

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 27, 2015

SoftBank Technology Corp. Consolidated Financial Report for the Fiscal Year Ended March 31, 2015

[Japanese GAAP]

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

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

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Scheduled date of General Shareholders' Meeting: June 17, 2015

Scheduled date of filing of Securities Report: June 17, 2015

Scheduled date of payment of dividend: June 18, 2015

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, 2015 (April 1, 2014 – March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2015	39,816	7.8	1,398	2.1	1,403	2.9	883	38.8
Fiscal year ended March 31, 2014	36,951	13.0	1,370	(6.4)	1,363	(17.8)	636	(38.9)

Note: Comprehensive income (million yen) Fiscal year ended March 31, 2015: 969 (up 31.8%)

Fiscal year ended March 31, 2014: 735 (down 29.3%)

	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 March 31, 2015	91.15	90.20	9.0	6.8	3.5
Fiscal year ended March 31, 2014	65.74	65.03	6.9	7.9	3.7

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended March 31, 2015: (3) Fiscal year ended March 31, 2014: -

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	22,175	10,974	46.0	1,052.58
As of March 31, 2014	19,218	9,629	49.2	977.93

Reference: Shareholders' equity (million yen) As of Mar. 31, 2015: 10,208 As of Mar. 31, 2014: 9,464

(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 March 31, 2015	2,665	(2,334)	1,595	5,698
Fiscal year ended March 31, 2014	209	(2,418)	(248)	3,752

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2014	-	0.00	-	20.00	20.00	193	30.4	2.1
Fiscal year ended March 31, 2015	-	0.00	-	20.00	20.00	193	21.9	2.0
Fiscal year ending March 31, 2016 (forecast)	-	0.00	-	20.00	20.00		19.4	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(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
First half	19,500	(0.9)	680	18.7	640	18.2	400	21.0	41.29
Full year	42,000	5.5	1,700	21.5	1,600	14.0	1,000	13.2	103.22

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 2 (Cybertrust Japan Co., Ltd., Miracle Linux Corporation)

Excluded: -

Please refer to “5. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Basis of Presentation of Consolidated Financial Statements) on page 17 of the attachments for further information.

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

i. Changes in accounting policies due to revisions in accounting standards, others: None

ii. Changes in accounting policies other than i. above: None

iii. Changes in accounting estimates: None

iv. Restatements: None

(3) Number of outstanding shares (Common stock)

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

As of March 31, 2015: 10,660,100 shares As of March 31, 2014: 10,640,200 shares

ii. Number of treasury shares at the end of the period

As of March 31, 2015: 961,890 shares As of March 31, 2014: 961,890 shares

iii. Average number of shares outstanding during the period

Fiscal year ended March 31, 2015: 9,688,041 shares Fiscal year ended March 31, 2014: 9,678,310 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(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 March 31, 2015	36,118	0.0	1,048	(21.9)	1,042	(21.5)	740	13.3
Fiscal year ended March 31, 2014	36,105	11.1	1,341	(3.9)	1,328	(15.7)	653	(33.2)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2015	76.44	75.64
Fiscal year ended March 31, 2014	67.50	66.77

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	20,371	10,032	48.8	1,025.53
As of March 31, 2014	18,750	9,399	49.9	965.94

Reference: Shareholders' equity (million yen) As of March 31, 2015: 9,945 As of March 31, 2014: 9,348

* Indication of audit procedure implementation status

This summary report is not subject to the audit procedures based on the Financial Instruments and Exchange Law. At the time of this disclosure, the audit procedures for the 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 based upon valid 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 Tuesday, April 28, 2015. 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	Net income	Net income per share
Fiscal year ended March 31, 2015	39,816	1,398	1,403	883	91.15
Fiscal year ended March 31, 2014	36,951	1,370	1,363	636	65.74
Change (Ratio)	7.8%	2.1%	2.9%	38.8%	38.6%

In the fiscal year that ended on March 31, 2015, net sales increased 7.8% year on year to 39,816 million yen, operating income increased 2.1% to 1,398 million yen, ordinary income increased 2.9% to 1,403 million yen and net income increased 38.8% to 883 million yen.

