

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

SoftBank Group Corp. Consolidated Financial Report For the six-month period ended September 30, 2015 (IFRS)

Tokyo, November 4, 2015

1. Financial Highlights

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

(1) Results of Operations

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

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Six-month period ended September 30, 2015	¥4,423,802	10.0	¥685,766	21.4	¥818,616	(15.1)	¥508,625	(16.4)	¥426,683	(23.9)	¥481,723	(36.0)
Six-month period ended September 30, 2014	¥4,021,865	-	¥564,946	-	¥964,176	-	¥608,441	36.6	¥560,710	36.7	¥752,181	262.4

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Six-month period ended September 30, 2015	¥359.56	¥349.81
Six-month period ended September 30, 2014	¥471.74	¥471.25

Note:

Net sales, operating income, and income before income tax for the six-month period ended September 30, 2015 are presented based on the amounts from continuing operations only. Year-on-year percentage changes in net sales, operating income, and income before income tax for the six-month period ended September 30, 2014 are not presented because corresponding amounts for the six-month period ended September 30, 2014 are revised and presented respectively.

Please refer to page 55 "Note 14. Discontinued operations" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of September 30, 2015	¥21,426,330	¥3,936,650	¥2,995,148	14.0
As of March 31, 2015	¥21,034,169	¥3,853,177	¥2,846,306	13.5

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2015	-	20.00	-	20.00	40.00
Fiscal year ending March 31, 2016	-	20.00			
Fiscal year ending March 31, 2016 (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 2016 (April 1, 2015 – March 31, 2016)

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

* Notes

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

Excluded from consolidation: Three companies SoftBank BB Corp. SoftBank Telecom Corp. Ymobile Corporation

Please refer to page 34 “Significant Changes in Scope of Consolidation for the Six-month Period Ended September 30, 2015” under “2. Notes to Summary Information” for details.

(2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies required by IFRSs: No

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

[3] Changes in accounting estimates: Yes

Please refer to page 34 “Changes in 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, 2015: 1,200,660,365 shares

As of March 31, 2015: 1,200,660,365 shares

[2] Number of treasury stock:

As of September 30, 2015: 26,805,268 shares

As of March 31, 2015: 11,463,275 shares

[3] Number of average stocks during six-month period (April-September):

As of September 30, 2015: 1,186,678,615 shares

As of September 30, 2014: 1,188,593,575 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 name was changed from SoftBank Corp. to SoftBank Group Corp. on July 1, 2015.

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

On November 4, 2015, the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on our website in both Japanese and English at <http://www.softbank.jp/en/corp/irinfo/>. The Earnings Results Data Sheet will also be posted on the Company’s website around 4 p.m. on the same day at <http://www.softbank.jp/en/corp/irinfo/presentations/>.

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Change of Company Names

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

Definition of Company Names and Abbreviations Used in this Appendix

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

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

1. Qualitative Information Regarding Six-month Period Results

(1) Qualitative Information Regarding Consolidated Results of Operations

a. Consolidated Results of Operations

(Millions of yen)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change	Change %
Continuing operations				
Net sales	4,021,865	4,423,802	401,937	10.0%
Operating income	564,946	685,766	120,820	21.4%
(incl.) Gain from remeasurement relating to business combination	-	59,441	59,441	-
Income before income tax	964,176	818,616	(145,560)	(15.1%)
(incl.) Dilution gain from changes in equity interest	599,275	14,631	(584,644)	-
Net income from continuing operations	591,443	515,593	(75,850)	(12.8%)
Discontinued operations				
Net income (loss) from discontinued operations	16,998	(6,968)	(23,966)	-
Net income	608,441	508,625	(99,816)	(16.4%)
Net income attributable to owners of the parent	560,710	426,683	(134,027)	(23.9%)

Reference: Average exchange rate for the quarter

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

< Results Related to GungHo >

In the six-month period ended September 30, 2015 (the “period”), due to the conclusion of a tender offer by GungHo for its own shares, in which the Company tendered, and the extinguishing of a pledge on 100,000,000 of GungHo’s common shares held by Heartis G.K. (a pledge with Son Holdings Inc. as the pledgee), GungHo no longer qualified as a subsidiary and newly became an equity method associate. Accordingly, GungHo’s net income and loss up until June 1, 2015, when GungHo became an equity method associate, are presented as discontinued operations separately from continuing operations. The Company’s equity in the net income and loss of GungHo following its transition into an equity method associate are recognized as income and loss on equity method investments under continuing operations. Net income and loss of GungHo for the six-month period ended September 30, 2014 (the “same period of the previous fiscal year”) are revised retrospectively and presented under discontinued operations.

Please refer to page 55 “14. Discontinued operations” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements” for details.

	Fiscal Year Ended March 2015				Fiscal Year Ending March 2016	
	Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014	Three-month Period Ended Dec. 31, 2014	Three-month Period Ended Mar. 31, 2015	Three-month Period Ended June 30, 2015	Three-month Period Ended Sept. 30, 2015
	Q1	Q2	Q3	Q4	Q1	Q2
Earnings for the Fiscal Year Ended March 2015	Continuing Operations					
	(GungHo's earnings were included as a subsidiary)					
						June 1 GungHo changed to an equity method associate from a subsidiary
Earnings for the Fiscal Year Ending March 2016	Discontinued Operations				Continuing Operations	
	Net income and loss from discontinued operations				Income and loss on equity method investments	

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

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

(Continuing Operations)

(a) Net Sales

Net sales totaled ¥4,423,802 million, for a ¥401,937 million (10.0%) year-on-year increase. This resulted from increases in net sales of all the segments.

The Domestic Telecommunications segment’s net sales (for customers) amounted to ¥1,489,829 million, for a ¥73,860 million (5.2%) increase year on year. The main reason for the increase was an increase in product and other sales at SoftBank Corp.

The Sprint segment’s net sales (for customers) totaled ¥1,867,528 million, for a ¥93,227 million (5.3%) year-on-year increase. The main reason for the increase was the yen’s year-on-year depreciation against the U.S. dollar, while the U.S. dollar based net sales decreased year on year.

The Yahoo Japan segment’s net sales (for customers) was ¥244,710 million, for a ¥46,035 million (23.2%) year-on-year increase. The main reason for the increase was the consolidation of ASKUL Corporation by Yahoo Japan Corporation in August 2015.

The Distribution segment’s net sales (for customers) amounted to ¥628,587 million, for a ¥149,830 million, or 31.3% year-on-year increase. The main reason for the increase was an increase in sales of mobile devices for Sprint. Since September 2014, sales of mobile devices at Sprint, which were previously sold directly from Sprint to dealers, have gradually been shifted to selling to dealers via Brightstar to pursue higher distribution efficiency.

(b) Operating Income

Operating income totaled ¥685,766 million, for a year-on-year increase of ¥120,820 million (21.4%). The main reasons for the increase were increases in income in the Domestic Telecommunications, Sprint, and Yahoo Japan segments of ¥23,633 million, ¥16,789 million, and ¥58,115 million, respectively.

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

(c) Finance Cost

Finance cost totaled ¥215,668 million, for a ¥44,422 million (25.9%) increase year on year. The increase was mainly due to an increase in the interest expense of Sprint caused by the yen's year-on-year depreciation against the U.S. dollar, as well as an increase in the interest expense of SoftBank Group Corp.

(Millions of yen)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change
Finance cost	(171,246)	(215,668)	(44,422)
(incl.) Sprint	(110,769)	(138,460)	(27,691)

(d) Income and Loss on Equity Method Investments

Income on equity method investments was ¥264,586 million, an increase of ¥283,882 million year on year (loss of ¥19,296 million was recorded in the same period of the previous fiscal year). This was mainly due to recording income on equity method investments of ¥251,294 million for the period, which is presented as (C) on page 5 under "Reference: Amount of impact of Alibaba on the Company's Consolidated Income before Income Tax" (the "impact amount table"), as the portion attributable to the Company out of Alibaba's net income of ¥777,019 million (IFRSs basis). Net income at Alibaba includes gain from remeasurement relating to business combination of ¥369,994 million, which was recorded due to remeasurement at fair value of Alibaba's existing equity interest in its equity method associate Alibaba Health Information Technology Limited at the time of its consolidation in July 2015. Of this, ¥119,121 million was income attributable to the Company, as shown in the impact amount table as (D).

The Company's loss on equity method investments of ¥19,296 million in the same period of the previous fiscal year was mainly attributable to recording loss on equity method investments of ¥27,595 million, shown as (E) in the impact amount table, as the portion attributable to the Company out of Alibaba's net loss of ¥79,086 million (IFRSs basis). Alibaba's net loss included a loss of ¥398,716 million recognized in conjunction with an increase in the fair value of Convertible Preference Shares issued by Alibaba. Of this, ¥144,235 million was loss attributable to the Company, presented as (F) in the impact amount table.

(Millions of yen)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change	Change %
Income and loss on equity method investments	(19,296)	264,586	283,882	-
(incl.) Alibaba	(27,595)	251,294	278,889	-

(e) Dilution Gain from Changes in Equity Interest

Dilution gain from changes in equity interest was ¥14,631 million, a decrease of ¥584,644 million year on year. This is mainly attributable to the Company recording dilution gain from changes in equity interest of ¥599,141 million in the same period of the previous fiscal year, as shown in the impact amount table as (G), in connection with the listing of Alibaba in September 2014, primarily as a result of the issuance of new shares by Alibaba and the conversion of its Convertible Preference Shares into common stock. ¥12,863 million was recorded in the period, which is presented as (H) in the impact amount table.

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

(Millions of yen)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change
Income and loss on equity investments related to Alibaba (A)	(E) (27,595)	(C) 251,294	278,889
Loss on increase in fair value of Convertible Preference Shares (i)	(F) (144,235)	-	144,235
Gain from remeasurement relating to business combination (ii)	-	(D) 119,121	119,121
Income and loss on equity method investments excluding (i) and (ii)	116,640	132,173	15,533
Dilution gain from changes in equity interest related to Alibaba (B)	(G) 599,141	(H) 12,863	(586,278)
(incl.) Dilution gain from changes in equity interest due to listing	563,111	-	(563,111)
Amount of impact of Alibaba on the Company's consolidated income before income tax (A) + (B)	571,546	264,157	(307,389)

(f) Other Non-operating Income and Loss

Other non-operating income was ¥69,301 million, an improvement of ¥78,804 million compared to the same period of the previous fiscal year (loss of ¥9,503 million). The primary components of other non-operating income and loss were as follows.

i. Gain from financial assets at FVTPL (Fair Value Through Profit or Loss) was ¥112,625 million, increasing by ¥111,407 million year on year. This was due to recording the amount of changes in the fair value of the Company's financial

assets at FVTPL during the period from March 31, 2015 (the “previous fiscal year-end”) to September 30, 2015 (the “end of the second quarter”), as gain and loss from financial assets at FVTPL. Financial assets at FVTPL includes preferred shares of ANI Technologies Pvt. Ltd., which operates the taxi booking platform *Ola* in India, and Jasper Infotech Private Limited, which operates the e-commerce website *snapdeal.com*, also in India.

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

- ii. A total of ¥38,185 million was recorded for impairment loss on securities and provision of allowance for doubtful accounts as a loss due to the writing down of the value of shares and debt interests related to investments in PT Trikomsel Oke Tbk. in Indonesia.

Please refer to page 55 “13. Other non-operating income (loss)” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements” for details.

(g) Income before Income Tax

As a result of (b) to (f), income before income tax was ¥818,616 million, a decrease of ¥145,560 million (15.1%) year on year.

(h) Income Taxes

Income taxes were ¥303,023 million, a decrease of ¥69,710 million (18.7%) year on year. Tax effects were recognized in principle for income on equity method investments such as Alibaba, and gain from financial assets at FVTPL.

