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 Months ended June 30, 2014 [Japan GAAP]

July 30, 2014

Company name	**KDDI CORPORATION**		
Stock exchange listing	Tokyo First Section		
Securities code	9433	URL	http://www.kddi.com
Representative	Takashi Tanaka, President		

Quarterly statement filing date (as planned)	August 5, 2014
Dividend payable date (as planned)	—
Supplemental material of quarterly results:	Yes
Convening briefing of quarterly results:	Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Three Months ended June 30, 2014 (April 1, 2014 to June 30, 2014)

(1) Consolidated Operating Results

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

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Three months ended June 30, 2014	1,020,551	1.8	194,791	9.0	194,704	7.0	113,514	66.5
Three months ended June 30, 2013	1,002,423	16.3	178,652	89.6	181,919	101.7	68,174	32.9

Note: Comprehensive Income
Three months ended June 30, 2014: 117,008 million yen; 45.7% Three months ended June 30, 2013: 80,293 million yen; 50.2%

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2014	135.95	-
Three months ended June 30, 2013	88.74	81.64

(2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio
			%
As of June 30, 2014	4,885,477	2,961,216	56.6
As of March 31, 2014	4,945,756	2,916,989	55.1

Reference: Shareholder's Equity As of June 30, 2014: 2,767,207 million yen As of March 31, 2014: 2,723,391 million yen

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, 2014	-	60.00	-	70.00	130.00
Year ending March 31, 2015	-				
Year ending March 31, 2015 (forecast)		80.00	-	80.00	160.00

Notes: Changes in the latest forecasts released: None

3. Consolidated Financial Results Forecast for Year ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(Percentage represents comparison to previous fiscal year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share
		%		%		%		%	Yen
Entire Fiscal Year	4,600,000	6.1	730,000	10.1	735,000	10.9	424,000	31.7	507.80

Notes: 1. Changes in the latest forecasts released: None
2. Forecast of consolidated business results for the six months ending September 30, 2014 is not prepared.

Notes

(1) Changes in significant consolidated subsidiaries during the three months ended June 30, 2014 : Yes
Number of subsidiaries excluded from the scope of consolidation：one company
JAPAN CABLENET LIMITED

Note: Please refer to page 15 "2. Notes Regarding Summary Information (Notes). (1) Changes in significant consolidated subsidiaries during the three months ended June 30, 2014".

(2) Application of accounting methods which are exceptional for quarterly consolidated financial statements : None

(3) Changes in accounting policies, accounting estimates and restatement of corrections

1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations : Yes
2) Other changes in accounting policies : None
3) Changes in accounting estimates : None
4) Restatement of corrections : None

Note: Please refer to page 15 "2. Notes Regarding Summary Information (Notes). (2) Changes in accounting policies, accounting estimates and restatement of corrections".

(4) Numbers of Outstanding Shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of June 30, 2014	896,963,600
	As of March 31, 2014	896,963,600
2) Number of treasury stock	As of June 30, 2014	61,984,948
	As of March 31, 2014	61,984,948
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the three months ended June 30, 2014	834,978,652
	For the three months ended June 30, 2013	768,290,097

Indication of Quarterly Review Procedure Implementation Status

This quarterly earnings report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this report.

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 Corporation (hereafter: the "Company") and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to P.14 "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. The Company holds a convening briefing of quarterly results for institutional investors and analysts in Wednesday, July 30, 2014. Documents distributed at the briefing are scheduled to be posted on our website at the same time as the release of the financial statements summary. Videos and main Q&As are planned to be posted immediately after the briefing.
In addition to the above convening briefing, the Company holds conferences on its business and results for individual investors. Please check our website for the schedule and details.

[the Attachment]

Index of the Attachment

Glossary

ARPU	ARPU is an abbreviation for Average Revenue Per Unit. Indicates monthly revenue per subscriber. Calculated for both voice and data services.
ADSL	ADSL is an abbreviation for Asymmetric Digital Subscriber Line, which provides data communications via high bandwidths not used in telephone voice transmission. ADSL provides data communications via a pair of copper lines generally used for telephone communication. Asymmetric expresses the difference in speed between inbound and outbound communications. Also, network quality and speed deteriorates as distance from the base station increases. (Between 6km and 7km from the base station is considered to be the limit.)
CATV	Cable television (CATV) is refers to service involving the distribution of television programs over cables (coaxial and optical fiber) laid by cable television companies. In addition to terrestrial television stations' channels, numerous pay channels are broadcast in this manner. CATV is also offered in apartment complexes and as a service solution in areas with poor reception. In addition to television broadcasts, CATV cables can be used for Internet and telephone services.
FTTH	FTTH is an abbreviation for Fiber to the Home. This method provides access via optical fiber from the telecommunications carrier's facilities to a subscriber's home. Although "home" originally referred to an individual's private dwelling, FTTH is also used in a general sense to indicate access via optical fiber.
ICT	ICT is an abbreviation for Information and Communication Technology. Whereas the use of "IT" was common in the past, as the Internet has become more ubiquitous use of the term "ICT" has grown to express the extensive added value that has resulted through the connection not only of computer systems but also a variety of other systems into communications networks.
LTE	LTE, an abbreviation for Long Term Evolution, is a technology for wireless telecommunications. Enabling the sophisticated development of third-generation mobile phone data communications, LTE wireless communications technology is positioned as 3.9G, as it immediately precedes the next-generation communication standard, IMT-Advanced. However, in December 2010 the International Telecommunication Union (ITU) began generally recognizing LTE as 4G, so telecommunications providers in Europe, the United States and other countries began referring to LTE services as 4G.
MNP	MNP is an abbreviation for Mobile Number Portability. This refers to the system whereby subscribers can keep the same phone number when switching to a different telecommunications carriers.
MVNO	MVNO is an abbreviation for Mobile Virtual Network Operator. An MVNO is an operator that provides services via wireless communications infrastructure borrowed from other telecommunications carriers.
O2O	O2O is an abbreviation for Online to Offline. This framework aims to promote product purchases at physical shops (offline) to customers obtained via mobile apps and the Internet (online).
WiMAX	WiMAX, an abbreviation for Worldwide Interoperability for Microwave Access, is a wireless communications technology. Faster and capable of transmitting over longer distances than wireless LAN, WiMAX was envisaged for use as the "last mile" of subscriber phone lines (as an alternative to telephone lines). Thereafter, WiMAX enhanced in the interest of mobility toward the 802.16e standard to meet the need for handovers and moving at high speed become commonly known as "mobile WiMAX."

1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation on Financial Results

1) Results Overview

Industry Trends

The Japanese telecommunications market is shifting rapidly from conventional mobile handsets to “smart devices,” such as smartphones and tablets. Furthermore, communications networks are becoming faster with the use of LTE. As a result, an environment is emerging in which customers have convenient access to a host of services from various devices and locations and on an increasing number of fronts those services and handsets appear ever more similar.

