SoftBank

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 condensed interim consolidated financial statements appearing in item 3 of this report.

SoftBank Corp.
Consolidated Financial Report
For the six-month period ended September 30, 2013 (IFRS)

Tokyo, October 31, 2013

1. Financial Highlights

(1) Results of Operations

(Percentages are shown as year-on-year changes)
(Millions of yen; amounts are rounded off to the nearest million yen.)

	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, 2013	**¥2,598,612**	**72.7**	**¥715,070**	**66.6**	**¥606,267**	**55.3**	**¥428,873**	**76.8**	**¥394,916**	**84.1**	**¥190,910**	**(16.3)**
Six-month period ended September 30, 2012	¥1,504,644	-	¥429,129	-	¥390,472	-	¥242,528	-	¥214,559	-	¥228,171	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Six-month period ended September 30, 2013	**¥331.40**	**¥330.92**
Six-month period ended September 30, 2012	¥195.31	¥192.03

(2) Financial Position

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

	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, 2013	**¥15,604,540**	**¥2,525,719**	**¥1,750,898**	**11.2**
As of March 31, 2013	¥7,216,809	¥1,930,428	¥1,612,756	22.3

2. Dividends

	Dividends per share				
(Record date)	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2013	-	20.00	-	20.00	40.00
Fiscal year ending March 31, 2014	-	20.00			
Fiscal year ending March 31, 2014 (Forecasted)			-	20.00	40.00

Note: Revision of forecasts on the dividends: No

3. Forecasts on the Consolidated Operations Results for the Fiscal Year Ending in March 2014 (April 1, 2013 – March 31, 2014)

The Company projects net sales of at least ¥6 trillion and operating income of at least ¥1 trillion under IFRSs in the fiscal year ending March 31, 2014. This operating income includes gains of ¥253.9 billion in total resulting from the reevaluation of the existing equity interests held in GungHo Online Entertainment, Inc. and WILLCOM, Inc. at fair value when both companies became subsidiaries.

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes
Newly consolidated: One company Sprint Communications, Inc.

(2) Changes in accounting policies and accounting estimate
[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
Note:
Please refer to page 26 "(2) Changes in accounting policies and accounting estimates" under "2. Notes for Summary Information" for detail.

(3) Number of shares issued (common stock)
[1] Number of shares issued (including treasury stock):
As of September 30, 2013: 1,200,660,365 shares
As of March 31, 2013: 1,200,660,365 shares
[2] Number of treasury stock:
As of September 30, 2013: 8,720,258 shares
As of March 31, 2013: 9,160,493 shares
[3] Average stocks during six-month (Apr.-Sept.):
As of September 30, 2013: 1,191,661,988 shares
As of September 30, 2012: 1,098,553,765 shares

*** Implementation status of interim review procedures**

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

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

The Company has adopted IFRSs from the three-month period ended June 30, 2013. For the differences between IFRSs and Japanese Generally Accepted Accounting Principles ("JGAAP") in respect of the Company's financial data, please refer to page 75 "15. First-time adoption of IFRSs" in "(6) Notes to Condensed Interim Financial Statements" under "3. Condensed Interim Consolidated Financial Statement" for details.

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 October 31, 2013, the Company will hold an earnings results briefing for financial institutions, institutional investors, and the media. This earnings results briefing will be broadcast live on our website in both Japanese and English (http://www.softbank.jp/en/corp/irinfo/). The Earnings Results Data Sheets will also be posted on the Company's web site around 4 p.m. on the day of the announcement: (http://www.softbank.jp/en/corp/irinfo/presentations/)

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1. Qualitative Information Regarding Six-month Period Results

Adoption of IFRSs

SoftBank Corp. adopted the International Financial Reporting Standards (IFRSs) from the three-month period ended June 30, 2013 (the "first quarter"; transition date: April 1, 2012). The financial data for the six-month period ended September 30, 2012 (the "same period of the previous fiscal year") and the fiscal year ended March 31, 2013 (the "previous fiscal year") are also presented based on IFRSs.

The main items to be adjusted from JGAAP in accordance with the adoption of IFRSs are as follows:

- Change in scope of consolidation
  - eAccess Ltd. and Wireless City Planning Inc., which were associates under JGAAP, are subsidiaries under IFRSs.
- Items related to consolidated statements of financial position
  - Regarding certain securitization transactions that previously qualified for extinguishment of financial assets under JGAAP, securitized receivables are recognized retrospectively and accompanying liabilities are recognized as interest-bearing debt under IFRSs when they are not qualified for derecognition of financial assets under IFRSs.
  - Preferred securities issued by a subsidiary were accounted for as equity transactions and recorded as minority interests under JGAAP. Under IFRSs they are accounted for as under interest-bearing debt in the consolidated statements of financial position.
- Items related to the consolidated statements of income
  - Goodwill is amortized regularly under JGAAP. Under IFRSs, goodwill is not amortized regularly but tested for impairment at least once a year.
  - Commission fees paid related to the sales of mobile handsets were accounted for as costs when they occur under JGAAP. Under IFRSs, the amount of commission fees expected to occur in the future is deducted from revenues.

Please refer to page 75 "15. First-time adoption of IFRSs" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details of these adjustments.

Concerning Consolidation of Sprint

As of July 10, 2013 the Company (SoftBank Corp. and its subsidiaries) closed the acquisition of Sprint Corporation (previously Sprint Nextel Corporation, "Sprint") and started its consolidation. Along with this, a new reportable segment "Sprint," has been established from the three-month period ended September 30, 2013 (the "second quarter").

For details about consolidation of Sprint, please refer to page 52 "(2) Sprint" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Financial Statements 5. Business combinations"

(1) Qualitative Information Regarding Consolidated Results of Operations

a. Consolidated Results of Operations

For the six-month period ended September 30, 2013 (the "interim period"), the Company achieved consolidated net sales of ¥2,598,612 million, a ¥1,093,968 million (72.7%) increase year on year, with a ¥285,941 million (66.6%) increase in operating income to ¥715,070 million. Net income increased ¥186,345 million (76.8%) to

¥428,873 million, and net income attributable to owners of the parent increased ¥180,357 million (84.1%) to ¥394,916 million.

The main factors affecting earnings for the interim period were as follows:

(a) Net Sales

Net sales totaled ¥2,598,612 million, for a ¥1,093,968 million (72.7%) year-on-year increase. This was mainly due to recording sales of ¥760,941 million in the newly added Sprint segment from the second quarter. Apart from this, the Mobile Communications segment also recorded a ¥298,564 million year-on-year increase in net sales. The increase in the Mobile Communications segment was due to the impact of consolidating eAccess Ltd. from January 2013, GungHo Online Entertainment, Inc.[1] ("GungHo") from April 2013 and WILLCOM, Inc.[2] from July 2013, as well as increases in the number of subscribers and units sold[3] at SoftBank Mobile Corp., which led to increases in both service revenue (mainly former telecommunications revenue) and product sales (mainly former sales of handsets).

(b) Cost of Sales

Cost of sales increased ¥706,640 million (98.4%) year on year to ¥1,424,908 million. This was primarily due to the addition of the Sprint segment. Furthermore, in the Mobile Communications segment, in addition to the impact of consolidating eAccess Ltd., GungHo, and WILLCOM, Inc., the cost of goods rose in line with an increase in the number of iPhones[4] and other smartphones sold at SoftBank Mobile Corp.

(c) Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by ¥350,398 million (98.1%) year on year to ¥707,645 million. This was mainly due to the addition of the Sprint segment. Furthermore, in the Mobile Communications segment, in addition to the impact of consolidating eAccess Ltd., GungHo, and WILLCOM, Inc., there was an increase in sales commissions at SoftBank Mobile Corp.

(d) Income from Remeasurement Relating to Business Combinations

Income from remeasurement relating to business combinations was ¥253,886 million (not recorded in the same period of the previous fiscal year). This corresponds to income of ¥150,120 million and ¥103,766 million recognized following reevaluation at fair value of the Company's equity interests in GungHo and WILLCOM, Inc., already held on the dates when the Company acquired control of each company. Please refer to page 50 "(1) GungHo Online Entertainment, Inc." and page 57 "(3) WILLCOM, Inc." under "3. Condensed Interim

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[1] GungHo was made a subsidiary of the Company from an associate in April 2013. See page 50 " (1) GungHo Online Entertainment, Inc." under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 5. Business combinations" for details.

[2] WILLCOM, Inc. was made a subsidiary of the Company in July 2013. See page 57 "(3) WILLCOM, Inc." under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 5. Business combinations" for details.

[3] Units sold: the total number of new subscriptions and handset upgrades

[4] iPhone is a trademark of Apple Inc. The iPhone trademark is used under license from Aiphone K.K.

Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 5. Business combinations" for details.

(e) Other Operating Loss

Other operating loss was ¥4,875 million (not recorded in the same period of the previous fiscal year).

(f) Operating Income

As a result of (a) to (e), operating income totaled ¥715,070 million, for a ¥285,941 million (66.6%) year-on-year increase.

(g) Finance Cost, Net

Finance cost, net deteriorated ¥67,646 million year on year to a loss of ¥105,023 million. The main components were as shown below. Please refer to page 69 "12. Finance cost, net" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details about derivative losses and interest income.

i. Interest expense increased ¥80,208 million year on year to ¥105,862 million. The increase was mainly due to the impact of adding the interest expense of Sprint, as well as an increase in interest expenses for bonds and borrowings at SoftBank Corp.

ii. Derivative losses increased ¥23,319 million year on year to ¥25,824 million.

- Stock acquisition rights in the convertible bonds issued by Sprint Nextel Corporation and undertaken by Starburst II, Inc. on October 22, 2012 were recorded at fair value as a derivative. As the Company exercised the relevant stock acquisition rights and derecognized the derivatives, a derivative loss of ¥16,356 million was recorded.
- Of the foreign currency forward contract totaling approximate $22.0 billion which is related to the acquisition of Sprint, with regard to the approximate $5.0 billion that did not meet the criteria for hedge accounting, a derivative loss of ¥13,186 million was recorded. Hedge accounting was applied to the approximate $17.0 billion, which resulted in a deduction of the acquisition cost of Sprint by ¥311,659 million.

iii. Interest income increased ¥18,817 million year on year to ¥19,284 million. Regarding the convertible bonds issued by Sprint Nextel Corporation, initially the expected remaining accretion period for the bond discount was 7 years based on the contract term of the bonds. However, the Company changed the estimate of the expected remaining term to the completion of the acquisition. Accordingly, the Company recognized interest income of ¥16,219 million, in conjunction with the change in the expected remaining term of the bonds.

(h) Equity in Loss of Associates

Equity in loss of associates was ¥3,780 million, a deterioration of ¥2,500 million year on year (equity in loss of associates of ¥1,280 million was recorded for the same period of the previous fiscal year).

(i) Income before Income Tax

As a result of (f) to (h), income before income tax was ¥606,267 million, an increase of ¥215,795 million (55.3%) year on year.

(j) Income Taxes

Provisions for current income taxes were ¥177,394 million, an increase of ¥29,450 million (19.9%) year on year. The increase was mainly attributable to the consolidation of GungHo.

(k) Net Income

As a result of (i) to (j), net income totaled ¥428,873 million, for a ¥186,345 million (76.8%) year-on-year increase.

(l) Net Income Attributable to Owners of the Parent

After deducting net income attributable to non-controlling interests in subsidiaries such as Yahoo Japan Corporation and GungHo from (k), net income attributable to owners of the parent was ¥394,916 million, for a ¥180,357 million (84.1%) increase year on year.

(m) Comprehensive Income

Total comprehensive income was ¥190,910 million, for a ¥37,261 million (16.3%) year-on-year decrease. Of this, comprehensive income attributable to owners of the parent was ¥172,802 million (for a ¥27,202 million (13.6%) year-on-year decrease).

b. Results by Segment

The Company's reportable segments(Note 1) are components of business activities for which decisions on resource allocation and assessment of performance are made. The Company has four reportable segments: "Mobile Communications," "Sprint," "Fixed-line Telecommunications," and "Internet."

From the second quarter, the former "Domestic Mobile Communications" and "Domestic Fixed-line Telecommunications" segments were renamed as "Mobile Communications" and "Fixed-line Telecommunications," respectively. The Sprint segment was newly established from the second quarter, along with Sprint's consolidation.

In the Mobile Communications segment, SoftBank Mobile Corp. and other companies provide mobile communications services and sales of mobile handsets and accessories, etc.

In the Sprint segment, Sprint provides mobile communications services in the U.S. and sales of mobile handsets and accessories accompanying the services, as well as fixed-line telecommunication services.

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

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

The reportable segments, their main businesses, and their core companies are listed in the table below.

Segments		Main Business	Core Companies
Reportable Segments	Mobile Communications	・Provision of mobile communications services in Japan ・Sales of mobile handsets and accessories ・Sales of PC software and peripherals ・Production and distribution of online games for smartphones, and other devices.	SoftBank Mobile Corp. eAccess Ltd. WILLCOM, Inc. Wireless City Planning Inc. SoftBank BB Corp. SoftBank Telecom Corp. GungHo Online Entertainment, Inc.
	Sprint	・Provision of mobile communications services by Sprint in the U.S. ・Sales of mobile handsets and accessories accompanying the above services ・Provision of fixed-line telecommunications services by Sprint	Sprint Corporation
	Fixed-line Telecommunications	・Provision of telecom services such as fixed-line and data communication services, etc. to domestic corporate customers ・Provision of broadband services to domestic individual customers ・Services accompanying the above services	SoftBank Telecom Corp. SoftBank BB Corp. eAccess Ltd. Yahoo Japan Corporation
	Internet	・Internet advertising ・Operation of e-commerce sites such as *YAHUOKU!* and *Yahoo! Shopping*, etc. ・Membership services	Yahoo Japan Corporation
Others		・Fukuoka SoftBank HAWKS related businesses	Fukuoka SoftBank HAWKS Corp. Fukuoka SoftBank HAWKS Marketing Corp.

Notes:
1. The results for the same period of the previous fiscal year have been presented in line with the above reportable segments.
2. Segment income is calculated as follows:
   Segment income = (net sales – cost of sales – selling, general and administrative expenses) in each segment
3. Consolidated operating income is the result of adding or deducting income from remeasurement relating to business combinations and other operating income (loss) to the sum of segment income.

(a) Mobile Communications Segment

(Millions of yen)

	Six-month Period Ended Sept. 30, 2012 YoY	**Six-month Period Ended Sept. 30, 2013 (the interim period)**	Change	Change %
Net sales	1,087,963	1,386,527	298,564	27.4%
Segment income	289,951	339,551	49,600	17.1%

< Overview of Operations >

The segment's net sales increased by ¥298,564 million (27.4%) year on year to ¥1,386,527 million. The main factor behind the increase was the impact of consolidating eAccess Ltd., GungHo, and WILLCOM, Inc., in addition to increases in the number of mobile phone subscribers and units sold at SoftBank Mobile Corp., which led to increases in both service revenue (mainly former telecom service revenue) and product sales (mainly former sales of mobile handsets).

The segment's operating expenses increased by ¥248,964 million (31.2%) year on year to ¥1,046,976 million. The principal cause of this increase was the impact of consolidating eAccess Ltd., GungHo, and WILLCOM, Inc., and higher operating expenses at SoftBank Mobile Corp. The cost of goods and sales commissions rose at SoftBank Mobile Corp. in line with sales enhancement of iPhones and other smartphones.

As a result, segment income increased by ¥49,600 million (17.1%) year on year to ¥339,551 million.

< Overview of Business Operations >

・Number of Subscribers

Net subscriber additions (new subscribers minus cancellations) for the interim period at SoftBank Mobile Corp. totaled 1,586,000. This was primarily the result of steady sales of smartphones such as iPhone, *Mimamori Phone* (handset with security buzzer), and *PhotoVision* (a digital photo frame with telecommunications functionality), due to conducting various sales promotions for iPhone.[5] As a result, the cumulative number of subscribers[6] at SoftBank Mobile Corp. at the end of the second quarter stood at 34,066,000.

・ARPU

ARPU (excluding communication modules)[7] at SoftBank Mobile Corp. for the second quarter decreased by ¥130 year on year to ¥4,520. Out of this, data ARPU rose ¥170 year on year to ¥2,930. The decline in ARPU mainly reflects an increase in subscribers of low data-usage products such as *Mimamori Phone*, and a decline in the usage of voice call function of voice devices. As for data ARPU, the continuous increase in the number of high data-ARPU smartphone subscribers contributed to an increase.

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[5] Including a promotion for new and upgrading customers offering discounts, a promotion offering discounts to upgrading existing customers that allows their family members to use the old handset (if they make a new subscription), etc.

[6] Includes the number of prepaid mobile phones and communication module service subscribers. The cumulative number of communication module service subscribers at the end of the second quarter totaled 3,341,000.

[7] For definition and calculation of ARPU at SoftBank Mobile Corp., see page 12 "(Reference 2: Subsidiaries' Definition and Calculation Method of Principal Operational Data (a) SoftBank Mobile Corp.)"

・Number of Units Sold

The number of units sold at SoftBank Mobile Corp. for the interim period increased by 587,000 year on year to 6,170,000. Various sales promotions for iPhone continued to deliver strong sales, contributing to increases in both new subscriptions and handset upgrades.

(b) Sprint Segment

(Millions of yen)

	Six-month Period Ended Sept. 30, 2012 YoY	**Six-month Period Ended Sept. 30, 2013 (the interim period)**	Change	Change %
Net sales	Segment was newly established from this second quarter	**760,941**	-	-%
Segment income (loss)		**(22,304)**	-	-%

Note:

4. In the Sprint segment, the earnings reflect the operation results of Sprint since July 11, 2013, whereas its principal operational data[8] for the second quarter, such as number of subscribers, ARPU and churn rate, are presented based on Sprint's operation results from July 1 to September 30, 2013 for reference purposes.

< Overview of Operations >

The segment's net sales totaled ¥760,941 million. This mainly includes Sprint platform[9] service revenue and product sales. Nextel platform[10] service revenue is no longer recorded in the second quarter as a result of its shutdown on June 30, 2013.

The segment's operating expenses totaled ¥783,245 million. Operating expenses include ¥43,700 million of amortization of customer relationships (amortized based on the sum-of-the-digits method) recorded at Sprint's consolidation.

As a result, segment loss was ¥22,304 million.

< Overview of Business Operations >

Net subscriber losses for the second quarter at Sprint totaled 313,000, which included net loss of 535,000 in postpaid, and net additions of 28,000 in prepaid and 194,000 in wholesale and affiliate. As a result, the cumulative number of subscribers at Sprint at the end of the second quarter stood at 54,877,000. This includes 30,906,000 postpaid subscribers, 16,003,000 prepaid subscribers and 7,968,000 wholesale and affiliate subscribers.

For the second quarter, Sprint platform ARPU was $64.28 for postpaid and $25.33 for prepaid, and its churn rate was 1.99 % for postpaid and 3.57 % for prepaid.

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[8] For definition and calculation of ARPU and churn rate at Sprint, see page 13 "(Reference 2: Subsidiaries' Definition and Calculation Method of Principal Operational Data (b) Sprint Platform)."

[9] Sprint operated CDMA and LTE networks. This excludes the Nextel/ iDEN network and the subscribers/network acquired through transactions with U.S. Cellular Corporation and Clearwire Corporation.

[10] Wireless service operated on Integrated Digital Enhanced Network (iDEN), which Sprint acquired from Nextel Corporation in 2005.

(c) Fixed-line Telecommunications Segment

(Millions of yen)

	Six-month Period Ended Sept. 30, 2012 YoY	**Six-month Period Ended Sept. 30, 2013 (the interim period)**	Change	Change %
Net sales	262,064	**270,369**	8,305	3.2%
Segment income	59,849	**59,116**	(733)	(1.2%)

< Overview of Operations >

The segment's net sales increased by ¥8,305 million (3.2%) year on year to ¥270,369 million. This was mainly the impact of consolidating eAccess Ltd. On the other hand, revenues from the broadband business for individual customers decreased due to a decline in the number of ADSL service subscribers.

Segment income decreased by ¥733 million (1.2%) year on year to ¥59,116 million. This was mainly due to the decrease in net sales in the broadband business for individual customers.

(d) Internet Segment

(Millions of yen)

	Six-month Period Ended Sept. 30, 2012 YoY	**Six-month Period Ended Sept. 30, 2013 (the interim period)**	Change	Change %
Net sales	163,061	**196,290**	33,229	20.4%
Segment income	81,271	**94,583**	13,312	16.4%

<Overview of Operations>

The segment's net sales increased by ¥33,229 million (20.4%) year on year to ¥196,290 million. The increase was the result of growth in display advertising[11] revenue due to a significant increase in advertisements on *Yahoo! Display Ad Network (YDN)*[12] and an increase in revenue from sponsored-search advertising, especially through smartphones, at Yahoo Japan Corporation.

Segment income increased by ¥13,312 million (16.4%) year on year to ¥94,583 million. This was primarily the result of the increase in net sales.

[11] Advertisements displayed on the contents pages of *Yahoo! JAPAN* and major affiliated websites. Includes a mechanism that shows advertisements related to advertisers' products and services in which a user might be interested, based on the content the user is viewing, the user's interests (as derived from the user's browsing history or search keywords), attributes, or geographical locations.

[12] Graphical, Flash, and video advertising that appears on a certain defined area. Includes Premium advertisements such as *Brand Panel* shown on *Yahoo! JAPAN*'s top page and *Yahoo! Display Ad Network (YDN)*.

