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 six-month period ended September 30, 2016 (IFRS)

Tokyo, November 7, 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	%
Six-month period ended September 30, 2016	**¥4,271,834**	**(0.2)**	**¥653,944**	**3.5**	**¥665,625**	**(13.3)**	**¥800,948**	**57.5**	**¥766,249**	**79.6**	**¥70,608**	**(85.3)**
Six-month period ended September 30, 2015	¥4,281,198	-	¥631,917	-	¥767,721	-	¥508,625	(16.4)	¥426,683	(23.9)	¥481,723	(36.0)

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Six-month period ended September 30, 2016	**¥679.74**	**¥675.83**
Six-month period ended September 30, 2015	¥359.56	¥349.81

Note:
Net sales, operating income, and income before income tax for the six-month period ended September 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 six-month period ended September 30, 2015 are not presented because corresponding amounts for the six-month period ended September 30, 2015 are revised and presented respectively.
Please refer to page 62 "Note 16. Discontinued operations" in "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 September 30, 2016	**¥22,896,077**	**¥3,126,322**	**¥2,292,082**	**10.0**
As of March 31, 2016	¥20,707,192	¥3,505,271	¥2,613,613	12.6

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	-	22.00			
Fiscal year ending March 31, 2017 (Forecasted)			-	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: Four companies

West Raptor Holdings, LLC   SB HP HoldCo   ARM PIPD Holdings One, LLC   ARM PIPD Holdings Two, LLC

Please refer to page 35 “(1) Significant Changes in Scope of Consolidation for the Six-month Period Ended September 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

Please refer to page 35 “(2) Changes in Accounting Estimates” in “2. Notes to Summary Information” for details.

(3) Number of shares issued (common stock)

[1] Number of shares issued (including treasury stock):
As of September 30, 2016: 1,200,660,365 shares
As of March 31, 2016: 1,200,660,365 shares

[2] Number of treasury stock:
As of September 30, 2016: 111,699,664 shares
As of March 31, 2016: 53,760,198 shares

[3] Number of average stocks during six-month period (April-September):
As of September 30, 2016: 1,127,267,175 shares
As of September 30, 2015: 1,186,678,615 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 November 7, 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 our website around 4 p.m. on the same day at http://www.softbank.jp/en/corp/irinfo/presentations/.

(Appendix)

Contents

1. Qualitative Information Regarding Six-month Period Results .... P. 2
(1) Qualitative Information Regarding Consolidated Results of Operations .... P. 2
a. Consolidated Results of Operations .... P. 2
b. Results by Segment .... P. 8
(Reference: Definitions and Calculation Methods of Principal Operational Data) .... P. 21
(2) Qualitative Information Regarding Consolidated Financial Position .... P. 25
a. Assets, Liabilities and Equity .... P. 25
b. Cash Flows .... P. 32
(3) Qualitative Information Regarding Forecasts on Consolidated Results of Operations .... P. 34

2. Notes to Summary Information .... P. 35
(1) Significant Changes in Scope of Consolidation for the Six-month Period Ended September 30, 2016 .... P. 35
(2) Changes in Accounting Estimates .... P. 35

3. Condensed Interim Consolidated Financial Statements .... P. 36
(1) Condensed Interim Consolidated Statements of Financial Position .... P. 36
(2) Condensed Interim Consolidated Statements of Income and Comprehensive Income .... P. 38
(3) Condensed Interim Consolidated Statements of Changes in Equity .... P. 42
(4) Condensed Interim Consolidated Statements of Cash Flows .... P. 44
(5) Significant Doubt about Going-concern Assumption .... P. 45
(6) Notes to Condensed Interim Consolidated Financial Statements .... P. 45

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.
"ARM"	ARM Holdings plc
"Alibaba"	Alibaba Group Holding Limited
"Supercell"	Supercell Oy
"GungHo"	GungHo Online Entertainment, Inc.

Consolidation of ARM

The Company consolidated ARM on September 5, 2016 (GMT; similar for the acquisition date of ARM), following the completion of its acquisition. In conjunction with this, the Company established a new reportable segment, "ARM," from the three-month period ended September 30, 2016 (the "second quarter"). See page 46 "3. Business combinations" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details of the consolidation.

1. Qualitative Information Regarding Six-month Period Results

(1) Qualitative Information Regarding Consolidated Results of Operations

a. Consolidated Results of Operations

(Millions of yen)

	Six-month Period Ended September 30, 2015	**Six-month Period Ended September 30, 2016**	Change	Change %
Continuing operations				
Net sales	4,281,198	**4,271,834**	(9,364)	(0.2%)
Operating income	631,917	**653,944**	22,027	3.5%
Income before income tax	767,721	**665,625**	(102,096)	(13.3%)
Net income from continuing operations	476,078	**242,363**	(233,715)	(49.1%)
Discontinued operations				
Net income from discontinued operations	32,547	**558,585**	526,038	-
Net income	508,625	**800,948**	292,323	57.5%
Net income attributable to owners of the parent	426,683	**766,249**	339,566	79.6%

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	Three-month Period Ended Sept. 30, 2016
	Q1	Q2	Q3	Q4	Q1	Q2
USD / JPY	¥121.34	¥121.91	¥121.07	¥116.95	¥109.07	¥102.91

< Results Related to Supercell >

The Company sold all of its shares in Supercell to an affiliate of Tencent Holdings Limited on July 29, 2016. Accordingly, Supercell's net income until July 29, 2016 is presented as discontinued operations separately from continuing operations. Net income of Supercell for the six-month period ended September 30, 2015 has been revised retrospectively and presented under discontinued operations. See page 63 "(2) Supercell" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 16. Discontinued operations" for details.

Supercell did not qualify as the Company's subsidiary and therefore was excluded from the scope of consolidation on July 29, 2016 when the shares were transferred.

	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	Three-month Period Ended Sept. 30, 2016
	Q1	Q2	Q3	Q4	Q1	Q2
Earnings for the Fiscal Year Ended March 2016	**Continuing Operations** (Supercell earnings were included as a subsidiary)					

July 29, 2016: Supercell was excluded from the scope of consolidation

Earnings for the Fiscal Year Ending March 2017	**Discontinued Operations** Supercell earnings are included in net income from discontinued operations		

An overview of the consolidated results of operations for the six-month period ended September 30, 2016 (the "period") is as follows:

(Continuing Operations)

(a) Net Sales

Net sales totaled ¥4,271,834 million, a decrease of ¥9,364 million (0.2%) year on year. This resulted from erosion of the net sales of the Sprint segment and the Distribution segment due to the yen's appreciation year on year, despite increases in net sales of the Domestic Telecommunications segment and the Yahoo Japan segment.

(b) Operating Income

Operating income totaled ¥653,944 million, an increase of ¥22,027 million (3.5%) year on year. This was due to increases in income of ¥39,973 million in the Domestic Telecommunications segment, ¥23,180 million in the Sprint segment, and ¥10,168 million in the Distribution segment, which outweighed a decline in income of ¥51,524 million in the Yahoo Japan segment. The decline in operating income in the Yahoo Japan segment reflected the inclusion in the same period of the previous fiscal year of gain from remeasurement relating to business combination of ¥59,441 million related to the consolidation of ASKUL Corporation.

(c) Finance Cost

Finance cost totaled ¥222,022 million, an increase of ¥6,354 million (2.9%) year on year. This was mainly due to an increase in interest expense of SoftBank Group Corp.

(Millions of yen)

	Six-month Period Ended September 30, 2015	**Six-month Period Ended September 30, 2016**	Change
Finance cost	(215,668)	**(222,022)**	(6,354)
(incl.) Sprint	(138,460)	**(132,751)**	5,709
Reference: U.S. dollar-based	million USD (1,138)	million USD **(1,252)**	million USD (114)

(d) Income on Equity Method Investments

Income on equity method investments was ¥105,174 million, a decrease of ¥159,412 million (60.2%) year on year. This was mainly due to a decline of ¥142,626 million in income on equity method investments related to Alibaba.

Alibaba continues to grow steadily; however, its IFRS-based adjusted net income for the six-month period ended June 30, 2016[1] decreased by CNY18,425 million (46.6%) year on year to CNY21,097 million ((A) in the table below; "Reference: Net Income of Alibaba and the Company's Related Income on Equity Method Investments").

This primarily reflected a significant inflation of IFRS-based adjusted net income to CNY39,522 million ((C) in the table) due to gain from remeasurement relating to business combination of CNY18,602 million ((B) in the table) arising in July 2015 in relation to Alibaba Health Information Technology Limited being added to net income for the six-month period ended June 30, 2015 as an out-of-period transaction.

(Millions of yen)

	Six-month Period Ended Sept. 30, 2015	**Six-month Period Ended Sept. 30, 2016**	Change	Change %
Income on equity method investments	264,586	**105,174**	(159,412)	(60.2%)
(incl.) Alibaba	251,294	**108,668**	(142,626)	(56.8%)

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

	Six-month Period Ended June 30, 2015	**Six-month Period Ended June 30, 2016**	Change
Alibaba			
Net income (U.S. GAAP)	million CNY 33,736	**million CNY 12,915**	million CNY (20,821)
IFRSs adjustment	million CNY (12,816)	**million CNY 8,182**	million CNY 20,998
Net income (IFRSs)	million CNY 20,920	**million CNY 21,097**	million CNY 177
Out-of-period transaction adjustment	million CNY (B) 18,602	-	million CNY (18,602)
Adjusted net income (IFRSs)	million CNY (C) 39,522	**million CNY (A) 21,097**	million CNY (18,425)

	Six-month Period Ended Sep. 30, 2015	**Six-month Period Ended Sept. 30, 2016**	Change
Income on equity method investments related to Alibaba			
(Reference) Interest ratio as of June 30	32.20%	**30.70%**	-
Income on equity method investments	million CNY 12,782	**million CNY 6,879**	million CNY (5,903)
(Reference) Effective exchange rate: CNY/JPY	19.66	**15.80**	(3.86)
Income on equity method investments	million JPY 251,294	**million JPY 108,668**	million JPY (142,626)

[1] The Company applies the equity method to the financial statements of Alibaba on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba due to the contract with Alibaba, among others. However, the Company performs necessary adjustments for material transactions or events arising during the lag period and publicly announced by Alibaba.

(e) Gain on Sales of Equity Method Associates

Gain on sales of equity method associates was ¥238,101 million compared to a gain of ¥3 million in the same period of the previous fiscal year. This was mainly due to the sale of a portion of Alibaba shares held by subsidiary SB CHINA HOLDINGS PTE LTD[2] ("SB China") to Alibaba, two Singaporean sovereign wealth funds, and Alibaba Partnership[3].

(f) Foreign Exchange Gain and Loss

Foreign exchange gain was ¥83,071 million compared to a loss of ¥3,641 million in the same period of the previous fiscal year. This was due to foreign exchange gain recorded for the difference in the amount of borrowings made by SoftBank Group Corp. from a foreign subsidiary due to a difference in the foreign exchange rate between the time of borrowing and the time of repayment. The Company also recorded foreign exchange gain for the difference in the foreign exchange rate between the time of purchase of the British pounds and the time of acquisition of control of ARM on September 5, 2016, related to British pound deposit portion of the approximately £24.0 billion consideration for the acquisition of ARM.

(g) Derivative Gain and Loss

Derivative loss was ¥170,058 million compared to a loss of ¥6,886 million in the same period of the previous fiscal year. This was mainly attributable to loss on valuation of derivatives of ¥199,189 million recorded related to a collar transaction included in a variable prepaid forward contract for Alibaba shares. See page 55 "(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 8. Interest-bearing debt" for details.

The collar transaction is measured at the end of each quarter based on fair value (primarily linked to the share price of Alibaba), and the fluctuation amount is recorded as derivative gain or loss. The cumulative derivative income and loss for the three years, from the conclusion of the variable prepaid forward contract on June 10, 2016 until the settlement date, would be a loss of $900 million and this equals to the amount of derivative assets initially recognized.

(h) Other Non-operating Income and Loss

i. Other non-operating loss was ¥22,585 million compared to income of ¥97,410 million in the same period of the previous fiscal year. The primary components of other non-operating income and loss were as follows: Dilution gain from changes in equity interest was ¥74,741 million compared to gain of ¥14,631 million in the same period of the previous fiscal year, primarily due to a private placement of new shares by Alibaba.

ii. 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 that was executed from June 23, 2016 to July 21, 2016. The Company recorded a 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.

iii. Loss from financial instruments at FVTPL was ¥58,140 million compared to a gain of ¥112,625 million in the same period of the previous fiscal year. This was mainly due to a loss recorded as the amount of changes in the fair value

[2] Currently SOFTBANK GROUP CAPITAL APAC PTE. LTD.
[3] Alibaba Partnership is not an affiliate of Alibaba.

of the Company's investments in India, from March 31, 2016 (the "previous fiscal year-end") to September 30, 2016 (the "end of the second quarter"). Of this, ¥29,622 million was recorded as a loss arising from the yen's year-on-year appreciation.

