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 5 of this report.

SoftBank Group Corp.
Consolidated Financial Report
For the fiscal year ended March 31, 2016 (IFRS)

Tokyo, May 10, 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	%
Fiscal year ended March 31, 2016	**¥9,153,549**	**7.6**	**¥999,488**	**8.8**	**¥1,005,764**	**(17.1)**	**¥558,241**	**(26.9)**	**¥474,172**	**(29.1)**	**¥259,592**	**(77.0)**
Fiscal year ended March 31, 2015	¥8,504,135	-	¥918,720	-	¥1,213,035	-	¥763,682	32.1	¥668,361	28.5	¥1,128,262	117.8

	Basic earnings per share (yen)	Diluted earnings per share (yen)	Ratio of net income to equity, attributable to owners of the parent (%)	Ratio of income before income tax to total assets (%)	Ratio of operating income to net sales (%)
Fiscal year ended March 31, 2016	**¥402.49**	**¥388.32**	**17.4**	**4.8**	**10.9**
Fiscal year ended March 31, 2015	¥562.20	¥558.75	28.0	6.4	10.8

Notes:

1. Income on equity method investments
   Fiscal year ended March 31, 2016: ¥ 375,397 million
   Fiscal year ended March 31, 2015: ¥ 76,614 million
2. Net sales, operating income, and income before income tax for the fiscal year ended March 31, 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 fiscal year ended March 31, 2015 are not presented because corresponding amounts for the fiscal year ended March 31, 2015 are revised and presented respectively.
   Please refer to page 82 “Note 18. Discontinued operations” under “5. Consolidated Financial Statements (6) Notes to 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 (%)	Equity per share attributable to owners of the parent (yen)
As of March 31, 2016	**¥20,707,192**	**¥3,505,271**	**¥2,613,613**	**12.6**	**2,278.85**
As of March 31, 2015	¥21,034,169	¥3,853,177	¥2,846,306	13.5	2,393.47

(3) Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended March 31, 2016	**¥940,186**	**¥(1,651,682)**	**¥43,270**	**¥2,569,607**
Fiscal year ended March 31, 2015	¥1,155,174	¥(1,667,271)	¥1,719,923	¥3,258,653

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2015	-	20.00	-	20.00	40.00
Fiscal year ended March 31, 2016	-	20.00	-	21.00	41.00
Fiscal year ending March 31, 2017 (Forecasted)	-	22.00	-	22.00	44.00

	Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
	(Millions of yen)	%	%
Fiscal year ended March 31, 2015	47,562	7.1	2.0
Fiscal year ended March 31, 2016	47,562	10.2	1.8
Fiscal year ending March 31, 2017 (Forecasted)		-	

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 rational projections.

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes

Excluded from consolidation: Five companies SoftBank BB Corp. SoftBank Telecom Corp. Ymobile Corporation Mobiletech Corporation BB Mobile Corp.

Please refer to page 42 "(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2016" under "4. 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 42 "(2) Changes in Accounting Estimates" under "4. Notes to Summary Information" for details.

(3) Number of shares issued (common stock)

[1] Number of shares issued (including treasury stock):
As of March 31, 2016: 1,200,660,365 shares
As of March 31, 2015: 1,200,660,365 shares

[2] Number of treasury stock:
As of March 31, 2016: 53,760,198 shares
As of March 31, 2015: 11,463,275 shares

[3] Number of average stocks during twelve-month period (April-March):
Fiscal year ended March 31, 2016: 1,178,097,662 shares
Fiscal year ended March 31, 2015: 1,188,830,428 shares

[For Reference]

Financial Highlights (Non-Consolidated)

(1) Non-Consolidated Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
Fiscal year ended March 31, 2016	¥46,118	(2.8)	¥11,478	(56.5)	¥1,193,181	-	¥779,783	-
Fiscal year ended March 31, 2015	¥47,423	(4.4)	¥26,402	(23.3)	¥40,482	(83.5)	¥3,272	(98.7)

	Net income per share-basic (yen)	Net income per share-diluted (yen)
Fiscal year ended March 31, 2016	¥661.90	¥661.59
Fiscal year ended March 31, 2015	¥2.75	¥2.75

(2) Non-Consolidated Financial Position

	Total assets	Net Assets	Equity ratio (%)	Shareholders' equity per share (yen)
As of March 31, 2016	¥7,570,937	¥1,360,467	18.0	¥1,186.19
As of March 31, 2015	¥7,172,905	¥894,693	12.5	¥752.04

Note: Shareholders' equity (Non-consolidated)
As of March 31, 2016: ¥1,360,447 million
As of March 31, 2015: ¥894,329 million

(3) Differences in Non-Consolidated Operating Results from the Previous Fiscal Year

The increase in ordinary income and net income in the fiscal year ended March 2016 from the previous fiscal year ended March 2015 was mainly attributable to a ¥1,176,653 million year-on-year increase in dividends from subsidiaries and associates.

Financial Highlights (Non-Consolidated) are prepared under Japanese Generally Accepted Accounting Principles ("JGAAP").

*** Implementation status of audit procedures**

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

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

The company name was changed from SoftBank Corp. to SoftBank Group Corp. on July 1, 2015.

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

On May 10, 2016, the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on our website in both Japanese and English at http://www.softbank.jp/en/corp/irinfo/. The Earnings Results Data Sheet will also be posted on the Company's website around 4 p.m. on the same day at http://www.softbank.jp/en/corp/irinfo/presentations/.

(Appendix)

Contents

Change of Company Names

On July 1, 2015, SoftBank Corp., the pure holding company, changed its company name to SoftBank Group Corp. Moreover, on April 1, 2015, SoftBank Mobile Corp., the company that operates the telecommunications business in Japan, absorbed SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation and was renamed SoftBank Corp. on July 1, 2015. The company names that appear in this appendix are the names as of the publication date of this financial report.

Definition of Company Names and Abbreviations Used in this Appendix

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

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

1. Results of Operations

(1) Analysis of Results of Operations

a. Consolidated Results of Operations

(Millions of yen)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change	Change %
Continuing operations				
Net sales	8,504,135	**9,153,549**	649,414	7.6%
Operating income	918,720	**999,488**	80,768	8.8%
(incl.) Gain from remeasurement relating to business combination	-	**59,441**	59,441	-
Income before income tax	1,213,035	**1,005,764**	(207,271)	(17.1%)
(incl.) Dilution gain from changes in equity interest	599,815	**14,903**	(584,912)	-
Net income from continuing operations	742,718	**565,209**	(177,509)	(23.9%)
Discontinued operations				
Net income (loss) from discontinued operations	20,964	**(6,968)**	(27,932)	-
Net income	763,682	**558,241**	(205,441)	(26.9%)
Net income attributable to owners of the parent	668,361	**474,172**	(194,189)	(29.1%)

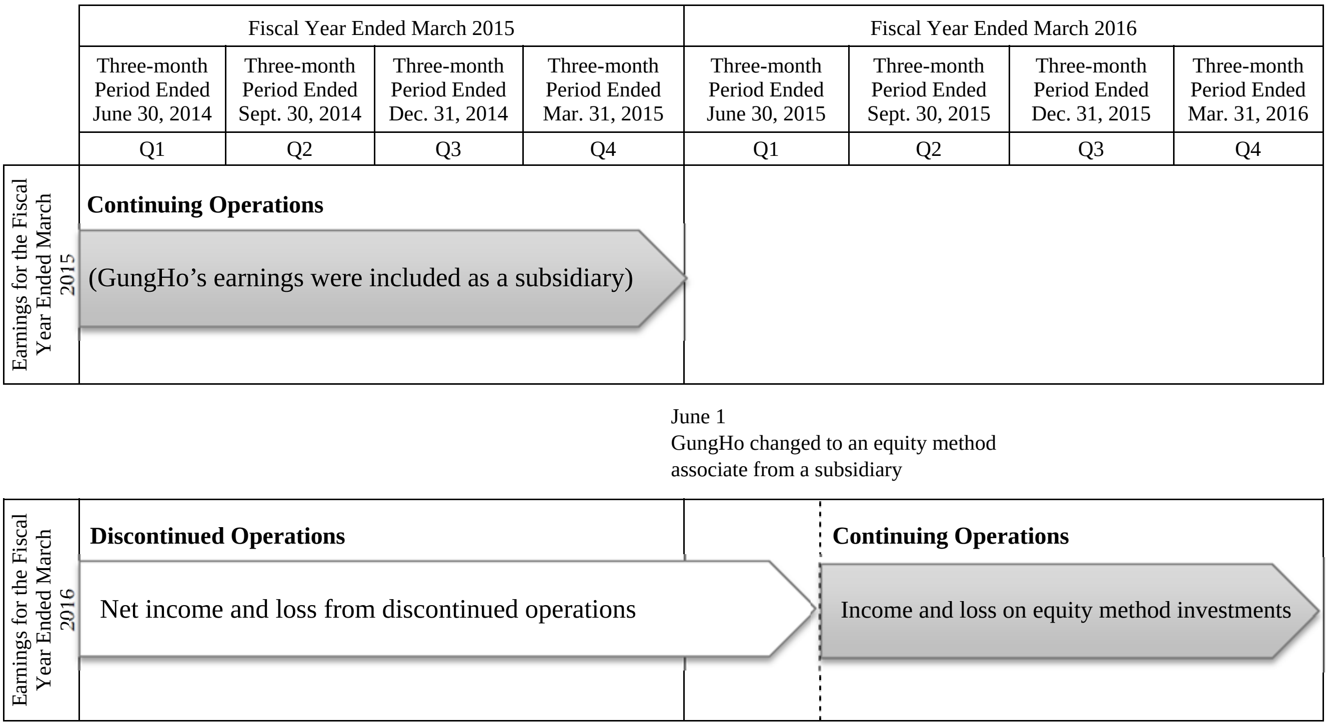
Reference: Average exchange rates used for translation

	Fiscal Year Ended March 2015				**Fiscal Year Ended March 2016**			
	Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014	Three-month Period Ended Dec. 31, 2014	Three-month Period Ended Mar. 31, 2015	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
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
USD / JPY	¥102.14	¥104.35	¥114.39	¥119.56	¥121.34	¥121.91	¥121.07	¥116.95

< Results Related to GungHo >

In the fiscal year ended March 31, 2016 (the “fiscal year”), GungHo no longer qualified as a subsidiary and became an equity method associate as a result of the completion of a tender offer by GungHo for its own shares, in which the Company tendered, and the extinguishment of a pledge on 100,000,000 of GungHo’s common shares held by Heartis G.K. (a pledge with Son Holdings Inc. as the pledgee). Accordingly, GungHo’s net income and loss up until June 1, 2015, when GungHo became an equity method associate, are presented as discontinued operations separately from continuing operations. The Company’s equity in the net income and loss of GungHo following its transition to an equity method associate are recognized as income and loss on equity method investments under continuing operations. Net income and loss of GungHo for the fiscal year ended March 31, 2015 (the “previous fiscal year”) are revised retrospectively and presented under discontinued operations.

Please refer to page 82 “18. Discontinued operations” under “5. Consolidated Financial Statements (6) Notes to Consolidated Financial Statements” for details.



An overview of the consolidated results of operations for the fiscal year is as follows:

From the three-month period ended June 30, 2015 (the "first quarter"), the Company's reportable segments have been changed to the Domestic Telecommunications segment, the Sprint segment, the Yahoo Japan segment, and the Distribution segment. Please refer to page 8 "b. Results by Segment" for details.

(Continuing Operations)

(a) Net Sales

Net sales totaled ¥9,153,549 million, an increase of ¥649,414 million (7.6%) year on year. This resulted from increases in net sales of all the segments.

The Domestic Telecommunications segment's net sales (for customers) amounted to ¥3,106,855 million, an increase of ¥121,211 million (4.1%) year on year. The main reason for the increase was increases in both telecom service revenue and product and other sales at SoftBank Corp.

The Sprint segment's net sales (for customers) totaled ¥3,688,498 million, an increase of ¥94,331 million (2.6%) year on year. The increase was due to the yen's year-on-year depreciation against the U.S. dollar, while the U.S. dollar-based net sales decreased year on year.

The Yahoo Japan segment's net sales (for customers) was ¥642,880 million, an increase of ¥222,495 million (52.9%) year on year. The main reason for the increase was the consolidation of ASKUL Corporation by Yahoo Japan Corporation in August 2015.

The Distribution segment's net sales (for customers) amounted to ¥1,345,856 million, an increase of ¥175,419 million (15.0%) year on year.

(b) Operating Income

Operating income totaled ¥999,488 million, an increase of ¥80,768 million (8.8%) year on year. The main reason for the increase was increases in income of ¥47,891 million in the Domestic Telecommunications segment and ¥29,258 million in the Yahoo Japan segment.

The income in the Yahoo Japan segment includes a gain from remeasurement relating to business combination of ¥59,441 million (not recorded in the previous fiscal year). This was recorded by Yahoo Japan Corporation due to the remeasurement at fair value of its existing equity interest at the time when it consolidated ASKUL Corporation.

(c) Finance Cost

Finance cost totaled ¥440,744 million, an increase of ¥74,244 million (20.3%) year on year. The increase was mainly due to increases in the interest expense of Sprint and SoftBank Group Corp.

(Millions of yen)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change
Finance cost	(366,500)	**(440,744)**	(74,244)
(incl.) Sprint	(236,776)	**(278,157)**	(41,381)

(d) Income on Equity Method Investments

Income on equity method investments was ¥375,397 million, an increase of ¥298,783 million (390.0%) year on year. This was mainly due to recording income on equity method investments of ¥380,655 million for the fiscal year, which is presented as (C) under page 5 "Reference: Amount of Impact of Alibaba on the Company's Consolidated Income before Income Tax" (the "impact amount table"), as the portion attributable to the Company out of Alibaba's net income of ¥1,175,236 million (IFRSs basis). Net income at Alibaba includes gain from remeasurement relating to business combination of ¥369,994 million, which was recorded due to remeasurement at fair value of Alibaba's existing equity interest in its equity method associate Alibaba Health Information Technology Limited at the time of its consolidation in July 2015. Of this, ¥119,121 million was income attributable to the Company, as shown in the impact amount table as (D).

The Company's income on equity method investments was subdued at ¥76,614 million in the previous fiscal year primarily because income on equity method investments related to Alibaba was ¥67,460 million, shown as (E) in the impact amount table. This was because Alibaba's net income of ¥203,126 million (IFRSs basis) reflected a loss of ¥398,716 million recognized in conjunction with an increase in the fair value of Convertible Preference Shares issued by Alibaba. Of this, ¥144,235 million was loss attributable to the Company, presented as (F) in the impact amount table.

(Millions of yen)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change	Change %
Income on equity method investments	76,614	**375,397**	298,783	390.0%
(incl.) Alibaba	67,460	**380,655**	313,195	464.3%

(e) Dilution Gain from Changes in Equity Interest

Dilution gain from changes in equity interest was ¥14,903 million, a decrease of ¥584,912 million year on year. This is mainly attributable to the Company recording dilution gain from changes in equity interest of ¥599,396 million in the previous fiscal year, as shown in the impact amount table as (G), in connection with the listing of Alibaba in September 2014, primarily as a result of the issuance of new shares by Alibaba and the conversion of its Convertible Preference Shares into common stock. ¥11,992 million was recorded in the fiscal year, which is presented as (H) in the impact amount table.

Reference: Amount of Impact of Alibaba on the Company's Consolidated Income before Income Tax

(Millions of yen)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change
Income and loss on equity method investments related to Alibaba (A)	(E) 67,460	**(C) 380,655**	313,195
Loss on increase in fair value of Convertible Preference Shares (i)	(F) (144,235)	-	144,235
Gain from remeasurement relating to business combination (ii)	-	**(D) 119,121**	119,121
Income on equity method investments excluding (i) and (ii)	211,695	**261,534**	49,839
Dilution gain from changes in equity interest related to Alibaba, net (B)	(G) 599,396	**(H) 11,992**	(587,404)
(incl.) Dilution gain from changes in equity interest due to listing	563,111	-	(563,111)
Amount of impact of Alibaba on the Company's consolidated income before income tax (A) + (B)	666,856	**392,647**	(274,209)

(f) Other Non-operating Income and Loss

Other non-operating income was ¥56,720 million, an improvement of ¥72,334 million compared to a loss of ¥15,614 million in the previous fiscal year. The primary components of other non-operating income and loss were as follows:

i. Gain from financial assets at FVTPL (Fair Value Through Profit or Loss) was ¥114,377 million, an increase of ¥103,168 million year on year. This was due to recording the amount of changes in the fair value of the Company's financial assets at FVTPL during the period from March 31, 2015 (the "previous fiscal year-end") to March 31, 2016 (the "fiscal year-end") as gain and loss from financial assets at FVTPL. Financial assets at FVTPL includes preferred shares of ANI Technologies Pvt. Ltd., which operates the taxi booking platform *Ola* in India, and Jasper Infotech Private Limited, which operates the e-commerce website *snapdeal.com* also in India.

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

ii. A total of ¥38,185 million was recorded for impairment loss on securities and provision of allowance for doubtful accounts as a loss due to the writing down of the value of shares and debt interests related to investments in PT Trikomsel Oke Tbk. in Indonesia. Currently, PT Trikomsel Oke Tbk. is formulating a debt consolidation plan, having temporarily halted debt payments to rebuild the company in accordance with the procedure for suspension of debt payment obligations (PKPU) provided by the bankruptcy law of Indonesia.

Please refer to page 82 "17. Other non-operating income (loss)" under "5. Consolidated Financial Statements (6) Notes to Consolidated Financial Statements" for details.

(g) Income before Income Tax

As a result of (b) to (f), income before income tax was ¥1,005,764 million, a decrease of ¥207,271 million (17.1%) year on year.

(h) Income Taxes

Income taxes were ¥440,555 million, a decrease of ¥29,762 million (6.3%) year on year. The effective income tax rate for the fiscal year was 43.8% despite the statutory income tax rate being 33.1%, mainly because deferred tax assets were not recognized for the loss at Sprint. Meanwhile, tax effects were recognized in principle for income on equity method investments such as Alibaba and gain from financial assets at FVTPL.

(i) Net Income from Continuing Operations

As a result of (g) and (h), net income from continuing operations totaled ¥565,209 million, a decrease of ¥177,509 million (23.9%) year on year.

(Discontinued Operations)

(j) Net Income and Loss from Discontinued Operations

Net loss from discontinued operations was ¥6,968 million (net income of ¥20,964 million was recorded in the previous fiscal year). This was due to recording ¥12,739 million primarily for loss relating to loss of control in discontinued operations related to GungHo, while also recording its income after income tax of ¥5,632 million for the period from April 1 to June 1, 2015. The amount of loss relating to loss of control in discontinued operations is the difference between the carrying amount of GungHo on a consolidated basis and its fair value, which is the closing share price of GungHo multiplied by the number of its shares held by the Company, at the time of loss of control over GungHo on June 1, 2015.

(k) Net Income

As a result of (i) and (j), net income amounted to ¥558,241 million, a decrease of ¥205,441 million (26.9%) year on year.

(l) Net Income Attributable to Owners of the Parent

After deducting net income attributable to non-controlling interests such as Yahoo Japan Corporation, Sprint, and Supercell from (k), net income attributable to owners of the parent amounted to ¥474,172 million, a decrease of ¥194,189 million (29.1%) year on year.

(m) Comprehensive Income

Comprehensive income totaled ¥259,592 million, a decrease of ¥868,670 million (77.0%) year on year. Of this, comprehensive income attributable to owners of the parent was ¥195,864 million, a decrease of ¥795,807 million (80.2%) 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.

In preparation for the transition to "SoftBank 2.0," the Company has initiated its transformation from a strong Japanese business with global assets to a global business that will strive to create sustainable growth over the long term. In line with this, the Company has revised its segment classifications and changed its reportable segments from the fiscal year ended March 2016 as follows:

Reportable segments until the fiscal year ended March 2015

Segments		Main Businesses	Core Companies
Reportable segments	Mobile Communications	・Provision of mobile communications services in Japan ・Sale of mobile devices and accessories ・Sale of PC software and peripherals ・Production and distribution of online games for smartphones and other devices	Former SoftBank Mobile Corp. Former Ymobile Corporation Wireless City Planning Inc. Former SoftBank Telecom Corp. Brightstar Corp. GungHo Online Entertainment, Inc. Supercell Oy
	Sprint	・Provision of mobile communications services by Sprint in the U.S. ・Sale of mobile devices and accessories accompanying the above services ・Provision of fixed-line telecommunications services by Sprint	Sprint Corporation
	Fixed-line Telecommunications	・Provision of telecom services such as fixed-line telephone and data communications services to domestic corporate customers ・Provision of broadband services to domestic retail customers ・Services accompanying the above services	Former SoftBank Telecom Corp. Former SoftBank BB Corp. Former Ymobile Corporation Yahoo Japan Corporation
	Internet	・Internet advertising ・e-commerce business ・Membership services	Yahoo Japan Corporation
Others		・Fukuoka SoftBank HAWKS related businesses	Fukuoka SoftBank HAWKS Corp.

