SoftBank

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited condensed interim consolidated financial statements appearing in item 3 of this report.

SoftBank Corp.
Consolidated Financial Report
For the three-month period ended June 30, 2013 (IFRS)

Tokyo, July 30, 2013

1. Financial Highlights

(1) Results of Operations

(Percentages are shown as year-on-year changes)
(Millions of yen; amounts are rounded off to the nearest million yen.)

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Three-month period ended June 30, 2013	**¥881,069**	**21.4**	**¥391,025**	**92.3**	**¥351,016**	**79.1**	**¥263,186**	**121.9**	**¥238,262**	**125.7**	**¥339,598**	**201.9**
Three-month period ended June 30, 2012	¥725,944	-	¥203,316	-	¥195,999	-	¥118,581	-	¥105,580	-	¥112,505	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Three-month period ended June 30, 2013	**¥199.96**	**¥199.68**
Three-month period ended June 30, 2012	¥96.11	¥94.52

(2) Financial Position

(Millions of yen; amounts are rounded off to the nearest million yen.)

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of June 30, 2013	**¥8,368,677**	**¥2,281,679**	**¥1,904,727**	**22.8**
As of March 31, 2013	¥7,216,809	¥1,930,428	¥1,612,756	22.3

2. Dividends

	Dividends per share				
(Record date)	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2013	-	20.00	-	20.00	40.00
Fiscal year ending March 31, 2014	-				
Fiscal year ending March 31, 2014 (Forecasted)		20.00	-	20.00	40.00

Note: Revision of forecasts on the dividends: Yes
Since sufficient profit is expected for the fiscal year ending March 31, 2014, the Company has decided dividends (Forecasted). With regards to the execution of interim dividend, a temporary account closing will be made. The profit for the six-month ending September 30, 2013 will be included in the distributable amount.

3. Forecasts on the Consolidated Operations Results for the Fiscal Year Ending in March 2014 (April 1, 2013 – March 31, 2014)

The Company is projecting consolidated operating income of at least ¥1 trillion under International Financial Reporting Standards ("IFRSs") in the fiscal year ending March 31, 2014. This includes gains of ¥253.9 billion in total resulting from the re-evaluation of the existing equity interest held in GungHo Online Entertainment, Inc. and WILLCOM, Inc. at fair value when both companies became subsidiaries.

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): No

(2) Changes in accounting policies and accounting estimate
[1] Changes in accounting policies required by IFRSs: No
[2] Changes in accounting policies other than those in [1]: No
[3] Changes in accounting estimates: Yes
Note:
Please refer to page 17 "(1) Changes in accounting policies and accounting estimates" under "2. Notes for Summary Information" for detail.

(3) Number of shares issued (common stock)
[1] Number of shares issued (including treasury stock):
As of June 30, 2013: 1,200,660,365 shares
As of March 31, 2013: 1,200,660,365 shares
[2] Number of treasury stock:
As of June 30, 2013: 9,064,971 shares
As of March 31, 2013: 9,160,493 shares
[3] Average stocks during three-month (Apr.-Jun.):
As of June 30, 2013: 1,191,533,038 shares
As of June 30, 2012: 1,098,514,638 shares

*** Implementation status of interim review procedures**

This interim consolidated financial report is not subject to interim review procedures based on Financial Instruments and Exchange Act, and the review procedures for the interim consolidated financial statements were being conducted when this report was disclosed.

*** Note to forecasts on the consolidated results of operations and other items**

The Company has adopted IFRSs from the three-month period ended June 30, 2013. For the differences between IFRSs and Japanese Generally Accepted Accounting Principles ("JGAAP") in respect of the Company's financial data, please refer to page 51 "14. First-time adoption of IFRSs" in "(6) Notes to Condensed Interim Financial Statements" under "3. Condensed Interim Consolidated Financial Statement" for details.

The forecast figures are estimated based on the information that the Company is able to obtain at the present point and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.

On July 30, 2013, the Company will hold an earnings results briefing for financial institutions, institutional investors, and the media. This briefing will be broadcast live on our website in both Japanese and English (http://www.softbank.co.jp/en/irinfo/).
The Earnings Results Data Sheets will also be posted on the Company's web site around 4 p.m. on the day of the announcement: (http://www.softbank.co.jp/en/irinfo/library/presentation/)

(Appendix)

Contents

1. Qualitative Information Regarding Three-month Period Results

Adoption of IFRSs

SoftBank Corp. has adopted the International Financial Reporting Standards (IFRSs) from the three-month period ended June 30, 2013 (the "period;" transition date: April 1, 2012). The financial data for the three-month period ended June 30, 2012 ("the same period of the previous fiscal year") and the fiscal year ended March 31, 2013 (the "previous fiscal year") are also presented based on IFRSs.

The main items to be adjusted from JGAAP in accordance with the adoption of IFRSs are as follows:

・Change in scope of consolidation

- eAccess Ltd. and Wireless City Planning Inc. that were associates under JGAAP are subsidiaries under IFRSs.

・Items related to consolidated statements of financial position

- Regarding certain securitization transactions that previously qualified for extinguishment of financial assets under JGAAP, securitized receivables are recognized retrospectively and accompanying liabilities are recognized as interest-bearing debt under IFRSs when they are not qualified for derecognition of financial assets under IFRSs.
- Preferred securities issued by a subsidiary were accounted for as equity transactions and recorded as minority interests under JGAAP. Under IFRSs they are accounted for as under interest-bearing debt in the consolidated statements of financial position.

・Items related to the consolidated statements of income

- Goodwill is amortized regularly under JGAAP; under IFRSs, goodwill is not amortized regularly but tested for impairment at least once a year.
- Commission fees paid related to the sales of mobile handsets were accounted for as costs when they occur under JGAAP, under IFRSs the amount of commission fees expected to occur in the future is deducted from revenues.

Please refer to page 51 "14. First-time adoption of IFRSs" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details about these adjustments.

(1) Qualitative Information Regarding Consolidated Results of Operations

(a) Consolidated Results of Operations

For the period, the SoftBank Group (the "Company") achieved consolidated net sales of ¥881,069 million, a ¥155,125 million (21.4%) increase year on year, with a ¥187,709 million (92.3%) increase in operating income to ¥391,025 million. Net income increased ¥144,605 million (121.9%) to ¥263,186 million, and net income attributable to owners of the parent increased ¥132,682 million (125.7%) to ¥238,262 million.

Note:

Definition of terms: as used in this consolidated financial report for the three-month period ended June 30, 2013, references to the "Company," are to SoftBank Corp. and its subsidiaries except as the context otherwise requires or indicates.

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

(i) Net Sales

Net sales totaled ¥881,069 million, for a ¥155,125 million (21.4%) year-on-year increase. This was mainly due to the impact of making GungHo Online Entertainment, Inc.[1] ("GungHo") and eAccess Ltd.[2] subsidiaries, as well as increases in the number of subscribers and the number of units sold[3] at SoftBank Mobile Corp., which led to increases in both service revenue (previously mainly telecommunications revenue) and product sales (previously mainly sales of handsets).

(ii) Cost of Sales

Cost of sales increased ¥70,946 million (20.6%) year on year to ¥415,792 million. This was primarily due to the impact of making GungHo and eAccess Ltd. subsidiaries, and a higher cost of goods in line with the increase in the number of iPhones[4] and other smartphones sold at SoftBank Mobile Corp. SoftBank Mobile Corp. continues to make aggressive capital expenditure that continues to increase depreciation and amortization. In the same period of the previous fiscal year there was a temporary increase in depreciation and amortization as a result of accelerated depreciation of some telecommunications equipment which was replaced in order to roll out the 900 MHz network.

(iii) Selling, General, and Administrative Expenses

Selling, general and administrative expenses increased by ¥45,618 million (25.7%) year on year to ¥223,400 million. This was mainly due to the effect of making GungHo and eAccess Ltd. subsidiaries, and an increase in sales commissions at SoftBank Mobile Corp.

(iv) Income from Re-measurement Relating to Business Combination

Income from re-measurement relating to business combination was ¥150,120 million (not recorded in the same period of the previous fiscal year). This corresponds to income recognized following re-evaluation at fair value of the Company's equity interest of 33.63% in GungHo, already held on the date control was acquired. Please refer to page 38 "5. Business combination" for details under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements."

[1] GungHo was made a subsidiary of the Company from an associate in April 2013. See page 38 "5. Business combination" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

[2] eAccess Ltd. was made a subsidiary of the Company in January 2013.

[3] Units sold: the total number of new subscriptions and handset upgrades

[4] iPhone and iPad are trademarks of Apple Inc. The iPhone trademark is used under license from Aiphone K.K.

(v) Other Operating Loss

Other operating loss was ¥972 million (not recorded in the same period of the previous fiscal year).

(vi) Operating Income

As a result of (i) to (v), operating income totaled ¥391,025 million, for a ¥187,709 million (92.3%) year-on-year increase.

(vii) Finance Cost, Net

Finance cost, net deteriorated ¥29,521 million year on year to a loss of ¥38,926 million. The main components were as shown below. Please refer to page 45 "11. Finance cost, net" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details about derivative losses and interest income.

・Derivative losses increased ¥27,900 million year on year to ¥29,439 million.

Among the foreign currency forward contracts that the Company concluded in relation to its acquisition of Sprint Nextel Corporation[5] ("Sprint") in the U.S., those which were not subject to hedge accounting because they did not satisfy the requirements for hedge accounting were recorded as losses of ¥16,950 million. Moreover, among the convertible bonds of Sprint undertaken by the Company's U.S. subsidiary Starburst II, Inc.[6] on October 22, 2012, the fair value of the derivative relating to the stock acquisition rights of the convertible bonds became zero as the acquisition of Sprint by the Company received approval at the stockholders' meeting of Sprint on June 25, 2013. As a result, the Company booked a loss of ¥16,356 million.

・Interest income increased ¥17,109 million year on year to ¥17,336 million.

Regarding the convertible bonds issued by Sprint, initially the expected remaining accretion period for the bond discount was 7 years based on the contract term of the bond. However, based on the approval at the stockholders' meeting of Sprint, the Company changed the estimate of the expected remaining term. Accordingly, the Company recognized interest income of ¥16,153 million, in conjunction with the change in the expected remaining term of the bond.

・Interest expense increased ¥14,722 million year on year to ¥27,383 million. The increase was mainly due to the impact of making eAccess Ltd. a subsidiary and the issuance of bonds by the Company.

(viii) Equity in Loss of Associates

Equity in loss of associates was ¥1,083 million, a deterioration of ¥3,171 million year on year (equity in income of associates of ¥2,088 million was booked for the same period of the previous fiscal year).

(ix) Income before Income Tax

As a result of (vi) to (viii), income before income tax was ¥351,016 million, an increase of ¥155,017 million (79.1%) year on year.

[5] Sprint Nextel Corporation changed its name to Sprint Communications, Inc. in July 2013.
[6] Starburst II, Inc. changed its name to Sprint Corporation in July 2013.

(x) Income Taxes

Provisions for current income taxes were ¥87,830 million, an increase of ¥10,412 million (13.4%) year on year. The increase was mainly attributable to making GungHo a subsidiary.

(xi) Net Income

As a result of (ix) to (x), net income totaled ¥263,186 million, for a ¥144,605 million (121.9%) year-on-year increase.

(xii) Net Income Attributable to Owners of the Parent

After deducting net income attributable to non-controlling interests in subsidiaries such as Yahoo Japan Corporation and GungHo from net income, net income attributable to owners of the parent was ¥238,262 million, for a ¥132,682 million (125.7%) increase year on year.

(xiii) Comprehensive Income

Total comprehensive income was ¥339,598 million, for a ¥227,093 million (201.9%) year-on-year increase. Of this, comprehensive income attributable to owners of the parent was ¥315,510 million, for a ¥216,263 million (217.9%) year-on-year increase.

(b) Results by Segment

The Company has three reportable segments(Note 1): "Domestic Mobile Communications," "Domestic Fixed-line Telecommunications," and "Internet."

In the Domestic Mobile Communications business, SoftBank Mobile Corp. and other companies provide mobile communications services and sales of mobile handsets and accessories accompanying the services, etc.

In the Domestic Fixed-line Telecommunications business, SoftBank Telecom Corp. provides telecommunication services, such as fixed-line telecommunications and data communications services to corporate customers, SoftBank BB Corp. and other companies provide broadband services for individual customers.

In the Internet business, Yahoo Japan Corporation provides Internet-based advertising operations and other services.

The reportable segments, their main businesses, and their core companies are listed in the table below.

<table>
<tr><th colspan="2">Segments</th><th>Main Business</th><th>Core Companies</th></tr>
<tr><td rowspan="3">Reportable Segments</td><td>Domestic Mobile Communications</td><td>・ Provision of mobile communications services in Japan
・ Sales of mobile handsets and accessories accompanying the above services
・ Sales of PC software and peripherals
・ Production and distribution of online games for smartphones, and other devices.</td><td>SoftBank Mobile Corp.
eAccess Ltd.
Wireless City Planning Inc.
SoftBank BB Corp.
SoftBank Telecom Corp.
GungHo Online Entertainment, Inc.</td></tr>
<tr><td>Domestic Fixed-line Telecommunications</td><td>・ Provision of telecommunications services such as fixed-line telecommunications and data communication services, etc. to domestic corporate customers
・ Provision of broadband services to domestic individual customers
・ Services accompanying the above services</td><td>SoftBank Telecom Corp.
SoftBank BB Corp.
eAccess Ltd.
Yahoo Japan Corporation</td></tr>
<tr><td>Internet</td><td>・ Internet advertising
・ Operation of e-commerce sites such as YAFUOKU! and Yahoo! Shopping, etc.
・ Membership services</td><td>Yahoo Japan Corporation</td></tr>
<tr><td colspan="2">Others</td><td>・ Fukuoka SoftBank HAWKS related businesses</td><td>Fukuoka SoftBank HAWKS Corp.
Fukuoka SoftBank HAWKS Marketing Corp.</td></tr>
</table>

Notes:
1 The results for the same period of the previous fiscal year have been presented in line with the above reportable segments.
2 Segment income is calculated as follows:
Segment income = (net sales – cost of sales – selling, general and administrative expenses) in each segment
3 Consolidated operating income is the result of adding or deducting income from re-measurement relating to business combination and other operating income (loss) to the sum of segment income.

(i) Domestic Mobile Communications

(Millions of yen)

	Three-month Period Ended June 30, 2012 YoY	**Three-month Period Ended June 30, 2013 (the period)**	Change	Change %
Net sales	522,214	**661,918**	139,704	26.8%
Segment income	138,581	**172,459**	33,878	24.4%

< Overview of Operations >

The segment's net sales increased by ¥139,704 million (26.8%) year on year to ¥661,918 million. The main factor behind the increase was the impact of making GungHo and eAccess Ltd. subsidiaries. Other factors include increases in the number of mobile phone subscribers and the number of units sold at SoftBank Mobile Corp., which led to increases in both service revenue (previously mainly telecom service revenue) and product sales (previously mainly sales of mobile handsets).

The segment's operating expenses increased by ¥105,826 million (27.6%) year on year to ¥489,459 million. The principal cause of this increase was the impact of making GungHo and eAccess Ltd. subsidiaries and higher operating expenses at SoftBank Mobile Corp. The cost of goods and sales commissions rose at SoftBank Mobile Corp. in line with an increase in the number of iPhones and other smartphones sold. SoftBank Mobile Corp. continues to make aggressive capital expenditure that continues to increase depreciation and amortization. In the same period of the previous fiscal year there was a temporary increase in depreciation and amortization as a result of accelerated depreciation of some telecommunications equipment which was replaced in order to roll out the 900 MHz network.

As a result, segment income increased by ¥33,878 million (24.4%) year on year to ¥172,459 million.

< Overview of Business Operations >

・Number of Subscribers

Net subscriber additions (new subscribers minus cancellations) for the period at SoftBank Mobile Corp. totaled 810,000. This was primarily the result of steady sales of smartphones such as iPhone, *Mimamori Phone* (handset with security buzzer), and *PhotoVision* (a digital photo frame with telecommunications functionality), due to conducting various sales promotions, such as *White Plan Student & Family Discount 2013* (ended June 2, 2013). As a result, the cumulative number of subscribers[7] at SoftBank Mobile Corp. at the end of the period stood at 33,290,000.

[7] Includes the number of prepaid mobile phones and communication module service subscribers.
The cumulative number of communication module service subscribers at the end of the period totaled 3,131,000.

