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, 2018 [IFRS]

August 1, 2018

Company name:	**KDDI CORPORATION**	URL http://www.kddi.com
Stock listing:	Tokyo Stock Exchange - First Section	
Code number:	9433	
Representative:	Makoto Takahashi, President	
Scheduled date of quarterly report filing:	August 6, 2018	
Scheduled date of dividend payment:	—	
Supplemental materials of quarterly results:	Yes	
Presentation for quarterly results:	Yes (for institutional investors and analysts)	

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

1. Consolidated Financial Results for the three-month period ended June 30, 2018 (April 1, 2018 - June 30, 2018)

(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, 2018	1,221,716	1.9	288,862	2.6	288,562	2.8	199,995	3.2	178,666	3.0	198,741	1.3
Three-month period ended June 30, 2017	1,198,666	6.0	281,414	2.3	280,574	5.0	193,843	(3.5)	173,474	3.8	196,163	9.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three-month period ended June 30, 2018	74.29	74.27
Three-month period ended June 30, 2017	70.73	70.72

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
				%
As of June 30, 2018	6,771,125	4,400,261	4,026,618	59.5
As of March 31, 2018	6,574,555	4,131,257	3,773,703	57.4

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, 2018	-	45.00	-	45.00	90.00
Year ending March 31, 2019	-				
Year ending March 31, 2019 (forecast)		50.00	-	50.00	100.00

Note: Changes in the latest forecasts released : No

3. Consolidated Financial Results Forecast for Year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

（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	5,150,000	2.1	1,020,000	5.9	620,000	8.3	257.81

Note: Changes in the latest forecasts released: No

Notes

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation) during the three-month period ended June 30, 2018 : None

(2) Changes in accounting policies and estimates

1) Changes in accounting policies required under IFRSs : Yes

2) Other changes in accounting policies : Yes

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, 2018	2,532,004,445
	As of March 31, 2018	2,587,213,525
2) Number of treasury stock	As of June 30, 2018	127,157,748
	As of March 31, 2018	181,809,302
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the three-month period ended June 30, 2018	2,405,049,972
	For the three-month period ended June 30, 2017	2,452,488,581

Note: The 1,002,128 shares as of June 30, 2018 and the 1,672,702 shares as of March 31, 2018 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.

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

Explanation for appropriate use of forecasts and other notes

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

2. On August 1, 2018, 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 offers are growing more similar, and MVNO operators are increasingly promoting inexpensive SIM services. Telecommunications carriers are expanding their operations in domains other than telecommunications services to secure new sources of earnings, 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 this environment, KDDI is accelerating its transformation into a business that provides customer experience value. In addition to conventional telecommunications services, KDDI will actively advance new value proposals through "integration of telecommunications and life design" by expanding various life design services. In May 2018, KDDI announced the "au Flat Plan 25 Netflix Pack," providing a package plan of Netflix's content through mobile phones together with au-brand mobile communications, the first service of its kind in Japan.

In Japan, KDDI is working in the telecommunications domain to promote smartphones and tablets and boost its response to the IoT, and aiming to create new customer experience value in coordination with various devices. In addition, we will strive to create sustainable growth in the domestic telecommunications business by maximizing "ID by ARPA" through the "au Pitatto Plan" and "au Flat Plan" payment plans, which are tailored to customers' data communications usage patterns and expanding the "au Smart Value" set discount for customers who subscribe to au mobile phone/smartphone services as well as fixed-line communications services. Moreover, we will promote "au" and the MVNO business through Group companies. The Group will also work to expand its number of "mobile IDs."

Going forward, we will concentrate on proposing new scenarios for actively using various types of new technologies, including the 5G next-generation mobile communications system (5G), IoT and AI. In June 2018, KDDI announced that it would promote the IoT Worldwide Architecture, offering businesses overseas communications connections and service to data analysis with the aim of starting commercial operations in fiscal 2019. With regard to 5G, we will work with a wide range of partners to accelerate technology testing and drive the creation of new services leveraging 5G, aiming for commercialization in fiscal 2020.

Aiming to achieve "integration of telecommunications and life design," KDDI will enhance its life design services including commerce, finance, energy, entertainment, and education in the non-telecommunications domain to actively provide new value proposals to customers. We plan to increase transaction volume by growing our commerce business, such as through "Wowma!" and our "au WALLET Card" settlement business. We also plan to expand the "au Economic Zone" to the maximum by continuing to propose diverse life design services to customers. We will achieve this by the expansion of the energy business, such as "au Denki," the establishment of the finance business, and entry into the education business, among other initiatives.

