SoftBank Group

ANNUAL REPORT 2018

Contents

Consolidated Financial Statements

a. Consolidated Statement of Financial Position

ASSETS	Notes	(Millions of yen) As of March 31, 2017	(Millions of yen) As of March 31, 2018	(Thousands of U.S. dollars) As of March 31, 2018
Current assets				
Cash and cash equivalents	8	¥ 2,183,102	¥ 3,334,650	$ 31,387,895
Trade and other receivables	9, 26	2,121,619	2,314,353	21,784,196
Other financial assets	10, 26	794,689	519,444	4,889,345
Inventories	11	341,344	362,041	3,407,765
Other current assets	12	283,221	344,374	3,241,473
Total current assets		5,723,975	6,874,862	64,710,674
Non-current assets				
Property, plant and equipment	13	3,977,254	3,856,847	36,303,153
Goodwill	14	4,175,464	4,302,553	40,498,428
Intangible assets	14	6,946,639	6,784,550	63,860,599
Investments accounted for using the equity method	17	1,670,799	2,328,617	21,918,458
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	26	–	2,827,784	26,616,943
Investment securities	26	1,106,409	2,660,115	25,038,733
Other financial assets	10, 26	445,858	676,392	6,366,642
Deferred tax assets	19	404,994	647,514	6,094,823
Other non-current assets	12	182,820	221,232	2,082,379
Total non-current assets		18,910,237	24,305,604	228,780,158
Total assets		¥24,634,212	¥31,180,466	$293,490,832

LIABILITIES AND EQUITY	Notes	As of March 31, 2017 (Millions of yen)	As of March 31, 2018 (Millions of yen)	As of March 31, 2018 (Thousands of U.S. dollars)
Current liabilities				
Interest-bearing debt	20, 26	¥ 2,694,093	¥ 3,217,405	$ 30,284,309
Deposits for banking business	21, 26	–	684,091	6,439,110
Third-party interests in SoftBank Vision Fund and Delta Fund	26	–	40,713	383,217
Trade and other payables	22, 26	1,607,453	1,816,010	17,093,468
Other financial liabilities	26	13,701	97,887	921,376
Income taxes payables		256,218	147,979	1,392,875
Provisions	24	56,362	65,709	618,496
Other current liabilities	23	599,096	658,961	6,202,569
Total current liabilities		5,226,923	6,728,755	63,335,420
Non-current liabilities				
Interest-bearing debt	20, 26	12,164,277	13,824,783	130,127,852
Third-party interests in SoftBank Vision Fund and Delta Fund	26	–	1,803,966	16,980,102
Derivative financial liabilities	26	254,146	865,402	8,145,727
Other financial liabilities	26	33,083	62,372	587,086
Defined benefit liabilities	25	108,172	100,486	945,840
Provisions	24	138,730	132,139	1,243,778
Deferred tax liabilities	19	1,941,380	1,085,626	10,218,618
Other non-current liabilities	23	297,771	303,915	2,860,645
Total non-current liabilities		14,937,559	18,178,689	171,109,648
Total liabilities		20,164,482	24,907,444	234,445,068
Equity				
Equity attributable to owners of the parent				
Common stock	31	238,772	238,772	2,247,477
Capital surplus	31	245,706	256,768	2,416,867
Other equity instruments	31	–	496,876	4,676,920
Retained earnings	31	2,958,355	3,940,259	37,088,281
Treasury stock	31	(67,727)	(66,458)	(625,546)
Accumulated other comprehensive income	31	211,246	317,959	2,992,838
Total equity attributable to owners of the parent		3,586,352	5,184,176	48,796,837
Non-controlling interests	16	883,378	1,088,846	10,248,927
Total equity		4,469,730	6,273,022	59,045,764
Total liabilities and equity		¥24,634,212	¥31,180,466	$293,490,832

b. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	Notes	Fiscal year ended March 31, 2017 (Millions of yen)	Fiscal year ended March 31, 2018 (Millions of yen)	Fiscal year ended March 31, 2018 (Thousands of U.S. dollars)
Continuing operations				
Net sales	34	¥ 8,901,004	**¥ 9,158,765**	**$ 86,208,255**
Cost of sales	35	(5,472,238)	**(5,527,577)**	**(52,029,151)**
Gross profit		3,428,766	**3,631,188**	**34,179,104**
Selling, general and administrative expenses	35	(2,277,251)	**(2,552,664)**	**(24,027,334)**
Gain from remeasurement relating to business combination	7	18,187	**372**	**3,502**
Other operating loss	36	(143,703)	**(78,076)**	**(734,903)**
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)		1,025,999	**1,000,820**	**9,420,369**
Operating income from SoftBank Vision Fund and Delta Fund	42	–	**302,981**	**2,851,854**
Operating income		1,025,999	**1,303,801**	**12,272,223**
Finance cost	37	(467,311)	**(516,132)**	**(4,858,170)**
Income on equity method investments	17	321,550	**404,584**	**3,808,208**
Gain on sales of shares of associates	38	238,103	**1,804**	**16,980**
Foreign exchange gain (loss)		53,336	**(34,518)**	**(324,906)**
Derivative loss	39	(252,815)	**(630,190)**	**(5,931,758)**
Loss from financial instruments at FVTPL	40	(160,419)	**(68)**	**(640)**
Change in third-party interests in SoftBank Vision Fund and Delta Fund	42	–	**(160,382)**	**(1,509,620)**
Other non-operating income (loss)	41	(45,917)	**15,731**	**148,070**
Income before income tax		712,526	**384,630**	**3,620,387**
Income taxes	19	207,105	**853,182**	**8,030,705**
Net income from continuing operations		919,631	**1,237,812**	**11,651,092**
Discontinued operations				
Net income from discontinued operations	44	554,799	**–**	**–**
Net income		¥ 1,474,430	**¥ 1,237,812**	**$ 11,651,092**
Net income attributable to				
Owners of the parent		¥ 1,426,308	**¥ 1,038,977**	**$ 9,779,528**
Non-controlling interests	16	48,122	**198,835**	**1,871,564**
		¥ 1,474,430	**¥ 1,237,812**	**$ 11,651,092**

	Notes	Fiscal year ended March 31, 2017 (Yen)	Fiscal year ended March 31, 2018 (Yen)	Fiscal year ended March 31, 2018 (U.S. dollars)
Earnings per share				
Basic earnings per share				
Continuing operations	45	¥ 792.16	**¥933.54**	**$8.79**
Discontinued operations	45	494.85	**–**	**–**
Total basic earnings per share	45	¥1,287.01	**¥933.54**	**$8.79**
Diluted earnings per share				
Continuing operations	45	¥ 781.25	**¥908.38**	**$8.55**
Discontinued operations	45	494.39	**–**	**–**
Total diluted earnings per share	45	¥1,275.64	**¥908.38**	**$8.55**

Consolidated Statement of Comprehensive Income

	Notes	(Millions of yen) Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	(Thousands of U.S. dollars) Fiscal year ended March 31, 2018
Net income		¥1,474,430	¥1,237,812	$11,651,092
Other comprehensive income, net of tax				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	25, 43	12,200	8,795	82,784
Total items that will not be reclassified to profit or loss		12,200	8,795	82,784
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets	26, 43	5,628	29,640	278,992
Cash flow hedges	26, 43	(7,454)	(9,682)	(91,133)
Exchange differences on translating foreign operations	30, 43	(20,500)	42,920	403,991
Share of other comprehensive income of associates	17, 43	(30,403)	20,047	188,694
Total items that may be reclassified subsequently to profit or loss		(52,729)	82,925	780,544
Total other comprehensive income, net of tax		(40,529)	91,720	863,328
Total comprehensive income		¥1,433,901	¥1,329,532	$12,514,420
Total comprehensive income attributable to				
Owners of the parent		¥1,385,958	¥1,153,128	$10,853,992
Non-controlling interests		47,943	176,404	1,660,428
		¥1,433,901	¥1,329,532	$12,514,420

Note:
Income taxes related to the components of other comprehensive income are described in "Note 43. Other comprehensive income."

c. Consolidated Statement of Changes in Equity

(Millions of yen)

		Equity attributable to owners of the parent							
For the fiscal year ended March 31, 2017	Notes	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2016		¥238,772	¥261,234	¥2,166,623	¥(314,752)	¥261,736	¥2,613,613	¥891,658	¥3,505,271
Comprehensive income									
Net income		–	–	1,426,308	–	–	1,426,308	48,122	1,474,430
Other comprehensive income		–	–	–	–	(40,350)	(40,350)	(179)	(40,529)
Total comprehensive income		–	–	1,426,308	–	(40,350)	1,385,958	47,943	1,433,901
Transactions with owners and other transactions									
Cash dividends	32	–	–	(48,042)	–	–	(48,042)	(43,467)	(91,509)
Transfer of accumulated other comprehensive income to retained earnings		–	–	10,140	–	(10,140)	–	–	–
Purchase and disposal of treasury stock	31	–	–	(1,479)	(348,170)	–	(349,649)	–	(349,649)
Retirement of treasury stock	31	–	–	(595,195)	595,195	–	–	–	–
Changes from business combination		–	–	–	–	–	–	2,218	2,218
Changes from loss of control		–	–	–	–	–	–	(25,997)	(25,997)
Changes in interests in subsidiaries		–	1,670	–	–	–	1,670	6,189	7,859
Changes in associates' interests in their subsidiaries		–	(4,236)	–	–	–	(4,236)	–	(4,236)
Changes in interest in associates' capital surplus		–	(15,360)	–	–	–	(15,360)	–	(15,360)
Share-based payment transactions		–	2,398	–	–	–	2,398	8,087	10,485
Other		–	–	–	–	–	–	(3,253)	(3,253)
Total transactions with owners and other transactions		–	(15,528)	(634,576)	247,025	(10,140)	(413,219)	(56,223)	(469,442)
As of March 31, 2017		¥238,772	¥245,706	¥2,958,355	¥ (67,727)	¥211,246	¥3,586,352	¥883,378	¥4,469,730

(Millions of yen)

		Equity attributable to owners of the parent								
For the fiscal year ended March 31, 2018	Notes	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2017		¥238,772	¥245,706	¥ –	¥2,958,355	¥(67,727)	¥211,246	¥3,586,352	¥ 883,378	¥4,469,730
Comprehensive income										
Net income		–	–	–	1,038,977	–	–	1,038,977	198,835	1,237,812
Other comprehensive income		–	–	–	–	–	114,151	114,151	(22,431)	91,720
Total comprehensive income		–	–	–	1,038,977	–	114,151	1,153,128	176,404	1,329,532
Transactions with owners and other transactions										
Issuance of other equity instruments	31	–	–	496,876	–	–	–	496,876	–	496,876
Cash dividends	32	–	–	–	(47,933)	–	–	(47,933)	(30,889)	(78,822)
Distribution to owners of other equity instruments	31	–	–	–	(15,852)	–	–	(15,852)	–	(15,852)
Transfer of accumulated other comprehensive income to retained earnings		–	–	–	7,438	–	(7,438)	–	–	–
Purchase and disposal of treasury stock	31	–	–	–	(726)	1,269	–	543	–	543
Changes from business combination	7	–	–	–	–	–	–	–	52,673	52,673
Changes in interests in subsidiaries		–	(31,293)	–	–	–	–	(31,293)	(4,410)	(35,703)
Changes in associates' interests in their subsidiaries		–	(5,133)	–	–	–	–	(5,133)	–	(5,133)
Changes in interests in associates' capital surplus		–	40,820	–	–	–	–	40,820	–	40,820
Share-based payment transactions		–	6,668	–	–	–	–	6,668	12,131	18,799
Other		–	–	–	–	–	–	–	(441)	(441)
Total transactions with owners and other transactions		–	11,062	496,876	(57,073)	1,269	(7,438)	444,696	29,064	473,760
As of March 31, 2018		¥238,772	¥256,768	¥496,876	¥3,940,259	¥(66,458)	¥317,959	¥5,184,176	¥1,088,846	¥6,273,022

(Thousands of U.S. dollars)

For the fiscal year ended March 31, 2018	Notes	Equity attributable to owners of the parent							Non-controlling interests	Total equity
		Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
As of April 1, 2017		$2,247,477	$2,312,745	$ –	$27,845,962	$(637,491)	$1,988,385	$33,757,078	$ 8,314,928	$42,072,006
Comprehensive income										
Net income		–	–	–	9,779,528	–	–	9,779,528	1,871,564	11,651,092
Other comprehensive income		–	–	–	–	–	1,074,464	1,074,464	(211,136)	863,328
Total comprehensive income		–	–	–	9,779,528	–	1,074,464	10,853,992	1,660,428	12,514,420
Transactions with owners and other transactions										
Issuance of other equity instruments	31	–	–	4,676,920	–	–	–	4,676,920	–	4,676,920
Cash dividends	32	–	–	–	(451,177)	–	–	(451,177)	(290,747)	(741,924)
Distribution to owners of other equity instruments	31	–	–	–	(149,209)	–	–	(149,209)	–	(149,209)
Transfer of accumulated other comprehensive income to retained earnings		–	–	–	70,011	–	(70,011)	–	–	–
Purchase and disposal of treasury stock	31	–	–	–	(6,834)	11,945	–	5,111	–	5,111
Changes from business combination	7	–	–	–	–	–	–	–	495,793	495,793
Changes in interests in subsidiaries		–	(294,550)	–	–	–	–	(294,550)	(41,510)	(336,060)
Changes in associates' interests in their subsidiaries		–	(48,315)	–	–	–	–	(48,315)	–	(48,315)
Changes in interests in associates' capital surplus		–	384,224	–	–	–	–	384,224	–	384,224
Share-based payment transactions		–	62,763	–	–	–	–	62,763	114,185	176,948
Other		–	–	–	–	–	–	–	(4,150)	(4,150)
Total transactions with owners and other transactions		–	104,122	4,676,920	(537,209)	11,945	(70,011)	4,185,767	273,571	4,459,338
As of March 31, 2018		$2,247,477	$2,416,867	$4,676,920	$37,088,281	$(625,546)	$2,992,838	$48,796,837	$10,248,927	$59,045,764

d. Consolidated Statement of Cash Flows

	Notes	Fiscal year ended March 31, 2017 (Millions of yen)	Fiscal year ended March 31, 2018 (Millions of yen)	Fiscal year ended March 31, 2018 (Thousands of U.S. dollars)
Cash flows from operating activities				
Net income		¥1,474,430	¥1,237,812	$11,651,092
Depreciation and amortization		1,472,669	1,585,873	14,927,268
Gain from remeasurement relating to business combination		(18,187)	(372)	(3,502)
Gain on investments at SoftBank Vision Fund and Delta Fund	46	–	(352,095)	(3,314,147)
Finance cost		467,311	516,132	4,858,170
Income on equity method investments		(321,550)	(404,584)	(3,808,208)
Gain on sales of shares of associates		(238,103)	(1,804)	(16,980)
Derivative loss		252,815	630,190	5,931,758
Loss from financial instruments at FVTPL		160,419	68	640
Change in third-party interests in SoftBank Vision Fund and Delta Fund		–	160,382	1,509,620
Foreign exchange (gain) loss and other non-operating (income) loss		(9,511)	18,787	176,836
Gain on sales of discontinued operations	46	(636,216)	–	–
Income taxes		(91,028)	(853,182)	(8,030,705)
Increase in trade and other receivables		(275,771)	(170,067)	(1,600,781)
Increase in inventories	46	(268,312)	(521,000)	(4,903,991)
Increase in trade and other payables		15,871	173,038	1,628,746
Other		46,587	(30,003)	(282,407)
Subtotal		2,031,424	1,989,175	18,723,409
Interest and dividends received		29,502	31,987	301,082
Interest paid		(519,373)	(541,011)	(5,092,348)
Income taxes paid	46	(359,209)	(487,428)	(4,587,989)
Income taxes refunded	46	318,384	95,900	902,674
Net cash provided by operating activities		1,500,728	1,088,623	10,246,828

	Notes	Fiscal year ended March 31, 2017 (Millions of yen)	Fiscal year ended March 31, 2018 (Millions of yen)	Fiscal year ended March 31, 2018 (Thousands of U.S. dollars)
Cash flows from investing activities				
Purchase of property, plant and equipment, and intangible assets	46	¥ (923,502)	¥(1,064,835)	$(10,022,920)
Payments for acquisition of investments		(688,916)	(1,735,694)	(16,337,481)
Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund		–	(2,263,260)	(21,303,276)
Proceeds from sales/redemption of investments	46	482,128	53,786	506,269
(Decrease) increase from acquisition of control over subsidiaries	7	(3,254,104)	61,965	583,255
Increase from loss of control over subsidiaries	46	723,544	–	–
Payments for acquisition of marketable securities for short-term trading		(503,767)	(208,244)	(1,960,128)
Proceeds from sales/redemption of marketable securities for short-term trading		239,730	399,963	3,764,712
Payments into time deposits		(638,914)	(297,483)	(2,800,104)
Proceeds from withdrawal of time deposits		283,419	467,708	4,402,372
Other		66,785	101,272	953,238
Net cash used in investing activities		(4,213,597)	(4,484,822)	(42,214,063)
Cash flows from financing activities				
Increase (decrease) in short-term interest-bearing debt, net	20	360,216	(40,829)	(384,309)
Proceeds from interest-bearing debt	20	4,792,530	8,547,346	80,453,181
Repayment of interest-bearing debt	20	(2,283,067)	(6,003,188)	(56,505,911)
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors		–	1,967,191	18,516,482
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	46	–	(187,061)	(1,760,740)
Proceeds from issuance of other equity instruments	31	–	496,876	4,676,920
Distribution to owners of other equity instruments	31	–	(15,852)	(149,209)
Purchase of treasury stock		(350,857)	(41)	(386)
Cash dividends paid		(46,273)	(47,918)	(451,035)
Cash dividends paid to non-controlling interests	16	(42,599)	(30,285)	(285,062)
Other		(49,204)	(59,818)	(563,047)
Net cash provided by financing activities		2,380,746	4,626,421	43,546,884
Effect of exchange rate changes on cash and cash equivalents		(54,382)	(78,674)	(740,530)
(Decrease) increase in cash and cash equivalents		(386,505)	1,151,548	10,839,119
Cash and cash equivalents at the beginning of the year	8	2,569,607	2,183,102	20,548,776
Cash and cash equivalents at the end of the year	8	¥ 2,183,102	¥ 3,334,650	$ 31,387,895

Notes to Consolidated Financial Statements

1. Reporting entity

SoftBank Group Corp. is a corporation domiciled in Japan. The registered address of SoftBank Group Corp.'s head office is disclosed on our website (https://www.softbank.jp/). These consolidated financial statements are composed of SoftBank Group Corp. and its subsidiaries (the "Company"). The Company engages in various businesses in the information industry, with its core business lying in the Domestic Telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, the Arm segment, and the SoftBank Vision Fund and Delta Fund segment. The details are described in "(1) Description of reportable segments" in "Note 6. Segment information."

2. Basis of preparation of consolidated financial statements

(1) Compliance with IFRSs

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(2) Basis of measurement

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

(3) Presentation currency and unit of currency

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

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside of Japan and have been made at a rate of ¥106.24 to $1, the approximate rate of exchange at March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

(4) Changes in presentation

(Consolidated statement of financial position)

a. "Investment securities" which was included in "Other financial assets" as non-current assets as of March 31, 2017 is separately presented as of March 31, 2018 since the significance of the amount increased. In order to reflect the change, ¥1,106,409 million which was included in "Other financial assets" as non-current assets in the consolidated statement of financial position as of March 31, 2017 has been reclassified as "Investment securities."

b. "Derivative financial liabilities" which was included in "Other financial liabilities" as non-current liabilities as of March 31, 2017 is separately presented as of March 31, 2018 since the significance of the amount increased. In order to reflect the change, ¥254,146 million which was included in "Other financial liabilities" as non-current liabilities in the consolidated statement of financial position as of March 31, 2017 has been reclassified as "Derivative financial liabilities."

(Consolidated statement of income)

a. "Foreign exchange gain (loss)" which was included in "Other non-operating income (loss)" for the fiscal year ended March 31, 2017 is separately presented for the fiscal year ended March 31, 2018 since the significance of the amount increased. In order to reflect the change, ¥53,336 million which was included in "Other non-operating income (loss)" in the consolidated statement of income for the fiscal year ended March 31, 2017 has been reclassified as "Foreign exchange gain (loss)."

(Consolidated statement of cash flows)

a. "Proceeds from sales of property, plant and equipment, and intangible assets" which was separately presented in cash flows from investing activities for the fiscal year ended March 31, 2017 is included in "Other" for the fiscal year ended March 31, 2018 since the significance of the amount decreased. In order to reflect the change, ¥34,566 million which was separately presented as "Proceeds from sales of property, plant and equipment, and intangible assets" in cash flows from investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2017, is included in "Other" in cash flows from investing activities.

b. "Payments for purchase of subsidiaries' interests from non-controlling interests" which was separately presented in cash flows from financing activities for the fiscal year ended March 31, 2017 is included in "Other" for the fiscal year ended March 31, 2018 since the significance of the amount decreased. In order to reflect the change, ¥(18,600) million which was separately presented as "Payments for purchase of subsidiaries' interests from non-controlling interests" in cash flows from financing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2017, is included in "Other" in cash flows from financing activities.

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

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

Standard / interpretation		Mandatory adoption (From the year beginning)	To be adopted by the Company	Outline of the new / revised standards
IFRS 9	Financial Instruments	January 1, 2018	From the fiscal year ending March 31, 2019	IFRS 9 replaces the previous IAS 39. Main revisions are: • to revise classification into measurement categories of financial instruments (amortized costs and fair values) and measurement; • to revise the treatment of changes in fair value of financial liabilities measured at fair value; • to revise the eligibility requirement of hedged items and hedging instruments, and requirements related to the effectiveness of the hedge; and • to revise the measurement approach for impairment by introducing an impairment model based on the expected credit loss.
IFRS 15	Revenue from contracts with customers (and clarification to IFRS 15)	January 1, 2018	From the fiscal year ending March 31, 2019	IFRS 15 (clarification to IFRS 15 is included) replaces the previous IAS 11 and IAS 18. Main revisions are: • to require revenue recognition by the following five steps: a. identify the contract with the customer b. identify the performance obligations in the contract c. determine the transaction price d. allocate the transaction price to each performance obligation in the contract e. recognize revenue when (or as) a performance obligation is satisfied • to revise the treatment for contract costs, license and guarantee of products; and • to increase the disclosure related to revenue recognition.
IFRS 16	Leases	January 1, 2019	From the fiscal year ending March 31, 2020	IFRS 16 replaces the previous IAS 17 and IFRIC 4. Main revisions are: • to apply a control model to the identification of leases and distinguishing between leases and service contracts; and • to eliminate lease classification and recognition of assets and liabilities for all leases by the lessee.

a. IFRS 9 "Financial Instruments"

The Company will adopt IFRS 9 "Financial Instruments" from the fiscal year ending March 31, 2019. In accordance with the transitional provisions of IFRS 9, the Company will apply this standard retrospectively to financial instruments held as of the date of initial application (April 1, 2018) and recognize the cumulative effect of applying the standard as an adjustment to the opening retained earnings at the date of initial application. Accordingly, comparative information for the fiscal year ended March 31, 2018 will not be restated. Instead, the Company will disclose the effect of applying IFRS 9 as a comparison between the reported results under the new standard and those that would have been reported under the current standard in the fiscal year ending March 31, 2019.

The adoption of IFRS 9 primarily has an impact on the Company's results of operations and financial positions as follows:

As a result of applying IFRS 9, certain investments which previously had been classified as available-for-sale financial assets (FVTOCI measurement categories) will be classified as FVTPL financial assets because they are held in business models which are managed and their performance is evaluated on a fair value basis. Due to the cumulative effect of applying IFRS 9, as of the date of initial application (April 1, 2018), the opening balance of retained earnings (after tax effect) is expected to increase by approximately ¥40 billion ($377 million) to ¥60 billion ($565 million), and accumulated other comprehensive income (after tax effect) is expected to decrease by approximately ¥40 billion ($377 million) to ¥60 billion ($565 million).

b. IFRS 15 "Revenue from Contracts with Customers"

The Company will adopt IFRS 15 "Revenue from Contracts with Customers" from the fiscal year ending March 31, 2019. In accordance with the transitional provisions of IFRS 15, the Company will apply this standard retrospectively to contracts that are not completed as of the date of initial application (April 1, 2018) and recognize the cumulative effect of applying the standard as an adjustment to the opening balance of retained earnings at the date of initial application. Accordingly, comparative information for the fiscal year ended March 31, 2018 will not be restated. Instead, the Company will disclose the effect of applying IFRS 15 as a comparison between the reported results under the new standard and those that would have been reported under the current standard in the fiscal year ending March 31, 2019.

The adoption of IFRS 15 primarily has an impact on the Company's results of operations and financial positions as follows:

- Capitalization of contract costs
  The Company's existing approach is to recognize sales commissions to dealers related to mobile telecommunications services contracts as expenses when incurred. As a result of applying IFRS 15, the Company will capitalize the sales commissions that would not have been incurred if the mobile telecommunications service contract had not been obtained and that are expected to be recovered, as the costs to obtain a contract. The costs to obtain a contract are amortized on a straight-line basis over the period during which services related to such costs are expected to be provided.
- Mobile telecommunications service and sales of mobile handsets
  There are various changes related to the allocation of transaction prices to revenues from the mobile telecommunications service and revenues from the sale of mobile handsets as well as timing of revenue recognition. The main changes result from changes in the accounting treatment for handset subsidy contracts and changes in the period during which revenue from activation fees and upgrade fees are deferred. The Company previously deferred direct costs related to activation over the same period as the revenue from activation fees and upgrade fees. As a result of applying IFRS 15, the Company will recognize direct costs related to activation except for contract fulfillment costs, as expenses when incurred.

In addition, interest incurred on an installment contract entered into between the Company and a subscriber is not a significant financing component under IFRS 15. Therefore, the Company will not adjust for the financing component for installment receivables at contract inception.

Due to the cumulative effect of applying IFRS 15, the opening balance of retained earnings (before tax effect) is expected to increase by approximately ¥320 billion ($3,012 million) to ¥350 billion ($3,294 million) as of April 1, 2018. In addition, the Company is currently evaluating the tax effect impacts of applying IFRS 15 and the opening balance of retained earnings (after tax effect) is expected to be less than the above amount.

c. IFRS 16 "Leases"

The Company will adopt IFRS 16 "Leases" from the fiscal year ending March 31, 2020. The Company is currently evaluating the potential impacts.

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

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

Company name / Abbreviation	Definition
"SoftBank Group Corp."	SoftBank Group Corp. (stand-alone basis)
The "Company"	SoftBank Group Corp. and its subsidiaries
Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.	
"Sprint"	Sprint Corporation
"Brightstar"	Brightstar Global Group Inc.
"Arm"	Arm Limited*
"SoftBank Vision Fund"	SoftBank Vision Fund L.P. SoftBank Vision Fund (AIV M1) L.P. SoftBank Vision Fund (AIV M2) L.P. SoftBank Vision Fund (AIV S1) L.P.
"Delta Fund"	SB Delta Fund (Jersey) L.P.
"Fortress"	Fortress Investment Group LLC
"Alibaba"	Alibaba Group Holding Limited

Note:
* In the fiscal year ended March 31, 2018, the Company reorganized Arm Holdings plc and its subsidiaries. Following this reorganization, Arm Limited is described as a principal business entity. SoftBank Group Corp. will use a portion of its Arm Limited shares to satisfy approximately $8.2 billion out of its total commitment to SoftBank Vision Fund. At the fiscal year-end, SoftBank Vision Fund held a 19.7% stake in Arm Limited. At the time of completion of the commitment by SoftBank Group Corp. related to Arm Limited shares, SoftBank Vision Fund will hold a 24.99% stake in Arm Limited.

3. Significant accounting policies

Accounting policies the Company has adopted have been applied consistently to all periods presented in these consolidated financial statements. Please refer to "(21) Significant accounting policies for SoftBank Vision Fund and Delta Fund" for details of SoftBank Vision Fund and Delta Fund.

(1) Basis of consolidation

a. Subsidiaries

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

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Please refer to "a. Consolidation of the SoftBank Vision Fund and Delta Fund business by the Company" under "(21) Significant accounting policies for SoftBank Vision Fund and Delta Fund" for details of SoftBank Vision Fund and Delta Fund.

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

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

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

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

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

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

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

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

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

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

b. Associates and joint ventures

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

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

Investments in associates and joint ventures are accounted for using the equity method or accounted for using FVTPL.

(a) Investments accounted for using the equity method

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

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

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

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

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

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

(b) Investments accounted for using FVTPL

Among the investments in associates, investments directly made by SoftBank Vision Fund and Delta Fund, investments made by SoftBank Group Corp. or its subsidiaries based on the premise of transferring to SoftBank Vision Fund and Delta Fund, and preferred stock investments whose feature is substantively different from common stock, are not accounted for using the equity method. These investments are designated as financial assets measured at fair value through profit or loss ("financial assets at FVTPL"). For the Company's accounting policy for the financial assets at FVTPL, please refer to "(4) Financial instruments." Also, please refer to "b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund – (b) Investments in associates" under "(21) Significant accounting policies for SoftBank Vision Fund and Delta Fund" for details of SoftBank Vision Fund and Delta Fund.

(2) Business combinations

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

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

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

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

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

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

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

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

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

(3) Foreign currency translation

a. Transactions denominated in foreign currencies

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

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

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

b. Foreign operations

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

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

The exchange rates used in the translation are described in "Note 30. Foreign currency exchange rates."

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

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

(4) Financial instruments

a. Financial instruments

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

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

b. Non-derivative financial assets

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

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

(a) Financial assets at FVTPL

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

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

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

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

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

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Gains or losses arising from changes in fair value, dividend income and interest income are recognized in profit or loss. Fair value of financial assets at FVTPL is measured in the manner described in “(1) Categorization by level within the fair value hierarchy” in “Note 27. Fair value of financial instruments.”

Please refer to “b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund – (b) Investments in associates and (c) Other investments,” “c. Presentation of the results from the SoftBank Vision Fund and Delta Fund business,” and “d. Investments made by the Company based on the premise of transferring to SoftBank Vision Fund and Delta Fund” under “(21) Significant accounting policies for SoftBank Vision Fund and Delta Fund” for details of SoftBank Vision Fund and Delta Fund.

(b) Held-to-maturity investments

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

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

(c) Loans and receivables

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

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

(d) Available-for-sale financial assets

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

- they are designated as “available-for-sale financial assets”; or
- they are classified as neither “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. Fair value of available-for-sale financial assets is measured in the manner described in “(1) Categorization by level within the fair value hierarchy” in “Note 27. Fair value of financial instruments.” Exchange differences arising on monetary financial assets classified as available-for-sale financial assets, interest income calculated using the effective interest method relating to available-for-sale financial assets, and dividends received are recognized in profit or loss.

(e) Impairment of financial assets

Among financial assets other than those at FVTPL, available-for-sale equity instruments are assessed for any objective evidence of impairment at the end of the fiscal year and at the end of each quarter, and the other assets are assessed for any objective evidence of impairment at the end of the fiscal year.

Financial assets are impaired when there is objective evidence that loss events occurred subsequent to initial recognition of the financial assets and when estimated negative future cash flows of the financial assets from those events can be reasonably estimated.

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

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

The Company assesses the existence of objective evidence of impairment individually for independently 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 reclassified to profit or loss. Impairment losses on equity instruments classified as available-for-sale financial assets are not reversed.

(f) Derecognition of financial assets

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

c. Non-derivative financial liabilities

Non-derivative financial liabilities are classified into “financial liabilities at FVTPL” or “financial liabilities measured at amortized cost” and the classification is determined at initial recognition.

Non-derivative financial liabilities are classified into “financial liabilities at FVTPL” when the entire hybrid contract, including more than one embedded derivative, is designated and accounted for as a financial liability at FVTPL. Subsequent to initial recognition, liabilities at FVTPL are measured at fair value and gains or losses arising from changes in fair value and interest costs are recognized in profit or loss.

Financial liabilities measured at amortized cost are measured using the effective interest method, subsequent to initial recognition.

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

Please refer to “e. Contribution from Limited Partners to SoftBank Vision Fund and Delta Fund – (a) Contribution from Limited Partners other than the Company” under “(21) Significant accounting policies for SoftBank Vision Fund and Delta Fund” for details of SoftBank Vision Fund and Delta Fund.

d. Derivatives and hedge accounting

(a) Derivatives

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

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

(b) Hedge accounting

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

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

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

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

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

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

(c) Embedded derivatives

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

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

(5) Cash and cash equivalents

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

(6) Inventories

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

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

(7) Property, plant and equipment

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

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

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

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

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

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

(8) Goodwill

Please refer to "(2) Business combinations" for the measurement of goodwill at initial recognition. Goodwill is measured at cost less accumulated impairment losses.

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

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

(9) Intangible assets

Intangible assets are measured at historical 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 expenditures incurred from the date when the intangible asset first meets all of the capitalization criteria to the date the development is completed.

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

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

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

Software	
Software related to wireless equipment	5 – 10 years
Other	3 – 5 years
Technologies	8 – 20 years
Customer relationships	5 – 24 years
Spectrum migration costs	18 years
Management contracts	1.5 – 10 years
Favorable lease contracts	7 – 23 years
Trademarks (with finite useful lives)	2 – 34 years
Other	5 – 20 years

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

Spectrum migration costs are the amounts that the Company incurred in connection with the migration of existing users to the other frequency spectrum based on the termination campaign. Useful lives are estimated based on the actual utilization of the frequency spectrum in the past.

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

Intangible assets with indefinite useful lives are as follows:

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

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

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

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are not amortized. The impairment of these assets is described in “(11) Impairment of property, plant and equipment, intangible assets and goodwill.”

(10) Leases

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

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

a. Finance leases

(The Company as lessee)

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

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

b. Operating leases

(The Company as lessee)

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

(The Company as lessor)

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

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

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

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

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

Intangible assets with indefinite useful lives and 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 pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

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

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

b. Impairment of goodwill

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

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

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

(12) Retirement benefits

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

The Company primarily adopts defined contribution pension plans.

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

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

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

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

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

(13) Provisions

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

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

The Company recognizes mainly asset retirement obligations, restructuring provisions, and provisions for loss on interest repayment 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 implementation of the plan or announcing the main features of the plan.

Restructuring provisions are mainly related to network shutdown and backhaul access contracts. The details of the restructuring provision are described in "Note 24. Provisions."

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

(14) Treasury stock

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

(15) Assets or disposal groups classified as held for sale

Assets or disposal groups, whose recoveries are expected principally through sale transactions rather than continuing use, are classified as held for sale when it is highly probable that the sale will be completed within one year, they are available for immediate sale in their present condition, and management commits to a plan to sell.

The Company, when committed to a sale plan involving loss of control of a subsidiary, classifies assets and liabilities of the subsidiary as held for sale when the above criteria are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of the carrying amounts and fair values less costs to sell and depreciation of property, plant and equipment and amortization of intangible assets are not conducted after the classification.

(16) Share-based payments

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

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

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

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

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

(17) Revenue

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

Domestic Telecommunications segment and Sprint segment

a. Mobile Communications service and sales of mobile handsets

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

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

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

(a) Indirect sales

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

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

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

(b) Direct sales

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

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

b. Fixed-line Telecommunications service

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

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

Yahoo Japan segment

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

Sponsored search advertising revenue is recognized when a visitor to the website clicks the advertisement. Display advertising comprises premium advertising, Yahoo! Display Ad Network ("YDN") and other services. Revenue from premium advertising is recognized over a period in which related advertisement is displayed. Revenue from YDN is recognized when a visitor to the website clicks the advertisement on the page with the related content. Revenue from e-commerce related commission fees is recognized when the transaction occurs. Revenue from membership fees is recognized over an effective period of the membership. Revenue from product sales is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow into the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably.

Distribution segment

In the Distribution segment, revenues are generated mainly from distribution of mobile handsets to telecommunications service providers and retailers overseas, and sales of PC software, peripherals, and mobile handset accessories in Japan. Revenue in the Distribution segment is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow into the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably. For transactions conducted by the Company on behalf of third parties, revenue is presented on a net basis by excluding payment to third parties from the total consideration received from customers.

Arm segment

In the Arm segment, revenue is generated mainly from sales of licenses to Arm's technology and royalties arising from the resulting sale of licensees' Arm's technology-based products.

License revenue is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow into the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably.

Royalty revenue is earned on sales of products containing Arm's technology by the Company's customers. Royalty revenue is recognized when it is probable that the economic benefits associated with the transaction will flow into the Company, and the amount of revenue can be reliably measured. Royalty revenue is recognized on an accrual basis in the quarter in which the customers ship products containing Arm's technology, using an estimate based on sales trends and product information.

(18) Sales commission fees

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

(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 items that are recognized in other comprehensive income or directly in equity.

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

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

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

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

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

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

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

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

(20) Earnings per share

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

Diluted earnings per share 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 ordinary shares (after adjusting for treasury stocks) outstanding for the period.

(21) Significant accounting policies for SoftBank Vision Fund and Delta Fund

a. Consolidation of the SoftBank Vision Fund and Delta Fund business by the Company

SoftBank Vision Fund and Delta Fund are Limited Partnerships established by the General Partner which is a wholly-owned subsidiary of the Company, and by their form of organization, qualify as structured entities. SoftBank Vision Fund and Delta Fund are consolidated by the Company for the following reasons.

The various entities comprising SoftBank Vision Fund and Delta Fund make investment decisions through their respective Investment Committee, which were established as committees of SB Investment Advisers (UK) Limited ("SBIA"). SBIA is an advisory company and is a wholly-owned subsidiary of the Company. As such, the Company exerts control over SoftBank Vision Fund and Delta Fund. Furthermore, SBIA receives performance fees and the Company receives distributions attributable to Limited Partners based on the investment performance as returns from the Funds. The Company has the ability to affect those returns through its control over the Funds, and therefore, the Company is deemed to have control as stipulated in IFRS 10 over each Fund.

Inter-company transactions such as management fees and performance fees to SBIA paid or to be paid from SoftBank Vision Fund and Delta Fund are eliminated in consolidation.

b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund

(a) Investments in subsidiaries

Of the portfolio company investments made by SoftBank Vision Fund, the portfolio companies that the Company is deemed to control under IFRS 10 are subsidiaries of the Company. Accordingly, their results of operations, assets and liabilities are included in the Company's consolidated financial statements.

