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 Year ended March 31, 2015 [Japan GAAP]

May 12, 2015

Company name	**KDDI CORPORATION**		
Stock exchange listing	Tokyo First Section	Securities code	9433
Representative	Takashi Tanaka, President	URL	http://www.kddi.com
Date of general shareholders' meeting (as planned)		June 17, 2015	
Dividend payable date (as planned)		June 18, 2015	
Annual securities report filing date (as planned)		June 18, 2015	
Supplemental material of annual results:		Yes	
Convening briefing of annual 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 Year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Consolidated Operating Results

(Percentage represents comparison change to the corresponding previous fiscal year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Year ended March 31, 2015	4,573,142	5.5	741,298	11.8	752,402	13.5	427,931	32.9
Year ended March 31, 2014	4,333,628	18.3	663,245	29.4	662,887	28.9	322,038	33.4

Note: Comprehensive Income
Year ended March 31, 2015 : 442,447 million yen; 13.9% Year ended March 31, 2014 : 388,358 million yen; 47.3%

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Return on Assets	Operating Income Margin
	Yen	Yen	%	%	%
Year ended March 31, 2015	170.84	-	14.9	14.8	16.2
Year ended March 31, 2014	132.87	-	13.0	14.7	15.3

Reference: Equity in net income (losses) of affiliates
Year ended March 31, 2015 : 5,801 million yen Year ended March 31, 2014 : (740) million yen

(2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
			%	Yen
As of March 31, 2015	5,250,364	3,238,748	57.3	1,201.86
As of March 31, 2014	4,945,756	2,916,989	55.1	1,087.21

Reference: Shareholder's Equity
As of March 31, 2015 : 3,010,573 million yen As of March 31, 2014 : 2,723,391 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Year ended March 31, 2015	962,249	(674,520)	(224,862)	275,935
Year ended March 31, 2014	772,207	(546,257)	(105,643)	212,530

2. Dividends

	Dividends per Share					Total Dividends for the Year	Payout Ratio	Ratio of Dividends to Shareholders' Equity
	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	108,033	32.6	4.2
Year ended March 31, 2015	-	80.00	-	90.00	170.00	141,946	33.2	5.0
Year ending March 31, 2016 (forecast)	-	35.00	-	30.00	65.00		33.2	

(Note 1) Dividend for the Year ending March 31, 2016 (forecast), took into account a 1:3 stock split on common stock, with an effective date of April 1, 2015.
(Note 2) The ¥35.00 forecast interim dividend to be paid at the end of the first half of the fiscal year ending March 31, 2016, includes a commemorative dividend of ¥5.00 to mark KDDI's 15th anniversary of establishment.

3. Consolidated Financial Results Forecast for the Year ending March 31, 2016 (April 1, 2015 - March 31, 2016)

(Percentage represents comparison to previous fiscal year)

	Operating Revenues		Operating Income		Profit Attributable To Owners Of Parent		Net Income per Share
		%		%		%	Yen
Entire Fiscal Year	4,400,000	-	820,000	-	490,000	-	195.61

(Note 1) As the Company has resolved to voluntarily adopt International Financial Reporting Standards (hereafter, "IFRS") from the year ending March 31, 2016, the above "forecast of consolidated financial results" contains forecast figures calculated in accordance with IFRS. As a result, no percentage changes are provided in comparison with actual figures for the year ended March 31, 2015, which employed Japan GAAP.

(Note 2)Forecast of consolidated business results for the six months ending September 30, 2015 is not prepared.

(Note 3) Net income per share in the consolidated financial results forecasts for the year ending March 31, 2016, took into account a 1:3 stock split on common stock, with an effective date of April 1, 2015.

Notes

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation): Yes

Number of subsidiaries newly consolidated：two companies

KDDI SUMMIT GLOBAL SINGAPOLE PTE. LTD., KDDI Summit Global Myanmar Co., Ltd.

Number of subsidiaries excluded from the scope of consolidation：one company

JAPAN CABLENET LIMITED

Note: Please refer to page 33 "5. Consolidated Financial Statements (5) Notes for Consolidated Financial Statements (Basis of Presenting Consolidated Financial Statements)" for details.

(2) 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 37 "5. Consolidated Financial Statements (5) Notes for Consolidated Financial Statements (Changes in Accounting Policies)" for details.

(3) Numbers of Outstanding Shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of March 31, 2015	2,690,890,800
	As of March 31, 2014	2,690,890,800
2) Number of treasury stock	As of March 31, 2015	185,954,982
	As of March 31, 2014	185,954,844
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the year ended March 31, 2015	2,504,935,944
	For the year ended March 31, 2014	2,423,772,648

(Reference) Summary of KDDI Corporation's Financial Results and Financial Position

1. KDDI Corporation's Financial Results for the Year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) KDDI Corporation's Results of Operation

(Percentage represents comparison change to the corresponding previous fiscal year)

	Operating Revenues	%	Operating Income	%	Ordinary Income	%	Net Income	%
Year ended March 31, 2015	3,728,415	4.0	614,811	13.4	635,405	10.8	403,263	13.3
Year ended March 31, 2014	3,585,292	6.5	542,110	16.5	573,727	21.3	356,004	53.9

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Year ended March 31, 2015	160.99	-
Year ended March 31, 2014	146.88	-

(2) KDDI Corporation's Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
As of March 31, 2015	4,317,271	2,954,269	68.4	1,179.38
As of March 31, 2014	4,014,992	2,711,573	67.5	1,082.49

Reference: Shareholder's Equity
As of March 31, 2015: 2,954,269million yen As of March 31, 2014: 2,711,573 million yen

Indication of audit procedure implementation status

This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. It is under the audit 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 page 14 "Outlook for the Year ending March 31, 2016" under【Attachments】 for the assumptions used and other notes.

2. The Company conducted a 1:3 stock split on common stock, with an effective date of April 1, 2015. As a result, net income per share, diluted net income per share, net assets per share and numbers of outstanding shares have been calculated as if the stock split was conducted at the beginning of the previous (consolidated) fiscal year.

3. The Company holds a convening briefing of annual results for institutional investors and analysts in Tuesday, May 12, 2015. 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.

[Attachments]

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Glossary

ARPU	ARPU is an abbreviation for Average Revenue Per Unit. Indicates monthly revenue per subscriber. Calculated for both voice and data services.
CA	CA is an abbreviation for Carrier Aggregation. With “LTE-Advanced,” a next-generation communications technology, CA makes simultaneous use of multiple bandwidths, aggregating them to conduct data communication, thereby increasing the maximum downlink communication speed. Using multiple frequency ranges in different propagation environments has the benefits of augmenting communications quality and dispersing the load efficiently across multiple frequencies.
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.
VoLTE	VoLTE, an abbreviation for Voice over LTE, is a voice communication technology that uses the LTE high-speed communications standard. Using LTE enables clear, easy-to-hear voice communication. In addition, the technology allows simultaneous voice and data communication, so the customer can browse the Web and send and receive e-mail while talking on the phone.
WiMAX 2+	WiMAX 2+ is a broadband wireless access (BWA) service provided by UQ Communications Inc. By using bandwidth more efficiently than conventional mobile WiMAX, WiMAX 2+ enables higher communication speeds, using the 20MHz band in the 2.6GHz frequency to achieve maximum downlink speeds of 110Mbps and uplink speeds of up to 10Mbps. From spring of 2015, we plan to launch a service that will enable maximum uplink speeds of 220Mbps by using CA, which aggregates two 20MHz bands in the 2.6GHz frequency. The service is also compatible with the “TD-LTE” format.

1. Qualitative Information / Financial Statements, etc.

(1) Analysis on Consolidated Operating Results

1) Results Overview

Overview of Economic Conditions

Looking at the global economy, conditions in the United States remain in a recovery phase, buoyed by an improving employment situation and rising personal consumption. Europe is also experiencing a gradual recovery despite persistent deflationary concerns, owing to firm personal consumption. Conversely, the rate of growth is leveling off in China and other developing economies. We will need to continue monitoring global economic trends, including the impact of a U.S. interest rate hike.

The Japanese economy continues to recover modestly, with corporate earnings and personal consumption firm on the back of yen depreciation and rising share prices.

Industry Trends

The Japanese telecommunications market is shifting from conventional mobile handsets to “smart devices,” such as smartphones and tablets. Furthermore, communications networks are becoming faster with the use of LTE. On the other hand, 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 begun offering “discounts on bundled sets of fixed-line and mobile services” based on “wholesaling fiber access service.” Also, MVNO is expected to grow more prevalent, and moves toward the unlocking of SIM cards are gaining ground.

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.
- The Company’s core LTE network boasts a population coverage ratio of more than 99%[*1] and an LTE retention rate higher than 99.9%[*2], realizing broad area coverage and easy connectivity. In May 2014, the Company introduced carrier aggregation (hereafter: “CA”) for “LTE-Advanced,” the next-generation high-speed LTE communications standard, enabling downlink communication speeds of up to 150Mbps[*3]. Since the introduction of CA, we have rapidly increased the number of base stations capable of a maximum downlink speed of 150Mbps. In addition, on December 12, 2014, we launched a next-generation voice calling service, “au VoLTE.”
- To meet diverse customer needs, on August 13, 2014, the Company introduced the new “Unlimited Voice & Data Freedom” rate plan. This plan allows 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.
- One new growth opportunity is “au WALLET,” which we introduced on May 21, 2014. The cumulative number of applications for “au WALLET cards” issued is rising steadily, and surpassed 10 million on February 24, 2015. In addition, we began issuing the “au WALLET credit card” on October 28, 2014. Going forward, the Company will cultivate cooperation with numerous partners to create a new “economic zone” based on “au WALLET” That combines access to the Internet and physical worlds. Also, we unveiled the “Syn.” concept, which constitutes a plan to create new mobile Internet experiences.
- 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”), and at present, we are moving forward with efforts to raise the communications quality of mobile phone services in the country’s principal cities and promoting the sale of SIM cards.

- The CM Research Center[*4], which conducts surveys related to advertising commercials, selected KDDI as the leading company, or "best advertiser" in its "Fiscal 2014 Corporate Commercial Popularity Ranking." KDDI's series of commercials featuring "Santaro" was chosen for this award because of the originality of its story line and comical dialog that attracts support from a wide-ranging audience.
- In fiscal 2015, KDDI was selected for the third consecutive year—since fiscal 2012—as a "Nadeshiko Issue[*5]." This government designation is accorded to listed companies that proactively encourage initiatives that promote an active role for women as a central element of their growth strategy. KDDI also received the grand prize at the "2015 J-Win Diversity Awards," sponsored by the NPO Japan Women's Innovative Network (hereafter: "J-Win[*6]"), marking the first time a telecommunications carrier has received the award.

*1 Calculated on the basis of national census survey information dividing the nation into 500m sections. If coverage is possible in more than 50% of the locations within that grid square, the square is considered to be covered.
*2 Based on data the Company manages itself, the Company calculates the LTE retention rate as the percentage of communications that end without having been handed down from LTE to 3G (managed data from all base stations). The Company's 800MHz LTE-compatible models are used in calculating the LTE retention rate.
*3 The speeds mentioned are the maximum speeds by technical standards and do not represent actual usage speeds. Even within the areas mentioned, the speed may slow down significantly depending on the usage environment and traffic status. This is a best-effort service.
*4 The CM Research Center looks at all commercials broadcast by Tokyo's five leading television stations over a one-year period (from April of one year to March of the following year) and identifies companies whose commercials have had the strongest broadcast effectiveness and been most effective at attracting customers.
*5 Introduced in fiscal 2012, under this system the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange denote as "Nadeshiko Issues" companies that take proactive steps to promote women as part of their aim of encouraging and accelerating an active role for women.
*6 For details, see the J-Win website, at http://www.j-win.jp/ (Japanese only).

Financial Results

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	4,333,628	4,573,142	239,513	5.5
Operating Expenses	3,670,383	3,831,843	161,460	4.4
Operating Income	663,245	741,298	78,053	11.8
Non-operating Income (Expenses)	(357)	11,103	11,461	-
Ordinary Income	662,887	752,402	89,515	13.5
Extraordinary Income (Expenses)	(42,258)	(32,459)	9,799	-
Income before Income Taxes and Minority Interests	620,628	719,943	99,314	16.0
Total Income Taxes	264,771	270,350	5,578	2.1
Income before Minority Interests	355,857	449,593	93,735	26.3
Minority Interests in Income	33,819	21,661	(12,157)	(35.9)
Net Income	322,038	427,931	105,893	32.9

During the year ended March 31, 2015, operating revenues rose 5.5%, to ¥4,573,142 million, as an increase in au subscriptions and a rise in the smartphone penetration rate boosted data communications revenues, revenues from terminal sales increased, and revenues from overseas subsidiaries expanded.

Operating expenses rose 4.4% year on year, to ¥3,831,843 million, due to such factors as increases in terminal procurement expenses, the communication facility fee and higher depreciation and amortization in line with the expansion of LTE facilities, although sales commissions decreased.

As a result, operating income grew 11.8% year on year, to ¥741,298 million.

Affected by such factors as higher operating income and the recording of equity in earnings of affiliates, ordinary income increased 13.5% year on year, to ¥752,402 million.

Net income rose 32.9%, to ¥427,931 million, due to a net improvement in extraordinary items, as extraordinary income stemming from such factors as the gain on sales of investment securities overshadowed the extraordinary loss due to such items as loss on business of overseas subsidiaries.

- Subscriptions of Major Services

Cumulative subscriptions	Unit	Year ended March 31, 2014				Year ended March 31, 2015			
		As of 1Q	As of 2Q	As of 3Q	As of 4Q	As of 1Q	As of 2Q	As of 3Q	As of 4Q
au subscriptions	(Thousand)	38,378	39,045	39,617	40,522	41,016	41,596	42，378	43,478
(Ref.) UQ WiMAX	(Thousand)	4,222	4,275	4,157	4,014	4,153	5,124	7，153	9,543
FTTH subscriptions	(Thousand)	2,997	3,092	3,165	3,236	3,240	3,344	3，412	3,485
Cable-plus phone Subscriptions *1	(Thousand)	3,040	3,202	3,362	3,494	3,638	3,778	3，925	4,056
CATV subscriptions *2	(Thousand)	4,956	4,980	5,011	4,996	5,021	5,031	5,048	5,052

*1 Inclusive of J:COM PHONE Plus

*2 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 118 CATV companies, 213 channels as of March 31, 2015.

・With regard to consolidated subsidiaries handling the cable television business, as of March 31, 2015, 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 ended March 31, 2015, we increased the number of customers using our “au 4G LTE” service by bolstering our lineup of terminals compatible with CA and “WiMAX 2+” and promoting “au VoLTE,” which provides voice communication services over the LTE network. We also boosted sales of mobile, FTTH, and CATV services by leveraging “au Smart Value,” which offers discounts on monthly au mobile phone usage charges to customers who sign up for au feature phone/smartphone and designated fixed-line communication services based on our “3M Strategy” and increased our number of allied companies.

Furthermore, by providing the “au WALLET” service that combines the Internet and physical worlds we expanded our service offerings and endeavored to offer customers services that are more convenient and reliable.

Operating performance in the Personal Services segment for the year ended March 31, 2015 is described below.

Results (Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	3,367,850	3,513,294	145,443	4.3
Operating Expenses	2,860,666	2,935,877	75,210	2.6
Operating Income	507,183	577,416	70,232	13.8

During the year ended March 31, 2015, operating revenues rose 4.3%, to ¥3,513,294 million, as an increase in au subscriptions and a rise in the smartphone penetration rate boosted data communications revenues and revenues from terminal sales expanded.

Operating expenses rose 2.6%, to ¥2,935,877 million, due to such factors as increases in terminal procurement expenses, the communication facility fee and higher depreciation and amortization in line with the expansion of LTE facilities, although sales commissions decreased.

As a result, operating income expanded 13.8% year on year, to ¥577,416 million.

Overview of Operations

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

au Smart Value

As of March 31, 2015, the number of au subscriptions using “au Smart Value” numbered 9.33 million, and households using this service came to 4.59 million. In addition, the number of “au Smart Value” allied companies increased steadily. As of March 31, 2015, this number was 7 companies for FTTH (including the company) and 138 CATV companies, 232 channels (including 24 CATV companies, 24 channels allied with STNet, Incorporated).

<Trends in Principal Performance Indicators>

[Mobile]

au Net Additions

For the year ended March 31, 2015, au net additions* totaled 2,351,000 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

The churn rate remained low, falling 0.07 percentage point from the previous fiscal year to 0.69% in the year ended March 31, 2015.

au ARPU

During the current fiscal year, au ARPU was up ¥30 year on year, to ¥4,230. In the fourth quarter, we achieved our goal of turning au ARPU positive year on year.

・Voice ARPU was down ¥100 year on year, to ¥1,820. 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 ¥230 year on year, to ¥3,450. The primary factor was an ongoing increase in smartphone subscriptions, which deliver high data ARPU.

・The amount of discount applied was ¥1,040, up ¥100 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 current fiscal year, au handset sales numbered 9.85 million.

[Fixed Line]

FTTH Subscriptions

As of March 31, 2015, the number of FTTH subscriptions increased by 247,000 from March 31, 2014, to 3.435 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 year, we launched smartphones including the "iPhone 6," "iPhone 6 Plus," the "FX0" with the Firefox operating system. In addition, we introduced 15 Android™ smartphones, such as the "BASIO"—the first au smartphone for seniors, and the "miraie"—the first au smartphone for juniors. In tablets, we introduced the "iPad Air 2," "iPad mini 3" and three Android™ models. Sequentially, we also launched such products as Japan's first 4G LTE-compatible Android™ feature phone, the "AQUOS K," two other feature phones, and a Wi-Fi router.

・On February 6, 2015, KDDI began offering a new "Upgrade Program" that enables customers who have been using eligible au mobile phone models for at least 18 months to have their outstanding monthly payment balance waived when changing to a new model.

・We expanded the range of applicability for "au Smart Value," augmenting previous Internet + telephone subscriptions to also include Internet + television subscriptions. Also, on March 1, 2015 we increased the per-line discount amount for customers signing up for "Data Flat-Rate 10G" or higher.

・On March 1, 2015, we introduced the "Zutto Giga Toku Plan." This new plan offers gradual discounts on monthly usage charges during the contract period for customers who subscribe to "au HIKARI HOME" for a three-year period.

・On February 21, 2015, total subscriptions surpassed 4 million households for "Cable-plus phone" and "J:COM PHONE Plus" fixed-line telephone services that KDDI provides through alliances with CATV companies throughout Japan.

