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

Financial Statements Summary for the Year ended March 31, 2013 [Japan GAAP]

April 30, 2013

Company name	**KDDI CORPORATION**		
Stock exchange listings	Tokyo First Section	Securities code	9433
Representative	Takashi Tanaka, President	URL	http://www.kddi.com
Date of general shareholders' meeting (as planned)		June 19, 2013	
Dividend payable date (as planned)		June 20, 2013	
Annual securities report filing date (as planned)		June 20, 2013	
Supplemental material of annual results:		Yes	
Convening briefing of annual results:		Yes (for institutional investors and analysts)	

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

1. Consolidated Financial Results for the Year ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) Consolidated Operating Results

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

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Year ended March 31, 2013	3,662,288	2.5	512,669	7.3	514,421	14.0	241,469	1.2
Year ended March 31, 2012	3,572,098	4.0	477,647	1.2	451,178	2.4	238,604	(6.5)

(Note) Comprehensive Income
Year ended March 31, 2013 : 263,579 million yen; 5.6%
Year ended March 31, 2012 : 249,510 million yen; (0.5)%

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Return on Assets	Operating Income Margin
	Yen	Yen	%	%	%
Year ended March 31, 2013	315.90	289.26	11.2	12.7	14.0
Year ended March 31, 2012	290.58	283.34	11.5	11.6	13.4

(Reference) Equity in net income (losses) of affiliates
Year ended March 31, 2013 : 3,898 million yen
Year ended March 31, 2012 : (18,297) million yen

(2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
			%	Yen
As of March 31, 2013	4,084,999	2,323,363	55.1	2,943.12
As of March 31, 2012	4,004,009	2,128,624	51.5	2,696.03

(Reference) Shareholder's Equity
As of March 31, 2013 : 2,249,794 million yen
As of March 31, 2012 : 2,060,746 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Year ended March 31, 2013	523,908	(472,992)	(140,249)	87,288
Year ended March 31, 2012	725,886	(484,507)	(225,931)	174,191

2. Dividends

	Dividends per Share					Total Dividends for the Year	Payout Ratio	Ratio of Dividends to Shareholders' Equity
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total			
	Yen	Yen	Yen	Yen	Yen		%	%
Year ended March 31, 2012	-	7,500.00	-	8,500.00	16,000.00	64,329	27.5	3.1
Year ended March 31, 2013	-	8,500.00	-	95.00	-	68,795	28.5	3.2
Year ending March 31, 2014 (forecast)	-	60.00	-	60.00	120.00		31.1	

1. Dividend for the year ending March 31, 2013, took into account a 1:100 stock split on common stock, with an effective date of October 1, 2012.
2. Dividend forecasts for the year ending March 31, 2014, took into account a 1:2 stock split on common stock, with an effective date of April 1, 2013.

3. Consolidated Financial Results Forecast for the Year ending March 31, 2014 (April 1, 2013 - March 31, 2014)

(Percentage represents comparison to previous fiscal year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share
		%		%		%		%	Yen
Entire Fiscal Year	4,140,000	13.0	630,000	22.9	620,000	20.5	295,000	22.2	385.91

1. Forecast of consolidated business results for the six months ending September 30, 2013 is not prepared.
2. Net income per share in the consolidated financial results forecasts for the year ending March 31, 2014, took into account a 1:2 stock split on common stock, with an effective date of April 1, 2013.

4. Other

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation): None

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

1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: Yes

2) Other changes in accounting policies: None

3) Changes in accounting estimates: Yes

4) Restatement of corrections: None

Note: Please refer to page 31 "4. Consolidated Financial Statements (5) Notes for Consolidated Financial Statements (Changes in Accounting Policies)" for details.

(3) Numbers of Outstanding Shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of March 31, 2013	896,963,600
	As of March 31, 2012	896,963,600
2) Number of treasury stock	As of March 31, 2013	132,538,800
	As of March 31, 2012	132,601,200
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the year ended March 31, 2013	764,378,162
	For the year ended March 31, 2012	821,133,107

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

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

1. KDDI Corporation's Financial Results for the Year ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) KDDI Corporation's Results of Operation

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

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Year ended March 31, 2013	3,366,079	2.8	465,145	7.6	472,883	8.8	231,348	(7.4)
Year ended March 31, 2012	3,273,536	4.3	432,440	1.0	434,575	2.8	249,836	(2.7)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2013	302.66	277.13
Year ended March 31, 2012	304.26	296.69

(2) KDDI Corporation's Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
			%	Yen
As of March 31, 2013	3,910,233	2,231,575	57.1	2,918.65
As of March 31, 2012	3,851,891	2,064,847	53.6	2,700.04

(Reference) Shareholder's Equity
As of March 31, 2013: 2,231,085 million yen
As of March 31, 2012: 2,063,809 million yen

Indication of audit procedure implementation status

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

Explanation for Appropriate Use of Forecasts and Other Notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI corporation (hereafter: the "Company") and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to page 10 "Outlook for the Year ending March 31, 2014" under【the Attachment】for the assumptions used and other notes.

2. The Company conducted a 1:100 stock split on common stock, with an effective date of October 1, 2012. And the Company conducted a 1:2 stock split on common stock, with an effective date of April 1, 2013. As a result, net income per share, diluted net income per share, net assets per share and numbers of outstanding shares have been calculated as if the stock split was conducted at the beginning of the previous (consolidated) fiscal year.

【the Attachment】

* The Company holds a convening briefing for investors as below. Documents distributed at the briefing are scheduled to be posted on our website at the same time as the release of the financial statements summary. Videos and main Q&As are planned to be posted immediately after the briefing.
- Tuesday, April 30, 2013- Convening briefing of annual results for institutional investors and analysts

* In addition to the above convening briefing, the Company holds conferences on its business and results for individual investors. Please check our website for the schedule and details.

