

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

**SoftBank Corp.**  
**Consolidated Financial Report**  
**For the six-month period ended September 30, 2014 (IFRS)**

Tokyo, November 4, 2014

**1. Financial Highlights**

(Millions of yen; amounts are rounded 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	%
<b>Six-month period ended September 30, 2014</b>	<b>¥4,104,364</b>	<b>57.9</b>	<b>¥596,658</b>	<b>(19.1)</b>	<b>¥995,781</b>	<b>58.5</b>	<b>¥608,441</b>	<b>36.6</b>	<b>¥560,710</b>	<b>36.7</b>	<b>¥752,181</b>	<b>262.4</b>
Six-month period ended September 30, 2013	¥2,598,612	72.7	¥737,171	-	¥628,368	-	¥445,512	-	¥410,167	-	¥207,532	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
<b>Six-month period ended September 30, 2014</b>	<b>¥471.74</b>	<b>¥471.25</b>
Six-month period ended September 30, 2013	¥344.20	¥343.70

Note:

Year-on-year percentage changes except for net sales for the six-month period ended September 30, 2013 are not described due to the retrospective adjustments in regard to the changes in accounting policies. Please refer to page 33 “Note 2. Significant accounting policies” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements” for details.

**(2) Financial Position**

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
<b>As of September 30, 2014</b>	<b>¥18,504,445</b>	<b>¥3,525,065</b>	<b>¥2,558,277</b>	<b>13.8</b>
As of March 31, 2014	¥16,690,127	¥2,830,382	¥1,930,441	11.6

Note:

Retrospective adjustments in regard to the changes in accounting policies are made for each financial figure as of March 31 2014. Please refer to page 33 “Note 2. Significant accounting policies” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements” for details.

## 2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2014	-	20.00	-	20.00	40.00
Fiscal year ending March 31, 2015	-	20.00			
Fiscal year ending March 31, 2015 (Forecasted)			-	20.00	40.00

Note:

Revision of forecasts on the dividends: No

## 3. Forecasts on the Consolidated Results of Operations for the Fiscal Year Ending March 2015 (April 1, 2014 – March 31, 2015)

The Company projects net sales of ¥8 trillion and operating income of ¥900 billion for the fiscal year ending March 31, 2015. The operating income forecast has been downwardly revised by ¥100 billion from the original forecast disclosed in the Consolidated Financial Report for the fiscal year ended March 31, 2014. This reflects a downward revision of the outlook for the Sprint segment.

The operating income for the fiscal year ended March 31, 2014 of ¥1,077.0 billion (after retrospective adjustments) includes gain from remeasurement relating to business combination of ¥253.9 billion. The forecasted operating income of ¥900 billion for the fiscal year ending March 31, 2015 does not include any temporary gains.

### \* Notes

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

(2) Changes in accounting policies and accounting estimate

[1] Changes in accounting policies required by IFRSs: Yes

[2] Changes in accounting policies other than those in [1]: No

[3] Changes in accounting estimates: No

Please refer to page 23 “Changes in Accounting Policies and Accounting Estimates” under “2. Notes to Summary Information” for details.

(3) Number of shares issued (common stock)

[1] Number of shares issued (including treasury stock):

As of September 30, 2014: 1,200,660,365 shares

As of March 31, 2014: 1,200,660,365 shares

[2] Number of treasury stock:

As of September 30, 2014: 11,764,234 shares

As of March 31, 2014: 12,204,526 shares

[3] Number of average stock during three-month period (April-September):

As of September 30, 2014: 1,188,593,575 shares

As of September 30, 2013: 1,191,661,988 shares

### \* Implementation status of interim review procedures

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

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

The Company has adopted IFRSs from the three-month period ended June 30, 2013.

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 November 4, 2014, 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 web site 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 web site around 4 p.m. on the same day at <http://www.softbank.jp/en/corp/irinfo/presentations/>.

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

**Major Changes to Subsidiaries (April 2013 - September 2014)**

→ Period of consolidation  
○ Date of change

	Fiscal Year Ended Mar. 31, 2014				Fiscal Year Ending Mar. 31, 2015	
	Three-month Period Ended June 30, 2013	Three-month Period Ended Sept. 30, 2013	Three-month Period Ended Dec. 31, 2013	Three-month Period Ended Mar. 31, 2014	Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014
	Q1	Q2	Q3	Q4	Q1	Q2
<b>Mobile Communications</b>						
GungHo Online Entertainment, Inc.						
Ymobile Corporation (formerly eAccess Ltd.) (Note 1)						
WILLCOM, Inc.						
Supercell Oy						
Brightstar (Note 2)						
<b>Sprint</b>						
Sprint Corporation						

Notes:

1. eAccess Ltd. changed its company name to Ymobile Corporation on July 1, 2014. Preceding this, eAccess Ltd. merged with WILLCOM, Inc. on June 1, 2014. The ADSL business of Ymobile Corporation is included in the Fixed-line Telecommunications segment.
2. The commerce and service business of SoftBank BB Corp. has been included in the Mobile Communications segment. This business was inherited by SoftBank Commerce & Service Corp., which was newly incorporated on April 1, 2014, and SoftBank Commerce & Service Corp. was consolidated by Brightstar on the same date.

## 1. Qualitative Information Regarding Six-month Period Results

### (1) Qualitative Information Regarding Consolidated Results of Operations

#### a. Consolidated Results of Operations

(Millions of yen)

	Six-month Period Ended Sept. 30, 2013 <small>(Note 3)</small>	Six-month Period Ended Sept. 30, 2014	Change	Change %
Net sales	2,598,612	<b>4,104,364</b>	1,505,752	57.9%
Operating income	737,171	<b>596,658</b>	(140,513)	(19.1%)
(Incl.) Gain from remeasurement relating to business combination	253,886	-	(253,886)	-
Income before income tax	628,368	<b>995,781</b>	367,413	58.5%
(Incl.) Dilution gain from changes in equity interest	546	<b>599,275</b>	598,729	-
Net income	445,512	<b>608,441</b>	162,929	36.6%
Net income attributable to owners of the parent	410,167	<b>560,710</b>	150,543	36.7%

Note:

3. Retrospective adjustments are made in accordance with the adoption of IFRIC 21 “Levies.” Please refer to page 33 “2. Significant accounting policies” under “3. Condensed Interim Consolidated Financial Statements, (6) Notes to Condensed Interim Consolidated Financial Statements” for details on the retrospective adjustments.

The main factors affecting earnings for the six-month period ended September 30, 2014 (the “interim period”) were as follows:

#### (a) Net Sales

Net sales totaled ¥4,104,364 million, for a ¥1,505,752 million (57.9%) increase from the six-month period ended September 30, 2013 (the “same period of the previous fiscal year”).

The main reason for the increase was that in the same period of the previous fiscal year Sprint’s results were reflected only for the period from July 11 to September 30, 2013, while its results are reflected for the entire interim period, causing net sales in the Sprint segment to increase by ¥1,022,495 million year on year.

Moreover, an increase in net sales in the Mobile Communications segment of ¥506,874 million also contributed to the overall increase. This was due to the operating results of Brightstar<sup>1</sup> and Supercell being reflected in the fiscal year ended March 31, 2014 (the “previous fiscal year”) only for the periods after their acquisitions, from January 30 to March 31, 2014, and from October 31, 2013 to March 31, 2014, respectively; and therefore not for the period from April 1 to September 30, 2013, while in the interim period the net sales of Brightstar amounting to ¥362,232 million (before elimination) and the net sales of Supercell were recorded.

<sup>1</sup> In “1. Qualitative Information Regarding Six-month Period Results” the earnings of Brightstar are shown excluding the earnings of SoftBank Commerce & Service Corp. which was consolidated by Brightstar on April 1, 2014. The earnings of SoftBank Commerce & Service Corp. and the commerce and service business of SoftBank BB Corp., from which SoftBank Commerce & Service Corp. inherited the business, have been included in the Mobile Communications segment.

**(b) Cost of Sales**

Cost of sales increased ¥1,036,827 million (73.9%) year on year to ¥2,440,650 million. This was primarily due to a ¥663,229 million increase of cost of sales in the Sprint segment as a result of recording cost of sales at Sprint for the entire interim period, and recording ¥328,014 million (before elimination) of cost of sales at Brightstar in the Mobile Communications segment. At SoftBank Mobile Corp. (before elimination), cost of sales increased mainly due to increased depreciation and amortization expenses and access charges, offsetting a decrease in the cost of goods.

**(c) Selling, General and Administrative Expenses**

Selling, general and administrative expenses increased by ¥350,701 million (49.6%) year on year to ¥1,057,330 million. This was primarily due to a ¥271,149 million increase of selling, general and administrative expenses in the Sprint segment as a result of recording the expenses of Sprint for the entire interim period. Recording the expenses of Supercell also incremented overall expenses. At SoftBank Mobile Corp. (before elimination), selling, general and administrative expenses declined mainly due to a decrease in sales commissions accompanying the lower number of units sold.<sup>2</sup>

**(d) Gain from Remeasurement Relating to Business Combination**

During the interim period, no gain from remeasurement relating to business combination was recorded. In the same period of the previous fiscal year, the Company recorded a gain of ¥253,886 million recognized following remeasurement at fair value of its respective equity interests in GungHo and WILLCOM, Inc.<sup>3</sup> that it already held on the dates when the Company acquired control.

**(e) Other Operating Income and Loss**

Other operating loss was ¥9,726 million, a deterioration of ¥4,851 million year on year (other operating loss of ¥4,875 million was recorded in the same period of the previous fiscal year). The deterioration was mainly attributable to recording severance costs associated with reduction in the work force of Sprint of ¥17,130 million (¥4,026 million in the same period of the previous fiscal year).

**(f) Operating Income**

As a result of (a) to (e), operating income decreased by ¥140,513 million (19.1%) year on year to ¥596,658 million. The decline reflected the absence in the interim period of gain from remeasurement relating to business combination of ¥253,886 million recorded in the same period of the previous fiscal year, although operating income increased at SoftBank Mobile Corp. and the Sprint segment by ¥26,004 million (before elimination) and ¥95,246 million, respectively; and income from Supercell was recorded. When comparing operating income for the interim period to the amount obtained after discounting the gain from remeasurement relating to business combination from operating income for the same period of the previous fiscal year, the operating income for the interim period was ¥113,373 million (23.5%) higher.

<sup>2</sup> Units sold: the total number of new subscriptions and handset upgrades.

<sup>3</sup> WILLCOM, Inc. was merged by eAccess Ltd. (currently Ymobile Corporation) on June 1, 2014.

**(g) Finance Cost**

Finance cost rose ¥65,387 million (61.8%) year on year to ¥171,249 million. The increase was mainly due to the impact of recording the interest expense of Sprint for the entire interim period.

**(h) Equity in Income and Loss of Associates**

Equity in loss of associates was ¥19,296 million, a deterioration of ¥15,516 million year on year (equity in loss of associates of ¥3,780 million was recorded in the same period of the previous fiscal year). This was mainly due to recording equity in loss of associates of ¥27,595 million as the portion attributable to the Company out of Alibaba's net loss of ¥79,086 million (\$797 million).

Alibaba's net loss includes the loss of ¥398,716 million (\$3,882 million) recognized as a result of the increase in the fair value of the Convertible Preference Shares issued by Alibaba. The Convertible Preference Shares are recorded as liabilities and measured at fair value, with fluctuations in the fair value recognized in net profit or loss. Under U.S. GAAP based on which Alibaba prepares its disclosure, they are recorded under mezzanine equity at the amount paid, with no fair value measurements carried out, nor related profit or loss recognized afterwards.

The Convertible Preference Shares were converted into common stock in conjunction with Alibaba's listing on the New York Stock Exchange on September 19, 2014. Consequently dilution gain from changes in equity interest was recorded for the portion attributable to the Company out of the loss incurred up until the listing in association with the increase in the fair value of the Convertible Preference Shares.

**(i) Dilution Gain from Changes in Equity Interest**

Dilution gain from changes in equity interest was ¥599,275 million, an increase of ¥598,729 million year on year. This is mainly attributable to the Company recording dilution gain from changes in equity interest of ¥599,141 million in connection with the listing of Alibaba, primarily as a result of the issuance of new shares by Alibaba and the conversion of its Convertible Preference Shares issued by Alibaba into common stock.

**(j) Other Non-operating Income and Loss**

Other non-operating loss was ¥9,607 million, a deterioration of ¥9,900 million year on year (other non-operating income of ¥293 million was recorded in the same period of the previous fiscal year).

