This translation is to be used solely as a reference and the consolidated financial statements in this release are unaudited.

Financial Statements Summary for the three-month period ended June 30, 2017 [IFRS]

August 1, 2017

Company name:	**KDDI CORPORATION**	URL	http://www.kddi.com
Stock listing:	Tokyo Stock Exchange - First Section		
Code number:	9433		
Representative:	Takashi Tanaka, President		
Scheduled date of quarterly report filing:	August 4, 2017		
Scheduled date of dividend payment:	—		
Supplemental materials of quarterly results:	Yes		
Presentation for quarterly results:	Yes (for institutional investors and analysts)		

(Amount Unit : Millions of yen, unless otherwise stated)
(Amounts are rounded off to nearest million yen)

1. Consolidated Financial Results for the three-month period ended June 30, 2017 (April 1, 2017 - June 30, 2017)

(1) Consolidated Operating Results

（Percentage represents comparison change to the corresponding previous quarterly period）

	Operating revenue		Operating income		Profit for the period before income tax		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		%		%		%		%		%		%
Three-month period ended June 30, 2017	1,198,666	6.0	281,414	2.3	280,574	5.0	193,843	(3.5)	173,474	3.8	196,163	9.2
Three-month period ended June 30, 2016	1,130,453	8.0	275,112	19.1	267,304	16.3	200,782	28.9	167,105	16.1	179,672	12.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three-month period ended June 30, 2017	70.73	70.72
Three-month period ended June 30, 2016	67.25	67.24

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
				%
As of June 30, 2017	6,122,912	3,856,301	3,586,229	58.6
As of March 31, 2017	6,263,826	3,849,133	3,554,423	56.7

2. Dividends

	Dividends per share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	-	40.00	-	45.00	85.00
Year ending March 31, 2018	-				
Year ending March 31, 2018 (forecast)		45.00	-	45.00	90.00

Note: Changes in the latest forecasts released : No

3. Consolidated Financial Results Forecast for Year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

（Percentage represents comparison to previous fiscal year）

	Operating revenue		Operating income		Profit for the year attributable to owners of the parent		Basic earnings per share
		%		%		%	Yen
Entire fiscal year	4,950,000	4.2	950,000	4.1	565,000	3.4	230.93

Note: Changes in the latest forecasts released: No

Notes

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation) during the three-month period ended June 30, 2017 : None

(2) Changes in accounting policies and estimates

1) Changes in accounting policies required under IFRSs : None

2) Other changes in accounting policies : None

3) Changes in accounting estimates : None

(3) Numbers of outstanding shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of June 30, 2017	2,587,213,525
	As of March 31, 2017	2,620,494,257
2) Number of treasury stock	As of June 30, 2017	140,600,876
	As of March 31, 2017	162,641,408
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the three-month period ended June 30, 2017	2,452,488,581
	For the three-month period ended June 30, 2016	2,484,781,417

Note: The 1,680,496 shares of KDDI's stock owned by the executive compensation BIP Trust account and the stock-granting ESOP Trust account are included in the total number of treasury stock as of June 30, 2017.

This quarterly earnings report is not subject to quarterly review procedure.

Explanation for appropriate use of forecasts and other notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to P.9 "1. Qualitative Information / Consolidated Financial Statements, etc (3) Explanation Regarding Future Forecast Information of Consolidated Financial Results" under [the Attachment] for the assumptions used and other notes.

2. On August 1, 2017, KDDI will hold a financial result briefing for the institutional investors and analysts. Presentation materials will be webcasted on the same time as the release of this earnings report, and the live presentation and Q&A summary will be also posted on our website immediately after the commencement of the financial result briefing. In addition to the above, KDDI holds the briefing and the presentations on our business for the individual investors timely. For the schedule and details, please check our website.

[the Attachment]

Index of the Attachment

1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation of Financial Results

1) Results Overview

Industry Trends and KDDI's Position

In the Japanese telecommunications market, the services mobile phone operators offer are growing more similar, and MVNO operators are increasingly promoting inexpensive SIM services. To secure new sources of earnings, telecommunications carriers are expanding their operations in domains other than telecommunications services, and their business strategies are entering an era of major change in which they are looking ahead to competition with non-telecommunications carriers. In addition, the business environment for the overall telecommunications market is entering a new phase, with statutory changes such as requests to mobile phone operators from the Ministry of Internal Affairs and Communications ("MIC") to mobile-service operators and enforcement of guidelines by MIC based on its "policy for reducing smartphone rates and normalizing handset sales" as well as developments in technology such as the Internet of Things (IoT) and artificial intelligence (AI).