See page 61 "15. Other non-operating income (loss)" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

(i) Income before Income Tax

As a result of (b) to (h), income before income tax was ¥665,625 million, a decrease of ¥102,096 million (13.3%) year on year.

(j) Income Taxes

Income taxes were ¥423,262 million, an increase of ¥131,619 million (45.1%) year on year.

The effective income tax rate for the period was 63.6% compared to the statutory tax rate of 31.69%. This mainly reflected an intragroup transaction involving the transfer of a portion of the Alibaba shares held by SB China, a wholly owned subsidiary of SoftBank Group Corp., to SoftBank Group Corp. and its wholly owned subsidiary.

As a result of this transaction, deferred tax liabilities of ¥643,755 million were recorded as expenses for the period. On the other hand, for the Alibaba shares that were transferred to SoftBank Group Corp., no deferred tax assets were recorded for differences between their carrying amount for tax purposes and their carrying amount on a consolidated basis (accounting perspective) as there are no plans to sell these shares in the near future. As a result, the effective income tax rate in the condensed interim consolidated statements of income for the period increased.

(k) Net Income from Continuing Operations

As a result of (i) and (j), net income from continuing operations totaled ¥242,363 million, a decrease of ¥233,715 million (49.1%) year on year.

(Discontinued Operations)

(l) Net Income from Discontinued Operations

Net income from discontinued operations was ¥558,585 million compared to ¥32,547 million in the same period of the previous fiscal year. This was due to Supercell's income after income tax of ¥28,246 million recorded for the period from April 1 to July 29, 2016, compared to ¥39,515 million in the same period of the previous fiscal year, as well as after-tax gain on sale of Supercell shares of ¥530,339 million (not recorded in the same period of the previous fiscal year).

(m) Net Income

As a result of (k) and (l), net income amounted to ¥800,948 million, an increase of ¥292,323 million (57.5%) year on year.

(n) 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 (m), net income attributable to owners of the parent amounted to ¥766,249 million, an increase of ¥339,566 million (79.6%) year on year.

(o) Comprehensive Income

Comprehensive income totaled ¥70,608 million, a decrease of ¥411,115 million year on year. Of this, comprehensive income attributable to owners of the parent was ¥67,987 million, a decrease of ¥330,098 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 five reportable segments: "Domestic Telecommunications," "Sprint," "Yahoo Japan," "Distribution," and "ARM."

The Company has newly established the ARM segment from the second quarter, as a result of ARM's consolidation.

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.
	ARM	・Design of microprocessor intellectual property and related technology ・Sale of software tools	ARM Holdings plc
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 – operating expenses (cost of sales + selling, general and administrative expenses) ± gain from remeasurement relating to business combination ± other operating income (loss)) in each segment

   Adjusted EBITDA =
   (segment income (loss) + depreciation and amortization ± gain from remeasurement relating to business combination ± other adjustments) in each segment

   "Other operating income (loss)" that was presented as an item to be excluded from segment income for calculation of adjusted EBITDA of each segment until the first quarter is now presented as "Other adjustments." "Other adjustments" are special items such as acquisition-related costs and impairment loss mainly included in other operating income and loss.

   See page 21 "(Reference: Definitions and Calculation Methods of Principal Operational Data)" for definitions and calculation methods of terms used in "b. Results by Segment."

   See the Earnings Results Data Sheet posted on the Company's website at http://www.softbank.jp/en/corp/irinfo/presentations/ for principal operational data of each segment.

(a) Domestic Telecommunications Segment

1. **Increase net sales and income (net sales: +3.1% yoy; segment income: +9.4% yoy)**
2. **Brisk growth in smartphone and *SoftBank Hikari* fiber-optic service subscribers**

(Millions of yen)

	Six-month Period Ended September 30, 2015	**Six-month Period Ended September 30, 2016**	Change	Change %
Net sales	1,508,068	**1,554,566**	46,498	3.1%
Segment income	425,960	**465,933**	39,973	9.4%
Depreciation and amortization	218,709	**225,405**	6,696	3.1%
Other adjustments	-	**-**	-	-
Adjusted EBITDA	644,669	**691,338**	46,669	7.2%

< Overview >

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* 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 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 revenues. 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.

(Breakdown of Net Sales)

(Millions of yen)

	Six-month Period Ended September 30, 2015	**Six-month Period Ended September 30, 2016**	Change	Change %
Total net sales	1,508,068	**1,554,566**	46,498	3.1%
Telecom service revenue	1,186,793	**1,215,251**	28,458	2.4%
Mobile commmunications	971,413	**958,158**	(13,255)	(1.4%)
Telecom[4]	864,317	**842,117**	(22,200)	(2.6%)
Service[5]	107,096	**116,041**	8,945	8.4%
Broadband	79,337	**123,852**	44,515	56.1%
Fixed-line telecommunications	136,043	**133,241**	(2,802)	(2.1%)
Product and other sales	321,275	**339,315**	18,040	5.6%

< Financials >

The segment's net sales totaled ¥1,554,566 million, an increase of ¥46,498 million (3.1%) year on year. Of this, telecom service revenue totaled ¥1,215,251 million, an increase of ¥28,458 million (2.4%) and product and other sales was ¥339,315 million, an increase of ¥18,040 million (5.6%).

The increase in telecom service revenue was due to an increase of ¥44,515 million (56.1%) in broadband revenue following steady growth in subscribers for the *SoftBank Hikari* fiber-optic service. On the other hand, mobile communications revenue decreased by ¥13,255 million (1.4%) year on year to ¥958,158 million, mainly due to 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* and a decrease in PHS subscribers.

The increase in product and other sales was mainly due to an increase in sales of terminals for broadband services on customer premises and smartphones.

Operating expenses (cost of sales and depreciation and amortization) increased by ¥6,525 million (0.6%) year on year to ¥1,088,633 million. The main factors were as follows:

- Cost of products decreased by ¥3,285 million (1.3%) year on year, mainly due to fewer shipments of smartphones, which generally have a higher purchase price per unit. 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.
- Sales commission fees decreased by ¥21,969 million (12.6%) year on year, mainly due to a year-on-year decrease in the average cost of sales commission fees for smartphones.
- Telecommunications network charges increased by ¥17,923 million (17.1%) year on year, primarily due to an increase in fiber-optic connection charges for the *SoftBank Hikari* fiber-optic service.
- Sales promotion expenses increased by ¥3,379 million (6.6%) year on year, mainly due to focused efforts on sales of the *SoftBank Hikari* fiber-optic service and *Y!mobile* smartphones.

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4 Telecom revenue of mobile communications services, etc. under the *SoftBank* and *Y!mobile* brands
5 Device warranty service revenue, content-related revenues, advertising revenues, etc.

・ Depreciation and amortization increased by ¥6,696 million (3.1%) year on year to ¥225,405 million.

As a result of the above, segment income increased by ¥39,973 million (9.4%) year on year to ¥465,933 million. Adjusted EBITDA increased by ¥46,669 million (7.2%) year on year to ¥691,338 million.

< Operations >

i. Mobile Communications Service

・ **Subscribers (Main Subscribers)**

The cumulative number of main subscribers of mobile communications services at the end of the second quarter stood at 32,301,000 for 263,000 net additions from the previous fiscal year-end. Smartphones and tablets marked net additions, which outweighed net losses for feature phones and mobile data communications devices. In particular, the number of subscribers for *Y!mobile* smartphones grew briskly.

(Thousands)

	As of March 31, 2016	**As of September 30, 2016**	Change
Cumulative subscribers	32,038	**32,301**	263

・***Home Bundle Discount Hikari Set* Applications**

The cumulative number of applications of the *Home Bundle Discount Hikari Set* at the end of the second quarter stood at 4,419,000 for mobile communications services, up 1,450,000 from the previous fiscal year-end, and 2,158,000 for broadband services, up 720,000.

(Thousands)

	As of March 31, 2016	**As of September 30, 2016**	Change
Mobile communications service	2,969	**4,419**	1,450
Broadband service	1,438	**2,158**	720

・**ARPU (Main Subscribers)**

Total ARPU for main subscribers of mobile communications services for the second quarter was ¥4,570, a decrease of ¥150 year on year.

Of this, telecom ARPU declined by ¥170 to ¥4,020. This was mainly due to an increase in the amount of discount 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 cumulative number of smartphone subscribers within main subscribers. On the other hand, service ARPU increased by ¥20 year on year to ¥560.

(Yen / Month)

	Three-month Period Ended September 30, 2015	**Three-month Period Ended September 30, 2016**	Change
Total ARPU	4,720	**4,570**	(150)
Telecom ARPU	4,190	**4,020**	(170)
Service ARPU	540	**560**	20

・Number of Units Sold (Main Subscribers)

The number of units sold for mobile devices of main subscribers for the period increased by 236,000 year on year to 4,904,000. This was mainly due to increases in the number of units sold for smartphones, particularly for *Y!mobile* smartphones. On the other hand, the number of units sold for mobile data communication devices declined.

(Thousands)

	Six-month Period Ended September 30, 2015	**Six-month Period Ended September 30, 2016**	Change
Units sold	4,668	**4,904**	236
New subscriptions	2,381	**2,277**	(104)
Device upgrades	2,287	**2,627**	341

・Churn Rate (Main Subscribers)

The churn rate for main subscribers of mobile communications services for the second quarter was 1.06%, an improvement of 0.22 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 the 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 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 long-term continuation benefit program in December 2016 for subscribers who continue their subscriptions after the two-year contract expiration. The program includes awarding points that can be used for *Yahoo! JAPAN* services.

	Three-month Period Ended September 30, 2015	**Three-month Period Ended September 30, 2016**	Change
Churn rate	1.28%	**1.06%**	0.22 pp improvement

ii. Broadband Service

The cumulative number of subscribers for broadband services at the end of the second quarter stood at 5,600,000, a 521,000 increase from the previous fiscal year-end. This was mainly due to an increase of 982,000 subscribers for *SoftBank Hikari*. On the other hand, *Yahoo! BB hikari with FLET'S* decreased by 367,000 and subscribers for *Yahoo! BB ADSL* decreased by 94,000.

(Thousands)

	As of March 31, 2016	**As of September 30, 2016**	Change
Cumulative subscribers	5,079	**5,600**	521
SoftBank Hikari	1,717	**2,699**	982
Yahoo! BB hikari with FLET'S	2,008	**1,641**	(367)
Yahoo! BB ADSL	1,354	**1,261**	(94)

(b) Sprint Segment

1. **U.S. dollar-based net sales and income grew (net sales: +1.6% yoy, segment income: +47.9% yoy)**
2. **Quarterly net additions for postpaid phones increased by five times yoy, with a record low churn rate of 1.37%**
3. **Successful cost reductions**

(Millions of yen)

	Six-month Period Ended September 30, 2015	**Six-month Period Ended September 30, 2016**	Change	Change %
Net sales	1,946,178	**1,722,537**	(223,641)	(11.5%)
Segment income	81,385	**104,565**	23,180	28.5%
Depreciation and amortization	398,179	**420,051**	21,872	5.5%
Other adjustments	29,214	**(7,692)**	(36,906)	-
Adjusted EBITDA	508,778	**516,924**	8,146	1.6%

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

Net sales	16,002	**16,259**	257	1.6%
Segment income	670	**991**	321	47.9%
Depreciation and amortization	3,273	**3,964**	691	21.1%
Other adjustments	240	**(81)**	(321)	-
Adjusted EBITDA	4,183	**4,874**	691	16.5%

< Overview >

Sprint aims to return to a growth trajectory by increasing net sales while promoting large-scale cost reductions. With regard to net sales, Sprint is focusing on increasing the number of postpaid phone subscribers, which are its largest source of revenue and profit. Its postpaid phone net additions for the second quarter increased by five times over the same period of the previous fiscal year. Meanwhile, in cost reductions, Sprint is making solid progress on achieving its target run rate[6] reduction of $2.0 billion or more exiting the fiscal year ending March 2017 and is targeting further cost reductions for the fiscal year ending March 2018 onward.