Overseas, in our telecommunications business in emerging countries, KDDI is aiming for further growth with the full rollout of LTE services in the Myanmar telecommunications business, which is jointly operated by consolidated subsidiary KDDI Summit Global Myanmar Co., Ltd. and Myanma Posts & Telecommunications (MPT), the country's nationally operated telecommunications partner. LTE services have also been rolled out at MobiCom Corporation LLC, which has the largest share of mobile phone subscribers in Mongolia. Furthermore, in addition to its emerging markets business, in data center and other ICT businesses for corporate customers, mainly in Europe, KDDI will continue to reinforce its infrastructure to expand its global business.

Financial Results

For the three-month period ended June 30, 2018

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018	Increase (Decrease)	Increase (Decrease)%
Operating revenue	1,198,666	1,221,716	23,050	1.9
Cost of sales	628,818	643,898	15,080	2.4
Gross profit	569,847	577,818	7,971	1.4
Selling, general and administrative expenses	292,874	291,103	(1,770)	(0.6)
Other income and expense (Net)	2,853	1,722	(1,132)	(39.7)
Share of profit(loss) of investments accounted for using the equity method	1,587	425	(1,162)	(73.2)
Operating income	281,414	288,862	7,448	2.6
Finance income and cost (Net)	(840)	(299)	541	ー
Profit for the period before income tax	280,574	288,562	7,989	2.8
Income tax	86,731	88,567	1,837	2.1
Profit for the period	193,843	199,995	6,152	3.2
Attributable to owners of the parent	173,474	178,666	5,192	3.0
Attributable to non-controlling interests	20,369	21,329	960	4.7

During the three-month period ended June 30, 2018, operating revenue rose by 1.9% to ¥1,221,716 million, reflecting an increase in revenue from handset sales, as well as increases in revenue due to expansion of the Life Design Business, including the energy business, “Wowma!” and “au WALLET Market,” and the settlement business to maximize the “au Economic Zone.” Another contributing factor was increased revenue in the Myanmar business.
Operating income increased by 2.6% to ¥288,862 million, mainly due to an increase in sales, despite increases in the cost of handset sales and costs in the energy business, “Wowma!” and “au WALLET Market,” and the settlement business.
Profit for the period attributable to owners of the parent rose by 3.0% to ¥178,666 million mainly 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, we provide fixed-line services such as "au HIKARI" brand FTTH services, including in-home Internet, telephone, and TV services, and CATV services. We also provide life design services such as energy and education 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 expand the Group's number of "mobile IDs" by promoting penetration of the "au Pitatto Plan" and "au Flat Plan" payment plans, which are tailored to customers' needs, expanding sales of the "au Smart Value" plan, and promoting the MVNO business through our Group companies. Due to a dramatic increase in subscribers for the new payment plans, the number of subscribers in April 2018 exceeded 7 million.

On May 30, 2018, UQ Communications Inc. ranked first in customer satisfaction in J.D. Power's 2018 Low-Price Smart Phone Service / Low Price Sim Card Service Customer Satisfaction Survey*. Looking ahead, we will continue striving to meet our customers' expectations.

In the non-telecommunications domain, we are promoting "integration of telecommunications and life design" and taking steps to maximize the expansion of the "au Economic Zone." These include promoting the product sales and energy businesses and entering the education business through our consolidated subsidiary AEON HD.

Operating performance in the Personal Services segment for the three-month period ended June 30, 2018 is described below.

* Source: J.D. Power 2018 Low-Price Smart Phone Service / Low Price Sim Card Service Customer Satisfaction Survey

Results

For the three-month period ended June 30, 2018

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	919,443	936,746	17,304	1.9
Operating Income	222,064	219,517	(2,547)	(1.1)

During the three-month period ended June 30, 2018, operating revenue rose by 1.9% to ¥936,746 million, mainly due to increases in revenues from handset sales and the energy business, despite a decline in mobile communications revenues.

Operating income decreased by 1.1% year on year to ¥219,517 million, mainly due to the decline in mobile communications revenues.

