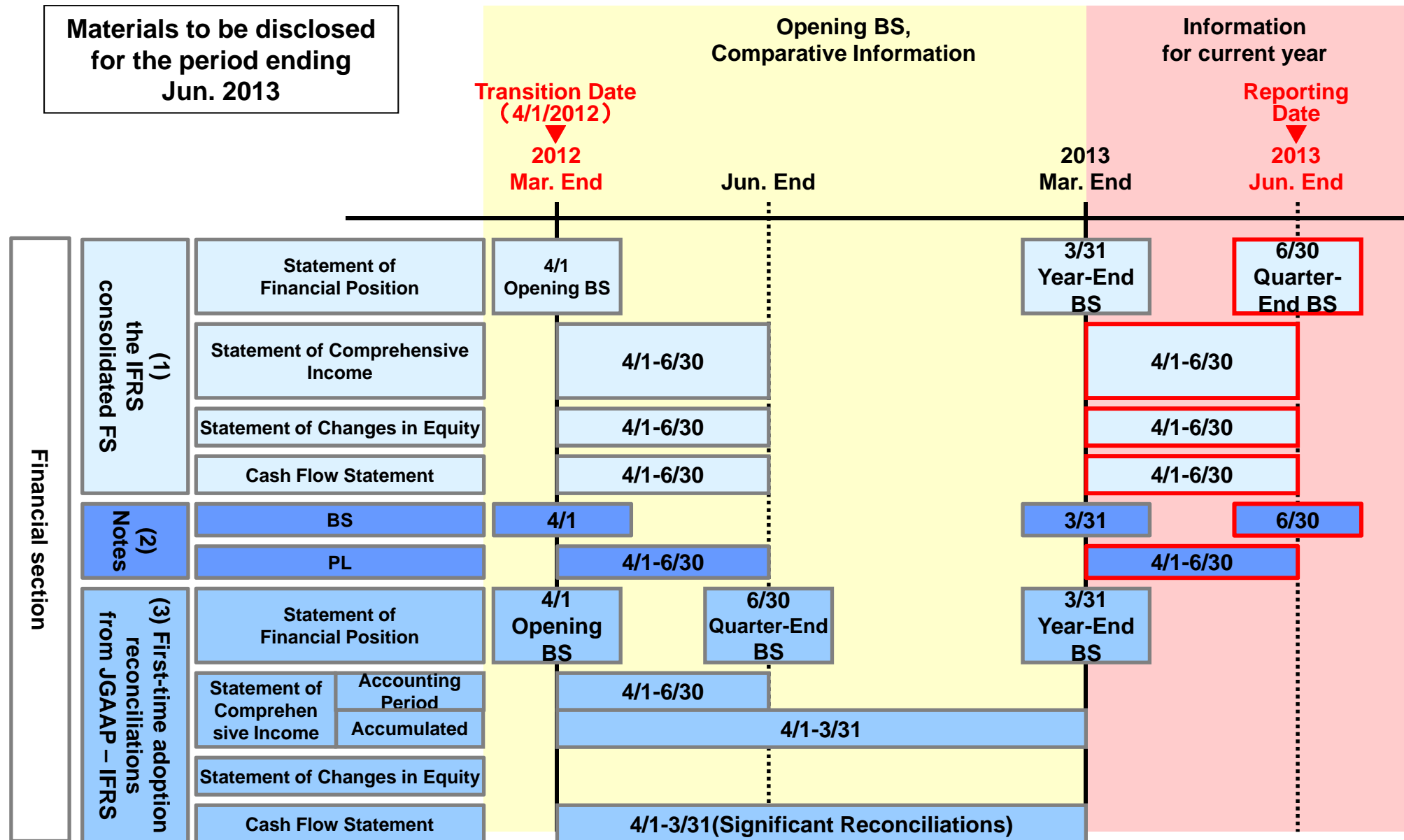
## Objectives of this material and the notes

---

- ✓ SoftBank will adopt IFRS to its consolidated financial statements in lieu of the current JGAAP from the fiscal year ending March 2014, and will disclose its consolidated financial statements according to IFRS from the first quarter of the fiscal year ending March 2014.  
(Transition date: April 1, 2012)
- ✓ This material is prepared for the purposes of promoting understanding of our IFRS-based financial results.
- ✓ For the purpose above, the IFRS-based financial results (provisional figures) for the nine-month period ended December 2012 are used in this material. The actual figures can be different from the figures presented in this material.