・**ARPU**

ARPU (excluding communication modules)[8] at SoftBank Mobile Corp. for the period decreased by ¥50 year on year to ¥4,460. Out of this, data ARPU rose ¥150 year on year to ¥2,860. The decline in ARPU mainly reflects an increase in subscribers of low data-usage products such as *Mimamori Phone*, and a decline in the usage of voice call function of voice devices and the resulting revenue decrease. As for data ARPU, the continuous increase in the number of high data-ARPU smartphone subscribers contributed to an increase.

・**Number of Units Sold**

The number of units sold at SoftBank Mobile Corp. for the period increased by 437,000 year on year to 3,023,000. Various sales promotions for iPhone[9] continued to deliver strong sales, contributing to increases in both new subscriptions and handset upgrades. The upgrade rate[10] at SoftBank Mobile Corp. for the period was 1.25%, which was 0.2 of a percentage point higher year on year.

[8] For definition and calculation of ARPU at SoftBank Mobile Corp., see page 11 "(Reference 2: Definition and Calculation Method of ARPU, etc., at SoftBank Mobile Corp.)."

[9] Including a promotion for new and upgrading customers offering discounts, a promotion offering discounts to upgrading existing customers that allows their family members to use the old handset (if they make a new subscription), etc.

[10] For definition and calculation of the upgrade rate at SoftBank Mobile Corp., see page 11 "(Reference 2: Definition and Calculation Method of ARPU, etc., at SoftBank Mobile Corp.)."

(ii) Domestic Fixed-line Telecommunications

(Millions of yen)

	Three-month Period Ended June 30, 2012 YoY	**Three-month Period Ended June 30, 2013 (the period)**	Change	Change %
Net sales	127,935	**133,406**	5,471	4.3%
Segment income	27,734	**28,072**	338	1.2%

< Overview of Operations >

The segment's net sales increased by ¥5,471 million (4.3%) year on year to ¥133,406 million. This was mainly the impact of making eAccess Ltd. a subsidiary.

Segment income increased by ¥338 million (1.2%) year on year to 28,072 million.

(iii) Internet

(Millions of yen)

	Three-month Period Ended June 30, 2012 YoY	**Three-month Period Ended June 30, 2013 (the period)**	Change	Change %
Net sales	80,937	**96,198**	15,261	18.9%
Segment income	39,437	**46,629**	7,192	18.2%

<Overview of Operations>

The segment's net sales increased by ¥15,261 million (18.9%) year on year to ¥96,198 million. The significant increase in revenue growth was the result of sponsored-search advertising especially through smartphones at Yahoo Japan Corporation as a result of strengthening various functions of its promotion advertising[11] to enhance advertising efficiency and a vigorous sales drive. Revenues from *Yahoo! Premium ID* also increased due to revising service charges and a growth in the customer base.

Segment income increased by ¥7,192 million (18.2%) year on year to ¥46,629 million. This was primarily the result of the increase in net sales.

[11] Text-based or graphic advertisements changed on a cost-per-click basis.

(Reference 1: Principal Operational Data)

Domestic Mobile Communications

		Fiscal Year Ended March 31, 2013					Fiscal Year Ending March 31, 2014
		Three-month Period Ended June 30, 2012	Three-month Period Ended September 30, 2012	Three-month Period Ended December 31, 2012	Three-month Period Ended March 31, 2013	Fiscal Year Ended March 31, 2013	**Three-month Period Ended June 30, 2013**
		Q1	Q2	Q3	Q4	Full Year	**Q1**
Cumulative subscribers[12]	(Thousands) SoftBank Mobile Corp.	29,702	30,461	31,322		32,480	**33,290**
	eAccess Ltd[13]	4,138	4,259	4,292		4,319	**4,343**
	(Ref.) WILLCOM Inc.[14](PHS)	4,696	4,814	4,943		5,086	**5,199**
SoftBank Mobile Corp.	(Thousands) Net additions[12]	753	759	861	1,158	3,531	**810**
	Postpaid	772	771	872	1,170	3,585	**818**
	Prepaid	-19	-12	-11	-12	-55	**-8**
	(Yen per month) ARPU(excluding communication modules)[15]	4,510	4,650	4,630	4,400	4,550	**4,460**
	Data	2,710	2,760	2,800	2,840	2,780	**2,860**
	(Thousands) Handsets shipped[16]	2,359	2,631	3,486	3,082	11,558	**2,575**
	(Thousands) Units sold[17]	2,586	2,997	3,843	3,686	13,113	**3,023**
	New subscriptions	1,663	1,718	1,894	2,243	7,519	**1,790**
	Handset upgrades	923	1,279	1,949	1,443	5,594	**1,233**
	(% per month) Churn rate[18]	1.03	1.06	1.12	1.14	1.09	**0.99**
	Postpaid	0.96	1.00	1.06	1.09	1.03	**0.94**
	(% per month) Upgrade rate[18]	1.05	1.42	2.10	1.51	1.53	**1.25**
	(Ref.) (Yen per month) ARPU (including communication modules)[15]	4,210	4,340	4,300	4,060	4,230	**4,090**
	Data	2,540	2,580	2,610	2,630	2,590	**2,640**

12 Includes the number of prepaid mobile phones and communication module service subscribers.
13 eAccess Ltd. was made a subsidiary of the Company in January 2013.
14 WILLCOM Inc. was made a subsidiary of the Company in July 2013.
15 For definition and calculation method of ARPU at SoftBank Mobile Corp., see page 11 "(Reference 2: Definition and Calculation Method of ARPU, etc., at SoftBank Mobile Corp.)."
16 Handsets shipped: the number of handsets shipped (sold) to handset dealers.
17 Units sold: the total number of new subscriptions and handset upgrades
18 For definition and calculation of the churn and upgrade rates at SoftBank Mobile Corp., see page 11 "(Reference 2: Definition and Calculation Method of ARPU, etc., at SoftBank Mobile Corp.)."

(Reference 2: Definition and Calculation Method of ARPU, etc., at SoftBank Mobile Corp.)

(i) Definition and calculation method of ARPU

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

ARPU (excluding communication modules)
= (data-related revenue (excluding communication modules) + basic monthly charge, voice-related revenues, etc. (excluding communication modules)) / number of active subscribers (excluding communication modules)

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

ARPU (including communication modules)
= (data-related revenue + basic monthly charge, voice-related revenues, etc.) / number of active subscribers

Data ARPU (including communication modules)
= data-related revenue / number of active subscribers

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

Data-related revenue: packet communication and flat-rate charges, basic monthly Internet connection charges, content-related revenues, etc.

Basic monthly charge and voice-related revenues: basic monthly usage charges, voice call charges, revenues from incoming calls, device warrantee services, advertising revenue, etc.

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

(ii) Definition and calculation method of churn rate

Churn rate = churn / number of active subscribers (rounded to the nearest 0.01%)
Churn = total number of subscribers that churned during the relevant period
Number of active subscribers: the total of the monthly number of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month/2).
The number of active subscribers is based on SoftBank Mobile Corp.'s cumulative subscribers including prepaid mobile phones, communication modules, and devices that do not have voice communication functionalities.
The number of active subscribers used in the calculation of churn rate of postpaid subscribers excludes prepaid mobile phones.

(iii) Definition and calculation method of upgrade rate

Upgrade rate = number of upgrades / number of active subscribers (rounded to the nearest 0.01%)
Number of upgrades = total number of upgrades during the relevant period
Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month)/2).
The number of active subscribers is based on SoftBank Mobile Corp.'s cumulative subscribers including prepaid mobile phones, communication modules, and devices that do not have voice communication functionalities.

(Reference 3: Capital Expenditure and Depreciation)(Note 4)

(i) Capital Expenditure (acceptance basis)

(Millions of yen)

	Fiscal Year Ended March 31, 2013					**Fiscal Year Ending March 31,2014**
	Three-month Period Ended June 30, 2012	Three-month Period Ended September 30, 2012	Three-month Period Ended December 31, 2012	Three-month Period Ended March 31, 2013	Fiscal Year Ended March 31, 2013	**Three-month Period Ended June 30, 2013**
	Q1	Q2	Q3	Q4	Full Year	**Q1**
Domestic Mobile Communications	92,500	141,927	176,705	238,751	649,883	**163,581**
Domestic Fixed-line Telecommunications	10,292	12,708	16,216	26,466	65,682	**9,903**
Internet	4,942	3,195	6,310	8,538	22,985	**4,393**
Others	7,163	1,866	2,126	3,456	14,611	**2,835**
Consolidated total	114,897	159,696	201,357	277,211	753,161	**180,712**

(ii) Depreciation and Amortization

(Millions of yen)

	Fiscal Year Ended March 31, 2013					**Fiscal Year Ending March 31,2014**
	Three-month Period Ended June 30, 2012	Three-month Period Ended September 30, 2012	Three-month Period Ended December 31, 2012	Three-month Period Ended March 31, 2013	Fiscal Year Ended March 31, 2013	**Three-month Period Ended June 30, 2013**
	Q1	Q2	Q3	Q4	Full Year	**Q1**
Domestic Mobile Communications	59,693	63,548	67,778	89,204	280,223	**83,367**
Domestic Fixed-line Telecommunications	12,603	12,642	12,798	15,786	53,829	**14,809**
Internet	3,171	2,917	2,992	3,490	12,570	**3,221**
Others	1,956	2,114	2,127	2,301	8,498	**1,902**
Consolidated total	77,423	81,221	85,695	110,781	355,120	**103,299**

Note 4 The results for the previous fiscal year and each quarter of the previous fiscal year have been presented in line with the reportable segments for the period.

(2) Qualitative Information Regarding Consolidated Financial Position

(a) Assets, Liabilities, and Equity

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

(Millions of yen)

	As of March 31, 2013	**As of June 30, 2013**	Change	Change %
Total assets	7,216,809	**8,368,677**	1,151,868	16.0%
Total liabilities	5,286,381	**6,086,998**	800,617	15.1%
Total equity	1,930,428	**2,281,679**	351,251	18.2%

(i) Current Assets

Current assets at the end of the period totaled ¥3,579,664 million, for a ¥793,645 million (28.5%) increase from March 31, 2013, ("the previous fiscal year-end"). The primary components of the change were as follows:

- Cash and cash equivalents increased by ¥631,265 million from the previous fiscal year-end. This was primarily due to the issuance of new corporate bonds by the Company for the purpose of raising funds for the acquisition of Sprint.
- Other financial assets increased by ¥123,448 million from the previous fiscal year-end, primarily because of an increase of ¥76,342 million in derivative financial assets. This was mainly due to a foreign currency forward contract for approximately US$17.0 billion for the acquisition of Sprint being evaluated at fair value at the end of the period. Please refer to page 45 "11. Finance Cost, net" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

(ii) Non-current Assets

Non-current assets totaled ¥4,789,013 million at the end of the period, for a ¥358,223 million (8.1%) increase from the previous fiscal year-end. The primary components of the change were as follows:

- Goodwill increased ¥147,574 million from the previous fiscal year-end. This was mainly due to the recording of goodwill associated with making GungHo a subsidiary. Please refer to page 38 "5. Business combination" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.
- Intangible assets increased by ¥80,805 million from the previous fiscal year-end. This was mainly due to the recognition of game titles owned by GungHo upon making it a subsidiary, for ¥77,796 million (balance as of the end of the period: ¥71,313 million). Another factor was an increase of ¥19,646 million in software reflecting new acquisitions of equipment such as base stations at SoftBank Mobile Corp.
- Other financial assets increased by ¥65,515 million from the previous fiscal year-end. The primary components of the increase were increases in the fair value of WILLCOM, Inc. shares and the convertible bonds issued by Sprint held by the Company from the previous fiscal year-end.
- Property, plant and equipment increased by ¥59,544 million from the previous fiscal year-end. This was mainly because of an increase of ¥67,313 million in telecommunications equipment, primarily due to new acquisitions of equipment such as base stations in order to strengthen the communications network in the Domestic Mobile Communications segment.

(iii) Current Liabilities

Current liabilities at the end of the period totaled ¥2,834,566 million, for a ¥3,350 million (0.1%) decrease from the previous fiscal year-end. The primary components of the change were as follows:

- Interest-bearing debt increased ¥191,763 million from the previous fiscal year-end. This was mainly due to increases of ¥82,341 million in short-term borrowings, ¥55,000 million in commercial paper, ¥19,935 million in the current portion of corporate bonds, and ¥17,960 million in lease obligations payable within one year.
- Income taxes payables decreased by ¥125,666 million from the previous fiscal year-end. This mainly reflected the payment of income taxes payables recorded at the previous fiscal year-end during the period.
- Trade and other payables declined by ¥33,362 million from the previous fiscal year-end. This was mainly the result of a decrease of ¥41,214 million in accounts payable − other and accrued expenses, mainly because SoftBank Mobile Corp. paid accrued sales commissions for the 2013 spring shopping season to dealers.
- Other current liabilities decreased by ¥36,837 million from the previous fiscal year-end.

(iv) Non-current Liabilities

Non-current liabilities totaled ¥3,252,432 million at the end of the period, for a ¥803,967 million (32.8%) increase from the previous fiscal year-end. The primary components of the change were as follows:

- Interest-bearing debt increased ¥718,078 million from the previous fiscal year-end. This was mainly due to increases of ¥674,569 million in corporate bonds and ¥52,176 million in lease obligations. The increase in corporate bonds mainly reflects an increase of ¥715,309 million due to the issuance of new foreign currency denominated straight corporate bonds and unsecured straight corporate bonds by the Company to raise funds for the Sprint acquisition. Meanwhile, the total amount of ¥44,842 million of unsecured straight corporate bonds was reclassified from long-term to current liabilities, as the redemption dates came to be within one year. Lease obligations rose mainly due to an increase in capital expenditure via lease transactions in the Domestic Mobile Communications segment. For further details regarding the changes in the level of interest-bearing debt please refer to page 43 “9. Interest-bearing debt” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements.”
- Deferred tax liabilities increased by ¥66,119 million from the previous fiscal year-end, mainly in line with an increase in derivative financial assets.

(v) Equity

Total equity was ¥2,281,679 million at the end of the period, for a ¥351,251 million (18.2%) increase from the previous fiscal year-end. Of this amount, total equity attributable to owners of the parent increased by ¥291,971 million (18.1%) from the previous fiscal year-end. As a result, the equity ratio for equity attributable to owners of the parent increased by 0.5 of a percentage point from the previous fiscal year-end to 22.8%. The primary components of the change were as follows:

(Equity attributable to owners of the parent)

Total equity attributable to owners of the parent increased by ¥291,971 million from the previous fiscal year-end to ¥1,904,727 million.

- Retained earnings increased by ¥214,426 million from the previous fiscal year-end. This mainly reflected the recording of net income attributable to owners of the parent of ¥238,262 million, despite a decrease of ¥23,830 million due to the payment of the year-end dividend for the fiscal year ended March 31, 2013.
- Accumulated other comprehensive income increased by ¥77,254 million from the previous fiscal year-end. This was mainly due to an increase of ¥28,887 million in exchange differences on translating foreign operations caused by the yen's depreciation in the foreign exchange market.

(Non-controlling interests)

Non-controlling interests increased by ¥59,280 million from the previous fiscal year-end to ¥376,952 million, mainly in conjunction with making GungHo a subsidiary.

(b) Cash Flows

Cash flows during the period were as follows:

Cash and cash equivalents at the end of the period totaled ¥2,070,322 million, for a ¥631,265 million increase from the previous fiscal year-end.

(Millions of yen)

	Three-month Period Ended June 30, 2012	**Three-month Period Ended June 30, 2013**	Change
Cash flows from operating activities	117,796	**2,243**	(115,553)
Cash flows from investing activities	(176,836)	**(246,062)**	(69,226)
Cash flows from financing activities	(196,685)	**874,132**	1,070,817
(Ref.) Free cash flow(Note 5)	(59,040)	**(243,819)**	(184,779)

Note 5 Free cash flow: the combined cash flows from operating activities and investing activities.

(i) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥2,243 million (compared with ¥117,796 million provided in the same period of the previous fiscal year). The primary components of the change were as follows:

- Net income totaled ¥263,186 million.
- The main items added to net income were ¥103,299 million in depreciation and amortization and ¥39,122 million in finance cost, net.
- The main item decreasing net income was income from re-measurement relating to business combination of ¥150,120 million. Please refer to page 38 "5. Business combination" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.
- Income taxes paid was ¥256,339 million. This amount includes income tax withheld at source relating to intragroup dividend payments executed during the previous fiscal year, out of this ¥51,467 million is expected to be recovered by September 30, 2013.