(Reference 1: Principal Operational Data)

(a) Mobile Communications Segment

		Fiscal Year Ended March 31, 2013					Fiscal Year Ending March 31, 2014	
		Three-month Period Ended June 30, 2012	Three-month Period Ended Sept. 30, 2012	Three-month Period Ended Dec. 31, 2012	Three-month Period Ended March 31, 2013	Fiscal Year Ended March 31, 2013	Three-month Period Ended June 30, 2013	**Three-month Period Ended Sept. 30, 2013**
		Q1	Q2	Q3	Q4	Full Year	Q1	**Q2**
Cumulative subscribers[13]	(Thousands)							
	SoftBank Mobile Corp.	29,702	30,461	31,322		32,480	33,290	**34,066**
	eAccess Ltd.	4,138	4,259	4,292		4,319	4,343	**4,415**
	WILLCOM, Inc. (PHS)	4,696	4,814	4,943		5,086	5,199	**5,310**
SoftBank Mobile Corp.	(Thousands) Net additions[13]	753	759	861	1,158	3,531	810	**776**
	Postpaid	772	771	872	1,170	3,585	818	**790**
	Prepaid	-19	-12	-11	-12	-55	-8	**-14**
	(¥ / month) ARPU (excl. communication modules)[14]	4,510	4,650	4,640	4,400	4,550	4,460	**4,520**
	Data	2,710	2,760	2,800	2,840	2,780	2,870	**2,930**
	(Thousands) Handsets shipped[15]	2,359	2,631	3,486	3,082	11,558	2,575	**2,734**
	(Thousands) Units sold[16]	2,586	2,997	3,843	3,686	13,113	3,023	**3,148**
	New subscriptions	1,663	1,718	1,894	2,243	7,519	1,790	**1,902**
	Handset upgrades	923	1,279	1,949	1,443	5,594	1,233	**1,246**
	(% / month) Churn rate[14]	1.03	1.06	1.12	1.14	1.09	0.99	**1.11**
	Postpaid	0.96	1.00	1.06	1.09	1.03	0.94	**1.06**
	(% / month) Upgrade rate[14]	1.05	1.42	2.10	1.51	1.53	1.25	**1.23**
	(Ref.) (¥ / month) ARPU (incl. communication modules)[14]	4,210	4,340	4,300	4,060	4,230	4,090	**4,120**
	Data	2,540	2,580	2,610	2,630	2,590	2,640	**2,690**

[13] Includes the number of prepaid mobile phones and communication module service subscribers.
[14] For definition and calculation method of ARPU, churn and upgrade rates at SoftBank Mobile Corp., see page 12 "(Reference 2: Subsidiaries' Definition and Calculation Method of Principal Operational Data (a) SoftBank Mobile Corp.)"
[15] Handsets shipped: the number of handsets shipped (sold) to handset dealers
[16] Units sold: the total number of new subscriptions and handset upgrades

(b) Sprint Segment

		Fiscal Year Ended March 31, 2013					Fiscal Year Ending March 31, 2014	
		Three-month Period Ended June 30, 2012	Three-month Period Ended Sept. 30, 2012	Three-month Period Ended Dec. 31, 2012	Three-month Period Ended March 31, 2013	Fiscal Year Ended March 31, 2013	Three-month Period Ended June 30, 2013	**Three-month Period Ended Sept. 30, 2013**
		Q1	Q2	Q3	Q4	Full Year	Q1	**Q2**
Cumulative Subscribers[17]	(Thousands) Sprint platform	51,974	52,857	53,540		53,896	53,376	**53,252**
	Nextel platform	4,412	3,106	2,086		1,315	-	-
	U.S. Cellular and Clearwire[18]	-	-	-		-	212	**1,625**
Sprint platform	(Thousands) Net additions[17]	1,281	883	683	356		-520	**-95**
	Postpaid	442	410	401	12		194	**-360**
	Prepaid	451	459	525	568		-486	**84**
	Wholesale & affiliate	388	14	-243	-224		-228	**181**
	($/ month) ARPU[19]							
	Postpaid	63.38	63.21	63.04	63.67		64.20	**64.28**
	Prepaid	25.49	26.19	26.30	25.95		26.96	**25.33**
	(%/ month) Churn rate[19]							
	Postpaid	1.69	1.88	1.98	1.84		1.83	**1.99**
	Prepaid	3.16	2.93	3.02	3.05		5.22	**3.57**

[17] Includes the number of prepaid mobile phones and communication module service subscribers.

[18] Sprint acquired approximately 352,000 postpaid subscribers and 59,000 prepaid subscribers through the acquisition of assets from U.S. Cellular when the transaction closed on May 17, 2013. Sprint acquired approximately 788,000 postpaid subscribers, 721,000 prepaid subscribers, 93,000 wholesale subscribers and transferred 29,000 Sprint wholesale subscribers that were originally recognized through Sprint's Clearwire MVNO arrangement to this category's postpaid subscribers as a result of the Clearwire acquisition when the transaction closed on July 9, 2013.

[19] For definition and calculation of ARPU and churn rate of Sprint platform, see page 13 "(Reference 2: Subsidiaries' Definition and Calculation Method of Principal Operational Data (b) Sprint Platform)."

(Reference 2: Subsidiaries' Definition and Calculation Method of Principal Operational Data)

(a) SoftBank Mobile Corp.

i. ARPU

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

ARPU (excluding communication modules)
= (data-related revenue (excluding communication modules) + basic monthly charge, voice-related revenues, etc. (excluding communication modules)) / number of active subscribers (excluding communication modules)

Data ARPU (excluding communication modules)
= data-related revenue (excluding communication modules) / number of active subscribers (excluding communication modules)

ARPU (including communication modules)
= (data-related revenue + basic monthly charge, voice-related revenues, etc.) / number of active subscribers

Data ARPU (including communication modules)
= data-related revenue / number of active subscribers

Number of active subscribers: the total of the monthly number of active subscribers for the relevant period
((subscribers at the beginning of the month + subscribers at the end of the month)/2).
The number of active subscribers is based on SoftBank Mobile Corp.'s cumulative subscribers including prepaid mobile phones, and devices that do not have voice communication functionalities (excluding communication modules).
The number of active subscribers used in the calculation of ARPU (including communication modules) includes communication modules.

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

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

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

ii. Churn rate

Churn rate = churn / number of active subscribers (rounded to the nearest 0.01%)
Churn = total number of subscribers that churned during the relevant period
Number of active subscribers: the total of the monthly number of active subscribers for the relevant period
((subscribers at the beginning of the month + subscribers at the end of the month)/2).
The number of active subscribers is based on SoftBank Mobile Corp.'s cumulative subscribers including prepaid mobile phones, communication modules, and devices that do not have voice communication functionalities.
The number of active subscribers used in the calculation of churn rate of postpaid subscribers excludes prepaid mobile phones.

ii. Upgrade rate

Upgrade rate = number of upgrades / number of active subscribers (rounded to the nearest 0.01%)
Number of upgrades = total number of upgrades during the relevant period
Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period
((subscribers at the beginning of the month + subscribers at the end of the month)/2).
The number of active subscribers is based on SoftBank Mobile Corp.'s cumulative subscribers including prepaid mobile phones, communication modules, and devices that do not have voice communication functionalities.

(b) Sprint Platform

i. ARPU

ARPU (Average Revenue Per User per month）(rounded to the nearest $.00)

ARPU = Service revenue/ average number of active subscribers

Number of active subscribers: the total of the monthly number of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month)/2). The number of active subscribers is based on cumulative subscribers including communication modules and devices that do not have voice communication functionalities.

ii. Churn rate

Churn rate = number of deactivations / average number of active subscribers (rounded to the nearest 0.01%)
Deactivations = total number of subscribers that churned during the relevant period
Number of active subscribers: the total of the monthly number of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month)/2). The number of active postpaid subscribers is based on cumulative subscribers including communication modules, and devices that do not have voice communication functionalities. The number of deactivations excludes the number of subscribers who switches between prepaid and postpaid on the same date.

(Reference 3: Capital Expenditure and Depreciation)[Note 5]

(a) Capital Expenditure (acceptance basis)

(Millions of yen)

	Fiscal Year Ended March 31, 2013					Fiscal Year Ending March 31,2014	
	Three-month Period Ended June 30, 2012	Three-month Period Ended Sept. 30, 2012	Three-month Period Ended Dec. 31, 2012	Three-month Period Ended March 31, 2013	Fiscal Year Ended March 31, 2013	Three-month Period Ended June 30, 2013	**Three-month Period Ended Sept. 30, 2013**
	Q1	Q2	Q3	Q4	Full Year	Q1	**Q2**
Mobile Communications segment	92,500	141,927	176,705	238,751	649,883	163,581	**164,563**
Sprint segment[Note 6]	Segment was newly established from this second quarter						**163,574**
Fixed-line Telecommunications segment	10,292	12,708	16,216	26,466	65,682	9,903	**16,743**
Internet segment	4,942	3,195	6,310	8,538	22,985	4,393	**2,746**
Others	7,163	1,866	2,126	3,456	14,611	2,835	**4,694**
Consolidated total	114,897	159,696	201,357	277,211	753,161	180,712	**352,320**

(b) Depreciation and Amortization

(Millions of yen)

	Fiscal Year Ended March 31, 2013					Fiscal Year Ending March 31,2014	
	Three-month Period Ended June 30, 2012	Three-month Period Ended Sept. 30, 2012	Three-month Period Ended Dec. 31, 2012	Three-month Period Ended March 31, 2013	Fiscal Year Ended March 31, 2013	Three-month Period Ended June 30, 2013	**Three-month Period Ended Sept. 30, 2013**
	Q1	Q2	Q3	Q4	Full Year	Q1	**Q2**
Mobile Communications segment	59,693	63,548	67,778	89,204	280,223	83,367	**92,228**
Sprint segment[Note 6]	Segment was newly established from this second quarter						**134,191**
Fixed-line Telecommunications segment	12,603	12,642	12,798	15,786	53,829	14,809	**14,918**
Internet segment	3,171	2,917	2,992	3,490	12,570	3,221	**3,218**
Others	1,956	2,114	2,127	2,301	8,498	1,902	**2,085**
Consolidated total	77,423	81,221	85,695	110,781	355,120	103,299	**246,640**

Notes:

5. The results for the previous fiscal year and each quarter of the previous fiscal year have been presented in line with the reportable segments for the second quarter.
6. Capital expenditures, depreciation and amortizations of Sprint Segment are recorded from July 11, 2013.

(2) Qualitative Information Regarding Consolidated Financial Position

a. Assets, Liabilities, and Equity

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

(Millions of yen)

	As of March 31, 2013	**As of Sept. 30, 2013**	Change	Change %
Total assets	7,216,809	15,604,540	8,387,731	116.2%
Total liabilities	5,286,381	13,078,821	7,792,440	147.4%
Total equity	1,930,428	2,525,719	595,291	30.8%

(a) Current Assets

(Millions of yen)

Item	As of March 31, 2013 A	Opening balance of Sprint on acquisition date (July 10, 2013) B	Other changes C	**As of Sept. 30, 2013** **D=A+B+C**	Change E=B+C
Cash and cash equivalents	1,439,057	447,873	296,670	**2,183,600**	744,543
Trade and other receivables	936,307	327,211	25,284	**1,288,802**	352,495
Other financial assets	229,239	111,764	174,675	**515,678**	286,439
Inventories	54,268	105,318	56,701	**216,287**	162,019
Other current assets	127,148	42,762	(17,944)	**151,966**	24,818
Total current assets	2,786,019	1,034,928	535,386	**4,356,333**	1,570,314

Current assets at the end of the second quarter totaled ¥4,356,333 million, for a ¥1,570,314 million (56.4%) increase from March 31, 2013 (the "previous fiscal year-end"). The components of the change of primary items were as follows:

i. Cash and cash equivalents

Cash and cash equivalents at the end of the second quarter totaled ¥2,183,600 million, for a ¥744,543 million increase from the previous fiscal year-end.

- The Company recognized ¥447,873 million for the consolidation of Sprint on the acquisition date.
- Sprint issued straight corporate bonds in the amount of $6.5 billion (¥638,300 million) in September 2013 and recorded cash and cash equivalents of approximately $3.0 billion and a segregated reserve account of approximately $3.5 billion. This is due to Sprint obtaining a limited waiver from each of the lenders of its credit line facilities, which should enable compliance with a financial covenant on its interest-bearing debts. As a requirement under the waivers, Sprint must maintain a segregated reserve account of approximately $3.5 billion until the earlier of the time existing Clearwire Corporation indebtedness is prepaid, or December 31, 2013 at which time the waivers will have expired. Sprint has already retired part of Clearwire Corporation's indebtedness by the end of September 2013 and the balance of restricted cash was approximately $3.1 billion at the end of the second quarter.

Please refer to page 66 “(Note 3) Covenants on interest-bearing debts of Sprint” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 9. Interest-bearing debt (1) Components of interest-bearing debt” for details about Sprint’s segregated reserve account.

ii. Trade and other receivables

Trade and other receivables at the end of the second quarter totaled ¥1,288,802 million, an increase of ¥352,495 million from the previous fiscal year-end. This increase was primarily due to recording ¥327,211 million for the consolidation of Sprint on the acquisition date.

iii. Other financial assets

Other financial assets at the end of the second quarter totaled ¥515,678 million, an increase of ¥286,439 million from the previous fiscal year-end. Sprint’s segregated reserve account of ¥298,138 million, and items such as derivative financial assets, fixed-term deposits and marketable securities are included in other financial assets.

- The Company recognized ¥111,764 million for the consolidation of Sprint on the acquisition date.
- Sprint deposited approximately $3.1 billion (¥299,501 million) into a segregated reserve account as a requirement of a limited waiver for its interest-bearing debt, resulting in an increase of other financial assets. Please refer to page 66 “(Note 3) Covenants on interest-bearing debts of Sprint” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 9. Interest-bearing debt (1) Components of interest-bearing debt” for details about Sprint’s segregated reserve account.
- The Company had concluded a foreign currency forward contract for approximately $17.0 billion in relation to funding for the acquisition of Sprint, and recorded the fair value of this contract of ¥189,357 million in derivative financial assets at the end of the previous fiscal year. However, this derivative financial asset was derecognized and no value was ascribed to it due to the settlement of the foreign exchange transaction upon the completion of the acquisition of Sprint. Please refer to page 69 “12. Finance cost, net” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements” for details.

(b) Non-current Assets

(Millions of yen)

Item	As of March 31, 2013 A	Opening balance of Sprint on acquisition date (July 10, 2013) B	Other changes C	**As of Sept. 30, 2013 D=A+B+C**	Change E=B+C
Property, plant and equipment	1,830,615	1,291,364	182,809	**3,304,788**	1,474,173
Goodwill	927,399	294,418	151,015	**1,372,832**	445,433
Intangible assets	524,893	5,275,623	(86,700)	**5,713,816**	5,188,923
Investments accounted for using the equity method	208,664	—	910	**209,574**	910
Other financial assets	634,647	23,938	(357,609)	**300,976**	(333,671)
Deferred tax assets	175,390	—	(11,879)	**163,511**	(11,879)
Other non-current assets	129,182	13,188	40,340	**182,710**	53,528
Total non-current assets	4,430,790	6,898,531	(81,114)	**11,248,207**	6,817,417

Non-current assets totaled ¥11,248,207 million at the end of the second quarter, for a ¥6,817,417 million (153.9 %) increase from the previous fiscal year-end. The components of the change of primary items were as follows:

i. Property, plant and equipment

Property, plant and equipment at the end of the second quarter totaled ¥3,304,788 million, for a ¥1,474,173 million increase from the previous fiscal year-end. This was mainly due to ¥1,291,364 million recognized for the consolidation of Sprint on the acquisition date. In addition, property, plant and equipment increased by ¥182,809 million due to capital expenditure, mainly in the Mobile Communications and Sprint segments.

ii. Goodwill

Goodwill at the end of the second quarter totaled ¥1,372,832 million, for a ¥445,433 million increase from the previous fiscal year-end.

- The Company recorded ¥294,418 million of goodwill for the consolidation of Sprint on the acquisition date. In relation to the acquisition of Sprint, the Company entered into a foreign currency forward contract, out of which approximately $17.0 billion was accounted for under hedge accounting. The fair value on the acquisition date of ¥311,659 million of this hedging instrument was deducted from the amount of goodwill initially recognized from the acquisition of Sprint. Please refer to page 56 “(Note 6) Basis adjustment” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 5. Business combinations (2) Sprint f. Fair values of assets, liabilities, non-controlling interests and goodwill on the acquisition date” for details.
- The Company recorded goodwill of ¥146,032 million in relation to GungHo and ¥21,469 million in relation to WILLCOM, Inc. following their consolidation.

iii. Intangible assets

Intangible assets at the end of the second quarter totaled ¥5,713,816 million, for a ¥5,188,923 million increase from the previous fiscal year-end.

- The Company recorded ¥3,472,492 million for FCC Licenses[20] at the end of the second quarter (none recognized at the previous fiscal year-end). The Company recognized ¥3,587,335 million for the consolidation of Sprint on the acquisition date; however, the amount decreased by ¥114,843 million due to the stronger yen at the end of the second quarter compared to the acquisition date of Sprint. From an accounting perspective FCC Licenses are non-amortized assets.
- Customer relationships at the end of the second quarter totaled ¥730,037 million, for a ¥646,161 million increase from the previous fiscal year-end. This was mainly due to recognizing Sprint's customer relationships of ¥700,192 million for the consolidation of Sprint on the acquisition date. Customer relationships, mainly in relation to Sprint, eAccess Ltd. and WILLCOM, Inc., were amortized by total of ¥55,766 million in the interim period. In addition to these, there was a decrease by ¥23,269 million due to the stronger yen at the end of the second quarter compared to the acquisition date of Sprint.
- The Company recorded trademarks with indefinite useful lives of ¥580,146 million at the end of the second quarter (none recognized at the previous fiscal year-end). This was due to recognizing ¥600,266 million for trademarks held by Sprint for the consolidation on the acquisition date. Trademarks with indefinite useful lives are non-amortized assets.
- Software at the end of the second quarter totaled ¥590,777 million, for a ¥179,492 million increase from the previous fiscal year-end. The main components of the change were ¥138,330 million recognized for the consolidation of Sprint on the acquisition date and an increase of ¥41,162 million due to capital expenditures, mainly in the Mobile Communications and Sprint segments.

iv. Other financial assets

Other financial assets at the end of the second quarter totaled ¥300,976 million, for a ¥333,671 million decrease from the previous fiscal year-end. At the previous fiscal year-end the convertible bonds issued by Sprint Nextel corporation and shares of WILLCOM, Inc. were recorded as investment securities. The decrease was mainly related to the ending amount of both investment securities becoming zero, as a result of their consolidation in the second quarter.

[20] Licenses issued by the U.S. Federal Communications Commission for use of specified frequency bands.

(c) Current Liabilities

(Millions of yen)

Item	As of March 31, 2013 A	Opening balance of Sprint on acquisition date (July 10, 2013) B	Other changes C	**As of Sept. 30, 2013 D=A+B+C**	Change E=B+C
Interest-bearing debt	1,534,128	86,961	(417,569)	**1,203,520**	(330,608)
Trade and other payables	972,669	651,608	(54,814)	**1,569,463**	596,794
Other financial liabilities	4,833	-	(416)	**4,417**	(416)
Income taxes payables	182,050	3,917	538	**186,505**	4,455
Provisions	1,602	90,340	1,903	**93,845**	92,243
Other current liabilities	142,634	286,158	(20,781)	**408,011**	265,377
Total current liabilities	2,837,916	1,118,984	(491,139)	**3,465,761**	627,845

Current liabilities at the end of the second quarter totaled ¥3,465,761 million, for a ¥627,845 million (22.1 %) increase from the previous fiscal year-end. The components of the change of primary items were as follows:

i. Interest-bearing debt

Interest-bearing debt at the end of the second quarter totaled ¥1,203,520 million, for a ¥330,608 million decrease from the previous fiscal year-end. This was mainly due to decreases of ¥258,413 million in the current portion of long-term borrowings and ¥124,026 million in short-term borrowings. This was due to the Company repaying part of existing borrowings, in accordance with the refinancing of the Sprint acquisition bridge loan and existing borrowings in September 2013.

ii. Trade and other payables

Trade and other payables at the end of the second quarter totaled ¥1,569,463 million for a ¥596,794 million increase from the previous fiscal year-end. This was mainly due to ¥651,608 million recognized for the consolidation of Sprint on the acquisition date.

iii. Other current liabilities

Other current liabilities at the end of the second quarter totaled ¥408,011 million for a ¥265,377 million increase from the previous fiscal year-end. This was mainly due to ¥286,158 million recognized for the consolidation of Sprint on the acquisition date.

(d) Non-current Liabilities

(Millions of yen)

Item	As of March 31, 2013 A	Opening balance of Sprint on acquisition date (July 10, 2013) B	Other changes C	**As of Sept. 30, 2013 D=A+B+C**	Change E=B+C
Interest-bearing debt	2,173,725	2,671,299	2,791,620	**7,636,644**	5,462,919
Other financial liabilities	38,654	7,544	22,777	**68,975**	30,321
Defined benefit liabilities	14,506	65,763	(1,920)	**78,349**	63,843
Provisions	21,765	147,947	(22,518)	**147,194**	125,429
Deferred tax liabilities	119,628	1,423,086	(115,382)	**1,427,332**	1,307,704
Other non-current liabilities	80,187	184,106	(9,727)	**254,566**	174,379
Total non-current liabilities	2,448,465	4,499,745	2,664,850	**9,613,060**	7,164,595

Non-current liabilities totaled ¥9,613,060 million at the end of the second quarter, for a ¥7,164,595 million (292.6 %) increase from the previous fiscal year-end. The components of the change of primary items were as follows:

i. Interest-bearing debt

Interest-bearing debt at the end of the second quarter totaled ¥7,636,644 million, for an increase of ¥5,462,919 million from the previous fiscal year-end.