Reportable segments adopted in the fiscal year ended March 2016

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.
Others		・Production and distribution of online games for smartphones and other devices ・Fukuoka SoftBank HAWKS related businesses	Supercell Oy Fukuoka SoftBank HAWKS Corp.

Notes:

1. The results for the previous fiscal year are presented in accordance with the reportable segments adopted in the fiscal year ended March 2016.
2. The results at Yahoo Japan Corporation related to *Yahoo! BB*, the broadband service that is run jointly by SoftBank Corp. and Yahoo Japan Corporation, are included under the Yahoo Japan segment after the change. The results were previously included under the Fixed-line Telecommunications segment.
3. The calculation method of segment income has been changed from the fiscal year ended March 2016 as follows:
   Before the change:
   Segment income = (net sales – cost of sales – selling, general and administrative expenses) in each segment
   After the change:
   Segment income = (net sales – cost of sales – selling, general and administrative expenses + gain from remeasurement relating to business combination ± other operating income (loss)) in each segment
4. Adjusted EBITDA in each segment = (segment income (loss) + depreciation and amortization – gain from remeasurement relating to business combination ± other operating income (loss)) in each segment
   The amount disclosed as EBITDA through to the three-month period ended December 31, 2015 (the “third quarter”) is now presented as adjusted EBITDA from the three-month period ended March 31, 2016 (the “fourth quarter”).
5. ¥37,032 million of loss on “disposal of property, plant and equipment” recognized as “other operating loss” in the consolidated statements of income for the fiscal year is not included in “other operating loss” in the Sprint segment. The details are described in page 80 “14. Other operating loss” under “5. Consolidated Financial Statements (6) Notes to Consolidated Financial Statements.”

(a) Domestic Telecommunications Segment

(Millions of yen)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change	Change %
Net sales	3,019,393	**3,144,650**	125,257	4.1%
Segment income	640,498	**688,389**	47,891	7.5%
Depreciation and amortization	453,728	**474,948**	21,220	4.7%
Other operating loss	21,271	**-**	(21,271)	-
Adjusted EBITDA	1,115,497	**1,163,337**	47,840	4.3%

Note:
6. The amount disclosed as EBITDA through to the third quarter is now presented as adjusted EBITDA from the fourth quarter.

< Overview of the Segment >

The Domestic Telecommunications segment comprises the subsidiaries that operate domestic telecommunications businesses, 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*[1] and *Yahoo! BB*, and (iii) fixed-line telecommunications services for corporate customers, such as data communications and fixed-line telephone services. Wireless City Planning Inc. provides broadband wireless access (BWA) services using the 2.5 GHz band.

The segment’s net sales are categorized as telecom service revenue and product and other sales. Telecom service revenue includes the communication revenues of each service (i)-(iii) above, as well as device warranty service revenue,

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

advertising revenue, and content-related 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 Japanese telecommunications market, 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” of its mobile communications service and concentrates its efforts on acquiring and maintaining such users. Among these, the strongest emphasis is on strengthening the acquisition and the reduction of the churn rate of smartphone subscribers, and SoftBank Corp. is therefore focusing on increasing sales of *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 leverage the effects of merging its four domestic telecommunications subsidiaries in April 2015 to achieve further operational efficiency and cost reductions.

(Breakdown of Net Sales)

(Millions of yen)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change	Change %
Total net sales	3,019,393	**3,144,650**	125,257	4.1%
Telecom service revenue	2,329,161	**2,405,047**	75,886	3.3%
Mobile communications	1,922,640	**1,953,363**	30,723	1.6%
Telecom[2]	1,729,423	**1,731,989**	2,566	0.1%
Service[3]	193,217	**221,374**	28,157	14.6%
Broadband	129,762	**177,009**	47,247	36.4%
Fixed-line telecommunications	276,759	**274,675**	(2,084)	(0.8%)
Product and other sales	690,232	**739,603**	49,371	7.2%

[2] Telecom revenues of mobile communications services, etc. under *SoftBank* and *Y!mobile* brands
[3] Device warrantee service revenue, advertising revenue, content-related revenues, etc.

< Overview of Operations >

The segment's net sales totaled ¥3,144,650 million, an increase of ¥125,257 million (4.1%) year on year. Of this, telecom service revenue totaled ¥2,405,047 million, an increase of ¥75,886 million (3.3%), while product and other sales was ¥739,603 million, an increase of ¥49,371 million (7.2%).

The increase in telecom service revenue reflected an increase in broadband revenue following the startup of the *SoftBank Hikari* fiber-optic service (launched in March 2015), as well as an increase in mobile communications revenue. The increase in product and other sales mainly reflected an increase in sales of smartphones and terminals for broadband services on customer premises. Smartphone sales increased as the impact of a rise in the unit prices outweighed a decline in the number of mobile devices shipped.[4]

Mobile communications revenue increased by ¥30,723 million (1.6%) year on year to ¥1,953,363 million, mainly reflecting an increase in service revenue primarily associated with an expansion in content services, which supplemented a slight increase in telecom revenue.

Operating expenses increased by ¥98,637 million (4.2%) year on year to ¥2,456,261 million. The main factors affecting operating expenses are as follows:

- Cost of products increased by ¥10,488 million (1.8%) year on year. This mainly reflected an increase in the number of devices shipped for smartphones, which have a high procurement cost, despite an improvement in valuation loss on mobile device inventories.
- Sales commission fees increased by ¥39,309 million (10.6%) year on year. This mainly reflected a year-on-year increase in the average cost of sales commission fees for smartphones associated with intensified competition for customer acquisition under the Mobile Number Portability (MNP) system.
- Sales promotion expenses increased by ¥26,640 million (30.6%) year on year. This mainly reflected stronger sales expansion of the *SoftBank Hikari* fiber-optic service.
- Telecommunications network charges increased by ¥28,479 million (15.0%) year on year. This mainly reflected an increase in fiber-optic connection charges for the *SoftBank Hikari* fiber-optic service that was launched in March 2015. Another factor was access charges paid to other operators as a result of an increase in the amount of calls made by SoftBank Corp. mobile communications service subscribers to subscribers of other operators. This was associated with an increase in subscribers to the *Smartphone Flat-rate* mobile communications service price plan, which provides unlimited voice calls at a flat rate.
- Outsourcing expenses decreased by ¥26,623 million (18.1%) year on year. This mainly reflected efficiency gains in outsourced operations related to customer service and network maintenance following the absorption of SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation by SoftBank Corp. (formerly SoftBank Mobile Corp.) in April 2015.
- Depreciation and amortization increased by ¥21,220 million (4.7%) year on year to ¥474,948 million.

No other operating income or loss was recognized in the fiscal year. In the previous fiscal year, the Company recognized provision for unprofitable contract of ¥21,271 million in relation to fixed-line telecommunications services.

[4] 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.

As a result of the above, segment income increased by ¥47,891 million (7.5%) year on year to ¥688,389 million.

Adjusted EBITDA, which is obtained by adding depreciation and amortization to and excluding other operating loss from segment income, increased by ¥47,840 million (4.3%) year on year to ¥1,163,337 million.

< Overview of Business Operations >

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

< Changes in the Presentation Method and Definitions of Principal Operational Data >

The presentation method and definitions for the principal operational data of mobile communications services have been changed from the first quarter. The main changes are as follows:

- The total number of subscribers for *SoftBank* and *Y!mobile* services are categorized and presented as main subscribers, communication modules, and PHS. Main subscribers include the service contracts that are the main focus of management strategy; smartphones, feature phones, tablets, and mobile data communication devices.
- ARPU, number of units sold, and churn rates are presented based on data of main subscribers.
- ARPU for main subscribers is separately presented as "telecom ARPU" and "service ARPU." Telecom ARPU is calculated by dividing data-related revenue, basic monthly charges, and voice-related revenues by the number of active subscribers. Service ARPU is calculated by dividing device warrantee service revenue, advertising revenue, and content-related revenues, etc., by the number of active subscribers.
- The number of subscribers, ARPU, number of units sold and churn rates for the fiscal year ended March 31, 2015 are also presented based on data of main subscribers.

Please refer to page 24 "< Changes in the Presentation Method and Definitions of Principal Operational Data >" under "(Reference 1: Principal Operational Data) (a) SoftBank Corp." for details of the changes.

i. Mobile Communications Service

- **Subscribers (Main Subscribers)**

The cumulative number of main subscribers of mobile communications services at the end of the fiscal year stood at 32,038,000, for 488,000 net additions from the previous fiscal year-end. Smartphones and tablets marked net additions in the fiscal year, which was partially offset by feature phone net losses.

(Thousands)

	As of March 31, 2015	**As of March 31, 2016**	Change
Cumulative subscribers	31,550	**32,038**	488

- ***Home Bundle Discount Hikari Set* Applications**

The *Home Bundle Discount Hikari Set* (previously referred to as "*Smartphone & Internet Bundle Discount*") offers a discount on the communication charges of mobile communications services to customers subscribing to both mobile communications services (applicable for smartphones, feature phones, and tablets among main subscribers) and broadband services such as *SoftBank Hikari*. The cumulative number of applications[5] of the *Home Bundle Discount Hikari Set* at the end of the fiscal year stood at 2,969,000 for mobile communications services, and 1,438,000 for broadband services.[6]

・ARPU (Main Subscribers)

Total ARPU for main subscribers of mobile communications services for the fiscal year was ¥4,700, an increase of ¥30 year on year.

Of this, telecom ARPU declined by ¥40 to ¥4,150. This mainly reflected a decline in voice-related revenues accompanying the higher penetration of the *Smartphone Flat-rate* mobile communications service price plan, which provides unlimited voice calls at a flat rate. This was partially offset by an increase in the compositional ratio of smartphone subscribers within the cumulative number of main subscribers. An additional factor reducing telecom ARPU was an increase in the cumulative number of applications of *Home Bundle Discount Hikari Set,* which increased the amount of discounts on telecom ARPU. SoftBank Corp. expects the negative impact from the *Smartphone Flat-rate* mobile communications service price plan (the year-on-year difference of the impact amount) in the fiscal year ending March 2017 to be less than in the fiscal year. However, the negative impact from *Home Bundle Discount Hikari Set* is expected to increase in line with growth in the cumulative number of applications.

Service ARPU increased by ¥50 year on year to ¥540. This reflected the steady increase of subscribers to content services such as *Daily Value Pack*[7] and *App Pass.*[8]

(Yen / Month)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change
Total ARPU	4,670	**4,700**	30
Telecom ARPU	4,190	**4,150**	(40)
Service ARPU	490	**540**	50

[5] Includes the *Fiber-optic Discount* applied to mobile communication services under *Y!mobile* brand
[6] 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.
[7] A service enabling subscribers to purchase food and movie tickets, among other items, at discounts
[8] A service enabling subscribers to use a select range of popular apps

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

The number of units sold[9] for mobile devices of main subscribers for the period decreased by 1,024,000 year on year to 10,662,000. This mainly reflected year-on-year decreases in the number of units sold for both smartphones and feature phones. For smartphones, the number of new subscriptions marked a year-on-year increase, despite an offsetting decrease in the number of device upgrades.

(Thousands)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change
Units sold	11,686	**10,662**	(1,024)
New subscriptions	5,756	**5,441**	(315)
Device upgrades	5,930	**5,222**	(708)

・**Churn Rate (Main Subscribers)**

The churn rate for main subscribers of mobile communications services for the fiscal year was 1.35%, an improvement of 0.01 of a percentage point year on year. This mainly reflected an improvement in the churn rate for tablets and feature phones, despite a deterioration in the churn rate for smartphones associated with intensified competition to acquire customers under the MNP system. The churn rate for main subscribers of mobile communications services for the fourth quarter improved by 0.08 of a percentage point year on year.

To further improve the churn rate for main subscribers of mobile communications services over the medium term, SoftBank Corp. is now executing initiatives to improve the quality of customer service at sales channels such as *SoftBank Stores*, as well as expanding bundle discounts such as the *Home Bundle Discount Hikari Set* and *Home Bundle Discount Denki Set*,[10] which was launched in April 2016.

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change
Churn rate	1.36%	**1.35%**	0.01 pp improvement

ii. Broadband Service

The cumulative number of subscribers for broadband services at the end of the fiscal year stood at 5,079,000, a 722,000 increase from the previous fiscal year-end. This mainly reflected an increase of 1,598,000[11] subscribers to *SoftBank Hikari*, while subscribers for *Yahoo! BB hikari with FLET'S*[12] decreased by 664,000 and subscribers for *Yahoo! BB ADSL*[13] decreased by 212,000.

[9] The total number of new subscriptions and device upgrades. New subscriptions where customers switch between *SoftBank* and *Y!mobile* using MNP are included in the number of device upgrades.
[10] A service that offers discounts on mobile communications service or broadband service charges for customers that subscribe to both the electric power service *SoftBank Denki* and a mobile communications service or broadband service such as *SoftBank Hikari*
[11] Includes the number of subscribers and ARPU of *SoftBank Air*, the high-speed wireless internet service provided through the *Air terminal*
[12] An Internet service provider (ISP) service offered as a package with NTT East and NTT West's *FLET'S Hikari Series* fiber-optic connection
[13] A service combining an ADSL connection service and an ISP service

Starting with the launch of a fiber-optic service *SoftBank Hikari* in March 2015, SoftBank Corp. shifted its main focus of broadband services from *Yahoo! BB hikari with FLET'S* to *SoftBank Hikari* and is now actively working to acquire *SoftBank Hikari* customers through sales channels nationwide such as electronics retail stores and *SoftBank Stores*. Since *SoftBank Hikari* ARPU[11] is higher than that of *Yahoo! BB hikari with FLET'S* and *Yahoo! BB ADSL*, SoftBank Corp. expects a steady increase in telecom service revenue from broadband services in step with the increase in subscribers to *SoftBank Hikari*. For the fourth quarter, *SoftBank Hikari* ARPU was ¥4,940, *Yahoo! BB hikari with FLET'S* ARPU was ¥1,820, and *Yahoo! BB ADSL* ARPU was ¥2,590.

(Thousands)

	As of March 31, 2015	**As of March 31, 2016**	Change
Cumulative subscribers	4,357	**5,079**	722
SoftBank Hikari[11]	119	**1,717**	1,598
Yahoo! BB hikari with FLET'S	2,672	**2,008**	(664)
Yahoo! BB ADSL	1,566	**1,354**	(212)

(b) Sprint Segment

(Millions of yen)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change	Change %
Net sales	3,800,021	**3,871,647**	71,626	1.9%
Segment income	66,859	**61,485**	(5,374)	(8.0%)
Depreciation and amortization	579,152	**842,110**	262,958	45.4%
Other operating loss (Note 8)	7,029	**79,668**	72,639	-
Adjusted EBITDA	653,040	**983,263**	330,223	50.6%

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

Net sales	34,532	**32,180**	(2,352)	(6.8%)
Segment income	643	**506**	137	(21.3%)
Adjusted EBITDA	5,960	**8,172**	2,212	37.1%

Notes:
7. The amount disclosed as EBITDA through to the third quarter is now presented as adjusted EBITDA from the fourth quarter.
8. ¥37,032 million ($312 million) of loss on "disposal of property, plant and equipment" recognized as "other operating loss" in the consolidated statements of income for the fiscal year is not included in "other operating loss" in the Sprint segment. The details are described in page 80 "14. Other operating loss" under "5. Consolidated Financial Statements (6) Notes to Consolidated Financial Statements."

< Overview of Operations >

The segment's net sales increased by ¥71,626 million (1.9%) year on year to ¥3,871,647 million. The main factor behind the overall increase was the yen's year-on-year depreciation against the U.S. dollar, although net sales declined in U.S. dollar terms by $2,352 million (6.8%) year on year. The decrease in U.S. dollar net sales mainly reflected a decrease in telecom service revenue due to customer shifts to lower rate plans offered in conjunction with device financing options such as leases and installment sales. Device revenue increased slightly, mainly reflecting an increase in lease revenue associated with an increase in sales under the leasing program. This outweighed a decrease in revenue, which arose from factors such as a decrease in sales volume at Sprint due to increased handset sales handled through a supply chain where Brightstar purchases the mobile devices from vendors and sells them to Sprint dealers, as well as a higher compositional ratio of devices sold under leasing program.

Operating expenses increased by ¥77,000 million (2.1%) year on year to ¥3,810,162 million. This mainly reflected the yen's year-on-year depreciation against the U.S. dollar, despite a decrease in operating expenses in U.S. dollar terms of $2,215 million (6.5%).

The sharp decrease in operating expenses in U.S. dollar terms reflected company-wide cost reduction efforts. These started with setting an operating expense reduction target of $1.5 billion for the fiscal year and implementing various measures. As a result, the cost of services and selling, general and administrative expenses (excluding depreciation and amortization) in the fiscal year were lower than the previous fiscal year by approximately $1.3 billion in total. In addition, Sprint also implemented sweeping reforms of business activities and began to transform its cost structure further during the fiscal year. Sprint expects to achieve a run rate[14] operating expense reduction of $2 billion or more exiting the fiscal year ending March 2017. Sprint has already realized approximately $1 billion of these annualized savings based on the initiatives achieved in the fourth quarter. For further information about cost reduction initiatives, please refer to page 19 "i. Cost Reduction" under "< Sprint's Initiatives >."

The main factors affecting operating expenses (excluding depreciation and amortization) in U.S. dollar terms in the fiscal year are as follows:

- Cost of products decreased. This was mainly because the compositional ratio of postpaid units leased under the leasing program, which started in September 2014, reached 51% of the number of Sprint platform[15] postpaid units sold (excluding wholesale and affiliate) in the fiscal year, compared to 17% in the previous fiscal year. This factor outweighed a year-on-year decline in the number of Sprint platform postpaid units sold. For the conventional sales of mobile devices, including the installment billing method, sales of devices and the cost of products are recognized at the point of sale. However, under the leasing program, lease revenue is recognized throughout the period of the lease (generally 24 months), along with depreciation expenses for the leased devices recorded as assets.
- Selling, general and administrative expenses (excluding depreciation and amortization) decreased. This mainly reflected a decrease in provision for doubtful accounts accompanying a decrease in payment delinquency due to an increase in the compositional ratio of prime customers. It also reflected further reductions in personnel and advertising expenses associated with cost reduction initiatives.

[14] Estimated future figures based on the assumption that current trends continue
[15] Sprint-operated CDMA and LTE networks

Depreciation and amortization increased by ¥262,958 million (45.4%) year on year to ¥842,110 million. This mainly reflected the increase in leased devices.

Other operating loss was ¥79,668 million, a deterioration of ¥72,639 million from the previous fiscal year. Other operating loss incurred in the fiscal year was mainly comprised of the following:

Severance costs associated reduction in work force	¥26,079 million
Legal reserves	¥23,437 million
Impairment loss on non-current assets	¥19,881 million

Please refer to page 80 “14. Other operating loss” under “5. Consolidated Financial Statements (6) Notes to Consolidated Financial Statements” for details.

As a result of the above, segment income decreased by ¥5,374 million (8.0%) year on year to ¥61,485 million.

Adjusted EBITDA, which is obtained by adding depreciation and amortization to and excluding other operating loss from segment income, increased by ¥330,223 million (50.6%) year on year to ¥983,263 million.

(Reference: Sale-Leaseback Transaction for Leased Devices)

As part of its fund procurement initiatives, Sprint entered into agreements (“MLS Handset Sale-Leaseback”) with Mobile Leasing Solutions, LLC (“MLS”), SoftBank Group Corp.’s equity method company, to sell and lease back certain leased devices in November 2015. Certain leased devices were sold to MLS in exchange for the total proceeds of $1.3 billion. MLS leases back each device to Sprint in exchange for monthly rental payments to be made by Sprint to MLS.