In response to these changes in the business environment, KDDI is working to become the preferred choice of customers by accelerating its transformation into a business that provides experience value surpassing customer expectations by emphasizing the "customer's perspective" and "innovation."

In Japan, KDDI will work in the telecommunications domain to expand the average revenue per account, or "ARPA," and maximize "au customer numbers × ARPA" by stepping up our initiatives to popularize smartphones and tablets and strengthen our response to the IoT, and creating new experience value by linking various devices and other means. In addition, we will promote the MVNO business with UQ Communications Inc., Jupiter Telecommunications Co., Ltd., and BIGLOBE Inc. and work to expand our number of "mobile IDs" as a combined measure of au and MVNO subscribers going forward. With regard to the 5G next-generation mobile telecommunications system, we are working with a wide range of partners eyeing commercialization in 2020. We will accelerate technology testing and drive the creation of new services leveraging 5G going forward.

In the non-telecommuncations domain, KDDI aims to transform into a "Life Design Company" to establish new avenues for growth. In addition to the traditional telecommunication services, we will offer comprehensive "Life design" services including energy, commerce, financing, settlement, and content. Our aim is to expand the "au economic zone" as a new economic zone in the non-telecommunications domain, building on top of our au customer base.

Overseas, in our telecommunications business in emerging countries, KDDI's consolidated subsidiary, KDDI Summit Global Myanmar Co., Ltd., is currently working with Myanmar Posts & Telecommunications (MPT), the country's nationally operated telecommunications partner, in the Myanmar telecommunications business. We will make a focused effort to build this operation into a pillar of our global business. In addition, we will seek further growth in MobiCom Corporation LLC, which has the largest share of mobile phone subscribers in Mongolia, with its introduction of 4G LTE services in May 2016. Furthermore, in addition to its emerging markets business, in data center and other ICT businesses for corporate customers, mainly in Europe, KDDI will continue to reinforce its infrastructure to expand its global business.

Financial Results

For the three-month period ended June 30, 2017

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017	Increase (Decrease)	Increase (Decrease)%
Operating revenue	1,130,453	1,198,666	68,213	6.0
Cost of sales	592,950	628,818	35,868	6.0
Gross profit	537,503	569,847	32,344	6.0
Selling, general and administrative expenses	266,215	292,874	26,659	10.0
Other income and expense (Net)	3,132	2,853	(278)	(8.9)
Share of profit(loss) of investments accounted for using the equity method	692	1,587	895	129.3
Operating income	275,112	281,414	6,302	2.3
Finance income and cost (Net)	(7,761)	(840)	6,921	—
Other non-operating profit and loss (Net)	(47)	—	47	—
Profit for the period before income tax	267,304	280,574	13,270	5.0
Income tax	66,522	86,731	20,209	30.4
Profit for the period	200,782	193,843	(6,939)	(3.5)
Attributable to owners of the parent	167,105	173,474	6,369	3.8
Attributable to non-controlling interests	33,677	20,369	(13,308)	(39.5)

During the three-month period ended June 30, 2017, operating revenue rose 6.0% to ¥1,198,666 million, reflecting an increase in mobile communications revenues, as well as increases in revenue due to expansion of the Life Design Business including the energy, commerce and settlement businesses to maximize the “au economic zone,” as well as increased revenue in the Myanmar business.

Operating income increased 2.3% to ¥281,414 million due to an increase in sales despite an increase in costs for electricity retail sales in the energy business, increased costs in the commerce and settlements business, an increase in communications facility fees and increased sales commissions accompanying increased customer acquisitions.

Profit for the period attributable to owners of the parent rose 3.8% to ¥173,474 million due to the increase in operating income.

2) Results by Business Segment

Personal Services

The Personal Services segment mainly provides mobile and fixed-line communications services for individual customers in Japan. In addition to providing mobile communications services, chiefly under the "au" brand, and selling multi-devices such as various smartphones and tablets, in fixed-line communications, our services include in-home Internet, telephone, and TV services. In addition to these convenient FTTH services, which are branded "au HIKARI," we provide CATV and other services. Moreover, the KDDI Group organically links Wi-Fi into its multi-network to efficiently create a high quality social infrastructure and provide a seamless communication environment.