1. Qualitative Information / Financial Statements, etc.

(1) Analysis on Consolidated Operating Results

1) Results Overview

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	3,572,098	3,662,288	90,190	2.5
Operating Expenses	3,094,450	3,149,619	55,169	1.8
Operating Income	477,647	512,669	35,021	7.3
Non-operating Income (Expenses)	(26,469)	1,752	28,221	-
Ordinary Income	451,178	514,421	63,242	14.0
Extraordinary Income (Expenses)	3,241	(102,709)	(105,950)	-
Income before Income Taxes and Minority Interests	454,419	411,711	(42,707)	(9.4)
Total Income Taxes	207,560	162,247	(45,312)	(21.8)
Income before Minority Interests	246,858	249,464	2,605	1.1
Minority Interests in Income	8,254	7,994	(259)	(3.1)
Net Income	238,604	241,469	2,864	1.2

Operating revenues for the year ended March 31, 2013 amounted to ¥3,662,288 million, a 2.5% increase year on year. Revenues from terminal sales expanded owing to sales of LTE-compatible handsets, data communications revenues increased in line with the shift to smartphones, and communications revenues grew as a result of growth in FTTH service revenues, chiefly "au HIKARI." These rises offset a decrease in au communications revenues, owing to the "Maitsuki Discount (Monthly Discount)" and other discount services.

Operating expenses amounted to ¥3,149,619 million, a 1.8% increase year on year. Although mobile handset migration expenses decreased owing to the conclusion of service on the former 800MHz frequency, this growth was due to higher communication facility fees, such as for WiMAX lines, in line with data offloading measures, as well as higher handset procurement costs in tandem with expanded revenues from terminal sales.

As a result, operating income was up 7.3% year on year, to ¥512,669 million. Ordinary income was up 14.0% year on year, to ¥514,421 million. The rate of increase was higher than that for operating income because of an improved business performance at equity-method affiliates UQ Communications Inc. and Jibun Bank Corporation.

KDDI Group (hereafter: the "Companies") discontinued the use of former 800MHz frequency facilities in July 2012 in line with the reorganization of frequencies. As a result, net income was up 1.2% year on year, to ¥241,469 million.

Overview of Economic Conditions

The global economy is expected to have moved out of deceleration and into a phase of gradual recovery, with fears that the European financial crisis would grow increasingly serious having abated, as well as relatively robust U.S. employment indicators and solid improvements in the country's housing markets, combined with the pace of growth reviving in China. Central banks are supporting economic activity through aggressive and ongoing monetary easing measures, and political problems and other global economic trends require ongoing monitoring.

The change of administration in Japan is fanning expectations of monetary easing, providing an environment that encourages adjustments to the high yen and promoting higher share prices. Improved consumer sentiment and other recent signs point to growing anticipation that the country will shrug off deflation and move toward economic growth.

Industry Trends

In the mobile communications market, competition for customers is intensifying through means such as providing a diverse range of devices including smartphones and tablet-type terminals; expanding a complete lineup of downloadable content such as music, videos, and ebooks; and various campaigns on pricing measures. Furthermore, the competitive environment is changing in response to growing mobile data traffic, in line with the increasing use of smartphones, and the allocation of new frequencies. Also, full-fledged competition has commenced in relation to the next-generation LTE (Long Term Evolution) standard for high-speed communication.

In the fixed-line communications market, in addition to the development of services that combine mobile and fixed-line aspects, market is moving toward a new stage of competition characterized by the fusion of telecommunications and broadcasting.

KDDI’s Position

・The Company steadily implemented its medium to long term strategies-the 3M Strategy and the Global Strategy-targeting the realization of the three business vision: “More Connected” “More Diverse Values” “More Global.” 3M stands for Multi-network, Multi-device, and Multi-use. Our growth strategy calls for the establishment of an environment that seamlessly provides a variety of content and services to customers through an optimal network that can be used anytime and anywhere, with a variety of devices, including smartphones and tablets. The number of customers for our “au Smart Value” offers set-purchase discounts for au smartphones and fixed-line broadband circuits that enables he reasonably priced use of services under the 3M Strategy, is increasing steadily. As of the end of March 2013, the number of au subscribers utilizing “au Smart Value” to the service topped 3.86 million, and the number of households utilizing “au Smart Value” 2.12 million. In addition, the number of “au Smart Pass” members exceeded 5 million on March 2 2013, and 5.74 million as of the end of March 2013. To take advantage of our competitive edge in owning both mobile and fixed-line networks, we are implementing the 3M Strategy aggressively.

・On September 21, 2012, we began providing the “4G LTE” service, which meets the next-generation LTE standard for high-speed communication and enables high-speed mobile data communications. We are steadily expanding its service area and increasing the number of its subscribers.

・On October 24, 2012, the Company and Sumitomo Corporation executed the shareholders agreement regarding joint operation of Jupiter Telecommunications Co., Ltd. Based on this shareholders agreement, on February 27, 2013, the Company conducted a tender offer for all common shares and share options issued by Jupiter Telecommunications Co., Ltd., jointly with a company of which the same number of voting rights are to be owned by Sumitomo Corporation and the Company. This tender offer concluded on April 10, 2013, and Jupiter Telecommunications became a consolidated subsidiary of KDDI on April 17, 2013.