(ii) Cash Flows from Investing Activities

Net cash used in investing activities was ¥246,062 million (compared with ¥176,836 million used in the same period of the previous fiscal year). The primary outlays were purchase of property, plant and equipment, and intangibles amounting to ¥182,252 million, due to capital expenditures mainly in the Domestic Mobile Communications businesses.

(iii) Cash Flows from Financing Activities

Net cash provided by financing activities was ¥874,132 million (compared with ¥196,685 million used in the same period of the previous fiscal year). The primary components of the change were as follows:

(Items increasing cash flows)

・Proceeds from long-term interest-bearing debt was ¥944,051 million. This mainly included proceeds from issuance of corporate bonds of ¥724,382 million, proceeds from sale and leaseback of equipment newly acquired of ¥126,310 million, and long-term debt of ¥93,359 million.

・Increase in short-term interest-bearing debt, net increased cash flows by ¥131,072 million.

(Items decreasing cash flows)

・Repayment of long-term interest-bearing debt was ¥180,988 million. This mainly included repayment of long-term debt of ¥87,944 million, repayment of lease obligations of ¥50,836 million, and redemption of corporate bonds of ¥25,000 million.

・Cash dividends paid of ¥21,862 million were recorded.

(3) Qualitative Information Regarding Forecast on the Consolidated Operation Results

The Company is projecting consolidated operating income of at least ¥1 trillion under IFRSs in the fiscal year ending March 31, 2014. This includes gains of ¥253.9 billion in total resulting from the re-evaluation of the existing equity interests held in GungHo and WILLCOM, Inc. at fair value when both companies became subsidiaries.

2. Notes for Summary Information

(1) Changes in accounting policies and accounting estimates

(Changes in accounting estimates)

For the three-month period ended June 30, 2013, the Company changed assumption and estimates, related to the acquisition of Sprint Nextel Corporation ("Sprint"), and used as material basis for the carrying amount of the convertible bonds issued by Sprint and held by a subsidiary, Starburst II, Inc.

Please refer to "11. Finance cost, net" in "(6) Notes to condensed interim financial statement" under "3. Condensed Interim Consolidated Financial Statements" for details.

3. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of June 30, 2013
Assets			
Current assets			
Cash and cash equivalents	1,021,113	1,439,057	2,070,322
Trade and other receivables	786,902	936,307	926,816
Other financial assets	10,399	229,239	352,687
Inventories	55,683	54,268	74,110
Other current assets	85,014	127,148	155,729
Total current assets	1,959,111	2,786,019	3,579,664
Non-current assets			
Property, plant and equipment	1,377,185	1,830,615	1,890,159
Goodwill	777,911	927,399	1,074,973
Intangible assets	340,323	524,893	605,698
Investments accounted for using the equity method	208,526	208,664	211,688
Other financial assets	318,599	634,647	700,162
Deferred tax assets	183,409	175,390	156,359
Other non-current assets	85,490	129,182	149,974
Total non-current assets	3,291,443	4,430,790	4,789,013
Total assets	5,250,554	7,216,809	8,368,677

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of June 30, 2013
Liabilities and equity			
Current liabilities			
Interest-bearing debt	926,671	1,534,128	1,725,891
Trade and other payables	975,832	972,669	939,307
Other financial liabilities	1,206	4,833	5,651
Income taxes payables	123,213	182,050	56,384
Provisions	1,456	1,602	1,536
Other current liabilities	94,155	142,634	105,797
Total current liabilities	2,122,533	2,837,916	2,834,566
Non-current liabilities			
Interest-bearing debt	1,763,273	2,173,725	2,891,803
Other financial liabilities	37,170	38,654	57,911
Defined benefit liabilities	14,953	14,506	14,510
Provisions	20,643	21,765	22,260
Deferred tax liabilities	45,351	119,628	185,747
Other non-current liabilities	79,585	80,187	80,201
Total non-current liabilities	1,960,975	2,448,465	3,252,432
Total liabilities	4,083,508	5,286,381	6,086,998
Equity			
Equity attributable to owners of the parent			
Common stock	213,798	238,772	238,772
Additional paid-in capital	250,767	436,704	436,771
Retained earnings	405,584	712,088	926,514
Treasury stock	(22,947)	(22,834)	(22,610)
Accumulated other comprehensive income	45,433	248,026	325,280
Total equity attributable to owners of the parent	892,635	1,612,756	1,904,727
Non-controlling interests	274,411	317,672	376,952
Total equity	1,167,046	1,930,428	2,281,679
Total liabilities and equity	5,250,554	7,216,809	8,368,677

(2) Condensed Interim Consolidated Statements of Income and Other Comprehensive Income

Condensed Interim Consolidated Statements of Income

(Millions of yen)

	Three-month period ended June 30, 2012	Three-month period ended June 30, 2013
Net sales	725,944	881,069
Cost of sales	(344,846)	(415,792)
Gross profit	381,098	476,277
Selling, general and administrative expenses	(177,782)	(223,400)
Income from re-measurement relating to business combination	-	150,120
Other operating loss	-	(972)
Operating income	203,316	391,025
Finance cost, net	(9,405)	(38,926)
Equity in income (loss) of associates	2,088	(1,083)
Income before income tax	195,999	351,016
Income taxes	(77,418)	(87,830)
Net income	118,581	263,186
Net income attributable to		
Owners of the parent	105,580	238,262
Non-controlling interests	13,001	24,924
	118,581	263,186
Earnings per share attributable to owners of the parent		
Basic (yen)	96.11	199.96
Diluted (yen)	94.52	199.68

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three-month period ended June 30, 2012	Three-month period ended June 30, 2013
Net income	118,581	263,186
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(2)	(6)
Total items that will not be reclassified to profit or loss	(2)	(6)
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(9,802)	22,912
Cash flow hedges	101	24,895
Exchange differences on translating foreign operations	(4,713)	22,996
Share of other comprehensive income of associates	8,340	5,615
Total items that may be reclassified subsequently to profit or loss	(6,074)	76,418
Total other comprehensive income (loss), net of tax	(6,076)	76,412
Total comprehensive income	112,505	339,598
Total comprehensive income attributable to		
Owners of the parent	99,247	315,510
Non-controlling interests	13,258	24,088
	112,505	339,598

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the three-month period ended June 30, 2012

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2012	213,798	250,767	405,584	(22,947)	45,433	892,635	274,411	1,167,046
Comprehensive income								
Net income	-	-	105,580	-	-	105,580	13,001	118,581
Other comprehensive loss	-	-	-	-	(6,333)	(6,333)	257	(6,076)
Total comprehensive income	-	-	105,580	-	(6,333)	99,247	13,258	112,505
Transactions with owners and other transactions								
Cash dividends	-	-	(43,941)	-	-	(43,941)	(11,832)	(55,773)
Transfer of accumulated other comprehensive loss to retained earnings	-	-	(2)	-	2	-	-	-
Purchase and disposal of treasury stock	-	-	-	(2)	-	(2)	-	(2)
Changes in interests in subsidiaries	-	(254)	-	-	-	(254)	(21)	(275)
Changes in associates' interests in their subsidiaries	-	(51,216)	-	-	-	(51,216)	-	(51,216)
Share-based payment transactions	-	32	-	-	-	32	-	32
Other	-	-	-	-	-	-	(197)	(197)
Total transactions with owners and other transactions	-	(51,438)	(43,943)	(2)	2	(95,381)	(12,050)	(107,431)
As of June 30, 2012	213,798	199,329	467,221	(22,949)	39,102	896,501	275,619	1,172,120

For the three-month period ended June 30, 2013

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2013	238,772	436,704	712,088	(22,834)	248,026	1,612,756	317,672	1,930,428
Comprehensive income								
Net income	-	-	238,262	-	-	238,262	24,924	263,186
Other comprehensive income	-	-	-	-	77,248	77,248	(836)	76,412
Total comprehensive income	-	-	238,262	-	77,248	315,510	24,088	339,598
Transactions with owners and other transactions								
Cash dividends	-	-	(23,830)	-	-	(23,830)	(13,556)	(37,386)
Transfer of accumulated other comprehensive loss to retained earnings	-	-	(6)	-	6	-	-	-
Purchase and disposal of treasury stock	-	17	-	224	-	241	-	241
Changes from business combination	-	-	-	-	-	-	48,866	48,866
Changes in interests in subsidiaries	-	(73)	-	-	-	(73)	(207)	(280)
Decrease by exercise of stock acquisition right	-	(29)	-	-	-	(29)	-	(29)
Share-based payment transactions	-	152	-	-	-	152	-	152
Other	-	-	-	-	-	-	89	89
Total transactions with owners and other transactions	-	67	(23,836)	224	6	(23,539)	35,192	11,653
As of June 30, 2013	238,772	436,771	926,514	(22,610)	325,280	1,904,727	376,952	2,281,679

(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Three-month period ended June 30, 2012	Three-month period ended June 30, 2013
Cash flows from operating activities		
Net income	118,581	263,186
Depreciation and amortization	77,423	103,299
Equity in (income) loss of associates	(2,088)	1,083
Finance cost, net	9,184	39,122
Income from re-measurement relating to business combination	-	(150,120)
Income taxes	77,418	87,830
Decrease in trade and other receivables	21,443	10,196
Decrease in trade and other payables	(66,995)	(31,475)
Other	15,664	(43,059)
Subtotal	250,630	280,062
Interest and dividends received	637	2,291
Interest paid	(8,789)	(23,771)
Income taxes paid	(124,682)	(256,339)
Net cash provided by operating activities	117,796	2,243
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(126,905)	(182,252)
Payments for acquisition of investments	(45,709)	(16,800)
Proceeds from sales/redemption of investments	7,571	13,780
Decrease from acquisition of control over subsidiaries	-	(15,408)
Other	(11,793)	(45,382)
Net cash used in investing activities	(176,836)	(246,062)
Cash flows from financing activities		
(Decrease) increase in short-term interest-bearing debt, net	(2,489)	131,072
Proceeds from long-term interest-bearing debt	189,337	944,051
Repayment of long-term interest-bearing debt	(131,694)	(180,988)
Cash dividends paid	(39,232)	(21,862)
Cash dividends paid to non-controlling interests	(11,791)	(13,461)
Payments for preferred stocks, stock acquisition rights, and long-term debt of subsidiaries.	(200,444)	-
Other	(372)	15,320
Net cash (used in) provided by financing activities	(196,685)	874,132
Effect of exchange rate changes on cash and cash equivalents	(333)	952
(Decrease)increase in cash and cash equivalents	(256,058)	631,265
Cash and cash equivalents at the beginning of the period	1,021,113	1,439,057
Cash and cash equivalents at the end of the period	765,055	2,070,322

(5) Significant Doubt about Going-Concern Assumption

There are no applicable items for the three-month period ended June 30, 2013.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

SoftBank Corp. is a corporation domiciled in Japan. These condensed interim consolidated financial statements are comprised of SoftBank Corp. and its subsidiaries ("the Company"). The Company engages in various businesses in the information industry, with its base in Domestic Mobile Telecommunications, Domestic Fixed-Line Telecommunications, and Internet business. The details are described in "6. Segment information."

2. Basis of preparation of condensed interim consolidated financial statements

(1) Compliance with IFRSs and first-time adoption

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" pursuant to Article 93 of the Regulation Concerning Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64, 2007), as the Company meets the criteria of a "Specified company" defined under Article 1-2, Paragraph 1, Item 1 of the Regulation Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976).

These condensed interim consolidated financial statements are the Company's first condensed interim consolidated financial statements prepared under IFRSs. The date of transition to IFRSs is April 1, 2012. The Company applied IFRS 1 "First-Time Adoption of International Financial Reporting Standards" for the transition to IFRSs. The effect of the transition to IFRSs on the Company's financial position, results of operations, and the cash flows is provided in "14. First-time adoption of IFRSs."

(2) Basis of measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain items, such as financial instruments, that are measured at fair value, as explained in "3. Significant accounting policies."

(3) Presentation currency and unit of currency

These condensed interim consolidated financial statements have been presented in Japanese yen, which is the currency of the primary economic environment of SoftBank Corp. ("functional currency"), and are rounded off to the nearest million yen.

(4) New standards and interpretations not yet adopted by the Company

The Company has not early adopted standards and interpretations (including IFRS 9 "Financial Instruments") that have not been enforced as of June 30, 2013, in the preparation of these condensed interim consolidated financial statements. The Company is currently evaluating potential impacts that application of these will have on the consolidated financial statements and it is not possible to estimate the amount of these impacts.

3. Significant accounting policies

The following significant accounting policies have been applied consistently to all periods presented in these condensed interim consolidated financial statements (including the consolidated statement of financial position at the date of transition to IFRSs) unless otherwise mentioned elsewhere.

(1) Basis of consolidation

(a) Subsidiaries

A subsidiary is an entity that is controlled by SoftBank Corp..

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiary’s financial statements are consolidated from the date when control is acquired (“acquisition date”) until the date when the control is lost.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

Non-controlling interests consist of those interests at the acquisition date and any adjustments for subsequent changes in those interests.

Total comprehensive income of subsidiaries is generally attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intragroup balances and transactions and unrealized gain or loss arising from intragroup transactions are eliminated on consolidation.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company’s losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent.

When SoftBank Corp. loses control of a subsidiary, a gains or losses is calculated as the difference between:
- The aggregate of the fair value of the consideration received and the fair value of any retained interest, and:
- The net carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the subsidiary when a control is lost.

Any amounts previously recognized in other comprehensive income in relation to the former subsidiaries are reclassified to profit or loss.

(b) Associates

An associate is an entity over which SoftBank Corp. has significant influence in the financial and operating policy decisions but does not have control or joint control.

Investments in associates are accounted for using the equity method and initially recognized at cost. The investment is adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income from the date of acquisition to the date of loss of significant influence.

When the loss of an associate exceeds the Company's interest in that company, long-term interests that, in substance, form part of the net investment in the company are decreased to zero, and no additional loss is recognized except when the Company incurs legal or constructive obligations to or makes payments on behalf of the associate.

Unrealized gains or losses on intercompany transactions with associates are recoded as the subtraction or the addition to the carrying amount of the investments only to the extent of the Company's interests in the associates.

Any excess in the cost of acquisition of an associate 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, which is included within the carrying amount of the investments accounted for using the equity method.

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

(2) 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 acquisition date fair values of the assets transferred by the Company, liabilities incurred by the Company from the former owners of the acquiree, and the equity interests issued by the Company. Acquisition-related costs are expensed 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 excess is recognized immediately as a bargain purchase gain.

On an acquisition-by-acquisition basis, the Company chooses a measurement basis of non-controlling interests at either fair value or the present ownership instruments' proportionate share 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 interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized in profit or loss.

The Company has adopted the exemption in IFRS 1 and elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations that occurred before April 1, 2012 (the date of transition to IFRSs). 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 standard (JGAAP) as of the date of transition to IFRSs and recorded by that amount after impairment test.

(3) Foreign currency translation

(a) Transactions denominated in foreign currencies

The financial statements of each company in the Company are prepared in the 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 at the rates prevailing at the end of the period. 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, except for exchange differences arising from non-monetary available-for-sale financial assets 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 the adjustments for goodwill and fair value arising from acquisitions) are translated into Japanese yen using exchange rates prevailing at the end of each period.

Income and expenses are translated using the average exchange rates for the quarter.

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.

With the adoption of the exemption in IFRS 1, the Company transferred all of the accumulated exchange differences to retained earnings at the date of transition to IFRSs.

(4) Financial instruments

(a) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contract provision of the instrument.

Financial assets and financial liabilities are measured at fair value at initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities other than financial assets at fair value through profit or loss ("financial assets at FVTPL") and financial liabilities at fair value through profit or loss ("financial liabilities at FVTPL") are added to the fair value of the financial assets or deducted from the fair value of financial liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL and financial liabilities 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 the time of initial recognition.

All purchase and sales of financial assets in a regular way are recognized and derecognized on a trade date basis. The purchase and sales in a regular way is to purchase or sell financial assets under a contract that requires the delivery of assets within a time frame established by regulation or convention in the marketplace.

(i) Financial assets at FVTPL

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.