In the telecommunications domain, in the current fiscal year we will continue working to expand sales by enhancing the "au Smart Value" set discount for customers who subscribe to au mobile phone/smartphone services as well as fixed-line communications services. In addition, we will promote the MVNO business with UQ Communications Inc., Jupiter Telecommunications Co., Ltd., and BIGLOBE Inc. and work to expand our number of "mobile IDs" as a combined measure of au and MVNO subscribers. Furthermore, in July we started the "Santaro Day" as a special promotion for members of the free "au STAR" membership program, as well as a new handset purchase program, "Upgrade Program EX," for subscribers to either of our new payment plans "au Pitatto Plan" and "au Flat Plan." We will also try to increase customer experience value through measures such as provision of "au HOME," which supports rich customer lifestyles through the IoT.

In the non-telecommunications domain, where we aim to transform into a "Life Design Company," we are taking steps to maximize the "au economic zone." These include expanding the "au WALLET Market," which maximizes the potential of au shops to serve as customer contact points, as well as "au electricity" services, and the start of "Kanden Gas Nattoku Plan for au" on April 1, 2017.

Operating performance in the Personal Services segment for the three-month period ended June 30, 2017 is described below.

Results

For the three-month period ended June 30, 2017

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	868,461	919,443	50,982	5.9
Operating Income	220,534	222,064	1,530	0.7

During the three-month period ended June 30, 2017, operating revenue rose 5.9% to ¥919,443 million, mainly due to increases in mobile communications revenues and revenues from the energy business.

Operating income grew 0.7% year on year to ¥222,064 million due to an increase in sales, despite an increase in procurement costs for electricity in the energy business and sales commissions for increased customer acquisitions.

Value Services

In the Value Services segment, KDDI is providing commerce, financing, settlement, content, and other value-added services and taking various steps to maximize the "au economic zone" and expand business in new business domains with the aim of transforming into a "Life Design Company."

During the current fiscal year, KDDI will continue working to increase transaction volumes and value ARPA by strengthening its commerce and financing businesses. In the commerce business, we took steps to increase the number of stores opening in our general virtual shopping mall "Wowma!," such as launching a new store opening plan on June 15, 2017 offering the lowest level of contract commission rates* in the Japanese e-commerce sector, and running a campaign offering sign-up and monthly membership fees of ¥0. In the finance business, we will expand sales of "au Housing loan" and "au P&C Insurance," along with "au Life Insurance."

We are also working to strengthen our systems and platforms for supporting life design services. In the settlement business, we have been advancing efforts to expand our transaction volumes, including the introduction of "au Simple Payment" for the general online store "Amazon.co.jp." Moreover, in April 2017 services started at ARISE analytics, which we established as a joint venture with Accenture Japan Ltd. to strengthen our capabilities in the data analysis field, which will broadly underpin all businesses going forward.

Our "au Smart Pass Premium" service has been well received and is seeing a steady increase in membership. We will work to enhance customer experience value, including enhancement of "au Everyday," which offers different special offers for each day of the week.

Operating performance in the Value Services segment for the three-month period ended June 30, 2017 is described below.

*As of June 15, 2017. Research by the Company and KDDI Commerce Forward CORPORATION

Results

For the three-month period ended June 30, 2017

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	103,535	122,456	18,921	18.3
Operating Income	25,354	26,277	923	3.6

During the three-month period ended June 30, 2017, operating revenue rose 18.3% to ¥122,456 million, mainly reflecting an increase revenues of "au Smart Pass" and "au Smart Pass Premium," in addition to increase revenues in the commerce business and settlement business due to the "au WALLET prepaid credit card."

Thanks to the operating revenue increase, operating income grew 3.6% year on year to ¥26,277 million, even though expenses increased in the commerce and settlements businesses.

Business Services

In the Business Services segment, we provide smartphones, tablets and other mobile devices as well as diverse solutions such as networks, applications and cloud services to a wide range of corporate customers, from small and medium-sized to large companies. For small and medium-sized corporate customers, our consolidated subsidiary, the KDDI MATOMETE OFFICE GROUP, also provides a regional support network offering close contact throughout Japan.

In the current fiscal year, the KDDI Group strengthened efforts to leverage its total capabilities, stepping up its initiatives in response to the arrival of the IoT era, where things will be connected to the Internet. For example, in June 2017 we started providing "KDDI IoTCloud—Data Market—" to offer new value by combining various data from the IoT with diverse, multifaceted data and analyzing it.

Furthermore, in July 2017 we started providing the "Cisco Spark" cloud service, which will revolutionize the way our corporate customers work. The system enables customers to easily use secure video conferencing and other services from any location where there is an Internet environment.