Gain and loss on investments in the subsidiaries of the Company which are recognized in the SoftBank Vision Fund are eliminated in consolidation.

(b) Investments in associates

Of the portfolio company investments made by SoftBank Vision Fund and Delta Fund, the portfolio companies over which the Company has significant influence under IAS 28 "Investments in Associates and Joint Ventures" are associates of the Company.

The investments in associates of the Company made by SoftBank Vision Fund and Delta Fund are accounted for as financial assets at FVTPL in accordance with paragraph 18 of IAS 28, and presented as "Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL" in the consolidated statement of financial position. The payments for these investments are presented as "Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund" under cash flows from investing activities in the consolidated statement of cash flows.

(c) Other investments

Investments other than those in subsidiaries or associates of the Company made by the SoftBank Vision Fund and Delta Fund are accounted for as financial assets at FVTPL. The presentation of these investments in the consolidated statement of financial position and the consolidated statement of cash flows are the same as the above "(b) Investments in associates."

c. Presentation of the results from the SoftBank Vision Fund and Delta Fund business

Income and loss arising from the SoftBank Vision Fund and Delta Fund business are separated from operating income and loss arising from other businesses, recognized as a component of operating income, and presented as "Operating income from SoftBank Vision Fund and Delta Fund" in the consolidated statement of income. Gain and loss arising from "b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund" (realized gain and loss on sales of investments, unrealized gain and loss on valuation of investments, interest and dividend income from investments, except for gain and loss on investments in subsidiaries) and operating expenses such as incorporation expenses of entities that comprise SoftBank Vision Fund and Delta Fund, investment research expenses arising from SBIA and other Japan and U.S. advisory companies which support SBIA, and administrative expenses arising from each entity, are included in "Operating income from SoftBank Vision Fund and Delta Fund."

d. Investments made by the Company based on the premise of transferring to SoftBank Vision Fund and Delta Fund

Investments in associates or other investments made by SoftBank Group Corp. or its subsidiaries based on the premise of transferring to SoftBank Vision Fund and Delta Fund are designated as financial assets at FVTPL. In cases where the investees are the Company's subsidiaries and the Company is transferring those investments to SoftBank Vision Fund, the investments are accounted for in accordance with the above "b. (a) Investments in subsidiaries," regardless of whether the investments are agreed to be transferred.

(a) Investments made in the current fiscal year based on the premise of transfer

If the investments are agreed to be transferred from the Company to SoftBank Vision Fund or Delta Fund, and regulatory approval to make the investments by SoftBank Vision Fund or Delta Fund is obtained (such investments, "Agreed Transferable Investments") as of the end of the current fiscal year, the Company presents items relevant to those investments as "Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL" in the consolidated statement of financial position, "Operating income from SoftBank Vision Fund and Delta Fund" in the consolidated statement of income, and "Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund" under cash flows from investing activities in the consolidated statement of cash flows, as though SoftBank Vision Fund and Delta Fund made those investments from the date when the Company had initially made the investments.

On the other hand, if the investments have not yet become the Agreed Transferable Investments as of the end of the current fiscal year, the Company presents items relevant to those investments as "Investment securities" in the consolidated statement of financial position, "Loss from financial instruments at FVTPL" in the consolidated statement of income, and "Payments for acquisition of investments" under cash flows from investing activities in the consolidated statement of cash flows.

(b) Investments made prior to the current fiscal year based on the premise of transfer

If the investments become the Agreed Transferable Investments in the current fiscal year, the Company presents items relevant to those investments as "Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL" in the consolidated statement of financial position and "Operating income from SoftBank Vision Fund and Delta Fund" in the consolidated statement of income for the current fiscal year, as though the investments were agreed to be transferred at the beginning of the current fiscal year. In such case, corresponding comparative information for the previous fiscal year is presented as "Investment securities" in the consolidated statement of financial position, "Loss from financial instruments at FVTPL" in the consolidated statement of income, and "Payments for acquisition of investments" under cash flows from investing activities in the consolidated statement of cash flows.

e. Contribution from Limited Partners to SoftBank Vision Fund and Delta Fund
SoftBank Vision Fund and Delta Fund issue capital calls from their respective limited partners ("Capital Call").
(a) Contribution from Limited Partners other than the Company
The interests attributable to limited partners of SoftBank Vision Fund and Delta Fund other than the Company ("Third-Party Investors") are classified as financial liabilities, "Third-party interests in SoftBank Vision Fund and Delta Fund" in the consolidated statement of financial position, due to the predetermined finite life (at least 12 years from the final closing) and contractual payment provision to each of the limited partners at the end of the finite life within SoftBank Vision Fund and Delta Fund's limited partnership agreements. The liabilities are classified as "financial liabilities measured at amortized cost" upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario at the end of each quarter.

"Third-party interests in SoftBank Vision Fund and Delta Fund" fluctuate due to the results of SoftBank Vision Fund and Delta Fund in addition to contributions from Third-Party Investors in satisfaction of Capital Calls, and distributions and repayments of investments to Third-Party Investors. The fluctuations due to the results of SoftBank Vision Fund and Delta Fund are presented as "Change in third-party interests in SoftBank Vision Fund and Delta Fund" in the consolidated statement of income.

Contributions from Third-Party Investors to SoftBank Vision Fund and Delta Fund are included in "Contributions into SoftBank Vision Fund and Delta Fund from third-party investors" under cash flows from financing activities in the consolidated statement of cash flows. The distributions and repayments of investments to Third-Party Investors are included in "Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors" under cash flows from financing activities in the consolidated statement of cash flows.

Uncalled committed capital from Third-Party Investors is not subject to IAS 39, "Financial Instruments: Recognition and Measurement," and therefore such amount is not recorded in the consolidated statement of financial position. Uncalled committed capital from Third-Party Investors for SoftBank Vision Fund and Delta Fund as of March 31, 2018 is $49.0 billion.
(b) Contribution from the Company
Contribution from the Company to SoftBank Vision Fund and Delta Fund as a limited partner is eliminated in consolidation.

4. Changes in Accounting Policies

The following standard was adopted from the fiscal year ended March 31, 2018.

Standard	Interpretation	Outline of the new/revised standard
IAS 7 (amendment)	Statement of Cash Flows	Requirement for additional disclosure related to changes in liabilities arising from financing activities.

Please refer to "(9) Changes in liabilities arising from financing activities" in "Note 46. Supplemental information to the consolidated statement of cash flows" for the impact on the consolidated financial statements due to the adoption of the above standard.

5. Significant judgments and estimates

In preparing consolidated financial statements under IFRSs, management makes judgments, estimates, and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue, and expenses. These estimates and underlying assumptions are based on 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 projected estimates or assumptions.

Estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in the future periods. Significant judgments, estimates and assumptions that affect the amounts recognized in the Company's consolidated financial statements are as follows:

- significant judgments of whether an entity is controlled by the Company in determining the scope of consolidation ((1) and (21) in "Note 3. Significant accounting policies" and "Note 16. Major subsidiaries");
- significant judgments for the determination of the scope and accounting treatment of associates ((1) and (21) in "Note 3. Significant accounting policies");
- significant judgments for the determination of joint ventures ((1) in "Note 3. Significant accounting policies");
- estimates for impairment of investments accounted for using the equity method ((1) in "Note 3. Significant accounting policies");
- estimates of fair value of assets acquired and the liabilities assumed in a business combination ((2) in "Note 3. Significant accounting policies" and "Note 7. Business combinations");
- fair value measurement of financial assets at FVTPL, financial liabilities at FVTPL, and available-for-sale financial assets ((4) and (21) in "Note 3. Significant accounting policies," (2) and (3) in "Note 27. Fair value of financial instruments," "Note 40. Loss from financial instruments at FVTPL," and "Note 42. Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the consolidated statement of income");

- estimates for write-downs of inventories ((6) in "Note 3. Significant accounting policies," and "Note 36. Other operating loss");
- judgments and estimates for accounting treatment of contracts including leases ((10) in "Note 3. Significant accounting policies");
- estimates for impairment of property, plant and equipment, intangible assets and goodwill ((11) in "Note 3. Significant accounting policies," "Note 14. Goodwill and intangible assets" and "Note 36. Other operating loss");
- measurement of defined benefit obligation ((12) in "Note 3. Significant accounting policies" and (2) in "Note 25. Retirement benefits");
- judgments and estimates for recognition and measurement on provisions ((13) in "Note 3. Significant accounting policies" and "Note 24. Provisions");
- assessment of recoverability of deferred tax assets ((19) in "Note 3. Significant accounting policies" and (2) and (4) in "Note 19. Income taxes");
- estimates for measurement of contribution from Third-party interests to SoftBank Vision Fund and Delta Fund ((21) in "Note 3. Significant accounting policies");
- recognition of liabilities and expenses related to contingencies ("Note 36. Other operating loss" and (b) (3) b. in "Note 48. Contingency"); and
- estimates of residual value and useful life of property, plant and equipment and intangible assets ((7) and (9) in "Note 3. Significant accounting policies").

  As a result of reviewing the efficiency of communications equipment in SoftBank Corp., it became highly probable that certain communications equipment will be disposed and removed, and therefore, the useful lives were revised. Due to this change, "Cost of sales" in the consolidated statement of income for the fiscal year ended March 31, 2018 increased by ¥22,712 million ($213,780 thousand).

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 resources and assess its performance.

The Company has six reportable segments: the Domestic Telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, the Arm segment, and the SoftBank Vision Fund and Delta Fund segment.

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

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

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

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

The Arm segment provides, through Arm, designs of microprocessor intellectual property and related technology, and the sale of software tools.

The SoftBank Vision Fund and Delta Fund segment conducts investment activities in a wide range of technology sectors. The SoftBank Vision Fund and Delta Fund segment was newly established from the three-month period ended June 30, 2017, due to the completion of the Initial Closing for SoftBank Vision Fund in May 2017. The segment income of the SoftBank Vision Fund and Delta Fund segment consists of gain and loss arising from investments, including subsidiaries, held by SoftBank Vision Fund and Delta Fund or the Agreed Transferable Investments (gain and loss on investments at SoftBank Vision Fund and Delta Fund), and operating expenses and other expenses incurred in SoftBank Vision Fund and Delta Fund, SBIA and advisory companies in the U.S. and Japan.

Information on business segments which are not included in the reportable segments is classified in "Other." "Other" includes mainly Fortress and Fukuoka SoftBank HAWKS-related operations.

"Reconciliations" includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment. Expenses arising mainly from SoftBank Group Corp. and SB Group US, Inc., which manage and supervise investment activities in the Internet, communication, and media fields overseas, are included in corporate general expenses.

(2) Net sales and income of reportable segments

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

Income of reportable segments is defined as "Operating income." Intersegment transaction prices are determined under the same general business conditions as applied for external customers.

The Company also discloses EBITDA (i.e., segment income and loss after addition of depreciation and amortization) and Adjusted EBITDA (i.e., EBITDA after addition or deduction of unrealized gain and loss on valuation of investments in SoftBank Vision Fund and Delta Fund and other adjustments (gains are deducted)) by each reportable segment. "Other adjustments" are special items such as acquisition-related costs and impairment loss mainly included in other operating income and loss.

Income and loss, which is not attributable to operating income and loss, such as financial cost and income and loss on equity method investments, is not managed by each reportable segment and therefore this income and losses are excluded from segment performance.

Discontinued operations are not included. The details are described in "Note 44. Discontinued operations."

For the fiscal year ended March 31, 2017

(Millions of yen)

	Reportable segments									
	Domestic Telecommunications	Sprint	Yahoo Japan	Distribution	Arm	SoftBank Vision Fund and Delta Fund	Total	Other	Reconciliations[1]	Consolidated
Net sales										
Customers	¥3,156,825	¥3,459,142	¥841,581	¥1,228,051	¥112,901	¥–	¥8,798,500	¥102,504	¥ –	¥8,901,004
Intersegment	36,966	164,233	11,877	67,323	1	–	280,400	25,804	(306,204)	–
Total	¥3,193,791	¥3,623,375	¥853,458	¥1,295,374	¥112,902	¥–	¥9,078,900	¥128,308	¥(306,204)	¥8,901,004
Segment income	719,572	186,423	189,819	(10,047)	12,919	–	1,098,686	(16,573)	(56,114)	1,025,999
Reconciliation of segment income to adjusted EBITDA										
Segment income	719,572	186,423	189,819	(10,047)	12,919	–	1,098,686	(16,573)	(56,114)	1,025,999
Depreciation and amortization	489,458	885,845	38,973	7,237	32,523	–	1,454,036	9,984	1,589	1,465,609
EBITDA	1,209,030	1,072,268	228,792	(2,810)	45,442	–	2,552,722	(6,589)	(54,525)	2,491,608
Gain from remeasurement relating to business combination	–	–	(19)	–	(18,168)	–	(18,187)	–	–	(18,187)
Other adjustments	–	7,371	10,736	30,260	25,780	–	74,147	8,052	8,847	91,046
Adjusted EBITDA	¥1,209,030	¥1,079,639	¥239,509	¥ 27,450	¥ 53,054	¥–	¥2,608,682	¥ 1,463	¥ (45,678)	¥2,564,467

For the fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segments									
	Domestic Telecommunications	Sprint	Yahoo Japan	Distribution	Arm	SoftBank Vision Fund and Delta Fund	Total	Other	Reconciliations[1]	Consolidated
Net sales										
Customers	¥3,188,416	¥3,403,820	¥866,627	¥1,360,656	¥202,338	¥ –	¥9,021,857	¥136,908	¥ –	¥9,158,765
Intersegment	41,429	198,141	17,775	58,663	6	–	316,014	25,467	(341,481)	–
Total	¥3,229,845	¥3,601,961	¥884,402	¥1,419,319	¥202,344	¥ –	¥9,337,871	¥162,375	¥(341,481)	¥9,158,765
Segment income	682,996	279,283	179,290	(31,018)	(31,380)	302,981	1,382,152	(36,874)	(41,477)	1,303,801
Reconciliation of segment income to adjusted EBITDA										
Segment income	682,996	279,283	179,290	(31,018)	(31,380)	302,981	1,382,152	(36,874)	(41,477)	1,303,801
Depreciation and amortization	499,188	953,820	45,193	6,695	62,324	1	1,567,221	17,144	1,508	1,585,873
EBITDA	1,182,184	1,233,103	224,483	(24,323)	30,944	302,982	2,949,373	(19,730)	(39,969)	2,889,674
Gain from remeasurement relating to business combination	–	–	(372)	–	–	–	(372)	–	–	(372)
Unrealized gain (loss) on valuation of investments in SoftBank Vision Fund and Delta Fund	–	–	–	–	–	(345,975)	(345,975)	–	–	(345,975)
Other adjustments[2]	(4,044)	(5,762)	(9,692)	50,497	–	20,502	51,501	8,712	1,577	61,790
Adjusted EBITDA	¥1,178,140	¥1,227,341	¥214,419	¥ 26,174	¥ 30,944	¥ (22,491)	¥2,654,527	¥ (11,018)	¥ (38,392)	¥2,605,117

(Thousands of U.S. dollars)

	Reportable segments									
	Domestic Tele-communications	Sprint	Yahoo Japan	Distribution	Arm	SoftBank Vision Fund and Delta Fund	Total	Other	Reconciliations[1]	Consolidated
Net sales										
Customers	$30,011,446	$32,038,968	$8,157,257	$12,807,380	$1,904,537	$ –	$84,919,588	$1,288,667	$ –	$86,208,255
Intersegment	389,957	1,865,032	167,310	552,174	56	–	2,974,529	239,712	(3,214,241)	–
Total	$30,401,403	$33,904,000	$8,324,567	$13,359,554	$1,904,593	$ –	$87,894,117	$1,528,379	$(3,214,241)	$86,208,255
Segment income	6,428,803	2,628,794	1,687,594	(291,962)	(295,369)	2,851,854	13,009,714	(347,082)	(390,409)	12,272,223
Reconciliation of segment income to adjusted EBITDA										
Segment income	6,428,803	2,628,794	1,687,594	(291,962)	(295,369)	2,851,854	13,009,714	(347,082)	(390,409)	12,272,223
Depreciation and amortization	4,698,682	8,977,974	425,386	63,018	586,634	10	14,751,704	161,370	14,194	14,927,268
EBITDA	11,127,485	11,606,768	2,112,980	(228,944)	291,265	2,851,864	27,761,418	(185,712)	(376,215)	27,199,491
Gain from remeasurement relating to business combination	–	–	(3,502)	–	–	–	(3,502)	–	–	(3,502)
Unrealized gain (loss) on valuation of investments in SoftBank Vision Fund and Delta Fund	–	–	–	–	–	(3,256,542)	(3,256,542)	–	–	(3,256,542)
Other adjustments[2]	(38,065)	(54,236)	(91,227)	475,311	–	192,978	484,761	82,003	14,844	581,608
Adjusted EBITDA	$11,089,420	$11,552,532	$2,018,251	$ 246,367	$ 291,265	$ (211,700)	$24,986,135	$ (103,709)	$ (361,371)	$24,521,055

Notes:
1. ¥1,577 million ($14,844 thousand) of expenses arising from the resignation of Nikesh Arora from his position as a director is included in “Reconciliations” for the fiscal year ended March 31, 2018 (for the fiscal year ended March 31, 2017: ¥8,847 million). The details are described in “Notes 9.” in “Note 36. Other operating loss.”
2. “Other adjustments” in the SoftBank Vision Fund and Delta Fund segment represent expenses related to the establishment of SoftBank Vision Fund and Delta Fund.

(3) Geographical information

a. Net sales to external customers

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Japan	¥4,359,888	¥4,445,648	$41,845,331
U.S.	3,962,325	4,042,923	38,054,622
Other	578,791	670,194	6,308,302
Total	¥8,901,004	¥9,158,765	$86,208,255

Sales are categorized based on the location of external customers.

b. Non-current assets (excluding financial assets and deferred tax assets)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Japan	¥ 4,072,675	¥ 3,981,969	$ 37,480,883
U.S.	7,772,859	7,578,443	71,333,236
U.K.	3,373,592	3,539,810	33,318,995
Other	63,051	64,960	611,445
Total	¥15,282,177	¥15,165,182	$142,744,559

7. Business combinations

For the fiscal year ended March 31, 2017

(1) Arm

a. Overview of combination

On July 18, 2016 (GMT), the Company and Arm, located in the United Kingdom, entered into an agreement on the terms of a recommended all-cash acquisition of the entire issued and to be issued share capital of Arm by the Company for a total acquisition price of approximately £24.0 billion (approximately ¥3.3 trillion) by means of an English court-sanctioned scheme of arrangement ("Acquisition"). The Acquisition was approved at Arm's general meeting of shareholders held on August 30, 2016, and at the English court hearing held on September 1, 2016, and came into effect on September 5, 2016.

As a result of the transaction, Arm became a wholly-owned subsidiary of the Company.

b. Purpose of acquisition

The Company believes Arm is one of the world's leading technology companies, with strong capabilities in global semiconductor intellectual property and the "Internet of Things," and a proven track record of innovation.

The board and management of the Company believe that the acquisition of Arm by the Company will deliver the following benefits:

- Support and accelerate Arm's position as the global leader in intellectual property licensing and R&D outsourcing for semiconductor companies
  The Company's deep industry expertise and global network of relationships will accelerate adoption of Arm's intellectual property across existing and new markets.

- Maintain Arm's dedication to innovation
  The Company intends to sustain Arm's long-term focus on generating more value per device, and driving licensing wins and future royalty streams in new growth categories, specifically "Enterprise and Embedded Intelligence."

- Increased investment to drive the next wave of innovation
  The Company intends to support Arm's multiple growth initiatives by investing in engineering talent and complementary acquisitions with the aim of ensuring Arm maintains a R&D edge over existing and emerging competitors. The Company believes such an investment strategy in long-term growth will be easier to execute as a non-listed company.

- Shared culture and long-term vision
  The Company believes the two companies share the same technology-oriented culture, long-term vision, focus on innovation and commitment to attracting, developing and retaining top talent. These common values will be the foundation for the strong strategic partnership necessary to capture the significant opportunities ahead.

- Maintain and grow the UK's leadership in science and technology
  The Company is investing in the UK as a world leader in science and technology development and innovation and, as evidence of this, intends to invest in multiple Arm growth initiatives, at least doubling the number of Arm employees in the UK over the next five years.

c. Summary of Arm

(a) Name	Arm Holdings plc
(b) Address	110 Fulbourn Road, Cambridge CB1 9NJ, United Kingdom
(c) Name and title of representative	Simon Segars, Chief Executive Officer
(d) Nature of business	• Design of microprocessor intellectual property and related technology • Sale of software tools
(e) Share capital	£0.7 million (as of December 31, 2015)
(f) Date of incorporation	October 16, 1990
(g) Consolidated net sales	£968 million (for the fiscal year ended December 31, 2015 under IFRSs)

d. Acquisition date

September 5, 2016

e. Consideration transferred and the component

		(Millions of yen) Acquisition date (September 5, 2016)
Payment for the acquisition by cash		¥3,319,137
Fair value of equity interest in Arm already held at the time of the acquisition		47,867
Total consideration transferred	A	¥3,367,004

Acquisition-related costs of ¥25,780 million arising from the business combination are recognized in "Other operating loss."

As a result of the revaluation of the 1.4% equity interest already held by the Company at the time of the acquisition of control in Arm at fair value, the Company recognized a gain of ¥18,168 million through the step acquisition. This gain is presented as "Gain from remeasurement relating to business combination" in the consolidated statement of income.

f. Fair value of assets and liabilities, and goodwill on the acquisition date[1]

		(Millions of yen) Acquisition date (September 5, 2016)
Cash and cash equivalents		¥ 16,984
Trade and other receivables		59,782
Other current assets		119,090
Intangible assets[2]		698,682
Other non-current assets		23,649
Total assets		918,187
Current liabilities		61,930
Deferred tax liabilities		128,580
Other non-current liabilities		7,292
Total liabilities		197,802
Net assets	B	720,385
Goodwill[3]	A–B	¥2,646,619

The above amount is translated at the exchange rate (GBP = JPY138.15) as of the acquisition date.

Notes:
1. Adjustment of the provisional amount
Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Allocation of the consideration was completed during the three-month period ended June 30, 2017. The details of the adjustments from the provisional amounts are as follows. Due to additional analysis on the fair value of technologies, intangible assets increased by ¥5,250 million and deferred tax liabilities increased by ¥958 million. As a result, goodwill decreased by ¥4,292 million.
2. Intangible assets
The components of intangible assets are as follows; the estimated useful lives are from 8 to 20 years for technologies, 13 years for customer relationships, and 8 years for trademarks.

	(Millions of yen) Acquisition date (September 5, 2016)
Technologies	¥542,930
Customer relationships	148,649
Trademarks	5,940
Other	1,163
Total	¥698,682

3. Goodwill
Goodwill reflects the excess earning power expected from future business development, congregative human resources related to research and development, and the synergy between the Company and the acquiree.

g. Payment for acquisition of control over subsidiaries

	(Millions of yen) Fiscal year ended March 31, 2017
Payment for the acquisition by cash	¥(3,319,137)
Foreign currency exchange gain relating to settlement*	52,856
Cash and cash equivalents held by the acquiree at the time of acquisition of control	16,984
Payment for the acquisition of control over the subsidiary by cash	¥(3,249,297)

Note:
* Fluctuation in foreign currency exchange rates arising from the acquisition date to the settlement date (September 15, 2016).

h. Sales and net income of the acquiree
The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2017 are ¥112,902 million and ¥17,272 million, respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net income.

For the fiscal year ended March 31, 2018

(2) Fortress

a. Overview of combination

The Company and Fortress entered into a definitive merger agreement under which the Company acquired Fortress for $3.3 billion in cash in February 2017. The acquisition was completed on December 27, 2017 upon satisfaction of all necessary conditions defined in the terms of the merger agreement including approval of the transaction by Fortress shareholders on July 12, 2017 and receipt of all necessary regulatory approvals. Each outstanding Fortress share was converted into the right to receive $8.08 per share in cash, with merger proceeds to be distributed in accordance with payment procedures outlined in Fortress's Definitive Proxy dated June 7, 2017 and the merger agreement incorporated therein. Actual payment amounted to $3.1 billion as a result of adjusting for the impact of distributions and other factors after the date of the merger agreement.

As a result of the transaction, the Company acquired all equity interests of Fortress and Fortress became a wholly-owned subsidiary of the Company.

b. Purpose of acquisition

The Company expects that the leadership, broad-based expertise and the world-class investment platform of Fortress will foster the Company's expansion of its group capabilities and acceleration our SoftBank 2.0 transformation strategy of bold, disciplined investment and world class execution to drive sustainable long-term growth.

c. Summary of Fortress

(a) Name	Fortress Investment Group LLC
(b) Address	1345 Avenue of the Americas, New York, NY
(c) Name and title of representative	Peter L. Briger, Jr., Principal and Co-Chief Executive Officer Wesley R. Edens, Co-Founder, Principal and Co-Chief Executive Officer Randal A. Nardone, Co-Founder and Principal
(d) Nature of business	Alternative investment management business
(e) Date of incorporation	1998
(f) Consolidated net sales	$1,163,806 thousand (for the fiscal year ended December 31, 2016 under US GAAP)

d. Acquisition date

December 27, 2017

e. Consideration transferred and the component

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (December 27, 2017)	Acquisition date (December 27, 2017)
Payment by cash		¥353,966	$3,331,758
Payment not included in consideration transferred*		(58,128)	(547,138)
Total consideration transferred	A	¥295,838	$2,784,620

Acquisition-related costs of ¥6,123 million ($57,634 thousand) arising from the business combination are recognized in "Other operating loss."

Note:
* Payment not included in consideration transferred is the payment for a transaction, separate from the business combination, that remunerates employees and former owners of Fortress. For the payment, continuing employment is a condition. The Company recognized "Other current assets" amounting to ¥16,954 million ($159,582 thousand) and "Other non-current assets" amounting to ¥41,174 million ($387,556 thousand) in accordance with the employment period defined in the condition.

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

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (December 27, 2017)	Acquisition date (December 27, 2017)
Cash and cash equivalents		¥ 45,572	$ 428,953
Trade and other receivables		47,379	445,962
Other current assets		6,472	60,919
Investments accounted for using the equity method		104,087	979,735
Intangible assets[1]		176,690	1,663,121
Non-current assets		30,621	288,225
Total assets		410,821	3,866,915
Current liabilities		62,800	591,114
Non-current liabilities		51,609	485,778
Total liabilities		114,409	1,076,892
Net assets	B	296,412	2,790,023
Non-controlling interests[2]	C	14,849	139,769
Goodwill[3]	A–(B–C)	¥ 14,275	$ 134,366

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

The amounts of assets and liabilities on the acquisition date have been revised for the three-month period ended March 31, 2018 and are as follows: trade and other receivables and investments accounted for using the equity method have increased by ¥3,528 million ($33,208 thousand) and ¥6,931 million ($65,239 thousand), respectively; and current liabilities and non-current liabilities including deferred tax liabilities have increased by ¥2,752 million ($25,904 thousand) and ¥3,519 million ($33,123 thousand), respectively. As a result, goodwill has decreased by ¥4,286 million ($40,343 thousand).

The above amount is translated at the exchange rate (USD = JPY113.41) as of the acquisition date.

Notes:
1. Intangible assets
The components of intangible assets are as follows: the estimated useful lives are 3 years for software, from 1.5 to 10 years for management contracts, and 10 years for trademarks. The management contracts reflect excess earnings in the future expected from the agreements which Fortress entered into regarding the management of assets under their funds.

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (December 27, 2017)	Acquisition date (December 27, 2017)
Software	¥ 1,762	$ 16,585
Management contracts	128,323	1,207,860
Trademarks	5,103	48,033
Other	41,502	390,643
Total	¥176,690	$1,663,121

2. Non-controlling interests
Non-controlling interests are from subsidiaries of Fortress, and they are measured based on the proportionate interests after the acquisition in the identifiable net assets of the acquiree at the acquisition date.

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

g. Payment for acquisition of control over subsidiaries

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Payment for the acquisition by cash	¥(295,838)	$(2,784,620)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	45,572	428,954
Payment for the acquisition of control over the subsidiary by cash	¥(250,266)	$(2,355,666)

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 consolidated statement of income for the fiscal year ended March 31, 2018, are ¥20,525 million ($193,195 thousand) and ¥15,201 million ($143,082 thousand), respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net loss.

i. Collateral

Based on a term loan agreement of $1.4 billion which was entered into to finance this acquisition, the equity interests of Fortress and four wholly-owned subsidiaries within this acquisition structure are pledged as collateral.

(3) The Japan Net Bank, Limited

a. Overview of combination

The Board of Directors meeting of Yahoo Japan Corporation held on August 1, 2017 resolved to modify the shareholders agreement with Sumitomo Mitsui Banking Corporation regarding The Japan Net Bank, Limited. This resulted in Yahoo Japan Corporation entering into a modified agreement with Sumitomo Mitsui Banking Corporation. Along with such modification, the Company consolidated The Japan Net Bank, Limited by appointing the majority of The Japan Net Bank, Limited's directors, through a resolution in an Extraordinary Meeting of the Shareholders of The Japan Net Bank, Limited held on February 1, 2018.

In the Yahoo Japan segment, since its commencement of new strategies in the Commerce Business in October 2013, transaction volume has rapidly increased by means of various measures, such as waiving store tenant fees, point rewards measures, and the commencement of the Credit Card business. It is necessary to further strengthen its financial and payment business in order to revitalize the Commerce Business going forward. The ecosystem of its services in the Yahoo Japan segment is reinforced through the consolidation of The Japan Net Bank, Limited.

In addition, Yahoo Japan Corporation leads the management of The Japan Net Bank, Limited through the consolidation and utilizes the customer base and multi-big data that Yahoo Group has fostered thus far to provide high value-added financial services for The Japan Net Bank, Limited customers.

The voting rights ratio in The Japan Net Bank, Limited held by the Company remains the same as before at 41.2% and the Company did not hold a majority of the voting rights. However, the Company made The Japan Net Bank, Limited its consolidated subsidiary by appointing the majority of The Japan Net Bank, Limited's directors through a resolution in an Extraordinary Meeting of the Shareholders' of The Japan Net Bank, Limited held on February 1, 2018.

b. Summary of acquiree

Name	The Japan Net Bank, Limited
Nature of business	Banking business

c. Acquisition date

February 1, 2018

d. Consideration transferred and the component

	(Millions of yen) Acquisition date (February 1, 2018)	(Thousands of U.S. dollars) Acquisition date (February 1, 2018)
Fair value of equity interest in The Japan Net Bank, Limited already held at the time of the acquisition	¥26,224	$246,837
Total consideration transferred	¥26,224	$246,837

As a result of the revaluation of equity interests already held at the time of the acquisition of control by the Company in The Japan Net Bank, Limited at fair value on the acquisition date, the Company recognized a gain on the acquisition of ¥372 million ($3,502 thousand) for the fiscal year ended March 31, 2018. This gain is included in "Gain from remeasurement relating to business combination" in the consolidated statement of income.

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

		(Millions of yen) Acquisition date (February 1, 2018)	(Thousands of U.S. dollars) Acquisition date (February 1, 2018)
Cash and cash equivalents		¥337,224	$3,174,172
Other current assets[1]		133,782	1,259,243
Investment securities		244,044	2,297,101
Other non-current assets[1]		103,746	976,525
Total assets		818,796	7,707,041
Deposits for banking business (current)		711,317	6,695,378
Other current liabilities		17,278	162,632
Non-current liabilities		26,277	247,336
Total liabilities		754,872	7,105,346
Net assets	A	63,924	601,695
Non-controlling interests[2]	B	37,700	354,858
Net amount	A–B	¥ 26,224	$ 246,837

Notes:
1. The amounts are mainly loans.
2. Non-controlling interests
Non-controlling interests are measured based on the proportionate interests in the fair value of the identifiable net assets of the acquiree.

f. Proceeds from acquisition of control over subsidiaries

	(Millions of yen) Fiscal year ended March 31, 2018	(Thousands of U.S. dollars) Fiscal year ended March 31, 2018
Cash and cash equivalents held by the acquiree at the time of acquisition of control	¥337,224	$3,174,172
Proceeds in cash from the acquisition of control over the subsidiary	¥337,224	$3,174,172

g. Sales and net income of the acquiree

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

(4) Consolidated net sales and consolidated net income assuming that the business combinations were completed at the beginning of the fiscal year

For the fiscal year ended March 31, 2017
The following is pro forma information (unaudited) of the consolidated performance of the Company for the fiscal year ended March 31, 2017, assuming that the business combination of Arm was completed and control was acquired as of April 1, 2016.

	(Millions of yen)
	Fiscal year ended March 31, 2017
Sales (pro forma)	¥8,970,264
Net income (pro forma)	¥1,481,787

For the fiscal year ended March 31, 2018
The following is pro forma information (unaudited) of the consolidated performance of the Company for the fiscal year ended March 31, 2018, assuming that the business combination of Fortress and The Japan Net Bank, Limited was completed and control was acquired as of April 1, 2017.

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Sales (pro forma)	¥9,277,296	$87,323,946
Net income (pro forma)	¥1,253,082	$11,794,823

8. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Cash and demand deposits*	¥1,592,709	¥2,343,116	$22,054,932
Time deposits (maturities of less than three months)	411,518	493,108	4,641,453
MMF	120,149	268,345	2,525,838
Other	58,726	230,081	2,165,672
Total	¥2,183,102	¥3,334,650	$31,387,895

Note:
* A subsidiary operating banking business is obliged to deposit certain amounts, which is determined by a fixed ratio against the deposits it receives from its customers ("the legal reserve requirement"), in the Bank of Japan in accordance with the Act on Reserve Requirement System in Japan. As of March 31, 2018, cash and cash equivalents include ¥284,234 million ($2,675,395 thousand) of deposits at the Bank of Japan which is more than the legal reserve requirement.
  The amount of cash and cash equivalents pledged as collateral for interest-bearing debt or other is described in "(5) Assets pledged as collateral" in "Note 20. Interest-bearing debt."

9. Trade and other receivables

The components of trade and other receivables are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Trade receivables	¥1,493,857	¥1,562,657	$14,708,744
Installment receivables[1]	537,164	520,619	4,900,405
Deposits for banking business[2]	–	107,483	1,011,700
Other	154,031	180,997	1,703,662
Allowance for doubtful accounts	(63,433)	(57,403)	(540,315)
Total	¥2,121,619	¥2,314,353	$21,784,196

Notes:
1. Installment receivables represent receivables arising from the Company's advance payments to dealers on behalf of its customers who chose to purchase mobile handsets by installments in indirect sales. The amounts are charged to customers together with telecommunication service fees over the periods of installment payments.
   The period of installment payments for the receivables above is mainly within 24 – 48 months. As such, the amounts due within a year after the period end date are included in "Trade and other receivables," and those after one year are included in "Other financial assets (non-current)."
2. The amount was recognized due to the consolidation of The Japan Net Bank, Limited. The details are described in "(3) The Japan Net Bank, Limited" in "Note 7. Business combinations."

10. Other financial assets

The components of other financial assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Current			
Marketable securities	¥277,895	¥137,323	$1,292,573
Time deposits (maturities of more than three months)	458,495	289,926	2,728,972
Other	58,299	92,195	867,800
Total	¥794,689	¥519,444	$4,889,345
Non-current			
Installment receivables[1]	230,495	293,679	2,764,298
Deposits for banking business[2]	–	106,880	1,006,024
Lease and guarantee deposits	42,828	45,943	432,445
Other	204,453	262,335	2,469,268
Allowance for doubtful accounts	(31,918)	(32,445)	(305,393)
Total	¥445,858	¥676,392	$6,366,642

Notes:
1. Installment receivables are described in "Note 9. Trade and other receivables."
2. The amount was recognized due to the consolidation of The Japan Net Bank, Limited. The details are described in "(3) The Japan Net Bank, Limited" in "Note 7. Business combinations."

11. Inventories

The components of inventories are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Merchandise and finished products	¥297,077	¥333,339	$3,137,604
Other	44,267	28,702	270,161
Total	¥341,344	¥362,041	$3,407,765

The amount of inventories pledged as collateral for interest-bearing debt or other is described in "(5) Assets pledged as collateral" in "Note 20. Interest-bearing debt."

Write-downs of inventories recognized as an expense during the fiscal year are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Write-downs of inventories	¥25,300	¥39,821	$374,821

The amount of write-downs of inventories recorded as "Other operating loss" is included in the consolidated statement of income for the fiscal year ended March 31, 2018. The details are described in "Notes 10." in "Note 36. Other operating loss."

