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October 28, 2015

SoftBank Technology Corp.
Consolidated Financial Report for the Second Quarter of Fiscal Year Ending March 31, 2016
(Six Months Ended September 30, 2015)

[Japanese GAAP]

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

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

Representative: Shinichi Ata, President & CEO

Contact: Takaaki Nagata, Member of the Board & CFO, General Manager Finance & Administration

Phone: +81-3-6892-3063

Scheduled date of filing of Quarterly Report: November 12, 2015

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly 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 Six Months Ended September 30, 2015
(April 1, 2015 – September 30, 2015)

(1) Consolidated Results of Operations (Percentages 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	%
Six months ended Sep. 30, 2015	19,640	(0.2)	650	13.5	645	19.3	345	4.5
Six months ended Sep. 30, 2014	19,678	20.8	572	0.4	541	(7.3)	330	1.8

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2015: 266 (down 29.3%)

Six months ended Sep. 30, 2014: 377 (down 3.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2015	35.59	35.27
Six months ended Sep. 30, 2014	34.13	33.73

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2015	21,219	10,846	48.3	1,054.54
As of Mar. 31, 2015	22,175	10,974	46.0	1,052.58

Reference: Shareholders' equity (million yen) As of Sep. 30, 2015: 10,244 As of Mar. 31, 2015: 10,208

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2015	-	0.00	-	20.00	20.00
Fiscal year ending Mar. 31, 2016	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2016 (forecast)	-	-	-	20.00	20.00

Note: Revisions to the most recently announced dividend forecast: None

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
Full year	42,000	5.5	1,700	21.5	1,600	14.0	1,000	13.2	103.04

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

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

(2) Application of special accounting for presenting quarterly consolidated financial statements: None

(3) 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

(4) Number of outstanding shares (common stock)

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

As of Sep. 30, 2015:	10,676,900 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 Sep. 30, 2015:	961,890 shares	As of Mar. 31, 2015:	961,890 shares
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- iii. Average number of shares outstanding during the period

Six months ended Sep. 30, 2015:	9,704,979 shares	Six months ended Sep. 30, 2014:	9,682,360 shares
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* Information regarding the implementation of quarterly review procedures

The current quarterly summary report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of this disclosure, the review procedures for the quarterly consolidated financial statements to be filed 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 Thursday, October 29, 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 Result of Operations and Financial Position

(1) Overview of Results of Operations

	(Millions of yen)				(Yen)
	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Six months ended Sep. 30, 2015	19,640	650	645	345	35.59
Six months ended Sep. 30, 2014	19,678	572	541	330	34.13
Change (Ratio)	(0.2)%	13.5%	19.3%	4.5%	4.3%
(Reference) Fiscal year ended Mar. 31, 2015	39,816	1,398	1,403	883	91.15

In the first half of the current fiscal year, the SoftBank Technology Group's net sales decreased 0.2% year on year to 19,640 million yen, operating income increased 13.5% to 650 million yen, ordinary income increased 19.3% to 645 million yen and profit attributable to owners of parent increased 4.5% to 345 million yen.

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

(a) Net sales

Net sales decreased 37 million yen (-0.2%) year on year to 19,640 million yen. Net sales was about the same as in the previous fiscal year due to an increase in orders for operation and maintenance services in each business, while there was a decrease in hardware sales in the platform solutions business and fewer system development projects in the system integration business, both on a non-consolidated basis.

(b) Marginal profit (see note)

Marginal profit increased 343 million yen (+6.7%) to 5,445 million yen, and the marginal profit ratio increased 1.8 points to 27.7%. Progress with shifting the Group's business operations along with higher profitability at subsidiaries providing original content and services contributed to the improvement of the marginal profit ratio.

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 266 million yen (+5.9%) to 4,795 million yen. This increase was mainly due to the growth of the workforce at SoftBank Technology and the inclusion of new subsidiary Miracle Linux Corporation in July 2014.

(d) Operating income

As a result of the above items, operating income increased 77 million yen (+13.5%) to 650 million yen.

(e) EBITDA (see note)

EBITDA increased 63 million yen (+5.9%) to 1,129 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) Non-operating income and expenses

Net non-operating expenses was 4 million yen, a decrease of 26 million yen from a 31 million yen loss one year earlier. This was mainly due to a decrease in loss on investments in partnership.

(g) Ordinary income

As a result of items (d) to (f), ordinary income increased 104 million yen (+19.3%) to 645 million yen.

(h) Extraordinary income and losses

Net extraordinary income was 13 million yen, an increase of 14 million yen from a 0 million yen loss one year earlier. This was mainly the result of a gain on sales of investment securities.

(i) Income before income taxes and minority interests

As a result of items (g) to (h), income before income taxes and minority interests increased 118 million yen (+21.9%) to 659 million yen.