Looking ahead, we will contribute even more to the development and expansion of our corporate customers' businesses, and we will work on business innovation with the goal of being our customers preferred choice as a true business partner.

Operating performance in the Business Services segment for the three-month period ended June 30, 2017, is described below.

Results

For the three-month period ended June 30, 2017

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	169,453	174,869	5,416	3.2
Operating Income	21,285	23,622	2,337	11.0

During the three-month period ended June 30, 2017, operating revenue increased 3.2% to ¥174,869 million, mainly due to higher revenues from an increase in solution sales and handset sales, despite lower communications revenues.

Operating income rose 11.0% year on year to ¥23,622 million, mainly due to an increase in operating revenues and despite an increase in communications facility fees and handset procurement costs.

Global Services

The Global Services segment is working aggressively to expand the consumer businesses in Myanmar and other overseas countries, and to provide one-stop ICT solutions to corporate customers, centered on our high connectivity "TELEHOUSE" data centers. Furthermore, we provide voice and data business to more than 600 telecommunications carriers around the world.

During the current fiscal year, we will focus on expanding our scale, mainly in the consumer business, which is one of the segment's growth pillars. We will also achieve steady and stable growth in the voice and data business for global ICT companies and telecommunications carriers. In the Myanmar telecommunications business, we stepped up LTE services on the 1.8 GHz band, which we acquired in May 2017. In the ICT solutions business, we received an award in the Data Center Solution Awards on May 18, 2017, recognizing the high energy efficiency achieved through the latest technologies at our new data center "TELEHOUSE LONDON Docklands North Two," which started full-scale operations in November 2016.

Operating performance in the Global Services segment for the three-month period ended June 30, 2017 is described below.

Results

For the three-month period ended June 30, 2017

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	65,780	66,181	402	0.6
Operating Income	7,160	7,231	71	1.0

During the three-month period ended June 30, 2017, operating revenue increased by 0.6% year on year to ¥66,181 million. This reflected the impact of increased revenue in the Myanmar and "TELEHOUSE" data center businesses, despite a drop in revenue due to currency fluctuation.

Operating income increased by 1.0% year on year to ¥7,231 million, reflecting the increase in operating revenue.

* Company and product names mentioned in (1) Explanation of Financial Results are registered trademarks or trademarks of their respective companies.

(2) Explanation of Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2017	As of June 30, 2017	Increase (Decrease)	Increase (Decrease)%
Non-current assets	4,297,800	4,252,091	(45,709)	(1.1)
Current assets	1,966,025	1,870,821	(95,204)	(4.8)
Total assets	6,263,826	6,122,912	(140,914)	(2.2)
Non-current liabilities	1,333,201	1,266,997	(66,204)	(5.0)
Current liabilities	1,081,491	999,613	(81,878)	(7.6)
Total liabilities	2,414,692	2,266,610	(148,082)	(6.1)
Total equity	3,849,133	3,856,301	7,168	0.2

(Assets)

Total assets amounted to ¥6,122,912 million as of June 30, 2017, down ¥140,914 million from their level on March 31, 2017. Although other current assets increased, cash and cash equivalents and trade and other receivables decreased.

(Liabilities)

Total liabilities amounted to ¥2,266,610 million as of June 30, 2017, down ¥148,082 million from March 31, 2017. Although borrowings and bonds payable increased, other long-term financial liabilities and trade and other payables decreased.

(Equity)

Total equity amounted to ¥3,856,301 million, mainly due to increased retained earnings. As a result, the ratio of equity attributable to owners of the parent to total assets increased from 56.7% as of March 31, 2017, to 58.6% as of June 30, 2017.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017	Increase (Decrease)
Net cash provided by (used in) operating activities	226,892	179,246	(47,647)
Net cash provided by (used in) investing activities	(99,165)	(124,184)	(25,020)
Free cash flows (Note)	127,728	55,062	(72,666)
Net cash provided by (used in) financing activities	(168,530)	(139,829)	28,701
Effect of exchange rate changes on cash and cash equivalents	(4,460)	(189)	4,271
Net increase (decrease) in cash and cash equivalents	(45,262)	(84,956)	(39,694)
Cash and cash equivalents at the beginning of the period	192,087	226,607	34,520
Cash and cash equivalents at the end of period	146,825	141,652	(5,173)

Note Free cash flows are calculated as the sum of "net cash provided by (used in) operating activities" and "net cash provided by (used in) investing activities."