Given the increasing prevalence of smartphones, telecommunications carriers are introducing diverse new rate plans to meet customer needs. Meanwhile, MVNO operators are entering the market. In this sense, the competitive environment for mobile telecommunications is entering a new phase, in which carriers will cultivate the group of people they believe are likely to make the transition to smartphones.

The competitive environment for the telecommunications market as a whole is expected to change further. For example, the NTT Group has announced a shift to “wholesaling fiber access service,” or the offering of “discounts on bundled sets of fixed-line and mobile services”.

KDDI’s Position

・Aiming to move to a new growth stage, the Company is working to expand its communications and value-added revenues. To achieve this outcome, we are boosting our “distinctively au” credentials on various fronts, including networks, terminals, services, support, and usage fees. By emphasizing differentiation, the Company aims to respond to changes in the competitive environment. In addition to expansion in the Japanese market, we are taking on new growth opportunities in the global arena.

・To enhance its core networks, the Company has become the first carrier in Japan*1 to introduce carrier aggregation (hereafter: “CA”) on “LTE-Advanced,” the next-generation high-speed LTE communications standard. CA allows for simultaneous LTE data communication over multiple frequencies, enabling communication speeds of up to 150Mbps*2 at the time of introduction. At the point of CA introduction, the number of base stations capable of a maximum downlink speed of 150Mbps was approximately 2,500 (including those provided only for 2.1GHz). By March 31, 2015, we expect to boost this figure swiftly to approximately 20,000 throughout Japan. We also plan to gradually start offering handsets that can take advantage of this capability.

・To meet diverse customer needs, on August 13, 2014, the Company will introduce the new “Unlimited Voice & Data Freedom rate plan”. This plan will allow customers to select a flat-rate plan that combines their selection of any one of six data quantities for domestic flat-rate voice plans and a flat-rate service for data communications. We will also begin providing “Data Charge,” which will be available for purchase from 0.5GB. Furthermore, in December 2014, we plan to begin offering “Data Gift,” becoming the first Japanese telecommunications carrier*1 to offer the gifting of data volume to family members.

・One new growth opportunity is “au WALLET,” which we introduced on May 21, 2014. By making use of the “au ID” authentication key, “au WALLET” gives users access to a settlement function that also works at physical stores, combining access to the Internet and physical worlds and making daily activities smarter and more convenient. Customers who use our newly issued “au WALLET Card” accumulate “WALLET points” as they use the card.
Going forward, the Company will foster an environment that facilitates usage and cultivate cooperation with numerous partners to create a new “economic zone” based on “au WALLET.”

・Furthermore, in global business, on July 16, 2014, we decided to take part in a telecommunications business in the Republic of the Union of Myanmar (hereafter: “Myanmar”), where demand is expected to expand sharply in line with the country’s rapid economic development and growth. The Company looks forward to contributing the experience and technological expertise it has accumulated as a comprehensive telecommunications carrier in Japan and overseas toward the development of Myanmar’s economy and industry, as well as to the lives of the country’s citizens.

*1 Compiled by the Company from information made publicly available by other companies

*2 Maximum communication speeds may differ, depending on usage area and device used. Also, the speeds mentioned are maximum speeds for technical standards and do not indicate actual speed. Actual speeds may be lower, depending on the customers’ usage environment and line conditions.

Financial Results

For the Three months ended June 30, 2014

(Amount unit: Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	1,002,423	1,020,551	18,128	1.8
Operating Expenses	823,771	825,760	1,989	0.2
Operating Income	178,652	194,791	16,138	9.0
Non-operating Income (Expenses)	3,267	(86)	(3,353)	-
Ordinary Income	181,919	194,704	12,785	7.0
Extraordinary Income (Expenses)	(31,609)	-	31,609	-
Income before Income Taxes and Minority Interests	150,310	194,704	44,394	29.5
Total Income Taxes	73,404	73,879	475	0.6
Income before Minority Interests	76,905	120,824	43,919	57.1
Minority Interests in Income	8,730	7,310	(1,420)	(16.3)
Net Income	68,174	113,514	45,339	66.5

During the three months ended June 30, 2014, operating revenues rose 1.8%, to ¥1,020,551 million. Although revenues from terminal sales declined because of a drop in unit handset sales, an increase in au subscriptions and a rise in the smartphone penetration rate boosted data communications revenues, and revenues from overseas subsidiaries expanded.

Operating expenses rose 0.2% year on year, to ¥825,760 million, due to such factors as an increase in the communication facility fee, although sales commissions and terminal procurement expenses decreased.

As a result, operating income grew 9.0% year on year, to ¥194,791 million.

Affected by foreign exchange gains, ordinary income increased 7.0% year on year, to ¥194,704 million.

Net income rose 66.5%, to ¥113,514 million as the loss incurred during the previous fiscal year on step acquisitions from the purchase of additional shares in Jupiter Telecommunications Co., Ltd. (hereafter: "J:COM"), was absent during the period under review.

- Subscriptions of Major Services

Cumulative subscriptions	Unit	Year ended March 31, 2014				Year ending; March 31, 2015
		As of 1Q	As of 2Q	As of 3Q	As of 4Q	As of 1Q
au subscriptions	(Thousand)	38,378	39,045	39,617	40,522	41,016
(Ref.) UQ WiMAX	(Thousand)	4,222	4,275	4,157	4,014	4,153
FTTH subscriptions	(Thousand)	2,997	3,092	3,165	3,236	3,240
Cable-plus phone Subscriptions	(Thousand)	3,040	3,202	3,362	3,494	3,638
CATV subscriptions *	(Thousand)	4,956	4,980	5,011	4,996	5,021

*Total Number of Subscribing Households (Number of households with at least one contract via broadcasting, internet or telephone)

[Reference]

- For "Cable-plus phone," alliances with cable television companies grew steadily, reaching 110 CATV companies, 205 channels as of June 30, 2014.
- With regard to consolidated subsidiaries handling the cable television business, as of June 30, 2014, the J:COM Group provides cable television via 74 channels in the Sapporo, Sendai, Kanto, Kansai, and Kyushu areas, and offers high-speed Internet connectivity, telephone, and other service

2) Results by Business Segment

Personal Services

The Personal Services segment provides mobile and fixed-line communications services for individual customers. In addition to providing mobile communications services, chiefly under the “au” brand, and selling mobile handsets, in fixed-line communications, our services include in-home Internet, telephone, and video channel (TV services). In addition to these convenient FTTH services, which are branded “au HIKARI,” we provide CATV and other services.

During the fiscal year ending March 31, 2015, we plan to increase the number of customers using our “au 4G LTE” service by bolstering our lineup of CA-compatible handsets; boosting sales of mobile, FTTH, and CATV services by leveraging “au Smart Value” based on our “3M Strategy;” and by increasing our number of allied companies. Furthermore, by providing the “au WALLET” service that combines the Internet and physical worlds we will expand our service offerings and endeavor to offer customers services that are more convenient and reliable.

