SoftBank Group

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

SoftBank Group Corp.
Consolidated Financial Report
For the three-month period ended June 30, 2016 (IFRS)

Tokyo, July 28, 2016

1. Financial Highlights

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

(1) Results of Operations

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

	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, 2016	**¥2,126,521**	**2.9**	**¥319,236**	**0.2**	**¥356,361**	**(5.3)**	**¥272,351**	**8.9**	**¥254,157**	**19.1**	**¥(103,069)**	**-**
Three-month period ended June 30, 2015	¥2,066,518	-	¥318,557	-	¥376,308	-	¥250,017	124.6	¥213,382	175.1	¥351,838	418.3

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Three-month period ended June 30, 2016	**¥223.55**	**¥222.22**
Three-month period ended June 30, 2015	¥179.43	¥176.70

Note:
Net sales, operating income, and income before income tax for the three-month period ended June 30, 2016 are presented based on the amounts from continuing operations only. Year-on-year percentage changes in net sales, operating income, and income before income tax for the three-month period ended June 30, 2015 are not presented because corresponding amounts for the three-month period ended June 30, 2015 are revised and presented respectively.
Please refer to page 59 "Note 14. Discontinued operations" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

(2) Financial Position

	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, 2016	**¥20,622,229**	**¥3,271,996**	**¥2,414,068**	**11.7**
As of March 31, 2016	¥20,707,192	¥3,505,271	¥2,613,613	12.6

SoftBank Group

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2016	-	20.00	-	21.00	41.00
Fiscal year ending March 31, 2017	-				
Fiscal year ending March 31, 2017 (Forecasted)		22.00	-	22.00	44.00

Note:
Revision of forecasts on the dividends: No

3. Forecasts on the Consolidated Results of Operations for the Fiscal Year Ending March 2017 (April 1, 2016 – March 31, 2017)

Currently it is difficult to provide forecasts on the results in figures due to a large number of uncertain factors affecting the earnings. The Company will announce its forecasts on the consolidated results of operations when it becomes possible to make a rational projection.

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes
Newly consolidated: One company West Raptor Holdings, LLC
Please refer to page 40 "(1) Significant Changes in Scope of Consolidation for the Three-month Period Ended June 30, 2016" in "2. Notes to Summary Information" for details.

(2) Changes in accounting policies and accounting estimates
[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

(3) Number of shares issued (common stock)
[1] Number of shares issued (including treasury stock):
As of June 30, 2016: 1,200,660,365 shares
As of March 31, 2016: 1,200,660,365 shares
[2] Number of treasury stock:
As of June 30, 2016: 68,359,541 shares
As of March 31, 2016: 53,760,198 shares
[3] Number of average stocks during three-month period (April-June):
As of June 30, 2016: 1,136,931,899 shares
As of June 30, 2015: 1,189,244,141 shares

*** Implementation status of interim review procedures**

This interim consolidated financial report is not subject to interim review procedures based on the Financial Instruments and Exchange Act, and the review procedures for the condensed 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 forecast figures are estimated based on the information that the Company is able to obtain at present and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.

On July 28, 2016, the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on our website in both Japanese and English at http://www.softbank.jp/en/corp/irinfo/. The Earnings Results Data Sheet will also be posted on the Company's website around 4 p.m. on the same day at http://www.softbank.jp/en/corp/irinfo/presentations/.

(Appendix)

Contents

Definition of Company Names and Abbreviations Used in this Appendix

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

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

1. Qualitative Information Regarding Three-month Period Results

(1) Qualitative Information Regarding Consolidated Results of Operations

a. Consolidated Results of Operations

(Millions of yen)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change	Change %
Continuing operations				
Net sales	2,066,518	**2,126,521**	60,003	2.9%
Operating income	318,557	**319,236**	679	0.2%
Income before income tax	376,308	**356,361**	(19,947)	(5.3%)
Net income from continuing operations	239,715	**212,292**	(27,423)	(11.4%)
Discontinued operations				
Net income from discontinued operations	10,302	**60,059**	49,757	482.9%
Net income	250,017	**272,351**	22,334	8.9%
Net income attributable to owners of the parent	213,382	**254,157**	40,775	19.1%

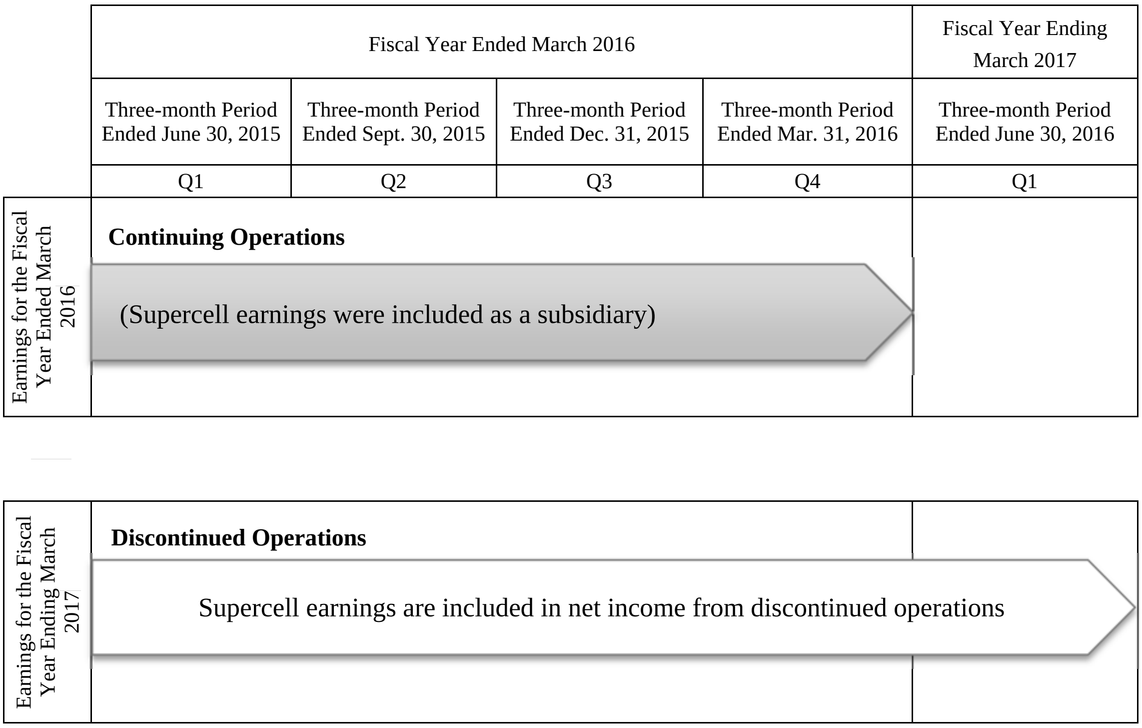
Reference: Average exchange rates used for translation

	Fiscal Year Ended March 2016				**Fiscal Year Ending March 2017**
	Three-month Period Ended June 30, 2015	Three-month Period Ended Sept. 30, 2015	Three-month Period Ended Dec. 31, 2015	Three-month Period Ended Mar. 31, 2016	Three-month Period Ended June 30, 2016
	Q1	Q2	Q3	Q4	Q1
USD / JPY	¥121.34	¥121.91	¥121.07	¥116.95	¥109.07

< Results Related to Supercell >

The Company entered into a definitive agreement to sell all of its shares in Supercell to an affiliate of Tencent Holdings Limited on June 21, 2016. Accordingly, Supercell's net income until June 30, 2016 (the "end of the first quarter") is presented as discontinued operations separately from continuing operations. Net income of Supercell for the three-month period ended June 30, 2015 (the "same period of the previous fiscal year") has been revised retrospectively and presented under discontinued operations. Please refer to page 59 "14. Discontinued operations" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

Upon transfer of the shares scheduled on August 5, 2016, Supercell will no longer qualify as a subsidiary of the Company and will no longer be consolidated into the Company's financial results.



An overview of the consolidated results of operations for the three-month period ended June 30, 2016 (the "first quarter") is as follows:

(Continuing Operations)

(a) Net Sales

Net sales totaled ¥2,126,521 million, an increase of ¥60,003 million (2.9%) year on year. This resulted from increases in net sales of the Domestic Telecommunications segment, the Yahoo Japan segment, and the Distribution segment, which outweighed a decline in net sales of the Sprint segment.

The Domestic Telecommunications segment's net sales (for customers) amounted to ¥754,662 million, an increase of ¥40,176 million (5.6%) year on year. The main reason for the increase was increases in both telecom service revenue and product and other sales.

The Sprint segment's net sales (for customers) totaled ¥848,098 million, a decrease of ¥89,715 million (9.6%) year on year. A year-on-year decrease in U.S. dollar-based net sales of $15 million (0.2%) was exacerbated in yen-terms by the yen's appreciation against the U.S. dollar.

The Yahoo Japan segment's net sales (for customers) was ¥201,392 million, an increase of ¥92,861 million (85.6%) year on year. The main reason for the increase was the consolidation of ASKUL Corporation by Yahoo Japan Corporation in August 2015.

The Distribution segment's net sales (for customers) amounted to ¥300,148 million, an increase of ¥15,968 million (5.6%) year on year.

(b) Operating Income

Operating income totaled ¥319,236 million, an increase of ¥679 million (0.2%) year on year. The main reason for the increase was increases in income of ¥23,964 million in the Domestic Telecommunications segment, ¥1,456 million in the Yahoo Japan segment, and ¥6,269 million in the Distribution segment, which outweighed a decline in income of ¥24,220 million in the Sprint segment.

(c) Finance Cost

Finance cost totaled ¥112,107 million, an increase of ¥6,596 million (6.3%) year on year. The increase was mainly due to an increase in the interest expense of SoftBank Group Corp.

(Millions of yen)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change
Finance cost	(105,511)	**(112,107)**	(6,596)
(incl.) Sprint	(68,989)	**(69,724)**	(735)
Reference: U.S. dollar-based	USD (569) million	**USD (639) million**	USD (70) million

(d) Income on Equity Method Investments

Income on equity method investments was ¥35,466 million, a decrease of ¥45,136 million (56.0%) year on year. This was mainly due to a decline of ¥27,212 million in income on equity method investments related to Alibaba, as well as a deterioration of ¥17,284 million year on year in income and loss on equity method investments related to an investment fund invested into by a subsidiary of SoftBank Group Corp. In the same period of the previous fiscal year, income on equity method investments related to the investment fund was boosted due to the IPO of one of its investees in June 2015.

Alibaba continues to grow steadily, and its net income for the three-month period ended March 31, 2016[1] (U.S. GAAP basis) increased by CNY 2,472 million (85.4%) year on year to CNY 5,365 million ((A) in the table on the following page; "Reference: Net Income of Alibaba and the Company's Related Income on Equity Method Investments.") Despite this situation, the Company's income on equity method investments related to Alibaba declined year on year. The reason for this was that in the three-month period ended March 31, 2015, Alibaba's net income under IFRSs of CNY 10,070 million ((C) in the same table) was significantly higher than its net income under U.S. GAAP of CNY 2,893 million ((B) in the same table), mainly due to recognizing the amount of changes in the fair value of its financial assets at FVTPL (Fair Value Through Profit or Loss) as income.

[1] The Company applies the equity method to the financial statements of Alibaba, an associate of the Company, on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba due to the contract with Alibaba.

(Millions of yen)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change	Change %
Income on equity method investments	80,602	**35,466**	(45,136)	(56.0%)
(incl.) Alibaba	64,094	**36,882**	(27,212)	(42.5%)

Reference: Net Income of Alibaba and the Company's Related Income on Equity Method Investments

	Three-month Period Ended March 31, 2015	**Three-month Period Ended March 31, 2016**	Change
Alibaba			
Net income (U.S. GAAP)	million CNY (B) 2,893	**million CNY (A) 5,365**	million CNY 2,472
IFRSs adjustment	million CNY 7,177	**million CNY 1,434**	million CNY (5,743)
Net income (IFRSs)	million CNY (C) 10,070	**million CNY 6,799**	million CNY (3,271)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change
Income on equity method investments related to Alibaba			
Interest ratio	32.54%	**32.60%**	-
Interest ratio after the sale of a portion of shares[2]	-	**31.29%**	-
Income on equity method investments	million CNY 3,277	**million CNY 2,216**	million CNY (1,061)
Average exchange rate used for translation: CNY/JPY	¥19.56	**¥16.64**	(¥2.92)
Income on equity method investments	million JPY 64,094	**million JPY 36,882**	million JPY (27,212)

(e) Gain on Sales of Equity Method Associates

Gain on sales of equity method associates was ¥204,233 million (not recorded in the same period of the previous fiscal year). This mainly reflected the sale of a portion of the shares of Alibaba held by subsidiary SB CHINA HOLDINGS PTE LTD ("SB China") to Alibaba and two Singaporean sovereign wealth funds.

The Company also expects to record gain on sale of shares of equity method associates in the three-month period ending September 30, 2016 (the "second quarter"), in conjunction with the sale of a portion of Alibaba shares to Alibaba Partnership[3] as it took place on July 11, 2016.

[2] Interest ratio after the sale of a portion of Alibaba's shares to Alibaba and two Singaporean sovereign wealth funds by SB CHINA HOLDINGS PTE LTD.

[3] Not an affiliate of Alibaba

(f) Other Non-operating Income and Loss

Other non-operating loss was ¥90,467 million, a deterioration of ¥173,127 million compared to income of ¥82,660 million in the same period of the previous fiscal year. The primary components of other non-operating income and loss were as follows:

i. Impairment loss on assets classified as held for sale was ¥42,540 million (not recorded in the same period of the previous fiscal year). This was due to the measurement of 248,300,000 shares of GungHo tendered by the Company, out of the 272,604,800 shares held, in the tender offer by GungHo for its own shares (the "Tender Offer") that was executed from June 23, 2016 to July 21, 2016. The Company recorded loss in relation to the difference between the valuation of the tendered shares at the tender offer price of ¥294 per share and their carrying amount on a consolidated basis.

ii. Loss from financial assets at FVTPL was ¥30,283 million (gain of ¥84,272 million was recorded in the same period of the previous fiscal year). This was due to recording a loss as the amount of changes in the fair value of the Company's financial assets at FVTPL, such as preferred shares of Jasper Infotech Private Limited, an operator of the e-commerce website *snapdeal.com* in India, and ANI Technologies Private Limited, an operator of the taxi booking platform *Ola* also in India, from March 31, 2016 (the "previous fiscal year-end") to the end of the first quarter. These decreases in the fair value mainly reflected the yen's appreciation against the Indian rupee at the end of the first quarter compared to the previous fiscal year-end.

Financial assets at FVTPL is a class of financial instruments under IFRSs. The fair value of financial assets at FVTPL is required to be measured at the end of each quarter, with changes to be recognized as net income or loss.

Please refer to page 59 "13. Other non-operating income (loss)" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

(g) Income before Income Tax

As a result of (b) to (f), income before income tax was ¥356,361 million, a decrease of ¥19,947 million (5.3%) year on year.

(h) Income Taxes

Income taxes were ¥144,069 million, an increase of ¥7,476 million (5.5%) year on year. This mainly reflected the recording of deferred tax expenses for anticipated taxation on gain on the sale of Alibaba shares (including intercompany sale) that arose at SB China in conjunction with the monetization of a portion of Alibaba shares. Meanwhile, tax effects were recognized in principle for income on equity method investments such as Alibaba and gain from financial assets at FVTPL.

(i) Net Income from Continuing Operations

As a result of (g) and (h), net income from continuing operations totaled ¥212,292 million, a decrease of ¥27,423 million (11.4%) year on year.