<Reference> Business data (Personal)

[**Mobile**]

Cumulative subscriptions		Unit	Year ended March 31, 2014					Year ended 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	As of 2Q	As of 3 Q	As of 4 Q	Fiscal year
au subscriptions		(Thousand)	32,717	33,206	33,582	34,131	-	34,498	34,955	35,590	36,482	-
au smartvalue	**au subscriptions**	(Thousand)	4,630	5,400	6,110	7,050	-	7,590	8,160	8,530	9,330	-
	Households *1	(Thousand)	2,490	2,860	3,210	3,580	-	3,840	4,130	4,270	4,590	-

Indicators*2		Unit	Year ended March 31, 2014					Year ended March 31, 2015				
			1 Q	2 Q	3 Q	4 Q	Fiscal year	1 Q	2Q	3 Q	4 Q	Fiscal year
au ARPU		(Yen)	4,150	4,220	4,240	4,160	4,200	4,220	4,280	4,250	4,180	4,230
	Voice ARPU	(Yen)	1,930	1,960	1,950	1,820	1,920	1,840	1,870	1,840	1,740	1,820
	Data ARPU	(Yen)	3,120	3,190	3,240	3,320	3,220	3,410	3,450	3,460	3,490	3,450
	Amount of discount applied	(Yen)	(900)	(930)	(950)	(980)	(940)	(1,030)	(1,040)	(1,050)	(1,050)	(1,040)
au Churn rate		(%)	0.54	0.65	0.67	1.18	0.76	0.54	0.63	0.66	0.94	0.69
au handset sales*3		(Thousand)	2,290	2,520	2,690	3,230	10,750	1,830	2,430	2,720	2,870	9,850
	of smartphone	(Thousand)	1,820	1,980	2,120	2,630	8,550	1,380	1,930	2,300	2,360	7,970
au handset shipments*4		(Thousand)	2,120	2,410	3,070	2,930	10,540	1,660	2,250	3,020	2,750	9,670

[Fixed Line]

Cumulative subscriptions	Unit	Year ended March 31, 2014					Year ended 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	As of 2Q	As of 3 Q	As of 4 Q	Fiscal year
FTTH subscriptions*5	(Thousand)	2,950	3,045	3,117	3,188	-	3,221	3,296	3,362	3,435	-
Cable-plus phone subscriptions*6	(Thousand)	3,040	3,202	3,362	3,494	-	3,638	3,778	3,925	4,056	-
CATV subscriptions*7	(Thousand)	4,956	4,980	5,011	4,996	-	5,021	5,031	5,048	5,052	-

*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. Inclusive of J:COM PHONE Plus

*7. 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 ended March 31, 2015, we cultivated a new value chain emerging via the convergence of the Internet and physical worlds through links between “au Smart Pass” and “au WALLET,” thereby contributing to the expansion of value-added revenues.

Operating performance in the Value Services segment for the year ended March 31, 2015 is described below.

Results (Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	212,522	242,336	29,814	14.0
Operating Expenses	160,915	184,352	23,437	14.6
Operating Income	51,607	57,984	6,377	12.4

During the year ended March 31, 2015, operating revenues rose 14.0% year on year, to ¥242,336 million, buoyed by higher smartphone penetration rate, which drove increases in “au Smart Pass” revenues, growth in “au Simple Payment” commission revenues, and a rise in revenue thanks to the start of commissioned settlement operations of KDDI Financial Service Corporation (hereafter, “KFS”)

Operating expenses grew 14.6%, to ¥184,352 million, stemming from higher app procurement expenses as we worked to enhance “au Smart Pass” services, and increased costs associated with the rise in KFS revenues.

As a result, operating income rose 12.4%, to ¥57,984 million.

Overview of Operations

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

au Smart Pass

As of March 31, 2015, “au Smart Pass” members numbered 12.89 million, an increase of 2.64 million from March 31, 2014.

In the fourth quarter, along with our launches of the first au smartphones targeting juniors and seniors, we began offering “au Smart Pass” optimized for each.

To ensure safe use by children, the “miraie” smartphone for juniors features a search function that prevents inappropriate search results from being displayed and includes apps carefully selected to ensure safety and peace of mind.

In line with the “BASIO” smartphone for seniors, we offer “au Smart Pass” screens with large and easy-to-read text, and suggest apps and explain user benefits in an easy-to-understand manner.

Increasing ties with “au WALLET”

To make “au WALLET” use more advantageous to customers and make shopping more enjoyable, we are forging increasing ties with various companies as “Point-up Stores.”
As of March 31, 2015, the number of “Point-up Stores” amounted to approximately 25,000 shops operated by 34 companies.

To commemorate the cumulative number of “au WALLET Card” applications surpassing 10 million in the fourth quarter, on March 6, 2015, we began running the “Super Reduction Customer Campaign.” This campaign includes special point accumulations on Seven-Eleven and Amazon purchases.

<Trends in Principal Performance Indicators>

Value ARPU

During the year, Value ARPU was up ¥20 year on year, to ¥320.

The main factor behind this increase was the steady increase in the number of members to “au Smart Pass,” as well as an increase in “au Simple Payment” commission revenues.

< Main Services >

- On February 18, 2015, Kakaku.com Inc. joined the “Syn.alliance,” a consortium of companies promoting the “Syn.” concept to create new mobile Internet experience. Through this consortium, KDDI offers “Syn.menu,” a shared side navigation bar that provides access to services such as “Tabelog,” “Recipon,” eiga.com[*1],” and “forTravel[*1],” achieving a seamless transition between each service. As of February 25, 2015, the number of “Syn.menu” services totaled 25, offered by 15 companies, and total monthly users[*2] surpassed 100 million, making this service one of the largest of its kind in Japan.
- KDDI provides ongoing support for venture companies, young entrepreneurs and engineers through the “KDDI Open Innovation Fund” (hereafter: “KOIF”) and “KDDI∞Labo.” During the fourth quarter, KDDI provided funding via KOIF to five companies: Mist Technologies, Inc., which provides a content distribution platform that reduces server expenses; Ossia, Inc., a provider of wireless power technology; Monohm Inc.; August Home, Inc.; and Soft Gear Co., Ltd. “KDDI∞Labo” commenced its eighth program through the “Regional Liaison Framework” as part of a new initiative in an alliance with a regional startup support organization.

*1 “eiga.com” and “forTravel” are services offered by consolidated subsidiaries of Kakaku.com Inc., eiga.com inc. and fortravel, Inc.
*2 The total number of unique monthly users of Syn.alliance member services (smartphones only). (This figure includes users making use of multiple member services.)

<Reference> Business data (Value)

Cumulative subscriptions	Unit	Year ended March 31,2014					Year ended 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	As of 2 Q	As of 3 Q	As of 4 Q	Fiscal year
au Smart Pass subscriptions	(Thousand)	6,820	7,990	8,880	10,250	-	10,700	11,400	12,050	12,890	-

Indicators	Unit	Year ended March 31, 2014					Year ended March 31, 2015				
		1 Q	2 Q	3 Q	4 Q	Fiscal year	1 Q	2Q	3 Q	4 Q	Fiscal year
Value ARPU*	(Yen)	270	290	300	350	300	300	310	320	340	320

* 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 diverse cloud solutions that seamlessly utilize 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. 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, 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 are expanding our service offerings to meet the myriad needs of corporate customers who are advancing overseas.

Operating performance in the Business Services segment for the year ended March 31, 2015 is described below.

Results

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	674,912	669,193	(5,719)	(0.8)
Operating Expenses	588,447	588,822	374	0.1
Operating Income	86,464	80,370	(6,093)	(7.0)

During the year ended March 31, 2015, operating revenues fell 0.8% year on year, to ¥669,193 million. Although solution sales such as cloud-related businesses and IT outsourcing rose, fixed-line and mobile communications revenues decreased.

Operating expenses increased 0.1%, to ¥588,822 million, as terminal procurement expenses and cost of solution sales rose and depreciation and amortization increased in line with the expansion of LTE facilities, while sales commissions declined.

Operating income accordingly fell 7.0%, to ¥80,370 million.

Overview of Operations

< Main Services >

- For corporate customers, in September 2014 we began 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.
- In a first for a Japanese cloud business operator[*2], on February 1, 2015, we began offering a new “extra availability” menu that greatly increases service reliability by augmenting the “KDDI Cloud Platform Services,” a cloud platform service for corporate customers with a redundant and distributed storage segment. In addition to enhancing service reliability, this new offering helps provide more resilient customer operations by ensuring high levels of reliability.

*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 According to KDDI’s research

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 is working aggressively to expand consumer businesses, such as MVNO operations in the United States and the mobile phone business in Myanmar and other emerging countries. Furthermore, we provide a voice business to more than 600 telecommunications carriers around the world.

During the fiscal year ended March 31, 2015, as one of the Company’s pillars of growth we leveraged the expertise we have cultivated in Japan and overseas to augment our operations by accelerating our expansion of both the ICT and consumer businesses.

Operating performance in the Global Services segment for the year ended March 31, 2015 is described below.

Results

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	263,624	320,619	56,995	21.6
Operating Expenses	252,217	303,813	51,596	20.5
Operating Income	11,407	16,806	5,398	47.3

With certain exceptions, during the year ended March 31, 2015, the Company adjusted the fiscal year end of its overseas subsidiaries to coincide with the consolidated fiscal year-end. Operating income and operating expenses for these subsidiaries accordingly increased, as their fiscal periods were effectively 15 months.

In addition to these effects, revenues expanded in the existing MVNO and data center businesses, and the start of operations in Myanmar boosted revenues. As a result, operating revenues expanded 21.6% year on year, to ¥320,619 million.

Operating expenses increased 20.5% year on year, to ¥303,813 million, as the rise in revenues was accompanied by increased communication facility fees to overseas telecommunications carriers.

As a result, operating income increased 47.3%, to ¥16,806 million.

The impact of changes in the accounting year-end for overseas subsidiaries is described within “Segment Information,” under “3. Information on sales and income (loss), identifiable assets, and other items by business segment reported.”

Overview of Operations

< Global Strategy Initiatives>

・ On July 16, 2014, the Company’s consolidated subsidiary, KDDI Summit Global Myanmar Co., Ltd. (hereafter: “KSGM”) entered a joint business agreement with Myanma Posts & Telecommunications (hereafter, “MPT”). Since the start of joint operations on September 1, 2014, the companies have worked together to enhance communication quality by augmenting networks and boost customer support through call center expansion.

KSGM introduced a new rate plan in January 12, 2015, and launched a data communications discount campaign on March 4, 2015. These moves were aimed at providing a flexible rate structure that would be easy for customers to use.

As a result of these initiatives, as of March 31, 2015, sales of SIM cards exceeded 8 million, and this figure is expected to grow steadily.

Going forward, KSGM intends to further expand service areas, improve data communication speeds, enhance customer support, and extend IP-VPN, Internet and other services for corporate customers, thereby pleasing its customers and becoming a best-in-class telecommunications operator.

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[*1]. Since that time, UQ has worked to expand and enhance the service area. By introducing carrier aggregation (hereafter: "CA") technology and the world's first[*1] 4 x 4 MIMO technology[*2], the company has succeeded in doubling "WiMAX 2+" speeds from 110Mbps[*3] to 220Mbps[*3], and has begun offering Wi-Fi routers compatible with these technologies.

On February 20, 2015, UQ also began offering a new rate plan, "UQ Flat 2+ Giga-hodai," which allows customers to enjoy unlimited access at a flat monthly rate.

In these ways, the company is working to provide ultrahigh-speed mobile data communication services befitting the full-fledged cloud era.

In December 2014, the company received the number one overall customer satisfaction rating in the "Fiscal 2015 Oricon Customer Satisfaction Ranking™ (Mobile Data Communications Ranking Division)" and the "RBB Today Mobile Award 2014 Carrier Division (Data Communications)." Already having received the No. 1 customer service ranking in the "Japan Mobile Data Service Satisfaction Survey[SM*2]," conducted by J.D. Power Asia Pacific Inc., this marks the second consecutive year the company has topped all three rankings for customer satisfaction in mobile data communications.

*1 For mobile Wi-Fi routers (according to KDDI's research)

*2 An abbreviation of "Multiple Input Multiple Output." This technology is used with WiMAX 2+ communications to achieve ultrafast communications with downlink speeds of up to 220Mbps through simultaneous reception and transmission of multiple data streams, using the four antennas provided both on the data sending side (the base station) and receiving side (the router).

*3 The speeds mentioned are maximum speeds according to technical standards and do not indicate actual usage speeds. Even within high-maximum speed service areas, speeds may slow down significantly depending on the usage environment and traffic status. This is a best-effort method service.

*4 Provides unlimited monthly data communications on "WiMAX 2+." However, speeds may slow depending on usage status and base station congestion.

*5 Source: "J.D. Power Asia Pacific 2013–2014 Japan Mobile Service Satisfaction Survey[SM]." Data for the 2014 survey is based on responses from 3,500 individual users of specialized data devices.

<Jibun Bank Corporation >

Jibun Bank Corporation, an equity-method affiliate of the Company, offers a number of convenient financial services to au customers through the "Premium Bank for au" program that is provided through a tie-up with KDDI and Okinawa Cellular Telephone Company. Since the program's inauguration on May 21, 2014, Jibun Bank's number of account applications has grown, and the bank has earned a solid reputation with numerous au customers.
As of March 18, 2015, Jibun Bank's balance on card loan financing (the total of Jibun Loan[*1] and Cash One balances) exceeded ¥90 billion. This breakthrough came only five months after the balance surpassed ¥80 billion, in October 2014.

*1 New applications are for Jibun Loan only. The bank is not accepting new applications for Cash One.

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 The trademark "iPhone" is used under license from AIPHONE CO., LTD.

3 "Firefox" is a trademark or registered trademark of Mozilla Foundation in the United States and other countries.

4 "iPad" is a trademark registered by Apple Inc. in the United States and other countries.

5 "Android" is a trademark or registered trademark of Google Inc.

6 "AQUOS" is trademark or registered trademarks of Sharp Corporation.

7 "Wi-Fi" is a registered trademark of Wi-Fi Alliance®.

8 Other company and product names are registered trademarks or trademarks of their respective companies.

4) Outlook for the Year ending March 31, 2016

The Company's consolidated financial results outlook for the year ending March 31, 2016 is for consolidated net sales of ¥4,400,000 million, operating revenue of ¥820,000 million, and net income attributable to the parent of ¥490,000 million.

As KDDI has resolved to voluntarily adopt IFRS from the year ending March 31, 2016, the above-stated forecast figures are calculated according to IFRS.

The Company has not prepared consolidated business forecasts for the six months ending September 30, 2015 because the rapidly changing operating environment, characterized by competition among telecommunication carriers, means it is difficult to make forecasts for this period.

(2) Analysis on Consolidated Financial Position

1. Consolidated Financial Position

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase (Decrease)
Total assets	4,945,756	5,250,364	304,607
Shareholder's equity	2,723,391	3,010,573	287,182
Equity ratio	55.1	57.3	2.2
Net assets per share	1,087.21	1,201.86	114.65
Interest-bearing debt	1,084,967	1,002,214	(82,753)

Consolidated total assets amounted to ¥5,250,364 million as of March 31, 2015, up ¥304,607 million from March 31, 2014. This increase was mainly attributable to the rise in loans receivable to UQ Communications Inc.

Total liabilities amounted to ¥2,011,615 million, down ¥17,151 million from March 31, 2014. Although long-term loans payable and other accounts payable rose, the current portion of noncurrent liabilities decreased, as did short-term loans payable.

Net assets amounted to ¥3,238,748 million as of March 31, 2015. Higher retained earnings was the primary reason for this increase.

As a result, the shareholders' equity ratio was 57.3% as of March 31, 2015, up from 55.1% on March 31, 2014.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Year ended March 31 2014	Year ended March 31, 2015	Increase (Decrease)
Net cash provided by (used in) operating activities	772,207	962,249	190,041
Net cash provided by (used in) investing activities	(546,257)	(674,520)	(128,263)
Free cash flows(Note)	225,950	287,728	61,778
Net cash provided by (used in) financing activities	(105,643)	(224,862)	(119,218)
Effect of exchange rate change on cash and cash equivalents	4,365	3,505	(859)
Net increase (decrease) in cash and cash equivalents	124,671	66,371	(58,300)
Cash and cash equivalents at beginning of period	87,288	212,530	125,241
Increase in cash and cash equivalents resulting from merger	569	-	(569)
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	(2,966)	(2,966)
Cash and cash equivalents at end of period	212,530	275,935	63,405

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 ¥962,249 million, largely due to ¥719,943 million of income before income taxes and minority interests, ¥494,569 million of depreciation, and ¥236,358 million of income taxes paid.

Investing activities used net cash of ¥674,520 million, mainly due to ¥391,220 million for purchase of property, plant and equipment, ¥129,951 million for purchase of intangible assets, and ¥95,300 million for payments of long-term loans receivable from subsidiaries and affiliates.

Financing activities used net cash of ¥224,862 million. This includes ¥184,000 million for repayment of long-term loans payable, ¥125,226 million for cash dividends paid, ¥120,020 million for repayment of long-term loans payable, and ¥95,000 million for the redemption of bonds.

The sum of cash flows from operating and investing activities showed a net inflow of ¥287,728 million, up ¥61,778 million year on year.

As a result, the total amount of net cash and cash equivalents as of March 31, 2015, increased ¥63,405 million from March 31, 2014, to ¥275,935 million.

3. Cash Flows Indicators

	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Shareholder’s equity ratio	55.7%	51.5%	55.1%	55.1%	57.3%
Market equity ratio	57.9%	51.2%	72.4%	100.9%	129.8%
Debt repayment period (year)	1.4	1.4	1.9	1.4	1.0
Interest coverage ratio	51.1	56.3	46.7	69.1	96.2

Note

- Equity ratio: (Total net assets – Stock acquisition rights – Minority interests) / Total assets
- Market equity ratio: Market capitalization / Total assets
- Debt repayment period: Interest bearing debt / Cash flows
- Interest coverage ratio: Cash flows / Interest payments

- Market capitalization is calculated by multiplying the closing stock price at fiscal year-end by the number of shares outstanding (not including treasury stock).
- Cash flows from operating activities in consolidated statements of cash flows are used for operating cash flows.
- Figures for interest-bearing debt cover the amounts of loans and bonds that are recognized in consolidated balance sheets and liabilities upon which interest is paid. Further, regarding interest payments, the amount of interest expenses paid in consolidated statements of cash flows is used.

(3) Profit Distribution

Regarding the return of profits to shareholders as one of the priorities of its business management, the Company has a basic policy of continuing to pay stable dividends while maintaining financial soundness. The Company’s policy is to maintain a consolidated payout ratio of more than 30% range, while taking into account investment for sustainable growth.

Regarding dividend payments for the year ended March 31, 2015, the Company has already paid an interim cash dividend of ¥80.00 per share. In order to express gratitude to its shareholders for their constant support, and in light of an overall consideration of business development aimed at improving future business results, the Company plans to pay an increased year-end cash dividend of ¥90.00 per share, up ¥20.00 year on year.

Further, for the year ending March 31, 2016Note the Company plans to pay out ¥30.00 per share for both the interim and year-end cash dividend, as well as a ¥5.00 per share dividend at the time of the interim dividend to commemorate KDDI’s 15th anniversary of establishment, making the full-year amount ¥65.00 per share.

The Company will work to increase the consolidated payout ratio to more than 30% while considering investment for the sustainable growth remains.

Note: The dividend for the year ending March 31, 2016, is based on figures following the 1:3 stock split conducted on April 1, 2016.

(4) Business Risks

As the Companies pursue its business, there are various risks involved. The Companies take every effort to reduce these risks by preventing and hedging them.

However, there are various uncertainties which could have negative impacts on the Companies' brand image, liability, financial position and/or earnings performance such as;

- subscription growth trends out of line with the Companies expectations due to competition, rival technologies and rapid market shifts
- breach of obligations regarding communications security and protection of customer privacy
- natural disasters accidents and power restrictions caused by earthquake, tsunami, typhoon, etc.
- revision or repeal of laws and ordinances governing telecommunications, together with related government policies
- general legal and regulatory, litigation and patents, personnel retention and training, retirement benefits, asset-impairment accounting, telecommunications sector consolidation and business restructuring in the Companies

DMX Technologies Group Limited ("DMX", located in Hong Kong and listed on the main board of the Singapore Exchange, or the "SGX"), a KDDI overseas consolidated subsidiary, has provided notice to the SGX regarding irregular accounting practices conducted by its subsidiaries in 2008 and 2009.