Operating performance in the Personal Services segment for the Three months ended June 30, 2014 is described below.

Results

For the Three months ended June 30, 2014 (Amount unit: Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	784,569	780,617	(3,952)	(0.5)
Operating Expenses	649,353	624,753	(24,600)	(3.8)
Operating Income	135,215	155,864	20,648	15.3

During the three months ended June 30, 2014, operating revenues fell 0.5%, to ¥780,617 million, as an increase in au subscriptions and a rise in the smartphone penetration rate boosted data communications revenues, while revenues from terminal sales declined because of a drop in unit handset sales.

Operating expenses fell 3.8%, to ¥624,753 million, due to lower sales commissions and point expenses, as well as to a decline in terminal procurement expenses.

As a result, operating income expanded ¥15.3 year on year, to ¥155,864 million.

Overview of Operations

<The “3M Strategy” and Other Key Initiatives>

au Smart Value

As of June 30, 2014, the number of au subscriptions using “au Smart Value” numbered 7.59 million, and households using this service came to 3.84 million. In addition, the number of “au Smart Value” allied companies increased steadily. As of June 30, 2014, this number was 7 companies for FTTH (including the company) and 129 CATV companies, 223 channels (including 23 CATV companies, 23 channels allied with STNet, Incorporated).

<Trends in Principal Performance Indicators>

[Mobile]

au Net Additions

For the year ended June 30, 2014, au net additions* totaled 367,000 subscriptions.

The primary reason was the low trend in churn rate, in addition to increase the number of new smartphone subscriptions by “au Smart Value”.

* New subscribers minus churn

au Churn Rate

During the first quarter, the churn rate remained low, at 0.54%.

au ARPU

au ARPU in the first quarter was up ¥70 year on year, to ¥4,220, maintaining the positive momentum gained after reversing its downward trend in the fourth quarter of the preceding fiscal year.

・Voice ARPU was down ¥90 year on year, to ¥1,840. Main reasons for this decline were a decrease in basic charges stemming from a shift to lower-rate plans and to the reduction of access charges.

・Data ARPU was up ¥290 year on year, to ¥3,410. The primary factor was an ongoing increase in smartphone subscriptions, which deliver high data ARPU.

・The amount of discount applied was ¥1,030, up ¥130 year on year. This rise was attributable mainly to the increased use of "Maitsuki Discount (Monthly Discount)" pricing in line with the increase in smartphone sales.

au Handset Sales

During the first quarter, au handset sales were 1.83 million.

[Fixed Line]

FTTH Subscriptions

As of June 30, 2014, the number of FTTH subscriptions increased by 33,000 from March 31, 2014, to 3.22 million. This rise was attributable mainly to new subscriptions acquired when customers subscribed to "au Smart Value," as well as the impact of lower churn.

< Main Services >

・During the first quarter, we introduced four Android™ smartphones, including standard models that are popular in Japan and overseas, as well as original models available only at au. In addition to operating on the 800MHz frequency LTE (4G LTE platinum band), which offers ultra-high speed and easy connectivity over a broad area, these models provide access to both CA, achieving a maximum downlink speed of 150Mbps, and high-speed "WiMAX 2+" communications, which has a maximum downlink speed of 110Mbps. Making service even more convenient, these models are equipped with a large-capacity battery that functions for three days or more[*1] of actual operation.

・"au WALLET" is a service that uses the "au WALLET card" to enable shopping at convenience stores, drug stores, eating and drinking establishments, clothing stores, and amusement facilities, and for Internet shopping, at around 38.1 million locations around the world that are MasterCard® member stores, as well as the approximately 2,000 WebMoney member shops in Japan. We have already received more than 3 million[*2] applications for this service, which will be used in a host of scenarios. The points that accumulate when the service is used can be applied toward Internet shopping, au communications fees[*3], or purchasing a new mobile handset. The points can also be used to charge the "au WALLET card" for additional shopping.

*1 We have calculated battery charge life by assuming actual usage time of 180 minutes per day for a smartphone (approximately 42 minutes using a browser; some 30 minutes on email and telephone; around 72 minutes of games, video, and music; and approximately 36 minutes of total other activity; according to a study by Macromill) and using our standard for battery consumption volume (resting time) for the calculation. Actual available usage time may vary, depending on customer usage and communication environment.

*2 Number of applications as of June 30, 2014.

*3 We plan to begin allocating au communication fees in August 2014.

<Reference> Business data(Personal)

[Mobile]

Cumulative subscriptions		Unit	Year ended March 31, 2014					Year ending March 31, 2015
			As of 1 Q	As of 2 Q	As of 3 Q	As of 4 Q	Fiscal year	As of 1 Q
au subscriptions		(Thousand)	32,717	33,206	33,582	34,131	-	34,498
au smartvalue	**au subscriptions**	(Thousand)	4,630	5,400	6,110	7,050	-	7,590
	Households *1	(Thousand)	2,490	2,860	3,210	3,580	-	3,840

Indicators *2		Unit	Year ended March 31, 2014					Year ending March 31, 2015
			1 Q	2 Q	3 Q	4 Q	Fiscal year	1 Q
au ARPU		(Yen)	4,150	4,220	4,240	4,160	4,200	4,220
	Voice ARPU	(Yen)	1,930	1,960	1,950	1,820	1,920	1,840
	Data ARPU	(Yen)	3,120	3,190	3,240	3,320	3,220	3,410
	Amount of discount applied	(Yen)	(900)	(930)	(950)	(980)	(940)	(1,030)
au Churn rate		(%)	0.54	0.65	0.67	1.18	0.76	0.54
au handset sales *3		(Thousand)	2,290	2,520	2,690	3,230	10,750	1,830
	of smartphone	(Thousand)	1,820	1,980	2,120	2,630	8,550	1,380
au handset shipments*4		(Thousand)	2,120	2,410	3,070	2,930	10,540	1,660

[Fixed Line]

Cumulative subscriptions	Unit	Year ended March 31, 2014					Year ending March 31, 2015
		As of 1 Q	As of 2 Q	As of 3 Q	As of 4 Q	Fiscal year	As of 1 Q
FTTH subscriptions*5	(Thousand)	2,950	3,045	3,117	3,188	-	3,221
Cable-plus phone subscriptions	(Thousand)	3,040	3,202	3,362	3,494	-	3,638
CATV subscriptions*6	(Thousand)	4,956	4,980	5,011	4,996	-	5,021

