

FINANCIAL RESULTS

【Year End Financial Statements】

- Fiscal Year Ended March 31, 2012 -

1. Balance Sheets

(¥ in millions)

	Prior Year End (As of March 31, 2011)	Current Year End (As of March 31, 2012)
(ASSETS)		
I Current assets		
1 Cash and cash deposits	47,080	40,066
2 Accounts receivable-trade	30,263	36,595
3 Merchandise	2,090	4,415
4 Supplies	62	75
5 Advance payments-trade	845	2,156
6 Prepaid expenses	3,381	4,463
7 Accounts receivable-other	36,584	32,163
8 Income taxes receivable	2,513	3
9 Deferred tax assets	4,939	5,188
10 Other current assets	199	505
11 Allowance for bad debt	(3,520)	(3,457)
Total current assets	124,438	122,173
II Fixed assets		
1 Tangible fixed assets		
(1) Buildings	1,726	1,848
Accumulated depreciation	(688)	(853)
Buildings, net	1,037	996
(2) Structures	17,270	18,157
Accumulated depreciation	(1,463)	(2,068)
Structures, net	15,807	16,089
(3) Machinery and equipments	51,502	54,785
Accumulated depreciation	(42,668)	(46,409)
Machinery and equipments, net	8,834	8,377
(4) Wireless telecommunications equipments	157,214	180,361
Accumulated depreciation	(46,445)	(64,828)
Wireless telecommunications equipments, net	110,769	115,533
(5) Terminal equipments	8,960	8,743
Accumulated depreciation	(6,880)	(7,876)
Terminal equipments, net	2,080	867
(6) Tools, furniture and fixtures	5,498	5,980
Accumulated depreciation	(4,459)	(4,937)
Tools, furniture and fixtures, net	1,038	1,043
(7) Land	307	307
(8) Construction in progress	4,851	5,009
Total tangible fixed assets	144,724	148,220
2 Intangible fixed assets		
(1) Right of trademark	7	6
(2) Right of using facilities	13,882	14,237
(3) Software	30,834	25,151
(4) Software in progress	3,077	1,111
Total intangible fixed assets	47,800	40,504
3 Investments and other assets		
(1) Securities investments	1,481	1,505
(2) Investments in other securities of subsidiaries and affiliates	41	35
(3) Long-term prepaid expenses	5,687	5,613
(4) Long-term accounts receivable-other	11,961	13,424
(5) Guarantee deposits	1,515	1,549
(6) Deferred income tax assets	15,030	17,364
(7) Derivatives	-	888
(8) Investments and others	99	92
(9) Allowance for bad debt	(190)	(174)
Total investments and other assets	35,623	40,296
Total fixed assets	228,147	229,020
III Deferred assets		
1 Bond issuance cost	366	1,119
Total deferred assets	366	1,119
TOTAL ASSETS	352,952	352,312

1. Balance Sheets (Continued)

	(¥ in millions)	
	Prior Year End (As of March 31, 2011)	Current Year End (As of March 31, 2012)
(LIABILITIES)		
I Current liabilities		
1	1,791	5,593
2	14,048	1,580
3	20,712	29,099
4	696	185
5	10,298	20,162
6	9,218	6,718
7	14,031	14,430
8	7,038	5,947
9	509	121
10	632	701
11	50	92
12	271	439
13	77	-
14	40	41
	79,409	85,109
II Long-term liabilities		
1	12,640	67,502
2	177,665	105,676
3	194	9
4	9,707	7,359
5	307	283
6	4	3
	200,517	180,832
	279,926	265,941
(NET ASSETS)		
I Shareholders' equity		
1	18,482	18,503
2		
	49,230	49,251
	49,230	49,251
3		
	5,325	17,524
	5,325	17,524
	73,037	85,277
II Valuation and translation adjustments		
1	18	35
2	(29)	1,059
	(11)	1,094
	73,026	86,371
	352,952	352,312

2. Statements of Operations

(¥ in millions)