12. Other current assets and other non-current assets

The components of other current assets and other non-current assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Current			
Prepaid expense	¥143,258	¥168,051	$1,581,805
Tax receivable	91,566	145,009	1,364,919
Other	48,397	31,314	294,749
Total	¥283,221	¥344,374	$3,241,473
Non-current			
Long-term prepaid expense	171,805	207,845	1,956,372
Other	11,015	13,387	126,007
Total	¥182,820	¥221,232	$2,082,379

13. Property, plant and equipment

Changes in property, plant and equipment at historical cost, are as follows:

(Millions of yen)

Historical cost	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2016	¥428,746	¥5,367,166	¥ 901,399	¥105,069	¥ 195,969	¥ 31,250	¥7,029,599
Purchases	13,904	19,502	231,857	348	363,935	8,485	638,031
Business combinations	259	–	1,582	–	127	8,146	10,114
Disposals	(19,132)	(190,213)	(303,098)	(5,020)	(10,759)	(3,524)	(531,746)
Transfer of accounts	20,118	195,251	359,536	5	(242,786)	8,609	340,733
Exchange differences	24	(8,127)	6,341	(89)	2,197	713	1,059
Other	8,840	13,831	5,198	(400)	(3,379)	(3,932)	20,158
As of March 31, 2017	452,759	5,397,410	1,202,815	99,913	305,304	49,747	7,507,948
Purchases	7,517	9,565	311,989	393	461,677	36,081	827,222
Business combinations	389	4,616	2,213	–	641	2,648	10,507
Disposals	(20,337)	(224,347)	(622,494)	(11,058)	(44,955)	(19,011)	(942,202)
Transfer of accounts	9,593	316,719	612,535	90	(415,525)	38,276	561,688
Exchange differences	(10,384)	(115,178)	(60,989)	(1,030)	(10,596)	(3,129)	(201,306)
Other	(2,004)	7,639	(1,063)	–	(1,665)	(994)	1,913
As of March 31, 2018	¥437,533	¥5,396,424	¥1,445,006	¥ 88,308	¥ 294,881	¥103,618	¥7,765,770

(Thousands of U.S. dollars)

Historical cost	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2017	$4,261,662	$50,803,935	$11,321,677	$ 940,446	$ 2,873,720	$ 468,251	$70,669,691
Purchases	70,755	90,032	2,936,644	3,699	4,345,604	339,618	7,786,352
Business combinations	3,662	43,449	20,830	–	6,034	24,924	98,899
Disposals	(191,425)	(2,111,700)	(5,859,318)	(104,085)	(423,146)	(178,944)	(8,868,618)
Transfer of accounts	90,296	2,981,165	5,765,578	847	(3,911,192)	360,279	5,286,973
Exchange differences	(97,741)	(1,084,130)	(574,068)	(9,695)	(99,736)	(29,453)	(1,894,823)
Other	(18,863)	71,903	(10,006)	–	(15,672)	(9,356)	18,006
As of March 31, 2018	$4,118,346	$50,794,654	$13,601,337	$ 831,212	$ 2,775,612	$ 975,319	$73,096,480

Changes in the accumulated depreciation and impairment losses of property, plant and equipment are as follows:

(Millions of yen)

Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2016	¥(174,177)	¥(2,335,613)	¥(324,120)	¥(7)	¥(1,513)	¥(10,662)	¥(2,846,092)
Depreciation	(37,248)	(557,896)	(440,026)	–	–	(6,572)	(1,041,742)
Impairment loss	(15)	–	(3,497)	–	(2,332)	-	(5,844)
Disposals	12,290	161,937	197,339	–	320	1,100	372,986
Transfer of accounts	56	(730)	9,252	–	2	(6)	8,574
Exchange differences	(197)	(5,573)	(5,449)	(1)	6	(115)	(11,329)
Other	9,593	(5,439)	(8,584)	–	390	(3,207)	(7,247)
As of March 31, 2017	(189,698)	(2,743,314)	(575,085)	(8)	(3,127)	(19,462)	(3,530,694)
Depreciation	(30,738)	(562,340)	(495,815)	–	–	(11,693)	(1,100,586)
Impairment loss	–	–	(441)	–	–	(211)	(652)
Disposals	8,083	193,727	419,050	–	8	4,140	625,008
Transfer of accounts	(102)	198	4,274	–	1,999	(905)	5,464
Exchange differences	4,680	62,986	23,647	–	–	1,352	92,665
Other	2,137	(2,583)	(245)	–	–	563	(128)
As of March 31, 2018	¥(205,638)	¥(3,051,326)	¥(624,615)	¥(8)	¥(1,120)	¥(26,216)	¥(3,908,923)

(Thousands of U.S. dollars)

Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2017	$(1,785,561)	$(25,821,857)	$(5,413,074)	$(75)	$(29,433)	$(183,189)	$(33,233,189)
Depreciation	(289,326)	(5,293,110)	(4,666,933)	–	–	(110,062)	(10,359,431)
Impairment loss	–	–	(4,151)	–	–	(1,986)	(6,137)
Disposals	76,082	1,823,485	3,944,371	–	75	38,968	5,882,981
Transfer of accounts	(960)	1,864	40,229	–	18,816	(8,518)	51,431
Exchange differences	44,051	592,865	222,581	–	–	12,726	872,223
Other	20,115	(24,313)	(2,306)	–	–	5,299	(1,205)
As of March 31, 2018	$(1,935,599)	$(28,721,066)	$(5,879,283)	$(75)	$(10,542)	$(246,762)	$(36,793,327)

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

(Millions of yen)

Carrying amounts	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2017	¥263,061	¥2,654,096	¥627,730	¥99,905	¥302,177	¥30,285	¥3,977,254
As of March 31, 2018	**¥231,895**	**¥2,345,098**	**¥820,391**	**¥88,300**	**¥293,761**	**¥77,402**	**¥3,856,847**

(Thousands of U.S. dollars)

Carrying amounts	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2018	**$2,182,747**	**$22,073,588**	**$7,722,054**	**$831,137**	**$2,765,070**	**$728,557**	**$36,303,153**

The amount of "Other" included in "Buildings and structures" for the fiscal year ended March 31, 2017 is recorded mainly due to the change in accounting estimate of asset retirement obligations in Sprint.

The amount of "Other" included in "Telecommunications equipment" for the fiscal year ended March 31, 2017 is recorded mainly due to the changes in accounting estimate of asset retirement obligations in SoftBank Corp.

The amount of "Transfer of accounts" in "Furniture, fixtures, and equipment" for the fiscal year ended March 31, 2017 and the fiscal year ended March 31, 2018 is mainly due to the transfer of leased devices from "Inventories" in current assets.

Impairment loss is included in "Other operating loss" in the consolidated statement of income. The details are described in "Note 36. Other operating loss."

The carrying amounts of finance lease assets included in property, plant and equipment are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	**As of March 31, 2018**	**As of March 31, 2018**
Buildings and structures	¥ 10,090	**¥ 20,822**	**$ 195,990**
Telecommunications equipment	1,150,560	**1,125,724**	**10,596,047**
Furniture, fixtures, and equipment	36,046	**42,105**	**396,320**
Construction in progress	50	**–**	**–**
Other	7,038	**17,725**	**166,839**
Total	¥1,203,784	**¥1,206,376**	**$11,355,196**

Finance lease obligations of the Company are pledged through the lessor's retaining the property right of lease assets.

The amount of property, plant and equipment pledged as collateral for interest-bearing debt or other is described in "(5) Assets pledged as collateral" in "Note 20. Interest-bearing debt."

Assets with limited property rights due to installment purchases are described in "(6) Assets with limited property rights" in "Note 20. Interest-bearing debt."

14. Goodwill and intangible assets

Changes in goodwill and intangible assets at historical cost are as follows:

(Millions of yen)

Historical cost	Goodwill	Intangible assets with indefinite useful lives			Intangible assets with finite useful lives									Total
		FCC licenses	Trademarks	Other	Software	Technologies	Customer relationships	Spectrum migration costs	Management contracts	Favorable lease contracts	Trademarks	Game titles	Other	
As of April 1, 2016	¥1,625,663	¥4,060,750	¥717,880	¥ –	¥1,549,013	¥ –	¥ 981,105	¥117,233	¥ –	¥165,610	¥59,245	¥112,434	¥ 131,030	¥7,894,300
Purchases	–	17,454	–	–	55,551	–	1,837	–	–	–	22	–	177,169	252,033
Internal development	–	–	–	–	5,265	–	–	–	–	–	–	–	18,989	24,254
Business combinations	2,659,035	–	–	–	2,142	538,076	149,215	–	–	–	5,946	–	445	695,824
Loss of control	(89,834)	–	–	–	(99)	–	–	–	–	–	–	(101,842)	(241)	(102,182)
Disposals	–	–	–	–	(79,614)	–	(109)	–	–	(1,367)	(256)	–	(1,329)	(82,675)
Transfer of accounts	–	–	1	–	114,764	–	23	–	–	–	–	–	(114,927)	(139)
Exchange differences	26,734	(13,939)	(3,625)	–	(1,185)	7,119	(2,968)	–	–	(758)	(185)	(10,592)	(867)	(27,000)
Other	–	36,386	1	–	2,405	–	518	–	–	–	56	–	(696)	38,670
As of March 31, 2017	4,221,598	4,100,651	714,257	–	1,648,242	545,195	1,129,621	117,233	–	163,485	64,828	–	209,573	8,693,085
Purchases	–	11,788	–	3	34,024	–	–	–	–	–	17	–	220,486	266,318
Internal development	–	–	–	–	6,574	–	–	–	–	–	–	–	26,358	32,932
Business combinations	27,848	16,629	–	52,150	7,860	2,815	2,769	–	128,323	–	5,137	–	5,357	221,040
Disposals	–	–	–	(39,632)	(169,529)	–	(40,320)	–	–	(17,750)	(21)	–	(2,140)	(269,392)
Transfer of accounts	–	–	–	5	233,794	–	–	28,845	–	(539)	3	–	(257,276)	4,832
Exchange differences	144,133	(221,558)	(35,994)	(300)	(22,781)	34,281	(30,722)	–	(8,113)	(7,837)	(3,042)	–	(4,385)	(300,451)
Other	(12,337)	53,087	(5)	–	(37)	5,431	(7)	–	–	–	6	–	(1,378)	57,097
As of March 31, 2018	¥4,381,242	¥3,960,597	¥678,258	¥ 12,226	¥1,738,147	¥587,722	¥1,061,341	¥146,078	¥120,210	¥137,359	¥66,928	¥ –	¥ 196,595	¥8,705,461

(Thousands of U.S. dollars)

Historical cost	Goodwill	Intangible assets with indefinite useful lives			Intangible assets with finite useful lives									Total
		FCC licenses	Trademarks	Other	Software	Technologies	Customer relationships	Spectrum migration costs	Management contracts	Favorable lease contracts	Trademarks	Game titles	Other	
As of March 31, 2017	$39,736,427	$38,597,995	$6,723,052	$ –	$15,514,326	$5,131,730	$10,632,728	$1,103,473	$ –	$1,538,827	$610,204	$–	$1,972,637	$81,824,972
Purchases	–	110,956	–	28	320,256	–	–	–	–	–	160	–	2,075,358	2,506,758
Internal development	–	–	–	–	61,879	–	–	–	–	–	–	–	248,099	309,978
Business combinations	262,123	156,523	–	490,870	73,983	26,497	26,063	–	1,207,860	–	48,353	–	50,423	2,080,572
Disposals	–	–	–	(373,042)	(1,595,717)	–	(379,518)	–	–	(167,075)	(198)	–	(20,143)	(2,535,693)
Transfer of accounts	–	–	–	47	2,200,621	–	–	271,508	–	(5,073)	28	–	(2,421,649)	45,482
Exchange differences	1,356,674	(2,085,448)	(338,799)	(2,824)	(214,430)	322,675	(289,175)	–	(76,365)	(73,767)	(28,633)	–	(41,274)	(2,828,040)
Other	(116,124)	499,690	(47)	–	(348)	51,120	(66)	–	–	–	56	–	(12,971)	537,434
As of March 31, 2018	$41,239,100	$37,279,716	$6,384,206	$ 115,079	$16,360,570	$5,532,022	$ 9,990,032	$1,374,981	$1,131,495	$1,292,912	$629,970	$–	$1,850,480	$81,941,463

Changes in the accumulated amortization and impairment losses of goodwill and intangible assets are as follows:

(Millions of yen)

		Intangible assets with indefinite useful lives			Intangible assets with finite useful lives									
Accumulated amortization and impairment losses	Goodwill	FCC licenses	Trademarks	Other	Software	Technologies	Customer relationships	Spectrum migration costs	Management contracts	Favorable lease contracts	Trademarks	Game titles	Other	Total
As of April 1, 2016	¥(15,874)	¥–	¥(11,243)	¥–	¥(766,865)	¥ –	¥(541,305)	¥ (6,761)	¥ –	¥(46,368)	¥(5,179)	¥(52,590)	¥(24,844)	¥(1,455,155)
Amortization	–	–	–	–	(228,538)	(22,301)	(137,608)	(6,658)	–	–	(2,161)	(6,851)	(4,280)	(408,397)
Impairment loss	(30,260)	–	–	–	(1,327)	–	–	–	–	–	–	–	(714)	(2,041)
Loss of control	–	–	–	–	74	–	–	–	–	–	–	54,206	119	54,399
Disposals	–	–	–	–	78,284	–	77	–	–	1,367	100	–	1,021	80,849
Exchange differences	–	–	17	–	(883)	–	(1,405)	–	–	(227)	(34)	5,235	332	3,035
Other	–	–	–	–	(6,053)	–	(574)	–	–	(13,503)	(22)	–	1,016	(19,136)
As of March 31, 2017	(46,134)	–	(11,226)	–	(925,308)	(22,301)	(680,815)	(13,419)	–	(58,731)	(7,296)	–	(27,350)	(1,746,446)
Amortization	–	–	–	–	**(242,904)**	**(42,098)**	**(116,815)**	**(6,793)**	**(4,997)**	–	**(2,693)**	–	**(5,321)**	**(421,621)**
Impairment loss	**(43,128)**	–	**(2,501)**	–	**(510)**	–	**(3,706)**	–	–	–	–	–	–	**(6,717)**
Disposals	–	–	–	–	**157,312**	–	**40,320**	–	–	**17,749**	**21**	–	**448**	**215,850**
Exchange differences	**4,487**	–	**347**	–	**12,251**	**(1,720)**	**31,956**	–	**120**	**2,803**	**392**	–	**(140)**	**46,009**
Other	**6,086**	–	–	–	**913**	–	**163**	–	–	**(9,902)**	**5**	–	**835**	**(7,986)**
As of March 31, 2018	**¥(78,689)**	**¥–**	**¥(13,380)**	**¥–**	**¥(998,246)**	**¥(66,119)**	**¥(728,897)**	**¥(20,212)**	**¥(4,877)**	**¥(48,081)**	**¥(9,571)**	**¥ –**	**¥(31,528)**	**¥(1,920,911)**

(Thousands of U.S. dollars)

		Intangible assets with indefinite useful lives			Intangible assets with finite useful lives									
Accumulated amortization and impairment losses	Goodwill	FCC licenses	Trademarks	Other	Software	Technologies	Customer relationships	Spectrum migration costs	Management contracts	Favorable lease contracts	Trademarks	Game titles	Other	Total
As of March 31, 2017	$(434,243)	$–	$(105,667)	$–	$(8,709,601)	$(209,911)	$(6,408,274)	$(126,308)	$ –	$(552,814)	$(68,675)	$–	$(257,436)	$(16,438,686)
Amortization	–	–	–	–	**(2,286,370)**	**(396,254)**	**(1,099,539)**	**(63,940)**	**(47,035)**	–	**(25,348)**	–	**(50,085)**	**(3,968,571)**
Impairment loss	**(405,949)**	–	**(23,541)**	–	**(4,801)**	–	**(34,883)**	–	–	–	–	–	–	**(63,225)**
Disposals	–	–	–	–	**1,480,723**	–	**379,518**	–	–	**167,065**	**198**	–	**4,217**	**2,031,721**
Exchange differences	**42,235**	–	**3,266**	–	**115,314**	**(16,190)**	**300,791**	–	**1,130**	**26,384**	**3,690**	–	**(1,318)**	**433,067**
Other	**57,285**	–	–	–	**8,594**	–	**1,534**	–	–	**(93,204)**	**46**	–	**7,860**	**(75,170)**
As of March 31, 2018	**$(740,672)**	**$–**	**$(125,942)**	**$–**	**$(9,396,141)**	**$(622,355)**	**$(6,860,853)**	**$(190,248)**	**$(45,905)**	**$(452,569)**	**$(90,089)**	**$–**	**$(296,762)**	**$(18,080,864)**

The carrying amounts of goodwill and intangible assets are as follows:

(Millions of yen)

		Intangible assets with indefinite useful lives			Intangible assets with finite useful lives									
Carrying amounts	Goodwill	FCC licenses	Trademarks	Other	Software	Technologies	Customer relationships	Spectrum migration costs	Management contracts	Favorable lease contracts	Trademarks	Game titles	Other	Total
As of March 31, 2017	¥4,175,464	¥4,100,651	¥703,031	¥ –	¥722,934	¥522,894	¥448,806	¥103,814	¥ –	¥104,754	¥57,532	¥–	¥182,223	¥6,946,639
As of March 31, 2018	¥4,302,553	¥3,960,597	¥664,878	¥12,226	¥739,901	¥521,603	¥332,444	¥125,866	¥115,333	¥ 89,278	¥57,357	¥–	¥165,067	¥6,784,550

(Thousands of U.S. dollars)

		Intangible assets with indefinite useful lives			Intangible assets with finite useful lives									
Carrying amounts	Goodwill	FCC licenses	Trademarks	Other	Software	Technologies	Customer relationships	Spectrum migration costs	Management contracts	Favorable lease contracts	Trademarks	Game titles	Other	Total
As of March 31, 2018	$40,498,428	$37,279,716	$6,258,264	$115,079	$6,964,429	$4,909,667	$3,129,179	$1,184,733	$1,085,590	$840,343	$539,881	$–	$1,553,718	$63,860,599

"FCC licenses" are licenses to use a specific frequency spectrum granted by the U.S. Federal Communications Commission ("FCC"). As long as the Company acts within the requirements of regulatory authorities, the renewal and extension of FCC licenses are reasonably certain at minimal cost. Therefore, it is determined that FCC licenses have indefinite useful lives.

The Company determined that the "Sprint" and "Boost Mobile" trademarks have indefinite useful lives as they can be legally utilized continuously as long as the business continues and management's current plans are to offer services under these trademarks for the foreseeable future.

Technologies reflect excessive earning capacity in the future expected from technologies of the acquiree that had been already developed, or was already well-advanced in development, at the time of the business combinations.

Customer relationships reflect excessive earning capacity in the future expected from the existing customers of the acquiree at the time of the business combinations.

Spectrum migration costs are the amounts that the Company incurred in connection with the migration of existing users from the frequency spectrum, which SoftBank Corp. acquired, to the other frequency spectrum in accordance with the termination promotion measures prescribed in the Radio Act.

Management contracts reflect excess earnings in the future expected from the agreements which Fortress entered into regarding the management of assets under their funds.

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

Game titles reflect excessive earning capacity in the future expected from the existing game titles of the acquiree at the time of the business combinations.

Amortization is included in "Cost of sales," "Selling, general and administrative expenses," and "Operating income from SoftBank Vision Fund and Delta Fund" in the consolidated statement of income.

Impairment losses are included in "Other operating loss" in the consolidated statement of income. The details are described in "Note 36. Other operating loss."

The amount of "Other" included in "FCC licenses" for the fiscal year ended March 31, 2017 and the fiscal year ended March 31, 2018 is recognized due to exchange of certain spectrum with other carriers. The details are described in "Note 36. Other operating loss."

Increase due to "Business combinations" is as follows:

For the fiscal year ended March 31, 2017
As a result of consolidating Arm as a subsidiary in September 2016, the Company recognized goodwill of ¥2,650,911 million, technologies of ¥537,680 million, customer relationships of ¥148,649 million, and trademarks of ¥5,940 million. The details are described in "(1) Arm" in "Note 7. Business combinations."

For the fiscal year ended March 31, 2018
As a result of consolidating Fortress as a subsidiary in December 2017, the Company recognized goodwill of ¥14,275 million ($134,366 thousand), software of ¥1,762 million ($16,585 thousand), management contracts of approximately ¥128,323 million ($1,207,860 thousand), and trademarks of ¥5,103 million ($48,033 thousand). The details are described in "(2) Fortress" in "Note 7. Business combinations."

Decrease due to "Loss of control" is as follows:

For the fiscal year ended March 31, 2017
As a result of losing control of Supercell as a subsidiary in July 2016, game titles decreased by ¥47,636 million. The details are described in "(2) Supercell" in "Note 44. Discontinued operations."

The carrying amount of internally-generated intangible assets included in the intangible assets is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Software	¥50,919	¥61,667	$580,450

The carrying amounts of finance leased assets included in the intangible assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Software	¥297,531	¥313,955	$2,955,149

Finance lease obligations of the Company are pledged through the lessor's retaining the property right of lease assets.

The intangible assets with limited property rights due to installment purchase are described in "(6) Assets with limited property rights" in "Note 20. Interest-bearing debt."

Research and development costs included in "Cost of sales" and "Selling, general and administrative expenses" are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Research and development costs	¥64,459	¥136,861	$1,288,225

Increase in research and development costs for the fiscal year ended March 31, 2018 is mainly due to the recognition of research and development costs arising from Arm after the acquisition date (September 5, 2016) of Arm for the fiscal year ended March 31, 2017.

Goodwill acquired as a part of business combinations is allocated to cash-generating units or cash-generating unit groups that are expected to benefit from the synergies arising from the combination.

Amounts of goodwill and intangible assets with indefinite useful lives allocated to cash-generating units or cash-generating unit groups are as follows:

Goodwill

		(Millions of yen)		(Thousands of U.S. dollars)
Reportable segments	Cash-generating unit or Cash-generating unit groups	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Domestic Telecommunications	SoftBank[1]	¥ 909,463	¥ 909,463	$ 8,560,457
Sprint	Sprint	330,726	313,942	2,955,026
Yahoo Japan	Yahoo[2]	16,519	16,519	155,488
	Marketing solution	9,821	9,821	92,442
	Shopping	58,159	56,847	535,081
	Ikyu	72,044	72,044	678,125
	Settlement finance	20,891	20,891	196,640
	Other	1,524	1,524	14,344
	Subtotal	178,958	177,646	1,672,120
Distribution	Brightstar	60,394	16,609	156,335
Arm	Arm	2,691,818	2,860,738	26,927,127
–	Other	4,105	24,155	227,363
Total		¥4,175,464	¥4,302,553	$40,498,428

Notes:
1. SoftBank comprises SoftBank Corp. and Wireless City Planning Inc.
2. Goodwill is allocated to "Yahoo" because the benefits are expected to be realized from Yahoo Japan as a whole, not from individual cash-generating units in Yahoo Japan.

Intangible assets with indefinite useful lives

		(Millions of yen)		(Thousands of U.S. dollars)
Reportable segments	Cash-generating unit	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Sprint	Sprint	¥4,766,499	¥4,591,131	$43,214,712
Yahoo Japan	Shopping	20,130	20,130	189,477
	Ikyu	10,120	10,120	95,256
	Subtotal	30,250	30,250	284,733
Distribution	Brightstar US and Canada region	3,030	2,868	26,996
	Brightstar Asia and Oceania region	1,613	1,225	11,530
	Brightstar Europe and Africa region	2,290	–	–
	Subtotal	6,933	4,093	38,526
–	Other	–	12,227	115,088
Total		¥4,803,682	¥4,637,701	$43,653,059

The recoverable amount of each cash-generating unit or cash-generating unit group is measured as follows:

For the fiscal year ended March 31, 2017
Value in use: SoftBank, Marketing solution, Shopping, Settlement finance, Ikyu, Brightstar, Brightstar US and Canada region, Brightstar Latin America region, Brightstar Asia and Oceania region, Brightstar Europe and Africa region, and SoftBank Commerce & Service Corp.
Fair value less disposal cost: Sprint, Yahoo, and Arm

For the fiscal year ended March 31, 2018
Value in use: SoftBank, Marketing solution, Shopping, Settlement finance, and Ikyu
Fair value less disposal cost: Sprint, Yahoo, Arm, Brightstar, Brightstar US and Canada region, Brightstar Latin America region, Brightstar Asia and Oceania region, and Brightstar Europe and Africa region

Value in use is assessed by discounting to the present value the estimated cash flows over the next five years based on the financial budget approved by the management, which reflects past experience and external information, using the pre-tax discount rate of 7%–12.3% of the cash-generating unit or cash-generating unit group (for the fiscal year ended March 31, 2017: 7.21%–16.17%). The cash flows from after five years are assumed to increase on the basis of the growth rate of 0%–0.6% (for the fiscal year ended March 31, 2017: 0%–2.34%).

For Sprint and Yahoo, the fair value less disposal cost is measured mainly based on active market prices and for Arm, it is measured by discounting the cash flows which are estimated based on the business plans for the next 10 years while taking into account the future cash flows that market participants would expect to receive in accordance with their assumptions discounted to the present value using a post-tax discount rate of 10% (for the fiscal year ended March 31, 2017: 9%). The cash flows from after 10 years are assumed on the basis of the growth rate of 20% on the 11th year, 10% on the 12th year, and 4% on the 13th year (for the fiscal year ended March 31, 2017: 19% on the 11th year and 10% on the 12th year). The cash flows from the 14th year onward are assumed to increase on the basis of the growth rate of 2% (for the fiscal year ended March 31, 2017: 2% from the 13th year onward). Fair value is classified into level 3 as its fair value is measured using unobservable inputs.

In Brightstar (cash-generating unit group), Brightstar US and Canada region, Brightstar Latin America region, Brightstar Asia and Oceania region, and Brightstar Europe and Africa region, fair value less disposal cost is used as the recoverable amount and measured using the income approach and the market approach. Under the income approach, fair value is measured by discounting cash flows which are estimated based on business plans for the next 10 years while taking into account future cash flows that market participants would expect to receive in accordance with their assumptions, discounted to the present value using a post-tax discount rate of 9.5–11%. The cash flows from after 10 years are assumed on the basis of a 3% growth rate. Under the market approach, EV/EBITDA of similar companies which are comparable to the respective companies is used. Fair value is classified into level 3 as its fair value is measured using unobservable inputs.

The goodwill of Brightstar is allocated to the entire Brightstar entity, which is made up of four cash-generating units (Brightstar's US & Canada, Latin America, Asia & Oceania, and Europe & Africa units). Intangible assets with indefinite useful lives other than goodwill are allocated to cash generating units (Brightstar's US & Canada, Asia & Oceania, and Europe & Africa).

The business plan of Brightstar was revised during the fiscal year ended March 31, 2018, and indicators of impairment were identified at all of the cash-generating units and the cash-generating unit groups. This included impairment indicators where intangible assets with indefinite useful lives were allocated as well as the entire Brightstar entity where goodwill is allocated. Therefore, the impairment test was conducted on these cash-generating units and the entire Brightstar entity. As a result of the impairment test, an impairment loss was recognized because the recoverable amounts of Brightstar (the entire entity) and Brightstar's Europe & Africa cash-generating unit were less than the carrying amounts. Impairment losses on goodwill, intangible assets, and property, plant and equipment were ¥43,128 million ($405,949 thousand), ¥6,717 million ($63,225 thousand), and ¥652 million ($6,137 thousand), respectively. Fair value less disposal cost is used as the recoverable amount and measured using the income approach and the market approach. Under the income approach, fair value is measured by discounting cash flows which are estimated in accordance with the aforementioned assumptions and discounted to the present value using a post-tax discount rate of 10.5–11%.

Other than the above, as a result of an annual impairment test of goodwill and intangible assets with indefinite useful lives for cash-generating units or cash-generating unit groups, no impairment loss was recognized.

For the fiscal year ended March 31, 2017, goodwill of Brightstar had been allocated to the entire Brightstar entity, which was five cash-generating units (Brightstar's US & Canada, Latin America, Asia & Oceania, SoftBank Commerce & Service Corp., and Europe & Africa); however, in March 2017, its goodwill was reallocated to Brightstar, which made up of four cash-generating units except for SoftBank Commerce & Service Corp. due to the determination of business reorganization in the Distribution segment. As a result of the recognition, impairment indicators existed, the impairment test was conducted on goodwill and intangible assets with indefinite useful lives. As a result, the recoverable amount of goodwill was less than its carrying amount and, therefore, ¥30,260 million of impairment loss on goodwill was recorded in other operating loss. Value in use was used as the recoverable amount and estimated future cash flow plan of four cash-generating units approved by the management was calculated using a pre-tax discount rate of 10.97%–16.17%.

The share price of Sprint as of March 31, 2018 is $4.88 and it is below the carrying amount per share price on a consolidated basis. The fair value is measured by not only the quoted market price of the share, but also other considerations such as a future business plan, stock market, and an industry trend. The determination of fair value requires considerable judgment and is highly sensitive to changes in underlying assumptions. Continued, sustained declines in Sprint's operating results, future forecasted cash flows, growth rates and other assumptions, as well as significant, sustained declines in the Sprint share price and related market capitalization could impact the underlying key assumptions and our estimated fair values, potentially leading to a future material impairment of goodwill or intangible assets with indefinite useful lives.

For Arm, assumptions used for the fair value measurement of impairment test on goodwill and intangible assets with indefinite useful lives include management's significant judgments and estimates. Changes in precondition in business plans, such as a decline of the overall IoT market growth, an increase in competitive companies' market share and a decrease in Arm's market share, and an increase in risk of M&A achievement, could impact the estimated fair value, potentially leading to a future material impairment of goodwill or intangible assets with indefinite useful lives.

The Company determined that for cash-generating units or cash-generating unit groups to which the goodwill and intangible assets with indefinite useful lives are allocated, the recoverable amount is unlikely to fall below the carrying amount, even if major assumptions used in the impairment test change to a reasonably foreseeable extent.

15. Leases

(1) Finance leases

(As lessee)

The Company has leased assets, including wireless equipment, switching equipment, power supply systems and transmission facilities.

The components of finance lease obligations are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
The total minimum lease payments			
Within 1 year	¥ 458,234	¥ 472,969	$ 4,451,892
1 to 5 years	827,253	776,703	7,310,834
Over 5 years	2,573	7,455	70,171
Total	1,288,060	1,257,127	11,832,897
Deduction -future financial expense	(42,170)	(35,253)	(331,824)
Present value of finance lease obligations	¥1,245,890	¥1,221,874	$11,501,073

The components of the present value of finance lease obligations are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Within 1 year	¥ 438,284	¥ 455,670	$ 4,289,062
1 to 5 years	805,085	759,014	7,144,334
Over 5 years	2,521	7,190	67,677
Total	¥1,245,890	¥1,221,874	$11,501,073

The outstanding balance by year of maturity of financial lease obligations is described in "(2) Financial risk management c. Liquidity risk" in "Note 26. Financial instrument."

Certain lease contracts have financial covenants. Major contents are described in "(3) Financial covenants" in "Note 20. Interest-bearing debt."

The components of the future minimum lease payments receivable under non-cancelable subleases are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Total	¥28,006	¥35,665	$335,702

(2) Operating leases

(As lessee)

The Company leases towers, land and buildings for the placement of telecommunications equipment, frequency spectrum, and telecommunication lines under operating leases. Certain operating lease contracts have automatic renewal options and escalation clauses.

In addition to the non-cancelable period, an automatic renewal option is included in the lease term to the extent that, at the inception of the lease, it is reasonably certain that the option will be exercised. For operating leases with escalation clauses or a portion of which is free of charge, the total lease payment amount is amortized over the lease term by the straight line method.

Cell site leases

Cell site leases in the U.S. are generally provided by the cell phone tower operators who provide tower and ground space to place Sprint-owned antennae, radio, and related equipment. The contract terms generally provide for an initial non-cancelable term of 5 to 12 years with up to five renewal options for five years each. At the establishment of the cell sites leases, it is assumed that at least one renewal option is exercised for contracts less than 10 years.

Cell site leases in Japan contain only land or buildings for the placement of cell sites. Most of the contract terms are 10 years or 20 years. At the establishment of the cell site leases, it is reasonably certain that they will be used until the contract term expires.

Spectrum leases (U.S.)

U.S. leased spectrum agreements have renewal options. For those contracts, it is reasonably certain that, at the inception of the transaction, all the renewal options will be used and terms including renewal terms are up to 30 years.

The components of the future minimum lease payments related to non-cancelable operating leases are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Within 1 year	¥ 377,393	¥ 380,185	$ 3,578,549
1 to 5 years	1,216,504	1,175,368	11,063,328
Over 5 years	1,051,701	1,138,070	10,712,255
Total	¥2,645,598	¥2,693,623	$25,354,132

Operating lease payments recognized as expenses for the fiscal year ended March 31, 2018 totaled ¥493,471 million ($4,644,870 thousand) (for the fiscal year ended March 31, 2017: ¥494,579 million).

(As lessor)

Sprint provides a device leasing program to its qualifying subscribers in the U.S. and SoftBank Corp. provides device rental service to corporate customers in Japan. The Company classifies substantially all transactions as operating leases along with the device leasing program and device rental service. At the end of the lease term of the device leasing program at Sprint, the subscriber has the option to turn in their device, continue leasing their device, or purchase their device. Since device leases are provided on the condition that subscribers maintain telecommunication services with the Company, the amount of revenue from these transactions is separated into the amount of payments to be received for device leases and other elements based on the fair value of telecommunication service and lease.

The components of the future minimum lease payments receivable under non-cancelable operating leases are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Within 1 year	¥287,176	¥401,960	$3,783,509
1 to 5 years	54,198	76,564	720,670
Over 5 years	1,097	2,381	22,412
Total	¥342,471	¥480,905	$4,526,591

16. Major subsidiaries

(1) Organizational structure

The Company's major subsidiaries are as follows:

Company Name	Reportable segments	Location	Ownership percentage of voting rights (%) As of March 31, 2017	As of March 31, 2018
SoftBank Corp.	Domestic Telecommunications	Tokyo	99.99	**99.99**
Wireless City Planning Inc.[1]	Domestic Telecommunications	Tokyo	32.2	**32.2**
SoftBank Payment Service Corp.	Domestic Telecommunications	Tokyo	100	**100**
Sprint Corporation	Sprint	U.S.	83.0	**84.7**
Sprint Communications, Inc.	Sprint	U.S.	100	**100**
Yahoo Japan Corporation[2]	Yahoo Japan	Tokyo	43.0	**43.0**
ValueCommerce Co., Ltd.	Yahoo Japan	Tokyo	52.3	**52.1**
ASKUL Corporation[3]	Yahoo Japan	Tokyo	45.3	**45.2**
eBOOK Initiative Japan Co., Ltd.[4]	Yahoo Japan	Tokyo	44.6	**44.1**
The Japan Net Bank, Limited[5]	Yahoo Japan	Tokyo	41.1	**41.2**
Brightstar Global Group Inc.	Distribution	U.S.	87.1	**87.1**
Brightstar Corp.	Distribution	U.S.	100	**100**
SoftBank Commerce & Service Corp.	Distribution	Tokyo	100	**100**
Arm Limited	Arm	U.K.	100	**100**
Arm PIPD Holdings One, LLC	Arm	U.S.	100	**100**
Arm PIPD Holdings Two, LLC	Arm	U.S.	100	**100**
SB Investment Advisers (UK) Limited	SoftBank Vision Fund and Delta Fund	U.K.	100	**100**
SoftBank Vision Fund L.P.[6]	SoftBank Vision Fund and Delta Fund	Bailiwick of Jersey	–	**–**
SoftBank Vision Fund (AIV M1) L.P.[6]	SoftBank Vision Fund and Delta Fund	U.S.	–	**–**
SoftBank Vision Fund (AIV M2) L.P.[6]	SoftBank Vision Fund and Delta Fund	U.S.	–	**–**
SoftBank Vision Fund (AIV S1) L.P.[6]	SoftBank Vision Fund and Delta Fund	U.S.	–	**–**
SB Delta Fund (Jersey) L.P.[6]	SoftBank Vision Fund and Delta Fund	Bailiwick of Jersey	–	**–**
SoftBank Group International GK	Company-wide	Tokyo	100	**100**
SoftBank Group Capital Limited	Company-wide	U.K.	100	**100**
SB Group US, Inc.	Company-wide	U.S.	100	**100**
Fortress Investment Group LLC	Other	U.S.	–	**100**
Fukuoka SoftBank HAWKS Corp.	Other	Fukuoka	100	**100**
SB Energy Corp.	Other	Tokyo	100	**100**
SoftBank Robotics Group Corp.	Other	Tokyo	60.0	**69.7**
SBBM Corporation	Other	Tokyo	100	**100**
Skywalk Finance GK	Other	Tokyo	100	**100**
ITmedia Inc.	Other	Tokyo	58.0	**57.7**
SoftBank Technology Corp.	Other	Tokyo	54.6	**54.3**
Vector Inc.	Other	Tokyo	52.1	**52.1**
SoftBank Ventures Korea Corp.	Other	South Korea	100	**100**
SoftBank Korea Corp.	Other	South Korea	100	**100**
SoftBank Holdings Inc.	Other	U.S.	100	**100**
SoftBank America Inc.	Other	U.S.	100	**100**
SB Pan Pacific Corporation	Other	Micronesia	100	**100**
SB Cayman 2 Ltd.	Other	Cayman	–	**100**
SB INVESTMENT HOLDINGS (UK) LIMITED	Other	U.K.	–	**100**
STARFISH I PTE. LTD.	Other	Singapore	100	**100**
Starburst I, Inc.	Other	U.S.	100	**100**
West Raptor Holdings, LLC	Other	U.S.	100	**100**
Hayate Corporation	Other	Micronesia	100	**100**

Notes:
1. The Company does not own the majority of Wireless City Planning Inc.'s voting rights. However, the Company determined that it has control over Wireless City Planning Inc. and included it into the scope of consolidation, considering the fact that SoftBank Group Corp.'s directors, SoftBank Corp.'s directors and corporate officers constitute the majority of members of Wireless City Planning Inc.'s Board of Directors and that Wireless City Planning Inc.'s business activities significantly depend on the Company.
2. The Company does not own the majority of Yahoo Japan Corporation's voting rights. However, the Company determined that it has control over Yahoo Japan Corporation and included it into the scope of consolidation, considering the fact that the Company holds 43.0% of the voting rights of Yahoo Japan Corporation and SoftBank Group Corp.'s directors and SoftBank Corp.'s directors constitute the majority of the members of Yahoo Japan Corporation's Board of Directors.
3. The Company does not own the majority of ASKUL Corporation's voting rights. However, the Company determined that it has control over ASKUL Corporation and included it into the scope of consolidation, considering the fact that the Company holds 45.3% of the voting rights of ASKUL Corporation, the dispersion of voting rights in ASKUL Corporation and the voting patterns exercised in ASKUL Corporation's past shareholders meetings.
4. The Company does not own the majority of eBOOK Initiative Japan Co., Ltd.'s voting rights. However, the Company determined that it has control over eBOOK Initiative Japan Co., Ltd. and included it into the scope of consolidation, considering the fact that the Company holds 44.6% of the voting rights of eBOOK Initiative Japan Co., Ltd., and Yahoo Japan Corporation's directors and its employees constitute the majority of the members of eBOOK Initiative Japan Co., Ltd.'s Board of Directors.
5. The Company does not own the majority of The Japan Net Bank, Limited's voting rights. However, the Company determined that it has control over The Japan Net Bank, Limited and included it into the scope of consolidation, considering the fact that the Company holds 41.2% of the voting rights of The Japan Net Bank, Limited and Yahoo Japan Corporation's directors and its employees constitute the majority of the members of The Japan Net Bank, Limited's Board of Directors.
6. Limited partnerships are deemed as structured entities and the voting rights are not described. The details are described in "(1) Consolidated structured entities" in "Note 18. Structured entities."

