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 six-month period ended September 30, 2017 [IFRS]

November 1, 2017

Company name:	**KDDI CORPORATION**	URL http://www.kddi.com
Stock listing:	Tokyo Stock Exchange - First Section	
Code number:	9433	
Representative:	Takashi Tanaka, President	
Scheduled date of quarterly report filing:	November 7, 2017	
Scheduled date of dividend payment:	December 4, 2017	
Supplemental materials of quarterly results:	Yes	
Presentation for quarterly results:	Yes (for institutional investors and analysts)	

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

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

(1) Consolidated Operating Results

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

	Operating revenue	%	Operating income	%	Profit for the period before income tax	%	Profit for the period	%	Profit for the period attributable to owners of the parent	%	Total comprehensive income for the period	%
Six-month period ended September 30, 2017	2,416,070	5.0	542,536	1.9	540,555	3.7	373,641	(1.6)	329,444	1.0	384,276	11.4
Six-month period ended September 30, 2016	2,301,581	7.0	532,636	18.0	521,154	17.1	379,857	24.4	326,148	17.5	344,913	14.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six-month period ended September 30, 2017	134.92	134.88
Six-month period ended September 30, 2016	131.79	131.77

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
				%
As of September 30, 2017	6,294,597	3,992,862	3,684,941	58.5
As of March 31, 2017	6,263,826	3,849,133	3,554,423	56.7

2. Dividends

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

Note: Changes in the latest forecasts released : No

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

(Percentage represents comparison to previous fiscal year)

	Operating revenue	%	Operating income	%	Profit for the year attributable to owners of the parent	%	Basic earnings per share
							Yen
Entire fiscal year	4,950,000	4.2	950,000	4.1	565,000	3.4	233.05

Note: Changes in the latest forecasts released: No

Notes

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

(2) Changes in accounting policies and estimates

1) Changes in accounting policies required under IFRSs : None

2) Other changes in accounting policies : None

3) Changes in accounting estimates : None

(3) Numbers of outstanding shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of September 30, 2017	2,587,213,525
	As of March 31, 2017	2,620,494,257
2) Number of treasury stock	As of September 30, 2017	162,857,246
	As of March 31, 2017	162,641,408
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the six-month period ended September 30, 2017	2,441,857,579
	For the six-month period ended September 30, 2016	2,474,734,501

Note: The 1,673,746 shares of KDDI's stock owned by the executive compensation BIP Trust account and the stock-granting ESOP Trust account are included in the total number of treasury stock as of September 30, 2017.

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

Explanation for appropriate use of forecasts and other notes

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

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

[the Attachment]

Index of the Attachment

1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation of Financial Results

1) Results Overview

Industry Trends and KDDI's Position

In the Japanese telecommunications market, the services mobile phone operators offer are growing more similar, and MVNO operators are increasingly promoting inexpensive SIM services. To secure new sources of earnings, telecommunications carriers are expanding their operations in domains other than telecommunications services, and their business strategies are entering an era of major change in which they are looking ahead to competition with non-telecommunications carriers. In addition, the development of technologies such as the Internet of Things (IoT) and artificial intelligence (AI) is ushering in a new era for the business environment in the telecommunications market.

In response to these changes in the business environment, KDDI is working to become the preferred choice of customers by accelerating its transformation into a business providing customer experience value which goes further than expected based on “Customer Perspective” and “Innovation.”

In Japan, KDDI aims to work in the telecommunications domain to expand au ARPA (Average Revenue per Account, the usage charges per customer) and value-added ARPA, as well as to maximize “number of au users × ARPA” by fully advancing our initiatives to promote smartphones and tablets and boost our response to the IoT, and intensify efforts to create new customer experience value in coordination with various devices, and other means. At the same time, we will promote the MVNO business with UQ Communications Inc., Jupiter Telecommunications Co., Ltd., and BIGLOBE Inc. and work to expand our number of “mobile IDs” as a combined measure of au and MVNO subscribers going forward.