Life Design Services

In the Life Design segment, KDDI will propose new value and promote "integration of telecommunications and life design," seeking to expand its customer touchpoints and provide services in multiple forms optimized for use in all areas of customers' daily lives and life stages. Our various services include commerce, finance, settlement, and entertainment.

During the first quarter of the current fiscal year, in May 2018, KDDI announced the "au Flat Plan 25 Netflix Pack," providing a package plan of Netflix's content through mobile phones together with au-brand mobile communications, the first service of its kind in Japan. This new discount payment plan enabling viewing of Netflix's rich content anywhere, anytime seeks to provide better customer value experience.

In the settlement business, in our "au WALLET Prepaid Card" operation we teamed up with Jibun Bank Corporation to launch new services in April 2018, including "Real-time charging," which instantly charges the card when it has insufficient balance, and "Individual funds transfer" using a mobile phone number. The card can now be used in various ways with a single smartphone, which should lead to increased usage.

"au Smart Pass Premium" is focusing on strengthening exclusive member benefits to increase customer satisfaction. By steadily increasing the number of members, membership exceeded 5 million in June 2018.

To prepare for the arrival of the 5G era, we joined forces with major independent venture capital firm Global Brain Corp. to establish KDDI Open Innovation Fund 3 in April 2018, aiming to invest in venture firms that hold promise for generating synergies with KDDI Group companies.

Operating performance in the Life Design Services segment for the three-month period ended June 30, 2018 is described below.

Results

For the three-month period ended June 30, 2018

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	122,456	127,135	4,679	3.8
Operating Income	26,412	27,432	1,020	3.9

During the three-month period ended June 30, 2018, operating revenue rose by 3.8% to ¥127,135 million due to increases in revenues from "Wowma!" and "au WALLET Market" and revenues from the settlement business, including "au WALLET prepaid card" and "au WALLET credit card," in addition to increased revenue from "au Smart Pass Premium."

Due to the operating revenue increase, operating income grew by 3.9% to ¥27,432 million, although expenses increased in "Wowma!" and "au WALLET Market" as well as the settlement business.

* The name of segment of "Value" was changed to "Life Design" from three-month period ended June 30, 2018.

Business Services

In the Business Services segment, we provide smartphones, tablets and other mobile devices as well as diverse solutions such as networks, applications and cloud services, to customers ranging from small and medium-sized to large companies. For small and medium-sized corporate customers, our consolidated subsidiary, the KDDI MATOMETE OFFICE GROUP is building a regional support network offering close contact throughout Japan.
During the current fiscal year, on June 7, 2018, KDDI announced that it aims to commercialize its IoT Worldwide Architecture in fiscal 2019. The architecture will provide integrated support from communications to data analysis for overseas IoT services, thereby contributing to the digital transformation of global corporate customers, enabling them to gain visibility and efficiency in operation, leading to their new value generation. The architecture will enable integrated connection and fee status management of wide variety of "Things," from conventional vehicles to industrial machinery and construction machines, so that the clients can utilize higher-quality communications at lower cost.
On June 22, 2018, KDDI started providing “KDDI IoT Cloud – Worker Protection,” which is designed to prevent workplace accidents for workers in manufacturing and construction sites. From August 2018, we plan to start providing “KDDI IoT Cloud – Plant Package,” which makes the status of the plant’s production equipment visible and detects precursors to breakdowns.
Furthermore, “KDDI IoT Telecommunication Service LPWA* (LTE-M)” that was launched in January 2018 became available nationwide from June 26, 2018.
Operating performance in the Business Services segment for the three-month period ended June 30, 2018, is described below.

* Abbreviation for “Low Power Wide Area.” A general term for low-power wireless communication technologies covering a wide area.

Results

For the three-month period ended June 30, 2018

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	174,869	189,186	14,317	8.2
Operating Income	23,622	26,501	2,879	12.2

During the three-month period ended June 30, 2018, operating revenue increased by 8.2% to ¥189,186 million, mainly due to increases in solution sales and handset sales revenues.

Operating income rose by 12.2% year on year to ¥26,501 million, mainly due to an increase in operating revenues, despite increases in solution equipment costs and handset procurement costs.