- Interest income decreased ¥17,257 million year on year to ¥2,027 million.
- Derivative loss was ¥1,401 million, improving by ¥24,423 million year on year.
- Loss on sales of securities was ¥3,220 million (gain on sale of securities of ¥11,367 million was recorded in the same period of the previous fiscal year).
- Impairment loss on equity method associates of ¥19,393 million was recorded (not recorded in the same period of the previous fiscal year).
- Gain from remeasurement relating to applying equity method of ¥6,249 million was recorded (not recorded in the same period of the previous fiscal year).

Please refer to page 52 "13. Other non-operating income and loss" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

**(k) Income before Income Tax**

As a result of (f) to (j), income before income tax was ¥995,781 million, an increase of ¥367,413 million (58.5%) year on year.

**(l) Income Taxes**

Provisions for current income taxes were ¥387,340 million, an increase of ¥204,484 million (111.8%) year on year. Tax effects were recognized for dilution gain from changes in equity interest related to Alibaba.

**(m) Net Income**

As a result of (k) to (l), net income totaled ¥608,441 million, for a ¥162,929 million (36.6%) year-on-year increase.

**(n) Net Income Attributable to Owners of the Parent**

After deducting net income and loss attributable to non-controlling interests in subsidiaries such as Yahoo Japan Corporation, GungHo, Sprint, and Supercell from (m), net income attributable to owners of the parent amounted to ¥560,710 million, for a ¥150,543 million (36.7%) increase year on year.

**(o) Comprehensive Income**

Comprehensive income totaled ¥752,181 million, for a ¥544,649 million (262.4%) year-on-year increase. Of this, comprehensive income attributable to owners of the parent was ¥681,446 million, for a ¥493,406 million (262.4%) year-on-year increase.



## b. Results by Segment

The Company's reportable segments are components of business activities for which decisions on resource allocation and assessment of performance are made. The Company has four reportable segments: "Mobile Communications," "Sprint," "Fixed-line Telecommunications," and "Internet."

In the Mobile Communications segment, SoftBank Mobile Corp. and other companies provide mobile communications services and sale of mobile devices and accessories, etc., while GungHo and Supercell produce and distribute online games for smartphones and other devices.

In the Sprint segment, Sprint provides mobile communications services in the U.S. and sale of mobile devices and accessories accompanying the services, as well as fixed-line telecommunications services.

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

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

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

Segments		Main Businesses	Core Companies
Reportable Segments	Mobile Communications	<ul style="list-style-type: none"> <li>• Provision of mobile communications services in Japan</li> <li>• Sale of mobile devices and accessories</li> <li>• Sale of PC software and peripherals</li> <li>• Production and distribution of online games for smartphones and other devices</li> </ul>	SoftBank Mobile Corp. Ymobile Corporation Wireless City Planning Inc. Brightstar Corp. SoftBank Telecom Corp. GungHo Online Entertainment, Inc. Supercell Oy
	Sprint	<ul style="list-style-type: none"> <li>• Provision of mobile communications services by Sprint in the U.S.</li> <li>• Sale of mobile devices and accessories accompanying the above services</li> <li>• Provision of fixed-line telecommunications services by Sprint</li> </ul>	Sprint Corporation
	Fixed-line Telecommunications	<ul style="list-style-type: none"> <li>• Provision of telecom services such as fixed-line telephone and data communications services to domestic corporate customers</li> <li>• Provision of broadband services to domestic individual customers</li> <li>• Services accompanying the above services</li> </ul>	SoftBank Telecom Corp. SoftBank BB Corp. Ymobile Corporation Yahoo Japan Corporation
	Internet	<ul style="list-style-type: none"> <li>• Internet advertising</li> <li>• e-commerce business</li> <li>• Membership services</li> </ul>	Yahoo Japan Corporation
Others		<ul style="list-style-type: none"> <li>• Fukuoka SoftBank HAWKS related businesses</li> </ul>	Fukuoka SoftBank HAWKS Corp.

Note:

4. Income of reportable segments is based on income from operating income, excluding "Gain from remeasurement relating to business combination" and "Other operating income (loss)," as follows:

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

**(a) Mobile Communications Segment**

(Millions of yen)

	Six-month Period Ended Sept. 30, 2013	Six-month Period Ended Sept. 30, 2014	Change	Change %
Net sales	1,386,527	<b>1,893,401</b>	506,874	36.6%
Segment income	356,457	<b>401,635</b>	45,178	12.7%

**< Overview of Operations >**

The segment's net sales increased by ¥506,874 million (36.6%) year on year to ¥1,893,401 million. The increase was mainly due to recording the net sales of Brightstar amounting to ¥362,232 million (before elimination) and the net sales of Supercell in the interim period, which were not recorded in the same period of the previous fiscal year. At SoftBank Mobile Corp., net sales increased by ¥23,593 million (before elimination) on higher service revenue along with growth in the cumulative number of subscribers, offsetting a decrease in product sales on a lower number of handsets shipped.<sup>4</sup>

Segment income increased by ¥45,178 million (12.7%) year on year to ¥401,635 million. This was mainly due to an increase in SoftBank Mobile Corp. by ¥26,004 million (before elimination), caused by its increased service revenue and decreased operating expenses. The decrease in its operating expenses reflected a decline in cost of goods and sales commissions primarily resulting from a lower number of handsets shipped and units sold. Recording the earnings of Supercell also contributed to the overall income increase.

**< Overview of Business Operations >**

(Principal operational data of SoftBank Mobile Corp. is shown below.)

**• Number of Subscribers**

The cumulative number of subscribers at SoftBank Mobile Corp. as of September 30, 2014 (the "end of the second quarter") stood at 37,047,000. Net subscriber additions (new subscriptions minus churn) for the interim period at SoftBank Mobile Corp. totaled 1,122,000. This was primarily the result of solid trends in subscriber numbers, especially for smartphones and tablets, and communication modules.

**• ARPU**

ARPU<sup>5</sup> at SoftBank Mobile Corp. for the three-month period ended September 30, 2014 (the "second quarter"), decreased by ¥260 year on year to ¥4,260. The decline in ARPU primarily reflected an increase in low-ARPU devices and a decline in voice calls using voice devices. Meanwhile, ARPU was pushed up mainly by growth in the number of LTE subscriptions, which have relatively higher data communication charges compared to 3G subscriptions.

<sup>4</sup> Handsets shipped: the number of handsets shipped (sold) to handset dealers. Includes the number of handsets sold to customers at stores operated by SoftBank Mobile Corp. and the SoftBank ONLINE SHOP.

<sup>5</sup> For definitions and calculation methods of ARPU and churn and upgrade rates at SoftBank Mobile Corp., see page 14 "(Reference 2: Definitions and Calculation Methods of Principal Operational Data) (a) SoftBank Mobile Corp."

• **Number of Units Sold**

The number of units sold at SoftBank Mobile Corp. in the interim period decreased by 212,000 year on year to 5,961,000.

The decrease was primarily due to a decline in the number of upgrades, reflecting the customers' prolonged use of mobile devices. The number of units sold in the second quarter increased year on year, due to strong sales of iPhone.<sup>6</sup>

• **Churn Rate and Upgrade Rate**

The churn rate<sup>5</sup> at SoftBank Mobile Corp. for the second quarter was 1.27%, up 0.15 of a percentage point year on year. This was mainly due to an increase in churn for non-voice devices reaching the end of their two-year subscriptions.

The upgrade rate<sup>5</sup> was 1.32%, up 0.09 of a percentage point year on year. This was mainly due to the progress in iPhone upgrades.

**(b) Sprint Segment**

(Millions of yen)

	Six-month Period Ended Sept. 30, 2013	<b>Six-month Period Ended Sept. 30, 2014</b>	Change	Change %
Net sales	760,941	<b>1,783,436</b>	1,022,495	134.4%
Segment income	(18,520)	<b>76,726</b>	95,246	-

(Reference)

Severance costs associated with reduction in the work force of Sprint (Other operating loss)	(4,026)	<b>(17,130)</b>	(13,104)	-
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Note:

5. The Sprint segment includes the results of Sprint since July 11, 2013.

< **Overview of Operations** >

The segment's net sales increased by ¥1,022,495 million (134.4%) year on year to ¥1,783,436 million. The main factor behind the increase was that in the same period of the previous fiscal year Sprint's results were reflected only from July 11 to September 30, 2013, while its results are reflected for the entire interim period.

Segment income improved by ¥95,246 million year on year from a segment loss of ¥18,520 million in the same period of the previous fiscal year to ¥76,726 million. The principal cause of this improvement was a decrease in depreciation and amortization expenses as a result of some of the legacy assets becoming fully depreciated as of December 31, 2013. Moreover, as a result of the network enhancement and improvement, roaming and network expenses decreased year on year.

Severance costs associated with reduction in the work force of Sprint are recorded as other operating loss on the Company's consolidated statements of income and do not affect segment income.

<sup>6</sup> iPhone is a trademark of Apple Inc. The iPhone trademark is used under license from Aiphone K.K.

### < Overview of Business Operations >

Net subscriber additions at Sprint for the interim period totaled 150,000, bringing the cumulative number of subscribers to 55,037,000 at the end of the second quarter.

Of this, Sprint platform<sup>7</sup> net additions totaled 370,000. This primarily reflected a net subscriber addition of 1,330,000 in wholesale & affiliate, mainly due to a net addition of communication modules for automobiles. This outweighed a net subscriber loss of 453,000 in postpaid caused by a net loss of mobile phones, as well as a net subscriber loss of 507,000 in prepaid, which mainly reflected the impact of subscribers not completing the annual recertification of the Lifeline Assistance Program.<sup>8</sup> As a result, the cumulative number of Sprint platform subscribers stood at 53,921,000 at the end of the second quarter.

Sprint platform ARPU<sup>9</sup> for the second quarter was \$60.58 for postpaid and \$27.19 for prepaid, and its churn rate was 2.18% for postpaid and 3.76% for prepaid.

### (c) Fixed-line Telecommunications Segment

(Millions of yen)				
	Six-month Period Ended Sept. 30, 2013	Six-month Period Ended Sept. 30, 2014	Change	Change %
Net sales	270,369	<b>264,303</b>	(6,066)	(2.2%)
Segment income	60,243	<b>53,346</b>	(6,897)	(11.4%)

### < Overview of Operations >

The segment's net sales decreased by ¥6,066 million (2.2%) year on year to ¥264,303 million. This was mainly due to a decline in ADSL service sales at Ymobile Corporation and the absence of temporary revenues from interconnection charges recorded at SoftBank Telecom Corp. in the same period of the previous fiscal year.

Segment income decreased by ¥6,897 million (11.4%) year on year to ¥53,346 million. This was mainly due to a decrease in net sales as well as an increase in costs relating to network construction for corporate communication services and other areas at SoftBank Telecom Corp.

<sup>7</sup> Sprint-operated CDMA and LTE networks.

<sup>8</sup> A program where carriers in the U.S. receive a subsidy from a government fund to provide discounted services to low-income subscribers.

<sup>9</sup> For definitions and calculation methods of ARPU and churn rate of Sprint platform, see page 14 "(Reference 2: Definitions and Calculation Methods of Principal Operational Data) (b) Sprint Platform."

**(d) Internet Segment**

(Millions of yen)

	Six-month Period Ended Sept. 30, 2013	Six-month Period Ended Sept. 30, 2014	Change	Change %
Net sales	196,290	<b>198,305</b>	2,015	1.0%
Segment income	94,867	<b>89,525</b>	(5,342)	(5.6%)

**<Overview of Operations>**

The segment's net sales increased by ¥2,015 million (1.0%) year on year to ¥198,305 million. The increase was the result of revenue growth in the advertising business at Yahoo Japan Corporation, especially from display advertising,<sup>10</sup> offsetting a revenue decrease in the e-commerce business relating to its new strategy including eliminating monthly store tenant and other fees.

Segment income decreased by ¥5,342 million (5.6%) year on year to ¥89,525 million. This decrease was mainly caused by a drop in revenue and increased sales promotion expenses in the e-commerce business at Yahoo Japan Corporation. Income was also adversely affected by increased depreciation and amortization and other costs due to continued capital expenditures related to the advertising business, big data and security enhancement.

<sup>10</sup> Graphical, Flash®, and video advertising that appears on a certain defined area. Includes premium advertisements such as *Brand Panel* shown on *Yahoo! JAPAN*'s top page and *Yahoo! Display Ad Network (YDN)*, which shows advertisements most suitable to the user based on the content the user is viewing and their interests, attributes, and geographical location.