After initial recognition, financial assets at FVTPL are stated at fair value, with any gains or loss arising from changes in fair value, dividends, or interests received recognized in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates and 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.

(iii) 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.

(iv) Available-for-sale financial assets

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

- those are designated as "available-for-sale financial assets"; or
- those 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 are recognized in profit or loss.

(v) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for any objective evidence of impairment at the end of each quarter. Financial assets are impaired when there is objective evidence of impairment, as a result of loss events that occurred after the initial recognition of the financial assets and these events have adversely affected the estimated future cash flows of the financial assets that can be reliably 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; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- 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. With regards to equity instruments classified as available-for-sale financial assets, impairment losses are not reversed.

(vi) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset.

(c) Non-derivative financial liabilities

The Company's non-derivative financial liabilities include interest-bearing debt and trade and other payables. These financial liabilities are measured at amortized cost using the effective interest method, subsequent to initial recognition.

The Company derecognizes financial liabilities when the Company's obligations are discharged, canceled or expired.

(d) Derivatives and hedge accounting

(i) 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 each quarter. 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. Derivative financial assets not designated as hedging instruments are classified into “financial assets at FVTPL” and derivative financial liabilities not designated as hedging instruments are classified into “financial liabilities at FVTPL.”

(ii) 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.

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 statements 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.

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 is reclassified immediately to profit or loss.

(iii) 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.

(e) Compound instruments

Compound instruments issued by the Company (convertible bond) are classified as liability and equity components in accordance with their contractual arrangements. Upon initial recognition of compound instruments, the liability component is measured based on the fair value of similar liabilities with no equity conversion option, and the equity component is measured as the difference between the fair value of the compound instrument as a whole and the fair value of the liability component.

Transaction costs are allocated to the liability and equity components in proportion to the initial carrying amounts and the cost related to the equity component is deducted from equity.

Subsequent to initial recognition, the liability component is measured on an amortized cost basis using the effective interest method. The equity component is not remeasured subsequent to initial recognition.

(f) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amounts are presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits and short-term investments with maturities of three-months or less that are readily convertible to cash and subject to insignificant risk of change in value.

(6) 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 and are mainly computed on the moving-average cost basis.

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

(7) 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 estimate of 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 computed 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	
FUKUOKA YAFUOKU! DOME	41 years
Network center	31 - 38 years
Other	10 - 50 years
Telecommunications equipment	
Wireless equipment, switching equipment, and other network equipment	8 - 10 years
Towers	30 - 42 years
Other	5 - 40 years
Other	2 - 10 years

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

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.

(8) Goodwill

The measurement of goodwill upon its initial recognition is described in “3. Significant accounting policies, (2) Business combinations.” Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized, and tested for impairment annually or whenever there is any indication of impairment. The Company’s policy for impairment on goodwill is described in “(11) Impairment of tangible assets, goodwill, and intangible assets” in “3. Significant accounting policies.”

The Company's policy for goodwill arising on the acquisition of an associate is described in “(1) Basis of consolidation” in “3. Significant accounting policies.”

(9) 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 upon initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill upon 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.

Intangible assets are amortized over the estimated useful lives. Amortization of the customer relationship is calculated by the sum-of-the-years' digits method, and other intangible assets by the straight-line method.

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

Software	
Software related to wireless equipment	8 - 10 years
Other	5 years
Customer relationship	6 - 8 years
Game title	3 years
Other	3 - 20 years

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

(10) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of assets to the lessee. All other leases are classified as operating leases.

The assessment of whether an arrangement is a lease or contains a lease is made on a basis of all of the facts and circumstances at the inception of the arrangement.

(a) Finance leases

(The Company as lessee)

The Company has leased assets, including the FUKUOKA YAFUOKU! DOME, wireless equipment, switching equipment, power supply systems and transmission facilities. At the inception of lease, the Company initially recognizes finance leases as assets and the lease obligation at the amount equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Subsequent to initial recognition, the accounting policy for assets held under finance leases are consistent with that of assets that are owned. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

(b) Operating leases

(The Company as lessee)

Gross operating lease payments are recognized as an expense on a straight-line basis over the term of the relevant lease.

(11) Impairment of tangible assets, goodwill, and intangible assets

(a) Impairment of tangible assets and intangible assets

At the end of each quarter, the Company determines whether there is any indication that its tangible and intangible assets have suffered an indication of impairment loss.

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 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 loss.

(b) Impairment of goodwill

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, or when there is an indication that the cash-generating unit may be impaired. If, at the time of the impairment test, the recoverable amount of the cash-generating unit 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 loss and is not reversed in subsequent periods.

(c) Reversal of impairment

At the end of each quarter, the Company determines 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 greater 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 determined had no impairment loss been recognized.

(12) Retirement benefits

The Company operates defined benefit and defined contribution retirement plans for its employees.

The liability recognized in respect of the defined benefit plans (the defined benefit liability) comprises the present value of the defined benefit obligation at the end of the quarter.

The defined benefit obligation is determined by independent actuaries using the projected unit credit method, and its present value is determined 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.

In the Company, re-measurements, which comprises actuarial gains and losses, are recognized in other comprehensive income and transferred to retained earnings immediately.
The defined benefit liability at each quarter end is based on estimated calculation with reasonable estimate, considering the actuarial calculation used at prior fiscal year end.

SoftBank Mobile Corp. and SoftBank Telecom Corp. have amended the pension plans to freeze the benefit plans as of March 31, 2007 and 2006, respectively. The retirement benefits vested on those dates will be paid at the retirement of applicable employees. The projected benefit obligations are calculated based on these vested retirement benefits. As a result, there is no service cost under the pension plans at SoftBank Mobile Corp. and SoftBank Telecom Corp.

In addition, the Company participates in multi-employer defined benefit pension plans. The contributions paid for multi-employer defined benefit pension plans are recognized as expenses in the period in which the employees render the related service. Contributions payable are recognized as liabilities.

Defined contribution plans are post-employment benefit plans under which an employer pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions.

Contributions paid for defined contribution plan are recognized as expenses in the period in which the employees render the related service. Contributions payable are recognized as liabilities.

(13) 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 quarter.

The Company recognizes asset retirement obligations as a provision.

(14) Treasury stock

When the Company reacquires its own equity share capital (“treasury stock”), the consideration paid, including any directly attributable increments costs (net of income taxes), is deducted from equity. No gain or loss is recognized on the purchase, sale, or cancellation of the treasury stock. The difference between the carrying amount and the consideration on sale is recognized as additional paid-in capital.

(15) Share-based payments

The Company has an equity-settled stock option scheme as an incentive plan for directors and employees. Stock options are measured at fair value at the grant date. The fair value of stock options is computed mainly using the Black-Scholes model and the Monte Carlo simulation.

The fair value of stock options determined at the grant date is expensed over the vesting period, based on the estimate of stock options that will eventually vest, with a corresponding increase in equity. The Company regularly reviews the assumptions made and revises estimates of the number of options that are expected to vest, when necessary.

The Company has adopted the exemption in IFRS 1 and elected not to apply IFRS 2 “Share-based Payment” for a part of share-based payments vested prior to April 1, 2012 (the date of transition to IFRSs).

(16) Revenue

The Company’s accounting policy for revenue recognition by major categories is as follows:

(a) Mobile Communications service and sales of mobile handsets

The Company enters into a contract with customers directly or indirectly, mainly through dealers, to provide mobile communications services to customers and also sells mobile handsets and accessories to dealers.

In the Mobile Communications service, revenues are mainly generated from basic monthly charges, telecom service (“revenues from the mobile telecommunications service”) and commission fees.

The mobile telecommunications services are recognized as revenue when services are provided to customers, based upon basic flat-rate monthly charges plus usage of traffic. Discounts are deducted from revenues from monthly mobile telecommunications services as a discount of mobile telecommunications charges. Points granted to customers through the customer royalty program, based on the actual charges of mobile telecommunications services, are deferred at their fair values of benefits to be exchanged based on the estimated point utilization rate and recognized as revenues upon customers’ utilizing those points.

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

Revenues from the sale of mobile handsets and accessories are recognized when mobile handsets are delivered to dealers, which is when with 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.

(b) Fixed-line Telecommunications service

In the Fixed-line Telecommunications service, revenues are generated mainly from fixed-line telecommunications services, which consist of 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 customers, based upon fixed monthly charges plus the usage of the network.

(c) Internet service

In Internet service, revenues are generated mainly from premium advertising, promotion advertising, information listing service, commission of e-commerce transaction, and revenues from membership.

Revenues from premium advertising are recognized over the period in which advertisements are shown on the web site. Revenue from promotion advertising is recognized when a user clicks on promotion advertisement. Revenues from information listing service are recognized over the period in which these services are shown on the website. Revenues from information listing service are recognized over the period in which these services are shown on the web site. Revenues from commissions of e-commerce transactions are recognized when the transactions occur. Membership revenues are recognized over the period in which the memberships are valid.

(17) Sales commission fees

The Company pays sales commission fees when dealers sell the Company's mobile handsets to customers or acquire and retain engagement of telecommunications service between the Company and customers. Commission fees related to the sales of mobile handsets are deducted from the revenues from the sales of mobile handsets. Commission fees related to the acquisition and retention of engagement of telecommunications service are recognized as selling, general and administrative expenses.

(18) Income tax

Income tax expense is comprised of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and taxes related to items that are recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the period.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses, and unused tax credits can be utilized. The recoverability of deferred tax assets are reassessed at the end of each quarter. Deferred tax liabilities are recognized for taxable temporary differences.

Deferred tax assets and liabilities are not recognized for:

- temporary differences arising from the initial recognition of assets and liabilities in a transaction that affects neither the accounting profit nor the taxable profit, other than in a business combination;
- taxable temporary differences arising from the initial recognition of goodwill;
- deductible temporary differences associated with investments in subsidiaries and associates, where it is not probable that the temporary difference will reverse in the foreseeable future or where there will not be sufficient taxable profits against which to utilize the benefits of the temporary differences; and
- taxable temporary differences associated with investments in subsidiaries and associates, where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the quarter.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

Income tax expense recorded in the respective interim period is calculated based on the estimated effective tax rate.

(19) Earnings per share

Basic earnings per share is computed by dividing net income attributable to owners of the parent by the weighted-average number of common stocks outstanding for the period.

Diluted earnings per share assumes full conversion of the issued potential stocks having a dilutive effect, with an adjustment for net income attributable to owners of the parent and the weighted-average number of common stocks outstanding for the period.

4. Significant judgments and estimates

In preparing condensed interim consolidated financial statements under IFRSs, management makes judgments, estimates, and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue, and expenses. These estimates and underlying assumptions are based on the management's best judgments, through their evaluation of various factors that were considered reasonable as of the period-end, based on historical experience and by collecting available information. By the nature of its estimates or assumptions, however, actual results in the future may differ from those estimates or assumptions.

Estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in the future periods. Estimates and underlying assumptions that involve significant risks in making material adjustments to the carrying amounts of assets and liabilities in the next period include the following:

- Estimates of fair value of assets acquired and the liabilities assumed in a business combination ((2) of Note "3. Significant accounting policies")
- Fair value measurement of available-for-sale financial assets ((4) of Note 3)
- Estimates of forecasted transactions related to hedge accounting ((4) of Note 3)
- Estimates for amortization period and impairment of financial assets measured at amortized cost ((4) of Note 3 and Note "11. Finance cost, net")
- Fair value measurement of derivatives (including embedded derivatives) ((4) of Note 3 and Note 11)
- Estimates of useful life of property, plant and equipment and intangible assets ((7) and (9) of Note 3)
- Estimates for impairment of property, plant and equipment, goodwill and intangible assets ((11) of Note 3)
- Assessment of recoverability of deferred tax assets ((18) of Note 3)

5. Business combination

For the three-month period ended June 30, 2013

GungHo Online Entertainment, Inc.

(1) Overview of consolidation

Masayoshi Son, chairman and CEO of the SoftBank Corp., has entered into a Memorandum of Understanding on Exercise of Voting Rights for Deferment of Execution of Pledges (the "MOU") with respect to the shares of GungHo Online Entertainment, Inc. ("GungHo") on April 1, 2013, with Heartis Inc. (the "Heartis"; percentage of voting interest: 18.5%), which is the second largest shareholder of GungHo and Taizo Son's asset management company and of which Taizo Son, chairman of GungHo, is the representative director. Under the MOU, in order to have Son Holdings Inc., of which Masayoshi Son is a director and which is a Masayoshi Son's asset management company, defer the execution of pledges over the shares of GungHo held by Heartis, Heartis has agreed, effective as of April 1, 2013, to the effect that at the shareholders meeting of GungHo, Heartis will exercise the voting rights for all of the shares of GungHo it holds in accordance with Masayoshi Son's directions. Also, a subsidiary of the Company, SoftBank Mobile Corp., undertook the Tender Offer from April 1, 2013 to April 26, 2013 and acquired 6.37% of GungHo shares (purchase price: ¥24,976 million). The Company and Heartis together came to represent the majority of the voting rights in GungHo's shares (percentage of voting interest: 58.50%) and GungHo Online Entertainment became a subsidiary of the Company from an equity method associate.

With this transaction, the Company expects that the Company will be able to enhance mobile content, and to improve the efficiency in operation of the mobile communications business and profitability competitiveness, by combining smartphone-focused development capability and infrastructure held by the Company, and planning and creating capability in the smartphone game industry held by GungHo.

（Business Description）

(a) Plan, development, operation and distribution of Internet online game
(b) Plan, development and sales of mobile content
(c) Plan, development and sales of character goods
(d) Plan, development and distribution of other entertainment content

（Acquisition date）

April 1, 2013

(2) Consideration transferred and the components

（Millions of yen）

		Acquisition date (April 1, 2013)
Payment amount		24,976
Fair value of equity interest in GungHo already held at the time of the acquisition		153,620
Total consideration	a	178,596

¥109 million of acquisition-related costs arising from the business combination is recognized in "Selling, general and administrative expenses."

As a result of the re-evaluation of 33.63% in equity interest already held at the time of the acquisition of control by the Company in GungHo at fair value on the acquisition date, the Company recognized a gain on the step acquisition of ¥150,120 million. This gain is presented as "Income from re-measurement relating to business combination" in the condensed interim consolidated statements of income.

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

		(Millions of yen) Acquisition date (April 1, 2013)
Current assets		36,903
Intangible assets		80,814
Other non-current assets		4,511
Total assets		122,228
Current liabilities		10,897
Non-current liabilities		29,949
Total liabilities		40,846
Net assets	b	81,382
Non-controlling interests	c	48,818
Goodwill	a-(b-c)	146,032

Non-controlling interests are measured based on the proportionate interests after the acquisition in the identifiable net assets of the acquiree at acquisition date.

Goodwill reflects excess earning power expected from the future business development and assembled workforce for game development and others, and the synergy with existing businesses.

(4) Net cash outflow from the acquisition of control over a subsidiary

	(Millions of yen) Acquisition date (April 1, 2013)
Payment for the acquisition by cash	(24,976)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	11,025
Decrease in cash from the acquisition of control over the subsidiary	(13,951)

(5) Sales and net income of the acquiree

The amount of the acquiree's sales after the acquisition date is ¥43,717 million and net income after the acquisition date is ¥11,839 million, which are recorded in the condensed interim consolidated statements of income for the three-month period ended June 30, 2013.

6. Segment information

(1) Description of reportable segments

The Company's reportable segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by the Company's board of directors in order to make decisions about the allocation of the resources and assess its performance.

The Company's segments are separated based on the products and services provided, reported by the three segments, "Domestic Mobile Communications," "Domestic Fixed-line Telecommunications," and "Internet."

"Domestic Mobile Communications" business provides, mainly through SoftBank Mobile Corp., mobile communication services, and sale of mobile phones and accessories accompanying the services.

"Domestic Fixed-line Telecommunications" business provides, mainly through SoftBank Telecom Corp., high-speed Internet connection service for corporate customers, and other services relevant to telecommunication service. It also provides, mainly through SoftBank BB Corp., broadband service for individual customers.

"Internet" business provides, mainly through Yahoo Japan Corp., Internet-based advertising operations.

The Company previously had four segments, "Mobile Communications," "Broadband Infrastructure," "Fixed-line Telecommunications," and "Internet Culture" by the year ended March 31, 2013.