# 1. Disclosed information after IFRS transition for the quarterly period ending June 2013

Materials to be disclosed for the period ending Jun. 2013



# 1. Disclosed information after IFRS transition for the fiscal year ending March 2014

Materials to be disclosed for the fiscal year ending Mar. 2014		Transition Date (4/1/2012)		Opening BS, Comparative Information		Information for the current year		Reporting Date	
		2012 Mar. End		2013 Mar. End		2014 Mar. End			
Financial section	(1) consolidated the IFRS FS	Statement of Financial Position	4/1 Opening BS		3/31 Year-End BS		3/31 Year End BS		
		Statement of Comprehensive Income	4/1-3/31		4/1-3/31				
		Statement of Changes in Equity	4/1-3/31		4/1-3/31				
		Statement of Cash Flows	4/1-3/31		4/1-3/31				
	(2) Notes	BS	4/1		3/31		3/31		
		PL	4/1-3/31		4/1-3/31				
	(3) First-time adoption from JGAAP to IFRS	Statement of Financial Position	4/1 Opening BS		3/31 Year-End BS				
		Statement of Comprehensive Income	4/1-3/31						
		Statement of Changes in Equity							
		Statement of Cash Flows	4/1-3/31 (Significant Reconciliations)						
Others	(4) Parallel Disclosure (JGAAP)	JGAAP summarized FS, Explanation of GAAP difference			JGAAP summarized FS, Explanation of GAAP difference				

## 2. Summary of the impact on F/S (1) P/L, B/S

For nine-month period ended December 31, 2012

(JPY billion)

P/L Items	J GAAP	IFRS	Impact
Net sales	2,509.8	2,348.4	(161.4)
Operating income	600.1	631.4	+ 31.3
Income before income taxes	525.7	580.2	+ 54.5
Net income	235.4	(*1) 308.7	+ 73.3

(\*1) Profit attributable to owners of the parent

B/S Items	J GAAP	IFRS	Impact
Total assets	5,511.6	5,874.4	+ 362.8
Liabilities	3,838.1	4,392.5	+ 554.4
Interest-bearing debt	(*2) 2,758.9	(*3) 3,277.4	+ 518.5
Total equity	1,673.4	1,481.9	(191.5)
Retained earnings	699.7	647.6	(52.1)
Non-controlling interests	535.6	326.8	(208.8)
Equity ratio	21%	(*4) 20%	(1pt)

(\*2) Borrowings + Bonds + Lease obligations + Installment payables

(\*3) Borrowings + Bonds + Lease obligations + Installment payables + Preferred securities

(\*4) Ratio of shareholding attributable to owners of the parent

## 2. Summary of the impact on F/S (2) C/F

For nine-month period ended December 31, 2012

(JPY billion)

C/F Items	J GAAP	IFRS	Impact
Cash flows from operating activities	595.4	521.3	(74.1)
Cash flows from investing activities	(746.1)	(768.0)	(21.9)
Cash flows from financing activities	191.1	284.5	+ 93.4
Cash and cash equivalents, beginning of the period	1,014.6	1,021.1	+ 6.5
Cash and cash equivalents, end of the period	1,062.0	1,063.6	+ 1.6

### 3. P/L after IFRS reclassification

For nine-month period ended December 31, 2012

(JPY billion)

P/L	Nine-month period ended December 31, 2012
Net sales	2,348.4
Cost of sales	1,173.6
Gross profit	1,174.8
Selling, general and administrative expenses	546.4
Other income and expenses	3.0
Operating income	631.4
Finance income	13.7
Finance expenses	51.0
Equity in losses of affiliated companies	13.9
Income before income taxes	580.2
Income taxes	225.4
Net income	354.8
Income attributable to non-controlling interests	46.1
Income attributable to owners of the parent	308.7

Of the items in non-operating income/losses under JGAAP, those which are not applicable to finance income, finance expense and equity in earnings/loss of affiliate companies should be presented above the operating income line under IFRS.