*1.Total of the Companies and affiliated fixed-line companies

*2.The definitions of au ARPU, au churn rate, unit au handset sales, and au handset shipments have been revised, effective from the fiscal year ending March 31, 2015.
Figures for the fiscal year ended March 31, 2014, have been adjusted in accordance with the new definitions.
Items calculated: [Before revision] Cumulative mobile subscriptions, excluding tablets and modules
[After revision] Cumulative mobile subscriptions, excluding data-only terminals, tablets, and modules

*3.Number of units sold to users (new + upgrade)

*4.Number of units shipped to retailers from the company

*5.The total for “au HIKARI” (excluding “au HIKARI Business”), “Commufa-hikari,” “au HIKARI Chura,” and “Hikarifuru”

*6. Total Number of Subscribing Households (Number of households with at least one contract via broadcasting, internet or telephone)

Value Services

In the Value Services segment, the Company provides individual customers with content, settlement and other services. This segment also works to reinforce multi-device and multi-network initiatives, developing an environment in which customers can use value-added services more conveniently.
During the fiscal year ending March 31, 2015, we expect to cultivate a new value chain that will emerge via the convergence of the Internet and physical worlds through links between “au Smart Pass” and “au WALLET,” thereby contributing to the expansion of “ID x ARPU.”
Operating performance in the Value Services segment for the Three months ended June 30, 2014 is described below.

Results

For the Three months ended June 30, 2014 (Amount unit: Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	49,079	54,496	5,417	11.0
Operating Expenses	35,470	39,309	3,838	10.8
Operating Income	13,608	15,187	1,578	11.6

During the three months ended June 30, 2014, operating revenues rose 11.0% year on year, to ¥54,496 million, buoyed by increased membership to “au Smart Pass,” “Video Pass,” “Uta Pass,” and “Book Pass.”
Operating expenses grew 10.8%, to ¥39,309 million, stemming from increased content and member benefits, as we worked to enhance “au Smart Pass” services.
As a result, operating income rose 11.6%, to ¥15,187 million.

Overview of Operations

<The “3M Strategy” and Other Key Initiatives>

au Smart Pass

As of June 30, 2014, “au Smart Pass” members numbered 10.70 million, an increase of 0.45 million from March 31, 2014.
We have begun providing coupons and other special member benefits when customers use “au Smart Pass” and “au WALLET” in combination, as well as providing double points at the time of settlement.

<Trends in Principal Performance Indicators>

Value ARPU*

During the first quarter, Value ARPU was up ¥30 year on year, to ¥300.
The main factor behind this increase was the steady increase in the number of members to “au Smart Pass” and other fee-based services.

< Main Services >

- On June 5, 2014, we began offering a WALLET point program on the e-commerce service we provide, “au Shopping Mall,” for use via the “au WALLET” service, allowing customers to enjoy even more convenient shopping. On the same day, within the “au Shopping Mall” we launched “EVERY MART,” which provides customers with food, drinks, and everyday items at ultralow prices.
- On June 30, 2014, the Company began providing “Anime Pass,” a service that is provided in collaboration with KADOKAWA CORPORATION. This service offers unlimited anime viewing and access to a variety of informative anime-related content. “Anime Pass” offers unlimited access to approximately 7,000 episodes from 500 anime programs, and it enables subscribers to search for their favorite anime by criteria such as voice actor or genre. Going forward, the Company will continue to strengthen its relationships with content providers to gradually expand the number of anime titles that are available.

<Reference> Business data(Value)

Cumulative subscriptions	Unit	Year ended March 31, 2014					Year ending March 31, 2015
		As of 1 Q	As of 2 Q	As of 3 Q	As of 4 Q	Fiscal year	As of 1 Q
au Smart Pass subscriptions	(Thousand)	6,820	7,990	8,880	10,250	-	10,700

Indicators	Unit	Year ended March 31, 2014					Year ending March 31, 2015
		1 Q	2 Q	3 Q	4 Q	Fiscal year	1 Q
Value ARPU*	(Yen)	270	290	300	350	300	300

* Value ARPU= Value services segment revenues of "in-house and cooperative services + settlement commissions + advertising"
The definition of Value ARPU has been revised, effective from the fiscal year ending March 31, 2015.
Figures for the fiscal year ended March 31, 2014, have been adjusted in accordance with the new definitions.
Items calculated: [Before revision] Cumulative mobile subscriptions, excluding tablets and modules
[After revision] Cumulative mobile subscriptions, excluding data-only terminals, tablets, and modules

Business Services

In the Business Services segment, we provide a cloud solution that seamlessly utilizes networks and applications across smartphones, tablets and other mobile devices, to a wide range of corporate customers, from small and medium-sized to large companies.

In the current fiscal year, we proactively promoted a corporate “3M Strategy” in an effort to expand our customer base. Specifically, we focused on expanding services for small and medium-sized corporate customers and reinforcing our sales structure. In addition, we work to expand our service offerings to meet the myriad needs of corporate customers who are advancing overseas.
Operating performance in the Business Services segment for the Three months ended June 30, 2014 is described below.

Results

For the Three months ended June 30, 2014 (Amount unit: Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	157,742	161,882	4,140	2.6
Operating Expenses	132,248	142,224	9,976	7.5
Operating Income	25,493	19,658	(5,835)	(22.9)

During the three months ended June 30, 2014, operating revenues rose 2.6% year on year, to ¥161,882 million. Although fixed-line communications revenues decreased, solution sales such as cloud-related businesses and IT outsourcing rose, as did revenue from terminal sales.
Operating expenses increased 7.5%, to ¥142,224 million, as terminal procurement expenses, cost of solution sales, and sales commissions rose.
Operating income accordingly fell 22.9%, to ¥19,658 million.

Overview of Operations

< Key Initiatives>

・We are working to expand our broad-ranging lineup of cloud services. In addition to helping corporate customers resolve the various management issues they face, such as improving operating efficiency, reinforcing security, and curtailing IT costs, such services help customers realize advanced working styles. We are further enhancing our solution proposals by offering one-stop solutions that provide a seamless combination of devices, networks, and applications that can be used with peace of mind.

・To provide broad-based support for business expansion by small and medium-sized corporate customers, consolidated subsidiary “KDDI MATOMETE OFFICE CORPORATION” offers a regional support network offering close contact throughout Japan.

< Main Services >

・For corporate customers, in September 2014 we will be begin offering the “KDDI Wide Area Virtual Switch 2” (hereafter: “KDDI WVS 2”), a new broad-area network service employing SDN[*1] technology. KDDI WVS 2 is a next-generation wide-area network service that provides user-specified functionality on security functions and the Internet connectivity spectrum so that customers can use the cloud safely, conveniently, and with peace of mind. By also making use of the world’s first[*2] cloud-type intranet firewall function, this service functions between different companies as a closed-area network, ensuring safety and peace of mind with regard to internal corporate security. The KDDI WVS 2 should greatly reduce for customers the burden of network and security operations, as well as increasing the speed of business and slashing costs.