Currently within DMX, the following are being conducted: (i) an investigation by its internal investigating committee formed under the new management team led by the new CEO; (ii) a financial audit by DMX's accounting auditor; and (iii) investigations by external attorneys including investigations regarding its previous transactions, the financial impact and where responsibility lies. During those processes, in addition to the above-mentioned irregular accounting practices regarding the transactions in 2008 and 2009, new questions have arisen regarding the collectability and soundness of accounts receivable and other assets related to some of the transactions.

KDDI has also launched its own investigation into this matter. Additionally, as of May 12, 2015, KDDI has established an investigating committee composed of external experts ("External Investigating Committee") aiming (i) to investigate and analyze KDDI's capital participation in DMX and KDDI's governance on DMX and its subsidiaries since its capital participation in DMX, and (ii) to investigate the causes of the incidents and to develop preventive measures for the future.

KDDI intends to reinforce its governance over its overseas subsidiaries and consequently achieve growth of its overseas operations, based on the investigation reports prepared by the External Investigation Committee and other factors.

2. The Group

The Group comprises the Company, 147 consolidated subsidiaries (Japan: 77 companies, overseas: 70 companies), one unconsolidated subsidiary (Japan: 1 company) and 32 affiliates (Japan: 23 companies, overseas: 9 companies). The Group’s main business lines are “Personal,” “Value,” “Business,” “Global.” Affiliates include 31 equity-method affiliates (Japan: 23 companies, overseas: 8 companies).

The status of the Company, consolidated subsidiaries and affiliates within the Companies business and their relationships with segments are as shown below.

<Personal>

Principal services	For individuals and households communications services(au mobile phone, FTTH, CATV)	
Major subsidiaries and affiliates	〔The parent〕	The Company
	〔Consolidated subsidiaries〕	OKINAWA CELLULAR TELEPHONE COMPANY [JASDAQ], Jupiter Telecommunications Co., Ltd, Chubu Telecommunications Co., INC., KDDI VALUE ENABLER CORPORATION, Wire and Wireless Co., Ltd.
	〔Equity-method affiliates〕	UQ Communications Inc.

<Value>

Principal services	Provision of various financial services, applications, videos, and music, as well as advertisement distribution	
Major subsidiaries and affiliates	〔The parent〕	The Company
	〔Consolidated subsidiaries〕	KDDI FINANCIAL SERVICE CORPORATION, Syn. Holding, Inc., WebMoney Corporation, Jupiter Entertainment Co., Ltd. J SPORTS Corporation
	〔Equity-method affiliates〕	Jibun Bank Corporation, KKBOX Inc.

<Business>

Principal services	For companies communications services(ICT solution, data center)	
Major subsidiaries and affiliates	〔The parent〕	The Company
	〔Consolidated subsidiaries〕	Chubu Telecommunications Co., INC. KDDI MATOMETE OFFICE CORPORATION Japan Internet Exchange Co., Ltd.
	〔Equity-method affiliates〕	LAC Co., Ltd. (listed on the JASDAQ market of the Tokyo Stock Exchange)

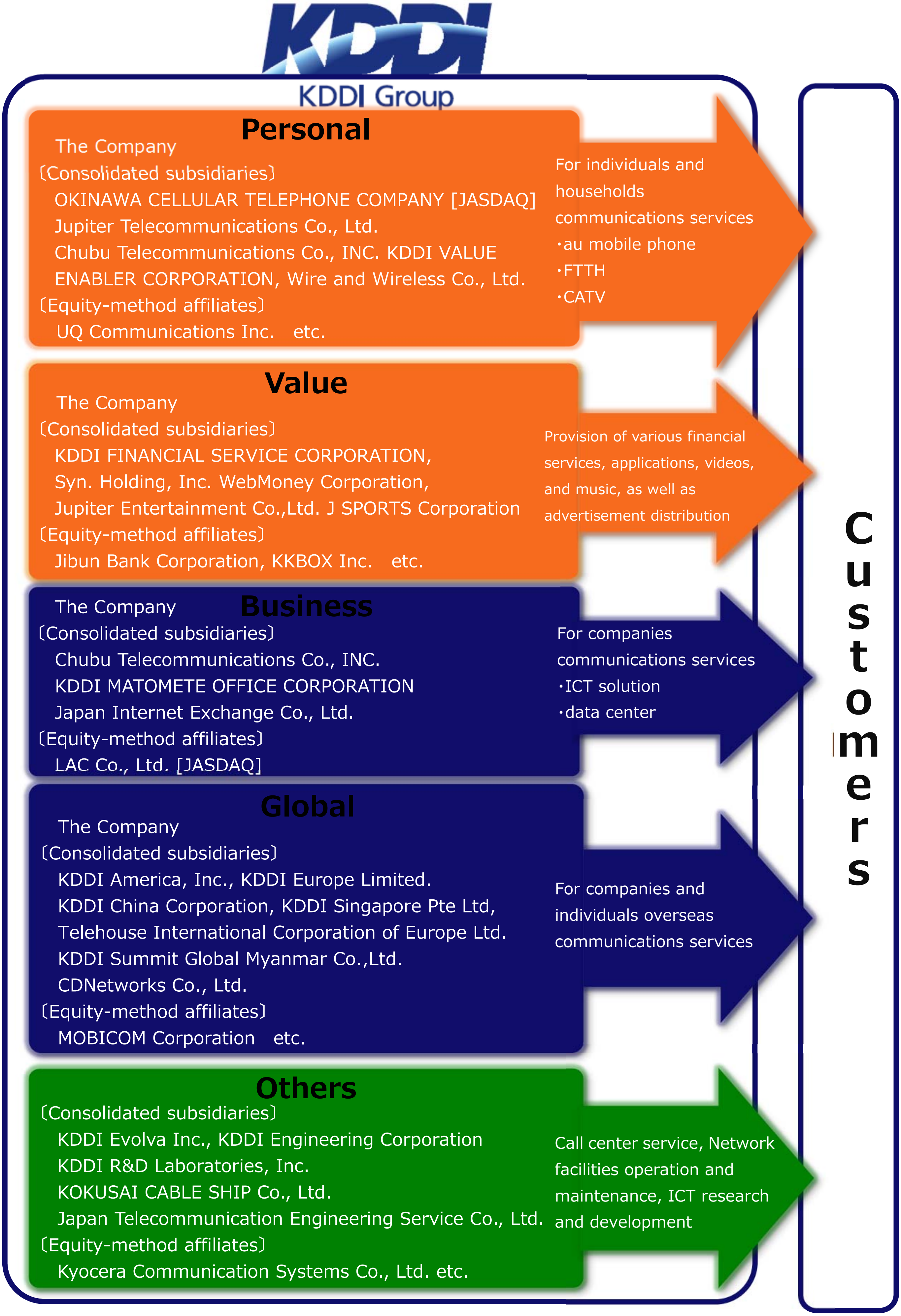
<Global>

Principal services	For companies and individuals overseas communications services(ICT solution, data center)	
Major subsidiaries and affiliates	〔The parent〕	The Company
	〔Consolidated subsidiaries〕	KDDI America, Inc., KDDI Europe Limited., KDDI China Corporation, KDDI Singapore Pte Ltd, TELEHOUSE International Corporation of Europe Ltd., KDDI Summit Global Myanmar Co., Ltd., CDNetworks Co., Ltd.
	〔Equity-method affiliates〕	MOBICOM Corporation

<Others>

Principal services	Call center service, Network facilities operation and maintenance, ICT research and development	
Major subsidiaries and affiliates	〔The parent〕	The Company
	〔Consolidated subsidiaries〕	KDDI Evolva Inc., KDDI Engineering Corporation KDDI R&D Laboratories, Inc., KOKUSAI CABLE SHIP Co.,Ltd. Japan Telecommunication Engineering Service Co., Ltd.
	〔Equity-method affiliates〕	Kyocera Communication Systems Co., Ltd.

Business schematic diagram of corporate groups are shown as below



3. Management Policy

(1) Basic Management Policies

- We aim to become a company that can provide excitement, safety, happiness and smiles of gratitude to people in the world by offering highly credible networks and value-added products and services.
- The Companies will advance total customer satisfaction (TCS) initiatives that will heighten the level of satisfaction among all stakeholders.
- The Companies will emphasize cash flows and work to become a company that is attractive to its shareholders and other investors.
- The Companies will work to establish an even sounder financial position by making efficient capital investments and reducing various expenses rigorously.
- To step up information security, we are working to ensure thorough information management and compliance and reinforcing our risk management structure.
- The Companies will actively implement activities to preserve the environment—including energy saving, resource saving, recycling, and green purchasing—in order to emphasize harmony with the global environment and create a rich society that is fully in accord with human nature.
- The Companies will actively contribute to the development of a rich communications-based society in adherence with the overriding goal of its corporate social responsibility initiatives, which seek to support social and economic activities in all areas by providing secure and convenient telecommunications services.

(2) Target Management Indicators

The KDDI Group targets double-digit growth in consolidated operating income for the fiscal year ending March 31, 2016, and will work to achieve the key indicators described below.

(Unit)	Forecast for the fiscal year ending March 31, 2016	Reference
au net additions (Thousands of subscriptions)	2,300	—
au subscriptions (Thousands of subscriptions)	45,778	—
Total ARPA (Yen)	6,110	au ARPA ＋ Value ARPA
au ARPA * (Yen)	5,610	Based on the Personal Services segment. Mobile communications revenue, excluding MVNO and prepaid ÷ au customers
Value ARPA * (Yen)	500	Value-added ARPA revenues in the Value Services segment (“au Simple Payment” and “au WALLET” settlement commissions + Sales from KDDI services, such as, “au Smart Pass,” product sales, and advertising revenues, etc.) ÷ au customers
Mobile devices per person * (Units)	1.40	—
Communications (Billions of yen)	8,500	Total amount in circulation, including from KDDI’s own services such as” au Simple Payment” and “au WALLET”

*Excluding MVNO and prepaid

(3) Medium-to Long-term Management Strategies

The Companies have formalized “three commitments” as our business visions to respond quickly to changes in the operating environment, while at the same time growing sustainably and taking the lead in meeting emerging needs.

- **“More connected”** -- We will aim to achieve multi-network connectivity by organically linking networks owned by the Companies, including mobile phone, FTTH, CATV and WiMAX networks, and various devices. We will also provide a high-speed communication environment and attractive content optimized for multi-device access. At the same time, the companies will enable multi-use services tailored to individual customer preferences, thereby making ourselves “more connected” to customer.

- **“More diverse values”** -- The ongoing proliferation of Internet technologies, led by IP connectivity, are spawning ICT needs in a broadening host of fields, including medicine, health, education, government and the environment. By taking a more active part in various corporate initiatives and lifestyle aspects, the Companies offer further value to customers.

- **“More global”** -- Overseas, many countries are experiencing robust economic growth. Meanwhile, Internet diffusion in numerous emerging markets continues to lag. The Companies are working to meet the needs of markets around the world by developing communication-related businesses tailored to individual countries’ cultural and socioeconomic conditions, and is working toward global information and telecommunication technology (ICT) and building communication environments to this end.

To realize these visions, we will advance the full-scale implementation of the “3M strategy (Multi-network, Multi-device, Multi-use)” and “Global Strategy,” which will enable customers to select a device the meets their own preferences and to enjoy a variety of content through an optimal network that can be used anytime and anywhere. We will work to enhance its networks, handsets and services and to raise customer satisfaction.

(4) Important Issues

In the telecommunications business, the growing prevalence of smartphones, tablets and other smart devices is leading to the adoption throughout the world of mobile networks that use LTE to achieve high-speed communications. In this way, the world is shifting toward smartphones and high-speed networks. Japan, as well, is moving from a model in which telecommunications carriers provide conventional feature phones they have developed themselves to one in which the mainstream uses globally consistent smartphones employing various companies' networks for high-speed communications, centered on LTE. Moving into 2015, KDDI's competitors began offering mobile and fixed-line bundled services, leading to increased competitor similarity. The regulatory environment is also changing with the further uptake of MVNO services and the move to unlock SIM cards. In response to these changes in the business climate—increasing market similarity and changes in the regulatory environment—KDDI is working to bolster its competitiveness further and striving to achieve business growth over the medium term. The Company is pursuing the following initiatives to enhance its competitiveness and achieve medium-term growth.

・Advancement of the "3M Strategy"

KDDI is leveraging "au Smart Value" in its efforts to continue expanding its customer base in the telecommunications business. In the "multi-network" aspect of the "3M Strategy," KDDI is working to ensure extensive area coverage, particularly for mobile networks. The Company is also building networks that are tough and inexpensive and offer high quality and easy connections by taking advantage of the WiMAX2+ service provided by affiliated company UQ Communications Inc. to increase speeds and use frequencies effectively by employing leading-edge technologies. In the "multi-device" category, along with the growing adoption of smartphones KDDI is promoting the use of tablets and various other devices. In the "multi-use" category, the Company is endeavoring to increase value-added revenues by stepping up initiatives such as "au Smart Pass" and "au WALLET."

In addition, we are boosting our "distinctively au" credentials on various fronts to enhance customers' user experience, promoting "au" as the brand of choice for customers as we strive to grow our business in Japan.

・Promoting the Global Strategy

KDDI's consolidated subsidiary, KDDI Summit Global Myanmar Co., Ltd., is currently working with Myanma Posts & Telecommunications (MPT), the country's nationally operated telecommunications partner, to strengthen the country's telecommunications business foundations. In particular, the companies are striving to improve communications quality through more robust networks and enhance sales networks and call center operations. In addition to contributing to the country's economic and industrial development and improving the lives of its citizens, KDDI will promote the growth of these operations so they will form an important future pillar for its overseas business.

In data center and other ICT businesses for corporate customers, KDDI will expand its overseas business through ongoing infrastructure reinforcement efforts.

4. Basic Perspective on Selection of Accounting Standards

The KDDI Group has decided to voluntarily adopt IFRS from the first quarter of the year ending March 31, 2016 to facilitate international comparisons of its financial information and enhance disclosure, thereby making the information it supplies more useful to domestic and overseas investors, as well as its various other stakeholders.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery[4]	2,289,845	2,333,175
Accumulated depreciation	(1,639,249)	(1,679,727)
Machinery, net	650,596	653,448
Antenna facilities	628,703	666,119
Accumulated depreciation	(286,331)	(319,770)
Antenna facilities, net	342,372	346,349
Local line facilities[4]	401,769	413,348
Accumulated depreciation	(281,106)	(299,628)
Local line facilities, net	120,662	113,719
Long-distance line facilities	103,007	103,911
Accumulated depreciation	(98,425)	(98,068)
Long-distance line facilities, net	4,582	5,843
Engineering facilities[4]	65,476	64,060
Accumulated depreciation	(42,024)	(43,699)
Engineering facilities, net	23,451	20,360
Submarine line facilities[4]	46,334	46,449
Accumulated depreciation	(43,176)	(44,052)
Submarine line facilities, net	3,157	2,397
Buildings[4]	371,535	374,047
Accumulated depreciation	(209,097)	(218,202)
Buildings, net	162,437	155,844
Structures[4]	81,233	83,148
Accumulated depreciation	(55,168)	(58,289)
Structures, net	26,065	24,859
Land	247,865	247,779
Construction in progress	156,710	177,912
Other tangible Assets[4]	112,856	118,421
Accumulated depreciation	(86,025)	(90,337)
Other tangible assets, net	26,831	28,083
Total property, plant and equipment[1]	1,764,732	1,776,598
Intangible assets		
Right of using facilities	11,164	12,449
Software	157,035	196,808
Goodwill	21,047	18,314
Other intangible assets	8,671	7,990
Total intangible assets	197,918	235,562
Total noncurrent assets-telecommunications business	1,962,650	2,012,161

(Amount unit: Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Incidental business facilities		
Property, plant and equipment		
Property, plant and equipment	852,423	885,196
Accumulated depreciation	(479,146)	(503,812)
Property, plant and equipment, net	373,276	381,383
Total property, plant and equipment[1]	373,276	381,383
Intangible assets		
Total intangible assets[1]	545,200	529,003
Total noncurrent assets-incidental business	918,476	910,387
Investments and other assets		
Investment securities[4]	91,509	50,594
Stocks of subsidiaries and affiliates[2,4]	41,480	61,160
Investments in capital of subsidiaries and affiliates[2]	274	292
Long-term loans receivable from subsidiaries and associates	-	95,300
Long-term prepaid expenses	245,184	247,985
Net defined benefit asset	20,103	26,034
Deferred tax assets	79,314	92,773
Other investment and other assets[4]	50,739	90,466
Allowance for doubtful accounts	(9,575)	(44,728)
Total investments and other assets	519,029	619,878
Total noncurrent assets	3,400,157	3,542,427
Current assets		
Cash and deposits[4]	222,050	264,240
Notes and accounts receivable-trade	1,094,919	1,173,433
Accounts receivable-other	68,297	81,126
Short-term investment securities[4]	273	20,320
Supplies	86,060	79,232
Deferred tax assets	51,352	47,190
Other current assets	44,177	64,829
Allowance for doubtful accounts	(21,532)	(22,436)
Total current assets	1,545,599	1,707,937
Total assets	4,945,756	5,250,364

(Amount unit: Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Noncurrent liabilities		
Bonds payable[4]	204,998	215,000
Long-term loans payable[4]	518,697	609,317
Net defined benefit liability	17,339	14,825
Provision for point service program	76,338	75,245
Other noncurrent liabilities	162,455	138,972
Total noncurrent liabilities	979,830	1,053,361
Current liabilities		
Current portion of noncurrent liabilities[4]	233,466	133,789
Notes and accounts payable-trade[4]	87,232	101,739
Short-term loans payable[4]	95,255	3,140
Accounts payable-other	349,011	409,109
Accrued expenses	26,732	30,417
Income taxes payable	125,364	164,331
Advances received	55,254	42,960
Provision for bonuses	28,771	26,842
Other current liabilities	47,848	45,925
Total current liabilities	1,048,936	958,254
Total liabilities	2,028,767	2,011,615
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	385,942	385,942
Retained earnings	2,291,730	2,586,143
Treasury stock	(161,821)	(161,821)
Total shareholders' equity	2,657,702	2,952,116
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,731	21,117
Deferred gains or losses on hedges	(1,584)	(1,993)
Foreign currency translation adjustment	15,189	22,647
Remeasurements of defined benefit plans	6,352	16,685
Total accumulated other comprehensive income	65,688	58,457
Subscription rights to shares	39	34
Minority interests	193,558	228,141
Total net assets	2,916,989	3,238,748
Total liabilities and net assets	4,945,756	5,250,364

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Income)

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	2,609,157	2,734,554
Operating expenses		
Business expenses	684,468	733,091
Operating expenses	40	42
Facilities maintenance expenses	260,092	270,153
Common expenses	2,796	2,330
Administrative expenses	83,713	81,973
Experiment and research expenses	6,715	6,554
Depreciation	362,057	383,638
Noncurrent assets retirement cost	18,621	25,303
Communication facility fee	364,319	392,129
Taxes and dues	43,655	40,868
Total operating expenses[1]	1,826,481	1,936,087
Net operating income from telecommunications	782,675	798,466
Operating income and loss from incidental business		
Operating revenue	1,724,471	1,838,587
Operating expenses[1]	1,843,901	1,895,755
Net operating loss from incidental business	(119,430)	(57,167)
Operating income	663,245	741,298
Non-operating income		
Interest income	742	976
Dividends income	1,844	1,828
Equity in earnings of affiliates	-	5,801
Foreign exchange gains	5,144	5,584
Miscellaneous income	12,020	13,411
Total non-operating income	19,752	27,603
Non-operating expenses		
Interest expenses	12,018	12,272
Equity in losses of affiliates	740	-
Miscellaneous expenses	7,350	4,226
Total non-operating expenses	20,110	16,499
Ordinary income	662,887	752,402