When GungHo Online Entertainment becomes a consolidated subsidiary, the fair value of the existing shares held in GungHo will be re-measured and gain of approximately JPY 150bn is expected to be booked for the three-month period ending June 30, 2013.

# 4. Reconciliation of Operating income and Net income from JGAAP to IFRS

For nine-month period ended December 31, 2012

(JPY billion)

Operating income		Net income	
JGAAP	600.1	JGAAP	235.4
(1) No amortization of goodwill	+ 47.9	(1) No amortization of goodwill	+ 55.1*1
(2) Change in scope of consolidation: WCP (J: Equity method, IFRS: Consolidated subsidiary)	(7.5)	(2) Application of amortized cost to financial liabilities	+ 15.1
(3) Recognition of expenses related to acquisition of shares in subsidiaries	(4.1)	(3) Recognition of expenses related to acquisition of shares in subsidiaries	(4.1)
(4) Reclassify to other income and expenses	+ 3.0*1	(4) Others	+ 7.2
(5) Others	(8.0)		
<i>Total adjustment items</i>	+ 31.3	<i>Total adjustment items</i>	+ 73.3
IFRS	631.4	IFRS (Profit attributable to owners of the parent)	308.7
*1:Reclassify from non-operating income/expenses and extraordinary income/expenses to other income/expenses		*1:Including discontinuation of amortization of goodwill related to equity method affiliates (+7.6 billion yen)	

(Note) WCP: Wireless City Planning Inc.



## 5. B/S after IFRS reclassification (1) Assets

As of December 31, 2012

(JPY billion)

Assets	Opening BS as of April 1, 2012	As of December 31, 2012
(Current assets)	1,960.5	2,151.5
Cash and cash equivalents	1,021.1	1,063.6
Trade and other receivables	787.0	824.7
Other financial assets	10.4	82.3
Inventories	55.7	58.0
Other current assets	86.3	122.9
(Non-current assets)	3,241.5	3,722.9
Property, plant and equipment	1,377.2	1,560.2
Goodwill	777.9	781.3
Intangible assets	340.3	390.3
Investments accounted for using the equity method	208.5	209.0
Other financial assets	296.8	551.8
Deferred tax assets	183.8	167.6
Other non-current assets	57.0	62.7
<b>Total assets</b>	<b>5,202.0</b>	<b>5,874.4</b>

## 5. B/S after IFRS reclassification (2) Liabilities and equity

As of December 31, 2012

(JPY billion)

Liabilities and Equity	Opening BS as of April 1, 2012	As of December 31, 2012
(Current liabilities)	2,124.5	2,294.5
Interest-bearing debt	926.7	1,337.0
Trade and other payables	980.1	756.9
Income tax liabilities	123.2	113.9
Other current liabilities	94.5	86.7
(Non-current liabilities)	1,908.7	2,098.0
Interest-bearing debt	1,763.3	1,940.4
Provisions	35.6	36.0
Deferred tax liabilities	37.6	52.6
Other non-current liabilities	72.2	69.0
<b>Total liabilities</b>	<b>4,033.2</b>	<b>4,392.5</b>
(Equity attributable to owners of the parent)	877.9	1,155.1
Common stock	213.8	222.2
Additional paid-in capital	250.8	207.4
Retained earnings	404.9	647.6
Treasury stock	(23.0)	(22.9)
Accumulation of OCI	31.4	100.8
(Non-controlling interests)	290.9	326.8
<b>Total equity</b>	<b>1,168.8</b>	<b>1,481.9</b>
<b>Total liabilities and equity</b>	<b>5,202.0</b>	<b>5,874.4</b>

## 6. Impact on B/S (1) Assets

As of December 31, 2012

(JPY billion)

B/S Items	J GAAP	IFRS	Impact	Description
Assets			+ 314.2	1. Recording the amounts related to securitized installment sales receivables at SBM on B/S
			(61.5)	2. Offset of receivables and payables from /to business partners settling the transaction with SB on a net basis
			+ 57.8	3. Change in scope of consolidation: WCP
			+ 55.8	4. No amortization of goodwill
			(53.3)	5. Reconsideration of residual value of a part of property, plant and equipment(5%⇒zero)
			+ 26.4	6. Deferral of the expense related to activation fee income at SBM (Refer to page 15.)
			+ 28.8	7. Income tax effects related to IFRS adjustments
			(4.1)	8. Recognition of expenses related to acquisition of shares in subsidiaries
			(1.3)	9. Others
<b>Total Assets</b>	<b>5,511.6</b>	<b>5,874.4</b>	<b>+ 362.8</b>	<b>Total impacts</b>

(Note)SBM: SoftBank Mobile Corp.  
SB: SoftBank Corp.