-Subscriptions of Major Services (Unit: Thousand line)

	As of March 31, 2012	As of March 31, 2013	Increase (Decrease)	Increase (Decrease) %
au (Note 1)	35,109	37,709	2,600	7.4
(Ref.) UQ WiMAX	2,266	4,084	1,818	80.2
FTTH	2,268	2,870	602	26.5
Metal-plus	2,189	1,854	(335)	(15.3)
Cable-plus phone	2,074	2,851	777	37.4
CATV (Note 2)	1,142	1,238	96	8.4
Fixed access lines (Note 3)	7,118	8,157	1,039	14.6

Notes: 1. Inclusive of module-type contracts
2. Number of households with at least one contract via broadcasting, internet, or telephone
3. Total access lines of FTTH, direct-revenue telephony (Metal-plus, Cable-plus phone), and CATV subs, excluding crossover.

[Reference]

・For “Cable-plus phone,” alliances with cable television companies grew steadily, reaching 94 CATV companies, 179 channels as of March 31, 2013.

・Consolidated subsidiary JCN Group, which oversees 20 channels primarily in the Tokyo metropolitan area, includes Kumamoto area as of March 31, 2013.

2) Results by Business Segment

From the year ended March 31, 2013, the Companies had reclassified its reportable segments into four-"Personal Services," "Value Services," "Business Services," and "Global Services."

The business included in each segment is as follows.

New Business Segment	Major Services	
Personal Services	For households and individuals	Providing communications services, mobile handset sales
Value Services	For households and individuals	Providing content and settlement services
Business Services	For companies	Providing communications services, mobile handset sales, data center services, ICT solution/cloud services
Global Services	For companies and individuals overseas	Providing communications services, data center services, ICT solution/cloud services

Segment information for the year ended March 31, 2012 has been revised based on above change.

- Personal Services

For the year ended March 31, 2013 (Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)	Increase (Decrease) %
Operating Revenues	2,799,577	2,837,964	38,387	1.4
Operating Expenses	2,452,375	2,459,361	6,985	0.3
Operating Income	347,201	378,603	31,402	9.0

Operating revenues for the year ended March 31, 2013 amounted to ¥2,837,964 million, a 1.4% increase year on year. Revenues from terminal sales expanded owing to sales of LTE-compatible handsets, data communications revenues increased in line with the shift to smartphones, and communications revenues grew as a result of growth in FTTH service revenues, chiefly "au HIKARI." These rises offset a decrease in au communications revenues, owing to the "Maitsuki Discount (Monthly Discount)" and other discount services.

Operating expenses amounted to ¥2,459,361 million, a 0.3% increase year on year. Although mobile handset migration expenses decreased owing to the conclusion of service on the former 800MHz frequency, this growth was due to higher communication facility fees, such as for WiMAX lines, in line with data offloading measures, as well as higher handset procurement costs in tandem with expanded revenues from terminal sales.

As a result, operating income was up 9.0% year on year, to ¥378,603 million.

To augment services in line with the 3M Strategy, we are working to increase the number of providers offering "au Smart Value" services, sell distinctive devices, provide extensive services, become involved in video services, and expand the service area, including through "au Wi-Fi SPOTs." Through these efforts, we aim to enable customers to use services that are increasingly convenient, safe and secure.

3M Strategy

・The number of "au Smart Value" allied grew steadily, reaching 5 FTTH companies (including the Company), 106 CATV companies, 189 channels (including 22 CATV companies, 22 channels allied with STNet, Incorporated) as of the end of March 2013. As a result, the number of au subscriptions utilizing"au Smart Value" was 2.12 million households and 3.86 million as of the end of March 2013.

Multi-device

・On February 15, 2013, we launched smartphone "INFOBAR A02," a member of the popular "INFOBAR" series compatible with "4G LTE" ultrahigh-speed data communications. "INFOBAR A02" features a new-style user interface and other enhanced specifications, enabling customers to comfortably enjoy smartphone-specific services and content. During the fiscal year ended March 31, 2013, we introduced 11 "4G LTE" smartphone models, including "INFOBAR A02" and the "iPhone 5," as well as three attractive "4G LTE" tablet models.

・On November 28, 2012, we began offering "JCN Smart TV" by JAPAN CABLENET LIMITED, providing the "Smart TV Box" set-top box for cable television. In addition to receiving terrestrial digital, BS, and cable television broadcasts, “JCN Smart TV” provides Internet access and contains an access point function enabling Wi-Fi communications. On February 23, 2013, we launched “Smart TV Stick,” a stick-type compact set-top box that allows users to enjoy Android™ applications on their home televisions. We also began offering “Remote TV,” which enables users to view television programming recorded using a Blu-ray Disc™ recorder or programs currently being broadcast anywhere and at any time via smartphones and tablets.

＜Products released for the year ended March 31, 2013＞

4G LTE Smartphones	iOS	“iPhone 5”
	Android	“INFOBAR A02,” “Xperia™ VL,” “GALAXY S Ⅲ Progre,” “AQUOS PHONE SERIE,” “ARROWS ef,” ”Optimus G,” ”VEGA,” ”G’zOne TYPE-L,” “DIGNO S,” “HTC J butterfly”
4G LTE Tablets	iOS, Android	“iPad mini,” “The fourth Generation iPad,” “AQUOS PAD”
3G Smartphones	Android	“ARROWS Z ISW13F,” “AQUOS PHONE SL IS15SH,” “AQUOS PHONE CL IS17SH,” “HTC J ISW13HT,” “URBANO PROGRESSO,” “AQUOS PHONE SERIE ISW16SH”
3G Tablets	Android	“REGZA Tablet AT500/26F”
Feature phones		“mamorino3,” “PT003,” “K011,” “Simple Phone K012”
Other devices		“Smart TV Box,” “Smart TV Stick,” “Remote TV”

Rate Services

・On September 21, 2012, the Company began offering a variety rate plans for 4G LTE Smartphones. These include “LTE PLAN,” under which domestic voice communications to au mobile phones are free of charge between 1:00a.m. and 9:00p.m. at a basic monthly charge of ¥980 (including tax, covered by a “Everybody Discount package” agreement); “LTE FLAT (basic monthly charge of ¥5,985 (including tax)),” a flat –rate data communications service for worry-free packet communications; and “au Call Flat Rate 24 hours (basic monthly charge of ¥500 (including tax)),” which allows free-of-charge domestic voice communications to au mobile phones 24 hours a day.