**(Reference 1: Principal Operational Data)**
**(a) Mobile Communications Segment**

		Fiscal Year Ended Mar. 31, 2014					Fiscal Year Ending Mar. 31, 2015	
		Three-month Period Ended June 30, 2013	Three-month Period Ended Sept. 30, 2013	Three-month Period Ended Dec. 31, 2013	Three-month Period Ended Mar. 31, 2014	Fiscal Year Ended Mar. 31, 2014	Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014
		Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Cumulative Subscribers	(Thousands) SoftBank Mobile Corp. <sup>11</sup>	33,290	34,068	34,760		35,925	36,482	<b>37,047</b>
	Ymobile Corporation <sup>12,13</sup>	9,542	9,725	9,899		10,011	10,002	<b>10,066</b>
	(Incl.) PHS	5,199	5,310	5,403		5,546	5,516	<b>5,470</b>
SoftBank Mobile Corp.	(Thousands) Net additions <sup>11</sup>	810	778	692	1,165	3,445	557	<b>565</b>
	Postpaid	818	790	716	1,202	3,526	591	<b>594</b>
	Prepaid	-8	-12	-24	-36	-81	-34	<b>-29</b>
	(¥ / month) ARPU <sup>14,15</sup>	4,460	4,520	4,490	4,340	4,450	4,280	<b>4,260</b>
	(Thousands) Handsets shipped <sup>16</sup>	2,575	2,734	3,347	3,377	12,033	1,769	<b>2,978</b>
	(Thousands) Units sold <sup>17</sup>	3,023	3,150	3,713	4,289	14,175	2,533	<b>3,428</b>
	New subscriptions	1,790	1,904	2,015	2,921	8,629	1,761	<b>1,968</b>
	Handset upgrades	1,233	1,246	1,698	1,368	5,546	772	<b>1,460</b>
	(% / month) Churn rate <sup>14</sup>	0.99	1.12	1.28	1.66	1.27	1.11	<b>1.27</b>
	Postpaid	0.94	1.06	1.24	1.63	1.22	1.07	<b>1.23</b>
(% / month) Upgrade rate <sup>14</sup>	1.25	1.23	1.64	1.30	1.36	0.71	<b>1.32</b>	

<sup>11</sup> Includes the number of prepaid mobile phones and communication module service subscribers. The communication module subscribers' net additions for the interim period were 372,000 and the cumulative number at the end of the second quarter totaled 4,205,000.

<sup>12</sup> eAccess Ltd. changed its company name to Ymobile Corporation on July 1, 2014. Preceding this, eAccess Ltd. merged with WILLCOM, Inc. on June 1, 2014.

<sup>13</sup> Includes the number of prepaid mobile phones and communication module service subscribers. The number of subscribers for the services provided by Ymobile Corporation under the "Y!mobile" (formerly "EMOBILE" or "WILLCOM") brand utilizing the communication network of SoftBank Mobile Corp. is not included.

<sup>14</sup> For definitions and calculation methods of ARPU and churn and upgrade rates at SoftBank Mobile Corp., see page 14 "(Reference 2: Definitions and Calculation Methods of Principal Operational Data) (a) SoftBank Mobile Corp."

<sup>15</sup> ARPU in the fourth quarter of every fiscal year includes impact from revision of interconnection charges.

<sup>16</sup> Handsets shipped: the number of handsets shipped (sold) to dealers. Includes the number of handsets sold to customers at stores operated by SoftBank Mobile Corp. and the SoftBank ONLINE SHOP.

<sup>17</sup> Units sold: the total number of new subscriptions and handset upgrades.

**(b) Sprint Segment**

		Fiscal Year Ended Mar. 31, 2014					Fiscal Year Ending Mar. 31, 2015	
		Three-month Period Ended June 30, 2013	Three-month Period Ended Sept. 30, 2013	Three-month Period Ended Dec. 31, 2013	Three-month Period Ended Mar. 31, 2014	Fiscal Year Ended Mar. 31, 2014	Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014
		Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Cumulative Subscribers <sup>18</sup>	(Thousands)							
	Sprint total	53,588	54,877	55,354		54,887	54,553	<b>55,037</b>
	Sprint platform	53,376	53,252	53,934		53,551	53,331	<b>53,921</b>
	Postpaid	30,451	30,091	30,149		29,918	29,737	<b>29,465</b>
	Prepaid	15,215	15,299	15,621		15,257	14,715	<b>14,750</b>
	Wholesale & affiliate	7,710	7,862	8,164		8,376	8,879	<b>9,706</b>
	U.S. Cellular & Clearwire <sup>19</sup>	212	1,625	1,420		1,336	1,222	<b>1,116</b>
Sprint Platform	(Thousands)							
	Net additions <sup>18</sup>	-520	-95	682	-383		-220	<b>590</b>
	Postpaid	194	-360	58	-231		-181	<b>-272</b>
	Prepaid	-486	84	322	-364		-542	<b>35</b>
	Wholesale & affiliate	-228	181	302	212		503	<b>827</b>
	(\$ / month)							
	ARPU <sup>20</sup>							
	Postpaid	64.20	64.28	64.11	63.52		62.07	<b>60.58</b>
	Prepaid	26.96	25.33	26.78	26.45		27.38	<b>27.19</b>
	(% / month)							
Churn rate <sup>20</sup>								
Postpaid	1.83	1.99	2.07	2.11		2.05	<b>2.18</b>	
Prepaid	5.22	3.57	3.01	4.33		4.44	<b>3.76</b>	

<sup>18</sup> Includes the number of communication module service subscribers.

<sup>19</sup> Sprint acquired 411,000 subscribers (352,000 postpaid subscribers and 59,000 prepaid subscribers) through the acquisition of assets from U.S. Cellular Corporation ("U.S. Cellular") following its acquisition of U.S. Cellular when the transaction closed on May 17, 2013. Sprint also acquired 1,602,000 subscribers (788,000 postpaid subscribers, 721,000 prepaid subscribers, and 93,000 wholesale subscribers), following its acquisition of Clearwire Corporation ("Clearwire") when the transaction closed on July 9, 2013, and transferred 29,000 Sprint wholesale subscribers relating to a Clearwire MVNO arrangement that were originally recognized on the Sprint platform, to this category.

<sup>20</sup> For definitions and calculation methods of ARPU and churn rate of Sprint platform, see page 14 "(Reference 2: Definitions and Calculation Methods of Principal Operational Data) (b) Sprint Platform."

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

**(a) SoftBank Mobile Corp.**

**i. ARPU**

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

$ARPU = (\text{data-related revenue} + \text{basic monthly charge, voice-related revenues, etc.}) / \text{number of active subscribers}$

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

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

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

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

(Calculation of ARPU excludes revenues and subscribers related to communication modules.)

**ii. Churn rate**

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

Number of churn: the total number of subscribers that churned during the relevant period

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

**iii. Upgrade rate**

Upgrade rate = number of upgrades / number of active subscribers (rounded to the nearest 0.01%)

Number of upgrades: the total number of upgrades during the relevant period

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

**(b) Sprint Platform**

**i. ARPU**

ARPU: Average Revenue Per User per month (rounded to the nearest \$.01)

$ARPU = \text{service revenue} / \text{number of active subscribers}$

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

**ii. Churn rate**

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

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  
 $((\text{subscribers at the beginning of the month} + \text{subscribers at the end of the month}) / 2)$



**(Reference 3: Capital Expenditure and Depreciation)**
**(a) Capital Expenditure (acceptance basis)**

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2014					Fiscal Year Ending Mar. 31, 2015	
	Three-month Period Ended June 30, 2013	Three-month Period Ended Sept. 30, 2013	Three-month Period Ended Dec. 31, 2013	Three-month Period Ended Mar. 31, 2014	Fiscal Year Ended Mar. 31, 2014	Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Mobile Communications Segment	163,581	164,563	170,469	180,347	678,960	123,186	<b>121,794</b>
Sprint Segment	/	163,574	208,733	91,969	464,276	148,793	<b>162,025</b>
Fixed-line Telecommunications Segment	9,903	16,743	13,091	20,731	60,468	9,946	<b>14,447</b>
Internet Segment	4,393	2,746	9,194	9,706	26,039	8,534	<b>5,035</b>
Others	2,835	4,694	3,082	4,896	15,507	5,552	<b>4,446</b>
Consolidated total	180,712	352,320	404,569	307,649	1,245,250	296,011	<b>307,747</b>

**(b) Depreciation and Amortization**

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2014					Fiscal Year Ending Mar. 31, 2015	
	Three-month Period Ended June 30, 2013	Three-month Period Ended Sept. 30, 2013	Three-month Period Ended Dec. 31, 2013	Three-month Period Ended Mar. 31, 2014	Fiscal Year Ended Mar. 31, 2014	Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Mobile Communications Segment	83,367	92,228	100,205	119,184	394,984	106,600	<b>106,979</b>
Sprint Segment	/	134,191	152,411	131,859	418,461	128,621	<b>132,763</b>
Fixed-line Telecommunications Segment	14,809	14,918	15,402	16,948	62,077	13,939	<b>14,988</b>
Internet Segment	3,221	3,218	3,700	5,230	15,369	3,543	<b>4,153</b>
Others	1,902	2,085	2,329	2,697	9,013	2,298	<b>2,299</b>
Consolidated total	103,299	246,640	274,047	275,918	899,904	255,001	<b>261,182</b>

Note:

6. The Sprint segment includes the results of Sprint since July 11, 2013.

## (2) Qualitative Information Regarding Consolidated Financial Position

### a. Assets, Liabilities and Equity

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

(Millions of yen)

	As of March 31, 2014 <small>(Note 7)</small>	As of <b>September 30, 2014</b>	Change	Change %
Total assets	16,690,127	<b>18,504,445</b>	1,814,318	10.9%
Total liabilities	13,859,745	<b>14,979,380</b>	1,119,635	8.1%
Total equity	2,830,382	<b>3,525,065</b>	694,683	24.5%

(Reference)

Exchange rate USD/ JPY	102.92	<b>109.45</b>	6.53	6.3%
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Note:

7. Retrospective adjustments are made in accordance with the adoption of IFRIC 21 “Levies.” Please refer to page 33, “2. Significant accounting policies” under “3. Condensed Interim Consolidated Financial Statements, (6) Notes to Condensed Interim Consolidated Financial Statements” for details on the retrospective adjustments.

### (a) Current Assets

(Millions of yen)

Item	As of March 31, 2014	As of <b>September 30, 2014</b>	Change
Cash and cash equivalents	1,963,490	<b>2,449,612</b>	486,122
<i>Sprint</i>	511,562	<b>452,604</b>	(58,958)
Trade and other receivables	1,669,545	<b>1,689,260</b>	19,715
<i>Sprint</i>	370,564	<b>422,433</b>	51,869
Other financial assets	164,727	<b>187,964</b>	23,237
Inventories	251,677	<b>342,430</b>	90,753
Other current assets	281,535	<b>274,965</b>	(6,570)
Total current assets	4,330,974	<b>4,944,231</b>	613,257

Current assets totaled ¥4,944,231 million, for a ¥613,257 million (14.2%) increase from March 31, 2014 (the “previous fiscal year-end”). The increase was mainly attributable to increases of ¥486,122 million in cash and cash equivalents and of ¥90,753 million in inventories, the latter was primarily due to an increase at Brightstar.