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Extraordinary income		
Gain on sales of noncurrent assets[2]	300	224
Gain on sales of investment securities	6,866	51,587
Gain on reversal of subscription rights to shares	-	1,237
Gain on change in equity	-	3,596
Contribution for construction	923	709
Total extraordinary income	8,089	57,354
Extraordinary loss		
Loss on sales of noncurrent assets[3]	377	497
Impairment loss[4]	8,695	42,116
Loss on retirement of noncurrent assets[5]	-	12,159
Loss on valuation of investment securities	269	532
Loss on step acquisitions	38,457	-
Reduction entry of contribution for construction	922	709
Loss on business of subsidiaries and associates	1,623	-
Loss on business of overseas subsidiaries[6]	-	33,798
Total extraordinary losses	50,347	89,813
Income before income taxes and minority interests	620,628	719,943
Income taxes-current	232,537	265,429
Income taxes for prior periods[7]	-	6,873
Income taxes-deferred	32,233	(1,952)
Total income taxes	264,771	270,350
Income before minority interests	355,857	449,593
Minority interests in income	33,819	21,661
Net income	322,038	427,931

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Comprehensive Income)

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Income before minority interests	355,857	449,593
Other comprehensive income		
Valuation difference on available-for-sale securities	7,499	(25,825)
Deferred gains or losses on hedges	40	(1,810)
Foreign currency translation adjustment	25,443	5,850
Remeasurements of defined benefit plans, net of tax	-	10,332
Share of other comprehensive income of associates accounted for using equity method	(482)	4,306
Total other comprehensive income	32,501	(7,146)
Comprehensive income	388,358	442,447
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	350,161	420,700
Comprehensive income attributable to minority interests	38,197	21,746

(3) Consolidated Statements of Changes in Net Assets

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Shareholders' equity		
Capital stock		
Balance at the end of previous period	141,851	141,851
Restated balance	141,851	141,851
Balance at the end of current period	141,851	141,851
Capital surplus		
Balance at the end of previous period	367,144	385,942
Restated balance	367,144	385,942
Changes of items during the period		
Disposal of treasury stock	18,281	-
Other	516	-
Total changes of items during the period	18,798	-
Balance at the end of current period	385,942	385,942
Retained earnings		
Balance at the end of previous period	2,055,586	2,291,730
Cumulative effects of changes in accounting policies	-	(8,270)
Restated balance	2,055,586	2,283,459
Changes of items during the period		
Dividends from surplus	(85,894)	(125,246)
Net income	322,038	427,931
Total changes of items during the period	236,143	302,684
Balance at the end of current period	2,291,730	2,586,143
Treasury stock		
Balance at the end of previous period	(346,001)	(161,821)
Restated balance	(346,001)	(161,821)
Changes of items during the period		
Purchase of treasury stock	(19)	(0)
Disposal of treasury stock	184,199	-
Total changes of items during the period	184,179	(0)
Balance at the end of current period	(161,821)	(161,821)
Total shareholders' equity		
Balance at the end of previous period	2,218,581	2,657,702
Cumulative effects of changes in accounting policies	-	(8,270)
Restated balance	2,218,581	2,649,432
Changes of items during the period		
Dividends from surplus	(85,894)	(125,246)
Net income	322,038	427,931
Purchase of treasury stock	(19)	(0)
Disposal of treasury stock	202,480	-
Other	516	-
Total changes of items during the period	439,121	302,684
Balance at the end of current period	2,657,702	2,952,116

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	38,882	45,731
Restated balance	38,882	45,731
Changes of items during the period		
Net changes of items other than shareholders' equity	6,849	(24,614)
Total changes of items during the period	6,849	(24,614)
Balance at the end of current period	45,731	21,117
Deferred gains or losses on hedges		
Balance at the end of previous period	(1,598)	(1,584)
Restated balance	(1,598)	(1,584)
Changes of items during the period		
Net changes of items other than shareholders' equity	13	(408)
Total changes of items during the period	13	(408)
Balance at the end of current period	(1,584)	(1,993)
Foreign currency translation adjustment		
Balance at the end of previous period	(6,070)	15,189
Restated balance	(6,070)	15,189
Changes of items during the period		
Net changes of items other than shareholders' equity	21,260	7,458
Total changes of items during the period	21,260	7,458
Balance at the end of current period	15,189	22,647
Remeasurements of defined benefit plans		
Balance at the end of previous period	-	6,352
Restated balance	-	6,352
Changes of items during the period		
Net changes of items other than shareholders' equity	6,352	10,333
Total changes of items during the period	6,352	10,333
Balance at the end of current period	6,352	16,685
Total accumulated other comprehensive income		
Balance at the end of previous period	31,213	65,688
Restated balance	31,213	65,688
Changes of items during the period		
Net changes of items other than shareholders' equity	34,475	(7,231)
Total changes of items during the period	34,475	(7,231)
Balance at the end of current period	65,688	58,457
Subscription rights to shares		
Balance at the end of previous period	574	39
Restated balance	574	39
Changes of items during the period		
Net changes of items other than shareholders' equity	(534)	(5)
Total changes of items during the period	(534)	(5)
Balance at the end of current period	39	34
Minority interests		
Balance at the end of previous period	72,994	193,558
Restated balance	72,994	193,558
Changes of items during the period		
Net changes of items other than shareholders' equity	120,564	34,582
Total changes of items during the period	120,564	34,582
Balance at the end of current period	193,558	228,141
Total net assets		
Balance at the end of previous period	2,323,363	2,916,989
Cumulative effects of changes in accounting policies	-	(8,270)
Restated balance	2,323,363	2,908,719
Changes of items during the period		
Dividends from surplus	(85,894)	(125,246)
Net income	322,038	427,931
Purchase of treasury stock	(19)	(0)
Disposal of treasury stock	202,480	-
Other	516	-
Net changes of items other than shareholders' equity	154,505	27,345
Total changes of items during the period	593,626	330,029
Balance at the end of current period	2,916,989	3,238,748

(4) Consolidated Statements of Cash Flows

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	620,628	719,943
Depreciation and amortization	470,098	494,569
Impairment loss	8,695	42,116
Amortization of goodwill	28,254	28,134
Loss (gain) on sales of noncurrent assets	78	290
Loss on retirement of noncurrent assets	24,773	39,092
Loss on step acquisitions	38,457	-
Increase (decrease) in allowance for doubtful accounts	(994)	31,785
Increase (decrease) in provision for retirement benefits	(13,734)	-
Decrease (increase) in net defined benefit asset	(20,103)	(5,931)
Increase (decrease) in net defined benefit liability	17,339	(2,514)
Interest and dividends income	(2,586)	(2,805)
Interest expenses	12,018	12,272
Equity in (earnings) losses of affiliates	740	(5,801)
Loss (gain) on sales of investment securities	(6,866)	(51,587)
Loss (gain) on sales of shares of subsidiaries and associates	-	(1,237)
Loss (gain) on valuation of investment securities	278	532
Increase (decrease) in provision for point service program	(15,244)	(8,620)
Decrease (increase) in prepaid pension costs	5,284	-
Decrease (increase) in notes and accounts receivable-trade	(95,833)	(131,955)
Decrease (increase) in inventories	(25,940)	6,131
Increase (decrease) in notes and accounts payable-trade	(3,789)	14,693
Increase (decrease) in accounts payable-other	(42,061)	43,327
Increase (decrease) in accrued expenses	(2,254)	1,382
Increase (decrease) in advances received	(16,409)	(16,869)
Other, net	19,274	(4,485)
Subtotal	1,000,106	1,202,465
Interest and dividends income received	4,772	6,146
Interest expenses paid	(11,182)	(10,004)
Income taxes paid	(221,488)	(236,358)
Net cash provided by (used in) operating activities	772,207	962,249

(Amount Unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(438,328)	(391,220)
Proceeds from sales of property, plant and equipment	993	1,517
Purchase of intangible assets	(70,945)	(129,951)
Purchase of investment securities	(2,578)	(3,797)
Proceeds from sales of investment securities	17,041	53,513
Purchase of stocks of subsidiaries and affiliates	(8,256)	(29,742)
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(19,840)	(7,210)
Proceeds from purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation[2]	16,271	-
Proceeds from sales of subsidiaries and affiliates	18,807	1,392
Purchase of long-term prepaid expenses	(62,688)	(59,372)
Payments for transfer of business	-	(6,000)
Net decrease (increase) in short-term loans receivable from subsidiaries and affiliates	-	(11,153)
Payments of long-term loans receivable from subsidiaries and affiliates	-	(95,300)
Other, net	3,267	2,804
Net cash provided by (used in) investing activities	(546,257)	(674,520)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(119,029)	(92,480)
Proceeds from long-term loans payable	350,000	184,000
Repayment of long-term loans payable	(142,250)	(120,020)
Proceeds from issuance of bonds	30,000	30,000
Redemption of bonds	(90,000)	(95,000)
Purchase of treasury stock	(19)	(0)
Cash dividends paid	(85,886)	(125,226)
Cash dividends paid to minority shareholders	(27,345)	(6,865)
Proceeds from stock issuance to minority shareholders	19	25,153
Other, net	(21,132)	(24,423)
Net cash provided by (used in) financing activities	(105,643)	(224,862)
Effect of exchange rate change on cash and cash equivalents	4,365	3,505
Net increase (decrease) in cash and cash equivalents	124,671	66,371
Cash and cash equivalents at beginning of period	87,288	212,530
Increase in cash and cash equivalents resulting from merger	569	-
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	(2,966)
Cash and cash equivalents at end of period[1]	212,530	275,935

（5）Notes for Consolidated Financial Statements

Consolidated financial statements of the Company are prepared under the “Regulations concerning the terms, forms and preparation methods for consolidated financial statements” (Ministry of Finance Ordinance No. 28, 1976, herein after “Regulations for consolidated financial statements”), and in accordance with these regulations and the “Rules for telecommunications business accounting” (Ministry of Posts and Telecommunications Ordinance No.26, 1985.)

(Going Concern Assumption)

None

(Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation

1) Number of consolidated subsidiaries: 147

Major consolidated subsidiaries:
OKINAWA CELLULAR TELEPHONE COMPANY, Jupiter Telecommunications Co.,Ltd., Chubu Telecommunications Co., INC., KDDI FINANCIAL SERVICE CORPORATION, Syn. Holding, Inc., KDDI MATOMETE OFFICE CORPORATION, KDDI Engineering Corporation, KDDI Evolva Inc, KDDI R&D Laboratories, Inc., KDDI America, Inc., KDDI Europe Limited., TELEHOUSE International Corporation of America, TELEHOUSE International Corporation of Europe Ltd., KDDI China Corporation, KDDI Summit Global Myanmar Co., Ltd., DMX Technologies Group Limited, CDNetworks Co.,Ltd., KDDI Singapore Pte Ltd.

(Added)

・ 1 company due to new stock acquisition

Natasha,Inc.,

・ 2 companies due to additional stock acquisition, increasing the Company’s holdings and its conversion to a consolidated subsidiary

nanapi Inc., Jupiter Satellite Broadcasting Co., Ltd.

・ 11 company due to new establishment

KDDI SUMMIT GLOBAL SINGAPORE PTE. LTD, KKBOX Malaysia Sdn. Bhd., KDDI Number 2 Fund for New Business Cultivation, KDDI Summit Global Myanmar Co., Ltd., KDDI VALUE ENABLER CORPORATION, OKINAWA VALUE ENABLER CORPORATION, KDDI PRECEDE CORPORATION, Syn. Holding, Inc., KDDI US Holding, Inc., Total Call International, LLC, CDNetworks Singapore PTE. LTD.

(Removed)

・ 4 companies due to liquidation

KDDI Eastern Europe Ltd., LTI Globai, Inc., Open Network Entertainment, Inc., UBIK Japan Corporation

・ 6 companies due to merger

JAPAN CABLENET LIMITED, Technology Networks Inc., J:COM Finance Co., Ltd., J:COM Kumagaya Ltd., YourGolf Online, Inc., Total Call International, Inc.

・ 9 companies due to such factors as increases in capital through third-party allocation, reducing the Company’s equity, and, becoming equity-method affiliates

KKBOX Inc. and eight subsidiaries of KKBOX Inc.

2) Names of major non-consolidated subsidiaries and other information

Major non-consolidated subsidiary:

ATTRACT INC.

(Reasons why were not included within the scope of consolidation)

The subsidiary is not included within the scope of consolidation because it is insignificant and its total assets, sales, net incomes and retained earnings (the amounts equivalent to the Company’s interest in the companies) does not significantly affect consolidated financial statements.

2. Equity method affiliate

1) Number of equity method affiliate: 31

Major equity method affiliates:

Kyocera Communication Systems Co., Ltd., UQ Communications Inc., Jibun Bank Corporation, KKBOX Inc., Mobaoku Co., Ltd., MOBICOM Corporation.

(Added)

・ 3 companies due to stock acquisition

Data4C's Kabushiki Kaisha, Jorte Inc., VASILY, Inc.

・ 1 company due to stock acquisition

TOLOT Inc.

・ 1 company due to increase in capital through third-party allocation, reducing the Company's equity, and resulting in equity-method affiliate

KKBOX Inc.

(Removed)

・ 1 company due to additional stock acquisition, resulting in consolidated subsidiary

Jupiter Satellite Broadcasting Co., Ltd..

・ 1 company due to reduced ownership
Efun Technology Entertainment Co., Ltd

2) Non-consolidated subsidiary (ATTRACT INC.) and affiliates (Funeven Limited) are not included within the scope of the equity method. Because they are insignificant and their net incomes and retained earnings (the amounts equivalent to the Company's interest in the companies) do not significantly affect consolidated financial statements.

3) For equity method companies with the fiscal year end that differ from the consolidated fiscal year end, the financial statements for the fiscal year of each company are used.

3. Fiscal year of consolidated subsidiaries

Among consolidated subsidiaries, the fiscal year-end of 44 companies, including KDDI China Corporation, is December 31 of each year.
For the preparation of consolidated financial statements, 21 companies, including KDDI China Corporation prepare financial statements based on the provisional accounts as of the consolidated year-end date. The rest 23 companies use financial statements as of December 31 and make adjustments as necessary for consolidation in relation to significant transactions occurring between their year-end date and the consolidated year-end date.
In addition to the above-stated items, 1 company's settlement of accounts is provisional as of March 31, 2015.

In the past, the consolidated financial statements were prepared on the basis of the closing date of the business year for these consolidated subsidiaries, as long as the difference between their year-end date and the consolidated year-end date did not exceed three months. However, in accordance with the scheduled transition to International Financial Reporting Standards from the fiscal year ending March 31, 2016, 21 companies, including KDDI China Corporation changed to prepare financial statements based on the provisional accounts as of the consolidated year-end date.
In addition, for the reasons stated above, for the year ended March 31, 2015, the fiscal year-end for 25 companies, including KDDI America, Inc., has changed from December 31 to March 31, the same as the consolidated year-end. To adjust the income from January 1, 2014 to March 31, 2014, accounted in these subsidiaries through consolidated income statements, their accounting period for the year ended March 31, 2015 is 15 months.
For these subsidiaries, during the period from January 1, 2014 to March 31, 2014, total net sales amounted to ¥41,883 million, operating income ¥2,774 million, and ordinary income and income before income taxes ¥2,967 million.

4. Accounting policies

1) Valuation standards and methods for major assets

(1) Securities

・Bonds intended to be held to maturity: amortized cost method (straight-line method)

・Other securities:

i. Other securities for which market quotations are available are stated at fair value prevailing at the balance sheet date with unrealized gains and losses, directly included in net assets. The cost of securities sold is determined by the moving-average method.

ii. Other securities for which market quotations are not available are valued at cost mainly determined by the moving-average method.

(2) Derivative: Stated at fair value

(3) Inventories

Supplies:
Stated at cost. Cost is determined by the moving-average method (the method of write-downs based on the decrease in profitability is applied in order to calculate the inventory value on the balance sheet).

2) Depreciation and amortization for major assets

(1) Property, plant and equipment other than leased assets

The Company: Machinery: mainly declining-balance method
Property, plant and equipment other than machinery: straight-line method
Consolidated subsidiaries: Mainly straight-line method

Useful life of principle assets is as follows:
Machinery: 9 years
Antenna facilities, Buildings, Structures, Local line facilities, Engineering facilities: 10 to 38 years

(2) Intangible assets other than leased assets: straight-line method

Software for internal use is amortized under the straight-line method over the expected useful lives (5 years). Customer-related assets are amortized over 8–29 years, and assets related to program supply are amortized over 22 years.

(3) Leased assets

Leased assets related to financial leases that do not transfer ownership rights to the lessees are amortized under the straight-line method based on the lease term as the useful life and residual value of zero.

(4) Long-term prepaid expenses: Straight-line method

3) Significant allowances

(1) Allowance for doubtful accounts

To prepare for uncollectible credits, general allowance is recorded based on the actual bad debt ratio, and specific allowance is recorded based on the amount deemed to the uncollectible considering the collectability.

(2) Provision for point service program

In order to prepare for the future cost generating from the utilization of points that customers have earned under the point services such as “au Wallet Point Program,” based on its past experience, the Company reserves an amount considered appropriate to cover possible utilization of the points during or after the next consolidated fiscal year.

(3) Allowance for bonuses

To allow for the payment of bonuses to employees, the Company records the standard for estimated amounts of bonuses to be paid.

4) Method for Accounting for Retirement Benefits

(Method of attributing expected retirement benefits to periods)

When calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to periods through March 31, 2015.

(Method of expenses for actuarial differences and prior service costs)

Prior service costs are amortized on a straight-line basis over the average remaining service life of employees (14 years) in the year in which it arises.
Unrecognized actuarial differences are amortized on a straight-line basis over the average remaining service life of employees (14 years) from the year following that in which they arise.

5) Foreign currency transaction

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.
All assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Revenues and expenses for the year are translated into Japanese yen at the average exchange rate during the year and translation adjustments are included in “Foreign currency translation adjustments” and “Minority interests” of “Net assets.”

6) Significant hedge accounting methods

(1) Hedge accounting methods

The Companies employs deferred hedge accounting. Appropriation accounting is applied to exchange contracts.

(2) Hedging instruments and hedged items

Hedging instruments: Exchange contracts, interest rate swaps

Hedged items: Monetary obligations denominated in foreign currencies, interest on borrowings with variable interest rates

(3) Hedging policy

In accordance with internal regulations, hedges are conducted with the aim of avoiding exchange rate fluctuation risks on monetary obligations denominated in foreign currencies and the risk of interest rate fluctuations on borrowings.

(4) Method of assessing hedge effectiveness

With regard to foreign exchange forward transactions, the assessment of hedging effectiveness has been omitted, as significant conditions are consistent between these transactions and hedged items, and cash flows are fixed.

On interest rate swap transactions, effectiveness is assessed by testing that the interest rate risk of hedged items diminishes.

7) Amortization of goodwill

Goodwill is amortized under the straight-line method over a period of 5 to 20 years. However, minimal amounts of goodwill are recognized as expenses for the year ended March 31, 2015.

8) Cash and cash equivalents in the consolidated cash flow statements

Cash and cash equivalents are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term highly liquid investments with a maturity of three months or less at the time of purchase and which bear lower risks from fluctuations in value.

9) Others

(1) Accounting method for consumption taxes
Consumption taxes are accounted for using the net method of reporting.
Non-deductible consumption taxes relating to assets are accounted for as an expense in the current consolidated fiscal year.

(2) Deferred assets
Bond issuance expenses: Entire amount of expenses is fully charged as incurred.