	Prior Year (Twelve months ended March 31, 2011)	Current Year (Twelve months ended March 31, 2012)
I Revenue	70,906	204,743
II Cost of revenue	42,832	81,186
Gross profit	28,075	123,558
III Selling, general and administrative expenses		
1 Advertising expenses	5	1,474
2 Promotion expenses	2,854	70,521
3 Provision of allowance for doubtful accounts	1	670
4 Bad debts expenses	11	-
5 Salaries and allowances	1,748	6,885
6 Compensations	249	340
7 Traveling and transportation expenses	43	388
8 Rent expenses	397	1,365
9 Business consignment expenses	2,593	7,351
10 Recruiting expenses	11	52
11 Office supplies expenses	2	2
12 Supplies expenses	48	244
13 Communication expenses	374	890
14 Depreciation	890	5,315
15 Research and development expenses	465	767
16 Others	970	2,852
Total Selling, general and administrative expenses	10,662	99,117
Operating profit	17,413	24,441
IV Non-operating income		
1 Interest income	13	12
2 Dividend income	2	2
3 Gain on disposal of unpaid dividend	15	14
4 Gain on bad debts recovered	0	146
5 Interest on refund	-	63
6 Others	33	56
Total non-operating income	63	293
V Non-operating expenses		
1 Interest expense	627	6,252
2 Interest on bonds	698	4,097
3 Commission expense	160	1,887
4 Amortization of bond issuance costs	96	238
5 Others	88	75
Total non-operating expenses	1,669	12,549
Recurring profit	15,807	12,184
VI Non-recurring profit		
1 Gain on sales of subsidiary's stock	13	-
2 Gain on sales of fixed assets	-	4
Total non-recurring profit	13	4
VII Non-recurring loss		
1 Loss on elimination of tie-in shares	47,931	-
2 Loss on disposition of fixed assets	181	218
3 Loss on write-down of securities investments	2,537	-
4 Loss on disaster	43	-
5 Loss on adjustment for changes of accounting standard for asset retirement obligations	22	-
6 Others	5	-
Total non-recurring loss	50,718	218
Income / (Loss) before income taxes	(34,898)	11,970
Income / (Loss) tax expense-current	64	21
Income / (Loss) tax expense-deferred	(16,734)	(3,206)
Total income taxes	(16,670)	(3,186)
Net income / (Loss)	(18,228)	15,156

3. Cost of Revenue

(¥ in millions)

	Prior Year (Twelve months ended March 31, 2011)	Current Year (Twelve months ended March 31, 2012)
Devices and related tools sold	8,908	12,395
Salaries and benefits	526	1,508
Expenses		
Outsourcing	1,511	3,070
Depreciation and amortization	5,896	32,375
Network	18,529	23,766
Modem rental	6,710	4,179
Spectrum user fee	-	3,232
Others	751	660
Cost of revenue	42,832	81,186

4. Statement of Changes in Net Assets

(¥ in millions)

	Shareholders' Equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at March 31, 2011	18,482	49,230	5,325	73,037
Change of items during the period				
Issuance of new stock, net	21	21		41
Cash dividends			(2,956)	(2,956)
Net income after tax			15,156	15,156
Net changes of items other than shareholders' equity				
Total changes of items during the period	21	21	12,199	12,241
Balance at March 31, 2012	18,503	49,251	17,524	85,277

	Valuation and translation adjustments			Total net assets
	Valuation difference on securities investments	Deferred hedge gain / (loss)	Total	
Balance at March 31, 2011	18	(29)	(11)	73,026
Change of items during the period				
Issuance of new stock, net				41
Cash dividends				(2,956)
Net income after tax				15,156
Net changes of items other than shareholders' equity	17	1,088	1,105	1,105
Total changes of items during the period	17	1,088	1,105	13,345
Balance at March 31, 2012	35	1,059	1,094	86,371

5. Statement of Cash Flows

(¥ in millions)

	Current year (Twelve months ended March 31, 2012)
I Cash flows from operating activities	
1 Income before income taxes	11,970
2 Depreciation	37,856
3 Loss (gain) on sales of fixed assets	(4)
4 Loss on disposition of fixed assets	218
5 Bond issuance cost	238
6 Other loss (gain)	(72)
7 Increase (decrease) in allowance for bad debt	(80)
8 Increase (decrease) in allowance for disaster loss	(29)
9 Interest and dividend income	(15)
10 Interest expense	10,349
11 Commission expense	1,887
12 Decrease (increase) in accounts receivable-trade	(6,331)
13 Decrease (increase) in inventories	(2,339)
14 Decrease (increase) in other assets	(1,373)
15 Increase (decrease) in accounts payable-trade	3,803
16 Increase (decrease) in other accounts payable	9,884
17 Increase (decrease) in accrued expenses	(1,147)
18 Increase (decrease) in other liabilities	(89)
Subtotal	64,727
19 Interest and dividend received	16
20 Interest paid	(10,249)
21 Income taxes paid	(32)
22 Income taxes refund	2,581
Net cash provided by (used in) operating activities	57,042
II Cash flows from investing activities	
1 Proceeds from time deposits at maturity	5,000
2 Placement into time deposits	(2,500)
3 Decrease (increase) in restricted deposit	(471)
4 Purchase of tangible fixed assets	(32,029)
5 Proceeds from sales of tangible fixed assets	15
6 Purchase of intangible fixed assets	(4,794)
7 Others	(35)
Net cash provided by (used in) investing activities	(34,814)
III Cash flows from financing activities	
1 Repayments of capital lease obligations	(696)
2 Proceeds from sales and redemption by installment payment	16,635
3 Repayments of installment obligations	(16,436)
4 Proceeds from long-term debt	10,099
5 Repayments of long-term debt	(73,700)
6 Payments for arrangement of interest bearing debt	(2,155)
7 Proceeds from issuance of bonds	55,997
8 Redemption of bonds	(14,048)
9 Proceeds from stock issuance, net	41
10 Dividends paid	(2,956)
Net cash provided by (used in) financing activities	(27,219)
IV Effect of exchange rate change on cash and cash equivalents	5
V Net change in cash and cash equivalents	(4,990)
VI Cash and cash equivalents at the beginning of the period	43,397
VII Cash and cash equivalents at the end of the period	38,412