(i) Net Income from Continuing Operations

As a result of (g) and (h), net income from continuing operations totaled ¥515,593 million, for a ¥75,850 million (12.8%) year-on-year decrease.

(Discontinued Operations)

(j) Net Income and Loss from Discontinued Operations

Net loss from discontinued operations was ¥6,968 million (net income of ¥16,998 million was recorded in the same period of the previous fiscal year). This was due to recording ¥12,739 million for loss relating to loss of control in discontinued operations related to GungHo, as well as other expenses, while also recording its income after income tax of ¥5,632 million for the period from April 1 to June 1, 2015. The amount of loss relating to loss of control in discontinued operations is the difference between the carrying amount of GungHo on a consolidated basis and its fair value, which is the closing share price of GungHo multiplied by the number of its shares held by the Company, at the time of loss of control over GungHo on June 1, 2015.

(k) Net Income

As a result of (i) and (j), net income amounted to ¥508,625 million, a ¥99,816 million (16.4%) year-on-year decrease.

(l) Net Income Attributable to Owners of the Parent

After deducting net income attributable to non-controlling interests such as Yahoo Japan Corporation, Supercell, and Sprint from (k), net income attributable to owners of the parent amounted to ¥426,683 million, for a ¥134,027 million, (23.9%) decrease year on year.

(m) Comprehensive Income

Comprehensive income totaled ¥481,723 million, for a ¥270,458 million (36.0%) year-on-year decrease. Of this, comprehensive income attributable to owners of the parent was ¥398,085 million, for a ¥283,361 million (41.6%) year-on-year decrease.

b. Results by Segment

The Company's reportable segments are components of business activities for which decisions on resource allocation and assessment of performance are made.

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

< Before the Change >

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

< After the Change >

Segments		Main Businesses	Core Companies
Reportable segments	Domestic Telecommunications	<ul style="list-style-type: none"> Provision of mobile communications services in Japan Sale of mobile devices in Japan Provision of broadband services to retail customers in Japan Provision of telecom services to corporate customers in Japan, such as data communications and fixed-line telephone services 	SoftBank Corp. Wireless City Planning Inc.
	Sprint	<ul style="list-style-type: none"> Provision of mobile communications services in the U.S. Sale and lease of mobile devices and sale of accessories in the U.S. Provision of fixed-line telecommunications services in the U.S. 	Sprint Corporation
	Yahoo Japan	<ul style="list-style-type: none"> Internet advertising e-commerce business Membership services 	Yahoo Japan Corporation
	Distribution	<ul style="list-style-type: none"> Distribution of mobile devices overseas Sale of PC software, peripherals, and mobile device accessories in Japan 	Brightstar Corp. SoftBank Commerce & Service Corp.
Others		<ul style="list-style-type: none"> Production and distribution of online games for smartphones and other devices Fukuoka SoftBank HAWKS related businesses 	Supercell Oy Fukuoka SoftBank HAWKS Corp.

Notes:

- The results for the same period of the previous fiscal year are presented in accordance with the reportable segments after the change.
- The results at Yahoo Japan Corporation related to *Yahoo! BB*, the broadband service which is run jointly by SoftBank Corp. and Yahoo Japan Corporation, are included under the Yahoo Japan segment after the change. The results were previously included under the Fixed-line Telecommunications segment.
- The calculation method of segment income has been changed from the first quarter as follows:
 Before the change:
 Segment income = (net sales – cost of sales – selling, general and administrative expenses) in each segment
 After the change:
 Segment income = (net sales – cost of sales – selling, general and administrative expenses + gain from remeasurement relating to business combination + other operating income (loss)) in each segment
- EBITDA in each segment = (segment income + depreciation and amortization – gain from remeasurement relating to business combination – other operating income (loss)) in each segment

(a) Domestic Telecommunications Segment

(Millions of yen)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change	Change %
Net sales	1,424,350	1,503,964	79,614	5.6%
EBITDA	613,058	642,833	29,775	4.9%
Depreciation and amortization	(212,007)	(218,149)	(6,142)	-
Other operating income	-	-	-	-
Segment income	401,051	424,684	23,633	5.9%

< Overview of the Segment >

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

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

The main drivers of revenue and profit in mobile communications services are referred to as the Company's "main subscribers," which includes subscribers for smartphones, feature phones, tablets, and mobile data communication devices. The Company makes a focused effort to acquire and retain these main subscribers.

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

(Breakdown of Net Sales)

(Millions of yen)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change	Change %
Total net sales	1,424,350	1,503,964	79,614	5.6%
Telecom service revenue	1,165,004	1,186,793	21,789	1.9%
Mobile communications	962,523	971,413	8,890	0.9%
Telecom ²	867,844	864,317	(3,527)	(0.4%)
Service ³	94,679	107,096	12,417	13.1%
Broadband	65,715	79,337	13,622	20.7%
Fixed-line telecommunications	136,766	136,043	(723)	(0.5%)
Product and other sales	259,346	317,171	57,825	22.3%

< Overview of Operations >

The segment's net sales increased by ¥79,614 million (5.6%) year on year to ¥1,503,964 million. Of this, telecom service revenue increased by ¥21,789 million (1.9%) year on year to ¥1,186,793 million, while product and other sales increased by ¥57,825 million (22.3%) year on year to ¥317,171 million.

The increase in telecom service revenue reflected an increase in broadband revenue following the startup of the *SoftBank Hikari* fiber-optic service (launched in March 2015), as well as an increase in mobile communications revenue. The increase in product and other sales reflected an increase in the number of mobile devices shipped⁴ for smartphones, which have higher unit prices.

Mobile communications revenue increased by ¥8,890 million (0.9%) year on year to ¥971,413 million, primarily due to an increase in service revenue associated with an expansion in content services and others, which was partially offset by a decrease in telecom revenue associated with a decrease in PHS subscribers.

EBITDA increased by ¥29,775 million (4.9%) year on year to ¥642,833 million. Operating expenses (excluding depreciation and amortization) increased by ¥49,839 million (6.1%) year on year to ¥861,131 million. The main factors affecting operating expenses are as follows:

- Cost of products increased by ¥37,701 million (17.7%) year on year. This primarily reflected an increase in the number of mobile devices shipped for smartphones, which have higher purchase prices, despite an improvement in the valuation loss of mobile device inventories.
- Sales commission fees increased by ¥16,061 million (10.1%) year on year. This was mainly due to a year-on-year increase in the average cost of sales commission fees for smartphones associated with intensified competition for customer acquisition under the Mobile Number Portability (MNP) system.

² Telecom revenues of mobile communications services, etc. under *SoftBank* and *Y!mobile* brands

³ Device warrantee service revenue, advertising revenue, and content-related revenues, etc.

⁴ The number of devices shipped (sold) to dealers. Includes the number of devices sold to customers at stores operated by SoftBank Corp. and the SoftBank ONLINE SHOP.

- Telecommunications network charges⁵ increased by ¥12,614 million (13.7%) year on year. This primarily reflected an increase in access charges paid to other operators as a result of an increase in the amount of calls made by SoftBank Corp. mobile communications service subscribers to subscribers of other operators, accompanying an increase in subscribers to the *Smartphone Flat-rate* mobile communication service price plan providing unlimited voice calls at a flat rate. Another factor increasing telecommunications network charges was fiber-optic connection charges for the *SoftBank Hikari* fiber-optic service that was launched in March 2015.
- Outsourcing expenses decreased by ¥17,335 million (27.2%) year on year. This mainly reflected efficiency gains in outsourced operations related to customer service and network maintenance following the absorption of SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation by SoftBank Corp. (formerly SoftBank Mobile Corp.) in April 2015.

Depreciation and amortization increased by ¥6,142 million (2.9%) year on year to ¥218,149 million.

As a result of the above, segment income increased by ¥23,633 million (5.9%) year on year to ¥424,684 million.

< Overview of Business Operations >

Among the segment's businesses, the following describes an overview of the business operations of the mobile communications and broadband services of SoftBank Corp. For definitions and calculation methods of subscribers, ARPU, and churn rate at SoftBank Corp., please refer to page 23 "(Reference 2: Definitions and Calculation Methods of Principal Operational Data) (a) SoftBank Corp."

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

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

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

Please refer to page 21 "(Reference 1: Principal Operational Data) (a) SoftBank Corp. < Changes in the Presentation Method and Definitions of Principal Operational Data >" for details of the changes.

⁵ The scope of aggregation for managing telecommunications network charges was changed from the second quarter. Telecommunications network charges in the first quarter after reflecting this change increased by ¥5,894 million (13.1%) year on year.

i. Mobile Communications Service

• Subscribers: Main Subscribers

The cumulative number of main subscribers of mobile communications services as of September 30, 2015 stood at 31,604,000, an increase of 59,000 from the previous fiscal year-end. Net additions in smartphones and tablets during the period were partially offset by a net loss in feature phones.

(Thousands)

	As of March 31, 2015	As of September 30, 2015	Change
Cumulative number of subscribers	31,545	31,604	59

• Smartphone & Internet Bundle Discount Applications

The *Smartphone & Internet Bundle Discount* offers a discount on the communication charges of mobile communications services to customers subscribing to bundled packages combining mobile communications services (applicable for smartphones, feature phones, and tablets among main subscribers) and broadband services such as *SoftBank Hikari*. The cumulative number of applications at the end of the second quarter eligible for the *Smartphone & Internet Bundle Discount* stood at 1,315,000⁶ for mobile communication services, and 660,000 for broadband services.⁷

• ARPU: Main Subscribers

Total ARPU for main subscribers of mobile communications services for the three-month period ended September 30, 2015 (the “second quarter”) was ¥4,720, for a year-on-year increase of ¥10.

Of this, telecom ARPU declined by ¥40 year on year to ¥4,190. This was mainly due to a decline in voice-related revenues accompanying the higher penetration of *Smartphone Flat-rate*, which was partially offset by an increase in the compositional ratio of smartphone subscribers within the cumulative number of main subscribers. An additional factor reducing telecom ARPU was an increase in the number of cumulative applications eligible for *Smartphone & Internet Bundle Discount*. The negative impact from the *Smartphone Flat-rate* on year-on-year variance of telecom ARPU began to decline from the second quarter, as the migration of the majority of customers with high voice usage to *Smartphone Flat-rate* has advanced.

Service ARPU increased ¥60 year on year to ¥540. This reflects the steady increase of subscribers to content services such as *Daily Value Pack*⁸ and *App Pass*.⁹ The Company will strive to further increase total ARPU going forward by aggressively pursuing the increase of service ARPU.

⁶ Includes the *Fiber-optic Discount* applied to mobile communication services under *Y!mobile* brand

⁷ The number of eligible applications for *Smartphone & Internet Bundle Discount* includes that of fiber-optic lines as long as the relevant discount is applied to the associated mobile communications services, even if its connection construction is not complete at the central office of NTT East or NTT West.

⁸ A service enabling subscribers to purchase food and movie tickets, among other items, at discounts

⁹ A service enabling subscribers to use a select range of popular apps

(Yen / Month)

	Three-month Period Ended September 30, 2014	Three-month Period Ended September 30, 2015	Change
Total ARPU	4,710	4,720	10
Telecom ARPU	4,230	4,190	(40)
Service ARPU	480	540	60

• **Number of Units Sold: Main Subscribers**

The number of units sold¹⁰ for mobile devices of main subscribers for the period decreased by 193,000 year on year to 4,665,000. This was mainly due to a year-on-year decrease in the number of units sold for feature phones, primarily to new subscriptions, which outstripped a year-on-year increase in the number of units sold for smartphones.