Global Services

The Global Services segment is working aggressively to expand the consumer businesses in Myanmar, Mongolia, and other overseas countries, and to provide ICT solutions to corporate customers, including data centers, network, cloud, and IoT, aiming to contribute to their business development and expansion.
During the current fiscal year, in the telecommunications business in Myanmar we launched a reward program, "MPT Club" (a mutual reward program with affiliated commercial facilities) in May 2018 to strengthen customer retention. We also promoted provision of rich content such as video services utilizing 4G LTE high-speed data communications, and worked aggressively to increase added-value ARPU.
In the IoT solutions business, we conducted successful verification tests of an IoT-based electric power metering system within the DEEP C Industrial Zone in northern Vietnam, the first of its kind to be used at an industrial zone in Vietnam, and announced the results in May 2018. Going forward, we will provide various IoT-based solutions for increasing customers' productivity and contributing to their businesses.
Furthermore, in light of the recent increase in demand for RPA*, in May 2018 we started providing the RPA platform of UiPath SRL, a leading supplier of RPA software, with a view to boosting the productivity of our corporate customers in Asia.
Operating performance in the Global Services segment for the three-month period ended June 30, 2018 is described below.

* "Robot Process Automation." The technology automates and streamlines routine tasks, aiming to increase productivity and enable a shift in focus to high-value-added operations.

Results

For the three-month period ended June 30, 2018

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	66,181	65,203	(979)	(1.5)
Operating Income	7,231	14,222	6,991	96.7

During the three-month period ended June 30, 2018, operating revenue decreased by 1.5% to ¥65,203 million. This reflected the impact of decreased revenue resulting from restructured unprofitable businesses, meanwhile revenue in the Myanmar and "TELEHOUSE" data center businesses increased.

Operating income increased by 96.7% to ¥14,222 million, reflecting the solid increase in operating revenue in the Myanmar and "TELEHOUSE" data center businesses and decrease in the costs of restructured unprofitable businesses.

As for KDDI Summit Global Singapore Pte. Ltd., due to the environment encompassing local accounting in the areas where subsidiaries KDDI Summit Global Myanmar Co., Ltd. are located, preliminary results were not obtained by the Company's closing date for subsidiary reporting, and reporting periods were not unified. However, due to improvement for financial reporting in the first quarter of the fiscal year ending March 31, 2019, the reporting periods are unified.

* 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, 2018	As of June 30, 2018	Increase (Decrease)	Increase (Decrease)%
Non-current assets	4,423,306	4,501,227	77,922	1.8
Current assets	2,151,249	2,269,898	118,648	5.5
Total assets	6,574,555	6,771,125	196,570	3.0
Non-current liabilities	1,005,498	996,199	(9,298)	(0.9)
Current liabilities	1,437,800	1,374,664	(63,136)	(4.4)
Total liabilities	2,443,298	2,370,863	(72,434)	(3.0)
Total equity	4,131,257	4,400,261	269,004	6.5

(Assets)

Total assets amounted to ¥6,771,125 million as of June 30, 2018, up ¥196,570 million from their level on March 31, 2018. Although deferred tax assets, other non-current assets decreased, contract costs and other long-term financial assets increased.

(Liabilities)

Total liabilities amounted to ¥2,370,863 million as of June 30, 2018, down ¥72,434 million from March 31, 2018. Although contract liabilities increased, other non-current liabilities and trade and other payables decreased.

(Equity)

Total equity amounted to ¥4,400,261 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 57.4% as of March 31, 2018, to 59.5% as of June 30, 2018.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018	Increase (Decrease)
Net cash provided by (used in) operating activities	179,246	195,945	16,699
Net cash provided by (used in) investing activities	(124,184)	(173,215)	(49,031)
Free cash flows (Note)	55,062	22,730	(32,332)
Net cash provided by (used in) financing activities	(139,829)	(54,774)	85,054
Effect of exchange rate changes on cash and cash equivalents	(189)	(206)	(18)
Net increase (decrease) in cash and cash equivalents	(84,956)	(32,251)	52,705
Cash and cash equivalents at the beginning of the period	226,607	200,834	(25,773)
Cash and cash equivalents at the end of period	141,652	168,583	26,931

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 ¥195,945 million. This includes ¥288,562 million of profit for the period before income tax, ¥139,536 million of depreciation and amortization, ¥146,663 million of income tax paid and ¥65,312 million of increase in trade and other payables.

Investing activities used net cash of ¥173,215 million. This includes ¥112,487 million of purchases of property, plant and equipment and ¥58,129 million of purchases of intangible assets.