・On November 30, 2012, we began offering “LTE Flat for Tab/Tab (i),” a rate plan for tablets compatible with “4G LTE.” It is available for a monthly fee of ¥5,985 (including tax). We also provide additional value for au smartphone customers by offering the “Smartphone Set Discount.”

Services

・On April 18, 2012, we began to roll out “International SMS,” a short messaging service (SMS (C mail)) that allows the sending and receipt of short messages with mobile phones from overseas telecommunications companies. As a result, au mobile phones became able to send and receive SMS (C mail) with mobile phones from 215 overseas telecommunication companies in 117 countries and regions.

・On September 21, 2012, we began offering “Kaigai Double-Teigaku,” our overseas packet flat-rate service for customers using au smartphone compatible with “4G LTE.” We provide the overseas packet flat-rate service for “4G LTE” service at 151 locations (as of March 31, 2013), which is the largest among domestic telecommunications companies.

Service Area

・We have aggressively expanded the “4G LTE” service area since the September 2012 launch of this service, adding locations that customers use frequently, such as subways (including between stations) and underground shopping areas. As of December 31, 2012, our service area included more than 90% of the subway stations in Japan. In addition, as of March 21, 2013, mobile phones can be used on all Tokyo Metro lines (except for one section (Note 1)).

(Note: 1) The section between Kotake-Mukaihara and Senkawa stations on the Yurakucho and Fukutoshin lines, where connecting lines are under construction (scheduled for completion in fiscal 2016)

・We continue to expand the number of locations offering the “au Wi-Fi SPOT” public wireless LAN service so that customers can enjoy convenient and free-of-charge Internet access via their au smartphones when on the go. By December 2012, service had been introduced on the Tokyo Monorail; the Romance Car, Odakyu Electric Railway's limited-express train; and the Skyliner, a limited-express airport train service operated by Keisei Electric Railway. We continue to focus on making service available on public transport, and from February 2013 service was available on 134 principal stations operated by Kintetsu Railway, 89 stations operated by East Japan Railway (up from an initial 60 stations), and all stations operated by Odakyu Electric Railway.

Safety and Security

・On August 30 2012, we began providing a "All-Carrier Search Service" that enables confirmation of the safety of loved ones during an emergency through a single search of our Disaster Message Board service for mobile phones and PHS terminals, as well as the new Disaster Message Board service offered by NTT East and NTT West.

・On November 1, 2012, we began offering the "Safety Access for Android™" service to provide underage customers with enhanced safety and security for au smartphone services. Providing the filtering function, the new service operates to determine whether applications are suitable for minors. In addition to conventional Web filtering, this service provides Japan's first all-in-one filtering browser that is compatible with 3G, 4G LTE, WiMAX and Wi-Fi communication channels.

* The service employs NetSTAR Inc. filtering technology.

・On March 1, 2013, we began offering an automatic setting on "Entrusted Rules for Unwanted E-Mail" requiring no special operation when customers acquire a new au mobile phone e-mail address (@ezweb.ne.jp). This setting is designed to provide peace of mind to customers who are not comfortable conducting operations for unwanted e-mail.

Service Satisfaction No.1

・J.D. Power Asia Pacific, Inc. conducted a "J.D. Power Asia Pacific 2012 Japan Mobile Phone Service Satisfaction Study℠," which ranked au highest in overall customer satisfaction among mobile phone service providers. We remain committed to enhancing the satisfaction of numerous customers by providing even better products and services.

* Targeting individual users of mobile phones nationwide, this survey was designed to clarify mobile phone service satisfaction levels by evaluating the customer experience in six factors; "handsets," "service provision," "network quality/coverage area," "fees," "handset purchasing experience" and "customer care."

MNP No.1

・On March, 2013, the Company maintained the highest number of net additions in mobile number portability (MNP) for 18 consecutive months. For the year ended March 31, 2013, our net number of additions due to MNP totaled 1,010,000 subscribers, a historic high for the industry.

- Value Services

For the year ended March 31, 2013 (Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)	Increase (Decrease) %
Operating Revenues	136,424	141,898	5,474	4.0
Operating Expenses	91,984	100,010	8,026	8.7
Operating Income	44,439	41,887	(2,551)	(5.7)

Operating revenues for the year ended March 31, 2013 amounted to ¥141,898 million, a 4.0% increase year on year. This rise stemmed from higher revenues in tandem with growth in the number of "au Smart Pass" members, and au Simple Payment Service revenues increased in line with the shift to smartphones.

Operating expenses were ¥100,010 million, up 8.7% year on year, reflecting content procurement costs and other up-front expenditures to attract "au Smart Pass" members.

Operating income consequently fell 5.7% year on year, to ¥41,887 million.

3M Strategy

・On October 22, 2012, the registered number of “au IDs”—a common ID that enables customers to use “au Smart Pass” and a host of other contents and services—topped 10 million. We believe that common IDs such as “au ID,” which enables multi-device access to “au Smart Pass” and a host of other contents via smartphones, televisions, personal computers, tablets and the like, will encourage the expansion of the smartphone market, and signs show that customer use of such services is growing steadily.