In addition to the consolidation of eAccess Ltd. ("eAccess") in January 2013 and GungHo in April 2013, the Company acquired Sprint Nextel Corporation ("Sprint") in July 2013. Accordingly, the Company changed its reportable segments from the three-month period ended June 30, 2013 as the business size and region of the Company will change significantly.

Previous "Fixed-line Telecommunications" and "Broadband Infrastructure" are integrated and included in "Domestic Fixed-line Telecommunications." Also previous "Mobile Communications" is presented as "Domestic Mobile Communications" and previous "Internet Culture" is presented as "Internet." Distribution business of SoftBank BB Corp. was previously included in "Others," However it is now included in "Domestic Mobile Communications," considering the stronger connection with mobile communications.

Segment information for the three-month period ended June 30, 2012 is presented in accordance with the reportable segment after the change.

(2) Net sales and income of reportable segments

The accounting policies of the reportable segments are the same as the Company's accounting policies described in "3. Significant accounting policies." Income of reportable segments is based on income excluding "Income from re-measurement relating to business combination" and "Other operating income (loss)" from operating income as follows:

Segment income = (net sales – cost of sales – selling, general and administrative expenses) in each segment

Intersegment transactions are conducted under the same general business conditions as applied for external customers.

The following is the information about the Company's net sales and income by reportable segments. The Company also discloses "EBITDA (segment income before depreciation and amortization)" by reportable segments.

For the three-month period ended June 30, 2012

(Millions of yen)

	Reportable segments						
	Domestic Mobile Commu-nications	Domestic Fixed-line Telecomm-unications	Internet	Total	Others[1]	Reconcili-ations [2]	Consoli-dated
Net sales							
Customers	518,501	107,369	80,182	706,052	19,892	-	725,944
Intersegment	3,713	20,566	755	25,034	8,300	(33,334)	-
Total	522,214	127,935	80,937	731,086	28,192	(33,334)	725,944
EBITDA	198,274	40,337	42,608	281,219	2,572	(3,052)	280,739
Depreciation and amortization	(59,693)	(12,603)	(3,171)	(75,467)	(1,549)	(407)	(77,423)
Segment income	138,581	27,734	39,437	205,752	1,023	(3,459)	203,316
Income from re-measurement relating to business combination							-
Other operating income (loss)							-
Operating income							203,316
Finance cost, net							(9,405)
Equity in income of associates							2,088
Income before income tax							195,999

Notes:
1. "Others" includes Fukuoka SoftBank HAWKS-related business.
2. "Reconciliations" includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment.

For the three-month period ended June 30, 2013

(Millions of yen)

	Reportable segments						
	Domestic Mobile Commu-nications	Domestic Fixed-line Telecommu-nications	Internet	Total	Others [1]	Reconcili-ations [2]	Consoli-dated
Net sales							
Customers	657,227	106,874	95,495	859,596	21,473	-	881,069
Intersegment	4,691	26,532	703	31,926	9,102	(41,028)	-
Total	661,918	133,406	96,198	891,522	30,575	(41,028)	881,069
EBITDA	255,826	42,881	49,850	348,557	2,938	(6,319)	345,176
Depreciation and amortization	(83,367)	(14,809)	(3,221)	(101,397)	(1,587)	(315)	(103,299)
Segment income	172,459	28,072	46,629	247,160	1,351	(6,634)	241,877
Income from re-measurement relating to business combination							150,120
Other operating loss							(972)
Operating income							391,025
Finance cost, net							(38,926)
Equity in loss of associates							(1,083)
Income before income tax							351,016

Notes:
1. "Others" includes Fukuoka SoftBank HAWKS-related business.
2. "Reconciliations" includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment

7. Property, plant and equipment

The components of property, plant and equipment are as follows:

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of June 30, 2013
Buildings and structures	110,811	118,284	120,290
Telecommunications equipment	1,039,699	1,412,580	1,479,893
Land	72,536	73,930	73,946
Construction in progress	91,945	153,266	136,667
Other	62,194	72,555	79,363
Total	1,377,185	1,830,615	1,890,159

8. Intangible assets

The components of intangible assets are as follows:

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of June 30, 2013
Software	310,755	411,285	430,931
Customer relationship [1]	-	83,876	78,534
Game title [2]	-	-	71,313
Other	29,568	29,732	24,920
Total	340,323	524,893	605,698

Notes:

1. As a result of consolidation of eAccess in January 2013, the Company recognized customer relationship amounting to ¥84,684 million. The details of the acquisition are described in “(8) Notes to the differences in the scope of consolidation” in “14. First-time adoption of IFRSs.”
2. As a result of consolidation of GungHo in April 2013, the Compnay recognized Game title amounting to ¥77,796 million. The details of the acquisition are described in “5. Business Combination.”

9. Interest-bearing debt

(1) Components of interest-bearing debt

The components of “Interest-bearing debt” in the condensed interim consolidated statements of financial position are as follows:

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of June 30, 2013
Current			
Short-term borrowings	114,625	458,313	540,654
Commercial paper	-	-	55,000
Current portion of long-term borrowings	496,073	631,232	645,002
Current portion of corporate bonds	142,686	204,837	224,772
Current portion of lease obligations	157,302	192,658	210,618
Current portion of installment payables	15,985	47,088	49,845
Total	926,671	1,534,128	1,725,891
Non-current			
Long-term borrowings	619,517	510,856	503,578
Corporate bonds	458,520	791,919	1,466,488
Lease obligations	431,722	564,077	616,253
Preferred securities	195,920	197,468	197,890
Installment payables	57,594	109,405	107,594
Total	1,763,273	2,173,725	2,891,803

(2) Components of (decrease) increase in short-term interest-bearing debt

The components of “(decrease) increase in short-term interest-bearing debt, net” in the condensed interim consolidated statements of cash flows are as follows:

(Millions of yen)

	Three-month period ended June 30, 2012	Three-month period ended June 30, 2013
Net (decrease) increase of short-term borrowings	(2,489)	76,072
Net increase of commercial paper	-	55,000
Total	(2,489)	131,072

(3) Components of proceeds from long-term interest-bearing debt

The components of "Proceeds from long-term interest-bearing debt" in the condensed interim consolidated statements of cash flows are as follows:

(Millions of yen)

	Three-month period ended June 30, 2012	Three-month period ended June 30, 2013
Proceeds from long-term borrowings	86,329	93,359
Proceeds from issuance of corporate bonds[1]	-	724,382
Proceeds from sale and leaseback of equipment newly acquired	103,008	126,310
Total	189,337	944,051

Note:
1. Corporate bonds issued for the three-month period ended June, 30 2013 are as follows:

Name of bond	Date of issuance	Total amount of issuance	Interest rate	Date of maturity
USD-denominated Senior Notes due year 2020	April 23, 2013	\$2,485 million ¥244,176 million [2]	4.50% 3.29% [3]	April 15, 2020
Euro-denominated Senior Notes due year 2020	April 23, 2013	€625 million ¥80,206 million [2]	4.63% 4.05%[3]	April 15, 2020
43rd Unsecured Straight Corporate Bond	June 20, 2013	¥400,000 million	1.74%	June 20, 2018

Notes:
2. Cash outflow amount, fixed by the interest currency swap contract designated as a cash flow hedge, at the time of redemption, is described in JPY.
3. The interest rate, after considering the impact of converting the fixed interest rate in foreign currency into a fixed interest rate in JPY by the interest currency swap contract, designated as a cash flow hedge, is described.

(4) Components of repayment of long-term interest-bearing debt

The components of "Repayment of long-term interest-bearing debt" in the condensed interim consolidated statements of cash flows are as follows:

(Millions of yen)

	Three-month period ended June 30, 2012	Three-month period ended June, 30 2013
Repayment of long-term borrowings	(81,665)	(87,944)
Redemption of corporate bonds*	-	(25,000)
Repayment of lease obligations	(45,117)	(50,836)
Repayment of installment payables	(4,912)	(17,208)
Total	(131,694)	(180,988)

Note:
*Corporate bond redeemed for the three-month period ended June, 30 2013 is as follows:

Name of bond	Date of issuance	Amount of redemption	Interest rate	Date of redemption
31st Unsecured Straight Corporate Bond	June 2, 2010	¥25,000 million	1.17%	May 31, 2013

10. Equity

(1) Additional paid-in capital

For the three-month period ended June 30, 2012

Alibaba Group Holding Limited, an associate accounted for using the equity method, acquired the shares of Alibaba.com Limited, a subsidiary of Alibaba Group Holding Limited, through its takeover bid in June 2012 and conducted the privatization of Alibaba.com Limited. The Company's additional paid-in capital decreased by ¥51,208 million as Alibaba Group Holding Limited treated this as the change in the interests in controlled subsidiary, decreasing its additional paid-in capital.

(2) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of June 30, 2013
Available-for-sale financial assets	46,427	50,700	74,173
Cash flow hedges	(994)	114,158	139,052
Exchange differences on translating foreign operations	-	83,168	112,055
Total	45,433	248,026	325,280

11. Finance cost, net

The components of finance income and costs are as follows:

(Millions of yen)

	Three-month period ended June 30, 2012	Three-month period ended June 30, 2013
Interest income[1]	227	17,336
Interest expense	(12,661)	(27,383)
Derivative loss[1,2,3]	(1,539)	(29,439)
Other	4,568	560
Total	(9,405)	(38,926)

Notes:

1. Stock acquisition rights in the convertible bonds issued by Sprint and undertaken by a Company's subsidiary, Starburst II, Inc. ("New Sprint"), on October 22, 2012 is reported at fair value as a derivative, being bifurcated from the host contracts as it is classified as embedded derivatives.
   As the acquisition of Sprint by the Company received approval at the shareholders' meeting of Sprint on June 25, 2013, no value was ascribed to the embedded derivative. Accordingly, the Company recorded a derivative loss of ¥16,356 million during the three-month period ended June 30, 2013.
   With regards to the host contract (the bonds), the amount of payment less the fair value of the embedded derivative at inception of the bond is recorded in the consolidated statement of financial position at inception. This deduction amount is accreted using the effective interest method with corresponding adjustments to interest income. Initially, the expected remaining accretion period for the bond discount was 7 years based on the contract term of the bond. However, based on the approval at the shareholders' meeting of Sprint, the Company changed the estimate of the expected remaining term. Accordingly, during the three-month period ended June 30, 2013, the Company recognized interest income of ¥16,153 million. An increase to interest income from the reflection of this change in the expected remaining term of the bond is ¥15,568 million.

2. The Company has entered into a foreign currency forward contract for the acquisition of Sprint. As for certain contracts that do not meet the criteria for the hedge accounting, and therefore hedge accounting is not applied to, a derivative loss ¥16,950 million was recognized for the three-month period ended June 30, 2013.

3. Derivatives associated with the transactions for the acquisition of Sprint are as follows. Derivative financial assets and derivative financial liabilities are included in "Other financial assets" or "Other financial liabilities" in the condensed interim consolidated statements of financial position respectively.

Derivative to which hedge accounting is applied

(Millions of yen)

	As of April 1, 2012		As of March 31, 2013		As of June 30, 2013	
	Contract amounts (Over one year)	Fair value	Contract amounts (Over one year)	Fair value	Contract amounts (Over one year)	Fair value
Foreign exchange contracts						
To buy						
U.S. dollars	-	-	1,411,990 (-)	189,357	1,411,767 (-)	269,575
Total	-	-	1,411,990 (-)	189,357	1,411,767 (-)	269,575

Derivatives to which hedge accounting is not applied

(Millions of yen)

	As of April 1, 2012		As of March 31, 2013		As of June 30, 2013	
	Contract amounts (Over one year)	Fair value	Contract amounts (Over one year)	Fair value	Contract amounts (Over one year)	Fair value
Foreign exchange contracts						
To buy						
U.S. dollars	-	-	-	-	153,173 (-)	(5,319)
Embedded derivatives						
Stock acquisition rights	-	-	291,555 (291,555)	15,706	305,629 (305,629)	-
Total	-	-	291,555 (291,555)	15,706	458,802 (305,629)	(5,319)

12. Supplemental information to the condensed interim consolidated statements of cash flows

(1) Scope of purchase of property, plant and equipment and intangible assets

"Purchase of property, plant and equipment and intangible assets" includes cash outflows from purchasing long-term prepaid expenses that are included in other non-current assets in the condensed interim consolidated statements of financial position.

(2) Presentation of cash flow regarding finance lease

Once the Company purchases telecommunications equipment for the purpose of assembly, installation and inspection, the Company sells the equipment to lease companies for sale and leaseback purposes. The leased asset and lease obligation are recorded in the consolidated statement of financial position.

The cash outflows from the purchase of the equipment from vendors are included in "Purchase of property, plant and equipment and intangible assets" under cash flows from investing activities, and the cash inflows from the sale of the equipment to lease companies are included in "Proceeds from long-term interest-bearing debt" under cash flows from financing activities.

(3) Payments for preferred stocks, stock acquisition rights, and long-term debt of subsidiaries.

For the three-month period ended June 30, 2012

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

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

13. Significant subsequent events

For the three-month period ended June 30, 2013

(1) Consolidation of Sprint

(a) Overview of consolidation

On October 15, 2012, the Company and Sprint entered into a series of definitive agreements under which the Company will invest in Sprint (the "transaction"). After completion of negotiations, the Company and Sprint agreed to amend a portion of the transaction on June 11, 2013.

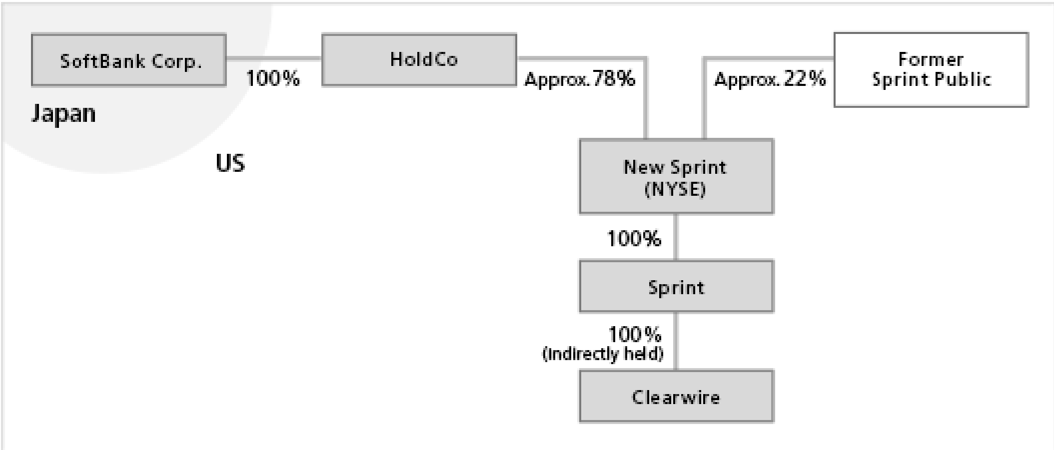
On July 10, 2013, SoftBank Corp. capitalized, through a subsidiary, Starburst I, Inc. ("HoldCo"), New Sprint with an additional approximately $18.5 billion and merged Starburst III, Inc., a subsidiary of New Sprint, with and into Sprint, with Sprint being the surviving entity. Then New Sprint and Sprint were renamed as Sprint Corporation and Sprint Communications, Inc. respectively. The total investment of SoftBank Corp. amounted to approximately $21.6 billion (approximately ¥1.8 trillion), including $3.1 billion of stock acquisition rights for corporate bonds of Sprint (the "Bond") invested by New Sprint on October 22, 2012. Of the invested amounts, approximately $16.6 billion was distributed to existing individual Sprint shareholders and $5 billion will be used to strengthen Sprint.

Through this transaction, approximately 72% of Sprint shares were acquired for $7.65 per share in cash, and the remaining shares were converted into New Sprint shares on a one-to-one basis, which were listed on the New York Stock Exchange. Also, the Bond held by New Sprint was converted into Sprint shares.

As a result of the transaction, SoftBank Corp., through its HoldCo., owns approximately 78% of the shares (as used herein, on a fully diluted basis, not giving effect to out-of-the-money options) of New Sprint, with Sprint becoming a subsidiary of SoftBank Corp.

Prior to the transaction, Clearwire Corporation ("Clearwire"), a company providing high-speed wireless communication services in the US, became a wholly owned subsidiary of Sprint on July 9, 2013.

Post-transaction Structure



(b) Purposes of consolidation

(i) Enables the Company to establish an operating base as one of the largest mobile Internet companies in the world. The combined subscriber base will be one of the largest between the U.S. and Japan*.