MLS Handset Sale-Leaseback causes a negative impact on adjusted EBITDA. In the ordinary course of business, leased devices are recorded as property, plant and equipment on the balance sheet and depreciated as shown as (B) in the following table. By contrast, those leased devices sold under MLS Handset Sale-Leaseback are derecognized (off-balance sheet) and are therefore no longer depreciated by Sprint. Therefore, cost of the devices sold to MLS will no longer be recorded as depreciation expense, but rather recognized as rent expense within cost of products (as shown as (C) in the following table) during the leaseback periods. Because of this, there is a negative impact on adjusted EBITDA. In the fiscal year, $277 million (approximately ¥32.6 billion) in rental payments was recorded for about a four-month period.

For details of MLS Handset Sale-Leaseback, please refer to page 73 “7. Handset sale-leaseback” under “5. Consolidated Financial Statements (6) Notes to Consolidated Financial Statements.”

	Leased Devices	Leased Devices Sold Under MLS Handset Sale-Leaseback
Consolidated statements of financial position	On-balance sheet (property, plant and equipment)	Off-balance sheet

Consolidated statements of income		
Net sales	(A) Customer lease revenues	(A) Customer lease revenues
Cost of products	-	(C) Rental payments to MLS
Depreciation	(B) Depreciation of leased devices	-
Segment income	(A) - (B)	(A) - (C)
Adjusted EBITDA	(A) – (B) + (B)	(A) - (C)

< Overview of Business Operations >

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

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

The Sprint platform had 58,806,000 subscribers as of the end of the fiscal year, a net addition of 2,669,000 from the previous fiscal year-end. This represented postpaid net additions of 1,245,000 and wholesale and affiliate net additions of 2,733,000 in the fiscal year, outweighing prepaid net losses of 1,309,000.

The postpaid net additions were driven by continued tablet net additions, as well as phone (smartphone and feature phone) net additions of 438,000. The wholesale and affiliate net additions mainly reflected growth in the number of communication modules. On the contrary, prepaid marked net losses due to intensified competition in the prepaid market.

(Thousands)

	As of March 31, 2015	**As of March 31, 2016**	Change
Sprint platform cumulative subscribers	56,137	**58,806**	2,669
Postpaid	29,706	**30,951**	1,245
(incl.) Phone	24,878	**25,316**	438
Prepaid	15,706	**14,397**	(1,309)
Wholesale & affiliate	10,725	**13,458**	2,733

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

Sprint platform postpaid phone ABPU for the fourth quarter increased by $2.34 year on year to $71.53. This reflected the increase in average equipment billings per user offsetting the ARPU decrease.

Out of this, ARPU declined by $4.31 year on year to $59.45. This mainly reflected an increase in the compositional ratio of customers on lower rate plans offered in conjunction with device financing programs such as leases and installment sales.

On the other hand, average equipment billings per user per month increased by $6.65 year on year to $12.08. This reflected the increased adoption of device financing programs.

(U.S. dollar / month)

	Three-month Period Ended March 31, 2015	**Three-month Period Ended March 31, 2016**	Change
Postpaid phone ABPU	69.19	**71.53**	2.34
ARPU	63.76	**59.45**	(4.31)
Average equipment billings per user	5.43	**12.08**	6.65

・**Churn Rate (Sprint Platform)**

The Sprint platform postpaid churn rate for the fourth quarter improved by 0.12 of a percentage point year on year to 1.72%. This mainly reflected network performance improvements, as well as a decrease in forced deactivations due to payment delinquency following focused efforts to acquire prime customers beginning in August 2014. These factors outweighed the impact of intensified competition in the market.

	Three-month Period Ended March 31, 2015	**Three-month Period Ended March 31, 2016**	Change
Postpaid churn rate	1.84%	**1.72%**	0.12 pp improvement

< Sprint's Initiatives >

Sprint aims to return to a growth trajectory by turning around the ongoing declining trend in net sales while promoting large-scale cost reductions and liquidity improvement. As for net sales, Sprint is focusing on increasing the number of postpaid phone subscribers, which are the largest source of revenue and profit. Signs of a turnaround have begun to appear with net subscriber additions for three consecutive quarters from the three-month period ended September 30, 2015 (the "second quarter"). Meanwhile, in cost reduction and liquidity improvement, Sprint is making solid progress on multiple initiatives as described below. While this section is prepared based on U.S. GAAP that Sprint adopts, there is no significant difference to be made in IFRS, except a possible difference in the timing of recognition.

i. Cost Reduction

Sprint set a target of reducing operating expenses by $1.5 billion in the fiscal year and reviewed the budget from scratch across all areas. As a result of various initiatives introduced, Sprint achieved the target on cost reduction and reduced cost of services and selling, general and administrative expenses for the fiscal year by approximately $1.3 billion year on year. The result was obtained even after reinvesting a large portion of the reduced operating expenses in strategic initiatives, such as an expansion of sales channels, to achieve long-term growth.

Sprint also implemented a plan to transform the way it does business and significantly lower its cost structure (the "Transformation") during the fiscal year. Through the Transformation, Sprint expects to achieve a run rate[16] operating expense reduction of $2 billion or more exiting the fiscal year ending March 2017, with the cost reduction effect projected to continue in the following fiscal years. The targeted reduction amount of $2 billion is expected to include reduction across all areas of the business, with the majority being realized in selling, general and administrative expenses. [Note 9]

During the fourth quarter, Sprint has already realized approximately $1 billion of these annualized savings based on the $250 million related to these initiatives achieved in the fourth quarter.

In conjunction with the Transformation, Sprint expects to incur operating costs and capex costs totaling approximately $1 billion (the "Transformation Program Cost"). The Transformation Program Cost, excluding the approximate $200 million of severance costs associated with reduction in work force recorded for the fiscal year, is expected to be incurred in the fiscal year ending March 2017 and 2018. Unlike the operating expense reduction in the fiscal year, of which a large portion was reinvested, the cost reduction through the Transformation, with the exception of the Transformation Program Cost, is expected to contribute to profit.

Note:
9. Sales, marketing, and customer care-related expenses, etc.

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

ii. Liquidity Improvement

In addition to cash flow improvement through the aforementioned cost reduction initiatives, Sprint is working to diversify its financing sources to improve its financial flexibility.

During the fiscal year, Sprint took multiple steps to improve its liquidity, including executing MLS Handset Sale-Leaseback under which Sprint procured $1.1 billion. For details, please refer to page 73 "7. Handset sale-leaseback" under "5. Consolidated Financial Statements (6) Notes to Consolidated Financial Statements."

As a result, Sprint's liquidity, including cash and cash equivalents: short-term investments: and undrawn borrowing capacity under the revolving bank credit facility:[17] and undrawn availability under the receivables facility, totaled $5.7 billion at the end of the fiscal year.

Sprint also plans to carry out the following actions in the fiscal year ending March 2017:

- **Sale-leaseback of leased devices (to be executed quarterly) $3 - $4 billion in total**
  As of April 2016, Sprint had concluded an approximately $1.1 billion fund procurement as a second transaction agreement. Cash infusion is expected to be completed in May 2016.
- **Network-related financing Approximately $2.2 billion**
  As of April 2016, Sprint had received approximately $2.2 billion utilizing its certain existing network assets.
- **Bridge financing facility $2 billion**
  As of April 2016, Sprint had entered into an 18-month bridge financing facility for $2 billion.

In addition to the above, Sprint is pursuing to raise funds utilizing a small portion of its spectrum portfolio.

The amount of the fund Sprint will be able to raise as a result of these actions conducted through to the end of April 2016 and Sprint's $5.7 billion of liquidity at the end of the fiscal year comes to a total of approximately $11 billion. Sprint also has an additional $1.2 billion of availability under vendor financing[18] agreements that can be used toward the purchase of 2.5 GHz network equipment. These sources of liquidity are expected to provide the resources for Sprint to execute its business plan and to fully fund the repayment of the $3.3 billion of note maturities that come due in the fiscal year ending March 2017.

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

(c) Yahoo Japan Segment

(Millions of yen)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change	Change %
Net sales	427,321	**652,031**	224,710	52.6%
Segment income	193,529	**222,787**	29,258	15.1%
Depreciation and amortization	18,364	**32,695**	14,331	78.0%
Gain from remeasurement relating to business combination	-	**(59,441)**	(59,441)	-
Adjusted EBITDA	211,893	**196,041**	(15,852)	(7.5%)

Note:
10. The amount disclosed as EBITDA through to the third quarter is presented as adjusted EBITDA from the fourth quarter.

< Overview of Operations >

The segment's net sales increased by ¥224,710 million (52.6%) year on year to ¥652,031 million. This mainly reflected the consolidation of ASKUL Corporation in August 2015, as well as revenue growth in the advertising business driven by an increase in sales of display advertising.[19]

Segment income increased by ¥29,258 million (15.1%) year on year to ¥222,787 million. This mainly reflected gain from remeasurement relating to business combination of ¥59,441 million (not recorded in the previous fiscal year) due to the remeasurement at fair value of existing equity interest at the time of the consolidation of ASKUL Corporation in August 2015. The increase in income was partially offset by an increase in operating expenses such as sales promotion expenses for *Yahoo! Shopping* and *Yahoo! JAPAN Card*, as well as depreciation and amortization. Depreciation and amortization increased by ¥14,331 million (78.0%) year on year to ¥32,695 million. This mainly reflected continuing capital expenditure related to big data and so forth.

Adjusted EBITDA, which is obtained by adding depreciation and amortization to and excluding gain from remeasurement relating to business combination from segment income decreased by ¥15,852 million (7.5%) year on year to ¥196,041 million. This mainly reflected the aforementioned year-on-year increase in sales promotion, advertisement and other expenses by ¥28.2 billion, which was intended to strengthen the business foundation for the future. Yahoo Japan Corporation will be taking such actions to drive expansion in the e-commerce and financial and payment service business, and accelerate revenue and profit growth over the medium- to long-term.

[19] Display advertising is graphical, Flash®, and video advertising that appears on a certain defined area and includes premium advertisements such as Brand Panel shown on Yahoo! JAPAN's top page and Yahoo! Display Ad Network, which shows advertisements most suitable to the user based on the content the user is viewing and their interests, attributes, and geographical location.

(d) Distribution Segment

(Millions of yen)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change	Change %
Net sales	1,225,116	**1,420,416**	195,300	15.9%
Segment income (loss)	4,952	**(1,284)**	(6,236)	-
Depreciation and amortization	10,248	**10,268**	20	0.2%
Other operating (income) loss	(607)	**16,466**	17,073	-
Adjusted EBITDA	14,593	**25,450**	10,857	74.4%

Note:
11. The amount disclosed as EBITDA through to the third quarter is presented as adjusted EBITDA from the fourth quarter.

< Overview of the Segment >

The Distribution segment comprises subsidiaries such as Brightstar and SoftBank Commerce & Service Corp. Brightstar became a subsidiary of the Company on January 30, 2014. Its operations include a wholesaling business purchasing mobile devices from manufacturers and distributing them to telecommunications operators and retailers in countries around the world. SoftBank Commerce & Service Corp.'s operations include the sale of mobile device accessories and IT-related software and hardware in Japan.

< Overview of Operations >

The segment's net sales increased by ¥195,300 million (15.9%) year on year to ¥1,420,416 million. This mainly reflected an increase in sales of mobile devices for Sprint, as well as the contribution of the yen's year-on-year depreciation against the U.S. dollar. These increases outweighed a decrease in sales associated with a contraction in the mobile device OEM business being conducted in Argentina (contracted manufacturing for mobile device manufacturers) and the termination of a mobile device wholesale supply contract with Verizon Communications Inc. Since September 2014, the supply chain of mobile devices at Sprint has gradually been shifted from the conventional way where Sprint directly sells to dealers, to one where Brightstar purchases mobile devices from Sprint and device vendors and sells them to Sprint dealers, to pursue appropriate levels of inventory and higher distribution efficiency.

Segment loss was ¥1,284 million, deteriorating by ¥6,236 million year on year. This mainly reflected the recording of an impairment loss of ¥13,633 million related to property, plant and equipment and intangible assets in Latin America as other operating loss. The loss was partially offset by the profit contribution of an increase in service revenue from Sprint for providing distribution and inventory control services associated with the sale of mobile devices for Sprint. For the details of other operating income and loss, please refer to page 80 "14. Other operating loss" under "5. Consolidated Financial Statements (6) Notes to Consolidated Financial Statements."

Adjusted EBITDA, which is obtained by adding depreciation and amortization to and excluding other operating income or loss from segment income or loss, increased by ¥10,857 million (74.4%) year on year to ¥25,450 million.

(Reference 1: Principal Operational Data)

(a) SoftBank Corp.

i. Mobile Communications Service

		Fiscal Year Ended March 2015					**Fiscal Year Ended March 2016**				
		Three-month Period Ended					Three-month Period Ended				
		June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31, 2015		June 30, 2015	Sept. 30, 2015	Dec. 31, 2015	**Mar. 31, 2016**	
		Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	**Q4**	**Full Year**
Main subscribers[20]											
Cumulative subscribers	’000	30,868	31,018	31,174		31,550	31,570	31,611	31,686		**32,038**
Net additions	’000	80	150	157	375	762	21	41	74	**352**	**488**
Total ARPU[20]	¥/ month	4,700	4,710	4,710	4,580	4,670	4,660	4,720	4,720	**4,680**	**4,700**
Telecom ARPU[20]	¥/ month	4,220	4,230	4,230	4,080	4,190	4,140	4,190	4,170	**4,110**	**4,150**
Service ARPU[20]	¥/ month	480	480	490	500	490	520	540	560	**560**	**540**
Churn rate[20]	%/ month	1.19	1.30	1.38	1.57	1.36	1.24	1.28	1.41	**1.49**	**1.35**
Units sold[21]	’000	1,994	2,864	3,589	3,240	11,686	2,198	2,470	3,015	**2,979**	**10,662**
New subscriptions	’000	1,182	1,365	1,388	1,821	5,756	1,169	1,212	1,356	**1,703**	**5,441**
Device upgrades	’000	812	1,499	2,201	1,419	5,930	1,029	1,258	1,659	**1,276**	**5,222**
Cumulative applications for the *Home Bundle Discount Hikari Set*[22]											
Mobile communications service	’000						639	1,315	2,085		**2,969**
Broadband service[23]	’000						326	660	1,038		**1,438**
Overall mobile communications											
Cumulative subscribers	’000	44,564	44,900	44,887		44,886	44,417	44,117	43,748		**43,605**
Main subscribers[20]	’000	30,868	31,018	31,174		31,550	31,570	31,611	31,686		**32,038**
Communication modules[20]	’000	8,426	8,723	8,786		8,610	8,317	8,149	7,891		**7,570**
PHS	’000	5,271	5,160	4,927		4,726	4,530	4,356	4,171		**3,998**

ii. Broadband Service

		Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	**Q4**	**Full Year**
Cumulative subscribers[20]	’000	4,242	4,243	4,256		4,357	4,452	4,602	4,847		**5,079**
SoftBank Hikari[24]	’000					119	341	715	1,218		**1,717**
Yahoo! BB hikari with FLET’S[25]	’000	2,531	2,583	2,638		2,672	2,610	2,435	2,225		**2,008**
Yahoo! BB ADSL[26]	’000	1,711	1,660	1,618		1,566	1,501	1,452	1,404		**1,354**
ARPU[20]											
SoftBank Hikari[24]	¥/ month				3,100	-	4,270	4,980	5,060	**4,940**	**4,930**
Yahoo! BB hikari with FLET’S[25]	¥/ month	1,770	1,830	1,840	1,830	1,820	1,830	1,860	1,830	**1,820**	**1,840**
Yahoo! BB ADSL[26]	¥/ month	2,870	2,830	2,780	2,740	2,810	2,680	2,660	2,630	**2,590**	**2,640**

Note:

12. The presentation method and definitions for the principal operational data of SoftBank Corp.’s mobile communications services have been changed in the first and the third quarters of the fiscal year ended March 2016. Please refer to page 24 “< Changes in the Presentation Method and Definitions of Principal Operational Data >” for details. Data for the fiscal year ended March 2015 and for the first and second quarters of the fiscal year ended March 2016 are also presented based on the changes applied in the third quarter.

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

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

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

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

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

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

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

< Changes in the Presentation Method and Definitions of Principal Operational Data >

SoftBank Mobile Corp., the company that operates domestic telecommunications businesses, absorbed SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation on April 1, 2015 and was renamed SoftBank Corp. on July 1, 2015. In line with this, the presentation method and definitions of principal operational data of SoftBank Corp.'s mobile communications services were also changed from the first quarter of the fiscal year ended March 2016.

The main changes are as follows. The number of subscribers are categorized as "main subscribers," which are the main focus in terms of management strategy, with the remaining number of subscribers classified under "communication modules" and "PHS." In addition, some services have been removed from the scope of inclusion for subscriber numbers.

i. Presentation Method

Number of subscribers

Before the change: respective numbers of subscribers for the former SoftBank Mobile Corp. and former Ymobile Corporation were presented

After the change: the number of subscribers at SoftBank Corp. is presented using the following categories

Category	Details
Main subscribers	Smartphones,[Note 13] feature phones, tablets, mobile data communication devices,[Note 14] others [Note 15]
Communication modules	Communication modules, [Note 16] *Mimamori Phone*, prepaid mobile phones, others
PHS	PHS

Notes:

13. Smartphones to which the *Smartphone Family Discount* is applied are included under communication modules. The *Smartphone Family Discount* is a promotion offering discounts to the family members of upgrading existing customers when they use the old handset and make a new subscription.
14. Mobile data communication devices to which the *Data Card 2-Year Special Discount* is applied are included under communication modules. The *Data Card 2-Year Special Discount* is a price plan based on usage of traffic with a free basic flat rate. It is provided to customers using a data card with a contract period of two years or more.
15. From the third quarter, the category for SIM cards (IC cards that have telephone number and other subscriber information recorded on them) sold with tablets and other devices has been changed from "communication modules" to "main subscribers" (the cumulative number of reclassified subscribers was 16,000 as of December 31, 2015). Data for the fiscal year ended March 2015 and for the first and second quarters of the fiscal year ended March 2016 has been revised in line with this change.
16. Communication modules that use PHS networks are included under PHS.

ARPU, number of units sold, and churn rate

Before the change: ARPU was calculated based on all the subscribers and revenues of the former SoftBank Mobile Corp. excluding those of communication modules. The number of units sold and churn rates were calculated based on all the subscribers of the former SoftBank Mobile Corp.

After the change: all data is calculated based on the data for main subscribers at SoftBank Corp.

ii. Definitions

Scope of inclusion for number of subscribers

Before the change: including the contracts described below

After the change: excluding the contracts described below

The overlapping portion of mobile data communication devices [Note 12] compliant with the spectrums of the former SoftBank Mobile Corp. and former Ymobile Corporation, etc. (number of subscribers as of March 31, 2015: 2,897,000)

Note:

17. Mobile data communication devices provided by the former SoftBank Mobile Corp. and former Ymobile Corporation that are compatible with both companies' spectrums. The devices were provided from February 2009 through a business alliance, prior to the acquisition of former eAccess Ltd. by SoftBank Corp. (currently SoftBank Group Corp.). Previously, the numbers of subscribers for these devices were included in the respective numbers of subscribers of both companies.