< Financials >

i. Results in U.S. dollar terms

Net sales increased by $257 million (1.6%) year on year to $16,259 million, offsetting a decrease in telecom revenues due to an increase in device revenues. Telecom revenue declined due to customer shifts to lower rate plans

[6] Estimated future figures based on the assumption at the time when the plans were made

offered in conjunction with device financing programs and a decrease in prepaid subscribers, while device revenue increased due to an increase in lease revenue related to leased devices.

Segment income is obtained by deducting operating expenses (i.e. cost of sales and selling, general and administrative expenses) and adding or deducting other operating income and loss from net sales. Operating expenses increased by $26 million (0.2%) year on year to $15,118 million. Of this, depreciation and amortization increased by $691 million (21.1%) year on year due to an increase in leased devices recorded as assets and cost of products increased by $464 million (17.2%) year on year due to an increase in rent expense related to leased devices. Other operating expenses decreased by $1,129 million (12.4%) in total year on year due to the cost reduction initiatives particularly in areas such as networks, advertisement, and personnel cost related to customer cares.

Other operating loss was $150 million, an improvement of $90 million year on year. See page 60 "11. Other operating loss" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

As a result of the above, **segment income increased by $321 million (47.9%) year on year to $991 million** and adjusted EBITDA increased by $691 million (16.5%) year on year to $4,874 million.

ii. Results in yen terms

The segment's net sales in yen terms decreased by ¥223,641 million (11.5%) year on year to ¥1,722,537 million due to the yen's appreciation against the U.S. dollar year on year. Segment income increased by ¥23,180 million (28.5%) year on year to ¥104,565 million and adjusted EBITDA increased by ¥8,146 million (1.6%) year on year to ¥516,924 million.

< Operations >

・Number of Subscribers (Sprint Platform)

Sprint had 60,193,000 subscribers at the end of the second quarter, a net addition of 1,387,000 from the previous fiscal year-end. The cumulative number of subscribers at the end of the second quarter includes the impact from the Shentel Transaction.[7]

Excluding the impact from the Shentel Transaction, Sprint platform net additions during the period came to 1,117,000 ((A) in the following table). This represented postpaid net additions of 524,000 and wholesale and affiliate net additions of 1,351,000, outweighing prepaid net losses of 758,000.

The postpaid net additions were driven by phone (smartphone and feature phone) net additions of 520,000. This was due to an increase in subscriber acquisitions due to the introduction of attractive rate plans and effective advertising activities, and an improvement in the churn rate driven by network improvements. On the other hand, prepaid marked net losses due to continued intensified competition.

[7] Shentel Transaction defines a series of transactions involving the acquisition of NTELOS Holdings Corp. ("NTELOS"), a then wholesale telecom network provider to Sprint, by Sprint's affiliate company Shenandoah Telecommunications Company ("Shentel") in May 2016 and subsequent acquisition of NTELOS's spectrum assets and termination of existing wholesale arrangement with the company, followed by an amendment of the existing affiliate agreement with Shentel. An affiliate company refers to a local wireless operator that sells and provides Sprint-branded services and products with its own self-operated telecom network while paying Sprint for brand and spectrum usage. 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 were reclassified as "affiliate").

(Thousands)

	As of March 31, 2016	**As of September 30, 2016**	Change	**Change excl. impact from the Shentel Transaction (A)**
Cumulative subscribers	58,806	**60,193**	1,387	**1,117**
Postpaid	30,951	**31,289**	338	**524**
(incl.) Phone	25,316	**25,669**	353	**520**
Prepaid	14,397	**13,547**	(850)	**(758)**
Wholesale and affiliate	13,458	**15,357**	1,899	**1,351**

・ABPU (Sprint Platform Postpaid Phone)

Postpaid phone ABPU for the second quarter increased by $1.07 year on year to $71.69. This was mainly due to an increase in the amount of average equipment billings per user outweighing a decrease in ARPU. ARPU declined by $3.68 year on year to $58.03. This was mainly due to an increase in the compositional ratio of customers on lower rate plans offered in conjunction with device financing programs.

(U.S. dollars / month)

	Three-month Period Ended September 30, 2015	**Three-month Period Ended September 30, 2016**	Change
Postpaid phone ABPU	70.62	**71.69**	1.07
ARPU	61.71	**58.03**	(3.68)
Average equipment billings per user	8.91	**13.66**	4.75

・Churn Rate (Sprint Platform Postpaid)

The postpaid churn rate for the second quarter improved by 0.02 of a percentage point year on year to 1.52%. This is mainly due to improvement of the churn rate for phones. The churn rate for tablets deteriorated.

The churn rate for phones improved to 1.37%, the lowest level since Sprint was founded, contributed 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.

	Three-month Period Ended September 30, 2015	**Three-month Period Ended September 30, 2016**	Change
Postpaid churn rate	1.54%	**1.52%**	0.02 pp improvement
Postpaid phone churn rate	1.49%	**1.37%**	0.12 pp improvement

< Spectrum Financing >

In October 2016, Sprint procured funds of $3.5 billion at an interest rate of 3.36%, less than half its current effective interest rate, using its spectrum portfolio. The transaction was executed as part of a program enabling Sprint to procure a maximum of $7.0 billion backed by a small portion (approximately 14% on a MHz-pops[8] basis) of its total spectrum holdings.

[8] The amount of spectrum in a given license or set of frequencies multiplied by the population covered by the geographic area of the spectrum license

(c) Yahoo Japan Segment

(Millions of yen)

	Six-month Period Ended September 30, 2015	**Six-month Period Ended September 30, 2016**	Change	Change %
Net sales	248,768	**409,497**	160,729	64.6%
Segment income	150,895	**99,371**	(51,524)	(34.1%)
Depreciation and amortization	12,933	**19,154**	6,221	48.1%
Gain from remeasurement relating to business combination	(59,441)	**(19)**	59,422	-
Other adjustments	-	**-**	-	-
Adjusted EBITDA	104,387	**118,506**	14,119	13.5%

(d) Distribution Segment

(Millions of yen)

	Six-month Period Ended September 30, 2015	**Six-month Period Ended September 30, 2016**	Change	Change %
Net sales	666,728	**626,356**	(40,372)	(6.1%)
Segment income	4,137	**14,305**	10,168	245.8%
Depreciation and amortization	5,791	**3,557**	(2,234)	(38.6%)
Other adjustments	-	**-**	-	-
Adjusted EBITDA	9,928	**17,862**	7,934	79.9%

(e) ARM Segment

In the ARM segment, the earnings reflect the results of operation of ARM since September 6, 2016.

(Millions of yen)

	Six-month Period Ended September 30, 2015	**Six-month Period Ended September 30, 2016**	Change	Change %
Net sales	Segment was newly established from the second quarter	**14,356**	14,356	-
Segment income		**1,458**	1,458	-
Depreciation and amortization		**564**	564	-
Gain from remeasurement relating to business combination		**(18,168)**	(18,168)	-
Other adjustments		**23,382**	23,382	-
Adjusted EBITDA		**7,236**	7,236	-

Notes:

1. Consideration transferred of ARM of ¥3,369,138 million is allocated to acquired assets and assumed liabilities based on the fair value at the acquisition date; however, certain intangible assets related to technology, research development in process, and customer relationships are under identification and measurement, and therefore are not allocated to intangible assets at present. The amounts of such intangible assets are scheduled to be revised after the identification and measurement are completed. Those assets with definite lives will be amortized on a regular basis. Amounts of assets and liabilities may also change within a year following the acquisition date even after allocation of such intangible assets. See page 46 “3. Business combinations” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements” for details of consolidation of ARM.
2. Following the Company’s acquisition of ARM, ARM has changed its accounting policy for recognition of royalty revenues. Since the change, ARM accrues the royalty revenue in the same quarter the chips are shipped by ARM’s licensees, based on estimates.

< Overview >

ARM was consolidated into the Company on September 5, 2016, and now forms the ARM segment. ARM’s operations are primarily related to the licensing of semiconductor intellectual property (IP) including the designs of energy-efficient microprocessors and associated technologies. In addition, ARM sells software tools used to enhance the cost-effectiveness and security of products that utilize chips containing ARM’s technology. ARM also provides support, maintenance and training services. ARM designs technology that is suitable for a wide range of different chips that can be deployed into markets such as smartphones, digital TVs, smart cards, microcontrollers, automotive electronics, enterprise networking equipment and servers. ARM is also investing in creating new revenue streams from adjacent markets, especially in the Internet of Things.

The segment’s net sales are comprised of (i) licenses to ARM’s technology, (ii) royalties arising from the resulting sale of licensees’ products based on ARM’s technology, and (iii) revenues from the sale of software tools.

< Financials >

In the ARM segment, earnings reflect the results of operation of ARM since September 6, 2016.

Net sales totaled ¥14,356 million.

Segment income is obtained by deducting operating expenses (i.e. cost of sales and selling, general and administrative expenses) and adding or deducting gain from remeasurement relating to business combination and other operating income and loss from net sales. The Company recorded ¥18,168 million of gain from remeasurement relating to business combination as a result of re-evaluation at fair value of the equity interests in ARM (1.4%) that the Company already held on the acquisition date on September 5, 2016. Acquisition-related cost of ¥23,382 million was also recorded as other operating loss, associated with the Company’s acquisition of ARM. As a result, segment income totaled ¥1,458 million.

Adjusted EBITDA was ¥7,236 million.

< Operations >

This section is prepared solely for reference purposes to facilitate understanding of the business operations of ARM. These include information prior to the the Company’s acquisition on September 5, 2016.

・**Licensing**

During the second quarter, ARM signed 20 processor licenses, reflecting the ongoing demand for ARM’s latest technology. Six of the customers signing licenses were new customers taking their very first ARM processor license. Most of these customers are developing new products and services for the Internet of Things and this demonstrates how ARM’s technology is becoming a platform in this new market.

(Breakdown of Processor Licensing for the Period)

	Three-month Period Ended September 30, 2016
Number of processor licenses signed	**20**
Classic	**1**
Cortex-A	**2**
Cortex-R	**4**
Cortex-M	**10**
Mali	**3**
Architecture	**-**
Subscription	**-**

Two of the licenses signed were for ARM’s *Cortex-A* series processors, mainly for use in smartphones and game consoles. This included a lead license for a next-generation processor that will be announced at a later date. Four of the licenses were for *Cortex-R* series processors for use in deterministic real-time applications including a 5G modem and disk-drive controllers. Ten of the licenses signed were for *Cortex-M* series processors for use in the key components of smart connected devices: microcontrollers, smart sensors, and low-power wireless communication chips. One of these was a license for the recently announced processor, *Cortex-M33*, for energy-efficient and secure embedded applications. ARM signed three licenses for its *Mali* multimedia processors for use in smartphones and digital TVs, including a license for its *Assertive Camera* image signal processor, which is technology from ARM's acquisition of Apical Limited in May 2016.

In addition to the above, ARM signed a physical IP platform license with a major foundry and two licenses for *POP IP*, both developed for a future ARM processor, during the second quarter. ARM's physical IP is used by fabless semiconductor companies to implement their chip designs in a foundry's manufacturing process. ARM has two types of physical IP: royalty-bearing platform IP, which is licensed to foundries, and *POP IP*, which is licensed to semiconductor companies.

・**Royalty Units**

The following analyses are based on the actual shipments of royalty units by ARM licensees for the three months from April 1, 2016 to June 30, 2016 as reported by licensees in royalty reports.

(Millions of U.S. dollars)

	Based on Shipments from April 1 to June 30, 2015	**Based on Shipments from April 1 to June 30, 2016**	Change
Royalty payments as reported by ARM's licensees	203	**228**	25

The royalty payments related to shipments for the period of April 1, 2016 to June 30, 2016 were up 12% over the same period of the previous fiscal year. This compares to the semiconductor industry[9] as a whole, which saw sales decline around 3% in the relevant period (April 1, 2016 to June 30, 2016) compared to the same period of the previous fiscal year. This outperformance was driven by continued market share gains and the increasing deployment of advanced technologies from ARM.

	Shipments from April 1 to June 30, 2015	**Shipments from April 1 to June 30, 2016**
Royalty units as reported by ARM's licensees	3.6 billion	**4.0 billion**
Breakdown by processor family		
Classic	33%	**24%**
Cortex-A	17%	**19%**
Cortex-R	7%	**7%**
Cortex-M	43%	**50%**
Breakdown by end market		
Mobile and connectivity	42%	**40%**
Consumer electronics	5%	**5%**
Enterprise electronics	13%	**15%**
Embedded computing	40%	**40%**

ARM's licensees reported that for the three-month period ended June 30, 2016 they had shipped 4.0 billion ARM-based chips. This is an increase of 11% on the same period of the previous fiscal year.