(ii) Enables the Company to leverage its deep expertise in smartphones and next-generation mobile networks, and its track record of success in competing in mature markets with large incumbents, to enhance Sprint's competitiveness in the U.S.

(iii) Provides Sprint $5.0 billion of new capital for its mobile network, strategic investments, and balance sheet as part of its continued efforts to fortify its operating base towards future growth.

Note:
*Based on Telecommunications Carriers Association ("TCA") data and disclosed material by relevant companies as of the end of June 2013.

(c) Outline of New Sprint, Sprint and Clearwire

(i) New Sprint

Name	Sprint Corporation
Address	6200 Sprint Parkway, Overland Park, Kansas
Name and title of representative	Dan Hesse , Chief Executive Officer and Director
Business description	Holding company. Provision of telecommunications services through its operating subsidiaries.
Note	The Chairman of the Board and the Vice Chairman of the Board will be assumed by Masayoshi Son, the Chairman & CEO of SoftBank Corp. and Ronald Fisher, Director of SoftBank Corp., respectively. Adm. Mike Mullen, former Chairman of the Joint Chiefs of Staff, has been appointed as the Director in charge of security.

(ii) Sprint

Name	Sprint Communications, Inc.
Address	6200 Sprint Parkway, Overland Park, Kansas
Name and title of representative	Dan Hesse, President
Business description	Holding company. Provision of telecommunications services through its operating subsidiaries.
Consolidated net sales	$35,345 million（the fiscal year ended December 2012/USGAAP）

(iii) Clearwire

Name	Clearwire Corporation
Address	6200 Sprint Parkway, Overland Park, Kansas
Name and title of representative	Steve Elfman, President
Business description	Holding company. Provision of high-speed wireless communication services through its operating subsidiaries.
Consolidated net sales	$1,265 million（the fiscal year ended December 2012/USGAAP）

(d) Acquisition date, total amount invested, acquisition costs, and percentage of voting interest of Sprint

Acquisition date	July 10, 2013
Total amount invested	Approx. $21.6 billion　(approx.¥1.8 trillion)
Acquisition costs	To be determined
Percentage of voting interest	Approx. 78.0%（on a fully-diluted basis）

(e) Drawdown of the bridge loan

On July 10, 2013, the Company borrowed ¥1,034.9 billion in accordance with the bridge loan agreement (the “Loan Agreement") (the maximum total amount of borrowing was reduced in March 2013), which was entered into on December 18, 2012 with financial institutions, in order to procure the required funds for the transaction. The total amount of borrowings became ¥1,284.9 billion as ¥250 billion was already borrowed on December 21, 2012 by the Loan Agreement. These borrowings are expected to be refinanced with mid- and/or long-term financings.

On June 24, 2013 the collateral was released and guarantors for the borrowings were partially amended.

Summary of the Bridge Loan

Borrower	SoftBank Corp.
Mandated lead arrangers (MLAs)	Mizuho Corporate Bank, Ltd. (currently, Mizuho Bank, Ltd.) Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Deutsche Bank AG, Tokyo Branch
Date of contract	December 18, 2012
Total amount of borrowings	¥1, 284.9 billion （Breakdown） Facility A: ¥250 billion Facility B: ¥1,034.9 billion
Loan drawdown date	Facility A: December 21, 2012 Facility B: July 10, 2013
Use of loan proceeds	Facility A: Investment in Sprint in the form of the Bond (restore balance of cash on hand used for the investment in Sprint in the form of for the Bond in October 2012) Facility B: Investment in and resulting acquisition of Sprint
Maturity	December 17, 2013
Collateral	None
Guarantors	SoftBank Mobile Corp. and SoftBank Telecom Corp.

(f) Fair values of assets and liabilities and goodwill on the acquisition date

Assets received and liabilities undertook are not determined yet as the fair value on the acquisition date is under evaluation.

(2) Consolidation of WILLCOM, Inc.

(a) Overview of consolidation

The Company owns 100% of shares issued by WILLCOM, Inc. (“WILLCOM”). However WILLCOM was in the process of rehabilitation under the Corporate Reorganization Act and the Company did not have effective control over WILLCOM. Therefore, WILLCOM was not treated as a subsidiary.

WILLCOM made prepayments of rehabilitation claims and rehabilitation security interests in June 2013 and filed a petition with the Tokyo District Court for the termination of its rehabilitation proceedings. WILLCOM received an order of termination of rehabilitation proceedings from the Tokyo District Court on July 1, 2013. Consequently, WILLCOM became a subsidiary of the Company.

Fair value of WILLCOM shares, already held by the Company at the time of the acquisition of control and re-evaluteatd on the acqusition date, is ¥104.1 billion. As a result, the Company expects to recognize a gain of ¥103.8 billion, which is the difference between the fair value and the initial acquisition price. This income will be included in "Income from re-measurement relating to business combination" in the condensed interim consolidated statement of income for the period ending September 30, 2013.

(b) Outline of WILLCOM

Name	WILLCOM, Inc.
Address	Tokyo Shiodome Bldg. 1-9-1 Higashi-shimbashi, Minato-ku, Tokyo
Name and title of representative	Ken Miyauchi, Representative director & president
Business description	Telecommunication business
Stated capital	¥150 million
Date of foundation	July 1, 1994

(c) Acquisition date
July 1, 2013

(d) Fair values of assets and liabilities and goodwill on the acquisition date
Assets received and liabilities undertook are not determined yet as the fair value on the acquisition date is under evaluation.

14. First-time adoption of IFRSs

(1) Transition to IFRSs financial reporting
The Company first prepared condensed interim consolidated financial statements in accordance with IFRSs from the three-month period ended June 30, 2013, which is the first quarter of the fiscal year ending March 31, 2014. Accounting policies adopted by the Company are described in "3. Significant accounting policies."

The latest consolidated financial statements prepared in accordance with JGAAP are for the year ended March 31, 2013. The date of transition to IFRSs is April 1, 2012.

IFRS 1, in principle, requires first-time adopters to apply IFRSs retrospectively.

However, as exceptions, the retrospective application of some aspects of IFRSs is prohibited, and they shall be applied prospectively from the date of transition to IFRSs. The following exceptions are applicable to the Company:

(a) Accounting estimates
With regards to accounting estimates used for consolidated financial statements in accordance with IFRSs, new information received afterward is not reflected, for the estimates used under IFRSs to be consistent with estimates used when the financial statements under JGAAP were prepared.

(b) Non-controlling interests
The Company applies the following requirements of IFRS 10 "Consolidated Financial Statements" prospectively from the date of transition to IFRSs:
・ the requirement that total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance; and
・ the requirements for accounting for changes in a subsidiary that do not result in a loss of control.

IFRSs also grant first-time adopters to voluntarily elect to use exemptions from some requirements of IFRSs. The Company applied the following exemptions:

(a) Business combinations

The Company has elected not to apply IFRS 3.“Business Combinations,” retrospectively to business combinations that occurred before the date of transition to IFRSs.

(b) Translation differences for foreign operations

The Company has transferred all cumulative translation differences from other comprehensive income to retained earnings on the date of transition to IFRSs.

(c) Share-based payments

The Company does not apply IFRS 2 “Share-based Payment” to a portion of stock options that were vested before the date of transition to IFRSs.

(d) Compound instruments

The Company does not apply IAS 32 “Financial Instruments: Presentation” to the compound instruments with no outstanding liability balance at the date of transition to IFRSs.

The Company has made necessary adjustments to the consolidated financial statements prepared in accordance with JGAAP that had already been disclosed, in the course of the preparation of the consolidated financial statements in accordance with IFRSs.

Reconciliations required to be disclosed under the first-time adoption of IFRSs are as follows:
Items that do not affect retained earnings and comprehensive income are included in “Reclassification” of the reconciliation. Differences in the scope of consolidation under IFRSs from JGAAP are included in “Differences in the scope of consolidation.” Items that affect retained earnings or comprehensive income are included in “Differences in recognition and measurement.”

The amounts presented in the consolidated financial statements prepared in accordance with JGAAP for the years ended on or before March 31, 2013, were rounded down to the nearest million yen. As the amounts presented in the condensed interim consolidated financial statements prepared in accordance with IFRSs for the three-month period ended June 30, 2013, are rounded off to the nearest million yen, the amounts under JGAAP presented in the reconciliations are also rounded off to the nearest million yen.

(2) Reconciliation of equity as of April 1, 2012
(Items related to consolidated statement of financial position)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Assets							**Assets**
Current assets							**Current assets**
Cash and deposits	1,016,252	(1,693)	6,554	-		1,021,113	Cash and cash equivalents
Notes and accounts receivable - trade	661,288	(35,571)	(2,560)	163,745	E	786,902	Trade and other receivables
Marketable securities	4,575	(4,575)	-	-		-	
		10,399	-	-		10,399	Other financial assets
Merchandise and finished products	42,618	13,065	-	-		55,683	Inventories
Deferred tax assets	56,469	(56,469)	-	-		-	
Other current assets	168,265	(93,391)	2,690	7,450	D	85,014	Other current assets
Less: Allowance for doubtful accounts	(39,015)	39,015	-	-		-	
Total current assets	1,910,452	(129,220)	6,684	171,195		1,959,111	Total current assets
Fixed assets							**Non-current assets**
Property and equipment, net	1,296,393	-	22,076	58,716	B, I	1,377,185	Property, plant and equipment
Intangible assets, net:							
Goodwill	780,243	-	1,211	(3,543)	A	777,911	Goodwill
Software	310,151	(310,151)	-	-		-	
Other intangibles	36,121	310,151	641	(6,590)		340,323	Intangible assets
Investments and other assets							
Investment securities	338,198	(338,198)	-	-		-	
		201,465	7,292	(231)	G	208,526	Investments accounted for using the equity method
		185,040	(22,081)	155,640	E	318,599	Other financial assets
Deferred tax assets	104,327	56,469	-	22,613		183,409	Deferred tax assets
Other assets	134,077	(64,264)	77	15,600	D,I	85,490	Other non-current assets
Less: Allowance for doubtful accounts	(15,957)	15,957	-	-		-	
Total fixed assets	2,983,553	56,469	9,216	242,205		3,291,443	Total non-current assets
Deferred charges	5,700	-	21	(5,721)		-	
Total assets	4,899,705	(72,751)	15,921	407,679		5,250,554	**Total assets**

Note: Described in “(9) Notes to the differences in recognition and measurement” on page 68.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Liabilities							**Liabilities and equity**
Current liabilities							**Current liabilities**
		716,824	-	209,847	E,I	926,671	Interest-bearing debt
Accounts payable - trade	190,533	747,461	22,650	15,188	D	975,832	Trade and other payables
Short-term borrowings	403,168	(403,168)	-	-		-	
Current portion of corporate bonds	144,988	(144,988)	-	-		-	
Accounts payable-other and accrued expenses	835,053	(835,053)	-	-		-	
		1,206	-	-		1,206	Other financial liabilities
Income taxes payables	125,116	(2,614)	5	706		123,213	Income taxes payables
Current portion of lease obligations	152,683	(152,683)	-	-		-	
		1,456	-	-		1,456	Provisions
Other current liabilities	72,184	(1,191)	174	22,988	D,F	94,155	Other current liabilities
Total current liabilities	1,923,725	(72,750)	22,829	248,729		2,122,533	Total current liabilities
Long-term liabilities							**Non-current liabilities**
		1,425,264	-	338,009	E,I	1,763,273	Interest-bearing debt
Corporate bonds	459,900	(459,900)	-	-		-	
Long-term debt	560,070	(560,070)	-	-		-	
		9,711	26,069	1,390		37,170	Other financial liabilities
Liability for retirement benefits	14,953	-	-	-		14,953	Defined benefit liabilities
		20,603	40	-		20,643	Provisions
Deferred tax liabilities	20,370	-	(313)	25,294		45,351	Deferred tax liabilities
Allowance for point mileage	32,074	(32,074)	-	-		-	
Lease obligations	347,700	(347,700)	-	-		-	
Other liabilities	105,273	(55,835)	(9,999)	40,146	D,F	79,585	Other non-current liabilities
Total long-term liabilities	1,540,340	(1)	15,797	404,839		1,960,975	Total non-current liabilities
Total liabilities	3,464,065	(72,751)	38,626	653,568		4,083,508	**Total liabilities**

Note: Described in “(9) Notes to the differences in recognition and measurement” on page 68.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Equity							**Equity**
Shareholders' equity							**Equity attributable to owners of the parent**
Common stock	213,798	-	-	-		213,798	Common stock
Additional paid-in capital	236,563	898	-	13,306	E	250,767	Additional paid-in capital
Retained earnings	530,534	-	(3,335)	(121,615)	(9)	405,584	Retained earnings
Less: Treasury stock	(22,947)	-	-	-		(22,947)	Treasury stock
		(21,253)	-	66,686	C,E	45,433	Accumulated other compre-hensive income
Accumulated other comprehensive loss							
Unrealized gain on available-for-sale securities	10,567	(10,567)	-	-		-	
Deferred loss on derivatives under hedge accounting	(993)	993	-	-		-	
Foreign currency translation adjustments	(30,827)	30,827	-	-		-	
						892,635	Total equity attributable to owners of the parent
Stock acquisition rights	898	(898)	-	-		-	
Minority interests	498,047	-	(19,370)	(204,266)	A,B E,F	274,411	**Non-controlling interests**
Total equity	1,435,640	-	(22,705)	(245,889)		1,167,046	**Total equity**
Total liabilities and equity	4,899,705	(72,751)	15,921	407,679		5,250,554	**Total liabilities and equity**

Note: Described in "(9) Notes to the differences in recognition and measurement" on page 68.

(3) Reconciliation of equity as of June 30, 2012
(Items related to consolidated statement of financial position)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Assets							**Assets**
Current assets							**Current assets**
Cash and deposits	758,182	(358)	7,231	-		765,055	Cash and cash equivalents
Notes and accounts receivable - trade	572,849	8,746	(1,522)	184,967	E	765,040	Trade and other receivables
Marketable securities	5,602	(5,602)	-	-		-	
		11,445	-	-		11,445	Other financial assets
Merchandise and finished products	28,854	12,611	-	-		41,465	Inventories
Deferred tax assets	38,481	(38,481)	-	-		-	
Other current assets	177,897	(93,490)	1,394	3,772	D	89,573	Other current assets
Less:							
Allowance for doubtful accounts	(35,536)	35,536	-	-		-	
Total current assets	1,546,329	(69,593)	7,103	188,739		1,672,578	Total current assets
Fixed assets							**Non-current assets**
Property and equipment, net	1,409,687	-	30,918	(31,041)	B,I	1,409,564	Property, plant and equipment
Intangible assets, net:							
Goodwill	764,436	-	1,212	12,263	A	777,911	Goodwill
Software	321,913	(321,913)	-	-		-	
Other intangibles	30,153	321,913	863	(6,317)		346,612	Intangible assets
Investments and other assets							
Investment securities	318,246	(318,246)	-	-		-	
		205,402	7,249	2,405	G	215,056	Investments accounted for using the equity method
		168,433	(20,240)	151,910	E	300,103	Other financial assets
Deferred tax assets	108,129	38,481	-	19,384		165,994	Deferred tax assets
Other assets	140,653	(72,262)	103	18,178	D,I	86,672	Other non-current assets
Less:							
Allowance for doubtful accounts	(16,673)	16,673	-	-		-	
Total fixed assets	3,076,544	38,481	20,105	166,782		3,301,912	Total non-current assets
Deferred charges	5,202	-	19	(5,221)		-	
Total assets	4,628,075	(31,112)	27,227	350,300		4,974,490	**Total assets**