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

There was a revision in the method in the current fiscal year for recognizing some expenses for e-commerce services. As a result, marginal profit and fixed costs for the previous fiscal year that ended on March 31, 2014 have been calculated by using the revised method.

(a) Net sales

Net sales increased 2,865 million yen (+7.8%) year on year to 39,816 million yen.

Despite a sharp decline in hardware sales in the platform solutions business in the second half, sales increased due to the receipt of a large order in the Microsoft solutions business, and growth in orders for system development project and for security products. In addition, there was a contribution to sales from the inclusion of new subsidiaries Cybertrust Japan Co., Ltd. in April 2014 and Miracle Linux Corporation in July 2014.

(b) Marginal profit (see note)

Marginal profit increased 2,799 million yen (+34.7%) to 10,874 million yen. The main reasons for these improvements were the strong performances by the Microsoft solutions business, system integration business and data analytics business, which offset a decline in profitability in the Symantec Store business. The marginal profit ratio increased 5.4 points to 27.3%. This increase was attributable to the contributions of new subsidiaries by providing value-added content and services that utilize their respective original technologies.

Note: Marginal profit is calculated by subtracting variable costs (cost of merchandise, outsourcing expenses, distribution expenses and other items that increase and decrease with sales) from net sales.

(c) Gross profit

Gross profit increased 2,135 million yen (+51.4%) to 6,292 million yen. This was due to an improvement in the profit margin at SoftBank Technology and the inclusion of new subsidiaries Cybertrust Japan Co., Ltd. and Miracle Linux Corporation during the current fiscal year, while there were large unprofitable projects in the system integration business and the Microsoft solutions business.

(d) Fixed costs

Fixed costs increased 2,771 million yen (+41.3%) to 9,476 million yen.

This increase was mainly due to the growth of the workforce at SoftBank Technology and the relocation of the head office because of the larger scale of operations. In addition, fixed costs increased due to the inclusion of new subsidiaries Cybertrust Japan Co., Ltd. and Miracle Linux Corporation. There was also an increase in depreciation in association with investments for the growth of business operations and the larger number of subsidiaries.

Selling, general and administrative expenses were 51.6% of fixed costs.

(e) EBITDA (see note)

EBITDA increased 497 million yen (+25.7%) to 2,435 million yen. This was mainly the result of investments for the growth of business operations and the inclusion of new subsidiaries.

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

(f) Operating income

As a result of the above items, operating income increased 28 million yen (+2.1%) to 1,398 million yen.

(g) Non-operating income and expenses

Net non-operating income increased 11 million yen to 4 million yen. This was mainly due to foreign exchange gains and subsidy income.

(h) Ordinary income

As a result of items (f) and (g), ordinary income increased 39 million yen (+2.9%) to 1,403 million yen.

(i) Extraordinary income and losses

Net extraordinary income increased 258 million yen to 87 million yen. This was mainly the result of the gain on sales of investment securities.

(j) Income before income taxes and minority interests

As a result of items (h) and (i), income before income taxes and minority interests increased 298 million yen (+25.0%) to 1,491 million yen.

(k) Total income taxes

Total income taxes increased 6 million yen (+1.1%) to 555 million yen.

(l) Net income

As a result of items (j) and (k), net income increased 246 million yen (+38.8%) to 883 million yen.

Starting in the fiscal year that ended on March 31, 2015, the eBusiness Services segment and Solutions segment have been combined to create a single business segment called the ICT Services segment. The primary components of the ICT Services segment and results of operations are as follows.

Information about the major services of this segment is provided in “2. The SoftBank Technology Group” on page 7.

a. Digital marketing

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Change (Amount)	Change (Ratio)
Net sales	18,391	19,058	666	3.6%
Marginal profit	2,824	2,853	28	1.0%

Major services in the digital marketing business

- Provision of Symantec Store, web fonts, foreign currency payment processing and other e-commerce services
- Provision of Adobe Analytics, Google Analytics Premium, sibulla and other web analysis services
- Provision of SIGNAL Consulting and other data analytics services

Results of operations of the digital marketing business

Net sales in the digital marketing business increased 666 million yen (+3.6%) to 19,058 million yen. This was mainly due to strong orders for the web access analysis tools of Adobe and Google, and associated consulting services in the data analysis business. In addition, the June 2013 inclusion of subsidiaries Fontworks Inc. and Kan Corporation contributed to sales growth.

