

Disclaimer:

This financial report is solely a translation of the "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

April 26, 2016

SoftBank Technology Corp. Consolidated Financial Report for the Fiscal Year Ended March 31, 2016

[Japanese GAAP]

Company name: SoftBank Technology Corp. (Tokyo Stock Exchange/Code No. 4726)

(URL <http://www.softbanktech.co.jp/>)

Representative: Shinichi Ata, President & CEO

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Scheduled date of General Shareholders' Meeting: June 20, 2016

Scheduled date of filing of Securities Report: June 20, 2016

Scheduled date of payment of dividend: June 21, 2016

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(1) Consolidated Results of Operations (Percentages shown for sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2016	45,163	13.4	2,308	65.0	2,230	58.9	1,405	59.1
Fiscal year ended Mar. 31, 2015	39,816	7.8	1,398	2.1	1,403	2.9	883	38.8

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2016: 1,362 (up 40.5%)

Fiscal year ended Mar. 31, 2015: 969 (up 31.8%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2016	144.74	143.47	13.1	9.3	5.1
Fiscal year ended Mar. 31, 2015	91.15	90.20	9.0	6.8	3.5

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2016: (72) Fiscal year ended Mar. 31, 2015: (3)

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	25,974	11,726	43.1	1,159.88
As of Mar. 31, 2015	22,175	10,974	46.0	1,052.58

Reference: Shareholders' equity (million yen) As of Mar. 31, 2016: 11,188 As of Mar. 31, 2015: 10,208

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2016	1,425	(361)	(1,128)	5,616
Fiscal year ended Mar. 31, 2015	2,665	(2,334)	1,595	5,698

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2015	-	0.00	-	20.00	20.00	193	21.9	2.0
Fiscal year ended Mar. 31, 2016	-	0.00	-	30.00	30.00	289	20.7	2.7
Fiscal year ending Mar. 31, 2017 (forecast)	-	0.00	-	30.00	30.00		19.4	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	47,000	4.1	2,400	4.0	2,300	3.1	1,500	6.7	154.51

Note: Only full-year consolidated forecast for the fiscal year ending March 31, 2017 is disclosed because it is currently difficult to calculate rational operating forecast for the first half of the fiscal year. Please refer to "1. Overview of Results of Operations and Financial Position, (1) Overview of Results of Operation" on page 5 of the attachments for further information.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates, and restatements

- i. Changes in accounting policies due to revisions in accounting standards, others: Yes
- ii. Changes in accounting policies other than i. above: None
- iii. Changes in accounting estimates: None
- iv. Restatements: None

Note: Please refer to “5. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements” on page 19 of the attachments for further information.

(3) Number of outstanding shares (common stock)

- i. Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2016:	10,696,900 shares	As of Mar. 31, 2015:	10,660,100 shares
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- ii. Number of treasury shares at the end of the period

As of Mar. 31, 2016:	1,050,490 shares	As of Mar. 31, 2015:	961,890 shares
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- iii. Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2016:	9,708,179 shares	Fiscal year ended Mar. 31, 2015:	9,688,041 shares
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Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(1) Non-consolidated Results of Operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2016	40,833	13.1	1,762	68.0	1,751	68.0	1,267	71.1
Fiscal year ended Mar. 31, 2015	36,118	0.0	1,048	(21.9)	1,042	(21.5)	740	13.3

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2016	130.54	129.39
Fiscal year ended Mar. 31, 2015	76.44	75.64

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	24,480	10,920	44.2	1,121.48
As of Mar. 31, 2015	20,371	10,032	48.8	1,025.53

Reference: Shareholders' equity (million yen) As of Mar. 31, 2016: 10,818 As of Mar. 31, 2015: 9,945

*** Indication of audit procedure implementation status**

This summary report is not subject to the audit procedures based on the Financial Instruments and Exchange Act. At the time of this disclosure, the audit procedures for the consolidated financial statements have not been completed.

*** Explanation for appropriate use of operating forecasts, and other special items**

Cautionary statement with respect to forward-looking statements

Forecasts regarding future performance in this report are based on assumptions considered appropriate and other reasonable information available to the Company at the time this report was created. This report is not promises by the Company regarding future performance. The actual performance may differ significantly from these forecasts for a variety of reasons.

How to view supplementary information at the financial results meeting

The Company plans to hold a financial results meeting for institutional investors and analysts on Wednesday, April 27, 2016. Supplementary materials for financial results will be disclosed, using the Timely Disclosure network (TDnet), and will be available on the Company's website (<http://www.softbanktech.co.jp/corp/ir/>).

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1. Overview of Results of Operations and Financial Position

(1) Overview of Results of Operations

i. Consolidated Results of Operations

		(Millions of yen)			(Yen)
	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Fiscal year ended March 31, 2016	45,163	2,308	2,230	1,405	144.74
Fiscal year ended March 31, 2015	39,816	1,398	1,403	883	91.15
Change (Ratio)	13.4%	65.0%	58.9%	59.1	58.8%

In the fiscal year that ended on March 31, 2016, net sales increased 13.4% year on year to 45,163 million yen, operating income increased 65.0% to 2,308 million yen, ordinary income increased 58.9% to 2,230 million yen and profit attributable to owners of parent increased 59.1% to 1,405 million yen.