(2) Summarized consolidated financial information and other information on subsidiaries with significant non-controlling interests

a. Sprint (Sprint Corporation and its group companies)

(a) General information

	As of March 31, 2017	As of March 31, 2018
Ownership ratio of the non-controlling interests (%)	17.0	15.3

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥274,376	¥377,179	$3,550,254

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Net income (loss) allocated to the non-controlling interests of subsidiary group	¥(24,295)	¥131,145	$1,234,422

(b) Summarized consolidated financial information

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Current assets	¥1,583,724	¥1,514,184	$14,252,485
Non-current assets	7,790,217	7,392,667	69,584,591
Current liabilities	1,424,313	1,187,790	11,180,252
Non-current liabilities	6,108,478	5,158,417	48,554,377
Net assets	1,841,150	2,560,644	24,102,447

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Net sales	¥3,623,375	¥3,601,961	$33,904,000
Net income (loss)	(148,261)	829,338	7,806,269
Total comprehensive income	(160,823)	827,083	7,785,043

No dividends were paid to non-controlling interests by Sprint for the fiscal year ended March 31, 2017 and the fiscal year ended March 31, 2018.

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Net cash provided by operating activities	¥ 373,446	¥ 656,207	$ 6,176,647
Net cash used in investing activities	(1,011,880)	(234,203)	(2,204,471)
Net cash provided by (used in) financing activities	658,123	(11,775)	(110,834)
Effect of exchange rate changes on cash and cash equivalents	4,750	(29,946)	(281,871)
Increase in cash and cash equivalents	¥ 24,439	¥ 380,283	$ 3,579,471

b. Yahoo (Yahoo Japan Corporation and its group companies)

(a) General information

	As of March 31, 2017	As of March 31, 2018
Ownership ratio of the non-controlling interests (%)	57.0	57.1

	As of March 31, 2017 (Millions of yen)	As of March 31, 2018 (Millions of yen)	As of March 31, 2018 (Thousands of U.S. dollars)
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥583,106	¥669,940	$6,305,911

	Fiscal year ended March 31, 2017 (Millions of yen)	Fiscal year ended March 31, 2018 (Millions of yen)	Fiscal year ended March 31, 2018 (Thousands of U.S. dollars)
Net income allocated to the non-controlling interests of subsidiary group	¥73,172	¥75,951	$714,900

(b) Summarized consolidated financial information

	As of March 31, 2017 (Millions of yen)	As of March 31, 2018 (Millions of yen)	As of March 31, 2018 (Thousands of U.S. dollars)
Current assets	¥ 966,818	¥1,492,508	$14,048,457
Non-current assets	585,974	1,038,884	9,778,652
Current liabilities	416,168	1,170,310	11,015,719
Non-current liabilities	119,334	224,436	2,112,538
Net assets	1,017,290	1,136,646	10,698,852

	Fiscal year ended March 31, 2017 (Millions of yen)	Fiscal year ended March 31, 2018 (Millions of yen)	Fiscal year ended March 31, 2018 (Thousands of U.S. dollars)
Net sales	¥853,730	¥897,185	$8,444,889
Net income	132,634	134,412	1,265,173
Total comprehensive income	134,436	136,045	1,280,544

Dividends paid to the non-controlling interests by Yahoo Japan Corporation for the fiscal year ended March 31, 2018 is ¥28,771 million ($270,811 thousand) (for the fiscal year ended March 31, 2017: ¥28,748 million).

	Fiscal year ended March 31, 2017 (Millions of yen)	Fiscal year ended March 31, 2018 (Millions of yen)	Fiscal year ended March 31, 2018 (Thousands of U.S. dollars)
Net cash provided by operating activities	¥128,627	¥ 78,203	$ 736,098
Net cash (used in) provided by investing activities	(58,651)	229,810	2,163,121
Net cash provided by financing activities	23,996	21,290	200,395
Effect of exchange rate changes on cash and cash equivalents	(70)	(562)	(5,290)
Increase in cash and cash equivalents	¥ 93,902	¥328,741	$3,094,324

17. Investments accounted for using the equity method

(1) Summarized consolidated financial information and other of the significant associates

Alibaba Group Holding Limited

a. General information

Alibaba (registered in Cayman) operates online marketplaces “Taobao Marketplace,” “Tmall,” “Alibaba.com” and other through its group company.

b. Summarized consolidated financial information

IFRSs summarized consolidated financial information for Alibaba is as follows.

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

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Current assets	¥2,944,857	¥4,691,662	$44,160,975
Non-current assets	5,301,646	7,761,069	73,052,231
Current liabilities	1,546,084	2,336,584	21,993,449
Non-current liabilities	1,528,963	2,612,685	24,592,291
Equity			
Total equity attributable to owners of the parent	4,373,539	6,431,715	60,539,486
Non-controlling interests	797,917	1,071,747	10,087,980

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Net sales	¥2,337,597	¥3,863,866	$36,369,221
Net income	1,026,796	1,381,218	13,000,922
Other comprehensive income, net of tax	(120,129)	7,905	74,407
Total comprehensive income	¥ 906,667	¥1,389,123	$13,075,329

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Net income attributable to owners of the parent	¥1,062,873	¥1,432,005	$13,478,963
Other comprehensive income attributable to owners of the parent, net of tax	(130,113)	13,625	128,247
Total comprehensive income attributable to owners of the parent	¥ 932,760	¥1,445,630	$13,607,210

There was no dividend received from Alibaba for the fiscal years ended March 31, 2017 and 2018.

The reconciliation between total equity attributable to owners of the parent based on the summarized consolidated financial information above and the carrying amount of the interests in Alibaba is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Total equity attributable to owners of the parent	¥4,373,539	¥6,431,715	$60,539,486
Interest ratio (%)	30.05	29.36	29.36
Interests of the Company	1,314,249	1,888,352	17,774,398
Goodwill	139,290	141,340	1,330,384
Accumulated amortization of goodwill on the IFRSs transition date[1]	(6,899)	(7,001)	(65,898)
Stock acquisition rights	(80,326)	(103,345)	(972,750)
Other[2]	(30,068)	(34,296)	(322,817)
Carrying amount of the interests in Alibaba	¥1,336,246	¥1,885,050	$17,743,317

Notes:
1. Goodwill recorded by Alibaba from business combinations before the IFRSs transition date was amortized over the periods in which economic benefits were reasonably expected to be realized, when the Company applied the equity method to the investment in Alibaba under previous accounting principles (JGAAP). The adjustment amount above reflects the accumulated amortization of goodwill at the date of transition to IFRSs.
2. Other relates to adjustments mainly related to organization restructurings such as the transfer of Taobao shares in 2005 and the purchase of treasury stocks by Alibaba from Yahoo! Inc. in the U.S. in 2012.

c. Fair value of investment in Alibaba

The fair value of the investment in Alibaba based on market price is ¥14,565,941 million ($137,104,113 thousand) as of March 31, 2018 (as of March 31, 2017: ¥9,036,776 million).

(2) Aggregated information on investment in insignificant associates and joint ventures

The aggregated information of insignificant investments accounted for using the equity method, other than (1) above (total amount of the Company's interests), is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Carrying amount of the interests			
Associates	¥327,184	¥440,342	$4,144,785
Joint ventures	7,369	3,225	30,356
Total	¥334,553	¥443,567	$4,175,141

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Net income (loss)			
Associates	¥(9,159)	¥(20,005)	$(188,300)
Joint ventures	545	(182)	(1,713)
Total	¥(8,614)	¥(20,187)	$(190,013)
Other comprehensive income, net of tax			
Associates	481	16,121	151,741
Joint ventures	658	76	716
Total	¥ 1,139	¥ 16,197	$ 152,457
Total comprehensive income			
Associates	(8,678)	(3,884)	(36,559)
Joint ventures	1,203	(106)	(997)
Total	¥(7,475)	¥ (3,990)	$ (37,556)

(3) Assets with restrictions on use

The carrying amount of investments accounted for using the equity method with restrictions on use (sale, transfer, disposal or dividend distributions, and other) based on the guarantee contracts within the group for fund procurements is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Investments accounted for using the equity method	¥–	¥55,351	$521,000

18. Structured entities

(1) Consolidated structured entities

The Company owns investment funds which are structured entities consolidated by the Company. These funds are structured as venture funds in the form of partnerships and limited partnerships for investment, and designed so that the voting rights or similar rights are not determinant in evaluating control. The Company evaluated that it controls the operation of those structured entities.

Please refer to "a. Consolidation of SoftBank Vision Fund and Delta Fund business by the Company" under "(21) Significant accounting policies for SoftBank Vision Fund and Delta Fund" in "a. Consolidation of the SoftBank Vision Fund and Delta Fund business by the Company" in "Note 3. Significant accounting policies" for evaluation of control over the following entities that comprise SoftBank Vision Fund and Delta Fund business.

Company Name	Location
SoftBank Vision Fund L.P.	Bailiwick of Jersey
SoftBank Vision Fund (AIV M1) L.P.	U.S.
SoftBank Vision Fund (AIV M2) L.P.	U.S.
SoftBank Vision Fund (AIV S1) L.P.	U.S.
SB Delta Fund (Jersey) L.P.	Bailiwick of Jersey

The Company is engaged in investment commitment contracts with certain consolidated structured entities.

The Company has not provided, nor intends to provide, any significant financial support or other significant support to the consolidated structured entities without contractual obligation.

(2) Unconsolidated structured entities

The Company owns investment funds, which are structured entities that are not consolidated by the Company. These funds are structured as venture funds in the form of partnerships, limited partnerships for investment and investment trusts, and designed so that the voting rights or similar rights are not determinant in evaluating control. The third parties control the operation of these structured entities. The funds are financed by the subscription by its partners.

The scale of the structured entities which are not consolidated, the carrying amount of the investment in the entities by the Company, and the potential maximum loss exposure of the Company are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Total assets of the unconsolidated structured entities (aggregate amount)	¥523,860	¥1,082,817	$10,192,178
The maximum loss exposure of the Company			
The carrying amount of the investment recognized by the Company	62,079	107,293	1,009,912
Commitment contracts related to additional investment	18,540	52,730	496,329
Total	¥ 80,619	¥ 160,023	$ 1,506,241

The investment recognized by the Company is included in "Investments accounted for using the equity method" or "Investment securities" in the consolidated statement of financial position. There is no liability to recognize related to unconsolidated structured entities.

The potential maximum loss exposure incurred from the involvement with the structured entities is limited to the total of the carrying amount of the Company's investment and commitment regarding additional investment.

The Company's maximum loss exposure represents the potential maximum loss amount, and does not indicate any estimated loss amount by being involved with structured entities.

The Company has not provided, nor intends to provide, any financial support or other significant support to the unconsolidated structured entities above without contractual obligation.

19. Income taxes

(1) Tax expenses

The components of income tax expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Current tax expenses	¥(317,676)	¥ (267,034)	$ (2,513,498)
Deferred tax expenses	524,781	1,120,216	10,544,202
Total	¥ 207,105	¥ 853,182	$ 8,030,704

There is a reduction of current tax expense due to the benefit from net operating loss carryforwards, tax credit carryforwards and temporary differences that occurred in previous periods and that were unaccompanied by the recognition of deferred tax assets. The reduction of current tax expense for the year ended March 31, 2018 was ¥5,634 million ($53,031 thousand) (for the fiscal year ended March 31, 2017: ¥33,768 million).

The amount of deferred tax expenses arising from write-off of deferred tax assets or reversal of the write-off of deferred tax assets recorded in the previous years is included. As a result, the reduction of deferred tax expenses for the fiscal year ended March 31, 2018 was ¥285,346 million ($2,685,862 thousand) (for the fiscal year ended March 31, 2017: increase by ¥4,758 million). The reduction is mainly due to the enactment of the Tax Cuts and Jobs Act of 2017 (the "Tax Act") in December 2017 in the U.S. The details are described in "Notes 2. b. Abolition of time limit on use of future loss carryforwards" in "(2) Reconciliation of the statutory effective tax rate and actual tax rate."

(2) Reconciliation of the statutory effective tax rate and actual tax rate

The reconciliation of the statutory effective tax rate and actual tax rate is as follows. The actual tax rate represents the ratio of income tax expenses to income before income tax.

(Unit :%)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Statutory effective tax rate[1]	31.7	31.7
Effect from the enactment of the Tax Act in the U.S.[2]	–	(211.4)
Effect from evaluating recoverability of deferred tax assets	15.9	(32.8)
Income on equity method investments	(5.4)	(23.5)
Aggregation of income earned by controlled foreign companies	3.8	7.3
Impairment loss on goodwill	1.3	3.9
Effect from profit or loss that does not impact taxable gain or loss	(7.5)	(0.3)
Effect to temporary difference associated with investment by sales of shares of associates between consolidated subsidiaries	(71.1)	–
Loss relating to loss of control	3.1	–
Other	(0.9)	3.3
Actual tax rate	(29.1)	(221.8)

Notes:
1. The Company is subject to income taxes, residence taxes and deductible enterprise taxes. The statutory effective tax rate for the fiscal year ended March 31, 2018 based on these taxes is 31.7% (for the fiscal year ended March 31, 2017: 31.7%), except for foreign subsidiaries that are subject to income taxes at their respective locations.
2. Due to the enactment of the Tax Act in December 2017 in the U. S., a deferred tax liability of ¥776,945 million ($7,313,112 thousand) (translated at the exchange rate as of March 31, 2018) mainly at Sprint was reversed. Also income taxes in the consolidated statement of income decreased by ¥815,059 million ($7,671,866 thousand) and other comprehensive income increased by ¥8,244 million ($77,598 thousand). The details are as follows.

a. Reduction in the federal corporate tax rate
The federal corporate tax rate was reduced from 35% to 21% effective January 1, 2018. Due to the reduction, ¥550,093 million ($5,177,833 thousand) of a part of deferred tax liabilities related to the FCC license and others, which was calculated based on the tax rate as of the acquisition date of Sprint in 2013, was reversed. Also, income taxes decreased by ¥584,026 million ($5,497,233 thousand).

b. Abolition of time limit on use of future loss carryforwards
Net operating losses generated in tax years beginning after December 31, 2017 may be carried forward indefinitely. For Sprint, its tax year starts from April; therefore, net operating losses generated after April 1, 2018 may be carried forward indefinitely.
At Sprint, for certain deductible temporary differences where deferred tax assets could not be previously realized, it was likely to be recoverable because the taxable temporary differences from assets with indefinite lives, such as the FCC licenses, may be a source of future taxable income. As a result of this change, ¥226,852 million ($2,135,279 thousand) of deferred tax assets were recognized (offset by deferred tax liabilities). Also, income taxes decreased by ¥231,033 million ($2,174,633 thousand) and other comprehensive income increased by ¥8,244 million ($77,598 thousand).

(3) Movement of deferred tax assets and deferred tax liabilities

The movement of deferred tax assets and deferred tax liabilities is as follows:

For the fiscal year ended March 31, 2017

(Millions of yen)

	As of March 31, 2016	Recognized in profit or loss	Recognized in other comprehensive income	Business combination[1]	Exchange differences	Other	As of March 31, 2017
Deferred tax assets							
Property, plant and equipment	¥ 119,235	¥ 5,282	¥ –	¥ –	¥ 509	¥ 2	¥ 125,028
Accrued expenses and other liabilities	208,530	(51,483)	(27)	45	(2,032)	(1,183)	153,850
Net operating loss carryforwards and tax credit carryforwards[2]	80,420	(66,226)	–	9,831	(4,465)	51	19,611
Temporary difference associated with investment in subsidiaries, associates and joint ventures[3]	2,468	227,630	–	–	(2)	–	230,096
Other	82,204	(15,949)	195	1,027	(298)	3,247	70,426
Total	492,857	99,254	168	10,903	(6,288)	2,117	599,011
Deferred tax liabilities							
FCC licenses	(1,436,844)	(19,567)	–	–	3,960	–	(1,452,451)
Customer relationships	(158,040)	50,760	–	(27,233)	1,686	–	(132,827)
Trademarks	(288,815)	1,070	–	(1,100)	1,210	–	(287,635)
Technologies	–	8,312	–	(98,381)	(1,089)	–	(91,158)
Temporary difference associated with investment in subsidiaries, associates and joint ventures[4]	(350,431)	333,388	849	–	32	5,757	(10,405)
Investment securities	(35,267)	16,693	(16,262)	–	(93)	629	(34,300)
Other	(133,760)	34,871	(344)	(832)	3,435	(29,991)[5]	(126,621)
Total	(2,403,157)	425,527	(15,757)	(127,546)	9,141	(23,605)	(2,135,397)
Net	¥(1,910,300)	¥524,781	¥(15,589)	¥(116,643)	¥ 2,853	¥(21,488)	¥(1,536,386)

Notes:
1. The increase from "Business combination" is mainly due to the consolidation of Arm. The details are described in "(1) Arm" in "Note 7. Business combinations."
2. The Company recognizes deferred tax assets related to the entities that recorded a loss in either the fiscal year ended March 31, 2016 or 2017, in the amount of ¥11,062 million for the fiscal year ended March 31, 2017. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized.
3. The increase in deferred tax assets from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" is due to the recognition of deferred tax assets on temporary differences on investment which arose from changes in the carrying amount on a tax basis, due to the sales of Alibaba shares to a subsidiary of the Company. The amount of deferred tax assets recognized as of March 31, 2017 is ¥229,980 million.
4. The decrease in deferred tax liabilities from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" is mainly due to the write-off of deferred tax liabilities on temporary differences on investment which arose from sales of Alibaba shares. The amount of deferred tax liabilities recognized as of March 31, 2017 is ¥7,747 million.
5. The increase in deferred tax liabilities from "Other" is mainly due to the recognition of deferred tax liabilities of ¥38,979 million for taxable income in the foreseeable future, resulting from the sales of Supercell shares to a foreign subsidiary of the Company. In addition, deferred tax expenses of ¥38,979 million is included in "Net income from discontinued operations" in the consolidated statement of income for the fiscal year ended March 31, 2017.

For the fiscal year ended March 31, 2018

(Millions of yen)

	As of March 31, 2017	Recognized in profit or loss	Recognized in other comprehensive income	Business combination	Exchange differences	Other	As of March 31, 2018
Deferred tax assets							
Property, plant and equipment[1]	¥ 125,028	¥ 140,018	¥ –	¥ –	¥(10,194)	¥ 201	¥ 255,053
Accrued expenses and other liabilities[1]	153,850	52,228	8,497	142	(6,922)	109	207,904
Net operating loss carryforwards and tax credit carryforwards[2]	19,611	2,966	–	44	(698)	73	21,996
Temporary difference associated with investment in subsidiaries, associates and joint ventures[3]	230,096	150,292	–	6,837	(514)	–	386,711
Other	70,426	141,505	(11)	3,016	(2,571)	4,594	216,959
Total	599,011	487,009	8,486	10,039	(20,899)	4,977	1,088,623
Deferred tax liabilities							
FCC licenses[1]	(1,452,451)	469,035	–	–	49,815	–	(933,601)
Customer relationships[1]	(132,827)	57,873	–	–	189	–	(74,765)
Trademarks[1]	(287,635)	95,448	–	–	9,141	–	(183,046)
Technologies	(91,158)	7,984	–	(958)	(5,758)	–	(89,890)
Temporary difference associated with investment in subsidiaries, associates and joint ventures	(10,405)	(24,564)	103	–	37	(223)	(35,052)
Investment securities[4]	(34,300)	(8,552)	(36,404)	(123)	167	(1,816)	(81,028)
Other	(126,621)	35,983	(4,081)	(31,664)[5]	1,066	(4,036)	(129,353)
Total	(2,135,397)	633,207	(40,382)	(32,745)	54,657	(6,075)	(1,526,735)
Net	¥(1,536,386)	¥1,120,216	¥(31,896)	¥(22,706)	¥ 33,758	¥(1,098)	¥ (438,112)

(Thousands of U.S. dollars)

	As of March 31, 2017	Recognized in profit or loss	Recognized in other comprehensive income	Business combination	Exchange differences	Other	As of March 31, 2018
Deferred tax assets							
Property, plant and equipment[1]	$ 1,176,845	$ 1,317,941	$ –	$ –	$ (95,953)	$ 1,892	$ 2,400,725
Accrued expenses and other liabilities[1]	1,448,136	491,604	79,979	1,337	(65,154)	1,026	1,956,928
Net operating loss carryforwards and tax credit carryforwards[2]	184,592	27,918	–	414	(6,570)	687	207,041
Temporary difference associated with investment in subsidiaries, associates and joint ventures[3]	2,165,813	1,414,646	–	64,354	(4,838)	–	3,639,975
Other	662,895	1,331,937	(104)	28,389	(24,200)	43,242	2,042,159
Total	5,638,281	4,584,046	79,875	94,494	(196,715)	46,847	10,246,828
Deferred tax liabilities							
FCC licenses[1]	(13,671,414)	4,414,863	–	–	468,891	–	(8,787,660)
Customer relationships[1]	(1,250,254)	544,738	–	–	1,779	–	(703,737)
Trademarks[1]	(2,707,408)	898,419	–	–	86,041	–	(1,722,948)
Technologies	(858,038)	75,150	–	(9,017)	(54,198)	–	(846,103)
Temporary difference associated with investment in subsidiaries, associates and joint ventures	(97,939)	(231,212)	970	–	348	(2,099)	(329,932)
Investment securities[4]	(322,854)	(80,497)	(342,658)	(1,158)	1,572	(17,093)	(762,688)
Other	(1,191,839)	338,695	(38,413)	(298,043)[5]	10,034	(37,989)	(1,217,555)
Total	(20,099,746)	5,960,156	(380,101)	(308,218)	514,467	(57,181)	(14,370,623)
Net	$(14,461,465)	$10,544,202	$(300,226)	$(213,724)	$ 317,752	$(10,334)	$ (4,123,795)

Notes:
1. The increase in deferred tax assets from "Property, plant and equipment" and "Accrued expenses and other liabilities" and the decrease in deferred tax liabilities from "FCC licenses" and "Trademarks" are due to the effect from the enactment of the Tax Act in the U. S. at Sprint. The details are described in "Notes 2." in "(2) Reconciliation of the statutory effective tax rate and actual tax rate."
2. The Company recognizes deferred tax assets related to the entities that recorded a loss in either the fiscal year ended March 31, 2017 or 2018, in the amount of ¥13,344 million ($125,602 thousand) for the fiscal year ended March 31, 2018. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized.
3. The increase in deferred tax assets from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" is due to the recognition of deferred tax assets on temporary differences on investment which arose from changes in the carrying amount on a tax basis, due to the sales of Alibaba shares to a subsidiary of the Company. The amount of deferred tax assets recognized as of March 31, 2018 is ¥377,232 million ($3,550,753 thousand).
4. The increase from "Investment securities" is mainly due to the increase in valuation gain on available-for-sale financial assets.
5. The increase from "Business combination" is mainly due to the consolidation of Fortress. The details are described in "(2) Fortress" in "Note 7. Business combinations."

Deferred tax assets and liabilities in the consolidated statement of financial position are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Deferred tax assets	¥ 404,994	¥ 647,514	$ 6,094,823
Deferred tax liabilities	(1,941,380)	(1,085,626)	(10,218,618)
Net	¥(1,536,386)	¥ (438,112)	$ (4,123,795)

(4) Deductible temporary differences, net operating loss carryforwards and tax credit carryforwards, unaccompanied by the recognition of deferred tax assets

Deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards unaccompanied by the recognition of deferred tax assets are as follows. The amounts below are on a tax basis.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Deductible temporary differences	¥ 609,386	¥ 262,975	$ 2,475,292
Net operating loss carryforwards	852,142	1,349,432	12,701,732
Tax credit carryforwards	39,148	33,536	315,662
Total	¥1,500,676	¥1,645,943	$15,492,686

Expiration of net operating loss carryforwards and tax credit carryforwards unaccompanied by recognition of deferred tax assets is as follows. There is no deductible temporary difference with an expiry date.

	(Millions of yen)		(Thousands of U.S. dollars)
Net operating loss carryforwards (tax basis)	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
1st year	¥ 18,692	¥ 15,405	$ 145,002
2nd year	14,978	19,319	181,843
3rd year	21,021	16,396	154,330
4th year	20,621	7,519	70,774
5th year and thereafter and no expiry date	776,830	1,290,793	12,149,783
Total	¥852,142	¥1,349,432	$12,701,732

	(Millions of yen)		(Thousands of U.S. dollars)
Tax credit carryforwards (tax basis)	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
1st year	¥ 8,254	¥ 1,278	$ 12,029
2nd year	1,183	2,306	21,706
3rd year	2,438	2,461	23,165
4th year	2,598	1,523	14,335
5th year and thereafter and no expiry date	24,675	25,968	244,428
Total	¥39,148	¥33,536	$315,663

In addition to the above, total future deductible temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax assets related to the investment in subsidiaries, associates and joint ventures as of March 31, 2018 are ¥657,491 million ($6,188,733 thousand) (as of March 31, 2017: ¥2,652,745 million).

(5) Future taxable temporary differences unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries

Total future taxable temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries as of March 31, 2018 are ¥1,651,164 million ($15,541,830 thousand) (as of March 31, 2017: ¥1,645,736 million).

20. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)		
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018	Average interest rate (%)[1]	Maturity[2]
Current					
Short-term borrowings[3]	¥ 667,664	¥ 957,573	$ 9,013,300	1.17	–
Commercial paper	80,000	100,000	941,265	0.07	–
Current portion of long-term borrowings[3]	1,128,510	1,093,705	10,294,663	1.66	–
Current portion of corporate bonds[5]	339,462	590,277	5,556,071	4.08	–
Current portion of lease obligations	438,284	455,670	4,289,063	1.70	–
Current portion of installment payables	40,173	20,180	189,947	2.10	–
Total	¥ 2,694,093	¥ 3,217,405	$ 30,284,309		
Non-current					
Long-term borrowings[3]	3,377,625	5,121,591	48,207,747	2.64	Apr. 2019 – Nov. 2044
Corporate bonds[5]	7,233,838	7,234,049	68,091,576	4.57	May. 2019 – Sep. 2043
Lease obligations	807,606	766,204	7,212,011	1.73	Apr. 2019 – Feb. 2028
Financial liabilities relating to the sale of shares by variable prepaid forward contract[4]	715,448	688,332	6,479,029	1.59	Jun. 2019
Installment payables	29,760	14,607	137,489	3.19	Apr. 2019 – Sep. 2022
Total	¥12,164,277	¥13,824,783	$130,127,852		

Notes:
1. Average interest rate represents the weighted-average interest rate to the balance as of March 31, 2018.
2. Maturity represents the maturity of the outstanding balance as of March 31, 2018.
3. The amounts of SoftBank Vision Fund and Delta Fund interest-bearing debt included in the above components of interest-bearing debt are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Current			
Short-term borrowings	¥–	¥ 87,259	$ 821,338
Current portion of long-term borrowings	–	313,143	2,947,506
Total	¥–	¥400,402	$3,768,844
Non-current			
Long-term borrowings	–	108,749	1,023,616
Total	¥–	¥108,749	$1,023,616
SoftBank Vision Fund and Delta Fund interest-bearing debt (before elimination of inter-company transactions)	–	509,151	4,792,460
Eliminated amount of inter-company transactions	–	(10,744)	(101,129)
SoftBank Vision Fund and Delta Fund interest-bearing debt (after elimination of inter-company transactions)	¥–	¥498,407	$4,691,331

4. The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract."

5. A summary of the issuance condition of bonds is as follows:

Company name / Name of bond	Date of issuance	Balance of issue amount[6]	As of March 31, 2017 (Millions of yen)[7]	**As of March 31, 2018** (Millions of yen)[7]	**As of March 31, 2018** (Thousands of U.S. dollars)[7]	Interest rate (%)	Date of maturity
SoftBank Group Corp.							
35th Unsecured Straight Bond	Jan. 25, 2011	¥ –	¥ 9,995 (9,995)	¥ –	$ –	1.66	Jan. 25, 2018
39th Unsecured Straight Bond	Sep. 24, 2012	–	99,956 (99,956)	–	–	0.74	Sep. 22, 2017
40th Unsecured Straight Bond	Sep. 14, 2012	–	9,996 (9,996)	–	–	0.73	Sep. 14, 2017
43rd Unsecured Straight Bond	Jun. 20, 2013	¥400,000 million	398,813	**399,831 (399,831)**	**3,763,469 (3,763,469)**	1.74	Jun. 20, 2018
44th Unsecured Straight Bond	Nov. 29, 2013	¥ 50,000 million	49,883	**49,915**	**469,832**	1.69	Nov. 27, 2020
45th Unsecured Straight Bond	May 30, 2014	¥300,000 million	298,384	**299,160**	**2,815,889**	1.45	May 30, 2019
46th Unsecured Straight Bond	Sep. 12, 2014	¥400,000 million	397,522	**398,548**	**3,751,394**	1.26	Sep. 12, 2019
47th Unsecured Straight Bond	Jun. 18, 2015	¥100,000 million	99,178	**99,438**	**935,975**	1.36	Jun. 18, 2020
48th Unsecured Straight Bond	Dec. 10, 2015	¥370,000 million	366,200	**366,870**	**3,453,219**	2.13	Dec. 9, 2022
49th Unsecured Straight Bond	Apr. 20, 2016	¥ 20,000 million	19,919	**19,932**	**187,613**	1.94	Apr. 20, 2023
50th Unsecured Straight Bond	Apr. 20, 2016	¥ 30,000 million	29,862	**29,877**	**281,222**	2.48	Apr. 20, 2026
51st Unsecured Straight Bond	Mar. 16, 2017	¥400,000 million	394,989	**395,713**	**3,724,708**	2.03	Mar. 15, 2024
52nd Unsecured Straight Bond	Mar. 8, 2017	¥ 50,000 million	49,777	**49,809**	**468,835**	2.03	Mar. 8, 2024
USD-denominated Senior Notes due 2020[8]	Apr. 23, 2013	$ 2,485 million	276,791	**262,743**	**2,473,108**	4.50	Apr. 15, 2020
USD-denominated Senior Notes due 2022[9]	Jul. 28, 2015	$ 1,000 million	110,770	**86,069**	**810,137**	5.38	Jul. 30, 2022
USD-denominated Senior Notes due 2024	Sep. 19, 2017	$ 1,350 million	–	**141,684**	**1,333,622**	4.75	Sep. 19, 2024
USD-denominated Senior Notes due 2025[9]	Jul. 28, 2015	$ 1,000 million	110,628	**74,678**	**702,918**	6.00	Jul. 30, 2025
USD-denominated Senior Notes due 2027	Sep. 19, 2017	$ 2,000 million	–	**209,863**	**1,975,367**	5.13	Sep. 19, 2027
USD-denominated Senior Notes due 2028[9]	Apr. 3, 2018	–[10]	–	**52,516**	**494,315**	6.25	Apr. 15, 2028
Euro-denominated Senior Notes due 2020[8]	Apr. 23, 2013	€ 625 million	74,263	**81,135**	**763,695**	4.63	Apr. 15, 2020
Euro-denominated Senior Notes due 2022[9]	Jul. 28, 2015	€ 500 million	59,094	**36,994**	**348,212**	4.00	Jul. 30, 2022
Euro-denominated Senior Notes due 2025	Sep. 19, 2017	€ 1,500 million	–	**193,399**	**1,820,397**	3.13	Sep. 19, 2025
Euro-denominated Senior Notes due 2025[9]	Jul. 28, 2015	€ 1,250 million	147,681	**88,857**	**836,380**	4.75	Jul. 30, 2025
Euro-denominated Senior Notes due 2027[9]	Jul. 28, 2015	€ 500 million	58,995	**27,117**	**255,243**	5.25	Jul. 30, 2027
Euro-denominated Senior Notes due 2028[9]	Apr. 3, 2018	–[11]	–	**151,513**	**1,426,139**	5.00	Apr. 15, 2028
Euro-denominated Senior Notes due 2029	Sep. 19, 2017	€ 750 million	–	**96,637**	**909,610**	4.00	Sep. 19, 2029
1st Unsecured Subordinated Corporate Bond	Dec. 19, 2014	¥400,000 million	394,887	**395,983**	**3,727,250**	2.50	Dec. 17, 2021
2nd Unsecured Subordinated Corporate Bond	Feb. 9, 2015	¥450,000 million	444,043	**445,276**	**4,191,228**	2.50	Feb. 9, 2022
1st Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)[12, 13]	Sep. 16, 2016	¥ 55,600 million	55,080	**55,101**	**518,646**	3.00	Sep. 13, 2041
2nd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)[12, 14]	Sep. 16, 2016	¥ 15,400 million	15,251	**15,257**	**143,609**	3.50	Sep. 16, 2043
3rd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)[12, 15]	Sep. 30, 2016	¥400,000 million	392,478	**392,786**	**3,697,157**	3.00	Sep. 30, 2041
Subtotal			4,364,435 (119,947)	**4,916,701 (399,831)**	**46,279,189 (3,763,469)**		

Company name / Name of bond	Date of issuance	Balance of issue amount[6]	As of March 31, 2017 (Millions of yen)[7]	As of March 31, 2018 (Millions of yen)[7]	As of March 31, 2018 (Thousands of U.S. dollars)[7]	Interest rate (%)	Date of maturity
Sprint Corporation							
7.25% Senior notes due 2021	Sep. 11, 2013	$ 2,250 million	¥ 250,207	¥ 237,409	¥ 2,234,648	7.25	Sep. 15, 2021
7.875% Senior notes due 2023	Sep. 11, 2013	$ 4,250 million	471,965	447,645	4,213,525	7.88	Sep. 15, 2023
7.125% Senior notes due 2024	Dec. 12, 2013	$ 2,500 million	277,466	263,145	2,476,892	7.13	Jun. 15, 2024
7.625% Senior notes due 2025	Feb. 24, 2015	$ 1,500 million	166,449	157,842	1,485,712	7.63	Feb. 15, 2025
7.625% Senior notes due 2026	Feb. 22, 2018	$ 1,500 million	–	156,825	1,476,139	7.63	Mar. 1, 2026
Subtotal			1,166,087	1,262,866	11,886,916		
Sprint Communications, Inc.[16]							
Export Development Canada Facility (Tranche 3)[17, 18]	Dec. 17, 2014	$ 300 million	33,562	31,799	299,313	4.13	Dec. 17, 2019
8.375% Senior notes due 2017[19]	Aug. 13, 2009	–	147,604 (147,604)	–	–	8.38	Aug. 15, 2017
9% Guaranteed notes due 2018[20]	Nov. 9, 2011	$ 1,753 million	355,457	190,396 (190,396)	1,792,131 (1,792,131)	9.00	Nov. 15, 2018
7% Guaranteed notes due 2020	Mar. 1, 2012	$ 1,000 million	116,549	109,027	1,026,233	7.00	Mar. 1, 2020
7% Senior notes due 2020	Aug. 14, 2012	$ 1,500 million	171,923	161,858	1,523,513	7.00	Aug. 15, 2020
11.5% Senior notes due 2021	Nov. 9, 2011	$ 1,000 million	135,814	124,292	1,169,917	11.50	Nov. 15, 2021
9.25% Secured debentures due 2022	Apr. 15, 1992	$ 200 million	25,382	23,549	221,659	9.25	Apr. 15, 2022
6% Senior notes due 2022	Nov. 14, 2012	$ 2,280 million	253,323	240,247	2,261,361	6.00	Nov. 15, 2022
Subtotal			1,239,614 (147,604)	881,168 (190,396)	8,294,127 (1,792,131)		
Sprint Capital Corporation[16]							
6.9% Senior notes due 2019	May 6, 1999	$ 1,729 million	196,611	185,047	1,741,783	6.90	May 1, 2019
6.875% Senior notes due 2028	Nov. 16, 1998	$ 2,475 million	260,563	247,649	2,331,033	6.88	Nov. 15, 2028
8.75% Senior notes due 2032	Mar. 14, 2002	$ 2,000 million	239,029	225,845	2,125,800	8.75	Mar. 15, 2032
Subtotal			696,203	658,541	6,198,616		
Clearwire Communications LLC[16]							
8.25% Exchangeable notes due 2040[21]	Dec. 8, 2010	–	71,761 (71,761)	–	–	8.25	Dec. 1, 2040
Subtotal			71,761 (71,761)	–	–		
Other companies							
Straight Bond	May 25, 2012 – Dec. 7, 2017	¥105,050 million	35,200 (150)	105,050 (50)	988,799 (471)	0.04 – 0.70	May 25, 2017 – Dec 27, 2027
Subtotal			35,200 (150)	105,050 (50)	988,799 (471)		
Total			¥7,573,300 (339,462)	¥7,824,326 (590,277)	$73,647,647 (5,556,071)		

Notes:
6. Balance of issue amount is as of March 31, 2018.
7. Figures in parentheses as of March 31, 2017 and March 31, 2018 represent the current portion.
8. The date of maturity is April 15, 2020, however, the entire amount was redeemed early on May 21, 2018.
9. On March 7, 2018, SoftBank Group Corp. announced an exchange offer with respect to newly issued notes (the "Exchange Notes") or a consent solicitation for an amendment of terms and conditions, to the bondholders of foreign-currency-denominated senior notes issued in 2015 (the "Existing Notes"). Issuance of the Exchange Notes to the bondholders who tendered for exchange the Existing Notes to the Exchange Notes was completed on April 3, 2018, however, under requirements of IFRSs, the extinguishment of the Existing Notes and the exchange to the Exchange Notes, was considered to be satisfied on March 22, 2018, the exchange decision date. As a result, SoftBank Group Corp. derecognized the Existing Notes and recognized the Exchange Notes.
10. $500 million was issued on April 3, 2018.
11. €1,174 million was issued on April 3, 2018.
12. The interest rate stated above is at the time of issuance. The bond has a step-up coupon provision and its interest rate may increase in the future.
13. The bond has an early redeemable option at the Company's discretion from September 16, 2021 and each interest date after September 16, 2021.
14. The bond has an early redeemable option at the Company's discretion from September 16, 2023 and each interest date after September 16, 2023.
15. The bond has an early redeemable option at the Company's discretion from September 30, 2021 and each interest date after September 30, 2021.
16. Sprint Communications, Inc., Sprint Capital Corporation and Clearwire Communications LLC are Sprint Corporation's subsidiaries.
17. The interest rates are floating interest rates, and the above interest rates represent the rates as of March 31, 2018.
18. Collateral is pledged against these bonds. The details are described in "(5) Assets pledged as collateral."
19. $1,300 million of notes had been issued and were outstanding as of March 31, 2017. A total of $388 million were partially redeemed early as of May 23, 2017. The remaining outstanding amount of $912 million was retired upon maturity as of August 15, 2017.
20. $3,000 million of notes had been issued and were outstanding as of March 31, 2017. A total of $1,247 million were partially redeemed early as of May 23, 2017 and on February 23, 2018, even though the date of maturity was November 15, 2018.
21. $629 million of notes had been issued and were outstanding as of March 31, 2017. All of the notes were retired early at par as of December 1, 2017, even though the date of maturity was December 1, 2040.