Changes in Accounting Policies

(Application of Accounting Standard for Retirement Benefits)

(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, March 26, 2015), 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 nine months period ended December 31, 2014, 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 year ended March 31, 2015, 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 ¥1,448 million.

The amount of financial impact on per share information is included in the Per Share Information section.

(Consolidated Balance Sheets)

Note 1: Reduction entry due to subsidies

	As of March 31, 2014	As of March 31, 2015
Reduction entry amount due to contribution for construction (cumulative total)	¥23,060M	¥21,255M

Note 2: Notes relating to affiliates

The amounts that relate to subsidiaries and affiliates and that are included in respective items are as follows.

	As of March 31, 2014	As of March 31, 2015
Stocks of subsidiaries and affiliates	¥41,480M	¥61,160M
Investments in capital of subsidiaries and affiliates	¥274M	¥ 292M

Note 3: Contingent liabilities

	As of March 31, 2014	As of March 31, 2015
(1) Guarantor liabilities		
[As a guarantor for loan of:]		
UQ Communications Inc.	¥117,700M	¥57,400M
[As a guarantor for forward exchange contracts of:]		
Discovery Japan, Inc.	¥3,689M	-
(liabilities denominated in foreign currencies included)	US$47M	-
(2) Contingent liabilities existing in cable system supply contract	¥5,146M	¥6,008M
(liabilities denominated in foreign currencies included)	US$50M	US$50M

Note 4: Assets pledged as collateral and liabilities with collateral:

(The Company)

In compliance with the provisions of Article 4 of the Supplementary Provisions to the Law Concerning the Rationalization of Regulations in the Telecommunications Field, the total assets of the Company have been pledged as general collateral for corporate bonds issued.

	As of March 31, 2014	As of March 31, 2015
Bonds	¥20,000M	¥20,000M

(Consolidated subsidiaries)

In accordance with Article 14, Paragraph 1 of the Act on Settlement of Funds, assets held in trust as security deposits are as follows.

	As of March 31, 2014	As of March 31, 2015
Investment securities	¥3,004M	¥3,003M
Cash and deposits	¥2,500M	-

Assets pledged as other collateral

	As of March 31, 2014	As of March 31, 2015
Machinery	¥215M	¥156M
Local line facilities	¥138M	¥82M
Engineering facilities	¥15M	¥14M
Submarine line facilities	¥2M	¥0M
Buildings	¥128M	¥112M
Structures	¥2M	-
Other tangible assets	¥1,008M	¥11M
Investment securities	¥891M	¥664M
Stocks of subsidiaries and affiliates(Note)	¥767M	¥767M
Other investments and other assets	¥77M	¥122M
Cash and deposits	¥200M	-
Short-term investment securities	¥273M	¥320M
Total	¥3,721M	¥2,251M
(assets denominated in foreign currencies included)	US$11M	US$9M

Corresponding liabilities

Long-term loans payable	¥22,873M	¥21,327M
Current portion of noncurrent liabilities	¥254M	¥187M
Notes and accounts payable-trade	¥201M	-
Short-term loans payable	¥3,397M	¥2,912M
Total	¥26,727M	¥24,427 M
(liabilities denominated in foreign currencies included)	US$21M	US$24M

Note: Stocks in equity-method affiliate Kagoshima Mega Solar Power Corporation was provided as collateral on bank borrowings by that company totaling ¥20,869 million as of March 31, 2015.

(Consolidated Statements of Income)

Note 1: Operating expenses include research and development expenses

Year ended March 31, 2014	Year ended March 31, 2015
¥24,086M	¥20,627M

Note 2: Gain on sales of noncurrent assets

	Year ended March 31, 2014	Year ended March 31, 2015
Gain on disposal of long-distance line facilities	-	¥138M
Gain on disposal of real estate accompanying disposal of land, etc.	¥9M	¥81M
Gain on disposal of other facilities	¥290M	¥4M
Total	¥300M	¥224M

Note 3: Loss on sales of noncurrent assets

	Year ended March 31, 2014	Year ended March 31, 2015
Loss on disposal of facility usage rights	-	¥419M
Loss on disposal of real estate accompanying disposal of land, etc.	¥7M	-
Loss on disposal of other facilities, etc.	¥370M	¥78M
Total	¥377M	¥497M

Note 4: Impairment loss

The Companies mainly recognized impairment loss for the following assets and asset groups.

For the year ended March 31, 2014

Location	Usage for	Type	Impairment loss amount
The Company Domestic transmission line facilities, idle assets, etc. (Tokyo, etc.)	Mainly Telecommunications business	Local line facilities, Machinery, etc.	¥8,541M

The Companies calculate impairment losses by grouping assets based on minimum units that have identifiable cash flows essentially independent from the cash flows of other assets or groups of assets.

As a result, in the year ended March 31, 2014, for domestic transmission system with declining utilization rates and idle assets, the book value has been reduced to recoverable value. The said reduction is recognized as impairment loss of ¥8,541 million in extraordinary loss. This consists of ¥7,229 million for local line facilities, ¥939 million for machinery, ¥373 million for others.

Further, the recoverable amount for the said assets is estimated based on the net selling price. The calculation of market value is based on appraised value and other factors, with the value of assets that are difficult to sell or convert to other uses set at ¥0.

In addition, impairment loss of ¥154 million on business assets was recognized in extraordinary loss in certain subsidiaries. This consists of ¥87 million for software, ¥28 million for structures, ¥38 million from others.

For the year ended March 31, 2015

The Companies mainly recognized impairment loss for the following assets and asset group. The Companies calculate impairment losses by grouping assets based on minimum units that have identifiable cash flows essentially independent from the cash flows of other assets or groups of assets.

Location	Usage for	Type	Impairment loss amount
2GHz band idle assets, etc. (Tokyo, etc.)	Telecommunications business	Machinery, Antenna facilities	¥5,774M

In the year ended March 31, 2015, the Companies drew up a plan to shift the 2GHz band to LTE broadband in order to reinforce its competitiveness in mobile communications services, rendering certain facilities non-performing. Facilities not part of this conversion were determined to be idle assets that were expected to have no future value. The book value of these assets was reduced to their recoverable value. This ¥5,774 million decrease, an impairment loss, was recorded as an extraordinary loss. This amount consists of ¥4,550 million for machinery and ¥1,224 million for antenna facilities.

Further, the recoverable value of these assets is estimated based on their net selling price. Because these assets are difficult to convert to other uses, the net selling price is set at ¥0.

Location	Usage for	Type	Impairment loss amount
Communication facilities, idle assets, etc. (Tokyo, etc.)	Mainly Telecommunications business	Machinery, Local line facilities etc.	¥32,556M

In the year ended March 31, 2015, for assets with declining utilization rates, including some communication facilities, and idle assets, the book value has been reduced to recoverable value. The said reduction is recognized as an impairment loss of ¥32,556 million, an extraordinary loss. This consists of ¥23,363 million for machinery, ¥5,495 million for local line facilities, and ¥3,696 million for others.

Further, the recoverable amount of these assets is estimated based on the net selling price. The calculation of market value is based on reasonable estimate, with the value of assets that are difficult to sell or convert to other uses set at ¥0.

Location	Usage for	Type	Impairment loss amount
Certain services in the Fixed-line Business (Tokyo, etc.)	Telecommunications business	Machinery, etc.	¥3,468M

In the year ended March 31, 2015, due to changes in the market environment and other factors, the future recovery of investments in certain services in the Fixed-line Business was determined to be unlikely. Accordingly, it became possible to prepare a system for managing the incoming and outgoing cash flows generated by these assets and determine earnings and expenses. Accordingly, the grouping of these assets was changed to an independent asset group. The recoverable amount of these assets was reduced to their book value, and the said reduction is recognized as an impairment loss of ¥3,468 million, an extraordinary loss. This consists of ¥2,839 million for machinery, and ¥629 million for others.

The recoverable amount of these assets is estimated at their value in use, with future cash flows discounted at a rate of 6.38%.

In addition, an impairment loss of ¥316 million was recorded for certain subsidiaries. This consists of ¥116 million for software, ¥65 million for machinery, and ¥133 million for others.

Note 5: Loss on retirement of noncurrent assets

	Year ended March 31, 2014	Year ended March 31, 2015
Disposal cost related to the discontinuation of service cooperation on mobile SNS*	-	¥8,626M
Disposal cost related to the disposal of Metal-plus telephone service and other facilities	-	¥2,853M
Others	-	¥680M
Total	-	¥12,159M

* An abbreviation for social networking service

Note 6: Loss on business of overseas subsidiaries

On 3rd February, 2015, both the CEO (Executive Director and Chief Executive Officer) and CFO (Chief Financial Officer) of DMX Technologies Group Limited (“DMX”), an overseas consolidated subsidiary of KDDI, were arrested by the Hong Kong Police Force due to suspected violation of local laws. Upon learning of these arrests, DMX newly assigned CEO and CFO, replacing those arrested, respectively, has established an investigation committee, etc., and has been conducting investigations regarding the facts related to the incidents and the causes of the incidents.

During the investigations, it has been discovered that there is a doubt as to the soundness of assets, such as “Other investment and other assets” (Account Receivables to clients), “Supplies”, “Tangible assets of incidental business facilities”, and “Intangible assets of incidental business facilities”, which all relate to transactions between DMX and some of its specific clients or vendors. Considering those findings, KDDI has posted loss on business of overseas subsidiaries (extraordinary loss) in its consolidated financial statements regarding this financial year, as a possible future loss attributed to the incidents.

Therefore, income before income taxes and minority interests decreased 33,798 million yen.

A breakdown of the loss on business of overseas subsidiaries is as follows:

Provision for allowance for doubtful accounts:	30,900
Loss on valuation of inventory:	1,446
Loss on retirement of noncurrent assets:	1,452
Total:	33,798 (Million Yen)

Note 7: 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.

Objecting to this correction, on December 10, 2014, the Company submitted an application for review to the National Tax Tribunal. This notice of correction corresponds to additional taxes of ¥6,873 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 year ended March 31, 2015, as “income taxes for prior periods.”

Due to the application of tax-effect accounting, the Company has posted income taxes-deferred of ¥5,650 million in accordance with the above-stated excessive depreciation.

(Consolidated Statements of Comprehensive Income)

Amount of recycling and amount of income tax effect associated with other comprehensive income

	Year ended March 31, 2014	Year ended March 31, 2015
Valuation difference on available-for-sale securities		
Amount recognized in the period	¥19,759M	¥10,093M
Amount of recycling	(¥8,215M)	(¥51,493M)
Before income tax effect adjustment	¥11,544M	(¥41,400M)
Amount of income tax effect	(¥4,044M)	¥15,574M
Valuation difference on available-for-sale securities	¥7,499M	(¥25,825M)
Deferred gains or losses on hedges		
Amount recognized in the period	¥598M	(¥1,976M)
Amount of recycling	(¥528M)	(¥799M)
Before income tax effect adjustment	¥69M	(¥2,775M)
Amount of income tax effect	(¥29M)	¥964M
Deferred gains or losses on hedges	¥40M	(¥1,810M)
Foreign currency translation adjustment		
Amount recognized in the period	¥25,443M	¥7,239M
Amount of recycling	-	(¥1,388M)
Before income tax effect adjustment	¥25,443M	¥5,850M
Amount of income tax effect	-	-
Foreign currency translation adjustment	¥25,443M	¥5,850M
Remeasurements of defined benefit plans, net of tax		
Amount recognized in the period	-	¥11,660M
Amount of recycling	-	¥3,130M
Before income tax effect adjustment	-	¥14,791M
Amount of income tax effect	-	(¥4,458M)
Remeasurements of defined benefit plans, net of tax	-	¥10,332M
Share of other comprehensive income of associates accounted for using equity method		
Amount recognized in the period	¥46M	¥4,237M
Amount of recycling	(¥528M)	¥69M
associates accounted for using equity method	(¥482M)	¥4,306M
Total other comprehensive income	¥32,501M	(¥7,146M)

(Consolidated Statements of Changes in Net Assets)
For the year ended March 31, 2014

1. Total number and type of shares outstanding and total number and type of treasury stock

	As of March 31, 2013	Increase during the year ended March 31, 2014	Decrease during the year ended March 31, 2014	As of March 31, 2014
Shares outstanding Common stock[Note1,2]	448,481,800	448,481,800	-	896,963,600
Total	448,481,800	448,481,800	-	896,963,600
Treasury stock Common stock[Note1,3,4]	66,269,400	66,273,882	70,558,334	61,984,948
Total	66,269,400	66,273,882	70,558,334	61,984,948

Note 1: The Company conducted a 1:2 stock split on common stock, with an effective date of April 1, 2013.
2: The increase of 448,481,800 shares in the total number of issued shares of its own shares of common stock is due to split on common stock.
3: The increase of 66,273,882 shares in the Company's holdings of its own shares of common stock is due to split on common stock 66,269,400 shares, due to purchase of share less than one unit 4,482 shares.
4: The decrease of 70,558,334 in the number of ordinary shares of treasury stock was attributable to the exercise of stock options, which accounted for 761,800 shares; the exercise of convertible bond-type bonds with subscription rights, accounting for 69,795,731 shares; and the receipt of requests for the purchase of additional shares to bring odd-lot shares to full trading units, accounting for 803 shares.

2. Subscription warrants and own stock option

	Breakdown of subscription warrants	Types of shares subject to subscription warrants	Number of shares subject to subscription warrants				Balance as of March 31, 2014
			As of March 31, 2013	Increase during the year ended March 31, 2014	Decrease during the year ended March 31, 2014	As of March 31, 2014	
The Company (parent company)	Subscription warrants as stock options	-	-				-
	Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011)[Note]	Common stock	34,897,923 shares Upper limit	34,897,923 shares Upper limit	69,795,731 shares	-	-
Consolidated subsidiaries	Subscription warrants as stock options	-	-				¥39M
Total		-	-	-	-	-	¥39M

Note: Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011)
1: Convertible bond-type bonds with subscription rights to shares are treated as straight bond.
2: Of those shares subject to subscription rights to shares, the number of shares as of April 1, 2013, and the increase in the number of shares during the fiscal year are indicated at the upper limit as if subscription rights to shares had been exercised.
3: The Company conducted a 1:2 stock split on common stock, with an effective date of April 1, 2013.
4: The increase in the number of shares is due to split on common stock.
5: The decrease in the number of shares is due to the exercise of rights (conversion).

3. Dividends

(1) Cash dividends payments

Resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 19, 2013 Annual meeting of shareholders	Common stock	¥36,310M	¥95	March 31, 2013	June 20, 2013
October 28, 2013 Meeting of the Board of Directors [Note]	Common stock	¥49,584M	¥60	September 30, 2013	November 27, 2013

(2) Approval of dividends payments for which the record date is in the fiscal year and the effective date

Resolution	Type of shares	Total dividends	Dividend resource	Dividends per share	Record date	Effective date
June 18, 2014 Annual meeting of shareholders Note	Common stock	¥58,448M	Retained earnings	¥70	March 31, 2014	June 19, 2014

Note: The Company conducted a 1:2 stock split on common stock, with an effective date of April 1, 2013. Dividends per share took into account this stock split.

For the year ended March 31, 2015

1. Total number and type of shares outstanding and total number and type of treasury stock

	As of March 31, 2014	Increase during the year ended March 31, 2015	Decrease during the year ended March 31, 2015	As of March 31, 2015
Shares outstanding Common stock	896,963,600	-	-	896,963,600
Total	896,963,600	-	-	896,963,600
Treasury stock Common stock Note	61,984,948	46	-	61,984,994
Total	61,984,948	46	-	61,984,994

Notes: The increase of 46 shares in the Company's holdings of its own shares of common stock is due to purchase of share less than one unit 46 shares.

2. Subscription warrants and own stock option

	Breakdown of subscription warrants	Types of shares subject to subscription warrants	Number of shares subject to subscription warrants				Balance as of March 31, 2015
			As of March 31, 2014	Increase during the year ended March 31, 2015	Decrease during the year ended March 31, 2015	As of March 31, 2015	
The Company (parent company)	Subscription warrants as stock options	-	-				-
	Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011)	-	-				-
Consolidated subsidiaries	Subscription warrants as stock options	-	-				¥34M
Total		-	-	-	-	-	¥34M

3. Dividends

(1) Cash dividends payments

Resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 18, 2014 Annual meeting of shareholders	Common stock	¥58,448M	¥70	March 31, 2014	June 19, 2014
October 31, 2014 Meeting of the Board of Directors	Common stock	¥66,798M	¥80	September 30, 2014	December 3, 2014

(2) Approval of dividends payments for which the record date is in the fiscal year and the effective date is in the following fiscal year is planned as follows

Resolution	Type of shares	Total dividends	Dividend resource	Dividends per share	Record date	Effective date
June 17, 2015 Annual meeting of shareholders	Common stock	¥75,148M	Retained earnings	¥90	March 31, 2015	June 18, 2015

(Consolidated Statement of Cash Flows)

Note 1: Relationship between balance of cash and cash equivalents and items presented in consolidated balance sheet

	Year ended March 31, 2014	Year ended March 31, 2015
Cash and deposits account	¥222,050M	¥264,240 M
Securities account	¥273M	¥20,320 M
Total	¥222,324M	¥284,560 M
Time deposit with terms exceeding 3 months, securities with terms exceeding 3 months and deposits with collateral	(¥9,794M)	(¥8,624 M)
Cash and cash equivalents	¥212,530M	¥275,935 M

Note 2: Assets and liabilities of a newly consolidated subsidiary by acquisition of shares

For the year ended March 31, 2014

Jupiter Telecommunications Co., Ltd. (“J:COM”):

The breakdown of assets and liabilities at the point of consolidation of J:COM as a result of the acquisition of additional shares through public tender and establishing the effective control, and the relationship between the amount of the acquisition of shares and the proceeds from purchase of the acquisition (net amount), are as follows.

Noncurrent assets	¥548,288M
Current assets	¥125,899M
Goodwill	¥219,734M
Noncurrent liabilities	(¥176,472M)
Current liabilities	(¥138,155M)
Minority interests	(¥217,834M)
Subscription rights to shares	(¥143M)
Valuation under the equity method prior to acquisition	(¥319,722M)
Loss on step acquisitions from the purchase of additional shares	¥38,457M
Amount of the acquisition of shares of J:COM	¥80,052M
Cash and cash equivalents of J:COM	(¥96,324M)
Proceeds from purchase of the acquisition of J:COM	(¥16,271M)

For the year ended March 31, 2015

No significant items to be reported.

3: Details of major non-cash transactions

(1) Amount of assets and liabilities related to finance lease transactions

	Year ended March 31, 2014	Year ended March 31, 2015
Assets related to finance lease transaction	¥16,856M	¥34,783M
Liabilities related to finance lease transaction	¥17,463M	¥34,909M

(2) Exercise of subscription rights to shares on convertible bond-type bonds with subscription rights

	Year ended March 31, 2014	Year ended March 31, 2015
Marginal gain on disposal of treasury stock due to the exercise of subscription rights to shares	¥18,308M	-
Decrease in amount of treasury stock due to exercise of subscription rights to shares	¥182,208M	-
Decrease in amount of bonds due to exercise of subscription rights to shares	¥200,516M	-

(Lease Payment)

(As a lessee)

For the year ended March 31, 2014

1. Finance leases

Finance leases without a transfer of ownership

Details of lease assets

Property, plant and equipment

Primarily set-top boxes in the CATV business

Depreciation for lease assets

The depreciation is described in "4.Accounting policies, b) Depreciation and amortization for major assets" of "Basis of Presenting Consolidated Financial Statements."

2. Operating leases

No significant items to be reported.