Marginal profit in this business increased 28 million yen (+1.0%) to 2,853 million yen. Earnings increased because the strong performance by the data analysis business and contributions of new subsidiaries Fontworks Inc. and Kan Corporation offset the decline in profit margin in the Symantec Store business.

b. Platform solutions

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Change (Amount)	Change (Ratio)
Net sales	11,739	11,875	135	1.2%
Marginal profit	2,440	4,191	1,751	71.8%

Major services in the platform solutions business

- Construction of IT platforms using products of Cisco, hp, VMware and other suppliers and provision of operation and maintenance services
- Construction of security systems using products of McAfee, FireEye, ForeScout and other suppliers and provision of maintenance services
- Provision of security services including server certificates, device authentication, vulnerability diagnoses and other services

Results of operations of the platform solutions business

Net sales in the platform solutions business increased 135 million yen (+1.2%) to 11,875 million yen. An increase in orders for development projects and operations, maintenance and other services involving FireEye and other security products was the main reason for the growth in sales. In addition, the April 2014 inclusion of Cybertrust Japan Co., Ltd. and the July 2014 inclusion of Miracle Linux Corporation contributed to sales growth.

Marginal profit in this business increased 1,751 million yen (+71.8%) to 4,191 million yen. The marginal profit ratio improved because of growth in sales from IT platform construction services and a decline in hardware sales. In addition, earnings benefited from higher sales in the security business and the inclusion of new subsidiaries Cybertrust Japan Co., Ltd. and Miracle Linux Corporation.

c. System integration

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Change (Amount)	Change (Ratio)
Net sales	6,819	8,882	2,062	30.2%
Marginal profit	2,810	3,830	1,020	36.3%

Major services in the system integration business

- Development of IT systems for companies and provision of operation and maintenance services
- Provision of services associated with Microsoft Office 365, Share Point and Microsoft Azure
- Provision of the SoftBank Technology Group's original services associated with above activities, such as Online Service Gate and ADFS on Cloud

Results of operations of the system integration business

Net sales in the system integration business increased 2,062 million yen (+30.2%) to 8,882 million yen. Orders for system development projects and major projects in the Microsoft solutions business were higher as the Company Group assigned a large number of engineers to this business as part of its strategy for growth. Sales also benefited from growth in the number of contracted companies for the SoftBank Technology Group's original services, such as Online Service Gate and ADFS on Cloud.

Marginal profit in this business increased 1,020 million yen (+36.3%) to 3,830 million yen. This was mainly the result of higher sales in the system integration business and the Microsoft solutions business.

ii. Consolidated Forecasts for the Fiscal Year Ending March 31, 2016

	(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, 2016 (Forecast)	42,000	1,700	1,600	1,000	103.22
Fiscal year ended March 31, 2015 (Results)	39,816	1,398	1,403	883	91.15
Change (Ratio)	5.5%	21.5%	14.0%	13.2%	13.2%

In the fiscal year ending on March 31, 2016, the Company expects net sales of 42,000 million yen, up 5.5%, operating income of 1,700 million yen, up 21.5%, ordinary income of 1,600 million yen, up 14.0%, and profit attributable to owners of parent of 1,000 million yen, up 13.2%.

The Company anticipates more growth in activities that it positions as focus businesses: data analytics, security solutions and Microsoft solutions. In addition, we plan to increase profitability by raising the share of sales from operation, maintenance and other services, which are a source of consistent revenue.

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

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	Change
Total assets	19,218	22,175	2,956
Net assets	9,629	10,974	1,344
Shareholders' equity ratio	49.2%	46.0%	(3.2) points
Net assets per share	977.93 yen	1,052.58 yen	74.65 yen

Assets

Total assets increased 2,956 million yen from the end of the previous fiscal year to 22,175 million yen at the end of the current fiscal year.