**(b) Non-current Assets**

(Millions of yen)

Item	As of March 31, 2014	As of September 30, 2014	Change
Property, plant and equipment	3,586,327	<b>3,831,945</b>	245,618
<i>Sprint</i>	1,472,679	<b>1,693,131</b>	220,452
Goodwill	1,539,607	<b>1,559,911</b>	20,304
<i>Sprint</i>	286,258	<b>302,409</b>	16,151
Intangible assets	6,177,701	<b>6,414,190</b>	236,489
<i>Sprint</i>	5,303,382	<b>5,534,115</b>	230,733
FCC licenses <sup>21</sup>	3,709,526	<b>3,925,399</b>	215,873
<i>Sprint</i>	3,709,526	<b>3,925,399</b>	215,873
Customer relationships	677,494	<b>616,832</b>	(60,662)
<i>Sprint</i>	579,885	<b>531,103</b>	(48,782)
Trademarks	675,450	<b>716,492</b>	41,042
<i>Sprint</i>	663,150	<b>704,376</b>	41,226
Software	647,386	<b>706,115</b>	58,729
Game titles	166,522	<b>139,473</b>	(27,049)
Others	301,323	<b>309,879</b>	8,556
Investments accounted for using the equity method	304,318	<b>887,272</b>	582,954
Other financial assets	401,693	<b>515,856</b>	114,163
Deferred tax assets	182,246	<b>170,957</b>	(11,289)
Other non-current assets	167,261	<b>180,083</b>	12,822
<b>Total non-current assets</b>	<b>12,359,153</b>	<b>13,560,214</b>	<b>1,201,061</b>

Non-current assets totaled ¥13,560,214 million, for a ¥1,201,061 million (9.7%) increase from the previous fiscal year-end. The primary components of the change were as follows:

- Investments accounted for using the equity method totaled ¥887,272 million, for a ¥582,954 million increase from the previous fiscal year-end. This is mainly due to the recording of dilution gain from changes in equity interest related to Alibaba.
- Property, plant and equipment totaled ¥3,831,945 million, for a ¥245,618 million increase from the previous fiscal year-end. This mainly reflected an increase of ¥220,452 million at Sprint, mostly due to its acquisitions of telecommunications equipment to enhance its network, as well as the impact of the yen at the end of the second quarter depreciating against the U.S. dollar from the previous fiscal year-end.
- Intangible assets totaled ¥6,414,190 million, for a ¥236,489 million increase from the previous fiscal year-end. The increase was caused mainly by an increase in FCC licenses (non-amortized assets from an

<sup>21</sup> Licenses issued by the U.S. Federal Communications Commission for use of specified spectrum.

accounting perspective) of ¥215,873 million, primarily due to the impact of the yen at the end of the second quarter depreciating against the U.S. dollar from the previous fiscal year-end. On the other hand, customer relationships and game titles declined by ¥60,662 million and ¥27,049 million, respectively both mainly due to regular amortization.

### (c) Current Liabilities

(Millions of yen)

Item	As of March 31, 2014	As of September 30, 2014	Change
Interest-bearing debt	1,147,899	<b>1,452,103</b>	304,204
<i>Sprint</i>	101,977	<b>88,454</b>	(13,523)
Short-term borrowings	270,529	<b>229,944</b>	(40,585)
Current portion of long-term borrowings	393,566	<b>469,439</b>	75,873
Current portion of corporate bonds	139,300	<b>103,739</b>	(35,561)
<i>Sprint</i>	64,433	<b>48,665</b>	(15,768)
Current portion of lease obligations	264,295	<b>370,842</b>	106,547
Current portion of preferred securities	-	<b>200,000</b>	200,000
Others	80,209	<b>78,139</b>	(2,070)
Trade and other payables	1,705,956	<b>1,789,367</b>	83,411
Other financial liabilities	5,847	<b>10,557</b>	4,710
Income taxes payables	246,013	<b>183,173</b>	(62,840)
Provisions	93,115	<b>65,488</b>	(27,627)
Other current liabilities	568,366	<b>577,162</b>	8,796
<b>Total current liabilities</b>	<b>3,767,196</b>	<b>4,077,850</b>	<b>310,654</b>

Current liabilities totaled ¥4,077,850 million, for a ¥310,654 million (8.2%) increase from the previous fiscal year-end. The increase mainly reflects an increase of ¥304,204 million in interest-bearing debt. This was mostly due to the reclassification from non-current liabilities of ¥200,000 million of the preferred (restricted voting) securities of the subsidiary SFJ Capital Limited issued in September 2011, because it will become possible for the holders to exercise their put option to redeem the preferred securities in cash in May 2015 or later. The current portion of lease obligations increased by ¥106,547 million, mainly due to the reclassification from non-current liabilities of the lease obligation relating to the FUKUOKA YAHUOKU! DOME, as the lease contract is scheduled to end in July 2015.

**(d) Non-current Liabilities**

(Millions of yen)

Item	As of March 31, 2014	As of September 30, 2014	Change
Interest-bearing debt	8,022,154	<b>8,530,874</b>	508,720
<i>Sprint</i>	3,257,182	<b>3,428,645</b>	171,463
Long-term borrowings	2,243,855	<b>2,136,756</b>	(107,099)
Corporate bonds	4,743,073	<b>5,610,943</b>	867,870
<i>Sprint</i>	3,164,192	<b>3,349,404</b>	185,212
Lease obligations	730,915	<b>688,821</b>	(42,094)
Preferred securities	199,156	-	(199,156)
Others	105,155	<b>94,354</b>	(10,801)
Other financial liabilities	41,151	<b>35,602</b>	(5,549)
Defined benefit liabilities	77,041	<b>79,210</b>	2,169
Provisions	136,920	<b>135,983</b>	(937)
Deferred tax liabilities	1,533,021	<b>1,820,267</b>	287,246
<i>Sprint</i>	1,448,264	<b>1,557,336</b>	109,072
Other non-current liabilities	282,262	<b>299,594</b>	17,332
<b>Total non-current liabilities</b>	<b>10,092,549</b>	<b>10,901,530</b>	<b>808,981</b>

Non-current liabilities totaled ¥10,901,530 million, for a ¥808,981 million (8.0%) increase from the previous fiscal year-end. The primary components of the change were as follows:

- Interest-bearing debt increased by ¥508,720 million from the previous fiscal year-end. The increase mainly reflected SoftBank Corp.'s issuing ¥700,000 million of unsecured straight corporate bonds and an increase in Sprint's corporate bonds by ¥185,212 million primarily due to the yen at the end of the second quarter depreciating against the U.S. dollar from the previous fiscal year-end. On the other hand, preferred (restricted voting) securities of SFJ Capital Limited were reclassified into current liabilities.
- Deferred tax liabilities increased by ¥287,246 million from the previous fiscal year-end. This was mainly due to recognition of the tax effect of the difference between the carrying amount of Alibaba on a consolidated basis, which increased due to the recording of dilution gain from changes in equity interest, and its carrying amount on a tax basis.

**(e) Equity**

(Millions of yen)				
	As of March 31, 2014	<b>As of September 30, 2014</b>	Change	Change %
Equity attributable to owners of the parent	1,930,441	<b>2,558,277</b>	627,836	32.5%
Non-controlling interests	899,941	<b>966,788</b>	66,847	7.4%
<b>Total equity</b>	<b>2,830,382</b>	<b>3,525,065</b>	694,683	24.5%

Equity totaled ¥3,525,065 million, for a ¥694,683 million (24.5%) increase from the previous fiscal year-end. Of this amount, equity attributable to owners of the parent and non-controlling interests increased by ¥627,836 million (32.5%) and ¥66,847 million (7.4%), respectively. The ratio of equity attributable to owners of the parent to total assets increased by 2.2 percentage points from the previous fiscal year-end to 13.8%.

**(Equity Attributable to Owners of the Parent)**

(Millions of yen)			
Item	As of March 31, 2014	<b>As of September 30, 2014</b>	Change
Common stock	238,772	<b>238,772</b>	-
Capital surplus	405,045	<b>374,048</b>	(30,997)
Retained earnings	1,168,266	<b>1,704,268</b>	536,002
Treasury stock	(51,492)	<b>(49,643)</b>	1,849
Accumulated other comprehensive income	169,850	<b>290,832</b>	120,982
Available-for-sale financial assets	14,122	<b>10,161</b>	(3,961)
Cash flow hedges	(19,942)	<b>(16,051)</b>	3,891
Exchange differences on translating foreign operations	175,670	<b>296,722</b>	121,052
<b>Total equity attributable to owners of the parent</b>	<b>1,930,441</b>	<b>2,558,277</b>	627,836

Equity attributable to owners of the parent totaled ¥2,558,277 million, for a ¥627,836 million (32.5%) increase from the previous fiscal year-end. This was mainly due to increases in retained earnings and accumulated other comprehensive income of ¥536,002 million and ¥120,982 million, respectively. The increase in retained earnings primarily reflected net income attributable to owners of the parent of ¥560,710 million. The increase in accumulated other comprehensive income was mainly attributable to an increase in exchange differences on translating foreign operations due to the yen at the end of the second quarter depreciating against the U.S. dollar from the previous fiscal year-end.

**(Non-controlling Interests)**

Non-controlling interests totaled ¥966,788 million, for a ¥66,847 million (7.4%) increase from the previous fiscal year-end.

**b. Cash Flows**

Cash flows for the interim period were as follows:

Cash and cash equivalents at the end of the second quarter totaled ¥2,449,612 million, for a ¥486,122 million increase from the previous fiscal year-end.

(Millions of yen)

	Six-month Period Ended Sept. 30, 2013 <sup>(Note 8)</sup>	Six-month Period Ended Sept. 30, 2014	Change
Cash flows from operating activities	451,229	<b>682,348</b>	231,119
Cash flows from investing activities	(2,102,052)	<b>(736,984)</b>	1,365,068
Cash flows from financing activities	2,410,281	<b>510,476</b>	(1,899,805)

(Reference)

Cash flows from operating activities - capital expenditure <sup>(Note 9)</sup>	(132,404)	<b>49,331</b>	181,735
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Notes:

8. Retrospective adjustments are made in accordance with the adoption of IFRIC 21 "Levies." Please refer to page 33 "2. Significant accounting policies" under "3. Condensed Interim Consolidated Financial Statements, (6) Notes to Condensed Interim Consolidated Financial Statements" for details on the retrospective adjustments.
9. Outlays for purchase of property, plant and equipment and intangible assets.

**(a) Cash Flows from Operating Activities**

Net cash provided by operating activities totaled ¥682,348 million (compared with ¥451,229 million provided in the same period of the previous fiscal year). The primary components of cash flows were as follows:

- i. Net income totaled ¥608,441 million.
- ii. The main items added to net income were ¥516,183 million in depreciation and amortization, ¥387,340 million in income taxes, and ¥171,249 million in finance cost.
- iii. The main item subtracted from net income was ¥599,275 million in dilution gain from changes in equity interest.
- iv. Decrease in trade and other receivables (increase in cash flows) of ¥28,683 million and increase in trade and other payables (increase in cash flows) of ¥49,367 million were recorded.
- v. Interest paid was ¥184,533 million.
- vi. Income taxes paid was ¥244,886 million.

**(b) Cash Flows from Investing Activities**

Net cash used in investing activities was ¥736,984 million (compared with ¥2,102,052 million used in the same period of 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 ¥633,017 million.
- ii. Payments for acquisition of investments of ¥195,568 million and proceeds from sales/redemption of investments of ¥178,272 million were recorded. These were mainly attributable to short-term trading of marketable securities by Sprint and Brightstar.

**(c) Cash Flows from Financing Activities**

Net cash provided by financing activities was ¥510,476 million (compared with ¥2,410,281 million provided in the same period of 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 ¥1,063,791 million. The components were as follows:

- Proceeds from issuance of corporate bonds of ¥700,000 million. This consisted of unsecured straight corporate bonds issued by SoftBank Corp.
- Proceeds from sale and leaseback of newly acquired equipment of ¥217,212 million.
- Proceeds from long-term borrowings of ¥146,579 million. This was mainly due to borrowings made through securitization of installment sales receivables at SoftBank Mobile Corp.

(Items Decreasing Cash Flows)

i. Repayment of long-term interest-bearing debt was ¥410,914 million. The primary components were as follows:

- Repayment of long-term borrowings of ¥179,131 million. This was mainly due to SoftBank Mobile Corp. repaying borrowings made through securitization of installment sales receivables.
- Repayment of lease obligations of ¥144,059 million.
- Redemption of corporate bonds of ¥63,434 million. This was mainly due to SoftBank Corp.'s redemption of its unsecured straight corporate bonds totaling ¥44,900 million.

ii. Repayment of short-term interest-bearing debt was ¥65,687 million.

iii. Payment for purchase of subsidiaries' equity from non-controlling interests of ¥43,496 million. This was mainly due to the additional purchase of shares of Brightstar Global Group Inc., the parent company (100% ownership) of Brightstar.

**(3) Qualitative Information Regarding Forecast on Consolidated Results of Operations**

The Company projects net sales of ¥8 trillion, EBITDA<sup>(Note 10)</sup> of approximately ¥2 trillion, and operating income of ¥900 billion for the fiscal year ending March 31, 2015. The operating income forecast has been downwardly revised by ¥100 billion from the original forecast disclosed in the Consolidated Financial Report for the fiscal year ended March 31, 2014. This reflects a downward revision of the outlook for the Sprint segment.

The operating income for the fiscal year ended March 31, 2014 of ¥1,077.0 billion (after retrospective adjustments) includes gain from remeasurement relating to business combination of ¥253.9 billion. The forecasted operating income of ¥900 billion for the fiscal year ending March 31, 2015 does not include any temporary gains.

Note:

10. EBITDA = net sales - cost of sales - selling, general and administrative expenses + depreciation and amortization



**2. Notes to Summary Information**
**Changes in Accounting Policies and Accounting Estimates  
 (Changes in accounting policies required by IFRSs)**

The following standards are applied by the Company during the three-month period ended June 30, 2014.