For the year ended March 31, 2015

1. Finance leases

Finance leases without a transfer of ownership

Details of lease assets

Property, plant and equipment

Primarily set-top boxes in the CATV business

Depreciation for lease assets

The depreciation is described in "4.Accounting policies, b) Depreciation and amortization for major assets" of "Basis of Presenting Consolidated Financial Statements."

2. Operating leases

No significant items to be reported.

(As a lessor)

For the year ended March 31, 2014 and the year ended March 31, 2015

Finance leases

No transaction.

(Financial Instruments)

1. Status of financial instruments

(1) Policy for measures relating to financial instruments

In light of plans for capital investment, primarily for conducting telecommunications business, the Companies raise the funds it requires through bank loans and bonds issuance. The Companies manage temporary fund surpluses through financial assets that have high levels of safety. Further, the Companies raise short-term working capital through bank loans. Regarding derivatives policy, the Companies' adhere to the fundamental principle of limiting transactions to those actually required and never conducting speculative transactions for trading profit.

(2) Details of financial instruments and associated risk and risk management system

Trade receivables—trade notes and accounts receivable and other accounts receivable—are exposed to credit risk in relation to customers and trading partners. For such risk, pursuant to criteria for managing credit exposure, the Companies have systems enabling the management of due dates and balances of each customer and trading partner as well as the analysis of credit status.

The Companies are exposed to market price fluctuation risk in relation to investment securities. However, those are primarily the shares of companies with which the Companies have operational relationships, and periodic analysis of market values is reported to the Board of Directors.

Almost all trade payables—trade notes and accounts payable, other accounts payable, and accrued expenses—have payment due dates within one year.
Those trade payables are exposed to liquidity risk at time of settlement. However, the Companies reduce that risk by having each company review fund-raising plans every month.
And operating obligations denominated in foreign currencies are recognized as balances of currency-specific claims and obligations, and foreign exchange forward transactions are used on hedging instruments in response to obligations deemed subject to foreign exchange fluctuation risk.

Among loans payable, short-term loans payable are primarily for fund raising related to sales transactions, and long-term loans payable are primarily for fund raising related to capital investment and investment and financing. Loans payable with variable interest rates are exposed to interest rate fluctuation risk. However, to reduce fluctuation risk for interest payable and fix interest expenses when it enters into long-term loans at variable interest rates—based on the premise that requirements for special treatment of interest rate swaps are met in relation to evaluation of the effectiveness of hedges—in principle, the Companies use interest rate swap transactions as a hedging method on an individual contract basis.

In transaction-related market risk, the Group's derivative transactions have the objective of avoiding risks associated with assets and liabilities on the consolidated balance sheets. With interest rate transactions, there is a risk of interest rate fluctuations.

Moreover, in regard to credit risk, the counterparties to the Group's derivatives transactions are financial institutions with high degrees of creditworthiness, and accordingly the credit risk of nonfulfillment by counterparty is considered to be close to zero.

In order to conduct derivative transactions, based on their company's internal regulations and regulations stipulating associated details, finance or accounting divisions must receive approval from those with final-approval authority as stipulated by authority-related regulations through consultation via an internal memo for each derivative transaction and only conduct transactions with financial institutions with high credit ratings.

(3) Supplementary explanation of items relating to the market value of financial instruments

The market values of financial products include prices based on market prices, or, if there are no market prices, they include reasonably estimated prices. Because estimations of the said prices incorporate fluctuating factors, applying different assumptions can in some cases change the said prices.

2. Market value of financial instruments

Amounts recognized in the consolidated balance sheet, market values, and the differences are as shown below. Moreover, items for which it is extremely difficult to determine market values are not included in the following table (see (note 2)).

For the year ended March 31, 2014 (Amount unit: Millions of yen)

	Book value	Market value	Difference
1) Cash and deposits	222,050	222,050	-
2) Notes and accounts receivable-trade	1,094,919		
Allowance for doubtful accounts [i]	(21,532)		
	1,073,387	1,073,387	-
3) Accounts receivable-other	68,297	68,297	-
4) Short-term investment securities	273	273	-
5) Investment securities			
Bonds intended to be held to maturity	3,004	3,179	175
Other securities	71,370	71,370	-
6) Stocks of subsidiaries and affiliates	5,280	4,293	(986)
Total assets	1,443,664	1,442,853	(811)
7) Notes and accounts payable-trade	87,232	87,232	-
8) Short-term loans payable	95,255	95,255	-
9) Accounts payable-other	349,011	349,011	-
10) Accrued expenses	26,732	26,732	-
11) Income taxes payable	125,364	125,364	-
12) Bonds payable [ii]	299,998	310,191	10,192
13) Long-term loans payable [ii]	638,706	643,471	4,764
Total liabilities	1,622,301	1,637,258	14,957
Derivatives transactions [iii]	900	900	-

ⅰ: Allowance for doubtful accounts recognized in notes and accounts receivable-trade is offset.

ⅱ: Bonds and long-term loans payable included in current portion of noncurrent liabilities are included.

ⅲ: Net claims and obligations arising from derivative transactions are stated at their net amounts.

For the year ended March 31, 2015 (Amount unit: Millions of yen)

		Book value	Market value	Difference
1)	Cash and deposits	264,240	264,240	-
2)	Notes and accounts receivable-trade	1,173,433		
	Allowance for doubtful accounts i	(22,436)		
		1,150,997	1,150,997	-
3)	Accounts receivable-other	81,126	81,126	-
4)	Short-term investment securities	20,320	20,320	-
5)	Investment securities			
	Bonds intended to be held to maturity	3,003	3,163	160
	Other securities	24,699	24,699	-
6)	Stocks of subsidiaries and affiliates	5,282	7,897	2,614
7)	Long-term loans receivable from subsidiaries and associates	95,300	95,443	143
	Total assets	1,644,969	1,647,888	2,918
8)	Notes and accounts payable-trade	101,739	101,739	-
9)	Short-term loans payable	3,140	3,140	-
10)	Accounts payable-other	409,109	409,109	-
11)	Accrued expenses	30,417	30,417	-
12)	Income taxes payable	164,331	164,331	-
13)	Bonds payable ii	234,999	244,318	9,318
14)	Long-term loans payable ii	702,687	704,501	1,813
	Total liabilities	1,646,424	1,657,556	11,131
	Derivatives transactions iii	841	841	-

ｉ: Allowance for doubtful accounts recognized in notes and accounts receivable-trade is offset.

ⅱ: Bonds and long-term loans payable included in current portion of noncurrent liabilities are included.

ⅲ: Net claims and obligations arising from derivative transactions are stated at their net amounts.

Note 1: Calculation of the market value of financial instruments and items relating to short-term investment securities and derivative transactions

Assets

1) Cash and deposits, 2) Notes and accounts receivable-trade, 3) Accounts receivable-other,

4) Short-term investment securities

Because, the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used. Further, because the credit risk is extremely difficult to determine on an individual basis for notes and accounts receivable-trade, allowance for doubtful accounts is regarded as credit risk and the book value is calculated accordingly.

5) Investment securities, 6) Stock of subsidiaries and affiliates

In relation to the market value of investment securities, for shares the market prices of exchanges are used. Further, for information on investment securities categorized according to holding purpose, please see the note “Securities.”

7) Long-term loans receivable from subsidiaries and affiliates

The market value of long-term loans receivable from subsidiaries and affiliates is calculated by applying a discount rate to the total of principal and interest. That discount rate is based on the assumed interest rate if a similar new loan was entered into.

Liabilities

8) Notes and accounts payable-trade, 9) Short-term loans payable, 10) Accounts payable-other, 11) Accrued expenses, 12) Income taxes payable

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used.

13) Bonds payable, 14) Long-term loans payable

The market value of bonds payable is calculated based on trading reference data. The market value of long-term loans payable is calculated by applying a discount rate to the total of principal and interest. That discount rate is based on the assumed interest rate if a similar new loan was entered into. Because long-term loans payable with variable interest rates are based on the condition that interest rates are revised periodically, their market values are almost the same as their book values, the relevant book values are used.

Derivatives transactions

Please see the note "Derivatives."

Note 2: Financial instruments for which it is extremely difficult to determine market value

(Amount unit: Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Investment securities Unlisted equity securities	17,133	22,891
Stocks of subsidiaries and affiliates Unlisted equity securities	36,200	55,878
Investments in capital of subsidiaries and affiliates	274	292

Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, they are not included in the chart above.

Note 3: Planned redemption amounts after the balance sheet date for monetary assets and short-term investment securities with monetary assets and maturity dates

For the year ended March 31, 2014

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Cash and deposits	222,050	-
Notes and accounts receivable-trade	948,201	146,718
Accounts receivable-other	65,654	2,642
Investment securities	-	3,004
Total	1,235,906	152,365

For the year ended March 31, 2015

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Cash and deposits	264,240	-
Notes and accounts receivable-trade	952,571	220,862
Accounts receivable-other	75,827	5,299
Securities	20,000	-
Investment securities	-	3,003
Long-term loans receivable from subsidiaries and affiliates	-	95,300
Total	1,312,639	324,464

Note 4: Planned repayment amounts after the balance sheet date for bonds payable, long-term loans payable

For the year ended March 31, 2014

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Bonds payable	95,000	205,000
Long-term loans payable	120,008	518,697
Total	215,008	723,696

For the year ended March 31, 2015

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Bonds payable	20,000	215,000
Long-term loans payable	93,370	609,317
Total	113,370	824,317

(Securities)

1. Bonds intended to be held to maturity

For the year ended March 31, 2014

(Amount unit: Millions of yen)

	Types	Book value	Actual values	Unrealized Gain/loss
Bonds for which market value exceeds book value on consolidated balance sheets	(1) National bonds and local bonds, etc.	3,004	3,179	175
	(2) Bonds payable	-	-	-
	(3) Others	-	-	-
	Subtotal	3,004	3,179	175
Bonds for which market value does not exceed book value on consolidated balance sheets	(1) National bonds and local bonds, etc.	-	-	-
	(2) Bonds payable	-	-	-
	(3) Others	-	-	-
	Subtotal	-	-	-
Total		3,004	3,179	175

For the year ended March 31, 2015

(Amount unit: Millions of yen)

	Types	Book value	Actual values	Unrealized Gain/loss
Bonds for which market value exceeds book value on consolidated balance sheets	(1) National bonds and local bonds, etc.	3,003	3,163	160
	(2) Bonds payable	-	-	-
	(3) Others	-	-	-
	Subtotal	3,003	3,163	160
Bonds for which market value does not exceed book value on consolidated balance sheets	(1) National bonds and local bonds, etc.	-	-	-
	(2) Bonds payable	-	-	-
	(3) Others	-	-	-
	Subtotal	-	-	-
Total		3,003	3,163	160

2. Other securities

For the year ended March 31, 2014

(Amount unit: Millions of yen)

	Types	Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost	(1)Stock	71,505	5,006	66,499
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	88	63	25
	Subtotal	71,594	5,070	66,524
Securities for which book value of consolidated balance sheets does not exceed acquisition cost	(1)Stock	29	35	(5)
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	20	21	(0)
	Subtotal	50	56	(5)
Total		71,644	5,126	66,518

Note: Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, unlisted equity securities (Consolidation ¥17,133 million) is not included in the chart above.

For the year ended March 31, 2015

(Amount unit: Millions of yen)

	Types	Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost	(1)Stock	24,794	3,678	21,115
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	50	36	14
	Subtotal	24,844	3,715	21,129
Securities for which book value of consolidated balance sheets does not exceed acquisition cost	(1)Stock	175	186	(11)
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	20,000	20,000	-
	Subtotal	20,175	20,186	(11)
Total		45,019	23,901	21,118

Note: Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, unlisted equity securities (Consolidation ¥22,891 million) is not included in the chart above.

3. Other securities sold

For the year ended March 31, 2014

(Amount unit: Millions of yen)

Type	Amount of sale	Total gain on sale	Total loss on sale
Stock	10,145	6,884	0
Total	10,145	6,884	0

For the year ended March 31, 2015

(Amount unit: Millions of yen)

Type	Amount of sale	Total gain on sale	Total loss on sale
Stock	53,695	51,609	-
Total	53,695	51,609	-

4. Impairment of investment securities

For the year ended March 31, 2014, the Companies recognized an impairment of ¥141 million on investment securities (other securities). For the year ended March 31, 2015, the Companies recognized an impairment of ¥532 million on investment securities (other securities).

Further, regarding impairment treatment, for securities for which market value at the end of the period had dropped markedly in comparison to acquisition cost, impairment treatment was undertaken for the amount recognized as required in light of the possibility of recovery.

(Derivatives)

1. Derivatives for which hedge accounting has not been applied

1. Currency-related

For the year ended March 31, 2014

No significant items to be reported.

For the year ended March 31, 2015

No significant items to be reported

2. Interest-related

For the year ended March 31, 2014

No significant items to be reported.

For the year ended March 31, 2015

No significant items to be reported.

2. Derivatives for which hedge accounting has been applied

(1) Currency-related

For the year ended March 31, 2014

(Amount unit: Millions of yen)

Method of hedge accounting	Type of transaction	Hedge item	Contract amount	Contract amount of which due after one year	Fair value
Allocation for forward exchange contracts	Forward exchange contract				
	Buy				
	USD	Accounts payable-trade	1,685	-	Note2
	USD	Future transactions	2,550	1,029	763
	EUR	Future transactions	348	234	137
Total			4,584	1,264	900

Notes: 1. Fair values are calculated, based on prices offered by financial institutions
2. Allocation for forward exchange contracts are accounted for together with accounts payable-trade designated as the hedge item. Therefore, their fair values are included in the fair value of the accounts payable-trade.

For the year ended March 31, 2015

(Amount unit: Millions of yen)

Method of hedge accounting	Type of transaction	Hedge item	Contract amount	Contract amount of which due after one year	Fair value
Allocation for forward exchange contracts	Forward exchange contract				
	Buy				
	USD	Accounts payable-trade	5,083	-	Note2
	USD	Future transactions	3,487	2,622	841
	EUR	Future transactions	13	9	(0)
Total			8,585	2,631	841

Notes: 1. Fair values are calculated, based on prices offered by financial institutions
2. Allocation for forward exchange contracts are accounted for together with accounts payable-trade designated as the hedge item. Therefore, their fair values are included in the fair value of the accounts payable-trade.

(2) Interest-related

For the year ended March 31, 2014

(Amount unit: Millions of yen)

Method of hedge accounting	Type of transaction	Hedge item	Contract amount	Contract amount of which due after one year	Fair value
Special treatment for interest rate swap	Interest rate swap				
	Receive floating, pay fixed	Long-term loans payable	10,000	-	Note2
Total			10,000	-	-

Notes: 1. Fair values are calculated, based on prices offered by financial institutions
2. Special treatment for interest rate swap is accounted for together with long-term loans payable designated as the hedge item. Therefore, their fair values are included in the fair value of the long-term loans payable.

For the year ended March 31, 2015

(Amount unit: Millions of yen)

Method of hedge accounting	Type of transaction	Hedge item	Contract amount	Contract amount of which due after one year	Fair value
Special treatment for interest rate swap	Interest rate swap Receive floating, pay fixed	Long-term loans payable	330,000	-	Note2
Total			330,000	-	-

Notes: 1. Fair values are calculated, based on prices offered by financial institutions

2. Special treatment for interest rate swap is accounted for together with long-term loans payable designated as the hedge item. Therefore, their fair values are included in the fair value of the long-term loans payable.

(Stock Options)

1. Amount recorded as income from the nullification of rights following non-exercise

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Gain on reversal of subscription rights to shares	101	-

2. Deals and scale of the stock option granted and changes in the scale

(1) Details of the stock option granted

Company name		DMX Technologies Group Limited	
		April 2008 Stock Option	November 2008 Stock Option
Category and number of grantees Members of the Board Employees		 4 113	 6 57
Type and number of stock granted		Common stock 18,000,000	Common stock 20,000,000
Date of grant		April 25, 2008	November 28, 2008
Vesting conditions		1. Based on the condition of being a director or employee of DMX Technology Group Limited or its group, rights of 50% are vested one year and two years respectively after the date of grant. 2. Other conditions are pursuant to the stock acquisition rights regulations of DMX Technologies Group Limited.	
Vesting period	From To	There are no regulations concerning vesting periods.	
Exercise period	From To	April 24, 2009 April 26, 2018	November 27, 2009 November 28, 2018

Note: Stock options have been converted into equivalent numbers of shares and presented accordingly.

Company name	ScaleOut Inc
	January 2013 1st Stock Option
Category and number of grantees Members of the Board	 1
Type and number of stock granted	Common stock 95
Date of grant	January 1, 2013
Vesting conditions	Holders of subscription rights to shares may not exercise their subscription rights to shares in the event that any of the items below apply. i. If holders of subscription rights to shares have forfeited their positions as directors, employees, or advisors to the Company, its subsidiaries, or its affiliated companies (hereinafter, subsidiaries and affiliated companies provided for in the "Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc." are referred to collectively as "affiliated companies"). ii. If holders of subscription rights to shares are in receipt of a court judgment for the commencement of aid, assistance, or custody. iii. If holders of subscription rights to shares are in receipt of a decision to commence bankruptcy proceedings. iv. If holders of subscription rights to shares are directors, employees, advisors, or serve as consultants to companies that have a competitive relationship to the Company. Notwithstanding, however, holders that have received prior approval via resolution of the Company's Board of Directors. v. If holders of subscription rights to shares are in violation of laws and ordinances or the Company's internal regulations, or in the event of an act of disloyalty toward the Company. vi. If holders of subscription rights to shares are deceased. vii.If holders of subscription rights to shares are in violation of provisions of the share subscription rights allocation agreement entered into between holders of subscription rights to shares and the Company.
Vesting period From To	There are no regulations concerning vesting periods.
Exercise period From To	January 2, 2013 January 1, 2020

Note: Stock options have been converted into equivalent numbers of shares and presented accordingly.

Company name	Bitcellar, Inc.
	April 2014 3rd Stock Option
Category and number of grantees Members of the Board Employees	 1 3
Type and number of stock granted	Common stock 1,592 shares
Date of grant	April 30, 2014
Vesting conditions	(1) The exercise of these options is subject to the conditions that the reason for the transaction defined in the items of Paragraph 7 of the "No. 3 Stock Option Guidelines"is not occured, nor will the exercise of these stock options conducted under such reasons be recognized. However, the cases that the company particularly recognizes the transaction are exceptional. (2) The right holder may not exercise these stock options until the company's shares have been listed on any financial instruments exchange. (3) These stock options are to be exercised as a single unit; the partial exercise of individual stock options shall not be recognized. (4) In the event that the right holder exercises one or more of these stock options, if the number of shares to be delivered to the right holder is less than a whole number, that fractional portion shall be rounded off and not allotted as shares. Fractional amounts rounded off shall not be provided as cash.
Vesting period From To	There are no regulations concerning vesting periods.
Exercise period From To	May 1, 2016 April 30, 2024

Note: Stock options have been converted into equivalent numbers of shares and presented accordingly.

(2) Scale of stock options and changes in the scale

The following lists the number of shares calculated for the number of stock options that existed in the year ended March 31, 2015.