(j) Total income taxes

Total income taxes increased 81 million yen (+42.0%) to 277 million yen.

(k) Profit attributable to owners of parent

As a result of items (i) to (j), profit attributable to owners of parent increased 14 million yen (+4.5%) to 345 million yen.

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

Segment	Service category	Main services	Core companies
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, 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, provision of operation and maintenance services, and Linux solutions Provision of vulnerability diagnosis tests, protection against advanced persistent threat, authentication using e-certification and encryption services 	<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.

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 same period of the previous fiscal year.

a. Digital marketing

(Millions of yen)

	First six months of FY3/15	First six months of FY3/16	Change (Amount)	Change (Ratio)
Net sales	9,359	10,457	1,097	11.7%
Marginal profit	1,326	1,675	349	26.3%

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 analysis of a company's internal logs, measurement of advertising effectiveness, and other services

Results of operations of the digital marketing business

Net sales in the digital marketing business increased 1,097 million yen (+11.7%) to 10,457 million yen. Steady Symantec store sales were one reason for the growth in sales. Sales also benefited from an increase in orders for the web access analysis tools and associated consulting services. In addition, subsidiary Fontworks Inc. which plans, develops and sells digital fonts also contributed to sales growth.

Marginal profit in this business increased 349 million yen (+26.3%) to 1,675 million yen. Earnings increased due to the higher sales in the Symantec Store business and the data analytics business, and the growth in sales of Fontworks Inc.

b. Platform solutions

(Millions of yen)

	First six months of FY3/15	First six months of FY3/16	Change (Amount)	Change (Ratio)
Net sales	6,159	5,342	(817)	(13.3)%
Marginal profit	1,995	1,934	(61)	(3.1)%

Major services in the platform solutions business

- Platform solutions

Sales of servers and network equipment, construction of IT infrastructure, 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 service, protection against advanced persistent threat, diagnostic services, comprehensive solutions including security products, e-certification, authentication, and other services

Results of operations of the platform solutions business

Net sales in the platform solutions business decreased 817 million yen (-13.3%) to 5,342 million yen. This was mainly due to a sharp decline in hardware sales in the platform solutions business in and after the third quarter of the previous fiscal year.

Marginal profit in this business decreased 61 million yen (-3.1%) to 1,934 million yen. Earnings decreased because of a decline in hardware sales in the platform solutions business.

c. System integration

(Millions of yen)

	First six months of FY3/15	First six months of FY3/16	Change (Amount)	Change (Ratio)
Net sales	4,158	3,840	(318)	(7.7)%
Marginal profit	1,779	1,835	56	3.1%

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, robots and development of support tools

- Microsoft solutions

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

Results of operations of the system integration business

Net sales in the system integration business decreased 318 million yen (-7.7%) to 3,840 million yen. The main reason was a decrease in the number of IT system development projects for SoftBank Group companies.

Marginal profit in this business increased 56 million yen (+3.1%) to 1,835 million yen. Earnings benefited from the improvement of the marginal profit ratio in the system integration business and an increase in orders for operation and maintenance services in the Microsoft solutions business.

(2) Overview of Financial Position

i. Assets, Liabilities, and Net Assets

(Millions of yen)

	As of Mar. 31, 2015	As of Sep. 30, 2015	(Reference) As of Sep. 30, 2014
Total assets	22,175	21,219	20,891
Net assets	10,974	10,846	10,354
Shareholders' equity ratio	46.0%	48.3%	46.2%

Assets

Total assets decreased 955 million yen from the end of the previous fiscal year to 21,219 million yen at the end of the second quarter of the current fiscal year.

Current assets decreased 774 million yen mainly due to a decrease in notes and accounts receivable-trade.

Non-current assets decreased 181 million yen mainly due to a decrease in investment securities.

Liabilities

Total liabilities decreased 827 million yen from the end of the previous fiscal year to 10,373 million yen at the end of the second quarter of the current fiscal year.

Current liabilities decreased 714 million yen mainly due to decreases in accounts payable-trade and accounts payable-other.

Non-current liabilities decreased 113 million yen mainly due to a decrease in long-term loans payable.

Net assets

Net assets decreased 128 million yen from the end of the previous fiscal year to 10,846 million yen at the end of the second quarter of the current fiscal year mainly due to a decrease in non-controlling interests resulting from the additional purchase of shares of subsidiaries.

ii. Cash Flows

(Millions of yen)

	Six months ended Sep. 30, 2014	Six months ended Sep. 30, 2015	(Reference) Fiscal year ended Mar. 31, 2015
Cash flows from operating activities	1,864	936	2,665
Cash flows from investing activities	(2,195)	(319)	(2,334)
Cash flows from financing activities	1,819	(705)	1,595
Net increase (decrease) in cash and cash equivalents	1,489	(91)	1,945
Cash and cash equivalents at end of period	5,242	5,607	5,698

Cash and cash equivalents at the end of the first half of the current fiscal year decreased 91 million yen from the end of the previous fiscal year to 5,607 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 936 million yen. Major sources of cash include income before income taxes and minority interests of 659 million yen, depreciation of 396 million yen, a decrease in notes and accounts receivable-trade of 841 million yen. Meanwhile, major uses of cash include income taxes paid of 445 million yen and a decrease in notes and accounts payable-trade of 277 million yen.