Financial activities used net cash of ¥54,774 million. This includes ¥107,221 million of cash dividends paid, ¥55,203 million of payments from redemption of bonds and repayments of long-term borrowings, ¥34,238 million of cash dividends paid to non-controlling interests.

As a result, the total amount of cash and cash equivalents as of June 30, 2018 decreased by ¥32,251 million from March 31, 2018 to ¥168,583 million.

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

The estimated consolidated financial results for the year ending March 31, 2019 for full-year basis disclosed in the Financial Statements Summary for the year ended March 31, 2018 (disclosed on May 10, 2018) were as follows;

Operating Revenue: ¥5,150,000 million, Operating Income: ¥1,020,000 million, Profit for the year attributable to owners of the parent: ¥620,000 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, 2018	As of June 30, 2018
Assets		
Non-current assets :		
Property, plant and equipment	2,437,196	2,443,002
Goodwill	526,601	521,691
Intangible assets	953,106	946,307
Investments accounted for using the equity method	98,192	98,036
Other long-term financial assets	236,684	247,512
Deferred tax assets	106,050	17,152
Contract costs	—	217,494
Other non-current assets	65,477	10,034
Total non-current assets	4,423,306	4,501,227
Current assets :		
Inventories	89,207	84,754
Trade and other receivables	1,695,403	1,684,536
Other short-term financial assets	30,173	33,471
Income tax receivables	2,101	8,906
Contract costs	—	155,505
Other current assets	133,531	134,143
Cash and cash equivalents	200,834	168,583
Total current assets	2,151,249	2,269,898
Total assets	6,574,555	6,771,125

(Unit: Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities and Equity		
Liabilities		
Non-current liabilities:		
Borrowings and bonds payable	704,278	709,098
Other long-term financial liabilities	68,478	66,750
Retirement benefit liabilities	12,010	11,071
Deferred tax liabilities	80,298	110,001
Provisions	10,754	10,580
Contract liabilities	—	81,855
Other non-current liabilities	129,679	6,845
Total non-current liabilities	1,005,498	996,199
Current liabilities:		
Borrowings and bonds payable	329,559	429,556
Trade and other payables	610,726	494,855
Other short-term financial liabilities	24,717	25,038
Income taxes payables	143,635	64,366
Provisions	31,231	31,644
Contract liabilities	—	116,417
Other current liabilities	297,932	212,788
Total current liabilities	1,437,800	1,374,664
Total liabilities	2,443,298	2,370,863
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	289,578	287,286
Treasury stock	(338,254)	(237,353)
Retained earnings	3,672,344	3,827,069
Accumulated other comprehensive income	8,183	7,763
Total equity attributable to owners of the parent	3,773,703	4,026,618
Non-controlling interests	357,554	373,644
Total equity	4,131,257	4,400,261
Total liabilities and equity	6,574,555	6,771,125

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2018
Operating revenue	1,198,666	1,221,716
Cost of sales	628,818	643,898
Gross profit	569,847	577,818
Selling, general and administrative expenses	292,874	291,103
Other income	3,312	2,140
Other expense	458	418
Share of profit of investments accounted for using the equity method	1,587	425
Operating income	281,414	288,862
Finance income	1,781	2,309
Finance cost	2,621	2,609
Profit for the period before income tax	280,574	288,562
Income tax	86,731	88,567
Profit for the period	193,843	199,995
Profit for the period attributable to:		
Owners of the parent	173,474	178,666
Non-controlling interests	20,369	21,329
Profit for the period	193,843	199,995
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	70.73	74.29
Diluted earnings per share (yen)	70.72	74.27

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2018
Profit for the period	193,843	199,995
Other comprehensive income		
Items that will not be transferred subsequently to profit or loss		
Changes measured in fair value of financial assets through other comprehensive income	1,511	3,400
Share of other comprehensive income of investments accounted for using the equity method	(391)	(67)
Total	1,120	3,333
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	420	318
Translation differences on foreign operations	1,034	(4,423)
Share of other comprehensive income of investments accounted for using the equity method	(254)	(483)
Total	1,200	(4,587)
Total other comprehensive income	2,320	(1,255)
Total comprehensive income for the period	196,163	198,741
Total comprehensive income for the period attributable to:		
Owners of the parent	176,591	178,384
Non-controlling interests	19,572	20,357
Total	196,163	198,741