During the current fiscal year, in July 2017 we started to provide “roviding thp” and ing Pitatto Plant which suit to customers data communication usage patterns to provide greater satisfaction to customers. Since these plans can be used with all smartphones, including iPhone, they have been well received by customers, with subscriber numbers surpassing 2 million in three months. In addition, in August 2017, we made SORACOM, INC. (SORACOM) a consolidated subsidiary. SORACOM is a leading company in the IoT field. KDDI and SORACOM will construct IoT platforms both in Japan and worldwide, develop new IoT businesses by leveraging the IoT/M2M knowledge and customer base that they have developed to date. With regard to the 5G next-generation mobile telecommunications system, we are working with a wide range of partners, including Samsung Electronics Co., Ltd., Ericsson Japan K.K., and East Japan Railway Company, pursuing commercialization in 2020. We will accelerate technology testing and drive the creation of new services leveraging 5G going forward. In the non-telecommunications domain, KDDI aims to transform into a “Life Design Company” to establish new avenues for growth. In addition to the traditional telecommunication services, we will offer comprehensive “Life design” services including energy, commerce, financing, settlement, and content. Our aim is to expand the “au Economic Zone” as a new economic zone in the non-telecommunications domain, building based on our au customer base.

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

Financial Results

For the six-month period ended September 30, 2017

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017	Increase (Decrease)	Increase (Decrease)%
Operating revenue	2,301,581	2,416,070	114,488	5.0
Cost of sales	1,222,972	1,281,238	58,266	4.8
Gross profit	1,078,609	1,134,831	56,222	5.2
Selling, general and administrative expenses	552,667	600,178	47,511	8.6
Other income and expense (Net)	4,962	5,256	294	5.9
Share of profit(loss) of investments accounted for using the equity method	1,732	2,626	894	51.6
Operating income	532,636	542,536	9,900	1.9
Finance income and cost (Net)	(11,436)	(1,981)	9,455	―
Other non-operating profit and loss (Net)	(47)	―	47	―
Profit for the period before income tax	521,154	540,555	19,401	3.7
Income tax	141,296	166,914	25,618	18.1
Profit for the period	379,857	373,641	(6,217)	(1.6)
Attributable to owners of the parent	326,148	329,444	3,296	1.0
Attributable to non-controlling interests	53,709	44,197	(9,512)	(17.7)

During the six-month period ended September 30, 2017, operating revenue rose by 5.0% to ¥2,416, 070 million, reflecting an increase in mobile communications revenues, as well as increases in revenue due to expansion of the Life Design Business including the energy, commerce and settlement businesses to maximize the “au economic zone,” as well as increased revenue in the Myanmar business.
Operating income increased by 1.9% to ¥542,536 million mainly due to an increase in sales despite increased costs in the commerce and settlements business and increased sales commissions.
Profit for the period attributable to owners of the parent rose by 1.0% to ¥329,444 million due to the increase in operating income.

2) Results by Business Segment

Personal Services

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

In the telecommunications domain, in the current fiscal year we will continue working to expand sales by enhancing the “au Smart Value” set discount for customers who subscribe to au mobile phone/smartphone services as well as fixed-line communications services. In addition, we will promote the MVNO business with UQ Communications Inc., Jupiter Telecommunications Co., Ltd., and BIGLOBE Inc. and work to expand our number of “mobile IDs” as a combined measure of au and MVNO subscribers. Furthermore, in July we started the “Santaro Day” program, which provides various benefits to customers who use au, as well as new payment plans, “au Pitatto Plan” and “au Flat Plan,” and a new handset purchase program, “Upgrade Program EX,” for subscribers those plans. We have worked to increase customer experience value through measures such as provision of “au HOME,” which supports rich customer lifestyles through the IoT. On October 14, 2017, the number of subscribers for “au Pitatto Plan” and “au Flat Plan” surpassed 2 million. Moreover, on September 27, 2017 we achieved first place for overall satisfaction for a second consecutive year in the J.D. Power 2017 Japan Mobile Phone Service Satisfaction Survey,*

In the non-telecommunications domain, where we aim to transform into a “Life Design Company,” we are taking steps to maximize the “au Economic Zone.” These include promoting the “au WALLET Market,” which maximizes the potential of au shops to serve as customer contact points.