Current assets increased 1,757 million yen mainly due to an increase in cash and deposits.

Non-current assets increased 1,198 million yen mainly due to increases in goodwill and software resulting from the acquisition of subsidiaries' stock.

Liabilities

Total liabilities increased 1,611 million yen from the end of the previous fiscal year to 11,201 million yen at the end of the current fiscal year.

Current liabilities increased 716 million yen mainly due to an increase in the current portion of long-term loans payable.

Non-current liabilities increased 895 million yen mainly due to an increase in long-term loans payable.

Net assets

Net assets increased 1,344 million yen from the end of the previous fiscal year to 10,974 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, 2014	Fiscal year ended March 31, 2015	Change
Cash flows from operating activities	209	2,665	2,456
Cash flows from investing activities	(2,418)	(2,334)	84
Cash flows from financing activities	(248)	1,595	1,844
Net increase (decrease) in cash and cash equivalents	(2,457)	1,945	4,403
Cash and cash equivalents at end of period	3,752	5,698	1,945

Cash and cash equivalents at the end of the current fiscal year increased 1,945 million yen over the end of the previous fiscal year to 5,698 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 2,665 million yen. Major sources of cash include income before income taxes and minority interests of 1,491 million yen, depreciation of 878 million yen, a decrease in notes and accounts receivable-trade of 585 million yen and an increase in operating debt of 544 million yen. Meanwhile, major uses of cash include income taxes paid of 508 million yen and a decrease in notes and accounts payable-trade of 290 million yen.

There was a 2,456 million yen increase in net cash provided by operating activities from the previous fiscal year. This was mainly due to a 1,096 million yen change in increase (decrease) in notes and accounts payable-trade from a positive to a negative cash flow and a 2,537 million yen increase in cash provided by decrease (increase) in notes and accounts receivable-trade.

Cash flows from investing activities

Net cash used in investing activities totaled 2,334 million yen. Major uses of cash include the purchase of shares of subsidiaries resulting in change in scope of consolidation of 1,027 million yen and the purchase of property, plant and equipment of 918 million yen.

There was an 84 million yen decrease in net cash used in investing activities from the previous fiscal year. Purchase of property, plant and equipment increased 605 million yen but there were decreases of 469 million yen in purchase of shares of subsidiaries resulting in change in scope of consolidation and 418 million yen in payments for guarantee deposits.

Cash flows from financing activities

Net cash provided by financing activities totaled 1,595 million yen. Major sources of cash include proceeds from long-term loans payable of 1,600 million yen and proceeds from leaseback of equipment newly acquired of 629 million yen.

There was a 1,844 million yen increase in net cash provided by financing activities from the previous fiscal year. Proceeds from long-term loans payable increased 1,600 million yen and proceeds from leaseback of equipment newly acquired increased 629 million yen.

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

SoftBank Technology is dedicated to expanding business operations, increasing earnings and strengthening financial soundness from a long-term perspective as well as to increasing shareholders' equity. Free cash flows are used for increasing corporate value by funding personnel training and technology development as well as investments for the growth of established businesses and the launch of new businesses. The fundamental policy regarding the dividend is to consistently pay a stable dividend while confirming results of operations amid rapidly changing market conditions and taking into consideration the need for retained earnings and other factors.

In accordance with this policy, the year-end ordinary dividend for the fiscal year that ended on March 31, 2015 is expected to be 20 yen per share, the same as one year earlier. For the fiscal year ending on March 31, 2016, we also plan to pay an ordinary dividend of 20 yen per share.

Retained earnings will be used to strengthen business operations in order to adapt to upcoming changes in the operating environment, for investments associated with mergers, acquisitions and business alliances, and for other purposes.