The main factors affecting earnings for the current fiscal year were as follows:

(a) Net sales

Net sales increased 5,346 million yen (+13.4%) year on year to 45,163 million yen. At SoftBank Technology, sales increased because of a large cloud-related development project, higher orders for hardware in the platform business and growth in Symantec store sales. There were also higher sales from operation and maintenance services in each business.

(b) Marginal profit (see note)

Marginal profit increased 1,065 million yen (+9.8%) to 11,940 million yen. The marginal profit ratio decreased despite the growth in sales because of higher hardware orders in the platform solutions and security solutions businesses.

Note: Marginal profit = Net sales – Subtracting variable costs (cost of merchandise, outsourcing expenses, distribution expenses and other items that increase and decrease with sales).

(c) Fixed costs

Fixed costs increased 156 million yen (+1.7%) to 9,632 million yen. This increase was mainly due to the growth of the workforce at SoftBank Technology.

(d) Operating income

As a result of the above items, operating income increased 909 million yen (+65.0%) to 2,308 million yen. The operating margin increased 1.6 percentage points to 5.1% as growth in sales and a stronger project management framework improved profitability.

(e) EBITDA (see note)

EBITDA increased 850 million yen (+34.9%) to 3,285 million yen.

Note: EBITDA= Operating income/loss + Depreciation + Amortization of goodwill

(f) Non-operating income and expenses

Net non-operating expenses was 78 million yen, an increase of 82 million yen from a 4 million yen profit one year earlier. This was mainly due to an increase in share of loss of entities accounted for using equity method.

(g) Ordinary income

As a result of items (d) to (f), ordinary income increased 827 million yen (+58.9%) to 2,230 million yen.

(h) Extraordinary income and losses

Net extraordinary income was 124 million yen, an increase of 36 million yen (+41.7%) from one year earlier. This was mainly due to a decrease in loss on pension fund cancellation.

(i) Profit before income taxes

As a result of items (g) to (h), profit before income taxes increased 863 million yen (+57.9%) to 2,354 million yen.

(j) Total income taxes

Total income taxes increased 320 million yen (+57.7%) to 875 million yen.

(k) Profit attributable to owners of parent

As a result of items (i) to (j), profit attributable to owners of parent increased 522 million yen (+59.1%) to 1,405 million yen.

The Company has only a single business segment, which is the ICT services business. The following table shows the earnings from the primary components of this business segment.

Revisions have been made to the categorization of some services and to the allocation method for the elimination of internal transactions among subsidiaries for determining the marginal profit. As a result, the revised methods have been used to calculate net sales and marginal profit for each service category in the previous fiscal year.

a. Digital marketing

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Change (Amount)	Change (Ratio)
Net sales	19,053	21,460	2,406	12.6%
Marginal profit	2,830	3,358	528	18.7%

Major services in the digital marketing business

• E-commerce services

Operation of Symantec Stores, development and sale of font sets, and the provision of web fonts and web font platform services

• Data analytics

Construction of website content management systems and the provision of access log analysis, BI tools for collecting, processing and analyzing data, and associated consulting services. Also providing services for analysis of internal logs and for measurement of advertising effectiveness, and other services

Results of operations of the digital marketing business

Net sales in the digital marketing business increased 2,406 million yen (+12.6%) to 21,460 million yen. This was mainly the result of the growth in Symantec store sales and an increase in orders for the web access analysis tools and Web content management systems. In addition, subsidiary Fontworks Inc. which plans, develops and sells digital fonts also contributed to sales growth.

Marginal profit in this business increased 528 million yen (+18.7%) to 3,358 million yen. Earnings increased due to the higher sales in the Symantec Store and the data analytics businesses, and the growth in sales of Fontworks Inc.

b. Platform solutions

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Change (Amount)	Change (Ratio)
Net sales	11,880	12,987	1,106	9.3%
Marginal profit	4,214	4,186	(28)	(0.7)%

Major services in the platform solutions business

- Platform solutions

Sales of servers and network equipment, construction of IT infrastructure, and provision of operation and maintenance services, Linux OS and digital signage systems, integrated monitoring tools, and support services

- Security solutions

Provision of security system monitoring services, protection against advanced persistent threat, diagnostic services, comprehensive solutions including security products, encryption and authentication services using e-certification, and other services

Results of operations of the platform solutions business

Net sales in the platform solutions business increased 1,106 million yen (+9.3%) to 12,987 million yen. The main reason was higher sales of servers, network equipment, and FireEye, McAfee and other security products. An increase in sales from operation and maintenance services for security products was another reason for the growth in sales in this business. Higher sales at subsidiary Miracle Linux Corporation, a provider of open source software solutions centered on Linux, also contributed to sales growth.