1) Number of stock options

Company name	DMX Technologies Group Limited	
	April 2008 Stock Option	November 2008 Stock Option
Before vested		
Beginning of period	-	-
Granted	-	-
Expired	-	-
Vested	-	-
Unvested	-	-
After vested		
Beginning of period	3,886,858	9,461,000
Vested	-	-
Exercised	-	1,990,000
Expired	-	-
Exercisable	3,886,858	7,471,000

Company name	ScaleOut Inc
	January 2013 1st Stock Option
Before vested	
Beginning of period	-
Granted	-
Expired	-
Vested	-
Unvested	-
After vested	
Beginning of period	95
Vested	-
Exercised	-
Expired	-
Exercisable	95

Company name	Bitcellar, Inc.
	April 2014 3rd Stock Option
Before vested	
Beginning of period	-
Granted	1,592
Expired	-
Vested	-
Unvested	1,592
After vested	
Beginning of period	
Vested	-
Exercised	-
Expired	-
Exercisable	-

2) Unit value

Company name	DMX Technologies Group Limited	
	April 2008 Stock Option	November 2008 Stock Option
Exercise price	SGD 0.2260	SGD 0.0930
Average share price at exercise	-	SGD 0.1870
Fair value unit price (Date of grant)	SGD 0.2500	SGD 0.0900

Company name	ScaleOut Inc
	January 2013 1st Stock Option
Exercise price (Yen)	200,000
Average share price at exercise (Yen)	-
Fair value unit price (Date of grant) (Yen)	-

Company name	Bitcellar, Inc.
	April 2014 3rd Stock Option
Exercise price (Yen)	26,549
Average share price at exercise (Yen)	-
Fair value unit price (Date of grant) (Yen)	-

3. Method of estimating reasonable price for share options

Consolidated subsidiaries ScaleOut Inc. and Bitcellar, Inc. are unlisted companies, and consequently the reasonable prices of the January 2013 No. 1 share options of ScaleOut Inc. and the April 2014 No. 3 share options of Bitcellar, Inc. are calculated by estimating the intrinsic value. The stock valuation method that is the basis of this intrinsic value estimate is a method in which decisions are made with reference to the price calculated in accordance with the discounted cash flow method. The total intrinsic value at the end of the consolidated fiscal year, with calculations based on the intrinsic value of the share options, is ¥0.

4. Method of estimating number of options vested

The number of options vested was calculated by estimating the number of expirations due to unvested options, based on the retirement rate in the year ended March 31, 2015.

(Income Taxes)

1. Significant components of deferred tax assets and liabilities

(Amount unit: Millions of yen)

	As of March 31, 2014	As of March 31, 2015
(Deferred tax assets)		
Depreciation and amortization	26,069	27,186
Allowance for doubtful accounts	12,426	11,616
Disposal of fixed assets	6,279	3,182
Inventory write down	2,095	2,732
Impairment loss	39,593	41,575
Net defined benefit liability	1,057	292
Allowance for bonus payment	10,587	9,520
Accrued expenses	6,004	8,018
Net operating loss carried forward	2,016	3,640
Unrealized profits	22,442	23,390
Reserve for point service program	27,166	22,221
Accrued enterprise taxes	8,510	12,083
Advances received	14,469	9,585
Deferred income	9,293	8,607
Loss on valuation of stocks of subsidiaries and affiliates	9,507	11,690
Loss on business of overseas subsidiaries	-	10,917
Other	7,256	3,140
Gross deferred tax assets	204,776	209,401
Valuation allowance	(14,805)	(24,191)
Net deferred tax assets	189,970	185,210
(Deferred tax liabilities)		
Special depreciation reserve	(3,051)	(2,683)
Net unrealized gains on securities	(24,217)	(8,530)
Retained earnings for overseas affiliates	(4,500)	(6,516)
Gain on transfer from business divestitures	(1,692)	(1,557)
Identifiable intangible assets	(66,047)	(56,139)
Net defined benefit asset	(2,249)	(3,690)
Other	(7,036)	(5,699)
Total deferred tax liabilities	(108,795)	(84,817)
Net deferred tax assets	81,175	100,392

2. Summary of significant differences between the statutory tax rate and the Company's effective tax rate

	As of March 31, 2014	As of March 31, 2015
Effective statutory tax rate	38.0%	35.6%
Adjustments:		
Permanently non-deductible items including dividend income	0.2	0.1
Inhabitant tax on per capita levy	0.1	0.1
Tax credits	(0.1)	(1.8)
Amortization of goodwill	1.7	1.4
Permanently non-deductible items including dividend income	(0.2)	(0.0)
Valuation allowance	0.7	(0.3)
Change of tax rate	1.0	1.3
Loss on step acquisitions	2.4	-
Loss on business of overseas subsidiaries	-	1.7
Other	(1.1)	(0.4)
Actual tax rate	42.7%	37.6%

3. Significant components of deferred tax assets and liabilities

The "Act on Partial Revision of the Income Tax Act" (Act No. 9 of 2015) and the "Act on Partial Revision of the Local Tax Act" (Act No. 2 of 2015) were promulgated on March 31, 2015, lowering the corporate tax rate from fiscal years beginning on or after April 1, 2015. Accordingly, the statutory effective tax rate used for calculating deferred income tax assets and deferred income tax liabilities is slated to fall from 35.6% to 33.0% for the fiscal year beginning April 1, 2015, resulting in a temporary difference in assets or liabilities extinguished. The rate is scheduled to drop further to 32.3% in the fiscal year beginning April 1, 2016, again resulting in a temporary difference in assets or liabilities extinguished.

This change in the tax rate had the effect of reducing deferred tax assets (net of deferred tax liabilities) by ¥8,093 million, with income taxes–deferred increasing by ¥8,848 million.

(Business Combination)

For the year ended March 31, 2015

No significant items to be reported.

(Asset Retirement Obligations)

For the year ended March 31, 2014 and the year ended March 31, 2015

No significant items to be reported.

(Estate Leases)

For the year ended March 31, 2014 and the year ended March 31, 2015

No significant items to be reported.

(Segment Information)

[Segment Information]

1. Outline of business segments reported

The business segments the Companies reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors, etc. to evaluate regularly in determining how to allocate resources and assess their business performance.

The Company has formulated the "3M Strategy", a growth strategy for domestic business, and the "Global Strategy," aimed at expanding overseas business, on the basis of its three commitments: "More Connected," "More Diverse Values," and "More Global." To aid in promoting these strategies, the Company categorizes its business into four reportable categories: "Personal Services," "Value Services," "Business Services," and "Global Services."

In "Personal Services," the Companies provide households and individual customers with mobile handset sales and other services in addition to a variety of communications services. In "Value Services," we provide households and individual customers with various financial services, various applications, videos, and music. In "Business Services," we provide various types of communication services, mobile handset sales, data center services, various types of ICT solution/cloud services, and other services for corporate customers. In "Global Services," we provide various types of communications services, data center services, various types of ICT solution/cloud services, and other services for companies and individuals overseas.

2. Method of calculating sales and income (loss), identifiable assets, and other items by business segment reported

Accounting method for business segment reported is the same as presentations on "Basis of Presenting Consolidated Financial Statements."
Income by business segments reported are calculated based on operating income.
Intersegment trading prices are calculated based on third-party trading prices or determined by negotiating prices that take overall costs into consideration.
Assets are not allocated to reportable segments.

3. Information on sales and income (loss), identifiable assets, and other items by business segment reported

4. For the year ended March 31, 2014

(Amount unit: Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Elimination and Corporate (Note 2)	Consoli-dation
	Personal Services	Value Services	Business Services	Global Services	Subtotal				
Sales									
Outside sales	3,288,657	164,628	598,385	228,968	4,280,640	52,988	4,333,628	-	4,333,628
Intersegment Sales	79,193	47,893	76,526	34,656	238,270	97,030	335,300	(335,300)	-
Total	3,367,850	212,522	674,912	263,624	4,518,910	150,018	4,668,928	(335,300)	4,333,628
Income by business segment	507,183	51,607	86,464	11,407	656,663	7,092	663,755	(510)	663,245
Other items									
Depreciation[3]	403,610	9,896	42,990	12,170	468,667	1,455	470,122	(24)	470,098
Amortization of goodwill	22,464	2,020	-	3,635	28,120	134	28,254	-	28,254

Notes: 1.The "Others" category incorporates operations not included in business segments reported, including call center business, research and technological development, and other operations.

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

3. Inclusive of long-term prepaid expenses

For the year ended March 31, 2015

(Amount unit: Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Elimination and Corporate (Note 2)	Consoli-dation
	Personal Services	Value Services	Business Services	Global Services (Note 4)	Subtotal				
Sales									
Outside sales	3,426,648	179,707	587,484	287,941	4,481,782	91,360	4,573,142	-	4,573,142
Intersegment Sales	86,646	62,629	81,708	32,678	263,661	96,149	359,810	(359,810)	-
Total	3,513,294	242,336	669,193	320,619	4,745,444	187,509	4,932,953	(359,810)	4,573,142
Income by business segment	577,416	57,984	80,370	16,806	732,578	8,995	741,574	(275)	741,298
Other items									
Depreciation[3]	423,929	8,984	45,221	14,801	492,936	1,650	494,586	(16)	494,569
Amortization of goodwill	20,195	2,500	2	5,257	27,955	179	28,134	-	28,134

Notes: 1. The “Others” category incorporates operations not included in business segments reported, including call center business, research and technological development, and other operations.

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

3. Inclusive of long-term prepaid expenses

4. As is described in the “Basis of Presenting Consolidated Financial Statements,” in the past, the consolidated financial statements were prepared on the basis of the closing date of the business year for these consolidated subsidiaries, as long as the difference between their year-end date and the consolidated year-end date did not exceed three months. However, in accordance with the scheduled transition to International Financial Reporting Standards from the year ending March 31, 2016, this method has changed to one of preparing provisional accounts for 21 companies, including KDDI China Corporation, as of the consolidated year-end date.

In addition, for the reasons stated above, for the year ended March 31, 2015, the fiscal year-end for 25 companies, including KDDI America, Inc., has changed from December 31 to March 31, the same as the consolidated year-end. To adjust the consolidated income statements to account for the three-month period for these subsidiaries, from January 1, 2014 to March 31, 2014, their accounting period for the year ended March 31, 2015 is 15 months.

For these subsidiaries, during the period from January 1, 2014 to March 31, 2014, net sales amounted to ¥42,594 million, and segment income was ¥2,774 million.

(Relative information)

For the year ended March 31, 2014

1. Products and services information

Since the Company discloses the same information in its segment information section, it has been omitted.

2. Geographic segment information

1) Sales

Sales information by geographic segment is not shown since outside sales in Japan accounted for over 90% of operating revenue on the consolidated statements of income.

2) Property, plant and equipment

Property, plant and equipment information by geographic segment is not shown since property, plant and equipment in Japan accounted for over 90% of property, plant and equipment on the consolidated balance sheets.

3. Information by major clients

Information by major clients is not shown since outside sales for major clients accounted for less 10% of operating revenue on the consolidated statements of income.

For the year ended March 31, 2015

1. Products and services information

Since the Company discloses the same information in its segment information section, it has been omitted.

2. Geographic segment information

1) Sales

Sales information by geographic segment is not shown since outside sales in Japan accounted for over 90% of operating revenue on the consolidated statements of income.

2) Property, plant and equipment

Property, plant and equipment information by geographic segment is not shown since property, plant and equipment in Japan accounted for over 90% of property, plant and equipment on the consolidated balance sheets.

3. Information by major clients

Information by major clients is not shown since outside sales for major clients accounted for less 10% of operating revenue on the consolidated statements of income.

(Information on impairment loss in noncurrent assets by business segment)

For the year ended March 31, 2014

The Company does not allocate impairment losses to reportable segments. During the period, the Company recorded an impairment loss of ¥8,695 million.

For the year ended March 31, 2015

The Company does not allocate impairment losses to reportable segments. During the period, the Company recorded an impairment loss of ¥42,116 million.

(Information on amortization of goodwill and unamortized balance by business segment)

For the year ended March 31, 2014

(Amount unit: Millions of yen)

	Personal Services	Value Services	Business Services	Global Services	Other	Total
Amortization of goodwill	22,464	2,020	-	3,635	134	28,254
Balance at end of period	290,312	18,419	-	26,708	2,016	337,457

For the year ended March 31, 2015

(Amount unit: Millions of yen)

	Personal Services	Value Services	Business Services	Global Services	Other	Total
Amortization of goodwill	20,195	2,500	2	5,257	179	28,134
Balance at end of period	271,362	25,886	-	22,938	1,837	322,025

(Information on negative goodwill by business segment)

For the year ended March 31, 2014 and the year ended March 31, 2015

No significant items to be reported.

(Related Party Transaction)

Transactions with related party

Transactions with the Company and related party

Affiliates of the Company

For the year ended March 31, 2014

(Amount unit: Millions of yen)

Type	Company Name	Head Office	Capital Stock	Business Activities or career	Percentage for Possession of Voting Rights	Relationship with Related Party	Contents of Transaction	Amount for Trans-action	Title of Account	Amount as of March 31, 2014
Equity-method Affiliate	UQ Communi-cations Inc.	Minato-ku, Tokyo	71,425	Wireless broadband service	Possession direct 32.3%	Debit guarantee of loans Interlocking directorates	Debit guarantee [Note]	117,700	-	-
							Receiving warrantee fee	255	Accounts receivable-other	58

Terms and conditions and policies for terms and conditions

Note: Guarantee amounts for bank borrowings as of year end are shown in the transaction column.

For the year ended March 31, 2015

(Amount unit: Millions of yen)

Type	Company Name	Head Office	Capital Stock	Business Activities or career	Percentage for Possession of Voting Rights	Relationship with Related Party	Contents of Transaction	Amount for Trans-action	Title of Account	Amount as of March 31, 2015
Equity-method Affiliate	UQ Communi-cations Inc.	Minato-ku, Tokyo	71,425	Wireless broadband service	Possession direct 32.3%	Debit guarantee of loans Interlocking directorates	Loans [Note1]	94,270	Long-term loans receivable from subsidiaries and associates	95,300
									Short-term loans receivable to subsidiaries and associates	11,153
							Receiving Interest	156	Accounts receivable-other	98
							Debit guarantee [Note2]	57,400	-	-
							Receiving warrantee fee	199	Accounts receivable-other	28

Terms and conditions and policies for terms and conditions

Note 1: Borrowing periods are set to match the characteristics of the demand for funds, and interest rates are set in a rational manner taking into account market interest rates on borrowings for the corresponding period. As these transactions are performed in the interest of efficient funding within the group, no collateral is provided or received.

Note 2: Guarantee amounts for bank borrowings as of year end are shown in the transaction column.

(Per Share Information, etc.)

[Per share information]

	Year ended March 31, 2014	Year ended March 31, 2015
Net assets per share	¥1,087.21	¥1,201.86
Net income per share	¥132.87	¥170.84

Note: The following shows the basis of calculating net income per share.

	Year ended March 31, 2014	Year ended March 31, 2015
Net income per share		
Net income for the fiscal year	¥322,038M	¥427,931M
Monetary value not related to common stockholders	-	-
Net income related to common stock	¥322,038M	¥427,931M
Number of weighted average common shares outstanding during the fiscal year (shares)	2,423,772,648	2,504,935,944

Notes: 1. The Company also conducted a 1:3 stock split on common stock, with an effective date of April 1, 2015.
Total net assets per share, net income per share has been calculated as if the stock split was conducted at the beginning of the previous consolidated fiscal year.

2. For the year ended March 31, 2014 and the year ended March 31, 2015, diluted net income per share is not shown as dilutive shares do not exist.

3. As described in "Changes in Accounting Policies," the Accounting Standard for Retirement Benefits are applied, in accordance with the provisions on transitional implementation indicated in Paragraph 37 of the Accounting Standard for Retirement Benefits.
As a result, net assets per share at the end of the fiscal year decreased by ￥2.94, net income per share at the end of the fiscal year increased by ￥0.36

(Significant Subsequent Event)
(Notice Concerning Stock Split)

At the meeting of the Board of Directors held on January 30, 2015, the Company resolved to conduct a stock split. The details are as follows.

1. Purpose of Stock Split

The stock split will be conducted with the aim of increasing the liquidity of the Company’s stock and expanding its investor base by reducing the price of share-trading units.

2. Outline of Stock Split

(1) Method of stock split

The stock split shall have a record date of Tuesday, March 31, 2015 and shall involve the splitting of common stocks held by shareholders whose names are recorded in the latest Registry of Shareholders on the record date at a ratio of 1:3.

(2) Number of increase in shares by stock split

1) Total number of issued shares before stock split 896,963,600 shares

2) Number of increase in shares by stock split 1,793,927,200 shares

3) Total number of issued shares after stock split 2,690,890,800 shares

4) Total number of authorized shares after stock split 4,200,000,000 shares

(3) Schedule of stock split

1) Public notice date of the record date Monday, March 16, 2015

2) Record date Tuesday, March 31, 2015

3) Effective date Wednesday, April 1, 2015

3. Others

(1) Changes in capital

The stock split will not result in changes in capital.

(2) Share information

Information on the impact of this stock split is included in the “Per share information” section.

（About KDDI Corporation’s Disposal of Treasury Stock through a Third-Party Allocation to Support KDDI Foundation’s Social Contribution Activities）

KDDI decided at a Board of Directors resolution in a meeting on April 14, 2015, to dispose of treasury stock, in order to support the social contribution activities of KDDI Foundation (hereafter, the “Foundation”). This disposal of treasury stock is subject to approval at the Company’s 31st Annual Shareholders Meeting (hereafter: the “Annual Shareholders Meeting”), which is scheduled for June 17, 2015.

1. About KDDI Foundation

(1) The Foundation’s mission

KDDI Foundation strives to pass on to society the benefits of information and communications technology (ICT) in Japan and overseas. The Foundation’s mission is to contribute to harmonious and sound global development through ICT, and to contribute to the sustainable development of international society through activities to further the public interest.

2. About the Disposal of Treasury Stock

Purpose of the Disposal

1) Number of shares for disposal	1,125,000 shares of common stock
2) Disposal price	1 yen per share
3) Amount raised	1,125,000 yen
4) Subscription or disposal Method	Disposal through third-party allocation
5) Disposal recipient (planned)	The Master Trust Bank of Japan, Ltd.
6) Date of disposal	To be determined
7) Other	This disposal of treasury stock is subject to an extraordinary resolution related to discounted issue at the 31st Annual Shareholders Meeting, which is scheduled for June 17, 2015. The date and other items related to disposal will be resolved at the Board of Directors meeting following the Annual Shareholders meeting.

3. Objective of and Reason for the Disposal

KDDI promotes social contribution activities that leverage the Company’s technologies and human resources, both in Japan and overseas, in the aim of contributing to society’s happiness by encouraging fulfilling lives for people around the world in a sustainable manner.

KDDI Foundation’s mission is to “contribute through ICT to harmonious and healthy global development.” In accordance with this mission, the Foundation conducts activities to further the public interest, including grant activities, international cooperation activities, and activities promoting the spread of ICT. By performing these activities in a stable and sustained manner, the Foundation furthers the Company’s goal of contributing to society’s happiness.

To support KDDI Foundation’s social contribution activities, the Company intends to establish a thirdparty benefit trust (hereinafter, the “Trust”) with Mitsubishi UFJ Trust and Banking Corporation as trustee, The Master Trust Bank of Japan, Ltd., as joint trustee, and KDDI Foundation as beneficiary, with the Trust to acquire the Company’s shares. The Trust will deliver trust income on allotment, etc., of the Company’s shares to KDDI Foundation, which will use this trust income as the source of funding for its activities, as well as to conduct future activities.

This disposal of treasury stock is intended for the establishment of the Trust, thereby providing a source of funds for KDDI Foundation’s social contribution activities.

4. Amount of Funds Raised, Their Use and Expected Payment Period

(1) Amount of funds raised

1)	Total amount of money paid	1,125,000 yen
2)	Estimated issuance expenses	0 yen
3)	Estimated amount after deductions	1,125,000 yen

(2)Specific use of funds raised

The estimated deducations mentioned above are mainly to be applied toward miscellaneous expenses, including attorneys' fees needed to structure the scheme.