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.), nine 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 other companies • Sales of font set, and provision of web font services • Provision of website access log analysis tools and associated consulting services 	<ul style="list-style-type: none"> • SoftBank Technology Corp. • Fontworks Inc. • Kan Corporation • Solution Business Technology Hong Kong Ltd. • SOLUTION BUSINESS TECHNOLOGY KOREA Ltd.
		Platform solutions	<ul style="list-style-type: none"> • Construction of corporate IT platforms, including servers, storage, networks and other items, and associated operation and maintenance services • Server and terminal certification service, vulnerability diagnosis service and other services • Provision of open source software solutions centered on Linux 	<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 for companies and provision of associated operation and maintenance services • Support for shifting to the Microsoft cloud services and provision of the SoftBank Technology Group’s original services • Provision of mobile application services 	<ul style="list-style-type: none"> • SoftBank Technology Corp. • M-SOLUTIONS, Inc. • Mobile Interface Corporation

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.

(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 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 among customers in each field by using mutual collaboration. The Company Group is dedicated to constantly acquiring advanced ICT expertise with the goal of serving as the core ICT services organization within the SoftBank Group.
In addition, the Company Group will use its advanced technologies and other knowledge acquired from providing support for operations in the SoftBank Group, particularly in the telecommunications sector, to develop unique solutions and services and offer them to client companies.
- ii. The Company Group is implementing the previous policy of “transitioning businesses into services.” We are building a stronger profit structure by shifting from project revenue derived from hardware sales to sales derived from services, which are a source of consistent revenue. In addition, we will use the stable profit structure as a foundation to create new businesses and services and to take many actions involving capital, including the possibility of mergers and acquisitions.
- iii. To implement these medium-term business strategies, all group companies are working on creating more synergies based on operations on the corporate slogan “One! SBT.” We will upgrade the skills of people in technology and sales positions and increase cooperation between these two categories of human resources. For administrative activities, 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; the upcoming start of a national identification number system in Japan; 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. The goals are to acquire expertise involving advanced ICT and upgrade technologies through the provision of services to SoftBank Group companies, particularly system integration services in the telecommunications business. We will make extensive use of the most advanced ICT technology and other knowledge to create services and then offer these services to our clients in order to reinforce our business foundation.

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. Focus business growth

SoftBank Technology has three focus 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 focus business sectors are to supply solutions to clients and increase the number of users who introduce our original services.

Constantly developing and supplying original services will lead to growth in the number of clients. We also plan to use these services for cross-selling activities involving clients in the focus business sectors. 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 focus business sectors. Our objective is to make our customer base even larger and stronger.

iii. Start new business platforms

Embedded systems will become even more important along with growth of the Internet of Things. This term refers to the use of physical objects (“things”) with connectivity in order to send and receive a variety of information.

SoftBank Technology has been using M&A as a growth strategy in order to strengthen and enlarge business platforms. Several companies have been acquired: Fontworks, Inc., which develops and supplies fonts; Cybertrust Japan Co., Ltd., a provider of electronic certification and other security solutions; and Miracle Linux Corporation, a provider of Linux kernels and Linux operating systems specifically for embedded Linux applications.

SoftBank Technology plans to strengthen activities for the development of the embedded solutions 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.

iv. Build a sound profit structure

Our growth strategy has produced significant growth in system integration services provided to the SoftBank Group and in the three focus businesses, which serve companies outside the SoftBank Group. Cooperating with the SoftBank Group has supported steady growth in business with utilities and other public-service companies. However, the risk of an unprofitable project is increasing as the number and size of projects grow along with the scale of the Company Group’s operations. To prevent the occurrence of an unprofitable project, we will reinforce project oversight and make project earnings easily visible. In addition, we will encourage employees in all areas of the company to acquire high-level certifications for project management.

The Company Group will promote the provision of shared services, 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 improve profitability by cutting outsourcing, temporary staffing and other external expenses while using our workforce with flexibility and in the best possible manner.