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

* Source: J.D. Power 2016-2017 Japan Mobile Phone Service Satisfaction Study. japan.jdpower.com.

Results

For the six-month period ended September 30, 2017

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	1,769,677	1,863,174	93,497	5.3
Operating Income	423,243	422,091	(1,152)	(0.3)

During the six-month period ended September 30, 2017, operating revenue rose by 5.3% to ¥1,863,174 million, mainly due to increases in mobile communications revenues and revenues from the energy business.

Operating income fell by 0.3% year on year to ¥422,091 million due to an increase in sales commissions for customer acquisitions.

Value Services

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

During the current fiscal year, KDDI will continue working to increase value-added ARPA and transaction volumes by strengthening “au Smart Pass Premium,” as well as its commerce and settlement businesses. The “au Smart Pass Premium” service is seeing a steady increase in membership, which surpassed 2 million in September 2017, due to the provision of exclusive member benefits in the “Santaro Day” program and other initiatives. In the commerce business, we conducted a renewal of “Wowma!” and “au WALLET Market” to ensure a comfortable shopping experience for customers. In the settlement business, we are working to expand transaction volumes, with the “au WALLET” prepaid card service starting to handle “Apple Pay” on July 4, 2017, and the introduction of “au simple Payment” as a payment method for the TV shopping services provided by Jupiter Shop Channel Co., Ltd. on August 29, 2017.

Furthermore, we are promoting business collaborations with various partners. On August 21, 2017, we teamed up with restaurant search and reservation website “Tabelog” and recipe service “Cookpad” to start providing a comprehensive food information website “Gourmet Pass.” Then, on September 1, 2017 we started joint operation of the women’s information service “LUCRA” provided by Gunosy Inc., and on September 7, 2017 we launched the “Mamari Premium” information service for women raising children, through a joint project with Connehito Inc.

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

Results

For the six-month period ended September 30, 2017

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	209,199	246,818	37,620	18.0
Operating Income	50,994	50,997	3	0.0

During the six-month period ended September 30, 2017, operating revenue rose by 18.0% to ¥246,818 million, mainly reflecting an increase revenues of “au Smart Pass” and “au Smart Pass Premium”, increase revenues in the commerce business and the settlement business resulting from “au WALLET prepaid credit card.”

Thanks to the operating revenue increase, operating income grew by 0.0% year on year to ¥50,997 million, even though expenses increased in the commerce and the settlement business.

Business Services

In the Business Services segment, we provide smartphones, tablets and other mobile devices as well as diverse solutions such as networks, applications and cloud services, 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 conducted demonstration testing of Low Power Wide Area (LPWA) communication technology for IoT, aiming to respond to customers' various needs accompanying the arrival of the IoT era, where things are connected with the Internet. We also started providing the "SKM32" IoT communications module, which uses LTE category 1 to achieve a battery life of over 10 years with two AA batteries.

Furthermore, on August 23, 2017, we achieved first place in the J.D. Power 2017 Japan Business Mobile Phone and PHS Service Satisfaction Study*1 < large and mid-sized corporation market segment> for a second consecutive year, and first place in the J.D. Power 2017 Japan Business IP Phone & Direct Line Phone Service Satisfaction Study*2 for a fifth consecutive year.

