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

Financial Statements Summary for the Three-month period ended June 30, 2016 [IFRS]

August 2, 2016

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

Quarterly statement filing date (as planned): August 5, 2016
Dividend payable date (as planned): —
Supplemental material of quarterly results: Yes
Convening briefing of quarterly results: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Three-month period ended June 30, 2016 (April 1, 2016 to June 30, 2016)

(1) Consolidated Operating Results

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

	Operating revenue		Operating income		Profit for the period before income tax		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		%		%		%		%		%		%
Three-month period ended June 30, 2016	1,130,453	8.0	275,112	19.1	267,304	16.3	200,782	28.9	167,105	16.1	179.672	12.2
Three-month period ended June 30, 2015	1,046,577	7.1	230,998	19.3	229,898	20.7	155,784	31.2	143,949	29.2	160,084	36.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three-month period ended June 30, 2016	67.25	67.24
Three-month period ended June 30, 2015	57.47	57.47

(2) Consolidated Financial Positions

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
				%
As of June 30, 2016	5,839,250	3,573,356	3,341,641	57.2
As of March 31, 2016	5,880,623	3,546,856	3,308,642	56.3

Note: During the first quarter of the fiscal year ending March 31, 2017, the KDDI Group finalized the provisional accounting treatment for business combinations, which was carried out in the fourth quarter of the fiscal year ended March 31, 2016. As a result, figures as of March 31,2016 reflect the revision of the initially allocated amounts of acquisition price.

2. Dividends

	Dividends per share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	-	35.00	-	35.00	70.00
Year ending March 31, 2017	-				
Year ending March 31, 2017 (forecast)		40.00	-	40.00	80.00

Note: Changes in the latest forecasts released: None

3. Consolidated Financial Results Forecast for Year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

（Percentage represents comparison to previous fiscal year）

	Operating revenue		Operating income		Profit for the year attributable to owners of the parent		Basic earnings per share
		%		%		%	Yen
Entire Fiscal Year	4,700,000	5.2	885,000	6.3	540,000	9.1	217.74

Notes: 1. Changes in the latest forecasts released: None
2. Forecast of consolidated business results for the six-month period ending September 30, 2016 is not prepared.
3. Percentages of year-on-year comparison have been changed due to the revision of the provisional accounting treatment for the business combination.

Notes

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation) during the three-month period ended June 30, 2016 : None

(2) Changes in accounting policies and estimates

1) Changes in accounting policies required under IFRSs : None
2) Other changes in accounting policies : None
3) Changes in accounting estimates : None

(3) Numbers of outstanding shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of June 30, 2016	2,620,494,257
	As of March 31, 2016	2,690,890,800
2) Number of treasury stock	As of June 30, 2016	140,496,653
	As of March 31, 2016	201,421,255
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the three-month period ended June 30, 2016	2,484,781,417
	For the three-month period ended June 30, 2015	2,504,929,267

Note: The 1,710,641 shares of KDDI Corportion(hereafter: the "Company")'s stock owned by the executive compensation BIP Trust account and the stock-granting ESOP Trust account are included in the total number of treasury stock as of June 30, 2016.

Indication of quarterly review procedure implementation status

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

Explanation for appropriate use of forecasts and other notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to P.16 "1. Qualitative Information / Consolidated Financial Statements, etc. (3) Explanation Regarding Future Forecast Information of Consolidated Financial Results" under [the Attachment] for the assumptions used and other notes.

2. On Thesday August 2, 2016, the Company will hold a financial result briefing for the institutional investors and analysts. The briefing will be webcasted and the presentation materials and Q&A summary will be also posted on our website.In addition to the above, the Company holds the briefing and the presentations on our business for the individual investors. For the schedule and details, please check our website.

[the Attachment]

Index of the Attachment

Glossary

ARPA	ARPA is an abbreviation for Average Revenue Per Account. Indicates monthly revenue per mobile subscriber (excluding prepaid and MVNO). au ARPA indicates communications revenues per person, and value ARPA describes value-added revenue per person.
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.
IoT	IoT is an abbreviation for Internet of Things. It refers to all manner of things possessing communication functions and being connected to the Internet, the sending of data collected by sensors, the use of data on a cloud platform, and automatic control based on this data.
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.
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.

1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation of Financial Results

1) Results Overview

Industry Trends and KDDI's Position

The Japanese telecommunications market continues to shift from mobile handsets to "smart devices," such as smartphones and tablets. Against this backdrop, the services mobile phone operators offer are growing more similar, and MVNO operators are increasingly promoting inexpensive SIM services. Furthermore, to secure new sources of earnings, telecommunications carriers are expanding their operations in domains other than telecommunications services, and their business strategies are entering an era of major change. In addition, the business environment for the overall telecommunications market is entering a new phase, including each company starting services for long-term users in accordance with the Ministry of Internal Affairs and Communications' demands of mobile phone operators and guidelines (applied from April 1, 2016) based on its "policy for reducing smartphone rates and normalizing handset sales."

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

In Japan, KDDI aims to transform from a telecommunication company into a "Life Design Company" to establish new avenues for growth in the non-telecommunications domain. In addition to the traditional telecommunication services, we will offer comprehensive "au life design" services including settlement, physical product sales, energy, and financial services. Our aim is to expand the "au economic zone" as a new economic zone in the non-telecommunication domain, building on top of our au customer base. Moreover, in the telecommunications domain, we will work to expand the average revenue per account, or "ARPA," and maximize "au customer numbers × ARPA" by stepping up our initiatives to popularize smartphones and tablets and strengthen our response to the IoT, and creating new experience value by linking various devices and other means.