(Thousands)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change
Units sold	4,858	4,665	(193)
New subscriptions	2,547	2,378	(169)
Device upgrades	2,311	2,287	(24)

• **Churn Rate: Main Subscribers**

Churn rate for main subscribers of mobile communications services for the second quarter was 1.28%, improved by 0.02 of a percentage point year on year mainly due to an improvement in the churn rates for feature phones and tablets. This outweighed a deterioration in the churn rate for smartphones associated with intensified competition to acquire customers under MNP amid an increase in customers reaching the end of their two-year subscriptions.

To increase the number of main subscribers, it is important to improve the churn rate as well as acquire new customers. After making significant progress on improving network connectivity, which has been a longstanding issue, the Company is now executing initiatives targeting improved churn rates over the medium term. The initiatives include improving the quality of customer service at sales channels such as *SoftBank Stores*, as well as expanding the *Smartphone & Internet Bundle Discount*.

	Three-month Period Ended September 30, 2014	Three-month Period Ended September 30, 2015	Change
Churn rate	1.30%	1.28%	0.02 pp improvement

¹⁰ The total number of new subscriptions and device upgrades. New subscriptions where customers switch between *SoftBank* and *Y!mobile* using MNP are included in the number of device upgrades.

ii. Broadband Service

The cumulative number of subscribers for broadband services at the end of the second quarter stood at 4,602,000, for an increase of 245,000 from the previous fiscal year-end. The increase mainly reflected an increase of 596,000¹¹ subscribers to *SoftBank Hikari*, while subscribers to *Yahoo! BB hikari with FLET'S*¹² and *Yahoo! BB ADSL*¹³ decreased by 237,000 and 114,000, respectively.

After the launch of *SoftBank Hikari*, a fiber-optic service, in March 2015, the main focus of broadband services has been shifted from *Yahoo! BB hikari with FLET'S* to *SoftBank Hikari* and the Company is now working to acquire customers through sales channels nationwide such as electronics retail stores and *SoftBank Stores*. *SoftBank Hikari* ARPU¹¹ for the second quarter was ¥4,980, higher than that of *Yahoo! BB hikari with FLET'S* (¥1,860 for the second quarter) and *Yahoo! BB ADSL* (¥2,660 for the second quarter). The Company therefore expects a steady increase in telecom service revenue of broadband services in step with the increase in subscribers to *SoftBank Hikari*.

(Thousands)

	As of March 31, 2015	As of September 30, 2015	Change
Cumulative subscribers	4,357	4,602	245
<i>SoftBank Hikari</i> ¹¹	119	715	596
<i>Yahoo! BB hikari with FLET'S</i>	2,672	2,435	(237)
<i>Yahoo! BB ADSL</i>	1,566	1,452	(114)

¹¹ Includes the number of subscribers and ARPU of *SoftBank Air*, the high-speed wireless internet service provided through the *Air terminal*

¹² An Internet service provider (ISP) service offered as a package with NTT East and NTT West's *FLET'S Hikari Series* fiber-optic connection

¹³ A service combining an ADSL connection service and an ISP service

(b) Sprint Segment

(Millions of yen)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change	Change %
Net sales	1,783,436	1,946,178	162,742	9.1%
EBITDA	338,110	508,778	170,668	50.5%
Depreciation and amortization	(261,383)	(398,179)	(136,796)	-
Other operating loss	(12,131)	(29,214)	(17,083)	-
Segment income	64,596	81,385	16,789	26.0%

Reference: U.S. dollar based results (IFRSs)

(Millions of U.S. dollars)

Net sales	17,277	16,002	(1,275)	(7.4%)
EBITDA	3,279	4,183	904	27.6%
Segment income	631	670	39	6.2%

< Overview of Operations >

The segment's net sales increased by ¥162,742 million (9.1%) year on year to ¥1,946,178 million. The main factor behind the overall increase was the yen's year-on-year depreciation against the U.S. dollar, although net sales declined in U.S. dollar terms by \$1,275 million (7.4%) year on year. The decrease in U.S. dollar net sales mainly reflected a decrease in telecom service revenue due to customer shifts to rate plans associated with device financing options such as leases and installment sales.

EBITDA increased by ¥170,668 million (50.5%) year on year to ¥508,778 million. This reflected an increase in EBITDA in U.S. dollar terms by \$904 million (27.6%), in addition to the yen's year-on-year depreciation against the U.S. dollar. The increase in EBITDA in U.S. dollar terms primarily reflects a year-on-year decrease in operating expenses (excluding depreciation and amortization) of \$2,179 million due to decreases in the cost of goods and provision for doubtful accounts, among others. The main factors affecting operating expenses are as follows:

- The decrease in cost of goods mainly occurred because the compositional ratio of postpaid units sold under the leasing program, which started in September 2014, reached 51% of the number of Sprint platform¹⁴ postpaid units sold (excluding wholesale and affiliate) in the period. This was partially offset by the around 4% year-on-year increase in the number of Sprint platform postpaid units sold. For the conventional sales of mobile devices, including the installment billing method, the sale of the devices and the cost of goods are recognized at the point of sale. However, under the leasing program, lease revenue is recognized throughout the period of the lease (typically 24 months), along with depreciation expenses for the capitalized leased devices.

¹⁴ Sprint-operated CDMA and LTE networks

- The decrease in provision of allowance for doubtful accounts mainly reflected a decrease in non-payment of service charges resulting from an increase in the compositional ratio of customers with higher credit quality.

Depreciation and amortization increased by ¥136,796 million (52.3%) year on year to ¥398,179 million, reflecting the increase in leased mobile devices and the expansion of telecommunications equipment.

Other operating loss was ¥29,214 million, a deterioration of ¥17,083 million from the same period of the previous fiscal year. The loss mainly reflected recording legal reserves of ¥19,140 million for ongoing legal matters, as well as impairment loss on non-current assets of ¥10,403 primarily related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint's network plans.

As a result of the above, segment income increased by ¥16,789 million (26.0%) year on year to ¥81,385 million.

Since the amounts of lease revenues and depreciation on capitalized leased devices are essentially the same, an increase in sales under the leasing program will contribute to an increase in EBITDA, but will only have a slight impact on segment income.

< Overview of Business Operations >

Among the segment's businesses, the following describes an overview of the business operations related to the Sprint platform. For definitions and calculation methods of ABPU/ARPU and churn rate of the Sprint platform, see page 24 "(Reference 2: Definitions and Calculation Methods of Principal Operational Data) (b) Sprint Platform."

• Number of Subscribers: Sprint Platform

The Sprint platform had 57,868,000 subscribers as of the end of the second quarter, an increase of 1,731,000 from the end of the previous fiscal year. This represented a net addition of 1,597,000 in wholesale and affiliate and 863,000 in postpaid in the period, although there was a net loss of 729,000 in prepaid.

The net addition in wholesale and affiliate subscribers was driven mainly by growth in the number of communication modules. The net addition in postpaid was mainly due to a continued increase in tablets, as well as a net addition of 226,000 in phones (smartphones and feature phones). Excluding 199,000 of migrations from prepaid,¹⁵ the net addition in phones would have been 27,000. On the other hand, net loss in prepaid was due to intensified competition in the prepaid market, as well as the migrations to postpaid.¹⁵

	(Thousands)		
	As of March 31, 2015	As of September 30, 2015	Change
Sprint platform cumulative subscribers	56,137	57,868	1,731
Postpaid	29,706	30,569	863
(incl.) Phone ¹⁵	24,878	25,104	226
Prepaid ¹⁵	15,706	14,977	(729)
Wholesale & affiliate	10,725	12,322	1,597

¹⁵ During the second quarter, Sprint introduced a program to provide certain tenured prepaid subscribers with an extended payment period for their next month of service charges beyond the expiration of their current monthly plan, while normally if customers on the monthly prepaid service plan do not pay the next month's charges by the due date, they will not be able to use the service. It is the extension of credit which defines the customers as postpaid. Prepaid subscribers who have applied for this program are included in postpaid subscribers as "migrations" from prepaid.

• **ABPU: Sprint Platform Postpaid Phone**

Sprint platform postpaid phone ABPU for the second quarter increased by \$1.62 year on year to \$70.64.

Out of this, ARPU declined by \$4.88 year on year to \$61.74. This was mainly due to an increase in the composition ratio of customers on lower-priced rate plans offered in conjunction with device financing programs such as leases and installment sales.

On the other hand, average equipment billings per user per month increased by \$6.50 year on year to \$8.90. This reflected the increased adoption of device financing programs.

(U.S. dollar / month)

	Three-month Period Ended September 30, 2014	Three-month Period Ended September 30, 2015	Change
Postpaid phone ABPU	69.02	70.64	1.62
ARPU	66.62	61.74	(4.88)
Average equipment billings per user	2.40	8.90	6.50

• **Churn Rate: Sprint Platform**

The Sprint platform postpaid churn rate for the second quarter improved by 0.64 of a percentage point year on year to 1.54%. This was primarily attributable to network performance improvements, as well as a decrease in forced deactivations due to non-payment of service charges following focused efforts to acquire customers with higher credit quality beginning in August 2014.

	Three-month Period Ended September 30, 2014	Three-month Period Ended September 30, 2015	Change
Postpaid churn rate	2.18%	1.54%	0.64 pp improvement

< **Reference: Cost Reduction Initiatives** >

Sprint aims to return to a growth trajectory by turning around the ongoing declining trend in net sales while promoting large-scale cost reductions. To increase net sales, Sprint is focusing on increasing the number of postpaid phone subscribers, which are the largest source of revenue. Signs of a turnaround began to appear in the period, with the downward trend in the number of such subscribers turned to a net addition. Meanwhile, in cost reductions, Sprint has set a target of reducing operating expenses by \$1.5 billion (under US GAAP, hereinafter the same shall apply to the amounts in this section) from the run rate¹⁶ in the fiscal year ending March 2016 (the “current fiscal year”), reviewing the budget from scratch across all areas.

So far, Sprint has made steady progress on cost reductions during the period and is expected to achieve the \$1.5 billion target. The bulk of the reduced operating expenses has been reinvested in strategic initiatives to achieve a long-term growth.

To further reduce operating expenses, Sprint plans to commence a transformation of cost structure (the “transformation”) during the current fiscal year. Through the transformation, Sprint expects to achieve a sustainable

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

reduction of \$2 billion or more of run rate operating expenses in the fiscal year ending March 2017 (the “next fiscal year”), with the cost reduction effect projected to continue in the following fiscal years. In conjunction with the transformation, Sprint expects to, according to preliminary estimates, incur transformation program costs totaling \$1 billion to \$1.2 billion including one-time operating expenses and upfront capital expenditure, over the current fiscal year and the next fiscal year. While the bulk of the operating expense reduction in the current fiscal year is to be reinvested, the cost reduction by the transformation, with the exception of the transformation program costs, is expected to contribute to profit.

(c) Yahoo Japan Segment

(Millions of yen)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change	Change %
Net sales	202,013	248,768	46,755	23.1%
EBITDA	100,704	104,387	3,683	3.7%
Depreciation and amortization	(7,924)	(12,933)	(5,009)	-
Gain from remeasurement relating to business combination	-	59,441	59,441	-
Other operating income	-	-	-	-
Segment income	92,780	150,895	58,115	62.6%

< Overview of Operations >

The segment’s net sales increased by ¥46,755 million (23.1%) year on year to ¥248,768 million. This increase was mainly a result of the consolidation of ASKUL Corporation in August 2015 by Yahoo Japan Corporation, as well as revenue growth in the advertising business driven by an increase in sales of display advertising.¹⁷

EBITDA increased by ¥3,683 million (3.7%) year on year to ¥104,387 million. This was primarily due to an increase in income in the advertising business, despite an increase in sales promotion expense for *Yahoo! Shopping*.

Depreciation and amortization increased by ¥5,009 million (63.2%) year on year to ¥12,933 million, due to continuing capital expenditure related to big data and so forth, as well as the consolidation of ASKUL Corporation and YJ Card Corporation by Yahoo Japan Corporation.