Operating activities provided net cash of ¥179,246 million. This includes ¥280,574 million of profit for the period before income tax, ¥160,282 million of income taxes paid, ¥137,599 million of depreciation and amortization and ¥76,574 million of decrease in trade and other payables.

Investing activities used net cash of ¥124,184 million. This includes ¥88,470 million of purchases of property, plant and equipment and ¥34,766 million of purchases of intangible assets.

Financial activities used net cash of ¥139,829 million. This includes ¥110,506 million of net increase of short-term borrowings, ¥109,765 million of cash dividends paid, ¥95,403 million of proceeds from issuance of bonds and long-term borrowings and ¥95,000 million of purchase of debt instruments.

As a result, the total amount of cash and cash equivalents as of June 30, 2017 decreased by ¥84,598 million from March 31, 2017 to ¥141,652 million.

(3) Explanation Regarding Future Forecast Information of Consolidated Financial Results

The estimated consolidated financial results for the year ending March 31, 2018 for full-year basis disclosed in the Financial Statements Summary for the year ended March 31, 2017 (disclosed on May 11, 2017) were as follows;

Operating Revenue: ¥4,950,000 million, Operating Income: ¥950,000 million, Profit for the year attributable to owners of the parent: ¥565,000 million. There is no change to these figures.

2.Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Non-current assets :		
Property, plant and equipment	2,428,445	2,415,085
Goodwill	477,873	477,188
Intangible assets	922,478	909,291
Investments accounted for using the equity method	92,371	91,749
Other long-term financial assets	183,081	190,865
Deferred tax assets	124,467	103,801
Other non-current assets	69,085	64,112
Total non-current assets	4,297,800	4,252,091
Current assets :		
Inventories	77,656	81,963
Trade and other receivables	1,518,070	1,446,835
Other short-term financial assets	16,968	17,693
Income tax receivables	10,715	20,184
Other current assets	116,009	162,494
Cash and cash equivalents	226,607	141,652
Total current assets	1,966,025	1,870,821
Total assets	6,263,826	6,122,912

	As of March 31, 2017	As of June 30,2017
		(Unit: Millions of yen)
Liabilities and Equity		
Liabilities		
Non-current liabilities:		
Borrowings and bonds payable	909,673	949,563
Other long-term financial liabilities	176,794	72,378
Retirement benefit liabilities	21,800	21,349
Deferred tax liabilities	75,919	79,719
Provisions	7,725	7,754
Other non-current liabilities	141,290	136,233
Total non-current liabilities	1,333,201	1,266,997
Current liabilities:		
Borrowings and bonds payable	57,805	169,223
Trade and other payables	537,830	438,027
Other short-term financial liabilities	24,373	24,040
Income taxes payables	153,950	59,069
Provisions	26,887	27,537
Other current liabilities	280,646	281,717
Total current liabilities	1,081,491	999,613
Total liabilities	2,414,692	2,266,610
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	298,046	289,131
Treasury stock	(237,014)	(222,644)
Retained earnings	3,354,140	3,377,374
Accumulated other comprehensive income	(2,601)	516
Total equity attributable to owners of the parent	3,554,423	3,586,229
Non-controlling interests	294,710	270,073
Total equity	3,849,133	3,856,301
Total liabilities and equity	6,263,826	6,122,912

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2016	For the three-month period ended June 30, 2017
Operating revenue	1,130,453	1,198,666
Cost of sales	592,950	628,818
Gross profit	537,503	569,847
Selling, general and administrative expenses	266,215	292,874
Other income	3,488	3,312
Other expense	356	458
Share of profit of investments accounted for using the equity method	692	1,587
Operating income	275,112	281,414
Finance income	450	1,781
Finance cost	8,211	2,621
Other non-operating profit and loss	(47)	—
Profit for the period before income tax	267,304	280,574
Income tax	66,522	86,731
Profit for the period	200,782	193,843
Profit for the period attributable to:		
Owners of the parent	167,105	173,474
Non-controlling interests	33,677	20,369
Profit for the period	200,782	193,843
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	67.25	70.73
Diluted earnings per share(yen)	67.24	70.72

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2016	For the three-month period ended June 30, 2017
Profit for the period	200,782	193,843
Other comprehensive income		
Items that will not be transferred subsequently to profit or loss		
Changes measured in fair value of financial assets through other comprehensive income	(1,519)	1,511
Share of other comprehensive income of investments accounted for using the equity method	1,926	(391)
Total	407	1,120
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	(1,767)	420
Translation differences on foreign operations	(18,956)	1,034
Share of other comprehensive income of investments accounted for using the equity method	(793)	(254)
Total	(21,517)	1,200
Total other comprehensive income	(21,110)	2,320
Total comprehensive income for the period	179,672	196,163
Total comprehensive income for the period attributable to:		
Owners of the parent	150,093	176,591
Non-controlling interests	29,579	19,572
Total	179,672	196,163

Items in the statement above are presented net of tax.