[9] World Semiconductor Trade Association Trade Statistics (WSTS), July 2016. Excludes memory and analog chips, which do not contain processor technology.

ARM's royalty revenue also increases as its licensees use more advanced technology that results in a higher royalty percentage per chip. This advanced technology includes ARM's latest architecture (*ARMv8-A*), ARM's multimedia technology (such as ARM's *Mali* graphics processor), and higher core-count in some smartphone chips (some smartphones can have ARM processors with 8 or 10 cores in the main chip).

・**Employees**

As of September 30, 2016, ARM had 4,438 employees,[10] of which 3,602 were technical employees[11] and 1,770 were based in the U.K., compared with 3,852 at September 30, 2015, of which 3,048 were technical employees and 1,529 were based in the U.K.

The Company has undertaken that it will at least double the total number of ARM employees in the U.K., and increase the total number of employees in the rest of the world, within five years from the effective date of the acquisition.

[10] The numbers of employees at ARM include temporary employees.

[11] Employees who work on the research, creation, maintenance, deployment and support of technology products and services of ARM. The numbers of "Technical Employees" in periods prior to September 30, 2016 have been restated to be consistent with the Post-Offer Undertakings as agreed with the UK Takeover Panel, full details of which were set out in the letter from the ARM chairman in the scheme document dated August 3, 2016 and which is available on www.arm.com.

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

(a) Domestic Telecommunications Segment

SoftBank Corp.

Mobile Communications Service

Subscribers

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

Main subscribers: smartphones,[Note 1] feature phones, tablets, mobile data communication devices,[Note 2] and others

Communication modules: communication modules, [Note 3] *Mimamori Phone*, prepaid mobile phones, and others

PHS: PHS

Notes:

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

Home Bundle Discount Hikari Set

Home Bundle Discount Hikari Set:
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 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. It also includes subscribers of the *Fiber-optic Discount* applied to mobile communications services under the *Y!mobile* brand.

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 revenues + 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 revenues, 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)

Numbers of handsets shipped

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*.

Numbers of units sold

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.

Broadband Service

Services

SoftBank Hikari:
A fiber-optic service using the wholesale fiber-optic connection of NTT East and NTT West.

Yahoo! BB hikari with FLET' S:
An ISP service offered as a package with NTT East or NTT West's *FLET'S Hikari Series* fiber-optic connection.

Yahoo! BB ADSL:
A service combining an ADSL connection and an ISP 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 Segment

Sprint Platform

Sprint platform indicates Sprint-operated CDMA and LTE networks.

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)

(c) ARM Segment

ARM Processor Products

Classic

Classic processors are ARM's older products including the *ARM7*, *ARM9* and *ARM11* families of processor designs. The *ARM7* family was ARM's first ever product family and is highly suitable for cost-sensitive embedded control applications and has been highly successful in early digital cellular phones. The *ARM9* family processors are higher performance, and were designed for specific end markets such as feature phones and for running WiFi protocol stacks. The *ARM11* family processor were used in the first smartphones, and in some consumer electronics applications. These processors are occasionally still licensed today, but most customers prefer the more advanced *Cortex* family of designs.

Cortex

ARM's *Cortex* family comprise ARM's latest processor cores. The family is split into three series:

- *A*-series targeting applications processors running complex operating systems;
- *R*-series targeting real-time deeply embedded markets;
- *M*-series addressing the needs of the low cost microcontroller markets.

By ensuring software compatibility across the three series, ARM has enabled the re-use of software, tools and engineering knowledge.

Architecture license

Architecture Licensees are provided with the flexibility to differentiate from standard ARM-based processor designs. They can create alternative processor designs whilst retaining instruction set compatibility with ARM's standard processor designs. For example, ARM's *Cortex-A53* and *Cortex-A57* are both based on the *ARMv8-A* architecture. An *ARMv8-A* architecture licensee can create their own processor, optimized for a specific chip design, that would be software compatible with both the *Cortex-A53* and *Cortex-A57*.

Mali

The ***Mali*** family of multimedia processors delivers high-quality multimedia images without compromising performance, power consumption or system cost. ARM develops industry-leading IP for 3D graphics, video processor and imaging technology that provides customers with an integrated multimedia platform, which can be embedded in their chip, and is becoming increasingly important in devices such as mobile computers, portable media players and digital TVs.

Subscription license

Subscription Licenses allow a partner access to a selected set of ARM products, including unspecified future products, over a defined time period for a set annual fee. Design rights are granted for the subscription period, and manufacturing rights are perpetual for ARM-based products designed during that period.

<u>Breakdown by Chip Purpose</u>

Mobile and connectivity

Includes chips used in smartphones and tablets, and also radio chips used in other non-mobile products. This includes the main application processor in smartphones and tablets; baseband modems; wireless connectivity chips such as Bluetooth, WiFi, and Zigbee; and other peripheral chips often found in mobile devices.

Consumer electronics

Includes other non-mobile applications such as cameras, digital TVs and set-top boxes.

Enterprise electronics

Includes chips typically found in printers, PCs, networking infrastructure and servers. This includes hard-disk drive controllers, solid-state drive controllers, printer management, and chips for switches, routers and servers.

Embedded computing

Includes microcontrollers, smartcards and chips for applications such as automotive, robotic, medical, industrial and agricultural electronics.

(2) Qualitative Information Regarding Consolidated Financial Position

a. Assets, Liabilities and Equity

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

(Millions of yen)

	As of March 31, 2016	**As of September 30, 2016**	Change	Change %
Total assets	20,707,192	**22,896,077**	2,188,885	10.6%
Total liabilities	17,201,921	**19,769,755**	2,567,834	14.9%
Total equity	3,505,271	**3,126,322**	(378,949)	(10.8%)

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

USD/ JPY	¥112.68	**¥101.12**	¥(11.56)	(10.3%)
GBP/ JPY	¥161.92	**¥131.00**	¥(30.92)	(19.1%)

(a) Current Assets

(Millions of yen)

	As of March 31, 2016	**As of September 30, 2016**	Change
Cash and cash equivalents	2,569,607	**2,675,856**	106,249
Trade and other receivables	1,914,789	**2,226,354**	311,565
Other financial assets	152,858	**357,041**	204,183
Inventories	359,464	**356,078**	(3,386)
Other current assets	553,551	**254,788**	(298,763)
Total current assets	5,550,269	**5,870,117**	319,848

Total current assets increased by ¥319,848 million (5.8%) from the previous fiscal year-end to ¥5,870,117 million. The primary components of the change were as follows:

i. Cash and cash equivalents increased by ¥106,249 million from the previous fiscal year-end. See page 32 “b. Cash Flows” for the details on changes in cash and cash equivalents.

ii. Trade and other receivables increased by ¥311,565 million from the previous fiscal year-end. This was mainly due to receivable for sale of ¥372,812 million recorded in conjunction with the entire sale of Supercell shares in July 2016. The sale price of $7.4 billion is to be received in three installments, the second of which was recorded as receivable for sale of $3.7 billion as it is scheduled to be received in October 2016.

iii. Other financial assets increased by ¥204,183 million from the previous fiscal year-end. This was mainly due to recording term deposits and marketable securities at Sprint.

iv. Other current assets decreased by ¥298,763 million from the previous fiscal year-end. This was mainly due to the refund of withholding income tax, to which ¥293,489 million was recorded as assets at the previous fiscal year-end related to dividends within the group companies.

(b) Non-current Assets

(Millions of yen)

	As of March 31, 2016	**As of September 30, 2016**	Change
Property, plant and equipment	4,183,507	**3,814,388**	(369,119)
(incl.) Sprint	2,055,371	**1,754,813**	(300,558)
Goodwill	1,609,789	**4,521,863**	2,912,074
(incl.) ARM	-	**3,050,218**	3,050,218
(incl.) Sprint	331,811	**297,770**	(34,041)
Intangible assets	6,439,145	**5,769,467**	(669,678)
(incl.) Sprint	5,468,665	**4,878,300**	(590,365)
FCC licenses[12]	4,060,750	**3,691,496**	(369,254)
(incl.) Sprint	4,060,750	**3,691,496**	(369,254)
Trademarks	760,703	**684,663**	(76,040)
(incl.) Sprint	722,539	**647,628**	(74,911)
Customer relationships	439,800	**339,147**	(100,653)
(incl.) Sprint	324,269	**236,942**	(87,327)
Software	782,148	**735,472**	(46,676)
Game titles	59,844	**-**	(59,844)
Others	335,900	**318,689**	(17,211)
Investments accounted for using the equity method	1,588,270	**1,320,633**	(267,637)
Other financial assets	970,874	**1,041,975**	71,101
Deferred tax assets	172,864	**370,088**	197,224
Other non-current assets	192,474	**187,546**	(4,928)
Total non-current assets	15,156,923	**17,025,960**	1,869,037

Total non-current assets increased by ¥1,869,037 million (12.3%) from the previous fiscal year-end to ¥17,025,960 million. The primary components of the change were as follows:

i. Property, plant and equipment decreased by ¥369,119 million from the previous fiscal year-end, mainly due to continued depreciation at Sprint and SoftBank Corp. of network equipment and the impact of the yen's year-on-year appreciation against the U.S. dollar.

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

ii. Goodwill increased by ¥2,912,074 million from the previous fiscal year-end, mainly due to ¥3,216,699 million of goodwill recorded at the time of acquisition of control of ARM in September 2016. Consideration transferred of ARM of ¥3,369,138 million is allocated to acquired assets and assumed liabilities based on the fair value at the acquisition date; however, certain intangible assets related to technology, research development in process, and customer relationships are under identification and measurement, and therefore are not allocated to intangible assets at present. The fair values of assets and liabilities on the acquisition date are provisional and will be revised after the identification and measurement are completed, and goodwill will be accordingly revised. Amounts of assets and liabilities may also change within a year following the acquisition date even after allocation of such intangible assets.

iii. Intangible assets decreased by ¥669,678 million from the previous fiscal year-end. The primary components were as follows:

- FCC licenses (non-amortized assets from an accounting perspective) decreased by ¥369,254 million mainly due to the yen's year-on-year appreciation against the U.S. dollar. Customer relationships also decreased by ¥100,653 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, due to the sale of all shares of Supercell in July 2016.

iv. Investments accounted for using the equity method decreased by ¥267,637 million from the previous fiscal year-end. The primary components were as follows:

- The carrying amount of Alibaba on a consolidated basis declined. This was mainly due to the impact of yen's year-on-year appreciation against the Chinese yuan and a partial sale of Alibaba shares in conjunction with the monetization of Alibaba shares, despite the recording of income on equity method investments.
- As a result of the sale of a majority of GungHo shares in response to a tender offer by GungHo for its own shares, GungHo ceased to qualify as an affiliate of the Company and the remaining shares held by the Company after the sale have been recorded as investment securities.

(c) Current Liabilities

(Millions of yen)

	As of March 31, 2016	**As of September 30, 2016**	Change
Interest-bearing debt	2,646,609	**3,579,280**	932,671
(incl.) Sprint	676,948	**828,084**	151,136
Short-term borrowings	515,408	**1,065,772**	550,364
Current portion of long-term borrowings	743,225	**959,331**	216,106
(incl.) Sprint	82,032	**180,620**	98,588
Current portion of corporate bonds	900,685	**996,376**	95,691
(incl.) Sprint	431,808	**516,833**	85,025
Current portion of lease obligations	396,992	**430,446**	33,454
Others	90,299	**127,355**	37,056
Trade and other payables	1,621,195	**1,452,850**	(168,345)
(incl.) Sprint	441,006	**364,700**	(76,306)
Other financial liabilities	6,531	**12,416**	5,885
Income taxes payables	140,351	**220,954**	80,603
Provisions	56,120	**53,401**	(2,719)
Other current liabilities	694,965	**582,377**	(112,588)
Total current liabilities	5,165,771	**5,901,278**	735,507

Total current liabilities increased by ¥735,507 million (14.2%) from the previous fiscal year-end to ¥5,901,278 million. The primary components of the change were as follows:

i. Interest-bearing debt increased by ¥932,671 million from the previous fiscal year-end. The primary components were as follows:

- SoftBank Group Corp.'s short-term borrowings increased by ¥619,267 million through financings to enhance cash on hand. Current portion of long-term borrowings also increased at SoftBank Group Corp. by ¥109,747 million, mainly due to the transfer from non-current liabilities as the repayment due became within one year.
- Sprint's interest-bearing debt increased by ¥151,136 million. This was mainly due to an increase in current portion of long-term borrowings caused by its financings using leased devices and network equipment, as well as the transfer from non-current liabilities as the redemption date became within one year.

ii. Trade and other payables decreased by ¥168,345 million from the previous fiscal year-end. This was mainly due to a decrease in accounts payable related to mobile devices and telecommunications equipment at SoftBank Corp. and Sprint after making payments, as well as the yen's appreciation against the U.S. dollar from the previous fiscal year-end.