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

Financial Results

For the three-month period ended June 30, 2016

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016	Increase (Decrease)	Increase (Decrease)%
Operating revenue	1,046,577	1,130,453	83,876	8.0
Cost of sales	570,531	592,950	22,419	3.9
Gross profit	476,046	537,503	61,457	12.9
Selling, general and administrative expenses	247,857	266,215	18,358	7.4
Other income and expense (Net)	1,590	3,132	1,541	96.9
Share of profit(loss) of investments accounted for using the equity method	1,218	692	(526)	(43.2)
Operating income	230,998	275,112	44,114	19.1
Finance income and cost (Net)	(1,621)	(7,761)	(6,141)	—
Other non-operating profit and loss (Net)	521	(47)	(568)	—
Profit for the period before income tax	229,898	267,304	37,406	16.3
Income tax	74,115	66,522	(7,593)	(10.2)
Profit for the period	155,784	200,782	44,998	28.9
Attributable to owners of the parent	143,949	167,105	23,156	16.1
Attributable to non-controlling interests	11,835	33,677	21,842	184.6

During the three-month period ended June 30, 2016, operating revenue rose 8.0% to ¥1,130,453 million, reflecting steady progress in the domestic telecommunications business driven by an increase in mobile communications revenues and revenues from handset sales, as well as the impact of the conversion of Jupiter Shop Channel Co., Ltd. (hereinafter, “Shop Channel”) into a new consolidated subsidiary in order to expand the “au economic zone.”

Operating income increased 19.1% to ¥275,112 million due to an increase of operating revenue, despite an increase in costs associated with the conversion of Shop Channel in to a new consolidated subsidiary.

Profit for the period attributable to owners of the parent rose 16.1% to ¥167,105 million due to a decrease in income tax, despite of an increase in foreign exchange losses.

Subscriptions of Major Services

Cumulative subscriptions	Unit	Year ended March 31, 2016				Year ending March 31, 2017
		As of 1Q	As of 2Q	As of 3Q	As of 4Q	As of 1Q
au subscriptions	(Thousand)	44,074	44,640	45,241	45,910	46,590
(Ref.) UQ WiMAX	(Thousand)	11,241	13,159	15,689	18,048	19,815
FTTH subscriptions	(Thousand)	3,559	3,625	3,695	3,750	3,804
CATV subscriptions	(Thousand)	4,938	4,979	5,025	5,052	5,213

[Reference]
With regard to consolidated subsidiaries handling the cable television business, as of June 30, 2016, the J:COM Group provides cable television via 75 channels in the Sapporo, Sendai, Kanto, Kansai, and Kyushu areas, and offers cable television, high-speed Internet connectivity, telephone, and other service.

2) Results by Business Segment

Personal Services

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

In the telecommunications domain, in the current fiscal year, we will continue working to expand sales of mobile, FTTH, and CATV services by leveraging "au Smart Value," which offers discounted monthly au mobile phone usage fees for customers who subscribe to au mobile phone/smartphone services as well as eligible fixed-line communications services. We will also aim to increase our number of allied companies. Meanwhile, in the expanding MVNO market our consolidated subsidiary UQ Communications Inc. will aim to increase its customer base by offering UQ Mobile (MVNO) services using au lines.

In the non-telecommunications domain, where we aim to expand by transforming into a "Life Design Company," in addition to the telecommunications domain, we are taking steps to expand the "au economic zone." These include expanding the "au WALLET Market," which maximizes the potential of au shops to serve as customer contact points, and starting provision of "au Denki" services nationwide.

Operating performance in the Personal Services segment for the three-month period ended June 30, 2016 is described below.

Results

For the three-month period ended June 30, 2016

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	814,576	868,461	53,884	6.6
Operating Income	179,213	220,534	41,321	23.1

During the three-month period ended June 30, 2016, operating revenue rose 6.6% to ¥868,461 million, mainly due to increases in mobile communications revenues and revenues from handset sales.

Operating income grew 23.1% year on year to ¥220,534 million due to higher operating revenue.

Overview of Operations

< Progress on Key Initiatives >

[Mobile]

au Net Additions

For the three-month period ended June 30, 2016, au net additions* totaled 221,000 subscriptions.
The primary reasons were an increase in the number of new smartphone subscriptions by "au Smart Value" and new tablet, router, and other subscriptions in line with our multi-device promotion.

* New subscribers minus churn

au Smart Value

As of June 30, 2016, the number of au subscriptions totaled 11.83 million, and households using this service came to 5.85 million. Also, we are steadily increasing the number of allied companies for "au Smart Value." As of June 30, 2016, this number was 7 companies for FTTH (including the Company) and 143 CATV companies, 240 channels (including 25 CATV companies, 25 channels allied with STNet, Incorporated).

au ARPA

au ARPA in the first quarter was up ¥210 year on year to ¥5,810. Also, as a result of promoting the multi-device shift, the number of devices per user increased by 0.04 to 1.42 devices.

au Handset Sales

During the first quarter, au handset sales were 1.93 million.

[Fixed Line]

FTTH Subscriptions

As of June 30, 2016, the number of FTTH subscriptions increased by 53,000 from March 31, 2016, to 3.752 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.

< Key Initiatives>

Multi-Device Promotion

・In the first quarter, we launched products such as "Qua Phone PX/Qua Tab PX," an original au model that features the "au Gallery" app for easy tablet syncing of photos taken with the smartphone, and Galaxy S7 Injustice Edition, a limited edition for au of 100 devices featuring the Batman motif.
・On May 19, 2016, KDDI secured the top ranking for overall satisfaction in J.D. Power's 2016 Japan Mobile Data Communications Service Satisfaction Survey. We will continue to seek further improvements in customer satisfaction going forward.
・In May 2016, we commenced carrier aggregation using 4G LTE and WiMAX 2+ to achieve au's fastest ever maximum receiving speed of 370 Mbps*. This has enabled even faster communications.

*370 Mbps services (not including uplink speeds) were initially introduced in the area around Shibuya Station in Tokyo and are to be rolled out in stages in the areas around Umeda Station in Osaka Prefecture, Nagoya Station in Aichi Prefecture, and major stations on the Yamanote Line in Tokyo, among others. 370 Mbps is the maximum value possible under the technical standard and does not denote actual speeds in practice. This is a "best effort service" and subscribers may find the service unavailable within the coverage area, or available at significantly reduced speed, depending on their usage environment and the status of their connection.