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

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

*1 Source: J.D. Power 2017 Japan Business Mobile Phone and PHS Service Satisfaction Study

*2 Source: J.D. Power 2016 Japan Business IP Phone & Direct Line Phone Service Satisfaction Study

japan.jdpower.com

Results

For the six-month period ended September 30, 2017

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	344,380	359,038	14,658	4.3
Operating Income	41,355	48,381	7,026	17.0

During the six-month period ended September 30, 2017, operating revenue increased by 4.3% to ¥359,038 million, mainly due to higher revenues from increases in solution sales and handset sales, despite lower telecommunications service revenue.

Operating income rose by 17.0% year on year to ¥48,381 million, mainly due to an increase in operating revenues, despite increases in telecommunications facility fees and handset procurement costs.

Global Services

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

During the current fiscal year, we made aggressive capital investments in the consumer business, rolling out the 1.8 GHz band service in the three main urban centers in Myanmar in May 2017, and expanding it to 29 cities by the end of September. As the first telecommunications operator in Myanmar to introduce 4×4 MIMO (Multiple Input Multiple Output) technology, we can now offer high-speed data transfers with download speeds of up to 150 Mbps. We received the “Speedtest Award*” based on a survey by Ookla, LLC again, having received it in 2016, we also are recognized as the fastest mobile telecommunications operator in Myanmar.

In our Mongolian telecommunications business, we continued to expand our LTE services nationwide after introducing them in the capital Ulaanbataar in May 2016, widening the service area to cover all areas with provincial government offices in July 2017.

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

* Ookla, LLC distributes a measuring app that is widely used throughout the world for evaluating throughput, and collects and publishes statistical information. According to a survey by Ookla based on app measurement results, KDDI was the fastest mobile telecommunications provider from July to December 2016 and January to June 2017.

Results

For the six-month period ended September 30, 2017

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	133,708	131,013	(2,695)	(2.0)
Operating Income	14,726	16,007	1,282	8.7

During the six-month period ended September 30, 2017, operating revenue decreased by 2.0% year on year to ¥131,013 million. This reflected the impact of decreased revenue resulting from restructured unprofitable businesses made in previous year, meanwhile revenue in the Myanmar and “TELEHOUSE” data center businesses increased.

Operating income increased by 8.7% year on year to ¥16,007 million, reflecting the solid increase in operating revenue in the Myanmar and “TELEHOUSE” data center businesses.

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

(2) Explanation of Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2017	As of September 30, 2017	Increase (Decrease)	Increase (Decrease)%
Non-current assets	4,297,800	4,289,293	(8,508)	(0.2)
Current assets	1,966,025	2,005,304	39,279	2.0
Total assets	6,263,826	6,294,597	30,771	0.5
Non-current liabilities	1,333,201	1,153,532	(179,669)	(13.5)
Current liabilities	1,081,491	1,148,202	66,711	6.2
Total liabilities	2,414,692	2,301,734	(112,958)	(4.7)
Total equity	3,849,133	3,992,862	143,729	3.7

(Assets)

Total assets amounted to ¥6,294,597 million as of September 30, 2017, up ¥30,771 million from their level on March 31, 2017. Although deferred tax assets decreased, cash and cash equivalents and other long-term financial assets increased.

(Liabilities)

Total liabilities amounted to ¥2,301,734 million as of September 30, 2017, down ¥112,958 million from March 31, 2017. Although borrowings and bonds payable increased, other long-term financial liabilities and trade and other payables decreased.

(Equity)

Total equity amounted to ¥3,992,862 million, mainly due to an increase in retained earnings. As a result, the ratio of equity attributable to owners of the parent to total assets increased from 56.7% as of March 31, 2017, to 58.5% as of September 30, 2017.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017	Increase (Decrease)
Net cash provided by (used in) operating activities	641,633	624,043	(17,590)
Net cash provided by (used in) investing activities	(201,641)	(262,751)	(61,110)
Free cash flows (Note)	439,991	361,292	(78,700)
Net cash provided by (used in) financing activities	(287,012)	(312,627)	(25,615)
Effect of exchange rate changes on cash and cash equivalents	(7,833)	98	7,932
Net increase (decrease) in cash and cash equivalents	145,146	48,763	(96,383)
Cash and cash equivalents at the beginning of the period	192,087	226,607	34,520
Cash and cash equivalents at the end of period	337,233	275,370	(61,863)

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 ¥624,043 million. This includes ¥540,555 million of profit for the period before income tax, ¥274,451 million of depreciation and amortization, ¥158,704 million of income tax paid and ¥15,652 million of decrease in inventories.