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the three-month period ended June 30, 2016

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2016	141,852	368,245	(210,861)	2,995,836	13,570	3,308,642	238,214	3,546,856
Comprehensive income								
Profit for the period	–	–	–	167,105	–	167,105	33,677	200,782
Other comprehensive income	–	–	–	–	(17,012)	(17,012)	(4,098)	(21,110)
Total comprehensive income	–	–	–	167,105	(17,012)	150,093	29,579	179,672
Transactions with owners and other transactions								
Cash dividends	–	–	–	(87,132)	–	(87,132)	(36,576)	(123,708)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	111	(111)	–	–	–
Purchase and disposal of treasury stock	–	29	(29,819)	–	–	(29,791)	–	(29,791)
Retirement of treasury stock	–	(73,804)	73,804	–	–	–	–	–
Changes in interests in subsidiaries	–	(211)	–	–	–	(211)	498	287
Other	–	88	(48)	–	–	40	–	40
Total transactions with owners and other transactions	–	(73,899)	43,937	(87,021)	(111)	(117,094)	(36,078)	(153,172)
As of June 30, 2016	141,852	294,346	(166,924)	3,075,920	(3,553)	3,341,641	231,715	3,573,356

For the three-month period ended June 30, 2017

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2017	141,852	298,046	(237,014)	3,354,140	(2,601)	3,554,423	294,710	3,849,133
Comprehensive income								
Profit for the period	−	−	−	173,474	−	173,474	20,369	193,843
Other comprehensive income	−	−	−	−	3,117	3,117	(797)	2,320
Total comprehensive income	−	−	−	173,474	3,117	176,591	19,572	196,163
Transactions with owners and other transactions								
Cash dividends	−	−	−	(110,605)	−	(110,605)	(46,872)	(157,477)
Purchase and disposal of treasury stock	−	(4)	(34,376)	−	−	(34,380)	−	(34,380)
Retirement of treasury stock	−	(9,074)	48,709	(39,635)	−	−	−	−
Changes in interests in subsidiaries	−	22	−	−	−	22	2,662	2,684
Other	−	141	37	−	−	178	−	178
Total transactions with owners and other transactions	−	(8,915)	14,370	(150,240)	−	(144,785)	(44,210)	(188,995)
As of June 30, 2017	141,852	289,131	(222,644)	3,377,374	516	3,586,229	270,073	3,856,301

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the three-month period ended June 30, 2016	For the three-month period ended June 30, 2017
Cash flows from operating activities		
Profit for the period before income tax	267,304	280,574
Depreciation and amortization	137,413	137,599
Share of (profit) loss of investments accounted for using the equity method	(692)	(1,587)
Loss (gain) on sales of non-current assets	39	94
Interest and dividends income	(450)	(1,733)
Interest expenses	2,875	2,539
(Increase) decrease in trade and other receivables	(151)	62,873
Increase (decrease) in trade and other payables	(23,036)	(76,574)
(Increase) decrease in inventories	(18,590)	(4,382)
Increase (decrease) in retirement benefit liabilities	(299)	(450)
Other	(14,996)	(53,187)
Cash generated from operations	349,418	345,766
Interest and dividends received	2,616	3,823
Interest paid	(3,297)	(10,061)
Income tax paid	(121,845)	(160,282)
Net cash provided by (used in) operating activities	226,892	179,246