- Corporate bonds at the end of the second quarter totaled ¥4,531,948 million, for a ¥3,740,029 million increase from the previous fiscal year-end. The increase in corporate bonds mainly reflects ¥2,593,343 million recognized for the consolidation of Sprint on the acquisition date, in addition to Sprint's issuance of straight corporate bonds in the amount of $6.5 billion (¥638,300 million), and SoftBank Corp.'s issuance of unsecured straight corporate bonds of ¥400,000 million and foreign currency denominated straight corporate bonds of ¥324,382 million.
- Long-term borrowings at the end of the second quarter totaled ¥2,110,735 million, for an increase of ¥1,599,879 million from the previous fiscal year-end. This was mainly due to the Company entering into a loan agreement with maximum amount of borrowing at ¥1.98 trillion in September 2013 and borrowing the entire contracted amount, while concurrently repaying part of existing borrowings. For further details regarding the changes in interest-bearing debt during the interim period, please refer to page 64 "9. Interest-bearing debt" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements."

ii. Deferred tax liabilities

Deferred tax liabilities at the end of the second quarter totaled ¥1,427,332 million, for an increase of ¥1,307,704 million from the previous fiscal year-end. This was mainly due to recognition of a temporary difference relating to FCC Licenses, and trademarks with indefinite useful lives following the consolidation of Sprint.

(e) Equity

Total equity was ¥2,525,719 million at the end of the second quarter, for a ¥595,291 million (30.8%) increase from the previous fiscal year-end. Of this amount, total equity attributable to owners of the parent increased by ¥138,142 million (8.6%) from the previous fiscal year-end. Despite the increase in total equity attributable to owners of the parent, the amount of assets and liabilities also increased following the consolidation of Sprint. As a result, the equity ratio for equity attributable to owners of the parent decreased by 11.1 percentage points from the previous fiscal year-end to 11.2%. The components of the change of primary items were as follows:

(Equity attributable to owners of the parent)

Total equity attributable to owners of the parent at the end of the second quarter was ¥1,750,898 million, for a ¥138,142 million increase from the previous fiscal year-end.

i. Retained earnings at the end of the second quarter totaled ¥1,083,163 million, for a ¥371,075 million increase from the previous fiscal year-end. This mainly reflected the recording of net income attributable to owners of the parent of ¥394,916 million for the interim period, despite a decrease of ¥23,830 million due to the payment of the year-end dividend for the fiscal year ended March 31, 2013.

ii. Accumulated other comprehensive income at the end of the second quarter totaled ¥25,923 million, for a ¥222,103 million decrease from the previous fiscal year-end. The components of the change were as follows:

- Approximately $17.0 billion was previously accounted for under hedge accounting, out of a foreign currency forward contract concluded in relation to the acquisition of Sprint. Accumulated other comprehensive income from this approximately $17.0 billion was derecognized in the second quarter and deducted from goodwill initially recognized from the consolidation of Sprint. Please refer to page 56 “(Note 6) Basis adjustment” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 5. Business combinations (2) Sprint f. Fair values of assets, liabilities, non-controlling interests and goodwill on the acquisition date” for details.
- At the previous fiscal year-end, the Company measured the fair value of its shares of WILLCOM, Inc., which were classified as available-for-sale financial assets, and recognized the difference between the fair value and the acquisition cost as accumulated other comprehensive income, net of tax. Following the consolidation of WILLCOM, Inc. in the second quarter, the entire amount of the accumulated other comprehensive income recognized relating to these shares was derecognized and recognized as income from remeasurement relating to business combinations in the consolidated statements of income.
- Exchange differences on translating foreign operations decreased by the negative exchange differences relating to Sprint, due to the stronger yen at the end of the second quarter compared to its acquisition date.

(Non-controlling interests)

Non-controlling interests at the end of the second quarter totaled ¥774,821 million, for a ¥457,149 million increase from the previous fiscal year-end, mainly in conjunction with consolidating Sprint and GungHo.

b. Cash Flows

Cash flows during the interim period were as follows:

Cash and cash equivalents at the end of the second quarter totaled ¥2,183,600 million, for a ¥744,543 million increase from the previous fiscal year-end.

(Millions of yen)

	Six-month Period Ended Sept. 30, 2012 YoY	**Six-month Period Ended Sept. 30, 2013 (the interim period)**	Change
Cash flows from operating activities	446,972	**451,229**	4,257
Cash flows from investing activities	(343,662)	**(2,102,052)**	(1,758,390)
Cash flows from financing activities	(16,187)	**2,410,281**	2,426,468

(Reference)

Cash flows from operating activities – capital expenditure(Note 7)	159,484	**(132,404)**	(291,888)

Note:

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

(a) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥451,229 million (compared with ¥446,972 million provided in the same period of the previous fiscal year). Out of this, Sprint's net cash provided by operating activities (for the period from July 11 to September 30, 2013) totaled ¥55,910 million. The primary components were as follows:

i. Net income totaled ¥428,873 million.

ii. The main items added to net income were ¥349,939 million in depreciation and amortization, ¥177,394 million in income taxes, and ¥107,858 million in finance cost, net.

iii. The main item deducted from net income was income from remeasurement relating to business combinations of ¥253,886 million. Please refer to page 50 "(1) GungHo Online Entertainment, Inc." and page 57 "(3) WILLCOM, Inc." under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 5. Business combinations" for details.

iv. Interest paid was ¥123,600 million. The increase of ¥98,184 million compared with the same period of the previous fiscal year was mainly due to the impact of adding the interest expense of Sprint, as well as an increase in interest expenses for bonds and borrowings at SoftBank Corp.

v. Income taxes paid was ¥183,047 million.

(b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥2,102,052 million (compared with ¥343,662 million used in the same period of the previous fiscal year). The primary components were as follows:

i. Decrease from acquisition of control over subsidiaries of ¥1,430,677 million was recorded, mainly due to the consolidation of Sprint and GungHo.

(Reference: Total invested amount for acquisition of Sprint)

The invested amount for the Sprint acquisition and the timing of payments is as follows:

	Invested amount		Timing of payment
	$	¥ (millions)	
Purchase of convertible bonds(Note 8) A	$3.1 billion	249,333	Oct. 2012
Cash investment B	Approx. $18.5 billion	1,875,149	July 2013
Proceeds from settlement of foreign currency forward contract for acquisition of control of subsidiaries(Note 9) C	–	310,104	–
Additional purchases of shares(Note 10) D	Approx. $500 million	49,535	Aug. – Sept. 2013
Total E=A+B-C+D	Approx. $22.1 billion	1,863,913	

Cash and cash equivalents held by Sprint at the time of acquisition of control F	Approx. $4.4 billion	447,873	

Notes:

8. Converted to Sprint shares on July 10, 2013.
9. Proceeds from the settlement of the foreign currency forward contract of approximately $18.5 billion concluded in relation to acquisition of Sprint.
10. From August 1 to September 16, 2013 the Company acquired approximately 2% of additional shares of Sprint after its consolidation on July 10, 2013. The relevant invested amount is recorded under cash flow from financing activities.
11. Outlays from acquisition of Sprint, out of "Decrease from acquisition of control over subsidiaries" in the interim period, amounted to ¥1,427,276 million. This consists of subtracting cash and cash equivalents held by Sprint at the time of acquisition of control (F) from the approximate $18.5 billion in cash investment (B).

ii. Outlays for purchase of property, plant and equipment, and intangible assets amounted to ¥583,633 million. Out of this, Sprint's outlays for purchase of property, plant and equipment, net and intangible assets (for the period from July 11 to September 30, 2013) amounted to ¥186,423 million. The main reasons of the outlays were capital expenditures in the Mobile Communications and Sprint segments.

iii. Increase in restricted cash was ¥299,501 million. This relates to the increase of Sprint's segregated reserve required in order to obtain a waiver for its financial covenant. Please refer to page 66 "(Note 3) Covenants on interest-bearing debts of Sprint" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 9. Interest-bearing debt (1) Components of interest-bearing debt" for details.

(c) Cash Flows from Financing Activities

Net cash provided by financing activities was ¥2,410,281 million (compared with ¥16,187 million used in the same period of the previous fiscal year). The primary components were as follows:

(Items increasing cash flows)

i. Proceeds from long-term interest-bearing debt of ¥3,769,040 million, mainly resulted from the following:
- Proceeds from long-term borrowings of ¥2,179,419 million mainly from borrowings of ¥1.98 trillion incepted by SoftBank Corp.
- Proceeds from issuance of corporate bonds of ¥1,362,682 million. This was mainly $6.5 billion (¥638,300 million) of straight corporate bonds issued by Sprint, and ¥400,000 million of unsecured straight corporate bonds and ¥324,382 million of foreign currency denominated straight corporate bonds issued by SoftBank Corp.
- Proceeds from sale and leaseback of equipment newly acquired of ¥226,939 million.

(Items decreasing cash flows)

i. Repayment of long-term interest-bearing debt of ¥1,200,555 million. This mainly included repayment of long-term debt of ¥859,335 million and redemption of corporate bonds of ¥195,624 million.
ii. Decrease in short-term interest-bearing debt, net resulted in outlay of ¥89,752 million.
iii. Payment from purchase of subsidiaries' equity from non-controlling interests of ¥49,645 million. This mainly included approximately 2% of additional purchase of Sprint shares, after its consolidation on July 10, 2013, from August 1 to September 16, 2013 which resulted in outlay of ¥49,535 million.

(3) Qualitative Information Regarding Forecast on the Consolidated Operation Results

The Company projects net sales of at least ¥6 trillion, EBITDA(Note 12) of at least ¥1.5 trillion and operating income of at least ¥1 trillion under IFRSs in the fiscal year ending March 31, 2014 ("FY2013"). This operating income includes gains of ¥253.9 billion in total resulting from the reevaluation of the existing equity interests held in GungHo Online Entertainment, Inc. and WILLCOM, Inc. at fair value when both companies became subsidiaries.

For the fiscal year ending March 31, 2015 the Company projects net sales of ¥7 trillion, EBITDA of ¥2 trillion and operating income of ¥1 trillion. Temporary gains including income from remeasurement relating to business combinations are not anticipated to occur. In combination with continued steady trends in the Mobile Communications segment, the operation results of the Sprint segment are forecast to show marked progress, resulting in continued operating income growth (comparison with FY2013 operating income discounts the abovementioned temporary gains).

Forecast for fiscal years ending March 31, 2014 and March 31, 2015.

	Fiscal year ending March 31, 2014	Fiscal year ending March 31, 2015
Net sales	at least ¥6 trillion	¥7 trillion
EBITDA	at least ¥1.5 trillion	¥2 trillion
Operating income (incl. temporary gain)	at least ¥1 trillion (¥253.9 billion)	¥1 trillion (–)

Note:

12. EBITDA: net sales – cost of sales – selling, general and administrative expenses + depreciation and amortization

2. Notes for Summary Information

(1) Significant changes in scope of consolidation for the six-month period ended September 30, 2013

Specified subsidiary (one company) newly consolidated in the six-month period ended September 30, 2013

Sprint Communications, Inc.

On July 10, 2013, the Company capitalized Sprint Corporation (hereinafter "Sprint") with approximately $21.6 billion. In the above process, Sprint Nextel Corporation merged with Starburst III, Inc., which used to be a subsidiary of the Company, with Sprint Nextel Corporation being the surviving entity and changed its name to Sprint Communications, Inc. Consequently, Sprint Communications, Inc., the surviving entity, was newly included in scope of consolidation. Starburst II, Inc., which used to own all the shares of Starburst III, Inc., succeeded Sprint's business and changed its name to Sprint Corporation.

As the amount of common stock of Sprint Communications, Inc. which was included in the scope of consolidation is more than ten-hundreds of the common stock of SoftBank Corp., this is a change of a specified subsidiary with the change in the scope of consolidation.

(2) Changes in Accounting Policies and Accounting Estimates

(Changes in accounting estimates)

For the three-month period ended June 30, 2013, the Company changed assumption and estimates, related to the acquisition of Sprint, and used as material basis for the carrying amount of the convertible bonds issued by Sprint Nextel Corporation and held by a subsidiary, Starburst II, Inc. The corporate bond was converted to the shares of Sprint shares in July 2013.

Please refer to "Note 12. Finance cost, net, (6) Notes to Condensed Interim Consolidated Financial Statements, 3. Condensed Interim Consolidated Financial Statements" for details.

3. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of September 30, 2013
Assets			
Current assets			
Cash and cash equivalents	1,021,113	1,439,057	2,183,600
Trade and other receivables	786,902	936,307	1,288,802
Other financial assets	10,399	229,239	515,678
Inventories	55,683	54,268	216,287
Other current assets	85,014	127,148	151,966
Total current assets	1,959,111	2,786,019	4,356,333
Non-current assets			
Property, plant and equipment	1,377,185	1,830,615	3,304,788
Goodwill	777,911	927,399	1,372,832
Intangible assets	340,323	524,893	5,713,816
Investments accounted for using the equity method	208,526	208,664	209,574
Other financial assets	318,599	634,647	300,976
Deferred tax assets	183,409	175,390	163,511
Other non-current assets	85,490	129,182	182,710
Total non-current assets	3,291,443	4,430,790	11,248,207
Total assets	5,250,554	7,216,809	15,604,540

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of September 30, 2013
Liabilities and equity			
Current liabilities			
Interest-bearing debt	926,671	1,534,128	1,203,520
Trade and other payables	975,832	972,669	1,569,463
Other financial liabilities	1,206	4,833	4,417
Income taxes payables	123,213	182,050	186,505
Provisions	1,456	1,602	93,845
Other current liabilities	94,155	142,634	408,011
Total current liabilities	2,122,533	2,837,916	3,465,761
Non-current liabilities			
Interest-bearing debt	1,763,273	2,173,725	7,636,644
Other financial liabilities	37,170	38,654	68,975
Defined benefit liabilities	14,953	14,506	78,349
Provisions	20,643	21,765	147,194
Deferred tax liabilities	45,351	119,628	1,427,332
Other non-current liabilities	79,585	80,187	254,566
Total non-current liabilities	1,960,975	2,448,465	9,613,060
Total liabilities	4,083,508	5,286,381	13,078,821
Equity			
Equity attributable to owners of the parent			
Common stock	213,798	238,772	238,772
Additional paid-in capital	250,767	436,704	424,800
Retained earnings	405,584	712,088	1,083,163
Treasury stock	(22,947)	(22,834)	(21,760)
Accumulated other comprehensive income	45,433	248,026	25,923
Total equity attributable to owners of the parent	892,635	1,612,756	1,750,898
Non-controlling interests	274,411	317,672	774,821
Total equity	1,167,046	1,930,428	2,525,719
Total liabilities and equity	5,250,554	7,216,809	15,604,540

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

For the six-month period ended September 30

Condensed Interim Consolidated Statements of Income

(Millions of yen)

	Six-month period ended September 30, 2012	Six-month period ended September 30, 2013
Net sales	1,504,644	2,598,612
Cost of sales	(718,268)	(1,424,908)
Gross profit	786,376	1,173,704
Selling, general and administrative expenses	(357,247)	(707,645)
Income from remeasurement relating to business combination	-	253,886
Other operating loss	-	(4,875)
Operating income	429,129	715,070
Finance cost, net	(37,377)	(105,023)
Equity in loss of associates	(1,280)	(3,780)
Income before income tax	390,472	606,267
Income taxes	(147,944)	(177,394)
Net income	242,528	428,873
Net income attributable to		
Owners of the parent	214,559	394,916
Non-controlling interests	27,969	33,957
	242,528	428,873
Earnings per share attributable to owners of the parent		
Basic (yen)	195.31	331.40
Diluted (yen)	192.03	330.92

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six-month period ended September 30, 2012	Six-month period ended September 30, 2013
Net income	242,528	428,873
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	1	(11)
Total items that will not be reclassified to profit or loss	1	(11)
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(5,285)	(47,207)
Cash flow hedges	171	(140,232)
Exchange differences on translating foreign operations	(8,531)	(57,408)
Share of other comprehensive income of associates	(713)	6,895
Total items that may be reclassified subsequently to profit or loss	(14,358)	(237,952)
Total other comprehensive loss, net of tax	(14,357)	(237,963)
Total comprehensive income	228,171	190,910
Total comprehensive income attributable to		
Owners of the parent	200,004	172,802
Non-controlling interests	28,167	18,108
	228,171	190,910

For the three-month period ended September 30

Condensed Interim Consolidated Statements of Income

(Millions of yen)

	Three -month period ended September 30, 2012	Three -month period ended September 30, 2013
Net sales	778,700	1,717,543
Cost of sales	(373,422)	(1,009,116)
Gross profit	405,278	708,427
Selling, general and administrative expenses	(179,465)	(484,245)
Income from remeasurement relating to business combination	-	103,766
Other operating loss	-	(3,903)
Operating income	225,813	324,045
Finance cost, net	(27,972)	(66,097)
Equity in loss of associates	(3,368)	(2,697)
Income before income tax	194,473	255,251
Income taxes	(70,526)	(89,564)
Net income	123,947	165,687
Net income attributable to		
Owners of the parent	108,979	156,654
Non-controlling interests	14,968	9,033
	123,947	165,687
Earnings per share attributable to owners of the parent		
Basic (yen)	99.20	131.44
Diluted (yen)	97.49	131.25

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three-month period ended September 30, 2012	Three-month period ended September 30, 2013
Net income	123,947	165,687
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	3	(5)
Total items that will not be reclassified to profit or loss	3	(5)
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	4,517	(70,120)
Cash flow hedges	70	(165,127)
Exchange differences on translating foreign operations	(3,818)	(80,404)
Share of other comprehensive income of associates	(9,053)	1,281
Total items that may be reclassified subsequently to profit or loss	(8,284)	(314,370)
Total other comprehensive loss, net of tax	(8,281)	(314,375)
Total comprehensive income	115,666	(148,688)
Total comprehensive income attributable to		
Owners of the parent	100,757	(142,708)
Non-controlling interests	14,909	(5,980)
	115,666	(148,688)

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the six-month period ended September 30, 2012

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2012	213,798	250,767	405,584	(22,947)	45,433	892,635	274,411	1,167,046
Comprehensive income								
Net income	-	-	214,559	-	-	214,559	27,969	242,528
Other comprehensive loss	-	-	-	-	(14,555)	(14,555)	198	(14,357)
Total comprehensive income	-	-	214,559	-	(14,555)	200,004	28,167	228,171
Transactions with owners and other transactions								
Cash dividends	-	-	(43,941)	-	-	(43,941)	(11,832)	(55,773)
Transfer of accumulated other comprehensive income to retained earnings	-	-	1	-	(1)	-	-	-
Issuance of new shares	7,223	13,324	-	-	-	20,547	-	20,547
Purchase and disposal of treasury stock	-	5	-	74	-	79	-	79
Changes in interests in subsidiaries	-	(255)	-	-	-	(255)	(14)	(269)
Changes in associates' interests in their subsidiaries	-	(51,222)	-	-	-	(51,222)	-	(51,222)
Decrease by exercise of stock acquisition right	-	(6,347)	-	-	-	(6,347)	-	(6,347)
Share-based payment transactions	-	23	-	-	-	23	-	23
Other	-	-	-	-	-	-	(613)	(613)
Total transactions with owners and other transactions	7,223	(44,472)	(43,940)	74	(1)	(81,116)	(12,459)	(93,575)
As of September 30, 2012	221,021	206,295	576,203	(22,873)	30,877	1,011,523	290,119	1,301,642

For the six-month period ended September 30, 2013

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2013	238,772	436,704	712,088	(22,834)	248,026	1,612,756	317,672	1,930,428
Comprehensive income								
Net income	-	-	394,916	-	-	394,916	33,957	428,873
Other comprehensive loss	-	-	-	-	(222,114)	(222,114)	(15,849)	(237,963)
Total comprehensive income	-	-	394,916	-	(222,114)	172,802	18,108	190,910
Transactions with owners and other transactions								
Cash dividends	-	-	(23,830)		-	(23,830)	(13,556)	(37,386)
Transfer of accumulated other comprehensive loss to retained earnings	-	-	(11)	-	11	-	-	-
Purchase and disposal of treasury stock	-	72	-	1,074	-	1,146	-	1,146
Changes from business combination	-	-	-	-	-	-	486,793	486,793
Changes in interests in subsidiaries	-	(14,343)	-	-	-	(14,343)	(33,880)	(48,223)
Share-based payment transactions	-	2,367	-	-	-	2,367	-	2,367
Other	-	-	-	-	-	-	(316)	(316)
Total transactions with owners and other transactions	-	(11,904)	(23,841)	1,074	11	(34,660)	439,041	404,381
As of September 30, 2013	238,772	424,800	1,083,163	(21,760)	25,923	1,750,898	774,821	2,525,719

(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six-month period ended September 30, 2012	Six-month period ended September 30, 2013
Cash flows from operating activities		
Net income	242,528	428,873
Depreciation and amortization	158,644	349,939
Equity in loss of associates	1,280	3,780
Finance cost, net	37,142	107,858
Income from remeasurement relating to business combination	-	(253,886)
Income taxes	147,944	177,394
(Increase) decrease in trade and other receivables	(2,360)	27,001
(Decrease) increase in trade and other payables	(13,542)	19,658
Other	14,973	(108,105)
Subtotal	586,609	752,512
Interest and dividends received	1,533	5,364
Interest paid	(25,416)	(123,600)
Income taxes paid	(115,754)	(183,047)
Net cash provided by operating activities	446,972	451,229
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(287,488)	(583,633)
Payments for acquisition of investments	(57,202)	(45,234)
Proceeds from sales/redemption of investments	13,612	85,696
Decrease from acquisition of control over subsidiaries	(2,039)	(1,430,677)
Proceeds from settlement of foreign currency forward contract for acquisition of control of subsidiaries	-	310,104
Increase in restricted cash	-	(299,501)
Other	(10,545)	(138,807)
Net cash used in investing activities	(343,662)	(2,102,052)
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	97,638	(89,752)
Proceeds from long-term interest-bearing debt	599,367	3,769,040
Repayment of long-term interest-bearing debt	(456,598)	(1,200,555)
Payment from purchase of subsidiaries' equity from non-controlling interests	(367)	(49,645)
Cash dividends paid	(43,767)	(23,812)
Cash dividends paid to non-controlling interests	(12,115)	(13,411)
Payments for preferred stocks, stock acquisition rights, and long-term debt of subsidiaries	(200,444)	-
Other	99	18,416
Net cash (used in) provided by financing activities	(16,187)	2,410,281
Effect of exchange rate changes on cash and cash equivalents	(1,306)	(14,915)
Increase (decrease) in cash and cash equivalents	85,817	744,543
Cash and cash equivalents at the beginning of the period	1,021,113	1,439,057
Cash and cash equivalents at the end of the period	1,106,930	2,183,600

(5) Significant Doubt about Going-Concern Assumption

There are no applicable items for the six-month period ended September 30, 2013.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

SoftBank Corp. is a corporation domiciled in Japan. These condensed interim consolidated financial statements are composed of SoftBank Corp. and its subsidiaries ("the Company"). The Company engages in various businesses in the information industry, with its base in the Mobile communications segment, the Sprint segment, the Fixed-Line Telecommunications segment, and the Internet segment. The Sprint segment was added to our business as a result of the following acquisition during the three-month period ended September 30, 2013.