(Note) 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, 2017

(Unit: Millions of yen)

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

For the three-month period ended June 30, 2018

(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, 2018	141,852	289,578	(338,254)	3,672,344	8,183	3,773,703	357,554	4,131,257
Cumulative effects of changes in accounting policies	–	–	–	187,468	–	187,468	29,302	216,770
Restated balance	141,852	289,578	(338,254)	3,859,812	8,183	3,961,171	386,856	4,348,027
Comprehensive income								
Profit for the period	–	–	–	178,666	–	178,666	21,329	199,995
Other comprehensive income	–	–	–	–	(282)	(282)	(973)	(1,255)
Total comprehensive income	–	–	–	178,666	(282)	178,384	20,357	198,741
Transactions with owners and other transactions								
Cash dividends	–	–	–	(108,312)	–	(108,312)	(33,262)	(141,574)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	137	(137)	–	–	–
Purchase and disposal of treasury stock	–	–	(3,595)	–	–	(3,595)	–	(3,595)
Retirement of treasury stock	–	–	103,235	(103,235)	–	–	–	–
Changes due to business combination	–	–	–	–	–	–	12	12
Changes in interests in subsidiaries	–	(866)	–	–	–	(866)	(318)	(1,184)
Other	–	(1,427)	1,261	–	–	(166)	–	(166)
Total transactions with owners and other transactions	–	(2,293)	100,901	(211,409)	(137)	(112,938)	(33,569)	(146,507)
As of June 30, 2018	141,852	287,286	(237,353)	3,827,069	7,763	4,026,618	373,644	4,400,261

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2018
Cash flows from operating activities		
Profit for the period before income tax	280,574	288,562
Depreciation and amortization	137,599	139,536
Share of (profit) loss of investments accounted for using the equity method	(1,587)	(425)
Loss (gain) on sales of non-current assets	94	71
Interest and dividends income	(1,733)	(1,628)
Interest expenses	2,539	2,373
(Increase) decrease in trade and other receivables	62,873	(910)
Increase (decrease) in trade and other payables	(76,574)	(65,312)
(Increase) decrease in inventories	(4,382)	4,382
Increase (decrease) in retirement benefit liabilities	(450)	(939)
Other	(53,187)	(23,948)
Cash generated from operations	345,766	341,762
Interest and dividends received	3,823	3,320
Interest paid	(10,061)	(2,474)
Income tax paid	(160,282)	(146,663)
Net cash provided by (used in) operating activities	179,246	195,945

(Unit: Millions of yen)

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2018
Cash flows from investing activities		
Purchases of property, plant and equipment	(88,470)	(112,487)
Proceeds from sales of property, plant and equipment	47	456
Purchases of intangible assets	(34,766)	(58,129)
Purchases of other financial assets	(884)	(1,097)
Proceeds from sales/redemption of other financial assets	11	54
Acquisitions of control over subsidiaries	(868)	(1,327)
Purchases of stocks of associates	−	(1,206)
Other	746	521
Net cash provided by (used in) investing activities	(124,184)	(173,215)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	110,506	123,512
Proceeds from issuance of bonds and long-term borrowings	95,403	30,000
Payments from redemption of bonds and repayments of long-term borrowings	(54,664)	(55,203)
Repayments of lease obligations	(6,947)	(6,784)
Payments from purchase of subsidiaries’equity from non-controlling interests	(33)	(1,249)
Proceeds from stock issuance to non-controlling interests	2,737	3
Payments from purchase of treasury stock	(34,376)	(3,595)
Cash dividends paid	(109,765)	(107,221)
Cash dividends paid to non-controlling interests	(47,689)	(34,238)
Purchase of debt instruments (Note)	(95,000)	−
Net cash provided by (used in) financing activities	(139,829)	(54,774)
Effect of exchange rate changes on cash and cash equivalents	(189)	(206)
Net increase (decrease) in cash and cash equivalents	(84,956)	(32,251)
Cash and cash equivalents at the beginning of the period	226,607	200,834
Cash and cash equivalents at the end of the period	141,652	168,583

(Note) During the three-month period ended June 30, 2017, KDDI purchased the beneficiary right to preferred shares issued by a subsidiary of the KDDI Group (These 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, Shinjuku-ku, Tokyo, Japan. The Company's condensed interim consolidated financial statements as of and for the three-month period ended June 30, 2018 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", "Life Design 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, 2018.