(Discontinued Operations)

(j) Net Income from Discontinued Operations

Net income from discontinued operations was ¥60,059 million (net income of ¥10,302 million was recorded in the same period of the previous fiscal year). This was due to recording Supercell's income after income tax of ¥21,117 million (income of ¥17,270 million was recorded in the same period of the previous fiscal year) and deferred tax expenses for investment temporary differences of ¥38,942 million as a negative expense (not recorded in the same period of the previous fiscal year). Deferred tax expenses for investment temporary differences was recorded due to the recording of deferred tax assets in relation to the difference between the carrying amount of Supercell on a consolidated basis and its carrying amount on a tax basis. Previously, the tax effect for the difference in the amounts was not recognized; however, having decided to sell Supercell's shares, the Company recorded deferred tax assets.

(k) Net Income

As a result of (i) and (j), net income amounted to ¥272,351 million, an increase of ¥22,334 million (8.9%) year on year.

(l) Net Income Attributable to Owners of the Parent

After deducting net income attributable to non-controlling interests such as Yahoo Japan Corporation and Sprint from (k), net income attributable to owners of the parent amounted to ¥254,157 million, an increase of ¥40,775 million (19.1%) year on year.

(m) Comprehensive Loss

Comprehensive loss totaled ¥103,069 million, a decrease of ¥454,907 million year on year. Of this, comprehensive loss attributable to owners of the parent was ¥93,847 million, a decrease of ¥396,684 million year on year.

b. Results by Segment

The Company's reportable segments are components of business activities for which decisions on resource allocation and assessment of performance are made. The Company has four reportable segments: "Domestic Telecommunications," "Sprint," "Yahoo Japan," and "Distribution."

The main businesses and core companies of each reportable segment are as follows:

Segments		Main Businesses	Core Companies
Reportable segments	Domestic Telecommunications	・Provision of mobile communications services in Japan ・Sale of mobile devices in Japan ・Provision of broadband services to retail customers in Japan ・Provision of telecom services to corporate customers in Japan, such as data communications and fixed-line telephone services	SoftBank Corp. Wireless City Planning Inc.
	Sprint	・Provision of mobile communications services in the U.S. ・Sale and lease of mobile devices and sale of accessories in the U.S. ・Provision of fixed-line telecommunications services in the U.S.	Sprint Corporation
	Yahoo Japan	・Internet advertising ・e-commerce business ・Membership services	Yahoo Japan Corporation ASKUL Corporation
	Distribution	・Distribution of mobile devices overseas ・Sale of PC software, peripherals, and mobile device accessories in Japan	Brightstar Corp. SoftBank Commerce & Service Corp.
Other		・Fukuoka SoftBank HAWKS-related businesses	Fukuoka SoftBank HAWKS Corp.

Note:

1. The calculation methods of segment income and adjusted EBITDA of reportable segments are as follows:
   Segment income =
   (net sales – cost of sales – selling, general and administrative expenses ± other operating income (loss)) in each segment

   Adjusted EBITDA =
   (segment income (loss) + depreciation and amortization ± other operating income (loss)) in each segment

(a) Domestic Telecommunications Segment

(Millions of yen)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change	Change %
Net sales	722,570	**761,763**	39,193	5.4%
Segment income	215,049	**239,013**	23,964	11.1%
Depreciation and amortization	107,798	**112,266**	4,468	4.1%
Other operating (income) loss	-	**-**	-	-
Adjusted EBITDA	322,847	**351,279**	28,432	8.8%

< Overview of the Segment >

The Domestic Telecommunications segment comprises the subsidiaries that operate telecommunications businesses in Japan, such as SoftBank Corp. and Wireless City Planning Inc. SoftBank Corp. provides (i) mobile communications services under the *SoftBank* and *Y!mobile* brands, (ii) broadband services for retail customers, such as *SoftBank Hikari*[4] and *Yahoo! BB*, and (iii) fixed-line telecommunications services for corporate customers, such as data communications and fixed-line telephone services. Wireless City Planning Inc. provides broadband wireless access (BWA) services using the 2.5 GHz band.

The segment's net sales are categorized as telecom service revenue and product and other sales. Telecom service revenue includes the communication revenues of each service (i)-(iii) above, as well as device warranty service revenue, content-related revenues, and advertising revenue. Product and other sales include the sales of mobile devices for mobile communications services and the sales of terminals for broadband services on customer premises.

Looking ahead, the market of domestic telecommunications, such as mobile communications services, is expected to grow more slowly than in the past. In this environment, to ensure steady profit growth in the domestic telecommunications business, SoftBank Corp. has identified users of smartphones, feature phones, tablets, and mobile data communication devices, which are all sources of revenue and profit, as the "main subscribers" and concentrated its efforts on acquiring and maintaining such subscribers. Particularly, SoftBank Corp. puts its strongest emphasis on the acquisition and the improvement of the churn rate of smartphone users by focusing on the promotion of the *Home Bundle Discount Hikari Set*, which offers a discount on the communication charges of mobile communications services to customers subscribing to both mobile communications services and broadband services such as *SoftBank Hikari*.

Moreover, SoftBank Corp. is working to develop new peripheral services such as video streaming, electricity provision, and robotics, and to achieve further operational efficiency and cost reductions.

[4] A fiber-optic service using the wholesale fiber-optic connection of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION ("NTT East") and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION ("NTT West")

(Breakdown of Net Sales)

(Millions of yen)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change	Change %
Total net sales	722,570	**761,763**	39,193	5.4%
Telecom service revenue	586,867	**605,751**	18,884	3.2%
Mobile communications	482,718	**480,067**	(2,651)	(0.5%)
Telecom[5]	429,607	**422,007**	(7,600)	(1.8%)
Service[6]	53,111	**58,060**	4,949	9.3%
Broadband	37,247	**59,237**	21,990	59.0%
Fixed-line telecommunications	66,902	**66,447**	(455)	(0.7%)
Product and other sales	135,703	**156,012**	20,309	15.0%

< Overview of Operations >

The segment's net sales totaled ¥761,763 million, an increase of ¥39,193 million (5.4%) year on year. Of this, telecom service revenue totaled ¥605,751 million, an increase of ¥18,884 million (3.2%), while product and other sales was ¥156,012 million, an increase of ¥20,309 million (15.0%).

The increase in telecom service revenue reflected an increase in broadband revenue following steady expansion of the *SoftBank Hikari* fiber-optic service. On the other hand, mobile communications revenue decreased by ¥2,651 million (0.5%) year on year to ¥480,067 million, mainly reflecting an increase in the total amount of discounts (negative impact on revenue) associated with growth in the cumulative number of applications of the *Home Bundle Discount Hikari Set,* which outweighed an increase in service revenue associated with an expansion in content services.

The increase in product and other sales mainly reflected an increase in sales of smartphones and terminals for broadband services on customer premises. Smartphone sales increased as the impact of a rise in the unit prices outweighed a decline in the number of devices shipped.[7]

Operating expenses increased by ¥15,229 million (3.0%) year on year to ¥522,750 million. The main factors affecting operating expenses were as follows:

- Cost of products increased by ¥4,056 million (4.0%) year on year. This mainly reflected an increase in the number of devices shipped for smartphones, which have a high purchase price per unit, and terminals for broadband services on customer premises, despite a year-on-year improvement in valuation loss on mobile device inventories. The gross margin on product sales improved significantly, mainly due to an increase in the sales price of mobile devices and an attendant increase in monthly installment payment amounts.

[5] Telecom revenues of mobile communications services, etc. under the *SoftBank* and *Y!mobile* brands
[6] Device warranty service revenue, content-related revenues, advertising revenue, etc.
[7] The number of devices shipped (sold) to dealers. Includes the number of devices sold to customers at stores operated by SoftBank Corp. and the SoftBank ONLINE SHOP.

- Sales commission fees decreased by ¥707 million (0.9%) year on year. This mainly reflected a year-on-year decrease in the average cost of sales commission fees for smartphones, despite increases in the number of units sold[8] for smartphones and the number of new subscriptions of broadband subscribers.
- Telecommunications network charges increased by ¥8,781 million (17.2%) year on year. This mainly reflected an increase in fiber-optic connection charges for the *SoftBank Hikari* fiber-optic service.
- Sales promotion expenses increased by ¥2,743 million (11.5%) year on year. This mainly reflected stronger sales expansion of the *SoftBank Hikari* fiber-optic service.
- Depreciation and amortization increased by ¥4,468 million (4.1%) year on year to ¥112,266 million.

As a result of the above, segment income increased by ¥23,964 million (11.1%) year on year to ¥239,013 million. Adjusted EBITDA, which was obtained by adding depreciation and amortization to segment income, increased by ¥28,432 million (8.8%) year on year to ¥351,279 million.

< Overview of Business Operations >

Among the segment's businesses, the following is an overview of the business operations of the mobile communications and broadband services of SoftBank Corp. For definitions and calculation methods of subscribers, ARPU, and churn rate at SoftBank Corp., please refer to page 26 "(a) SoftBank Corp." under "(Reference 2: Definitions and Calculation Methods of Principal Operational Data)."

i. Mobile Communications Service

・ Subscribers (Main Subscribers)

The cumulative number of main subscribers of mobile communications services at the end of the first quarter stood at 32,149,000 for 112,000 net additions from the previous fiscal year-end. Smartphones and tablets marked net additions in the first quarter, which outweighed net losses for feature phones. In particular, the number of subscribers for *Y!mobile* smartphones grew briskly.

(Thousands)

	As of March 31, 2016	**As of June 30, 2016**	Change
Cumulative subscribers	32,038	**32,149**	112

・*Home Bundle Discount Hikari Set* Applications

The *Home Bundle Discount Hikari Set* offers a discount on the communication charges of mobile communications services to customers subscribing to both mobile communications services (applicable for smartphones, feature phones, and tablets among main subscribers) and broadband services such as *SoftBank Hikari*. The cumulative number of applications[9] of the *Home Bundle Discount Hikari Set* at the end of the first quarter stood at 3,702,000 for mobile communications services, up 733,000 from the previous fiscal year-end, and 1,790,000 for broadband services,[10] up 352,000.

[8] The total number of new subscriptions and device upgrades. New subscriptions where customers switch between *SoftBank* and *Y!mobile* under the Mobile Number Portability (MNP) system are included in the number of device upgrades.
[9] Includes the *Fiber-optic Discount* applied to mobile communications services under the *Y!mobile* brand
[10] Includes that of fiber-optic lines as long as the discount is applied to the associated mobile communications services, even if physical connection of the fiber-optic line is not complete at the central office of NTT East or NTT West.

(Thousands)

	As of March 31, 2016	**As of June 30, 2016**	Change
Mobile communications service	2,969	**3,702**	733
Broadband service	1,438	**1,790**	352

・**ARPU (Main Subscribers)**

Total ARPU for main subscribers of mobile communications services for the first quarter was ¥4,610, a decrease of ¥50 year on year.

Of this, telecom ARPU declined by ¥90 to ¥4,050. This mainly reflected an increase in the amount of discount applied to telecom ARPU in conjunction with the increase in the cumulative number of applications of the *Home Bundle Discount Hikari Set* and an increase in the compositional ratio of *Y!mobile* smartphones, which have a relatively low service charge. This was partially offset by an increase in the compositional ratio of smartphone subscribers within the cumulative number of main subscribers.

Service ARPU increased by ¥40 year on year to ¥560. This mainly reflected the increase in the number of subscribers to content services.

(Yen / Month)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change
Total ARPU	4,660	**4,610**	(50)
Telecom ARPU	4,140	**4,050**	(90)
Service ARPU	520	**560**	40

・**Number of Units Sold (Main Subscribers)**

The number of units sold for mobile devices of main subscribers for the first quarter increased by 155,000 year on year to 2,353,000. This mainly reflected increases in the number of units sold for both smartphones and feature phones, particularly for *Y!mobile* smartphones. On the other hand, the number of units sold for mobile data communication devices declined.

(Thousands)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change
Units sold	2,198	**2,353**	155
New subscriptions	1,169	**1,154**	(15)
Device upgrades	1,029	**1,199**	170

・**Churn Rate (Main Subscribers)**

The churn rate for main subscribers of mobile communications services for the first quarter was 1.13%, an improvement of 0.11 of a percentage point year on year. This mainly reflected a decline in the number of subscribers switching to other operators under the Mobile Number Portability (MNP) system and a gradual improvement in the churn rate for smartphones and feature phones, associated with expansion of the *Home Bundle Discount Hikari Set*. These improvements were partially offset by a deterioration of the churn rate for mobile data communication devices.

To further improve the churn rate for main subscribers of mobile communications services over the medium term, SoftBank Corp. is now executing initiatives to improve the quality of customer service at sales channels such as *SoftBank Stores*, as well as expanding the *Home Bundle Discount Hikari Set*. SoftBank Corp. is also planning to launch a benefit program in autumn 2016 for long-term subscribers who continue their subscriptions after the two-year contract expiration.

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change
Churn rate	1.24%	**1.13%**	0.11 pp improvement

ii. Broadband Service

The cumulative number of subscribers for broadband services at the end of the first quarter stood at 5,345,000, a 266,000 increase from the previous fiscal year-end. This mainly reflected an increase of 526,000[11] subscribers for *SoftBank Hikari*, while subscribers for *Yahoo! BB hikari with FLET'S*[12] decreased by 211,000 and subscribers for *Yahoo! BB ADSL*[13] decreased by 49,000.

Since the launch of the *SoftBank Hikari* fiber-optic service in March 2015, SoftBank Corp. shifted its main focus of broadband services from *Yahoo! BB hikari with FLET'S* to *SoftBank Hikari* and is now actively working to acquire *SoftBank Hikari* subscribers through sales channels nationwide such as electronics retail stores and *SoftBank Stores*. Since *SoftBank Hikari* ARPU[11] is higher than that of *Yahoo! BB hikari with FLET'S* and *Yahoo! BB ADSL*, SoftBank Corp. expects a steady increase in telecom service revenue from broadband services in step with the increase in subscribers to *SoftBank Hikari*. For the first quarter, *SoftBank Hikari* ARPU was ¥4,960, *Yahoo! BB hikari with FLET'S* ARPU was ¥1,810, and *Yahoo! BB ADSL* ARPU was ¥2,560.

(Thousands)

	As of March 31, 2016	**As of June 30, 2016**	Change
Cumulative subscribers	5,079	**5,345**	266
SoftBank Hikari[11]	1,717	**2,243**	526
Yahoo! BB hikari with FLET'S	2,008	**1,797**	(211)
Yahoo! BB ADSL	1,354	**1,305**	(49)

11 Includes the number of subscribers and ARPU of *SoftBank Air*, the high-speed wireless Internet service provided through the *Air terminal*
12 An Internet service provider (ISP) service offered as a package with NTT East and NTT West's *FLET'S Hikari Series* fiber-optic connection
13 A service combining an ADSL connection service and an ISP service

(b) Sprint Segment

(Millions of yen)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change	Change %
Net sales	973,994	**873,923**	(100,071)	(10.3%)
Segment income	69,588	**45,368**	(24,220)	(34.8%)
Depreciation and amortization	190,278	**214,049**	23,771	12.5%
Other operating (income) loss	(694)	**12,277**	12,971	-
Adjusted EBITDA	259,172	**271,694**	12,522	4.8%

Reference: U.S. dollar-based results (IFRSs) (Millions of U.S. dollars)

Net sales	8,027	**8,012**	(15)	(0.2%)
Segment income	574	**416**	(158)	(27.5%)
Adjusted EBITDA	2,136	**2,491**	355	16.6%

<Overview of the Segment>

Sprint aims to return to a growth trajectory by increasing its net sales while promoting large-scale cost reductions and liquidity improvement. To stabilize its net sales, Sprint is focusing on increasing the number of postpaid phone subscribers, which are its largest source of revenue and profit, by advancing initiatives to improve its network. Sprint has shown steady progress by recording postpaid phone net subscriber additions for four consecutive quarters from the three-month period ended September 30, 2015. Meanwhile, in cost reductions and liquidity improvement, Sprint is making solid progress on multiple initiatives that it started in the fiscal year ended March 2016.