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 accounting standards by taking into account associated factors in Japan and other countries.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	3,830,820	5,788,629
Notes and accounts receivable-trade	7,136,219	6,941,512
Merchandise	39,904	137,437
Work in process	117,382	208,104
Deferred tax assets	210,848	390,507
Other	1,315,343	945,805
Allowance for doubtful accounts	(8,360)	(11,958)
Total current assets	12,642,158	14,400,039
Non-current assets		
Property, plant and equipment		
Buildings	506,613	976,861
Accumulated depreciation	(48,012)	(448,641)
Buildings, net	458,601	528,219
Tools, furniture and fixtures	1,774,128	2,262,056
Accumulated depreciation	(873,190)	(1,387,263)
Tools, furniture and fixtures, net	900,937	874,792
Construction in progress	39,946	2,445
Total property, plant and equipment	1,399,485	1,405,457
Intangible assets		
Goodwill	961,533	1,366,627
Software	766,458	1,082,432
Software in progress	171,117	79,762
Customer relationships	718,474	654,610
Other	13,121	311,052
Total intangible assets	2,630,706	3,494,485
Investments and other assets		
Investment securities	1,078,723	1,185,692
Deferred tax assets	242,023	260,729
Other	1,283,730	1,486,627
Allowance for doubtful accounts	(58,460)	(57,793)
Total investments and other assets	2,546,017	2,875,256
Total non-current assets	6,576,208	7,775,199
Total assets	19,218,367	22,175,238

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	4,804,803	4,624,483
Current portion of long-term loans payable	4,200	324,600
Lease obligations	93,717	69,992
Accounts payable-other	1,439,272	836,331
Income taxes payable	283,825	460,030
Provision for bonuses	389,128	549,422
Provision for loss on order received	1,087	8,574
Asset retirement obligations	-	10,330
Other	891,756	1,740,095
Total current liabilities	7,907,790	8,623,860
Non-current liabilities		
Bonds payable	200,000	100,000
Long-term loans payable	8,450	963,450
Lease obligations	572,198	502,382
Deferred tax liabilities	179,659	146,953
Long-term advances received	333,947	341,665
Negative goodwill	896	-
Net defined benefit liability	56,510	105,346
Asset retirement obligations	163,156	240,906
Other	166,460	176,460
Total non-current liabilities	1,681,278	2,577,163
Total liabilities	9,589,069	11,201,023
Net assets		
Shareholders' equity		
Capital stock	634,555	645,033
Capital surplus	712,204	722,682
Retained earnings	8,728,873	9,418,346
Treasury shares	(747,634)	(747,634)
Total shareholders' equity	9,327,999	10,038,426
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	135,180	164,346
Foreign currency translation adjustment	1,576	5,323
Total accumulated other comprehensive income	136,756	169,670
Subscription rights to shares	51,113	86,341
Minority interests	113,428	679,777
Total net assets	9,629,297	10,974,215
Total liabilities and net assets	19,218,367	22,175,238

(2) Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

	FY3/14 (April 1, 2013 to March 31, 2014)	FY3/15 (April 1, 2014 to March 31, 2015)
Net sales	36,951,204	39,816,653
Cost of sales	32,794,070	33,524,139
Gross profit	4,157,134	6,292,513
Selling, general and administrative expenses	2,786,762	4,893,763
Operating income	1,370,372	1,398,750
Non-operating income		
Interest income	7,637	676
Dividend income	5,741	5,368
Foreign exchange gains	-	34,471
Subsidy income	-	24,127
Dividend income of insurance	4,660	4,614
Miscellaneous income	10,688	7,559
Total non-operating income	28,727	76,817
Non-operating expenses		
Interest expenses	5,018	30,168
Share of loss of entities accounted for using equity method	-	3,224
Loss on investments in partnership	15,878	36,094
Foreign exchange losses	7,126	-
Commission fee	3,000	-
Miscellaneous loss	4,612	3,000
Total non-operating expenses	35,635	72,487
Ordinary income	1,363,463	1,403,079
Extraordinary income		
Gain on sales of investment securities	-	263,436
Total extraordinary income	-	263,436
Extraordinary losses		
Impairment loss	39,119	96,387
Loss on sales of investment securities	-	15,769
Loss on valuation of investment securities	3,066	1,237
Head office transfer cost	128,815	-
Business office transfer expenses	-	18,120
Loss on pension fund cancellation	-	43,940
Total extraordinary losses	171,001	175,454
Income before income taxes and minority interests	1,192,461	1,491,061
Income taxes-current	528,722	691,978
Income taxes-deferred	20,142	(136,896)
Total income taxes	548,865	555,082
Income before minority interests	643,596	935,979
Minority interests in income	7,316	52,940
Net income	636,280	883,038
Minority interests in income	7,316	52,940
Income before minority interests	643,596	935,979
Other comprehensive income		
Valuation difference on available-for-sale securities	91,020	29,166
Foreign currency translation adjustment	1,142	1,095
Share of other comprehensive income of entities accounted for using equity method	-	3,274
Total other comprehensive income	92,162	33,536
Comprehensive income	735,759	969,515
Comprehensive income attributable to:		
Owners of the parent	728,443	915,952
Minority interests	7,316	53,563