(b) Sprint

			Fiscal Year Ended March 2015 Three-month Period Ended					**Fiscal Year Ended March 2016** Three-month Period Ended				
			June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31, 2015		June 30, 2015	Sept. 30, 2015	Dec. 31, 2015	**Mar. 31, 2016**	
			Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	**Q4**	**Full Year**
Cumulative subscribers[27]	Sprint total	'000	54,553	55,037	55,929		57,141	57,668	58,578	58,359		**58,806**
	Sprint platform	'000	53,331	53,921	54,888		56,137	56,812	57,868	58,359		**58,806**
	Postpaid	'000	29,737	29,465	29,495		29,706	30,016	30,394	30,895		**30,951**
	(incl.) Phone[28, 29]	'000	25,785	25,284	25,079		24,878	24,866	24,929	25,294		**25,316**
	Prepaid[29]	'000	14,715	14,750	15,160		15,706	15,340	15,152	14,661		**14,397**
	Wholesale and affiliate	'000	8,879	9,706	10,233		10,725	11,456	12,322	12,803		**13,458**
	Clearwire[30]	'000	1,222	1,116	1,041		1,004	856	710	-		**-**
Sprint platform	Net additions[27]	'000	(220)	590	967	1,249	2,586	675	1,056	491	**447**	**2,669**
	Postpaid	'000	(181)	(272)	30	211	(212)	310	378	501	**56**	**1,245**
	(incl.) Phone[28, 29]	'000	(620)	(500)	(205)	(201)	(1,526)	(12)	62	366	**22**	**438**
	Prepaid[29]	'000	(542)	35	410	546	449	(366)	(188)	(491)	**(264)**	**(1,309)**
	Wholesale and affiliate	'000	503	827	527	492	2,349	731	866	481	**655**	**2,733**
	Postpaid phone[28] ABPU[31]	$/ month	69.34	69.02	69.01	69.19		69.91	70.62	70.99	**71.53**	
	ARPU[31]											
	Postpaid	$/ month	62.07	60.58	58.90	56.94		55.48	53.99	52.48	**51.68**	
	Prepaid	$/ month	27.38	27.19	27.12	27.50		27.81	27.66	27.44	**27.72**	
	Churn rate[31]											
	Postpaid	%/ month	2.05	2.18	2.30	1.84		1.56	1.54	1.62	**1.72**	
	Prepaid	%/ month	4.44	3.76	3.94	3.84		5.08	5.06	5.82	**5.65**	

27 Includes the number of communication module service subscribers
28 Smartphones and feature phones
29 In the second quarter, certain prepaid subscribers of Sprint who had their payment period extended for a certain period were included in the number of postpaid subscribers. However, these subscribers have been reclassified to be included in the number of prepaid subscribers from the third quarter. The number of subscribers for the second quarter has been retroactively revised in line with this change, along with other postpaid data: ARPU, phone ABPU, and churn rate.
30 Subscribers acquired through the acquisition of assets from Clearwire Corporation
31 For definitions and calculation methods of ABPU/ARPU and churn rate of the Sprint platform, see page 27 “(b) Sprint Platform” under “(Reference 2: Definitions and Calculation Methods of Principal Operational Data).”

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

(a) SoftBank Corp.

i. Mobile Communications Service

・Subscribers

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

Main subscribers: smartphones,[Note 18] feature phones, tablets, mobile data communication devices,[Note 19] others

Communication modules: communication modules, [Note 20] *Mimamori Phone*, prepaid mobile phones, others

PHS: PHS

Notes:

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

Principal Operational Data for Main Subscribers

・ARPU

ARPU: Average Revenue Per User per month

Total ARPU = (data-related revenue + basic monthly charge and voice-related revenues + device warrantee services + advertising revenue + content-related 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 warrantee services, advertising revenue, content-related 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 (rounded to the nearest 0.01%)

Churn rate = number of churn / number of active subscribers for the relevant period. The number of churn excludes the number of subscribers who switch between *SoftBank* and *Y!mobile* using MNP.

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2)

ii. Broadband Service

・Subscribers

SoftBank Hikari subscribers:

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

Yahoo! BB hikari with FLET'S subscribers:

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

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 (rounded to the nearest ¥10)
ARPU = revenue of each broadband service / number of active subscribers
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.) / the number of active *SoftBank Hikari* subscribers
* Calculation of *SoftBank Hikari* ARPU includes revenues and subscribers of *SoftBank Air*.

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

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

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2)

(b) Sprint Platform

・ABPU/ARPU

ABPU: Average Billings Per User per month (rounded to the nearest $.01)
ABPU = (service revenue + equipment billings) / number of active subscribers
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 (rounded to the nearest $.01)
ARPU = service revenue / number of active 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)

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

・Churn rate

Churn rate: average monthly churn rate (rounded to the nearest 0.01%)
Churn rate = number of deactivations / number of active subscribers
Deactivations: the total number of subscribers that churned during the relevant period. The number of deactivations excludes the number of subscribers who switch between prepaid and postpaid.
Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2)

(Reference 3: Capital Expenditure, Depreciation and Amortization)

(a) Capital Expenditure (Acceptance Basis)

(Millions of yen)

	Fiscal Year Ended March 2015					**Fiscal Year Ended March 2016**				
	Three-month Period Ended					Three-month Period Ended				
	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31, 2015		June 30, 2015	Sept. 30, 2015	Dec. 31, 2015	**Mar. 31, 2016**	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	**Q4**	**Full Year**
Domestic Telecommunications segment	130,504	133,645	141,184	178,375	583,708	72,664	88,519	89,950	**161,447**	**412,580**
Sprint segment	148,793	162,025	213,765	175,266	699,849	160,367	165,421	194,848	**101,730**	**622,366**
Yahoo Japan segment	8,532	5,031	9,418	7,073	30,054	7,196	16,921	9,904	**18,165**	**52,186**
Distribution segment	2,559	2,709	2,958	5,969	14,195	1,896	2,086	2,354	**2,822**	**9,158**
Others	5,351	4,121	9,229	6,926	25,627	1,121	2,866	7,564	**5,258**	**16,809**
Consolidated total	295,739	307,531	376,554	373,609	1,353,433	243,244	275,813	304,620	**289,422**	**1,113,099**

(b) Depreciation and Amortization

(Millions of yen)

	Fiscal Year Ended March 2015					**Fiscal Year Ended March 2016**				
	Three-month Period Ended					Three-month Period Ended				
	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31, 2015		June 30, 2015	Sept. 30, 2015	Dec. 31, 2015	**Mar. 31, 2016**	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	**Q4**	**Full Year**
Domestic Telecommunications segment	105,375	107,066	110,100	131,187	453,728	107,798	110,911	113,157	**143,082**	**474,948**
Sprint segment	128,621	132,762	145,355	172,414	579,152	190,278	207,901	223,975	**219,956**	**842,110**
Yahoo Japan segment	3,653	4,271	4,515	5,925	18,364	5,646	7,287	9,077	**10,685**	**32,695**
Distribution segment	2,446	2,141	2,220	3,441	10,248	2,406	3,385	2,590	**1,887**	**10,268**
Others	8,114	8,020	8,533	9,086	33,753	10,070	8,741	8,546	**9,223**	**36,580**
Consolidated total	248,209	254,260	270,723	322,053	1,095,245	316,198	338,225	357,345	**384,833**	**1,396,601**

Notes:
21. The results for the fiscal year ended March 2015 are presented in accordance with the reportable segments adopted in the fiscal year ended March 2016.
22. The amount of capital expenditure and depreciation and amortization excludes those of discontinued operations.

c. Forecasts on the Consolidated Results of Operations for the Fiscal year Ending March 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 rational projections.

(2) Analysis of Financial Position

a. Assets, Liabilities and Equity

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

(Millions of yen)

	As of March 31, 2015	**As of March 31, 2016**	Change	Change %
Total assets	21,034,169	**20,707,192**	(326,977)	(1.6%)
Total liabilities	17,180,992	**17,201,921**	20,929	0.1%
Total equity	3,853,177	**3,505,271**	(347,906)	(9.0%)

Reference: Exchange rate at the end of the fiscal year used for translation

USD/ JPY	¥120.17	**¥112.68**	¥(7.49)	(6.2%)

(a) Current Assets

(Millions of yen)

	As of March 31, 2015	**As of March 31, 2016**	Change
Cash and cash equivalents	3,258,653	**2,569,607**	(689,046)
(incl.) Sprint	481,891	**297,552**	(184,339)
Trade and other receivables	1,895,648	**1,914,789**	19,141
(incl.) Sprint	433,013	**363,546**	(69,467)
Other financial assets	197,068	**152,858**	(44,210)
Inventories	351,152	**359,464**	8,312
Other current assets	255,399	**553,551**	298,152
Total current assets	5,957,920	**5,550,269**	(407,651)

Current assets decreased by ¥407,651 million (6.8%) from the previous fiscal year-end, to ¥5,550,269 million. The primary components of the change were as follows:

i. Cash and cash equivalents decreased by ¥689,046 million from the previous fiscal year-end. For the details on changes in cash and cash equivalents, please refer to page 36 “b. Cash Flows.”

ii. Other current assets increased by ¥298,152 million from the previous fiscal year-end. This mainly reflected the recording of ¥293,489 million in withholding income tax to be paid, related to dividends within the group companies, which is expected to be refunded by the end of July 2016.

(b) Non-current Assets

(Millions of yen)

	As of March 31, 2015	**As of March 31, 2016**	Change
Property, plant and equipment	4,317,448	**4,183,507**	(133,941)
(incl.) Sprint	2,141,120	**2,055,371**	(85,749)
Goodwill	1,663,363	**1,609,789**	(53,574)
(incl.) Sprint	353,867	**331,811**	(22,056)
Intangible assets	6,903,582	**6,439,145**	(464,437)
(incl.) Sprint	5,993,034	**5,468,665**	(524,369)
FCC licenses[32]	4,320,296	**4,060,750**	(259,546)
(incl.) Sprint	4,320,296	**4,060,750**	(259,546)
Trademarks	786,834	**760,703**	(26,131)
(incl.) Sprint	772,433	**722,539**	(49,894)
Customer relationships	582,223	**439,800**	(142,423)
(incl.) Sprint	496,594	**324,269**	(172,325)
Software	757,866	**782,148**	24,282
Game titles	109,211	**59,844**	(49,367)
Others	347,152	**335,900**	(11,252)
Investments accounted for using the equity method	1,102,456	**1,588,270**	485,814
Other financial assets	662,463	**970,874**	308,411
Deferred tax assets	235,488	**172,864**	(62,624)
Other non-current assets	191,449	**192,474**	1,025
Total non-current assets	15,076,249	**15,156,923**	80,674

Non-current assets increased by ¥80,674 million (0.5%) from the previous fiscal year-end to ¥15,156,923 million. The primary components of the change were as follows:

i. Investments accounted for using the equity method increased by ¥485,814 million from the previous fiscal year-end. This mainly reflected an increase of ¥331,730 million in the carrying amount of Alibaba due to the recording of income on equity method investments related to Alibaba. Other factors include the new recording of GungHo as an investment accounted for using the equity method and an impact from the acquisition of the shares of Social Finance, Inc., which provides consumer finance services such as student loan refinancing service in the U.S.

ii. Other financial assets increased by ¥308,411 million from the previous fiscal year-end. This mainly reflected investments including Forward Ventures, LLC and Yamada Denki Co., Ltd. There was also an impact from an increase in the fair value of shares of ANI Technologies Pvt. Ltd. and Jasper Infotech Private Limited.

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

iii. Intangible assets decreased by ¥464,437 million from the previous fiscal year-end. This mainly reflected a decrease in FCC licenses (non-amortized assets from an accounting perspective) of ¥259,546 million due to the yen's year-on-year appreciation against the U.S. dollar at the end of the fiscal year, and a decrease in customer relationships of ¥142,423 million due to regular amortization and the impact of the aforementioned yen's appreciation.

iv. Property, plant and equipment decreased by ¥133,941 million from the previous fiscal year-end. The primary components were as follows:

- Property, plant and equipment at SoftBank Corp. decreased by ¥105,113 million from the previous fiscal year-end due to continued regular depreciation of network equipment.
- Property, plant and equipment at Sprint decreased by ¥85,749 million from the previous fiscal year-end. This was due to the negative impact of yen's year-on-year appreciation against the U.S. dollar at the end of the fiscal year, despite an increase at Sprint in U.S. dollar terms. This increase in property, plant and equipment at Sprint in U.S. dollar terms was due to an increase in leased devices recorded as lease assets following an expansion of leasing program. This effect was partially offset by a decrease in the balance of network equipment due to regular depreciation.

(c) Current Liabilities

(Millions of yen)

	As of March 31, 2015	**As of March 31, 2016**	Change
Interest-bearing debt	1,817,415	**2,646,609**	829,194
(incl.) Sprint	216,247	**676,948**	460,701
Short-term borrowings	413,846	**515,408**	101,562
(incl.) Sprint	60,085	**148,465**	88,380
Current portion of long-term borrowings	525,898	**743,225**	217,327
Current portion of corporate bonds	183,557	**900,685**	717,128
(incl.) Sprint	113,491	**431,808**	318,317
Current portion of lease obligations	411,453	**396,992**	(14,461)
Current portion of preferred securities	200,000	**-**	(200,000)
Others	82,661	**90,299**	7,638
Trade and other payables	1,863,480	**1,621,195**	(242,285)
(incl.) Sprint	741,549	**441,006**	(300,543)
Other financial liabilities	12,917	**6,531**	(6,386)
Income taxes payables	184,175	**140,351**	(43,824)
Provisions	54,998	**56,120**	1,122
Other current liabilities	739,501	**694,965**	(44,536)
Total current liabilities	4,672,486	**5,165,771**	493,285

Current liabilities increased by ¥493,285 million (10.6%) from the previous fiscal year-end to ¥5,165,771 million. The primary components of the change were as follows:

i. Interest-bearing debt increased by ¥829,194 million from the previous fiscal year-end. The primary components were as follows;

- Interest-bearing debt at Sprint increased by ¥460,701 million from the previous fiscal year-end. The increase was primarily due to an increase of ¥318,317 million in the current portion of corporate bonds following the transfer of corporate bonds from non-current assets as the redemption date came to be within one year. Another factor was an increase of ¥88,380 million in short-term borrowings as Sprint procured funds by securitizing receivables (wireless service and installment receivables related to the mobile communications services).
- Interest-bearing debt at SoftBank Group Corp. increased by ¥542,161 million from the previous fiscal year-end. The increase was due to increases of ¥398,911 million in the current portion of corporate bonds and ¥154,551 million in the current portion of long-term borrowings. These increases mainly reflected the transfers from non-current liabilities.
- Current portion of preferred securities decreased by ¥200,000 million from the previous fiscal year-end due to the Company’s subsidiary SFJ Capital Limited’s redemption in May 2015 of the full amount of preferred (restricted voting) securities issued in September 2011.

ii. Trade and other payables decreased by ¥242,285 million from the previous fiscal year-end. This mainly reflected a decrease in accounts payable-trade related to mobile devices and accounts payable-other related to telecommunications equipment at Sprint and SoftBank Corp. after making payments.

(d) Non-current Liabilities

(Millions of yen)

		As of March 31, 2015	**As of March 31, 2016**	Change
Interest-bearing debt		9,789,829	**9,275,822**	(514,007)
(incl.) Sprint		3,886,597	**3,297,900**	(588,697)
	Long-term borrowings	2,116,498	**1,785,500**	(330,998)
	Corporate bonds	6,825,868	**6,611,947**	(213,921)
	(incl.) Sprint	3,813,511	**3,188,238**	(625,273)
	Lease obligations	744,911	**815,194**	70,283
	Others	102,552	**63,181**	(39,371)
Other financial liabilities		27,142	**95,664**	68,522
Defined benefit liabilities		128,282	**123,759**	(4,523)
Provisions		155,705	**118,876**	(36,829)
Deferred tax liabilities		2,052,615	**2,083,164**	30,549
(incl.) Sprint		1,748,273	**1,652,154**	(96,119)
Other non-current liabilities		354,933	**338,865**	(16,068)
Total non-current liabilities		12,508,506	**12,036,150**	(472,356)

Non-current liabilities decreased by ¥472,356 million (3.8%) from the previous fiscal year-end to ¥12,036,150 million, mainly reflecting a decrease of ¥514,007 million in interest-bearing debt. The primary components of the decrease in interest-bearing debt were as follows:

- Interest-bearing debt at Sprint decreased by ¥588,697 million from the previous fiscal year-end. This mainly reflected the transfer of corporate bonds into current liabilities as the redemption date came to be within one year, in addition to the yen's year-on-year appreciation against the U.S. dollar at the end of the fiscal year.
- Interest-bearing debt at SoftBank Group Corp. increased by ¥180,717 million from the previous fiscal year-end. This mainly reflected SoftBank Group Corp. issuing ¥552,990 million in foreign currency denominated senior notes and a total of ¥470,000 million in unsecured straight corporate bonds. This was offset by a transfer of unsecured straight corporate bonds and long-term borrowings into current liabilities as the redemption date came to be within one year.

(e) Equity

(Millions of yen)

	As of March 31, 2015	**As of March 31, 2016**	Change
Total equity attributable to owners of the parent	2,846,306	**2,613,613**	(232,693)
Non-controlling interests	1,006,871	**891,658**	(115,213)
Total equity	3,853,177	**3,505,271**	(347,906)

Total equity decreased by ¥347,906 million (9.0%) from the previous fiscal year-end to ¥3,505,271 million. Of this, equity attributable to owners of the parent decreased by ¥232,693 million (8.2%), while non-controlling interests decreased by ¥115,213 million (11.4%). The ratio of equity attributable to owners of the parent to total assets decreased by 0.9 of a percentage point from the previous fiscal year-end to 12.6%.

(Equity Attributable to Owners of the Parent)

(Millions of yen)

	As of March 31, 2015	**As of March 31, 2016**	Change
Common stock	238,772	**238,772**	-
Capital surplus	374,845	**261,234**	(113,611)
Retained earnings	1,740,686	**2,166,623**	425,937
Treasury stock	(48,383)	**(314,752)**	(266,369)
Accumulated other comprehensive income	540,386	**261,736**	(278,650)
Available-for-sale financial assets	14,524	**32,594**	18,070
Cash flow hedges	(7,345)	**(40,088)**	(32,743)
Exchange differences on translating foreign operations	533,207	**269,230**	(263,977)
Total equity attributable to owners of the parent	2,846,306	**2,613,613**	(232,693)

Total equity attributable to owners of the parent decreased by ¥232,693 million (8.2%) from the previous fiscal year-end to ¥2,613,613 million. The primary components of the change were as follows:

i. Capital surplus declined by ¥113,611 million from the previous fiscal year-end. This mainly reflected the deduction from capital surplus of ¥120,847 million as changes in interests in subsidiaries due to the purchase of an additional 24.1% of the shares of subsidiary Supercell from its existing shareholders (the Company’s share of voting rights after the additional purchase: 77.8%).

ii. Retained earnings increased by ¥425,937 million from the previous fiscal year-end. This mainly reflected recording net income attributable to owners of the parent of ¥474,172 million.

iii. Treasury stock increased by ¥266,369 million from the previous fiscal year-end. This mainly reflected acquisitions of 15,795,000 shares of treasury stock amounting to ¥120,000 million in August 2015 and 27,071,800 shares of treasury stock amounting to ¥149,173 million from February to March 31, 2016, with the aim of strengthening the return of profits to shareholders.

iv. Accumulated other comprehensive income declined by ¥278,650 million from the previous fiscal year-end. This mainly reflected a decline of ¥263,977 million in exchange differences on translating foreign operations, primarily due to the yen's year-on-year appreciation against the U.S. dollar at the end of the fiscal year.

(Non-controlling Interests)

Non-controlling interests decreased by ¥115,213 million (11.4%) from the previous fiscal year-end to ¥891,658 million.

b. Cash Flows

Cash flows for the fiscal year were as follows.

Cash and cash equivalents at the end of the fiscal year totaled ¥2,569,607 million, a ¥689,046 million decrease from the previous fiscal year-end.

(Millions of yen)

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**	Change
Cash flows from operating activities	1,155,174	**940,186**	(214,988)
Cash flows from investing activities	(1,667,271)	**(1,651,682)**	15,589
Cash flows from financing activities	1,719,923	**43,270**	(1,676,653)

(a) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥940,186 million (compared with ¥1,155,174 million provided in the previous fiscal year). The primary components of cash flows were as follows:

i. Net income totaled ¥558,241 million.

ii. The main items added to net income were depreciation and amortization of ¥1,401,329 million, income taxes of ¥443,984 million, and finance cost of ¥440,745 million.

iii. The main items subtracted from net income were income on equity method investments of ¥375,397 million, gain from remeasurement relating to business combination of ¥59,441 million, and other non-operating income and loss of ¥56,854 million.

iv. Increase in inventories was ¥404,933 million (negative cash flow). This mainly reflected an increase in inventories which accompanied the increased leased devices at Sprint. While normally a decrease in inventories is recognized as 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 cash inflow, since it is a non-cash transaction.

v. Interest paid was ¥461,217 million.

vi. Income taxes paid was ¥1,230,087 million. This included a payment of ¥904,688 million for withholding income tax related to dividends within the group companies. Of this, ¥611,199 million was refunded by the end of December 2015 (included in income taxes refund of ¥646,429 million) and ¥293,489 million is expected to be refunded by the end of July 2016.