Augmenting Services

・UQ Mobile, an MVNO that uses au lines, launched a "Data Volume Increase Campaign" in April 2016 for subscribers to its new "Pittari Plan," which offers a monthly charge of ¥2,980 (excluding taxes) including communication fees and smartphone handset fee. The campaign offers subscribers up to double the data allowance at the same monthly charge. In July 2016, UQ Mobile launched the "1980 Discount," offering a ¥1,000 discount on monthly charges (for 13 months from the start of application), and a campaign to increase the amount of free voice call time by up to two times. Among other initiatives to strengthen its position in the MVNO market, UQ Mobile has also expanded its handset lineup, including iPhone 5S.

・In August 2016, to express its appreciation for loyal subscribers, KDDI will launch the new free subscriber program "au STAR." The program offers three benefits: the "au STAR Passport," which allows members to make priority reservations at au shops, the "au STAR Royal" plan, which rewards long-time subscribers with au WALLET points* based on the number of years they have used au services, and "au STAR gift" items available to registered subscribers.

*Rewards will be allocated based on subscribers' usage starting from November 2016.

・On May 16, 2016 7-Eleven stores nationwide began selling "Data Charge Cards." The cards have also been available at FamilyMart, MINISTOP, and Lawson stores since June 14, 2016.

Maximizing the au Economic Zone

- On April 1,2016, KDDI started providing the "au denki" service nationwide, except for Okinawa and certain areas. The service offers simple, clear service plans, and was launched in coordination with the "au denki set discount," which charges users' "au WALLET Prepaid Cards" with a value of up to 5% of the monthly "au denki" usage fee, depending on the fee, when the "au denki" service is used in conjunction with au mobile phone/smartphone services.

<Reference>

Business data (Personal)

[**Mobile**]

Cumulative subscriptions		Unit	Year ended March 31, 2016					Year ending March 31, 2017
			As of 1 Q	As of 2 Q	As of 3 Q	As of 4 Q	Fiscal year	As of 1 Q
au subscriptions		(Thousand)	37,001	37,435	37,844	38,236	-	38,457
Mobile devices per person		(Units)	1.38	1.39	1.40	1.41	-	1.42
au smart value	**au subscriptions**	(Thousand)	9,840	10,370	10,920	11,550	-	11,830
	Households *1	(Thousand)	4,840	5,140	5,450	5,720	-	5,850

Indicators	Unit	Year ended March 31, 2016					Year ending March 31, 2017
		1 Q	2 Q	3 Q	4 Q	Fiscal year	1 Q
au ARPA *2	(Yen)	5,600	5,700	5,720	5,730	5,690	5,810
au Churn rate	(%)	0.72	0.83	0.91	1.07	0.88	0.77
au handset sales *3	(Thousand)	2,050	2,300	2,600	2,430	9,380	1,930
of smartphone	(Thousand)	1,600	1,810	2,200	2,010	7,620	1,610
au handset shipments *4	(Thousand)	1,940	2,250	2,640	2,270	9,100	1,800

[Fixed Line]

Cumulative subscriptions	Unit	Year ended March 31, 2016					Year ending March 31, 2017
		As of 1 Q	As of 2 Q	As of 3 Q	As of 4 Q	Fiscal year	As of 1 Q
FTTH subscriptions *5	(Thousand)	3,508	3,573	3,643	3,699	-	3,752
CATV subscriptions	(Thousand)	4,938	4,979	5,025	5,052	-	5,213

*1.Total of the Companies and affiliated fixed-line companies
*2.Based on the Personal Services segment. Mobile communications revenue, excluding MVNO and prepaid ÷ au customers
*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"

Value Services

In the Value Services segment, KDDI is providing content, settlement, and other value-added services and taking various steps to “maximize the au economic zone” and “expand business in new business domains” with the aim of transforming into a “Life Design Company. ”
During the current fiscal year, KDDI worked to increase transaction volumes and value ARPA by strengthening its commerce and financing businesses. We also stepped up our efforts in new business domains with a focus on increasing customer experience value by making use of the data management platform (DMP) that we have built to date.
Operating performance in the Value Services segment for the three-month period ended June 30, 2016 is described below.

Results

For the three-month period ended June 30, 2016

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	61,795	103,535	41,740	67.5
Operating Income	18,365	25,354	6,988	38.1

During the three-month period ended June 30, 2016, operating revenue rose ¥67.5% to ¥103,535 million, mainly reflecting the impact of converting Shop Channel into a new consolidated subsidiary and an increase in usage of “au Smart Pass.”

Thanks to the operating revenue increase, operating income grew 38.1% year on year to ¥25,354 million, even though expenses increased in tandem with the conversion of Shop Channel into a new consolidated subsidiary.

Overview of Operations

<Progress on Key Initiatives>

Value ARPA

During the first quarter, value ARPA was up ¥40 year on year, to ¥470. The main factors behind this increase were the steady increase in the number of members to “au Smart Pass,” as well as higher settlement commission revenue from “au WALLET” and an increase in revenue from physical product sales on “au WALLET Market.”

< Key Initiatives >

Expanding the au Economic Zone

- In the finance business, on April 5, 2016 we started providing “au Insurance & Loan” in partnership with Jibun Bank Corporation, au Insurance Co., Ltd., and LIFENET INSURANCE COMPANY. In providing this product, we have established a dedicated counter called the “au Financial Support Center” so that customers who are not accustomed to using the Internet or who are unsure about purchasing online products can consider the product with assurance. At the center, qualified KDDI personnel* provide product explanations and proposals over the telephone, and we have also established a support system so that customers can visit KDDI’s directly operated stores to have face-to-face consultations and so forth.
- In the commerce business, the number of “au WALLET Market” subscribers surpassed 3 million. Looking ahead, as we enhance our product lineup, we will provide a shopping service that can be enjoyed with confidence by customers of various generations.
- KDDI and Shop Channel held a special benefit promotion for customers who use au services. The collaboration is steadily growing stronger, with positive feedback from many customers, including those using Shop Channel for the first time.