(2) Transaction for sale of Alibaba shares by variable prepaid forward contract

On June 10, 2016, West Raptor Holdings, LLC ("WRH LLC"), a wholly-owned subsidiary of the Company, entered into a variable prepaid forward contract to sell Alibaba shares with a newly formed trust, Mandatory Exchangeable Trust (the "Trust"), and received proceeds of ¥578,436 million ($5.4 billion) as advances received on the sale.

The Trust, on the other hand, utilized Alibaba shares scheduled to be transferred from WRH LLC at the time of settlement under the contract and issued $6.6 billion of Mandatory Exchangeable Trust Securities ("Trust Securities") which are mandatorily exchangeable into American Depositary Shares ("ADSs") of Alibaba. The proceeds from the sale received by WRH LLC from the Trust was $5.4 billion, which is after certain amounts from the $6.6 billion total of Trust Securities were deducted in order to purchase U.S. Treasury securities, which would fund distributions on the Trust Securities, and to cover expenses for the issuance of the Trust Securities.

The settlement of the Alibaba shares based on the variable prepaid forward contract is conducted concurrently with the exchange of Trust Securities. At the exchange date, which is expected to be the first scheduled trading day after June 1, 2019, Trust Securities are exchanged for a certain number of ADSs, determined by reference to the trading price of the ADSs at that time, and the number of Alibaba shares sold by the variable prepaid forward contract is determined by this number of ADSs. A cap and a floor are set for the number of shares settled, and the variable prepaid forward contract is classified as a hybrid financial instrument with embedded derivatives of a collar transaction.

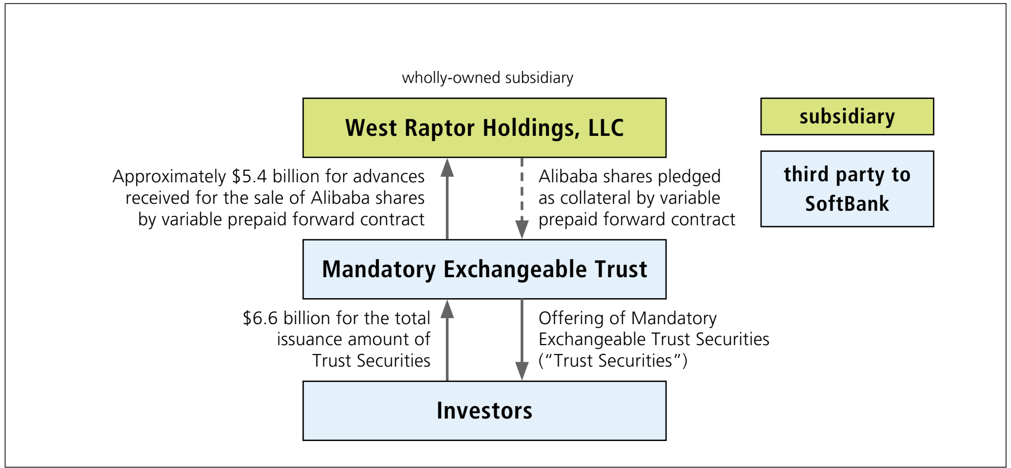
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value; ¥688,332 million ($6,479,029 thousand) (as of March 31, 2017: ¥715,448 million) is recognized as financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (non-current liabilities) and ¥714,126 million ($6,721,819 thousand) (as of March 31, 2017: ¥143,935 million) is recognized as derivative liabilities in other financial liabilities (non-current liabilities) in the consolidated statement of financial position as of March 31, 2018; ¥604,156 million ($5,686,709 thousand) (for the fiscal year ended March 31, 2017: ¥232,729 million of derivative loss) is recognized as a derivative loss in the consolidated statement of income for the fiscal year ended March 31, 2018. The details are described in "(2) Financial risk management a. Market risk (b) Price risk" in "Note 26. Financial instruments."

WRH LLC has the option ("cash settlement option") to settle the variable prepaid forward contract by either delivering cash or a combination of cash and Alibaba shares. If WRH LLC elects the cash settlement option, the cash equivalent to the fair value of the number of shares for the settlement, which is determined by the transaction price of ADSs, will be paid.

Also, WRH LLC has the option ("early settlement option") to settle the variable prepaid forward contract prior to the scheduled settlement date. Settlement of the variable prepaid forward contract may be made prior to the scheduled settlement date if WRH LLC elects the early settlement option or under certain circumstances.

Alibaba shares held by WRH LLC are pledged as collateral. The Company applies the equity method to these shares and they are included in "Investments accounted for using the equity method" in the consolidated statement of financial position as of March 31, 2018. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥217,182 million ($2,044,258 thousand) as of March 31, 2018 (as of March 31, 2017: ¥154,440 million).

Outline of the transaction



(3) Financial covenants

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

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

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

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

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

(d) Adjusted net interest-bearing debts[1] or leverage ratios[2] designated in the loan agreement must not exceed certain respective amounts or numbers at the end of each annual reporting period and at the end of the second quarter.

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

b. Financial covenants on interest-bearing debts of Sprint

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

(a) Holders of a portion ($26.5 billion) of interest-bearing debts of Sprint are provided with the right to require Sprint to repurchase the interest-bearing debts if there is a change of control and if there is a decline, to a certain extent, in ratings of the applicable interest-bearing debts by the Rating Services.

(b) It is required that as of the last day of each quarter, Sprint's ratio of total indebtedness[1] to adjusted EBITDA[2] should not exceed a certain threshold level. Exceeding the ratio could result in the maturities being accelerated. The limit for the ratio was 4.75 as of March 31, 2018.

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

(4) Borrowings related to equity securities lending contract

The Company entered into a securities lending contract regarding stocks of certain subsidiaries. As of March 31, 2018, the amount of the received cash is recognized as short-term borrowings of ¥399,200 million ($3,757,530 thousand) (as of March 31, 2017: ¥399,402 million) and included in interest-bearing debt.

(5) Assets pledged as collateral

Assets pledged as collateral for liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Cash and cash equivalents	¥ 325	¥ 5,698	$ 53,633
Trade and other receivables	7,154	13,013	122,487
Other financial assets (current)	4,397	5,323	50,104
Inventories	2,818	4,447	41,858
Property, plant and equipment	661,029	603,477	5,680,318
Intangible assets	–	5,409	50,913
Investments accounted for using the equity method[1, 2]	154,440	580,566	5,464,665
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL[3]	–	718,803	6,765,841
Investment securities	–	10,004	94,164
Total	¥830,163	¥1,946,740	$18,323,983

Liabilities related to these assets pledged as collateral are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Trade and other payables	¥ 4,397	¥ –	$ –
Interest-bearing debt			
Short-term borrowings[3]	179	83,952	790,211
Current portion of long-term borrowings[3]	204,426	438,979	4,131,956
Long-term borrowings[1, 3]	79,071	1,126,104	10,599,623
Financial liabilities relating to sale of shares by variable prepaid forward contract[2]	715,448	688,332	6,479,029
Installment payables (current)	–	555	5,224
Installment payables (non-current)	–	2,197	20,680
Total	¥1,003,521	¥2,340,119	$22,026,723

Notes:
1. ¥363,384 million ($3,420,407 thousand) of Alibaba shares (carrying amount on a consolidated basis) held by a wholly-owned subsidiary of the Company, is pledged as collateral for ¥842,313 million ($7,928,398 thousand) of long-term borrowings of the subsidiary as of March 31, 2018. The borrowings include an early settlement clause and an early settlement may be elected under certain circumstances such as a significant decrease in the fair value of pledged Alibaba shares. The borrowings are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings. The creditors would be able to dispose the asset pledged as collateral upon a circumstance where the early settlement was demanded and the subsidiary did not repay the borrowings, accordingly.
2. ¥217,182 million ($2,044,258 thousand) (as of March 31, 2017: ¥154,440 million) of Alibaba shares (carrying amount on a consolidated basis) is pledged as collateral for ¥688,332 million ($6,479,029 thousand) (as of March 31, 2017: ¥715,448 million) of financial liability for variable prepaid forward contract as of March 31, 2018. The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract."
3. Investments from SoftBank Vision Fund and Delta Fund aggregating ¥718,803 million ($6,765,841 thousand) accounted for using FVTPL are pledged as collateral for ¥498,407 million ($4,691,331 thousand) of interest-bearing debt of SoftBank Vision Fund and Delta Fund, which is entire amount of interest-bearing debt of SoftBank Vision Fund and Delta Fund. The details are described in "Notes 3" in "(1) Components of interest-bearing debt."

Other than the above, the following assets are pledged as collateral.

a. Sprint

As of March 31, 2018, approximately $67.0 billion (as of March 31, 2017: approximately $74.4 billion) (before consolidation adjustments) in the assets of Sprint is pledged as collateral for approximately the 10.4 billion (as of March 31, 2017: approximately $8.3 billion) borrowing and corporate bonds.

b. Brightstar

As of March 31, 2018, $2.0 billion (as of March 31, 2017: $2.0 billion) (before consolidation adjustments) of the assets of Brightstar were pledged as collateral on the $0.4 billion (as of March 31, 2017: $0.7 billion) borrowing.

c. Fortress

As of March 31, 2018, based on a term loan agreement of $1.4 billion which was entered into to finance the acquisition of Fortress; the equity interests of Fortress and four wholly-owned subsidiaries within the acquisition structure are pledged as collateral.

d. Other

As of March 31, 2018, ¥62,961 million ($592,630 thousand) of investment securities is pledged as collateral for financing and exchange settlement by a subsidiary operating banking business. Also, other financial assets (non-current) include ¥40,259 million ($378,944 thousand) of margin deposits with central counterparties.

(6) Assets with limited property rights

Assets with limited property rights due to the installment purchase are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Property, plant and equipment	¥ 80,847	¥62,260	$586,032
Intangible assets	26,376	19,737	185,777
Other non-current assets	19	–	–
Total	¥107,242	¥81,997	$771,809

Liabilities related to the assets with limited property rights above are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Interest-bearing debt			
Current portion of installment payables	¥36,580	¥15,857	$149,256
Installment payables	24,268	8,060	75,866
Total	¥60,848	¥23,917	$225,122

Other than the above, the lessor retains the property rights of leased assets in finance lease obligations. The details are described in "Note 13. Property, plant and equipment," "Note 14. Goodwill and intangible assets" and "Note 15. Leases."

(7) Components of increase and decrease in short-term interest-bearing debt, net

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Net increase (decrease) of short-term borrowings	¥322,216	¥(60,829)	$(572,562)
Net increase of commercial paper	38,000	20,000	188,253
Total	¥360,216	¥(40,829)	$(384,309)

(8) Components of proceeds from interest-bearing debt

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Proceeds from borrowings	¥2,715,725	¥7,176,036	$67,545,520
Proceeds from issuance of corporate bonds	1,006,000	899,079	8,462,716
Proceeds from sale-leaseback of newly acquired equipment	492,369	472,231	4,444,945
Proceeds from advances received for sale of shares by variable prepaid forward contract*	578,436	–	–
Total	¥4,792,530	¥8,547,346	$80,453,181

Note:
* The amount was received as advances for sale of Alibaba shares by variable prepaid forward contract. The variable prepaid forward contract is a hybrid financial instrument. Regarding the proceeds of ¥578,436 million, financial liabilities relating to the sale of shares through the variable prepaid forward contract and derivatives are accounted for and recorded separately. The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract."

(9) Components of repayment of interest-bearing debt

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Repayment of long-term borrowings	¥ (920,315)	¥(4,988,513)	$(46,955,130)
Redemption of corporate bonds	(862,281)	(474,975)	(4,470,774)
Payment of lease obligations	(459,788)	(502,520)	(4,730,045)
Payment of installment payables	(40,683)	(37,180)	(349,962)
Total	¥(2,283,067)	¥(6,003,188)	$(56,505,911)

21. Deposits for banking business

The components of deposits for banking business are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Ordinary deposits	¥–	¥573,749	$5,400,499
Time deposits	–	110,342	1,038,611
Total	¥–	¥684,091	$6,439,110

The amounts were recognized due to the consolidation of The Japan Net Bank, Limited. The details are described in "(3) The Japan Net Bank, Limited" in "Note 7. Business combinations."

22. Trade and other payables

The components of trade and other payables are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Trade payables	¥1,460,839	¥1,624,367	$15,289,599
Other	146,614	191,643	1,803,869
Total	¥1,607,453	¥1,816,010	$17,093,468

23. Other current liabilities and other non-current liabilities

The components of other current liabilities and other non-current liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Current			
Deferred revenue	¥219,305	¥225,036	$2,118,185
Short-term accrued employee benefits	126,628	173,624	1,634,262
Consumption tax payable and other	107,902	119,525	1,125,047
Accrued interest expense	80,231	74,216	698,569
Other	65,030	66,560	626,506
Total	¥599,096	¥658,961	$6,202,569
Non-current			
Deferred revenue	102,270	96,457	907,916
Unfavorable lease contracts	73,408	52,051	489,938
Other	122,093	155,407	1,462,791
Total	¥297,771	¥303,915	$2,860,645

Unfavorable lease contracts were recognized as liabilities based on the estimated fair value of the unfavorable portion of future cash flows if, at the time of business combination of Sprint, the terms of operating lease contracts in which the acquiree is the lessee are unfavorable compared to market terms. Reversal of unfavorable lease contracts is deducted from operating lease expense.

24. Provisions

The changes in the provisions are as follows:

(Millions of yen)

	Asset retirement obligations	Restructuring provisions	Provision for loss on interest repayment	Other	Total
As of April 1, 2017	¥115,606	¥29,897	¥16,890	¥ 32,699	¥195,092
Recognition of provisions	3,571	27,064	–	4,277	34,912
Interest due to passage of time	3,859	1,100	–	435	5,394
Used	(6,245)	(8,646)	(2,835)	(14,719)	(32,445)
Reversal of provisions	–	(6,790)	–	(910)	(7,700)
Change in estimate	7,311	(226)	–	(39)	7,046
Exchange differences	(3,591)	(1,581)	–	(786)	(5,958)
Other	85	–	–	1,422	1,507
As of March 31, 2018	¥120,596	¥40,818	¥14,055	¥ 22,379	¥197,848
Current liabilities	¥ 23,298	¥21,292	¥ 2,600	¥ 18,519	¥ 65,709
Non-current liabilities	97,298	19,526	11,455	3,860	132,139
Total	¥120,596	¥40,818	¥14,055	¥ 22,379	¥197,848

(Thousands of U.S. dollars)

	Asset retirement obligations	Restructuring provisions	Provision for loss on interest repayment	Other	Total
As of April 1, 2017	$1,088,159	$281,410	$158,980	$ 307,784	$1,836,333
Recognition of provisions	33,613	254,744	–	40,257	328,614
Interest due to passage of time	36,323	10,354	–	4,095	50,772
Used	(58,782)	(81,382)	(26,685)	(138,544)	(305,393)
Reversal of provisions	–	(63,912)	–	(8,565)	(72,477)
Change in estimate	68,816	(2,127)	–	(367)	66,322
Exchange differences	(33,801)	(14,881)	–	(7,399)	(56,081)
Other	800	–	–	13,384	14,184
As of March 31, 2018	$1,135,128	$384,206	$132,295	$ 210,645	$1,862,274
Current liabilities	$ 219,296	$200,415	$ 24,473	$ 174,312	$ 618,496
Non-current liabilities	915,832	183,791	107,822	36,333	1,243,778
Total	$1,135,128	$384,206	$132,295	$ 210,645	$1,862,274

Asset retirement obligations

Asset retirement obligations are recognized by the reasonably estimated amount required for the removal of equipment, such as part of base stations, certain offices (including the head office), data centers and network centers. The estimate is based on the assumption at present and is subject to changes depending on revised future assumptions.

Restructuring provision

The restructuring provision consists mainly of a network shutdown provision and backhaul* access provision.

(Network shutdown provision)

The network shutdown provision resulted from Sprint recognizing lease exit costs mainly related to the shutdown of the Nextel and Clearwire platform. The majority of the remaining network shutdown provision is expected to be utilized within 5 years. The amount and timing of these costs are estimated based upon current network plans which are subject to modification.

(Backhaul access provision)

The backhaul access provision reflects exit costs related to payments that will continue to be made under Sprint's backhaul access contracts for which it will no longer be receiving any economic benefit. The majority of the backhaul access provision relates to Sprint's network modernization activities and is expected to be utilized by December 31, 2020. The amount and timing of these costs are estimates based upon current network plans which are subject to modifications.

Note:
* Backhaul is an intermediary network that connects the cell towers to the local switching center.

Provision for loss on interest repayment

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

25. Retirement benefits

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

(1) Defined contribution plans

Retirement benefit cost of defined contribution plans is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	**Fiscal year ended March 31, 2018**	**Fiscal year ended March 31, 2018**
Retirement benefit cost of defined contribution plans	¥8,676	**¥13,888**	**$130,723**

(2) Defined benefit plans

(Japan)

SoftBank Corp. has frozen its defined benefit lump-sum plans since March 2007 and 2006. All of the employees who worked at SoftBank Corp. at the time when the defined benefit lump-sum plans were frozen are still maintained within the frozen defined benefit lump-sum plans.

SoftBank Corp. is responsible for providing the defined benefit lump-sum plans to recipients directly. Obligations for the frozen defined benefit lump-sum plans are recognized as defined benefit liabilities until the benefits are paid to employees in the form of a lump sum payment at the time of retirement.

(U.S.)

Sprint has a defined benefit pension plan for certain employees. Sprint has frozen its defined benefit pension plan since December 2005. Obligations for the frozen defined benefit pension plan are recognized as defined benefit liabilities until the benefits are paid to employees at the time of retirement.

a. Changes in the present value of defined benefit obligations and the fair value of plan assets

Changes in the present value of defined benefit obligations and the fair value of plan assets are as follows:

For the fiscal year ended March 31, 2017

(Millions of yen)

	Japan	U.S.	Total
Defined benefit liabilities, net			
As of April 1, 2016	¥15,601	¥ 108,158	¥ 123,759
Changes in the present value of defined benefit obligations:			
As of April 1, 2016	15,601	248,909	264,510
Service cost	512	1	513
Interest cost	(5)	10,047	10,042
Remeasurements:			
Actuarial losses arising from changes in demographic assumptions	–	(3,687)	(3,687)
Actuarial losses arising from changes in financial assumptions	(89)	(54)	(143)
Experience adjustments	(2)	(201)	(203)
Benefits paid	(752)	(9,768)	(10,520)
Exchange differences	–	(625)	(625)
Other	(132)	(218)	(350)
As of March 31, 2017	15,133	244,404	259,537
Changes in the fair value of plan assets:			
As of April 1, 2016	–	(140,751)	(140,751)
Interest income	–	(5,786)	(5,786)
Remeasurements:			
Return on plan assets	–	(8,194)	(8,194)
Benefits paid	–	9,190	9,190
Employer contributions	–	(6,080)	(6,080)
Exchange differences	–	256	256
As of March 31, 2017	–	(151,365)	(151,365)
Defined benefit liabilities, net			
As of March 31, 2017	¥15,133	¥ 93,039	¥ 108,172

For the fiscal year ended March 31, 2018

(Millions of yen)

	Japan	U.S.	Total
Defined benefit liabilities, net			
As of April 1, 2017	¥15,133	¥ 93,039	¥ 108,172
Changes in the present value of defined benefit obligations:			
As of April 1, 2017	15,133	244,404	259,537
Business combination	254	–	254
Service cost	745	1	746
Interest cost	46	10,157	10,203
Remeasurements:			
Actuarial losses arising from changes in demographic assumptions	–	(2,031)	(2,031)
Actuarial losses arising from changes in financial assumptions	100	6,897	6,997
Experience adjustments	(7)	1,192	1,185
Benefits paid	(925)	(9,601)	(10,526)
Exchange differences	–	(13,283)	(13,283)
Other	6	(272)	(266)
As of March 31, 2018	15,352	237,464	252,816
Changes in the fair value of plan assets:			
As of April 1, 2017	–	(151,365)	(151,365)
Interest income	–	(6,359)	(6,359)
Remeasurements:			
Return on plan assets	–	(6,446)	(6,446)
Benefits paid	–	8,389	8,389
Employer contributions	–	(5,023)	(5,023)
Exchange differences	–	8,474	8,474
As of March 31, 2018	–	(152,330)	(152,330)
Defined benefit liabilities, net			
As of March 31, 2018	¥15,352	¥ 85,134	¥ 100,486

(Thousands of U.S. dollars)

	Japan	U.S.	Total
Defined benefit liabilities, net			
As of April 1, 2017	$142,442	$ 875,743	$ 1,018,185
Changes in the present value of defined benefit obligations:			
As of April 1, 2017	142,442	2,300,489	2,442,931
Business combination	2,391	–	2,391
Service cost	7,013	9	7,022
Interest cost	433	95,604	96,037
Remeasurements:			
Actuarial losses arising from changes in demographic assumptions	–	(19,117)	(19,117)
Actuarial losses arising from changes in financial assumptions	941	64,919	65,860
Experience adjustments	(66)	11,220	11,154
Benefits paid	(8,707)	(90,371)	(99,078)
Exchange differences	–	(125,028)	(125,028)
Other	56	(2,559)	(2,503)
As of March 31, 2018	144,503	2,235,166	2,379,669
Changes in the fair value of plan assets:			
As of April 1, 2017	–	(1,424,746)	(1,424,746)
Interest income	–	(59,855)	(59,855)
Remeasurements:			
Return on plan assets	–	(60,674)	(60,674)
Benefits paid	–	78,963	78,963
Employer contributions	–	(47,280)	(47,280)
Exchange differences	–	79,763	79,763
As of March 31, 2018	–	(1,433,829)	(1,433,829)
Defined benefit liabilities, net			
As of March 31, 2018	$144,503	$ 801,337	$ 945,840

b. Fair value of plan assets

Fair value of plan assets is as follows:

As of March 31, 2017
(U.S.)

(Millions of yen)

	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
U.S. equities	¥25,061	¥ 26,074	¥ 51,135
International equities (other than U.S.)	11,843	108	11,951
Fixed-income investments	–	47,653	47,653
Real estate investments	–	14,862	14,862
Other	11,962	13,802	25,764
Total	¥48,866	¥102,499	¥151,365

As of March 31, 2018
(U.S.)

(Millions of yen)

	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
U.S. equities	¥23,797	¥ 26,088	¥ 49,885
International equities (other than U.S.)	11,545	20	11,565
Fixed-income investments	–	65,361	65,361
Real estate investments	–	14,859	14,859
Other	1,772	8,888	10,660
Total	¥37,114	¥115,216	¥152,330

(Thousands of U.S. dollars)

	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
U.S. equities	$223,993	$ 245,557	$ 469,550
International equities (other than U.S.)	108,669	188	108,857
Fixed-income investments	–	615,220	615,220
Real estate investments	–	139,863	139,863
Other	16,679	83,660	100,339
Total	$349,341	$1,084,488	$1,433,829

The targeted investment allocation ratio is set based on an asset allocation policy for the investment portfolio of the pension plan to achieve a long-term nominal rate of return, net of fees, which exceeds the plan's long-term expected rate of return on investments for funding purposes.

The plan's long-term expected rate of return on investments for funding purposes is 7.50% as of March 31, 2018 (7.75% as of March 31, 2017). The current targeted investment allocation ratio is disclosed below. Actual allocations are allowed to deviate from target allocation percentages within a range for each asset class as defined in the investment policy.

Targeted investment allocation ratio (%)

	As of March 31, 2017	As of March 31, 2018
U.S. equities	38	38
International equities (other than U.S.)	16	16
Fixed-income investments	28	37
Real estate investments	9	9
Other	9	–

c. Actuarial assumptions

The significant actuarial assumptions used to determine the present value of defined benefit obligations are as follows:

	As of March 31, 2017		As of March 31, 2018	
	Japan	U.S.	Japan	U.S.
Discount rate (%)	0.3	4.3	0.2	4.1

d. Sensitivity analysis

Sensitivity is analyzed at the end of the period based on the movement of reasonably estimable assumptions. The sensitivity analysis assumes that actuarial assumptions other than those subject to the analysis are constant, but in reality, the movement of other actuarial assumptions may change.

The effect of the movements in significant actuarial assumptions used to determine the defined benefit obligations is as follows:

As of March 31, 2017

	Changes in rate	Effect on defined benefit obligations: Japan	U.S.	Total
Discount rate	0.5% increase	Decrease of ¥538 million	Decrease of ¥16,380 million	Decrease of ¥16,918 million
	0.5% decrease	Increase of ¥575 million	Increase of ¥18,511 million	Increase of ¥19,086 million

As of March 31, 2018

	Changes in rate	Effect on defined benefit obligations: Japan	U.S.	Total
Discount rate	0.5% increase	Decrease of ¥490 million	Decrease of ¥15,830 million	Decrease of ¥16,320 million
	0.5% decrease	Increase of ¥522 million	Increase of ¥17,636 million	Increase of ¥18,158 million

	Changes in rate	Effect on defined benefit obligations: Japan	U.S.	Total
Discount rate	0.5% increase	Decrease of $4,612 thousand	Decrease of $149,002 thousand	Decrease of $153,614 thousand
	0.5% decrease	Increase of $4,913 thousand	Increase of $166,002 thousand	Increase of $170,915 thousand

e. Effects on future cash flows

(a) Funding for the plan and expected contributions to the plan for the next fiscal year

(U.S.)

The policy is to contribute the necessary amount to the plan in order to meet the minimum funding requirement, based on related regulations. The amount to be contributed to the plan for the year ending March 31, 2019 is expected to be ¥8,060 million ($75,866 thousand).

(b) Maturity analysis of the defined benefit obligation

(Japan)

As of March 31, 2018, the weighted-average duration of the defined benefit obligation is 8.5 years.

(U.S.)

As of March 31, 2018, the weighted-average duration of the defined benefit obligation is 14.9 years.

26. Financial instruments

(1) Capital management

Our policy is to realize and maintain optimum capital composition to maintain mid- and long-term sustainable growth and maximize our corporate value.

Major indicators used for our capital management are as follows:

- Equity capital
- Equity capital ratio

Note:
Equity capital is the amount of "Equity attributable to owners of the parent." Equity capital ratio represents "Equity attributable to owners of the parent" divided by "Total liabilities and equity."

Equity capital and the equity capital ratio are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Equity capital	¥3,586,352	¥5,184,176	$48,796,837
Equity capital ratio (%)	14.6	16.6	

The Company is not subject to regulatory capital requirements imposed by outside institutions other than general capital requirements under the Companies Act of Japan and other laws. Also, for details regarding our financial covenants related to interest-bearing debt, please see "(3) Financial covenants" in "Note 20. Interest-bearing debt".

(2) Financial risk management

As we operate in a wide range of markets, the Company faces a variety of financial risks (foreign exchange risk, price risk, interest rate risk, credit risk, and liquidity risk) in its operations. The Company manages its risks based on established policies to prevent and reduce these financial risks.

Derivative transactions entered into by the Company are conducted and controlled based on the Company's internal rules and procedures for derivative transactions and are limited to the extent of actual demands.

a. Market risk

(a) Foreign exchange risk

The Company is engaged in international businesses through investments, financial contributions and the establishment of joint ventures. The Company undertakes transactions denominated in foreign currencies with foreign parties and, through lending to and borrowings from foreign subsidiaries. Consequently, there is foreign exchange risk that arises from changes in currency rates mainly in the U.S. dollar, Indian Rupee, and British pound.

To manage this risk, the Company continuously monitors exchange rates and manages exchange rate exposures. The Company also uses foreign currency forward contracts to hedge the risk.

i. Foreign exchange sensitivity analysis

Exposure to foreign exchange risk on financial instruments related to U.S. dollars and Indian Rupees, our major foreign currencies, for subsidiaries whose functional currency is Japanese yen is as follows:

U.S. Dollar (Functional currency: Japanese yen)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Net exposure affecting income before income tax [in asset (liability) position]	¥468,193	¥(341,860)	$(3,217,809)
Net exposure affecting other comprehensive income [in asset position]	194,966	227,303	2,139,524

Indian Rupee (Functional currency: Japanese yen)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Net exposure affecting income before income tax [in asset position]	¥116,169	¥136,000	$1,280,120

Other than the tables presented above, major exposure to foreign exchange risk on subsidiaries whose functional currency is not Japanese yen is as follows:

Indian Rupee (Functional currency: U.S. Dollar)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Net exposure affecting income before income tax [in asset (liability) position]	¥(408)	¥198,937	$1,872,524

Net exposure affecting income before income tax comprises the foreign exchange risk exposures from monetary financial instruments denominated in a foreign currency (including those used in internal transactions) whose exchange differences are recognized in profit or loss and the foreign exchange risk exposures from derivatives related to forecast transactions.

Net exposure affecting other comprehensive income comprises the foreign exchange risk exposures from available-for-sale financial assets whose exchange differences are recognized in other comprehensive income and foreign exchange risk exposures from derivatives (cash flow hedge) related to forecasted transactions.

The table below presents the effect of a 1% appreciation of the Japanese yen on income before income tax and other comprehensive income (before tax effect) regarding the financial instruments with the above foreign exchange risk exposure, assuming that all other factors are constant. The analysis does not include the effect of translating assets and liabilities of foreign operations into the presentation currency, which is detailed in "(3) Foreign exchange sensitivity analysis for exchange difference on translating foreign operations" under "Note 30. Foreign currency exchange rates."

U.S. Dollar

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Increase (decrease) in income before income tax	¥(4,682)	¥ 3,419	$ 32,182
Decrease in other comprehensive income before tax effect	(1,950)	(2,273)	(21,395)

Indian Rupee

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Decrease in income before income tax	¥(1,162)	¥(1,360)	$(12,801)

The table below presents the effect of a 1% appreciation of the U.S. dollar against the Indian Rupee on income before income tax:

Indian Rupee

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Increase (decrease) in income before income tax	¥4	¥(1,989)	$(18,722)

ii. Foreign currency exchange contracts

Foreign currency exchange contracts are entered into, to reduce exposure to foreign exchange risk on the amount to be paid or received in certain transactions denominated in foreign currencies.

The details of foreign currency exchange contracts are as follows:

Foreign currency exchange contracts to which hedge accounting is applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2017		As of March 31, 2018		As of March 31, 2018	
	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value
Foreign currency forward contracts	¥ 166 (–)	¥ (3)	¥ –	¥ –	$ –	$ –
Currency swap contracts	877,373 (877,373)	(72,658)	665,804 (665,804)	(65,060)	6,266,980 (6,266,980)	(612,387)
Total	¥ 877,539 (877,373)	¥(72,661)	¥ 665,804 (665,804)	¥(65,060)	$ 6,266,980 (6,266,980)	$(612,387)

The above foreign currency exchange contracts are designated as cash flow hedges.

Foreign currency exchange contracts to which hedge accounting is not applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2017		As of March 31, 2018		As of March 31, 2018	
	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value
Foreign currency forward contracts	¥ 818,424 (–)	¥ 2,213	¥ 919,297 (25,886)	¥ (4,324)	$ 8,653,021 (243,656)	$ (40,700)
Currency swap contracts	11,653 (–)	(19)	562,913 (552,990)	(74,089)	5,298,503 (5,205,102)	(697,374)
Foreign exchange margin transactions*	548,786 (–)	13,398	737,846 (–)	19,492	6,945,087 (–)	183,471
Total	¥1,378,863 (–)	¥15,592	¥2,220,056 (578,876)	¥(58,921)	$20,896,611 (5,448,758)	$(554,603)

Note:
* Foreign exchange margin transactions are operated by the subsidiary, YJFX, Inc.'s foreign exchange margin transactions business.

(b) Price risk

For the purpose of business strategy, the Company holds securities traded in active markets, including listed stock, and is exposed to market price fluctuation risk.

To manage this risk, the Company continuously monitors the financial condition of security issuers and stock market fluctuations.

i. Price sensitivity analysis

The table below presents the effect of a 10% decrease in market price regarding the securities and related derivative instruments traded in active markets on income before income tax and other comprehensive income before tax effect, assuming that all other factors are constant.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Decrease in income before income tax	¥(32,843)	¥(68,722)	$(646,856)
Decrease in other comprehensive income before tax effect	¥ (7,884)	¥(13,233)	$(124,558)

Also, the Company entered into a variable prepaid forward contract which is settled by Alibaba shares held by the Company. The contract includes a collar transaction that a cap and floor are set for the number of shares settled. The collar transaction is classified as a derivative instrument and its fair value is affected by the price of Alibaba shares. Derivative gain and loss, which occurred depending on fluctuation of the price of Alibaba shares, are recognized through profit or loss.

Fair value of the collar transaction is composed of intrinsic value and time value. The effect of a 10% increase in the price of Alibaba shares on income before income tax due to fluctuation of intrinsic value is a loss of $1,300,000 thousand, assuming that all other factors are constant. In case of consideration of time value, the impact of the loss is decreased.

Further, a derivative gain and loss resulting from this collar transaction is fixed to a loss of $900,000 thousand during a three-year period from the initial recognition date of the derivative instruments, in June 2016, until the settlement date of the Alibaba shares.

The details of the variable prepaid forward contract and the collar transaction are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" in "Note 20. Interest-bearing debt."

ii. Option contracts

The details of option contracts are as follows:

Option contracts to which hedge accounting is not applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2017		As of March 31, 2018		As of March 31, 2018	
	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value
Collar transaction	¥ 740,454 (740,454)	¥(143,935)	¥1,113,481 (791,108)	¥(717,047)	$10,480,808 (7,446,423)	$(6,749,313)
Forward contracts	–	–	372,447 (–)	(46,932)	3,505,713 (–)	(441,755)
Put option	56,095 (56,095)	(8,629)	53,120 (–)	(382)	500,000 (–)	(3,596)
Stock acquisition rights	9,713 (9,713)	6,208	53,001 (53,001)	13,824	498,880 (498,880)	130,121
Total	¥ 806,262 (806,262)	¥(146,356)	¥1,592,049 (844,109)	¥(750,537)	$14,985,401 (7,945,303)	$(7,064,543)

(c) Interest rate risk

The Company raises funds through issuing interest-bearing debt. Certain interest-bearing debt is issued with floating interest rates, and is exposed to interest rate risk.

Interest-bearing debt with floating interest rates has the risk of increased interest expenses due to rising interest rates. In order to prevent and reduce interest rate fluctuation risk, the Company maintains an appropriate mixture of fixed and floating interest rate debt. For certain borrowings and bonds with floating interest rates, the Company also utilizes derivative transactions, such as interest rate swaps, in order to hedge interest rate fluctuation risk, converting floating interests into fixed interests. For floating interest rate debt, the Company continuously monitors interest rate fluctuations.

i. Interest rate sensitivity analysis

The table below presents the effect of a 1% increase in interest rates regarding the floating interest rate debt on income before income tax in the consolidated statement of income, assuming that all other factors are constant. The analysis does not include floating interest rate debt whose interests are fixed by interest rate swaps and other derivative transactions.

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	**Fiscal year ended March 31, 2018**	**Fiscal year ended March 31, 2018**
Decrease in income before income tax	¥(39,412)	**¥(48,991)**	**$(461,135)**

ii. Interest rate contracts

The details of interest rate contracts are as follows:

Interest rate contracts to which hedge accounting is applied

				(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017		**As of March 31, 2018**		**As of March 31, 2018**	
	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value
Interest rate swap	¥ 234,880 (224,880)	¥(250)	**¥ 212,980 (212,980)**	**¥4,355**	**$ 2,004,706 (2,004,706)**	**$40,992**

The above interest rate swap contract is designated as a cash flow hedge.

Interest rate contracts to which hedge accounting is not applied

				(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017		**As of March 31, 2018**		**As of March 31, 2018**	
	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value
Interest rate cap	¥ 132,945 (132,945)	¥1,039	**¥ 194,100 (161,697)**	**¥ 732**	**$ 1,826,995 (1,521,997)**	**$ 6,890**
Interest rate swap	– (–)	–	**111,200 (109,170)**	**656**	**1,046,687 (1,027,579)**	**6,175**
Total	¥ 132,945 (132,945)	¥1,039	**¥ 305,300 (270,867)**	**¥1,388**	**$ 2,873,682 (2,549,576)**	**$13,065**

b. Credit risk

In the course of the Company's business, trade and other receivables, and other financial assets (including deposits, equity securities and derivatives) are exposed to the credit risk of its counterparties.

In order to prevent and reduce the risk, the Company does not expose itself to significant concentrations of credit risk for such receivables and financial assets. To manage its credit risk, the Company performs controls around the due date and balance for each customer in accordance with its internal customer credit management rules and regularly monitors major customers' credit status.

The carrying amount of financial instruments, net of impairment, which is presented in the consolidated statement of financial position, as well as the amount of lending commitments and guaranteed obligations, represents the Company's maximum exposure to credit risk on financial assets. The value of collateral held and other credit enhancements are not included. The details of lending commitments and guaranteed obligations are described in "(1) Lending commitments" and "(2) Credit guarantee" in "Note 48. Contingency."

There were no financial or non-financial assets acquired as a result of foreclosure of collateral or enforcement of other credit enhancements during the years ended March 31, 2017 and 2018.

(a) Financial assets not impaired individually

The table below presents an aging analysis of financial assets not impaired individually. The amounts in the analysis are presented at the carrying amount before netting allowance for doubtful accounts.