(d) Non-current Liabilities

(Millions of yen)

	As of March 31, 2016	**As of September 30, 2016**	Change
Interest-bearing debt	9,275,822	**10,720,586**	1,444,764
(incl.) Sprint	3,297,900	**2,961,899**	(336,001)
Long-term borrowings	1,785,500	**2,729,964**	944,464
(incl.) Sprint	80,082	**224,467**	144,385
Corporate bonds	6,611,947	**6,454,371**	(157,576)
(incl.) Sprint	3,188,238	**2,716,038**	(472,200)
Lease obligations	815,194	**854,499**	39,305
Financial liabilities relating to sale of shares by variable prepaid forward contract	-	**639,761**	639,761
Others	63,181	**41,991**	(21,190)
Other financial liabilities	95,664	**274,109**	178,445
Defined benefit liabilities	123,759	**110,146**	(13,613)
Provisions	118,876	**117,536**	(1,340)
Deferred tax liabilities	2,083,164	**2,361,270**	278,106
(incl.) Sprint	1,652,154	**1,498,408**	(153,746)
Other non-current liabilities	338,865	**284,830**	(54,035)
Total non-current liabilities	12,036,150	**13,868,477**	1,832,327

Total non-current liabilities increased by ¥1,832,327 million (15.2%) from the previous fiscal year-end to ¥13,868,477 million. The primary components of the change were as follows:

i. Interest-bearing debt increased by ¥1,444,764 million from the previous fiscal year-end. The primary components were as follows:

- At SoftBank Group Corp., long-term borrowings increased by ¥777,812 million and corporate bonds increased by ¥314,649 million. The increase in long-term borrowings was mainly due to the borrowing of ¥1 trillion (bridge loan) made to finance a portion of the consideration payable in the acquisition of ARM, which was partially offset by the transfer of borrowings to current liabilities as they became due within one year. The increase in corporate bonds was due to the issuance of straight corporate bonds and hybrid bonds totaling ¥521,000 million. Meanwhile, corporate bonds of which redemption date became within one year were transferred to current liabilities and the balance of U.S. dollar- and euro-denominated corporate bonds decreased due to the yen's appreciation from the previous fiscal year-end.
- Interest-bearing debt at Sprint decreased by ¥336,001 million. This mainly reflected a decrease of ¥472,200 million in corporate bonds due mainly to the yen's appreciation against the U.S. dollar compared with the previous fiscal

year-end and the transfer into current liabilities with regards to bonds of which redemption date became within one year. Meanwhile, long-term borrowings increased by ¥144,385 million due to financings using network equipment and leased devices.

・ Financial liabilities relating to sale of shares by variable prepaid forward contract of ¥639,761 million was recorded. See “Reference: Transaction for Sale of Alibaba Shares by Variable Prepaid Forward Contract” below for details.

ii. Other financial liabilities increased by ¥178,445 million. This was mainly due to derivative liabilities of ¥105,148 million in relation to the collar transaction included in the sale of Alibaba shares by variable prepaid forward contract. See “(Reference: Transaction for Sale of Alibaba Shares by Variable Prepaid Forward Contract)” below for details.

(Reference: 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 (the “Trust”), and received the proceeds of ¥578,436 million ($5.4 billion) as advances received for sale.

The 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 main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to sale of shares by variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to sale of shares by variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value. ¥639,761 million is recognized as financial liabilities relating to sale of shares by variable prepaid forward contract in interest-bearing debt (non-current liabilities) and ¥105,148 million is recognized as derivative liabilities in other financial liabilities (non-current liabilities) at the end of the second quarter.

See page 55 “(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 8. Interest-bearing debt” for details.

(e) Equity

(Millions of yen)

	As of March 31, 2016	**As of September 30, 2016**	Change
Total equity attributable to owners of the parent	2,613,613	**2,292,082**	(321,531)
Non-controlling interests	891,658	**834,240**	(57,418)
Total equity	3,505,271	**3,126,322**	(378,949)

Total equity decreased by ¥378,949 million (10.8%) from the previous fiscal year-end to ¥3,126,322 million. Of this, equity attributable to owners of the parent decreased by ¥321,531 million (12.3%) and non-controlling interests decreased by ¥57,418 million (6.4%). The ratio of equity attributable to owners of the parent to total assets decreased by 2.6 of a percentage point from the previous fiscal year-end to 10.0%.

(Equity Attributable to Owners of the Parent)

(Millions of yen)

	As of March 31, 2016	**As of September 30, 2016**	Change
Common stock	238,772	**238,772**	-
Capital surplus	261,234	**246,288**	(14,946)
Retained earnings	2,166,623	**2,908,378**	741,755
Treasury stock	(314,752)	**(664,830)**	(350,078)
Accumulated other comprehensive income	261,736	**(436,526)**	(698,262)
Available-for-sale financial assets	32,594	**25,336**	(7,258)
Cash flow hedges	(40,088)	**(45,813)**	(5,725)
Exchange differences on translating foreign operations	269,230	**(416,049)**	(685,279)
Total equity attributable to owners of the parent	2,613,613	**2,292,082**	(321,531)

Total equity attributable to owners of the parent decreased by ¥321,531 million (12.3%) from the previous fiscal year-end to ¥2,292,082 million. The primary components of the change were as follows:

i. Retained earnings increased by ¥741,755 million from the previous fiscal year-end, mainly due to net income attributable to owners of the parent of ¥766,249 million.

ii. Treasury stock increased by ¥350,078 million from the previous fiscal year-end. This was due to acquisitions of treasury stock with the aim of strengthening the return of profits to shareholders. Afterwards, the Company retired 100 million shares of treasury stock (8.33% of the total number of issued shares before the retirement) on October 31, 2016.

iii. Accumulated other comprehensive income declined by ¥698,262 million from the previous fiscal year-end. This mainly reflected a decline of ¥685,279 million in exchange differences on translating foreign operations, primarily due to the yen's appreciation against the Chinese yuan and U.S. dollar from the previous fiscal year-end, as well as the yen's appreciation against the British pound compared to the acquisition date of ARM.

(Non-controlling Interests)

Non-controlling interests decreased by ¥57,418 million (6.4%) from the previous fiscal year-end to ¥834,240 million.

b. Cash Flows

Cash flows for the period were as follows:

Cash and cash equivalents at the end of the second quarter totaled ¥2,675,856 million, a ¥106,249 million increase from the previous fiscal year-end.

(Millions of yen)

	Six-month Period Ended September 30, 2015	**Six-month Period Ended September 30, 2016**	Change
Cash flows from operating activities	176,584	**1,017,684**	841,100
Cash flows from investing activities	(1,128,941)	**(3,165,480)**	(2,036,539)
Cash flows from financing activities	(87,220)	**2,420,036**	2,507,256

(a) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥1,017,684 million (compared with ¥176,584 million provided in the same period of the previous fiscal year). The primary components of cash flows from operating activities were as follows:

i. Net income totaled ¥800,948 million.

ii. The main items added to net income were depreciation and amortization of ¥681,372 million, income taxes of ¥535,554 million, finance cost of ¥222,022 million, and derivative loss of ¥170,058 million.

iii. The main items subtracted from net income were gain on sales of discontinued operations of ¥636,216 million, gain on sales of equity method associates of ¥238,101 million, and income on equity method investments of ¥105,174 million.

iv. Increase in inventories was ¥151,281 million (negative cash flow), mainly due to 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 ¥249,973 million.

(b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥3,165,480 million (compared with ¥1,128,941 million used in the same period of the previous fiscal year). The primary components of cash flows from investing activities were as follows:

i. Payment for acquisition of control over subsidiaries amounted to ¥3,252,655 million, mainly due to the ARM acquisition.
ii. Outlays for purchase of property, plant and equipment and intangible assets amounted to ¥441,471 million, mainly due to the acquisition of telecommunications equipment by SoftBank Corp. and Sprint.
iii. Payments for acquisition of investments amounted to ¥130,193 million, mainly due to an additional investment in Chinese taxi platform operator Xiaoju Kuazhi Inc., as well as the purchase of some of ARM shares ahead of the acquisition of control.
iv. Proceeds from sales/redemption of investments amounted to ¥451,484 million, primarily due to the sale of a portion of Alibaba shares and the sale of GungHo shares.
v. Proceeds from loss of control over subsidiaries amounted to ¥340,888 million. This mainly represents $3.5 billion received in July 2016 as the first of three installments to be received as the sale price for the all shares of Supercell on July 29, 2016, minus the amount of cash and cash equivalents held by Supercell at the time of sale.

(c) Cash Flows from Financing Activities

Net cash provided by financing activities was ¥2,420,036 million (compared with ¥87,220 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)

i. Proceeds from long-term interest-bearing debt amounted to ¥2,966,588 million. The primary components were as follows:

・ Proceeds from long-term borrowings of ¥1,570,087 million. This was mainly due to the borrowing of ¥1 trillion (bridge loan) to finance a portion of the consideration payable in the acquisition of ARM, as well as Sprint’s borrowings using network equipment and leased mobile devices in addition to borrowings made through securitization of installment sales receivables at SoftBank Corp.
・ Proceeds from advances received for sale of shares by variable prepaid forward contract of ¥578,436 million. This represents advances received for sale by a subsidiary, WRH LLC, after concluding a variable prepaid forward contract for the sale of Alibaba shares.
・ Proceeds from issuance of corporate bonds of ¥521,000 million. This consisted of SoftBank Group Corp.’s issuance of straight corporate bonds and hybrid bonds.
・ Proceeds from sale and leaseback of newly acquired equipment of ¥297,065 million, mainly due to sale and leaseback at SoftBank Corp. conducted for a purchase of telecommunications equipment by finance lease.

ii. Proceeds from short-term interest-bearing debt amounted to ¥616,770 million, mainly due to financings carried out by SoftBank Group Corp. to enhance its cash on hand.

(Items Decreasing Cash Flows)

i. Repayment of long-term interest-bearing debt was ¥729,885 million. The primary components were as follows:

- Repayment of long-term borrowings of ¥384,655 million. This was mainly due to SoftBank Corp.'s repayment of borrowings made through securitization of installment sales receivables, as well as SoftBank Group Corp.'s and Sprint's repayment of borrowings.
- Repayment of lease obligations of ¥223,649 million, mainly due to SoftBank Corp.'s repayment of lease obligations for telecommunications equipment.
- Redemption of corporate bonds of ¥100,000 million, due to SoftBank Group Corp.'s redemption of straight corporate bonds.

ii. Payment for purchase of treasury stock was ¥350,834 million.

(3) 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 Six-month Period Ended September 30, 2016

(Specified subsidiary (four companies) newly consolidated)

West Raptor Holdings LLC was established on April 27, 2016, SB HP HoldCo was established on July 6, 2016, and became subsidiaries of the Company. In addition, ARM Holdings plc became a wholly-owned subsidiary of the Company on September 5, 2016 and subsequently ARM PIPD Holdings One, LLC and ARM PIPD Holdings Two, LLC, which are subsidiaries of ARM Holdings plc, became subsidiaries of the Company.

(2) Changes in Accounting Estimates

(Assessment of recoverability of deferred tax assets)

The Company assessed the recoverability of unrecognized deferred tax assets and estimated, due to a sale of equity method associate by the Company, that 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, ¥13,161 million of deferred tax assets was recorded. Due to this change in accounting estimate, income tax expenses decreased by ¥13,161 million and net income from continuing operations and net income increased by ¥13,161 million respectively for the six-month period ended September 30, 2016.

3. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and cash equivalents	2,569,607	2,675,856
Trade and other receivables	1,914,789	2,226,354
Other financial assets	152,858	357,041
Inventories	359,464	356,078
Other current assets	553,551	254,788
Total current assets	5,550,269	5,870,117
Non-current assets		
Property, plant and equipment	4,183,507	3,814,388
Goodwill	1,609,789	4,521,863
Intangible assets	6,439,145	5,769,467
Investments accounted for using the equity method	1,588,270	1,320,633
Other financial assets	970,874	1,041,975
Deferred tax assets	172,864	370,088
Other non-current assets	192,474	187,546
Total non-current assets	15,156,923	17,025,960
Total assets	20,707,192	22,896,077

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities and equity		
Current liabilities		
Interest-bearing debt	2,646,609	3,579,280
Trade and other payables	1,621,195	1,452,850
Other financial liabilities	6,531	12,416
Income taxes payables	140,351	220,954
Provisions	56,120	53,401
Other current liabilities	694,965	582,377
Total current liabilities	5,165,771	5,901,278
Non-current liabilities		
Interest-bearing debt	9,275,822	10,720,586
Other financial liabilities	95,664	274,109
Defined benefit liabilities	123,759	110,146
Provisions	118,876	117,536
Deferred tax liabilities	2,083,164	2,361,270
Other non-current liabilities	338,865	284,830
Total non-current liabilities	12,036,150	13,868,477
Total liabilities	17,201,921	19,769,755
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	261,234	246,288
Retained earnings	2,166,623	2,908,378
Treasury stock	(314,752)	(664,830)
Accumulated other comprehensive income	261,736	(436,526)
Total equity attributable to owners of the parent	2,613,613	2,292,082
Non-controlling interests	891,658	834,240
Total equity	3,505,271	3,126,322
Total liabilities and equity	20,707,192	22,896,077

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

For the six-month period ended September 30

Condensed Interim Consolidated Statements of Income

(Millions of yen)

	Six-month period ended September 30, 2015*	Six-month period ended September 30, 2016
Continuing operations		
Net sales	4,281,198	4,271,834
Cost of sales	(2,549,948)	(2,568,170)
Gross profit	1,731,250	1,703,664
Selling, general and administrative expenses	(1,123,474)	(1,019,588)
Gain from remeasurement relating to business combination	59,441	18,187
Other operating loss	(35,300)	(48,319)
Operating income	631,917	653,944
Finance cost	(215,668)	(222,022)
Income on equity method investments	264,586	105,174
Gain on sales of equity method associates	3	238,101
Foreign exchange gain (loss)	(3,641)	83,071
Derivative loss	(6,886)	(170,058)
Other non-operating income (loss)	97,410	(22,585)
Income before income tax	767,721	665,625
Income taxes	(291,643)	(423,262)
Net income from continuing operations	476,078	242,363
Discontinued operations		
Net income from discontinued operations	32,547	558,585
Net income	508,625	800,948
Net income attributable to		
Owners of the parent	426,683	766,249
Non-controlling interests	81,942	34,699
	508,625	800,948
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		
Continuing operations	346.39	189.89
Discontinued operations	13.17	489.85
Total basic earnings per share	359.56	679.74
Diluted earnings per share (yen)		
Continuing operations	336.64	186.23
Discontinued operations	13.17	489.60
Total diluted earnings per share	349.81	675.83

Note:
* Continuing operations and discontinued operations are revised and presented separately. The details are described in "Note 16. Discontinued operations."

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Net income	508,625	800,948
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(6)	-
Total items that will not be reclassified to profit or loss	(6)	-
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	14,428	6,539
Cash flow hedges	(15,109)	(4,687)
Exchange differences on translating foreign operations	(25,467)	(712,767)
Share of other comprehensive income of associates	(748)	(19,425)
Total items that may be reclassified subsequently to profit or loss	(26,896)	(730,340)
Total other comprehensive loss, net of tax	(26,902)	(730,340)
Total comprehensive income	481,723	70,608
Total comprehensive income attributable to		
Owners of the parent	398,085	67,987
Non-controlling interests	83,638	2,621
	481,723	70,608

For the three-month period ended September 30

Condensed Interim Consolidated Statements of Income

(Millions of yen)

	Three-month period ended September 30, 2015*	Three-month period ended September 30, 2016
Continuing operations		
Net sales	2,214,680	2,145,313
Cost of sales	(1,339,477)	(1,300,897)
Gross profit	875,203	844,416
Selling, general and administrative expenses	(585,290)	(511,747)
Gain from remeasurement relating to business combination	59,441	18,187
Other operating loss	(35,994)	(16,148)
Operating income	313,360	334,708
Finance cost	(110,157)	(109,915)
Income on equity method investments	183,984	69,708
Foreign exchange gain (loss)	(4,096)	125,990
Derivative loss	(2,130)	(191,569)
Other non-operating income	10,452	80,342
Income before income tax	391,413	309,264
Income taxes	(155,050)	(279,193)
Net income from continuing operations	236,363	30,071
Discontinued operations		
Net income from discontinued operations	22,245	498,526
Net income	258,608	528,597
Net income attributable to		
Owners of the parent	213,301	512,092
Non-controlling interests	45,307	16,505
	258,608	528,597
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		
Continuing operations	165.73	13.58
Discontinued operations	14.40	444.58
Total basic earnings per share	180.13	458.16
Diluted earnings per share (yen)		
Continuing operations	158.95	10.79
Discontinued operations	14.39	444.36
Total diluted earnings per share	173.34	455.15

Note:
* Continuing operations and discontinued operations are revised and presented separately. The details are described in "Note 16. Discontinued operations."

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three-month period ended September 30, 2015	Three-month period ended September 30, 2016
Net income	258,608	528,597
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	-	(9)
Total items that will not be reclassified to profit or loss	-	(9)
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(10,285)	(8,370)
Cash flow hedges	(14,436)	13,869
Exchange differences on translating foreign operations	(98,494)	(355,797)
Share of other comprehensive income of associates	(5,508)	(4,613)
Total items that may be reclassified subsequently to profit or loss	(128,723)	(354,911)
Total other comprehensive loss, net of tax	(128,723)	(354,920)
Total comprehensive income	129,885	173,677
Total comprehensive income attributable to		
Owners of the parent	95,247	161,834
Non-controlling interests	34,638	11,843
	129,885	173,677

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the six-month period ended September 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	-	-	426,683	-	-	426,683	81,942	508,625
Other comprehensive loss	-	-	-	-	(28,598)	(28,598)	1,696	(26,902)
Total comprehensive income	-	-	426,683	-	(28,598)	398,085	83,638	481,723
Transactions with owners and other transactions								
Cash dividends	-	-	(23,784)	-	-	(23,784)	(29,165)	(52,949)
Transfer of accumulated other comprehensive income to retained earnings	-	-	(6)	-	6	-	-	-
Purchase and disposal of treasury stock	-	-	(899)	(117,918)	-	(118,817)	-	(118,817)
Changes from business combination	-	-	-	-	-	-	54,163	54,163
Changes from loss of control	-	-	-	-	-	-	(96,060)	(96,060)
Changes in interests in subsidiaries	-	(120,090)	-	-	-	(120,090)	(84,192)	(204,282)
Changes in associates' interests in their subsidiaries	-	13,640	-	-	-	13,640	-	13,640
Share-based payment transactions	-	(3,214)	-	-	-	(3,214)	7,937	4,723
Other	-	3,022	-	-	-	3,022	(1,690)	1,332
Total transactions with owners and other transactions	-	(106,642)	(24,689)	(117,918)	6	(249,243)	(149,007)	(398,250)
As of September 30, 2015	238,772	268,203	2,142,680	(166,301)	511,794	2,995,148	941,502	3,936,650

For the six-month period ended September 30, 2016

(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, 2016	238,772	261,234	2,166,623	(314,752)	261,736	2,613,613	891,658	3,505,271
Comprehensive income								
Net income	-	-	766,249	-	-	766,249	34,699	800,948
Other comprehensive loss	-	-	-	-	(698,262)	(698,262)	(32,078)	(730,340)
Total comprehensive income	-	-	766,249	-	(698,262)	67,987	2,621	70,608
Transactions with owners and other transactions								
Cash dividends	-	-	(24,085)	-	-	(24,085)	(42,623)	(66,708)
Purchase and disposal of treasury stock	-	-	(409)	(350,078)	-	(350,487)	-	(350,487)
Changes from business combination	-	-	-	-	-	-	2,218	2,218
Changes from loss of control	-	-	-	-	-	-	(25,156)	(25,156)
Changes in interests in subsidiaries	-	(356)	-	-	-	(356)	3,186	2,830
Changes in associates' interests in their subsidiaries	-	(475)	-	-	-	(475)	-	(475)
Changes in interests in associates' capital surplus	-	(15,189)	-	-	-	(15,189)	-	(15,189)
Share-based payment transactions	-	1,074	-	-	-	1,074	5,013	6,087
Other	-	-	-	-	-	-	(2,677)	(2,677)
Total transactions with owners and other transactions	-	(14,946)	(24,494)	(350,078)	-	(389,518)	(60,039)	(449,557)
As of September 30, 2016	238,772	246,288	2,908,378	(664,830)	(436,526)	2,292,082	834,240	3,126,322

(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Cash flows from operating activities		
Net income	508,625	800,948
Depreciation and amortization	659,151	681,372
Gain from remeasurement relating to business combination	(59,441)	(18,187)
Finance cost	215,669	222,022
Income on equity method investments	(264,586)	(105,174)
Gain on sales of equity method associates	(3)	(238,101)
Derivative loss	6,886	170,058
Foreign exchange (gain) loss and other non-operating (income) loss	(90,949)	(62,578)
Gain on sales of discontinued operations	-	(636,216)
Income taxes	306,452	535,554
Decrease in trade and other receivables	131,429	13,224
Increase in inventories	(162,314)	(151,281)
Decrease in trade and other payables	(8,144)	(21,000)
Other	(101,010)	(9,476)
Subtotal	1,141,765	1,181,165
Interest and dividends received	4,744	11,841
Interest paid	(229,396)	(249,973)
Income taxes paid	(770,887)	(241,237)
Income taxes refund	30,358	315,888
Net cash provided by operating activities	176,584	1,017,684
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(786,724)	(441,471)
Payments for acquisition of investments	(312,133)	(130,193)
Proceeds from sales/redemption of investments	16,442	451,484
Increase (decrease) from acquisition of control over subsidiaries	28,849	(3,252,655)
(Decrease) increase from loss of control over subsidiaries	(63,070)	340,888
Payments for acquisition of marketable securities for short-term trading	(65,199)	(126,087)
Proceeds from sales/redemption of marketable securities for short-term trading	119,947	60,768
Other	(67,053)	(68,214)
Net cash used in investing activities	(1,128,941)	(3,165,480)
Cash flows from financing activities		
(Decrease) increase in short-term interest-bearing debt, net	(31,295)	616,770
Proceeds from long-term interest-bearing debt	1,152,321	2,966,588
Repayment of long-term interest-bearing debt	(824,952)	(729,885)
Payments for purchase of subsidiaries' interests from non-controlling interests	(239,706)	(13,533)
Purchase of treasury stock	(120,031)	(350,834)
Cash dividends paid	(23,764)	(24,060)
Cash dividends paid to non-controlling interests	(29,265)	(41,819)
Other	29,472	(3,191)
Net cash (used in) provided by financing activities	(87,220)	2,420,036
Effect of exchange rate changes on cash and cash equivalents	(10,807)	(165,991)
(Decrease) increase in cash and cash equivalents	(1,050,384)	106,249
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	2,208,269	2,675,856

(5) Significant Doubt about Going-concern Assumption

For the six-month period ended September 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.	
"ARM"	ARM Holdings plc
"Sprint"	Sprint Corporation
"Brightstar"	Brightstar Global Group Inc.
"Alibaba"	Alibaba Group Holding Limited
"GungHo"	GungHo Online Entertainment, Inc.
"Supercell"	Supercell Oy

2. Significant accounting policies

The Company has newly adopted the following accounting policy due to the consolidation of ARM from September 2016.

<u>Revenue</u>

ARM segment

In the ARM segment, revenues are generated mainly from sales of licenses to ARM's technology and royalties arising from the resulting sale of licensees' ARM's technology-based products.

License revenue are recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably.

Royalty revenues are earned on sales by the Company's customers of products containing ARM's technology. Royalty revenues are recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue can be reliably measured. Royalties are recognized on an accrual basis in the quarter in which the customers ship products containing ARM's technology, using an estimate based on sales trends and product information.

3. Business combinations

For the six-month period ended September 30, 2015

ASKUL Corporation

(1) Overview of consolidation

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

(2) Summary of acquire

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

(3) Acquisition date

August 27, 2015

(4) Consideration transferred and the components

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

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

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

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

Notes:

1. Non-controlling interests

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

2. Goodwill

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

(6) Proceeds from acquisition of control over subsidiaries

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

(7) Sales and net income of the acquiree

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statements of income for the six-month period ended September 30, 2015, are ¥24,719 million and ¥456 million, respectively.