* Qualified KDDI personnel are employees of KDDI who hold sales qualifications related to certain bank agency operations or insurance operations. Initially, only personnel with qualifications limited to insurance operations are dispatched to directly operated stores.

Cultivating New Services

・KDDI and Gunosy Inc. have collaborated to provide “News Pass,” a free smartphone news service app that started in June 1, 2016. The two companies jointly developed information analysis and distribution technologies that enable customers to effortlessly read “current and seasonal news” being read by other customers as well as “desirable information” aligned with their personal interests. Furthermore, many customers have responded positively to the “Follow” function, which automatically lists up news that matches their interests after they register key words, such as the names of certain famous people, areas, or entertainment productions.
・“Smaho de Dock” is a self-administered health check service for residents and company employees that we have continued to provide from the previous fiscal year in collaboration with 27 municipalities, two health insurance associations, and two health insurance societies. On June 17, 2016 we also started to provide a health information distribution function called “Anata no Machi no Kenko News.” By aiming to encourage people to develop a habit of taking regular health checks, we will strive to support customers’ health management and resolve various issues in the field of healthcare.
・Amid mounting interest in VR*[1] services, we invested in VR service provider Hacosco Inc. through the corporate venture fund “KDDI Open Innovation Fund.” Now customers can easily experience VR for themselves using a smartphone with Hacosco’s VR player app downloaded onto it and a viewer made from cardboard. We will continue to propose new value to our customers by investing in promising startup companies and collaborating with them.
・KDDI’s consolidated subsidiary Syn. Holding, Inc. acquired the shares of Connehito Inc. on June 7, 2016, and made it a consolidated subsidiary. Connehito Inc. operates the women’s lifestyle support website “Mamari” and the Q&A app “Mamari Q,” which provide answers to questions about pregnancy, birth, and childrearing. The two services have been operating for only a little over two years, but have already acquired more than 5 million users*[2] and are growing into one of the largest family-oriented services in Japan. Looking ahead, we will strengthen the coordination between Group companies and provide services tailored to customers’ life events as a “Life Design Company. ”

*1 VR: Virtual Reality. A technology that produces the sensation of reality when users view an artificially created virtual environment using a VR viewer or similar device. Use of VR is advancing in new working spaces where reality is augmented and in the field of entertainment, where it provides experiences that are impossible in reality.
*2 Cumulative number of users of “Mamari” and “Mamari Q” (Monthly for May 2016, eliminating overlaps. Research by Google Analytics)

<Reference>
Business data (Value)

Cumulative subscriptions	Unit	Year ended March 31, 2016					Year ending March 31, 2017
		As of 1 Q	As of 2 Q	As of 3 Q	As of 4 Q	Fiscal year	As of 1 Q
au Smart Pass subscriptions	(Thousand)	13,190	13,610	14,020	14,470	-	14,640

Indicators	Unit	Year ended March 31, 2016					Year ending March 31, 2017
		1 Q	2 Q	3 Q	4 Q	Fiscal year	1 Q
Value ARPA*	(Yen)	430	430	440	480	440	470

* 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

Business Services

In the Business Services segment, we provide diverse solutions, including cloud services, 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.

During the current fiscal year, we will contribute even more to the development and expansion of our corporate customers' businesses, and we are now working on business innovation with the goal of being our customers preferred choice as a true business partner.

Operating performance in the Business Services segment for the three-month period ended June 30, 2016, is described below.

Results

For the three-month period ended June 30, 2016

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	151,184	151,396	213	0.1
Operating Income	20,081	20,279	198	1.0

During the three-month period ended June 30, 2016, despite lower mobile and fixed line communications revenues, operating revenue increased 0.1% to ¥151,396 million, mainly due to higher revenues from handset sales and an increase in solution sales such as IT outsourcing.

Despite higher sales commissions and other costs, operating income rose 1.0% year on year to ¥20,279million due to a decline in communications facility fees and the increase in operating revenue.

Overview of Operations

Initiatives for IoT

・KDDI and TOYOTA MOTOR CORPORATION have been collaborating to build a global communication platform for the global expansion of high-quality, stable telecommunications between vehicle onboard transmitters and cloud computing networks–a technology that is required for "Connected Cars." With the arrival of the Internet of Things (IoT) era, in which physical objects are connected with the Internet, the KDDI Group is leveraging its total capabilities and concentrating its accumulated expertise to build and supply globally the necessary platform to enable cars to become "connected."

Solutions for Overseas Visitors to Japan

・KDDI started working with Liquid, Inc. in June 2016 on a trial demonstration project for overseas visitors to Japan called "Project Ikebukuro." During the period of the project *[1], overseas visitors who stay at the "Sunshine City Prince Hotel" operated by Prince Hotels, Inc. will be able to identify themselves when checking into the hotel using fingerprint authentication rather than presenting their passports to make the process more convenient. This project was selected by the first advanced IoT project selection committee, "IoT Lab Selection"*[2] for the Grand Prix under the IoT Acceleration Lab within the IoT Acceleration Consortium of the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communications. KDDI aims to enhance solutions for the rapidly increasing number of overseas visitors to Japan to make their stays even more comfortable.

*1 June – November 30, 2016 (planned)
*2 A committee that selects advanced, outstanding projects that utilize IoT and provides joint public-private sector funding and regulatory support.

Global Services

The Global Services segment is working aggressively to expand customer businesses in Myanmar and other emerging countries, and to provide one-stop ICT solutions to corporate customers, centered on our high connectivity "TELEHOUSE" data centers. Furthermore, we provide voice and data business to more than 600 telecommunications carriers around the world.
During the current fiscal year, we will focus on expanding our scale, mainly in the consumer business, which is one of the segment's growth pillars. We will also achieve steady and stable growth in the voice and data business for global ICT companies and telecommunications carriers. Despite the effects of the yen's recent sharp appreciation, we aim to achieve steady business growth on a local currency basis.
Operating performance in the Global Services segment for the three-month period ended June 30, 2016 is described below.