As of March 31, 2017

(Millions of yen)

		Past due					
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	Total
Trade and other receivables	¥2,012,007	¥101,366	¥31,017	¥13,845	¥13,956	¥5,724	¥2,177,915
Other financial assets	415,413	12	27	66	162	287	415,967
Total	¥2,427,420	¥101,378	¥31,044	¥13,911	¥14,118	¥6,011	2,593,882
Allowance for doubtful accounts							(60,156)
Total							¥2,533,726

As of March 31, 2018

(Millions of yen)

		Past due					
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	Total
Trade and other receivables	¥2,206,082	¥103,225	¥23,622	¥13,276	¥10,524	¥6,843	¥2,363,572
Other financial assets	637,412	1,929	2,104	3,104	5,311	1,505	651,365
Total	¥2,843,494	¥105,154	¥25,726	¥16,380	¥15,835	¥8,348	3,014,937
Allowance for doubtful accounts							(51,666)
Total							¥2,963,271

(Thousands of U.S. dollars)

	Before due	Past due: Within 1 month	Past due: 1 month to 3 months	Past due: 3 months to 6 months	Past due: 6 months to 1 year	Past due: More than 1 year	Total
Trade and other receivables	$20,765,079	$971,621	$222,346	$124,962	$ 99,059	$64,411	$22,247,478
Other financial assets	5,999,737	18,157	19,804	29,217	49,990	14,166	6,131,071
Total	$26,764,816	$989,778	$242,150	$154,179	$149,049	$78,577	28,378,549
Allowance for doubtful accounts							(486,314)
Total							$27,892,235

(b) Individually impaired financial assets

Individually impaired financial assets are as follows:

	(Millions of yen) As of March 31, 2017	(Millions of yen) As of March 31, 2018	(Thousands of U.S. dollars) As of March 31, 2018
Trade and other receivables	¥ 7,137	¥ 8,184	$ 77,033
Other financial assets	28,909	30,125	283,556
Allowance for doubtful accounts	(35,195)	(38,182)	(359,394)
Total	¥ 851	¥ 127	$ 1,195

(c) Allowance for doubtful accounts

The table below presents changes in the allowance for doubtful accounts. The allowance for doubtful accounts is mainly for trade receivables to the customers and loans.

	(Millions of yen) Fiscal year ended March 31, 2017	(Millions of yen) Fiscal year ended March 31, 2018	(Thousands of U.S. dollars) Fiscal year ended March 31, 2018
Balance at the beginning of the period	¥ 80,144	¥ 95,351	$ 897,506
Provisions	65,612	52,015	489,599
Utilized	(50,078)	(58,189)	(547,713)
Other	(327)	671	6,316
Balance at the end of the period	¥ 95,351	¥ 89,848	$ 845,708

Provisions for and reversal of doubtful accounts are recorded in "Selling, general and administrative expenses" and "Other non-operating income (loss)" in the consolidated statement of income.

c. Liquidity risk

In order to prevent and reduce liquidity risk, the Company maintains access to diversified fundraising sources including both indirect financing, such as bank loans and leases, and direct financing, such as issuance of bonds and commercial paper and securitization, taking market conditions and its current/non-current debt ratios into consideration. As for fund management, the Company invests its funds in short-term deposits and a money management fund.

The Company also continuously monitors its forecasted and actual cash flows and liquid funds.

(a) Commitment lines of credit and other credit facilities

The Company has entered into commitment lines of credit and other credit facilities with various financial institutions to reduce liquidity risk. The Company's credit facilities are as follows:

	(Millions of yen) As of March 31, 2017	(Millions of yen) As of March 31, 2018	(Thousands of U.S. dollars) As of March 31, 2018
Credit facilities	¥4,085,912	¥2,247,842	$21,158,151
Drawn	3,406,044	1,798,537	16,929,000
Undrawn	¥ 679,868	¥ 449,305	$ 4,229,151

Note:

Certain commitments above contain financial covenants. Please see "(3) Financial covenants" in "Note 20. Interest-bearing debt" for details.

(b) Analysis of financial liabilities by maturities

The table below presents the analysis of financial liabilities (including derivatives) by maturities. The receivables and payables arising from derivative transactions are shown on a net basis:

As of March 31, 2017

(Millions of yen)

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 667,664	¥ 668,506	¥ 668,506	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	80,000	80,000	80,000	–	–	–	–	–
Long-term borrowings (including current portion)	4,506,135	4,558,688	1,132,653	1,955,143	584,852	373,082	79,281	433,677
Corporate bonds (including current portion)	7,573,300	7,575,400	336,591	736,620	1,044,869	671,946	1,229,618	3,555,756
Lease obligations	1,245,890	1,245,890	438,284	351,248	243,853	153,596	56,388	2,521
Financial liability for variable prepaid forward contract	715,448	740,454	–	–	740,454	–	–	–
Installment payables	69,933	71,004	40,376	17,804	9,879	1,683	1,262	–
Trade and other payables	1,607,453	1,607,453	1,585,746	11,021	8,558	1,804	91	233
Other financial liabilities	40,419	40,419	7,336	15,309	4,725	413	158	12,478
Total	16,506,242	16,587,814	4,289,492	3,087,145	2,637,190	1,202,524	1,366,798	4,004,665
Derivative financial liabilities								
Derivative financial liabilities								
Foreign currency exchange contracts *	107,697	107,697	1,898	(4,108)	(3,689)	3,064	(2,627)	113,159
Option contracts	152,564	152,564	–	8,629	143,935	–	–	–
Interest rate contracts	250	250	22	–	–	5	223	–
Total	¥ 260,511	¥ 260,511	¥ 1,920	¥ 4,521	¥ 140,246	¥ 3,069	¥ (2,404)	¥ 113,159

Note:
* Aggregation of redemption schedule and breakdown by maturity are presented on a discounted cash flow basis for currency swap contracts included in the foreign currency exchange contracts.

As of March 31, 2018

(Millions of yen)

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 957,573	¥ 958,698	¥ 958,698	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	100,000	100,000	100,000	–	–	–	–	–
Long-term borrowings (including current portion)	6,215,296	6,298,437	1,094,668	814,854	1,390,677	453,364	524,521	2,020,353
Corporate bonds (including current portion)[1]	7,824,326	7,852,402	586,334	1,026,844	664,941	1,210,280	782,833	3,581,170
Lease obligations	1,221,874	1,221,874	455,670	334,518	232,173	139,654	52,669	7,190
Financial liability for variable prepaid forward contract	688,332	701,184	–	701,184	–	–	–	–
Installment payables	34,787	35,408	20,185	10,463	2,427	2,001	332	–
Deposits for banking business[2]	708,311	708,547	684,103	6,327	5,446	3,254	3,332	6,085
Third-party interests in SoftBank Vision Fund and Delta Fund	1,844,679	1,844,679[3]	40,713[4]	–	–	–	–	1,803,966[5]
Trade and other payables	1,816,010	1,816,010	1,748,963	43,230	4,858	2,702	2,030	14,227
Other financial liabilities	39,799	39,799	812	10,240	6,620	2,360	2,775	16,992
Total	21,450,987	21,577,038	5,690,146	2,947,660	2,307,142	1,813,615	1,368,492	7,449,983
Derivative financial liabilities[6]								
Derivative financial liabilities								
Foreign currency exchange contracts[7]	151,140	151,140	(1,182)	(11,928)	(11,065)	(10,015)	28,514	156,816
Option contracts	761,441	774,262	47,314	726,948	–	–	–	–
Interest rate contracts	265	265	–	–	3	–	–	262
Total	¥ 912,846	¥ 925,667	¥ 46,132	¥ 715,020	¥ (11,062)	¥ (10,015)	¥ 28,514	¥ 157,078

(Thousands of U.S. dollars)

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	$ 9,013,300	$ 9,023,889	$ 9,023,889	$ –	$ –	$ –	$ –	$ –
Commercial paper	941,265	941,265	941,265	–	–	–	–	–
Long-term borrowings (including current portion)	58,502,410	59,284,987	10,303,727	7,669,936	13,089,957	4,267,357	4,937,133	19,016,877
Corporate bonds (including current portion)[1]	73,647,647	73,911,916	5,518,957	9,665,323	6,258,857	11,391,943	7,368,534	33,708,302
Lease obligations	11,501,074	11,501,074	4,289,063	3,148,701	2,185,363	1,314,514	495,756	67,677
Financial liability for variable prepaid forward contract	6,479,029	6,600,000	–	6,600,000	–	–	–	–
Installment payables	327,436	333,284	189,994	98,485	22,845	18,835	3,125	–
Deposits for banking business[2]	6,667,084	6,669,305	6,439,223	59,554	51,261	30,629	31,362	57,276
Third-party interests in SoftBank Vision Fund and Delta Fund	17,363,319	17,363,319[3]	383,217[4]	–	–	–	–	16,980,102[5]
Trade and other payables	17,093,468	17,093,468	16,462,378	406,909	45,727	25,432	19,108	133,914
Other financial liabilities	374,615	374,615	7,643	96,386	62,312	22,214	26,120	159,940
Total	201,910,647	203,097,122	53,559,356	27,745,294	21,716,322	17,070,924	12,881,138	70,124,088
Derivative financial liabilities[6]								
Derivative financial liabilities								
Foreign currency exchange contracts[7]	1,422,628	1,422,627	(11,126)	(112,274)	(104,151)	(94,268)	268,392	1,476,054
Option contracts	7,167,178	7,287,858	445,350	6,842,508	–	–	–	–
Interest rate contracts	2,494	2,494	–	–	28	–	–	2,466
Total	$ 8,592,300	$ 8,712,979	$ 434,224	$ 6,730,234	$ (104,123)	$ (94,268)	$ 268,392	$ 1,478,520

Notes:
1. Regarding USD-denominated Senior Notes due 2020 and EUR-denominated Senior Notes due 2020 which were issued on April 23, 2013, the original due date was April 15, 2020; however the outstanding amount of ¥345,581 million ($3,252,833 thousand) redeemed on May 21, 2018.
2. Deposits for banking business payable on demand are included in "Within 1 year."
3. The amount represents the amounts that would have been distributed to Third-party Investors in accordance with the limited partnership agreement if SoftBank Vision Fund and Delta Fund had been liquidated as of March 31, 2018.
4. The amount represents the contractual distributions or repayments to be made within a year that have been announced from SoftBank Vision Fund and Delta Fund to Third-party Investors as of March 31, 2018.
5. When disposal of investments becomes relatively certain, the portion of third-party interests in SoftBank Vision Fund and Delta Fund which is available for distributions and repayments will be broken down by corresponding maturity dates.
6. Only if the contractual maturities are essential for an understanding of the timing of the cash flow, derivative financial liabilities are included in the above chart and disclosed.
7. Aggregation of redemption schedule and the breakdown by maturity are presented on a discounted cash flow basis for currency swap contracts included in the foreign currency exchange contracts.

In addition to the amounts presented above, the Company has lending commitments and guaranteed obligations, which are detailed in "(1) Lending commitments" and "(2) Credit guarantees" in "Note 48. Contingency." Average interest rates of the interest-bearing debts are described in "(1) Component of interest-bearing debt" in "Note 20. Interest-bearing debt."

(3) Categories of financial instruments

Components of financial instruments (excluding cash and cash equivalents) by category are as follows:

As of March 31, 2017

(Millions of yen)

	Financial assets at FVTPL[1]	Derivatives designated as hedges	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
Financial assets						
Current assets						
Trade and other receivables	¥ –	¥ –	¥ –	¥ –	¥2,121,619	¥2,121,619
Other financial assets	23,373	–	574	276,120	494,622	794,689
Non-current assets						
Investment securities	589,250	–	517,159	–	–	1,106,409
Other financial assets	7,007	28,695	175	–	409,981	445,858
Total	¥619,630	¥28,695	¥517,908	¥276,120	¥3,026,222	¥4,468,575

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	¥ 43,164[2]	¥ –	¥ 2,650,929	¥ 2,694,093
Trade and other payables	–	–	1,607,453	1,607,453
Other financial liabilities	6,341	24	7,336	13,701
Non-current liabilities				
Interest-bearing debt	–	–	12,164,277	12,164,277
Derivative financial liabilities	152,564	101,582	–	254,146
Other financial liabilities	–	–	33,083	33,083
Total	¥202,069	¥101,606	¥16,463,078	¥16,766,753

Notes:
1. Among the financial assets at FVTPL, the amount of financial assets designated as financial assets at fair value through profit or loss is ¥589,250 million.
2. Regarding Handset Sale-Leaseback Tranche 2 financing obligation that Sprint implemented in May 2016, the Company designated it as a financial liability that is measured at fair value though profit or loss. This is a transaction with MLS which is a joint venture of the Company. The terms and conditions of the transaction are negotiated and determined based on the market price and the content of transaction.

As of March 31, 2018

(Millions of yen)

	Financial assets at FVTPL*	Derivatives designated as hedges	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
Financial assets						
Current assets						
Trade and other receivables	¥ –	¥ –	¥ –	¥ –	¥2,314,353	¥2,314,353
Other financial assets	61,538	–	44,442	91,456	322,008	519,444
Non-current assets						
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	2,827,784	–	–	–	–	2,827,784
Investment securities	1,820,157	–	815,295	24,663	–	2,660,115
Other financial assets	40,084	4,358	410	53	631,487	676,392
Total	¥4,749,563	¥4,358	¥860,147	¥116,172	¥3,267,848	¥8,998,088

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	¥ –	¥ –	¥ 3,217,405	¥ 3,217,405
Deposits for banking business	–	–	684,091	684,091
Third-party interests in SoftBank Vision Fund and Delta Fund	–	–	40,713	40,713
Trade and other payables	–	–	1,816,010	1,816,010
Other financial liabilities	96,241	–	1,646	97,887
Non-current liabilities				
Interest-bearing debt	–	–	13,824,783	13,824,783
Third-party interests in SoftBank Vision Fund and Delta Fund	–	–	1,803,966	1,803,966
Derivative financial liabilities	800,339	65,063	–	865,402
Other financial liabilities	–	–	62,372	62,372
Total	¥896,580	¥65,063	¥21,450,986	¥22,412,629

(Thousands of U.S. dollars)

	Financial assets at FVTPL*	Derivatives designated as hedges	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
Financial assets						
Current assets						
Trade and other receivables	$ –	$ –	$ –	$ –	$21,784,196	$21,784,196
Other financial assets	579,236	–	418,317	860,843	3,030,949	4,889,345
Non-current assets						
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	26,616,943	–	–	–	–	26,616,943
Investment securities	17,132,502	–	7,674,087	232,144	–	25,038,733
Other financial assets	377,297	41,020	3,859	499	5,943,967	6,366,642
Total	$44,705,978	$41,020	$8,096,263	$1,093,486	$30,759,112	$84,695,859

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	$ –	$ –	$ 30,284,309	$ 30,284,309
Deposits for banking business	–	–	6,439,110	6,439,110
Third-party interests in SoftBank Vision Fund and Delta Fund	–	–	383,217	383,217
Trade and other payables	–	–	17,093,468	17,093,468
Other financial liabilities	905,883	–	15,493	921,376
Non-current liabilities				
Interest-bearing debt	–	–	130,127,852	130,127,852
Third-party interests in SoftBank Vision Fund and Delta Fund	–	–	16,980,102	16,980,102
Derivative financial liabilities	7,533,312	612,415	–	8,145,727
Other financial liabilities	–	–	587,086	587,086
Total	$8,439,195	$612,415	$201,910,637	$210,962,247

Note:
* Among the financial assets at FVTPL, the amount of financial assets designated as financial assets at fair value through profit or loss is ¥4,659,787 million ($43,860,947 thousand).

27. Fair value of financial instruments

(1) Categorization by level within the fair value hierarchy

Financial instruments that are measured at fair value on a recurring basis after initial recognition are classified into three levels of the fair value hierarchy based on the observability and significance of inputs used for the measurement.

The fair value hierarchy is defined as follows in descending order of level:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is measured using inputs other than Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is measured using unobservable inputs.

If the fair value measurement uses different levels of inputs, the fair value is categorized based on the lowest level of input that is significant to the entire fair value measurement.

Transfers between levels of the fair value hierarchy are recognized as if they have occurred at the beginning of each quarter.

There were no transfers between Level 1 and Level 2 during the fiscal years ended March 31, 2017 and 2018.

The table below presents financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy.

As of March 31, 2017

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	¥407,271	¥ –	¥668,334	¥1,075,605
Bonds	–	7,837	1,132	8,969
Derivative financial assets				
Foreign currency exchange contracts	–	50,627	–	50,627
Option contracts	–	–	6,208	6,208
Interest rate contracts	–	1,039	–	1,039
Other	–	1,501	22,284	23,785
Total	407,271	61,004	697,958	1,166,233
Financial liabilities				
Interest-bearing borrowings	–	–	43,164	43,164
Derivative financial liabilities				
Foreign currency exchange contracts	–	107,697	–	107,697
Option contracts	–	152,564	–	152,564
Interest rate contracts	–	250	–	250
Total	¥ –	¥260,511	¥ 43,164	¥ 303,675

As of March 31, 2018

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities				
Investments from SoftBank Vision Fund and Delta Fund	¥718,803	¥ –	¥2,098,357	¥2,817,160
Other equity securities	121,969	–	2,206,134	2,328,103
Bonds	6,705	230,274	3,942	240,921
Derivative financial assets				
Foreign currency exchange contracts	–	27,159	–	27,159
Option contracts	–	54,227	5,474	59,701
Interest rate contracts	–	6,008	–	6,008
Other	10,359	19,731	104,926	135,016
Total	857,836	337,399	4,418,833	5,614,068
Financial liabilities				
Derivative financial liabilities				
Foreign currency exchange contracts	–	151,140	–	151,140
Option contracts	–	810,238	–	810,238
Interest rate contracts	–	265	–	265
Total	¥ –	¥961,643	¥ –	¥ 961,643

(Thousands of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities				
Investments from SoftBank Vision Fund and Delta Fund	$6,765,841	$ –	$19,751,102	$26,516,943
Other equity securities	1,148,052	–	20,765,568	21,913,620
Bonds	63,112	2,167,489	37,105	2,267,706
Derivative financial assets				
Foreign currency exchange contracts	–	255,638	–	255,638
Option contracts	–	510,420	51,525	561,945
Interest rate contracts	–	56,551	–	56,551
Other	97,506	185,721	987,631	1,270,858
Total	8,074,511	3,175,819	41,592,931	52,843,261
Financial liabilities				
Derivative financial liabilities				
Foreign currency exchange contracts	–	1,422,628	–	1,422,628
Option contracts	–	7,626,487	–	7,626,487
Interest rate contracts	–	2,495	–	2,495
Total	$ –	$9,051,610	$ –	$ 9,051,610

The major valuation techniques for financial instruments measured at fair value on a recurring basis are as follows:

a. Equity securities and bonds
Equity securities and bonds are measured using quoted prices in active markets for identical assets or liabilities if such prices are available, and are classified as Level 1.

If such prices are unavailable, and if prices of recent arm's-length transactions or equity financing are available, they are measured using recent transaction prices adjusting for performance of the market and company performance.

In the absence of a recent transaction, market approach, cost approach, or income approach is applied for the enterprise valuation. The market approach is used to the extent comparable guidelines for public companies are available. The market approach is a valuation method using figures from the financial statements of the subject companies and valuation multiple of comparable companies, such as Enterprise Value (EV)/Revenue and EV/EBITDA. The cost approach is a valuation method using net assets on balance sheet of subject companies for calculation of stock value. The income approach is used when reliable cash flow projections are available. Under this approach, the present value is calculated by discounting estimated future cash flows at the discount rate and the future cash flows are estimated by taking into consideration several assumptions, including the revenue growth rate.

The enterprise value which is calculated by the above method is allocated to shareholder's value of each class of shares depending on the capital structures of the investments. For the allocation, an option pricing model, which values each individual security in the capital structure based on its unique rights and preferences, and a waterfall approach, which allocates value based on the seniority of each security in the event of a liquidation are mainly used.

The financial instruments are classified as Level 2 if all significant inputs, such as quoted prices and discount rates used for the measurement are observable, and they are classified as Level 3 when they are measured using significant unobservable inputs.

b. Derivative financial assets and derivative financial liabilities
The fair value of derivative financial instruments is measured using valuation techniques including a discounted cash flows model, or using quoted prices in inactive markets. Derivative financial instruments are classified as Level 2 if all significant inputs, such as foreign currency exchange rates and discount rates used for the measurement, are observable; and they are classified as Level 3 when they are measured using significant unobservable inputs.

c. Interest-bearing debt
The fair value of interest-bearing debt is measured using a discounted cash flows model. The model uses significant unobservable inputs including customer churn rates, customer upgrade probabilities, and the likelihood that Sprint will elect the Exchange Option[1] versus the termination option[2] upon customer upgrade, resulting in a Level 3 classification.

Notes:
1. The option to transfer the title in the new device to the borrower in exchange for the title in the original device upon customer upgrade, in order to continue the borrowings
2. The option that Sprint terminates the borrowings

(2) Fair value measurements of financial instruments that are categorized as Level 3

a. Valuation techniques and inputs
The following table shows information about the valuation techniques used and the significant unobservable inputs used in the Level 3 fair value measurements.

As of March 31, 2017

Valuation techniques	Unobservable inputs	Ranges of unobservable inputs
Equity securities		
Price of recent investment	Discount for lack of marketability	10.0%–35.0%
	Control premium	5.0%–10.0%

As of March 31, 2018
For Level 3 fair value measurements as of March 31, 2018, the price of recent investments is mainly adopted considering the rights and preferential rights of shares. The following table shows information about the other valuation techniques used and the significant unobservable inputs used in the fair value measurement.

Valuation techniques	Unobservable inputs	Ranges of unobservable inputs
Equity securities		
Market comparable companies	Discount for lack of marketability	**15.0%**
	Revenue multiple	**X0.8**

b. Sensitivity Analysis
Of the above unobservable inputs, revenue multiples and control premiums have a positive correlation with the fair value of equity securities, whereas the discount for lack of marketability has a negative correlation with the fair value of equity securities.

c. Valuation processes

(a) Valuation processes at SoftBank Vision Fund and Delta Fund

The valuations are prepared by the valuation team of SBIA in accordance with the SBIA Global Valuation Policy and International Private Equity and Venture Capital Valuation guidelines on a quarterly basis, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics and risks of the financial instruments subject to fair value. The valuation team of SBIA may engage external specialists with a high level of knowledge and experience as needed, in determining the fair value of certain complex financial instruments. The valuations are then reviewed by the Valuation and Financial Risk Committee ("VFRC"), established as a committee of SBIA, which reports the result of their review to SBIA's Board of Directors on a quarterly basis. The VFRC reviews the reasonableness of significant inputs and assumptions as well as the valuation results. In addition, the VFRC considers the appropriateness of the choice of valuation methodology.

(b) Valuation processes at entities other than SoftBank Vision Fund and Delta Fund

Fair value is measured by the Company's personnel in the finance, treasury and accounting departments based on internal guidelines on a quarterly basis, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics and risks of the financial instruments subject to fair value. The Company may engage external specialists with a high level of knowledge and experience as needed, in determining the fair value of certain complex financial instruments. Thereafter, management responsible for the valuation processes approves the results of fair value measurements by the Company's personnel and the valuation by the external specialists performed at the end of each quarter after reviewing the analysis of fair value changes and other content.

d. Roll forward of financial instruments categorized as Level 3

Roll forward of financial instruments categorized as Level 3 is as follows:

For the fiscal year ended March 31, 2017

(Millions of yen)

Financial assets	Equity securities	Bonds	Derivative financial assets	Other
As of April 1, 2016	¥ 549,480	¥1,548	¥2,424	¥19,020
Gains or losses				
Net income	(154,374)	9	3,821	(1,291)
Other comprehensive income	12,871	13	(37)	12
Purchases	262,627	251	–	9,342
Sales	(4,435)	(640)	–	(3,692)
Transfers to Level 1 due to listing	(553)	–	–	–
Other	2,718	(49)	–	(1,107)
As of March 31, 2017	¥ 668,334	¥1,132	¥6,208	¥22,284
Gains or losses recognized in net income on financial instruments held at March 31, 2017	¥(153,340)	¥ –	¥3,821	¥ (1,293)

(Millions of yen)

Financial liabilities	Interest-bearing debt
As of April 1, 2016	¥ –
Gains or losses	
Net income	4,593
Other comprehensive income	1,111
Borrowings	115,116
Payments and redemptions	(77,656)
As of March 31, 2017	¥ 43,164
Gains or losses recognized in net income on financial instruments held at March 31, 2017	¥ 2,395

For the fiscal year ended March 31, 2018

(Millions of yen)

Financial assets	Equity securities	Bonds	Derivative financial assets	Other
As of April 1, 2017	¥ 668,334	¥1,132	¥6,208	¥ 22,284
Gains or losses				
Net income	(20,339)	–	(429)	11
Other comprehensive income	(120,141)	(6)	(305)	1,626
Purchases	3,797,739	3,611	–	53,836
Sales	(11,115)	(604)	–	(3,461)
Transfers to Level 1 due to listing	(3,684)	–	–	–
Other	(6,303)	(191)	–	30,630
As of March 31, 2018	¥4,304,491	¥3,942	¥5,474	¥104,926
Gains or losses recognized in net income on financial instruments held at March 31, 2018	¥ (23,980)	¥ –	¥ (429)	¥ 59

(Millions of yen)

Financial liabilities	Interest-bearing debt
As of April 1, 2017	¥ 43,164
Gains or losses	
Net income	(4,582)
Other comprehensive income	(5,642)
Borrowings	–
Payments and redemptions	(32,940)
As of March 31, 2018	¥ –
Gains or losses recognized in net income on financial instruments held at March 31, 2018	¥ –

(Thousands of U.S. dollars)

Financial assets	Equity securities	Bonds	Derivative financial assets	Other
As of April 1, 2017	$ 6,290,794	$10,655	$58,434	$209,752
Gains or losses				
Net income	(191,444)	–	(4,038)	104
Other comprehensive income	(1,130,845)	(56)	(2,871)	15,305
Purchases	35,746,790	33,989	–	506,739
Sales	(104,622)	(5,685)	–	(32,577)
Transfers to Level 1 due to listing	(34,676)	–	–	–
Other	(59,327)	(1,798)	–	288,308
As of March 31, 2018	$40,516,670	$37,105	$51,525	$987,631
Gains or losses recognized in net income on financial instruments held at March 31, 2018	$ (225,715)	$ –	$ (4,038)	$ 555

(Thousands of U.S. dollars)

Financial liabilities	Interest-bearing debt
As of April 1, 2017	$ 406,288
Gains or losses	
Net income	(43,129)
Other comprehensive income	(53,106)
Borrowings	–
Payments and redemptions	(310,053)
As of March 31, 2018	$ –
Gains or losses recognized in net income on financial instruments held at March 31, 2018	$ –

Gains or losses recognized in net income are included in "Operating income from SoftBank Vision Fund and Delta Fund," "Derivative gain (loss)," and "Other non-operating income (loss)" in the consolidated statement of income. Gains or losses recognized in other comprehensive income, net of tax, are included in "Available-for-sale financial assets" and "Exchange differences on translating foreign operations" in the consolidated statement of comprehensive income.

(3) Carrying amounts and fair values of financial instruments

The table below presents carrying amounts and fair values of financial instruments.

As of March 31, 2017

(Millions of yen)

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Interest-bearing debt (Non-current)					
Long-term borrowings	¥ 3,377,625	¥ 782,944	¥2,240,224	¥ 413,787	¥ 3,436,955
Corporate bonds	7,233,838	2,659,147	4,898,040	33,561	7,590,748
Lease obligations	807,606	–	22,747	795,939	818,686
Installment payables	29,760	–	–	30,908	30,908
Total	¥11,448,829	¥3,442,091	¥7,161,011	¥1,274,195	¥11,877,297

As of March 31, 2018

(Millions of yen)

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Interest bearing debt (Non-current)					
Long-term borrowings	¥ 5,121,591	¥1,085,883	¥3,662,081	¥ 469,058	¥ 5,217,022
Corporate bonds	7,234,049	2,612,392	4,718,521	31,799	7,362,712
Lease obligations	766,204	–	15	777,652	777,667
Installment payables	14,607	–	–	14,751	14,751
Total	¥13,136,451	¥3,698,275	¥8,380,617	¥1,293,260	¥13,372,152

(Thousands of U.S. dollars)

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Interest bearing debt (Non-current)					
Long-term borrowings	$ 48,207,747	$10,221,037	$34,469,889	$ 4,415,079	$ 49,106,005
Corporate bonds	68,091,576	24,589,533	44,413,790	299,313	69,302,636
Lease obligations	7,212,011	–	141	7,319,767	7,319,908
Installment payables	137,489	–	–	138,846	138,846
Total	$123,648,823	$34,810,570	$78,883,820	$12,173,005	$125,867,395

Financial instruments whose carrying amounts are reasonably similar to fair values are not included in the table above. Financial instruments that are measured at fair value on a recurring basis are also excluded because their fair values are the same as their carrying amounts.

The major valuation techniques for fair value measurements of the above financial liabilities are as follows:

a. Long-term borrowings

Fair values of the non-current portion of long-term borrowings are measured using quoted prices in active markets if such prices are available, and the measurement is categorized as Level 1. Where such prices in active markets are not available, fair values of the non-current portion of long-term borrowings are measured based on the discounted cash flow method using observable inputs such as market interest rates, and the measurement is categorized as Level 2. Fair values of the non-current portion of long-term borrowings are measured based on the discounted cash flow method using an interest rate including the credit spread that would be used for a borrowing with the same terms and maturity. Those borrowings are categorized as Level 3.

b. Corporate bonds

Fair values of the non-current portion of corporate bonds are mainly categorized as Level 1 or Level 2. When the fair value is measured using quoted prices in active markets for identical bonds, it is categorized as Level 1. When the fair value is measured using quoted prices that are observable in markets that are not active for identical bonds, it is categorized as Level 2. The fair value of corporate bonds categorized as Level 3 is immaterial.

c. Lease obligations

Fair values of the non-current portion of lease obligations are measured based on the discounted cash flow method using an interest rate considering the period until payment and credit risk, and are categorized as Level 3. Also, the fair value amount of the non-current portion of lease obligations which are categorized as Level 2 is insignificant.

d. Installment payables

Fair values of the non-current portion of installment payables are measured based on the discounted cash flow method using an interest rate adjusted for the remaining repayment period and credit risks, and the measurement are categorized as Level 3.

28. Transfers of financial assets

The Company enters into securitization transactions involving trade and installment receivables.

The major securitization transactions involve the securitization of receivables related to wireless service charges due from subscribers, future lease receivables occurring from lease transactions of devices to customers, and installment receivables recognized from the mobile handset sales business.

For each transaction, the Company transferred receivables to financial institutions and acquired cash and a subordinate interest in the transferred receivables for financing purposes. The receivables sold are not derecognized because in each transaction, the Company retains a subordinate interest and, therefore, substantially retains all the risks and rewards of ownership of the transferred assets. Cash received from transferring the receivables are included in "Interest-bearing debt" under current liabilities and non-current liabilities.

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	**As of March 31, 2018**	**As of March 31, 2018**
Carrying amount of transferred assets	¥1,020,257	**¥ 993,246**	**$ 9,349,078**
Carrying amount of related liabilities	(735,205)	**(876,062)**	**(8,246,066)**
(Fair value of financial assets and financial liabilities where related liabilities have recourse only to the transferred assets)			
Fair value of transferred assets	¥1,020,257	**¥ 993,246**	**$ 9,349,078**
Fair value of related liabilities	(735,880)	**(875,490)**	**(8,240,681)**
Net position	¥ 284,377	**¥ 117,756**	**$ 1,108,397**

The difference between transferred assets and related liabilities is the subordinate interest which the Company retains on securitization.

29. Offsetting financial assets and liabilities

The following table presents the amount of financial assets and liabilities offset in the consolidated statement of financial position, as well as the amount of financial assets and liabilities that are under enforceable master netting agreements or similar contracts, but are not offset as they do not meet certain or all criteria of offsetting.

Rights to offset based on the enforceable master netting agreements or similar contracts are enforceable only in certain events such as bankruptcy or obligation default of the counterparty.

As of March 31, 2017

(Millions of yen)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	¥129,790	¥(90,319)	¥39,471	¥(26,134)	¥13,337
Other financial assets	31,736	(133)	31,603	(31,551)	52
Total	¥161,526	¥(90,452)	¥71,074	¥(57,685)	¥13,389

(Millions of yen)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	¥221,274	¥(90,452)	¥130,822	¥(25,975)	¥104,847
Derivative financial liabilities	109,983	–	109,983	(31,245)	78,738
Other financial liabilities	2,988	–	2,988	(465)	2,523
Total	¥334,245	¥(90,452)	¥243,793	¥(57,685)	¥186,108

As of March 31, 2018

(Millions of yen)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	¥139,094	¥(87,629)	¥ 51,465	¥(33,583)	¥17,882
Other financial assets	57,032	(194)	56,838	(43,365)	13,473
Total	¥196,126	¥(87,823)	¥108,303	¥(76,948)	¥31,355

(Millions of yen)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	¥254,163	¥(87,629)	¥166,534	¥(33,442)	¥133,092
Derivative financial liabilities	151,024	(14)	151,010	(11,285)	139,725
Other financial liabilities	64,487	(180)	64,307	(32,221)	32,086
Total	¥469,674	¥(87,823)	¥381,851	¥(76,948)	¥304,903

(Thousands of U.S. dollars)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	$1,309,243	$(824,821)	$ 484,422	$(316,105)	$168,317
Other financial assets	536,822	(1,826)	534,996	(408,180)	126,816
Total	$1,846,065	$(826,647)	$1,019,418	$(724,285)	$295,133

(Thousands of U.S. dollars)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	$2,392,347	$(824,821)	$1,567,526	$(314,778)	$1,252,748
Derivative financial liabilities	1,421,536	(132)	1,421,404	(106,222)	1,315,182
Other financial liabilities	606,994	(1,694)	605,300	(303,285)	302,015
Total	$4,420,877	$(826,647)	$3,594,230	$(724,285)	$2,869,945

30. Foreign currency exchange rates

Exchange rates of the major currencies used for translating the financial statements of foreign operations are as follows:

(1) Rate at the end of the period

(Yen)

	As of March 31, 2017	As of March 31, 2018
U.S. dollars	¥112.19	¥106.24
British pound	¥140.08	¥148.84

(2) Average rate for the quarter

For the fiscal year ended March 31, 2017

(Yen)

	Three-month period ended June 30, 2016	Three-month period ended September 30, 2016	Three-month period ended December 31, 2016	Three-month period ended March 31, 2017
U.S. dollars	¥109.07	¥102.91	¥108.72	¥113.76
British pound*	¥ –	¥132.95	¥135.56	¥141.33

Note:
* Average rate described for the three-month period ended September 30, 2016 is the monthly average rate of September 2016.

For the fiscal year ended March 31, 2018

(Yen)

	Three-month period ended June 30, 2017	Three-month period ended September 30, 2017	Three-month period ended December 31, 2017	Three-month period ended March 31, 2018
U.S. dollars	¥111.61	¥111.38	¥112.74	¥108.85
British pound	¥142.92	¥146.20	¥150.77	¥151.01

(3) Foreign exchange sensitivity analysis for exchange differences on translating foreign operations

The table below presents the effect of a 1% appreciation of the Japanese yen against the U.S. dollar, British pound and Chinese yuan, which are the main foreign currencies of the Company, regarding the translation of assets, liabilities, and interests in net assets in foreign operations into the presentation currency, assuming that all other factors are constant.

Impact of exchange differences on translating foreign operations (decrease in equity)

	(Millions of yen) Fiscal year ended March 31, 2017	(Millions of yen) Fiscal year ended March 31, 2018	(Thousands of U.S. dollars) Fiscal year ended March 31, 2018
U.S. dollar	¥(31,910)	¥(29,152)	$(274,398)
British pound	(34,325)	(36,114)	(339,928)
Chinese yuan	(13,362)	(18,850)	(177,428)

31. Equity

(1) Common stock

a. Shares authorized

The number of shares authorized to be issued is as follows:

(Thousands of shares)	March 31, 2017	March 31, 2018
Ordinary shares	3,600,000	3,600,000

b. Shares issued

Changes in the number of shares issued are as follows:

(Thousands of shares)	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Balance at the beginning of the year	1,200,660	1,100,660
Increase during the year	–	–
Decrease during the year[3]	(100,000)	–
Balance at the end of the year	1,100,660	1,100,660

Notes:
1. Shares issued by the Company is common stock with no par value.
2. Shares issued have been fully paid.
3. The Company retired 100,000 thousand shares of treasury stock on October 31, 2016.

(2) Capital surplus

Capital surplus of the Company includes additional paid-in capital, which is legal capital surplus. Under the Companies Act of Japan (the "Companies Act"), at least 50% of the proceeds upon issuance of equity instruments shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

(3) Other equity instruments

On July 19, 2017, the Company issued USD-denominated Undated Subordinated Non-Call 6 years ("NC6") Resettable Notes and USD-denominated Undated Subordinated Non-Call 10 years ("NC10") Resettable Notes (collectively, the "Hybrid Notes").

The Hybrid Notes are classified as equity instruments in accordance with IFRSs because the Company has the option to defer interest payments, the notes have no maturity date, and the Company has an unconditional right to avoid delivering cash or another financial asset except for distribution of residual assets on liquidation. As a result of this transaction, "Other equity instruments" is increased by ¥496,876 million ($4,676,920 thousand) (after deducting ¥7,034 million ($66,209 thousand) of transaction costs) in the consolidated statement of financial position. The corresponding amount is recorded as "Proceeds from issuance of other equity instruments" under cash flows from financing activities in the consolidated statement of cash flows.

The payment of interest was completed on the interest payment date, January 19, 2018 and "Retained earnings" decreased by ¥15,852 million ($149,209 thousand) as "Distribution to owners of other equity instruments" in the consolidated statement of changes in equity.

Also, as of March 31, 2018, accrued interest, which is not recognized as a distribution to owners of other equity instruments because the payment has not yet been determined, is ¥6,062 million ($57,059 thousand).

The details of the Hybrid Notes are as follows:

	Undated Subordinated NC6 Resettable Notes	Undated Subordinated NC10 Resettable Notes
1. Total amount of issue	USD 2.75 billion (JPY 307.9 billion)	USD 1.75 billion (JPY 196.0 billion)
2. Issue price	100% of the principal amount	100% of the principal amount
3. Initial interest rate*	6.000% per annum	6.875% per annum
4. Maturity date	None (Perpetual)	None (Perpetual)
5. Optional redemption	The Company may, at its discretion, redeem the NC6 Notes on the first call date on July 19, 2023 or any interest payment date thereafter.	The Company may, at its discretion, redeem the NC10 Notes on the first call date on July 19, 2027 or any interest payment date thereafter
6. Interest payment	Payable semi-annually in arrears on January 19 and July 19 of each year	
7. Closing date	July 19, 2017	
8. Collateral	None	
9. Guarantee	None	
10. Covenants	There are no covenants on the Hybrid Notes.	
11. Subordination	In the event of bankruptcy, etc., the Hybrid Notes shall be subordinated to all of the Company's senior indebtedness (including domestic subordinated bonds issued in 2014 and 2015 by the Company) and shall rank substantially pari passu with the domestic hybrid bonds issued in 2016 by the Company and its senior preferred shares (if issued in the future) and senior to the Company's common stock.	
12. Listing	Singapore Exchange Securities Trading Limited	
13. Use of proceeds	The Company used the proceeds of issuance of the Hybrid Notes for general corporate purposes.	