There was a 927 million yen decrease in net cash provided by operating activities from the previous fiscal year. This was mainly due to an 813 million yen decrease in cash provided by a decrease (increase) in notes and accounts receivable-trade.

Cash flows from investing activities

Net cash used in investing activities totaled 319 million yen. Major uses of cash include the purchase of property, plant and equipment of 151 million yen and the purchase of intangible assets of 212 million yen.

There was a 1,876 million yen decrease in net cash used in investing activities from the previous fiscal year. There were decreases of 1,027 million yen in Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation and 706 million yen in purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities totaled 705 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 257 million yen and cash dividends paid of 193 million yen.

There was a 2,525 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 payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation increased 257 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts for a number of reasons.

The Company maintains its consolidated forecasts for the fiscal year ending on March 31, 2016 that was announced on April 27, 2015.

2. Matters Related to Summary Information (Notes)

(1) Changes in Accounting Policies and Accounting Estimates, and Restatements

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 first quarter of 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 first quarter 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 quarterly 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 first half of the previous fiscal year and the previous fiscal year have been revised.

In the consolidated statement of cash flows of the first half 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.

The Company has adopted these accounting standards, etc. from the beginning of the first quarter 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 17 million yen in capital surplus at the end of the first half. The effect of this change on the first half is insignificant.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	Second quarter of FY3/16 (As of Sep. 30, 2015)
Assets		
Current assets		
Cash and deposits	5,788,629	5,706,499
Notes and accounts receivable-trade	6,941,512	6,100,929
Merchandise	137,437	157,874
Work in process	208,104	319,239
Deferred tax assets	390,507	357,728
Other	945,805	993,424
Allowance for doubtful accounts	(11,958)	(9,838)
Total current assets	14,400,039	13,625,857
Non-current assets		
Property, plant and equipment		
Buildings, net	528,219	556,336
Tools, furniture and fixtures, net	874,792	827,062
Construction in progress	2,445	-
Total property, plant and equipment	1,405,457	1,383,398
Intangible assets		
Goodwill	1,366,627	1,283,919
Software	1,082,432	1,058,274
Software in progress	79,762	110,409
Customer relationships	654,610	622,678
Other	311,052	296,698
Total intangible assets	3,494,485	3,371,979
Investments and other assets		
Investment securities	1,185,692	993,993
Deferred tax assets	260,729	316,489
Other	1,486,627	1,585,358
Allowance for doubtful accounts	(57,793)	(57,361)
Total investments and other assets	2,875,256	2,838,479
Total non-current assets	7,775,199	7,593,857
Total assets	22,175,238	21,219,714

	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	Second quarter of FY3/16 (As of Sep. 30, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	4,624,483	4,347,245
Current portion of long-term loans payable	324,600	324,600
Lease obligations	69,992	70,196
Accounts payable-other	836,331	470,700
Income taxes payable	460,030	274,398
Provision for bonuses	549,422	506,577
Provision for directors' bonuses	-	28,560
Provision for loss on order received	8,574	-
Provision for defect repair	-	2,297
Asset retirement obligations	10,330	-
Other	1,740,095	1,884,845
Total current liabilities	8,623,860	7,909,419
Non-current liabilities		
Bonds payable	100,000	100,000
Long-term loans payable	963,450	801,150
Lease obligations	502,382	467,111
Deferred tax liabilities	146,953	133,627
Long-term advances received	341,665	440,101
Net defined benefit liability	105,346	68,800
Asset retirement obligations	240,906	256,208
Other	176,460	197,133
Total non-current liabilities	2,577,163	2,464,133
Total liabilities	11,201,023	10,373,552
Net assets		
Shareholders' equity		
Capital stock	645,033	653,900
Capital surplus	722,682	714,223
Retained earnings	9,418,346	9,569,772
Treasury shares	(747,634)	(747,634)
Total shareholders' equity	10,038,426	10,190,261
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	164,346	47,703
Foreign currency translation adjustment	5,323	6,921
Total accumulated other comprehensive income	169,670	54,624
Subscription rights to shares	86,341	96,586
Non-controlling interests	679,777	504,689
Total net assets	10,974,215	10,846,162
Total liabilities and net assets	22,175,238	21,219,714