Results

For the three-month period ended June 30, 2016

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	76,765	65,780	(10,985)	(14.3)
Operating Income	11,302	7,160	(4,142)	(36.6)

During the three-month period ended June 30, 2016, operating revenue declined by 14.3% year on year to ¥65,780 million. This reflected the impact of the yen's recent sharp appreciation, as well as a decline in revenue due to the liquidation of unprofitable businesses in the U.S. consumer business last year.

Operating income decreased by 36.6% year on year to ¥7,160 million, reflecting the decline in operating revenue. Nevertheless, profit continues to increase steadily since bottoming out in the third quarter of the previous fiscal year.

Overview of Operations

Promoting Telecommunications Business in Myanmar

- During the first quarter, we worked to enhance network quality by installing mobile base stations outside of major urban areas and in regional cities and expanding the service area of the high-speed telecommunications network, and by optimizing the service area. We also worked to provide competitive services, including various promotional campaigns focused on customer needs and on June 6, 2016 we launched a service to provide data communication to a wide range of customers through an alliance with Facebook.
  As a result, the number of mobile phone subscribers has increased by around 6 million, more than 3 times in the period since we signed the joint business agreement in July 2014, to approximately 20 million, and is progressing well.
  Going forward, KDDI plans to expand both its mobile and fixed-line services, and to expand new service domains even further. We will also take steps to provide more detailed customer support, aiming to please our customers in Myanmar by promoting our business as their No. 1 telecommunications carrier.

Strengthening the Telecommunications Business in Mongolia

- KDDI's consolidated subsidiary MobiCom Corporation LLC, a comprehensive communication services provider with the top share of mobile phone subscribers in Mongolia, started operating the 4G LTE high-speed telecommunications standard in the Mongolian capital Ulaanbaatar in May 2016.
  In tandem with this, the company launched the MobiPlay video service using the high-speed Internet environment. The service allows users to view on-demand video and television broadcasts with ease anytime and anywhere through their smartphone or tablet.
  MobiCom plans to expand the 4G LTE coverage area in stages and will continue contributing to the development telecommunications in Mongolia.

3) Status of Major Affiliates, etc

<Jibun Bank Corporation>

The Company's equity-method affiliate Jibun Bank Corporation made an alliance with Seven Bank, Ltd. and decided to introduce a cash deposit and withdrawal service that enables use of a smartphone rather than a cash card at Seven Bank ATMs. The service will be available to account-holding customers from spring 2017.

Furthermore, as a first step in radically improving smartphone banking, on June 20, 2016, the company completely renewed the "Jibun Bank Smartphone App." The new app has been redesigned in every aspect to improve customer experience value by making it easier and more intuitive to operate. New functions have been added, including, as a first among Japanese banks,*[1] a "Time Line" function and "Summary" showing the status of the customer's assets on a graph in real time. Another new addition, "My Menu," allows customers to rearrange the transaction menu to suit their preference. Furthermore, a 3D Touch*[2] function has been added to facilitate quick execution of certain transactions, along with "Touch ID"*[3], which enables users to use fingerprint authentication instead of a password when starting the app.

*1 As of June 20, 2016. Jibun Bank research.
*2 Available on iPhone 5s and later models.
*3 Available on iPhone 6s / iPhone 6s Plus and later models.

Notes:
* Android is a trademark or registered trademark of Google Inc.
* Galaxy is a trademark or registered trademark of Samsung Electronics Co., Ltd.
* The service name "4G LTE" conforms to the statement of the International Telecommunication Union (ITU) that has approved LTE to be called 4G.
* iPhone is a trademark of Apple Inc. registered in the U.S. and other countries. The iPhone trademark is used under license from Aiphone K.K.
* Facebook is a registered trademark of Facebook, Inc.
* Other company and product names are registered trademarks or trademarks of their respective companies.

(2) Explanation of Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2016	As of June 30, 2016	Increase (Decrease)	Increase (Decrease)%
Non-current assets	4,141,220	4,092,623	(48,597)	(1.2)
Current assets	1,739,403	1,746,627	7,224	0.4
Total assets	5,880,623	5,839,250	(41,373)	(0.7)
Non-current liabilities	1,375,219	1,329,089	(46,130)	(3.4)
Current liabilities	958,548	936,805	(21,743)	(2.3)
Total liabilities	2,333,767	2,265,894	(67,873)	(2.9)
Total equity	3,546,856	3,573,356	26,500	0.7

Note: During the first quarter of the fiscal year ending March 31, 2017, the KDDI Group finalized the provisional accounting treatment for business combinations. As a result, figures for the fiscal year ended March 31, 2016 reflect the revision of the initially allocated amounts of acquisition price.

(Assets)

Total assets amounted to ¥5,839,250 million as of June 30, 2016, down ¥41,373 million from their level on March 31, 2016. Although other current assets increased, cash and cash equivalents and property, plant and equipment fell.

(Liabilities)

Total liabilities amounted to ¥2,265, 894 million as of June 30, 2016, down ¥67,873 million from March 31, 2016 due to decreases in income taxes payables and trade and other payables, although other current liabilities increased.

(Equity)

Net equity amounted to ¥3,573,356 million, due to increased retained earnings. As a result, ratio of equity attributable to owners of the parent to total assets increased from 56.3% as of March 31, 2016, to 57.2%.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016	Increase (Decrease)
Net cash provided by (used in) operating activities	80,907	226,892	145,986
Net cash provided by (used in) investing activities	(161,042)	(99,165)	61,877
Free cash flows (Note)	(80,136)	127,728	207,863
Net cash provided by (used in) financing activities	1,827	(168,530)	(170,357)
Effect of exchange rate changes on cash and cash equivalents	664	(4,460)	(5,124)
Net increase (decrease) in cash and cash equivalents	(77,645)	(45,262)	32,383
Cash and cash equivalents at the beginning of the period	276,317	192,087	(84,230)
Cash and cash equivalents at the end of period	198,672	146,825	(51,847)

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 ¥226,892 million. This includes ¥267,304 million of profits for the period before income tax, ¥137,413 million of depreciation and amortization, ¥121,845 million in income taxes paid, and ¥23,036 million of decrease in trade and other payables.