## 6. Impact on B/S (2) Liabilities and equity

As of December 31, 2012

(JPY billion)

B/S Items	J GAAP	IFRS	Impact	Description
Interests-bearing debt			+ 305.5	1. Recording the amounts related to securitized installment sales receivables at SBM on B/S
			+ 197.0	2. Reclassification of the preferred securities (from Non-controlling interest to Interest-bearing liabilities)
			+ 29.1	3. Change in scope of consolidation: WCP
			(21.7)	4. Application of amortized cost to financial liabilities
			+ 8.6	5. Others
	2,758.9	3,277.4	+518.5	Total impacts
Other liabilities			(61.5)	6. Offset of receivables and payables from /to business partners settling the transaction with SB on a net basis
			+ 27.7	7. Deferral of activation fee income at SBM (Refer to page 15.)
			+ 25.0	8. Change in scope of consolidation: WCP
			+ 15.8	9. Accrued vacation payable
			+ 28.9	10. Others
	1,079.2	1,115.1	+ 35.9	Total impacts
Liabilities	3,838.1	4,392.5	+ 554.4	Total impacts
Retained earnings			(42.1)	11. Reconsideration of residual value of a part of property, plant and equipment(5%⇒zero)(Net of tax)
			(30.8)	12. Reclassify from foreign currency translation adjustments to retained earnings at transition date (Exemptions in first-time adoption)
			+ 20.8	13. Others
	699.7	647.6	(52.1)	Total impacts
Minority interests			(200.0)	14. Reclassification of the preferred securities (from Non-controlling interest to Interest-bearing liabilities)
			(8.8)	15. Others
	535.6	326.8	(208.8)	Total impacts