Marginal profit in this business decreased 28 million yen (-0.7%) to 4,186 million yen. The marginal profit ratio decreased despite an increase in sales due to higher orders for hardware in the platform solutions and security solutions businesses.

c. System integration

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Change (Amount)	Change (Ratio)
Net sales	8,882	10,715	1,832	20.6%
Marginal profit	3,830	4,396	565	14.8%

Major services in the system integration business

- System integration

Development of IT systems and the provision of associated operation and maintenance services. Also the development and sales of applications for smartphones, tablets and robots and of development support tools

- Microsoft solutions

Using primarily Microsoft products, provision of support for moving clients' communication systems to the cloud and subsequent system operation and monitoring services, original services for achieving both user convenience and corporate security, and other services

Results of operations of the system integration business

Net sales in the system integration business increased 1,832 million yen (+20.6%) to 10,715 million yen. A large cloud-related development project and growth in orders for operation and maintenance services in the Microsoft solutions business were the main reasons for the increase in sales.

Marginal profit in this business increased 565 million yen (+14.8%) to 4,396 million yen. This was mainly due to the increase in sales in the Microsoft solutions business.

ii. Consolidated Forecasts for the Fiscal Year Ending March 31, 2017

	(Millions of yen)				(Yen)
	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Fiscal year ending March 31, 2017 (Forecast)	47,000	2,400	2,300	1,500	154.51
Fiscal year ended March 31, 2016 (Results)	45,163	2,308	2,230	1,405	144.74
Change (Ratio)	4.1%	4.0%	3.1%	6.7%	6.7%

In the fiscal year ending on March 31, 2017, the Company expects net sales of 47,000 million yen, up 4.1%, operating income of 2,400 million yen, up 4.0%, ordinary income of 2,300 million yen, up 3.1%, and profit attributable to owners of parent of 1,500 million yen, up 6.7%.

The SoftBank Technology Group will work on increasing benefits from synergies among group companies, achieving more growth in the three key driver businesses (data analytics, security solutions and Microsoft solutions), and combining all these services in the cloud in order to offer services that no competitor can match. All these measures are aimed at increasing the number of customers. In addition, the shift to businesses that produce consistent revenue will continue with the goal of building a more powerful and stable profit structure.

To become more profitable, group companies will supply services with substantial added value resulting from the combination of services and knowledge, primarily in the three key driver businesses. There will also be investments for achieving more growth, recruiting people needed to launch IoT and other new businesses, and strengthening training programs in order to upgrade the technological skills of employees. Furthermore, project oversight will be reinforced to hold down the occurrence of unprofitable projects. As a result, SoftBank Technology is forecasting the third consecutive year of sales and earnings growth.

In prior years, SoftBank Technology announced semi-annual consolidated forecasts. However, the time between the receipt of orders and the posting of sales is becoming longer because of the larger size of individual projects. Furthermore, substantial investments will be needed for starting new businesses and making them profitable in order to adapt to rapid changes in ICT markets and achieve long-term growth in corporate value. Since it is difficult to determine reasonably accurate semi-annual forecasts at this time for these reasons, SoftBank Technology is announcing only a fiscal year forecast.

(2) Overview of Financial Position**i. Assets, Liabilities, and Net Assets**

	(Millions of yen)		
	As of March 31, 2015	As of March 31, 2016	Change
Total assets	22,175	25,974	3,798
Net assets	10,974	11,726	752
Shareholders' equity ratio	46.0%	43.1%	(2.9) points
Net assets per share	1,052.58 yen	1,159.88 yen	107.30 yen

Assets

Total assets increased 3,798 million yen from the end of the previous fiscal year to 25,974 million yen at the end of the current fiscal year.

Current assets increased 4,429 million yen mainly due to an increase in notes and accounts receivable-trade.

Non-current assets decreased 630 million yen mainly due to a decrease in investment securities.

Liabilities

Total liabilities increased 3,046 million yen from the end of the previous fiscal year to 14,247 million yen at the end of the current fiscal year.

Current liabilities increased 3,134 million yen mainly due to an increase in accounts payable-trade.

Non-current liabilities decreased 87 million yen mainly due to a decrease in long-term loans payable.

Net assets

Net assets increased 752 million yen from the end of the previous fiscal year to 11,726 million yen at the end of the current fiscal year mainly due to an increase in retained earnings.

ii. Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Change
Cash flows from operating activities	2,665	1,425	(1,240)
Cash flows from investing activities	(2,334)	(361)	1,973
Cash flows from financing activities	1,595	(1,128)	(2,723)
Net increase (decrease) in cash and cash equivalents	1,945	(82)	(2,027)
Cash and cash equivalents at end of period	5,698	5,616	(82)

Cash and cash equivalents at the end of the current fiscal year decreased 82 million yen over the end of the previous fiscal year to 5,616 million yen.

The details of cash flows from each activity and the major components of changes are as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled 1,425 million yen. Major sources of cash include an increase in notes and accounts payable-trade of 2,668 million yen, profit before income taxes of 2,354 million yen, and depreciation of 812 million yen. Meanwhile, major uses of cash include an increase in notes and accounts receivable-trade of 4,337 million yen.

There was a 1,240 million yen decrease in net cash provided by operating activities from the previous fiscal year. This was mainly due to a 2,959 million yen change in increase (decrease) in notes and accounts payable-trade from a negative to a positive cash flow and a 4,922 million yen decrease in cash provided by decrease (increase) in notes and accounts receivable-trade.

Cash flows from investing activities

Net cash used in investing activities totaled 361 million yen. Major uses of cash include the purchase of intangible assets of 432 million yen.