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

For the six-month period ended September 30, 2016

ARM

(1) Overview of consolidation

On July 18, 2016 (GMT), the Company and 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 for a total acquisition price amounting to approximately ￡24.0 billion (approximately ¥3.3 trillion) by means of an English court-sanctioned scheme of arrangement (“Acquisition”). The Acquisition was approved at the ARM’s general meeting of shareholders held on August 30, 2016 and at the English court hearing held on September 1, 2016 and came into effect on September 5, 2016.

As a result of the transaction, ARM became a wholly-owned subsidiary of the Company.

(2) Purpose of consolidation

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.

(3) 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 microprocessor intellectual property and related technology ・Sale of software tools
(e) Share capital	£0.7 million (as of December 31, 2015)
(f) Date of incorporation	October 16, 1990
(g) Consolidated net sales	£968 million (for the fiscal year ended December 31, 2015 under IFRS)

(4) Acquisition date

September 5, 2016

(5) Consideration transferred and the component

(Millions of yen)

		Acquisition date (September 5, 2016)
Payment for the acquisition by cash		3,321,271
Fair value of equity interest in ARM already held at the time of the acquisition		47,867
Total consideration transferred	A	3,369,138

Acquisition-related costs of ¥23,382 million arising from the business combination are recognized in “Other operating loss.”

As a result of the reevaluation of 1.4% equity interest already held by the Company at the time of the acquisition of control in ARM at fair value, the Company recognized a gain of ¥18,168 million through the step acquisition. This gain is presented as “Gain from remeasurement relating to business combination” in the condensed interim consolidated statements of income.

(6) Fair value of assets and liabilities, and goodwill on the acquisition date

		(Millions of yen) Acquisition date (September 5, 2016)
Cash and cash equivalent		16,984
Trade and other receivables		59,782
Other current assets		119,090
Non-current assets		31,312
Total assets		227,168
Current liabilities		66,930
Non-current liabilities		7,799
Total liabilities		74,729
Net assets	B	152,439
Goodwill*	A-B	3,216,699

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date, however, certain intangible assets related to technology, research and development in process, customer relationships, and other are under identification and measurement, and therefore, not allocated to the intangible assets at present. The above amounts will be revised after the identification and measurement are completed. Moreover, the above amounts, which are provisional fair values based on the best estimate at present, may change in a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date may be obtained.

The above amount is translated at the exchange rate (GBP = JPY138.15) as of the acquisition date.

Note:
* Goodwill reflects excess earning power expected from the future business development, congregative human resource related to research and development, and the synergy between the Company and the acquiree.

(7) Payment for acquisition of control over subsidiaries

	(Millions of yen) Six-month period ended September 30, 2016
Payment for the acquisition by cash	(3,321,271)
Foreign exchange gain relating to settlement*	52,967
Cash and cash equivalents held by the acquiree at the time of acquisition of control	16,984
Payment for the acquisition of control over the subsidiary by cash	(3,251,320)

Note:
*Fluctuation in foreign exchange arising from the acquisition date to the settlement date (September 15, 2016).

(8) Sales and net income of the acquiree

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statements of income for the six-month period ended September 30, 2016, are ¥14,356 million and ¥5,379 million, respectively. In addition, amortization expenses related to intangible assets, whose allocation of consideration transferred has not been completed, are not recognized.

4. 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 five reportable segments, the Domestic telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, and the ARM 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.

The ARM segment provides, mainly though ARM, designs of microprocessor intellectual property and related technology, and the sale of software tools. The ARM segment was newly established from the three-month period ended September 30, 2016, by the consolidation of ARM in September 2016. Operating result of ARM after the acquisition date is included in the ARM segment.

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.

"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.

(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 gain from remeasurement relating to business combination, addition or deduction of other adjustments (gains are deducted)) by each reportable segment. "Other adjustments" are special items such as acquisition-related costs and impairment loss mainly included in other operating income and loss.

Income and loss, which are not attributable to operating income and loss, such as financial cost and income and loss on equity method investments, are not managed by each reportable segment and therefore these income and losses are excluded from the segment performance.

Discontinued operations are not included. The details are described in "Note 16. Discontinued operations."

For the six-month period ended September 30, 2015

(Millions of yen)

	Reportable segments								
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	ARM	Total	Other	Reconcili-ations	Consoli-dated
Net sales									
Customers	1,493,472	1,867,528	244,710	628,587	-	4,234,297	46,901	-	4,281,198
Intersegment	14,596	78,650	4,058	38,141	-	135,445	9,199	(144,644)	-
Total	1,508,068	1,946,178	248,768	666,728	-	4,369,742	56,100	(144,644)	4,281,198
Segment income (Operating income)	425,960	81,385	150,895	4,137	-	662,377	(8,758)	(21,702)	631,917
Reconciliation from segment income to adjusted EBITDA									
Segment income	425,960	81,385	150,895	4,137	-	662,377	(8,758)	(21,702)	631,917
Depreciation and amortization	218,709	398,179	12,933	5,791	-	635,612	6,229	864	642,705
EBITDA	644,669	479,564	163,828	9,928	-	1,297,989	(2,529)	(20,838)	1,274,622
Gain from remeasurement relating to business combination	-	-	(59,441)	-	-	(59,441)	-	-	(59,441)
Other adjustments	-	29,214	-	-	-	29,214	6,086	-	35,300
Adjusted EBITDA	644,669	508,778	104,387	9,928	-	1,267,762	3,557	(20,838)	1,250,481

For the six-month period ended September 30, 2016

(Millions of yen)

	Reportable segments								
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	ARM	Total	Other	Reconcili-ations*	Consoli-dated
Net sales									
Customers	1,540,389	1,665,309	403,653	595,230	14,356	4,218,937	52,897	-	4,271,834
Intersegment	14,177	57,228	5,844	31,126	-	108,375	11,236	(119,611)	-
Total	1,554,566	1,722,537	409,497	626,356	14,356	4,327,312	64,133	(119,611)	4,271,834
Segment income (Operating income)	465,933	104,565	99,371	14,305	1,458	685,632	(2,789)	(28,899)	653,944
Reconciliation from segment income to adjusted EBITDA									
Segment income	465,933	104,565	99,371	14,305	1,458	685,632	(2,789)	(28,899)	653,944
Depreciation and amortization	225,405	420,051	19,154	3,557	564	668,731	4,778	803	674,312
EBITDA	691,338	524,616	118,525	17,862	2,022	1,354,363	1,989	(28,096)	1,328,256
Gain from remeasurement relating to business combination	-	-	(19)	-	(18,168)	(18,187)	-	-	(18,187)
Other adjustments	-	(7,692)	-	-	23,382	15,690	-	8,107	23,797
Adjusted EBITDA	691,338	516,924	118,506	17,862	7,236	1,351,866	1,989	(19,989)	1,333,866

Note:

* ¥8,107 million of expenses arising from resignation of Nikesh Arora from a director is included in "Reconciliations" for the six-month period ended September 30, 2016. The details are described in "Note 11. Other operating loss."

For the three-month period ended September 30, 2015

(Millions of yen)

	Reportable segments								
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	ARM	Total	Other	Reconcili-ations	Consoli-dated
Net sales									
Customers	778,986	929,715	136,179	344,407	-	2,189,287	25,393	-	2,214,680
Intersegment	6,512	42,469	2,134	18,578	-	69,693	4,947	(74,640)	-
Total	785,498	972,184	138,313	362,985	-	2,258,980	30,340	(74,640)	2,214,680
Segment income (Operating income)	210,911	11,797	102,043	3,726	-	328,477	(5,255)	(9,862)	313,360
Reconciliation from segment income to adjusted EBITDA									
Segment income	210,911	11,797	102,043	3,726	-	328,477	(5,255)	(9,862)	313,360
Depreciation and amortization	110,911	207,901	7,287	3,385	-	329,484	2,433	395	332,312
EBITDA	321,822	219,698	109,330	7,111	-	657,961	(2,822)	(9,467)	645,672
Gain from remeasurement relating to business combination	-	-	(59,441)	-	-	(59,441)	-	-	(59,441)
Other adjustments	-	29,908	-	-	-	29,908	6,086	-	35,994
Adjusted EBITDA	321,822	249,606	49,889	7,111	-	628,428	3,264	(9,467)	622,225

For the three-month period ended September 30, 2016

(Millions of yen)

	Reportable segments								
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	ARM	Total	Other	Reconcili-ations	Consoli-dated
Net sales									
Customers	785,727	817,211	202,261	295,082	14,356	2,114,637	30,676	-	2,145,313
Intersegment	7,076	31,403	3,003	15,775	-	57,257	6,150	(63,407)	-
Total	792,803	848,614	205,264	310,857	14,356	2,171,894	36,826	(63,407)	2,145,313
Segment income (Operating income)	226,920	59,197	49,063	7,625	1,458	344,263	1,669	(11,224)	334,708
Reconciliation from segment income to adjusted EBITDA									
Segment income	226,920	59,197	49,063	7,625	1,458	344,263	1,669	(11,224)	334,708
Depreciation and amortization	113,139	206,002	9,987	1,768	564	331,460	2,420	423	334,303
EBITDA	340,059	265,199	59,050	9,393	2,022	675,723	4,089	(10,801)	669,011
Gain from remeasurement relating to business combination	-	-	(19)	-	(18,168)	(18,187)	-	-	(18,187)
Other adjustments	-	(19,969)	-	-	23,382	3,413	-	1,279	4,692
Adjusted EBITDA	340,059	245,230	59,031	9,393	7,236	660,949	4,089	(9,522)	655,516

5. Other current assets

The components of other current assets are as follows:

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Prepaid expense	171,991	138,692
Tax receivable*	332,339	82,045
Other	49,221	34,051
Total	553,551	254,788

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

6. 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 September 30, 2016
Buildings and structures	254,569	255,612
Telecommunications equipment	3,031,553	2,713,693
Equipment and fixtures	577,279	542,733
Land	105,062	102,644
Construction in progress	194,456	168,899
Other	20,588	30,807
Total	4,183,507	3,814,388

7. Intangible assets

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

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Intangible assets with indefinite useful lives		
FCC licenses	4,060,750	3,691,496
Trademarks	706,637	637,055
Intangible assets with finite useful lives		
Software	782,148	735,472
Customer relationships	439,800	339,147
Spectrum migration costs	110,472	107,143
Favorable lease contracts	119,242	100,289
Trademarks	54,066	47,608
Game titles*	59,844	-
Other	106,186	111,257
Total	6,439,145	5,769,467

Note:
* Decrease resulting from exclusion of Supercell from the scope of consolidation of the Company. The details are described in "(2) Supercell" in "Note 16. Discontinued operations" and "(6) (Decrease) increase from loss of control over subsidiaries" in "Note 17. Supplemental information to the condensed interim consolidated statements of cash flows."

8. 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 September 30, 2016
Current		
Short-term borrowings	515,408	1,065,772
Commercial paper	42,000	84,000
Current portion of long-term borrowings	743,225	959,331
Current portion of corporate bonds	900,685	996,376
Current portion of lease obligations	396,992	430,446
Current portion of installment payables	48,299	43,355
Total	2,646,609	3,579,280
Non-current		
Long-term borrowings	1,785,500	2,729,964
Corporate bonds	6,611,947	6,454,371
Lease obligations	815,194	854,499
Financial liabilities relating to sale of shares by variable prepaid forward contract*	-	639,761
Installment payables	63,181	41,991
Total	9,275,822	10,720,586

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 (the “Trust”), and received the proceeds of ¥578,436 million ($5.4 billion) as advances received for sale.

The 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 transaction.