Gain from remeasurement relating to business combination was ¥59,441 million (not recorded in the same period of the previous fiscal year). This was recorded due to the remeasurement at fair value of Yahoo Japan Corporation’s existing equity interest at the time when it consolidated ASKUL Corporation in August 2015.

As a result of the above, segment income increased by ¥58,115 million (62.6%) year on year to ¥150,895 million.

¹⁷ Display advertising is graphical, Flash®, and video advertising that appears on a certain defined area and includes premium advertisements such as *Brand Panel* shown on *Yahoo! JAPAN*’s top page and *Yahoo! Display Ad Network*, which shows advertisements most suitable to the user based on the content the user is viewing and their interests, attributes, and geographical location.

(d) Distribution Segment

(Millions of yen)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change	Change %
Net sales	499,467	666,728	167,261	33.5%
EBITDA	8,407	9,928	1,521	18.1%
Depreciation and amortization	(4,587)	(5,791)	(1,204)	-
Other operating income	2,380	-	(2,380)	-
Segment income	6,200	4,137	(2,063)	(33.3%)

< Overview of the Segment >

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

< Overview of Operations >

The segment's net sales increased by ¥167,261 million (33.5%) year on year to ¥666,728 million. This was mainly due to an increase in sales of mobile devices for Sprint. Since September 2014, the sales of mobile devices at Sprint which were previously sold directly from Sprint to dealers, has gradually been shifted to selling to dealers via Brightstar to pursue higher distribution efficiency. Another factor increasing the net sales was the yen's year-on-year depreciation against the U.S. dollar. These increases in sales outweighed a decrease in sales associated with the termination of a mobile device wholesale supply contract with Verizon Communications Inc. and a contraction in the mobile device OEM business being conducted in Argentina (contracted manufacturing for mobile device manufacturers).

EBITDA increased by ¥1,521 million (18.1%) year on year to ¥9,928 million. This was mainly attributable to a decline in operating expenses (excluding depreciation and amortization). The decline in operating expenses mainly reflected the absence of expenses recorded in the same period of the previous fiscal year in relation to corporate acquisitions. These factors outweighed the negative effect of the abovementioned termination of the mobile device wholesale supply contract with Verizon Communications Inc. and contraction of the mobile device OEM business in Argentina.

Segment income was ¥4,137 million, down ¥2,063 million (33.3%) year on year, while EBITDA increased as described above. This was due to an increase in depreciation and amortization of ¥1,204 million (26.2%) year on year, as well as the recording of other operating income of ¥2,380 million in the same period of the previous fiscal year, while none was recorded in the period. Within segment income, income at SoftBank Commerce & Service Corp. declined by ¥415 million (7.8%) year on year mainly due to the absence of a surge in PC replacement demand that occurred in the same period of the previous fiscal year in conjunction with Microsoft Corporation ending support for Windows XP in April 2014, despite continued strong performance in the highly profitable mobile device accessories business.

(Reference 1: Principal Operational Data)
(a) SoftBank Corp.
i. Mobile Communications Service

		Fiscal Year Ended March 2015					Fiscal Year Ending March 2016	
		Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014	Three-month Period Ended Dec. 31, 2014	Three-month Period Ended Mar. 31, 2015	Fiscal Year Ended Mar. 31, 2015	Three-month Period Ended June 30, 2015	Three-month Period Ended Sept. 30, 2015
		Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Main subscribers¹⁸								
Cumulative subscribers	Thousands	30,868	31,018	31,173		31,545	31,565	31,604
Net additions	Thousands	80	150	155	373	758	20	39
Total ARPU ²⁰	¥/ month	4,700	4,710	4,710	4,580	4,670	4,660	4,720
Telecom ARPU ²⁰	¥/ month	4,220	4,230	4,230	4,080	4,190	4,140	4,190
Service ARPU ²⁰	¥/ month	480	480	490	500	490	520	540
Churn rate ²⁰	% / month	1.19	1.30	1.38	1.57	1.36	1.24	1.28
Units sold ¹⁹	Thousands	1,994	2,864	3,587	3,236	11,681	2,197	2,468
New subscriptions	Thousands	1,182	1,365	1,387	1,817	5,750	1,168	1,210
Device upgrades	Thousands	812	1,499	2,201	1,419	5,930	1,029	1,258

Cumulative Applications for the Smartphone & Internet Bundle Discount²⁰								
Mobile communications service	Thousands						639	1,315
Broadband service ²¹	Thousands						326	660

Overall mobile communications								
Cumulative subscribers	Thousands	44,564	44,900	44,887		44,886	44,417	44,117
Main subscribers ¹⁸	Thousands	30,868	31,018	31,173		31,545	31,565	31,604
Communication modules ¹⁸	Thousands	8,426	8,723	8,787		8,615	8,322	8,156
PHS	Thousands	5,271	5,160	4,927		4,726	4,530	4,356

ii. Broadband Service

Cumulative subscribers	Thousands	4,242	4,243	4,256		4,357	4,452	4,602
<i>SoftBank Hikari</i> ^{18, 22}	Thousands					119	341	715
<i>Yahoo! BB hikari with FLET'S</i> ^{18, 23}	Thousands	2,531	2,583	2,638		2,672	2,610	2,435
<i>Yahoo! BB ADSL</i> ^{18, 24}	Thousands	1,711	1,660	1,618		1,566	1,501	1,452
ARPU¹⁸								
<i>SoftBank Hikari</i> ^{18, 22}	¥/ month				3,100		4,270	4,980
<i>Yahoo! BB hikari with FLET'S</i> ^{18, 23}	¥/ month	1,770	1,830	1,840	1,830	1,820	1,830	1,860
<i>Yahoo! BB ADSL</i> ^{18, 24}	¥/ month	2,870	2,830	2,780	2,740	2,810	2,680	2,660

Note:

5. The presentation method and definitions for the principal operational data of SoftBank Corp.'s mobile communications service has been changed from the first quarter of the fiscal year ending March 2016. Please refer to "< Changes in the Presentation Method and Definitions of Principal Operational Data >" for details. Data for the fiscal year ended March 31, 2015 are also presented based on the new definitions.

¹⁸ For definitions and calculation methods of subscribers, churn rate, and ARPU at SoftBank Corp., see page 23 "(Reference 2: Definitions and Calculation Methods of Principal Operational Data) (a) SoftBank Corp."

¹⁹ The total number of new subscriptions and device upgrades. New subscriptions where customers switch between *SoftBank* and *Y!mobile* using MNP are included in the number of device upgrades.

²⁰ Includes subscribers for *Fiber-optic Discount* applied to *Y!mobile* brand mobile communications services

²¹ The number of eligible applications for the *Smartphone & Internet Bundle Discount* includes that of fiber-optic lines as long as the relevant discount is applied to the associated mobile communications services, even if its connection construction is not complete at the central office of NTT East or NTT West.

²² A fiber-optic service using the wholesale fiber-optic connection of NTT East and NTT West. Includes the number of subscribers and ARPU of *SoftBank Air*.

²³ An ISP service offered as a package with NTT East and NTT West's *FLET'S Hikari Series* fiber-optic connection

²⁴ A service combining an ADSL connection service and an ISP service

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

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

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

i. Presentation Method

Number of subscribers

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

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

Category	Details
Main subscribers	Smartphones, ^{Note 6} feature phones, tablets, mobile data communication devices, ^{Note 7} others
Communication modules	Communication modules, ^{Note 8} <i>Mimamori Phone</i> , prepaid mobile phones, others
PHS	PHS

Notes:

- Smartphones to which the *Smartphone Family Discount* are applied are included under communication modules. The *Smartphone Family Discount* is a promotion offering discounts to the family members of upgrading existing customers when they use the old handset and make a new subscription.
- Mobile data communication devices to which the *Data Card 2-Year Special Discount* are applied are included under communication modules. The *Data Card 2-Year Special Discount* is a price plan based on usage of traffic with a free basic flat rate. It is provided to customers using a data card with a contract period of two years or more.
- Communication modules that use PHS networks are included under PHS.

ARPU, number of units sold, and churn rate

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

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

ii. Definitions

Scope of inclusion for number of subscribers

Before the change: including the contracts described below

After the change: excluding the contracts described below

The overlapping portion of mobile data communications devices^{Note 9} compliant with the spectrums of former SoftBank Mobile Corp. and former Ymobile Corporation, etc. (number of subscribers as of March 31, 2015: 2,897,000)

Note:

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

(b) Sprint

			Fiscal Year Ended March 2015					Fiscal Year Ending March 2016	
			Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014	Three-month Period Ended Dec. 31, 2014	Three-month Period Ended Mar. 31, 2015	Fiscal Year Ended Mar. 31, 2015	Three-month Period Ended June 30, 2015	Three-month Period Ended Sept. 30, 2015
			Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Cumulative subscribers ²⁵	Sprint total	Thousands	54,553	55,037	55,929		57,141	57,668	58,578
	Sprint platform	Thousands	53,331	53,921	54,888		56,137	56,812	57,868
	Postpaid	Thousands	29,737	29,465	29,495		29,706	30,016	30,569
	(incl.) Phone ^{26, 27}	Thousands	25,785	25,284	25,079		24,878	24,866	25,104
	Prepaid ²⁷	Thousands	14,715	14,750	15,160		15,706	15,340	14,977
	Wholesale and affiliate	Thousands	8,879	9,706	10,233		10,725	11,456	12,322
	Clearwire ²⁸	Thousands	1,222	1,116	1,041		1,004	856	710
Sprint platform	Net additions ²⁵	Thousands	(220)	590	967	1,249	2,586	675	1,056
	Postpaid	Thousands	(181)	(272)	30	211	(212)	310	553
	(incl.) Phone ^{26, 27}	Thousands	(620)	(500)	(205)	(201)	(1,526)	(12)	237
	Prepaid ²⁷	Thousands	(542)	35	410	546	449	(366)	(363)
	Wholesale and affiliate	Thousands	503	827	527	492	2,349	731	866
	Postpaid phone ²⁶ ABPU ²⁹	\$ / month	69.34	69.02	69.01	69.19		69.91	70.64
	ARPU ²⁹								
	Postpaid	\$ / month	62.07	60.58	58.90	56.94		55.48	54.02
Prepaid	\$ / month	27.38	27.19	27.12	27.50		27.81	27.54	
Churn rate ²⁹									
	Postpaid	% / month	2.05	2.18	2.30	1.84		1.56	1.54
	Prepaid	% / month	4.44	3.76	3.94	3.84		5.08	5.07

²⁵ Includes the number of communication module service subscribers

²⁶ Smartphones and feature phones

²⁷ During the second quarter, Sprint introduced a program to provide certain tenured prepaid subscribers with an extended payment period for their next month of service charges beyond the expiration of their current monthly plan, while normally if customers on the monthly prepaid service plan do not pay the next month's charges by the due date, they will not be able to use the service. It is the extension of credit which defines the customers as postpaid. Prepaid subscribers who have applied for this program are included in postpaid subscribers as "migrations" from prepaid. Such migrations totaled 199,000 for the second quarter.

²⁸ Subscribers acquired through the acquisition of assets from Clearwire Corporation

²⁹ For definitions and calculation methods of ABPU/ARPU and churn rate of the Sprint platform, see page 24 "(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 Corp.

i. Mobile Communications Service

• **Subscribers**

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

Main subscribers: smartphones, ^{Note 10} feature phones, tablets, mobile data communications devices, ^{Note 11} others

Communication modules: communication modules, ^{Note 12} *Mimamori Phone*, prepaid mobile phones, others

PHS: PHS

Notes:

10. Smartphones to which the *Smartphone Family Discount* are applied are included under communication modules.

11. Mobile data communication devices to which the *Data Card 2-Year Special Discount* are applied are included under communication modules.