In cost reductions, Sprint reviewed its budget across all areas, and started implementing a plan to transform the way it does business and significantly lower its cost structure (the “Transformation”) during the fiscal year ended March 2016. Sprint is making steady progress with its cost reductions, aiming to achieve a target run rate[14] operating expense reduction of $2 billion or more exiting the fiscal year ending March 2017.

In addition to cash flow improvement through the aforementioned cost reduction initiatives, Sprint is working to diversify its financing sources to improve its financial flexibility. As a result, Sprint’s liquidity at the end of the first quarter totaled approximately $11 billion. For details, please refer to page 20 “< Measures to Improve Liquidity >.”

[14] Estimated future figures based on the assumption that current trends continue

< Overview of Operations >

The segment's net sales decreased by ¥100,071 million (10.3%) year on year to ¥873,923 million. Although the decrease in U.S. dollar net sales was subdued at $15 million (0.2%), the decline was exacerbated when net sales were translated into yen due to the yen's appreciation against the U.S. dollar year on year.

Telecom revenue in U.S. dollar terms declined due to customer shifts to lower rate plans offered in conjunction with device financing options such as leases and installment sales, as well as a decrease in prepaid subscribers. On the other hand, device revenue in U.S. dollar terms increased significantly, mainly reflecting an increase in lease revenue associated with an increase in subscribers under the leasing program.

Operating expenses decreased by ¥75,851 million (8.4%) year on year to ¥828,555 million. Although operating expenses increased by $143 million (1.9%) year on year in U.S. dollar terms, they decreased in yen terms due to the yen's appreciation against the U.S. dollar year on year.

The increase in operating expenses in U.S. dollar terms reflected increases in depreciation and amortization as well as deterioration of other operating income and loss. Excluding these, operating expenses steadily decreased due to the Transformation that started in the fiscal year ended March 2016.

The main factors affecting operating expenses were as follows:

- Cost of services decreased. This was mainly due to a decline in network expenses following the termination of the high-speed wireless communication service *WiMAX* on March 31, 2016, as well as a decrease in roaming expenses paid to other mobile telecommunications operators.
- Cost of products increased. This was mainly due to recognition of handset rent expenses in conjunction with the first sale-leaseback transaction of leased devices conducted in November 2015, which outweighed a year-on-year decline in the number of units sold following a decrease in Sprint platform[15] postpaid unit upgrades (excluding wholesale and affiliate) in the first quarter. For further details on the impact of the sale-leaseback transaction on the financial statements, please refer to page 18 "Reference 3: Impact on Financial Statements of Fund Procurement Using Leased Devices."
- Selling, general and administrative expenses (excluding depreciation and amortization) decreased. This mainly reflected reductions in advertising expenses, personnel expenses related to customer support and so forth, and outsourcing expenses related to operations such as IT, which were associated with the Transformation that started in the fiscal year ended March 2016. Another contributing factor was a decrease in provision for doubtful accounts accompanying an improvement in payment delinquency due to an increase in the compositional ratio of prime customers.

Loss on disposal of property, plant and equipment of ¥13,066 million was recorded (not recorded in the same period of the previous fiscal year). This was recognized for the write-off of leased devices associated with lease cancellations prior to the scheduled customer lease terms where customers did not return the devices to Sprint. This loss was recognized under "other operating loss" in the condensed interim consolidated statements of income and is included in the calculation of the segment's adjusted EBITDA.

[15] Sprint-operated CDMA and LTE networks

Depreciation and amortization increased by ¥23,771 million (12.5%) year on year to ¥214,049 million. This mainly reflected the increase in leased devices recorded as assets. For a breakdown of depreciation and amortization, please refer to “Reference 1: Sprint’s Depreciation and Amortization” below.

Other operating loss was ¥12,277 million, a deterioration of ¥12,971 million year on year (other operating income of ¥694 million was recorded in the same period of the previous fiscal year.) Other operating loss for the first quarter was mainly comprised of loss on contract termination of ¥12,287 million. For details of the loss on contract termination, please refer to “Reference 2: Loss on Contract Termination Related to the Shentel Transaction” below.

As a result of the above, segment income decreased by ¥24,220 million (34.8%) year on year to ¥45,368 million. Segment income in U.S. dollar terms decreased by $158 million (27.5%) year on year. This was mainly due to the recording of one-off expenses including those resulting from contract termination and an increase in depreciation associated with the increase in leased devices recorded as assets, outweighing the cost reduction efforts through the Transformation.

Adjusted EBITDA, which was obtained by adding depreciation and amortization and other operating loss to segment income, increased by ¥12,522 million (4.8%) year on year to ¥271,694 million.

Reference 1: Sprint’s Depreciation and Amortization

(Millions of U.S. dollars)

	Fiscal Year Ended March 2016					**Fiscal year Ending March 2017**
	Three-month Period Ended June 30, 2015	Three-month Period Ended Sept. 30, 2015	Three-month Period Ended Dec. 31, 2015	Three-month Period Ended Mar. 31, 2016		**Three-month Period Ended June 30, 2016**
	Q1	Q2	Q3	Q4	Full Year	**Q1**
Depreciation and amortization (IFRSs)	1,568	1,705	1,851	1,880	7,004	**1,962**
Depreciation and amortization (U.S. GAAP)	1,588	1,743	1,865	1,892	7,088	**1,967**
Network equipment, etc.	965	992	1,014	1,042	4,013	**1,036**
Leased devices	276	420	535	550	1,781	**644**
Intangible assets	347	331	316	300	1,294	**287**

Reference 2: Loss on Contract Termination Related to the Shentel Transaction

In May 2016, one of Sprint’s affiliate companies,[16] Shenandoah Telecommunications Company (“Shentel”) acquired NTELOS Holding Corp. (“NTELOS”). Prior to the acquisition, NTELOS had provided a telecommunications network to Sprint on a wholesale basis. Furthermore, Sprint acquired spectrum assets covering parts of seven states in the Eastern U.S., terminated the existing wholesale arrangement with NTELOS, and amended the existing affiliate agreement with Shentel (the “Shentel Transaction”).

In conjunction with the Shentel Transaction, Sprint recognized a loss on contract termination as “other operating

[16] An affiliate company refers to a local wireless operator that sells and provides Sprint-branded services and products with its own self-operated telecommunications network, but does not own spectrum. Affiliate companies pay Sprint for brand usage (royalty fee) and spectrum usage.

loss." A large portion of the loss on contract termination of ¥12,287 million for the first quarter is attributable to the Shentel Transaction.

Reference 3: Impact on Financial Statements of Fund Procurement Using Leased Devices

For the conventional sales of mobile devices, including the installment billing method, sale of devices and the cost of products are recognized at the point of sale. However, under the leasing program, lease revenue is recognized throughout the period of the lease (generally 24 months), along with depreciation expenses for the leased devices recorded as assets.

As part of its fund procurement initiatives, Sprint procured funds through Mobile Leasing Solutions, LLC ("MLS") in November 2015 and May 2016 using certain leased devices. In the first transaction, executed in November 2015 (the "First Transaction"), certain leased devices were sold to MLS, and MLS leased back each device to Sprint in exchange for monthly rental payments to be made by Sprint to MLS. The leased devices sold under the First Transaction are derecognized (off-balance sheet) and therefore are no longer depreciated, but rather recognized as rent expense within cost of products.

Conversely, the second transaction, executed in May 2016 (the "Second Transaction"), was a loan transaction utilizing the associated leased devices recorded as assets. Therefore, the leased devices of the Second Transaction continued to be recognized as property, plant and equipment and are subject to depreciation.

	Ordinary Leased Devices and Leased Devices under the Second Transaction	Leased Devices under the First Transaction
Consolidated statements of financial position	On-balance sheet (property, plant and equipment)	Off-balance sheet

Consolidated statements of income		
Net sales	(A) Customer lease revenues	(A) Customer lease revenues
Cost of products	-	(C) Rental payments to MLS
Depreciation	(B) Depreciation of leased devices recognized as property, plant and equipment	-
Segment income	(A) - (B)	(A) - (C)
Adjusted EBITDA	(A) - (B) + (B)	(A) - (C)

< Overview of Business Operations >

The following is an overview of the business operations related to the Sprint platform among the segment's businesses. For definitions and calculation methods of ABPU/ARPU and churn rate of the Sprint platform, see page 27 "(b) Sprint Platform" under "(Reference 2: Definitions and Calculation Methods of Principal Operational Data)."

・**Number of Subscribers (Sprint Platform)**

The Sprint platform had 59,453,000 subscribers at the end of the first quarter, a net addition of 647,000 from the previous fiscal year-end. The cumulative number of subscribers at the end of the first quarter includes the impact[17] from the Shentel Transaction.

Excluding the impact from the Shentel Transaction, net additions on the Sprint platform during the first quarter came to 377,000 ((A) in the table below). This represented postpaid net additions of 180,000 and wholesale and affiliate net additions of 528,000, outweighing prepaid net losses of 331,000. The postpaid net additions were driven by phone (smartphone and feature phone) net additions of 173,000, which outweighed net losses in tablets. The wholesale and affiliate net additions mainly reflected growth in the number of communication modules. On the other hand, prepaid marked net losses due to continued intensified competition in the prepaid market.

(Thousands)

	As of March 31, 2016	**As of June 30, 2016**	Change	**Excl. Impact from the Shentel Transaction (A)**
Cumulative subscribers	58,806	**59,453**	647	**377**
Postpaid	30,951	**30,945**	(6)	**180**
(incl.) Phone	25,316	**25,322**	6	**173**
Prepaid	14,397	**13,974**	(423)	**(331)**
Wholesale and affiliate	13,458	**14,534**	1,076	**528**

・**ABPU (Sprint Platform Postpaid Phone)**

Sprint platform postpaid phone ABPU for the first quarter increased by $2.26 year on year to $72.17. This reflected an increase in average equipment billings per user, which outweighed a decrease in ARPU.

ARPU declined by $3.59 year on year to $59.20. This mainly reflected an increase in the compositional ratio of customers on lower rate plans offered in conjunction with the device leasing or device installment billing programs. Although ARPU continued to decline year on year, the rate of decline is slowing down.

On the other hand, average equipment billings per user per month increased by $5.85 year on year to $12.97. This reflected the wider adoption of the device leasing program.

(U.S. dollar / month)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change
Postpaid phone ABPU	69.91	**72.17**	2.26
ARPU	62.79	**59.20**	(3.59)
Average equipment billings per user	7.12	**12.97**	5.85

[17] Upon completion of the Shentel Transaction, the number of former NTELOS subscribers are now accounted for under "affiliate" of Sprint, resulting in an increase of 270,000 in the cumulative number of subscribers. Furthermore, the number of Sprint subscribers who previously roamed on the NTELOS network and were accounted for as "postpaid" or "prepaid" are now accounted for under "affiliate" of Sprint (186,000 from postpaid and 92,000 from prepaid now accounted as "affiliate").

・**Churn Rate (Sprint Platform)**

The Sprint platform postpaid churn rate for the first quarter was level year on year at 1.56%. This is mainly due to improvement of the churn rate for mobile phones and, on the other hand, deterioration of the churn rate for tablets.

The churn rate for phones improved to 1.39%, the lowest level since Sprint was founded, accompanied by a strong contribution to the net addition of phone subscribers. This mainly reflected network performance improvements, as well as a decrease in involuntary deactivations due to payment delinquency following focused efforts to acquire prime customers.

The churn rate for tablets deteriorated due to restraint in measures to retain customers amid an increase in subscribers approaching the end of their two-year contracts.

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change
Postpaid churn rate	1.56%	**1.56%**	-

< Measures to Improve Liquidity >

During the fiscal year ending March 2017, Sprint plans to continue implementing various measures to improve its liquidity that it started in the fiscal year ended March 2016. Measures to be taken during the fiscal year and progress as of the end of the first quarter are as follows:

・ **Fund procurement using mobile devices: $2 - $4 billion in total**
  Procurement during the first quarter: $1.1 billion
・ **Fund procurement using certain network assets: $2.2 billion**
  Procurement during the first quarter: $2.2 billion
・ **Signing of the bridge financing facility[18]: $2.5 billion**
  Undrawn availability as of the end of the first quarter: $2.5 billion

As a result, Sprint’s liquidity at the end of the first quarter totaled approximately $11 billion, including $5.1 billion in cash and cash equivalents and short-term investments, available borrowing capacity under the revolving bank credit facility[18]; and available borrowing capacity under the bridge financing facility.

In addition to the above, Sprint plans to carry out fund procurement using mobile devices during the second quarter and onward, and is seeking to raise funds utilizing a small portion of its spectrum portfolio.

Sprint also has an additional $1.1 billion of availability under vendor financing[19] agreements that can be used toward the purchase of 2.5 GHz network equipment. These sources of liquidity are expected to provide the resources for Sprint to execute its business plan and to fully fund the repayment of the $3.3 billion of note maturities that come due by the end of March 2017.

[18] A form of loan that allows borrowing within a specified period and maximum amount
[19] Secured equipment credit facilities to finance network-related purchases from vendors guaranteed by export credit agencies

(c) Yahoo Japan Segment

(Millions of yen)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change	Change %
Net sales	110,455	**204,233**	93,778	84.9%
Segment income	48,852	**50,308**	1,456	3.0%
Depreciation and amortization	5,646	**9,167**	3,521	62.4%
Other operating (income) loss	-	**-**	-	-
Adjusted EBITDA	54,498	**59,475**	4,977	9.1%

< Overview of Operations >

The segment's net sales increased by ¥93,778 million (84.9%) year on year to ¥204,233 million. This mainly reflected the consolidation of ASKUL Corporation in August 2015, as well as revenue growth driven by an increase in sales related to display advertising and businesses related to e-commerce.

Segment income increased by ¥1,456 million (3.0%) year on year to ¥50,308 million. The year-on-year increase in segment income was at 3.0% due to an increase in operating expenses of ¥92,322 million (149.9%). The main factors driving the increase in operating expenses were the impact of the consolidation of ASKUL Corporation, as well as increases in outsourcing expenses associated with the expansion of the financial and payment service businesses, such as *Yahoo! JAPAN Card*, and an increase in depreciation and amortization. Depreciation and amortization increased by ¥3,521 million (62.4%) year on year to ¥9,167 million, mainly reflecting the consolidation of ASKUL Corporation and continuing capital expenditure related to big data and so forth.

Adjusted EBITDA, which was obtained by adding depreciation and amortization to segment income increased by ¥4,977 million (9.1%) year on year to ¥59,475 million.

(d) Distribution Segment

(Millions of yen)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change	Change %
Net sales	303,743	**315,499**	11,756	3.9%
Segment income	411	**6,680**	6,269	-
Depreciation and amortization	2,406	**1,789**	(617)	(25.6%)
Other operating (income) loss	-	**-**	-	-
Adjusted EBITDA	2,817	**8,469**	5,652	200.6%

< Overview of the Segment >

The Distribution segment includes subsidiaries such as Brightstar and SoftBank Commerce & Service Corp. Brightstar's operations include a wholesaling business which purchases mobile devices from device manufacturers and distributes them to telecommunications operators and retailers in various countries around the world. In the U.S., Brightstar provides Sprint with supply chain and inventory management services, which include Brightstar's purchasing mobile devices from device manufacturers or Sprint and selling them to Sprint's dealers. SoftBank Commerce & Service Corp.'s operations include the sales of mobile device accessories and IT-related software and hardware in Japan.

< Overview of Operations >

The segment's net sales increased by ¥11,756 million (3.9%) year on year to ¥315,499 million. This was primarily driven by an increase in sales of mobile devices related to Sprint in the U.S., as well as an increase in the number of refurbished CPO (Certified Pre-Owned) smartphones sold in the U.S. and Japan. These increases were partially offset by the impact of the yen's year-on-year appreciation against the U.S. dollar.