	For the three-month period ended June 30, 2016	For the three-month period ended June 30, 2017
Cash flows from investing activities		
Purchases of property, plant and equipment	(53,490)	(88,470)
Proceeds from sales of property, plant and equipment	52	47
Purchases of intangible assets	(34,243)	(34,766)
Purchases of other financial assets	(3,056)	(884)
Proceeds from sales/redemption of other financial assets	42	11
Acquisitions of control over subsidiaries	(7,581)	(868)
Purchases of stocks of associates	(392)	−
Other	(497)	746
Net cash provided by (used in) investing activities	(99,165)	(124,184)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	20,053	110,506
Proceeds from issuance of bonds and long-term borrowings	7,000	95,403
Payments from redemption of bonds and repayments of long-term borrowings	(34,762)	(54,664)
Repayments of lease obligations	(7,403)	(6,947)
Payments from purchase of subsidiaries'equity from non-controlling interests	(429)	(33)
Proceeds from stock issuance to non-controlling interests	−	2,737
Payments from purchase of treasury stock	(29,900)	(34,376)
Cash dividends paid	(86,509)	(109,765)
Cash dividends paid to non-controlling interests	(36,610)	(47,689)
Purchase of debt instruments (Note)	−	(95,000)
Other	29	−
Net cash provided by (used in) financing activities	(168,530)	(139,829)
Effect of exchange rate changes on cash and cash equivalents	(4,460)	(189)
Net increase (decrease) in cash and cash equivalents	(45,262)	(84,956)
Cash and cash equivalents at the beginning of the period	192,087	226,607
Cash and cash equivalents at the end of the period	146,825	141,652

(Note) During the three-month period ended June 30, 2017, KDDI purchased the beneficiary right to preferred shares issued by a subsidiary of the KDDI Group (there shares are treated as financial liabilities because the issuer has an obligation to deliver cash to holders of preference shares).

(6) Going Concern Assumption

None

(7) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

KDDI Corporation("the Company") was established as a limited company in accordance with Japanese Company Act. The location of the Company is Japan and the registered address of its headquarter is 2-3-2, Nishishinjuku, Sinjuku-ku, Tokyo, Japan. The Company's condensed interim consolidated financial statements as of and for the three-month period ended June 30, 2017 comprise the Company and its consolidated subsidiaries ("the Group") and the Group's interests in associates and joint ventures. The Company is the ultimate parent company of the Group.

The Group's major business and activities are "Personal Services", "Value Services", "Business Services" and "Global Services." For the details, please refer to "(1) Outline of reporting segments" of "Note 4. Segment information."

2. Basis of preparation

(1) Compliance of condensed interim consolidated financial statements with IFRSs

The Group's condensed interim consolidated financial statements have been prepared in accordance with IAS 34 of IFRSs as prescribed in Article 93 of Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No.64 of 2007), hereinafter referred to as "Ordinance on Quarterly Consolidated Financial Statements" as they satisfy the requirement of a "specific company" set forth in Article 1-2 of Ordinance on Quarterly Consolidated Financial Statements.

The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2017.

(2) Basis of measurement

The Group's condensed interim consolidated financial statements have been prepared under the historical cost basis except for the following significant items on the condensed interim consolidated statement of financial position:

- Derivative assets and derivative liabilities (measured at fair value)
- Financial assets or financial liabilities at fair value through profit or loss
- Financial assets at fair value through other comprehensive income

- Assets and liabilities related to defined benefit plan (measured at the present value of the defined benefit obligations, net of the fair value of the plan asset)

(3) Presentation currency and unit of currency

The Group’s condensed interim consolidated financial statements are presented in Japanese yen, which is the currency of the primary economic environment of the Company’s business activities, and are rounded to the nearest million yen.

(4) Use of estimates and judgement

The preparation of condensed interim consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on the management’s best judgments, through their evaluation of various factors that were considered reasonable as of the period-end, based on historical experience and by collecting available information. By the nature of the estimates or assumptions, however, actual results may differ from those estimates and assumptions.

The estimates and assumptions are reviewed on an ongoing basis. The effect of adjusting accounting estimates is recognized in the fiscal year in which the estimates are adjusted and in the subsequent fiscal years.

The judgments, estimates and assumptions that have significant impact on the amount in the condensed interim consolidated financial statements as of and for the three-month period ended June 30, 2017 are consistent with those described in the annual consolidated financial statements for the previous fiscal year ended March 31, 2017 in principle.

(5) Application of new standards and interpretations

The Group newly adopted the following standards from the three-month period ended June 30, 2017.

- IAS7 (Revised) : Statement of cash flows
- IAS12 (Revised) : Income taxes

The Group has early adopted IFRS 9 “Financial Instruments” (issued in November 2009 and amended in July 2014).

(6) Standards not yet adopted

The following new standards and amendments announced by the approval date of the condensed interim consolidated financial statements are not mandatory as of June 30, 2017. They have not been early adopted by the Group.