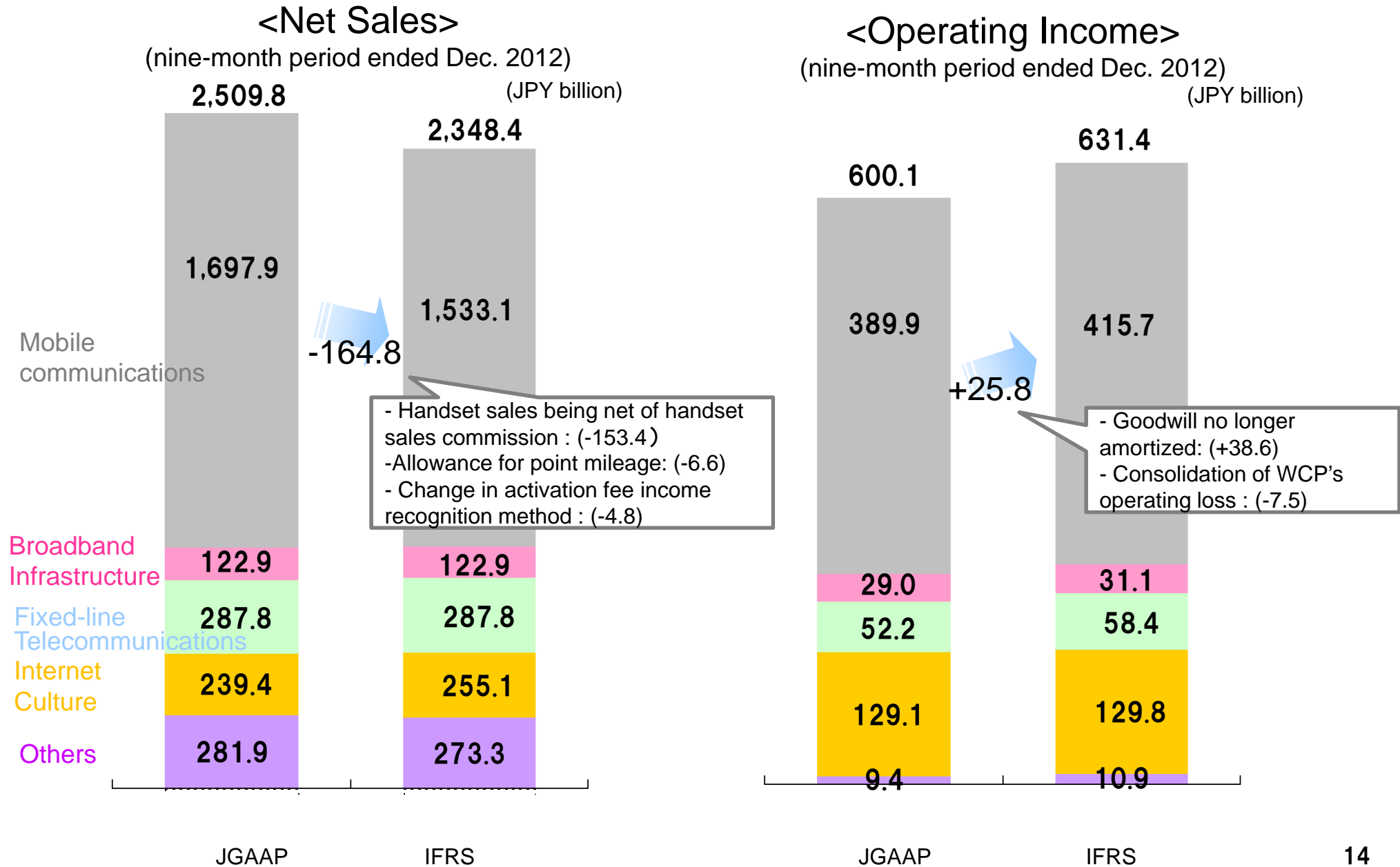
## 7. Impact on C/F

For nine-month period ended December 31, 2012

(JPY billion)

Adjustment items	Operating C/F	Investing C/F	Financing C/F
<b>J GAAP</b>	<b>595.4</b>	<b>(746.1)</b>	<b>191.1</b>
(1) Recording the amounts related to securitized installment sales receivables at SBM on B/S	(44.6)		+ 44.6
(2) Change in scope of consolidation: WCP	(5.0)	(27.3)	+ 29.1
(3) Application of amortized cost to financial liabilities	(18.6)		+ 18.6
(4) Recognition of expenses related to acquisition of shares in subsidiaries	(3.6)	+ 3.6	
(5) Others	(2.3)	+ 1.8	+ 1.1
<i>Total of adjustment items</i>	(74.1)	(21.9)	+ 93.4
<b>IFRS</b>	<b>521.3</b>	<b>(768.0)</b>	<b>284.5</b>

# 8. Comparison of results with segment breakdown



## 9. Differences in recording key items of mobile communications

Item	Description
Handset sales and Handset sales commission	<p>&lt;JGAAP&gt; Handset sales are booked upon the sale to a dealer. Handset sales commissions are expensed.</p> <p>&lt;IFRS&gt; Handset sales are booked upon the sale to a dealer. Handset sales commissions are net of handset sales.</p>
Activation fee income	<p>&lt;JGAAP&gt; Activation fee income is booked on an accrual basis in full amount</p> <p>&lt;IFRS&gt; Activation fee income is evenly split and booked over the expected contract period and corresponding expenses are amortized over the same period with the aggregated amount being capped to the amount of activation fee income.</p>
Allowance for point mileage	<p>&lt;JGAAP&gt; Allowance is recorded as expense when a point is granted.</p> <p>&lt;IFRS&gt; The amount of allowance is subtracted from telecom service revenue when a point is granted. The amount is added back to telecom service revenue when the point is redeemed.</p>

# Appendix



# PPA(Purchase Price Allocation)

Assets/liabilities that fall into a category of intangible assets in a target company, such as customer relationships, trademarks, etc. must be booked at the fair value even though the target company has not booked them on their balance sheet. (Price Purchase Allocation)