12. Communication modules that use PHS networks are included under PHS.

Principal Operational Data for Main Subscribers

• **ARPU**

ARPU: Average Revenue Per User per month

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

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

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

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

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

• **Churn rate**

Churn rate: average monthly churn rate (rounded to the nearest 0.01%)

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

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

ii. Broadband Service

• **Subscribers**

SoftBank Hikari subscribers:

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

Yahoo! BB hikari with FLET'S subscribers:

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

Yahoo! BB ADSL subscribers:

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

- **ARPU**

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

ARPU = Revenue of each broadband service / the number of active subscribers

SoftBank Hikari ARPU =

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

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

Yahoo! BB hikari with FLET'S ARPU =

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

Yahoo! BB ADSL ARPU =

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

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

(b) Sprint Platform

- **ABPU/ARPU**

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

ABPU = (service revenue + equipment billings) / number of active subscribers

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

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

ARPU = service revenue / number of active subscribers

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

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

- **Churn rate**

Churn rate: average monthly churn rate (rounded to the nearest 0.01%)

Churn rate = number of deactivations / number of active subscribers

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

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

(Reference 3: Capital Expenditure, Depreciation and Amortization)
(a) Capital Expenditure (Acceptance Basis)

(Millions of yen)

	Fiscal Year Ended March 2015					Fiscal Year Ending March 2016	
	Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014	Three-month Period Ended Dec. 31, 2014	Three-month Period Ended Mar. 31, 2015	Fiscal Year Ended Mar. 31, 2015	Three-month Period Ended June 30, 2015	Three-month Period Ended Sept. 30, 2015
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Domestic Telecommunications segment	130,281	133,170	140,713	177,587	581,751	72,440	88,241
Sprint segment	148,793	162,025	213,765	175,266	699,849	160,367	165,421
Yahoo Japan segment	8,532	5,031	9,418	7,073	30,054	7,196	16,921
Distribution segment	2,559	2,709	2,958	5,969	14,195	1,896	2,086
Others	5,574	4,596	9,700	7,714	27,584	1,345	3,144
Consolidated total	295,739	307,531	376,554	373,609	1,353,433	243,244	275,813

(b) Depreciation and Amortization

(Millions of yen)

	Fiscal Year Ended March 2015					Fiscal Year Ending March 2016	
	Three-month Period Ended June 30, 2014	Three-month Period Ended Sept. 30, 2014	Three-month Period Ended Dec. 31, 2014	Three-month Period Ended Mar. 31, 2015	Fiscal Year Ended Mar. 31, 2015	Three-month Period Ended June 30, 2015	Three-month Period Ended Sept. 30, 2015
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Domestic Telecommunications segment	105,164	106,843	109,863	130,428	452,298	107,521	110,628
Sprint segment	128,621	132,762	145,355	172,414	579,152	190,278	207,901
Yahoo Japan segment	3,653	4,271	4,515	5,925	18,364	5,646	7,287
Distribution segment	2,446	2,141	2,220	3,441	10,248	2,406	3,385
Others	8,325	8,243	8,770	9,845	35,183	10,347	9,024
Consolidated total	248,209	254,260	270,723	322,053	1,095,245	316,198	338,225

Notes:

13. The results for the fiscal year ended March 2015 are presented in accordance with the reportable segments for the first quarter of the fiscal year ending March 2016.

14. The amount of capital expenditure and depreciation and amortization excludes those of discontinued operations.

(2) Qualitative Information Regarding Consolidated Financial Position

a. Assets, Liabilities and Equity

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

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015	Change	Change %
Total assets	21,034,169	21,426,330	392,161	1.9%
Total liabilities	17,180,992	17,489,680	308,688	1.8%
Total equity	3,853,177	3,936,650	83,473	2.2%

Reference: Exchange rate at the end of the period

USD/ JPY	¥120.17	¥119.96	¥(0.21)	(0.2%)
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(a) Current Assets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015	Change
Cash and cash equivalents	3,258,653	2,208,269	(1,050,384)
(incl.) Sprint	481,891	236,620	(245,271)
Trade and other receivables	1,895,648	1,838,234	(57,414)
(incl.) Sprint	433,013	424,015	(8,998)
Other financial assets	197,068	211,557	14,489
Inventories	351,152	343,943	(7,209)
Other current assets	255,399	1,126,957	871,558
Total current assets	5,957,920	5,728,960	(228,960)

Current assets decreased by ¥228,960 million (3.8%) from the previous fiscal year-end, to ¥5,728,960 million.

The primary components of the change were as follows:

- i. Cash and cash equivalents decreased by ¥1,050,384 million from the previous fiscal year-end. For the details on changes in cash and cash equivalents, please refer to page 31 “b. Cash Flows.”
- ii. Trade and other receivables decreased by ¥57,414 million from the previous fiscal year-end. The decrease mainly reflected a decrease in receivables at Brightstar. Another factor for the decrease was the transition of GungHo from a subsidiary to an equity method associate.
- iii. Other current assets increased by ¥871,558 million from the previous fiscal year-end. This mainly reflected the recording of ¥844,748 million in withholding income tax to be paid, related to dividends within the group companies. Of this, ¥611,199 million and ¥233,549 million is expected to be refunded by the end of December 2015 and the end of July 2016, respectively.

(b) Non-current Assets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015	Change
Property, plant and equipment	4,317,448	4,435,029	117,581
(incl.) Sprint	2,141,120	2,284,005	142,885
Goodwill	1,663,363	1,569,721	(93,642)
(incl.) Sprint	353,867	353,249	(618)
Intangible assets	6,903,582	6,852,472	(51,110)
(incl.) Sprint	5,993,034	5,899,313	(93,721)
FCC licenses ³⁰	4,320,296	4,317,383	(2,913)
(incl.) Sprint	4,320,296	4,317,383	(2,913)
Trademarks	786,834	806,090	19,256
(incl.) Sprint	772,433	770,152	(2,281)
Customer relationships	582,223	532,208	(50,015)
(incl.) Sprint	496,594	416,765	(79,829)
Software	757,866	776,679	18,813
Game titles	109,211	74,751	(34,460)
Others	347,152	345,361	(1,791)
Investments accounted for using the equity method	1,102,456	1,567,006	464,550
Other financial assets	662,463	917,032	254,569
Deferred tax assets	235,488	163,762	(71,726)
Other non-current assets	191,449	192,348	899
Total non-current assets	15,076,249	15,697,370	621,121

Non-current assets increased by ¥621,121 million (4.1%) from the previous fiscal year-end to ¥15,697,370 million.

The primary components of the change were as follows:

- i. Investments accounted for using the equity method increased by ¥464,550 million from the previous fiscal year-end. This primarily reflected an increase in the carrying amount of Alibaba due to the recording of income on equity method investments related to Alibaba as well as the new recording of GungHo as an investment accounted for using the equity method. There was also an impact from the acquisition of the shares of Social Finance, Inc., which provides student loan refinancing services in the U.S.
- ii. Other financial assets increased by ¥254,569 million from the previous fiscal year-end. This mainly reflected the acquisition of preferred units in Forward Ventures, LLC, which operates the e-commerce website *Coupang* in South Korea. There was also an impact from an increase in the fair value of financial assets at FVTPL,

³⁰ Licenses issued by the U.S. Federal Communications Commission for use of specified spectrum

- such as preferred shares of ANI Technologies Pvt. Ltd. and Jasper Infotech Private Limited.
- iii. Property, plant and equipment increased by ¥117,581 million from the previous fiscal year-end. This primarily reflected an increase in capitalized leased devices at Sprint due to the increased mobile device leases under the leasing program, despite continued regular depreciation of network equipment at SoftBank Corp. and Sprint.
- iv. Goodwill decreased by ¥93,642 million from the previous fiscal year-end. This was mainly due to the transition of GungHo from a subsidiary to an equity method associate, which was partially offset by the transition of ASKUL Corporation from an equity method associate to a subsidiary.

(c) Current Liabilities

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015	Change
Interest-bearing debt	1,817,415	1,660,269	(157,146)
(incl.) Sprint	216,247	215,277	(970)
Short-term borrowings	413,846	385,503	(28,343)
Current portion of long-term borrowings	525,898	558,906	33,008
Current portion of corporate bonds	183,557	258,208	74,651
(incl.) Sprint	113,491	113,288	(203)
Current portion of lease obligations	411,453	373,624	(37,829)
Current portion of preferred securities	200,000	-	(200,000)
Others	82,661	84,028	1,367
Trade and other payables	1,863,480	1,626,057	(237,423)
(incl.) Sprint	741,549	570,548	(171,001)
Other financial liabilities	12,917	7,881	(5,036)
Income taxes payables	184,175	109,549	(74,626)
Provisions	54,998	50,163	(4,835)
Other current liabilities	739,501	941,210	201,709
Total current liabilities	4,672,486	4,395,129	(277,357)

Current liabilities declined by ¥277,357 million (5.9%) from the previous fiscal year-end to ¥4,395,129 million.

The primary components of the change were as follows:

- i. Trade and other payables decreased by ¥237,423 million from the previous fiscal year-end. This mainly

reflected a decrease in accounts payable-other related to telecommunications equipment at Sprint after making payments.

- ii. Interest-bearing debt decreased by ¥157,146 million from the previous fiscal year-end. This mainly reflected a decline of ¥200,000 million in the current portion of preferred securities from the previous fiscal year-end due to the Company's subsidiary SFJ Capital Limited's redemption in May 2015 of the full amount of preferred (restricted voting) securities issued in September 2011.
- iii. Other current liabilities increased by ¥201,709 million from the previous fiscal year-end. This mainly reflected the recording of ¥293,508 million for an expected payment of withholding income tax related to dividend payments within the group companies.

(d) Non-current Liabilities

	(Millions of yen)		
	As of March 31, 2015	As of September 30, 2015	Change
Interest-bearing debt	9,789,829	10,231,618	441,789
(incl.) Sprint	3,886,597	3,885,851	(746)
Long-term borrowings	2,116,498	2,005,628	(110,870)
Corporate bonds	6,825,868	7,339,733	513,865
(incl.) Sprint	3,813,511	3,788,947	(24,564)
Lease obligations	744,911	803,044	58,133
Others	102,552	83,213	(19,339)
Other financial liabilities	27,142	49,716	22,574
Defined benefit liabilities	128,282	131,213	2,931
Provisions	155,705	131,539	(24,166)
Deferred tax liabilities	2,052,615	2,192,847	140,232
(incl.) Sprint	1,748,273	1,747,422	(851)
Other non-current liabilities	354,933	357,618	2,685
Total non-current liabilities	12,508,506	13,094,551	586,045

Non-current liabilities increased by ¥586,045 million (4.7%) from the previous fiscal year-end to ¥13,094,551 million. The primary components of the change were as follows:

- i. Interest-bearing debt increased by ¥441,789 million from the previous fiscal year-end. This was mainly due to SoftBank Group Corp. issuing ¥552,990 million in foreign currency denominated senior notes and ¥100,000 million in unsecured straight corporate bonds, which was offset by a transfer of ¥100,000 million of its unsecured straight corporate bonds into current liabilities as the redemption date came to be within one year.
- ii. Deferred tax liabilities increased by ¥140,232 million from the previous fiscal year-end. This was mainly due to a tax effect being recognized for the difference between the carrying amount of Alibaba on a consolidated

basis, which increased due to the recording of the relevant income on equity method investments, and its carrying amount on a tax basis.

(e) Equity

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015	Change
Equity attributable to owners of the parent	2,846,306	2,995,148	148,842
Non-controlling interests	1,006,871	941,502	(65,369)
Total equity	3,853,177	3,936,650	83,473

Equity totaled ¥3,936,650 million, for a ¥83,473 million (2.2%) increase from the previous fiscal year-end. Of this amount, equity attributable to owners of the parent increased by ¥148,842 million (5.2%), while non-controlling interests decreased by ¥65,369 million (6.5%). The ratio of equity attributable to owners of the parent to total assets increased by 0.5 of a percentage point from the previous fiscal year-end to 14.0%.