Note: Described in "(9) Notes to the differences in recognition and measurement" on page 68.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Liabilities							**Liabilities and equity**
Current liabilities							**Current liabilities**
		740,084	-	217,597	E,I	957,681	Interest-bearing debt
Accounts payable-trade	137,244	529,862	24,493	11,660	D	703,259	Trade and other payables
Short-term borrowings	388,188	(388,188)	-	-		-	
Current portion of corporate bonds	169,988	(169,988)	-	-		-	
Accounts payable - other and accrued expenses	575,592	(575,592)	-	-		-	
		1,509	-	-		1,509	Other financial liabilities
Income taxes payables	57,024	(1,249)	4	934		56,713	Income taxes payables
Current portion of lease obligations	165,912	(165,912)	-	-		-	
		1,562	-	-		1,562	Provisions
Other current liabilities	71,581	(3,204)	84	23,676	D,F	92,137	Other current liabilities
Total current liabilities	1,565,529	(31,116)	24,581	253,867		1,812,861	Total current liabilities
Long-term liabilities							**Non-current liabilities**
		1,522,408	10,366	255,981	E,I	1,788,755	Interest-bearing debt
Corporate bonds	434,900	(434,900)	-	-		-	
Long-term debt	565,158	(565,158)	-	-		-	
		11,500	26,069	(394)		37,175	Other financial liabilities
Liability for retirement benefits	14,872	-	1	-		14,873	Defined benefit liabilities
		20,654	45	-		20,699	Provisions
Deferred tax liabilities	18,278	3	(337)	27,310		45,254	Deferred tax liabilities
Allowance for point mileage	33,556	(33,556)	-	-		-	
Lease obligations	469,865	(469,865)	-	-		-	
Other liabilities	102,630	(51,082)	(9,986)	41,191	D,F	82,753	Other non-current liabilities
Total long-term liabilities	1,639,259	4	26,158	324,088		1,989,509	Total non-current liabilities
Total liabilities	3,204,788	(31,112)	50,739	577,955		3,802,370	**Total liabilities**

Note: Described in “(9) Notes to the differences in recognition and measurement” on page 68.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Equity							**Equity**
Shareholders' equity							**Equity attributable to owners of the parent**
Common stock	213,798	-	-	-		213,798	Common stock
Additional paid-in capital	185,348	931	-	13,050	E	199,329	Additional paid-in capital
Retained earnings	577,147	-	(4,595)	(105,331)	(9)	467,221	Retained earnings
Less: Treasury stock	(22,949)	-	-	-		(22,949)	Treasury stock
		(29,895)	-	68,997	C,E,G	39,102	Accumulated other comprehensive income
Accumulated other comprehensive loss							
Unrealized loss on available-for-sale securities	(2,290)	2,290	-	-		-	
Deferred loss on derivatives under hedge accounting	(892)	892	-	-		-	
Foreign currency translation adjustments	(26,713)	26,713	-	-		-	
						896,501	Total equity attributable to owners of the parent
Stock acquisition rights	931	(931)	-	-		-	
Minority interests	498,907	-	(18,917)	(204,371)	A,B E,F	275,619	**Non-controlling interests**
Total equity	1,423,287	-	(23,512)	(227,655)		1,172,120	**Total equity**
Total liabilities and equity	4,628,075	(31,112)	27,227	350,300		4,974,490	**Total liabilities and equity**

Note: Described in "(9) Notes to the differences in recognition and measurement" on page 68.

(4) Reconciliation of equity as of March 31, 2013
(Items related to consolidated statement of financial position)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Assets							**Assets**
Current assets							**Current assets**
Cash and deposits	1,369,135	(4,505)	74,427	-		1,439,057	Cash and cash equivalents
Notes and accounts receivable - trade	662,187	26,174	26,516	221,430	D,E	936,307	Trade and other receivables
Marketable securities	4,704	(4,704)	-	-		-	
		227,235	2,004	-		229,239	Other financial assets
Merchandise and finished products	43,846	8,021	2,401	-		54,268	Inventories
Deferred tax assets	50,580	(50,580)	-	-		-	
Other current assets	490,964	(370,795)	747	6,232	D	127,148	Other current assets
Less:							
Allowance for doubtful accounts	(30,219)	30,219	-	-		-	
Total current assets	2,591,197	(138,935)	106,095	227,662		2,786,019	Total current assets
Fixed assets							**Non-current assets**
Property and equipment, net	1,657,640	-	208,596	(35,621)	B,I	1,830,615	Property, plant and equipment
Intangible assets, net:							
Goodwill	734,407	-	138,978	54,014	A	927,399	Goodwill
Software	383,733	(383,733)	-	-		-	
Other intangibles	36,805	383,733	109,844	(5,489)		524,893	Intangible assets
Investments and other assets							
Investment securities	870,608	(870,608)	-	-		-	
		458,823	(259,022)	8,863	G	208,664	Investments accounted for using the equity method
		464,151	(2,197)	172,693	E	634,647	Other financial assets
Deferred tax assets	99,967	50,580	(21)	24,864		175,390	Deferred tax assets
Other assets	158,558	(69,274)	13,902	25,996	D,H,I	129,182	Other non-current assets
Less:							
Allowance for doubtful accounts	(16,909)	16,909	-	-		-	
Total fixed assets	3,924,809	50,581	210,080	245,320		4,430,790	Total non-current assets
Deferred charges	8,880	-	9	(8,889)		-	
Total assets	6,524,886	(88,354)	316,184	464,093		7,216,809	**Total assets**

Note: Described in “(9) Notes to the differences in recognition and measurement” on page 68.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Liabilities							**Liabilities and equity**
Current liabilities							**Current liabilities**
		1,243,412	52,424	238,292	E,I	1,534,128	Interest-bearing debt
Accounts payable - trade	194,654	696,218	63,705	18,092	D	972,669	Trade and other payables
Short-term borrowings	813,491	(813,491)	-	-		-	
Current portion of corporate bonds	205,000	(205,000)	-	-		-	
Accounts payable – other and accrued expenses	751,690	(751,690)	-	-		-	
		4,833	-	-		4,833	Other financial liabilities
Income taxes payables	179,559	(3,096)	4,653	934		182,050	Income taxes payables
Deferred tax liabilities	71,975	(71,975)	-	-		-	
Current portion of lease obligations	192,603	(192,603)	-	-		-	
		1,252	350	-		1,602	Provisions
Other current liabilities	181,212	(68,189)	4,299	25,312	D,F	142,634	Other current liabilities
Total current liabilities	2,590,184	(160,329)	125,431	282,630		2,837,916	Total current liabilities
Long-term liabilities							**Non-current liabilities**
		1,721,366	188,231	264,128	E,I	2,173,725	Interest-bearing debt
Corporate bonds	734,900	(734,900)	-	-		-	
Long-term debt	354,291	(354,291)	-	-		-	
		12,981	25,673	-		38,654	Other financial liabilities
Liability for retirement benefits	14,506	-	-	-		14,506	Defined benefit liabilities
		20,847	918	-		21,765	Provisions
Deferred tax liabilities	17,940	71,975	5,879	23,834		119,628	Deferred tax liabilities
Allowance for point mileage	22,548	(22,548)	-	-		-	
Lease obligations	526,739	(526,739)	-	-		-	
Other liabilities	157,319	(116,716)	(8,552)	48,136	D,F	80,187	Other non-current liabilities
Total long-term liabilities	1,828,243	71,975	212,149	336,098		2,448,465	Total non-current liabilities
Total liabilities	4,418,427	(88,354)	337,580	618,728		5,286,381	**Total liabilities**

Note: Described in “(9) Notes to the differences in recognition and measurement” on page 68.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Equity							**Equity**
							Equity attributable to owners of the parent
Shareholders' equity							
Common stock	238,772	-	-	-		238,772	Common stock
Additional paid-in capital	429,689	736	(125)	6,404	E	436,704	Additional paid-in capital
Retained earnings	753,616	-	(6,037)	(35,491)	(9)	712,088	Retained earnings
Less: Treasury stock	(22,834)	-	-	-		(22,834)	Less:Treasury stock
		169,842	(1)	78,185	C,E,G	248,026	Accumulated other comprehensive income
Accumulated other comprehensive income							
Unrealized gain on available-for-sale securities	4,164	(4,164)	-	-		-	
Deferred gain on derivatives under hedge accounting	114,158	(114,158)	-	-		-	
Foreign currency translation adjustments	51,520	(51,520)	-	-		-	
						1,612,756	Total equity attributable to owners of the parent
Stock acquisition rights	736	(736)	-	-		-	
Minority interests	536,638	-	(15,233)	(203,733)	A,B E,F	317,672	**Non-controlling interests**
Total equity	2,106,459	-	(21,396)	(154,635)		1,930,428	**Total equity**
Total liabilities and equity	6,524,886	(88,354)	316,184	464,093		7,216,809	**Total liabilities and equity**

Note: Described in "(9) Notes to the differences in recognition and measurement" on page 68.

(5) Adjustment to comprehensive income for the three-month period ended June 30, 2012
(Items related to consolidated statement of income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Net sales	766,902	3,037	(893)	(43,102)	D	725,944	Net sales
Cost of sales	(340,506)	(2,878)	(2,471)	1,009	B,D F,I	(344,846)	Cost of sales
Gross profit	426,396	159	(3,364)	(42,093)		381,098	**Gross profit**
Selling, general and administrative expenses	(234,271)	(593)	(349)	57,431	A,B,D E,F,I	(177,782)	Selling, general and administrative expenses
Operating income	192,125						
		-	-	-		-	Income from re-measurement relating to business
		-	-	-		-	Other operating income (loss)
						203,316	**Operating income**
		(10,379)	1,270	(296)	E,G,I	(9,405)	Finance cost, net
		(501)	4	2,585	G	2,088	Equity in income of associates
Non-operating income	2,976	(2,976)	-	-		-	
Non-operating expenses	(14,122)	14,122	-	-		-	
Ordinary income	180,979						
Special income	3,336	(3,336)	-	-		-	
Special loss	(3,504)	3,504	-	-		-	
Income before income taxes and minority interests	180,811	-	(2,439)	17,627	(9)	195,999	**Income before income tax**
Income taxes	(73,122)	-	(4)	(4,292)		(77,418)	Income taxes
Income before minority interests	107,689	-	(2,443)	13,335		118,581	**Net income**

Note: Described in “(9) Notes to the differences in recognition and measurement” on page 68.

(Items related to consolidated statement of comprehensive income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Income before minority interests	107,689	-	(2,443)	13,335		118,581	**Net income**
Other comprehensive loss							**Other comprehensive loss, net of tax**
							Items that will not be reclassified to profit or loss
		-	-	(2)		(2)	Remeasure-ments of defined benefit plan
						(2)	**Total items that will not be reclassified to profit or loss**
							Items that may be reclassified subsequently to profit or loss
Unrealized loss on available-for-sale securities	(12,180)	-	-	2,378	E	(9,802)	Available-for-sale financial assets
Deferred gain on derivatives under hedge accounting	101	-	-	-		101	Cash flow hedges
Foreign currency translation adjustment	(4,730)	-	-	17		(4,713)	Exchange differences on translating foreign operations
Share of other comprehensive income of affiliated companies accounted for using equity method	8,285	-	-	55		8,340	Share of other comprehensive income of associates
						(6,074)	**Total items that may be reclassified subsequently to profit or loss**
Total other comprehensive loss	(8,524)	-	-	2,448		(6,076)	**Total other comprehensive loss, net of tax**
Comprehensive income	99,165	-	(2,443)	15,783		112,505	**Total comprehensive income**

Note: Described in “(9) Notes to the differences in recognition and measurement” on page 68.

(6) Adjustment to comprehensive income for the year ended March 31, 2013
(Items related to consolidated statement of income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Net sales	3,378,365	10,191	38,823	(224,843)	D	3,202,536	Net sales
Cost of sales	(1,590,740)	(9,522)	(22,918)	12,338	B,D F,I	(1,610,842)	Cost of sales
Gross profit	1,787,625	669	15,905	(212,505)		1,591,694	**Gross profit**
Selling, general and administrative expenses	(1,042,625)	2,574	(24,757)	270,735	A,B,D,E, F,H,I	(794,073)	Selling, general and administrative expenses
Operating income	745,000						
		1,778	-	-		1,778	Income from re-measurement relating to business
		-	-	-		-	Other operating income
						799,399	**Operating income**
		(66,003)	1,386	6,859	E,G,I	(57,758)	Finance cost, net
		(33,524)	(908)	8,295	G	(26,137)	Equity in loss of associates
Non-operating income	19,779	(19,779)	-	-		-	
Non-operating expenses	(111,565)	111,565	-	-		-	
Ordinary income	653,214						
Special income	11,383	(11,383)	-	-		-	
Special loss	(14,103)	14,103	-	-		-	
Income before income taxes and minority interests	650,494	-	(8,374)	73,384	(9)	715,504	**Income before income tax**
Income taxes	(287,174)	-	1,543	7,964		(277,667)	Income taxes
Income before minority interests	363,320	-	(6,831)	81,348		437,837	**Net income**

Note: Described in “(9) Notes to the differences in recognition and measurement” on page 68.

(Items related to consolidated statement of comprehensive income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Income before minority interests	363,320	-	(6,831)	81,348		437,837	**Net income**
Other comprehensive income							**Other comprehensive income, net of tax**
							Items that will not be reclassified to profit or loss
		-	-	68		68	Remeasurements of defined benefit plan
						68	**Total items that will not be reclassified to profit or loss**
							Items that may be reclassified subsequently to profit or loss
Unrealized loss on available-for-sale securities	(8,121)	-	1	12,609	E	4,489	Available-for-sale financial assets
Deferred gain on derivatives under hedge accounting	117,859	-	(2,723)	-		115,136	Cash flow hedges
Foreign currency translation adjustment	65,906	-	-	(50)		65,856	Exchange differences on translating foreign operations
Share of other comprehensive income of affiliated companies accounted for using the equity method	15,270	-	2,710	821		18,801	Share of other comprehensive income of associates
						204,282	**Total items that may be reclassified subsequently to profit or loss**
Total other comprehensive income	190,914	-	(12)	13,448		204,350	**Total other comprehensive income, net of tax**
Comprehensive income	554,234	-	(6,843)	94,796		642,187	**Total comprehensive income**

Note: Described in “(9) Notes to the differences in recognition and measurement” on page 68.

(7) Notes to the reclassification

The following reclassifications are made for the transition to IFRSs and do not affect retained earnings and comprehensive income.

(a) Under JGAAP, investments in associates were included in investment securities. Under IFRSs, they are separately presented as investments accounted for using the equity method.

(b) Under JGAAP, short-term borrowings, current portion of corporate bonds and current portion of lease obligations are presented as separate components and installment payables were included in accounts payable-other and accrued expenses. Under IFRSs, they are all included in interest-bearing debt (current). In addition, under JGAAP, corporate bonds, long-term debt and lease obligations (non-current) are presented as separate components and long-term installment payables were included in other liabilities (long term). Under IFRSs, they are all included in interest-bearing debt (non-current).

(c) Under JGAAP, accounts payable - trade were presented separately. Accounts payable - other (except for installment payables) were included in accounts payable - other and accrued expenses. Deposits and other payables were included in other current liabilities. Under IFRSs, they are all included in trade and other payables.

(d) All deferred tax assets and liabilities that were classified as current items under JGAAP are classified as non-current items under IFRSs.

(e) Upon transition to IFRSs, sales and cost of sales arising from transactions where the Company is acting as a principal are presented on a gross basis. Sales and cost of sales arising from transactions where the Company is acting as an agent are presented on a net basis.

(f) Finance income and cost, such as interest expense, that were presented as non-operating income, non-operating expenses, special income and special loss under JGAAP are presented under finance income (cost), net under IFRSs.

(g) Other reclassifications have been made by aggregating or separating presentation under JGAAP to be consistent with the presentation under IFRSs.

(8) Notes to the differences in the scope of consolidation

The effect of the review of the scope of consolidation under IFRSs from JGAAP is separately presented in these reconciliations.

Under JGAAP, Wireless City Planning Inc. ("WCP"), which operates a wireless communications network using AXGP technology, was accounted for using the equity method, as the Company owns 33.3% of its voting rights. Upon transition to IFRSs, the Company determined that it has substantial control over WCP and included it into the scope of consolidation considering the fact that the Company constitutes the majority of members of WCP's board of directors and that WCP's business activities significantly depend on the Company.

In addition to the effect above, there is also a following effect in the reconciliation of equity as of March 31, 2013 and comprehensive income for the year ended March 31, 2013.

eAccess became the Company's wholly owned subsidiary effective on January 1, 2013. On January 17, 2013, the Company transferred certain stocks of eAccess to 11 companies outside of the Company.
Under JGAAP, the Company's voting rights in eAccess decreased to 33.3% after the transfer of stocks and eAccess was accounted for using the equity method. Under IFRSs, the Company determined that it has substantial control over eAccess and included it into the scope of consolidation, as the economic ownership ratio of 99.5% is significantly higher than the percentage of voting rights and the proportion of voting rights is relatively large compared to other holders of voting rights due to the dispersion of voting rights.