Investing activities used net cash of ¥262,751 million. This includes ¥162,513 million of purchases of property, plant and equipment and ¥82,434 million of purchases of intangible assets.

Financial activities used net cash of ¥312,627 million. This includes ¥110,591 million of cash dividends paid, ¥100,000 million of payments from purchase of treasury stock, ¥95,000 million of proceeds from issuance of bonds and long-term borrowings and ¥95,000 million of purchase of debt instruments.

As a result, the total amount of cash and cash equivalents as of September 30, 2017 increased by ¥48,763 million from March 31, 2017 to ¥275,370 million.

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

The estimated consolidated financial results for the year ending March 31, 2018 for full-year basis disclosed in the Financial Statements Summary for the year ended March 31, 2017 (disclosed on May 11, 2017) were as follows;
Operating Revenue: ¥4,950,000 million, Operating Income: ¥950,000 million, Profit for the year attributable to owners of the parent: ¥565,000 million. There is no change to these figures.

2. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Non-current assets :		
Property, plant and equipment	2,428,445	2,413,567
Goodwill	477,873	491,243
Intangible assets	922,478	910,724
Investments accounted for using the equity method	92,371	92,829
Other long-term financial assets	183,081	213,642
Deferred tax assets	124,467	102,599
Other non-current assets	69,085	64,689
Total non-current assets	4,297,800	4,289,293
Current assets :		
Inventories	77,656	61,931
Trade and other receivables	1,518,070	1,507,442
Other short-term financial assets	16,968	20,673
Income tax receivables	10,715	4,738
Other current assets	116,009	135,150
Cash and cash equivalents	226,607	275,370
Total current assets	1,966,025	2,005,304
Total assets	6,263,826	6,294,597

(Unit: Millions of yen)

	As of March 31, 2017	As of September 30,2017
Liabilities and Equity		
Liabilities		
Non-current liabilities:		
Borrowings and bonds payable	909,673	844,487
Other long-term financial liabilities	176,794	70,577
Retirement benefit liabilities	21,800	20,762
Deferred tax liabilities	75,919	76,602
Provisions	7,725	7,397
Other non-current liabilities	141,290	133,708
Total non-current liabilities	1,333,201	1,153,532
Current liabilities:		
Borrowings and bonds payable	57,805	162,271
Trade and other payables	537,830	523,713
Other short-term financial liabilities	24,373	24,407
Income taxes payables	153,950	141,121
Provisions	26,887	28,988
Other current liabilities	280,646	267,703
Total current liabilities	1,081,491	1,148,202
Total liabilities	2,414,692	2,301,734
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	298,046	289,276
Treasury stock	(237,014)	(288,256)
Retained earnings	3,354,140	3,533,298
Accumulated other comprehensive income	(2,601)	8,770
Total equity attributable to owners of the parent	3,554,423	3,684,941
Non-controlling interests	294,710	307,922
Total equity	3,849,133	3,992,862
Total liabilities and equity	6,263,826	6,294,597

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the six-month period ended September 30, 2016	For the six-month period ended September 30, 2017
Operating revenue	2,301,581	2,416,070
Cost of sales	1,222,972	1,281,238
Gross profit	1,078,609	1,134,831
Selling, general and administrative expenses	552,667	600,178
Other income	5,718	6,192
Other expense	756	935
Share of profit of investments accounted for using the equity method	1,732	2,626
Operating income	532,636	542,536
Finance income	778	3,189
Finance cost	12,214	5,170
Other non-operating profit and loss	(47)	—
Profit for the period before income tax	521,154	540,555
Income tax	141,296	166,914
Profit for the period	379,857	373,641
Profit for the period attributable to:		
Owners of the parent	326,148	329,444
Non-controlling interests	53,709	44,197
Profit for the period	379,857	373,641
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	131.79	134.92
Diluted earnings per share (yen)	131.77	134.88