*1 An acronym for Software-Defined Networking. With this technology, software is used for the integrated control of physically dispersed equipment, enabling network flexibility and providing added value.

*2 Based on the Company survey, as of June 12, 2014, this will be the world’s first example of SDN technology being applied to intranet communications.

Global Services

The Global Services segment offers the one-stop provision of ICT solutions to corporate customers, centered on our "TELEHOUSE" data centers. In addition, the KDDI Group (hereafter: the "Companies") is working aggressively to expand consumer businesses, such as MVNO operations in the United States and the mobile phone business in emerging countries. Furthermore, we provide a voice business to more than 600 telecommunications carriers around the world.
During the current fiscal year, as one of the Company's pillars of growth we will leverage the expertise we have cultivated in Japan and overseas to boost our scale of operations by accelerating our expansion of both the ICT and consumer businesses.
Operating performance in the Global Services segment for the Three months ended June 30, 2014 is described below.

Results

For the Three months ended June 30, 2014 (Amount unit: Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	58,678	66,659	7,980	13.6
Operating Expenses	56,450	63,981	7,531	13.3
Operating Income	2,228	2,677	449	20.2

During the three months ended June 30, 2014, operating revenues grew 13.6% year on year, to ¥66,659 million. This rise stemmed from higher revenues from the MVNO business of Locus Telecommunications, Inc., and the data center business of TELEHOUSE International Corporation of Europe Ltd.
Operating expenses increased 13.3% year on year, to ¥63,981 million, as the rise in revenues was accompanied by increased communication facility fees to overseas telecommunications carriers.
As a result, operating income increased 20.2%, to ¥2,677 million.

Overview of Operations

<Effort Global Strategy>

・Toward the end of 2013, the Company and Sumitomo Corporation(hereafter: "Sumitomo"), received exclusive negotiating rights to select partners for Myanma Posts & Telecommunications (MPT), the country's nationally operated telecommunications operator. Following extensive discussions, the government of Myanmar accorded high marks to the Company's technological prowess and Sumitomo's international management experience. Consequently, on July 16 the Company, Sumitomo, and MPT entered a joint business operating agreement to operate KDDI Summit Global Myanmar Co., Ltd. as a joint venture.
Myanmar's democratization policies are spurring rapid economic development and growth. At present, however, the country's rate of telephone diffusion is extremely low—at around 10% being one of the lowest levels in the world. Going forward, the country plans to quickly increase this rate through the introduction of competition and foreign capital. Myanmar represents a large potential market, having a population of 65 million that is on a par with Thailand. Increasing the country's rate of telephone diffusion should boost growth significantly. The Company looks forward to contributing the knowledge it has cultivated in Japan and overseas toward Myanmar's growth and the Company's business expansion.

・On July, 2014, we decided to construct a new data center in the Docklands areas of London, the United Kingdom. Named "TELEHOUSE LONDON Docklands North Two (hereafter: 'North Two')," the new data center will have total floor space of 23,000 square meters.
The opening of the North Two facility, added to our existing four towers (North, East, West, and Metro), will bring total floor space to 73,000 square meters. This addition will also bring the number of TELEHOUSE data centers to 43 locations, in 24 cities in 13 regions, and having total floor space of around 365,000 square meters.

3) Status of Major Affiliates

<UQ Communications Inc.>

On October 31, 2013, UQ Communications Inc., an equity-method affiliate of the Company, began providing the “WiMAX 2+” ultrahigh-speed mobile broadband service, which provides downlink speeds of up to 110Mbps. As of June 30, 2014, in addition to the Tokyo, Nagoya, and Osaka areas, the service had been expanded to include Sapporo, Sendai, Hiroshima, and Fukuoka, and we are working to make the service even more convenient. On June 20, 2014, we began offering for sale the “Wi-Fi WALKER WiMAX 2+ NAD11,” a new mobile router compatible with “WiMAX 2+.” On May 15*, 2014, the Company began offering smartphones equipped for WiMAX 2+, and we expect the number of subscribers to increase further going forward.
Against this backdrop, in June 2014, UQ Communications was announced to have earned the No. 1 customer service ranking for its UQ WiMAX service in the “2014 Japan Mobile Data Service Satisfaction Survey[SM]” conducted by J.D. Power Asia Pacific, Inc., an international institution that specializes in customer satisfaction surveys and consulting. This was UQ Communications’ second consecutive year to top this ranking, following fiscal 2013.

*Figures for “WiMAX 2+” compatibility are following the mobile update introduced on May 21.

<Jibun Bank Corporation >

On May 21, 2014, through a tie-up with Okinawa Cellular Telephone Company, equity method affiliate Jibun Bank Corporation began offering “Premium Bank for au,” a convenient account benefit program for customers who use various au network services.
“Premium Bank for au” is an account that offers a number of convenient financial services. For example, for au customers the program waives ATM usage fees and the cost of transferring funds to other banks, and augments “au WALLET” charges by 5% (until December 31, 2014).
Going forward, Jibun Bank corporation aims to become the “most attractive bank” to au customers due to the host of convenient and valuable services it provides.

Notes: 1 The service name “4G LTE” conforms to the statement of the International Telecommunication Union (ITU) that has approved LTE to be called “4G.”
2 “Android” is a trademark or a registered trademark of Google Inc.
3 “Wi-Fi” is a registered trademark of Wi-Fi Alliance®.
4 Other company and product names are registered trademarks or trademarks of their respective companies.

(2) Explanation on Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2014	As of June 30, 2014	Increase (Decrease)	Increase (Decrease)%
Noncurrent assets	3,400,157	3,396,340	(3,817)	(0.1)
Current assets	1,545,599	1,489,137	(56,461)	(3.7)
Total assets	4,945,756	4,885,477	(60,278)	(1.2)
Noncurrent liabilities	979,830	983,878	4,047	0.4
Current liabilities	1,048,936	940,383	(108,553)	(10.3)
Total liabilities	2,028,767	1,924,261	(104,505)	(5.2)
Total net assets	2,916,989	2,961,216	44,226	1.5

(Assets)

Total assets amounted to ¥4,885,477 million as of June 30, 2014, down ¥60,278 million from their level on March 31, 2014. Although prepaid expenses increased, cash and deposits and accounts receivable fell.

(Liabilities)

Total liabilities amounted to ¥1,924,261 million as of June 30, 2014, down ¥104,505 million from March 31, 2014, due to decreases in accounts payable and income taxes payable.

(Net Assets)

Net assets amounted to ¥2,961,216 million, due to increased retained earnings.