There was a 1,973 million yen decrease in net cash used in investing activities from the previous fiscal year. Purchase of shares of subsidiaries resulting in change in scope of consolidation decreased 1,027 million yen, and purchase of property, plant and equipment decreased 738 million yen.

Cash flows from financing activities

Net cash used in financing activities totaled 1,128 million yen. Major uses of cash include payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of 375 million yen, repayments of long-term loans payable of 324 million yen and cash dividends paid of 193 million yen.

There was a 2,723 million yen increase in net cash used in financing activities from the previous fiscal year. Proceeds from long-term loans payable decreased 1,600 million yen and proceeds from the shift to leasing of newly acquired facilities decreased 629 million yen.

(3) Fundamental Policy for Distribution of Profit, and Dividend for the Fiscal Year

Providing benefits to shareholders is one of the highest priorities of SoftBank Technology. The goal is to achieve sustained growth in corporate value while making business operations even more powerful.

Dividends are the primary method for distributing earnings to shareholders. The policy is to pay a steady and consistent dividend that takes into account consolidated performance in each fiscal year, investment plans, liquidity and other applicable factors.

The year-end ordinary dividend for the fiscal year that ended on March 31, 2016 is expected to be 30 yen per share. This is 10 yen higher than the previous year-end dividend in order to return a large amount of earnings to shareholders due to the record-high fiscal year sales and earnings.

SoftBank Technology is dedicated to increasing shareholder distributions, using capital more efficiently, and taking actions involving equity with speed and flexibility to reflect changes in the business climate. As a result, 88,000 shares of stock were repurchased at a cost of 124 million yen in February and March 2016.

There may be more stock repurchases based on the business climate, such as the economy, the financial environment, the stock market and other factors, and our financial situation.

2. The SoftBank Technology Group

The SoftBank Technology Group (the Company and its group companies; hereinafter “the Company Group”) consists of the Company (SoftBank Technology Corp.), 11 consolidated subsidiaries, and four equity-method affiliates. The Company Group operates the ICT Services business. The following table shows the primary components of this business segment.

Segment		Service category	Main services	Core companies
Reportable segment	ICT Services	Digital marketing	<ul style="list-style-type: none"> • Operation of e-commerce sites of the clients, development and sales of font sets, and provision of web font services • Construction of websites and provision of website access log analysis tools, data analyses and consulting services 	<ul style="list-style-type: none"> • SoftBank Technology Corp. • Fontworks Inc. • Kan Corporation
		Platform solutions	<ul style="list-style-type: none"> • Construction of IT platforms and provision of operation and maintenance services and Linux solutions • Provision of vulnerability diagnosis tests, protection services against advanced persistent threat, authentication and encryption services using e-certification 	<ul style="list-style-type: none"> • SoftBank Technology Corp. • Cybertrust Japan Co., Ltd. • Miracle Linux Corporation
		System integration	<ul style="list-style-type: none"> • Development of IT systems, provision of operation and maintenance services, and development of applications for tablets, smartphones and robots • Support for moving IT infrastructure to the cloud by using mainly Microsoft products and provision of an original cloud service with outstanding compatibility 	<ul style="list-style-type: none"> • SoftBank Technology Corp. • M-SOLUTIONS, Inc. • ASORA Tech Corp.

3. Management Policies

(1) Basic Management Policy

The Company Group is guided by the corporate philosophy of “Information Revolution –Happiness for everyone: Harnessing the Power of Technology to Build a Brighter Future.” We are constantly acquiring expertise involving the latest ICT advances in order to supply client companies with the best and most suitable ICT solutions.

The SoftBank Group, to which the Company Group belongs, is guided by the slogan “Information Revolution –Happiness for everyone.” Each SoftBank Group company aims to become the most reliable company in each field that customers can depend on by using mutual collaboration. The Company Group is dedicated to constantly acquiring advanced ICT expertise and fulfill its responsibility as the core ICT services organization within the SoftBank Group.

(2) Management Parameters

The primary performance indicators used for management by the Company Group are net sales, marginal profit and fixed costs for individual solution categories and sales, marginal profit and project earnings for individual projects. By making extensive use of these management tools, we aim to ensure the visibility of these indicators and increase the speed of decision-making.

(3) Medium to Long-term Strategies

- i. The operating environment in markets associated with ICT is constantly changing rapidly because of technological progress and the emergence of a large number and variety of services. Recently, the increasing use of cloud services has changed the perception of IT systems from something to own to something to use. To meet a diverse array of needs involving the cloud, the SoftBank Technology Group will combine its three key driver businesses in the cloud. The goal is to supply substantial added value to client companies by supplying highly distinctive services that no competitor can match.

In association with ongoing measures for “transitioning businesses into services,” the Softbank Technology Group plans to achieve more growth in business activities that generate a consistent revenue stream. To accomplish this goal, there will be substantial investments to continue starting new businesses, develop new services, acquire companies and take other actions.

- ii. The SoftBank Technology Group plans to operate businesses involving the Internet of Things (IoT), which links home appliances, automobiles and many other objects with the Internet in addition to computers. Making the IoT a reality will require the use of many types of hardware and devices, advanced certification, a safe Internet link and the use of stored data.