Segment income increased by ¥6,269 million to ¥6,680 million. This was primarily driven by growth in the number of CPO smartphones sold as well as brisk performance in the mobile device accessories business of SoftBank Commerce & Service Corp.

Adjusted EBITDA, which was obtained by adding depreciation and amortization to segment income, increased by ¥5,652 million (200.6%) year on year to ¥8,469 million.

(e) Other and Reconciliations

(Millions of yen)

	Three-month Period Ended June 30, 2015		**Three-month Period Ended June 30, 2016**		Change	
	Other	Reconciliations	**Other**	**Reconciliations**	Other	Reconciliation
Net sales	25,760	(70,004)	**27,307**	**(56,204)**	1,547	13,800
Segment income	(3,503)	(11,840)	**(4,458)**	**(17,675)**	(955)	(5,835)
Depreciation and amortization	3,796	469	**2,358**	**380**	(1,438)	(89)
Other operating loss	-	-	**-**	**6,828**	-	6,828
Adjusted EBITDA	293	(11,371)	**(2,100)**	**(10,467)**	(2,393)	904

"Other" in segment information includes information of the businesses that are not included in the reportable segments and it comprises mainly Fukuoka SoftBank HAWKS-related business.

"Reconciliations" in segment information includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment. Corporate general expenses include expenses arising mainly from SoftBank Group Corp. and SB Group US, Inc. which manages and supervises investment activities in the Internet, communications, and media fields overseas.

For the first quarter, the corporate general expenses included ¥6,828 million (on a consolidated basis) of expenses arising from resignation of Nikesh Arora, the former representative director, president & COO of SoftBank Group Corp. Arora resigned from the position of representative director and director of SoftBank Group Corp. with the expiration of the term of office at the conclusion of the 36th Annual General Meeting of Shareholders held on June 22, 2016. For details of expenses resulting from resignation of director, please see page 58 “10. Other operating income (loss)” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements.”

(Reference 1: Principal Operational Data)

(a) SoftBank Corp.

i. Mobile Communications Service

		Fiscal Year Ended March 2016 Three-month Period Ended June 30, 2015 Q1	Sept. 30, 2015 Q2	Dec. 31, 2015 Q3	Mar. 31, 2016 Q4	Full Year	Fiscal Year Ending March 2017 Three-month Period Ended June 30, 2016 Q1
Main subscribers[20]							
Cumulative subscribers	,000	31,570	31,611	31,686		32,038	**32,149**
Net additions	,000	21	41	74	352	488	**112**
Total ARPU[20]	¥/ month	4,660	4,720	4,720	4,680	4,700	**4,610**
Telecom ARPU[20]	¥/ month	4,140	4,190	4,170	4,110	4,150	**4,050**
Service ARPU[20]	¥/ month	520	540	560	560	540	**560**
Churn rate[20]	%/ month	1.24	1.28	1.41	1.49	1.35	**1.13**
Units sold[21]	,000	2,198	2,470	3,015	2,979	10,662	**2,353**
New subscriptions	,000	1,169	1,212	1,356	1,703	5,441	**1,154**
Device upgrades	,000	1,029	1,258	1,659	1,276	5,222	**1,199**
Cumulative applications for the *Home Bundle Discount Hikari Set*[22]							
Mobile communications service	,000	639	1,315	2,085		2,969	**3,702**
Broadband service[23]	,000	326	660	1,038		1,438	**1,790**
Overall mobile communications							
Cumulative subscribers	,000	44,417	44,117	43,748		43,605	**43,228**
Main subscribers[20]	,000	31,570	31,611	31,686		32,038	**32,149**
Communication modules[20]	,000	8,317	8,149	7,891		7,570	**7,237**
PHS	,000	4,530	4,356	4,171		3,998	**3,842**

ii. Broadband Service

		Q1	Q2	Q3	Q4	Full Year	Q1
Cumulative subscribers[20]	,000	4,452	4,602	4,847		5,079	**5,345**
SoftBank Hikari[24]	,000	341	715	1,218		1,717	**2,243**
Yahoo! BB hikari with FLET'S[25]	,000	2,610	2,435	2,225		2,008	**1,797**
Yahoo! BB ADSL[26]	,000	1,501	1,452	1,404		1,354	**1,305**
ARPU[20]							
SoftBank Hikari[24]	¥/ month	4,270	4,980	5,060	4,940	4,930	**4,960**
Yahoo! BB hikari with FLET'S[25]	¥/ month	1,830	1,860	1,830	1,820	1,840	**1,810**
Yahoo! BB ADSL[26]	¥/ month	2,680	2,660	2,630	2,590	2,640	**2,560**

[20] For definitions and calculation methods of subscribers, churn rate, and ARPU at SoftBank Corp., see page 26 "(a) SoftBank Corp." under "(Reference 2: Definitions and Calculation Methods of Principal Operational Data)."

[21] The total number of new subscriptions and device upgrades. New subscriptions where customers switch between *SoftBank* and *Y!mobile* using the MNP system are included in the number of device upgrades.

[22] A discount on the communication charges of mobile communications services to customers subscribing to both mobile communications services (applicable for smartphones, feature phones, and tablets among main subscribers) and broadband services such as *SoftBank Hikari*. Includes subscribers of the *Fiber-optic Discount* applied to mobile communications services *under the Y!mobile* brand.

[23] The cumulative number of applications of the *Home Bundle Discount Hikari Set* includes that of fiber-optic lines as long as the discount is applied to the associated mobile communications services, even if physical connection of the fiber-optic line is not complete at the central office of NTT East or NTT West.

[24] A fiber-optic service using the wholesale fiber-optic connection of NTT East and NTT West. Includes the number of subscribers and ARPU of *SoftBank Air.*

[25] An ISP service offered as a package with NTT East and NTT West's *FLET'S Hikari Series* fiber-optic connection

[26] A service combining an ADSL connection and an ISP service

(b) Sprint

			Fiscal Year Ended March 2016 Three-month Period Ended June 30, 2015 Q1	Sept. 30, 2015 Q2	Dec. 31, 2015 Q3	Mar. 31, 2016 Q4	Full Year	Fiscal Year Ending March 2017 Three-month Period Ended June 30, 2016 Q1
Cumulative subscribers[27] [28]	Sprint total	,000	57,668	58,578	58,359		58,806	**59,453**
	Sprint platform	,000	56,812	57,868	58,359		58,806	**59,453**
	Postpaid	,000	30,016	30,394	30,895		30,951	**30,945**
	(incl.) Phone[29]	,000	24,866	24,928	25,294		25,316	**25,322**
	Prepaid	,000	15,340	15,152	14,661		14,397	**13,974**
	Wholesale and affiliate	,000	11,456	12,322	12,803		13,458	**14,534**
	Clearwire[30]	,000	856	710	-		-	**-**
Sprint platform	Net additions[27]	,000	675	1,056	491	447	2,669	**377**
	Postpaid	,000	310	378	501	56	1,245	**180**
	(incl.) Phone[29]	,000	(12)	62	366	22	438	**173**
	Prepaid	,000	(366)	(188)	(491)	(264)	(1,309)	**(331)**
	Wholesale and affiliate	,000	731	866	481	655	2,733	**528**
	Postpaid phone[29] ABPU[31]	$/ month	69.91	70.62	70.99	71.53		**72.17**
	ARPU[31]							
	Postpaid	$/ month	55.48	53.99	52.48	51.68		**51.54**
	Prepaid	$/ month	27.81	27.66	27.44	27.72		**27.34**
	Churn rate[31]							
	Postpaid	%/ month	1.56	1.54	1.62	1.72		**1.56**
	Prepaid	%/ month	5.08	5.06	5.82	5.65		**5.55**

[27] Includes the number of communication module service subscribers
[28] Upon completion of the Shentel Transaction, the number of former NTELOS subscribers are now accounted for under "affiliate" of Sprint, resulting in an increase of 270,000 in the cumulative number of subscribers. Furthermore, the number of Sprint subscribers who previously roamed on the NTELOS network and were accounted as "postpaid" or "prepaid," are accounted for under "affiliate" of Sprint (186,000 from postpaid and 92,000 from prepaid now accounted as "affiliate").
[29] Smartphones and feature phones
[30] Subscribers acquired through the acquisition of assets from Clearwire Corporation
[31] For definitions and calculation methods of ABPU/ARPU and churn rate of the Sprint platform, see page 27 "(b) Sprint Platform" under "(Reference 2: Definitions and Calculation Methods of Principal Operational Data)."

(Reference 2: Definitions and Calculation Methods of Principal Operational Data)

(a) SoftBank Corp.

i. Mobile Communications Service

・Subscribers

The following categories serve as cover-all terms for the service contracts described.

Main subscribers: smartphones,[Note 2] feature phones, tablets, mobile data communication devices,[Note 3] and others

Communication modules: communication modules, [Note 4] *Mimamori Phone*, prepaid mobile phones, and others

PHS: PHS

Notes:

2. Smartphones to which the *Smartphone Family Discount* is applied are included under communication modules.
3. Mobile data communication devices to which the *Data Card 2-Year Special Discount* is applied are included under communication modules.
4. Communication modules that use PHS networks are included under PHS.

Principal Operational Data for Main Subscribers

・ARPU

ARPU: Average Revenue Per User per month

Total ARPU = (data-related revenue + basic monthly charge and voice-related revenues + device warranty services + content-related revenue + advertising revenues, etc.) / number of active subscribers (rounded to the nearest ¥10)

Telecom ARPU = (data-related revenue (packet communication and flat-rate charges, basic monthly Internet connection charges etc.) + basic monthly charge and voice-related revenues (basic monthly usage charges, voice call charges, revenues from incoming calls, etc.)) / number of active subscribers (rounded to the nearest ¥10)

Service ARPU = (device warranty services, content-related revenues, advertising revenue, etc.) / number of active subscribers (rounded to the nearest ¥10)

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)

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

・Churn rate

Churn rate: average monthly churn rate

Churn rate = number of deactivations / number of active subscribers for the relevant period (rounded to the nearest 0.01%)

Number of deactivations:

the total number of subscribers that churned during the relevant period. The number of deactivations excludes the number of subscribers who switch between *SoftBank* and *Y!mobile* using the MNP system.

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)

ii. Broadband Service

・Subscribers

SoftBank Hikari subscribers:

Number of users for which the physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete. Includes the number of subscribers to *SoftBank Air.*

Yahoo! BB hikari with FLET'S subscribers:

Number of users of *Yahoo! BB hikari with FLET'S* for which the physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete and services have been provided *Yahoo! BB ADSL* subscribers:

Number of users of *Yahoo! BB ADSL* for which the physical connection of an ADSL line at the central office of NTT East or NTT

West is complete

・**ARPU**

ARPU: Average Revenue Per User per month

ARPU = revenue of each broadband service / number of active subscribers (rounded to the nearest ¥10)

SoftBank Hikari ARPU =

SoftBank Hikari revenue (basic monthly charge + provider charge + *Hikari BB* unit rental charge + *White hikari Phone* and *BB Phone* voice call charge + optional service charges, etc.) / number of active *SoftBank Hikari* subscribers

* Calculation of *SoftBank Hikari* ARPU includes revenues and subscribers of *SoftBank Air*.

Yahoo! BB hikari with FLET'S ARPU =

Yahoo! BB hikari with FLET'S revenue (provider charge + *Hikari BB* unit rental charge + *BB Phone* voice call charge + optional service charges, etc. (excluding usage charges for *FLET'S hikari* and *FLET'S hikari LIGHT*)) / number of active *Yahoo! BB hikari with FLET'S* subscribers

Yahoo! BB ADSL ARPU =

Yahoo! BB ADSL revenue (basic monthly charge + provider charge + modem rental charge + *BB Phone* voice call charge + optional service charges, etc.) / number of active *Yahoo! BB ADSL* subscribers

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)

(b) Sprint Platform

・**ABPU/ARPU**

ABPU: Average Billings Per User per month

ABPU = (telecom revenue + equipment billings) / number of active subscribers (rounded to the nearest $.01)

Equipment billings: the sum of lease fees under the leasing program and installment billings under the installment billing program

ARPU: Average Revenue Per User per month

ARPU = telecom revenue / number of active subscribers (rounded to the nearest $.01)

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)

*ABPU/ARPU for postpaid phones are calculated by dividing the relevant telecom revenue and equipment billings by its number of active subscribers.

・**Churn rate**

Churn rate: average monthly churn rate

Churn rate = number of deactivations / number of active subscribers (rounded to the nearest 0.01%)

Number of deactivations: the total number of subscribers that churned during the relevant period. The number of deactivations excludes the number of subscribers who switch between prepaid and postpaid.

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)

(Reference 3: Capital Expenditure and Depreciation and Amortization)

(a) Capital Expenditure (Acceptance Basis)

(Millions of yen)

	Fiscal Year Ended March 2016					**Fiscal Year Ending March 2017**
	Three-month Period Ended June 30, 2015	Three-month Period Ended Sept. 30, 2015	Three-month Period Ended Dec. 31, 2015	Three-month Period Ended Mar. 31, 2016	Fiscal Year Ended Mar. 31, 2016	**Three-month Period Ended June 30, 2016**
	Q1	Q2	Q3	Q4	Full Year	**Q1**
Domestic Telecommunications segment	72,664	88,519	89,950	161,447	412,580	**50,752**
Sprint segment	160,367	165,421	194,848	101,730	622,366	**79,200**
Yahoo Japan segment	7,196	16,921	9,904	18,165	52,186	**12,078**
Distribution segment	1,896	2,086	2,354	2,822	9,158	**1,148**
Other	939	2,285	6,699	4,261	14,184	**5,851**
Consolidated total	243,062	275,232	303,755	288,425	1,110,474	**149,029**

(b) Depreciation and Amortization

(Millions of yen)

	Fiscal Year Ended March 2016					**Fiscal Year Ending March 2017**
	Three-month Period Ended June 30, 2015	Three-month Period Ended Sept. 30, 2015	Three-month Period Ended Dec. 31, 2015	Three-month Period Ended Mar. 31, 2016	Fiscal Year Ended Mar. 31, 2016	**Three-month Period Ended June 30, 2016**
	Q1	Q2	Q3	Q4	Full Year	**Q1**
Domestic Telecommunications segment	107,798	110,911	113,157	143,082	474,948	**112,266**
Sprint segment	190,278	207,901	223,975	219,956	842,110	**214,049**
Yahoo Japan segment	5,646	7,287	9,077	10,685	32,695	**9,167**
Distribution segment	2,406	3,385	2,590	1,887	10,268	**1,789**
Other	4,265	2,828	2,770	3,583	13,446	**2,738**
Consolidated total	310,393	332,312	351,569	379,193	1,373,467	**340,009**

Note:
5. The amounts of capital expenditure and depreciation and amortization excludes those of discontinued operations.