・Following a service launch in March 1, 2012, the number of “au Smart Pass”#members surpassed 5 million on March 2, 2013, and reached 5.74 million as of the end of March 2013. On September 21, 2012, the Company also continued to enhance “au Smart Pass” by offering it for use with Web services as well as applications, as has been the case in the past, and enabling “au Smart Pass” access via iPhones.

・On December 3, 2012, we began offering the “Book Pass” service for au smartphones, allowing users to read all the e-books they like for ¥590 per month (including tax). With “Book Pass,” we offer two services that allow customers to enjoy e-books. The “Unlimited Reading Plan” provides full access to books in a host of genres, including comics, novels, novellas, how-to books, magazines and photo collections, for a basic monthly charge of ¥590 (including tax). The “A La Carte Purchase” plan enables customers to purchase the books they wish to read, one at a time.

・Enabling customers to enjoy the Company’s popular services on their iPhones and iPads, we began providing an iOS version of “Uta Pass” on January 29, 2013, followed by iOS versions of “Video Pass,” “Book Pass,” “LISMO WAVE,” “au Smart Sports Run&Walk,” and “au Smart Sports Fitness” on March 4, 2013.

Other

・Global Brain Corporation and the Company expanded investment targets of the “KDDI Open Innovation Fund.” The Company formed a partnership with JMTY Corporation on June 15, 2012; with TOLOT Inc. on July 31, 2012; and with 3rdKind Inc. on January 17, 2013. In tandem with the “KDDI ∞ Labo” incubation program, which has finished recruiting for the fourth fiscal year, we plan to continue supporting the future growth of venture companies going forward.

- Business Services

For the year ended March 31, 2013 (Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)	Increase (Decrease) %
Operating Revenues	636,039	638,337	2,298	0.4
Operating Expenses	561,043	558,507	(2,536)	(0.5)
Operating Income	74,995	79,830	4,834	6.4

Operating revenues for the year ended March 31, 2013 amounted to ¥638,337 million, a 0.4% increase year on year. Contributing factors include the increase in revenues brought by the increase in the number of mobile terminal sales for corporate clients.

Operating income amounted to ¥79,830 million, a 6.4% increase year on year. Although handset procurement costs in tandem with expanded revenues from terminal sales increased, mainly due to the decrease in sales commission and outsourcing expenses.

We are enhancing a variety of solutions for corporate customers so that they can use devices, networks and cloud services optimized for their user environment seamlessly and with peace of mind for business whether in the office or on the go. We are making particularly aggressive inroads into improving services for small and medium-sized corporate customers.

Corporate Devices

・The Company launched two data communication devices “Wi-Fi WALKER LTE,” “USB STICK LTE,” on November 2, 2012, that enable corporate customers to take advantage of the high-quality, ultrahigh-speed “4G LTE” service, with maximum downlink speeds of 75Mbps.

Rate Services

・We began offering "Basic Pack" and "Smart Value for Business" on April 1, 2012. "Basic Pack" is a cloud application services that includes mail and files storage services, offered for ¥390 per month (including tax), optimized to meet high demands from corporate customers. Customers who sign up for "Smart Value for Business," which includes access to KDDI-designated fixed-line communications services such as "au HIKARI Business" and "Basic Pack" receive a discount on monthly usage charges of ¥1,480 for up to two years (a discount of ¥980 after two years, including tax). Using an au smartphone and the "Basic Pack" provides customers with access to necessary business information when on the road at any time, greatly improving business efficiency.

・We began providing "au Office Number" on April 10, 2012. This service allows customers to place calls via au mobile phones via fixed-line numbers, such as those with a 03 or 06 prefix. And the service also facilitates the rapid setup of fixed-line telephone numbers even in environments where distributing fixed-line telephones is difficult. As a result, the service enables a variety of office environments and working styles. We are steadily expanding its service area and providing its service at 27 regions as of the end of March 2013.

・We began providing a new cloud-based infrastructure service, the "KDDI Cloud Platform Service" on July 2, 2012. This service facilitates Internet and intranet connection, enable customers to make use of public and private clouds. The service usage format is available via dedicated servers and can be customized. In addition, the service provides inexpensive virtual server access, meeting a broad range of customer needs. The service is provided under an SLA(Note1) that sets 99.99% availability as standard. A variety of expandability functions are also available, such as the DR(Note2) option that enables the service to be deployed as a BCP(Note 3) measure, allowing system restoration from remote locations in the event of disaster.

Notes: 1. SLA (Service Level Agreement)
2. BCP (Business Continuity Plan)
3. DR (Disaster Recovery)

・We began providing "KDDI TeleOffice," which provides easy and operationally simple access to videoconferencing, as well as "Expert Pack," a flat-rate value pack of occupation-specific cloud applications on December 19, 2012.

・The Company became the first domestic telecommunications provider to offer intranet connections(It is necessary to contract "KDDI Wide Area Virtual Switch") to a high-speed and secure Wi-Fi environment in offices and shops via smartphones, tablets, PCs and other Wi-Fi-compatible devices via the "KDDI Business Secure Wi-Fi" on January 28, 2013.

・We have formed a partnership with Project Nippon Inc., which operates "DREAMGATE," Japan's leading platform site for entrepreneurial support. On February 7, 2013, we began offering "SmaBI," which provides total support via a website for everything from company establishment procedures through to the drafting of strategic proposals.

・Meeting growing needs for ultrawide bandwidth via the "KDDI Wide Area Virtual Switch," our wide area data network service for corporate customer, on February 21, 2013, we began accepting applications for ultrawide bandwidth in an Ethernet format between 2Gbps and 10Gbps, and will begin providing service in late September.