The SoftBank Technology Group has a broad range of technologies that are needed for the IoT. Examples include operating systems embedded in devices; certification and other security technologies for safe communications among devices and between devices and the cloud; the development of applications for IoT devices; the construction of cloud environments; artificial intelligence; and big data analysis. All of these strengths will be brought together to start an IoT business. SoftBank Technology plans to strengthen activities for the development of services that will be needed in the age of the Internet of Things. We will do this by reinforcing the Company Group’s technologies and using mutual cooperation among group companies to benefit from more synergies.

- iii. To implement these medium-term business strategies, all group companies are adding employees and strengthening their technological skills based on operations on the corporate slogan “One! SBT.” In addition, there will be more shared services and the use of shared systems and other infrastructure components in order to boost efficiency across the entire Group. Furthermore, corporate governance will be upgraded by establishing and reinforcing frameworks for compliance with laws and regulations and for internal controls.

(4) Important Management Issues

The speed of changes in the operating environment for ICT service companies is increasing. There are many examples of these changes: the globalization of ICT platforms due to the overseas operations of companies; the increasing use of cloud computing, the generalized use of big data; and the need for safety measures regarding cyber attacks and internal information leaks. To succeed, these companies must meet the demands of client companies with proposals that are speedy and flexible. The Company will utilize the resources of all of its group companies and gain expertise involving the latest advances in ICT. The objective is to achieve sustained growth by supplying client companies with services that have substantial added value.

i. Collaboration with the SoftBank Group

The Company Group is the primary source of ICT services within the SoftBank Group, which is a leader in the Internet business sector. We plan to utilize our knowledge associated with the cloud in order to provide support for the business operations of the SoftBank Group. In addition, we will build stronger ties as a partner with other SoftBank Group companies. We want to meet the comprehensive needs of companies, government agencies and local governments. To do this, we will work with SoftBank Group companies to supply solutions with significant added value, which will reinforce our competitive superiority.

ii. Industry-specific services

The goal of the SoftBank Technology Group is earning the trust of client companies and maintaining long-term relationships by supplying services that precisely match clients' requirements and have outstanding speed and flexibility. For many years, we have provided services with substantial added value to a variety of industries and companies. By solving a multitude of problems at companies, we have gained an understanding of the unique characteristics of various industries. We have also provided many services to the public sector, where the use of IT is growing rapidly.

We will incorporate the issues and requirements associated with each client's characteristics and industry in the services we supply. This will allow us to be a source of services with strengths for specific business sectors as well as to identify all client needs and create the best possible services to address those needs.

iii. Growth of key drivers

SoftBank Technology has three key driver business sectors: data analytics, security solutions and Microsoft solutions. We have become more competitive in all three areas by assigning more people to these businesses, acquiring advanced technologies, creating original services and taking other actions. Our goals in the key driver business sectors are to supply solutions to clients and increase the number of users of our original services.

Constantly developing and supplying original services will lead to growth in the number of clients. To meet the multi-faceted requirements of client companies, we will be a source of services with substantial added value by combining our services and expertise in the three key driver business sectors. Our objective is to make our customer base even larger and stronger and to increase profitability.

iv. Start new business platforms

SoftBank Technology uses M&A as part of its growth strategy in order to build a stronger and larger foundation for business operations. All members of the SoftBank Technology Group work together for increasing synergies and developing highly competitive services. To support the growth of client companies businesses and help solve government and other social issues, the SoftBank Technology Group will launch new services that combine the distinctive technologies of group companies. The objective is to help client companies achieve their goals and operate with greater convenience.

In addition, we will use demonstration trials with the latest advances in technology to create opportunities for supplying new ICT services that can become the foundation for our operations in the future.

v. Build a sound profit structure

Project management skills have become increasingly important as the SoftBank Technology Group handles a larger number of development projects and the size of these projects grows. To improve the productivity and quality of projects, we will continue to increase the number of employees with high-level certifications for project management and to make our project management activities even stronger. The goal is to maximize earnings from projects.

The Company Group will promote the provision of shared services, share knowledge accumulated within the Group, reexamine internal systems and processes in order to improve efficiency and take actions aimed at cutting operating expenses.

Furthermore, by making the performance of all businesses as well as engineering resources more visible, we plan to achieve the optimal and flexible management of our resources in order to improve profitability.

vi. An environment where employees can realize their full potential

As our operations expanded quickly, there has been rapid growth in the number of employees and the volume of work. Establishing the proper human resource management systems for our workers, who are a valuable asset, is vital to evening out the amount of work, maintaining the mental well-being of employees, ensuring the proper balance between responsibilities at work and at home, and other issues. We will use many actions for increasing the motivation of our workforce. For example, we have a free agent system for reassignments to boost motivation and a long-term training program that uses mentors.

As we continue to recruit large numbers of people, we will maintain a working environment in which all employees can realize their full potential. We believe this will give the SoftBank Technology Group a structure capable of supporting growth for many more years.