Investing activities used net cash of ¥99,165 million. This includes ¥53,490 million of purchase of property, plant and equipment, ¥34,243 million for purchase of intangible assets, and ¥7,581 million for acquisition of control over subsidiaries.

Financial activities used net cash of ¥168,530 million. This includes ¥86,509 million in cash dividends paid, ¥36,610 in cash dividends paid to non-controlling interests, ¥34,762 million in payments from redemption of bonds and repayment of long-term borrowings, and ¥29,900 million in payments from purchase of treasury stock.

As a result, the total amount of cash and cash equivalents as of June 30, 2016, decreased ¥45,262 million from March 31, 2016 to ¥146,825 million.

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

The estimated consolidated financial results for the year ending March 31, 2017 for full-year basis disclosed in the Financial Statements Summary for the year ended March 31, 2016 (disclosed on May 12, 2016) were as follows;

Operating Revenue: ¥4,700,000 million, Operating Income: ¥885,000 million, Profit for the year attributable to owners of the parent: ¥540,000 million. There is no change to these figures.
The Company has not prepared consolidated business forecasts for the six-month period ending September 30, 2016 because the rapidly changing operating environment, characterized by competition among telecommunication carriers, means it is difficult to make forecasts for this period.

2. Notes Regarding Summary Information (Notes)

(1) Changes in significant consolidated subsidiaries during the three-month period ended June 30, 2016

None

(2) Changes in accounting policies and estimates

None

3. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Non-current assets :		
Property, plant and equipment	2,485,728	2,441,214
Goodwill	449,707	451,280
Intangible assets	845,640	839,222
Investments accounted for using the equity method	71,011	71,040
Other long-term financial assets	112,809	115,987
Deferred tax assets	103,388	105,086
Other non-current assets	72,938	68,794
Total non-current assets	4,141,220	4,092,623
Current assets :		
Inventories	79,626	97,718
Trade and other receivables	1,357,820	1,344,335
Other short-term financial assets	14,966	17,412
Income tax receivables	8,142	17,167
Other current assets	86,648	123,063
Cash and cash equivalents	192,200	146,931
Total current assets	1,739,403	1,746,627
Total assets	5,880,623	5,839,250

	As of March 31, 2016	As of June 30, 2016
		(Unit: Millions of yen)
Liabilities and Equity		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	956,800	911,120
Other long-term financial liabilities	174,791	178,424
Retirement benefit liabilities	20,255	19,956
Deferred tax liabilities	62,440	62,599
Provisions	7,635	7,466
Other non-current liabilities	153,299	149,524
Total non-current liabilities	1,375,219	1,329,089
Current liabilities :		
Borrowings and bonds payable	96,836	136,501
Trade and other payables	426,172	403,247
Other short-term financial liabilities	25,037	25,311
Income taxes payables	120,818	64,339
Provisions	20,390	19,917
Other current liabilities	269,294	287,489
Total current liabilities	958,548	936,805
Total liabilities	2,333,767	2,265,894
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	368,245	294,346
Treasury stock	(210,861)	(166,924)
Retained earnings	2,995,836	3,075,920
Accumulated other comprehensive income	13,570	(3,553)
Total equity attributable to owners of the parent	3,308,642	3,341,641
Non-controlling interests	238,214	231,715
Total equity	3,546,856	3,573,356
Total liabilities and equity	5,880,623	5,839,250

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2015	For the three-month period ended June 30, 2016
Operating revenue	1,046,577	1,130,453
Cost of sales	570,531	592,950
Gross profit	476,046	537,503
Selling, general and administrative expenses	247,857	266,215
Other income	2,268	3,488
Other expense	678	356
Share of profit of investments accounted for using the equity method	1,218	692
Operating income	230,998	275,112
Finance income	1,635	450
Finance cost	3,256	8,211
Other non-operating profit and loss	521	(47)
Profit for the period before income tax	229,898	267,304
Income tax	74,115	66,522
Profit for the period	155,784	200,782
Profit for the period attributable to:		
Owners of the parent	143,949	167,105
Non-controlling interests	11,835	33,677
Profit for the period	155,784	200,782
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	57.47	67.25
Diluted earnings per share (yen)	57.47	67.24

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2015	For the three-month period ended June 30, 2016
Profit for the period	155,784	200,782
Other comprehensive income		
Items that will not be transferred subsequently to profit or loss		
Changes measured in fair value of financial assets through other comprehensive income	(141)	(1,519)
Share of other comprehensive income of investments accounted for using the equity method	(858)	1,926
Total	(998)	407
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	117	(1,767)
Translation differences on foreign operations	4,510	(18,956)
Share of other comprehensive income of investments accounted for using the equity method	672	(793)
Total	5,299	(21,517)
Total other comprehensive income	4,301	(21,110)
Total comprehensive income for the period	160,084	179,672
Total comprehensive income for the period attributable to:		
Owners of the parent	147,992	150,093
Non-controlling interests	12,092	29,579
Total	160,084	179,672

Items in the statement above are presented net of tax.

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the three-month period ended June 30, 2015

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2015	141,852	369,722	(161,822)	2,686,824	27,462	3,064,038	158,974	3,223,012
Comprehensive income								
Profit for the period	–	–	–	143,949	–	143,949	11,835	155,784
Other comprehensive income	–	–	–	–	4,043	4,043	257	4,301
Total comprehensive income	–	–	–	143,949	4,043	147,992	12,092	160,084
Transactions with owners and other transactions								
Cash dividends	–	–	–	(75,148)	–	(75,148)	(29,426)	(104,575)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	30	(30)	–	–	–
Purchase and disposal of treasury stock	–	–	(19)	–	–	(19)	–	(19)
Changes in interests in subsidiaries	–	293	–	–	–	293	(565)	(271)
Other	–	8	–	(8)	–	–	–	–
Total transactions with owners and other transactions	–	302	(19)	(75,126)	(30)	(74,873)	(29,991)	(104,865)
As of June 30, 2015	141,852	370,024	(161,841)	2,755,647	31,475	3,137,156	141,075	3,278,232