Note:
* There is a step-up interest provision on the Undated Subordinated NC6 Resettable Note of 25bps on July 19, 2023 and additional 75bps on July 19, 2038, and on the Undated Subordinated NC10 Resettable Note of 25bps on July 19, 2027 and additional 75bps on July 19, 2042.

(4) Retained earnings

Retained earnings of the Company include the reserve legally required as legal retained earnings. The Companies Act provides that 10% of the dividend of retained earnings shall be appropriated as legal capital surplus or as legal retained earnings until their aggregate amount equals 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

(5) Treasury stock

The Companies Act provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Changes in treasury stock are as follows:

(Thousands of shares)

	Fiscal year ended March 31, 2017	**Fiscal year ended March 31, 2018**
Balance at the beginning of the year	53,760	**11,378**
Increase during the year	58,073	**4**
Decrease during the year	(100,455)	**(220)**
Balance at the end of the year	11,378	**11,162**

Notes:
1. The number of shares of treasury stock acquired based on the resolution passed at the Board of Directors' meeting for the fiscal year ended March 31, 2017 was 58,069 thousand, and total acquisition cost was ¥350,826 million.
2. Based on the resolution passed at the Board of Directors' meeting held on October 7, 2016, the Company retired its treasury stock of 100,000 thousand shares on October 31, 2016. As a result, "Retained earnings" and "Treasury stock" are decreased by ¥595,195 million.

(6) Accumulated other comprehensive income

The changes in the accumulated other comprehensive income are as follows:

(Millions of yen)

	Remeasurements of defined benefit plan	Available-for-sale financial assets	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of April 1, 2016	¥ –	¥ 32,594	¥(40,088)	¥269,230	¥261,736
Other comprehensive income (attributable to owners of the parent)	10,140	(20,611)	(4,789)	(25,090)	(40,350)
Transfer to retained earnings	(10,140)	–	–	–	(10,140)
As of March 31, 2017	¥ –	¥ 11,983	¥(44,877)	¥244,140	¥211,246
Other comprehensive income (attributable to owners of the parent)	**7,438**	**51,717**	**(10,409)**	**65,405**	**114,151**
Transfer to retained earnings	**(7,438)**	**–**	**–**	**–**	**(7,438)**
As of March 31, 2018	**¥ –**	**¥ 63,700**	**¥(55,286)**	**¥309,545**	**¥317,959**

(Thousands of U.S. dollars)

	Remeasurements of defined benefit plan	Available-for-sale financial assets	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of March 31, 2017	$ –	$112,792	$(422,412)	$2,298,005	$1,988,385
Other comprehensive income (attributable to owners of the parent)	**70,011**	**486,794**	**(97,976)**	**615,634**	**1,074,463**
Transfer to retained earnings	**(70,011)**	**–**	**–**	**–**	**(70,011)**
As of March 31, 2018	**$ –**	**$599,586**	**$(520,388)**	**$2,913,639**	**$2,992,837**

Note:
The above amount is presented net of the tax effect. The amount of income taxes on each item in other comprehensive income is described in "Note 43. Other comprehensive income."

32. Dividends

In accordance with the Companies Act, SoftBank Group Corp. has prescribed in its articles of incorporation that semiannual interim dividends may be paid once a year upon resolution by the Board of Directors.

Dividends paid are as follows:

For the fiscal year ended March 31, 2017

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Shareholders' meeting held on June 22, 2016	Common stock	¥21	¥24,085	March 31, 2016	June 23, 2016
Board of directors' meeting held on October 27, 2016	Common stock	22	23,957	September 30, 2016	December 12, 2016

For the fiscal year ended March 31, 2018

Resolution	Class of shares	Dividends per share (Yen)	Dividends per share (USD)	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Record date	Effective date
Shareholders' meeting held on June 21, 2017	Common stock	¥22	$0.21	¥23,964	$225,565	March 31, 2017	June 22, 2017
Board of directors' meeting held on October 27, 2017	Common stock	22	0.21	23,969	225,612	September 30, 2017	December 11, 2017

Dividends which will become effective during the fiscal year ending March 31, 2019 are as follows:

Resolution	Class of shares	Dividends per share (Yen)	Dividends per share (USD)	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Record date	Effective date
Shareholders' meeting held on June 20, 2018	Common stock	¥22	$0.21	¥23,969	$225,612	March 31, 2018	June 21, 2018

33. Share-based payment transactions

The Company grants stock options, restricted stock units and phantom stock as share-based payment awards.

Share-based payment awards are granted to the Company's directors, employees and other service providers, based on the terms resolved at the Company's shareholders' meeting or Board of Directors' meeting.

Share-based payment awards are accounted for as equity-settled share-based payments and cash-settled share-based payments. Expense and liability recognized from share-based payment awards are as follows:

Expense arising from share-based payment

	(Millions of yen) Fiscal year ended March 31, 2017	(Millions of yen) Fiscal year ended March 31, 2018	(Thousands of U.S. dollars) Fiscal year ended March 31, 2018
Equity-settled	¥13,301	¥27,844	$262,085
Cash-settled	7,877	4,979	46,866
Total	¥21,178	¥32,823	$308,951

Liability arising from share-based payment

	(Millions of yen) As of March 31, 2017	(Millions of yen) As of March 31, 2018	(Thousands of U.S. dollars) As of March 31, 2018
Liability arising from share-based payment	¥8,162	¥10,536	$99,172
Liability vested in the above	–	76	715

(1) Stock option plan

a. Details of the stock option plan

The Company grants stock options as equity-settled share-based payment and cash-settled share-based payment. The details of the Company's stock option plan for the years ended March 31, 2017 and 2018 are as follows:

(a) SoftBank Group Corp

SoftBank Group Corp. grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by SoftBank Group Corp.

Year issued / Name	Grant date	Due date for exercise
2010 - 6th Stock Acquisition Rights[1]	August 27, 2010	June 30, 2017
2016 July Stock Acquisition Rights[2]	July 28, 2016	July 31, 2022
2017 February Stock Acquisition Rights[2]	February 27, 2017	February 28, 2023
2017 July Stock Acquisition Rights[2]	July 28, 2017	July 31, 2023

Notes:

1. Vesting condition

A person entitled to the vested stock acquisition rights ("entitled person") is able to exercise these rights only when all of the following conditions are satisfied:

i. total free cash flows in the consolidated statement of cash flows for the years ended in March 2010, 2011 and 2012 in the Annual Securities Report filed by SoftBank Group Corp. based on the Financial Instruments and Exchange Act exceed ¥1.0 trillion;
ii. net interest-bearing debt in the consolidated balance sheet for the year ended in March 2012 in the Annual Securities Report filed by SoftBank Group Corp. based on the Financial Instruments and Exchange Act is less than ¥0.97 trillion; and,
iii. total operating income in the consolidated statement of income for the years ended in March 2011 and 2012 in the Annual Securities Report filed by SoftBank Group Corp. based on the Financial Instruments and Exchange Act exceeds ¥1.1 trillion.

The amount of the stock acquisition rights exercisable by an entitled person is limited as prescribed in "a" through "d" below. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.

i. from July 1, 2012 through June 30, 2013: 25% of the allocated amount of stock acquisition rights
ii. from July 1, 2013 through June 30, 2014: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" above
iii. from July 1, 2014 through June 30, 2015: 75% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" and "b" above
iv. from July 1, 2015 through June 30, 2017: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" through "c" above

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

2. Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is 2 years.

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

(b) Sprint

Sprint grants stock options to its directors, employees and other service providers. Shares granted by the exercise of stock options are those issued by Sprint Corporation.

Year issued / Name	Grant date	Due date for exercise
1997 Long-term Incentive Program	February 27, 2007	February 27, 2017
2007 Omnibus Incentive Plan	From March 26, 2008 through May 31, 2015	From March 26, 2018 through May 31, 2025
2015 Omnibus Incentive Plan	From August 25, 2015 through January 30, 2018	From August 25, 2025 through January 30, 2028

Note:

Vesting condition

Generally, stock options vest when service period requirements are met. The vesting period is generally 3 years and vests each period equally.

(c) Brightstar

Brightstar grants stock options as equity-settled share-based payments and cash-settled share-based payments to its directors, employees and other service providers.

Year issued / Name	Grant date	Due date for exercise
Brightstar Global Group Inc. 2006 Stock Incentive Plan[1]	From July 12, 2006 through January 21, 2014	From July 12, 2016 through January 21, 2024
Brightstar Global Group Inc. 2016 Stock Incentive Plan[2]	March 15, 2016	From January 1, 2017 through February 28, 2017

Notes:

1. Vesting condition

Generally, stock options vest when the service period requirements are met. Rights vest equally over a 4 year period. Brightstar Corp. has the option to settle either by Brightstar Global Group Inc. shares or cash when options are exercised and those are accounted for as equity-settled share-based payments. Shares granted by the exercise of stock options are those issued by Brightstar Global Group Inc.

2. Vesting condition

Stock options vest when the service period requirements are met. The vesting period is within 1 year. Brightstar Corp. has the option to settle either by Brightstar Global Group Inc. shares or cash when options are exercised and those are accounted for as cash-settled share-based payments.

(d) Yahoo Japan Corporation

Yahoo Japan Corporation grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by Yahoo Japan Corporation.

Year issued / Name	Grant date	Due date for exercise
2006 [1]	From September 6, 2006 through February 7, 2007	From August 23, 2016 through January 24, 2017
2007 [1]	From May 8, 2007 through February 13, 2008	From April 24, 2017 through January 30, 2018
2008 [1]	From May 9, 2008 through February 10, 2009	From April 25, 2018 through January 27, 2019
2009 [1]	From May 12, 2009 through February 10, 2010	From April 28, 2019 through January 27, 2020
2010 [1]	From May 11, 2010 through February 8, 2011	From April 27, 2020 through January 25,2021
2011 [1]	From June 3, 2011 through February 17, 2012	From May 20, 2021 through February 3, 2022
2012		
1st [1]	From May 16, 2012 through	From May 2, 2022 through
2nd [2]	March 1, 2013	February 28, 2023
2013		
1st [3]	From May 17, 2013 through	From May 16, 2023 through
2nd [4]	November 19, 2013	November 18, 2023
2014		
1st [4]	May 26, 2014	May 25, 2024

Notes:

1. Vesting condition
   Rights are mainly starting to vest in stages after 2 years from the grant date. One-half of the total grant vests after 2 years from the grant date, and one fourth grant vests per year for the subsequent 2 years. Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

2. Vesting condition
   Rights vest according to the amount of operating income achieved as specified in either (i) or (ii) below in the period from the fiscal year ended in March 2014 through the fiscal year ending in March 2019.
   i. If the operating income exceeds ¥250 billion
      Period of achievement: By fiscal year March 2016 Exercisable ratio: 20%
      Period of achievement: By fiscal year March 2017 Exercisable ratio: 14%
      Period of achievement: By fiscal year March 2018 Exercisable ratio: 8%
      Period of achievement: By fiscal year March 2019 Exercisable ratio: 2%

   ii. If the operating income exceeds ¥330 billion
      Period of achievement: By fiscal year March 2016 Exercisable ratio: 80%
      Period of achievement: By fiscal year March 2017 Exercisable ratio: 56%
      Period of achievement: By fiscal year March 2018 Exercisable ratio: 32%
      Period of achievement: By fiscal year March 2019 Exercisable ratio: 8%

   Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

3. Vesting condition
   Rights vest according to the amount of operating income achieved as specified in either (i) or (ii) below in the period from the fiscal year ended in March 2014 through the fiscal year ending in March 2019.
   i. If the operating income exceeds ¥250 billion Exercisable ratio: 20%

   ii. If the operating income exceeds ¥330 billion Exercisable ratio: 80%

   Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

4. Vesting condition
   Rights vest once the operating income for the fiscal year exceeds ¥330 billion in either of the period from the fiscal year ended in March 2015 through the fiscal year ending in March 2019. Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

(e) SoftBank Corp.

SoftBank Corp. grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by SoftBank Corp.

Year issued / Name	Grant date	Due date for exercise
2018 March Stock Acquisition Rights*	March 30, 2018	March 31, 2025

Note:
* Vesting condition
In case the common stock of SoftBank Corp. are newly listed on the financial instruments market established by the financial instruments exchange by March 31, 2020, an entitled person is able to exercise these rights.
Also, the number of these rights which an entitled person is able to exercise is as follows:
i. where the total number of shares granted by the stock acquisition rights initially allotted is from 3,000 to less than 12,000 shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period.
   a. up to 30% of the total allotted rights is exercisable from April 1, 2020 to March 31, 2021.
   b. up to 60% of the total allotted rights including the rights exercised during the period of (a) is exercisable from April 1, 2021 to March 31, 2022.
   c. up to 100% of the total allotted rights including the rights exercised during the period of (a) and (b) is exercisable from April 1, 2022 to March 31, 2025.

ii. where the total number of shares granted by the stock acquisition rights initially allotted is 12,000 or more shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period.
   a. up to 20% of the total allotted rights is exercisable from April 1, 2020 to March 31, 2021.
   b. up to 40% of the total allotted rights including the rights exercised during the period of (a) is exercisable from April 1, 2021 to March 31, 2022.
   c. up to 60% of the total allotted rights including the rights exercised during the period of (a) and (b) is exercisable from April 1, 2022 to March 31, 2023.
   d. up to 80% of the total allotted rights including the rights exercised during the period of (a), (b), and (c) is exercisable from April 1, 2023 to March 31, 2024.
   e. up to 100% of the total allotted rights including the rights exercised during the period of (a), (b), (c), and (d) is exercisable from April 1, 2024 to March 31, 2025.

When an eligible person (director, employee or executive officer) retires, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

b. Fair value of stock options granted during the period

Weighted-average fair value and fair value measurement at the measurement date of the stock options granted during the period are as follows:

(a) SoftBank Group Corp.

The weighted-average fair value at the measurement date of the stock options granted during the period is ¥2,281 ($21.47).

Fair value is measured as follows:

	Fiscal year ended March 31, 2018	
Year issued / Name	2017 July stock acquisition rights	
Valuation method used	Black-Scholes model	
	(Yen)	(USD)
Key inputs and assumptions:		
Weighted-average stock price	¥9,168	$86.30
Weighted-average exercise price	¥9,582	$90.19
Volatility of stock price*	35.40%	
Estimated residual period	4 years	
Estimated dividend	¥44/ per share	$0.41/ per share
Risk-free interest rate.	(0.07)%	

Note:
* Volatility of the stock price is calculated based on the performance of the stock price for the most recent period depending on the period to maturity.

(b) Sprint

The weighted-average fair value at the measurement date of the stock options granted during the period is $3.98.

Fair value is measured as follows:

	Fiscal year ended March 31, 2018
Year issued / Name	2015 Omnibus incentive plan
Valuation method used	Black-Scholes model
Key inputs and assumptions:	
Weighted-average stock price	$7.96
Weighted-average exercise price	$7.96
Volatility of stock price*	50.85%
Estimated residual period	6 years
Estimated dividend	–
Risk-free interest rate.	2.02%

Note:
* Volatility of stock price is calculated based on an implied volatility, measured by the stock price and option price of Sprint at the calculation date.

(c) SoftBank Corp.

The weighted-average fair value at the measurement date of the stock options granted during the period is ¥79 ($0.74).

Fair value is measured as follows:

	Fiscal year ended March 31, 2018	
Year issued / Name	2018 March stock acquisition rights	
Valuation method used	Black-Scholes model	
	(Yen)	(USD)
Key inputs and assumptions:		
Weighted-average stock price	¥623	$5.86
Weighted-average exercise price	¥623	$5.86
Volatility of stock price[1]	24.32%	
Estimated residual period	5 years	
Estimated dividend[2]	¥22/per share	$0.21/per share
Risk-free interest rate.	(0.10)%	

Notes:
1. Volatility of the stock price is calculated based on the performance of the stock price of comparable peer companies for the most recent period depending on the period to maturity.
2. Estimated dividend is calculated based on average value of most recent estimated dividend rate of comparable peer companies.

c. Changes in stock options during the period and the condition of stock options at the period end

Changes in stock options during the period and the condition of stock options at the period end are as follows:

(a) SoftBank Group Corp.

	Fiscal year ended March 31, 2017		Fiscal year ended March 31, 2018		
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)
Beginning balance – Unexercised	689,700	¥2,625	4,586,400	¥6,040	$56.85
Granted	4,364,000	6,218	5,002,000	9,582	90.19
Forfeited	(12,000)	4,098	(169,000)	7,212	67.88
Exercised	(455,300)	2,625	(220,100)	2,625	24.71
Matured	–	–	(7,300)	2,625	24.71
Ending balance – Unexercised	4,586,400	6,040	9,192,000	8,031	75.59
Ending balance – Exercisable	227,400	¥2,625	–	¥ –	$ –

The unexercised options as of March 31, 2018 are as follows:

Range of exercise price (Yen)	Range of exercise price (USD)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)	Weighted-average remaining contract period (year)
¥6,159	$57.97	4,147,000	¥6,159	$57.97	4.3
8,891	83.69	95,000	8,891	83.69	4.9
9,582	90.19	4,950,000	9,582	90.19	5.3
Total		9,192,000	¥8,031	$75.59	4.9

(b) Sprint

	Fiscal year ended March 31, 2017		Fiscal year ended March 31, 2018	
	Number of shares	Weighted-average exercise price (USD)	Number of shares	Weighted-average exercise price (USD)
Beginning balance – Unexercised	40,742,546	$4.69	37,179,286	$4.57
Granted	12,075,685	3.72	3,438,907	7.96
Forfeited	(3,410,819)	4.62	(2,370,908)	4.92
Exercised	(11,653,873)	3.93	(8,236,014)	3.90
Matured	(574,253)	7.96	(708,182)	5.92
Ending balance – Unexercised	37,179,286	4.57	29,303,089	5.09
Ending balance – Exercisable	16,852,255	$4.74	18,206,235	$5.14

The unexercised options as of March 31, 2018 are as follows:

Range of exercise price (USD)	Number of shares	Weighted-average exercise price (USD)	Weighted-average remaining contract period (year)
$0.00 – $3.00	1,548,800	$2.07	4.23
3.01 – 4.00	9,273,100	3.43	6.58
4.01 – 5.00	8,453,650	4.72	6.93
5.01 – 6.00	3,398,286	5.56	6.69
6.01 – 7.00	673,933	6.20	8.50
7.01 – 10.00	5,955,320	8.62	7.57
Total	29,303,089	$5.09	6.81

(c) Brightstar

	Fiscal year ended March 31, 2017		Fiscal year ended March 31, 2018	
	Number of shares	Weighted-average exercise price (USD)	Number of shares	Weighted-average exercise price (USD)
Beginning balance – Unexercised	609,920	$14.00	223,437	$26.53
Granted	–	–	–	–
Forfeited	(10,000)	33.25	–	–
Matured	(376,483)	6.06	(8,500)	20.00
Ending balance – Unexercised	223,437	26.53	214,937	26.79
Ending balance – Exercisable	217,812	$26.46	214,937	$26.79

The unexercised options as of March 31, 2018 are as follows:

Range of exercise price (USD)	Number of shares	Weighted-average exercise price (USD)	Weighted-average remaining contract period (year)
$15.00	34,000	$15.00	1.06
29.00	180,937	29.00	4.76
Total	214,937	$26.79	4.17

(d) Yahoo Japan Corporation

	Fiscal year ended March 31, 2017		Fiscal year ended March 31, 2018		
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)
Beginning balance – Unexercised	63,973,500	¥429	61,255,300	¥429	$4.04
Granted	–	–	–	–	–
Forfeited	(2,088,700)	445	(4,500,400)	430	4.05
Exercised	(286,200)	347	(483,700)	341	3.21
Matured	(343,300)	471	(284,100)	438	4.12
Ending balance – Unexercised	61,255,300	429	55,987,100	430	4.05
Ending balance – Exercisable	2,899,300	¥346	1,997,100	¥334	$3.14

The unexercised options as of March 31, 2018 are as follows:

Range of exercise price (Yen)	Range of exercise price (USD)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)	Weighted-average remaining contract period (year)
¥201 – ¥300	$1.89 – $2.82	639,800	¥271	$2.55	3.3
301 – 400	2.83 – 3.76	22,816,500	324	3.05	4.8
401 – 500	3.77 – 4.71	9,868,000	489	4.60	5.1
501 – 600	4.72 – 5.65	22,662,800	514	4.84	5.6
Total		55,987,100	¥430	$4.05	5.2

(e) SoftBank Corp.

	Fiscal year ended March 31, 2017		Fiscal year ended March 31, 2018		
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)
Beginning balance – Unexercised	–	¥–	–	¥ –	$ –
Granted	–	–	120,002,300	623	5.86
Forfeited	–	–	–	–	–
Exercised	–	–	–	–	–
Ending balance – Unexercised	–	–	120,002,300	623	5.86
Ending balance – Exercisable	–	¥–	–	¥ –	$ –

d. Stock options exercised during the period

Weighted-average stock prices at the date exercised, for those stock options that were exercised during the period are as follows:

(a) SoftBank Group Corp

Fiscal year ended March 31, 2017			Fiscal year ended March 31, 2018			
Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Weighted-average stock price at exercise (USD)
2010 - 6th Stock Acquisition Rights	455,300	¥7,291	2010- 6th Stock Acquisition Rights	220,100	¥8,711	$81.99

(b) Sprint

Fiscal year ended March 31, 2017			Fiscal year ended March 31, 2018		
Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (USD)	Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (USD)
2007 Omnibus Incentive Plan	11,566,044	$7.33	2007 Omnibus Incentive Plan	6,291,429	$7.20
2015 Omnibus Incentive Plan	87,829	$7.50	2015 Omnibus Incentive Plan	1,944,585	$7.21

(c) Yahoo Japan Corporation

Fiscal year ended March 31, 2017			Fiscal year ended March 31, 2018			
Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Weighted-average stock price at exercise (USD)
2006	31,600	¥491	2007	139,500	¥499	$4.70
2007	51,200	525	2008	58,700	515	4.85
2008	22,900	505	2009	50,500	505	4.75
2009	37,300	510	2010	70,700	504	4.74
2010	58,000	521	2011	94,800	508	4.78
2011	69,100	501	2012	69,500	521	4.90
2012	16,100	501				

(2) Restricted stock unit plan

The Company adopts restricted stock unit ("RSU") plans where the Company grants stocks, the transfer of which is restricted for a certain period until vested, and is accounted for as equity-settled share-based payment.

The details of the Company's RSU plans for the years ended March 31, 2017 and 2018 are as follows:

a. Sprint

Sprint grants shares of Sprint Corporation as RSUs to its directors, employees and other service providers.

The fair value of the RSU is generally measured based on the closing price of the stock on the date of grant.

An RSU generally has performance and service requirements or service requirements only, with vesting periods ranging from one to three years.

During the fiscal year ended March 31, 2018, Sprint granted performance-based RSUs that will be earned upon the achievement of certain market conditions, which are based on the Sprint share price. The fair value of these market-based RSUs is estimated at the date of grant using the Monte Carlo valuation methodology, which incorporates into the valuation the possibility that the market condition may not be satisfied. Former market-based RSUs vested 50% over four years from the grant date and 50% over five years from the grant date, however the vesting schedule was modified during the fiscal year ended March 31, 2018. The market-based RSUs will vest one-third over two years from the grant date, one-third over three years from the grant date, and one-third over four years from the grant date.

The number of RSUs granted for the fiscal year ended March 31, 2018 was 19,902,812 units. The weighted-average fair value of RSUs granted for the fiscal year ended March 31, 2018 was $6.90 per unit.

b. Galaxy Investment Holdings, Inc.

Galaxy Investment Holdings, Inc. grants RSUs to its director with the option to settle either by Sprint Corporation shares held by Galaxy Investment Holdings, Inc. or cash. As Galaxy Investment Holdings, Inc. has the option to settle by cash instead of Sprint Corporation shares, this RSU grant has been accounted for as an equity-settled share-based payment. The fair value of the RSUs is measured based on the stock price as of the date of the grant.

RSU vests equally each year over four years, with continuous service required through each vesting date.

(3) Phantom stock

The Company adopts phantom stock awards where the Company pays in cash based on the stock price at the vesting date, and they are accounted for as cash-settled share-based payments.

The details of phantom stock for the fiscal years ended March 31, 2017 and 2018 are as follows:

SoftBank Group Corp., SB Group US, Inc., and SoftBank Holdings, Inc. granted phantom stock, which is based on the shares of SoftBank Group Corp., to their directors, employees, and other service providers.

It requires one to have continued employment from the grant date through the vesting date. The amount of settlement at the vesting date is determined based on the share per unit. The details of vesting conditions are as follows:

The number of units and vesting conditions as of March 31, 2018

unit	Vesting condition
1,104,799	It vests fully when five years pass from the first date of the service period.
1,840,209	Vesting periods are mainly four or six years from the first date of service, or service provided, and vests over those periods.

34. Net sales

The components of net sales are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Domestic Telecommunications segment			
Telecom service revenue	¥2,413,429	¥2,397,958	$22,571,141
Products and other sales	743,396	790,458	7,440,305
Total	3,156,825	3,188,416	30,011,446
Sprint segment			
Telecom service revenue	3,120,616	3,106,194	29,237,519
Products and other sales	338,526	297,626	2,801,449
Total	3,459,142	3,403,820	32,038,968
Yahoo Japan segment			
Net sales from rendering of services	519,350	527,272	4,963,027
Net sales from sale of goods	322,231	339,355	3,194,230
Total	841,581	866,627	8,157,257
Distribution segment	1,228,051	1,360,656	12,807,380
Arm segment	112,901	202,338	1,904,537
Other	102,504	136,908	1,288,667
Total	¥8,901,004	¥9,158,765	$86,208,255

35. Cost of sales and selling, general and administrative expenses

The components of cost of sales and selling, general and administrative expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Cost of goods sold	¥(2,433,370)	¥(2,507,904)	$(23,606,024)
Depreciation and amortization	(1,465,609)	(1,585,873)	(14,927,268)
Sales commissions and sales promotion expenses	(954,998)	(1,012,653)	(9,531,749)
Employees and directors benefit cost	(569,414)	(686,909)	(6,465,634)
Operating lease expenses	(494,579)	(493,471)	(4,644,870)
Telecommunications equipment usage fees	(429,176)	(437,421)	(4,117,291)
Service outsourcing expenses	(290,681)	(308,036)	(2,899,435)
Other	(1,111,662)	(1,097,088)	(10,326,507)
Total	¥(7,749,489)	¥(8,129,355)	$(76,518,778)

"Depreciation and amortization" includes disposal of "Property, plant and equipment" and "Intangible assets" as well as amortization of long-term prepaid expenses which are recorded in "Other non-current assets" in the consolidated statement of financial position.

For the fiscal year ended March 31, 2018, the operating costs, which are included in "Operating income from SoftBank Vision Fund and Delta Fund" in the consolidated statement of income, are included in the above amounts. The details are described in "Note 42. Income and loss arising from the SoftBank Vision Fund and Delta Fund business in the consolidated statement of income."

36. Other operating loss

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

	(Millions of yen)		(Thousands of U.S. dollar)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Domestic Telecommunications segment:			
Gain on derecognition of accrual in relation to spectrum migration costs	¥ –	¥ 4,044	$ 38,065
Sprint segment:			
Gain on spectrum license exchange[1]	36,385	53,435	502,965
Litigation[2]	(4,209)	40,159	378,003
Loss on disposal of property, plant, and equipment[3]	(55,727)	(95,213)	(896,207)
Loss on contract termination[4]	(15,399)	(24,411)	(229,772)
U.S. state tax charge	(10,600)	–	–
Other	(10,478)	(4,996)	(47,026)
Yahoo Japan segment:			
Insurance income[5]	–	4,973	46,809
Loss on disaster[6]	(13,006)	–	–
Other	2,269	4,719	44,418
Distribution segment:			
Impairment loss on goodwill[7]	(30,260)	(43,128)	(405,949)
Impairment loss on non-current assets[7]	–	(7,369)	(69,362)
Arm segment:			
Acquisition-related costs[8]	(25,780)	–	–
Company-wide:			
Expense resulting from resignation of director[9]	(8,847)	(1,577)	(14,844)
Other:			
Income and loss on equity method investments at Fortress	–	14,953	140,747
Write-down of inventries[10]	–	(13,754)	(129,462)
Acquisition-related costs[11]	–	(6,123)	(57,634)
Impairment loss on assets[12]	(8,051)	–	–
Other	–	(3,788)	(35,654)
Total	¥(143,703)	¥(78,076)	$(734,903)

Notes:
1. License exchange gain resulting from the exchange of a certain potion of the telecommunications spectrum with other carriers (non-cash transaction). The spectrum is recorded as FCC licenses in intangible assets.
2. Primarily, net benefits in litigation associated with legal settlements for patent infringement lawsuits for the fiscal year ended March 31, 2018.

3. For the fiscal year ended March 31, 2017, a loss of ¥52,949 million was recognized mainly resulting from the write-off of leased devices associated with lease cancellations prior to scheduled customer lease terms where customers did not return the devices to Sprint.
For the fiscal year ended March 31, 2018, ¥40,805 million ($384,083 thousand) of loss related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint's network plans, and ¥55,108 million ($518,712 thousand) of loss resulting from the write-off of leased devices related to lease cancellations prior to the end of the scheduled customer lease terms where customers did not return the devices to Sprint were recognized.
4. For the fiscal year ended March 31, 2017, the loss primarily resulted from termination of wholesale contracts with NTELOS Holdings Corp.
For the fiscal year ended March 31, 2018, loss primarily resulting from termination of network contracts was recognized.
5. Insurance proceeds related to a fire incident that occurred at a logistics center of ASKUL Corporation (ASKUL Logi PARK Tokyo Metropolitan) in February 2017.
6. In February 2017, a fire incident occurred at a logistics center of ASKUL, namely, ASKUL Logi PARK Tokyo Metropolitan. The fire inflicted damage on ASKUL's non-current assets and inventories resulting in a temporary operation shutdown. The loss from the fire incident consists of ¥10,230 million of damage to non-current assets, ¥2,510 million of destroyed inventories, and ¥266 million of related costs.
7. Impairment losses at Brightstar
For the fiscal year ended March 31, 2017
Goodwill of Brightstar had been allocated to the entire Brightstar entity, which was made up of five cash-generating units (Brightstar's US and Canada region, Latin America region, Asia & Oceania region, SoftBank Commerce & Service Corp., and Europe and Africa region); however, in March 2017, its goodwill was reallocated to Brightstar, which is made up of four cash-generating units, except for SoftBank Commerce & Service Corp., due to the decision to reorganize the Distribution segment. As a result of the reorganization, impairment indicators existed, and an impairment test was conducted on goodwill and intangible assets with indefinite useful lives. As a result, the recoverable amount of goodwill was less than its carrying amount, and, therefore, ¥30,260 million of impairment loss on goodwill was recorded as "Other operating loss". Value in use was used in determining the recoverable amount and calculated by discounting the management-approved estimated future cash flow plan of the four cash-generating units by 10.97% - 16.17%, the weighted-average capital cost before tax.
For the fiscal year ended March 31, 2018
The goodwill of Brightstar is allocated to the entire Brightstar entity, which is made up of four cash-generating units (Brightstar's US & Canada, Latin America, Asia & Oceania, and Europe & Africa units). Intangible assets with indefinite useful lives other than goodwill are allocated to these cash-generating units (Brightstar's US & Canada, Asia & Oceania, and Europe & Africa). The business plan of Brightstar was revised during the fiscal year ended March 31, 2018, and indicators of impairment were identified at all of the cash-generating units and the cash-generating unit groups. This included impairment indicators where intangible assets with indefinite useful lives were allocated as well as the entire Brightstar entity where goodwill is allocated. Therefore, an impairment test was conducted on these cash-generating units and the entire Brightstar entity. As a result of the impairment test, an impairment loss was recognized because the recoverable amounts of Brightstar (the entire entity) and Brightstar's Europe & Africa cash-generating unit were less than the carrying amounts. Impairment losses on goodwill, intangible assets, and property, plant and equipment were ¥43,128 million ($405,949 thousand), ¥6,717 million ($63,225 thousand), and ¥652 million ($6,137 thousand), respectively.
Fair value less disposal cost is used as the recoverable amount and measured using the income approach and the market approach. Under the income approach, fair value is measured by discounting cash flows which are estimated based on business plans for the next 10 years while taking into account future cash flows that market participants would expect to receive in accordance with their assumptions, discounted to the present value using a post-tax discount rate of 10.5-11%. The cash flows from after 10 years are assumed on the basis of a 3% growth rate. Under the market approach, EV/EBITDA of similar companies which are comparable to Brightstar Global Group Inc. are used.
8. Expenses arising from the business combination of Arm. The details of the business combination are described in "(1) Arm" in "Note 7. Business combinations."
9. Expenses resulting from the resignation of Nikesh Arora from his position as a director. Resignation expenses consist of expenses for which payment amounts were defined at the date of the resignation and expenses for which payment amounts were defined depending on the share price of SoftBank Group Corp in June 2017 and March 2018. In addition to the entire expense for which the payment amount is defined, the Company accrued an expense of ¥3,830 million for the fiscal year ended March 31, 2017 based on the SoftBank Group Corp. share price as of March 31, 2017, and recorded an expense of ¥1,577 million ($14,844 thousand) which was determined by considering the previously accrued amount and the amount determined based on the share price as of March 2018.
10. As a result of revising the business plan of Sports Live Entertainment Corporation which operates a sports content distribution business, the net realizable value of inventories was less than its carrying amount and, therefore, a write-down was recognized.
11. Expenses arising from the business combination of Fortress. The details are described in "(2) Fortress" under "Note 7. Business combinations."
12. As a result of revising the business plan of SoftBank Robotics Corp., the recoverable amount was less than its carrying amount, and therefore the related carrying amount of assets was reduced to its recoverable amount of ¥3,471 million determined based on its value in use.

37. Finance cost

The components of finance cost are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Interest expense*	¥(467,311)	¥(516,132)	$(4,858,170)

Note:
* Interest expense was mainly from financial liabilities measured at amortized cost.

38. Gain on sales of shares of associates

For the fiscal year ended March 31, 2017

The Company sold a portion of its Alibaba shares to Alibaba, Gamlight Pte Ltd, a wholly-owned subsidiary of GIC Private Limited, and Aranda Investments Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings Private Limited on June 13, 2016, and to Alibaba Partnership* on July 11, 2016. As a result of the transactions, ¥234,418 million was recorded as a gain on sales of shares of associates.

The aggregate amount of its sale was ¥359,704 million ($3.4 billion), of which the sale price for Alibaba was ¥212,920 million ($2.0 billion). The sale price was determined by negotiation with reference to the market price of Alibaba shares.

Note:
* Alibaba Partnership is not an associate of Alibaba.

39. Derivative gain and loss

A derivative loss of ¥604,156 million ($5,686,709 thousand) was recorded related to a collar transaction included in a variable prepaid forward contract (Derivative loss of ¥232,729 million for the period ended March 31, 2017). The details of the variable prepaid forward contract are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" in "Note 20. Interest-bearing debt"

40. Loss from financial instruments at FVTPL

For the fiscal year ended March 31, 2017

Loss from financial instruments at FVTPL mainly consists of changes in fair value of preferred stock investments, including embedded derivatives, such as ANI Technologies Pvt. and Jasper Infotech Private Limited in India, designated as financial assets at FVTPL.

For the fiscal year ended March 31, 2018

Loss from financial instruments at FVTPL mainly consists of changes in fair value of preferred stock investments, including embedded derivatives.

41. Other non-operating income and loss

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Dilution gain from changes in equity interest[1]	¥ 77,540	¥ 45,186	$ 425,320
Loss on exchange of corporate bonds[2]	–	(19,809)	(186,455)
Loss on sales of cryptcurrency[3]	–	(18,890)	(177,805)
Loss relating to loss of control[4]	(79,278)	–	–
Impairment loss on assets classified as held for sale[5]	(42,540)	–	–
Other	(1,639)	9,244	87,010
Total	¥(45,917)	¥ 15,731	$ 148,070

Notes:
1. Mainly, dilution gain arising from changes in Alibaba's equity interest held by the Company due to the exercise of stock options and the allocation of new shares to a third party in Alibaba.
2. On March 7, 2018, SoftBank Group Corp. announced an exchange offer with respect to newly-issued notes (the "Exchange Notes") or a consent solicitation for an amendment of terms and conditions to the bondholders of foreign-currency-denominated senior notes issued in 2015 (the "Existing Notes"). Issuance of the Exchange Notes to the bondholders who tendered for exchange of the Existing Notes to the Exchange Notes was completed on April 3, 2018; however, under requirements of IFRSs, the extinguishment of the Existing Notes and the exchange to the Exchange Notes was considered to be satisfied on March 22, 2018, the exchange decision date. As a result, SoftBank Group Corp. derecognized the Existing Notes and recognized the Exchange Notes. Also, the difference between the carrying amount of the Existing Notes and face value of the Exchange Notes was recognized as a loss.
3. Loss arising from sales of all bitcoin held by Fortress. The amount of loss represents the difference between the sales price and the fair value of bitcoin which was recognized in the consolidated statement of financial position at the acquisition date.
4. On February 24, 2017, the Company entered into an agreement with Foxconn Technology Group in Taiwan to establish a joint venture through its wholly-owned subsidiary, SOFTBANK GROUP CAPITAL APAC PTE. LTD. SOFTBANK GROUP CAPITAL APAC PTE. LTD. accordingly issued new ordinary shares to Foxconn (Far East) Limited on March 3, 2017, and changed its name to Foxconn Ventures Pte. Ltd. as of the same date. As a result of the transaction, the percentage of voting rights of Foxconn Ventures Pte. Ltd. held by the Company was reduced to 45.5% and the entity has become an equity method associate and no longer qualified as a consolidated subsidiary of the Company from March 3, 2017. The loss relating to the loss of control resulting from the transaction was ¥79,278 million. Of this amount, the amount that was transferred from accumulated other comprehensive income to net loss due to the loss of control was ¥131,529 million and the gain from remeasurement relating to applying the equity method was ¥52,251 million.
5. The Company transferred a portion of its GungHo shares to assets classified as held for sale as the Company tendered in a Tender Offer by GungHo in the three month period ended June 30, 2016. Accordingly, the carrying amounts of the shares were reduced to the fair values after deducting expenses arising from the sale (Tender Offer price), and ¥42,540 million was recorded as an impairment loss on assets classified as held for sale. As a result of the transaction, GungHo no longer qualifies as an equity method associate in the three-month period ended September 30, 2016.

42. Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the consolidated statement of income

Income and loss arising from the SoftBank Vision Fund and Delta Fund business included above the income before income tax line in the consolidated statement of income are calculated by aggregating income and loss arising from SoftBank Vision Fund and Delta Fund, income and loss arising from each general partner, income and loss arising from SBIA and two advisory companies which support SBIA in the U.S. and Japan, and income and loss such as an expense related to fund establishment arising from the Company. All inter-company transactions have also been eliminated.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2018
Gain and loss on investments at SoftBank Vision Fund and Delta Fund[1]			
Unrealized gain and loss on valuation of investments	–	¥ 345,975	$ 3,256,542
Interest and dividend income from investments	–	6,120	57,605
	–	352,095	3,314,147
Operating expenses	–	(49,114)	(462,293)
Operating income from SoftBank Vision Fund and Delta Fund	–	302,981	2,851,854
Finance cost[2]	–	(7,801)	(73,428)
Derivative gain and loss	–	(8,902)	(83,791)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	–	(160,382)	(1,509,620)
Other non-operating income and loss	–	(281)	(2,645)
Income before income tax	–	¥ 125,615	$ 1,182,370

Notes:
1. "Realized gain and loss on sales of investments" is not recognized for the fiscal year ended March 31, 2018.
2. The amount before elimination of inter-company transactions is ¥(7,895) million ($(74,313) thousand).

43. Other comprehensive income

The table below presents the amount arising during the year, reclassification adjustments to profit or loss and the income tax effect of each item in other comprehensive income.

For the fiscal year ended March 31, 2017

(Millions of yen)

	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	¥ 12,227	¥ –	¥ 12,227	¥ (27)	¥ 12,200
Total	12,227	–	12,227	(27)	12,200
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	21,204	908	22,112	(16,484)	5,628
Cash flow hedges	(32,479)	24,930	(7,549)	95	(7,454)
Exchange differences on translating foreign operations	(185,792)	175,002	(10,790)	(9,710)	(20,500)
Share of other comprehensive income of associates	(41,130)	190	(40,940)	10,537	(30,403)
Total	(238,197)	201,030	(37,167)	(15,562)	(52,729)
Total other comprehensive income	¥(225,970)	¥201,030	¥(24,940)	¥(15,589)	¥(40,529)

For the fiscal year ended March 31, 2018

(Millions of yen)

	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	¥ 295	¥ –	¥ 295	¥ 8,500	¥ 8,795
Total	295	–	295	8,500	8,795
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	73,620	(6,752)	66,868	(37,228)	29,640
Cash flow hedges	(49,062)	42,512	(6,550)	(3,132)	(9,682)
Exchange differences on translating foreign operations	43,148	(177)	42,971	(51)	42,920
Share of other comprehensive income of associates	19,815	217	20,032	15	20,047
Total	87,521	35,800	123,321	(40,396)	82,925
Total other comprehensive income	¥87,816	¥35,800	¥123,616	¥(31,896)	¥91,720

(Thousands of U.S. dollars)

	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	$ 2,777	$ –	$ 2,777	$ 80,007	$ 82,784
Total	2,777	–	2,777	80,007	82,784
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	692,959	(63,553)	629,406	(350,414)	278,992
Cash flow hedges	(461,803)	400,150	(61,653)	(29,480)	(91,133)
Exchange differences on translating foreign operations	406,137	(1,666)	404,471	(480)	403,991
Share of other comprehensive income of associates	186,511	2,042	188,553	141	188,694
Total	823,804	336,973	1,160,777	(380,233)	780,544
Total other comprehensive income	$ 826,581	$336,973	$1,163,554	$(300,226)	$863,328

44. Discontinued operations

Supercell

The Company entered into a definitive agreement with Tencent Holdings Limited and its affiliate (the “Tencent affiliate”), Supercell and other parties on June 21, 2016 to sell all of its shares of Supercell to the Tencent affiliate. The shares were transferred on July 29, 2016, and as of the date of transfer of the shares, Supercell was excluded from the scope of consolidation.

Operating results related to Supercell for the fiscal year ended March 31, 2017, are presented separately from continuing operations, as discontinued operations, in the consolidated statements of income.

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

a. Operating results from discontinued operations

	(Millions of yen) Fiscal year ended March 31, 2017	(Millions of yen) Fiscal year ended March 31, 2018	(Thousands of U.S. dollars) Fiscal year ended March 31, 2018
Revenue	¥ 80,735	¥–	$–
Expense	(46,075)	–	–
Income before income tax from discontinued operations	34,660	–	–
Income taxes	(6,414)	–	–
Income after income tax from discontinued operations	28,246	–	–
Gain on sales of discontinued operations	636,216	–	–
Income taxes recognized from sales of discontinued operations	(109,663)	–	–
Net income from discontinued operations	¥ 554,799	¥–	$–

In addition, the above net income from discontinued operations includes amortization expenses that are related to intangible assets recognized at the acquisition date.

b. Cash flows from discontinued operations

	(Millions of yen) Fiscal year ended March 31, 2017	(Millions of yen) Fiscal year ended March 31, 2018	(Thousands of U.S. dollars) Fiscal year ended March 31, 2018
Net cash provided by operating activities	¥ 44,065	¥–	$–
Net cash used in investing activities	(166)	–	–
Net cash used in financing activities	(17,557)	–	–
Total	¥ 26,342	¥–	$–

45. Earnings per share

Basic earnings per share and diluted earnings per share are as follows:

(1) Basic earnings per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	**Fiscal year ended March 31, 2018**	**Fiscal year ended March 31, 2018**
Net income attributable to ordinary shareholders of the parent			
Net income attributable to owners of the parent	¥1,426,308	**¥1,038,977**	**$9,779,528**
Net income not-attributable to ordinary shareholders of the parent*	–	**(21,914)**	**(206,268)**
Net income used in the calculation of basic earnings per share	¥1,426,308	**¥1,017,063**	**$9,573,260**
(Details)			
Continuing operations	877,902	**1,017,063**	**9,573,260**
Discontinued operations	548,406	**–**	**–**

	(Thousands of shares)	
Weighted-average number of ordinary shares	1,108,237	**1,089,465**

	(Yen)		(USD)
Basic earnings per share			
Continuing operations	¥ 792.16	**¥933.54**	**$8.79**
Discontinued operations	494.85	**–**	**–**
Total	¥1,287.01	**¥933.54**	**$8.79**

Note:
* Net income that is not attributable to ordinary shareholders of the parent represents net income attributable to owners of other equity instruments.

(2) Diluted earnings per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	**Fiscal year ended March 31, 2018**	**Fiscal year ended March 31, 2018**
Diluted net income attributable to ordinary shareholders of the parent			
Continuing operations			
Net income from continuing operations used in the calculation of basic earnings per share	¥ 877,902	**¥1,017,063**	**$9,573,260**
Effect of dilutive securities issued by subsidiaries and associates	(11,299)	**(26,190)**	**(246,518)**
Sub total	866,603	**990,873**	**9,326,742**
Discontinued operations			
Net income from discontinued operations used in the calculation of basic earnings per share	548,406	**–**	**–**
Sub total	548,406	**–**	**–**
Total	¥1,415,009	**¥ 990,873**	**$9,326,742**

	(Thousands of shares)	
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share		
Weighted-average number of ordinary shares	1,108,237	**1,089,465**
Adjustments:		
Stock acquisition rights	1,018	**1,343**
Total	1,109,255	**1,090,808**

	(Yen)		(USD)
Diluted earnings per share			
Continuing operations	¥ 781.25	**¥908.38**	**$8.55**
Discontinued operations	494.39	**–**	**–**
Total	¥1,275.64	**¥908.38**	**$8.55**

46. Supplemental information to the consolidated statement of cash flows

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

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

(2) Presentation of cash flows regarding financing leases

For the purchase of telecommunication equipment through financing leases, the Company purchases, assembles, installs and inspects the equipment due to the nature of the equipment. Thereafter the Company sells the equipment to lease companies under a sale-leaseback arrangement and recognizes it as a leased asset.

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 interest-bearing debt" under cash flows from financing activities.

(3) Gain and loss on investments at SoftBank Vision Fund and Delta Fund

For the fiscal year ended March 31, 2018

The details of gain and loss on investments at SoftBank Vision Fund and Delta Fund are described in "Note 42. Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the consolidated statement of income."

(4) Gain on sales of discontinued operations

For the fiscal year ended March 31, 2017

Gain on sales of subsidiaries relates to the sale of Supercell shares. The details are described in "Note 44. Discontinued operations."

(5) Income taxes paid and income taxes refunded

For the fiscal year ended March 31, 2017

Payment of withholding income tax related to dividends within the group companies of ¥85,048 million is included in "Income taxes paid," and refund of the withholding income tax of ¥293,489 million is included in "Income taxes refunded."

For the fiscal year ended March 31, 2018

Payment of withholding income tax related to dividends within the group companies of ¥80,811 million ($760,646 thousand) is included in "Income taxes paid," and refund of the withholding income tax of ¥85,048 million ($800,527 thousand) is included in "Income taxes refunded."

(6) Proceeds from sales and redemption of investments

For the fiscal year ended March 31, 2017

Proceeds related to sales of Alibaba shares of ¥359,704 million ($3.4 billion) are included. The details are described in "Note 38. Gain on sales of shares of associates."

(7) Decrease and increase from loss of control over subsidiaries

For the fiscal year ended March 31, 2017

The relationship between proceeds received from the sale of Supercell shares and the increase resulting from loss of control over subsidiaries and the components of assets and liabilities at the date of loss of control over Supercell are as follows:

a. The relationship between proceeds received from the sale of Supercell shares and increase from loss of control over subsidiaries

(Millions of yen)

Total proceeds from the sale	¥769,844
Proceeds not yet received	(19,693)
Cash and cash equivalents held at the time of loss of control	(27,143)
Effect of exchange rate changes from the date of loss of control*	(884)
Increase from loss of control over subsidiaries	¥722,124

Note:
* Effect of exchange rate changes from the date of loss of control to the date of payment on the amount of receivable for sale as of the date of loss of control.

b. The components of assets and liabilities as of the date of loss of control

(Millions of yen)

	At the date of loss of control (July 29, 2016)
The components of assets:	
Current assets	¥125,523
Game titles	47,636
Goodwill	84,487
Other non-current assets	6,077
The components of liabilities:	
Deferred revenue (current)	96,919
Other current liabilities	5,593
Non-current liabilities	¥ 23,778

(8) Distribution and repayment from SoftBank Vision Fund and Delta Fund to Third-Party Investors

For the fiscal year ended March 31, 2018

The distributions and repayments from SoftBank Vision Fund and Delta Fund to Third-Party Investors are ¥20,918 million ($196,894 thousand) and ¥166,143 million ($1,563,846 thousand), respectively.

(9) Changes in liabilities arising from financing activities

Changes in liabilitieis arising from financing activities are as follows:

(Millions of yen)

	Interest-bearing debt	Derivatives related to corporate bond	Third-party interests in SoftBank Vision Fund and Delta Fund
As of April 1, 2017	¥14,858,370	¥ 72,659	¥ –
(a) Changes arising from financing cash flows			
Decrease in short-term interest-bearing debt, net	(40,829)	–	–
Proceeds from interest-bearing debt	8,547,346	–	–
Repayment of interest-bearing debt	(6,003,188)	–	–
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	–	–	1,967,191
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	–	–	(187,061)
Other (Proceeds from cancellation)	–	14,591	–
(b) Changes arising from obtaining or losing control of subsidiaries or other business	19,351	–	–
(c) The effect of changes in foreign exchange rates	(323,386)	–	(95,833)
(d) Changes in fair values	(2,497)	51,941	–
(e) Changes in third-party interests in SoftBank Vision Fund and Delta Fund	–	–	160,382
(f) Other changes	(12,979)	–	–
As of March 31, 2018	¥17,042,188	¥139,191	¥1,844,679

(Thousands of U.S. dollars)

	Interest-bearing debt	Derivatives related to corporate bond	Third-party interests in SoftBank Vision Fund and Delta Fund
As of April 1, 2017	$139,856,645	$ 683,914	$ –
(a) Changes arising from financing cash flows			
Decrease in short-term interest-bearing debt, net	(384,309)	–	–
Proceeds from interest-bearing debt	80,453,181	–	–
Repayment of interest-bearing debt	(56,505,911)	–	–
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	–	–	18,516,482
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	–	–	(1,760,740)
Other (Proceeds from cancellation)	–	137,340	–
(b) Changes arising from obtaining or losing control of subsidiaries or other business	182,144	–	–
(c) The effect of changes in foreign exchange rates	(3,043,919)	–	(902,043)
(d) Changes in fair values	(23,503)	488,902	–
(e) Changes in third-party interests in SoftBank Vision Fund and Delta Fund	–	–	1,509,620
(f) Other changes	(122,167)	–	–
As of March 31, 2018	$160,412,161	$1,310,156	$17,363,319

(10) Significant non-cash transactions

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

	Fiscal year ended March 31, 2017 (Millions of yen)	Fiscal year ended March 31, 2018 (Millions of yen)	Fiscal year ended March 31, 2018 (Thousands of U.S. dollars)
Transfer of leased devices from inventories to property, plant and equipment	¥317,180	**¥543,498**	**$5,115,757**
Embedded derivative included in a variable prepaid forward contract*	95,587	**–**	**–**

Note:
* The details are described in "(2) Transaction for sales of Alibaba shares by variable prepaid forward contract" in "Note 20. Interest-bearing debt."

Other than above, the Japan Net Bank, Limited has become a subsidiary of the Company for the fiscal year ended March 31, 2018 by appointing the majority of The Japan Net Bank, Limited's directors from Yahoo Japan Corporation, which is a subsidiary of the Company, and the transaction related to this business combination is classified as a non-cash transaction because the business combination is conducted without any cash outlay. The details are described in "(3) The Japan Net Bank, Limited" under "Note 7. Business combinations."

47. Related party transactions

(1) Related party transactions and balances

Related party transactions of the Company were as follows:

For the fiscal year ended March 31, 2017

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period-end
Masayoshi Son (Son Asset Management LLC and 4 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	¥11,026	¥ –
		Advance payment for temporary expense	233	23
		Payment of equipment usage[1]	43	–
		Guarantee deposits refunded (net for its received)	4	175
Nikesh Arora	Director[2]	Purchase of the Company's associates shares[3]	10,744	–
		Dividend paid from SoftBank Group Corp.	200	–
Taizo Son (Heartis GK and 2 other companies)[4]	Relative of Chairman & CEO of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	43	–
		Payment of outsourcing fees[5]	14	–

Notes:
1. Equipment usage fees are determined based on the ratio of usage.
2. Retired from the position of Representative Director, President & COO as of June 22, 2016.
3. At the time of retirement of the officer, the Company purchased the shares of associate companies which were granted to him in December 2014. Purchase price by the Company was determined based on negotiation with reference to the recent transaction price.
4. Relative of Chairman & CEO Masayoshi Son, Taizo Son, holds over half of the voting rights of these companies.
5. The terms and conditions of transactions are negotiated and determined considering the market price and the contents of the transaction.

For the fiscal year ended March 31, 2018

Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction (Millions of yen)	Balance at period-end (Millions of yen)
Masayoshi Son (Son Asset Management LLC and 4 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	¥11,487	¥ –
		Advance payment for temporary expense	236	23
		Payment of equipment usage*	46	–
		Guarantee deposits refunded	1	174

Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction (Thousands of U.S. dollars)	Balance at period-end (Thousands of U.S. dollars)
Masayoshi Son (Son Asset Management LLC and 4 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	$108,123	$ –
		Advance payment for temporary expense	2,221	216
		Payment of equipment usage*	433	–
		Guarantee deposits refunded	9	1,638

Note:
* Equipment usage fees are determined based on the ratio of usage.

Other than above, the Company loaned ¥2,228 million ($20,000 thousand) to Dipchand Nisher, who is a managing partner of our wholly-owned subsidiary for the fiscal year ended March 31, 2018. The outstanding amount as of March 31, 2018 is ¥2,151 million ($20,249 thousand) including loan interests of ¥28 million ($249 thousand). The interest rate on the loan is 1.95% of compounded interest and the lending period is 9 years with bullet repayment at maturity.

Dipchand Nisher is not a related party who needs to be disclosed according to IAS 24 herein.

(2) Remuneration for major executives

Remuneration for major executives is as follows:

	Fiscal year ended March 31, 2017 (Millions of yen)	Fiscal year ended March 31, 2018 (Millions of yen)	Fiscal year ended March 31, 2018 (Thousands of U.S. dollars)
Short-term benefits	¥ 2,093	¥2,411	$22,694
Share-based payments	4,860	3,755	35,345
Expenses resulting from the resignation of director	8,847	–	–
Retirement benefits	9	16	150
Total	¥15,809	¥6,182	$58,189

Notes:
1. Remuneration for major executives represents remuneration for the directors of SoftBank Group Corp. (including external directors) and the directors at the significant subsidiaries.
2. The amount of remuneration to Nikesh Arora, which is included in the table above is as follows:
   For the fiscal year ended March 31, 2017: ¥10,346 million
   (Short-term benefits of ¥303 million, share-based compensation of ¥1,196 million, and resignation expense of ¥8,847 million)
   For the fiscal year ended March 31, 2018: None
   Nikesh Arora retired from the position of director of SoftBank Group Corp. at the closing of the Annual General Meeting of Shareholders held on June 22, 2016. For the fiscal year ended March 31, 2018, he is not a major executive, therefore expenses resulting from the resignation is not included in the above amount.
   The details are described in "Note 9" under "Note 36. Other operating loss."

48. Contingency

(1) Lending commitments

The details of lending commitments, which are mainly related to cashing service incidental to the credit card business, are as follows:

	As of March 31, 2017 (Millions of yen)	As of March 31, 2018 (Millions of yen)	As of March 31, 2018 (Thousands of U.S. dollars)
Lending commitments	¥313,688	¥525,018	$4,941,811
Funded	13,967	91,650	862,669
Unfunded	¥299,721	¥433,368	$4,079,142

Also, maturities of unfunded lending commitments are within 1 year because they are payable on demand.

(2) Credit guarantees

Guarantees that the Company provides when loans are taken from affiliate financial institutions to individuals regarding the credit guarantee business are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2018
Total amount of financial guarantee contract	¥16,632	¥17,278	$162,632
Guarantee balance	12,997	10,039	94,494

Also, maturities of guarantee balance for credit guarantee are within 1 year because they are payable on demand.

(3) Litigation

SoftBank Group Corp. and certain of its subsidiaries are party to a number of currently-pending legal and administrative proceedings. As it is difficult to reasonably estimate the final results of such matters, reserves have not been recorded. Based on the information currently available, we do not expect that the results of these proceedings will have a material adverse effect on our financial position or results of operations.

a. Litigation in which SoftBank Corp. is involved as a Party

(a) On April 30, 2015, SoftBank Corp. filed a lawsuit with the Tokyo District Court against Japan Post Information Technology Co., Ltd. (herein after referred to as "JPiT"), claiming for payment of remuneration, for additional services provided in connection with the installation of telecommunication lines, that were ordered by JPiT in relation to a project to migrate the communication network connecting approximately 27,000 sites (postal offices, etc.) existing countrywide to a new network, the 5th PNET.

Pursuant to a contract dated February 7, 2013, SoftBank Corp. was requested by JPiT to carry out, among other services, installation services for telecommunication lines for Japan Post Group's business sites existing countrywide. SoftBank Corp. performed such services, and upon JPiT's request, SoftBank Corp. also performed services that exceeded the scope of services stipulated in the contract.

Although SoftBank Corp. negotiated with JPiT over an extended period regarding the remuneration, (approximately ¥14.9 billion), for these additional services, SoftBank Corp. and JPiT were unable to arrive at a settlement. Accordingly, SoftBank Corp. duly filed the lawsuit, claiming for payment of remuneration, for such additional services.

(b) On April 30, 2015, JPiT filed a lawsuit against SoftBank Corp. and Nomura Research Institute, Ltd. (herein after referred to as "NRI") as co-defendants.

In such lawsuit, JPiT alleges that SoftBank Corp. and NRI delayed performance, of the ordered services related to the project for migration to the 5th PNET mentioned in (a) above, and alleges that such delay caused damages to JPiT (¥16.15 billion). JPiT made joint and several claims against both SoftBank Corp. and NRI for such alleged damages.

SoftBank Corp. intends to fully contest JPiT's claims in this lawsuit.

The order to consolidate lawsuit (b) above with lawsuit (a) above was made on July 29, 2015. SoftBank Corp. gradually increased the amount of claim as a result of a review of the remuneration with respect to additional services regarding lawsuit (a) above. SoftBank Corp. modified the amount of claim to approximately ¥24.0 billion on September 7, 2017.

b. Legal and administrative proceedings to which Sprint and its subsidiaries are party

(a) In March 2009, a stockholder brought suit, Bennett v. Sprint Nextel Corp., in the U.S. District Court for the District of Kansas alleging that Sprint Communications and three of its former officers violated Section 10(b) of the Exchange Act and Rule 10b-5 by failing adequately to disclose certain alleged operational difficulties subsequent to the Sprint-Nextel merger, and by purportedly issuing false and misleading statements regarding the write-down of goodwill. The district court granted final approval of a settlement in August 2015, which did not have a material impact to our financial statements. Five stockholder derivative suits related to this 2009 stockholder suit were filed against Sprint Communications and certain of its present and/or former officers and directors. The first, Murphy v. Forsee, was filed in state court in Kansas on April 8, 2009, was removed to federal court, and was stayed by the court pending resolution of the motion to dismiss the Bennett case; the second, Randolph v. Forsee, was filed on July 15, 2010 in state court in Kansas, was removed to federal court, and was remanded back to state court; the third, Ross-Williams v. Bennett, et al., was filed in state court in Kansas on February 1, 2011; the fourth, Price v. Forsee, et al., was filed in state court in Kansas on April 15, 2011; and the fifth, Hartleib v. Forsee, et. al., was filed in federal court in Kansas on July 14, 2011. These cases were essentially stayed while the Bennett case was pending, and Sprint has reached an agreement in principle to settle the matters, by agreeing to some governance provisions and by paying plaintiffs' attorneys fees in an immaterial amount. The court approved the settlement, but reduced the plaintiffs' attorneys fees. On April 27, 2018, the court of appeals for the state of Kansas affirmed the settlement ruling.

(b) On April 19, 2012, the New York Attorney General filed a complaint alleging that Sprint Communications has fraudulently failed to collect and pay more than $100 million in New York sales taxes on receipts from its sale of wireless telephone services since July 2005. The complaint also seeks recovery of triple damages under the State False Claims Act, as well as penalties and interest. Sprint Communications moved to dismiss the complaint on June 14, 2012. On July 1, 2013, the court entered an order denying the motion to dismiss in large part, although it did dismiss certain counts or parts of certain counts. Sprint Communications appealed that order and the intermediate appellate court affirmed the order of the trial court. On October 20, 2015, the Court of Appeals of New York affirmed the decision of the appellate court that the tax statute requires us to collect and remit the disputed taxes. Our petition for certiorari to the U.S. Supreme Court on grounds of federal preemption was denied. We have paid the principal amount of tax at issue, under protest, while the suit is pending. The parties are now engaged in discovery in the trial court. We will continue to defend this matter vigorously.

Eight related stockholder derivative suits have been filed against Sprint Communications and certain of its current and former officers and directors. Each suit alleges generally that the individual defendants breached their fiduciary duties to Sprint Communications and its stockholders by allegedly permitting, and failing to disclose, the actions alleged in the suit filed by the New York Attorney General. One suit, filed by the Louisiana Municipal Police Employees Retirement System, was dismissed by a federal court. Two suits were filed in state court in Johnson County, Kansas, and one of those suits was dismissed as premature and five suits are pending in federal court in Kansas. The remaining Kansas suits have been stayed pending resolution of the Attorney General's suit.

(c) Sprint Communications is also a defendant in a complaint filed by several stockholders of Clearwire Corporation (Clearwire) asserting claims for breach of fiduciary duty by Sprint Communications and related claims and otherwise challenging the Clearwire acquisition. ACP Master, LTD., et al. v. Sprint Nextel Corp., et al., was filed April 26, 2013, in Chancery Court in Delaware. Plaintiffs in the ACP Master, LTD suit have also filed suit requesting an appraisal of the fair value of their Clearwire stock. Trial of those cases took place in October and November 2016. On July 21, 2017, the Delaware Chancery Court ruled in Sprint's favor in both cases. It found no breach of fiduciary duty, and determined the value of Clearwire shares under the Delaware appraisal statute to be $2.13 per share plus statutory interest. The plaintiffs filed an appeal. On April 23, 2018, the Delaware Supreme Court affirmed the ruling of the Delaware Chancery Court in its entirety.

(d) Sprint is currently involved in numerous court actions alleging that Sprint is infringing various patents. Most of these cases effectively seek only monetary damages. A small number of these cases are brought by companies that sell products and seek injunctive relief as well. These cases have progressed to various degrees and a small number may go to trial if they are not otherwise resolved. Adverse resolution of these cases could require us to pay significant damages, cease certain activities, or cease selling the relevant products and services. In many circumstances, we would be indemnified for monetary losses that we incur with respect to the actions of our suppliers or service providers.

(e) In October 2013, the FCC Enforcement Bureau began to issue notices of apparent liability ("NALs") to other Lifeline providers, imposing fines for intracarrier duplicate accounts identified by the government during its audit function. Those audits also identified a small percentage of potentially duplicative intracarrier accounts related to Sprint's Assurance Wireless business. No NAL has yet been issued with respect to Sprint, and Sprint does not know if one will be issued.

Further, Sprint is not able to reasonably estimate the amount of any claim for penalties that might be asserted.

(f) Various other suits, inquiries, proceedings, and claims, either asserted or unasserted, including purported class actions typical for a large business enterprise and intellectual property matters, are possible or pending against Sprint or Sprint's subsidiaries. As of March 31, 2018, Sprint has accrued $114 million associated with a state tax matter. If Sprint's interpretation of certain laws or regulations, including those related to various federal or state matters, such as sales, use or property taxes, or other charges, were found to be mistaken, it could result in payments by Sprint.

(g) During the year ended March 31, 2018, Sprint settled several related patent infringement lawsuits and received payments of approximately $350 million.

c. Legal and administrative proceedings to which Brightstar Corp. and its subsidiaries are party

Brightstar Corp. and its subsidiaries are party to various legal and administrative proceedings globally and particularly in Latin American countries, including disputes relating to tax, labor, contract, and other matters currently pending. This litigation mainly consists of five administrative proceedings initiated by tax authorities in Brazil against the subsidiary of Brightstar Corp. involving failure by such entity to pay a portion of taxes owed due to, e.g., differences in understanding between such entity and the tax authorities, for which such authorities have claimed an aggregate of approximately $120 million. One case of these five administrative proceedings has been transferred to suit. A subsidiary of Brightstar Corp. has filed an Annulment Action requesting that the case be returned to the administrative level.

49. Purchase commitments

(1) Conditional commitments related to a purchasing service with WorldVu Satellites Limited ("OneWeb")

The Company has a conditional purchase commitment of $4 billion for satellite communication service capacity to the OneWeb group as of March 31, 2018. The minimum payment of $4 billion is subject to OneWeb achieving certain service levels, which are set forth in two stages and include, among other things, the positioning of a particular number of satellites on prescribed orbital planes in operation. An initial payment of $0.5 billion will be made within 12 months of OneWeb completing the first service level, and the remaining $3.5 billion will be paid within 48 months of OneWeb completing the second service level.

(2) Other

Except for the above (1), the Company had commitments to purchase services and goods of ¥1,859,973 million ($17,507,276 thousand) as of March 31, 2018 (¥1,998,896 million as of March 31, 2017).

Purchase commitments are mainly outstanding contracts related to purchases of telecommunications equipment, connection with other telecommunications operators, investments, and purchases of mobile handsets.

50. Subsequent events

(1) Sprint's merger with T-Mobile US, Inc.

On April 29, 2018 (U.S. Eastern Standard Time), Sprint and T-Mobile US, Inc. ("T-Mobile") entered into a definitive agreement to merge in an all-stock transaction at a fixed exchange ratio of 0.10256 T-Mobile shares for each Sprint share (or the equivalent of 9.75 Sprint shares for each T-Mobile share).

The transaction is subject to Sprint and T-Mobile shareholders approval, regulatory approvals and other customary closing conditions. The transaction is expected to close no later than the first half of 2019.

Upon completion of the transaction, the combined company is expected to become an equity method associate of the Company, and Sprint will no longer be a subsidiary of the Company.

a. Purpose of Merger

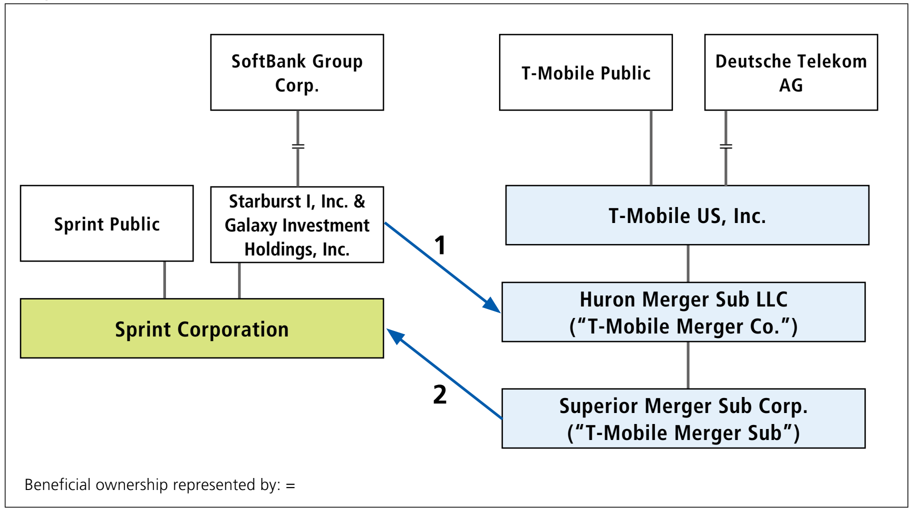
The Company assumes that the transaction will benefit the Company's shareholders by giving the Company an equity interest in a stronger and more competitive combined company that results in the combined company benefiting from significant expected synergies.

The Company assumes that the combined company ("New T-Mobile") will be a force for positive change in the U.S. wireless, video, and broadband industries, and will have lower costs, greater economies of scale, and the resources to provide U.S. consumers and businesses with lower prices, better quality, unmatched value, and greater competition.

b. Transaction Details

The transaction is structured as an all-stock transaction involving two consecutive and related mergers.

(a) Mergers



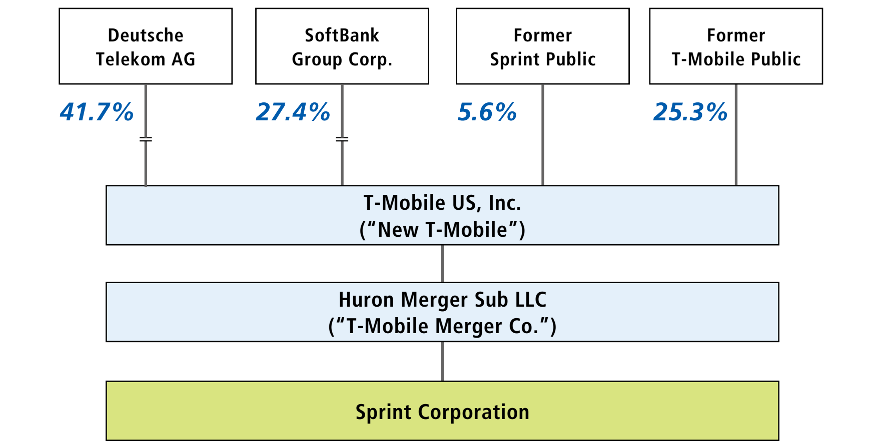
Following receipt of Sprint and T-Mobile shareholders and regulatory approvals and the satisfaction or waiver of the other closing conditions to the transaction, each of Starburst I, Inc. and Galaxy Investment Holdings, Inc. will merge with and into Huron Merger Sub LLC, a U.S. subsidiary owned directly by T-Mobile ("T-Mobile Merger Co."), with T-Mobile Merger Co. as the surviving company (the "HoldCo Mergers").

Immediately following the HoldCo Mergers, Superior Merger Sub Corp. ("T-Mobile Merger Sub"), a U.S. subsidiary owned directly by T-Mobile Merger Co., will merge with and into Sprint, with Sprint as the surviving company (such merger together with the HoldCo Mergers, the "Merger Transactions").

As a result of the Merger Transactions:

- Sprint will become an indirect wholly-owned subsidiary of New T-Mobile;
- The Company will beneficially own approximately 27.4% of the fully-diluted common stock of New T-Mobile; and
- Each option to purchase Sprint common shares (other than under Sprint's employee stock purchase plan) will be converted into an option to purchase common stock of New T-Mobile.

(b) Post-transaction



Beneficial ownership represented by: =

Post-closing, Deutsche Telekom AG (“Deutsche Telekom”) and the Company are expected to hold approximately 41.7% and 27.4% of diluted economic ownership of the combined company, respectively, with the remaining approximately 30.9% held by the public.

The Board will consist of 14 directors: 9 nominated by Deutsche Telekom and 4 nominated by the Company.

Subject to certain exceptions, (i) New T-Mobile shares beneficially owned by the Company and its controlled affiliates will be subject to a proxy granted to Deutsche Telekom (pursuant to which the Company will exercise the voting rights in respect of the shares of T-Mobile held directly or indirectly by the Company as directed by Deutsche Telekom), certain transfer restrictions, and a right of first refusal in favor of Deutsche Telekom; and (ii) New T-Mobile shares beneficially owned by Deutsche Telekom and its controlled affiliates will be subject to a right of first refusal in favor of the Company and certain transfer restrictions. Furthermore, the Company and Deutsche Telekom (in each case, including certain of their respective affiliates) will be subject to certain non-compete restrictions until such time as their respective ownership in New T-Mobile has been reduced below an agreed threshold.

The transaction is expected to close no later than the first half of 2019.

c. About New T-Mobile

(a) Name	T-Mobile US, Inc.
(b) Headquarters	Bellevue, Washington Overland Park, Kansas (second headquarters)
(c) Name and title of representative	Chief Executive Officer John Legere
(d) Nature of business	Telecommunications
(e) Major shareholders and their approximate holdings*	Deutsche Telekom 41.7% The Company 27.4%

Note:
* This is an estimate based on fully diluted shares inclusive of the exercise of the Company’s existing warrants to acquire shares of Sprint. Figures represent shares beneficially owned

d. Number of Shares Held by the Company Before and After the Merger Transactions[1]

(a) Number of shares of Sprint held before the Merger Transactions (as of April 25, 2018)	3,445,374,483 shares (number of voting rights: 3,445,374,483) (voting ratio: 83.0%)
(b) Number of shares of New T-Mobile held after the Merger Transactions[2]	353,357,607 shares (number of voting rights: 353,357,607)[3] (voting ratio: 27.4%)

Notes:
1. Figures represent shares beneficially owned and include warrants.
2. This is an estimate based on fully diluted shares assuming cash exercise of the Company’s existing warrants to acquire shares of Sprint.
3. The Company’s voting rights will be subject to proxy arrangements granted in favor of Deutsche Telekom.

e. Impact on Future Financial Results

Upon completion of the transaction, New T-Mobile is expected to become an equity method associate of the Company and Sprint will no longer be a subsidiary of the Company. The impact of the transaction on the Company’s consolidated financial results for the fiscal year ending March 31, 2019 has not been determined.

(2) Sale of shares of Flipkart Private Limited

SoftBank Vision Fund entered into a share purchase agreement with WAL-MART INTERNATIONAL HOLDINGS, INC. ("Walmart"), Flipkart Private Limited ("Flipkart", which is the Company's associate) and other parties on May 9, 2018 to sell all of its shares of Flipkart (representing 19.95%* of Flipkart shares and warrants on a fully diluted basis).

The expected sales price is approximately $4 billion, subject to certain customary adjustments; however, terms and conditions of the sale are still being negotiated by the parties. The estimated impact from the transaction on the consolidated financial results for the fiscal year ending March 31, 2019 has not yet been determined.

Note:
* The portion of shares is calculated based as of May 9, 2018.

(3) Establishment of joint venture for Arm business in China

On June 4, 2018, Arm Limited, a British subsidiary of the Company, agreed to sell a 51% equity interest in its Chinese subsidiary, Arm Technology (China) Co., Ltd., for $775.2 million to entities representing certain institutional investors and certain of Arm's ecosystem partners in order to form a joint venture for Arm's existing semiconductor technology IP business in China (the "Transaction").

As a result of the Transaction, Arm Technology (China) Co., Ltd. is no longer considered as a subsidiary of Arm Limited and the Company and will become an associate that is accounted for using the equity method. The impact of the Transaction on the Company's consolidated financial statements for the fiscal year ending March 31, 2019 has not yet been determined.

51. Approval of consolidated financial statements

The consolidated financial statements have been approved by the Company's CEO, Masayoshi Son, as of June 20, 2018.

Independent Auditor's Report

SoftBank Group Corp. and its Consolidated Subsidiaries

Deloitte.

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To the Board of Directors of SoftBank Group Corp.:

We have audited the accompanying consolidated statement of financial position of SoftBank Group Corp. and its subsidiaries (the "Company") as of March 31, 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to consolidated financial statements, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SoftBank Group Corp. and its subsidiaries as of March 31, 2018, and the consolidated results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

As discussed in Note 50 (1) to the consolidated financial statements, Sprint Corporation, a subsidiary of the Company, and T-Mobile US, Inc. entered into a definitive agreement to merge in an all-stock transaction. Our opinion is not modified in respect of this matter.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 (3) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 20, 2018

Member of
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