On July 10, 2013, the Company acquired approximately 78% of the shares of Sprint Corporation (previously Sprint Nextel Corporation) (hereinafter ("Sprint")), and Sprint became a subsidiary of the Company.

In addition, the Company additionally acquired approximately 2% of Sprint shares from August 1 to September 16, 2013. As a result, the Company's ownership in the outstanding Sprint common stock became approximately 80% as of September 30, 2013.

The details are described in "(2) Sprint" in "Note 5. Business combinations" and in "(1) Description of reportable segment" in "Note 6. Segment information."

2. Basis of preparation of condensed interim consolidated financial statements

(1) Compliance with IFRSs and first-time adoption

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" pursuant to Article 93 of the Regulation Concerning Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64, 2007), as the Company meets the criteria of a "Specified company" defined under Article 1-2, Paragraph 1, Item 1 of the Regulation Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976).

The Company has prepared the condensed interim consolidated financial statements in accordance with IFRSs from the three-month period ended June 30, 2013, the first quarter of the year ending March 31, 2014. The date of transition to IFRSs is April 1, 2012. The Company applied IFRS 1 "First-Time Adoption of International Financial Reporting Standards" for the transition to IFRSs. The effect of the transition to IFRSs on the Company's financial position, results of operations, and the cash flows is provided in "Note 15. First-time adoption of IFRSs."

(2) Basis of measurement

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

(3) Presentation currency and unit of currency

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

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

The Company has not early adopted standards and interpretations (including IFRS 9 "Financial Instruments") that have not been enforced as of September 30, 2013, in the preparation of these condensed interim consolidated

financial statements. The Company is currently evaluating potential impacts that application of these will have on the consolidated financial statements and it is not possible to estimate the amount of these impacts.

3. Significant accounting policies

The following significant accounting policies have been applied consistently to all periods presented in these condensed interim consolidated financial statements (including the consolidated statement of financial position at the date of transition to IFRSs) unless otherwise mentioned elsewhere.

(1) Basis of consolidation

a. Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

b. Associates

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

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

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

Unrealized gains or losses on intercompany transactions with associates are recoded as the subtraction or the addition to the carrying amount of the investments only to the extent of the Company's interests in the associates.

Any excess in the cost of acquisition of an associate over the Company's share of the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investments accounted for using the equity method.

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

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

(2) Business combinations

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

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

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

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

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

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

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

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

The Company has adopted the exemption in IFRS 1 and elected not to apply IFRS 3 “Business Combinations” retrospectively to business combinations that occurred before April 1, 2012 (the date of transition to IFRSs). Goodwill arising in business combinations that occurred before the date of transition to IFRSs is carried over at the carrying amount under the previous accounting standard (JGAAP) as of the date of transition to IFRSs and recorded by that amount after impairment test.

(3) Foreign currency translation

a. Transactions denominated in foreign currencies

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

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

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

b. Foreign operations

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

Income, expenses and cash flows are translated into Japanese yen by using the average exchange rates for the quarter. However, when their translated results do not approximate the calculation results by the exchange rates at the dates of the transactions, the exchange rates at the transaction dates are used for the translation.

Please refer to “Note 10. Exchange rate” for the exchange rates used in the translation.

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

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

With the adoption of the exemption in IFRS 1, the Company transferred all of the accumulated exchange differences to retained earnings at the date of transition to IFRSs.

(4) Financial instruments

a. Financial instruments

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

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

b. Non-derivative financial assets

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

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

(a) Financial assets at FVTPL

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

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

After initial recognition, financial assets at FVTPL are stated at fair value, with any gains or loss arising from changes in fair value, dividends, or interests received recognized in profit or loss.

(b) Held-to-maturity investments

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

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

(c) Loans and receivables

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

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

(d) Available-for-sale financial assets

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

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

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

dividends are recognized in profit or loss.

(e) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for any objective evidence of impairment at the end of each quarter. Financial assets are impaired when there is objective evidence of impairment, as a result of loss events that occurred after the initial recognition of the financial assets and these events have adversely affected the estimated future cash flows of the financial assets that can be reliably estimated.

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

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

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

When there is objective evidence of impairment on loans and receivables or held-to-maturity investments, the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognized in profit or loss as an impairment loss. The impairment loss is recognized through the use of an allowance account, and the carrying amount of a loan and receivable is written off against the allowance account when it is considered uncollectible. The carrying amount of held-to-maturity investments is reduced by the impairment loss directly. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset does not exceed what the amortized cost would have been had the impairment not been recognized.

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

(f) Derecognition of financial assets

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

c. Non-derivative financial liabilities

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

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

d. Derivatives and hedge accounting

(a) Derivatives

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair values at the end of each quarter. Changes in the fair value of derivative are recognized in profit or loss immediately unless the derivative is designated and effective as a

hedging instrument. Derivative financial assets not designated as hedging instruments are classified into "financial assets at FVTPL" and derivative financial liabilities not designated as hedging instruments are classified into "financial liabilities at FVTPL."

(b) Hedge accounting

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

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

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

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

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised or when hedge no longer meets the criteria for hedge accounting. When hedge accounting is discontinued, any gains or losses recognized in accumulated other comprehensive income remains in equity and is reclassified to profit or loss when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gains or losses recognized in accumulated other comprehensive income is reclassified immediately to profit or loss.

(c) Embedded derivatives

Derivatives embedded in non-derivative host contracts ("embedded derivatives") are separated from the host contracts and accounted for as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts and the whole financial instruments, including embedded derivatives, are not measured at FVTPL.

e. Compound instruments

Compound instruments issued by the Company (convertible bond) are classified as liability and equity components in accordance with their contractual arrangements. Upon initial recognition of compound instruments, the liability component is measured based on the fair value of similar liabilities with no equity conversion option, and the equity component is measured as the difference between the fair value of the compound instrument as a whole and the fair value of the liability component.

Transaction costs are allocated to the liability and equity components in proportion to the initial carrying amounts and the cost related to the equity component is deducted from equity.

Subsequent to initial recognition, the liability component is measured on an amortized cost basis using the effective interest method. The equity component is not measured subsequent to initial recognition.

f. Offsetting financial assets and financial liabilities

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

(5) Cash and cash equivalents

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

(6) Inventories

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

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

(7) Property, plant and equipment

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

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

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

Buildings and structures	
Buildings	30 - 50 years
Other	5 - 15 years
Telecommunications equipment	
Wireless equipment, switching equipment, and other network equipment	3 - 15 years
Towers	15 - 42 years
Other	5 - 40 years
Other	2 - 10 years

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

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

(8) Goodwill

The measurement of goodwill upon its initial recognition is described in “(2) Business combinations” in “Note 3. Significant accounting policies. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash-generating units to which goodwill has been allocated, and annually regardless of any indication of

impairment. The Company's policy for impairment on goodwill is described in "(11) Impairment of tangible assets, intangible assets and goodwill" in "Note 3. Significant accounting policies."

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

(9) Intangible assets

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

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

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

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

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

Software	
Software related to wireless equipment	5 - 10 years
Other	3 - 5 years
Customer relationships	4 - 9 years
Favorable lease contracts	3 - 23 years
Game titles	3 years
Trademarks (with finite useful lives)	33 years
Other	3 -20 years

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

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

Intangible assets with indefinite useful lives are as follows:

Licenses using specific frequency spectrum granted by Federal Communications Commission ("FCC Licenses")
Trademarks (with indefinite useful lives)

As long as the Company acts within the requirements and constraints of the regulatory authorities, the renewal and extension of FCC Licenses are reasonably certain at minimal cost. Since any technology being developed that would render this spectrum obsolete is not known, it is determined that licenses, for which the Company has an expectation of future use, are indefinite-lived intangible assets. "Sprint" and "Boost Mobile" trademarks have also been identified as indefinite-lived intangible assets as they can be legally used continuously as long as the business continues.

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

(10) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of assets to the lessee. All other leases are classified as operating leases.

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

a. Finance leases

(The Company as lessee)

The Company has leased assets, including the FUKUOKA YAHUOKU! DOME, wireless equipment, switching equipment, power supply systems and transmission facilities. At the inception of lease, the Company initially recognizes finance leases as assets and the lease obligation at the amount equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

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

b. Operating leases

(The Company as lessee)

Gross operating lease payments are recognized as an expense on a straight-line basis over the term of the relevant lease.

(The Company as lessor)

Gross operating lease revenues are recognized as revenue on a straight-line basis over the term of the relevant lease.

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

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

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

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

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

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

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

b. Impairment of goodwill

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

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

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

c. Reversal of impairment

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

(12) Retirement benefits

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

The Company primarily adopts defined contribution pension plans for its employees.

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

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

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

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

In the Company, remeasurements, which comprises actuarial gains and losses and the return on plan asset (excluding amounts included in net interest), are recognized in other comprehensive income and transferred to retained earnings immediately.

The defined benefit liability at the end of each quarter end is based on estimated calculation with reasonable estimate, considering the actuarial calculation used at prior fiscal year end.

(13) Provisions

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

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

The Company recognizes asset retirement obligations and restructuring provision as provisions.

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

(14) Treasury stock

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

(15) Share-based payments

The Company has an equity-settled stock option scheme as an incentive plan for directors and employees. Stock options are measured at fair value at the grant date. The fair value of stock options is computed mainly using the Black-Scholes model and the Monte Carlo simulation.

The fair value of stock options determined at the grant date is expensed over the vesting period, based on the estimate of stock options that will eventually vest, with a corresponding increase in equity. The Company regularly reviews the assumptions made and revises estimates of the number of options that are expected to vest, when necessary.

The Company has adopted the exemption in IFRS 1 and elected not to apply IFRS 2 “Share-based Payment” for a part of share-based payments vested prior to April 1, 2012 (the date of transition to IFRSs).

(16) Revenue

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

a. Mobile Communications service and sales of mobile handsets

The Company enters into a contract with customers, mainly through dealers, to provide mobile telecommunications services to customers and also sells mobile handsets and accessories to dealers.

In the Mobile Communications service, revenues are mainly generated from basic monthly charges, telecom service (“revenues from the mobile telecommunications service”) and other fees.

The mobile telecommunications services are recognized as revenue when services are provided to customers, based upon basic flat-rate monthly charges plus usage of traffic. Discounts are deducted from revenues from monthly mobile telecommunications services as a discount of mobile telecommunications charges. Points granted to customers through the customer royalty program, based on the actual charges of mobile telecommunications services, are deferred at their fair values of benefits to be exchanged based on the estimated point utilization rate and recognized as revenues upon customers' utilizing those points.

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

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

The Company enters into contracts directly with customers to sell mobile handsets to customers. In this case, the total amount of revenues from the mobile telecommunication services and the sales of mobile handsets are allocated to mobile handsets and telecommunication service on the basis of fair value ratio. However, maximum amount of revenues recognized by the sale of mobile handsets are set by the amounts received from customers from the sales of mobile handsets. Activation fees and upgrade fees are recognized as revenues in full amount to the extent of the amounts received by customers.

b. Fixed-line Telecommunications service

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

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

c. Internet service

In Internet service, revenues are generated mainly from premium advertising, promotion advertising, information listing service, commission of e-commerce transaction, and revenues from membership.

Revenues from premium advertising are recognized over the period in which advertisements are shown on the web site. Revenue from promotion advertising is recognized when a user clicks on promotion advertisement. Revenues from information listing service are recognized over the period in which these services are shown on the website. Revenues from commissions of e-commerce transactions are recognized when the transactions occur. Membership revenues are recognized over the period in which the memberships are valid.

(17) Sales commission fees

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

(18) Borrowing cost

Of borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset, amounts which are generated by the time when the asset is ready for its intended use are capitalized as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for use.

All other borrowing costs are recognized as an expense in the period when they are incurred.

(19) Income tax

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

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

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses, and unused tax credits can be utilized. The recoverability of deferred tax assets are reassessed at the end of each quarter. Deferred tax liabilities are recognized for taxable temporary differences.

Deferred tax assets and liabilities are not recognized for:

- temporary differences arising from the initial recognition of assets and liabilities in a transaction that affects neither the accounting profit nor the taxable profit, other than in a business combination;
- taxable temporary differences arising from the initial recognition of goodwill;
- deductible temporary differences associated with investments in subsidiaries and associates, where it is not probable that the temporary difference will reverse in the foreseeable future or where there will not be sufficient taxable profits against which to utilize the benefits of the temporary differences; and
- taxable temporary differences associated with investments in subsidiaries and associates, where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Income tax expense recorded in the respective interim period is calculated based on the estimated effective tax rate.

(20) Earnings per share

Basic earnings per share is computed by dividing net income attributable to owners of the parent by the weighted-average number of common stocks outstanding for the period.

Diluted earnings per share assumes full conversion of the issued potential stocks having a dilutive effect, with an adjustment for net income attributable to owners of the parent and the weighted-average number of common stocks outstanding for the period.

4. Significant judgments and estimates

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

Estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in the future periods. Estimates and underlying assumptions that involve significant risks in making material adjustments to the carrying amounts of assets and liabilities in the next period include the following:

- Estimates of fair value of assets acquired and the liabilities assumed in a business combination ((2) of "Note 3. Significant accounting policies" and "Note 5. Business combinations")
- Fair value measurement of available-for-sale financial assets ((4) of Note 3)
- Estimates of forecasted transactions related to hedge accounting ((4) of Note 3)
- Estimates for amortization period and impairment of financial assets measured at amortized cost ((4) of Note 3 and "Note 12. Finance cost, net")
- Fair value measurement of derivatives (including embedded derivatives) ((4) of Note 3 and Note 12)
- Estimates of useful life of property, plant and equipment and intangible assets ((7) and (9) of Note 3)
- Estimates for impairment of property, plant and equipment, goodwill and intangible assets ((11) of Note 3)
- Assessment of recoverability of deferred tax assets ((19) of Note 3)

5. Business combinations

For the six-month period ended September 30, 2013

(1) GungHo Online Entertainment, Inc.

a. Overview of consolidation

Masayoshi Son, chairman and CEO of the SoftBank Corp., has entered into a Memorandum of Understanding on Exercise of Voting Rights for Deferment of Execution of Pledges (the "MOU") with respect to the shares of GungHo Online Entertainment, Inc. ("GungHo") on April 1, 2013, with Heartis Inc. (the "Heartis"; percentage of voting interest: 18.5%), which is the second largest shareholder of GungHo and Taizo Son's asset management company and of which Taizo Son, chairman of GungHo, is the representative director. Under the MOU, in order to have Son Holdings Inc., of which Masayoshi Son is a director and which is a Masayoshi Son's asset management company, defer the execution of pledges over the shares of GungHo held by Heartis, Heartis has agreed, effective as of April 1, 2013, to the effect that at the shareholders meeting of GungHo, Heartis will exercise the voting rights for all of the shares of GungHo it holds in accordance with Masayoshi Son's directions. Also, a subsidiary of the Company, SoftBank Mobile Corp., undertook the Tender Offer from April 1, 2013 to April 26, 2013 and acquired 6.37% of GungHo shares (purchase price: ¥24,976 million). The Company and Heartis together came to represent the majority of the voting rights in GungHo's shares (percentage of voting interest: 58.50%) and GungHo Online Entertainment became a subsidiary of the Company from an equity method associate.

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

（Business Description）

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

（Acquisition date）

April 1, 2013

b. Consideration transferred and the components

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

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

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

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

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

Non-controlling interests are measured based on the proportionate interests after the acquisition in the identifiable net assets of the acquiree at acquisition date.

Goodwill reflects excess earning power expected from the future business development and assembled workforce for game development and others, and the synergy with existing businesses.

d. Decrease from acquisition of control over subsidiaries

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

e. Sales and net income of the acquiree

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

(2) Sprint

a. Overview of consolidation

On October 15, 2012, the Company and Sprint entered into a series of definitive agreements under which the Company will invest in Sprint (the "transaction" in this section (2)). After the completion of negotiations, the Company and Sprint agreed to amend a portion of the transaction on June 11, 2013.

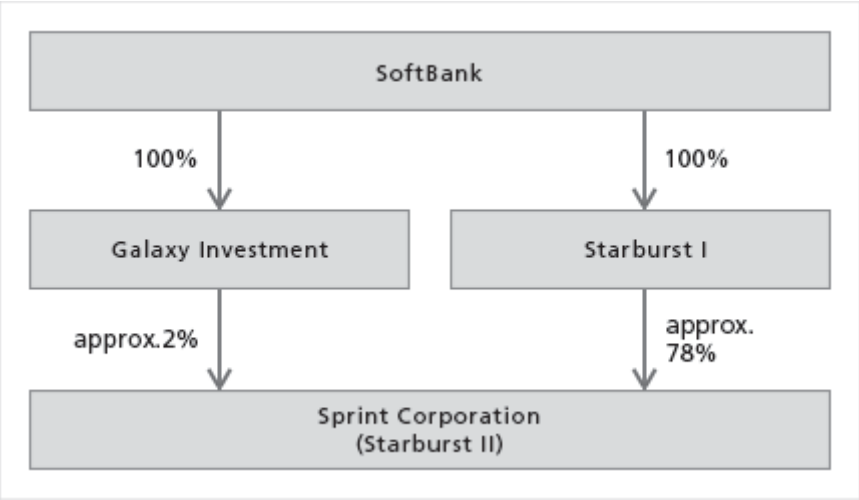
On July 10, 2013, SoftBank Corp. capitalized, through a wholly owned subsidiary, Starburst I, Inc., Sprint with an additional approximately $18.5 billion and the total investment of SoftBank Corp. amounted to approximately $21.6 billion, including approximately $3.1 billion of corporate bonds with stock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

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

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

Prior to the transaction, Clearwire Corporation ("Clearwire"), a company providing high-speed wireless communication services in the US, became a wholly owned subsidiary of Sprint on July 9, 2013.

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



b. Purposes of consolidation

(a) Enables the Company to establish an operating base as one of the largest mobile Internet companies in the world. The combined subscriber base will be one of the largest between the U.S. and Japan*.

(b) Enables the Company to leverage its deep expertise in smartphones and next-generation mobile networks, and its track record of success in competing in mature markets with large incumbents, to enhance competitiveness of Sprint in the U.S.

(c) Provides Sprint $5.0 billion of new capital for its mobile network, strategic investments, and balance sheet as part of its continued efforts to fortify its operating base towards future growth.