4. Basic Approach for the Selection of Accounting Standards

The SoftBank Technology Group will continue to prepare consolidated financial statements using Japanese accounting standards for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	5,788,629	5,721,789
Notes and accounts receivable-trade	6,941,512	11,279,578
Merchandise	137,437	221,142
Work in process	208,104	260,724
Deferred tax assets	390,507	377,998
Other	945,805	976,404
Allowance for doubtful accounts	(11,958)	(8,206)
Total current assets	14,400,039	18,829,431
Non-current assets		
Property, plant and equipment		
Buildings	976,861	1,020,160
Accumulated depreciation	(448,641)	(504,598)
Buildings, net	528,219	515,562
Tools, furniture and fixtures	2,262,056	2,263,638
Accumulated depreciation	(1,387,263)	(1,487,452)
Tools, furniture and fixtures, net	874,792	776,185
Construction in progress	2,445	9,684
Total property, plant and equipment	1,405,457	1,301,431
Intangible assets		
Goodwill	1,366,627	1,201,211
Software	1,082,432	965,181
Software in progress	79,762	89,180
Customer relationships	654,610	590,745
Other	311,052	281,943
Total intangible assets	3,494,485	3,128,262
Investments and other assets		
Investment securities	1,185,692	912,669
Deferred tax assets	260,729	243,755
Other	1,486,627	1,616,230
Allowance for doubtful accounts	(57,793)	(57,587)
Total investments and other assets	2,875,256	2,715,067
Total non-current assets	7,775,199	7,144,761
Total assets	22,175,238	25,974,192

	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-trade	4,624,483	7,293,231
Current portion of long-term loans payable	324,600	324,650
Lease obligations	69,992	71,413
Accounts payable-other	836,331	701,044
Income taxes payable	460,030	590,404
Advances received	1,073,969	1,356,680
Provision for bonuses	549,422	608,652
Provision for loss on order received	8,574	2,420
Asset retirement obligations	10,330	-
Other	666,126	810,105
Total current liabilities	8,623,860	11,758,602
Non-current liabilities		
Bonds payable	100,000	100,000
Long-term loans payable	963,450	638,800
Lease obligations	502,382	434,093
Deferred tax liabilities	146,953	118,567
Long-term advances received	341,665	670,407
Net defined benefit liability	105,346	74,220
Asset retirement obligations	240,906	257,714
Other	176,460	195,388
Total non-current liabilities	2,577,163	2,489,192
Total liabilities	11,201,023	14,247,795
Net assets		
Shareholders' equity		
Capital stock	645,033	664,456
Capital surplus	722,682	714,919
Retained earnings	9,418,346	10,629,573
Treasury shares	(747,634)	(872,008)
Total shareholders' equity	10,038,426	11,136,939
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	164,346	47,778
Foreign currency translation adjustment	5,323	3,987
Total accumulated other comprehensive income	169,670	51,766
Subscription rights to shares	86,341	102,010
Non-controlling interests	679,777	435,680
Total net assets	10,974,215	11,726,397
Total liabilities and net assets	22,175,238	25,974,192

(2) Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

	FY3/15 (April 1, 2014 to March 31, 2015)	FY3/16 (April 1, 2015 to March 31, 2016)
Net sales	39,816,653	45,163,237
Cost of sales	33,524,139	37,757,141
Gross profit	6,292,513	7,406,096
Selling, general and administrative expenses	4,893,763	5,097,885
Operating income	1,398,750	2,308,210
Non-operating income		
Interest income	676	511
Dividend income	5,368	-
Foreign exchange gains	34,471	6,853
Subsidy income	24,127	-
Dividend income of insurance	4,614	8,928
Miscellaneous income	7,559	10,349
Total non-operating income	76,817	26,643
Non-operating expenses		
Interest expenses	30,168	24,627
Share of loss of entities accounted for using equity method	3,224	72,823
Loss on investments in partnership	36,094	4,066
Miscellaneous loss	3,000	3,174
Total non-operating expenses	72,487	104,691
Ordinary income	1,403,079	2,230,163
Extraordinary income		
Gain on sales of investment securities	263,436	224,632
Gain on revision of retirement benefit plan	-	4,029
Other	-	2,543
Total extraordinary income	263,436	231,204
Extraordinary losses		
Impairment loss	96,387	101,539
Loss on sales of investment securities	15,769	4,703
Loss on valuation of investment securities	1,237	-
Business office transfer expenses	18,120	-
Loss on pension fund cancellation	43,940	-
Other	-	278
Total extraordinary losses	175,454	106,521
Profit before income taxes	1,491,061	2,354,846
Income taxes-current	691,978	817,211
Income taxes-deferred	(136,896)	58,016
Total income taxes	555,082	875,227
Profit	935,979	1,479,619
Profit attributable to:		
Owners of parent	883,038	1,405,191
Non-controlling interests	52,940	74,428
Other comprehensive income		
Valuation difference on available-for-sale securities	29,166	(115,409)
Foreign currency translation adjustment	1,095	(2,013)
Share of other comprehensive income of entities accounted for using equity method	3,274	54
Total other comprehensive income	33,536	(117,368)
Comprehensive income	969,515	1,362,250
Comprehensive income attributable to:		
Owners of the parent	915,952	1,287,287
Non-controlling interests	53,563	74,963