(3) Consolidated Statement of Changes in Equity

FY3/14 (April 1, 2013 to March 31, 2014)

(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	8,286,159	(747,634)	8,885,285
Changes of items during period					
Issuance of new shares-exercise of subscription rights to shares	-	-	-	-	-
Dividends of surplus	-	-	(193,566)	-	(193,566)
Net income	-	-	636,280	-	636,280
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	-	-	442,714	-	442,714
Balance at end of current period	634,555	712,204	8,728,873	(747,634)	9,327,999

	Accumulated other comprehensive income			Subscription rights to shares	Minority 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	44,159	434	44,594	15,990	-	8,945,869
Changes of items during period						
Issuance of new shares-exercise of subscription rights to shares	-	-	-	-	-	-
Dividends of surplus	-	-	-	-	-	(193,566)
Net income	-	-	-	-	-	636,280
Net changes of items other than shareholders' equity	91,020	1,142	92,162	35,122	113,428	240,713
Total changes of items during period	91,020	1,142	92,162	35,122	113,428	683,427
Balance at end of current period	135,180	1,576	136,756	51,113	113,428	9,629,297

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)
Net income	-	-	883,038	-	883,038
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	Minority 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)
Net income	-	-	-	-	-	883,038
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

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/14	FY3/15
	(April 1, 2013 to March 31, 2014) (April 1, 2014 to March 31, 2015)	
Cash flows from operating activities		
Income before income taxes and minority interests	1,192,461	1,491,061
Depreciation	491,584	878,800
Impairment loss	39,119	96,387
Head office transfer cost	128,815	-
Amortization of goodwill	76,216	157,922
Share-based compensation expenses	29,620	39,707
Increase (decrease) in allowance for doubtful accounts	(19,509)	2,138
Increase (decrease) in provision for bonuses	62,540	69,793
Increase (decrease) in net defined benefit liability	7,346	8,217
Increase (decrease) in provision for loss on order received	(2,855)	7,486
Interest and dividend income	(13,378)	(6,044)
Interest expenses	5,018	30,168
Share of (profit) loss of entities accounted for using equity method	-	3,224
Loss (gain) on investments in partnership	15,878	36,094
Loss (gain) on sales of investment securities	-	(247,666)
Loss (gain) on valuation of investment securities	3,066	1,237
Decrease (increase) in notes and accounts receivable-trade	(1,952,067)	585,273
Decrease (increase) in inventories	22,151	(176,461)
Decrease (increase) in operating receivables	(76,558)	(111,739)
Increase (decrease) in notes and accounts payable-trade	806,103	(290,635)
Increase (decrease) in accrued consumption taxes	(44,950)	74,011
Increase (decrease) in operating debt	16,805	544,647
Other, net	123	4,730
Subtotal	787,533	3,198,354
Interest and dividend income received	12,162	6,052
Interest expenses paid	(5,018)	(30,168)
Income taxes paid	(585,280)	(508,403)
Net cash provided by (used in) operating activities	209,395	2,665,835
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	330,130	-
Purchase of property, plant and equipment	(312,625)	(918,077)
Purchase of intangible assets	(495,101)	(566,576)
Proceeds from redemption of securities	100,000	-
Purchase of investment securities	-	(222,920)
Proceeds from sales and redemption of investment securities	3,000	354,298
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,497,519)	(1,027,839)
Collection of loans receivable	1,148	1,050
Payments for guarantee deposits	(539,309)	(121,286)
Proceeds from collection of guarantee deposits	429	275,904
Payments for asset retirement obligations	-	(97,177)
Other, net	(9,013)	(12,015)
Net cash provided by (used in) investing activities	(2,418,861)	(2,334,641)