Note:

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

c. Summary of Sprint

Name	Sprint Corporation
Address	6200 Sprint Parkway, Overland Park, Kansas
Name and title of representative	Dan Hesse, Chief Executive Officer and Director
Business description	Holding company Provision of telecommunications services through its operating subsidiaries
Note	The Chairman of the Board and the Vice Chairman of the Board were assumed by Masayoshi Son, the Chairman & CEO of SoftBank Corp. and Ronald Fisher, Director of SoftBank Corp.,respectively. Adm. Mike Mullen, former Chairman of the Joint Chiefs of Staff, has been appointed as the Director in charge of security.
Consolidated sales	$35,345 million (Fiscal year ended December 2012, US GAAP)

d. Acquisition date

July 10, 2013

e. Consideration transferred and the component

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

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

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

		(Millions of yen)
		Acquisition date (July 10, 2013)
Current assets		
Cash and cash equivalents		447,873
Trade and other receivables[1]		327,211
Other financial assets		111,764
Inventories		105,318
Other current assets		42,762
Total current assets		1,034,928
Non-current assets		
Property, plant and equipment[2]		1,291,364
Intangible assets[2]		5,275,623
Other financial assets		23,938
Other non-current assets		13,188
Total non-current assets		6,604,113
Total assets		7,639,041
Current liabilities		
Interest-bearing debt[2]		86,961
Trade and other payables		651,608
Income taxes payables		3,917
Provisions[3]		90,340
Other current liabilities		286,158
Total current liabilities		1,118,984
Non-current liabilities		
Interest-bearing debt[2]		2,671,299
Other financial liabilities		7,544
Defined benefit liabilities		65,763
Provisions[3]		147,947
Deferred tax liabilities[4]		1,423,086
Other non-current liabilities		184,106
Total non-current liabilities		4,499,745
Total liabilities		5,618,729
Net assets	B	2,020,312
Non-controlling interests[5]	C	437,706
Basis adjustment[6]	D	311,659
Goodwill[7]	A-(B-C)-D	294,418

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

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

Notes:

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

As for fair value of ¥327,211 million of acquired receivables and other receivables (mainly sales receivables), the total amount of contracts is ¥342,787 million and the estimate of the contractual cash flows not expected to be collected at the acquisition date is ¥15,576 million.

2. Property, plant and equipment, Intangible assets and Interest-bearing debt

Please refer to “Note 7. Property, plant and equipment”, “Note 8. Intangible assets” and “(1) Component of interest-bearing debt” in “Note 9. Interest-bearing debt” for the components.

3. Provisions

Provisions recognized by the business combination are mainly asset retirement obligations, expenses related to the closing of the leased properties due to the shut-down of the Nextel Platform in June 30, 2013, expenses related to the closing of the leased properties such as offices and base stations, and the reduction of personnel, due to the acquisition of Clearwire, and expenses related to access contracts for large capacity lines which will not be used.

4. Deferred tax liabilities

Deferred tax liabilities recognized by this business combination are mainly temporary differences related to FCC Licenses, and trademarks with indefinite useful lives.

5. Non-controlling interests

Non-controlling interests are measured based on the proportionate interests after the acquisition in the identifiable net assets of the acquiree at acquisition date.

6. Basis adjustment

The Company entered into foreign currency forward contract to hedge exchange risks for the investment to Sprint. This scheduled transaction was designated as cash flow hedge. ¥311,659 million, the fair value of the hedging instruments at the acquisition date is deducted from initial amount of goodwill which was recognized from the acquisition.

7. Goodwill

Goodwill reflects excess earning power expected from the future business development and the synergy with existing businesses.

g. Decrease from acquisition of control over subsidiaries

	(Millions of yen) Acquisition date （July 10, 2013）
Payment amount by cash	(1,875,149)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	447,873
Decrease in cash from the acquisition of control over the subsidiary	(1,427,276)
Proceeds from settlement of foreign currency forward contract for acquisition of control of subsidiaries	310,104
Decrease in cash from the acquisition of control over the subsidiary, net	(1,117,172)

h. Sales and net loss of the acquiree

The amounts of the acquiree’s sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statements of income for the six-month period ended September 30, 2013 are ¥760,941 million and ¥66,307 million respectively.

(3) WILLCOM, Inc.

a. Overview of consolidation

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

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

(Business description of WILLCOM, Inc.)

Telecommunication business

(Acquisition date)

July 1, 2013

b. Consideration transferred and the components

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

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

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

		(Millions of yen) Acquisition date (July 1, 2013)
Current assets		80,843
Property, plant and equipment		46,026
Intangible assets		40,025
Other non-current assets		14,883
Total assets		181,777
Current liabilities		83,958
Non-current liabilities		14,996
Total liabilities		98,954
Net assets	B	82,823
Non-controlling interests	C	222
Goodwill	A-(B-C)	21,469

Non-controlling interests is from WILLCOM OKINAWA, Inc. (proportionate interest held by the Company is 80%), a subsidiary of WILLCOM Inc., and it is measured based on the proportionate interests after the acquisition in the identifiable net assets of the acquiree at the acquisition date.

Goodwill reflects excess earning power expected from the future business development, assembled workforce and the synergy with existing business.

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

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

e. Increase from acquisition of control over subsidiaries

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

f. Sales and net loss of the acquiree

The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statements of income for the six-month period ended September 30, 2013, are ¥41,323 million and ¥2,830 million respectively.

6. 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's segments are four segments, the Mobile Communications segment, the Sprint segment, the Fixed-line Telecommunications segment, and the Internet segment.

The Mobile Communications segment provides, mainly through SoftBank Mobile Corp., mobile communication services, and sale of mobile handsets and accessories.

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

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

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

The Sprint segment is newly established from the three-month period ended September 30, 2013 by the consolidation of Sprint in July 2013.

The Company previously had four segments, the Mobile Communications segments, the Broadband the Infrastructure segments, the Fixed-line Telecommunications segments, and the Internet Culture segments until the year ended March 31, 2013. However, with the consolidation of eAccess Ltd. in January 2013, GungHo in April 2013, and Sprint in July 2013, the Company changed its reportable segments from the three-month period ended June 30, 2013 as the business size and region of the Company changes significantly.

For the three-month period ended June 30, 2013, the previous Fixed-line Telecommunications segment and the Broadband Infrastructure segment were integrated and included in the Domestic Fixed-line Telecommunications Segment. Also the previous Mobile Communications segment was presented as the Domestic Mobile Communications segment and the previous Internet Culture segment was presented as the Internet Segment. Distribution business of SoftBank BB Corp. was previously included in "Others." However it was included in the Domestic Mobile Communications segment, considering the stronger connection with mobile communications.

For the three-month period ended September 30, 2013, the Company changed the names of the segments. The previous Domestic Mobile Communications is presented as the Mobile Communications. Also, the previous Domestic Fixed-line Telecommunications is presented as the Fixed-line Telecommunications. Only the names of the segments were changed, not the definition of the segments.

Segment information for the six-month period ended September 30, 2012, and for the three-month period ended Septmber 30, 2012 is presented in accordance with the reportable segment after the change.

(2) Net sales and income of reportable segments

The accounting policies of the reportable segments are the same as the Company's accounting policies described in “Note 3. Significant accounting policies.” Income of reportable segments is based on income excluding “Income from remeasurement relating to business combination” and “Other operating income (loss)” from operating income as follows:

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

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

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

For the six-month period ended September 30, 2012

(Millions of yen)

	Reportable segments							
	Mobile Communications	Sprint	Fixed-line Telecommunications	Internet	Total	Others[1]	Reconciliations[2]	Consolidated
Net sales								
Customers	1,080,989	-	218,943	161,342	1,461,274	43,370	-	1,504,644
Intersegment	6,974	-	43,121	1,719	51,814	17,911	(69,725)	-
Total	1,087,963	-	262,064	163,061	1,513,088	61,281	(69,725)	1,504,644
EBITDA	413,192	-	85,094	87,359	585,645	8,958	(6,830)	587,773
Depreciation and amortization	(123,241)	-	(25,245)	(6,088)	(154,574)	(3,133)	(937)	(158,644)
Segment income	289,951	-	59,849	81,271	431,071	5,825	(7,767)	429,129
Income from remeasurement relating to business combination								-
Other operating loss								-
Operating income								429,129
Finance cost, net								(37,377)
Equity in loss of associates								(1,280)
Income before income tax								390,472

For the six-month period ended September 30, 2013

(Millions of yen)

	Reportable segments							
	Mobile Communications	Sprint[3]	Fixed-line Telecommunications	Internet	Total	Others [1]	Reconciliations [2]	Consolidated
Net sales								
Customers	1,377,300	760,858	218,668	195,160	2,551,986	46,626	-	2,598,612
Intersegment	9,227	83	51,701	1,130	62,141	18,147	(80,288)	-
Total	1,386,527	760,941	270,369	196,290	2,614,127	64,773	(80,288)	2,598, 612
EBITDA	515,146	111,887	88,843	101,022	816,898	9,431	(10,331)	815,998
Depreciation and amortization	(175,595)	(134,191)	(29,727)	(6,439)	(345,952)	(3,336)	(651)	(349,939)
Segment income (loss)	339,551	(22,304)	59,116	94,583	470,946	6,095	(10,982)	466,059
Income from remeasurement relating to business combination								253,886
Other operating loss								(4,875)
Operating income								715,070
Finance cost, net								(105,023)
Equity in loss of associates								(3,780)
Income before income tax								606,267

Notes:

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

For the three-month period ended September 30, 2012

(Millions of yen)

	Reportable segments							
	Mobile Communications	Sprint	Fixed-line Telecommunications	Internet	Total	Others[1]	Reconciliations[2]	Consolidated
Net sales								
Customers	562,488	-	111,574	81,160	755,222	23,478	-	778,700
Intersegment	3,261	-	22,555	964	26,780	9,611	(36,391)	-
Total	565,749	-	134,129	82,124	782,002	33,089	(36,391)	778,700
EBITDA	214,918	-	44,757	44,751	304,426	6,386	(3,778)	307,034
Depreciation and amortization	(63,548)	-	(12,642)	(2,917)	(79,107)	(1,584)	(530)	(81,221)
Segment income	151,370	-	32,115	41,834	225,319	4,802	(4,308)	225,813
Income from remeasurement relating to business combination								-
Other operating income								-
Operating income								225,813
Finance cost, net								(27,972)
Equity in loss of associates								(3,368)
Income before income tax								194,473

For the three-month period ended September 30, 2013

(Millions of yen)

	Reportable segments							
	Mobile Communications	Sprint[3]	Fixed-line Telecommunications	Internet	Total	Others[1]	Reconciliations[2]	Consolidated
Net sales								
Customers	720,073	760,858	111,794	99,665	1,692,390	25,153	-	1,717,543
Intersegment	4,536	83	25,169	427	30,215	9,045	(39,260)	-
Total	724,609	760,941	136,963	100,092	1,722,605	34,198	(39,260)	1,717,543
EBITDA	259,320	111,887	45,962	51,172	468,341	6,493	(4,012)	470,822
Depreciation and amortization	(92,228)	(134,191)	(14,918)	(3,218)	(244,555)	(1,749)	(336)	(246,640)
Segment income (loss)	167,092	(22,304)	31,044	47,954	223,786	4,744	(4,348)	224,182
Income from remeasurement relating to business combination								103,766
Other operating loss								(3,903)
Operating income								324,045
Finance cost, net								(66,097)
Equity in loss of associates								(2,697)
Income before income tax								255,251

Notes:

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

7. Property, plant and equipment

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

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of September 30, 2013
Buildings and structures	110,811	118,284	249,143
Telecommunications equipment	1,039,699	1,412,580	2,484,485
Land	72,536	73,930	91,702
Construction in progress	91,945	153,266	359,661
Other	62,194	72,555	119,797
Total	1,377,185	1,830,615	3,304,788

The components of the carrying amounts of property, plant and equipment recognized as a result of the consolidation of Sprint in July 2013 are as follows. Please refer to "(2) Sprint" in "Note 5. Business combinations" for the details of the acquisition.

(Millions of yen)

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

8. Intangible assets

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

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of September 30, 2013
Intangible assets with finite useful lives			
Software	310,755	411,285	590,777
Customer relationships	-	83,876	730,037
Favorable lease contracts	-	-	140,480
Game title	-	-	64,830
Trademarks	201	178	50,628
Other	29,367	29,554	84,426
Intangible assets with indefinite useful lives			
FCC Licenses	-	-	3,472,492
Trademarks	-	-	580,146
Total	340,323	524,893	5,713,816

As a result of consolidation of eAccess Ltd. in January 2013, the Company recognized customer relationships amounting to ¥84,684 million. The details of the acquisition are described in "(9) Notes to the differences in the scope of consolidation" in "Note 15. First-time adoption of IFRSs."

As a result of consolidation of GungHo in April 2013, the Company recognized Game title amounting to ¥77,796 million. The details of the acquisition are described in "(1) GungHo Online Entertainment, Inc." in "Note 5. Business combinations."

The components of the carrying amounts of intangible assets recognized as a result of the consolidation of Sprint in July 2013 are as follows. Please refer to "(2) Sprint" in "Note 5. Business combinations" for the details of the acquisition.

	(Millions of yen) Acquisition date (July 10, 2013)
Intangible assets with finite useful lives	
Software	138,330
Customer relationships	700,192
Favorable lease contracts	148,979
Trademarks	52,593
Other	47,928
Intangible assets with indefinite useful lives	
FCC Licenses	3,587,335
Trademarks	600,266
Total	5,275,623

As a result of the consolidation of WILLCOM, Inc. in July 2013, the Company recognized customer relationships amounting to ¥25,004 million. The details of the acquisition are described in "(3) WILLCOM, Inc." in "Note 5. Business Combination."

9. Interest-bearing debt

(1) Components of interest-bearing debt

The components of "Interest-bearing debt" in the condensed interim consolidated statements of financial position are as follows:

	As of April 1, 2012	As of March 31, 2013	(Millions of yen) As of September 30, 2013
Current			
Short-term borrowings	114,625	458,313	334,287
Commercial paper	-	-	42,000
Current portion of long-term borrowings	496,073	631,232	372,819
Current portion of corporate bonds	142,686	204,837	173,926
Current portion of lease obligations	157,302	192,658	231,001
Current portion of installment payables	15,985	47,088	49,487
Total	926,671	1,534,128	1,203,520
Non-current			
Long-term borrowings	619,517	510,856	2,110,735
Corporate bonds	458,520	791,919	4,531,948
Lease obligations	431,722	564,077	682,371
Preferred securities	195,920	197,468	198,312
Installment payables	57,594	109,405	113,278
Total	1,763,273	2,173,725	7,636,644

Notes:

1. SoftBank Corp. has entered into the loan agreement (the "permanent loan") with maximum total amount of borrowing at ¥1,980 billion with the financial institutions on September 13, 2013 to refinance the bridge loan for the consolidation of Sprint, executing borrowing on September 27, 2013 and on September 30, 2013.
   The summary of the permanent loan is as follows.

   Summary of the permanent loan

Borrower	SoftBank Corp.
Lenders	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Deutsche Bank AG Crédit Agricole CIB and others in total 19 institutions
Date of contract	September 13, 2013
Maximum total amount of borrowing and maturity	Total amount of borrowing limit :¥ 1.98 trillion （Breakdown） Facility A： ¥1.1 trillion (Maturity: September 13, 2018) Facility B： ¥880 billion (Maturity: September 14, 2020)
Loan drawdown amount and date	¥1.85 trillion on September 27, 2013 ¥130 billion on September 30, 2013
Primary use of loan proceeds	Repayment of bridge loan for Sprint consolidation Repayment of some existing borrowings at SoftBank Corp. Repayment of some existing debts at eAccess Ltd.
Collateral	Not applicable
Guarantors	SoftBank Mobile Corp. and SoftBank Telecom Corp.
Financial covenants	Following are the financial covenants for the permanent loan: (a) The amount of SoftBank Corp.'s net assets at the end of the year must not fall below 75% of SoftBank Corp.'s net assets at the end of the previous year. (b) The consolidated balance sheets of SoftBank Corp. and BB Mobile Corp. at the end of the year must not show a net capital deficiency. At the end of the year, balance sheets of SoftBank Mobile Corp., SoftBank BB Corp. and SoftBank Telecom Corp. must not show a net capital deficiency. (c) In the SoftBank Corp.'s consolidated financial statement, operating income (loss) or net income or loss attributable to the owner of the parent company must not result in losses for two consecutive years. (d) Adjusted net interest-bearing debts[1] or leverage ratios[2] designated in the loan agreement must not exceed respective certain amounts or numbers at the end of each annual reporting period and at the end of the second quarter. 1. Adjusted net interest-bearing debts： Amounts deducting cash and cash equivalents from interest-bearing debts in the consolidated statement of financial position. Certain adjustments are made such as excluding certain listed subsidiaries such as Sprint from the subject. 2. Leverage ratio： Adjusted net interest-bearing debt / adjusted EBITDA[3] 3 Adjusted EBITDA: Certain adjustments are made to EBITDA such as excluding listed subsidiaries such as Sprint.

Notes:

2. The components of interest-bearing debt recognized as a result of the consolidation of Sprint in July 2013 are as follows. Please refer to "(2) Sprint" in "Note 5. Business combinations" for the details of the acquisition.

	(Millions of yen) Acquisition date (July 10, 2013)
Current	
Current portion of long-term borrowings	13,380
Current portion of corporate bonds	63,317
Current portion of lease obligations	10,264
Total	86,961
Non-current	
Long-term borrowings	34,854
Corporate bonds	2,593,343
Lease obligations	43,102
Total	2,671,299

Notes:

3.Covenants on interest-bearing debts of Sprint

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

a. Holders of a portion ($17.6 billion) of bond issued by Sprint are provided with the right to require Sprint to repurchase the notes if there is a change of control or if there is a decline, to a certain extent, in ratings of the applicable notes by the Rating Services. Also, holders of the Clearwire bond ($3.2 billion) are provided with the right to require the repurchase of the notes if a change of control triggering event occurs.

b. It is required that as of the last day of each quarter, Sprint's ratio of total indebtedness* to EBITDA (as defined) should not exceed a threshold level. Exceeding the ratio could result in the maturities being accelerated. The limit for the ratio was 6.25 to 1.0 as of September 30, 2013.

*Total indebtedness: the sum of Sprint's outstanding debt (which does not include trade payable incurred in the ordinary course of business) and guarantee of indebtedness, with certain adjustments such as excluding amounts agreed based on contracts with lenders.

On September 11, 2013, Sprint issued $2.25 billion aggregate principal amount of 7.250% Notes due 2021 and $4.25 billion aggregate principal amount of 7.875% Notes due 2023. After giving effect to the above, Sprint would have exceeded this threshold by a significant level at September 30, 2013. Accordingly, Sprint obtained a limited waiver from each of the lenders under the credit facilities, which should enable compliance with this financial covenant until December 31, 2013. However, as a requirement under the waivers, Sprint must maintain a segregated reserve account of approximately $3.5 billion until the earlier of the time existing Clearwire indebtedness is prepaid, redeemed or otherwise retired, or December 31, 2013 at which time the waivers will have expired. As the aggregate of approximately $414 million of Clearwire indebtedness was already retired on September 11, 2013 and September 26, 2013, the balance of restricted cash was approximately $3.1 billion as of September 30, 2013.

Furthermore, on October 24, 2013, Sprint issued notices to redeem on December 1, 2013, all of the outstanding principal amount (approximately $2.4 billion) of Clearwire's 12% Senior Secured Notes due 2015, as well as $325 million of 12% Second-Priority Senior Secured Notes due 2017.

Restricted cash balance noted above is included under "Other financial assets" of the current assets of the condensed interim consolidated statements of Financial Position. Cash inflow is stated as "Increase in Restricted Cash" under investing activities in the condensed interim consolidated statement of cash flows.

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

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

(Millions of yen)

	Six-month period ended September 30, 2012	Six-month period ended September 30, 2013
Net increase (decrease) of short-term borrowings*	97,638	(131,752)
Net increase of commercial paper	-	42,000
Total	97,638	(89,752)

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

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

The components of "Proceeds 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, 2012	Six-month period ended September 30, 2013
Proceeds from long-term borrowings	300,041	2,179,419
Proceeds from issuance of corporate bonds[1]	110,000	1,362,682
Proceeds from sale and leaseback of newly acquired equipment	189,326	226,939
Total	599,367	3,769,040

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

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

Notes:
2. Cash outflow amount, fixed by the currency swap contract designated as a cash flow hedge, at the time of redemption, is described in JPY.
3. The interest rate, after considering the impact of converting the fixed interest rate in foreign currency into a fixed interest rate in JPY by the currency swap contract, designated as a cash flow hedge, is described.

(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, 2012	Six-month period ended September, 30 2013
Repayment of long-term borrowings	(260,042)	(859,335)
Redemption of corporate bonds*	(95,000)	(195,624)
Payment of lease obligations	(93,838)	(119,667)
Payment of installment payables	(7,718)	(25,929)
Total	(456,598)	(1,200,555)

Note:
Main corporate bonds redeemed during the six-month period ended September, 30 2013 are as follows:

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

10. 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

(yen)

	April 1, 2012	March 31, 2013	September 30, 2013
U.S.dollars	82.19	94.05	97.75

(2) Average rate for the quarter

For the six-month period ended September 30, 2012

	Three-month ended June 30, 2012	Three-month ended September 30, 2012
U.S.dollars	80.40	78.42

For the six-month ended September 30, 2013

	Three-month ended June 30, 2013	Three-month ended September 30, 2013
U.S.dollars	97.94	98.20

11. Equity

(1) Additional paid-in capital

For the six-month period ended September 30, 2012

Alibaba Group Holding Limited, an associate accounted for using the equity method, acquired the shares of Alibaba.com Limited, a subsidiary of Alibaba Group Holding Limited, through its takeover bid in June 2012 and conducted the privatization of Alibaba.com Limited. The Company's additional paid-in capital decreased by ¥51,208 million as Alibaba Group Holding Limited treated this as the change in the interests in controlled subsidiary, decreasing its additional paid-in capital.