Topics in the Next Fiscal Year and Beyond

・To provide broad-based support for business expansion by small and medium-sized corporate customers, we have established four new regional companies to expand the sales framework for "KDDI MATOMETE OFFICE CORPORATION," which began operations on April 1, 2013. In addition to the Tokyo, Nagoya and Osaka metropolitan areas, the new companies will provide a regional support network offering close contact in other regions.

・On April 1, 2013, we began handling "Google AdWords," search-linked advertising that supports marketing strategies. We also began handling "Rakuten Smartpay," which provides a simple card settlement function by combining smartphones and specialized card readers.

- Global Services

For the year ended March 31, 2013 (Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)	Increase (Decrease) %
Operating Revenues	171,613	207,301	35,687	20.8
Operating Expenses	167,345	199,471	32,126	19.2
Operating Income	4,268	7,829	3,561	83.4

Operating revenues for the year ended March 31, 2013 increased 20.8% year on year to ¥207,301 million, mainly due to the increase in revenues brought by CDNetworks Co., Ltd., which became a consolidated subsidiary in the year ended March 31, 2012, and overseas subsidiaries such as Locus Telecommunications, DMX Technologies Group Limited.
Operating income increased 83.4% year on year to ¥7,829 million.

Services

・We are proactively expanding our number of locations for "TELEHOUSE," the Company's global data center that is widely regarded by customers around the world for its reliability and high service quality.

In response to growing data center demand in the Russian market, on November 1, 2012, the Company began providing service at "TELEHOUSE MOSCOW," the first such facility to be operated by an overseas data center operator. Through this and existing data center operations in Western Europe, we expect to continue contributing to the reinforcement of ICT infrastructure throughout the European market.

In January 1 2013, the Company began providing services at "TELEHOUSE BEIJING BDA," a large-scale data center with floor space measuring approximately 25,000 square meters and the Company's second in Beijing, China. We also plan to begin providing service at "TELEHOUSE SHANGHAI JINQIAO" in May 2013. Our second facility in Shanghai, this data center, having approximately 5,800 square meters of floor space, will feature a state-of-the-art security system.

The Company's total data center floor space in three major cities in Greater China (Beijing, Hong Kong and Shanghai) measures over 70,000 square meters, making them some of the largest offered by a foreign company. Through these efforts, in addition to its TELEHOUSE customers in Europe and the United States, the Companies are building a network to respond to tremendous data center needs in Asia.

・In January 2013, "TELEHOUSE BEIJING BDA" won the "2012 China's IDC Industry the Best third-Party Infrastructure Provider Award" at China's seventh and largest data center event, marking the first time a foreign-affiliated provider has received this award. This award is given to the most outstanding data center provider contributing to the development of China's data center industry from the perspectives of "availability," "energy savings," and "network environment."

・The Company established an overseas affiliate company in the Republic of the Union of Myanmar, called "KDDI Myanmar", in January 30, 2013. In April 2013, we commenced operations at the "KDDI Myanmar Business Center." Although Myanmar is experiencing a growing influx of foreign companies, there is currently a lack of offices that are adequately equipped for business in the center of Yangon, the country's capital. The new center provides office space with IT infrastructure and maintenance/operation services, thereby supporting customers' efforts to rapidly launch businesses in Myanmar.

・KDDI Evolva Inc. and KDDI Singapore Pte. Ltd have begun offering a "local call center development/consigned operations service" for Southeast Asia. By partnering with KDDI Singapore Pte. Ltd, KDDI Evolva Inc., with its expertise in call center operations, aims to support Japanese companies' efforts to expand their businesses in the region by rapidly establishing local call centers. The companies commenced service in Thailand in March 2013 and plan to steadily expand their service area to include India, Singapore, Malaysia, the Philippines, Indonesia, Australia, Vietnam and Myanmar.

3) Status of Major Affiliates

UQ Communications Inc., an equity-method affiliate of the Company, surpassed 4 million subscribers on February 9, 2013, reaching 4,084,200 subscribers as of March 31, 2013. The company became profitable on a monthly basis in July 2012, achieving profitability for the first time on an annual basis in the fiscal year ended

March 31, 2013.

The service area is being steadily expanded so that subscribers can use WiMAX services at stations and within train cars. This expansion includes subways and the country's major railway routes in the Tokyo, Chubu, and Kansai metropolitan areas. During the fiscal year, area expansion was concluded that includes the Keisei Electric Railway, the Minato Mirai Line (between the Yokohama and Motomachi-Chukagai stations), the Rinkai Line, underground areas below Nagoya Station (ESCA and Unimall underground areas, Nagoya Station Sunroad, and Meichika) and underground areas of Osaka (NAMBA Walk, NAMBA Nannan, and Abechika).

Jibun Bank Corporation, an equity-method affiliate of the Company, had a total of 1.5 million accounts as of March 31, 2013 (an increase of 140,000 accounts compared with March 31, 2012). Deposits totaled ¥565.8 billion (up ¥216.1 billion).

In December 2012, the bank began handling structured deposits and providing the "Quick Account Setup App" for smartphones. In February 2013, the bank expanded its service offerings by adding four currencies to the foreign currency deposits it handles, the Brazilian real, the South Korean won, the South African rand and the New Zealand dollar.

Notes:
1 "Wi-Fi" is a registered trademark of Wi-Fi Alliance®.
2 "Android" "Google" are trademarks or registered trademarks of Google Inc.
3 WiMAX is a trademark or a registered trademark of WiMAX Forum.
4 "AQUOS PHONE," "SERIE" are registered trademarks of Sharp Corporation.
5 "GALAXY S" is a registered trademark of Samsung Electronics Co., Ltd.
6 "DIGNO" is a registered trademark of Kyocera Corporation.
7 "G'zOne" is a registered trademark of Casio Computer Co., Ltd.
8 "Xperia" is trademarks or registered trademarks of Sony Mobile Communications AB.
9 "iPhone" "iPad" are registered trademarks or trademarks of Apple Inc.
10 The trademark 'iPhone' is used with a license from Aiphone K.K.
11 "Smart Value®" is a registered trademark of Energy Management Corporation.
12 "ARROWS" is a trademark or a registered trademark of Fujitsu Limited.
13 "VEGA" is a trademark of PANTECH Co., Ltd.
14 "HTC J" is a trademark or a registered trademark of HTC Corporation.
15 "REGZA" is a registered trademark of Toshiba Corporation.
16 "Blu-ray Disc™" is a trademark of Blu-ray Disc Association.