Set out below is the consideration transferred, fair values of assets and liabilities, non-controlling interests, goodwill and proceeds from the acquisition of control over a subsidiary, recognized in accordance with IFRS 3 "Business Combinations", as a result of consolidation of eAccess on January 1, 2013:

(a) Consideration transferred, fair values of assets and liabilities, non-controlling interest, and goodwill on the acquisition date

		(Millions of yen) Acquisition date (January 1, 2013)
Consideration transferred[1]	a	218,296
Current assets		84,069
Property, plant and equipment		147,886
Intangible assets		109,317
Other non-current assets		38,311
Total assets		379,583
Current liabilities		108,073
Non-current liabilities		190,576
Total liabilities		298,649
Net assets	b	80,934
Non-controlling interests[2]	c	404
Goodwill	a-(b-c)	137,766

Notes:
1. Consideration transferred is SoftBank Corp.'s stock issued by the share exchange with eAccess.
2. Non-controlling interests are measured based on the proportionate interests in identifiable net assets of the acquiree.

(b) Proceeds from the acquisition of control over the subsidiary

	(Millions of yen) Acquisition date (January 1, 2013)
Cash and cash equivalents held by the acquiree when control is acquired	29,796
The proceeds from transfer of Class B shares of eAccess	1,100
Less: Cash and cash equivalents paid for the acquisition of control over a subsidiary	-
Net cash inflow from the acquisition of control over a subsidiary	30,896

(9) Notes to the differences in recognition and measurement

Major adjustments to the retained earnings are as follows:

(Millions of yen)

	As of April 1, 2012	As of June 30, 2012	As of March 31, 2013
Retained earnings under JGAAP	530,534	577,147	753,616
Differences in the scope of consolidation	(3,335)	(4,595)	(6,037)
Differences in recognition and measurement			
A. Goodwill	(2,750)	12,990	60,798
B. Property, plant and equipment	(49,256)	(50,032)	(50,914)
C. Cumulative translation differences for foreign operation at the date of transition to IFRSs	(30,827)	(30,827)	(30,827)
D. Revenue recognition	(19,919)	(19,005)	(17,048)
E. Financial instruments	(20,370)	(19,074)	(14,517)
F. Employee benefits	(14,404)	(14,404)	(14,338)
G. Investments in associates	(231)	2,351	8,042
H. Acquisition-related costs arising from business combinations	-	-	(3,801)
I. Leases	(4,203)	(3,840)	(2,850)
Other	(6,590)	(6,269)	(5,094)
Tax effect on adjustments above and other tax effects	26,935	22,779	35,058
Total differences	(121,615)	(105,331)	(35,491)
Retained earnings under IFRSs	405,584	467,221	712,088

*A to I and "Other" in the table above are presented before net of tax effects.

Major adjustments to income before income tax are as follows:

(Millions of yen)

	Three-month period ended June 30, 2012	Year ended March 31, 2013
Income before income taxes and minority interests under JGAAP	180,811	650,494
Differences in the scope of consolidation	(2,439)	(8,374)
Differences in recognition and measurement		
A. Goodwill	15,799	64,022
B. Property, plant and equipment	(767)	(1,307)
C. Cumulative translation differences for foreign operation at the date of transition to IFRSs	-	-
D. Revenue recognition	914	2,871
E. Financial instruments	(1,424)	1,093
F. Employee benefits	5	(90)
G. Investments in associates	2,582	8,273
H. Acquisition-related costs arising from business combinations	-	(3,801)
I. Leases	364	1,353
Other	154	970
Total differences	17,627	73,384
Income before income tax under IFRSs	195,999	715,504

Details of major differences are as follows:

A. Goodwill

Under JGAAP, goodwill was amortized regularly over the periods in which economic benefits were reasonably expected to be realized. Under IFRSs, it is not amortized regularly and this results in an increase of the remaining amount of goodwill and a decrease of selling, general and administrative expenses for the three-month period ended June 30, 2012 and for the year ended March 31, 2013.

An impairment test on goodwill was performed on April 1, 2012 and an impairment loss of ¥3,543 million on goodwill was recognized on April 1, 2012. The amount of the impairment loss on goodwill attributable to owners of the parent was deducted from retained earnings. The impaired goodwill is mainly related to the Domestic Fixed-line Telecommunications segment and Internet segment.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of June 30, 2012	As of March 31, 2013
Increase (decrease) in goodwill	(3,543)	12,529	60,751
Decrease in non-controlling interests	793	461	47
Increase (decrease) in retained earnings	(2,750)	12,990	60,798

(Consolidated statements of financial position)	Three-month period ended June 30, 2012	Year ended March 31, 2013
Decrease in selling, general and administrative expenses	15,799	64,022
Increase in income before income tax	15,799	64,022

B. Property, plant and equipment

Upon transition to IFRSs, residual values and depreciation method of property, plant and equipment have been reviewed.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of June 30, 2012	As of March 31, 2013
Decrease in property, plant and equipment	(46,257)	(47,025)	(47,564)
Increase in non-controlling interests	(2,999)	(3,007)	(3,350)
Decrease in retained earnings	(49,256)	(50,032)	(50,914)

(Consolidated statements of income)	Three-month period ended June 30, 2012	Year ended March 31, 2013
Increase in cost of sales	(781)	(1,917)
Decrease in selling, general and administrative expenses	14	610
Decrease in income before income tax	(767)	(1,307)

C. Cumulative translation differences for foreign operations at the date of transition to IFRSs

By applying the exemption as an IFRSs first-time adopter as described above, the Company has transferred all cumulative translation differences for foreign operations to retained earnings on the date of transition to IFRSs (April 1, 2012), which has resulted in a decrease in retained earnings by ¥30,827 million.

D. Revenue recognition

(a) Under JGAAP, commission fees related to sales of mobile handsets that the Company pays to dealers of mobile handsets were expensed as incurred. Under IFRSs, the amount of commission fees expected to occur in the future is deducted from the related revenues.

(b) Under JGAAP, activation fees and upgrade fees were recognized as revenues upon receipt. Under IFRSs, they are deferred upon entering into the contract and recognized as revenues over the estimated average contract period and estimated average usage period of handsets. Direct costs related to activation are deferred to the extent of the activation fees and upgrade fees are amortized over the same periods.

(c) Under JGAAP, an allowance for point mileage was accrued based on the estimated future obligation arising from point service to customers and provisions for the allowance were expensed as selling, general and administrative expenses. Under IFRSs, point services are recognized individually as goods to be transferred or serviced to be provided in the future. The fair value of benefits exchanged with points is deducted from revenues and revenues are recognized when customers use those points.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of June 30, 2012	As of March 31, 2013
Increase in trade and other receivables	-	-	1,226
Increase in other current assets	10,009	10,257	14,462
Increase in other non-current assets	38,942	39,794	45,990
Increase in trade and other payables	(19,919)	(19,005)	(18,274)
Increase in other current liabilities	(10,009)	(10,257)	(14,462)
Increase in other non-current liabilities	(38,942)	(39,794)	(45,990)
Decrease in retained earnings	(19,919)	(19,005)	(17,048)

(Consolidated statements of income)	Three-month period ended June 30, 2012	Year ended March 31, 2013
Decrease in net sales	(43,102)	(224,843)
Decrease in cost of sales	1,100	11,501
Decrease in selling, general and administrative expenses	42,916	216,213
Increase in income before income tax	914	2,871

E. Financial instruments

(a) Under JGAAP, convertible bonds with stock acquisition rights were recognized as a whole and presented as a liability. Under IFRSs, stock acquisition rights embedded in convertible bonds are recognized separately and presented as additional paid-in capital. They are measured as the difference between the entire fair value of the convertible bonds with stock acquisition rights and the fair value of similar bonds with no stock acquisition rights. Also, under JGAAP, transaction costs related to the issuance of bonds are recognized as an asset and amortized over the redemption period. Under IFRSs, they are allocated to the liability and equity components in proportion to the carrying amounts. The costs related to liability is reflected in the measurement of amortized cost of the bond and recognized as expenses over the redemption period. The cost related to stock acquisition rights is deducted from equity.

(b) Under JGAAP, commission fees related to borrowing were expensed as incurred. Under IFRSs, they are included in measuring the liability at amortized cost and recognized as an expense over the redemption period.

(c) Under JGAAP, financial assets related to securitization transactions were derecognized when control over financial components of the financial assets is transferred to a third party. Under IFRSs, financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset.
Therefore, for certain securitization transactions that previously qualified for extinguishment of financial assets under JGAAP, securitized receivables are recognized retrospectively and accompanying liabilities are recognized as borrowings under IFRSs since they are not qualified for derecognition of financial assets under IFRSs.

(d) Under JGAAP, unlisted shares were measured based on their historical costs and impaired as necessary. Under IFRSs, they are classified as available-for-sale financial assets and measured at their fair values.

(e) Under JGAAP, advances to dealers for installment sales receivables of mobile handsets were recognized as receivables by the amount under the installment contract, less allowance for doubtful accounts. Under IFRSs, the receivables arising from advances to dealers are recognized as trade and other receivables or other financial assets (non-current), while commission is expensed. Commission consists of credit risk, collecting costs and interest due to the passage of time.

(f) Under JGAAP, preferred securities issued by a subsidiary were accounted for as equity transactions. Under IFRSs, they are accounted for as interest-bearing debt and measured at amortized cost using the effective interest method as it is necessary to deliver cash to owners of preferred securities in the future.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of June 30, 2012	As of March 31, 2013
Increase in trade and other receivables	163,745	184,967	220,204
Increase in other financial assets (non-current)	155,640	151,910	172,693
Increase in interest-bearing debt (current)	(205,229)	(217,074)	(238,245)
Increase in interest-bearing debt (non-current)	(253,987)	(255,910)	(264,087)
Increase in additional paid-in capital (before tax)	(22,366)	(22,366)	(22,035)
Increase in accumulated other comprehensive income (before tax)	(56,170)	(59,607)	(71,529)
Decrease in non-controlling interests	204,413	204,392	204,135
Other	(6,416)	(5,386)	(15,653)
Decrease in retained earnings	(20,370)	(19,074)	(14,517)

(Millions of yen)

(Consolidated statements of income)	Three-month period ended June 30, 2012	Year ended March 31, 2013
Increase in selling, general and administrative expenses	(1,044)	(5,463)
Decrease (increase) in finance cost	(380)	6,556
Increase (decrease) in income before income tax	(1,424)	1,093

(Consolidated statements of comprehensive income)	Three-month period ended June 30, 2012	Year ended March 31, 2013
Increase in available-for-sale financial assets	2,378	12,609
Increase in other comprehensive income (net of tax)	2,378	12,609

F. Employee benefits

(a) Upon transition to IFRSs, unused paid absences and long-term employee benefits are recognized as liabilities.

(b) Under JGAAP, unrecognized actuarial gains and losses of retirement benefit obligations in the defined benefit plans were expensed as incurred in principle. Under IFRSs, they are recognized as other comprehensive income and transferred to retained earnings as incurred.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of June 30, 2012	As of March 31, 2013
Increase in other current liabilities	(12,002)	(12,002)	(11,817)
Increase in other non-current liabilities	(3,783)	(3,783)	(3,952)
Decrease in non-controlling interests	1,381	1,381	1,431
Decrease in retained earnings	(14,404)	(14,404)	(14,338)

(Consolidated statements of income)	Three-month period ended June 30, 2012	Year ended March 31, 2013
Decrease (increase) in cost of sales	1	(9)
Decrease (increase) in selling, general and administrative expenses	4	(81)
Increase (decrease) in income before income tax	5	(90)

G. Investments in associates

Under JGAAP, goodwill related to investments accounted for using the equity method was amortized equally over the periods in which economic benefits were reasonably expected to be realized. Under IFRSs, it is not amortized regularly and that results in an increase of investments accounted for using the equity method and equity income of associates for the three-month period ended June 30, 2012 and for the year ended March 31, 2013. As of April 1, 2012, the entire investment over associates, including goodwill, is tested for impairment. As a result, as of April 1, 2012, the Company recognized an impairment loss of ¥231 million and deducted it from retained earnings.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of June 30, 2012	As of March 31, 2013
Increase (decrease) in investments accounted for using the equity method	(231)	2,405	8,863
Increase in accumulated other comprehensive income (before tax)	-	(54)	(821)
Increase (decrease) in retained earnings	(231)	2,351	8,042

(Consolidated statements of income)	Three-month period ended June 30, 2012	Year ended March 31, 2013
Increase in finance cost	(3)	(22)
Increase in equity in income of associates	2,585	8,295
Increase in income before income tax	2,582	8,273

H. Acquisition-related costs arising from business combinations

Under JGAAP, acquisition-related costs arising from business combinations are recognized as an asset when they are regarded as consideration for the acquisitions. Under IFRSs, they are expensed as incurred or when services are rendered as transaction costs, directly attributable to business combinations, which have resulted in a decrease in other non-current assets.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of June 30, 2012	As of March 31, 2013
Decrease in other non-current assets	-	-	(3,801)
Decrease in retained earnings	-	-	(3,801)

(Consolidated statements of income)	Three-month period ended June 30, 2012	Year ended March 31, 2013
Increase in selling, general and administrative expenses	-	(3,801)
Decrease in income before income tax	-	(3,801)

I. Leases

Under JGAAP, finance lease transactions in which the ownership of leased assets was not transferred to lessees and that are contracted before April 1, 2008, are accounted for as operating lease transactions as permitted exceptionally. Under IFRSs, leased assets and lease obligations are recognized. Accordingly, provisions for impairment of leased assets which were previously included in other liabilities (non-current) under JGAAP are offset by property, plant and equipment. Long-term prepaid lease expenses are offset by lease obligations.

The effect arising from the difference is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of June 30, 2012	As of March 31, 2013
Increase in property, plant and equipment	104,973	15,983	11,943
Decrease in other non-current assets	(22,676)	(21,172)	(16,059)
Increase in interest-bearing debt (current)	(4,619)	(523)	(47)
Increase in interest-bearing debt (non-current)	(84,023)	(71)	(41)
Other	2,142	1,943	1,354
Decrease in retained earnings	(4,203)	(3,840)	(2,850)

(Millions of yen)

(Consolidated statements of income)	Three-month period ended June 30, 2012	Year ended March 31, 2013
Decrease in cost of sales	264	1,066
Decrease in selling, general and administrative expenses	5	12
Decrease in finance cost	95	275
Increase in income before income tax	364	1,353

(10) Notes to reconciliation of cash flows

The adjustment of cash flows for the three-month period ended June 30, 2012

(Millions of yen)

(Consolidated statements of Cash Flows)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities
JGAAP	131,879	(166,274)	(220,121)
Differences in the scope of consolidation	(485)	(9,433)	10,366
Differences in recognition and measurement			
(a) Securitization transactions	(12,127)	-	12,127
(b) Measuring financial liabilities by amortized costs	(233)	-	233
(c) Other	(1,238)	(1,129)	710
Total differences in recognition and measurement	(13,598)	(1,129)	13,070
IFRSs	117,796	(176,836)	(196,685)

The adjustment of cash flows for the year ended March 31, 2013

(Millions of yen)

(Consolidated statements of Cash Flows)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities
JGAAP	894,460	(919,770)	365,494
Differences in the scope of consolidation	5,687	41,725	20,667
Differences in recognition and measurement			
(a) Securitization transactions	(51,081)	-	51,081
(b) Measuring financial liabilities by amortized costs	(23,571)	-	23,571
(c) Other	(12,470)	3,901	10,664
Total differences	(87,122)	3,901	85,316
IFRSs	813,025	(874,144)	471,477

Major differences in recognition and measurement are as follows:

(a) Securitization transactions

Under JGAAP, securitization transactions qualifying for extinguishment of financial assets were included in cash flows from operating activities. Under IFRSs, certain securitized receivables are recognized for securitization transactions that are not qualified for derecognition of financial assets and accompanying liabilities are accounted for as borrowings. Accordingly, an increase or decrease in borrowings is included in cash flows from financing activities. As a result, cash flows from operating activities decreased with a corresponding increase in cash flows from financing activities.

(b) Measuring financial liabilities by amortized costs

Under JGAAP, commission fees related to borrowings and corporate bonds were included in cash flows from financing activities. Under IFRSs, due to measuring borrowings and corporate bonds by amortized costs, commission fees are included in cash flows from operating activities. As a result, cash flows from operating activities decreased with a corresponding increase in cash flows from financial activities.