Standard		Outline of the new / revised standards
IAS 32 (Amendments)	Financial Instruments: Presentation	To clarify the requirements of net presentation of financial assets and liabilities
IFRIC 21	Levies	To clarify the timing of recognition of liabilities related to the payment of levies

The details are described in “Note 2. Significant accounting policies” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements.”

**3. Condensed Interim Consolidated Financial Statements**
**(1) Condensed Interim Consolidated Statements of Financial Position**

	As of March 31, 2014*	(Millions of yen) As of September 30, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,963,490	2,449,612
Trade and other receivables	1,669,545	1,689,260
Other financial assets	164,727	187,964
Inventories	251,677	342,430
Other current assets	281,535	274,965
Total current assets	<u>4,330,974</u>	<u>4,944,231</u>
<b>Non-current assets</b>		
Property, plant and equipment	3,586,327	3,831,945
Goodwill	1,539,607	1,559,911
Intangible assets	6,177,701	6,414,190
Investments accounted for using the equity method	304,318	887,272
Other financial assets	401,693	515,856
Deferred tax assets	182,246	170,957
Other non-current assets	167,261	180,083
Total non-current assets	<u>12,359,153</u>	<u>13,560,214</u>
<b>Total assets</b>	<u><u>16,690,127</u></u>	<u><u>18,504,445</u></u>

**Note:**

Retrospective adjustments are made in accordance with the adoption of IFRIC 21 "Levies." The details are described in "Note 2. Significant accounting policies."

	As of March 31, 2014*	(Millions of yen) As of September 30, 2014
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Interest-bearing debt	1,147,899	1,452,103
Trade and other payables	1,705,956	1,789,367
Other financial liabilities	5,847	10,557
Income taxes payables	246,013	183,173
Provisions	93,115	65,488
Other current liabilities	568,366	577,162
<b>Total current liabilities</b>	<b>3,767,196</b>	<b>4,077,850</b>
<b>Non-current liabilities</b>		
Interest-bearing debt	8,022,154	8,530,874
Other financial liabilities	41,151	35,602
Defined benefit liabilities	77,041	79,210
Provisions	136,920	135,983
Deferred tax liabilities	1,533,021	1,820,267
Other non-current liabilities	282,262	299,594
<b>Total non-current liabilities</b>	<b>10,092,549</b>	<b>10,901,530</b>
<b>Total liabilities</b>	<b>13,859,745</b>	<b>14,979,380</b>
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Common stock	238,772	238,772
Capital surplus	405,045	374,048
Retained earnings	1,168,266	1,704,268
Treasury stock	(51,492)	(49,643)
Accumulated other comprehensive income	169,850	290,832
<b>Total equity attributable to owners of the parent</b>	<b>1,930,441</b>	<b>2,558,277</b>
<b>Non-controlling interests</b>	<b>899,941</b>	<b>966,788</b>
<b>Total equity</b>	<b>2,830,382</b>	<b>3,525,065</b>
<b>Total liabilities and equity</b>	<b>16,690,127</b>	<b>18,504,445</b>

**Note:**

Retrospective adjustments are made in accordance with the adoption of IFRIC 21 "Levies." The details are described in "Note 2. Significant accounting policies."

**(2) Condensed Interim Consolidated Statements of Income and Comprehensive Income**
**For the six-month period ended September 30**
Condensed Interim Consolidated Statements of Income

	Six-month period ended September 30, 2013*	(Millions of yen) Six-month period ended September 30, 2014
<b>Net sales</b>	2,598,612	4,104,364
Cost of sales	(1,403,823)	(2,440,650)
<b>Gross profit</b>	1,194,789	1,663,714
Selling, general and administrative expenses	(706,629)	(1,057,330)
Gain from remeasurement relating to business combination	253,886	-
Other operating loss	(4,875)	(9,726)
<b>Operating income</b>	737,171	596,658
Finance cost	(105,862)	(171,249)
Equity in loss of associates	(3,780)	(19,296)
Dilution gain from changes in equity interest	546	599,275
Other non-operating income (loss)	293	(9,607)
<b>Income before income tax</b>	628,368	995,781
Income taxes	(182,856)	(387,340)
<b>Net income</b>	445,512	608,441
<b>Net income attributable to</b>		
Owners of the parent	410,167	560,710
Non-controlling interests	35,345	47,731
	445,512	608,441
<b>Earnings per share attributable to owners of the parent</b>		
Basic (yen)	344.20	471.74
Diluted (yen)	343.70	471.25

Note:

Retrospective adjustments are made in accordance with the adoption of IFRIC 21 "Levies." The details are described in "Note 2. Significant accounting policies."

Condensed Interim Consolidated Statements of Comprehensive Income

	Six-month period ended September 30, 2013*	(Millions of yen) Six-month period ended September 30, 2014
<b>Net income</b>	445,512	608,441
<b>Other comprehensive income (loss), net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit plan	(11)	(246)
Total items that will not be reclassified to profit or loss	(11)	(246)
<b>Items that may be reclassified subsequently to profit or loss</b>		
Available-for-sale financial assets	(47,207)	(1,108)
Cash flow hedges	(140,232)	4,257
Exchange differences on translating foreign operations	(57,425)	139,441
Share of other comprehensive income of associates	6,895	1,396
Total items that may be reclassified subsequently to profit or loss	(237,969)	143,986
<b>Total other comprehensive income (loss), net of tax</b>	(237,980)	143,740
<b>Total comprehensive income</b>	207,532	752,181
<b>Total comprehensive income attributable to</b>		
Owners of the parent	188,040	681,446
Non-controlling interests	19,492	70,735
	207,532	752,181

## Note:

Retrospective adjustments are made in accordance with the adoption of IFRIC 21 "Levies." The details are described in "Note 2. Significant accounting policies."

**For the three-month period ended September 30**
Condensed Interim Consolidated Statements of Income

	(Millions of yen)	
	Three-month period ended September 30, 2013*	Three-month period ended September 30, 2014
<b>Net sales</b>	1,717,543	2,112,148
Cost of sales	(996,628)	(1,292,148)
<b>Gross profit</b>	720,915	820,000
Selling, general and administrative expenses	(483,728)	(550,673)
Gain from remeasurement relating to business combination	103,766	-
Other operating loss	(3,903)	(10,301)
<b>Operating income</b>	337,050	259,026
Finance cost	(78,479)	(86,262)
Equity in income (loss) of associates	(2,697)	44,129
Dilution gain from changes in equity interest	542	597,739
Other non-operating income (loss)	11,840	(18,322)
<b>Income before income tax</b>	268,256	796,310
Income taxes	(92,396)	(299,177)
<b>Net income</b>	175,860	497,133
<b>Net income attributable to</b>		
Owners of the parent	165,790	483,136
Non-controlling interests	10,070	13,997
	175,860	497,133
<b>Earnings per share attributable to owners of the parent</b>		
Basic (yen)	139.11	406.44
Diluted (yen)	138.90	404.75

## Note:

Retrospective adjustments are made in accordance with the adoption of IFRIC 21 "Levies." The details are described in "Note 2. Significant accounting policies."

Condensed Interim Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three-month period ended September 30, 2013*	Three-month period ended September 30, 2014
<b>Net income</b>	175,860	497,133
<b>Other comprehensive income (loss), net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit plan	(5)	(2)
Total items that will not be reclassified to profit or loss	(5)	(2)
<b>Items that may be reclassified subsequently to profit or loss</b>		
Available-for-sale financial assets	(70,120)	983
Cash flow hedges	(165,127)	469
Exchange differences on translating foreign operations	(80,421)	178,952
Share of other comprehensive income of associates	1,281	6,757
Total items that may be reclassified subsequently to profit or loss	(314,387)	187,161
<b>Total other comprehensive income (loss), net of tax</b>	(314,392)	187,159
<b>Total comprehensive income</b>	(138,532)	684,292
<b>Total comprehensive income attributable to</b>		
Owners of the parent	(133,585)	637,668
Non-controlling interests	(4,947)	46,624
	(138,532)	684,292

## Note:

Retrospective adjustments are made in accordance with the adoption of IFRIC 21 "Levies." The details are described in "Note 2. Significant accounting policies."

**(3) Condensed Interim Consolidated Statements of Changes in Equity**

For the six-month period ended September 30, 2013\*

(Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			
<b>As of April 1, 2013</b>	238,772	436,704	712,088	(22,834)	248,026	1,612,756	317,684	1,930,440
<b>Effect of retrospective adjustments</b>	-	-	(18,315)	-	-	(18,315)	(654)	(18,969)
<b>As of April 1, 2013 (after adjustments)</b>	238,772	436,704	693,773	(22,834)	248,026	1,594,441	317,030	1,911,471
<b>Comprehensive income</b>								
Net income	-	-	410,167	-	-	410,167	35,345	445,512
Other comprehensive loss	-	-	-	-	(222,127)	(222,127)	(15,853)	(237,980)
<b>Total comprehensive income</b>	-	-	410,167	-	(222,127)	188,040	19,492	207,532
<b>Transactions with owners and other transactions</b>								
Cash dividends	-	-	(23,830)	-	-	(23,830)	(13,556)	(37,386)
Transfer of accumulated other comprehensive income to retained earnings	-	-	(11)	-	11	-	-	-
Purchase and disposal of treasury stock	-	72	-	1,074	-	1,146	-	1,146
Changes from business combination	-	-	-	-	-	-	485,104	485,104
Changes in interests in subsidiaries	-	(14,412)	-	-	-	(14,412)	(33,811)	(48,223)
Share-based payment transactions	-	2,367	-	-	-	2,367	-	2,367
Other	-	-	-	-	-	-	(273)	(273)
<b>Total transactions with owners and other transactions</b>	-	(11,973)	(23,841)	1,074	11	(34,729)	437,464	402,735
<b>As of September 30, 2013</b>	238,772	424,731	1,080,099	(21,760)	25,910	1,747,752	773,986	2,521,738

Note:

Retrospective adjustments are made in accordance with the adoption of IFRIC 21 “Levies.” The details are described in “Note 2. Significant accounting policies.”



For the six-month period ended September 30, 2014

(Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			
<b>As of April 1, 2014</b>	238,772	405,111	1,193,366	(51,492)	169,617	1,955,374	903,296	2,858,670
<b>Effect of retrospective adjustments*</b>	-	(66)	(25,100)	-	233	(24,933)	(3,355)	(28,288)
<b>As of April 1, 2014 (after adjustments)</b>	238,772	405,045	1,168,266	(51,492)	169,850	1,930,441	899,941	2,830,382
<b>Comprehensive income</b>								
Net income	-	-	560,710	-	-	560,710	47,731	608,441
Other comprehensive income	-	-	-	-	120,736	120,736	23,004	143,740
<b>Total comprehensive income</b>	-	-	560,710	-	120,736	681,446	70,735	752,181
<b>Transactions with owners and other transactions</b>								
Cash dividends	-	-	(23,769)	-	-	(23,769)	(16,157)	(39,926)
Transfer of accumulated other comprehensive income to retained earnings	-	-	(246)	-	246	-	-	-
Purchase and disposal of treasury stock	-	-	(693)	1,849	-	1,156	-	1,156
Changes from business combination	-	-	-	-	-	-	227	227
Changes in interests in subsidiaries	-	(30,984)	-	-	-	(30,984)	8,801	(22,183)
Share-based payment transactions	-	(13)	-	-	-	(13)	4,650	4,637
Other	-	-	-	-	-	-	(1,409)	(1,409)
<b>Total transactions with owners and other transactions</b>	-	(30,997)	(24,708)	1,849	246	(53,610)	(3,888)	(57,498)
<b>As of September 30, 2014</b>	238,772	374,048	1,704,268	(49,643)	290,832	2,558,277	966,788	3,525,065

Note:

Retrospective adjustments are made in accordance with the adoption of IFRIC 21 "Levies." The details are described in "Note 2. Significant accounting policies."