(b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥1,651,682 million (compared with ¥1,667,271 million used in the previous fiscal year). The primary components of cash flows were as follows:

i. Outlays for purchase of property, plant and equipment and intangible assets amounted to ¥1,360,960 million. This mainly reflected an acquisition of telecommunications equipment at Sprint and SoftBank Corp.

ii. Proceeds from sales of property, plant and equipment and intangible assets amounted to ¥150,956 million. This was due to Sprint's sale of certain leased mobile devices recorded as property, plant, and equipment to Mobile Leasing Solutions, LLC, an equity method affiliate of SoftBank Group Corp.

iii. Payments for acquisition of investments amounted to ¥407,754 million. This mainly reflected investments including Forward Ventures, LLC, Social Finance, Inc., and Yamada Denki Co., Ltd.

iv. Payments for acquisition and proceeds from sales/redemption of marketable securities for short-term trading amounted to ¥94,349 million and ¥189,844 million, respectively. This mainly reflected acquisition and sale of marketable securities for short-term trading, primarily by Sprint and Brightstar.

(c) Cash Flows from Financing Activities

Net cash provided by financing activities was ¥43,270 million (compared with ¥1,719,923 million provided in the previous fiscal year). The primary components of cash flows were as follows:

(Items Increasing Cash Flows)

Proceeds from long-term interest-bearing debt amounted to ¥2,129,683 million. The components were as follows:

・ Proceeds from issuance of corporate bonds of ¥1,053,258 million. This consisted of SoftBank Group Corp.'s issuance of foreign currency denominated senior notes and unsecured straight corporate bonds.

・ Proceeds from long-term borrowings of ¥557,072 million. This mainly reflected borrowings made through securitization of installment sales receivables at SoftBank Corp., the sale of future lease receivables at Sprint, and borrowings made at Sprint through ECA finance.[33]

・ Proceeds from sale and leaseback of newly acquired equipment of ¥519,353 million. This mainly reflected sale and leaseback conducted when acquiring telecommunications equipment by finance lease at SoftBank Corp.

(Items Decreasing Cash Flows)

i. Repayment of long-term interest-bearing debt was ¥1,604,768 million. The primary components were as follows:

[33] Funding based on the credit provided by export credit agencies (ECA)

- Repayment of long-term borrowings of ¥684,397 million. This mainly reflected SoftBank Corp. repayment of borrowings made through securitization of installment sales receivables and SoftBank Group Corp. repayment of borrowings.
- Repayment of lease obligations of ¥468,061 million. This mainly reflected SoftBank Corp. repayment of lease obligations for telecommunications-related equipment. Additionally, in July 2015, Shiodome Estate Corporation, a subsidiary that engages in real estate management, acquired a trust beneficiary interest in the FUKUOKA YAHUOKU! DOME and repaid the remaining lease obligations as stipulated in a purchase contract to acquire the trust beneficiary interest which the Company entered into in March 2012.
- Redemption of corporate bonds of ¥203,281 million. This mainly reflected Brightstar redeeming senior notes of ¥72,642 million, SoftBank Group Corp. redeeming straight corporate bonds of ¥70,000 million, and Sprint mainly redeeming the funds procured through the Export Development Canada[34] Facility of ¥60,539 million.
- Redemption of preferred investment securities of ¥200,000 million. This was due to the Company's subsidiary SFJ Capital Limited's redemption in May 2015 of the full amount of preferred (restricted voting) securities issued in September 2011.

ii. Payment for purchase of subsidiaries' interests from non-controlling interests was ¥267,276 million. This mainly reflected the additional purchase of shares of Supercell and Sprint.

iii. Payment for purchase of treasury stock was ¥269,214 million.

(d) Trends in Cash Flow-related Indicators

A summary of trends in the Company's cash flow-related indicators is as follows:

	Fiscal Year Ended March 31, 2015	**Fiscal Year Ended March 31, 2016**
Ratio of equity attributable to owners of the parent to total assets	13.5 %	**12.6 %**
Ratio of equity attributable to owners of the parent (market capitalization base) to total assets	39.5%	**29.7%**
Net interest-bearing debt / EBITDA ratio	4.0 times	**3.8 times**
Interest coverage ratio	5.6 times	**5.5 times**

Ratio of equity attributable to owners of the parent to total assets: equity attributable to owners of the parent / total assets
Ratio of equity attributable to owners of the parent (market capitalization base) to total assets: market capitalization / total assets
Net interest-bearing debt / EBITDA ratio: net interest-bearing debt / adjusted EBITDA
Interest coverage ratio: adjusted EBITDA / finance cost

Notes:
23. The above indicators are calculated based on consolidated figures of the continuing operations.
24. Market capitalization = market value of shares at the end of the fiscal year × number of shares outstanding, net of treasury stock
25. Net interest-bearing debt = interest-bearing debt - cash position
Cash position = cash and cash equivalents + short-term investments recorded as current assets
26. Adjusted EBITDA = operating income (loss) + depreciation and amortization – gain from remeasurement relating to business combination ± other operating income (loss)

[34] A Canadian export credit agency

(3) Fundamental Policy for Distribution of Profit and Dividend for the Fiscal Year Ended March 2016

SoftBank Group Corp.'s basic policy is to maintain a sound financial status while both investing aggressively to ensure sustained growth and returning profits to shareholders. Returns to shareholders include cash dividends paid twice per year, in principle, as an interim dividend and a year-end dividend.

SoftBank Group Corp. has proactively repurchased its own shares in the fiscal year in an effort to enhance returns to shareholders. In addition to the repurchase of 15,795,000 shares pursuant to the Board of Directors' resolution made in August 2015, SoftBank Group Corp. has also repurchased 27,071,800 shares by the end of March 2016, pursuant to the Board of Directors' resolution made in February 2016 (collectively, the "Share Repurchase").

Resulting mainly from the Share Repurchase, the total number of shares issued (excluding treasury stock) at the end of the fiscal year decreased by 3.6% from the previous fiscal year-end. Nevertheless, for the purpose of making the total amount of the annual cash dividend for the fiscal year equivalent to that of the previous fiscal year, the Board of Directors resolved to propose at the Annual General Meeting of Shareholders a year-end dividend for the fiscal year of ¥21 per share, an increase of ¥1 from ¥20 for the previous fiscal year. Together with the interim dividend of ¥20, this brings the annual dividend for the fiscal year to ¥41 per share, an increase of ¥1 from the previous fiscal year.

SoftBank Group Corp. intends to substantially enhance returns to shareholders through the increase of the dividend, as well as the Share Repurchase.

2. Management Policies

(1) Basic Management Approach

The Company is guided by a corporate philosophy of "Information Revolution – Happiness for everyone." The Company aims to be a provider of the most essential technologies and services to people around the world through its endeavors in various businesses in the information industry, while maximizing its enterprise value.

(2) Target Management Index

The Company focuses on the medium- to long-term growth of adjusted EBITDA. (Note27)

Note:
27. Adjusted EBITDA = operating income (loss) + depreciation and amortization – gain from remeasurement relating to business combination ± other operating income (loss)

(3) Medium- to Long-term Strategies

a. Focus on Mobile Internet

In the ICT market, the rapid penetration of smartphones is causing a shift from PCs to mobile devices as the preferred means of accessing the Internet.[35]

The Company will realize sustainable growth by concentrating on business development in the field of mobile Internet, which is growing in line with these changes. Specifically, the Company is working to strengthen its communications network and provide high-speed data communications services, enhance its lineup of smartphones and tablets, expand its mobile content such as games, optimize services such as e-commerce for mobile devices, and enhance its cloud services, among other initiatives. By promoting mobile Internet usage, the entire Company will increase revenues from the use of data communications services and other services and content.

b. Aggressive Investment in Internet-related Companies

The information industry is characterized by rapid changes in technology, business models, and market needs. To become a provider of the most essential technologies and services to people around the world, it is imperative that the Company be flexible regarding any specific technologies or business models, and continue transforming itself repeatedly in line with the changes in the times, expanding and changing its lines of businesses.

To overcome these challenges, the Company aggressively invests in Internet-related companies possessing outstanding technologies and business models that are expected to achieve strong growth. The Company will leverage its extensive insights and networks to support the growth of investees. At the same time, the Company will continuously expand and change its business offerings by organically combining its own strengths with those of its investees to create synergies. Through this process, the Company will realize sustainable growth.

[35] GSMA Intelligence

(4) Important Management Issues for the Company

a. Steady Profit Growth in the Domestic Telecommunications Business

The Japanese mobile communications market is expected to grow at a slower pace than before going forward, given that the domestic mobile communications service subscribers reached 158.59 million[36] with the population penetration rate of 125.1%.[37]

To ensure steady profit growth in the Japanese telecommunications market in this environment, the Company 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" of its mobile communications service and concentrates its efforts on acquiring and maintaining such users. Among these, the strongest emphasis is on strengthening the acquisition and the reduction of the churn rate of smartphone subscribers, and the Company is therefore focusing on increasing sales of *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, the Company is working to develop new peripheral services such as video streaming, electricity provision, and robotics. The Company is also pursuing further operational efficiency and cost reductions by leveraging the effects of integrating its four domestic telecommunication subsidiaries in April 2015.

b. Revamp of the Sprint Business

In the Sprint business, Sprint aims to return to a growth trajectory by turning around the ongoing declining trend in net sales while promoting large-scale cost reductions and available liquidity improvement. As for net sales, Sprint is focusing on increasing the number of postpaid phone subscribers, which are the largest source of revenue. Signs of a turnaround have begun to appear with net subscriber additions for three consecutive quarters from the second quarter of the year ended March 2016.

Meanwhile, in cost reduction, Sprint began to transform its cost structure (the "Transformation") to reduce operating expenses during the fiscal year. Through the Transformation, Sprint expects to achieve a run rate[38] operating expense reduction of $2 billion or more exiting the fiscal year ending March 2017, with the cost reduction effect projected to continue in the following fiscal years. With this turnaround in net sales and cost reduction, Sprint is pursuing positive free cash flow for the first time since its acquisition by the Company in July 2013.

To improve available liquidity, Sprint will not only improve cash flow by reducing costs, but also diversify its sources of financing, such as handset sale-leaseback transactions. Sprint expects to maintain an adequate amount of available liquidity to fully fund the repayment of the $3.3 billion of note maturities that come due in the fiscal year ending March 2017 and to execute its current business plan.

3. Basic Approach to the Selection of Accounting Standards

The Company adopts International Financial Reporting Standards ("IFRSs").

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[36] The number of mobile communications service subscribers for NTT DOCOMO, INC., KDDI CORPORATION, and SoftBank Corp. as of December 31, 2015 published by the Telecommunications Carriers Association plus the number of PHS service subscribers at SoftBank Corp. as of December 31, 2015

[37] The rate is calculated by dividing the above number of mobile communications service subscribers by the population of Japan estimated by the Ministry of Internal Affairs and Communications Statistics Bureau (provisional estimates as of January 1, 2016).

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

4. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2016

(Specified subsidiaries (five companies) excluded from the scope of consolidation)

SoftBank Mobile Corp., SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation conducted an absorption type merger with SoftBank Mobile Corp. being the surviving company, effective on April 1, 2015. As a result of the merger, SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation, which were our specified subsidiaries, were dissolved and are excluded from the scope of consolidation. SoftBank Mobile Corp. changed its company name to SoftBank Corp. on July 1, 2015.

SoftBank Group Corp. merged with Mobiletech Corporation, effective on December 1, 2015, and subsequently on the same day, merged with BB Mobile Corp., a subsidiary of Mobiletech Corporation. As a result of the merger, Mobiletech Corporation and BB Mobile Corp., which were our specified subsidiaries, were dissolved and are excluded from the scope of consolidation.

(2) Changes in Accounting Estimates

(Impairment loss on financial assets)

Certain shares and other were impaired as the investment amounts were not expected to be collected for the fiscal year ended March 31, 2016. The details are described in “Note 17. Other non-operating income (loss) Note 2” under “5. Consolidated Financial Statements (6) Notes to Consolidated Financial Statements.”

(Impairment loss on non-current assets)

The recoverable amount of certain cash-generating unit in the Distribution segment became negative and therefore the carrying amount related to the cash-generating unit was impaired, as a result of reviewing the business plan, for the fiscal year ended March 31, 2016. The details are described in “Note 14. Other operating loss Note 5” under “5. Consolidated Financial Statements (6) Notes to Consolidated Financial Statements.”

5. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and cash equivalents	3,258,653	2,569,607
Trade and other receivables	1,895,648	1,914,789
Other financial assets	197,068	152,858
Inventories	351,152	359,464
Other current assets	255,399	553,551
Total current assets	5,957,920	5,550,269
Non-current assets		
Property, plant and equipment	4,317,448	4,183,507
Goodwill	1,663,363	1,609,789
Intangible assets	6,903,582	6,439,145
Investments accounted for using the equity method	1,102,456	1,588,270
Other financial assets	662,463	970,874
Deferred tax assets	235,488	172,864
Other non-current assets	191,449	192,474
Total non-current assets	15,076,249	15,156,923
Total assets	21,034,169	20,707,192

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities and equity		
Current liabilities		
Interest-bearing debt	1,817,415	2,646,609
Trade and other payables	1,863,480	1,621,195
Other financial liabilities	12,917	6,531
Income taxes payables	184,175	140,351
Provisions	54,998	56,120
Other current liabilities	739,501	694,965
Total current liabilities	4,672,486	5,165,771
Non-current liabilities		
Interest-bearing debt	9,789,829	9,275,822
Other financial liabilities	27,142	95,664
Defined benefit liabilities	128,282	123,759
Provisions	155,705	118,876
Deferred tax liabilities	2,052,615	2,083,164
Other non-current liabilities	354,933	338,865
Total non-current liabilities	12,508,506	12,036,150
Total liabilities	17,180,992	17,201,921
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	374,845	261,234
Retained earnings	1,740,686	2,166,623
Treasury stock	(48,383)	(314,752)
Accumulated other comprehensive income	540,386	261,736
Total equity attributable to owners of the parent	2,846,306	2,613,613
Non-controlling interests	1,006,871	891,658
Total equity	3,853,177	3,505,271
Total liabilities and equity	21,034,169	20,707,192

(2) Consolidated Statements of Income and Comprehensive Income

Condensed Interim Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2015*	Fiscal year ended March 31, 2016
Continuing operations		
Net sales	8,504,135	9,153,549
Cost of sales	(5,247,977)	(5,626,652)
Gross profit	3,256,158	3,526,897
Selling, general and administrative expenses	(2,309,770)	(2,447,598)
Gain from remeasurement relating to business combination	-	59,441
Other operating loss	(27,668)	(139,252)
Operating income	918,720	999,488
Finance cost	(366,500)	(440,744)
Income on equity method investments	76,614	375,397
Dilution gain from changes in equity interest	599,815	14,903
Other non-operating income (loss)	(15,614)	56,720
Income before income tax	1,213,035	1,005,764
Income taxes	(470,317)	(440,555)
Net income from continuing operations	742,718	565,209
Discontinued operations		
Net income (loss) from discontinued operations	20,964	(6,968)
Net income	763,682	558,241
Net income attributable to		
Owners of the parent	668,361	474,172
Non-controlling interests	95,321	84,069
	763,682	558,241
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		
Continuing operations	562.68	411.22
Discontinued operations	(0.48)	(8.73)
Total basic earnings per share	562.20	402.49
Diluted earnings per share (yen)		
Continuing operations	559.23	397.05
Discontinued operations	(0.48)	(8.73)
Total diluted earnings per share	558.75	388.32

Note:
*Continuing operations and discontinued operations are revised and presented separately. The details are described in "Note 18. Discontinued operations."

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income	763,682	558,241
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(59,377)	342
Total items that will not be reclassified to profit or loss	(59,377)	342
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	3,726	(4,906)
Cash flow hedges	12,862	(31,992)
Exchange differences on translating foreign operations	409,596	(289,735)
Share of other comprehensive income of associates	(2,227)	27,642
Total items that may be reclassified subsequently to profit or loss	423,957	(298,991)
Total other comprehensive income (loss), net of tax	364,580	(298,649)
Total comprehensive income	1,128,262	259,592
Total comprehensive income attributable to		
Owners of the parent	991,671	195,864
Non-controlling interests	136,591	63,728
	1,128,262	259,592

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 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, 2014	238,772	405,045	1,168,266	(51,492)	169,850	1,930,441	899,941	2,830,382
Comprehensive income								
Net income	-	-	668,361	-	-	668,361	95,321	763,682
Other comprehensive income	-	-	-	-	323,310	323,310	41,270	364,580
Total comprehensive income	-	-	668,361	-	323,310	991,671	136,591	1,128,262
Transactions with owners and other transactions								
Cash dividends	-	-	(47,547)	-	-	(47,547)	(37,612)	(85,159)
Transfer of accumulated other comprehensive income to retained earnings	-	-	(47,226)	-	47,226	-	-	-
Purchase and disposal of treasury stock	-	-	(1,168)	3,109	-	1,941	-	1,941
Changes from business combination	-	-	-	-	-	-	4,218	4,218
Changes in interests in subsidiaries	-	(33,162)	-	-	-	(33,162)	11,110	(22,052)
Share-based payment transactions	-	2,962	-	-	-	2,962	(7,094)	(4,132)
Other	-	-	-	-	-	-	(283)	(283)
Total transactions with owners and other transactions	-	(30,200)	(95,941)	3,109	47,226	(75,806)	(29,661)	(105,467)
As of March 31, 2015	238,772	374,845	1,740,686	(48,383)	540,386	2,846,306	1,006,871	3,853,177

For the fiscal year ended March 31, 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, 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	-	-	474,172	-	-	474,172	84,069	558,241
Other comprehensive loss	-	-	-	-	(278,308)	(278,308)	(20,341)	(298,649)
Total comprehensive income	-	-	474,172	-	(278,308)	195,864	63,728	259,592
Transactions with owners and other transactions								
Cash dividends	-	-	(47,261)	-	-	(47,261)	(46,719)	(93,980)
Transfer of accumulated other comprehensive income to retained earnings	-	-	342	-	(342)	-	-	-
Purchase and disposal of treasury stock	-	-	(1,316)	(266,369)	-	(267,685)	-	(267,685)
Changes from business combination	-	-	-	-	-	-	54,409	54,409
Changes from loss of control	-	-	-	-	-	-	(96,060)	(96,060)
Changes in interests in subsidiaries	-	(128,912)	-	-	-	(128,912)	(94,567)	(223,479)
Changes in associates' interests in their subsidiaries	-	15,736	-	-	-	15,736	-	15,736
Share-based payment transactions	-	(3,457)	-	-	-	(3,457)	5,943	2,486
Other	-	3,022	-	-	-	3,022	(1,947)	1,075
Total transactions with owners and other transactions	-	(113,611)	(48,235)	(266,369)	(342)	(428,557)	(178,941)	(607,498)
As of March 31, 2016	238,772	261,234	2,166,623	(314,752)	261,736	2,613,613	891,658	3,505,271

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Net income	763,682	558,241
Depreciation and amortization	1,122,531	1,401,329
Gain from remeasurement relating to business combination	-	(59,441)
Finance cost	366,505	440,745
Income on equity method investments	(76,614)	(375,397)
Dilution gain from changes in equity interest	(599,815)	(14,903)
Other non-operating loss (income)	15,582	(56,854)
Income taxes	513,363	443,984
Increase in trade and other receivables	(85,357)	(50,740)
Increase in inventories	(178,353)	(404,933)
Increase (decrease) in trade and other payables	27,809	(698)
Other	93,538	91,656
Subtotal	1,962,871	1,972,989
Interest and dividends received	5,642	12,072
Interest paid	(407,665)	(461,217)
Income taxes paid	(489,584)	(1,230,087)
Income taxes refund	83,910	646,429
Net cash provided by operating activities	1,155,174	940,186
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(1,397,856)	(1,360,960)
Proceeds from sales of property, plant and equipment, and intangible assets	41,468	150,956
Payments for acquisition of investments	(287,801)	(407,754)
Proceeds from sales/redemption of investments	133,888	58,161
Decrease from acquisition of control over subsidiaries	(47,862)	(61,670)
Decrease from loss of control over subsidiaries	-	(63,070)
Payments for acquisition of marketable securities for short-term trading	(281,620)	(94,349)
Proceeds from sales/redemption of marketable securities for short-term trading	280,661	189,844
Other	(108,149)	(62,840)
Net cash used in investing activities	(1,667,271)	(1,651,682)
Cash flows from financing activities		
Increase in short-term interest-bearing debt, net	108,541	128,135
Proceeds from long-term interest-bearing debt	2,715,501	2,129,683
Repayment of long-term interest-bearing debt	(984,783)	(1,604,768)
Payments for purchase of subsidiaries' interests from non-controlling interests	(52,883)	(267,276)
Purchase of treasury stock	(42)	(269,214)
Cash dividends paid	(47,519)	(47,219)
Cash dividends paid to non-controlling interests	(37,834)	(47,497)
Other	18,942	21,426
Net cash provided by financing activities	1,719,923	43,270
Effect of exchange rate changes on cash and cash equivalents	87,337	(20,820)
Increase (decrease) in cash and cash equivalents	1,295,163	(689,046)
Cash and cash equivalents at the beginning of the year	1,963,490	3,258,653
Cash and cash equivalents at the end of the year	3,258,653	2,569,607

(5) Significant Doubt about Going-concern Assumption

There are no applicable items for the fiscal year ended March 31, 2016.