4) Outlook for the Year ending March 31, 2014

The consolidated financial results outlook of the Companies for the year ending March 31, 2014 is as follows;

(Amount unit: Millions of yen)

	Year ended March 31, 2013	Forecast, year ending March 31, 2014	Increase (Decrease)	Increase (Decrease)%
Operating revenues	3,662,288	4,140,000	477,712	13.0
Operating income	512,669	630,000	117,330	22.9
Ordinary income	514,421	620,000	105,578	20.5
Net income	241,469	295,000	53,530	22.2

Operating revenues are forecast to total ¥4,140,000 million, increasing year on year. This rise is attributable to growing revenues from terminal sales stemming from a higher number of smartphone units sold, expanded data communications revenues and the increase in revenues arising from the consolidation of Jupiter Telecommunications Co., Ltd. (hereafter, "J:COM").

Among operating expenses, the consolidation of J:COM prompted a rise in expenses, but the Company enhanced its efforts to curtail costs, centering on network maintenance and administrative costs. Accordingly, the Company anticipates increases in income, with operating income amounting to ¥630,000 million and ordinary income of ¥620,000.

Net income is estimated at ¥295,000 million, as the loss on step acquisition related to the consolidation of J:COM was recorded as an extraordinary loss.

Because forecasting for the period is difficult due to volatile conditions in the telecommunications market related to competition among carriers, the Company has not prepared a forecast of consolidated business results for the six months ending September 30, 2013.

(2) Analysis on Consolidated Financial Position

1. Consolidated Financial Position

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Total assets	¥4,004,009M	¥4,084,999M	¥80,989M
Shareholder's equity	¥2,060,746M	¥2,249,794M	¥189,047M
Equity ratio	51.5%	55.1%	3.6%
Net assets per share	¥2,696.03	¥2,943.12	¥247.09
Interest-bearing debt	¥1,046,754M	¥977,563M	(¥69,190M)

Consolidated total assets as of March 31,2013 came to ¥4,084,999 million, up ¥80,989 million from March 31, 2012. Although noncurrent assets decreased owing to such factors as depreciation and impairment loss, accounts receivable–trade rose as a result of installment sales of mobile handsets, contributing significantly to the increase. Total liabilities were ¥1,761,635 million as of March 31, 2013, down ¥113,748 million from March 31, 2012, due to such factors as the redemption of bonds and repayment of long-term loans payable.

An increase in retained earnings resulted net asset to amount to ¥2,323,363 million.

As a result of these factors, the shareholders' equity ratio rose from 51.5% as of March 31, 2012, to 55.1%.

Interest-bearing debt as of March 31, 2013 included ¥200,666 million of convertible bond-type bonds with subscription rights to shares issued for the year ended March 31, 2012.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Year ended March 31 2012	Year ended March 31, 2013	Increase (Decrease)
Net cash provided by (used in) operating activities	725,886	523,908	(201,978)
Net cash provided by (used in) investing activities	(484,507)	(472,992)	11,515
Free cash flows(Note)	241,379	50,915	(190,463)
Net cash provided by (used in) financing activities	(225,931)	(140,249)	85,681
Effect of exchange rate change on cash and cash equivalents	(1,125)	2,430	3,556
Net increase (decrease) in cash and cash equivalents	14,322	(86,903)	(101,225)
Cash and cash equivalents at beginning of period	159,869	174,191	14,322
Cash and cash equivalents at end of period	174,191	87,288	(86,903)

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 ¥523,908 million largely due to ¥411,711 million of income before income taxes and minority interests, ¥406,726 million of depreciation, ¥199,531 million of increase in notes and accounts receivable-trade, ¥218,357 million of income taxes paid, etc.

Investing activities used net cash of ¥472,992 million mainly due to ¥322,816 million for purchase of property, plant and equipment, ¥92,955 million for purchase of intangible assets, and ¥51,321 million for purchase of Long-term prepaid expenses, etc.

Financing activities provided net cash of ¥140,249 million. This includes ¥112,959 million for repayment of long-term loans payable, and ¥65,000 million in redemption of bonds, and ¥64,973 million for cash dividends paid.

The sum of cash flows from operating and investing activities showed a net outflow of ¥50,915 million, down ¥190,463 million year on year.

As a result, total amount of net cash and cash equivalents as of March 31, 2013, decreased ¥86,903 million from March 31, 2012, to ¥87,288 million.

3. Cash Flows Indicators

	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013
Shareholder’s equity ratio	53.7%	52.8%	55.7%	51.5%	55.1%
Market equity ratio	60.0%	56.4%	57.9%	51.2%	72.4%
Debt repayment period (year)	1.2	1.5	1.4	1.4	1.9
Interest coverage ratio	60.6	59.7	51.1	56.3	46.7

Note:

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

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

(3) Profit Distribution

Regarding the return of profits to shareholders as one of the priorities of its business management, the Company has a basic policy of continuing to pay stable dividends while maintaining financial soundness. And, the Company has been planning to increase the consolidated payout ratio to 25% - 30% range.