(2) Qualitative Information Regarding Consolidated Financial Position

a. Assets, Liabilities and Equity

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

(Millions of yen)

	As of March 31, 2016	**As of June 30, 2016**	Change	Change %
Total assets	20,707,192	**20,622,229**	(84,963)	(0.4%)
Total liabilities	17,201,921	**17,350,233**	148,312	0.9%
Total equity	3,505,271	**3,271,996**	(233,275)	(6.7%)

Reference: Exchange rate at the end of the first quarter used for translation

USD/ JPY	¥112.68	**¥102.91**	¥(9.77)	(8.7%)

(a) Current Assets

(Millions of yen)

	As of March 31, 2016	**As of June 30, 2016**	Change
Cash and cash equivalents	2,569,607	**3,231,299**	661,692
(incl.) Sprint	297,552	**389,012**	91,460
Trade and other receivables	1,914,789	**1,781,492**	(133,297)
(incl.) Sprint	363,546	**326,799**	(36,747)
Other financial assets	152,858	**256,650**	103,792
Inventories	359,464	**344,028**	(15,436)
Other current assets	553,551	**601,909**	48,358
Subtotal	5,550,269	**6,215,378**	665,109
Assets classified as held for sale	-	**352,350**	352,350
Total current assets	5,550,269	**6,567,728**	1,017,459

Current assets increased by ¥1,017,459 million (18.3%) from the previous fiscal year-end to ¥6,567,728 million. The primary components of the change were as follows:

i. Cash and cash equivalents increased by ¥661,692 million from the previous fiscal year-end. For the details on changes in cash and cash equivalents, please refer to page 37 “b. Cash Flows.”

ii. Assets classified as held for sale of ¥352,350 million were recorded. This comprised ¥272,443 million for the total assets of Supercell as the Company has agreed to sell all of its shares, ¥73,000 million for the shares of GungHo held by the Company, which it has tendered in response to GungHo’s tender offer for repurchasing its own shares, and ¥6,907 million for a portion of the shares of Alibaba held by the Company, which was sold to a Alibaba Partnership in July 2016. For further details, please refer to page 51 "4. Assets or disposal groups classified as held for sale" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements."

(b) Non-current Assets

(Millions of yen)

	As of March 31, 2016	**As of June 30, 2016**	Change
Property, plant and equipment	4,183,507	**3,907,520**	(275,987)
(incl.) Sprint	2,055,371	**1,827,938**	(227,433)
Goodwill	1,609,789	**1,476,119**	(133,670)
(incl.) Sprint	331,811	**303,041**	(28,770)
Intangible assets	6,439,145	**5,858,460**	(580,685)
(incl.) Sprint	5,468,665	**4,964,420**	(504,245)
FCC licenses[32]	4,060,750	**3,719,181**	(341,569)
(incl.) Sprint	4,060,750	**3,719,181**	(341,569)
Trademarks	760,703	**696,798**	(63,905)
(incl.) Sprint	722,539	**659,492**	(63,047)
Customer relationships	439,800	**376,063**	(63,737)
(incl.) Sprint	324,269	**267,849**	(56,420)
Software	782,148	**750,807**	(31,341)
Game titles	59,844	**-**	(59,844)
Others	335,900	**315,611**	(20,289)
Investments accounted for using the equity method	1,588,270	**1,231,297**	(356,973)
Other financial assets	970,874	**1,082,433**	111,559
Deferred tax assets	172,864	**307,832**	134,968
Other non-current assets	192,474	**190,840**	(1,634)
Total non-current assets	15,156,923	**14,054,501**	(1,102,422)

Non-current assets decreased by ¥1,102,422 million (7.3%) from the previous fiscal year-end to ¥14,054,501 million. The primary components of the change were as follows:

i. Property, plant and equipment decreased by ¥275,987 million from the previous fiscal year-end. This is mainly due to continued depreciation at SoftBank Corp. and Sprint of network equipment and the impact of the yen's appreciation against the U.S. dollar at the end of the first quarter compared to the previous fiscal year-end.

ii. Goodwill decreased by ¥133,670 million from the previous fiscal year-end. This mainly reflected the transfer of

[32] Licenses issued by the U.S. Federal Communications Commission for use of specified spectrum

the assets of Supercell into assets classified as held for sale following the Company's agreement in the first quarter to sell all of its shares of Supercell. For details, please refer to page 52 "(2) Disposal groups classified as held for sale" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 4. Assets or disposal groups classified as held for sale."

iii. Intangible assets decreased by ¥580,685 million from the previous fiscal year-end. The primary components were as follows:

- FCC licenses decreased by ¥341,569 million and trademarks decreased by ¥63,905 million (both non-amortized assets from an accounting perspective) due to the yen's appreciation against the U.S. dollar at the end of the first quarter compared with the previous fiscal year-end. Customer relationships decreased by ¥63,737 million, mainly due to regular amortization and the impact of the aforementioned yen's appreciation.
- Game titles decreased by ¥59,844 million from the previous fiscal year-end to a balance of zero at the end of the first quarter. This reflected the transfer of the assets of Supercell into assets classified as held for sale following the Company's agreement in the first quarter to sell all of its shares of Supercell. For details, please refer to page 52 "(2) Disposal groups classified as held for sale" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 4. Assets or disposal groups classified as held for sale."

iv. Investments accounted for using the equity method decreased by ¥356,973 million from the previous fiscal year-end.

- The carrying amount of Alibaba on a consolidated basis declined, mainly reflecting the sale of a portion of the Company's shares of Alibaba to Alibaba and two Singaporean sovereign wealth funds and the impact of yen's appreciation against the Chinese yuan at the end of the first quarter compared to the previous fiscal year-end, as well as the transfer of another portion of the Company's shares of Alibaba that was sold to Alibaba Partnership in July 2016 into assets classified as held for sale.
- The carrying amount of GungHo on a consolidated basis declined due to the valuation, at the tender offer price of ¥294 per share, of the shares of GungHo tendered by the Company in a tender offer by GungHo for its own shares executed from June 23, 2016 to July 21, 2016 and the transfer of these shares into assets classified as held for sale. For details, please refer to page 51 "b. GungHo" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 4. Assets or disposal groups classified as held for sale (1) Assets classified as held for sale."

(c) Current Liabilities

(Millions of yen)

	As of March 31, 2016	**As of June 30, 2016**	Change
Interest-bearing debt	2,646,609	**2,566,728**	(79,881)
(incl.) Sprint	676,948	**697,425**	20,477
Short-term borrowings	515,408	**486,162**	(29,246)
(incl.) Sprint	148,465	**120,785**	(27,680)
Current portion of long-term borrowings	743,225	**833,035**	89,810
(incl.) Sprint	82,032	**172,443**	90,411
Current portion of corporate bonds	900,685	**760,785**	(139,900)
(incl.) Sprint	431,808	**391,439**	(40,369)
Current portion of lease obligations	396,992	**413,626**	16,634
Others	90,299	**73,120**	(17,179)
Trade and other payables	1,621,195	**1,362,585**	(258,610)
(incl.) Sprint	441,006	**292,956**	(148,050)
Other financial liabilities	6,531	**13,179**	6,648
Income taxes payables	140,351	**71,376**	(68,975)
Provisions	56,120	**56,437**	317
Other current liabilities	694,965	**609,048**	(85,917)
Subtotal	5,165,771	**4,679,353**	(486,418)
Liabilities directly associated with assets classified as held for sale	-	**126,529**	126,529
Total current liabilities	5,165,771	**4,805,882**	(359,889)

Current liabilities decreased by ¥359,889 million (7.0%) from the previous fiscal year-end to ¥4,805,882 million. The primary components of the change were as follows:

i. Interest-bearing debt decreased by ¥79,881 million from the previous fiscal year-end. This mainly reflected SoftBank Group Corp.'s redemption of ¥100,000 million of unsecured straight corporate bonds, which was partially offset by an increase of ¥20,477 million in interest-bearing debt at Sprint mainly due to an increase in current portion of long-term borrowings caused by its inception of borrowings utilizing leased devices and telecommunications network equipment. The increase in interest-bearing debt at Sprint was partially offset by decreases in current portion of corporate bonds and short-term borrowings primarily due to the yen's appreciation against the U.S. dollar at the end of the first quarter compared with the previous fiscal year-end.

ii. Trade and other payables decreased by ¥258,610 million from the previous fiscal year-end. This mainly reflected a decrease in accounts payable-trade related to mobile devices and accounts payable-other related to telecommunications equipment at Sprint and SoftBank Corp. after making payments. A further factor was the yen's appreciation against the U.S. dollar at the end of the first quarter compared with the previous fiscal year-end.

iii. Liabilities directly associated with assets classified as held for sale of ¥126,529 million were recorded. These are the liabilities of Supercell, of which the Company agreed in the first quarter to sell all of its shares. For details, please refer to page 52 "(2) Disposal groups classified as held for sale" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 4. Assets or disposal groups classified as held for sale."

(d) Non-current Liabilities

(Millions of yen)

	As of March 31, 2016	**As of June 30, 2016**	Change
Interest-bearing debt	9,275,822	**9,805,287**	529,465
(incl.) Sprint	3,297,900	**3,200,904**	(96,996)
Long-term borrowings	1,785,500	**1,984,239**	198,739
(incl.) Sprint	80,082	**269,930**	189,848
Corporate bonds	6,611,947	**6,301,178**	(310,769)
(incl.) Sprint	3,188,238	**2,906,744**	(281,494)
Lease obligations	815,194	**825,316**	10,122
Advances received for sale of shares by variable prepaid forward contract	-	**648,510**	648,510
Others	63,181	**46,044**	(17,137)
Other financial liabilities	95,664	**175,785**	80,121
Defined benefit liabilities	123,759	**111,786**	(11,973)
Provisions	118,876	**105,475**	(13,401)
Deferred tax liabilities	2,083,164	**2,058,483**	(24,681)
(incl.) Sprint	1,652,154	**1,513,508**	(138,646)
Other non-current liabilities	338,865	**287,535**	(51,330)
Total non-current liabilities	12,036,150	**12,544,351**	508,201

Non-current liabilities increased by ¥508,201 million (4.2%) from the previous fiscal year-end to ¥12,544,351 million, mainly reflecting an increase of ¥529,465 million in interest-bearing debt. The primary components of the increase in interest-bearing debt were as follows:

・ Interest-bearing debt at Sprint decreased by ¥96,996 million from the previous fiscal year-end. This mainly reflected a decrease of ¥281,494 million in corporate bonds due mainly to the yen's appreciation against the U.S. dollar at the end of the first quarter compared with the previous fiscal year-end, despite an increase of ¥189,848 million in long-term borrowings due to Sprint's drawing of loans against telecommunications network equipment and leased mobile devices.

- Advances received for sale of shares by variable prepaid forward contract of ¥648,510 million was recorded. For details, please refer to "Reference: Transaction for Sale of Alibaba Shares by Variable Prepaid Forward Contract" below.

Reference: Transaction for Sale of Alibaba Shares by Variable Prepaid Forward Contract

On June 10, 2016, as part of the Company's fund procurement transaction for monetizing a portion of its shares of Alibaba, West Raptor Holdings, LLC ("WRH LLC"), a wholly-owned subsidiary of the Company, entered into a variable prepaid forward contract to sell Alibaba shares with a newly formed trust, Mandatory Exchangeable Trust ("Trust") and received the proceeds of ¥578,436 million ($5.4 billion) as advances received for sale.

Trust, on the other hand, utilized Alibaba shares scheduled to be transferred from WRH LLC at the time of settlement under the contract and issued $6.6 billion of Mandatory Exchangeable Trust Securities ("Trust Securities") which are mandatorily exchangeable into American depositary shares ("ADSs") of Alibaba. The proceeds from sale received by WRH LLC from the Trust is $5.4 billion and this is after the deduction of the amounts from $6.6 billion of the total amount of Trust Securities issuance for the purchase of U.S. Treasury securities in order to fund distributions on the Trust Securities and for the expenses in order to issue Trust Securities.

The settlement by Alibaba shares based on the variable prepaid forward contract is conducted concurrently with the exchange of Trust Securities. At the exchange date, which is expected to be the first scheduled trading day after June 1, 2019, Trust Securities are exchanged for a certain number of ADSs, determined by reference to the trading price of the ADSs at that time, and the number of Alibaba shares sold by the variable prepaid forward contract is determined by this number of ADSs. A cap and a floor are set for the number of shares settled and the variable prepaid forward contract is classified as a hybrid financial instrument with embedded derivatives of collar trading.

The Company accounts for the variable prepaid forward contract by bifurcating the advances received and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as advances received for sale of shares by variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, advances received for sale of shares by variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value. ¥648,510 million is recognized as advances received for sale of shares by variable prepaid forward contract in interest-bearing debt and ¥86,301 million is recognized as derivative assets in other financial assets in the condensed interim consolidated statements of financial position as of June 30, 2016.

For details, please refer to page 54 "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 7. Interest-bearing debt."

(e) Equity

(Millions of yen)

	As of March 31, 2016	**As of June 30, 2016**	Change
Total equity attributable to owners of the parent	2,613,613	**2,414,068**	(199,545)
Non-controlling interests	891,658	**857,928**	(33,730)
Total equity	3,505,271	**3,271,996**	(233,275)

Total equity decreased by ¥233,275 million (6.7%) from the previous fiscal year-end to ¥3,271,996 million. Of this, equity attributable to owners of the parent decreased by ¥199,545 million (7.6%) and non-controlling interests decreased by ¥33,730 million (3.8%). The ratio of equity attributable to owners of the parent to total assets decreased by 0.9 of a percentage point from the previous fiscal year-end to 11.7%.

(Equity Attributable to Owners of the Parent)

(Millions of yen)

	As of March 31, 2016	**As of June 30, 2016**	Change
Common stock	238,772	**238,772**	-
Capital surplus	261,234	**259,941**	(1,293)
Retained earnings	2,166,623	**2,396,474**	229,851
Treasury stock	(314,752)	**(394,842)**	(80,090)
Accumulated other comprehensive income	261,736	**(53,300)**	(315,036)
Available-for-sale financial assets	32,594	**34,226**	1,632
Cash flow hedges	(40,088)	**(60,091)**	(20,003)
Exchange differences on translating foreign operations	269,230	**(27,435)**	(296,665)
Subtotal	2,613,613	**2,447,045**	(166,568)
Accumulated other comprehensive income directly associated with assets classified as held for sale	-	**(32,977)**	(32,977)
Total equity attributable to owners of the parent	2,613,613	**2,414,068**	(199,545)

Total equity attributable to owners of the parent decreased by ¥199,545 million (7.6%) from the previous fiscal year-end to ¥2,414,068 million. The primary components of the change were as follows:

i. Retained earnings increased by ¥229,851 million from the previous fiscal year-end. This mainly reflected recording net income attributable to owners of the parent of ¥254,157 million.

ii. Treasury stock increased by ¥80,090 million from the previous fiscal year-end. This mainly reflected acquisitions of 14,672,400 shares of treasury stock with the aim of strengthening the return of profits to shareholders.

iii. Accumulated other comprehensive income declined by ¥315,036 million from the previous fiscal year-end. This mainly reflected a decline of ¥296,665 million in exchange differences on translating foreign operations, primarily due to the yen's appreciation against the Chinese yuan and U.S. dollar at the end of the first quarter compared to the previous fiscal year-end.

(Non-controlling Interests)

Non-controlling interests decreased by ¥33,730 million (3.8%) from the previous fiscal year-end to ¥857,928 million.

b. Cash Flows

Cash flows for the first quarter were as follows.

Cash and cash equivalents at the end of the first quarter totaled ¥3,231,299 million, a ¥661,692 million increase from the previous fiscal year-end.

(Millions of yen)

	Three-month Period Ended June 30, 2015	**Three-month Period Ended June 30, 2016**	Change
Cash flows from operating activities	170,733	**252,734**	82,001
Cash flows from investing activities	(688,278)	**(154,840)**	533,438
Cash flows from financing activities	(369,952)	**679,598**	1,049,550

(a) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥252,734 million (compared with ¥170,733 million provided in the same period of the previous fiscal year). The primary components of cash flows were as follows:

i. Net income totaled ¥272,351 million.

ii. The main items added to net income were depreciation and amortization of ¥345,392 million, finance cost of ¥112,107 million, and income taxes of ¥111,057 million.

iii. The main items subtracted from net income were gain on sales of shares of associates of ¥204,233 million and income on equity method investments of ¥35,466 million.

iv. Increase in inventories was ¥67,016 million (negative cash flow). This mainly reflected an increase in inventories (negative cash flow) that accompanied an increase in leased devices at Sprint. While normally a decrease in inventories is recognized as a cash inflow, the decrease in inventories following the reclassification of devices leased through Sprint’s direct channels to property, plant and equipment at lease inception is not recognized as a cash inflow since it is a non-cash transaction.

v. Interest paid was ¥126,007 million.

vi. Income taxes paid was ¥137,322 million.