(About a Stock Compensation Plan for Executives)

KDDI decided at a Board of Directors meeting on April 14, 2015, to introduce a new stock compensation plan (hereafter: the “Plan”) for directors, executive officers, and administrative officers (excluding directors residing overseas, outside directors and part-time directors) that have entered into engagement agreements with the Company (hereafter: “Directors and Other Executives”). The Plan is to be resolved at a future Board of Directors meeting as a proposal for discussion at the Annual Shareholders Meeting and proposed at the Annual Shareholders Meeting which is scheduled for June 17, 2015.

1.Objective for Introducing the Plan

(1)The plan is being considered for introduction in order to clarify the link between compensation for Directors and Other Executives with shareholder value and to increase their awareness of contributing to increases in operating performance and corporate value over the medium to long term.

(2)Introduction of the Plan for Directors and Other Executives is subject to approval at the Annual Shareholders Meeting.

(3)The Plan employs a framework referred to as the executive compensation BIP (Board Incentive Plan) trust (hereafter: “BIP Trust”). BIP Trust is an executive incentive plan modeled on the U.S. performance share and restricted stock systems. BIP Trust provides Directors and Other Executives with the Company’s shares based on their position and the attainment level of operating performance targets.

Note Board Incentive Plan® is a registered trademark of Mitsubishi UFJ Trust and Banking Corporation.

2.Overview for Introducing the Plan

(1)Overview of the Plan

During the three-year period of the Plan (hereinafter, the “Target Period”), which is to begin in the fiscal year ending March 31, 2016, and end in the fiscal year ending March 31, 2018, monies contributed by the Company are to be used to acquire the Company’s shares via the Trust, providing a stock compensation plan under which the Company’s shares are to be provided to Directors and Other Executives upon retirement according to such factors as their attainment level of operating performance targets and positions.

(2)Annual Shareholders Meeting Approval of the Proposal to Introduce the Plan

The Annual Shareholders Meeting shall resolve the amount of monies to be contributed to the Trust, the upper limit on the number of shares to be acquired by the Trust, and other necessary items.

(3)People Eligible for the Plan

Directors and Other Executives who satisfy the beneficiary conditions upon retirement shall, after undergoing the prescribed procedure for defining beneficiaries, receive from the Trust a number of the Company’s shares corresponding to the number of points determined at retirement.

(4)Trust Period

The trust period shall be for three years, from September 1, 2015 (planned) to August 31, 2018 (planned). Directors and Other Executives who may satisfy beneficiary conditions and are in their appointment period at the conclusion of this period shall not thereafter receive points allocated to Directors and Other Executives. However, the Trust's trust period may be extended for up to 15 years, and during this time these Directors and Other Executives may retire and receive delivery of the Company's shares.

In the event that a proposal to continue the Trust is raised at a Annual Shareholders Meeting three years hence and, provided that the Target Period and trust period are extended within the scope of approval by Annual Shareholders Meeting resolution, points shall continue to be allocated to Directors and Other Executives during the extended trust period.

(5)Number of Shares Delivered to Directors and Other Executives

The number of Company shares delivered to Directors and Other Executives shall be according to such factors as their attainment level of operating performance targets and position during the fiscal year ending at the end of March during each year of the Target Period.

(6)Total Trust Balance Contributed to the Trust and the Total Number of Shares Acquired by the Trust

The total amount of trust money contributed to the Trust during the trust period and the total number of shares acquired by the Trust shall be subject to the upper limits described below, upon approval by Annual Shareholders Meeting resolution.

Upper limit on the total amount of trust money contributed to the Trust: 1,396 million yen (*)

* This amount is the total amount of funds for acquiring shares by the Trust, trust compensation and trust expenses.

Upper limit on the total number of shares acquired by the Trust: 600,000 shares

The upper limit on the total amount of trust money contributed to the Trust shall be calculated by taking into consideration fixed compensation and performance-linked bonuses of the Company's current Directors and Other Executives, plus trust compensation and trust expenses.

The upper limit on the total number of shares acquired shall be determined by referencing the current share price, taking into consideration the upper limit on the total amount of trust money described above.

(7)Method for Acquiring the Company's Shares by the Trust

The initial Company shares acquired by the Trust are expected to be acquired by the Company through the disposal of treasury stock or in the stock market, within the scope of the number of shares acquired and funds to acquire shares described in (6) above. The Company shall decide and disclose details of the acquisition method following the Annual Shareholders Meeting resolution.

If the possibility of a shortfall arises in the number of shares within the Trust corresponding to points for Directors and Other Executives during the trust period and if the possibility of a shortfall arises in the amount of money in trust assets for the payment of trust compensation and trust expenses, additional funds shall be added to the Trust, within the scope of the upper limit on trust money described in (6) above.

(8)Method and Period for Delivering Shares to Directors and Other Executives

When the Company's Directors and Other Executives retire, they may, after satisfying the beneficiary conditions and undergoing the prescribed procedure for defining beneficiaries, receive after retirement delivery from the trust of a number of the Company's shares corresponding to their number of points at retirement.

(9)Exercise of Voting Rights in the Company's Shares within the Trust

In order to maintain management neutrality, during the trust period no voting rights shall be exercised on the Company's shares within the Trust (the Company's shares prior to delivery to the Company's Directors and Other Executives as described in (5) above).

(10)Handling the Allocation of Surplus Funds for the Company's Shares within the Trust

The allocation of surplus funds to the Company's shares within the Trust shall be received by the Trust and applied to trust compensation and trust expenses for the Trust. If residual funds remain at conclusion after being applied toward trust compensation and trust expenses, these funds shall be donated to an organization having no interest-based relationship with the Company or its executives or provided to Directors and Other Executives.

(11)Handling at Conclusion of the Trust Period

If residual shares exist at the conclusion of the trust period due to operating performance targets having not been met during the Target Period (except for shares planned for delivery upon retirement to Directors and Other Executives who may satisfy beneficiary conditions who have not retired as of the conclusion of the trust period), upon conclusion of the trust period or conclusion of the extension period during which the trust period has been extended in accordance with the first paragraph of (4) above, as a shareholder return measure the Trust expects to made a gratuitous conveyance of these residual shares and retire them by resolution of the Board of Directors.

(About Introduction of a Stock Compensation Plan for Managers)

KDDI hereby provides notice that a resolution was passed at a Board of Directors meeting on April 14, 2015, to introduce a stock-granting ESOP trust (hereinafter, “ESOP Trust”) as an incentive plan for managers aimed at enhancing the Company’s corporate value over the medium to long term. KDDI will provide notification on the date of establishment of this trust, as well as its period, the share acquisition period, the total value of shares to be acquired, and other details once this information has been decided.

1.Objective for Introducing the ESOP Trust

This ESOP Trust is being introduced as an incentive plan to further promote operational execution and enhance corporate value over the medium to long term by increasing awareness among the Company’s managers of operating performance and stock price.

2.Overview of the ESOP Trust

The ESOP Trust is a trust-type incentive plan for employees modeled on the U.S. employee stock ownership plan (ESOP) system. The ESOP trust acquires the Company’s shares and delivers them to employees in accordance with operating performance achievement levels and their positions.

The Company will establish this trust by contributing the cash to acquire the Company’s shares and specifying as the plan’s beneficiaries those selected KDDI managers who satisfy certain conditions. Based on share delivery regulations prepared in advance, this trust will acquire a number of the Company’s shares that is expected to be delivered to the Company’s managers. Thereafter, in accordance with the share delivery regulations, at the trust’s conclusion the trust will deliver to managers a number of shares in accordance with operating performance achievement levels and their positions. Managers will incur no burden, as the Company will contribute all the cash for purchasing the shares to be acquired by the trust.

The introduction of this trust is expected to increase KDDI managers’ working incentive, promoting operational execution from the perspective of contributing to operating performance over the medium to long term.

Voting rights on the shares that make up the trust’s assets are not to be exercised during the trust period.

5. Financial Statements

(1) Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery	2,201,446	2,240,338
Accumulated depreciation	(1,571,528)	(1,606,564)
Machinery, net	629,917	633,774
Antenna facilities	618,531	655,329
Accumulated depreciation	(282,131)	(314,960)
Antenna facilities, net	336,400	340,368
Terminal facilities	9,874	9,014
Accumulated depreciation	(7,684)	(7,123)
Terminal facilities, net	2,189	1,891
Local line facilities	192,570	194,276
Accumulated depreciation	(144,218)	(150,752)
Local line facilities, net	48,352	43,524
Long-distance line facilities	99,683	100,586
Accumulated depreciation	(95,226)	(94,841)
Long-distance line facilities, net	4,456	5,744
Engineering facilities	62,386	60,889
Accumulated depreciation	(40,723)	(42,294)
Engineering facilities, net	21,662	18,594
Submarine line facilities	48,268	48,268
Accumulated depreciation	(44,614)	(45,469)
Submarine line facilities, net	3,654	2,799
Buildings	347,967	349,332
Accumulated depreciation	(197,735)	(206,175)
Buildings, net	150,232	143,156
Structures	78,136	79,788
Accumulated depreciation	(52,633)	(55,408)
Structures, net	25,502	24,379
Machinary and equipment	6,413	5,869
Accumulated depreciation	(6,277)	(5,788)
Machinary and equipment, net	136	80
Vehicles	1,176	1,134
Accumulated depreciation	(939)	(980)
Vehicles, net	237	154
Tools, furniture and fixtures	74,423	77,856
Accumulated depreciation	(57,462)	(60,285)
Tools, furnitures and fixtures, net	16,961	17,570
Land	245,474	245,387
Lease assets	368	105
Accumulated depreciation	(280)	(50)
Lease assets, net	87	55
Construction in progress	150,585	166,006
Total property, plant and equipment	1,635,850	1,643,487

(Amount unit: Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Intangible assets		
Right of using submarine line facilities	4,261	3,924
Right of using facilities	11,049	12,345
Software	154,513	193,695
Patent right	0	0
Leasehold right	1,426	1,426
Other intangible assets	1,554	1,393
Total intangible assets	172,805	212,786
Total noncurrent assets-telecommunications business	1,808,656	1,856,273
Incidental business facilities		
Property, plant and equipment		
Property, plant and equipment	51,535	53,006
Accumulated depreciation	(17,094)	(21,216)
Property, plant and equipment, net	34,440	31,790
Total property, plant and equipment	34,440	31,790
Inta Intangible assets		
Total intangible assets	13,306	13,773
Total noncurrent assets-incidental business	47,747	45,564
Investments and other assets		
Investment securities	82,146	40,797
Stocks of subsidiaries and affiliates	575,703	623,435
Investments in capital	79	59
Investments in capital of subsidiaries and affiliates	10,110	11,628
Long-term loans receivable	6	5
Long-term loans receivable from subsidiaries and affiliates	36,368	132,092
Long-term prepaid expenses	120,843	105,457
Deferred tax assets	72,457	93,872
Other investment and other assets	38,284	37,706
Allowance for doubtful accounts	(9,259)	(9,503)
Total investments and other assets	926,740	1,035,550
Total noncurrent assets	2,783,144	2,937,388
Current assets		
Cash and deposits	55,668	60,101
Notes receivable-trade	30	17
Accounts receivable-trade	989,774	1,097,540
Accounts receivable-other	36,056	48,197
Securities	-	20,000
Supplies	74,590	68,000
Advance payments-trade	-	30
Prepaid expenses	17,919	19,549
Deferred tax assets	42,886	37,120
Short-term loans receivable to subsidiaries and affiliates	28,899	44,559
Other current assets	5,098	4,668
Allowance for doubtful accounts	(19,076)	(19,903)
Total current assets	1,231,848	1,379,883
Total assets	4,014,992	4,317,271

(Amount Unit: Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Noncurrent liabilities		
Bonds payable	204,998	215,000
Long-term loans payable	164,790	257,970
Lease obligations	57	39
Provision for retirement benefits	12,786	15,008
Provision for point service program	75,103	67,314
Provision for warranties for completed construction	5,544	5,499
Asset retirement obligations	1,839	736
Other noncurrent liabilities	13,286	15,434
Total noncurrent liabilities	478,406	577,002
Current liabilities		
Current portion of noncurrent liabilities	162,857	110,819
Accounts payable-trade	57,392	70,034
Short-term loans payable	151,516	98,539
Lease obligations	34	17
Accounts payable-other	265,722	306,595
Accrued expenses	6,809	6,618
Income taxes payable	102,886	128,076
Advances received	44,891	34,276
Deposits received	12,008	11,520
Provision for bonuses	20,511	18,432
Provision for directors' bonuses	193	153
Asset retirement obligations	187	915
Total current liabilities	825,012	785,999
Total liabilities	1,303,419	1,363,002
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus		
Legal capital surplus	305,676	305,676
Other capital surplus	80,266	80,266
Total capital surpluses	385,942	385,942
Retained earnings		
Legal retained earnings	11,752	11,752
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	627	659
Reserve for special depreciation	2,680	2,299
General reserve	1,905,933	2,111,233
Retained earnings brought forward	380,702	444,180
Total retained earnings	2,301,696	2,570,126
Treasury stock	(161,821)	(161,821)
Total shareholders' equity	2,667,669	2,936,098

(Amount Unit: Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	43,903	18,170
Total valuation and translation adjustments	43,903	18,170
Total net assets	2,711,573	2,954,269
Total liabilities and net assets	4,014,992	4,317,271

(2) Statements of Income

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	2,457,256	2,538,123
Operating expenses		
Business expenses	568,078	569,113
Operating expenses	50	40
Facilities maintenance expenses	248,717	258,615
Common expenses	2,790	2,325
Administrative expenses	76,903	73,650
Experiment and research expenses	6,935	6,979
Depreciation	338,408	359,133
Noncurrent assets retirement cost	17,376	23,824
Communication facility fee	412,545	447,674
Taxes and dues	41,574	38,900
Total operation expenses	1,713,380	1,780,257
Net operating income from telecommunication	743,876	757,865
Operating income and loss from incidental business		
Operating revenue	1,128,036	1,190,292
Operating expenses	1,329,802	1,333,346
Net operating loss from incidental business	(201,766)	(143,054)
Operating income	542,110	614,811
Non-operating income		
Interest income	1,349	1,104
Interest on securities	1	28
Dividends income	29,136	11,912
Foreign exchange gains	4,920	5,743
Miscellaneous income	7,951	11,158
Total non-operating income	43,360	29,947
Non-operating expenses		
Interest expenses	3,543	3,225
Interest on bonds	4,513	3,749
Miscellaneous expenses	3,686	2,378
Total non-operating expenses	11,742	9,353
Ordinary income	573,727	635,405
Extraordinary income		
Gain on sales of noncurrent assets	291	222
Gain on sales of investment securities	8,216	51,408
Gain on sales of stocks of subsidiaries and affiliates	25,266	-
Gain on exchange from business combination	330	-
Contribution for construction	923	709
Total extraordinary income	35,029	52,340

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Extraordinary loss		
Loss on sales of noncurrent assets	317	421
Loss on sales of stocks of subsidiaries and affiliates	3,713	-
Impairment loss	8,574	41,799
Loss on retirement of noncurrent assets	-	11,792
Loss on valuation of investment securities	269	229
Loss on valuation of stocks of subsidiaries and affiliates	15,742	10,696
Loss on exchange from business combination	200	-
Reduction entry of contribution for construction	922	709
Loss on liquidation of subsidiaries and associates	118	-
Total extraordinary losses	29,859	65,648
Income before income taxes	578,896	622,097
Income taxes-current	179,236	206,732
Income taxes for prior periods	-	6,873
Income taxes-deferred	43,656	5,228
Total income taxes	222,892	218,833
Net income	356,004	403,263

(3) Statements of Changes in Net Assets

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Shareholders' equity		
Capital stock		
Balance at the end of previous period	141,851	141,851
Restated balance	141,851	141,851
Balance at the end of current period	141,851	141,851
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	305,676	305,676
Restated balance	305,676	305,676
Balance at the end of current period	305,676	305,676
Other capital surplus		
Balance at the end of previous period	61,468	80,266
Restated balance	61,468	80,266
Changes of items during the period		
Disposal of treasury stock	18,281	-
Other	516	-
Total changes of items during the period	18,798	-
Balance at the end of current period	80,266	80,266
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	11,752	11,752
Restated balance	11,752	11,752
Balance at the end of current period	11,752	11,752
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	627	627
Restated balance	627	627
Changes of items during the period		
Adjustment to reserve due to change in tax rate	-	32
Balance at the end of current period	627	659
Reserve for special depreciation		
Balance at the end of previous period	981	2,680
Restated balance	981	2,680
Changes of items during the period		
Provision of reserve for special depreciation	1,928	21
Reversal of reserve for special depreciation	(228)	(508)
Adjustment to surplus due to change in tax rate	-	106
Total changes of items during the period	1,699	(380)
Balance at the end of current period	2,680	2,299
General reserve		
Balance at the end of previous period	1,754,233	1,905,933
Restated balance	1,754,233	1,905,933
Changes of items during the period		
Provision of general reserve	151,700	205,300
Total changes of items during the period	151,700	205,300
Balance at the end of current period	1,905,933	2,111,233
Retained earnings brought forward		
Balance at the end of previous period	263,992	380,702
Cumulative effects of changes in accounting policies	-	(9,587)
Restated balance	263,992	371,115
Changes of items during the period		
Dividends from surplus	(85,894)	(125,246)
Provision of reserve for special depreciation	(1,928)	(21)
Reversal of reserve for special depreciation	228	508
Adjustment to surplus due to change in tax rate	-	(106)
Adjustment to reserve due to change in tax rate	-	(32)
Provision of general reserve	(151,700)	(205,300)
Net income	356,004	403,263
Total changes of items during the period	116,709	73,065
Balance at the end of current period	380,702	444,180

(Amount unit: Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Treasury stock		
Balance at the end of previous period	(346,001)	(161,821)
Restated balance	(346,001)	(161,821)
Changes of items during the period		
Purchase of treasury stock	(19)	(0)
Disposal of treasury stock	184,199	-
Total changes of items during the period	184,179	(0)
Balance at the end of current period	(161,821)	(161,821)
Total shareholders' equity		
Balance at the end of previous period	2,194,582	2,667,669
Cumulative effects of changes in accounting policies	-	(9,587)
Restated balance	2,194,582	2,658,082
Changes of items during the period		
Dividends from surplus	(85,894)	(125,246)
Net income	356,004	403,263
Purchase of treasury stock	(19)	(0)
Disposal of treasury stock	202,480	-
Other	516	-
Total changes of items during the period	473,087	278,015
Balance at the end of current period	2,667,669	2,936,098
Valuation and translation adjustment		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	36,502	43,903
Restated balance	36,502	43,903
Changes of items during the period		
Net changes of items other than shareholders' equity	7,400	(25,732)
Total changes of items during the period	7,400	(25,732)
Balance at the end of current period	43,903	18,170
Subscription rights to shares		
Balance at the end of previous period	490	-
Restated balance	490	-
Changes of items during the period		
Net changes of items other than shareholders' equity	(490)	-
Total changes of items during the period	(490)	-
Balance at the end of current period	-	-
Total net assets		
Balance at the end of previous period	2,231,575	2,711,573
Cumulative effects of changes in accounting policies	-	(9,587)
Restated balance	2,231,575	2,701,985
Changes of items during the period		
Dividends from surplus	(85,894)	(125,246)
Net income	356,004	403,263
Purchase of treasury stock	(19)	(0)
Disposal of treasury stock	202,480	-
Other	516	-
Net changes of items other than shareholders' equity	6,909	(25,732)
Total changes of items during the period	479,997	252,283
Balance at the end of current period	2,711,573	2,954,269