(3) Consolidated Statement of Changes in Equity

FY3/15 (April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	634,555	712,204	8,728,873	(747,634)	9,327,999
Changes of items during period					
Issuance of new shares-exercise of subscription rights to shares	10,477	10,477	-	-	20,954
Dividends of surplus	-	-	(193,566)	-	(193,566)
Profit attributable to owners of parent	-	-	883,038	-	883,038
Purchase of treasury shares	-	-	-	-	-
Change in treasury shares of parent arising from transactions with non-controlling shareholders	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	10,477	10,477	689,472	-	710,426
Balance at end of current period	645,033	722,682	9,418,346	(747,634)	10,038,426

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	135,180	1,576	136,756	51,113	113,428	9,629,297
Changes of items during period						
Issuance of new shares-exercise of subscription rights to shares	-	-	-	-	-	20,954
Dividends of surplus	-	-	-	-	-	(193,566)
Profit attributable to owners of parent	-	-	-	-	-	883,038
Purchase of treasury shares	-	-	-	-	-	-
Change in treasury shares of parent arising from transactions with non-controlling shareholders	-	-	-	-	-	-
Net changes of items other than shareholders' equity	29,166	3,747	32,913	35,227	566,348	634,490
Total changes of items during period	29,166	3,747	32,913	35,227	566,348	1,344,917
Balance at end of current period	164,346	5,323	169,670	86,341	679,777	10,974,215

FY3/16 (April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	645,033	722,682	9,418,346	(747,634)	10,038,426
Changes of items during period					
Issuance of new shares-exercise of subscription rights to shares	19,423	19,423	-	-	38,846
Dividends of surplus	-	-	(193,964)	-	(193,964)
Profit attributable to owners of parent	-	-	1,405,191	-	1,405,191
Purchase of treasury shares	-	-	-	(124,374)	(124,374)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	-	(27,186)	-	-	(27,186)
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	19,423	(7,763)	1,211,226	(124,374)	1,098,512
Balance at end of current period	664,456	714,919	10,629,573	(872,008)	11,136,939

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	164,346	5,323	169,670	86,341	679,777	10,974,215
Changes of items during period						
Issuance of new shares-exercise of subscription rights to shares	-	-	-	-	-	38,846
Dividends of surplus	-	-	-	-	-	(193,964)
Profit attributable to owners of parent	-	-	-	-	-	1,405,191
Purchase of treasury shares	-	-	-	-	-	(124,374)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	-	-	-	-	-	(27,186)
Net changes of items other than shareholders' equity	(116,567)	(1,336)	(117,903)	15,669	(244,096)	(346,330)
Total changes of items during period	(116,567)	(1,336)	(117,903)	15,669	(244,096)	752,182
Balance at end of current period	47,778	3,987	51,766	102,010	435,680	11,726,397

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/15 (April 1, 2014 to March 31, 2015)	FY3/16 (April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	1,491,061	2,354,846
Depreciation	878,800	812,235
Impairment loss	96,387	101,539
Amortization of goodwill	157,922	165,415
Share-based compensation expenses	39,707	26,775
Increase (decrease) in allowance for doubtful accounts	2,138	(3,957)
Increase (decrease) in provision for bonuses	69,793	59,229
Increase (decrease) in net defined benefit liability	8,217	(31,126)
Increase (decrease) in provision for loss on order received	7,486	(6,154)
Interest and dividend income	(6,044)	(511)
Interest expenses	30,168	24,627
Share of (profit) loss of entities accounted for using equity method	3,224	72,823
Loss (gain) on investments in partnership	36,094	4,066
Loss (gain) on sales of investment securities	(247,666)	(219,928)
Loss (gain) on valuation of investment securities	1,237	-
Decrease (increase) in notes and accounts receivable-trade	585,273	(4,337,341)
Decrease (increase) in inventories	(176,461)	(134,260)
Decrease (increase) in operating receivables	(111,739)	(173,794)
Increase (decrease) in notes and accounts payable-trade	(290,635)	2,668,747
Increase (decrease) in accrued consumption taxes	74,011	316,741
Increase (decrease) in operating debt	544,647	455,114
Other, net	4,730	16,382
Subtotal	3,198,354	2,171,469
Interest and dividend income received	6,052	470
Interest expenses paid	(30,168)	(24,627)
Income taxes (paid) refund	(508,403)	(721,749)
Net cash provided by (used in) operating activities	2,665,835	1,425,563
Cash flows from investing activities		
Purchase of property, plant and equipment	(918,077)	(179,425)
Purchase of intangible assets	(566,576)	(432,218)
Purchase of investment securities	(222,920)	(77,500)
Proceeds from sales and redemption of investment securities	354,298	320,693
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,027,839)	-
Collection of loans receivable	1,050	1,800
Payments for guarantee deposits	(121,286)	(970)
Proceeds from collection of guarantee deposits	275,904	31,990
Payments for asset retirement obligations	(97,177)	(10,330)
Other, net	(12,015)	(15,168)
Net cash provided by (used in) investing activities	(2,334,641)	(361,130)