(2) Basis of measurement

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

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

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

(3) Presentation currency and unit of currency

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

(4) Use of estimates and judgement

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

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

The judgments, estimates and assumptions that have significant impact on the amount in the condensed interim consolidated financial statements as of and for the three-month period ended June 30, 2018 are consistent with those described in the annual consolidated financial statements for the previous fiscal year ended March 31, 2018 in principle.

(5) Application of new standards and interpretations

The Group has applied IFRS 15 "Revenue from Contracts with Customers." In line with the transitional measures for IFRS 15, the new standards are applied retroactively and the cumulative impact from the start of application is recognized as an adjustment to the balance of retained earnings at the start of the fiscal year ending March 31, 2019. Details regarding the impact of this change in accounting policy are presented in "Note 3. Significant Accounting Policies."

(6) Standards not yet adopted

The following new standards and amendments announced by the approval date of the condensed interim consolidated financial statements are not mandatory as of June 30, 2018. 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
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

With the exception of the following, the significant accounting policies applied in this condensed interim consolidated financial statements for the three-month period ended June 30, 2018, are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended March 31, 2018, except that income tax expenses on condensed interim consolidated statement of income are calculated based on the estimated average annual effective income tax rate.

(1) Application of IFRS15

Impact of applying new accounting standard

The Group has applied the following standard from the three-month period ended June 30, 2018.

IFRS		Newly established contents
IFRS 15	Revenue from contracts with customers (Newly established in May 2014)	New standard for accounting procedure and presentation regarding revenue recognition.

The Group has applied IFRS 15 in accordance with the transition elections available, and therefore retrospectively recognized the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings as of April 1, 2018.

In accordance with IFRS 15, excluding such as interest and dividend recognized in accordance with IFRS 9, insurance revenues recognized in accordance with IFRS 4 and lease revenues recognized in accordance with IAS 17, revenues are recognized upon transfer of promised goods or services to customers in amounts that reflect the consideration to which the Group expect to be entitled in exchange for those goods or services based on the following five step approach:

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

We recognize the incremental costs for obtaining contracts with customers and the costs incurred in fulfilling a contract with a customer as an asset if those costs are expected to be recoverable. The incremental costs for obtaining contracts are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

Depending on the business model applied, the new standards affect the following issues in particular.

- In the case where the Group sells mobile handsets to customers and simultaneously enters into a communications service contracts with the customers, accounting might change as a result of combination of contracts and allocating the transaction prices to performance obligation.
- Under IFRS 15, expenses for sales commissions are capitalized and recognized over the estimated customer retention period. On first-time application of the standard, both total assets and equity increase due to the capitalization of contract assets.
- Deferral, i.e., later recognition of revenue in cases where “material rights” are granted, such as offering additional discounts for future purchases of further products.

In summary, the following adjustments has been made to the amounts recognized in the Condensed Interim Consolidated Statement of Financial Position at the date of initial application (1 Apr 2018) and at the end of the comparative period (31 Mar 2018).

(Unit: Millions of yen)

	IAS 18 carrying amount 31 Mar 2018	Reclassification	Remeasurements	IFRS 15 carrying amount 1 Apr 2018	Retained earnings effect 1 Apr 2018
Goodwill	526,601	—	(5,633)	520,967	(5,633)
Deferred tax assets	106,050	—	(73,425)	32,625	(73,425)
Contract costs	—	84,868	275,984	360,851	275,984
Other non-current assets	65,477	(56,358)	—	9,119	—
Other current assets	133,531	(28,510)	—	105,021	—
Deferred tax liabilities	80,298	—	26,768	107,066	(26,768)
Contract liabilities	—	243,655	(46,612)	197,043	46,612
Other non-current liabilities	129,679	(123,275)	—	6,404	—
Other current liabilities	297,932	(120,379)	—	177,553	—
Non-controlling interests	357,554	—	29,302	386,856	(29,302)

A reconciliation of the adjustments from the application of IFRS15 relative to IAS18 on the impacted financial statement line items in Condensed Interim Consolidated Statement of Income and Condensed Interim Consolidated Statement of Financial Position are as follows.