(Unit: Millions of yen)

	For the three-month period ended September 30, 2016	For the three-month period ended September 30, 2017
Operating revenue	1,171,128	1,217,404
Cost of sales	630,022	652,420
Gross profit	541,106	564,984
Selling, general and administrative expenses	286,452	307,305
Other income	2,230	2,880
Other expense	400	477
Share of profit of investments accounted for using the equity method	1,040	1,040
Operating income	257,524	261,122
Finance income	329	1,408
Finance cost	4,003	2,548
Profit for the period before income tax	253,850	259,981
Income tax	74,774	80,184
Profit for the period	179,075	179,798
Profit for the period attributable to:		
Owners of the parent	159,043	155,970
Non-controlling interests	20,032	23,828
Profit for the period	179,075	179,798
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	64.53	64.15
Diluted earnings per share (yen)	64.52	64.14

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the six-month period ended September 30, 2016	For the six-month period ended September 30, 2017
Profit for the period	379,857	373,641
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	(3,551)	7,070
Share of other comprehensive income of investments accounted for using the equity method	188	(334)
Total	(3,363)	6,736
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	(1,057)	827
Translation differences on foreign operations	(28,973)	3,289
Share of other comprehensive income of investments accounted for using the equity method	(1,551)	(216)
Total	(31,581)	3,900
Total other comprehensive income	(34,944)	10,636
Total comprehensive income for the period	344,913	384,276
Total comprehensive income for the period attributable to:		
Owners of the parent	298,797	340,769
Non-controlling interests	46,116	43,507
Total	344,913	384,276

(Note) Items in the statement above are presented net of tax.

(Unit: Millions of yen)

	For the three-month period ended September 30, 2016	For the three-month period ended September 30, 2017
Profit for the period	179,075	179,798
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	(2,031)	5,559
Share of other comprehensive income of investments accounted for using the equity method	(1,738)	56
Total	(3,770)	5,615
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	711	407
Translation differences on foreign operations	(10,017)	2,255
Share of other comprehensive income of investments accounted for using the equity method	(758)	38
Total	(10,065)	2,700
Total other comprehensive income	(13,834)	8,316
Total comprehensive income for the period	165,241	188,113
Total comprehensive income for the period attributable to:		
Owners of the parent	148,704	164,178
Non-controlling interests	16,537	23,935
Total	165,241	188,113

(Note) Items in the statement above are presented net of tax.

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the six-month period ended September 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	−	−	−	326,148	−	326,148	53,709	379,857
Other comprehensive income	−	−	−	−	(27,351)	(27,351)	(7,593)	(34,994)
Total comprehensive income	−	−	−	326,148	(27,351)	298,797	46,116	344,913
Transactions with owners and other transactions								
Cash dividends	−	−	−	(87,132)	−	(87,132)	(36,601)	(123,733)
Transfer of accumulated other comprehensive income to retained earnings	−	−	−	115	(115)	−	−	−
Purchase and disposal of treasury stock	−	(57)	(100,000)	−	−	(100,056)	−	(100,056)
Retirement of treasury stock	−	(73,804)	73,804	−	−	−	−	−
Changes in interests in subsidiaries	−	(202)	−	−	−	(202)	141	(61)
Other	−	297	42	−	−	339	1,222	1,561
Total transactions with owners and other transactions	−	(73,766)	(26,154)	(87,017)	(115)	(187,052)	(35,238)	(222,290)
As of September 30, 2016	141,852	294,479	(237,015)	3,234,967	(13,896)	3,420,387	249,093	3,669,479