	(Thousands of yen)	
	FY3/15	FY3/16
	(April 1, 2014 to March 31, 2015)	(April 1, 2015 to March 31, 2016)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,600,000	-
Repayments of long-term loans payable	(324,600)	(324,600)
Redemption of bonds	-	(100,000)
Proceeds from issuance of common shares	16,556	30,617
Purchase of treasury shares	-	(124,374)
Cash dividends paid	(193,714)	(193,921)
Proceeds from the shift to leasing of newly acquired facilities	629,430	-
Repayments of lease obligations	(132,454)	(70,226)
Proceeds from share issuance to non-controlling shareholders	-	29,400
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(375,099)
Net cash provided by (used in) financing activities	1,595,217	(1,128,204)
Effect of exchange rate change on cash and cash equivalents	19,381	(18,237)
Net increase (decrease) in cash and cash equivalents	1,945,792	(82,008)
Cash and cash equivalents at beginning of period	3,752,685	5,698,478
Cash and cash equivalents at end of period	5,698,478	5,616,470

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 11

M-SOLUTIONS, Inc.

Cybertrust Japan Co., Ltd.

Fontworks Inc.

Kan Corporation

Miracle Linux Corporation

ASORA Tech Corp.

Mobile Interface Corporation

Solution Business Technology Hong Kong Ltd.

SOLUTION BUSINESS TECHNOLOGY KOREA Ltd.

Cyber Secure Asia (S) Pte. Ltd.

MIRACLE LINUX AMERICA, Inc.

ASORA Tech Corp. and MIRACLE LINUX AMERICA, Inc. were included in the scope of consolidation because they were newly established in the current fiscal year.

(2) Non-consolidated subsidiaries

Not applicable.

2. Application of equity method

(1) Equity method affiliates: 4

Mode2 inc.

Nippon Registry Authentication Inc.

Japan Integration Inc.

Renazon Technology (S) Pte. Ltd.

(2) Non-consolidated subsidiaries and affiliates to which equity method is not applied

Not applicable.

Changes in Accounting Policies

Application of the Accounting Standard for Business Combinations, etc.

The Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. from the current fiscal year. Accordingly, difference arising from changes in the Company’s ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the acquisition costs in connection with business combinations are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the consolidated financial statements to which the date of the business combination belongs. In addition, the presentation of net income and other items has been revised, and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

The Company has adopted these accounting standards, etc. from the beginning of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

The result was a decrease of 27 million yen in capital surplus at the end of the current fiscal year. The effect of this change on earnings for the current fiscal year is insignificant.

In the consolidated statement of cash flows of the current fiscal year, cash flows associated with purchase or sales of shares of subsidiary not resulting in changes in the scope of consolidation are included in cash flows from financing activities. On the other hand, cash flows associated with purchase or sales of shares of subsidiary resulting in changes in the scope of consolidation or expenses associated with purchase or sales of shares of subsidiary not resulting in changes in the scope of consolidation are included in cash flows from operating activities.

Capital surplus at the end of the current fiscal year in the consolidated statement of changes in equity decreased 27 million yen.

Net assets per share for the current fiscal year decreased 2.82 yen. The effect of this change on net income per share and diluted net income per share is insignificant.

Notes to Consolidated Statement of Cash Flows

Reconciliation of cash and cash equivalents of the statement of cash flows and account balances of balance sheet is made as follows.

	(Thousands of yen)	
	FY3/15	FY3/16
	(April 1, 2014 to March 31, 2015)	(April 1, 2015 to March 31, 2016)
Cash and deposits	5,788,629	5,721,789
Time deposits with maturities over 3 months	(90,150)	(105,319)
Cash and cash equivalents	5,698,478	5,616,470

Segment and Other Information

Segment Information

Omitted since the Company Group has only a single business segment of ICT Services.

Per Share Data

(Yen)

	FY3/15 (April 1, 2014 to March 31, 2015)	FY3/16 (April 1, 2015 to March 31, 2016)
Net assets per share	1,052.58	1,159.88
Net income per share	91.15	144.74
Diluted net income per share	90.20	143.47

Note: Basic data for computation of net income per share and diluted net income per share is as follows:

	FY3/15 (April 1, 2014 to March 31, 2015)	FY3/16 (April 1, 2015 to March 31, 2016)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	883,038	1,405,191
Amounts not allocated to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent allocated to common stock (Thousands of yen)	883,038	1,405,191
Average number of shares outstanding during the period (Shares)	9,688,041	9,708,179
Diluted net income per share		
Adjusted to profit attributable to owners of parent (Thousands of yen)	-	-
Increase in the number of common stock (Shares)	101,826	86,196
[of which subscription rights to shares (Shares)]	[101,826]	[86,196]
Residual shares, which do not dilute net income per share	Subscription rights to shares: Board of Directors' resolution on May 20, 2013 Common stock of 542,000 shares Board of Directors' resolution on November 27, 2013 Common stock of 152,000 shares	Subscription rights to shares: Board of Directors' resolution on May 20, 2013 Common stock of 508,600 shares Board of Directors' resolution on November 27, 2013 Common stock of 146,000 shares

Significant Subsequent Events

Not applicable.

6. Other**(1) Transfer of Officers**

For transfer of officers, please refer to "Announcement Regarding Election of Candidates for Directors and Auditors" that was announced on April 26, 2016.

Disclaimer:

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.