(b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥154,840 million (compared with ¥688,278 million used in the same period of the previous fiscal year). This primarily reflected outlays for purchase of property, plant and equipment and intangible assets of ¥234,160 million, mainly for acquisition of telecommunications equipment at Sprint and SoftBank Corp., and payments for acquisition of investments of ¥109,157 million. These were partially offset by proceeds from sales/redemption of investments of ¥322,788 million, mainly recognized in relation to the sale of a portion of the Company’s shares in Alibaba.

(c) Cash Flows from Financing Activities

Net cash provided by financing activities was ¥679,598 million (compared with ¥369,952 million used in the same period of the previous fiscal year). The primary components of cash flows from financing activities were as follows:

(Items Increasing Cash Flows)

Proceeds from long-term interest-bearing debt amounted to ¥1,202,251 million. The primary components were as follows:

- Proceeds from advances received for sale of shares by variable prepaid forward contract of ¥578,436 million. This represents an advance received by subsidiary WRH LLC after concluding a variable forward purchase agreement for the sale of Alibaba's shares.
- Proceeds from long-term borrowings of ¥438,163 million. This mainly reflected Sprint's procurement of funds utilizing network equipment and leased mobile devices, in addition to borrowings made through securitization of installment sales receivables at SoftBank Corp.
- Proceeds from sale and leaseback of newly acquired equipment of ¥135,652 million. This mainly reflected sale and leaseback conducted when acquiring telecommunications equipment by finance lease at SoftBank Corp.

(Items Decreasing Cash Flows)

i. Repayment of long-term interest-bearing debt was ¥360,155 million. The primary components were as follows:

- Repayment of long-term borrowings of ¥135,756 million. This mainly reflected SoftBank Corp.'s repayment of borrowings made through securitization of installment sales receivables and Sprint's repayment of borrowings.
- Repayment of lease obligations of ¥106,181 million. This mainly reflected SoftBank Corp. repayment of lease obligations for telecommunications-related equipment.
- Redemption of corporate bonds of ¥100,000 million. This mainly reflected SoftBank Group Corp.'s redemption of straight corporate bonds.

ii. Payment for purchase of treasury stock was ¥80,515 million.

(3) Recommended Acquisition of ARM Holdings plc

On July 18, 2016, SoftBank Group Corp. and ARM Holdings plc ("ARM") of the United Kingdom reached agreement on the terms of a recommended all-cash acquisition of the entire issued and to be issued share capital of ARM by SoftBank Group Corp., under which SoftBank Group Corp. will acquire 1,412 million shares of ARM with a total acquisition price amounting to approximately £24.0 billion (approximately ¥3.3 trillion) by means of a court-sanctioned scheme of arrangement (the "Acquisition").

The Acquisition, which has been approved at a meeting of SoftBank Group Corp.'s Board of Directors, is subject to the approval of ARM's shareholders and of the English court. ARM's Board of Directors has unanimously confirmed that it intends to recommend the Acquisition to ARM's shareholders.

As a result of the Acquisition, ARM will become a wholly-owned subsidiary of SoftBank Group Corp.

For details about the Acquisition, please refer to page 63 "16. Significant subsequent events" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements."

(4) Qualitative Information Regarding Forecasts on Consolidated Results of Operations

Currently it is difficult to provide forecasts on the results in figures due to a large number of uncertain factors affecting the earnings. The Company will announce its forecasts on the consolidated results of operations when it becomes possible to make a rational projection.

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Three-month Period Ended June 30, 2016

(Specified subsidiary (one company) newly consolidated)

West Raptor Holdings LLC was established on April 27, 2016 and became a subsidiary of the Company.

(2) Changes in Accounting Estimates

(Assessment of recoverability of deferred tax assets)

a. SoftBank Group Corp.

The Company assessed the recoverability of unrecognized deferred tax assets and estimated, due to a sale of equity method associate by the Company, it was probable that taxable profits will be available against which net operating loss carryforwards and deductible temporary differences can be utilized in SoftBank Group Corp. Accordingly, ¥61,620 million of deferred tax assets was recorded. Due to this change in accounting estimate, income tax expenses decreased by ¥61,620 million and net income from continuing operations and net income increased by ¥61,620 million respectively for the three-month period ended June 30, 2016.

b. Temporary difference associated with investment in Supercell

On June 21, 2016 the Company entered into an agreement to sell all of its shares of Supercell. Accordingly, the Company estimated that it was probable that temporary difference associated with the investment in Supercell is recoverable and ¥46,314 million of deferred tax assets was recorded. Due to this change in accounting estimate, net income from continuing operations and net income increased by ¥38,942 million respectively for the three-month period ended June 30, 2016. The details are described in “Note 14. Discontinued operations (2) Supercell” in “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements.”

3. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and cash equivalents	2,569,607	3,231,299
Trade and other receivables	1,914,789	1,781,492
Other financial assets	152,858	256,650
Inventories	359,464	344,028
Other current assets	553,551	601,909
Subtotal	5,550,269	6,215,378
Assets classified as held for sale	-	352,350
Total current assets	5,550,269	6,567,728
Non-current assets		
Property, plant and equipment	4,183,507	3,907,520
Goodwill	1,609,789	1,476,119
Intangible assets	6,439,145	5,858,460
Investments accounted for using the equity method	1,588,270	1,231,297
Other financial assets	970,874	1,082,433
Deferred tax assets	172,864	307,832
Other non-current assets	192,474	190,840
Total non-current assets	15,156,923	14,054,501
Total assets	20,707,192	20,622,229

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities and equity		
Current liabilities		
Interest-bearing debt	2,646,609	2,566,728
Trade and other payables	1,621,195	1,362,585
Other financial liabilities	6,531	13,179
Income taxes payables	140,351	71,376
Provisions	56,120	56,437
Other current liabilities	694,965	609,048
Subtotal	5,165,771	4,679,353
Liabilities directly associated with assets classified as held for sale	-	126,529
Total current liabilities	5,165,771	4,805,882
Non-current liabilities		
Interest-bearing debt	9,275,822	9,805,287
Other financial liabilities	95,664	175,785
Defined benefit liabilities	123,759	111,786
Provisions	118,876	105,475
Deferred tax liabilities	2,083,164	2,058,483
Other non-current liabilities	338,865	287,535
Total non-current liabilities	12,036,150	12,544,351
Total liabilities	17,201,921	17,350,233
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	261,234	259,941
Retained earnings	2,166,623	2,396,474
Treasury stock	(314,752)	(394,842)
Accumulated other comprehensive income	261,736	(53,300)
Subtotal	2,613,613	2,447,045
Accumulated other comprehensive income directly associated with assets classified as held for sale	-	(32,977)
Total equity attributable to owners of the parent	2,613,613	2,414,068
Non-controlling interests	891,658	857,928
Total equity	3,505,271	3,271,996
Total liabilities and equity	20,707,192	20,622,229

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

Condensed Interim Consolidated Statements of Income

(Millions of yen)

	Three-month period ended June 30, 2015*	Three-month period ended June 30, 2016
Continuing operations		
Net sales	2,066,518	2,126,521
Cost of sales	(1,210,471)	(1,267,273)
Gross profit	856,047	859,248
Selling, general and administrative expenses	(538,184)	(507,841)
Other operating income (loss)	694	(32,171)
Operating income	318,557	319,236
Finance cost	(105,511)	(112,107)
Income on equity method investments	80,602	35,466
Gain on sales of equity method associates	-	204,233
Other non-operating income (loss)	82,660	(90,467)
Income before income tax	376,308	356,361
Income taxes	(136,593)	(144,069)
Net income from continuing operations	239,715	212,292
Discontinued operations		
Net income from discontinued operations	10,302	60,059
Net income	250,017	272,351
Net income attributable to		
Owners of the parent	213,382	254,157
Non-controlling interests	36,635	18,194
	250,017	272,351
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		
Continuing operations	180.62	174.93
Discontinued operations	(1.19)	48.62
Total basic earnings per share	179.43	223.55
Diluted earnings per share (yen)		
Continuing operations	177.89	173.61
Discontinued operations	(1.19)	48.61
Total diluted earnings per share	176.70	222.22

Note:
* Continuing operations and discontinued operations are revised and presented separately. The details are described in "Note 14. Discontinued operations."

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Net income	250,017	272,351
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(6)	9
Total items that will not be reclassified to profit or loss	(6)	9
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	24,713	14,909
Cash flow hedges	(673)	(18,556)
Exchange differences on translating foreign operations	73,027	(356,970)
Share of other comprehensive income of associates	4,760	(14,812)
Total items that may be reclassified subsequently to profit or loss	101,827	(375,429)
Total other comprehensive income (loss), net of tax	101,821	(375,420)
Total comprehensive income (loss)	351,838	(103,069)
Total comprehensive income (loss) attributable to		
Owners of the parent	302,837	(93,847)
Non-controlling interests	49,001	(9,222)
	351,838	(103,069)

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the three-month period ended June 30, 2015

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2015	238,772	374,845	1,740,686	(48,383)	540,386	2,846,306	1,006,871	3,853,177
Comprehensive income								
Net income	-	-	213,382	-	-	213,382	36,635	250,017
Other comprehensive income	-	-	-	-	89,455	89,455	12,366	101,821
Total comprehensive income	-	-	213,382	-	89,455	302,837	49,001	351,838
Transactions with owners and other transactions								
Cash dividends	-	-	(23,784)	-	-	(23,784)	(28,907)	(52,691)
Transfer of accumulated other comprehensive income to retained earnings	-	-	(6)	-	6	-	-	-
Purchase and disposal of treasury stock	-	-	(136)	340	-	204	-	204
Changes from loss of control	-	-	-	-	-	-	(96,060)	(96,060)
Changes in interests in subsidiaries	-	(122,020)	-	-	-	(122,020)	(33,338)	(155,358)
Share-based payment transactions	-	(2,874)	-	-	-	(2,874)	2,137	(737)
Other	-	-	-	-	-	-	286	286
Total transactions with owners and other transactions	-	(124,894)	(23,926)	340	6	(148,474)	(155,882)	(304,356)
As of June 30, 2015	238,772	249,951	1,930,142	(48,043)	629,847	3,000,669	899,990	3,900,659

For the three-month period ended June 30, 2016

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal	Accumulated other comprehensive income directly associated with assets classified as held for sale	Total
As of April 1, 2016	238,772	261,234	2,166,623	(314,752)	261,736	2,613,613	-	2,613,613
Comprehensive income								
Net income	-	-	254,157	-	-	254,157	-	254,157
Other comprehensive loss	-	-	-	-	(348,004)	(348,004)	-	(348,004)
Total comprehensive loss	-	-	254,157	-	(348,004)	(93,847)	-	(93,847)
Transactions with owners and other transactions								
Cash dividends	-	-	(24,085)	-	-	(24,085)	-	(24,085)
Transfer of accumulated other comprehensive income to retained earnings	-	-	9	-	(9)	-	-	-
Purchase and disposal of treasury stock	-	-	(230)	(80,090)	-	(80,320)	-	(80,320)
Changes in interests in subsidiaries	-	(933)	-	-	-	(933)	-	(933)
Changes in associates' interests in their subsidiaries	-	(326)	-	-	-	(326)	-	(326)
Share-based payment transactions	-	(34)	-	-	-	(34)	-	(34)
Transfer to held for sale	-	-	-	-	32,977	32,977	(32,977)	-
Other	-	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	(1,293)	(24,306)	(80,090)	32,968	(72,721)	(32,977)	(105,698)
As of June 30, 2016	238,772	259,941	2,396,474	(394,842)	(53,300)	2,447,045	(32,977)	2,414,068

	Non-controlling interests	Total equity
As of April 1, 2016	891,658	3,505,271
Comprehensive income		
Net income	18,194	272,351
Other comprehensive loss	(27,416)	(375,420)
Total comprehensive loss	(9,222)	(103,069)
Transactions with owners and other transactions		
Cash dividends	(29,027)	(53,112)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(80,320)
Changes in interests in subsidiaries	3,948	3,015
Changes in associates' interests in their subsidiaries	-	(326)
Share-based payment transactions	2,786	2,752
Transfer to held for sale	-	-
Other	(2,215)	(2,215)
Total transactions with owners and other transactions	(24,508)	(130,206)
As of June 30, 2016	857,928	3,271,996

(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Cash flows from operating activities		
Net income	250,017	272,351
Depreciation and amortization	320,926	345,392
Finance cost	105,512	112,107
Income on equity method investments	(80,602)	(35,466)
Gain on sales of equity method associates	-	(204,233)
Other non-operating (income) loss	(80,164)	88,854
Income taxes	145,117	111,057
Decrease in trade and other receivables	107,923	62,083
Increase in inventories	(70,932)	(67,016)
Decrease in trade and other payables	(120,071)	(118,394)
Other	(88,681)	(56,867)
Subtotal	489,045	509,868
Interest and dividends received	2,450	5,945
Interest paid	(115,810)	(126,007)
Income taxes paid	(209,343)	(137,322)
Income taxes refund	4,391	250
Net cash provided by operating activities	170,733	252,734
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(435,360)	(234,160)
Payments for acquisition of investments	(158,240)	(109,157)
Proceeds from sales/redemption of investments	6,734	322,788
(Decrease) increase from loss of control over subsidiaries	(63,070)	2,725
Payments for acquisition of marketable securities for short-term trading	(50,154)	(70,099)
Proceeds from sales/redemption of marketable securities for short-term trading	52,636	5,866
Other	(40,824)	(72,803)
Net cash used in investing activities	(688,278)	(154,840)
Cash flows from financing activities		
Decrease in short-term interest-bearing debt, net	(82,597)	(21,413)
Proceeds from long-term interest-bearing debt	367,034	1,202,251
Repayment of long-term interest-bearing debt	(443,185)	(360,155)
Payments for purchase of subsidiaries’ interests from non-controlling interests	(159,848)	(7,344)
Purchase of treasury stock	(26)	(80,515)
Cash dividends paid	(22,985)	(23,195)
Cash dividends paid to non-controlling interests	(29,185)	(28,982)
Other	840	(1,049)
Net cash (used in) provided by financing activities	(369,952)	679,598
Effect of exchange rate changes on cash and cash equivalents	14,122	(77,367)
Decrease in cash and cash equivalents arising from transfer to assets classified as held for sale	-	(38,433)
(Decrease) increase in cash and cash equivalents	(873,375)	661,692
Cash and cash equivalents at the beginning of the period	3,258,653	2,569,607
Cash and cash equivalents at the end of the period	2,385,278	3,231,299

(5) Significant Doubt about Going-concern Assumption

For the three-month period ended June 30, 2016

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Definition of company name and abbreviation used in the notes

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

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

2. 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 has four segments, the Domestic telecommunications segment, the Sprint segment, the Yahoo Japan segment, and the Distribution segment.

The Domestic Telecommunications segment provides, mainly through SoftBank Corp., mobile communications services, sale of mobile devices, telecommunication services such as fixed-line telephone and data communications services for corporate customers, and broadband services for retail customers in Japan.

The Sprint segment provides, through Sprint, mobile communications services, sale and lease of mobile devices, sale of mobile device accessories, and fixed-line telecommunications services in the U.S.

The Yahoo Japan segment provides, mainly through Yahoo Japan Corporation, Internet-based advertising business, e-commerce business, and membership services.

The Distribution segment provides, mainly through Brightstar, distribution of mobile devices overseas, and through SoftBank Commerce & Service Corp., sale of mobile device accessories, PC software and peripherals in Japan.

(2) Net sales and income of reportable segments

Income of reportable segments is defined as "Operating income."

Intersegment transaction prices are determined 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 segment.

The Company also discloses EBITDA (i.e., segment income and loss after addition of depreciation and amortization) and Adjusted EBITDA (i.e., EBITDA after deduction of other operating income and loss) by each reportable segment.