(2) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013	As of September 30, 2013
Available-for-sale financial assets	46,427	50,700	5,123
Cash flow hedges*	(994)	114,158	(26,075)
Exchange differences on translating foreign operations	-	83,168	46,875
Total	45,433	248,026	25,923

Note:
In connection with the consolidation of Sprint, during the six-month ended September 30, 2013, accumulated other comprehensive income, generated from the hedging instrument designated as a cash flow hedge, is derecognized in order to deduct the amount from the initial amount of goodwill which was recognized by the consolidation. Please refer to "(2)Sprint" in "Note 5. Business combinations" for the details of the acquisition.

12. Finance cost, net

The components of finance income and costs are as follows:

(Millions of yen)

	Six-month period ended September 30, 2012	Six-month period ended September 30, 2013
Interest income[1]	467	19,284
Interest expense	(25,654)	(105,862)
Derivative loss[1,2,3]	(2,505)	(25,824)
Gain on sale of securities	1,815	12,066
Impairment loss on equity method associates[4]	(11,061)	-
Other	(439)	(4,687)
Total	(37,377)	(105,023)

Notes:
1.Stock acquisition rights in the convertible bonds issued by Sprint Nextel Corporation and undertaken by Starburst II on October 22, 2012, were reported at fair value as a derivative, being bifurcated from the host contracts as it is classified as embedded derivatives and were recorded in "Other financial Assets" in the condensed interim consolidated statements of financial position. As the Company exercised the relevant stock acquisition right and the Company derecognized the derivatives, a derivative loss of ¥16,356 million was recorded during the six-month period ended September 30, 2013.
With regard to the host contract (the bonds), the amount of payment less the fair value of the embedded derivative at inception of the bond was recorded in the consolidated statement of financial position at inception. This deduction amount is accreted using the effective interest method with corresponding adjustments to interest income. Initially, the expected remaining accretion period for the bond discount was seven years based on the contract term of the bond. However, based on the approval for the acquisition at the shareholders' meeting of Sprint on June 25, 2013, the

Company changed the estimate of the expected remaining term until the completion of the acquisition. During the six-month period ended September 30, 2013, the Company recognized interest income of ¥16,219 million. The increase of interest income from the reflection of this change in the expected remaining term of the bond was ¥15,568 million.

2. Of the foreign currency forward contract totaling approximate $22.0 billion which is related to the acquisition of Sprint, with regard to the approximate $5.0 billion that did not meet the criteria for hedge accounting, a derivative loss of ¥13,186 million was recorded for the six-month period ended September 30, 2013.
   Hedge accounting was applied to the approximate $17.0 billion as cash flow hedge. Fair value of ¥311,659 million of hedge instruments on the acquisition date was deducted from the initial amount of goodwill which was recognized from the acquisition.
3. Derivatives associated with the transactions for the acquisition of Sprint are as follows. Derivative financial assets are included in "Other financial assets" in the condensed interim consolidated statements of financial position.

Derivative to which hedge accounting is applied

(Millions of yen)

	As of April 1, 2012		As of March 31, 2013		As of September 30, 2013	
	Contract amounts (More than one year)	Fair value	Contract amounts (More than one year)	Fair value	Contract amounts (More than one year)	Fair value
Foreign exchange contracts						
To buy						
U.S. dollars	-	-	1,411,990 (-)	189,357	-	-
Total	-	-	1,411,990 (-)	189,357	-	-

Derivatives to which hedge accounting is not applied

(Millions of yen)

	As of April 1, 2012		As of March 31, 2013		As of September 30, 2013	
	Contract amounts (More than one year)	Fair value	Contract amounts (More than one year)	Fair value	Contract amounts (More than one year)	Fair value
Embedded derivatives						
Stock acquisition rights	-	-	291,555 (291,555)	15,706	-	-
Total	-	-	291,555 (291,555)	15,706	-	-

4. The Company recorded the impairment loss of ¥11,061 million for the six-month period ended September 30, 2012 as the recoverable amount was less than its carrying amount with regards to equity method associate. The recoverable amount is the fair value less costs of disposal.

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

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

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

(2) Presentation of cash flow regarding finance lease

Once the Company purchases telecommunications equipment for the purpose of assembly, installation and inspection, the Company sells the equipment to lease companies for sale and leaseback purposes. The leased asset and lease obligation are recorded in the consolidated statement 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) Payments for preferred stocks, stock acquisition rights, and long-term debt of subsidiaries.

For the six-month period ended September 30, 2012

In April 2006, BB Mobile Corp. issued Class 1 preferred stock-series 1 and stock acquisition rights to Vodafone International Holdings B.V. and obtained a subordinated loan from Vodafone Overseas Finance Limited as a series of financing transactions for the Company’s acquisition of Vodafone K.K. (currently SoftBank Mobile Corp.). In November 2006, refinancing of the funds for the acquisition was conducted, and SoftBank Mobile Corp. assumed BB Mobile Corp’s subordinated loan.

In December 2010, The Company acquired aforementioned all Class 1 preferred stock-series 1 and stock acquisition rights issued by BB Mobile Corp. to Vodafone International Holdings B.V., and all principal and accrued interest of a long-term loan receivable from SoftBank Mobile Corp. held by Vodafone Overseas Finance Limited for a total amount of ¥412,500 million. ¥212,500 million out of the total amount and the remaining amount of ¥200,000 million were paid with related expenses associated with the acquisition in December 2010 and April 2012, respectively.

(4) Proceeds from settlement of foreign currency forward contract for consolidation of control of subsidiaries

For the six-month period ended September 30, 2013

This proceeds is from settlement of foreign currency forward contract of approximately $18.5 billion with regards to consolidation of Sprint.

(5) Increase in restricted cash

For the six-month period ended September 30, 2013

It is increase in restricted cash as Sprint is required to maintain a segregated reserve account until the earlier of the time when existing Clearwire indebtedness is repaid, redeemed or otherwise retired, or December 31, 2013 at which time the waivers related to financial covenants will have expired.
Please refer to “(1) Component of interest-bearing debt” in “Note 9. Interest-bearing debt” for the detail.

14. Significant subsequent events

For the six-month period ended September 30, 2013

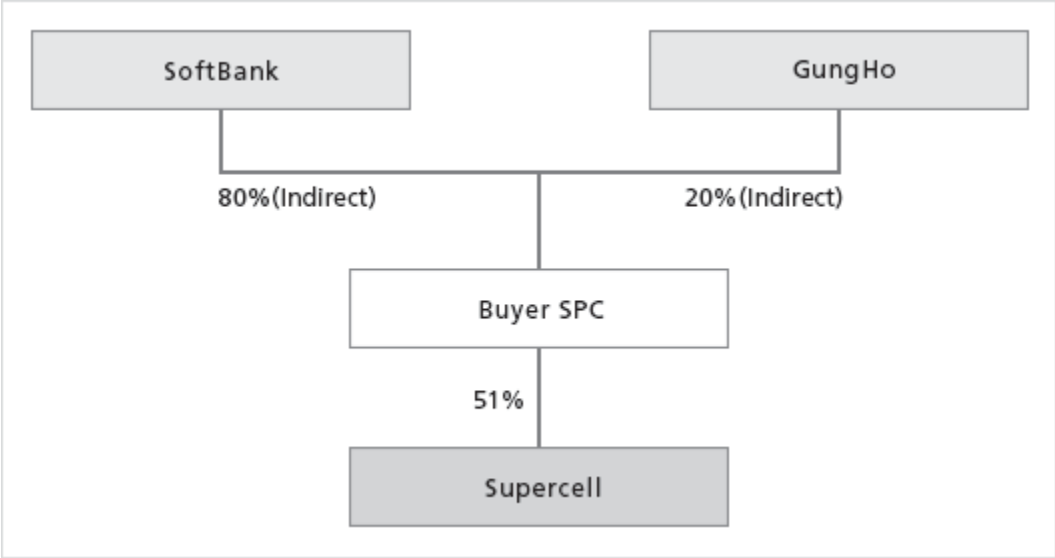
(1) Consolidation of Supercell Oy

a. Overview of consolidation

SoftBank Corp. and, its subsidiary, GungHo have entered into an agreement with Supercell Oy (“Supercell”), a mobile game company headquartered in Finland, its shareholders and the representative of such shareholders on October 15, 2013. Under the agreement, SoftBank Corp. and GungHo will establish a special purpose company in Finland, SoftBank Corp. indirectly investing approximately $1.224 billion (investing ratio 80%) and, GungHo indirectly investing $0.306 billion (investing ratio 20%). Through this special purpose company, SoftBank Corp. and GungHo will invest a total of $1.53 billion (approximately ¥151.5 billion[1]) in Supercell (the “Transaction” in this section (1)), and will hold 51% of Supercell’s voting stock.

The Transaction is expected to be completed on October 31, 2013 and Supercell will become a subsidiary of SoftBank Corp.

Notes :
1. Converted at USD = JPY 99



b. Reasons for the Transaction

Supercell is a mobile game company headquartered in Finland. This new strategic partnership with SoftBank Corp. and GungHo will help accelerate Supercell's goal of becoming the "the first truly global games company."

GungHo started its online game business in 2002, and it has since then accumulated significant expertise and produced notable results in the development and operation of online games. Through the Transaction GungHo will leverage Supercell's position among the apps in the Games category of the App Store and marketing power abroad to enhance its global expansion.

SoftBank Corp. acquired Sprint in July 2013, expanding its business operations from Japan to the U.S. with GungHo and Supercell as drivers in content services, the SoftBank Group continues to strive toward the goal of becoming the "No.1 mobile Internet company."

c. Summary of Supercell

Name	Supercell Oy
Address	Itämerenkatu 11-13 00180 Helsinki Finland
Name and title of representative	Ilkka Paananen, CEO
Business description	Mobile/Social interactive entertainment
Common stock	€2,500
Founded	May 14, 2010
Consolidated sales	€78,358 thousands（the year ended December 2012, Finnish GAAP）

d. Number of shares to be acquired, consideration transferred and state of share ownership before and after acquisition

Number of shares held before transfer	0 shares (number of voting rights: 0) (voting rights holding ratio: 0.0%)
Number of shares to be acquired[2]	21,157,874 shares
Consideration transferred	Total investment: $1.53 billion Acquisition-related costs: TBD
Number of shares held after transfer[2]	21,157,874 shares (number of voting rights: 21,157,874) (voting rights holding ratio: 51%)

Notes:

2. This is an estimate based on the number of Supercell common shares outstanding as of October 15, 2013, the number of common shares to be converted from all preferred shares prior to the closing and the maximum number of common shares issuable from the exercise of options exercisable prior to the closing; but excluding the number of common shares which are scheduled to be repurchased by Supercell prior to the closing.

(2) Consolidation of Brightstar Corp.

a. Overview of consolidation

SoftBank Corp. has entered into agreements on October 18, 2013, with the major shareholders of mobile device distributor Brightstar Corp. of the United States (“Brightstar”) pursuant to which SoftBank Corp. will acquire Brightstar shares (the “Transaction” in this section (2)).

In the transaction, SoftBank Corp. will invest a total of $1.26 billion (approximately ¥124.7 billion) into certain indirectly wholly-owned U.S. subsidiaries (the “U.S. subsidiary”). SoftBank Corp. will, in exchange for $400 million of the above investment, receive newly-issued common shares of the U.S. subsidiary, and in exchange for the remaining $860 million of SoftBank Corp.'s investment, SoftBank Corp. will receive non-voting preferred shares of the U.S. subsidiary that have an aggregate liquidation preference of $860 million, and a warrant that provides SoftBank Corp. with the rights to acquire a number of common shares of the same subsidiary that would raise SoftBank Corp.'s ownership of the common shares of the subsidiary to approximately 70%, for de minimis value, over 5 years (the “Warrant”). The U.S. subsidiary will acquire all common and preferred shares (including payment of accrued dividends) of Brightstar from existing shareholders in exchange for approximately $1.105 billion (approx. ¥109.4 billion[1)]) and common shares of such U.S. Subsidiary representing an approximate 43% of the common shares issued.

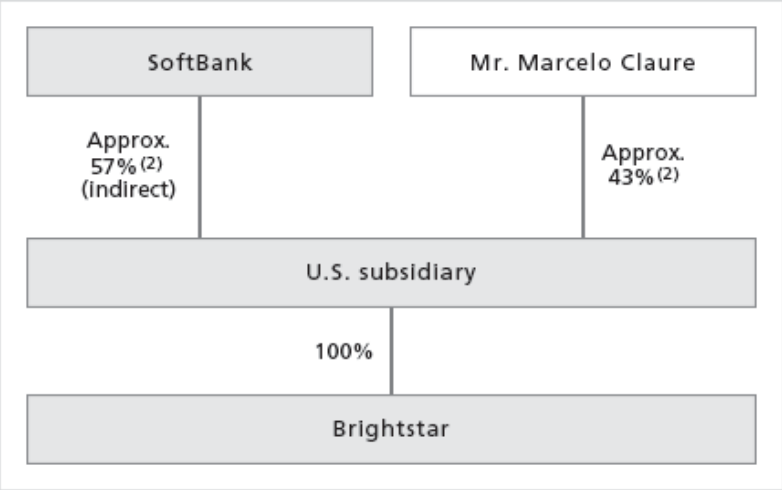
As a result of the Transaction, SoftBank Corp. will own approximately 57% of the voting rights and common shares of the U.S. subsidiary that will own 100% of Brightstar, and Mr.Marcelo Claure, Chairman and CEO of Brightstar, owns approximately 43%. (The Transaction is expected to be completed from November to December 2013). As a result, Brightstar will become a subsidiary of SoftBank Corp.

The U.S. subsidiary will use approximately $1.105 billion out of SoftBank Corp.'s total investment of $1.26 billion to complete the Brightstar share purchases noted above (including payment of accrued dividends), and the remaining approximately $155 million of SoftBank Corp.'s investment will be contributed by the U.S. subsidiary to Brightstar in order to fund, among others, ongoing corporate activities.

SoftBank Corp. plans to gradually exercise the Warrant to increase its ownership in the U.S. subsidiary to approximately 70% of the voting power, and common stock, over the five year period.

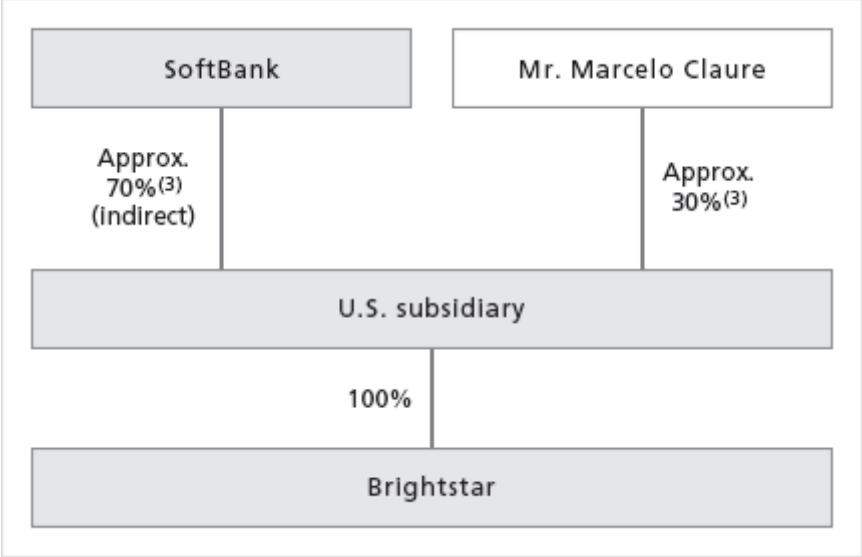
Notes:
1. Converted at USD = JPY 99

(Structure at the time of consolidation of Brightstar)



Notes:
2. Percentages based on voting power and common stock

(Structure after exercise of the Warrant)



Notes:
3. Percentages based on voting power and common stock

b. Reason for transaction

Brightstar is the world's largest specialized wireless distributors and a leading provider of diversified services focused on enhancing the performance and results of the key participants in the wireless device value chain: manufacturers, operators and retailers. Its services include Supply Chain Solutions, Handset Protection & Insurance, Buyback and Trade-in Solutions, Multi-Channel Retail Solutions, and Financial Services. Today, Brightstar provides services in over 125 countries and has a local presence in over 50 countries.

SoftBank Corp. acquired Sprint in July 2013, expanding its business operations from Japan to the U.S. with Brightstar becoming a subsidiary, SoftBank Corp. aims to strengthen its purchasing scale for mobile devices and further increase competitiveness both in Japan and the U.S.

c. Summary of Brightstar

Name	Brightstar Corp.
Address	9725 NW 117th Ave, #300 Miami, Florida, U.S.A.
Name and title of representative	Marcelo Claure, Chairman and Chief Executive Officer
Business description	Mobile device distribution
Common stock share capital	$2,000
Founded	September 23, 1997
Consolidated sales	$6,312,914 thousands（the year ended December 2012 US GAAP）

d. Number of shares to be acquired, consideration transferred and state of share ownership before and after acquisition

Number of shares held before change	0 shares (number of voting rights: 0) (voting rights holding ratio: 0.0%)
Number of shares to be acquired	37,756,306 shares[4]
Consideration transferred	Approx. USD 1.105 billion In addition to the above monetary amount, a number of common shares of the U.S. subsidiary representing 43% of the issued and outstanding common shares (ratio after the consolidation of Brightstar which is described in a. Overview of consolidation) will be issued as consideration. Acquisition-related costs: TBD)
Number of shares held after change	37,756,306[4] (number of voting rights: 37,756,306)[5] (voting rights holding ratio: 100 %)

Notes:
4. Consisting of 18,206,692 common shares and 19,549,614 preferred shares.
5. Assuming conversion of all preferred shares to common shares.

15. First-time adoption of IFRSs

(1) Transition to IFRSs financial reporting

The Company first prepared condensed interim consolidated financial statements in accordance with IFRSs from the three-month period ended June 30, 2013, which is the first quarter of the fiscal year ending March 31, 2014. Accounting policies adopted by the Company are described in “Note 3. Significant accounting policies.”

The latest consolidated financial statements prepared in accordance with JGAAP are for the year ended March 31, 2013. The date of transition to IFRSs is April 1, 2012.

IFRS 1, in principle, requires first-time adopters to apply IFRSs retrospectively.

However, as exceptions, the retrospective application of some aspects of IFRSs is prohibited, and they shall be applied prospectively from the date of transition to IFRSs. The following exceptions are applicable to the Company:

a. Accounting estimates
With regards to accounting estimates used for consolidated financial statements in accordance with IFRSs, new information received afterward is not reflected, for the estimates used under IFRSs to be consistent with estimates used when the financial statements under JGAAP were prepared.

b. Non-controlling interests
The Company applies the following requirements of IFRS 10 "Consolidated Financial Statements" prospectively from the date of transition to IFRSs:
- the requirement that total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance; and
- the requirements for accounting for changes in a subsidiary that do not result in a loss of control.

IFRSs also grant first-time adopters to voluntarily elect to use exemptions from some requirements of IFRSs. The Company applied the following exemptions:

a. Business combinations
The Company has elected not to apply IFRS 3"Business Combinations," retrospectively to business combinations that occurred before the date of transition to IFRSs.

b. Translation differences for foreign operations
The Company has transferred all cumulative translation differences from other comprehensive income to retained earnings on the date of transition to IFRSs.

c. Share-based payments
The Company does not apply IFRS 2 "Share-based Payment" to a portion of stock options that were vested before the date of transition to IFRSs.

d. Compound instruments
The Company does not apply IAS 32 "Financial Instruments: Presentation" to the compound instruments with no outstanding liability balance at the date of transition to IFRSs.

The Company has made necessary adjustments to the consolidated financial statements prepared in accordance with JGAAP that had already been disclosed, in the course of the preparation of the consolidated financial statements in accordance with IFRSs.

Reconciliations required to be disclosed under the first-time adoption of IFRSs are as follows:

Items that do not affect retained earnings and comprehensive income are included in "Reclassification" of the reconciliation. Differences in the scope of consolidation under IFRSs from JGAAP are included in "Differences in the scope of consolidation." Items that affect retained earnings or comprehensive income are included in "Differences in recognition and measurement."

The amounts presented in the consolidated financial statements prepared in accordance with JGAAP for the years ended on or before March 31, 2013, were rounded down to the nearest million yen. As the amounts presented in the condensed interim consolidated financial statements prepared in accordance with IFRSs from the three-month period ended June 30, 2013, are rounded off to the nearest million yen, the amounts under JGAAP presented in the reconciliations are also rounded off to the nearest million yen.