Standard	The title of Standard	Mandatory adoption (from the fiscal year beginning)	To be adopted by the Group from	Outline of new standards and amendments
IFRS 15	Revenue from contracts with customers	January 1, 2018	fiscal year ending March 31, 2019	IFRS 15 describes that revision of current accounting standard for revenue recognition and disclosure. Specifically, IFRS15 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
IFRS16	Lease	January 1, 2019	fiscal year ending March 31, 2020	IFRS 16 describes that revision of current accounting standard for lease and disclosure. Specifically, IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months as principal.

All the standards and amendments above will be reflected to the condensed interim consolidated financial statements for the relevant fiscal year described above. The Company is currently evaluating the impact of the application and estimate is currently not available.

3. Significant accounting policies

The significant accounting policies applied in this condensed interim consolidated financial statements for the three-month period ended June 30, 2017 are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended March 31, 2017, except that income tax expenses on condensed interim consolidated statement of income are calculated based on the estimated average annual effective income tax rate.

4. Segment information

(1) Outline of reporting segments

The reporting segments of the Group are units of the Group of which separate financial information is available, and which are periodically monitored for the board of directors to determine the allocation of the business resource and evaluate the performance results.

The Group has four reportable segments: Personal Services segment, Value Services segment, Business Services segment and Global Services segment. The Group's reportable segments are the same as its business segments.

"Personal" provides services for individual customers in Japan. These include mobile communications services, device sales such as smartphones and tablets, FTTH services, and CATV services, as well as non-telecommunications services including product sales and energy services.

"Value" includes the commerce business, financing business, settlement services, and contents services such as video, music, and information distribution.

"Business" provides services for corporate customers in Japan. These include mobile and fixed-line communications services and device sales, as well as the solutions business, such as network, application, and cloud services.

"Global" provides services for customers overseas. These include mobile communications services for individual customers and ICT solution services for corporate customers, such as data centers.

In the three-month period ended June 30, 2017, the reporting segment for the business operations of the consolidated subsidiary KDDI Evolva Inc. was transferred from "Others" to "Business." This change reflects that KDDI Evolva Inc.'s core business process outsourcing (BPO) business and dispatch business are being expanded targeting corporate customers. The KDDI Group aims to further expand its solutions business for corporate customers and bolster its competitive edge by realizing mutual customer referrals leveraging its customer base.

Accordingly, the segment information for the three-month period ended June 30, 2016 has been presented based on the segment classification after this change.

(2) Calculation method of revenue, income or loss, assets and other items by reporting segment

Accounting treatment of reported business segments is consistent with "Significant accounting policies" stated in the annual consolidated financial statements for the previous fiscal year ended March 31, 2017. Income of the reporting segments is based on the operating income.
Inter segment transaction price is determined based on the price by arm's length transactions or gross costs after price negotiation.

Assets and liabilities are not allocated to reporting segments.

(3) Information related to the amount of revenue, income or loss and other items by reporting segment

The Group's segment information is as follows:

For the three-month period ended June 30, 2016

(Unit: Millions of yen)

	Reporting segment								
	Personal	Value	Business	Global	Sub-total	Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
Revenue									
Revenue from external customers	843,987	84,745	139,173	58,953	1,126,858	3,595	1,130,453	–	1,130,453
Inter-segment revenue or transfers	24,473	18,790	30,281	6,826	80,370	17,678	98,048	(98,048)	–
Total	868,461	103,535	169,453	65,780	1,207,229	21,272	1,228,501	(98,048)	1,130,453
Segment income(loss)	220,534	25,354	21,285	7,160	274,333	1,246	275,579	(467)	275,112
Finance income and finance cost (Net)									(7,761)
Other non-operating profit and loss									(47)
Profit for the period before income tax									267,304

(Note1) Business segment "Other" does not constitute reporting segments, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

(Note2) Adjustment of segment income shows the elimination of inter-segment transactions.

For the three-month period ended June 30, 2017

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Value	Business	Global	Sub-total				
Revenue									
Revenue from external customers	894,521	96,074	142,654	58,927	1,192,176	6,490	1,198,666	—	1,198,666
Inter-segment revenue or transfers	24,922	26,382	32,215	7,255	90,774	15,445	106,219	(106,219)	—
Total	919,443	122,456	174,869	66,181	1,282,949	21,935	1,304,885	(106,219)	1,198,666
Segment income(loss)	222,064	26,277	23,622	7,231	279,195	2,785	281,980	(566)	281,414
Finance income and finance cost (Net)									(840)
Other non-operating profit and loss									—
Profit for the period before income tax									280,574

(Note1) Business segment “Other” does not constitute reporting segments, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

(Note2) Adjustment of segment income shows the elimination of inter-segment transactions.