Financial cost, income and loss on equity method investments, gain on sales of equity method associates, and other non-operating income and loss are not managed by each reportable segment and therefore these income and losses are excluded from the segment performance.

For the three-month period ended June 30, 2015

(Millions of yen)

	Reportable segments							
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Total	Other[1]	Reconcili-ations[2]	Consoli-dated
Net sales								
Customers	714,486	937,813	108,531	284,180	2,045,010	21,508	-	2,066,518
Intersegment	8,084	36,181	1,924	19,563	65,752	4,252	(70,004)	-
Total	722,570	973,994	110,455	303,743	2,110,762	25,760	(70,004)	2,066,518
Segment income (Operating income)	215,049	69,588	48,852	411	333,900	(3,503)	(11,840)	318,557
Reconciliation from segment income to adjusted EBITDA								
Segment income	215,049	69,588	48,852	411	333,900	(3,503)	(11,840)	318,557
Depreciation and amortization	107,798	190,278	5,646	2,406	306,128	3,796	469	310,393
EBITDA	322,847	259,866	54,498	2,817	640,028	293	(11,371)	628,950
Other operating income	-	(694)	-	-	(694)	-	-	(694)
Adjusted EBITDA	322,847	259,172	54,498	2,817	639,334	293	(11,371)	628,256

For the three-month period ended June 30, 2016

(Millions of yen)

	Reportable segments							
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Total	Other[1]	Reconcili-ations[2]	Consoli-dated
Net sales								
Customers	754,662	848,098	201,392	300,148	2,104,300	22,221	-	2,126,521
Intersegment	7,101	25,825	2,841	15,351	51,118	5,086	(56,204)	-
Total	761,763	873,923	204,233	315,499	2,155,418	27,307	(56,204)	2,126,521
Segment income (Operating income)	239,013	45,368	50,308	6,680	341,369	(4,458)	(17,675)	319,236
Reconciliation from segment income to adjusted EBITDA								
Segment income	239,013	45,368	50,308	6,680	341,369	(4,458)	(17,675)	319,236
Depreciation and amortization	112,266	214,049	9,167	1,789	337,271	2,358	380	340,009
EBITDA	351,279	259,417	59,475	8,469	678,640	(2,100)	(17,295)	659,245
Other operating loss[3]	-	12,277	-	-	12,277	-	6,828	19,105
Adjusted EBITDA	351,279	271,694	59,475	8,469	690,917	(2,100)	(10,467)	678,350

Notes:

1. Information on the business segments which are not included in the reportable segments is classified in “Other.” “Other” includes mainly Fukuoka SoftBank HAWKS-related business.

2. “Reconciliations” includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment. Expenses arising mainly from SoftBank Group Corp. and SB Group US, Inc., which manages and supervises investment activities in the Internet, communication, and media fields overseas, are included in the corporate general expenses. For the three-month period ended June 30, 2016, ¥6,828 million of expenses arising from resignation of Nikesh Arora from a director is included. The details are described in “Note 10. Other operating income (loss).”

3. ¥13,066 million of “Loss on disposal of property, plant and equipment” recognized as “Other operating loss” in the condensed interim consolidated statements of income for the three-month period ended June 30, 2016 is not included in “Other operating loss” in the Sprint segment. The details are described in “Note 10. Other operating income (loss).”

4. Discontinued operations are not included. The details are described in “Note 14. Discontinued operations.”

3. Other current assets

The components of other current assets are as follows:

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Tax receivable*	332,339	414,099
Prepaid expense	171,991	145,456
Other	49,221	42,354
Total	553,551	601,909

Note:
* Tax receivable includes withholding income tax of ¥293,489 million and ¥378,536 million related to dividend within the group companies as of March 31, 2016 and as of June 30, 2016, respectively.

4. Assets or disposal groups classified as held for sale

(1) Assets classified as held for sale

a. Alibaba

On June 1, 2016, the Company entered into an agreement to sell a portion of Alibaba shares to Alibaba Partnership* in July 2016. Accordingly, Alibaba shares related to the transaction are transferred from investments accounted for using the equity method to assets classified as held for sale. The shares are measured at their carrying amounts because the fair values after deducting expenses arising from sale (scheduled sale price) are higher than their carrying amounts. The transaction was completed on July 11, 2016 and the shares for sale are equivalent to 0.2% of total voting rights of Alibaba.

Note:
* Alibaba Partnership is not an associate of Alibaba.

The components of the investments transferred to assets classified as held for sale are as follows:

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets classified as held for sale		
Investments accounted for using the equity method	-	6,907

b. GungHo

A portion of GungHo shares held by the Company are tendered for the acquisition of its own shares and execution of a tender offer (“Tender Offer”) by GungHo from June 23, 2016. Accordingly, GungHo shares related to the transaction are transferred from investments accounted for using the equity method to assets classified as held for sale. The shares are measured at their fair values after deducting expenses arising from sale because the fair values after deducting expenses arising from sale (Tender Offer price) are below their carrying amounts. As a result of the transaction, for the three-month period ended June 30, 2016, ¥42,540 million is recorded as an impairment loss on assets classified as held for sale.

The Tender Offer was completed on July 21, 2016 and 245,592,400 shares were purchased, out of 248,300,000 shares that were tendered by the Company. As a result of the transaction, GungHo’s ownership ratio held by the Company became 3.8%* and GungHo will be derecognized from an associate of the Company for the three-month period ending September 30, 2016.

Note:
* The percentage of the voting rights accounted for 7,111,528, which is obtained by subtracting 2,483,000 voting rights related to 248,300,000 common shares of GungHo to be purchased by GungHo in the Tender Offer from 9,594,528 of voting rights as of December 31, 2015.

The components of the investments transferred to assets classified as held for sale are as follows:

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets classified as held for sale		
Investments accounted for using the equity method	-	73,000

(2) Disposal groups classified as held for sale

The Company entered into a definitive agreement with Tencent Holdings Limited and its affiliate ("Tencent affiliate"), Supercell and other parties on June 21, 2016 to sell all of its shares of Supercell to Tencent affiliate. Accordingly, assets, liabilities, and accumulated other comprehensive income associated with Supercell are classified as disposal groups classified as held for sale. They are measured at their carrying amounts because the fair values after deducting expenses arising from sale (scheduled sale price) are higher than their carrying amounts. Operating results associated with Supercell are presented as discontinued operations separately from continuing operations in the condensed interim consolidated statements of income. The details are described in "Note 14. Discontinued operations."

The transfer of shares is expected to occur on August 5, 2016 and Supercell will be excluded from a scope of consolidation of the Company after the transfer.

The components of the amounts transferred to assets classified as held for sale, liabilities directly associated with the assets classified as held for sale, and accumulated other comprehensive income directly associated with the assets classified as held for sale are as follows:

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets classified as held for sale		
Cash and cash equivalents*	-	38,433
Trade and other receivables	-	16,169
Other financial assets	-	46,315
Other current assets	-	32,418
Goodwill	-	83,552
Intangible assets	-	48,839
Other non-current assets	-	6,717
Total	-	272,443
Liabilities directly associated with assets classified as held for sale		
Other current liabilities	-	99,951
Other non-current liabilities	-	26,578
Total	-	126,529
Accumulated other comprehensive income directly associated with assets classified as held for sale		
Available-for-sale financial assets	-	913
Exchange differences on translating foreign operations	-	(33,890)
Total	-	(32,977)

Note:
* The amount is cash and cash equivalents held by Supercell as of June 30, 2016 after deducting the resolved dividend amount scheduled to be received from Supercell in July 2016.

5. Property, plant and equipment

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

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Buildings and structures	254,569	248,039
Telecommunications equipment	3,031,553	2,824,698
Equipment and fixtures	577,279	548,598
Land	105,062	102,638
Construction in progress	194,456	164,112
Other	20,588	19,435
Total	4,183,507	3,907,520

6. Intangible assets

The components of the carrying amounts of intangible assets are as follows:

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Intangible assets with indefinite useful lives		
FCC licenses	4,060,750	3,719,181
Trademarks	706,637	647,950
Intangible assets with finite useful lives		
Software	782,148	750,807
Customer relationships	439,800	376,063
Spectrum migration costs	110,472	108,807
Favorable lease contracts	119,242	105,480
Trademarks	54,066	48,848
Game titles*	59,844	-
Other	106,186	101,324
Total	6,439,145	5,858,460

Note:

* Decrease resulting from transfer to disposal groups classified as held for sale. The details are described in “(2) Disposal groups classified as held for sale” in “Note 4. Assets or disposal groups classified as held for sale.”

7. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Current		
Short-term borrowings	515,408	486,162
Commercial paper	42,000	29,000
Current portion of long-term borrowings	743,225	833,035
Current portion of corporate bonds	900,685	760,785
Current portion of lease obligations	396,992	413,626
Current portion of installment payables	48,299	44,120
Total	2,646,609	2,566,728
Non-current		
Long-term borrowings	1,785,500	1,984,239
Corporate bonds	6,611,947	6,301,178
Lease obligations	815,194	825,316
Advances received for sale of shares by variable prepaid forward contract*	-	648,510
Installment payables	63,181	46,044
Total	9,275,822	9,805,287

Note:
* The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract."

(2) Transaction for sale of Alibaba shares by variable prepaid forward contract

On June 10, 2016, West Raptor Holdings, LLC ("WRH LLC"), a wholly owned subsidiary of the Company, entered into a variable prepaid forward contract to sell Alibaba shares with a newly formed trust, Mandatory Exchangeable Trust ("Trust") and received the proceeds of ¥578,436 million ($5.4 billion) as advances received for sale.

Trust, on the other hand, utilized Alibaba shares scheduled to be transferred from WRH LLC at the time of settlement under the contract and issued $6.6 billion of Mandatory Exchangeable Trust Securities ("Trust Securities") which are mandatorily exchangeable into American depositary shares ("ADSs") of Alibaba. The proceeds from sale received by WRH LLC from the Trust is $5.4 billion and this is after the deduction of the amounts from $6.6 billion of the total amount of Trust Securities issuance for the purchase of U.S. Treasury securities in order to fund distributions on the Trust Securities and for the expenses in order to issue Trust Securities.

The settlement by Alibaba shares based on the variable prepaid forward contract is conducted concurrently with the exchange of Trust Securities. At the exchange date, which is expected to be the first scheduled trading day after June 1, 2019, Trust Securities are exchanged for a certain number of ADSs, determined by reference to the trading price of the ADSs at that time, and the number of Alibaba shares sold by the variable prepaid forward contract is determined by this number of ADSs. A cap and a floor are set for the number of shares settled and the variable prepaid forward contract is classified as a hybrid financial instrument with embedded derivatives of collar trading.

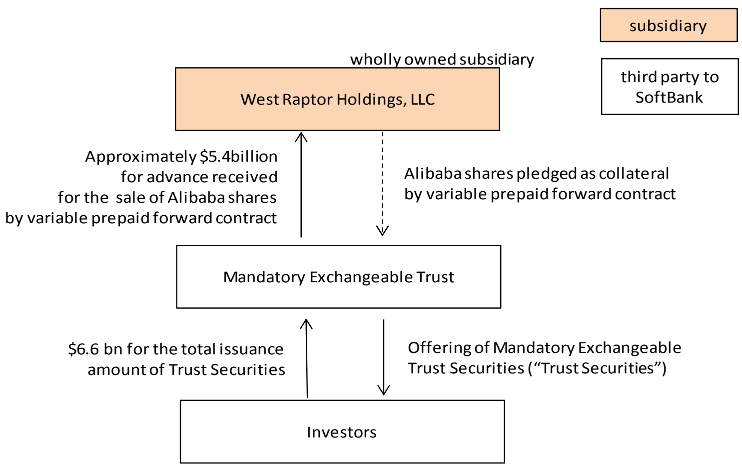
The Company accounts for the variable prepaid forward contract by bifurcating the advances received and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as advances received for sale of shares by variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, advances received for sale of shares by variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value. ¥648,510 million is recognized as advances received for sale of shares by variable prepaid forward contract in interest-bearing debt and ¥86,301 million is recognized as derivative assets in other financial assets in the condensed interim consolidated statements of financial position as of June 30, 2016.

WRH LLC has the option ("cash settlement option") to settle the variable prepaid forward contract by either delivering cash or a combination of cash and Alibaba shares. If WRH LLC elects the cash settlement option, Cash equivalent to the fair value of the number of shares for the settlement, which is determined by the transaction price of ADSs, will be paid.

Also, WRH LLC has the option ("early settlement option") to settle the variable prepaid forward contract prior to the scheduled settlement date. Settlement of the variable prepaid forward contract may be made prior to the scheduled settlement date if WRH LLC elects the early settlement option or under certain circumstances.

Alibaba shares held by WRH LLC are pledged as collateral, which are equivalent to 3.4% of total voting rights of Alibaba. The Company continuously applies the equity method to these shares and they are included in "Investments accounted for using the equity method" in the condensed interim consolidated statements of financial position as of June 30, 2016. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥109,971 million as of June 30, 2016.

Outline of the transaction



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

The components of "Decrease 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, 2015	Three-month period ended June 30, 2016
Net decrease of short-term borrowings	(82,597)	(8,413)
Net decrease of commercial paper	-	(13,000)
Total	(82,597)	(21,413)

(4) 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, 2015	Three-month period ended June 30, 2016
Proceeds from long-term borrowings	125,967	438,163
Proceeds from issuance of corporate bonds[1,2]	100,000	50,000
Proceeds from sale and leaseback of newly acquired equipment	141,067	135,652
Proceeds from advances received for sale of shares by variable prepaid forward contract[3]	-	578,436
Total	367,034	1,202,251

Notes:

1. Corporate bonds issued for the three-month period ended June 30, 2015 are as follows:

Company name / Name of bonds	Date of issuance	Total amount of issuance	Interest rate	Date of maturity
SoftBank Group Corp.				
47th Unsecured Straight Corporate Bond	June 18, 2015	¥100,000 million	1.36%	June 18, 2020

2. Corporate bonds issued for the three-month period ended June 30, 2016 are as follows:

Company name / Name of bonds	Date of issuance	Total amount of issuance	Interest rate	Date of maturity
SoftBank Group Corp.				
49th Unsecured Straight Corporate Bond	April 20, 2016	¥20,000 million	1.94%	April 20, 2023
50th Unsecured Straight Corporate Bond	April 20, 2016	¥30,000 million	2.48%	April 20, 2026

3. The amount was received as advances for sale of Alibaba shares by variable prepaid forward contract. The variable prepaid forward contract is a hybrid financial instrument. Regarding the proceeds of ¥578,436 million, advances received for sale of shares by variable prepaid forward contract and derivative asset are accounted for and recorded separately. The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" in "Note 7. Interest-bearing debt."