For the three-month period ended June 30, 2016

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2016	141,852	368,245	(210,861)	2,995,836	13,570	3,308,642	238,214	3,546,856
Comprehensive income								
Profit for the period	–	–	–	167,105	–	137,105	33,677	200,782
Other comprehensive income	–	–	–	–	(17,012)	(17,012)	(4,098)	(21,110)
Total comprehensive income	–	–	–	167,105	(17,012)	150,093	29,579	179,672
Transactions with owners and other transactions								
Cash dividends	–	–	–	(87,132)	–	(87,132)	(36,576)	(123,708)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	111	(111)	–	–	–
Purchase and disposal of treasury stock	–	29	(29,819)	–	–	(29,791)	–	(29,791)
Retirement of treasury stock	–	(73,804)	73,804	–	–	–	–	–
Changes in interests in subsidiaries	–	(211)	–	–	–	(211)	498	287
Other	–	88	(48)	–	–	40	–	40
Total transactions with owners and other transactions	–	(73,899)	43,937	(87,021)	(111)	(117,094)	(36,078)	(153,172)
As of June 30, 2016	141,852	294,346	(166,924)	3,075,920	(3,553)	3,341,641	231,715	3,573,356

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Three-month period ended June30, 2015	Three-month period ended June30, 2016
Cash flows from operating activities		
Profit for the period before income tax	229,898	267,304
Depreciation and amortization	131,307	137,413
Impairment loss		
Share of profit(loss) of investments accounted for using the equity method	(1,218)	(692)
Loss (gain) on sales of non-current assets	(21)	39
Interest and dividends income	(365)	(450)
Interest expenses	3,129	2,875
(Increase) decrease in trade and other receivables	8,663	(151)
Increase (decrease) in trade and other payables	(86,403)	(23,036)
(Increase) decrease in inventories	(8,362)	(18,590)
(Increase) decrease in retirement benefit assets	(1,056)	-
Increase (decrease) in retirement benefit liabilities	56	(299)
Other	(24,791)	(14,996)
Cash generated from operations	250,837	349,418
Interest and dividends received	1,009	2,616
Interest paid	(3,505)	(3,297)
Income tax paid	(167,434)	(121,845)
Net cash provided by (used in) operating activities	80,907	226,892

(Unit: Millions of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Cash flows from investing activities		
Purchase of property, plant and equipment	(87,816)	(53,490)
Proceeds from sales of property, plant and equipment	585	52
Purchase of intangible assets	(64,839)	(34,243)
Purchase of other financial assets	(584)	(3,056)
Proceeds from sales/redemption of other financial assets	77	42
Acquisition of control over subsidiaries	(4,959)	(7,581)
Purchase of stocks of associates	(3,040)	(392)
Other	(466)	(497)
Net cash provided by (used in) investing activities	(161,042)	(99,165)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	166,210	20,053
Proceeds from issuance of bonds and long-term borrowings	−	7,000
Payments from redemption of bonds and repayment of long-term borrowings	(53,740)	(34,762)
Repayments of lease obligations	(6,409)	(7,403)
Payment from purchase of subsidiaries' equity from non-controlling interests	(309)	(429)
Payment from purchase of treasury stock	(19)	(29,900)
Cash dividends paid	(74,518)	(86,509)
Cash dividends paid to non-controlling interests	(29,388)	(36,610)
Other	(1)	29
Net cash provided by (used in) financing activities	1,827	(168,530)
Effect of exchange rate changes on cash and cash equivalents	664	(4,460)
Net increase (decrease) in cash and cash equivalents	(77,645)	(45,262)
Cash and cash equivalents at the beginning of the period	276,317	192,087
Cash and cash equivalents at the end of the period (Note)	198,672	146,825

(Note) The difference in the amount of "cash and cash equivalents" between condensed interim consolidated statement of financial position and condensed interim consolidated statement of cash flows represents bank overdrafts.

(6) Going Concern Assumption

None

(7) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

The Company was established as a limited company in accordance with Japanese Company Act. The location of the Company is Japan and the registered address of its headquarter is 2-3-2, Nishishinjuku, Sinjuku-ku, Tokyo, Japan. The Company's condensed interim consolidated financial statements as of and for the three-month period ended June 30, 2016 comprise the Company and its consolidated subsidiaries (together referred to as "the Group") and the Group's interests in associates and joint ventures. The Company is the ultimate parent company of the Group.

The Group's major business and activities are "Personal Services", "Value Services", "Business Services" and "Global Services." For the details, please refer to "(1) Outline of reporting segments" of "Note 5. Segment information."

2. Basis of preparation

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

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

The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2016.

(2) Basis of measurement

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

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

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

(3) Presentation currency and unit of currency

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

(4) Use of estimates and judgement

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

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

The judgments, estimates and assumptions that have significant impact on the amount in the condensed interim consolidated financial statements as of and for the three month ended June 30, 2016 are consistent with those described in the annual consolidated financial statements for the previous fiscal year ended March 31, 2016 in principle.

(5) Application of new standards and interpretations

The Group newly adopted the following standards from the three-month period ended June 30, 2016.

- IAS1 (Revised) : Presentation of Financial Statements
- IAS16 (Revised) : Property, Plant and Equipment, IAS38 (Revised): Intangible Assets
- IFRS11(Revised) : Joint arrangements
- IAS19 (Revised) : Employee benefit

The Group has early adopted IFRS 9 "Financial instruments" (issued in November 2009 and amended in July 2014).

(6) Standards not yet adopted

The following new standards and amendments announced by the submission date of this condensed interim consolidated financial statements are not mandatory as of June 30, 2016. They have not been early adopted by the Group.

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

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

3. Significant accounting policies

The significant accounting policies applied in this condensed interim consolidated financial statements for the three-month period ended June 30, 2016 are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended March 31, 2016, except that income tax expenses on condensed interim consolidated statement of income are calculated based on the estimated average annual effective income tax rate.

4. Business Combination

No significant business combinations took place during the three-month period ended June 30, 2016.