(6) Notes to Consolidated Financial Statements

1. Reporting entity

SoftBank Group Corp. is a corporation domiciled in Japan. The registered address of SoftBank Group Corp.'s head office is disclosed on our website (http://www.softbank.jp/). These consolidated financial statements are composed of SoftBank Group Corp. and its subsidiaries (the "Company"). The Company engages in various businesses in the information industry, with its base in the Domestic Telecommunications segment, the Sprint segment, the Yahoo Japan segment, and the Distribution segment. The details are described in "Note 5. Segment information (1) Description of reportable segments."

SoftBank Corp. changed its company name to SoftBank Group Corp. effective on July 1, 2015.

SoftBank Mobile Corp., SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation, which were subsidiaries of the Company, conducted an absorption type merger with SoftBank Mobile Corp. being the surviving company, effective on April 1, 2015. SoftBank Mobile Corp. changed its company name to SoftBank Corp. on July 1, 2015.

2. Basis of preparation of consolidated financial statements

(1) Compliance with IFRSs

The Company meets the criteria of a "Designated IFRSs Specified Company" defined under Article 1-2 of the Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements ("the Regulations of Consolidated Statements") (Ministry of Finance Regulation No. 28, 1976), and accordingly the consolidated financial statements of the Company have been prepared in compliance with International Financial Reporting Standards ("IFRSs") pursuant to Article 93 of the Regulations of Consolidated Statements.

(2) Basis of measurement

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

(3) Presentation currency and unit of currency

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

(4) Changes in presentation

(Consolidated statements of income)

Continuing operations and discontinued operations are presented separately for the fiscal year ended March 31, 2016. In order to reflect the change, the presentation has been reclassified similarly for the fiscal year ended March 31, 2015. The details are described in "Note 18. Discontinued operations."

(Consolidated statements of cash flows)

a. "Increase in inventories" which was included in "Other" in net cash provided by operating activities for the fiscal year ended March 31, 2015 is separately presented for the fiscal year ended March 31, 2016 since the significance of the amount increased. In order to reflect the change, ¥(178,353) million which was included in "Other" in net cash provided by operating activities in the consolidated statements of cash flows for the fiscal year ended March 31, 2015, is reclassified as "Increase in inventories."

b. "Income taxes refund" which were included in "Income taxes paid" in net cash provided by operating activities for the fiscal year ended March 31, 2015 are separately presented for the fiscal year ended March 31, 2016 since the significance of the amount increased. In order to reflect the change, ¥83,910 million which was included in "Income taxes paid" in net cash provided by operating activities in the consolidated statements of cash flows for the fiscal year ended March 31, 2015, is reclassified as "Income taxes refund."

c. "Proceeds from sales of property, plant and equipment, and intangible assets" which were included in "Other" in net cash used in investing activities for the fiscal year ended March 31, 2015 are separately presented for the fiscal year ended March 31, 2016 since the significance of the amount increased. In order to reflect the change, ¥41,468 million which was included in "Other" in net cash used in investing activities in the consolidated statements of cash flows for the fiscal year ended March 31, 2015, is reclassified as "Proceeds from sales of property, plant and equipment, and intangible assets."

d. "Purchase of treasury stock" which was included in "Other" in net cash provided by financing activities for the fiscal year ended March 31, 2015 is separately presented for the fiscal year ended March 31, 2016 since the significance of the amount increased. In order to reflect the change, ¥(42) million which was included in "Other" in net cash provided by financing activities in the consolidated statements of cash flows for the fiscal year ended March 31, 2015, is reclassified as "Purchase of treasury stock."

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

New standards and interpretations which are newly established or amended before the approval date of the consolidated financial statements, not yet adopted by the Company and which may have potential impacts are as follows. The Company is currently evaluating the potential impacts.

Standard/interpretation		Mandatory adoption (From the year beginning)	To be adopted by the Group	Outline of the new/revised standards
IFRS 9	Financial Instruments	January 1, 2018	From the fiscal year ending March 31, 2019	IFRS 9 replaces a part of the previous IAS 39. Main revisions are: to revise classification into measurement categories of financial instruments (amortized costs and fair values) and measurement; to revise the treatment of changes in fair values of financial liabilities measured at fair values; to revise the eligibility requirement of hedged items and hedging instruments, and requirements related to the effectiveness of the hedge; and to revise the measurement approach for impairment by introducing an impairment model based on the expected credit loss.
IFRS 15	Revenue from contracts with customers	January 1, 2018	From the fiscal year ending March 31, 2019	IFRS 15 replaces the previous IAS 11 and IAS 18. Main revisions are: to require revenue recognition by the following five steps: a. identify the contract with the customer b. identify the performance obligations in the contract c. determine the transaction price d. allocate the transaction price to each performance obligation in the contract e. recognise revenue when (or as) a performance obligation is satisfied to revise the treatment for contract costs, license and guarantee of products; and to increase the disclosure related to revenue recognition.

Standard/interpretation		Mandatory adoption (From the year beginning)	To be adopted by the Group	Outline of the new/revised standards
IFRS 16	Leases	January 1, 2019	From the fiscal year ending March 31, 2020	IFRS 16 replaces the previous IAS 17 and IFRIC 4. Main revisions are: Revision to apply a control model to the identification of leases and distinguishing between leases and service contracts; and Revision to eliminate lease classification and recognition of assets and liabilities for all leases by the lessee.
IAS 7 (Amendment)	Statement of cash flows	January 1, 2017	From the fiscal year ending March 31, 2018	Requirement for additional disclosure related to changes in liabilities arising from financing activities.

(6) Definition of company name and abbreviation used in the notes

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

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

Note:
SoftBank Corp., a pure holding company, changed its company name to SoftBank Group Corp. effective on July 1, 2015. The company name “SoftBank Group Corp.” is used consistently in the notes including the information with regard to the transactions occurred before the change.

3. Significant accounting policies

Accounting policies the Company has adopted have been applied consistently to all periods presented in these consolidated financial statements.

(1) Basis of consolidation

a. Subsidiaries

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

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

The subsidiaries' financial statements are consolidated from the date when control is acquired ("acquisition date") until the date when the control is lost.

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

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

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

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

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

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

When SoftBank Group Corp. loses control of a subsidiary, a gain or loss is calculated as the difference between:

・ the aggregate of the fair value of the consideration received and the fair value of any retained interest, and:
・ the net carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the subsidiary when a control is lost.

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

b. Associates and joint ventures

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

A joint venture is an investment which parties including SoftBank Group Corp. have joint control based on the contractual arrangement that requires unanimous consent related to significant decision of the business activities and have rights to the net assets of the arrangement.

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

However, regarding preferred stock investment in associates, when the feature of preferred stock is substantively different from common stock, it is not accounted for using the equity method, and it is designated as financial assets at fair value through profit or loss ("financial assets at FVTPL"). Please refer to "(4) Financial instruments" under "Note 3. Significant accounting policies" for details.

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

Unrealized gains or losses on intercompany transactions with associates and joint ventures are added to or deducted from the carrying amount of the investments only to the extent of the Company's interest in the associates and the joint ventures.

Any excess in the cost of acquisition of an associate and a joint venture over the Company's interest of the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill and included within the carrying amount of the investments in associates and joint ventures.

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

The Company applies the equity method to the financial statements of Alibaba, an associate of the Company, on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba due to the contract with Alibaba. Adjustments are made for significant transactions or events that occurred during the intervening period and which were publicly announced by Alibaba.

(2) Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date.

The consideration transferred in a business combination is measured as the sum of the assets transferred by the Company, liabilities assumed by the Company from the former owners of the acquiree, and the fair value at the acquisition date of the equity interests issued by the Company. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

・ deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits," respectively;
・ liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date; and
・ assets or disposal groups that are classified as held for sale are measured in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations."

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the consideration transferred and the amount of any non-controlling interest in the acquiree is less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized immediately in profit or loss.

On an acquisition-by-acquisition basis, the Company chooses a measurement basis of non-controlling interests at either fair value or by the proportionate share of the non-controlling interests in the recognized amounts of the acquiree's identifiable net assets. When a business combination is achieved in stages, the Company's previously held interest in the acquiree is remeasured at fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts arising from changes in the value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the fiscal year, the Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The Company retrospectively adjusts the provisional amounts recognized at the acquisition date as an adjustment during the measurement period when new information about facts and circumstances that existed as of the acquisition date and, if known, would have affected the recognized amounts for the business combination. The measurement period shall not exceed one year from the acquisition date.

Goodwill arising in business combinations that occurred before the date of transition to IFRSs is carried over at the carrying amount under the previous accounting principles (Japanese Generally Accepted Accounting Principles, “JGAAP”) as of the date of transition to IFRSs, and recorded by that amount after an impairment test.

(3) Foreign currency translation

a. Transactions denominated in foreign currencies

The financial statements of each company are prepared in their functional currency. Transactions in currencies other than the entity’s functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the rates prevailing at the end of the fiscal year. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured.

Exchange differences arising from translation are recognized in profit or loss, except for exchange differences arising from non-monetary available-for-sale financial assets measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

b. Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company’s foreign operations (including goodwill arising from acquisitions and the adjustments of fair value) are translated into Japanese yen using exchange rates prevailing at the end of the fiscal year.

Income, expenses and cash flows are translated into Japanese yen by using the average exchange rates for each quarter. When the translated amounts do not approximate the amounts translated by the exchange rates at the dates of the transactions, the exchange rates at the transaction dates are used for the translation.

The exchange rates used in the translation are described in “Note 12. Foreign exchange rate.”

Exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income and cumulative differences are included in accumulated other comprehensive income.

These cumulative differences are reclassified from equity to profit or loss when the Company loses control or significant influence over the foreign operation.

(4) Financial instruments

a. Financial instruments

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

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

b. Non-derivative financial assets

Non-derivative financial assets are classified into “financial assets at FVTPL,” “held-to-maturity investments,” “loans and receivables,” and “available-for-sale financial assets.” The classification depends on the nature and purpose of the financial assets and is determined at initial recognition.

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

(a) Financial assets at FVTPL

Financial assets are classified as “financial assets at FVTPL” when they are held for trading purposes or designated as financial assets at FVTPL.

Financial assets other than derivatives, which are mainly acquired to be sold in the short term, are classified as held for trading purposes.

The Company designates a financial asset as a financial asset at FVTPL upon initial recognition, if:

- the financial assets are managed in accordance with the Company’s documented risk management policy or investment strategy; and
- its performance is reviewed on the fair value basis by the Company’s management to make decisions about the investment plan.

Also, while it is required to separate an embedded derivative from its host, when it is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, the entire hybrid contract is designated and accounted for as financial assets at FVTPL.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Gains or losses arising from changes in fair value, dividend income and interest income are recognized in profit or loss.

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as “held-to-maturity investments.”

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(c) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables.”

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(d) Available-for-sale financial assets

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

- they are designated as “available-for-sale financial assets”; or
- they are classified neither as “financial assets at FVTPL,” “held-to-maturity investments,” nor as “loans and receivables.”

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and gains or losses arising from changes in fair value are recognized in other comprehensive income. Exchange differences arising on monetary financial assets classified as available-for-sale financial assets, interest income calculated using the effective interest method relating to available-for-sale financial assets and dividends received are recognized in profit or loss.

(e) Impairment of financial assets

Among financial assets other than those at FVTPL, available-for-sale equity instruments are assessed for any objective evidence of impairment at the end of the fiscal year and at the end of each quarter, and the other assets are assessed for any objective evidence of impairment at the end of the fiscal year. Financial assets are impaired when there is objective evidence that loss events occurred subsequent to initial recognition of the financial assets and when estimated negative future cash flows of the financial assets from those events can be reasonably estimated.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value below the cost is considered to be objective evidence of impairment. In addition, objective evidence of impairment of all financial assets could include:

- significant financial difficulty of the issuer or borrower;
- breach of contract, such as a default or delinquency in interest or principal payments;
- high possibilities of borrowers' bankruptcy or entering financial reorganization; or
- disappearance of an active market for the financial assets.

The Company assesses the existence of objective evidence of impairment individually for separately significant assets or collectively for assets with no individual significance.

When there is objective evidence of impairment on loans and receivables or held-to-maturity investments, the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognized in profit or loss as an impairment loss. The impairment loss is recognized through the use of an allowance account, and the carrying amount of a loan and receivable is written off against the allowance account when it is considered uncollectible.

The carrying amount of held-to-maturity investments is reduced by the impairment loss directly. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset does not exceed what the amortized cost would have been, had the impairment not been recognized.

When there is objective evidence that an available-for-sale financial asset is impaired, previously recognized accumulated other comprehensive income is transferred to profit or loss. Impairment losses on equity instruments classified as available-for-sale financial assets are not reversed.

(f) Derecognition of financial assets

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

c. Non-derivative financial liabilities

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

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

d. Derivatives and hedge accounting

(a) Derivatives

The Company is engaged in derivative transactions, including foreign currency forward contracts and currency swaps in order to manage its exposure to foreign exchange rate and interest rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair values at the end of fiscal year. Changes in the fair value of derivative are recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. Derivative financial assets not designated as hedging instruments are classified into “financial assets at FVTPL” and derivative financial liabilities not designated as hedging instruments are classified into “financial liabilities at FVTPL.”

(b) Hedge accounting

The Company designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At the inception of the hedge, the Company formally designates and documents the hedge relationship qualifying for hedge accounting, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period.

The effective portion of changes in the fair value of derivatives that are designated and qualifying as cash flow hedges is recognized in other comprehensive income and accumulated in equity. Accumulated other comprehensive income is transferred to profit or loss through a line item relating to the hedged item in the consolidated statement of income, in the periods when the cash flows from the hedged item affect profit or loss. Any ineffective portion of changes in fair value of derivatives is recognized immediately in profit or loss.

When the hedged forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the Company removes the associated gains or losses previously recognized in accumulated other comprehensive income and includes them in the initial amount of the cost of the non-financial asset or non-financial liability (basis adjustment).

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised or when hedge no longer meets the criteria for hedge accounting.

When hedge accounting is discontinued, any gains or losses recognized in accumulated other comprehensive income remains in equity and is reclassified to profit or loss when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gains or losses recognized in accumulated other comprehensive income are reclassified immediately to profit or loss.

(c) Embedded derivatives

Derivatives embedded in non-derivative host contracts (“embedded derivatives”) are separated from the host contracts and accounted for as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts and the whole financial instruments, including embedded derivatives, are not measured at FVTPL. While it is required to separate an embedded derivative from its host, when it is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, the entire hybrid contract is designated and accounted for as financial assets at FVTPL.

e. Offsetting financial assets and financial liabilities

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

(5) Cash and cash equivalents

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

(6) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile handsets and accessories. Their costs comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs are mainly calculated by the moving-average method.

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

(7) Property, plant and equipment

Property, plant and equipment are measured on a historical cost basis, less accumulated depreciation and accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the asset and the initial estimated costs related to disassembly, retirement and site restoration.

Property, plant and equipment are depreciated mainly using the straight-line method over the estimated useful lives of each component. The depreciable amount is calculated as the cost of an asset, less its residual value. Land and construction in progress are not depreciated.

The estimated useful lives of major components of property, plant and equipment are as follows:

Buildings and structures	
Buildings	12 - 50 years
Other	5 - 15 years
Telecommunications equipment	
Wireless equipment, switching equipment, and other network equipment	5 - 30 years
Towers	15 - 42 years
Other	5 - 40 years
Equipment and fixtures	
Leased mobile devices	2 - 3 years
Other	4 - 10 years

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

Assets held under finance leases are depreciated over their estimated useful lives when there is certainty that ownership will be obtained by the end of the lease term. However, when there is no certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term or their estimated useful lives.

(8) Goodwill

Please refer to “(2) Business combinations” in “Note 3. Significant accounting policies” for the measurement of goodwill at initial recognition. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash-generating units or groups of cash-generating units to which goodwill has been allocated, and annually regardless of any indication of impairment. Impairment is described in “(11) Impairment of property, plant and equipment, intangible assets and goodwill” in “Note 3. Significant accounting policies.”

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

(9) Intangible assets

Intangible assets are measured on a historical cost basis at cost, less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill at initial recognition and are measured at fair value at the acquisition date. Any internally generated research and development expenditure is recognized as an expense in the period in which it is incurred, except for expenditures on development activities eligible for capitalization (internally generated intangible assets). The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets all of the capitalization criteria to the date the development is completed.

There are intangible assets with finite useful lives and intangible assets with indefinite useful lives.

The intangible assets with finite useful lives are amortized over the estimated useful lives. Amortization of the customer relationships is mainly calculated by the sum-of-the-digits method and intangible assets with finite useful lives other than customer relationships are amortized by the straight-line method.

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

Software	
Software related to wireless equipment	5 - 10 years
Other	3 - 5 years
Customer relationships	4 - 24 years
Favorable lease contracts	3 - 23 years
Game titles	5 years
Trademarks (with finite useful lives)	34 years
Spectrum migration costs	18 years
Other	4 - 20 years

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

Favorable lease contracts are recognized as intangible assets based on the estimated fair value of the favorable portion of future cash flows if, at the time of business combinations, the terms of operating lease contracts in which the acquiree is the lessee are favorable compared to market terms.

Spectrum migration costs are the amounts that the Company incurred in connection with the costs arising from the migration of the existing users from the 900 MHz band, which SoftBank Mobile Corp. acquired, to the other frequency spectrum based on the termination campaign. Useful lives are estimated based on the actual utilization of the frequency spectrum in the past.

Intangible assets with indefinite useful lives are as follows:

・ Licenses using specific frequency spectrum granted by the U.S. Federal Communications Commission ("FCC licenses")
・ Trademarks (with indefinite useful lives)

As long as the Company acts within the requirements of the regulatory authorities, the renewal and extension of FCC licenses are reasonably certain at minimal cost. Therefore, it is determined that FCC licenses have indefinite useful lives.

The Company determined that “Sprint”, “Boost Mobile” and other trademarks have indefinite useful lives as they can be legally used continuously as long as the business continues and management’s current plans are to offer service under these trademarks for the foreseeable future.

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are not amortized. The impairment of these assets is described in “(11) Impairment of tangible assets, intangible assets and goodwill” in “Note 3. Significant accounting policies.”

(10) Leases

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

Leases are classified as finance leases whenever all the risks and rewards of ownership of assets are substantially transferred to the lessee. All other leases are classified as operating leases. It is determined that all the risks and rewards of ownership of assets are transferred to the lessee when the lease terms account for most of the economic useful lives of the assets, or the present values of the total minimum lease payments are almost equal to the fair values of the assets. The lease terms are the total of the non-cancelable period and the period which is deemed to be reasonably certain that the renewal option will be exercised at the inception of the leases.

a. Finance leases

(The Company as lessee)

At inception, the Company initially recognizes finance leases as assets and the lease obligation at the amount equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

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

b. Operating leases

(The Company as lessee)

Gross operating lease payments are recognized as expenses on a straight-line basis over the relevant lease terms.

(The Company as lessor)

Gross operating lease incomes are recognized as revenues on a straight-line basis over the relevant lease terms.