As a result, the shareholders' equity ratio increased from 55.1% as of March 31, 2014, to 56.6%.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase (Decrease)
Net cash provided by (used in) operating activities	134,465	143,751	9,286
Net cash provided by (used in) investing activities	(79,465)	(151,064)	(71,599)
Free cash flows(Note)	54,999	(7,313)	(62,313)
Net cash provided by (used in) financing activities	24,477	(42,386)	(66,864)
Effect of exchange rate change on cash and cash equivalents	1,280	(650)	(1,930)
Net increase (decrease) in cash and cash equivalents	80,757	(50,350)	(131,108)
Cash and cash equivalents at beginning of period	87,288	212,530	125,241
Cash and cash equivalents at end of period	168,046	162,179	(5,866)

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 ¥143,751 million. This includes ¥194,704 million of income before income taxes and minority interests, ¥117,032 million of depreciation and amortization, and ¥131,413 million of income taxes paid.

Investing activities used net cash of ¥151,064 million. This includes ¥93,629 million of purchase of property, plant and equipment, ¥36,220 million for purchase of intangible assets, and ¥16,806 million for purchase of long-term prepaid expenses.

Financial activities used net cash of ¥42,386 million. This includes ¥55,000 million for proceeds from long-term loans payable, ¥37,993 million in net increase in short-term loans payable, ¥57,865 million in payments cash dividends, ¥40,000 million in redemption of bonds, ¥25,421 million for repayment of long-term loans payable.

As a result, total amount of net cash and cash equivalents as of June 30, 2014, decreased ¥50,350 million from March 31, 2014, to ¥162,179 million.

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

The estimated consolidated financial results for the year ending March 31, 2015 for full-year basis disclosed in the Financial Statements Summary for the year ended March 31, 2014 (disclosed on April 30, 2014) were as follows;

Operating Revenues: ¥4,600,000 million, Operating Income: ¥730,000 million, Ordinary Income: ¥735,000 million, Net Income: ¥424,000 million. There is no change to these figures.

The Company has not prepared consolidated business forecasts for the six months ending September 30, 2014 because the rapidly changing operating environment, characterized by competition among telecommunication carriers, means it is difficult to make forecasts for this period.

2. Notes Regarding Summary Information (Notes)

(1) Changes in significant consolidated subsidiaries during the Three months ended June 30, 2014

During the three months ended June 30, 2014, the Company's subsidiary JAPAN CABLENET LIMITED underwent an absorption-type merger with another subsidiary, Jupiter Telecommunications Co., Ltd., and was extinguished.

Excluded one company: JAPAN CABLENET LIMITED

(2) Changes in accounting policies, accounting estimates and restatement of corrections

(Changes in accounting policies)

(Adoption of accounting standard for retirement benefits)

Concerning the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Implementation Guidance for the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), the Company has applied the text in Paragraph 35 of the Accounting Standard for Retirement Benefits and the text in Paragraph 67 of the "Implementation Guidance for the Accounting Standard for Retirement Benefits" from the first quarter of the fiscal year under review, revising its method of calculating retirement benefit obligations and prior service costs. The method of attributing expected benefit has been changed from a straight-line basis to a benefit formula basis. Also, the method of determining the discount rate has been changed from one of using as the basis for calculation the yield on Japanese government bonds for a number of years corresponding to the average remaining service period to a method based on the use of multiple corporate bond yields set for each expected retirement benefit period.

Regarding the application of the Accounting Standard for Retirement Benefits, in accordance with the transitional treatment stipulated in paragraph 37, from the beginning of the first quarter of the fiscal year under review the amount of change resulting from the method of calculating retirement benefit obligations and prior service costs is added to or deducted from retained earnings.

As a result, net defined benefit asset declined ¥11,210 million at the beginning of the first quarter of the fiscal year under review, net defined benefit liability increased ¥1,336 million, and retained earnings decreased ¥8,270 million. Furthermore, operating income, ordinary income, and income before income taxes and minority interests increased ¥362 million.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery, net	650,596	660,435
Antenna facilities, net	342,372	346,386
Local line facilities, net	120,662	120,646
Long-distance line facilities, net	4,582	4,850
Engineering facilities, net	23,451	23,083
Submarine line facilities, net	3,157	2,960
Buildings, net	162,437	159,713
Structures, net	26,065	25,684
Land	247,865	247,869
Construction in progress	156,710	147,049
Other tangible assets, net	26,831	26,384
Total property, plant and equipment	1,764,732	1,765,064
Intangible assets		
Right of using facilities	11,164	11,864
Software	157,035	168,939
Goodwill	21,047	19,523
Other intangible assets	8,671	8,411
Total intangible assets	197,918	208,738
Total noncurrent assets-telecommunications business	1,962,650	1,973,802
Incidental business facilities		
Property, plant and equipment	373,276	369,171
Intangible assets	545,200	535,876
Total noncurrent assets-incidental business	918,476	905,048
Investments and other assets		
Investment securities	91,509	93,144
Stocks of subsidiaries and affiliates	41,480	41,041
Investments in capital of subsidiaries and affiliates	274	260
Long-term prepaid expenses	245,184	248,524
Net defined benefit asset	20,103	9,006
Deferred tax assets	79,314	84,553
Other investment and other assets	50,739	50,695
Allowance for doubtful accounts	(9,575)	(9,736)
Total investments and other assets	519,029	517,489
Total noncurrent assets	3,400,157	3,396,340
Current assets		
Cash and deposits	222,050	172,657
Notes and accounts receivable-trade	1,094,919	1,052,937
Accounts receivable-other	68,297	67,739
Short-term investment securities	273	262
Supplies	86,060	97,913
Prepaid expenses	32,688	64,746
Deferred tax assets	51,352	40,396
Other current assets	11,489	12,977
Allowance for doubtful accounts	(21,532)	(20,493)
Total current assets	1,545,599	1,489,137
Total assets	4,945,756	4,885,477

(Amount unit: Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Noncurrent liabilities		
Bonds payable	204,998	185,000
Long-term loans payable	518,697	543,357
Net defined benefit liability	17,339	15,857
Provision for point service program	76,338	74,811
Other noncurrent liabilities	162,455	164,852
Total noncurrent liabilities	979,830	983,878
Current liabilities		
Current portion of noncurrent liabilities	233,466	219,116
Notes and accounts payable-trade	87,232	78,569
Short-term loans payable	95,255	133,188
Accounts payable-other	349,011	308,113
Accrued expenses	26,732	27,099
Income taxes payable	125,364	60,666
Advances received	55,254	54,198
Provision for bonuses	28,771	10,994
Other current liabilities	47,848	48,435
Total current liabilities	1,048,936	940,383
Total liabilities	2,028,767	1,924,261
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	385,942	385,942
Retained earnings	2,291,730	2,338,525
Treasury stock	(161,821)	(161,821)
Total shareholders' equity	2,657,702	2,704,497
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,731	45,810
Deferred gains or losses on hedges	(1,584)	(1,966)
Foreign currency translation adjustment	15,189	11,997
Remeasurements of defined benefit plans	6,352	6,868
Total accumulated other comprehensive income	65,688	62,709
Subscription rights to shares	39	39
Minority interests	193,558	193,969
Total net assets	2,916,989	2,961,216
Total liabilities and net assets	4,945,756	4,885,477