(Unit: Millions of yen)

	IAS 18 carrying amount	IFRS 15 carrying amount
Condensed Interim Consolidated Statement of Income		
Operating revenue	1,226,434	1,221,716
Cost of sales	647,924	643,898
Gross profit	578,510	577,818
Selling, general and administrative expenses	301,733	291,103
Operating income	278,924	288,862
Profit for the period	193,799	199,995
Owners of the parent	173,371	178,666
Non-controlling interests	20,428	21,329
Basic earnings per share (yen)	72.09	74.29
Diluted earnings per share (yen)	72.07	74.27
Condensed Interim Consolidated Statement of Financial Position		
Goodwill	527,325	521,691
Deferred tax assets	93,418	17,152
Contract costs	—	372,998
Other non-current assets	69,154	10,034
Other current assets	162,941	134,143
Deferred tax liabilities	82,334	110,001
Contract liabilities	—	198,272
Other non-current liabilities	133,834	6,845
Other current liabilities	331,520	212,788
Retained earnings	3,634,306	3,827,069
Non-controlling interests	343,443	373,644

(2) Unification of reporting period

The consolidated financial statements include the financial statements of subsidiaries whose closing dates are different from that of the Company. For the preparation of the consolidated financial statements, such subsidiaries prepare financial statements based on the provisional accounts as of the Company’s closing date. As for KDDI Summit Global Singapore Pte. Ltd., due to the environment encompassing local accounting in the areas where subsidiaries KDDI Summit Global Myanmar Co., Ltd. are located, preliminary results were not obtained by the Company’s closing date for subsidiary reporting, and reporting periods were not unified. However, due to improvement for financial reporting in the first quarter of the fiscal year ending March 31, 2019, the reporting periods are unified.

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, Life Design Services segment, Business Services segment and Global Services segment. The Group's reportable segments are the same as its business segments. Also, the name of segment of "Value" was changed to "Life Design" from three-month period ended June 30, 2018 due to the changes in organization of the company as of April 1, 2018.

"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.

"Life Design" 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, 2018, the reporting segment for the business operations of the equity-method affiliate company ENERES Co., Ltd. was transferred from "Others" to "Life Design" by the Group's organizational change.

Accordingly, the segment information for the three-month period ended June 30, 2017 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 "Note 3. Significant accounting policies" stated in the annual consolidated financial statements for the previous fiscal year ended March 31, 2018.

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

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

Assets and liabilities are not allocated to reporting segments.

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

The Group’s segment information is as follows:

For the three-month period ended June 30, 2017

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Life Design	Business	Global	Sub-total				
Revenue									
Revenue from external customers	894,521	96,074	142,654	58,927	1,192,176	6,490	1,198,666	―	1,198,666
Inter-segment revenue or transfers	24,922	26,382	32,215	7,255	90,774	15,445	106,219	(106,219)	―
Total	919,443	122,456	174,869	66,181	1,282,949	21,935	1,304,885	(106,219)	1,198,666
Segment income	222,064	26,412	23,622	7,231	279, 329	2,651	281,980	(566)	281,414
Finance income and finance cost (Net)									(840)
Profit for the period before income tax									280,574

(Note 1) Business segment “Other” does not constitute reporting segments, and includes construction and maintenance of facilities, 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, 2018

(Unit: Millions of yen)

	Reporting segment								
	Personal	Life Design	Business	Global (Note 3)	Sub-total	Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
Revenue									
Revenue from external customers	911,130	97,885	148,182	58,495	1,215,692	6,024	1,221,716	–	1,221,716
Inter-segment revenue or transfers	25,616	29,249	41,005	6,708	102,578	16,083	118,661	(118,661)	–
Total	936,746	127,135	189,186	65,203	1,318,270	22,107	1,340,377	(118,661)	1,221,716
Segment income	219,517	27,432	26,501	14,222	287,672	1,085	288,757	105	288,862
Finance income and finance cost (Net)									(299)
Profit for the period before income tax									288,562

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

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

(Note 3) As for KDDI Summit Global Singapore Pte. Ltd., due to the environment encompassing local accounting in the areas where subsidiaries KDDI Summit Global Myanmar Co., Ltd. are located, preliminary results were not obtained by the Company’s closing date for subsidiary reporting, and reporting periods were not unified. However, due to improvement for financial reporting in the first quarter of the fiscal year ending March 31, 2019, the reporting periods are unified.