	(Thousands of yen)	
	FY3/14	FY3/15
	(April 1, 2013 to March 31, 2014)	(April 1, 2014 to March 31, 2015)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	1,600,000
Repayments of long-term loans payable	(25,720)	(324,600)
Proceeds from issuance of common shares	-	16,556
Cash dividends paid	(193,967)	(193,714)
Proceeds from the shift to leasing of newly acquired facilities	-	629,430
Repayments of lease obligations	(34,707)	(132,454)
Other, net	5,502	-
Net cash provided by (used in) financing activities	(248,892)	1,595,217
Effect of exchange rate change on cash and cash equivalents	1,142	19,381
Net increase (decrease) in cash and cash equivalents	(2,457,215)	1,945,792
Cash and cash equivalents at beginning of period	6,209,901	3,752,685
Cash and cash equivalents at end of period	3,752,685	5,698,478

(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: 9

M-SOLUTIONS, Inc.

Cybertrust Japan Co., Ltd.

Fontworks Inc.

Kan Corporation

Miracle Linux Corporation

Mobile Interface Corporation

Solution Business Technology Hong Kong Ltd.

SOLUTION BUSINESS TECHNOLOGY KOREA Ltd.

Cyber Secure Asia (S) Pte. Ltd.

Cybertrust Japan Co., Ltd. and Miracle Linux Corporation were included in the scope of consolidation in the current fiscal year following the acquisition of shares by SoftBank Technology Corp. (“the Company”), and Cyber Secure Asia (S) Pte. Ltd. was included in the scope of consolidation because it was newly established in the current fiscal year.

(2) Nonconsolidated 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.

The above four companies were included as the equity-method affiliates in the current fiscal year following the acquisition of shares by the Company.

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

Not applicable.

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)	
	FY3/14	FY3/15
	(April 1, 2013 to March 31, 2014)	(April 1, 2014 to March 31, 2015)
Cash and deposits	3,830,820	5,788,629
Time deposits with maturities over 3 months	(78,134)	(90,150)
Cash and cash equivalents	3,752,685	5,698,478

Segment and Other Information

Segment Information

FY3/14 (Apr. 1, 2013 to March 31, 2014)

As stated in “FY3/15 (Apr. 1, 2014 to March 31, 2015), Information related to Revisions for Reportable Segments.”

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

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

Information related to Revisions for Reportable Segments

In the previous fiscal year, there were two reportable segments: eBusiness Services and Solutions. On April 1, 2014, operations of the SoftBank Technology Group were reorganized based on the “One! SBT” concept for the purpose of focusing the resources of the entire group on the goal of achieving more growth. As a result, starting from the current fiscal year, a single reportable segment is used due to the end of the business unit structure and the unification of reportable business units.

Per Share Data

(Yen)

	FY3/14 (April 1, 2013 to March 31, 2014)	FY3/15 (April 1, 2014 to March 31, 2015)
Net assets per share	977.93	1,052.58
Net income per share	65.74	91.15
Diluted net income per share	65.03	90.20

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

	FY3/14 (April 1, 2013 to March 31, 2014)	FY3/15 (April 1, 2014 to March 31, 2015)
Net income per share		
Net income (Thousands of yen)	636,280	883,038
Amounts not allocated to common shareholders (Thousands of yen)	-	-
Net income allocated to common stock (Thousands of yen)	636,280	883,038
Average number of shares outstanding during the period (Shares)	9,678,310	9,688,041
Diluted net income per share		
Adjusted to net income (Thousands of yen)	-	-
Increase in the number of common stock (Shares)	106,800	101,826
[of which subscription rights to shares (Shares)]	[106,800]	[101,826]
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 550,200 shares Board of Directors’ resolution on Nov. 27, 2013 Common stock of 152,000 shares	Subscription rights to shares: Board of Directors’ resolution on May 20, 2013 Common stock of 542,000 shares Board of Directors’ resolution on Nov. 27, 2013 Common stock of 152,000 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 Change of Auditor” that was announced on April 27, 2015.

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.