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Income)

(Amount unit: Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	631,540	662,858
Operating expenses		
Business expenses	159,273	169,977
Operating expenses	9	10
Facilities maintenance expenses	61,523	65,169
Common expenses	657	674
Administrative expenses	19,650	19,116
Experiment and research expenses	1,424	1,380
Depreciation	87,631	89,713
Noncurrent assets retirement cost	5,263	8,673
Communication facility fee	92,932	94,391
Taxes and dues	11,528	11,193
Total operating expenses	439,893	460,301
Net operating income from telecommunications	191,646	202,557
Operating income and loss from incidental business		
Operating revenue	370,882	357,692
Operating expenses	383,877	365,458
Net operating loss from incidental business	(12,994)	(7,765)
Operating income	178,652	194,791
Non-operating income		
Interest income	230	208
Dividends income	1,039	1,030
Equity in earnings of affiliates	1,554	764
Foreign exchange gains	1,968	-
Miscellaneous income	2,967	2,319
Total non-operating income	7,759	4,322
Non-operating expenses		
Interest expenses	2,833	3,098
Miscellaneous expenses	1,658	1,310
Total non-operating expenses	4,492	4,408
Ordinary income	181,919	194,704
Extraordinary income		
Gain on sales of investment securities	6,827	-
Total extraordinary income	6,827	-
Extraordinary loss		
Loss on step acquisitions	38,436	-
Total extraordinary losses	38,436	-
Income before income taxes and minority interests	150,310	194,704
Income taxes-current	56,315	56,940
Income taxes for prior periods[1]	-	7,118
Income taxes-deferred	17,089	9,821
Total income taxes	73,404	73,879
Income before minority interests	76,905	120,824
Minority interests in income	8,730	7,310
Net income	68,174	113,514

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Comprehensive Income)

(Amount unit: Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Income before minority interests	76,905	120,824
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,064)	(234)
Deferred gains or losses on hedges	144	(200)
Foreign currency translation adjustment	7,084	(3,553)
Remeasurements of defined benefit plans, net of tax	-	518
Share of other comprehensive income of associates accounted for using equity method	(776)	(347)
Total other comprehensive income	3,388	(3,816)
Comprehensive income	80,293	117,008
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	69,864	110,535
Comprehensive income attributable to minority interests	10,428	6,472

(3) Consolidated Statements of Cash Flows

(Amount unit: Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	150,310	194,704
Depreciation and amortization	115,143	117,032
Amortization of goodwill	6,970	6,631
Loss (gain) on sales of noncurrent assets	42	88
Loss on retirement of noncurrent assets	4,309	7,947
Loss on step acquisitions	38,436	-
Increase (decrease) in allowance for doubtful accounts	(1,281)	(830)
Increase (decrease) in provision for retirement benefits	(145)	-
Decrease (increase) in net defined benefit asset	-	11,096
Increase (decrease) in net defined benefit liability	-	(1,482)
Interest and dividends income	(1,269)	(1,238)
Interest expenses	2,833	3,098
Equity in (earnings) losses of affiliates	(1,554)	(764)
Loss (gain) on sales of investment securities	(6,827)	-
Loss (gain) on valuation of investment securities	24	7
Increase (decrease) in provision for point service program	(5,426)	(1,526)
Decrease (increase) in prepaid pension costs	(78)	-
Decrease (increase) in prepaid expenses	(27,088)	(32,005)
Decrease (increase) in notes and accounts receivable-trade	17,074	37,294
Decrease (increase) in inventories	(7,695)	(12,735)
Increase (decrease) in notes and accounts payable-trade	(1,330)	(8,244)
Increase (decrease) in accounts payable-other	(31,510)	(23,808)
Increase (decrease) in accrued expenses	886	1,414
Increase (decrease) in advances received	(1,743)	(1,667)
Other, net	(10,836)	(20,140)
Subtotal	239,242	274,871
Interest and dividends income received	2,019	3,703
Interest expenses paid	(4,216)	(3,410)
Income taxes paid	(102,579)	(131,413)
Net cash provided by (used in) operating activities	134,465	143,751
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(79,194)	(93,629)
Proceeds from sales of property, plant and equipment	48	468
Purchase of intangible assets	(14,510)	(36,220)
Purchase of investment securities	(1,297)	(2,024)
Proceeds from sales of investment securities	16,943	-
Purchase of stocks of subsidiaries and affiliates	(3,622)	(1,638)
Proceeds from purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	16,378	-
Purchase of long-term prepaid expenses	(13,755)	(16,806)
Other, net	(454)	(1,212)
Net cash provided by (used in) investing activities	(79,465)	(151,064)

(Amount unit: Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	177,150	37,993
Proceeds from long-term loans payable	-	55,000
Repayment of long-term loans payable	(60,732)	(25,421)
Redemption of bonds	(50,000)	(40,000)
Purchase of treasury stock	(14)	-
Cash dividends paid	(35,819)	(57,865)
Cash dividends paid to minority shareholders	(985)	(6,201)
Other, net	(5,118)	(5,891)
Net cash provided by (used in) financing activities	24,477	(42,386)
Effect of exchange rate change on cash and cash equivalents	1,280	(650)
Net increase (decrease) in cash and cash equivalents	80,757	(50,350)
Cash and cash equivalents at beginning of period	87,288	212,530
Cash and cash equivalents at end of period	168,046	162,179

(4) Notes Regarding Consolidated Financial Statements

(Going Concern Assumption)

None

(Consolidated Statements of Income)

*1 Income taxes for prior periods

(Reassessment of excessive depreciation on steel towers used for the telecommunications business)

On June 25, 2014, the Company received a notice of correction from the Tokyo Regional Taxation Bureau involving a discrepancy in the useful life of the steel towers used for the telecommunications business over the five fiscal years ended March 31, 2009 through 2013.

On July 30, 2014, the Company submitted a written opposition to the Tokyo Regional Taxation Bureau objecting to this correction.

This notice of correction corresponds to additional taxes of ¥7,118 million, including income tax, residence tax, business tax, and other ancillary taxes. This amount has been included on the consolidated statements of income for the first quarter under review as "income taxes for prior periods."

Due to the application of tax-effect accounting, the Company has posted income taxes-deferred of ¥5,667 million in accordance with the above-stated excessive depreciation.

(Material Changes in Shareholders' Equity)

None

(Segment Information, etc.)