**(4) Condensed Interim Consolidated Statements of Cash Flows**

	(Millions of yen)	
	Six-month period ended September 30, 2013*	Six-month period ended September 30, 2014
<b>Cash flows from operating activities</b>		
Net income	445,512	608,441
Depreciation and amortization	349,939	516,183
Gain from remeasurement relating to business combination	(253,886)	-
Finance cost	105,862	171,249
Equity in loss of associates	3,780	19,296
Dilution gain from changes in equity interests	(546)	(599,275)
Other non-operating (income) loss	(293)	9,607
Income taxes	182,856	387,340
Decrease in trade and other receivables	27,001	28,683
Increase in trade and other payables	19,658	49,367
Other	(127,371)	(82,044)
Subtotal	752,512	1,108,847
Interest and dividends received	5,364	2,920
Interest paid	(123,600)	(184,533)
Income taxes paid	(183,047)	(244,886)
Net cash provided by operating activities	451,229	682,348
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, and intangible assets	(583,633)	(633,017)
Payments for acquisition of investments	(45,234)	(195,568)
Proceeds from sales/redemption of investments	85,696	178,272
Decrease from acquisition of control over subsidiaries	(1,430,677)	(7,801)
Proceeds from settlement of foreign currency forward contract for acquisition of control of subsidiaries	310,104	-
Increase in restricted cash	(299,501)	-
Other	(138,807)	(78,870)
Net cash used in investing activities	(2,102,052)	(736,984)
<b>Cash flows from financing activities</b>		
Decrease in short-term interest-bearing debt, net	(89,752)	(65,687)
Proceeds from long-term interest-bearing debt	3,769,040	1,063,791
Repayment of long-term interest-bearing debt	(1,200,555)	(410,914)
Payment from purchase of subsidiaries' equity from non-controlling interests	(49,645)	(43,496)
Cash dividends paid	(23,812)	(23,767)
Cash dividends paid to non-controlling interests	(13,411)	(16,087)
Other	18,416	6,636
Net cash provided by financing activities	2,410,281	510,476
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(14,915)	30,282
<b>Increase in cash and cash equivalents</b>	744,543	486,122
<b>Cash and cash equivalents at the beginning of the period</b>	1,439,057	1,963,490
<b>Cash and cash equivalents at the end of the period</b>	2,183,600	2,449,612

Note:

Retrospective adjustments are made in accordance with the adoption of IFRIC 21 "Levies." The details are described in "Note 2. Significant accounting policies."

## (5) Significant Doubt about Going-Concern Assumption

For the six-month period ended September 30, 2014

There are no applicable items.

## (6) Notes to Condensed Interim Consolidated Financial Statements

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

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

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

### 2. Significant accounting policies

The significant accounting policies applied in these condensed interim consolidated financial statements are consistent with those for the fiscal year ended March 31, 2014, except for the adoption of the following new standards and interpretations. Income taxes for the six-month period ended September 30, 2014 are calculated based on the estimated effective tax rate for the year. Certain defined benefit liabilities as of September 30, 2014 are calculated based on reasonable estimates with the actuarial calculation made as of March 31, 2014.

Adoption of new standards and interpretations

The following standards are applied by the Company during the three-month period ended June 30, 2014.

Standard	Outline of the new / revised standards
IAS 32 (Amendments)	Financial Instruments: Presentation To clarify the requirements of net presentation of financial assets and liabilities
IFRIC 21	Levies To clarify the timing of recognition of liabilities related to the payment of levies

IFRIC 21 is applied retrospectively in accordance with its transition method. Condensed interim consolidated financial statements for the six-month period ended September 30, 2013, the three-month period ended September 30, 2013 and for the fiscal year ended March 31, 2014 are presented after the retrospective application.

Effects on the condensed interim consolidated financial statements by the above adoption are as follows.

## (Condensed Interim Consolidated Statements of Financial Position)

	As of March 31, 2014	(Millions of yen) As of September 30, 2014
Decrease in other current assets	(11,686)	(7,451)
Increase in goodwill	7,302	7,695
Increase in deferred tax assets	9,514	3,563
Increase in total assets	<u>5,130</u>	<u>3,807</u>
Increase in other current liabilities	<u>33,418</u>	<u>10,403</u>
Increase in total liabilities	<u>33,418</u>	<u>10,403</u>
Decrease in capital surplus	(66)	(66)
Decrease in retained earnings	(25,100)	(5,775)
Increase in accumulated other comprehensive income	233	394
Decrease in non-controlling interests	<u>(3,355)</u>	<u>(1,149)</u>
Decrease in total equity	<u>(28,288)</u>	<u>(6,596)</u>

## (Condensed Interim Consolidated Statements of Income)

	Six-month period ended September 30, 2013	(Millions of yen) Six-month period ended September 30, 2014
Decrease in cost of sales	21,085	26,725
Decrease in selling, general and administrative expenses	1,016	815
Increase in income taxes	<u>(5,462)</u>	<u>(5,951)</u>
Increase in net income	<u>16,639</u>	<u>21,589</u>
Earnings per share attributable to owners of the parent		
Increase in earnings per share-basic (yen)	12.80	16.26
Increase in earnings per share-diluted (yen)	12.78	16.24

## (Condensed Interim Consolidated Statements of Comprehensive Income)

	Six-month period ended September 30, 2013	(Millions of yen) Six-month period ended September 30, 2014
Increase in net income	16,639	21,589
Increase (decrease) in exchange differences on translating foreign operations	<u>(17)</u>	<u>208</u>
Increase in total comprehensive income	<u>16,622</u>	<u>21,797</u>

## (Condensed Interim Consolidated Statements of Cash Flows)

	Six-month period ended September 30, 2013	(Millions of yen) Six-month period ended September 30, 2014
Cash flows from operating activities		
Increase in net income	16,639	21,589
Increase in income taxes	5,462	5,951
Decrease in other	(22,101)	(27,540)
Net cash provided by (used in) operating activities	-	-

There are no significant effects on the Company due to the adoption of other new standards and interpretations.

### 3. Business combinations

For the six-month period ended September 30, 2013

(1) GungHo Online Entertainment, Inc.

a. Overview of consolidation

Masayoshi Son, chairman and CEO of the SoftBank Corp., has entered into a Memorandum of Understanding on Exercise of Voting Rights for Deferment of Execution of Pledges (the "MOU") with respect to the shares of GungHo on April 1, 2013, with Heartis G.K. ("Heartis"; percentage of voting interest: 18.50%), which is the second largest shareholder of GungHo and Taizo Son's asset management company and of which Taizo Son, chairman of GungHo, is the representative director. Under the MOU, in order to have Son Holdings Inc., of which Masayoshi Son is a director and which is a Masayoshi Son's asset management company, defer the execution of pledges over the shares of GungHo held by Heartis, Heartis has agreed, effective as of April 1, 2013, to the effect that at the shareholders meeting of GungHo, Heartis will exercise the voting rights for all of the shares of GungHo it holds in accordance with Masayoshi Son's directions. Also, a subsidiary of the Company, SoftBank Mobile Corp., undertook the Tender Offer from April 1, 2013 to April 26, 2013 and acquired 6.37% of GungHo shares (purchase price: ¥24,976 million). The Company and Heartis together came to represent the majority of the voting rights in GungHo's shares (percentage of voting interest: 58.50%) and GungHo Online Entertainment changed from an equity method associate to a subsidiary of the Company.

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

(Business Description of GungHo)

- (a) Planning, development, operation and distribution of online games
- (b) Planning, development and sales of mobile content
- (c) Planning, development and sales of character goods
- (d) Planning, development and distribution of other entertainment content

(Acquisition date)

April 1, 2013

**b. Consideration transferred and the components**

	(Millions of yen)
	Acquisition date
	<u>(April 1, 2013)</u>
Payment by cash	24,976
Fair value of equity interest in GungHo already held at the time of the acquisition	153,620
Total consideration transferred	A <u><u>178,596</u></u>

Acquisition-related costs of ¥109 million arising from the business combinations are recognized in “Selling, general and administrative expenses.”

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

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

	(Millions of yen)
	Acquisition date
	<u>(April 1, 2013)</u>
Current assets	36,903
Intangible assets <sup>1</sup>	80,814
Other non-current assets	4,511
Total assets	122,228
Current liabilities	10,897
Non-current liabilities	29,949
Total liabilities	40,846
Net assets	B <u>81,382</u>
Non-controlling interests <sup>2</sup>	C <u>48,818</u>
Goodwill <sup>3</sup>	A-(B-C) <u><u>146,032</u></u>

Notes:

**1. Intangible assets**

Game titles of ¥77,796 million are included.

**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 assembled workforce for game development and other, and the synergy with existing businesses.

## d. Decrease from acquisition of control over subsidiaries

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

## e. Sales and net income of the acquiree

The amount of the acquiree's sales and net income before elimination of inter-company transactions and after the acquisition date are ¥85,357 million and ¥22,258 million, respectively, which are recorded in the condensed interim consolidated statements of income for the six-month period ended September 30, 2013.

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

## (2) Sprint

## a. Overview of consolidation

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

On July 10, 2013, SoftBank Corp. capitalized, through a wholly owned subsidiary, Starburst I, Inc., Sprint with an additional \$18.5 billion and the total investment of SoftBank Corp. amounted to \$21.6 billion, including \$3.1 billion of corporate bonds with stock acquisition rights issued by Sprint Nextel Corporation (the "Bond") invested by Starburst II, Inc. on October 22, 2012. Of the invested amounts of \$21.6 billion, \$16.6 billion was distributed to existing individual Sprint's shareholders and \$5 billion is used to strengthen Sprint. The Bond held by Starburst II, Inc. was converted into shares.

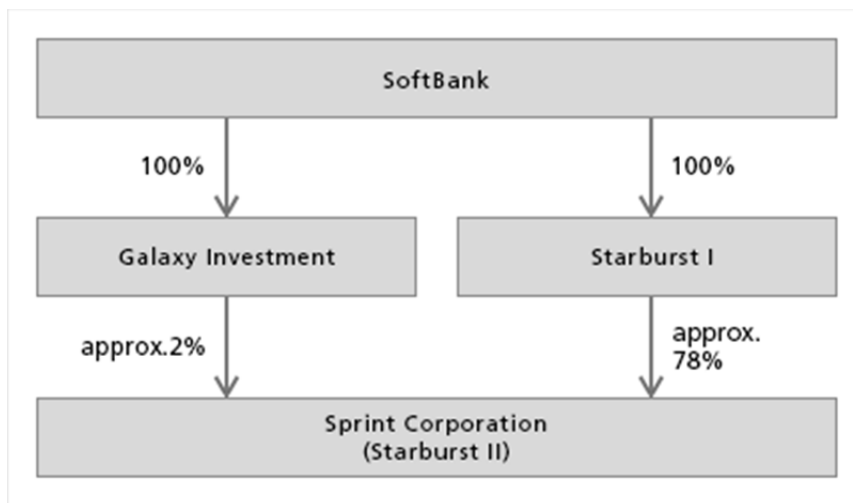
Through the transaction, approximately 72% of Sprint Nextel Corporation shares were acquired for \$7.65 per share in cash, and the remaining shares were converted into Sprint shares on a one-to-one basis, which succeeded Sprint Nextel Corporation and became listed on the New York Stock Exchange.

As a result of the transaction, Starburst I, Inc., owns approximately 78% of the shares of Sprint and Sprint became a subsidiary of SoftBank Corp.

Prior to the transaction, Clearwire, a company providing high-speed wireless communication services in the U.S., became a wholly owned subsidiary of Sprint on July 9, 2013.

From August 1, 2013 to September 16, 2013, SoftBank Corp., through Galaxy Investment Holdings, Inc., a wholly-owned subsidiary in the U.S., additionally purchased approximately 2% of the shares of Sprint (purchase price: \$500 million). As a result, the Company's ownership in the outstanding Sprint common stock became approximately 80% as of September 30, 2013.

(Structure after completion of the transaction)



b. Purpose of consolidation

- (a) Enables the Company to establish an operating base as one of the largest mobile Internet companies in the world. The combined subscriber base will be one of the largest between the U.S. and Japan\*.
- (b) Enables the Company to leverage its deep expertise in smartphones and next-generation mobile networks, and its track record of success in competing in mature markets with large incumbents, to enhance competitiveness of Sprint in the U.S.
- (c) Provides Sprint \$5 billion of new capital for its mobile network, strategic investments, and balance sheet as part of its continued efforts to fortify its operating base towards future growth.