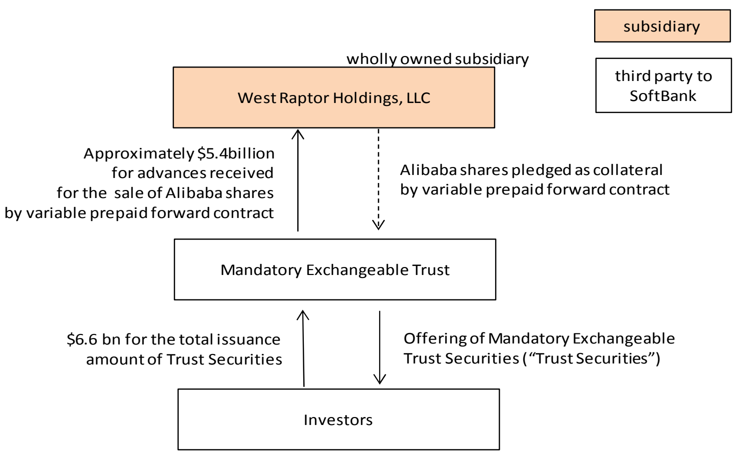
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to sale of shares by variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to sale of shares by variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value. ¥639,761 million is recognized as financial liabilities relating to sale of shares by variable prepaid forward contract in interest-bearing debt (non-current liabilities) and ¥105,148 million is recognized as derivative liabilities in other financial liabilities (non-current liabilities) in the condensed interim consolidated statements of financial position as of September 30, 2016. ¥199,189 million is recognized as a derivative loss in the condensed interim consolidated statements of income for the six-month period ended September 30, 2016. Please refer to "Note 14. Derivative loss."

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 September 30, 2016. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥120,994 million as of September 30, 2016.

Outline of the transaction



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

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

(Millions of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Net (decrease) increase of short-term borrowings	(31,295)	574,770
Net increase of commercial paper	-	42,000
Total	(31,295)	616,770

(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)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Proceeds from long-term borrowings	226,510	1,570,087
Proceeds from issuance of corporate bonds[1,4]	652,990	521,000
Proceeds from sale and leaseback of newly acquired equipment	272,821	297,065
Proceeds from advances received for sale of shares by variable prepaid forward contract[9]	-	578,436
Total	1,152,321	2,966,588

Notes:
1. Corporate bonds issued for the six-month period ended September 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
USD-denominated Senior Notes due 2022	July 28, 2015	$1,000 million ¥124,120 million[2]	5.38% 2.98%[3]	July 30, 2022
USD-denominated Senior Notes due 2025	July 28, 2015	$1,000 million ¥124,120 million[2]	6.00% 3.44%[3]	July 30, 2025
Euro-denominated Senior Notes due 2022	July 28, 2015	€500 million ¥67,722 million[2]	4.00% 3.73%[3]	July 30, 2022
Euro-denominated Senior Notes due 2025	July 28, 2015	€1,250 million ¥169,306 million[2]	4.75% 4.25%[3]	July 30, 2025
Euro-denominated Senior Notes due 2027	July 28, 2015	€500 million ¥67,722 million[2]	5.25% 4.72%[3]	July 30, 2027

Notes:
2. Stated amounts are cash outflows at the time of redemption, which are fixed by the currency swap contracts designated as cash flow hedges.

3. Interest rates are after considering the effect of exchange from fixed interest rates denominated in foreign currencies to fixed interest rates in Japanese yen by the currency swap contracts designated as cash flow hedges.

4. Corporate bonds issued for the six-month period ended September 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
1st Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)	September 16, 2016	¥55,600 million	3.00%[5]	September 13, 2041[6]
2nd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)	September 16, 2016	¥15,400 million	3.50%[5]	September 16, 2043[7]
3rd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)	September 30, 2016	¥400,000 million	3.00%[5]	September 30, 2041[8]

Notes:

5. The interest rate stated above is at the time of issuance. The bond has a step-up coupon provision and its interest rate may increase in the future.

6. The bond has an early redeemable option at the Company's discretion from September 16, 2021 and each interest date after September 16, 2021.

7. The bond has an early redeemable option at the Company's discretion from September 16, 2023 and each interest date after September 16, 2023.

8. The bond has an early redeemable option at the Company's discretion from September 30, 2021 and each interest date after September 30, 2021.

9. 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, financial liabilities relating to sale of shares by variable prepaid forward contract and derivative are accounted for and recorded separately. The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract."

(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)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Repayment of long-term borrowings	(315,957)	(384,655)
Redemption of corporate bonds[1,2]	(25,104)	(100,000)
Repayment of lease obligations	(259,242)	(223,649)
Payment of installment payables	(24,649)	(21,581)
Redemption of preferred securities	(200,000)	-
Total	(824,952)	(729,885)

Notes:

1. Major Corporate bonds redeemed for the six-month period ended September 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 six-month period ended September 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

9. 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 September 30, 2016
USD	112.68	101.12
GBP	161.92	131.00

(2) Average rate for the quarter

For the six-month period ended September 30, 2015

(yen)

	Three-month period ended June 30, 2015	Three-month period ended September 30, 2015
USD	121.34	121.91

For the six-month period ended September 30, 2016

(yen)

	Three-month period ended June 30, 2016	Three-month period ended September 30, 2016
USD	109.07	102.91

10. Equity

(1) Capital surplus

For the six-month period ended September 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 September 30, 2016
Available-for-sale financial assets	32,594	25,336
Cash flow hedges	(40,088)	(45,813)
Exchange differences on translating foreign operations	269,230	(416,049)
Total	261,736	(436,526)

11. Other operating loss

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

(Millions of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Sprint segment		
Gain on spectrum license exchange[1]	-	36,420
Loss on disposal of property, plant and equipment[2]	-	(24,522)
Loss on contract termination[3]	-	(12,287)
U.S.state tax charge	-	(10,600)
Legal reserves	(19,140)	-
Impairment loss on non-current asset[4]	(10,403)	-
Other	329	(5,841)
ARM segment		
Acquisition-related costs[5]	-	(23,382)
Company-wide		
Expenses resulting from resignation of director[6]	-	(8,107)
Other	(6,086)	-
Total	(35,300)	(48,319)

Notes:

1. License exchange gain resulting from exchange of certain spectrum with other carriers (non-cash transaction). The spectrum is recorded as FCC licenses in intangible assets.
2. 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.
3. Loss mainly resulting from termination of wholesale contracts with NTELOS Holdings Corp.
4. Impairments are primarily related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint's network plans.
5. Expenses arising from business combination of ARM. The details are described in "Note 3. Business combinations."
6. 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 for 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. The expense was ¥3,090 million for the six-month period ended September 30, 2016.

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.

12. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Interest expense	(215,668)	(222,022)

13. Gain on sales of equity method associates

For the six-month period ended September 30, 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 on June 13, 2016 and to Alibaba Partnership* on July 11, 2016. As a result of the transaction, ¥234,418 million was recorded as a gain on sales of equity method associates.

The total amount of sale price is ¥359,704 million ($3.4 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 29.9% of the voting rights of Alibaba as of September 30, 2016.

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

14. Derivative loss

For the six-month period ended September 30, 2016

¥199,189 million of derivative loss related to collar transaction included in variable prepaid forward contract was recorded. The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" in "Note 8. Interest-bearing debt."

15. Other non-operating income (loss)

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

(Millions of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Impairment loss on securities[1]	(18,944)	(3,174)
Dilution gain from changes in equity interest	14,631	74,741
Gain and loss from financial instruments at FVTPL[2]	112,625	(58,140)
Impairment loss on assets classified as held for sale[3]	-	(42,540)
Provision of allowance for doubtful accounts[1]	(20,024)	-
Other	9,122	6,528
Total	97,410	(22,585)

Notes:

1. Shares and debt interests related to investments of PT Trikomsel Oke Tbk. in Indonesia were impaired as the investment amount and the debt interests amount were not expected to be collected. As a result, impairment loss on securities and provision of allowance for doubtful accounts totaling ¥38,185 million were recorded for the six-month period ended September 30, 2015.
2. Gain or loss arising from financial instruments 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.
3. 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. As a result of the transaction, GungHo is no longer qualified as an equity method associate for the three-month period ended September 30, 2016. The details are described in “(1) GungHo” in “Note 16. Discontinued operations.”

16. 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 common shares held by the Company were tendered in the Tender Offer by GungHo from June 23, 2016. The transaction was completed on July 21, 2016 and 245,592,400 shares of GungHo held by the Company were tendered. As a result of the transaction, GungHo is no longer qualified as an equity method associate of the Company from August 16, 2016.

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

a. Operating results from discontinued operations

(Millions of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 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)

	Six-month period ended September 30, 2015	Six-month period ended September 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 shares were transferred on July 29, 2016, and as of the date of transfer of the shares, Supercell was excluded from the scope of consolidation of the Company.

Operating results related to Supercell for the six-month period ended September 30, 2015, and for the six-month period ended September 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)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Revenue	142,604	80,735
Expense	(91,709)	(46,075)
Income before income tax from discontinued operations	50,895	34,660
Income taxes	(11,380)	(6,414)
Income after income tax from discontinued operations	39,515	28,246
Gain on sales of discontinued operations	-	636,216
Income taxes recognized from sales of discontinued operations	-	(105,877)
Net income from discontinued operations	39,515	558,585

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)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Net cash provided by operating activities	59,023	44,065
Net cash used in investing activities	(29,221)	(166)
Net cash provided by (used in) financing activities	11	(17,557)
Total	29,813	26,342

17. 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) Gain on sales of discontinued operations

For the six-month period ended September 30, 2016

Gain on sales of subsidiaries arising from sale of Supercell shares. The details are described in "(2) Supercell" in "Note 16. Discontinued operations."

(4) Income taxes paid and income taxes refund

For the six-month period ended September 30, 2015

Payment of withholding income tax related to dividends within the group companies of ¥551,241 million is included in “Income taxes paid.”

For the six-month period ended September 30, 2016

Payment of withholding income tax related to dividends within the group companies of ¥85,048 million is included in “Income taxes paid,” and refund of the withholding income tax of ¥293,489 million is included in “Income taxes refund,” respectively.

(5) Proceeds from sales and redemption of investments

For the six-month period ended September 30, 2016

Proceeds related to sales of Alibaba shares of ¥359,704 million ($3.4 billion) are included. The details are described in “Note 13. Gain on sales of equity method associates.”

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

For the six-month period ended September 30, 2015

“Decrease from loss of control over subsidiaries” is the amount of cash and cash equivalents held by GungHo at the time of loss of control.

For the six-month period ended September 30, 2016

The relation between consideration received for sale of Supercell shares and “Increase from loss of control ever subsidiaries” and components of assets and liabilities at the date of loss of control over Supercell are as follows:

a. The relation between consideration received for sale of Supercell shares and “Increase from loss of control over subsidiaries”

(Millions of yen)

	At the date of loss of control (July 29, 2016)
Consideration received for sale	769,844
The amount of receivable for sale	(404,672)
Cash and cash equivalents held at the time of loss of control	(27,143)
Increase from loss of control over subsidiaries	338,029

b. The components of assets and liabilities at the date of loss of control

(Millions of yen)

	At the date of loss of control (July 29, 2016)
The components of assets	
Current assets	125,523
Game titles	47,636
Goodwill	84,487
Other non-current assets	6,077
The components of liabilities	
Deferred revenue (current)	96,919
Other current liabilities	5,593
Non-current liabilities	23,778

(7) Significant non-cash transactions

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

(Millions of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
Transfer of leased devices from inventories to property, plant and equipment	188,539	125,365
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 8. Interest-bearing debt."

In addition to the above, ASKUL Corporation become a subsidiary of the Company for the six-month period ended September 30, 2015 and the transaction related to this business combination is classified as a non-cash transaction because it was conducted by ASKUL Corporation's acquisition of its own treasury stock. The details are described in "Note 3. Business combinations."

18. Significant subsequent events

(1) Retirement of treasury stock

The Company, at a meeting of board of directors held on October 7, 2016, resolved and conducted the retirement of treasury stock pursuant to Article 178 of the Companies Act of Japan.

a. Class of shares to be retired
Common stock of SoftBank Group Corp.

b. Number of shares to be retired
100,000,00 shares
(8.33% of total number of shares issued prior to the retirement)

c. Planned retirement date
October 31, 2016

(2) Spectrum financing at Sprint

In October 2016, Sprint transferred certain directly held and third-party leased spectrum licenses, which represent approximately 14 percent of Sprint's total spectrum holdings on a MHz-pops[1] basis, to wholly-owned bankruptcy-remote Spectrum Financing SPEs. These spectrum licenses were used as collateral to raise $3.5 billion at 3.36%, with the opportunity to raise up to an additional $3.5 billion under the same program.

The $3.5 billion initial issuance will be repaid through September 2021, with interest only payments over the first year and amortizing principal and interest payments thereafter.

As a result of this financing transaction, $2.5 billion bridge financing facility[2], which Sprint entered into with financial institutions, has been terminated.

Notes:
1. The amount of spectrum in a given license or set of frequencies multiplied by the population covered by the geographic area of the spectrum license.

2. A form of loan facility that allows borrowing within a specified period and maximum amount.