For the six-month period ended September 30, 2017

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total		
As of April 1, 2017	141,852	298,046	(237,014)	3,354,140	(2,601)	3,554,423	294,710	3,849,133
Comprehensive income								
Profit for the period	−	−	−	329,444	−	329,444	44,197	373,641
Other comprehensive income	−	−	−	−	11,326	11,326	(690)	10,636
Total comprehensive income	−	−	−	329,444	11,326	340,769	43,507	384,276
Transactions with owners and other transactions								
Cash dividends	−	−	−	(110,605)	−	(110,605)	(46,899)	(157,504)
Transfer of accumulated other comprehensive income to retained earnings	−	−	−	(46)	46	−	−	−
Purchase and disposal of treasury stock	−	(29)	(100,000)	−	−	(100,029)	−	(100,029)
Retirement of treasury stock	−	(9,074)	48,709	(39,635)	−	−	−	−
Changes due to business combination	−	−	−	−	−	−	1,173	1,173
Changes in interests in subsidiaries	−	22	−	−	−	22	15,431	15,453
Other	−	311	49	−	−	360	−	360
Total transactions with owners and other transactions	−	(8,770)	(51,241)	(150,286)	46	(210,251)	(30,296)	(240,547)
As of September 30, 2017	141,852	289,276	(288,256)	3,533,298	8,770	3,684,941	307,922	3,992,862

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the six-month period ended September 30, 2016	For the six-month period ended September 30, 2017
Cash flows from operating activities		
Profit for the period before income tax	521,154	540,555
Depreciation and amortization	274,472	274,451
Share of (profit) loss of investments accounted for using the equity method	(1,732)	(2,626)
Loss (gain) on sales of non-current assets	(6)	195
Interest and dividends income	(777)	(2,064)
Interest expenses	5,322	4,998
(Increase) decrease in trade and other receivables	(53,404)	(11,800)
Increase (decrease) in trade and other payables	36,618	(10,517)
(Increase) decrease in inventories	(2,925)	15,652
Increase (decrease) in retirement benefit liabilities	(1,029)	(1,038)
Other	(11,383)	(17,145)
Cash generated from operations	766,311	790,660
Interest and dividends received	2,973	4,399
Interest paid	(4,637)	(12,313)
Income tax paid	(123,014)	(158,704)
Net cash provided by (used in) operating activities	641,633	624,043

	For the six-month period ended September 30, 2016	For the six-month period ended September 30, 2017
Cash flows from investing activities		
Purchases of property, plant and equipment	(111,124)	(162,513)
Proceeds from sales of property, plant and equipment	155	201
Purchases of intangible assets	(73,267)	(82,434)
Purchases of other financial assets	(3,257)	(3,637)
Proceeds from sales/redemption of other financial assets	76	489
Acquisitions of control over subsidiaries	(8,041)	(14,140)
Purchases of stocks of associates	(7,642)	−
Other	1,458	(716)
Net cash provided by (used in) investing activities	(201,641)	(262,751)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	(19,924)	(1,343)
Proceeds from issuance of bonds and long-term borrowings	7,000	95,000
Payments from redemption of bonds and repayments of long-term borrowings	(35,259)	(54,576)
Repayments of lease obligations	(14,578)	(13,705)
Payments from purchase of subsidiaries'equity from non-controlling interests	(447)	(33)
Proceeds from stock issuance to non-controlling interests	−	15,506
Payments from purchase of treasury stock	(100,000)	(100,000)
Cash dividends paid	(87,121)	(110,591)
Cash dividends paid to non-controlling interests	(36,716)	(47,793)
Purchase of debt instruments (Note)	−	(95,000)
Other	32	(92)
Net cash provided by (used in) financing activities	(287,012)	(312,627)
Effect of exchange rate changes on cash and cash equivalents	(7,833)	98
Net increase (decrease) in cash and cash equivalents	145,146	48,763
Cash and cash equivalents at the beginning of the period	192,087	226,607
Cash and cash equivalents at the end of the period	337,233	275,370