Note:

Based on Telecommunications Carriers Association (“TCA”) data and disclosed material by relevant companies as of the end of June 2013.

c. Summary of Sprint

Name	Sprint Corporation
Address	6200 Sprint Parkway, Overland Park, Kansas
Name and title of representative	Marcelo Claire, Chief Executive Officer and Director (Assumed the post on August 11, 2014)
Business description	Holding company Provision of telecommunications services through its operating subsidiaries
Note	The Chairman of the Board and the Vice Chairman of the Board were assumed by Masayoshi Son, the Chairman & CEO of SoftBank Corp. and Ronald Fisher, Director of SoftBank Corp., respectively. Adm. Mike Mullen, former Chairman of the Joint Chiefs of Staff, has been appointed as the Director in charge of security.
Consolidated sales	\$35,493 million (Fiscal year ended December 31, 2013, US GAAP)

d. Acquisition date

July 10, 2013



## e. Consideration transferred and the component

	(Millions of yen)
	Acquisition date (July 10, 2013)
Payment by cash	1,875,149
Conversion of corporate bonds with stock acquisition rights held at the time of acquisition	313,534
Total consideration transferred	A <u>2,188,683</u>

Acquisition-related costs of ¥12,106 million arising from the business combination are recognized in “Selling, general and administrative expenses,” with ¥3,751 million for the year ended March 31, 2013, and ¥8,355 million for the six-month period ended September 30, 2013.

 f. Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date<sup>1</sup>

	(Millions of yen)
	Acquisition date (July 10, 2013)
<b>Current assets</b>	
Cash and cash equivalents	447,873
Trade and other receivables <sup>2</sup>	332,553
Other financial assets	111,764
Inventories	105,318
Other current assets	43,236
Total current assets	<u>1,040,744</u>
<b>Non-current assets</b>	
Property, plant and equipment <sup>3</sup>	1,291,364
Intangible assets <sup>3</sup>	5,305,965
Other financial assets	23,938
Other non-current assets	14,139
Total non-current assets	<u>6,635,406</u>
Total assets	<u>7,676,150</u>
<b>Current liabilities</b>	
Interest-bearing debt <sup>3</sup>	86,961
Trade and other payables	634,371
Income taxes payables	4,553
Provisions <sup>4</sup>	101,404
Other current liabilities	291,398
Total current liabilities	<u>1,118,687</u>
<b>Non-current liabilities</b>	
Interest-bearing debt <sup>3</sup>	2,668,163
Other financial liabilities	5,662
Defined benefit liabilities	65,763
Provisions <sup>4</sup>	146,492
Deferred tax liabilities <sup>5</sup>	1,422,965
Other non-current liabilities	184,107
Total non-current liabilities	<u>4,493,152</u>
Total liabilities	<u>5,611,839</u>
Net assets	B <u>2,064,311</u>
Non-controlling interests <sup>6</sup>	C 466,735
Basis adjustment <sup>7</sup>	D <u>311,659</u>
Goodwill <sup>8</sup>	A-(B-C)-D <u>279,448</u>

The above amount is translated at the exchange rate (USD = JPY101.14) as of the acquisition date.

## 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 June 30, 2014. The details of the adjustments from the initial provisional amounts are as follows. Due to the additional analysis performed by Sprint management on the fair value of FCC licenses, intangible assets increased by ¥30,342 million and non-controlling interests increased by ¥29,029 million. As a result, goodwill decreased by ¥14,970 million.

## 2. Estimation of fair values of acquired receivables, contractual amounts receivables and amounts not expected to be collected

As for the fair value of ¥332,553 million of acquired receivables and other receivables (mainly sales receivables), the total amount of contracts is ¥353,388 million and the estimate of the contractual cash flows not expected to be collected at the acquisition date is ¥20,835 million.

## 3. Property, plant and equipment, intangible assets and interest-bearing debt

The components of the carrying amounts are as follows:

## (Property, plant and equipment)

	(Millions of yen) Acquisition date (July 10, 2013)
Buildings and structures	140,270
Telecommunications equipment	794,524
Land	18,362
Construction in progress	298,928
Other	39,280
Total	<u>1,291,364</u>

## (Intangible assets)

	(Millions of yen) Acquisition date (July 10, 2013)
Intangible assets with finite useful lives	
Software	138,330
Customer relationships	700,192
Favorable lease contracts	148,979
Trademarks	52,593
Other	47,928
Intangible assets with indefinite useful lives	
FCC licenses	3,617,677
Trademarks	600,266
Total	<u>5,305,965</u>



#### h. Sales and net loss of the acquiree

The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statements of income for the six-month period ended September 30, 2013, are ¥760,941 million and ¥62,523 million, respectively.

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

### (3) WILLCOM, Inc.

#### a. Overview of consolidation

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

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

WILLCOM, Inc. conducted an absorption type merger with eAccess Ltd., eAccess Ltd. being the surviving company and WILLCOM, Inc. being the dissolving company on June 1, 2014 and changed its company name to Ymobile Corporation on July 1, 2014.

(Business description of WILLCOM, Inc.)

Telecommunications business

(Acquisition date)

July 1, 2013

#### b. Consideration transferred and the components

	(Millions of yen)
	Acquisition date
	(July 1, 2013)
Fair value of equity interest in WILLCOM, Inc. already held at the time of the acquisition	104,070
Total consideration transferred	A 104,070

As a result of the reevaluation of 100% equity interest already held by the Company at the time of the acquisition of control in WILLCOM, Inc. at fair value, the Company recognized a gain of ¥103,766 million. This gain is presented as "Gain from remeasurement relating to business combination" in the condensed interim consolidated statements of income.

## c. Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen)
		Acquisition date
		(July 1, 2013)
Current assets		79,754
Property, plant and equipment		46,026
Intangible assets <sup>1</sup>		43,639
Other non-current assets		14,883
Total assets		184,302
Current liabilities		83,958
Non-current liabilities		16,284
Total liabilities		100,242
Net assets	B	84,060
Non-controlling interests <sup>2</sup>	C	222
Goodwill <sup>3</sup>	A-(B-C)	20,232

## Notes:

## 1. Intangible assets

Customer relationships of ¥25,004 million are included.

## 2. Non-controlling interests

Non-controlling interests are from WILLCOM OKINAWA, Inc. (proportionate interest held by the Company is 80%), a subsidiary of WILLCOM Inc., and they are measured based on the proportionate interests after the acquisition 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, assembled workforce and the synergy with existing business.

## d. Estimation of fair values of acquired receivables, contractual amounts receivables and amounts not expected to be collected

The main components of acquired trade and other receivables are installment receivables and the fair value is ¥31,039 million. The total amount of contractual receivables is ¥31,328 million and the best estimate of the contractual cash flows not expected to be collected as of the acquisition date is ¥289 million.

## e. Increase from acquisition of control over subsidiaries

	(Millions of yen)
	Acquisition date
	(July 1, 2013)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	14,043
Increase in cash from the acquisition of control over the subsidiary	14,043

f. Sales and net loss of the acquiree

The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statements of income for the six-month period ended September 30, 2013, are ¥ 41,323 million and ¥2,567 million, respectively.

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

#### 4. Segment information

(1) Description of reportable segments

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

The Company has four segments, the Mobile Communications segment, the Sprint segment, the Fixed-line Telecommunications segment, and the Internet segment.

The Mobile Communications segment provides, mainly through SoftBank Mobile Corp., mobile communication services, and sales of mobile handsets and accessories. In addition, online games for smartphones and other devices are produced and distributed through GungHo and Supercell.

The Sprint segment provides, through Sprint, mobile communication services, sale of mobile handsets and accessories accompanying the mobile communication services, and the fixed-line telecommunication services in the U.S.

The Fixed-line Telecommunications segment provides, mainly through SoftBank Telecom Corp., telecommunication services such as data communication and fixed-line telephone services for corporate customers. It also provides, mainly through SoftBank BB Corp., broadband services for individual customers.

The Internet segment provides, mainly through Yahoo Japan Corporation, Internet-based advertising operations.

(2) Net sales and income of reportable segments

Income of reportable segments is based on income from operating income, excluding "Gain from remeasurement relating to business combination" and "Other operating income (loss)," as follows:

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

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

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

## For the six-month period ended September 30, 2013

(Millions of yen)

	Reportable segments						Reconcili- ations <sup>2</sup>	Consoli- dated
	Mobile Commu- nications	Sprint <sup>3</sup>	Fixed-line Telecommu- nications	Internet	Total	Other <sup>1</sup>		
Net sales								
Customers	1,377,300	760,858	218,668	195,160	2,551,986	46,626	-	2,598,612
Intersegment	9,227	83	51,701	1,130	62,141	18,147	(80,288)	-
Total	<u>1,386,527</u>	<u>760,941</u>	<u>270,369</u>	<u>196,290</u>	<u>2,614,127</u>	<u>64,773</u>	<u>(80,288)</u>	<u>2,598,612</u>
EBITDA	532,052	115,671	89,970	101,306	838,999	9,431	(10,331)	838,099
Depreciation and amortization	(175,595)	(134,191)	(29,727)	(6,439)	(345,952)	(3,336)	(651)	(349,939)
Segment income (loss)	<u>356,457</u>	<u>(18,520)</u>	<u>60,243</u>	<u>94,867</u>	<u>493,047</u>	<u>6,095</u>	<u>(10,982)</u>	<u>488,160</u>
Gain from remeasurement relating to business combination								253,886
Other operating loss								(4,875)
Operating income								737,171
Finance cost								(105,862)
Equity in loss of associates								(3,780)
Dilution gain from changes in equity interests								546
Other non-operating income								293
Income before income tax								<u>628,368</u>

## For the six-month period ended September 30, 2014

(Millions of yen)

	Reportable segments						Reconcili- ations <sup>2</sup>	Consoli- dated
	Mobile Commu- nications	Sprint	Fixed-line Telecommu- nications	Internet	Total	Other <sup>1</sup>		
Net sales								
Customers	1,878,987	1,774,301	212,964	196,642	4,062,894	41,470	-	4,104,364
Intersegment	14,414	9,135	51,339	1,663	76,551	13,952	(90,503)	-
Total	<u>1,893,401</u>	<u>1,783,436</u>	<u>264,303</u>	<u>198,305</u>	<u>4,139,445</u>	<u>55,422</u>	<u>(90,503)</u>	<u>4,104,364</u>
EBITDA	615,214	338,110	82,273	97,221	1,132,818	689	(10,940)	1,122,567
Depreciation and amortization	(213,579)	(261,384)	(28,927)	(7,696)	(511,586)	(3,943)	(654)	(516,183)
Segment income	<u>401,635</u>	<u>76,726</u>	<u>53,346</u>	<u>89,525</u>	<u>621,232</u>	<u>(3,254)</u>	<u>(11,594)</u>	<u>606,384</u>
Gain from remeasurement relating to business combination								-
Other operating loss								(9,726)
Operating income								596,658
Finance cost								(171,249)
Equity in loss of associates								(19,296)
Dilution gain from changes in equity interests								599,275
Other non-operating loss								(9,607)
Income before income tax								<u>995,781</u>

## Notes:

1. "Other" includes Fukuoka SoftBank HAWKS-related business.
2. "Reconciliations" includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment.
3. The Sprint segment includes the results of Sprint after the acquisition date.

## For the three-month period ended September 30, 2013

(Millions of yen)

	Reportable segments						Reconcili- ations <sup>2</sup>	Consoli- dated
	Mobile Communi- cations	Sprint <sup>3</sup>	Fixed-line Telecommu- nications	Internet	Total	Other <sup>1</sup>		
Net sales								
Customers	720,073	760,858	111,794	99,665	1,692,390	25,153	-	1,717,543
Intersegment	4,536	83	25,169	427	30,215	9,045	(39,260)	-
<b>Total</b>	<b>724,609</b>	<b>760,941</b>	<b>136,963</b>	<b>100,092</b>	<b>1,722,605</b>	<b>34,198</b>	<b>(39,260)</b>	<b>1,717,543</b>
EBITDA	267,826	115,671	46,526	51,323	481,346	6,493	(4,012)	483,827
Depreciation and amortization	(92,228)	(134,191)	(14,918)	(3,218)	(244,555)	(1,749)	(336)	(246,640)
Segment income (loss)	175,598	(18,520)	31,608	48,105	236,791	4,744	(4,348)	237,187
Gain from remeasurement relating to business combination								103,766
Other operating loss								(3,903)
Operating income								337,050
Finance cost								(78,479)
Equity in loss of associates								(2,697)
Dilution gain from changes in equity interests								542
Other non-operating income								11,840
Income before income tax								268,256

## For the three-month period ended September 30, 2014

(Millions of yen)

	Reportable segments						Reconcili- ations <sup>2</sup>	Consoli- dated
	Mobile Communi- cations	Sprint	Fixed-line Telecommu- nications	Internet	Total	Other <sup>1</sup>		
Net sales								
Customers	1,004,613	878,258	106,587	100,762	2,090,220	21,928	-	2,112,148
Intersegment	5,887	7,441	25,880	685	39,893	7,362	(47,255)	-
<b>Total</b>	<b>1,010,500</b>	<b>885,699</b>	<b>132,467</b>	<b>101,447</b>	<b>2,130,113</b>	<b>29,290</b>	<b>(47,255)</b>	<b>2,112,148</b>
EBITDA	300,724	147,784	41,617	48,195	538,320	(2,422)	(5,389)	530,509
Depreciation and amortization	(106,979)	(132,763)	(14,988)	(4,153)	(258,883)	(2,010)	(289)	(261,182)
Segment income	193,745	15,021	26,629	44,042	279,437	(4,432)	(5,678)	269,327
Gain from remeasurement relating to business combination								-
Other operating loss								(10,301)
Operating income								259,026
Finance cost								(86,262)
Equity in income of associates								44,129
Dilution gain from changes in equity interests								597,739
Other non-operating loss								(18,322)
Income before income tax								796,310

## Notes:

1. "Other" includes Fukuoka SoftBank HAWKS-related business.
2. "Reconciliations" includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment.
3. The Sprint segment includes the results of Sprint after the acquisition date.