(Equity Attributable to Owners of the Parent)

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015	Change
Common stock	238,772	238,772	-
Capital surplus	374,845	268,203	(106,642)
Retained earnings	1,740,686	2,142,680	401,994
Treasury stock	(48,383)	(166,301)	(117,918)
Accumulated other comprehensive income	540,386	511,794	(28,592)
Available-for-sale financial assets	14,524	29,023	14,499
Cash flow hedges	(7,345)	(22,580)	(15,235)
Exchange differences on translating foreign operations	533,207	505,351	(27,856)
Total equity attributable to owners of the parent	2,846,306	2,995,148	148,842

Equity attributable to owners of the parent increased by ¥148,842 million (5.2%) from the previous fiscal year-end to ¥2,995,148 million. The primary components of the change were as follows.

- i. Retained earnings increased by ¥401,994 million from the previous fiscal year-end. This was mainly due to recording net income attributable to owners of the parent of ¥426,683 million.

- ii. Treasury stock increased by ¥117,918 million from the previous fiscal year-end. This was mainly due to an acquisition of 15,795,000 shares of treasury stock amounting to ¥120,000 million in August 2015, with an aim of executing a flexible capital policy in response to changes in the management environment.
- iii. Capital surplus declined by ¥106,642 million from the previous fiscal year-end. This mainly reflected the deduction from capital surplus of ¥120,847 million as changes in interests in subsidiaries due to the purchase of an additional 24.1% of the shares of subsidiary Supercell from its existing shareholders (the Company's share of voting rights after the additional purchase: 77.8%).

(Non-controlling Interests)

Non-controlling interests totaled ¥941,502 million, for a ¥65,369 million (6.5%) decrease from the previous fiscal year-end. This was mainly due to the transition of GungHo from a subsidiary to an equity method associate, while ASKUL Corporation was changed from an equity method associate to a subsidiary.

b. Cash Flows

Cash flows for the period were as follows.

Cash and cash equivalents at the end of the second quarter totaled ¥2,208,269 million, for a ¥1,050,384 million decrease from the previous fiscal year-end.

(Millions of yen)

	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2015	Change
Cash flows from operating activities	682,348	176,584	(505,764)
Cash flows from investing activities	(736,984)	(1,128,941)	(391,957)
Cash flows from financing activities	510,476	(87,220)	(597,696)

(Reference)

Cash flows from operating activities - capital expenditure ^(Note 15)	49,331	(610,140)	(659,471)
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Note:

15. Outlays for purchase of property, plant and equipment and intangible assets.

(a) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥176,584 million (compared with ¥682,348 million provided in the same period of the previous fiscal year). The primary components of cash flows were as follows:

- i. Net income totaled ¥508,625 million.
- ii. The main items added to net income were depreciation and amortization of ¥659,151 million, income taxes of ¥306,452 million, and finance cost of ¥215,669 million.
- iii. The main items subtracted from net income were income on equity method investments of ¥264,586 million, other non-operating income and loss of ¥69,435 million, and gain from remeasurement relating to business combination of ¥59,441 million.

- iv. Interest paid was ¥229,396 million.
- v. Income taxes paid was ¥740,529 million. This includes a payment of ¥551,241 million for withholding income tax related to dividends within the group companies, of which ¥317,692 million and ¥233,549 million are expected to be refunded by the end of December 2015 and the end of July 2016, respectively.

(b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥1,128,941 million (compared with ¥736,984 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 ¥786,724 million. This was mainly due to an acquisition of telecommunications equipment at Sprint and SoftBank Corp.
- ii. Payments for acquisition of investments amounted to ¥312,133 million. This was mainly attributable to investments in Forward Ventures, LLC, Yamada Denki Co., Ltd., a major Japanese electric retailer, and Social Finance, Inc.
- iii. A decrease of ¥63,070 million from loss of control over subsidiaries. This represents the amount of cash and cash equivalents held by GungHo at the time of loss of control.
- iv. Payments for acquisition and proceeds from sales/redemption of marketable securities for short-term trading amounted to ¥65,199 million and ¥119,947 million, respectively. This was mainly attributable to acquisition and sale of marketable securities for short-term trading, primarily by Sprint and Brightstar.

(c) Cash Flows from Financing Activities

Net cash used in financing activities was ¥87,220 million (compared with ¥510,476 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 ¥1,152,321 million. The components were as follows:

- Proceeds from sale and leaseback of newly acquired equipment of ¥272,821 million. This was mainly because sale and leaseback was conducted when acquiring telecommunications equipment by finance lease at SoftBank Corp.
- Proceeds from long-term borrowings of ¥226,510 million. This was mainly due to borrowings made through securitization of installment sales receivables at SoftBank Corp. and borrowings made at Sprint through ECA finance.³¹
- Proceeds from issuance of corporate bonds of ¥652,990 million. This consisted of SoftBank Group Corp.'s issuance of foreign currency denominated senior notes and unsecured straight corporate bonds.

(Items Decreasing Cash Flows)

- i. Repayment of long-term interest-bearing debt was ¥824,952 million. The primary components were as follows:

³¹ Funding based on the credit provided by export credit agencies (ECA)

- Redemption of preferred investment securities of ¥200,000 million. This was due to the Company's subsidiary SFJ Capital Limited's redemption in May 2015 the full amount of preferred (restricted voting) securities issued in September 2011.
 - Repayment of long-term borrowings of ¥315,957 million. This was mainly due to SoftBank Corp. repaying borrowings made through securitization of installment sales receivables and SoftBank Group Corp. repaying the borrowings.
 - Repayment of lease obligations of ¥259,242 million.
- ii. Payment for purchase of subsidiaries' equity from non-controlling interests was ¥239,706 million. This was mainly due to the additional purchase of shares of Supercell and Sprint.
- iii. Payment for purchase of treasury stock was ¥120,031 million.

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

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

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Six-month Period Ended September 30, 2015

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

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

(2) Changes in Accounting Estimates

(Impairment loss on financial assets)

Certain shares and other were impaired as the investment amounts were not expected to be collected for the three-month period ended September 30, 2015. The details are described in “Note 13. Other non-operating income (loss) Note 1” 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, 2015	(Millions of yen) As of September 30, 2015
Assets		
Current assets		
Cash and cash equivalents	3,258,653	2,208,269
Trade and other receivables	1,895,648	1,838,234
Other financial assets	197,068	211,557
Inventories	351,152	343,943
Other current assets	255,399	1,126,957
Total current assets	5,957,920	5,728,960
Non-current assets		
Property, plant and equipment	4,317,448	4,435,029
Goodwill	1,663,363	1,569,721
Intangible assets	6,903,582	6,852,472
Investments accounted for using the equity method	1,102,456	1,567,006
Other financial assets	662,463	917,032
Deferred tax assets	235,488	163,762
Other non-current assets	191,449	192,348
Total non-current assets	15,076,249	15,697,370
Total assets	21,034,169	21,426,330

	As of March 31, 2015	(Millions of yen) As of September 30, 2015
Liabilities and equity		
Current liabilities		
Interest-bearing debt	1,817,415	1,660,269
Trade and other payables	1,863,480	1,626,057
Other financial liabilities	12,917	7,881
Income taxes payables	184,175	109,549
Provisions	54,998	50,163
Other current liabilities	739,501	941,210
Total current liabilities	4,672,486	4,395,129
Non-current liabilities		
Interest-bearing debt	9,789,829	10,231,618
Other financial liabilities	27,142	49,716
Defined benefit liabilities	128,282	131,213
Provisions	155,705	131,539
Deferred tax liabilities	2,052,615	2,192,847
Other non-current liabilities	354,933	357,618
Total non-current liabilities	12,508,506	13,094,551
Total liabilities	17,180,992	17,489,680
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	374,845	268,203
Retained earnings	1,740,686	2,142,680
Treasury stock	(48,383)	(166,301)
Accumulated other comprehensive income	540,386	511,794
Total equity attributable to owners of the parent	2,846,306	2,995,148
Non-controlling interests	1,006,871	941,502
Total equity	3,853,177	3,936,650
Total liabilities and equity	21,034,169	21,426,330

(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, 2014*	(Millions of yen) Six-month period ended September 30, 2015
Continuing operations		
Net sales	4,021,865	4,423,802
Cost of sales	(2,400,891)	(2,606,016)
Gross profit	1,620,974	1,817,786
Selling, general and administrative expenses	(1,046,302)	(1,156,161)
Gain from remeasurement relating to business combination	-	59,441
Other operating loss	(9,726)	(35,300)
Operating income	564,946	685,766
Finance cost	(171,246)	(215,668)
Income (loss) on equity method investments	(19,296)	264,586
Dilution gain from changes in equity interest	599,275	14,631
Other non-operating income (loss)	(9,503)	69,301
Income before income tax	964,176	818,616
Income taxes	(372,733)	(303,023)
Net income from continuing operations	591,443	515,593
Discontinued operations		
Net income (loss) from discontinued operations	16,998	(6,968)
Net income	608,441	508,625
Net income attributable to		
Owners of the parent	560,710	426,683
Non-controlling interests	47,731	81,942
	608,441	508,625
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		
Continuing operations	465.90	368.23
Discontinued operations	5.84	(8.67)
Total basic earnings per share	471.74	359.56
Diluted earnings per share (yen)		
Continuing operations	465.42	358.47
Discontinued operations	5.83	(8.66)
Total diluted earnings per share	471.25	349.81

Note:

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

Condensed Interim Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Six-month period ended September 30, 2014	Six-month period ended September 30, 2015
Net income	608,441	508,625
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(246)	(6)
Total items that will not be reclassified to profit or loss	(246)	(6)
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(1,108)	14,428
Cash flow hedges	4,257	(15,109)
Exchange differences on translating foreign operations	139,441	(25,467)
Share of other comprehensive income of associates	1,396	(748)
Total items that may be reclassified subsequently to profit or loss	143,986	(26,896)
Total other comprehensive income (loss), net of tax	143,740	(26,902)
Total comprehensive income	752,181	481,723
Total comprehensive income attributable to		
Owners of the parent	681,446	398,085
Non-controlling interests	70,735	83,638
	752,181	481,723

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

	(Millions of yen)	
	Three-month period ended September 30, 2014*	Three-month period ended September 30, 2015
Continuing operations		
Net sales	2,073,601	2,284,744
Cost of sales	(1,273,068)	(1,367,289)
Gross profit	800,533	917,455
Selling, general and administrative expenses	(544,638)	(598,688)
Gain from remeasurement relating to business combination	-	59,441
Other operating loss	(10,301)	(35,994)
Operating income	245,594	342,214
Finance cost	(86,261)	(110,157)
Income on equity method investments	44,129	183,984
Dilution gain from changes in equity interest	597,739	14,539
Other non-operating loss	(18,184)	(10,637)
Income before income tax	783,017	419,943
Income taxes	(291,905)	(161,335)
Net income from continuing operations	491,112	258,608
Discontinued operations		
Net income from discontinued operations	6,021	-
Net income	497,133	258,608
Net income attributable to		
Owners of the parent	483,136	213,301
Non-controlling interests	13,997	45,307
	497,133	258,608
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		
Continuing operations	404.35	180.13
Discontinued operations	2.09	-
Total basic earnings per share	406.44	180.13
Diluted earnings per share (yen)		
Continuing operations	402.66	173.34
Discontinued operations	2.09	-
Total diluted earnings per share	404.75	173.34

Note:

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

Condensed Interim Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three-month period ended September 30, 2014	Three-month period ended September 30, 2015
Net income	497,133	258,608
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(2)	-
Total items that will not be reclassified to profit or loss	(2)	-
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	983	(10,285)
Cash flow hedges	469	(14,436)
Exchange differences on translating foreign operations	178,952	(98,494)
Share of other comprehensive income of associates	6,757	(5,508)
Total items that may be reclassified subsequently to profit or loss	187,161	(128,723)
Total other comprehensive income (loss), net of tax	187,159	(128,723)
Total comprehensive income	684,292	129,885
Total comprehensive income attributable to		
Owners of the parent	637,668	95,247
Non-controlling interests	46,624	34,638
	684,292	129,885

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the six-month period ended September 30, 2014

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
As of April 1, 2014	238,772	405,045	1,168,266	(51,492)	169,850	1,930,441	899,941	2,830,382
Comprehensive income								
Net income	-	-	560,710	-	-	560,710	47,731	608,441
Other comprehensive income	-	-	-	-	120,736	120,736	23,004	143,740
Total comprehensive income	-	-	560,710	-	120,736	681,446	70,735	752,181
Transactions with owners and other transactions								
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)
Total transactions with owners and other transactions	-	(30,997)	(24,708)	1,849	246	(53,610)	(3,888)	(57,498)
As of September 30, 2014	238,772	374,048	1,704,268	(49,643)	290,832	2,558,277	966,788	3,525,065

For the six-month period ended September 30, 2015

(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			
As of April 1, 2015	238,772	374,845	1,740,686	(48,383)	540,386	2,846,306	1,006,871	3,853,177
Comprehensive income								
Net income	-	-	426,683	-	-	426,683	81,942	508,625
Other comprehensive loss	-	-	-	-	(28,598)	(28,598)	1,696	(26,902)
Total comprehensive income	-	-	426,683	-	(28,598)	398,085	83,638	481,723
Transactions with owners and other transactions								
Cash dividends	-	-	(23,784)	-	-	(23,784)	(29,165)	(52,949)
Transfer of accumulated other comprehensive income to retained earnings	-	-	(6)	-	6	-	-	-
Purchase and disposal of treasury stock	-	-	(899)	(117,918)	-	(118,817)	-	(118,817)
Changes from business combination	-	-	-	-	-	-	54,163	54,163
Changes from loss of control	-	-	-	-	-	-	(96,060)	(96,060)
Changes in interests in subsidiaries	-	(120,090)	-	-	-	(120,090)	(84,192)	(204,282)
Changes in associates' interests in their subsidiaries	-	13,640	-	-	-	13,640	-	13,640
Share-based payment transactions	-	(3,214)	-	-	-	(3,214)	7,937	4,723
Other	-	3,022	-	-	-	3,022	(1,690)	1,332
Total transactions with owners and other transactions	-	(106,642)	(24,689)	(117,918)	6	(249,243)	(149,007)	(398,250)
As of September 30, 2015	<u>238,772</u>	<u>268,203</u>	<u>2,142,680</u>	<u>(166,301)</u>	<u>511,794</u>	<u>2,995,148</u>	<u>941,502</u>	<u>3,936,650</u>

(4) Condensed Interim Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six-month period ended September 30, 2014	Six-month period ended September 30, 2015
Cash flows from operating activities		
Net income	608,441	508,625
Depreciation and amortization	516,183	659,151
Gain from remeasurement relating to business combination	-	(59,441)
Finance cost	171,249	215,669
Loss (income) on equity method investments	19,296	(264,586)
Dilution gain from changes in equity interest	(599,275)	(14,631)
Other non-operating loss (income)	9,607	(69,435)
Income taxes	387,340	306,452
Decrease in trade and other receivables	28,683	131,429
Increase (decrease) in trade and other payables	49,367	(8,144)
Other	(82,044)	(263,324)
Subtotal	1,108,847	1,141,765
Interest and dividends received	2,920	4,744
Interest paid	(184,533)	(229,396)
Income taxes paid	(244,886)	(740,529)
Net cash provided by operating activities	682,348	176,584
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(633,017)	(786,724)
Payments for acquisition of investments	(24,558)	(312,133)
Proceeds from sales/redemption of investments	10,673	16,442
(Decrease) increase from acquisition of control over subsidiaries	(7,801)	28,849
Decrease from loss of control over subsidiaries	-	(63,070)
Payments for acquisition of marketable securities for short-term trading	(171,010)	(65,199)
Proceeds from sales/redemption of marketable securities for short-term trading	167,599	119,947
Other	(78,870)	(67,053)
Net cash used in investing activities	(736,984)	(1,128,941)
Cash flows from financing activities		
Decrease in short-term interest-bearing debt, net	(65,687)	(31,295)
Proceeds from long-term interest-bearing debt	1,063,791	1,152,321
Repayment of long-term interest-bearing debt	(410,914)	(824,952)
Payments for purchase of subsidiaries' equity from non-controlling interests	(43,496)	(239,706)
Purchase of treasury stock	(21)	(120,031)
Cash dividends paid	(23,767)	(23,764)
Cash dividends paid to non-controlling interests	(16,087)	(29,265)
Other	6,657	29,472
Net cash provided by (used in) financing activities	510,476	(87,220)
Effect of exchange rate changes on cash and cash equivalents	30,282	(10,807)
Increase (decrease) in cash and cash equivalents	486,122	(1,050,384)
Cash and cash equivalents at the beginning of the period	1,963,490	3,258,653
Cash and cash equivalents at the end of the period	2,449,612	2,208,269

(5) Significant Doubt about Going-concern Assumption

For the six-month period ended September 30, 2015

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

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

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

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

Note:

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

2. Segment information

(1) Description of reportable segments

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

The Company had four segments, the Mobile Communications segment, the Sprint segment, the Fixed-line Telecommunications segment, and the Internet segment for the fiscal year ended March 31, 2015. Along with the transformation into "SoftBank 2.0" from a strong Japanese business with global assets to a global business that will strive to create sustainable growth over the long term, the Company revised its segments. The Domestic telecommunications segment, the Sprint segment, the Yahoo Japan segment, and the Distribution segment are the four reportable segments from the three-month period ended June 30, 2015.

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

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

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

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

The reportable segments for the six-month period ended September 30, 2014 and the three-month period ended September 30, 2014 are presented based on the revised reportable segments.

(2) Net sales and income of reportable segments

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

The Company had defined the income of reportable segments as the amount after deducting "Cost of sales" and "Selling, general and administrative expenses" from "net sales" until the fiscal year ended March 31, 2015. In connection with the revision of the segments, the Company defined its income of reportable segments as "Operating income" from the three-month period ended June 30, 2015.

Income of reportable segments for the six-month period ended September 30, 2014 and the three-month period ended September 30, 2014 is also defined as "Operating income."

Intersegment transaction prices are determined under the same general business conditions as applied for external customers.

The following is the information about the Company's net sales and income by reportable segment. The Company also discloses EBITDA (segment income (operating income) + depreciation and amortization – gain from remeasurement relating to business combination – other operating income and loss) by each reportable segment.

For the six-month period ended September 30, 2014

(Millions of yen)

	Reportable segments						Reconcili- ations ²	Consoli- dated
	Domestic Telecommu- nications	Sprint	Yahoo Japan	Distribution	Total	Other ¹		
Net sales								
Customers	1,415,969	1,774,301	198,675	478,757	3,867,702	154,163	-	4,021,865
Intersegment	8,381	9,135	3,338	20,710	41,564	13,932	(55,496)	-
Total	1,424,350	1,783,436	202,013	499,467	3,909,266	168,095	(55,496)	4,021,865
EBITDA	613,058	338,110	100,704	8,407	1,060,279	35,052	(18,190)	1,077,141
Depreciation and amortization	(212,007)	(261,383)	(7,924)	(4,587)	(485,901)	(15,836)	(732)	(502,469)
Other operating income (loss)	-	(12,131)	-	2,380	(9,751)	25	-	(9,726)
Segment income (Operating income)	<u>401,051</u>	<u>64,596</u>	<u>92,780</u>	<u>6,200</u>	<u>564,627</u>	<u>19,241</u>	<u>(18,922)</u>	564,946
Finance cost								(171,246)
Equity in loss of associates								(19,296)
Dilution gain from changes in equity interests								599,275
Other non-operating loss								(9,503)
Income before income tax								<u>964,176</u>

For the six-month period ended September 30, 2015

(Millions of yen)

	Reportable segments						Reconcili- ations ²	Consoli- dated
	Domestic Telecommu- nications	Sprint	Yahoo Japan	Distribution	Total	Other ¹		
Net sales								
Customers	1,489,829	1,867,528	244,710	628,587	4,230,654	193,148	-	4,423,802
Intersegment	14,135	78,650	4,058	38,141	134,984	12,639	(147,623)	-
Total	1,503,964	1,946,178	248,768	666,728	4,365,638	205,787	(147,623)	4,423,802
EBITDA	642,833	508,778	104,387	9,928	1,265,926	70,960	(20,838)	1,316,048
Depreciation and amortization	(218,149)	(398,179)	(12,933)	(5,791)	(635,052)	(18,507)	(864)	(654,423)
Gain from remeasurement relating to business combination	-	-	59,441	-	59,441	-	-	59,441
Other operating loss	-	(29,214)	-	-	(29,214)	(6,086)	-	(35,300)
Segment income (Operating income)	<u>424,684</u>	<u>81,385</u>	<u>150,895</u>	<u>4,137</u>	<u>661,101</u>	<u>46,367</u>	<u>(21,702)</u>	685,766
Finance cost								(215,668)
Equity in income of associates								264,586
Dilution gain from changes in equity interest								14,631
Other non-operating income								69,301
Income before income tax								<u>818,616</u>

Notes:

- Information on the business segments which are not included in the reportable segments is classified in "Other." "Other" includes mainly online game-related business by Supercell.
- "Reconciliations" includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment. Expenses arising mainly from SoftBank Group Corp. and SB Group US, Inc. which manage and supervise investment activities in the Internet, communication, and media fields overseas are included in the corporate general expenses.
- Discontinued operations are not included. The details are described in "Note 14. Discontinued operations."

For the three-month period ended September 30, 2014

(Millions of yen)

	Reportable segments						Reconcili- ations ²	Consoli- dated
	Domestic Telecommu- nications	Sprint	Yahoo Japan	Distribution	Total	Other ¹		
Net sales								
Customers	749,253	878,258	101,674	263,753	1,992,938	80,663	-	2,073,061
Intersegment	3,841	7,441	1,560	10,588	23,430	7,363	(30,793)	-
Total	753,094	885,699	103,234	274,341	2,016,368	88,026	(30,793)	2,073,601
EBITDA	303,128	147,784	49,833	5,305	506,050	16,337	(12,232)	510,155
Depreciation and amortization	(106,843)	(132,762)	(4,271)	(2,141)	(246,017)	(7,914)	(329)	(254,260)
Other operating income (loss)	-	(10,919)	-	593	(10,326)	25	-	(10,301)
Segment income (Operating income)	<u>196,285</u>	<u>4,103</u>	<u>45,562</u>	<u>3,757</u>	<u>249,707</u>	<u>8,448</u>	<u>(12,561)</u>	245,594
Finance cost								(86,261)
Equity in income of associates								44,129
Dilution gain from changes in equity interests								597,739
Other non-operating loss								(18,184)
Income before income tax								<u>783,017</u>

For the three-month period ended September 30, 2015

(Millions of yen)

	Reportable segments						Reconcili- ations ²	Consoli- dated
	Domestic Telecommu- nications	Sprint	Yahoo Japan	Distribution	Total	Other ¹		
Net sales								
Customers	777,132	929,715	136,179	344,407	2,187,433	97,311	-	2,284,744
Intersegment	6,265	42,469	2,134	18,578	69,446	6,641	(76,087)	-
Total	783,397	972,184	138,313	362,985	2,256,879	103,952	(76,087)	2,284,744
EBITDA	320,893	249,606	49,889	7,111	627,499	38,960	(9,467)	656,992
Depreciation and amortization	(110,628)	(207,901)	(7,287)	(3,385)	(329,201)	(8,629)	(395)	(338,225)
Gain from remeasurement relating to business combination	-	-	59,441	-	59,441	-	-	59,441
Other operating loss	-	(29,908)	-	-	(29,908)	(6,086)	-	(35,994)
Segment income (Operating income)	<u>210,265</u>	<u>11,797</u>	<u>102,043</u>	<u>3,726</u>	<u>327,831</u>	<u>24,245</u>	<u>(9,862)</u>	342,214
Finance cost								(110,157)
Equity in income of associates								183,984
Dilution gain from changes in equity interests								14,539
Other non-operating loss								(10,637)
Income before income tax								<u>419,943</u>

Notes:

- Information on the business segments which are not included in the reportable segments is classified in "Other." "Other" includes mainly online game-related business by Supercell.
- "Reconciliations" includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment. Expenses arising mainly from SoftBank Group Corp. and SB Group US, Inc. which manage and supervise investment activities in the Internet, communication, and media fields overseas are included in the corporate general expenses.
- Discontinued operations are not included. The details are described in "Note 14. Discontinued operations."