(5) 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, 2015	Three-month period ended June 30, 2016
Repayment of long-term borrowings	(112,139)	(135,756)
Redemption of corporate bonds[1,2]	(25,104)	(100,000)
Repayment of lease obligations	(87,404)	(106,181)
Payment of installment payables	(18,538)	(18,218)
Redemption of preferred securities	(200,000)	-
Total	(443,185)	(360,155)

Notes:

1. Major Corporate bonds redeemed for the three-month period ended June 30, 2015 are as follows:

Company name / Name of bonds	Date of issuance	Amount of redemption	Interest rate	Date of redemption
SoftBank Group Corp.				
32nd Unsecured Straight Corporate Bond	June 2, 2010	¥25,000 million	1.67%	June 2, 2015

2. Major corporate bonds redeemed for the three-month period ended June 30, 2016 are as follows:

Company name / Name of bonds	Date of issuance	Amount of redemption	Interest rate	Date of redemption
SoftBank Group Corp.				
36th Unsecured Straight Corporate Bond	June 17, 2011	¥100,000 million	1.00%	June 17, 2016

8. Foreign exchange rates

Exchange rates of the major currencies used for translating financial statements of foreign operations are as follows:

(1) Rate at the end of the period

(yen)

	As of March 31, 2016	As of June 30, 2016
U.S. dollars	112.68	102.91

(2) Average rate for the quarter

(yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
U.S. dollars	121.34	109.07

9. Equity

(1) Capital surplus

For the three-month period ended June 30, 2015

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

(2) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Available-for-sale financial assets	32,594	34,226
Cash flow hedges	(40,088)	(60,091)
Exchange differences on translating foreign operations	269,230	(27,435)
Total	261,736	(53,300)

10. Other operating income (loss)

The components of other operating loss are as follows:

(Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Sprint segment		
Loss on disposal of property, plant and equipment[1]	-	(13,066)
Loss on contract termination[2]	-	(12,287)
Other	694	10
Company-wide		
Expenses resulting from resignation of director[3]	-	(6,828)
Total	694	(32,171)

Notes:
1. Loss on disposal that resulted from the write-off of leased devices associated with lease cancellations prior to the scheduled customer lease terms where customers did not return the devices to Sprint.

2. Loss mainly resulting from termination of wholesale contracts with NTELOS Holding Corp.

3. Expense resulting from resignation of Nikesh Arora from his position as a director. Resignation expense consists of expenses which payment amounts are defined and expense which payment amount is to be defined depending on the future share price of SoftBank Group Corp. shares. Expense based on the share price will be settled in two installments, scheduled on June 2017 and March 2018. Payment amount will be determined based on the share price of June 2017 and March 2018 respectively. The Company measured the expense based on SoftBank Group Corp. share price as of June 30, 2016 and recorded the entire expense of ¥1,811 million during the three-month period ended June 30, 2016. The expense will be remeasured every quarter end based on the stock price of SoftBank Group Corp. until the determination of payment amount, and the changes will be recognized through profit or loss.

In addition to the above resignation expense, the Company purchased the shares of associate companies from Nikesh Arora for ¥10,744 million, which were previously granted to him in December 2014. Purchase price by the Company was determined based on negotiation with reference to the recent transaction price.

11. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Interest expense	(105,511)	(112,107)

12. Gain on sales of equity method associates

For the three-month period ended June 30, 2016

On June 13, 2016, the Company sold a portion of its Alibaba shares to Alibaba, Gamlight Pte Ltd, a wholly-owned subsidiary of GIC Private Limited, and Aranda Investments Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings Private Limited and ¥202,886 million was recorded as a gain on sales of equity method associates.

The total amount of sale price is ¥319,380 million ($3.0 billion), of which the sale price to Alibaba is ¥212,920 million ($2.0 billion). The sale price is determined by negotiation in reference to the market price.

As a result of the sale, the Company held 30.25% of the voting rights of Alibaba as of June 30, 2016.

In addition to the above, on June 1, 2016, the Company entered into an agreement to sell a portion of its Alibaba shares for $400 million in July 2016 and the transaction was completed on July 11, 2016. The details are described in "(1) Assets classified as held for sale a. Alibaba" in "Note 4. Assets or disposal groups classified as held for sale."

13. Other non-operating income (loss)

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

(Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Foreign exchange gain and loss	455	(42,919)
Derivative gain and loss	(4,756)	21,511
Gain (loss) from financial assets at FVTPL[1]	84,272	(30,283)
Impairment loss on assets classified as held for sale[2]	-	(42,540)
Other	2,689	3,764
Total	82,660	(90,467)

Notes:

1. Gain or loss arising from financial assets at FVTPL comprises mainly changes in fair value of preferred stock investment including embedded derivatives, such as ANI Technologies Pvt. Ltd and Jasper Infotech Private Limited in India, designated as financial assets at FVTPL.

2. The Company transferred a portion of its GungHo shares to assets classified as held for sale as the Company tendered in the Tender Offer by GungHo for the three-month period ended June 30, 2016. Accordingly, the carrying amounts of the shares were decreased to the fair values after deducting expenses (Tender Offer price) arising from sale and ¥42,540 million was recorded as an impairment loss on assets classified as held for sale.

14. Discontinued operations

(1) GungHo

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

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

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

Operating results associated with GungHo from April 1, 2015 to June 1, 2015 are presented as discontinued operations separately from continuing operations in the condensed interim consolidated statements of income.

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

A portion of GungHo shares held by the Company were tendered in the Tender Offer by GungHo from June 23, 2016. Accordingly, GungHo shares tendered in the Tender Offer are transferred from investments accounted for using the equity method to assets classified as held for sale. The details are described in "(1) Assets classified as held for sale b. GungHo" in "Note 4. Assets or disposal groups classified as held for sale."

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

a. Operating results from discontinued operations

(Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Revenue	26,604	-
Expense	(17,404)	-
Income before income tax from discontinued operations	9,200	-
Income taxes	(3,568)	-
Income after income tax from discontinued operations	5,632	-
Loss associated with loss of control in discontinued operations	(12,739)	-
Deferred tax expenses for temporary differences associated with investment	139	-
Net loss from discontinued operations	(6,968)	-

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

b. Cash flows from discontinued operations

(Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Net cash provided by operating activities	16,051	-
Net cash used in investing activities	(735)	-
Net cash used in financing activities	(86)	-
Total	15,230	-

(2) Supercell

The Company entered into a definitive agreement with Tencent Holdings Limited and its affiliate ("Tencent affiliate"), Supercell and other parties on June 21, 2016 to sell all of its shares of Supercell, to Tencent affiliate. The transfer of shares is expected to occur on August 5, 2016, and on or after the date of transfer of the shares, Supercell will no longer be a subsidiary of the Company.

Operating results related to Supercell for the three-month period ended June 30, 2015, and for the three-month period ended June 30, 2016 are presented as discontinued operations separately from continuing operations in the condensed interim consolidated statements of income.

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

a. Operating results from discontinued operations

(Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Revenue	72,540	61,150
Operating expense	(47,545)	(35,716)
Non-operating income and loss	(2,630)	1,613
Income before income tax from discontinued operations	22,365	27,047
Income taxes	(5,095)	(5,930)
Income after income tax from discontinued operations	17,270	21,117
Deferred tax expenses for temporary differences associated with investment	-	38,942
Net income from discontinued operations	17,270	60,059

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

b. Cash flows from discontinued operations

(Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Net cash provided by operating activities	26,043	38,505
Net cash used in investing activities	(22,741)	(117)
Net cash provided by (used in) financing activities	4	(48)
Total	3,306	38,340

15. 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 a portion of cash outflows from 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 leases

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 condensed interim consolidated statements 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) Proceeds from sales and redemption of investments

For the three-month period ended June 30, 2016

Proceeds related to sales of Alibaba shares of ¥319,380 million ($3.0 billion) are included. The details are described in "Note 12. Gain on sales of equity method associates."

(4) (Decrease) increase from loss of control over subsidiaries

For the three-month period ended June 30, 2015

"(Decrease) increase from loss of control over subsidiaries" is the amount of cash and cash equivalents held by GungHo at the time of loss of control.

(5) Decrease in cash and cash equivalents arising from transfer to assets classified as held for sale

For the three-month period ended June 30, 2016

The amount is cash and cash equivalents held by Supercell as of June 30, 2016 after deducting the resolved dividend amount scheduled to be received from Supercell in July 2016. The details are described in "(2) Disposal groups classified as held for sale" in "Note 4. Assets or disposal groups classified as held for sale."

(6) Significant non-cash transactions

Significant non-cash investing and financing activities are as follows:

(Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Transfer of leased devices from inventories to property, plant and equipment	98,058	59,029
Embedded derivatives included in sale of shares by variable prepaid forward contract*	-	95,587

Note:
* The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" in "Note 7. Interest-bearing debt."

16. Significant subsequent events

Acquisition of ARM Holdings plc

On July 18, 2016 (GMT), the Company and ARM Holdings plc ("ARM") of the United Kingdom entered into an agreement on the terms of a recommended all cash acquisition of the entire issued and to be issued share capital of ARM by the Company, under which the Company will acquire 1,412 million shares of ARM for a total acquisition price amounting to approximately £24.0 billion (approximately $31.0 billion or ¥3.3 trillion) by means of an English court-sanctioned scheme of arrangement ("Acquisition").

The Acquisition, which has been approved at a meeting of the Company's board of directors, is subject to the approval of ARM's shareholders and of the English court. ARM's board of directors has unanimously confirmed that it intends to recommend the Acquisition to ARM's shareholders.

As a result of the Acquisition, ARM will become a wholly-owned subsidiary of the Company.

(1) Acquisition background and rationale

The Company believes ARM is one of the world's leading technology companies, with strong capabilities in global semiconductor intellectual property and the "Internet of Things", and a proven track record of innovation.

The board and management of the Company believe that the acquisition of ARM by the Company will deliver the following benefits:

・Support and accelerate ARM's position as the global leader in intellectual property licensing and R&D outsourcing for semiconductor companies

The Company's deep industry expertise and global network of relationships will accelerate adoption of ARM's intellectual property across existing and new markets.

・Maintain ARM's dedication to innovation

The Company intends to sustain ARM's long-term focus on generating more value per device, and driving licensing wins and future royalty streams in new growth categories, specifically "Enterprise and Embedded Intelligence."

・Increased investment to drive the next wave of innovation

The Company intends to support ARM's multiple growth initiatives by investing in engineering talent and complementary acquisitions with the aim of ensuring ARM maintains a R&D edge over existing and emerging competitors. The Company believes such an investment strategy in long-term growth will be easier to execute as a non-listed company.

・Shared culture and long-term vision

The Company believes the two companies share the same technology-oriented culture, long-term vision, focus on innovation and commitment to attracting, developing and retaining top talent. These common values will be the foundation for the strong strategic partnership necessary to capture the significant opportunities ahead.

・Maintain and grow the UK's leadership in science and technology

The Company is investing in the UK as a world leader in science and technology development and innovation and, as evidence of this, intends to invest in multiple ARM growth initiatives, at least doubling the number of ARM employees in the UK over the next five years.

(2) Acquisition terms

Under the terms of the Acquisition, each ARM shareholder will be entitled to receive 1,700 pence in cash for each ARM share.

The consideration values the entire existing issued and to be issued share capital of ARM at approximately ￡24.3 billion.

In addition, ARM shareholders who are on the register of members of ARM as at the close of business on 8 September 2016, or at the close of business on the business day prior to the effective date of the scheme of arrangement if earlier, will be entitled to receive and retain an interim dividend of 3.78 pence per ARM share, which will be paid on 10 October 2016 or, if earlier, the effective date (“Dividend”), without any reduction of the offer consideration payable under the Acquisition. In addition, ARM shareholders will also be entitled to receive and retain any future dividends in the ordinary course with a record date prior to the effective date (“Ordinary Course Dividends”), without any reduction of the offer consideration payable under the Acquisition. In particular, those ARM shareholders who are on the register of members of ARM as at the close of business on 20 April 2017 (being the record date for the 2016 final dividend) will be entitled to receive and retain the 2016 final dividend for the period to 31 December 2016 of up to 6.76 pence per ARM share that is expected to be paid on 11 May 2017. If the effective date occurs before the record date of any Ordinary Course Dividend, ARM shareholders will not be entitled to receive such dividend.

If, after July 18, 2016, any dividend and/or other distribution and/or other return of capital (other than the Dividend and any Ordinary Course Dividends) is announced, declared or paid in respect of the ARM shares, the Company reserves the right to reduce the offer consideration by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared or paid.

The price of 1,700 pence per ARM share represents a premium of:

- approximately 43.0% to the closing price of 1,189 pence per ARM share, and approximately 42.9% to the closing price per ARM ADR of $47.08, on 15 July 2016;
- approximately 69.3% to the volume weighted average closing price of approximately 1,004 pence per ARM share, and approximately 58.7% to the volume weighted average closing price per ARM ADR of $42.39, over the three months prior to and including 15 July 2016; and
- approximately 41.1% to the all-time high closing price of 1,205 pence per ARM share on 16 March 2015

(3) Acquisition procedure

The Company and ARM intend to implement the Acquisition through a “scheme of arrangement” pursuant to English law. A scheme of arrangement is an acquisition method under which the Acquisition becomes effective upon the approval of ARM’s shareholders (as further detailed below) as well as the English court. However, the Company shall be entitled to implement the Acquisition by way of a takeover offer rather than the scheme: (i) while the Co-operation Agreement continues, with the consent of the Takeover Panel (an independent regulatory body that regulates takeovers) and with the prior written consent of ARM; or (ii) after the termination of the Co-operation Agreement, with the consent of the Takeover Panel only.

The terms of the Acquisition will be submitted to ARM’s shareholders. In order to become effective, the scheme of arrangement must be approved by a majority in number, representing at least 75% in nominal value, of the relevant shares held by the shareholders present and voting in person or by proxy at the ARM shareholders meeting to be convened by the English court. Any ARM shares owned by the Company or any subsidiary undertaking of the Company will be excluded from the voting.

(4) Recommendation

The board of ARM, which has been so advised by Goldman Sachs International and Lazard & Co., Limited as to the financial terms of the Acquisition, considers the terms of the Acquisition to be fair and reasonable. Accordingly, the ARM directors have confirmed that they intend unanimously to recommend that ARM shareholders vote to approve the Acquisition.

(5) Directors' irrevocable undertakings

The Company has received irrevocable undertakings to vote in favour of the Acquisition from those ARM directors who hold ARM shares in respect of their own ARM shares (amounting, in aggregate, to 1,976,897 ARM shares). Such ARM directors have also each undertaken that, if the Acquisition is implemented by means of a takeover offer instead of by way of the scheme of arrangement, they shall accept such takeover offer in respect of their ARM shares.

(6) Financing

Part of the consideration payable under the Acquisition is being financed by debt to be provided under an up to ¥1.0 trillion facility arranged by Mizuho Bank, Ltd. pursuant to a term loan agreement entered into between the Company and Mizuho Bank, Ltd. dated July 15, 2016. The balance of the consideration will be funded from the Company's existing cash resources.

Summary of the bridge loan

(a) Borrower	SoftBank Group Corp.
(b) Lender	Mizuho Bank, Ltd.
(c) Date of execution	July 15, 2016
(d) Maximum total amount of borrowing	¥1.0 trillion
(e) Use of loan proceeds	Acquisition of ARM
(f) Maturity	July 13, 2018
(g) Collateral	None
(h) Guarantor	SoftBank Corp.

(7) Summary of ARM

(a) Name	ARM Holdings plc
(b) Address	110 Fulbourn Road, Cambridge CB1 9NJ, United Kingdom
(c) Name and title of representative	Simon Segars, Chief Executive Officer
(d) Nature of business	Design of microprocessors, physical intellectual property and related technology and software, sale of development tools
(e) Share capital	£0.7 million
(f) Founded	October 16, 1990
(g) ARM's consolidated operating results and financial position as of December 31, 2015 (IFRS)*	
(Unit: millions of GBP)	Fiscal year ended December 2015
Net sales	968
Operating income	406
Net income	340
Equity	1,798
Total assets	2,120

Note:
* Based on ARM's disclosure information.

(8) Number of shares to be acquired, acquisition price and state of share ownership before and after the acquisition

(a) Number of shares held before the Acquisition	20,381,355 shares (number of voting rights: 20,381,355) (voting ratio: 1.42%)*
(b) Number of shares to be acquired	1,411,740,071 shares* (number of voting rights: 1,411,740,071)
(c) Acquisition price	Total amount invested: approx. £24.0 billion (approx. $31.0 billion or ¥3.3 trillion) Advisory fees, etc.: TBD
(d) Number of shares held after the Acquisition	1,432,121,426 shares* (number of voting rights: 1,432,121,426) (voting ratio: 100%)*

Note:
* Based on ARM's fully-diluted shares as of July 18, 2016.