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(For the Six-month Period)**

(Thousands of yen)

	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Net sales	19,678,614	19,640,632
Cost of sales	16,716,465	16,490,392
Gross profit	2,962,148	3,150,240
Selling, general and administrative expenses	2,389,293	2,499,933
Operating income	572,855	650,306
Non-operating income		
Interest income	444	205
Dividend income	2,400	-
Share of profit of entities accounted for using equity method	7,714	281
Foreign exchange gains	7,695	2,960
Miscellaneous income	4,848	6,647
Total non-operating income	23,102	10,095
Non-operating expenses		
Interest expenses	15,662	12,974
Loss on investments in partnership	37,643	779
Miscellaneous loss	1,069	801
Total non-operating expenses	54,375	14,555
Ordinary income	541,581	645,846
Extraordinary income		
Gain on sales of investment securities	-	11,500
Gain on revision of retirement benefit plan	-	4,029
Total extraordinary income	-	15,529
Extraordinary losses		
Impairment loss	547	1,930
Total extraordinary losses	547	1,930
Income before income taxes and minority interests	541,034	659,445
Income taxes-current	322,555	257,553
Income taxes-deferred	(127,319)	19,594
Total income taxes	195,236	277,147
Profit	345,798	382,297
Profit attributable to:		
Owners of parent	330,466	345,390
Non-controlling interests	15,331	36,906
Other comprehensive income		
Valuation difference on available-for-sale securities	31,164	(116,680)
Foreign currency translation adjustment	728	(1,034)
Share of other comprehensive income of entities accounted for using equity method	-	2,312
Total other comprehensive income	31,892	(115,403)
Comprehensive income	377,691	266,894
Comprehensive income attributable to:		
Owners of the parent	362,359	230,345
Non-controlling interests	15,331	36,549

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	541,034	659,445
Depreciation	421,054	396,009
Impairment loss	547	1,930
Amortization of goodwill	71,915	82,707
Share-based compensation expenses	20,939	14,206
Increase (decrease) in allowance for doubtful accounts	(1,140)	(2,551)
Increase (decrease) in provision for bonuses	24,972	(42,845)
Increase (decrease) in provision for directors' bonuses	29,433	28,560
Increase (decrease) in net defined benefit liability	5,085	(36,545)
Increase (decrease) in provision for loss on order received	19,106	(8,574)
Increase (decrease) in provision for defect repair	-	2,297
Interest and dividend income	(2,844)	(205)
Interest expenses	15,662	12,974
Share of (profit) loss of entities accounted for using equity method	(7,714)	(281)
Loss (gain) on investments in partnership	37,643	779
Loss (gain) on sales of investment securities	-	(11,500)
Decrease (increase) in notes and accounts receivable-trade	1,654,976	841,008
Decrease (increase) in inventories	(167,898)	(135,192)
Decrease (increase) in operating receivables	(107,243)	(178,454)
Increase (decrease) in notes and accounts payable-trade	(894,078)	(277,238)
Increase (decrease) in accrued consumption taxes	139,203	47,119
Increase (decrease) in operating debt	316,491	(2,334)
Other, net	1,344	3,118
Subtotal	2,118,490	1,394,434
Interest and dividend income received	2,851	205
Interest expenses paid	(15,662)	(12,974)
Income taxes paid	(241,525)	(445,245)
Net cash provided by (used in) operating activities	1,864,153	936,419
Cash flows from investing activities		
Purchase of property, plant and equipment	(858,137)	(151,911)
Purchase of intangible assets	(352,834)	(212,536)
Purchase of investment securities	(103,646)	-
Proceeds from sales of investment securities	7,540	32,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,027,839)	-
Collection of loans receivable	150	900
Payments for guarantee deposits	(32,924)	(20)
Proceeds from collection of guarantee deposits	275,524	31,862
Payments for asset retirement obligations	(97,177)	(10,330)
Other, net	(6,000)	(9,267)
Net cash provided by (used in) investing activities	(2,195,346)	(319,302)

(Thousands of yen)

	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,600,000	-
Repayments of long-term loans payable	(162,300)	(162,300)
Redemption of bonds	-	(100,000)
Proceeds from issuance of common shares	7,404	13,977
Cash dividends paid	(193,495)	(193,679)
Proceeds from the shift to leasing of newly acquired facilities	629,430	-
Repayments of lease obligations	(61,242)	(35,066)
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	-	(257,817)
Net cash provided by (used in) financing activities	1,819,797	(705,484)
Effect of exchange rate change on cash and cash equivalents	728	(3,029)
Net increase (decrease) in cash and cash equivalents	1,489,333	(91,397)
Cash and cash equivalents at beginning of period	3,752,685	5,698,478
Cash and cash equivalents at end of period	5,242,019	5,607,081

(4) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

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.