(11) Impairment of property, plant and equipment, intangible assets and goodwill

a. Impairment of property, plant and equipment and intangible assets

At the end of the fiscal year, the Company determines whether there is any indication that property, plant and equipment and intangible assets may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

The recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

At the end of the fiscal year, the Company evaluates whether there is any indication that an impairment loss recognized in prior years for assets other than goodwill has decreased or extinguished. If such indication of a reversal of an impairment loss exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount of an asset or cash-generating unit is estimated to be higher than its carrying amount, a reversal of an impairment loss is recognized, to the extent that the increased carrying amount does not exceed the lower of the recoverable amount or the carrying amount (less depreciation and amortization) that would have been recognized, had no impairment loss been recognized.

b. Impairment of goodwill

At the end of the fiscal year and at the end of each quarter, the Company determines whether there is any indication that goodwill may be impaired.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the business combination, and it is tested for impairment annually regardless of any indication of impairment, and when there is an indication that the cash-generating unit or groups of cash-generating units may be impaired. If, at the time of the impairment test, the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or groups of cash-generating units and then to the other assets pro rata based on the carrying amount of each asset in the unit or groups of cash-generating units.

Any impairment loss for goodwill is recognized directly in profit or loss and is not reversed in subsequent periods.

(12) Retirement benefits

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

The Company primarily adopts defined contribution pension plans.

SoftBank Corp. has frozen its defined benefit lump-sum plans since March 2006 and 2007. Liabilities for the frozen defined benefit lump-sum plans are recognized as defined benefit liabilities until they are paid in the form of a lump sum at the time of future retirement of employees.

Sprint has frozen its defined benefit pension plans since December 2005. Liabilities for the defined benefit pension plans are recognized as defined benefit liabilities until they are paid as pensions after the time of retirement of employees.

a. Defined contribution plans

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

b. Defined benefit plans

The liability recognized in respect of the defined benefit plans (the defined benefit liability) is the present value of the defined benefit obligation less the fair value of plan assets at the end of the fiscal year.

The defined benefit obligation is determined by independent actuaries using the projected unit credit method, and its present value is determined by applying a discount rate based on the yield curve of high-quality corporate bonds over the approximate period of the benefit payments.

Defined benefit cost includes service cost, net interest on the net defined benefit liability (asset), and re-measurements of the net defined benefit liability (asset). Service cost and net interest are recognized in net profit or loss. Net interest is determined using the discount rate described above.

The liabilities for the frozen defined benefit plans are calculated on the basis of retirement benefits vested at the time the plans were frozen. Therefore, service cost is not incurred for those defined benefit plans.

The Company's remeasurements, which comprise actuarial gains and losses and the return on plan assets (excluding amounts included in net interest), are recognized in other comprehensive income and transferred to retained earnings immediately from accumulated other comprehensive income.

(13) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured using the estimated future cash flows, discounted using a pretax rate reflecting the time value of money and the specific risks of the liability, after taking into account the risks and uncertainties surrounding the obligation at the end of the fiscal year.

The Company recognizes asset retirement obligations, restructuring provision, provision for loss on interest repayment, and provision for onerous contract as provisions.

Restructuring provisions are recognized when the Company has a detailed formal plan for the restructuring and has raised a valid expectation to those who will be affected that the Company will carry out the restructuring by starting to implement the plan or announcing the main features of the plan.

Provision for loss on interest repayment is recorded based on an amount representing future expected claims in order to prepare for future claims by debtors and other, for repayment of interest paid in excess of the rate permitted under the Interest Rate Restriction Act.

(14) Treasury stock

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

(15) Share-based payments

The Company grants stock options and restricted stock unit awards as equity-settled share-based compensation and cash-settled share-based compensation.

Equity-settled share-based compensation is measured at fair value at the grant date. The fair value of stock options is calculated using the Black-Scholes model and other, and the fair value of restricted stock units is calculated using the share price at the date of grant.

The fair value determined at the grant date is expensed over the vesting period, based on the estimate of stock options or restricted stock units that will eventually vest, with a corresponding increase in equity.

The Company regularly reviews the assumptions made and revises estimates of the number of stock options or restricted stock units that are expected to vest, when necessary.

Cash-settled share-based compensation is accounted for as liabilities and is measured initially at the fair value of the award. The fair value of the liabilities is remeasured on each closing date and the settlement date, and changes in fair values are recognized in profit or loss.

(16) Revenue

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

Domestic Telecommunications segment and Sprint segment

a. Mobile Communications service and sales of mobile handsets

The Company provides mobile telecommunications services, which consist of voice communications and data transmission to subscribers, and also sells mobile handsets and accessories to customers.

In the Mobile Communications service, revenues are mainly generated from basic monthly charges, telecom service ("revenues from the mobile telecommunications service") and other fees. Also, revenues from the sale of mobile handsets ("revenues from the sale of mobile handsets") are generated from the sale of mobile handsets and accessories to subscribers or dealers.

The business flow of the above transactions consists of "Indirect sales," where the Company sells mobile handsets to dealers and enters into telecommunications services contracts with subscribers through dealers, and "Direct sales," where the Company sells mobile handsets to subscribers and enters into telecommunications services contracts directly with subscribers. The revenues are recognized respectively as follows.

(a) Indirect sales

Revenues from the sale of mobile handsets are recognized when mobile handsets are delivered to dealers, which is when risk and economic value are deemed to be transferred. Commission fees paid to dealers related to the sales of mobile handsets are deducted from revenues.

The mobile telecommunications services are recognized as revenue when services are provided to subscribers. Discounts are deducted from revenues from monthly mobile telecommunications services as a discount of mobile telecommunications charges.

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

(b) Direct sales

In direct transactions, as the revenue from the sales of mobile handsets and the mobile telecommunications services, including the fees, are considered to be one transaction, the total amount of revenues is allocated to mobile handsets and telecommunications service on the basis of fair value ratio.

When handsets are sold in installments, revenue from the sales of mobile handsets is recognized based on the fair value ratio when handsets are delivered to the subscribers. When handsets are sold in lump-sum payment, the maximum amount of revenues to be recognized by the sale of mobile handsets is set by the amounts to be received from subscribers at the sales of mobile handsets. The amount of revenue allocated to the mobile telecommunication services is recognized when the service is provided to the subscribers.

The previous point program operated by the Company has been transferred to the point program operated by a third party since July 2014. In the previous point program, points were granted to subscribers based on the billing amount from mobile telecommunications services revenue from both direct and indirect sales. The fair values of benefits to be exchanged based on the estimated point utilization rate were deferred and recognized as revenues when subscribers utilized the points.

In the point program operated by the third party, points are granted to subscribers based on the received amounts received from mobile telecommunications services revenue from both direct and indirect sales. The fair values of the points are deferred when the services are provided to subscribers and recognized as revenues when the points are granted to the subscribers.

b. Fixed-line Telecommunications service

In the Fixed-line Telecommunications service, revenues are generated mainly from voice communications and digital data transmission services, internet provider charges, ADSL service fees, IP telephony service fees, and the usage of the network ("revenues from fixed-line telecommunications service").

Revenues from fixed-line telecommunications services are recognized as revenues when services are provided to subscribers, based upon fixed monthly charges plus the usage of the network.

Yahoo Japan segment

In the Yahoo Japan segment, revenues are generated mainly from sponsored search advertising, display advertising, e-commerce related commission fees, revenue from membership and product sales.

Sponsored search advertising revenue is recognized when a visitor of the website clicks the advertisement. Display advertising comprises premium advertising, Yahoo! Display Ad Network (“YDN”) and other. Revenue from premium advertising is recognized over a period in which related advertisement is displayed. Revenue from YDN is recognized when a visitor of the website clicks the advertisement on the page with the related content. Revenue from e-commerce-related commission fees is recognized when the transaction occurs. Revenue from membership fees is recognized over an effective period of the membership. Revenue from product sales is 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.

Distribution segment

In the Distribution segment, revenues are generated mainly from distribution of mobile handsets to telecommunication service providers and retailers overseas, and sales of PC software, peripherals, and mobile handsets accessories in Japan. Revenue in the Distribution segment is 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. For transactions conducted by the Company on behalf of third parties, revenue is presented on net basis by excluding payment to third parties from the total consideration received from customers.

(17) Sales commission fees

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

(18) Income tax

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

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

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized. The recoverability of deferred tax assets is reassessed at the end of the fiscal year.

Deferred tax assets are not recognized for temporary differences from initial recognition of assets and liabilities that do not arise from business combinations and that do not impact accounting profit or taxable income.

Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax liabilities are basically recognized for taxable temporary differences, except for:

- temporary differences arising from the initial recognition of assets and liabilities, and related transactions other than business combinations, that affect neither the accounting profit nor the taxable profit;
- taxable temporary differences arising from the initial recognition of goodwill; and
- taxable temporary differences associated with investments in subsidiaries and associates, where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

(19) Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted-average number of ordinary shares (after adjusting for treasury stocks) outstanding for the period.

Diluted earnings per share assume full conversion of the issued potential stocks having a dilutive effect, with an adjustment for net income attributable to owners of the parent and the weighted-average number of ordinary shares (after adjusting for treasury stocks) outstanding for the period.

4. Significant judgments and estimates

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

Estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in the future periods.

Significant judgments, estimates and assumptions that affect the amounts recognized in the Company's consolidated financial statements are as follows:

- judgments of whether an entity is controlled by the Company in the decision making on the scope of consolidation ((1) in "Note 3. Significant accounting policies");
- significant judgments for the determination of a joint venture ((1) in "Note 3. Significant accounting policies" and "Note 7. Handset sale-leaseback");
- estimates for impairment of investments accounted for using the equity method ((1) in "Note 3. Significant accounting policies" and "Note 17. Other non-operating income (loss)");
- estimates of fair value of assets acquired and the liabilities assumed in a business combination ((2) in "Note 3. Significant accounting policies" and "Note 6. Business combinations");
- fair value measurement of financial assets at FVTPL and available-for-sale financial assets ((4) in "Note 3. Significant accounting policies" and "Note 17. Other non-operating income (loss)");
- estimates for impairment of financial assets measured at amortized cost ((4) in "Note 3. Significant accounting policies" and "Note 17. Other non-operating income (loss)");
- estimates of residual value and useful life of property, plant and equipment and intangible assets ((7) and (9) in "Note 3. Significant accounting policies");
- judgments and estimates for accounting treatment of contracts including leases ((10) in "Note 3. Significant accounting policies");
- estimates for impairment of property, plant and equipment, intangible assets and goodwill ((11) in "Note 3. Significant accounting policies" and "Note 14. Other operating loss");
- measurement of defined benefit obligation ((12) in "Note 3. Significant accounting policies");
- judgments and estimates for recognition and measurement on provisions ((13) in "Note 3. Significant accounting policies");
- assessment of recoverability of deferred tax assets ((18) in "Note 3. Significant accounting policies"); and
- recognition of liabilities and expenses related to contingencies ("Note 14. Other operating loss").

5. 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 had four segments, the Mobile Communications segment, the Sprint segment, the Fixed-line Telecommunications segment, and the Internet segment for the fiscal year ended March 31, 2015. In line with the transformation into "SoftBank 2.0" from a strong Japanese business with global assets to a global business that will strive to create sustainable growth over the long term, the Company revised its segments. The Domestic telecommunications segment, the Sprint segment, the Yahoo Japan segment, and the Distribution segment are the four reportable segments from the fiscal year ended March 31, 2016.

The Domestic Telecommunications segment provides, mainly through SoftBank Corp. (formerly SoftBank Mobile 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, and 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 reportable segments for the fiscal year ended March 31, 2015 are presented based on the revised reportable segments.

(2) Net sales and income of reportable segments

Accounting policies for reportable segments are the same as the policies described in "Note 3. Significant accounting policies."

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

The Company had defined the income of reportable segments as the amount after deducting "Cost of sales" and "Selling, general and administrative expenses" from "net sales" until the fiscal year ended March 31, 2015. In connection with the revision of the segments, the Company defined its income of reportable segments as "Operating income" from the fiscal year ended March 31, 2016.

Income of reportable segments for the fiscal year ended March 31, 2015 is also 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 (segment income and loss + depreciation and amortization) and adjusted EBITDA (EBITDA – gain from remeasurement relating to business combination ± other operating income and loss) by each reportable segment.

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

For the fiscal year ended March 31, 2015

(Millions of yen)

	Reportable segments							
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Total	Other[1]	Reconcili-ations[2]	Consoli-dated
Net sales								
Customers	2,985,644	3,594,167	420,385	1,170,437	8,170,633	333,502	-	8,504,135
Intersegment	33,749	205,854	6,936	54,679	301,218	22,579	(323,797)	-
Total	3,019,393	3,800,021	427,321	1,225,116	8,471,851	356,081	(323,797)	8,504,135
Segment income (Operating income)	640,498	66,859	193,529	4,952	905,838	54,341	(41,459)	918,720
Reconciliation from segment income to adjusted EBITDA								
Segment income	640,498	66,859	193,529	4,952	905,838	54,341	(41,459)	918,720
Depreciation and amortization	453,728	579,152	18,364	10,248	1,061,492	32,243	1,510	1,095,245
EBITDA	1,094,226	646,011	211,893	15,200	1,967,330	86,584	(39,949)	2,013,965
Other operating (income) loss	21,271	7,029	-	(607)	27,693	(25)	-	27,668
Adjusted EBITDA	1,115,497	653,040	211,893	14,593	1,995,023	86,559	(39,949)	2,041,633

For the fiscal year ended March 31, 2016

(Millions of yen)

	Reportable segments							
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Total	Other[1]	Reconcili-ations[2]	Consoli-dated
Net sales								
Customers	3,106,855	3,688,498	642,880	1,345,856	8,784,089	369,460	-	9,153,549
Intersegment	37,795	183,149	9,151	74,560	304,655	21,280	(325,935)	-
Total	3,144,650	3,871,647	652,031	1,420,416	9,088,744	390,740	(325,935)	9,153,549
Segment income (loss) (Operating income (loss))	688,389	61,485	222,787	(1,284)	971,377	73,271	(45,160)	999,488
Reconciliation from segment income to adjusted EBITDA								
Segment income (loss)	688,389	61,485	222,787	(1,284)	971,377	73,271	(45,160)	999,488
Depreciation and amortization	474,948	842,110	32,695	10,268	1,360,021	34,944	1,636	1,396,601
EBITDA	1,163,337	903,595	255,482	8,984	2,331,398	108,215	(43,524)	2,396,089
Gain from remeasurement relating to business combination	-	-	(59,441)	-	(59,441)	-	-	(59,441)
Other operating loss[3]	-	79,668	-	16,466	96,134	6,086	-	102,220
Adjusted EBITDA	1,163,337	983,263	196,041	25,450	2,368,091	114,301	(43,524)	2,438,868

Notes:

1. Information on the business segments which are not included in the reportable segments is classified in “Other.” “Other” includes mainly online game-related business by Supercell.
2. “Reconciliations” includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment. Expenses arising mainly from SoftBank Group Corp. and SB Group US, Inc. which manage and supervise investment activities in the Internet, communication, and media fields overseas are included in the corporate general expenses.
3. ¥37,032 million of “Loss on disposal of property, plant and equipment” recognized as “Other operating loss” in the consolidated statements of income for the fiscal year ended March 31, 2016 is not included in “Other operating loss” in the Sprint segment. The details are described in “Note 14. Other operating loss.”
4. Discontinued operations are not included. The details are described in “Note 18. Discontinued operations.”

6. Business combinations

For the fiscal year ended March 31, 2016

(1) ASKUL Corporation

a. 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.

b. Summary of acquiree

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

c. Acquisition date

August 27, 2015

d. 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 for the fiscal year ended March 31, 2016. This gain is presented as "Gain from remeasurement relating to business combination" in the consolidated statements of income.

e. 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[2]	C	54,036
Goodwill[3]	A-(B-C)	53,779

Notes:

1. Adjustment of the provisional amount
   Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Allocation of the consideration transferred was completed during the three-month period ended December 31, 2015. The details of the adjustments from the initial provisional amounts are as follows. Due to the additional analysis on the fair value of ASKUL Corporation, intangible assets decreased by ¥2,820 million and non-controlling interests decreased by ¥1,097 million. As a result, goodwill increased by ¥877 million.

2. 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.

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

f. 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

g. 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 consolidated statements of income for the fiscal year ended March 31, 2016, are ¥189,013 million and ¥2,970 million, respectively.

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

(2) Ikyu Corporation

a. Overview of consolidation

The Company, for the purpose of ensuring the effectiveness of the growth through the e-Commerce Revolution which is strategically important for Yahoo Japan Corporation, has been performing a tender offer for Ikyu Corporation's shares, etc., which was resolved in Yahoo Japan Corporation's board of directors' meeting held on December 15, 2015. The tender offer ended on February 3, 2016 and Yahoo Japan Corporation has acquired 27,480,682 shares of Ikyu Corporation's common shares at ¥94,341 million in cash. Consequently, the Company's voting rights ratio for Ikyu Corporation has become 94.3% and Ikyu Corporation has been converted to a consolidated subsidiary.

b. Summary of acquiree

Name	Ikyu Corporation
Business description	Operation of various Internet sites that provide reservation services for hotels, restaurants, and other.

c. Acquisition date

February 3, 2016

d. Consideration transferred and the components

(Millions of yen)

		Acquisition date (February 3, 2016)
Payment by cash		94,341
Total consideration transferred	A	94,341

e. Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date

(Millions of yen)

		Acquisition date (February 3, 2016)
Current assets		8,934
Intangible assets		26,183
Other non-current assets		1,130
Total assets		36,247
Current liabilities		4,270
Non-current liabilities		8,177
Total liabilities		12,447
Net assets	B	23,800
Non-controlling interests[1]	C	1,503
Goodwill[2]	A-(B-C)	72,044

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.

f. Payment for acquisition of control over subsidiaries

(Millions of yen)

	Acquisition date (February 3, 2016)
Payment for the acquisition by cash	(94,341)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	4,016
Payment for the acquisition of control over the subsidiary by cash	(90,325)

g. Sales and net income of the acquiree

The amounts of the acquiree's sales and net income after the acquisition date are immaterial.

7. Handset sale-leaseback

In November 2015, Sprint entered into agreements (Handset Sale-Leaseback) to sell and leaseback certain leased devices, with Mobile Leasing Solutions, LLC (MLS).

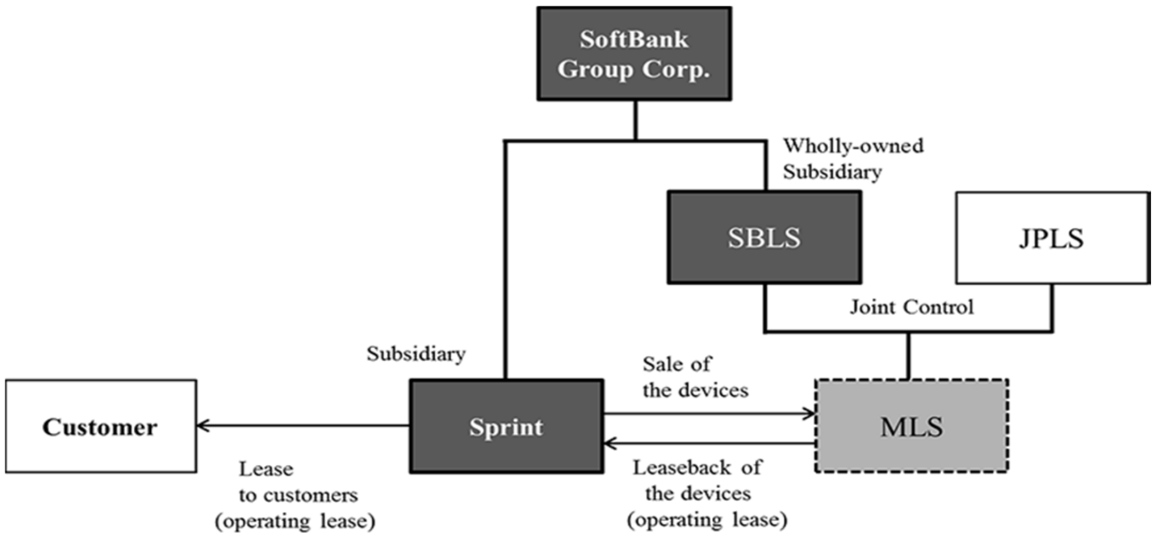
MLS was established for leasing business by SBLS HD US, Inc. (SBLS), a wholly-owned subsidiary of SoftBank Group Corp. and JPLS HD US, Inc. (JPLS), a company formed by Japanese leasing companies. It is contractually agreed that significant management policy and operating decision of MLS require the unanimous consent of its board of directors designated by SBLS and JPLS. Accordingly, the Company accounts for MLS under the equity method as a joint venture.