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

(6) Going Concern Assumption

None

(7) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

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

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

2. Basis of preparation

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

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

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

(2) Basis of measurement

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

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

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

(3) Presentation currency and unit of currency

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

(4) Use of estimates and judgement

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

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

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

(5) Application of new standards and interpretations

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

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

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

(6) Standards not yet adopted

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

Standard	The title of Standard	Mandatory adoption (from the fiscal year beginning)	To be adopted by the Group from	Outline of new standards and amendments
IFRS15	Revenue from contracts with customers	January 1, 2018	fiscal year ending March 31, 2019	IFRS15 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	IFRS16 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 six-month period ended September 30, 2017 are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended March 31, 2017, except that income tax expenses on condensed interim consolidated statement of income are calculated based on the estimated average annual effective income tax rate.

4. Segment information

(1) Outline of reporting segments

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

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

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

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

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

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

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

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

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

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

Assets and liabilities are not allocated to reporting segments.

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

The Group’s segment information is as follows:

For the six-month period ended September 30, 2016

(Unit: Millions of yen)

	Reporting segment								
	Personal	Value	Business	Global	Sub-total	Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
Revenue									
Revenue from external customers	1,719,876	170,697	282,167	120,147	2,292,887	8,694	2,301,581	—	2,301,581
Inter-segment revenue or transfers	49,801	38,502	62,212	13,561	164,076	34,288	198,364	(198,364)	—
Total	1,769,677	209,199	344,380	133,708	2,456,963	42,983	2,499,946	(198,364)	2,301,581
Segment income(loss)	423,243	50,994	41,355	14,726	530,318	2,929	533,246	(610)	532,636
Finance income and finance cost (Net)									(11,436)
Other non-operating profit and loss									(47)
Profit for the period before income tax									521,154

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

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

For the six-month period ended September 30, 2017

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Value	Business	Global	Sub-total				
Revenue									
Revenue from external customers	1,812,269	191,551	280,954	117,137	2,401,911	14,158	2,416,070	—	2,416,070
Inter-segment revenue or transfers	50,906	55,267	78,084	13,875	198,132	32,488	230,620	(230,620)	—
Total	1,863,174	246,818	359,038	131,013	2,600,043	46,646	2,646,689	(230,620)	2,416,070
Segment income(loss)	422,091	50,997	48,381	16,007	537,476	5,505	542,981	(445)	542,536
Finance income and finance cost (Net)									(1,981)
Other non-operating profit and loss									—
Profit for the period before income tax									540,555

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

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

For the three-month period ended September 30, 2016

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Value	Business	Global	Sub-total				
Revenue									
Revenue from external customers	875,889	85,951	142,995	61,193	1,166,029	5,100	1,171,128	—	1,171,128
Inter-segment revenue or transfers	25,328	19,712	31,931	6,735	83,706	16,611	100,317	(100,317)	—
Total	901,217	105,663	174,926	67,928	1,249,734	21,711	1,271,445	(100,317)	1,171,128
Segment income(loss)	202,709	25,640	20,070	7,566	255,984	1,683	257,667	(143)	257,524
Finance income and finance cost (Net)									(3,674)
Profit for the period before income tax									253,850

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

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

For the three-month period ended September 30, 2017

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Value	Business	Global	Sub-total				
Revenue									
Revenue from external customers	917,748	95,477	138,300	58,211	1,209,736	7,668	1,217,404	—	1,217,404
Inter-segment revenue or transfers	25,984	28,885	45,868	6,621	107,358	17,043	124,401	(124,401)	—
Total	943,732	124,363	184,169	64,831	1,317,094	24,711	1,341,805	(124,401)	1,217,404
Segment income(loss)	200,027	24,720	24,759	8,776	258,282	2,719	261,001	121	261,122
Finance income and finance cost (Net)									(1,141)
Profit for the period before income tax									259,981

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

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