3. Business combinations

For the six-month period ended September 30, 2015

(1) Overview of consolidation

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

(2) Summary of acquiree

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

(3) Acquisition date

August 27, 2015

(4) Consideration transferred and the components

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

As a result of the reevaluation of equity interest already held at the time of the acquisition of control by the Company in ASKUL Corporation at fair value on the acquisition date, the Company recognized a gain on the acquisition of ¥59,441 million for the six-month period ended September 30, 2015. This gain is presented as "Gain from remeasurement relating to business combination" in the condensed interim consolidated statements of income.

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

		(Millions of yen)
		Acquisition date
		<u>(August 27, 2015)</u>
Trade and other receivables		45,365
Other current assets		44,751
Tangible assets		32,409
Intangible assets		71,944
Other non-current assets		<u>8,363</u>
Total assets		202,832
Current liabilities		71,495
Non-current liabilities		<u>35,495</u>
Total liabilities		106,990
Net assets	B	<u>95,842</u>
Non-controlling interests ¹	C	<u>55,133</u>
Goodwill ²	A-(B-C)	<u><u>52,902</u></u>

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. The above amounts, which are provisional fair values based on the best estimate at present, may change in a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date may be obtained.

Notes:

1. Non-controlling interests

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

2. Goodwill

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

(6) Proceeds from acquisition of control over subsidiaries

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

(7) Sales and net income of the acquiree

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

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

4. Other current assets

The components of other current assets are as follows:

	As of March 31, 2015	(Millions of yen) As of September 30, 2015
Tax receivable*	44,660	886,572
Prepaid expense	173,463	176,306
Other	37,276	64,079
Total	255,399	1,126,957

Note:

Withholding income tax of ¥844,748 million related to dividend within the group companies is included in tax receivable as of September 30, 2015.

5. Property, plant and equipment

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

	As of March 31, 2015	(Millions of yen) As of September 30, 2015
Buildings and structures	267,633	267,948
Telecommunications equipment	3,251,673	3,219,022
Equipment and fixtures	365,305	598,895
Land	97,342	106,708
Construction in progress	318,345	220,167
Other	17,150	22,289
Total	4,317,448	4,435,029

6. Intangible assets

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

	As of March 31, 2015	(Millions of yen) As of September 30, 2015
Intangible assets with indefinite useful lives		
FCC licenses	4,320,296	4,317,383
Trademarks	727,251	747,590
Intangible assets with finite useful lives		
Software	757,866	776,679
Customer relationships	582,223	532,208
Favorable lease contracts	145,191	136,110
Spectrum migration costs	53,550	114,705
Game titles	109,211	74,751
Trademarks	59,583	58,500
Other	148,411	94,546
Total	6,903,582	6,852,472

7. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2015	(Millions of yen) As of September 30, 2015
Current		
Short-term borrowings	413,846	385,503
Commercial paper	32,000	32,000
Current portion of long-term borrowings	525,898	558,906
Current portion of corporate bonds	183,557	258,208
Current portion of lease obligations	411,453	373,624
Current portion of preferred securities	200,000	-
Current portion of installment payables	50,661	52,028
Total	1,817,415	1,660,269
Non-current		
Long-term borrowings	2,116,498	2,005,628
Corporate bonds	6,825,868	7,339,733
Lease obligations	744,911	803,044
Installment payables	102,552	83,213
Total	9,789,829	10,231,618

(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, 2014	(Millions of yen) Six-month period ended September 30, 2015
Net decrease of short-term borrowings	(65,687)	(31,295)

(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:

	Six-month period ended September 30, 2014	(Millions of yen) Six-month period ended September 30, 2015
Proceeds from long-term borrowings	146,579	226,510
Proceeds from issuance of corporate bonds ^{1,2}	700,000	652,990
Proceeds from sale and leaseback of newly acquired equipment	217,212	272,821
Total	1,063,791	1,152,321

Notes:

1. 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 Group Corp.				
45th Unsecured Straight Corporate Bond	May 30, 2014	¥300,000 million	1.45%	May 30, 2019
46th Unsecured Straight Corporate Bond	Sept. 12, 2014	¥400,000 million	1.26%	Sept. 12, 2019

Notes:

2. Corporate bonds issued for the six-month period ended September 30, 2015 are as follows:

Company name / Name of bonds	Date of issuance	Total amount of issuance	Interest rate	Date of maturity
SoftBank Group Corp.				
47th Unsecured Straight Corporate Bond	June 18, 2015	¥100,000 million	1.36%	June 18, 2020
USD-denominated Senior Notes due 2022	July 28, 2015	\$1,000 million ¥124,120 million ³	5.38% 2.98% ⁴	July 30, 2022
USD-denominated Senior Notes due 2025	July 28, 2015	\$1,000 million ¥124,120 million ³	6.00% 3.44% ⁴	July 30, 2025
Euro-denominated Senior Notes due 2022	July 28, 2015	€500 million ¥67,722 million ³	4.00% 3.73% ⁴	July 30, 2022
Euro-denominated Senior Notes due 2025	July 28, 2015	€1,250 million ¥169,306 million ³	4.75% 4.25% ⁴	July 30, 2025
Euro-denominated Senior Notes due 2027	July 28, 2015	€500 million ¥67,722 million ³	5.25% 4.72% ⁴	July 30, 2027

Notes:

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

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

(4) 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, 2014	Six-month period ended September 30, 2015
Repayment of long-term borrowings	(179,131)	(315,957)
Redemption of corporate bonds ^{1,3}	(63,434)	(25,104)
Repayment of lease obligations	(144,059)	(259,242)
Redemption of preferred securities	-	(200,000)
Payment of installment payables	(24,290)	(24,649)
Total	(410,914)	(824,952)

Notes:

1. 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 Group 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. ²				
Second Lien Senior Secured Floating Rate Notes due 2014	April 23, 2007	\$181 million ¥18,513 million	3.49%	May 1, 2014

Notes:

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

3. Major corporate bonds redeemed for the six-month period ended September 30, 2015 are as follows:

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

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, 2015	As of September 30, 2015
U.S. dollars	120.17	119.96

(2) Average rate for the quarter

For the six-month period ended September 30, 2014

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

For the six-month period ended September 30, 2015

	Three-month period ended June 30, 2015	Three-month period ended September 30, 2015
U.S. dollars	121.34	121.91

9. Equity

(1) Capital surplus

For the six-month period ended September 30, 2015

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

(2) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	As of March 31, 2015	(Millions of yen) As of September 30, 2015
Available-for-sale financial assets	14,524	29,023
Cash flow hedges	(7,345)	(22,580)
Exchange differences on translating foreign operations	533,207	505,351
Total	<u>540,386</u>	<u>511,794</u>

10. Other operating loss

The components of other operating loss are as follows:

	Six-month period ended September 30, 2014	(Millions of yen) Six-month period ended September 30, 2015
Sprint segment		
Legal reserves ¹	-	(19,140)
Impairment loss on non-current assets ²	-	(10,403)
Severance costs associated with reduction in work force of Sprint	(17,130)	(2,239)
Other	4,999	2,568
Other	2,405	(6,086)
Total	<u>(9,726)</u>	<u>(35,300)</u>

Notes:

1. Legal reserves for ongoing legal matters.
2. Impairments are primarily related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint's network plans.

11. Finance cost

The components of finance cost are as follows:

	Six-month period ended September 30, 2014	(Millions of yen) Six-month period ended September 30, 2015
Interest expense	<u>(171,246)</u>	<u>(215,668)</u>

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 (loss)

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

	Six-month period ended September 30, 2014	(Millions of yen) Six-month period ended September 30, 2015
Impairment loss on securities ¹	(2,206)	(18,944)
Impairment loss on equity method associates ²	(19,393)	(654)
Gain from remeasurement relating to applying equity method ³	6,249	-
Gain from financial assets at FVTPL ⁴	1,218	112,625
Provision of allowance for doubtful accounts ¹	-	(20,024)
Other	4,629	(3,702)
Total	(9,503)	69,301

Notes:

- Shares and debt interests related to investments of PT Trikonsel Oke Tbk. in Indonesia were impaired as the investment amount and the debt interests amount were not expected to be collected. As a result, impairment loss on securities and provision of allowance for doubtful accounts totaling ¥38,185 million were recorded for the six-month period ended September 30, 2015.
- 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.
- Due to the increase in the percentage of voting rights, the equity method was newly applied to the investment in associates and the gain arose from remeasurement of the interest already held by the Company at the time the equity method was applied, based on the fair value on the date of the equity method application.
- Gain or loss arising from financial assets at FVTPL is mainly changes in fair value of preferred stock investment including embedded derivatives, designated as financial assets at FVTPL.

14. Discontinued operations

GungHo Online Entertainment, Inc.

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

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

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

Operating results related to GungHo for the six-month period ended September 30, 2014, the three-month period ended September 30, 2014, and from April 1, 2015 to June 1, 2015 are presented as discontinued operations separately from continuing operations in the condensed interim consolidated statement of income.

Note:

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

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

(1) Operating results from discontinued operations

	(Millions of yen)	
	Six-month period ended September 30, 2014	Six-month period ended September 30, 2015
Revenue	82,499	26,604
Expense	(50,894)	(17,404)
Income before income tax from discontinued operations	31,605	9,200
Income taxes	(14,607)	(3,568)
Income after income tax from discontinued operations	16,998	5,632
Loss relating to loss of control in discontinued operations	-	(12,739)
Deferred tax expenses for investment temporary differences	-	139
Net income (loss) from discontinued operations	16,998	(6,968)

(2) Cash flows from discontinued operations

	(Millions of yen)	
	Six-month period ended September 30, 2014	Six-month period ended September 30, 2015
Net cash provided by operating activities	32,641	16,051
Net cash used in investing activities	(1,010)	(735)
Net cash used in financing activities	(139)	(86)
Total	31,492	15,230

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

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

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

(2) Presentation of cash flow regarding finance leases

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

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

(3) Income taxes paid

For the six-month period ended September 30, 2015

Payment of withholding income tax related to dividend within the group companies ¥551,241 million is included in “Income taxes paid,” and ¥317,692 million and ¥233,549 million are expected to be refunded by the end of December 2015 and the end of July 2016, respectively.

(4) Decrease from loss of control over subsidiaries

For the six-month period ended September 30, 2015

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

(5) Payments for purchase of subsidiaries’ equity from non-controlling interests

“Payments for purchase of subsidiaries’ equity from non-controlling interests” is mainly due to the additional purchase of shares of Supercell and Sprint from existing shareholders respectively.