Jupiter Shop Channel Co., Ltd. (Revision of provisional accounting)

On March 14, 2016, Jupiter Shop Channel Co., Ltd. became a consolidated subsidiary of the Group through the acquisition of the shares.

Since allocation of consideration transferred to acquired assets and assumed liabilities related to this business combination had not been completed when the annual financial statements ended March, 2016 were authorized for issue, the amount of some assets and liabilities were recognized on a provisional basis.

In the three- month period ended June 30, 2016, the allocation was completed. The consideration transferred and the revised fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date are as follows.

i. Consideration transferred and its components

(Unit: Millions of yen)

		As of acquisition date (March 14, 2016)
Cash payment		85,488
Total consideration transferred	A	85,488

ii. Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

(Unit: Millions of yen)

	As of acquisition date (March 14, 2016)
Non-current assets	
Property, plant and equipment	4,080
Intangible assets	128,977
Other	3,456

Total non-current assets		136,513
Current assets		
Trade and other receivables		5,345
Cash and cash equivalents		16,199
Other		6,437
Total current assets		27,981
Total assets		164,494
Non-current liabilities		
Borrowings and bonds payable		66,363
Deferred tax liabilities		38,129
Other		2,154
Total non-current liabilities		106,646
Current liabilities		
Borrowings and bonds payable		1,148
Trade and other payables		9,918
Other		6,729
Total current liabilities		17,795
Total liabilities		124,441
Net assets	B	40,052
Non-controlling interests	C	47,141
Goodwill	A - (B - C)	92,576

As a result of completion of allocation, the amount of goodwill on the acquisition date decreased by ¥44,027 million from the initial provisional amount. This is mainly due to the increase in intangible assets of ¥118,395 million, deferred tax liabilities of ¥38,129 million and non-controlling interests of ¥36,020 million.

According to the above revision, the condensed consolidated statement of financial position for the previous fiscal year and the opening retained earnings and non-controlling interest in the condensed interim consolidated statement of changes in equity for the current period are retroactively restated.

5. Segment information

(1) Outline of reporting segments

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

The Group aims to transform into a business that provides experience value surpassing customer expectations by emphasizing the “customer’s perspective” and “innovation.” Based on this policy, the Group will seek to “sustainably grow the domestic telecommunications business,” “maximize the ‘au economic zone,’” and “aggressively develop global business.”

The Group has four reportable segments based on the above strategies: Personal Services segment, Value Services segment, Business Services and Global Services segment. The Group’s reportable segments are the same as its business segments.

“Personal” mainly provides mobile and fixed-line communications services for individual customers in Japan. Mobile communications services include mobile communications services, chiefly under the "au" brand, and sales of multi-devices such as various smartphones and tablets. Fixed-line communications services include FTTH services (in-home Internet, telephone, and TV services) which are branded "au HIKARI, CATV and other services.

Moreover, in the MVNO market, consolidated subsidiary UQ Communications Inc., provides UQ mobile services using au lines. In addition to the telecommunications domain, the Group is also working to expand the physical products service “au WALLET Market,” which makes use of au shops, as well as expanding the “au economic zone” by providing “au denki” and other services.

“Value” provides content, settlement, commerce and other value-added services,taking various steps to “maximize the au economic zone” and “expand business in new business domains” with the aim of transforming into a “Life Design Company. ”

“Business” provides diverse solutions, including cloud services, 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.

“Global” provides voice and data business to more than 600 telecommunications carriers around the world. In addition to the above services, we are working aggressively to expand customer businesses in Myanmar and other emerging countries, and to provide one-stop ICT solutions to corporate customers, centered on “TELEHOUSE” data centers.

(2) Calculation method of revenue and income or loss by reporting segment

Accounting treatment of reported business segments is consistent with "Significant accounting policies" stated in the annual consolidated financial statements for the previous fiscal year ended March 31, 2016.

Income of the reporting segments is based on the operating income.

Inter segment transaction price is determined based on the price by arm's length transactions or gross costs after price negotiation.

Assets and liabilities are not allocated to reporting segments.

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

The Group's segment information is as follows:

For the three-month period ended June 30, 2015

(Unit: Millions of yen)

	Reporting segment								
	Personal	Value	Business	Global	Sub-total	Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the condensed interim consolidated financial statements
Revenue									
Revenue from external customers	791,226	44,137	129,039	68,712	1,033,114	13,463	1,046,577	–	1,046,577
Inter-segment revenue or transfers	23,350	17,658	22,145	8,053	71,205	28,305	99,511	(99,511)	–
Total	814,576	61,795	151,184	76,765	1,104,319	41,768	1,146,087	(99,511)	1,046,577
Segment income	179,213	18,365	20,081	11,302	228,962	2,066	231,028	(31)	230,998
Finance income and finance cost (Net)									(1,621)
Other non-operating profit and loss									521
Profit for the period before income tax									229,898

(Note 1) Business segment "Other" does not constitute reporting segments, and includes construction and maintenance of facilities, call center, and research and development of leading-edge technology.

(Note 2) Adjustment of segment income shows the elimination of inter-segment transactions.

For the three-month period ended June 30, 2016

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the condensed interim consolidated financial statements
	Personal	Value	Business	Global	Sub-total				
Revenue									
Revenue from external customers	843,987	84,745	130,174	58,953	1,117,860	12,593	1,130,453	–	1,130,453
Inter-segment revenue or transfers	24,473	18,790	21,222	6,826	71,311	29,062	100,373	(100,373)	–
Total	868,461	103,535	151,396	65,780	1,189,171	41,655	1,230,826	(100,373)	1,130,453
Segment income	220,534	25,354	20,279	7,160	273,328	2,252	275,579	(467)	275,112
Finance income and finance cost (Net)									(7,761)
Other non-operating profit and loss									(47)
Profit for the period before income tax									267,304

(Note 1) Business segment “Other” does not constitute reporting segments, and includes construction and maintenance of facilities, call center, and research and development of leading-edge technology.

(Note 2) Adjustment of segment income shows the elimination of inter-segment transactions.