Under this transaction, Sprint sold the devices and transferred the associated certain specified customer lease end rights and obligations to MLS in exchange for a total amount of $1.3 billion, consisting of proceeds totaling $1.1 billion cash which was received in December 2015 and a deferred purchase price receivable of $0.1 billion, the remaining amount of the total proceeds, which will be settled at the end of the agreement. Simultaneously with the sale of the devices and transfer of certain specified customer lease end rights and obligations, MLS leased back each device to Sprint pursuant to the Master Lease Agreement in exchange for monthly rental payments to be made by Sprint to MLS. In addition, Brightstar has a contractual agreement with MLS to provide reverse logistics and remarketing services to MLS with respect to the devices that are returned to MLS. The terms and conditions of the transaction are negotiated and determined based on the market price and the content of transaction.

Sprint derecognized devices from property, plant and equipment when they were sold to MLS. The $65 million (¥7,801 million) difference between the fair value and the carrying amount of the devices sold was recognized as "Other operating loss" in the consolidated statements of income.

The proceeds received in December 2015 totaling $1.1 billion (¥137,593 million) were recognized as "Proceeds from sales of property, plant and equipment, and intangible assets" in the consolidated statements of cash flows.

Outline of the transaction*



Note:
*This chart only refers to major transactions and the relationship between the Company and major parties to provide an outline of the transaction.

8. Other current assets

The components of other current assets are as follows:

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Tax receivable*	44,660	332,339
Prepaid expense	173,463	171,991
Other	37,276	49,221
Total	255,399	553,551

Note:
*Withholding income tax of ¥293,489 million related to dividend within the group companies is included in tax receivable as of March 31, 2016.

9. 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, 2015	As of March 31, 2016
Buildings and structures	267,633	254,569
Telecommunications equipment	3,251,673	3,031,553
Equipment and fixtures	365,305	577,279
Land	97,342	105,062
Construction in progress	318,345	194,456
Other	17,150	20,588
Total	4,317,448	4,183,507

10. Intangible assets

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

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Intangible assets with indefinite useful lives		
FCC licenses	4,320,296	4,060,750
Trademarks	727,251	706,637
Intangible assets with finite useful lives		
Software	757,866	782,148
Customer relationships	582,223	439,800
Favorable lease contracts	145,191	119,242
Spectrum migration costs	53,550	110,472
Game titles	109,211	59,844
Trademarks	59,583	54,066
Other	148,411	106,186
Total	6,903,582	6,439,145

11. 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, 2015	As of March 31, 2016
Current		
Short-term borrowings	413,846	515,408
Commercial paper	32,000	42,000
Current portion of long-term borrowings	525,898	743,225
Current portion of corporate bonds	183,557	900,685
Current portion of lease obligations	411,453	396,992
Current portion of preferred securities	200,000	-
Current portion of installment payables	50,661	48,299
Total	1,817,415	2,646,609
Non-current		
Long-term borrowings	2,116,498	1,785,500
Corporate bonds	6,825,868	6,611,947
Lease obligations	744,911	815,194
Installment payables	102,552	63,181
Total	9,789,829	9,275,822

(2) Financial covenants

a. Financial covenants on interest-bearing debts of SoftBank Group Corp.

SoftBank Group Corp.'s interest-bearing debt includes financial covenants and the major financial covenants are as follows.

(a) The amount of SoftBank Group Corp.'s net assets at the end of the fiscal year must not fall below 75% of SoftBank Group Corp.'s net assets at the end of the previous year.

(b) The consolidated statement of financial position of the Company at the end of the fiscal year must not show a net capital deficiency. The statement of financial position of SoftBank Corp. at the end of the fiscal year must not show a net capital deficiency.

(c) In the Company's consolidated financial statement, operating income (loss) or net income (loss) attributable to the owner of the parent company must not result in losses for two consecutive years.

(d) Adjusted net interest-bearing debts[1] or leverage ratios[2] designated in the loan agreement must not exceed certain respective amounts or numbers at the end of each annual reporting period and at the end of the second quarter. The threshold amounts of adjusted net interest-bearing debts and leverage ratios shall be softened when the balance of cash and cash equivalents and the fair value of listed shares held by SoftBank Group Corp. exceed certain amounts.

Notes:

1. Adjusted net interest-bearing debts:
Amounts deducting cash and cash equivalents from interest-bearing debts in the consolidated statement of financial position. Certain adjustments are made such as excluding certain listed subsidiaries such as Sprint from the subject.
2. Leverage ratio:
Adjusted net interest-bearing debt / adjusted EBITDA[3]
3. Adjusted EBITDA:
Certain adjustments are made to EBITDA such as excluding listed subsidiaries such as Sprint.

b. Financial covenants on interest-bearing debts of Sprint

Major covenants on the interest-bearing debt issued by Sprint are as follows:

(a) Holders of a portion ($21.6 billion) of notes issued by Sprint are provided with the right to require Sprint to repurchase the notes if there is a change of control and if there is a decline, to a certain extent, in ratings of the applicable notes by the Rating Services. Also, holders of certain bonds issued by Clearwire ($300 million) are provided with the right to require the repurchase of the notes if a change of control triggering event occurs.

(b) It is required that as of the last day of each quarter, Sprint's ratio of total indebtedness[1] to adjusted EBITDA[2] should not exceed a certain threshold level. Exceeding the ratio could result in the maturities being accelerated. The limit for the ratio was 6.25 as of March 31, 2016.

Notes:
1. Total indebtedness: the sum of Sprint's outstanding debt (excluding trade payable) and guarantee of indebtedness, with certain adjustments defined in contracts with lenders.
2. Adjusted EBITDA: Trailing four quarters EBITDA including adjustments defined in contract with lenders.

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

The components of "Increase in short-term interest-bearing debt, net" in the consolidated statements of cash flows are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net increase of short-term borrowings	108,541	118,135
Net increase of commercial paper	-	10,000
	108,541	128,135

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

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Proceeds from long-term borrowings	443,726	557,072
Proceeds from issuance of corporate bonds[1,4]	1,763,657	1,053,258
Proceeds from sale and leaseback of newly acquired equipment	508,118	519,353
Total	2,715,501	2,129,683

Notes:

1. Corporate bonds issued for the fiscal year ended March 31, 2015 are as follows:

Company name / Name of bonds	Date of issuance	Total amount of issuance	Interest rate	Date of maturity
SoftBank Group Corp.				
45th Unsecured Straight Corporate Bond	May 30, 2014	¥300,000 million	1.45%	May 30, 2019
46th Unsecured Straight Corporate Bond	Sept. 12, 2014	¥400,000 million	1.26%	Sept. 12, 2019
1st Unsecured Subordinated Corporate Bond	Dec. 19, 2014	¥400,000 million	2.50%	Dec. 17, 2021
2nd Unsecured Subordinated Corporate Bond	Feb. 9, 2015	¥450,000 million	2.50%	Feb. 9, 2022
Sprint Corporation				
7.625% Notes due 2025	Feb. 24, 2015	$1,500 million ¥179,340 million	7.63%	Feb. 15, 2025
Sprint Communications, Inc.[2]				
Export Development Canada Facility (Tranche 3)	Dec. 19, 2014	$300 million ¥34,317 million	4.16%[3]	Dec. 17, 2019

Notes:

2. Sprint Communications, Inc. is a subsidiary of Sprint.

3. The corporate bond has a floating interest rate and the interest rate stated above is as of March 31, 2016.

4. Corporate bonds issued for the fiscal year ended March 31, 2016 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[5]	5.38% 2.98%[6]	July 30, 2022
USD-denominated Senior Notes due 2025	July 28, 2015	$1,000 million ¥124,120 million[5]	6.00% 3.44%[6]	July 30, 2025
Euro-denominated Senior Notes due 2022	July 28, 2015	€500 million ¥67,722 million[5]	4.00% 3.73%[6]	July 30, 2022
Euro-denominated Senior Notes due 2025	July 28, 2015	€1,250 million ¥169,306 million[5]	4.75% 4.25%[6]	July 30, 2025
Euro-denominated Senior Notes due 2027	July 28, 2015	€500 million ¥67,722 million[5]	5.25% 4.72%[6]	July 30, 2027
48th Unsecured Straight Corporate Bond	Dec.10, 2015	¥370,000 million	2.13%	Dec. 9, 2022
Sprint Communications, Inc.[2]				
Export Development Canada Facility (Tranche 4)	Dec.15, 2015	$250 million ¥30,268 million	5.91%[3]	Dec.15, 2017

Notes:

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

6. Interest rates are determined 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.

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

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Repayment of long-term borrowings	(459,852)	(684,397)
Redemption of corporate bonds[1,3]	(170,181)	(203,281)
Repayment of lease obligations	(306,156)	(468,061)
Redemption of preferred securities	-	(200,000)
Payment of installment payables	(48,594)	(49,029)
Total	(984,783)	(1,604,768)

Notes:

1. Major Corporate bonds redeemed for the fiscal year ended March 31, 2015 are as follows:

Company name / Name of bonds	Date of issuance	Amount of redemption	Interest rate	Date of redemption
SoftBank Group Corp.				
26th Unsecured Straight Corporate Bond	June 19, 2007	¥14,900 million	4.36%	June 19, 2014
30th Unsecured Straight Corporate Bond	March 11, 2010	¥30,000 million	3.35%	March 11, 2015
37th Unsecured Straight Corporate Bond	June 10, 2011	¥30,000 million	0.65%	June 10, 2014
SoftBank Corp.				
USD-denominated Senior Notes due year 2018	April 1, 2011	$420 million ¥50,251 million	8.25%	March 27, 2015
Euro-denominated Senior Notes due year 2018	April 1, 2011	€200 million ¥26,471 million	8.38%	March 27, 2015
iPCS, Inc.[2]				
Second Lien Senior Secured Floating Rate Notes due 2014	April 23, 2007	$181 million ¥18,513 million	3.49%	May 1, 2014

Notes:

2. iPCS, Inc. is a subsidiary of Sprint.

3. Major corporate bonds redeemed for the fiscal year ended March 31, 2016 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
34th Unsecured Straight Corporate Bond	Jan. 25, 2011	¥45,000 million	1.10%	Jan.25, 2016
Sprint Communications, Inc.[4]				
Export Development Canada Facility (Tranche 2)	Jan. 20, 2011	$500 million ¥60,535 million	4.08%[5]	Dec.15, 2015
Brightstar Corp.				
9.50% senior notes due 2016	Nov. 30, 2010	$350 million ¥42,375 million	9.50%	Dec.11, 2015
7.25% senior notes due 2018	July 26, 2013	$250 million ¥30,268 million	7.25%	Dec.11, 2015

Notes:
4. Sprint Communications, Inc. is a subsidiary of Sprint.

5. The corporate bond has a floating interest rate and the interest rate stated above is at the time of redemption.

12. 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, 2015	As of March 31, 2016
U.S. dollars	120.17	112.68

(2) Average rate for the quarter

For the fiscal year ended March 31, 2015

(yen)

	Three-month period ended June 30, 2014	Three-month period ended September 30, 2014	Three-month period ended December 31, 2014	Three-month period ended March 31, 2015
U.S. dollars	102.14	104.35	114.39	119.56

For the fiscal year ended March 31, 2016

(yen)

	Three-month period ended June 30, 2015	Three-month period ended September 30, 2015	Three-month period ended December 31, 2015	Three-month period ended March 31, 2016
U.S. dollars	121.34	121.91	121.07	116.95

13. Equity

(1) Capital surplus

For the fiscal year ended March 31, 2015

The Company acquired all remaining shares of Brightstar Global Group Inc. indirectly held by Marcelo Claure, the former Chairman and CEO of Brightstar Corp., and owns 100% of the equity interest of Brightstar Global Group Inc. In connection with this transaction, ¥30,509 million is deducted from capital surplus as "Changes in interests in subsidiaries."

For the fiscal year ended March 31, 2016

The Company acquired additional 24.1% 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, 2015	As of March 31, 2016
Available-for-sale financial assets	14,524	32,594
Cash flow hedges	(7,345)	(40,088)
Exchange differences on translating foreign operations	533,207	269,230
Total	540,386	261,736

14. Other operating loss

The components of other operating loss are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Domestic Telecommunications segment		
Provision for unprofitable contract[1]	(21,271)	-
Sprint segment		
Loss on disposal of property, plant and equipment[2]	-	(37,032)
Severance costs associated with reduction in work force of Sprint	(27,129)	(26,079)
Legal reserves	(10,492)	(23,437)
Impairment loss on non-current assets[3]	-	(19,881)
Gain on partial pension settlement[4]	18,726	-
Other	11,866	(10,271)
Distribution segment		
Impairment loss on non-current assets[5]	-	(13,633)
Other	607	(2,833)
Other	25	(6,086)
Total	(27,668)	(139,252)

Notes:

1. Loss was recognized due to the provision made by SoftBank Corp. for the excess of expected future cost of delivery for a contracted communication service over its contracted amount.

2. ¥30,348 million of 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, and ¥6,684 million of loss recognized upon the sale of devices to Mobile Leasing Solutions, LLC under the Handset Sale-Leaseback transaction. Regarding Handset Sale-Leaseback transaction, the details are described in "Note 7. Handset sale-leaseback."

3. 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.

4. Sprint made an amendment associated with the defined benefit pension plan to offer certain terminated participants, who had not begun to receive plan benefits, the opportunity to receive their benefits as an immediate lump sum distribution. This is the gain arising from the settlement.

5. Cash-generating units of the Distribution segment are composed of five regions, Brightstar Global Group Inc.'s US & Canada, Latin America, Asia & Oceania, SoftBank Commerce & Service Corp., and Europe & Africa from the fiscal year ended March 31, 2016. Of these cash-generating units, as a result of reviewing the business plan of Brightstar Global Group Inc.'s Latin America region, the recoverable amount became negative and therefore the carrying amount related to the cash-generating unit was reduced to zero. Impairment loss on property, plant and equipment was ¥8,070 million and impairment loss on intangible assets was ¥5,563 million. Value in use was used as the recoverable amount and calculated by discounting management approved estimated future cashflow plan by 22.11%, weighted average capital cost before tax.

   Goodwill of Brightstar Global Group Inc. is allocated to entire Brightstar Global Group Inc. (a group of cash-generating units) which bundles five cash-generating units. As a result of the impairment test on entire Brightstar Global Group Inc., the recoverable amount exceeded the carrying amount, and therefore the impairment loss on the goodwill allocated to entire Brightstar Global Group Inc. is not recognized.

15. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Interest expense	(366,500)	(440,744)

16. Dilution gain from changes in equity interest

For the fiscal year ended March 31, 2015

The Company recorded dilution gain from changes in equity interest of ¥599,668 million related to Alibaba, which is an associate of the Company. This is mainly due to the issuance of new shares by Alibaba and the conversion of Convertible Preference Shares issued by Alibaba into common stock in connection with its listing on the New York Stock Exchange on September 19, 2014.

17. Other non-operating income (loss)

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Foreign exchange gain and loss[1]	11,050	(45,610)
Derivative gain and loss	(8,257)	12,788
Impairment loss on securities[2]	(14,996)	(32,759)
Gain on sales of equity method associates	1,882	12,428
Impairment loss on equity method associates[3]	(35,261)	(2,023)
Gain from remeasurement relating to applying equity method[4]	11,177	-
Gain from financial assets at FVTPL[5]	11,209	114,377
Provision of allowance for doubtful accounts[2]	(255)	(21,253)
Other	7,837	18,772
Total	(15,614)	56,720

Notes:

1. The value of the Argentine peso decreased against the US dollar in December 2015 due to change in foreign exchange policy by the Argentine Government. As a result, foreign exchange loss of ¥18,614 million associated with dollar-denominated monetary items, such as cash and cash equivalents, account receivables, and account payables, held by Argentine subsidiaries were recorded.

2. 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 fiscal year ended March 31, 2016.

3. The Company recorded impairment loss of ¥35,261 million with regard to the equity method associate for the fiscal year ended March 31, 2015 as the fair value had been declining for a prolonged period and the carrying amount was reduced to the recoverable amount.

4. Due to the increase in the percentage of voting rights, the equity method was newly applied to the investment in associates and the gain arose from remeasurement of the interest already held by the Company at the time the equity method was applied, based on the fair value on the date of the equity method application.

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

18. Discontinued operations

GungHo Online Entertainment, Inc.

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 related to GungHo for the fiscal year ended March 31, 2015 and from April 1, 2015 to June 1, 2015 are presented as discontinued operations separately from continuing operations in the consolidated statement 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.

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

(1) Operating results from discontinued operations

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Revenue	166,086	26,604
Expense	(102,076)	(17,404)
Income before income tax from discontinued operations	64,010	9,200
Income taxes	(27,453)	(3,568)
Income after income tax from discontinued operations	36,557	5,632
Loss relating to loss of control in discontinued operations	-	(12,739)
Deferred tax expenses for investment temporary differences	(15,593)	139
Net income (loss) from discontinued operations	20,964	(6,968)

(2) Cash flows from discontinued operations

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net cash provided by operating activities	53,294	16,051
Net cash provided by (cash used) in investing activities	5,347	(735)
Net cash used in financing activities	(1,702)	(86)
Total	56,939	15,230

19. Earnings per share

(1) Basic earnings per share

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the parent		
Continuing operations	668,936	484,458
Net income attributable to owners of the parent		
Discontinued operations	(575)	(10,286)
Total	668,361	474,172
Weighted-average number of ordinary shares (Thousands of shares)	1,188,830	1,178,098
Basic earnings per share (yen)		
Continuing operations	562.68	411.22
Discontinued operations	(0.48)	(8.73)
Total	562.20	402.49

(2) Diluted earnings per share

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Continuing operations		
Net income from continuing operations used in the calculation of basic earnings per share	668,936	484,458
Effect of dilutive securities issued by subsidiaries and associates	(3,509)	(16,475)
Sub total	665,427	467,983
Discontinued operations		
Net loss from discontinued operations used in the calculation of basic earnings per share	(575)	(10,286)
Sub total	(575)	(10,286)
Total	664,852	457,697
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share (Thousands of shares)		
Weighted-average number of ordinary shares	1,188,830	1,178,098
Adjustments:		
Warrants and corporate bonds with stock acquisition rights	1,061	556
Total	1,189,891	1,178,654
Diluted earnings per share (yen)		
Continuing operations	559.23	397.05
Discontinued operations	(0.48)	(8.73)
Total	558.75	388.32

20. Supplemental information to the consolidated statements of cash flows

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

"Purchase of property, plant and equipment, and intangible assets" includes cash outflows from long-term prepaid expenses that are included in "Other non-current assets" in the 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 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) Income taxes paid and income taxes refund

For the fiscal year ended March 31, 2016

Payment of withholding income tax related to dividends within the group companies of ¥904,688 million is included in "Income taxes paid," and refund of the withholding income tax of ¥611,199 million is included in "Income taxes refund," respectively. The withholding income tax of ¥293,489 million included in "Income taxes paid" is expected to be refunded by the end of July 2016.

(4) Proceeds from sales of property, plant and equipment, and intangible assets

For the fiscal year ended March 31, 2016

Proceeds of ¥137,593 million which Sprint received from Mobile Leasing Solutions, LLC through Handset Sale-Leaseback transaction in December 2015 are included in "Proceeds from sales of property, plant and equipment, and intangible assets." The details are described in "Note 7. Handset sale-leaseback."

(5) Decrease from loss of control over subsidiaries

For the fiscal year ended March 31, 2016

"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.

(6) Payments for purchase of subsidiaries' interests from non-controlling interests

For the fiscal year ended March 31, 2016

"Payments for purchase of subsidiaries' interests from non-controlling interests" is mainly due to the additional purchase of shares of Supercell and Sprint from existing shareholders.

(7) Significant non-cash transactions

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Transfer of leased devices from inventories to property, plant and equipment	144,030	389,480

In addition to the above, ASKUL Corporation has become a subsidiary of the Company for the fiscal year ended March 31, 2016 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 6. Business combinations."

21. Significant subsequent events

There are no applicable items for the fiscal year ended March 31, 2016.