## 5. Property, plant and equipment

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

	As of March 31, 2014	(Millions of yen) As of September 30, 2014
Buildings and structures	258,637	260,232
Telecommunications equipment	2,827,064	2,959,612
Land	92,545	93,724
Construction in progress	266,136	357,062
Other	141,945	161,315
Total	3,586,327	3,831,945

## 6. Intangible assets

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

	As of March 31, 2014	(Millions of yen) As of September 30, 2014
Intangible assets with indefinite useful lives		
FCC licenses	3,709,526	3,925,399
Trademarks	622,975	661,546
Intangible assets with finite useful lives		
Software	647,386	706,115
Customer relationships	677,494	616,832
Favorable lease contracts	140,217	140,913
Game titles	166,522	139,473
Trademarks	52,475	54,946
Other	161,106	168,966
Total	6,177,701	6,414,190

## 7. Interest-bearing debt

### (1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2014	(Millions of yen) As of September 30, 2014
<b>Current</b>		
Short-term borrowings	270,529	229,944
Commercial paper	32,000	32,000
Current portion of long-term borrowings	393,566	469,439
Current portion of corporate bonds	139,300	103,739
Current portion of lease obligations	264,295	370,842
Current portion of preferred securities	-	200,000
Current portion of installment payables	48,209	46,139
Total	1,147,899	1,452,103
<b>Non-current</b>		
Long-term borrowings	2,243,855	2,136,756
Corporate bonds	4,743,073	5,610,943
Lease obligations	730,915	688,821
Preferred securities	199,156	-
Installment payables	105,155	94,354
Total	8,022,154	8,530,874

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

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

	Six-month period ended September 30, 2013	(Millions of yen) Six-month period ended September 30, 2014
Net decrease of short-term borrowings*	(131,752)	(65,687)
Net increase of commercial paper	42,000	-
Total	(89,752)	(65,687)

**Note:**

The Company borrowed a permanent loan in September 2013 and refinanced the bridge loan which was made for the consolidation of Sprint. The increase and the decrease in short-term borrowings for the six-months period ended September 30, 2013 include the increase of borrowings of ¥1,034.9 billion on July 10, 2013, from the bridge loan and the decrease of borrowings by the repayment of the bridge loan in the amount of ¥1,284.9 billion (including the amount of repayment of ¥250 billion on December 21, 2012).

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

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

	(Millions of yen)	
	Six-month period ended September 30, 2013	Six-month period ended September 30, 2014
Proceeds from long-term borrowings	2,179,419	146,579
Proceeds from issuance of corporate bonds <sup>1,5</sup>	1,362,682	700,000
Proceeds from sale and leaseback of newly acquired equipment	226,939	217,212
<b>Total</b>	<b>3,769,040</b>	<b>1,063,791</b>

Notes:

1. Corporate bonds issued for the six-month period ended September 30, 2013 are as follows:

Company name / Name of bonds	Date of issuance	Total amount of issuance	Interest rate	Date of maturity
SoftBank Corp.				
USD-denominated Senior Notes due year 2020	April 23, 2013	\$2,485 million ¥244,176 million <sup>2</sup>	4.50% 3.29% <sup>3</sup>	April 15, 2020
Euro-denominated Senior Notes due year 2020	April 23, 2013	€625 million ¥80,206 million <sup>2</sup>	4.63% 4.05% <sup>3</sup>	April 15, 2020
43rd Unsecured Straight Corporate Bond	June 20, 2013	¥400,000 million	1.74%	June 20, 2018
Sprint Corporation <sup>4</sup>				
7.25% Notes due 2021	Sept. 11, 2013	\$2,250 million ¥220,950 million	7.25%	Sept. 15, 2021
7.875% Notes due 2023	Sept. 11, 2013	\$4,250 million ¥417,350 million	7.88%	Sept. 15, 2023

Notes:

- The cash outflow amount, fixed by the currency swap contract designated as a cash flow hedge, at the time of redemption, is described in JPY.
- The interest rate, after considering the impact of converting the fixed interest rate in foreign currency into a fixed interest rate in JPY by the currency swap contract, designated as a cash flow hedge, is described.
- These corporate bonds were issued after the acquisition of Sprint.
- Corporate bonds issued for the six-month period ended September 30, 2014 are as follows:

Company name / Name of bonds	Date of issuance	Total amount of issuance	Interest rate	Date of maturity
SoftBank 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

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

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

	(Millions of yen)	
	Six-month period ended September 30, 2013	Six-month period ended September 30, 2014
Repayment of long-term borrowings	(859,335)	(179,131)
Redemption of corporate bonds <sup>1,3</sup>	(195,624)	(63,434)
Payment of lease obligations	(119,667)	(144,059)
Payment of installment payables	(25,929)	(24,290)
Total	<u>(1,200,555)</u>	<u>(410,914)</u>

Notes:

1. Corporate bonds redeemed for the six-month period ended September 30, 2013 are as follows:

Company name / Name of bonds	Date of issuance	Amount of redemption	Interest rate	Date of redemption
SoftBank Corp.				
31st Unsecured Straight Corporate Bond	June 2, 2010	¥25,000 million	1.17%	May 31, 2013
33rd Unsecured Straight Corporate Bond	Sept. 17, 2010	¥130,000 million	1.24%	Sept. 17, 2013
Clearwire Communications LLC <sup>2</sup>				
12% Senior Secured Notes due 2015	Nov. 24, 2009	\$414 million ¥40,613 million	12.00%	Sept. 11, 2013 Sept. 26, 2013

Notes:

2. These corporate bonds were redeemed after the acquisition of Sprint. Clearwire Communications LLC is a subsidiary of Sprint.

3. Major corporate bonds redeemed for the six-month period ended September 30, 2014 are as follows:

Company name / Name of bonds	Date of issuance	Amount of redemption	Interest rate	Date of redemption
SoftBank Corp.				
26th Unsecured Straight Corporate Bond	June 19, 2007	¥14,900 million	4.36%	June 19, 2014
37th Unsecured Straight Corporate Bond	June 10, 2011	¥30,000 million	0.65%	June 10, 2014
iPCS, Inc. <sup>4</sup>				
Second Lien Senior Secured Floating Rate Notes due 2014	April 23, 2007	\$181 million ¥18,513 million	3.49%	May 1, 2014

Notes:

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

## 8. Foreign exchange rate

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

	As of March 31, 2014	(yen) As of September 30, 2014
U.S. dollars	102.92	109.45

(2) Average rate for the quarter

For the six-month period ended September 30, 2013

	Three-month period ended June 30, 2013	(yen) Three-month period ended September 30, 2013
U.S. dollars	97.94	98.20

For the six-month period ended September 30, 2014

	Three-month period ended June 30, 2014	(yen) Three-month period ended September 30, 2014
U.S. dollars	102.14	104.35

## 9. Equity

Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	As of March 31, 2014	(Millions of yen) As of September 30, 2014
Available-for-sale financial assets	14,122	10,161
Cash flow hedges	(19,942)	(16,051)
Exchange differences on translating foreign operations	175,670	296,722
Total	169,850	290,832

## 10. Other operating loss

The components of other operating loss are as follows:

	Six-month period ended September 30, 2013	(Millions of yen) Six-month period ended September 30, 2014
Severance costs associated with reduction in work force of Sprint	(4,026)	(17,130)
Other	(849)	7,404
Total	(4,875)	(9,726)

## 11. Finance cost

The components of finance cost are as follows:

	(Millions of yen)	
	Six-month period ended September 30, 2013	Six-month period ended September 30, 2014
Interest expense	(105,862)	(171,249)

## 12. Dilution gain from changes in equity interest

For the six-month period ended September 30, 2014

The Company recorded dilution gain from changes in equity interest of ¥599,141 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.

## 13. Other non-operating income and loss

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

	(Millions of yen)	
	Six-month period ended September 30, 2013	Six-month period ended September 30, 2014
Interest income <sup>1</sup>	19,284	2,027
Derivative loss <sup>1,2</sup>	(25,824)	(1,401)
Gain and loss on sales of securities	11,367	(3,220)
Impairment loss on equity method associates <sup>3</sup>	-	(19,393)
Gain from remeasurement relating to applying equity method <sup>4</sup>	-	6,249
Other	(4,534)	6,131
Total	293	(9,607)

Notes:

1. Stock acquisition rights in the convertible bonds issued by Sprint Nextel Corporation and undertaken by Starburst II on October 22, 2012, were reported at fair value as a derivative, being bifurcated from the host contracts as they are classified as embedded derivatives and were recorded in "Other financial assets" in the consolidated statements of financial position. As the Company exercised the relevant stock acquisition right and the Company derecognized the derivatives, a derivative loss of ¥16,356 million was recorded during the six-month period ended September 30, 2013.

With regard to the host contract (the bonds), the amount of payment less the fair value of the embedded derivative at inception of the bond was recorded in the consolidated statements of financial position at inception. This deduction amount is accreted using the effective interest method with corresponding adjustments to interest income. Initially, the expected remaining accretion period for the bond discount was seven years based on the contract term of the bond. However, based on the approval for the acquisition at the shareholders' meeting of Sprint on June 25, 2013, the Company changed the estimate of the expected remaining term to the completion of the acquisition. During the six-month period ended September 30, 2013, the Company recognized interest income of ¥16,219 million. There was an increase of interest income of ¥15,568 million from the reflection of this change in the expected remaining term of the bond.

2. Of the foreign currency forward contract totaling \$22.0 billion which was related to the acquisition of Sprint, with regard to \$5.0 billion that did not meet the criteria for hedge accounting, a derivative loss of ¥13,186 million was recorded for the six-month period ended September 30, 2013. Hedge accounting was applied to \$17.0 billion as a cash flow hedge. Fair value of ¥311,659 million of hedge instruments on the acquisition date was deducted from the initial amount of goodwill which was recognized upon the acquisition.
3. The Company recorded impairment loss of ¥19,393 million with regard to the equity method associate for the six-month period ended September 30, 2014 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 percentage of voting rights, the equity method is newly applied to the investment in an associate and the gain is arising from remeasurement of the interest already held by the Company at the time of the equity method application, based on the fair value on the date of the equity method application.

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

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

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

(2) Presentation of cash flow regarding finance leases

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

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

(3) Proceeds from settlement of foreign currency forward contract for acquisition of control of subsidiaries

For the six-month period ended September 30, 2013

The proceeds are from the settlement of a foreign currency forward contract of \$18.5 billion with regard to consolidation of Sprint.

(4) Increase in restricted cash

For the six-month period ended September 30, 2013

It is an increase in restricted cash as Sprint was required to maintain a segregated reserve account until the earlier of the time when existing Clearwire indebtedness is repaid, redeemed or otherwise retired, or December 31, 2013 at which time the waivers related to financial covenants expired.

On September 11, 2013, Sprint issued \$2.25 billion aggregate principal amount of 7.250% Notes due 2021 and \$4.25 billion aggregate principal amount of 7.875% Notes due 2023. After giving effect to the above, there was a risk Sprint would have exceeded the threshold set in contract, the ratio of total indebtedness to EBITDA with certain adjustments, by a significant level at September 30, 2013. Accordingly, Sprint obtained a limited waiver from each of the lenders under the credit facilities, which enabled compliance with this financial covenant until December 31, 2013. However, as a requirement under the waivers, Sprint had to maintain a segregated reserve account of \$3.5 billion until the earlier of the time a certain amount of existing Clearwire indebtedness is prepaid, redeemed or otherwise retired, or December 31, 2013 at which time the waivers expired.

As a certain amount of the Clearwire indebtedness was repaid during the three-month period ended December 31, 2013, the balance of restricted cash was reduced to zero as of December 31, 2013.