(Segment Information)

Ⅰ For the three months ended June 30, 2013 (April 1, 2013 to June 30, 2013)

1. Information on sales and income (loss) by reportable business segment

(Amount unit: Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Elimination and Corporate (Note 2)	Consolidation (Note 3)
	Personal Services	Value Services	Business Services	Global Services	Subtotal				
Sales									
Outside Sales	766,177	37,508	138,916	50,448	993,050	9,372	1,002,423	-	1,002,423
Intersegment Sales or Transfer	18,392	11,571	18,825	8,230	57,020	21,172	78,192	(78,192)	-
Total	784,569	49,079	157,742	58,678	1,050,070	30,544	1,080,615	(78,192)	1,002,423
Segment Income	135,215	13,608	25,493	2,228	176,546	2,332	178,879	(227)	178,652

Notes: 1. The "Other" category incorporates operations not included in reportable business segments, including equipment construction and maintenance, call center business, research and technological development, and other operations.

2. Adjustment of segment income refers to elimination of intersegment transactions.

3. Operating income is adjusted on operating income on the quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets, goodwill and other items by reportable business segment

(Material impairment loss on noncurrent assets)

No significant items to be reported.

(Material changes in goodwill)

During the first quarter, we acquired additional shares in Jupiter Telecommunications Co., Ltd., converting this company to a subsidiary.
A total of ¥228,026 million in goodwill was generated in relation to this acquisition.
This provisional amount, calculated on the basis of reasonable information available at the time the consolidated financial statements dated June 30, 2013 were prepared, was recorded in "Personal Services."

(Material profit from negative goodwill)

No significant items to be reported.

Ⅱ For the three months ended June 30, 2014 (April 1, 2014 to June 30, 2014)

1. Information on sales and income (loss) by reportable business segment

(Amount unit: Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Elimination and Corporate (Note 2)	Consoli-dation (Note 3)
	Personal Services	Value Services	Business Services	Global Services	Subtotal				
Sales									
Outside Sales	760,227	42,474	142,286	58,734	1,003,722	16,829	1,020,551	-	1,020,551
Intersegment Sales or Transfer	20,390	12,022	19,596	7,925	59,934	23,219	83,154	(83,154)	-
Total	780,617	54,496	161,882	66,659	1,063,656	40,049	1,103,706	(83,154)	1,020,551
Segment Income	155,864	15,187	19,658	2,677	193,387	1,530	194,917	(126)	194,791

Notes: 1. The “Other” category incorporates operations not included in reportable business segments, including equipment construction and maintenance, call center business, research and technological development, and other operations.
2. Adjustment of segment income refers to elimination of intersegment transactions.
3. Operating income is adjusted on operating income on the quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets, goodwill and other items by reportable business segment

(Material impairment loss on noncurrent assets)

No significant items to be reported.

(Material changes in goodwill)

No significant items to be reported.

(Material profit from negative goodwill)

No significant items to be reported.

(Significant Subsequent Event)

Conclusion of Significant Contracts

At a Board of Directors meeting on July 16, 2014, the Company resolved to join Sumitomo Corporation in the establishment of a joint venture company (hereafter: the "Joint Venture") in the Republic of Singapore (hereafter: "Singapore") to conduct telecommunications business jointly in the Republic of the Union of Myanmar (hereafter: "Myanmar"). On the same day, the Company entered into an investment and operation agreement related to the Joint Venture (hereafter: the "Joint Venture Agreement").

1. Objective and datails in Establishing the Joint Venture

Myanmar is currently undergoing rapid democratization and deregulation, and the country is expected to experience significant growth going forward.

The Company has concluded an agreement with Myanma Posts & Telecommunications to jointly conduct telecommunications business (hereafter: the "Joint Operations") in the country. To this end, the Company has set up a Joint Venture with Sumitomo Corporation in Singapore. This Joint Venture then established a subsidiary in Myanmar (hereafter: the "Myanmar Subsidiary") through which to conduct the Joint Operations. Specifically, the Company and Sumitomo Corporation have concluded an the Joint Venture Agreement related to investment in and operation of the Joint Venture. Under the Joint Venture Agreement, a wholly owned the Company subsidiary located in Singapore will increase its capital via third-party allocation to be undertaken by the Company and Sumitomo Corporation (defined in "3." below). Sumitomo Corporation's investment in the Joint Venture is subject to approval by local authorities under the antitrust laws of the related countries.

The Company will leverage the experience and technical capabilities it has cultivated as a mobile telecommunications operator in Japan and overseas, and Sumitomo Corporation aims to take advantage of expertise gained through trading with Myanmar and as a mobile telecommunications operator overseas. Together, the two companies intend to contribute to Myanmar's development in the field of information and communication technology (ICT) and expand their global business.

2. Overview of The Company's Wholly Owned Subsidiary in Singapore

(1)	Name	KDDI SUMMIT GLOBAL SINGAPORE PTE. LTD.
(2)	Location	105 CECIL STREET#13-01 OCTAGON, THE SINGAPORE (069534)
(3)	Names and roles of representatives	Naohiko Ota, director Tetsuya Shibasaki, director
(4)	Businesses	Provision of telecommunications business in Myanmar through Myanmar Subsidiary
(5)	Capital	US$10 million Note: The Joint Venture was established with capital of US$100, but the Company increased its investment in the Joint Venture on May 2, 2014.
(6)	Established	April 25, 2014
(7)	Ownership	The Company 100%

3. Overview of the Joint Venture Following the Capital Increase through Third-Party Allocation by The Company and Sumitomo Corporation (Provisional)

(1)	Name	KDDI SUMMIT GLOBAL SINGAPORE PTE. LTD.
(2)	Location	105 CECIL STREET#13-01 OCTAGON, THE SINGAPORE (069534)
(3)	Names and roles of representatives	Naohiko Ota, director (provisional)
(4)	Businesses	Provision of telecommunications business in Myanmar through Myanmar Subsidiary
(5)	Capital	US$500 million Note: The capital increase is slated to occur in stages. First, the Company will add US$240.5 million, then Sumitomo Corporation will invest US$249.5 million, and then the two companies will undertake a capital increase through third-party allocation (the "Capital Increase through Third-Party Allocation").
(6)	Ownership	The Company 50.1% Sumitomo Corporation 49.9%

4. Overview of the Subsidiary in Myanmar (Provisional)

(1)	Name	KDDI Summit Global Myanmar Co., Ltd.
(2)	Location	No. 37, La Pyayt Wun Plaza 10th Floor, Alan Pya Pagoda Road, Dagon Township, Yangon
(3)	Names and roles of representatives	Takashi Nagashima, managing director
(4)	Businesses	Provision of telecommunications business in Myanmar
(5)	Capital	US$75,000 Note: The capital of the Joint Venture is scheduled to increase in stages.
(6)	Established	June 16, 2014
(7)	Ownership	The Joint Venture 99.9% Note: The Company's wholly owned subsidiary in Myanmar, KDDI Myanmar Co., Ltd., is scheduled to own 1 share.

5. Future Expectations

Both the Company and Sumitomo Corporation expect any impact on their own consolidated operating performance during the fiscal year ending March 31, 2015, of establishing the Joint Venture to be slight.