(2) Reconciliation of equity as of April 1, 2012
(Items related to consolidated statement of financial position)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Assets							**Assets**
Current assets							**Current assets**
Cash and deposits	1,016,252	(1,693)	6,554	-		1,021,113	Cash and cash equivalents
Notes and accounts receivable - trade	661,288	(35,571)	(2,560)	163,745	E	786,902	Trade and other receivables
Marketable securities	4,575	(4,575)	-	-		-	
		10,399	-	-		10,399	Other financial assets
Merchandise and finished products	42,618	13,065	-	-		55,683	Inventories
Deferred tax assets	56,469	(56,469)	-	-		-	
Other current assets	168,265	(93,391)	2,690	7,450	D	85,014	Other current assets
Less: Allowance for doubtful accounts	(39,015)	39,015	-	-		-	
Total current assets	1,910,452	(129,220)	6,684	171,195		1,959,111	Total current assets
Fixed assets							**Non-current assets**
Property and equipment, net	1,296,393	-	22,076	58,716	B, I	1,377,185	Property, plant and equipment
Intangible assets, net:							
Goodwill	780,243	-	1,211	(3,543)	A	777,911	Goodwill
Software	310,151	(310,151)	-	-		-	
Other intangibles	36,121	310,151	641	(6,590)		340,323	Intangible assets
Investments and other assets							
Investment securities	338,198	(338,198)	-	-		-	
		201,465	7,292	(231)	G	208,526	Investments accounted for using the equity method
		185,040	(22,081)	155,640	E	318,599	Other financial assets
Deferred tax assets	104,327	56,469	-	22,613		183,409	Deferred tax assets
Other assets	134,077	(64,264)	77	15,600	D,I	85,490	Other non-current assets
Less: Allowance for doubtful accounts	(15,957)	15,957	-	-		-	
Total fixed assets	2,983,553	56,469	9,216	242,205		3,291,443	Total non-current assets
Deferred charges	5,700	-	21	(5,721)		-	
Total assets	4,899,705	(72,751)	15,921	407,679		5,250,554	**Total assets**

Note: Described in “(10) Notes to the differences in recognition and measurement.” on page 94.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Liabilities							**Liabilities and equity**
Current liabilities							**Current liabilities**
		716,824	-	209,847	E,I	926,671	Interest-bearing debt
Accounts payable - trade	190,533	747,461	22,650	15,188	D	975,832	Trade and other payables
Short-term borrowings	403,168	(403,168)	-	-		-	
Current portion of corporate bonds	144,988	(144,988)	-	-		-	
Accounts payable-other and accrued expenses	835,053	(835,053)	-	-		-	
		1,206	-	-		1,206	Other financial liabilities
Income taxes payables	125,116	(2,614)	5	706		123,213	Income taxes payables
Current portion of lease obligations	152,683	(152,683)	-	-		-	
		1,456	-	-		1,456	Provisions
Other current liabilities	72,184	(1,191)	174	22,988	D,F	94,155	Other current liabilities
Total current liabilities	1,923,725	(72,750)	22,829	248,729		2,122,533	Total current liabilities
Long-term liabilities							**Non-current liabilities**
		1,425,264	-	338,009	E,I	1,763,273	Interest-bearing debt
Corporate bonds	459,900	(459,900)	-	-		-	
Long-term debt	560,070	(560,070)	-	-		-	
		9,711	26,069	1,390		37,170	Other financial liabilities
Liability for retirement benefits	14,953	-	-	-		14,953	Defined benefit liabilities
		20,603	40	-		20,643	Provisions
Deferred tax liabilities	20,370	-	(313)	25,294		45,351	Deferred tax liabilities
Allowance for point mileage	32,074	(32,074)	-	-		-	
Lease obligations	347,700	(347,700)	-	-		-	
Other liabilities	105,273	(55,835)	(9,999)	40,146	D,F	79,585	Other non-current liabilities
Total long-term liabilities	1,540,340	(1)	15,797	404,839		1,960,975	Total non-current liabilities
Total liabilities	3,464,065	(72,751)	38,626	653,568		4,083,508	**Total liabilities**

Note: Described in “(10) Notes to the differences in recognition and measurement” on page 94.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Equity							**Equity**
Shareholders' equity							**Equity attributable to owners of the parent**
Common stock	213,798	-	-	-		213,798	Common stock
Additional paid-in capital	236,563	898	-	13,306	E	250,767	Additional paid-in capital
Retained earnings	530,534	-	(3,335)	(121,615)	(10)	405,584	Retained earnings
Less: Treasury stock	(22,947)	-	-	-		(22,947)	Treasury stock
		(21,253)	-	66,686	C,E	45,433	Accumulated other compre-hensive income
Accumulated other comprehensive loss							
Unrealized gain on available-for-sale securities	10,567	(10,567)	-	-		-	
Deferred loss on derivatives under hedge accounting	(993)	993	-	-		-	
Foreign currency translation adjustments	(30,827)	30,827	-	-		-	
						892,635	Total equity attributable to owners of the parent
Stock acquisition rights	898	(898)	-	-		-	
Minority interests	498,047	-	(19,370)	(204,266)	A,B E,F	274,411	**Non-controlling interests**
Total equity	1,435,640	-	(22,705)	(245,889)		1,167,046	**Total equity**
Total liabilities and equity	4,899,705	(72,751)	15,921	407,679		5,250,554	**Total liabilities and equity**

Note: Described in "(10) Notes to the differences in recognition and measurement" on page 94.

(3) Reconciliation of equity as of September 30, 2012
(Items related to consolidated statement of financial position)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Assets							**Assets**
Current assets							**Current assets**
Cash and deposits	1,096,799	287	9,844	-		1,106,930	Cash and cash equivalents
Notes and accounts receivable - trade	601,224	(14,866)	(1,313)	203,959	E	789,004	Trade and other receivables
Marketable securities	6,624	(6,624)	-	-		-	
		15,370	-	-		15,370	Other financial assets
Merchandise and finished products	42,171	8,146	-	-		50,317	Inventories
Deferred tax assets	41,655	(41,655)	-	-		-	
Other current assets	177,461	(91,149)	1,126	1,795	D	89,233	Other current assets
Less: Allowance for doubtful accounts	(34,216)	34,216	-	-		-	
Total current assets	1,931,718	(96,275)	9,657	205,754		2,050,854	Total current assets
Fixed assets							**Non-current assets**
Property and equipment, net	1,458,185	-	37,930	(32,924)	B,I	1,463,191	Property, plant and equipment
Intangible assets, net:							
Goodwill	750,868	-	1,212	28,012	A	780,092	Goodwill
Software	349,513	(349,513)	-	-		-	
Other intangibles	27,622	349,513	964	(5,916)		372,183	Intangible assets
Investments and other assets							
Investment securities	291,629	(291,629)	-	-		-	
		181,072	7,829	4,298	G	193,199	Investments accounted for using the equity method
		160,478	(18,169)	145,934	E	288,243	Other financial assets
Deferred tax assets	104,959	41,655	-	27,366		173,980	Deferred tax assets
Other assets	134,909	(66,354)	173	20,940	D,I	89,668	Other non-current assets
Less: Allowance for doubtful accounts	(16,433)	16,433	-	-		-	
Total fixed assets	3,101,252	41,655	29,939	187,710		3,360,556	Total non-current assets
Deferred charges	5,147	-	16	(5,163)		-	
Total assets	5,038,117	(54,620)	39,612	388,301		5,411,410	**Total assets**

Note: Described in “(10) Notes to the differences in recognition and measurement” on page 94.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Liabilities							**Liabilities and equity**
Current liabilities							**Current liabilities**
		834,853	-	227,970	E,I	1,062,823	Interest-bearing debt
Accounts payable-trade	190,347	519,723	26,211	12,797	D	749,078	Trade and other payables
Short-term borrowings	453,140	(453,140)	-	-		-	
Current portion of corporate bonds	190,552	(190,552)	-	-		-	
Accounts payable - other and accrued expenses	591,218	(591,218)	-	-		-	
		1,812	-	-		1,812	Other financial liabilities
Income taxes payables	140,839	(2,749)	7	934		139,031	Income taxes payables
Current portion of lease obligations	173,485	(173,485)	-	-		-	
		1,452	-	-		1,452	Provisions
Other current liabilities	68,285	(1,316)	275	22,410	D,F	89,654	Other current liabilities
Total current liabilities	1,807,866	(54,620)	26,493	264,111		2,043,850	Total current liabilities
Long-term liabilities							**Non-current liabilities**
		1,596,640	22,201	252,448	E,I	1,871,289	Interest-bearing debt
Corporate bonds	414,900	(414,900)	-	-		-	
Long-term debt	628,644	(628,644)	-	-		-	
		11,248	26,129	(348)		37,029	Other financial liabilities
Liability for retirement benefits	14,785	-	-	-		14,785	Defined benefit liabilities
		21,010	46	-		21,056	Provisions
Deferred tax liabilities	18,667	1	(279)	24,352		42,741	Deferred tax liabilities
Allowance for point mileage	28,611	(28,611)	-	-		-	
Lease obligations	488,494	(488,494)	-	-		-	
Other liabilities	115,368	(68,250)	(10,531)	42,431	D,F	79,018	Other non-current liabilities
Total long-term liabilities	1,709,469	0	37,566	318,883		2,065,918	Total non-current liabilities
Total liabilities	3,517,335	(54,620)	64,059	582,994		4,109,768	**Total liabilities**

Note: Described in "(10) Notes to the differences in recognition and measurement" on page 94.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Equity							**Equity**
Shareholders' equity							**Equity attributable to owners of the parent**
Common stock	221,021	-	-	-		221,021	Common stock
Additional paid-in capital	192,558	922	-	12,815	E	206,295	Additional paid-in capital
Retained earnings	655,867	-	(5,430)	(74,234)	(10)	576,203	Retained earnings
Less: Treasury stock	(22,873)	-	-	-		(22,873)	Treasury stock
		(39,942)	-	70,819	C,E,G	30,877	Accumulated other comprehensive income
Accumulated other comprehensive loss							
Unrealized loss on available-for-sale securities	210	(210)	-	-		-	
Deferred loss on derivatives under hedge accounting	(823)	823	-	-		-	
Foreign currency translation adjustments	(39,329)	39,329	-	-		-	
						1,011,523	Total equity attributable to owners of the parent
Stock acquisition rights	922	(922)	-	-		-	
Minority interests	513,229	-	(19,017)	(204,093)	A,B E,F	290,119	**Non-controlling interests**
Total equity	1,520,782	-	(24,447)	(194,693)		1,301,642	**Total equity**
Total liabilities and equity	5,038,117	(54,620)	39,612	388,301		5,411,410	**Total liabilities and equity**

Note: Described in "(10) Notes to the differences in recognition and measurement" on page 94.

(4) Reconciliation of equity as of March 31, 2013
(Items related to consolidated statement of financial position)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Assets							**Assets**
Current assets							**Current assets**
Cash and deposits	1,369,135	(4,505)	74,427	-		1,439,057	Cash and cash equivalents
Notes and accounts receivable - trade	662,187	26,174	26,516	221,430	D,E	936,307	Trade and other receivables
Marketable securities	4,704	(4,704)	-	-		-	
		227,235	2,004	-		229,239	Other financial assets
Merchandise and finished products	43,846	8,021	2,401	-		54,268	Inventories
Deferred tax assets	50,580	(50,580)	-	-		-	
Other current assets	490,964	(370,795)	747	6,232	D	127,148	Other current assets
Less: Allowance for doubtful accounts	(30,219)	30,219	-	-		-	
Total current assets	2,591,197	(138,935)	106,095	227,662		2,786,019	Total current assets
Fixed assets							**Non-current assets**
Property and equipment, net	1,657,640	-	208,596	(35,621)	B,I	1,830,615	Property, plant and equipment
Intangible assets, net:							
Goodwill	734,407	-	138,978	54,014	A	927,399	Goodwill
Software	383,733	(383,733)	-	-		-	
Other intangibles	36,805	383,733	109,844	(5,489)		524,893	Intangible assets
Investments and other assets							
Investment securities	870,608	(870,608)	-	-		-	
		458,823	(259,022)	8,863	G	208,664	Investments accounted for using the equity method
		464,151	(2,197)	172,693	E	634,647	Other financial assets
Deferred tax assets	99,967	50,580	(21)	24,864		175,390	Deferred tax assets
Other assets	158,558	(69,274)	13,902	25,996	D,H,I	129,182	Other non-current assets
Less: Allowance for doubtful accounts	(16,909)	16,909	-	-		-	
Total fixed assets	3,924,809	50,581	210,080	245,320		4,430,790	Total non-current assets
Deferred charges	8,880	-	9	(8,889)		-	
Total assets	6,524,886	(88,354)	316,184	464,093		7,216,809	**Total assets**

Note: Described in “(10) Notes to the differences in recognition and measurement” on page 94.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Liabilities							**Liabilities and equity**
Current liabilities							**Current liabilities**
		1,243,412	52,424	238,292	E,I	1,534,128	Interest-bearing debt
Accounts payable - trade	194,654	696,218	63,705	18,092	D	972,669	Trade and other payables
Short-term borrowings	813,491	(813,491)	-	-		-	
Current portion of corporate bonds	205,000	(205,000)	-	-		-	
Accounts payable – other and accrued expenses	751,690	(751,690)	-	-		-	
		4,833	-	-		4,833	Other financial liabilities
Income taxes payables	179,559	(3,096)	4,653	934		182,050	Income taxes payables
Deferred tax liabilities	71,975	(71,975)	-	-		-	
Current portion of lease obligations	192,603	(192,603)	-	-		-	
		1,252	350	-		1,602	Provisions
Other current liabilities	181,212	(68,189)	4,299	25,312	D,F	142,634	Other current liabilities
Total current liabilities	2,590,184	(160,329)	125,431	282,630		2,837,916	Total current liabilities
Long-term liabilities							**Non-current liabilities**
		1,721,366	188,231	264,128	E,I	2,173,725	Interest-bearing debt
Corporate bonds	734,900	(734,900)	-	-		-	
Long-term debt	354,291	(354,291)	-	-		-	
		12,981	25,673	-		38,654	Other financial liabilities
Liability for retirement benefits	14,506	-	-	-		14,506	Defined benefit liabilities
		20,847	918	-		21,765	Provisions
Deferred tax liabilities	17,940	71,975	5,879	23,834		119,628	Deferred tax liabilities
Allowance for point mileage	22,548	(22,548)	-	-		-	
Lease obligations	526,739	(526,739)	-	-		-	
Other liabilities	157,319	(116,716)	(8,552)	48,136	D,F	80,187	Other non-current liabilities
Total long-term liabilities	1,828,243	71,975	212,149	336,098		2,448,465	Total non-current liabilities
Total liabilities	4,418,427	(88,354)	337,580	618,728		5,286,381	**Total liabilities**

Note: Described in “(10) Notes to the differences in recognition and measurement” on page 94.

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Equity							**Equity**
							Equity attributable to owners of the parent
Shareholders' equity							
Common stock	238,772	-	-	-		238,772	Common stock
Additional paid-in capital	429,689	736	(125)	6,404	E	436,704	Additional paid-in capital
Retained earnings	753,616	-	(6,037)	(35,491)	(10)	712,088	Retained earnings
Less: Treasury stock	(22,834)	-	-	-		(22,834)	Less:Treasury stock
		169,842	(1)	78,185	C,E,G	248,026	Accumulated other comprehen-sive income
Accumulated other comprehensive income							
Unrealized gain on available-for-sale securities	4,164	(4,164)	-	-		-	
Deferred gain on derivatives under hedge accounting	114,158	(114,158)	-	-		-	
Foreign currency translation adjustments	51,520	(51,520)	-	-		-	
						1,612,756	Total equity attributable to owners of the parent
Stock acquisition rights	736	(736)	-	-		-	
Minority interests	536,638	-	(15,233)	(203,733)	A,B E,F	317,672	**Non-controlling interests**
Total equity	2,106,459	-	(21,396)	(154,635)		1,930,428	**Total equity**
Total liabilities and equity	6,524,886	(88,354)	316,184	464,093		7,216,809	**Total liabilities and equity**

Note: Described in "(10) Notes to the differences in recognition and measurement" on page 94.

(5) Adjustment to comprehensive income for the six-month period ended September 30, 2012
(Items related to consolidated statement of income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Net sales	1,586,109	5,436	(2,073)	(84,828)	D	1,504,644	Net sales
Cost of sales	(712,470)	(4,999)	(3,593)	2,794	B,D F,I	(718,268)	Cost of sales
Gross profit	873,639	437	(5,666)	(82,034)		786,376	**Gross profit**
Selling, general and administrative expenses	(470,877)	591	(492)	113,531	A,B,D E,F,I	(357,247)	Selling, general and administrative expenses
Operating income	402,762						
		-	-	-		-	Income from remeasurement relating to business
		-	-	-		-	Other operating income
						429,129	**Operating income**
		(38,023)	164	482	E,G,I	(37,377)	Finance cost, net
		(7,102)	1,247	4,575	G	(1,280)	Equity in loss of associates
Non-operating income	6,591	(6,591)	-	-		-	
Non-operating expenses	(46,343)	46,343	-	-		-	
Ordinary income	363,010						
Special income	7,351	(7,351)	-	-		-	
Special loss	(11,696)	11,696	-	-		-	
Income before income taxes and minority interests	358,665	-	(4,747)	36,554	(10)	390,472	**Income before income tax**
Income taxes	(155,818)	-	13	7,861		(147,944)	Income taxes
Income before minority interests	202,847	-	(4,734)	44,415		242,528	**Net income**

Note: Described in “(10) Notes to the differences in recognition and measurement” on page 94.

(Items related to consolidated statement of comprehensive income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Income before minority interests	202,847	-	(4,734)	44,415		242,528	**Net income**
Other comprehensive loss							**Other comprehensive loss, net of tax**
							Items that will not be reclassified to profit or loss
	-	-	-	1		1	Remeasure-ments of defined benefit plan
						1	**Total items that will not be reclassified to profit or loss**
							Items that may be reclassified subsequently to profit or loss
Unrealized loss on available-for-sale securities	(10,733)	-	-	5,448	E	(5,285)	Available-for-sale financial assets
Deferred gain on derivatives under hedge accounting	171	-	–	-		171	Cash flow hedges
Foreign currency translation adjustment	(8,559)	-	–	28		(8,531)	Exchange differences on translating foreign operations
Share of other comprehensive loss of affiliated companies accounted for using equity method	(674)	-	-	(39)		(713)	Share of other comprehensive loss of associates
						(14,358)	**Total items that may be reclassified subsequently to profit or loss**
Total other comprehensive loss	(19,795)	-	-	5,438		(14,357)	**Total other comprehensive loss, net of tax**
Comprehensive income	183,052	-	(4,734)	49,853		228,171	**Total comprehensive income**

Note: Described in “(10) Notes to the differences in recognition and measurement” on page 94.

(6) Adjustment to comprehensive income for the three-month period ended September 30, 2012
(Items related to consolidated statement of income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Net sales	819,207	2,399	(1,180)	(41,726)	D	778,700	Net sales
Cost of sales	(371,964)	(2,121)	(1,122)	1,785	B,D F,I	(373,422)	Cost of sales
Gross profit	447,243	278	(2,302)	(39,941)		405,278	**Gross profit**
Selling, general and administrative expenses	(236,606)	1,184	(143)	56,100	A,B,D,E, F,H,I	(179,465)	Selling, general and adminis-trative expenses
Operating income	210,637						
		-	-	-		-	Income from remeasure-ment relating to business
		-	-	-		-	Other operating income
						225,813	**Operating income**
		(27,644)	(1,106)	778	E,G,I	(27,972)	Finance cost, net
		(6,601)	1,243	1,990	G	(3,368)	Equity in loss of associates
Non-operating income	3,614	(3,614)	-	-		-	
Non-operating expenses	(32,220)	32,220	-	-		-	
Ordinary income	182,031						
Special income	4,024	(4,024)	-	-		-	
Special loss	(8,201)	8,201	-	-		-	
Income before income taxes and minority interests	177,854	-	(2,308)	18,927	(10)	194,473	**Income before income tax**
Income taxes	(82,696)	-	17	12,153		(70,526)	Income taxes
Income before minority interests	95,158	-	(2,291)	31,080		123,947	**Net income**

Note: Described in "(10) Notes to the differences in recognition and measurement" on page 94.

(Items related to consolidated statement of comprehensive income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Income before minority interests	95,158	-	(2,291)	31,080		123,947	**Net income**
Other comprehensive income							**Other comprehensive income, net of tax**
							Items that will not be reclassified to profit or loss
	-	-	-	3		3	Remeasure-ments of defined benefit plan
						3	**Total items that will not be reclassified to profit or loss**
							Items that may be reclassified subsequently to profit or loss
Unrealized loss on available-for-sale securities	1,448	-	-	3,069	E	4,517	Available-for-sale finan-cial assets
Deferred gain on derivatives under hedge accounting	70	-	-	-		70	Cash flow hedges
Foreign currency translation adjustment	(3,828)	-	-	10		(3,818)	Exchange differences on translating foreign operations
Share of other comprehensive loss of affiliated companies accounted for using the equity method	(8,960)	-	-	(93)		(9,053)	Share of other comprehen-sive loss of associates
						(8,284)	**Total items that may be reclassified subsequently to profit or loss**
Total other comprehensive income loss	(11,270)	-	-	2,989		(8,281)	**Total other comprehensive loss, net of tax**
Comprehensive income	83,888	-	(2,291)	34,069		115,666	**Total comprehensive income**

Note: Described in “(10) Notes to the differences in recognition and measurement” on page 94.

(7) Adjustment to comprehensive income for the year ended March 31, 2013
(Items related to consolidated statement of income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Net sales	3,378,365	10,191	38,823	(224,843)	D	3,202,536	Net sales
Cost of sales	(1,590,740)	(9,522)	(22,918)	12,338	B,D F,I	(1,610,842)	Cost of sales
Gross profit	1,787,625	669	15,905	(212,505)		1,591,694	**Gross profit**
Selling, general and administrative expenses	(1,042,625)	2,574	(24,757)	270,735	A,B,D, E, F, H,I	(794,073)	Selling, general and administra-tive expenses
Operating income	745,000						
		1,778	-	-		1,778	Income from remeasure-ment relating to business
		-	-	-		-	Other operating income
						799,399	**Operating income**
		(88,477)	1,386	6,859	E,G,I	(80,232)	Finance cost, net
		(11,050)	(908)	8,295	G	(3,663)	Equity in loss of associates
Non-operating income	19,779	(19,779)	-	-		-	
Non-operating expenses	(111,565)	111,565	-	-		-	
Ordinary income	653,214						
Special income	11,383	(11,383)	-	-		-	
Special loss	(14,103)	14,103	-	-		-	
Income before income taxes and minority interests	650,494	-	(8,374)	73,384	(10)	715,504	**Income before income tax**
Income taxes	(287,174)	-	1,543	7,964		(277,667)	Income taxes
Income before minority interests	363,320	-	(6,831)	81,348		437,837	**Net income**

Note: Described in “(10) Notes to the differences in recognition and measurement” on page 94.

(Consolidated statement of comprehensive income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Re-classification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes	IFRSs	Presentation under IFRSs
Income before minority interests	363,320	-	(6,831)	81,348		437,837	**Net income**
Other comprehensive income							**Other comprehensive income, net of tax**
							Items that will not be reclassified to profit or loss
		-	-	68		68	Remeasurements of defined benefit plan
						68	**Total items that will not be reclassified to profit or loss**
							Items that may be reclassified subsequently to profit or loss
Unrealized loss on available-for-sale securities	(8,121)	-	1	12,609	E	4,489	Available-for-sale financial assets
Deferred gain on derivatives under hedge accounting	117,859	-	(2,723)	-		115,136	Cash flow hedges
Foreign currency translation adjustment	65,906	-	-	(50)		65,856	Exchange differences on translating foreign operations
Share of other comprehensive income of affiliated companies accounted for using the equity method	15,270	-	2,710	821		18,801	Share of other comprehensive income of associates
						204,282	**Total items that may be reclassified subsequently to profit or loss**
Total other comprehensive income	190,914	-	(12)	13,448		204,350	**Total other comprehensive income, net of tax**
Comprehensive income	554,234	-	(6,843)	94,796		642,187	**Total comprehensive income**

Note: Described in “(10) Notes to the differences in recognition and measurement” on page 94.

(8) Notes to the reclassification

The following reclassifications are made for the transition to IFRSs and do not affect retained earnings and comprehensive income.

a. Under JGAAP, investments in associates were included in investment securities. Under IFRSs, they are separately presented as investments accounted for using the equity method.

b. Under JGAAP, short-term borrowings, current portion of corporate bonds and current portion of lease obligations are presented as separate components and installment payables were included in accounts payable-other and accrued expenses. Under IFRSs, they are all included in interest-bearing debt (current). In addition, under JGAAP, corporate bonds, long-term debt and lease obligations (non-current) are presented as separate components and long-term installment payables were included in other liabilities (long term). Under IFRSs, they are all included in interest-bearing debt (non-current).

c. Under JGAAP, accounts payable - trade were presented separately. Accounts payable - other (except for installment payables) were included in accounts payable - other and accrued expenses. Deposits and other payables were included in other current liabilities. Under IFRSs, they are all included in trade and other payables.

d. All deferred tax assets and liabilities that were classified as current items under JGAAP are classified as non-current items under IFRSs.

e. Upon transition to IFRSs, sales and cost of sales arising from transactions where the Company is acting as a principal are presented on a gross basis. Sales and cost of sales arising from transactions where the Company is acting as an agent are presented on a net basis.

f. Finance income and cost, such as interest expense, that were presented as non-operating income, non-operating expenses, special income and special loss under JGAAP are presented under finance income (cost), net under IFRSs.

g. Other reclassifications have been made by aggregating or separating presentation under JGAAP to be consistent with the presentation under IFRSs.

(9) Notes to the differences in the scope of consolidation

The effect of the review of the scope of consolidation under IFRSs from JGAAP is separately presented in these reconciliations.

Under JGAAP, Wireless City Planning Inc. (“WCP”), which operates a wireless communications network using AXGP technology, was accounted for using the equity method, as the Company owns 33.3% of its voting rights. Upon transition to IFRSs, the Company determined that it has substantial control over WCP and included it into the scope of consolidation considering the fact that the Company constitutes the majority of members of WCP’s board of directors and that WCP’s business activities significantly depend on the Company.

In addition to the effect above, there is also a following effect in the reconciliation of equity as of March 31, 2013 and comprehensive income for the year ended March 31, 2013.

eAccess Ltd. became the Company’s wholly owned subsidiary effective on January 1, 2013. On January 17, 2013, the Company transferred certain stocks of eAccess Ltd. to 11 companies outside of the Company.

Under JGAAP, the Company’s voting rights in eAccess Ltd. decreased to 33.3% after the transfer of stocks and eAccess Ltd. was accounted for using the equity method. Under IFRSs, the Company determined that it has substantial control over eAccess Ltd. and included it into the scope of consolidation, as the economic ownership ratio of 99.5% is significantly higher than the percentage of voting rights and the proportion of voting rights is relatively large compared to other holders of voting rights due to the dispersion of voting rights.

Set out below is the consideration transferred, fair values of assets and liabilities, non-controlling interests, goodwill and increase from acquisition of control over subsidiaries, recognized in accordance with IFRS 3 “Business combinations”, as a result of consolidation of eAccess Ltd. on January 1, 2013:

a. Consideration transferred, fair values of assets and liabilities, non-controlling interest, and goodwill on the acquisition date.

		(Millions of yen) Acquisition date (January 1, 2013)
Consideration transferred [1]	A	218,296
Current assets		84,069
Property, plant and equipment		147,886
Intangible assets		109,317
Other non-current assets		38,311
Total assets		379,583
Current liabilities		108,073
Non-current liabilities		190,576
Total liabilities		298,649
Net assets	B	80,934
Non-controlling interests[2]	C	404
Goodwill	A-(B-C)	137,766

Notes:
1. Consideration transferred is SoftBank Corp.'s stock issued by the share exchange with eAccess Ltd.
2. Non-controlling interests are measured based on the proportionate interests in identifiable net assets of the acquiree.

b. Increase from acquisition of control over subsidiaries

	(Millions of yen) Acquisition date (January 1, 2013)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	29,796
The proceeds from transfer of Class B shares of eAccess Ltd.	1,100
Increase in cash from the acquisition of control over the subsidiary	30,896

(10) Notes to the differences in recognition and measurement

Major adjustments to the retained earnings are as follows:

(Millions of yen)

	As of April 1, 2012	As of September 30, 2012	As of March 31, 2013
Retained earnings under JGAAP	530,534	655,867	753,616
Differences in the scope of consolidation	(3,335)	(5,430)	(6,037)
Differences in recognition and measurement			
A. Goodwill	(2,750)	28,756	60,798
B. Property, plant and equipment	(49,256)	(50,616)	(50,914)
C. Cumulative translation differences for foreign operation at the date of transition to IFRSs	(30,827)	(30,827)	(30,827)
D. Revenue recognition	(19,919)	(17,369)	(17,048)
E. Financial instruments	(20,370)	(19,670)	(14,517)
F. Employee benefits	(14,404)	(14,404)	(14,338)
G. Investments in associates	(231)	4,338	8,042
H. Acquisition-related costs arising from business combinations	-	-	(3,801)
I. Leases	(4,203)	(3,515)	(2,850)
Other	(6,590)	(5,881)	(5,094)
Tax effect on adjustments above and other tax effects	26,935	34,954	35,058
Total differences	(121,615)	(74,234)	(35,491)
Retained earnings under IFRSs	405,584	576,203	712,088

*A to I and “Other” in the table above are presented before net of tax effects.

Major adjustments to income before income tax are as follows:

(Millions of yen)

	Six-month period ended September 30, 2012	Three-month period ended September 30, 2012	Year ended March 31, 2013
Income before income taxes and minority interests under JGAAP	358,665	177,854	650,494
Differences in the scope of consolidation	(4,747)	(2,308)	(8,374)
Differences in recognition and measurement			
A. Goodwill	31,661	15,862	64,022
B. Property, plant and equipment	(1,285)	(518)	(1,307)
C. Cumulative translation differences for foreign operation at the date of transition to IFRSs	-	-	-
D. Revenue recognition	2,551	1,637	2,871
E. Financial instruments	(2,020)	(596)	1,093
F. Employee benefits	(2)	(7)	(90)
G. Investments in associates	4,569	1,987	8,273
H. Acquisition-related costs arising from business combinations	-	-	(3,801)
I. Leases	689	325	1,353
Other	391	237	970
Total differences	36,554	18,927	73,384
Retained earnings under IFRSs	390,472	194,473	715,504

Details of major differences are as follows:

A. Goodwill

Under JGAAP, goodwill was amortized regularly over the periods in which economic benefits were reasonably expected to be realized. Under IFRSs, it is not amortized regularly and this results in an increase of the remaining amount of goodwill and a decrease of selling, general and administrative expenses for the six-month period ended September 30, 2012 and for the year ended March 31, 2013.

An impairment test on goodwill was performed on April 1, 2012 and an impairment loss of ¥3,543 million on goodwill was recognized on April 1, 2012. The amount of the impairment loss on goodwill attributable to owners of the parent was deducted from retained earnings. The impaired goodwill is mainly related to the Fixed-line Telecommunications segment and Internet segment.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of September 30, 2012	As of March 31, 2013
Increase (decrease) in goodwill	(3,543)	28,390	60,751
Decrease in non-controlling interests	793	366	47
Increase (decrease) in retained earnings	(2,750)	28,756	60,798

(Consolidated statements of financial position)	Six-month period ended September 30, 2012	Three-month period ended September 30, 2012	Year ended March 31, 2013
Decrease in selling, general and administrative expenses	31,661	15,862	64,022
Increase in income before income tax	31,661	15,862	64,022

B. Property, plant and equipment

Upon transition to IFRSs, residual values and depreciation method of property, plant and equipment have been reviewed.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of September 30, 2012	As of March 31, 2013
Decrease in property, plant and equipment	(46,257)	(47,542)	(47,564)
Increase in non-controlling interests	(2,999)	(3,074)	(3,350)
Decrease in retained earnings	(49,256)	(50,616)	(50,914)

(Consolidated statements of financial position)	Six-month period ended September 30, 2012	Three-month period ended September 30, 2012	Year ended March 31, 2013
Increase in cost of sales	(1,413)	(632)	(1,917)
Decrease in selling, general and administrative expenses	128	114	610
Decrease in income before income tax	(1,285)	(518)	(1,307)

C. Cumulative translation differences for foreign operations at the date of transition to IFRSs

By applying the exemption as an IFRSs first-time adopter as described above, the Company has transferred all cumulative translation differences for foreign operations to retained earnings on the date of transition to IFRSs (April 1, 2012), which has resulted in a decrease in retained earnings by ¥30,827 million.

D. Revenue recognition

a. Under JGAAP, commission fees related to sales of mobile handsets that the Company pays to dealers of mobile handsets were expensed as incurred. Under IFRSs, the amount of commission fees expected to occur in the future is deducted from the related revenues.

b. Under JGAAP, activation fees and upgrade fees were recognized as revenues upon receipt. Under IFRSs, they are deferred upon entering into the contract and recognized as revenues over the estimated average contract period and estimated average usage period of handsets. Direct costs related to activation are deferred to the extent of the activation fees and upgrade fees are amortized over the same periods.

c. Under JGAAP, an allowance for point mileage was accrued based on the estimated future obligation arising from point service to customers and provisions for the allowance were expensed as selling, general and administrative expenses. Under IFRSs, point services are recognized individually as goods to be transferred or serviced to be provided in the future. The fair value of benefits exchanged with points is deducted from revenues and revenues are recognized when customers use those points.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of September 30, 2012	As of March 31, 2013
Increase in trade and other receivables	-	-	1,226
Increase in other current assets	10,009	10,833	14,462
Increase in other non-current assets	38,942	40,841	45,990
Increase in trade and other payables	(19,919)	(17,369)	(18,274)
Increase in other current liabilities	(10,009)	(10,833)	(14,462)
Increase in other non-current liabilities	(38,942)	(40,841)	(45,990)
Decrease in retained earnings	(19,919)	(17,369)	(17,048)

(Consolidated statements of income)	Six-month period ended September 30, 2012	Three-month period ended September 30, 2012	Year ended March 31, 2013
Decrease in net sales	(84,828)	(41,726)	(224,843)
Decrease in cost of sales	2,723	1,623	11,501
Decrease in selling, general and administrative expenses	84,656	41,740	216,213
Increase in income before income tax	2,551	1,637	2,871

E. Financial instruments

a. Under JGAAP, convertible bonds with stock acquisition rights were recognized as a whole and presented as a liability. Under IFRSs, stock acquisition rights embedded in convertible bonds are recognized separately and presented as additional paid-in capital. They are measured as the difference between the entire fair value of the convertible bonds with stock acquisition rights and the fair value of similar bonds with no stock acquisition rights. Also, under JGAAP, transaction costs related to the issuance of bonds are recognized as an asset and amortized over the redemption period. Under IFRSs, they are allocated to the liability and equity components in proportion to the carrying amounts. The costs related to liability is reflected in the measurement of amortized cost of the bond and recognized as expenses over the redemption period. The cost related to stock acquisition rights is deducted from equity.

b. Under JGAAP, commission fees related to borrowing were expensed as incurred. Under IFRSs, they are included in measuring the liability at amortized cost and recognized as an expense over the redemption period.

c. Under JGAAP, financial assets related to securitization transactions were derecognized when control over financial components of the financial assets is transferred to a third party. Under IFRSs, financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset. Therefore, for certain securitization transactions that previously qualified for extinguishment of financial assets under JGAAP, securitized receivables are recognized retrospectively and accompanying liabilities are recognized as borrowings under IFRSs since they are not qualified for derecognition of financial assets under IFRSs.

d. Under JGAAP, unlisted shares were measured based on their historical costs and impaired as necessary. Under IFRSs, they are classified as available-for-sale financial assets and measured at their fair values.

e. Under JGAAP, advances to dealers for installment sales receivables of mobile handsets were recognized as receivables by the amount under the installment contract, less allowance for doubtful accounts. Under IFRSs, the receivables arising from advances to dealers are recognized as trade and other receivables or other financial assets (non-current), while commission is expensed. Commission consists of credit risk, collecting costs and interest due to the passage of time.

f. Under JGAAP, preferred securities issued by a subsidiary were accounted for as equity transactions. Under IFRSs, they are accounted for as interest-bearing debt and measured at amortized cost using the effective interest method as it is necessary to deliver cash to owners of preferred securities in the future.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of September 30, 2012	As of March 31, 2013
Increase in trade and other receivables	163,745	203,959	220,204
Increase in other financial assets (non-current)	155,640	145,934	172,693
Increase in interest-bearing debt (current)	(205,229)	(227,637)	(238,245)
Increase in interest-bearing debt (non-current)	(253,987)	(252,391)	(264,087)
Increase in additional paid-in capital (before tax)	(22,366)	(22,020)	(22,035)
Increase in accumulated other comprehensive income (before tax)	(56,170)	(62,845)	(71,529)
Decrease in non-controlling interests	204,413	204,151	204,135
Other	(6,416)	(8,821)	(15,653)
Decrease in retained earnings	(20,370)	(19,670)	(14,517)

(Consolidated statements of income)	Six-month period ended September 30, 2012	Three-month period ended September 30, 2012	Year ended March 31, 2013
Increase in selling, general and administrative expenses	(2,363)	(1,319)	(5,463)
Decrease in finance cost	343	723	6,556
Increase (decrease) in income before income tax	(2,020)	(596)	1,093

(Consolidated statements of comprehensive income)	Six-month period ended September 30, 2012	Three-month period ended September 30, 2012	Year ended March 31, 2013
Increase in available-for-sale financial assets	5,448	3,069	12,609
Increase in other comprehensive income (net of tax)	5,448	3,069	12,609

F. Employee benefits

a. Upon transition to IFRSs, unused paid absences and long-term employee benefits are recognized as liabilities.

b. Under JGAAP, unrecognized actuarial gains and losses of retirement benefit obligations in the defined benefit plans were expensed as incurred in principle. Under IFRSs, they are recognized as other comprehensive income and transferred to retained earnings as incurred.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of September 30, 2012	As of March 31, 2013
Increase in other current liabilities	(12,002)	(12,002)	(11,817)
Increase in other non-current liabilities	(3,783)	(3,783)	(3,952)
Decrease in non-controlling interests	1,381	1,381	1,431
Decrease in retained earnings	(14,404)	(14,404)	(14,338)

(Consolidated statements of income)	Six-month period ended September 30, 2012	Three-month period ended September 30, 2012	As of March 31, 2013
Decrease (increase) in cost of sales	0	(1)	(9)
Increase in selling, general and administrative expenses	(2)	(6)	(81)
Decrease in income before income tax	(2)	(7)	(90)

G. Investments in associates

Under JGAAP, goodwill related to investments accounted for using the equity method was amortized equally over the periods in which economic benefits were reasonably expected to be realized. Under IFRSs, it is not amortized regularly and that results in an increase of investments accounted for using the equity method and equity income of associates for the six-month period ended September 30, 2012 and for the year ended March 31, 2013. As of April 1, 2012, the entire investment over associates, including goodwill, is tested for impairment. As a result, as of April 1, 2012, the Company recognized an impairment loss of ¥231 million and deducted it from retained earnings.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of September 30, 2012	As of March 31, 2013
Increase (decrease) in investments accounted for using the equity method	(231)	4,298	8,863
Decrease (increase) in accumulated other comprehensive income (before tax)	-	40	(821)
Increase (decrease) in retained earnings	(231)	4,338	8,042

(Consolidated statements of income)	Six-month period ended September 30, 2012	Three-month period ended September 30, 2012	As of March 31, 2013
Increase in finance cost	(6)	(3)	(22)
Increase in equity in income of associates	4,575	1,990	8,295
Increase in income before income tax	4,569	1,987	8,273

H. Acquisition-related costs arising from business combinations

Under JGAAP, acquisition-related costs arising from business combinations are recognized as an asset when they are regarded as consideration for the acquisitions. Under IFRSs, they are expensed as incurred or when services are rendered as transaction costs, directly attributable to business combinations, which have resulted in a decrease in other non-current assets.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of September 30, 2012	As of March 31, 2013
Decrease in other non-current assets	-	-	(3,801)
Decrease in retained earnings	-	-	(3,801)

(Consolidated statements of income)	Six-month period ended September 30, 2012	Three-month period ended September 30, 2012	As of March 31, 2013
Increase in selling, general and administrative expenses	-	-	(3,801)
Decrease in income before income tax	-	-	(3,801)

I. Leases

Under JGAAP, finance lease transactions in which the ownership of leased assets was not transferred to lessees and that are contracted before April 1, 2008, are accounted for as operating lease transactions as permitted exceptionally. Under IFRSs, leased assets and lease obligations are recognized. Accordingly, provisions for impairment of leased assets which were previously included in other liabilities (non-current) under JGAAP are offset by property, plant and equipment. Long-term prepaid lease expenses are offset by lease obligations.

The effect arising from the difference is summarized as follows:

(Millions of yen)

(Consolidated statements of financial position)	As of April 1, 2012	As of September 30, 2012	As of March 31, 2013
Increase in property, plant and equipment	104,973	14,619	11,943
Decrease in other non-current assets	(22,676)	(19,492)	(16,059)
Increase in interest-bearing debt (current)	(4,619)	(332)	(47)
Increase in interest-bearing debt (non-current)	(84,023)	(57)	(41)
Other	2,142	1,747	1,354
Decrease in retained earnings	(4,203)	(3,515)	(2,850)

(Consolidated statements of income)	Six-month period ended September 30, 2012	Three-month period ended September 30, 2012	Year ended March 31, 2013
Decrease in cost of sales	523	259	1,066
Decrease in selling, general and administrative expenses	12	7	12
Decrease in finance cost	154	59	275
Increase in income before income tax	689	325	1,353

(11) Notes to reconciliation of cash flows

The adjustment of cash flows for the six-month period ended September 30, 2012

(Millions of yen)

(Consolidated statements of Cash Flows)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities
JGAAP	473,351	(326,034)	(61,506)
Differences in the scope of consolidation	(2,123)	(15,612)	22,201
Differences in recognition and measurement			
a. Securitization transactions	(19,117)	-	19,117
b. Measuring financial liabilities by amortized costs	(993)	-	993
Other	(4,146)	(2,016)	3,008
Total differences in recognition and measurement	(24,256)	(2,016)	23,118
IFRSs	446,972	(343,662)	(16,187)

The adjustment of cash flows for the year ended March 31, 2013

(Millions of yen)

(Consolidated statements of Cash Flows)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities
JGAAP	894,460	(919,770)	365,494
Differences in the scope of consolidation	5,687	41,725	20,667
Differences in recognition and measurement			
a. Securitization transactions	(51,081)	-	51,081
b. Measuring financial liabilities by amortized costs	(23,571)	-	23,571
Other	(12,470)	3,901	10,664
Total differences	(87,122)	3,901	85,316
IFRSs	813,025	(874,144)	471,477

Major differences in recognition and measurement are as follows:

a. Securitization transactions

Under JGAAP, securitization transactions qualifying for extinguishment of financial assets were included in cash flows from operating activities. Under IFRSs, certain securitized receivables are recognized for securitization transactions that are not qualified for derecognition of financial assets and accompanying liabilities are accounted for as borrowings. Accordingly, an increase or decrease in borrowings is included in cash flows from financing activities. As a result, cash flows from operating activities decreased with a corresponding increase in cash flows from financing activities.

b. Measuring financial liabilities by amortized costs

Under JGAAP, commission fees related to borrowings and corporate bonds were included in cash flows from financing activities. Under IFRSs, due to measuring borrowings and corporate bonds by amortized costs, commission fees are included in cash flows from operating activities. As a result, cash flows from operating activities decreased with a corresponding increase in cash flows from financial activities.