Regarding dividend payments for the year ended March 31, 2013, the Company has already paid an interim cash dividend of ¥8,500 per share. In order to express gratitude to its shareholders for their constant support, and in light of an overall consideration of business development aimed at improving future business results, the Company plans to pay an increased year-end cash dividend of ¥95.00 per share, up ¥10.00 year on year.

Further, for the year ending March 31, 2014, the Company plans to pay out ¥60.00 per share for both interim and year-end cash dividend, making the full-year amount ¥120.00 per share.

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

Note: The Company conducted a 1:100 stock split on common stock, and trading unit of the stock was 100 shares with an effective date of October 1, 2012. And the Company conducted a 1:2 stock split on common stock, with an effective date of April 1, 2013. Regarding the “Profit Distribution”, the stock split is taken into account.

(4) Business Risks

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

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

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

2. The Group

The Group comprises the Company, 128 consolidated subsidiaries (Japan: 51 companies, overseas: 77 companies), and 23 affiliates (Japan: 14 companies, overseas: 9 companies). The Group's main business lines are "Personal," "Value," "Business," "Global." Affiliates include 21 equity-method affiliates (Japan: 14 companies, overseas: 7 companies).

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

<Personal>

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

<Value>

Principal services	Providing other contents, settlement and e-money services
Major subsidiaries and affiliates	〔The parent〕 The Company 〔Consolidated subsidiaries〕 mediba inc, WebMoney Corporation, KKBOX Inc. 〔Equity-method affiliates〕 Jibun Bank Corporation

<Business>

Principal services	For companies communications services(ICT solution, data center)
Major subsidiaries and affiliates	〔The parent〕 The Company 〔Consolidated subsidiaries〕 Chubu Telecommunications Co., INC. KDDI MATOMETE OFFICE CORPORATION Japan Internet Exchange Co., Ltd.

<Global>

Principal services	For companies and individuals overseas communications services(ICT solution, data center)
Major subsidiaries and affiliates	〔The parent〕 The Company 〔Consolidated subsidiaries〕 KDDI AMERICA, Inc., KDDI EUROPE Ltd., KDDI Singapore Pte Ltd, KDDI China Corporation Telehouse International Corp. of Europe Ltd. DMX Technologies Group Limited [SGX], CDNetworks Co., Ltd. 〔Equity-method affiliates〕 MOBICOM Corporation

<Others>

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

Business schematic diagram of corporate groups are shown as below

KDDI Group

Personal

The Company

〔Consolidated subsidiaries〕

OKINAWA CELLULAR TELEPHONE COMPANY [JASDAQ]

JAPAN CABLENET LIMITED

Chubu Telecommunications Co., INC.

Wire and Wireless Co., Ltd.

〔Equity-method affiliates〕

Jupiter Telecommunications Co., Ltd. [JASDAQ]

UQ Communications Inc.

For individuals and households communications services

・au mobile phone

・FTTH

・CATV

Value

The Company

〔Consolidated subsidiaries〕

mediba inc., WebMoney Corporation, KKBOX Inc.

〔Equity-method affiliates〕

Jibun Bank Corporation etc.

Providing other contents, settlement and e-money services

Business

The Company

〔Consolidated subsidiaries〕

Chubu Telecommunications Co., INC.

KDDI MATOMETE OFFICE CORPORATION

Japan Internet Exchange Co., Ltd. etc.

For companies communications services

・ICT solution

・data center

Global

The Company

〔Consolidated subsidiaries〕

KDDI America, Inc., KDDI Europe Ltd.

KDDI China Corporation, KDDI Singapore Pte Ltd

Telehouse International Corp. of Europe Ltd.

DMX Technologies Group Limited [SGX]

CDNetworks Co., Ltd.

〔Equity-method affiliates〕

MOBICOM Corporation etc.

For companies and individuals overseas communications services

Others

〔Consolidated subsidiaries〕

KDDI Evolva Inc., KDDI Engineering Corporation

KDDI R&D Laboratories, Inc.

KOKUSAI CABLE SHIP Co., Ltd.

Japan Telecommunication Engineering Service Co., Ltd.

〔Equity-method affiliates〕

Kyocera Communication Systems Co., Ltd. etc.

Call center service, Network facilities operation and maintenance, ICT research and development

Customers

3. Management Policy

(1) Basic Management Policies

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

(2) Medium-to Long-term Management Strategies, Targeted Management Indicators, and Important Issues

First, we would like to apologize for the communications disruptions described below, and for the long period of time that was required to rectify these issues. We are greatly sorry for the inconvenience caused to our customers. We are committed to providing customers with reliable services that offer them peace of mind. To this extent, we will endeavor to eliminate human error during work processes, thoroughly inspect relevant facilities and those surrounding them before problems occur, and quickly rectify any issues that may arise.

Date of communications disruption	December 31, 2012, and January 2, 2013
Overview	Malfunction of the Company’s communications equipment (network equipment) resulted in au data packet communications services for 4G LTE compatible mobile phones being inaccessible throughout Japan
Cause	Equipment configuration error and human error
Response	Modified timer for signal control facilities, took measures to prevent timer from over elapsing, fixed issues with software, reconfigured systems, revised response procedures, established alarm response manual, implemented response training

Date of communications disruption	April 16 and April 19, 2013
Overview	Certain customers using real time email transmission settings as part of au’s mobile phone services experienced difficulties or were unable to properly use email functions
Cause	Command input error due to problems with manual (lack of prior verification testing), lack of preparation to respond to hardware malfunctions (one system) and resulting disruptions, insufficient consideration for email server restart procedures
Response	Rechecked manuals, comprehensively inspected rehearsal processes, analyzed causes of hardware malfunctions, established procedures for responding to resulting disruptions, revised early response procedures in consideration of disk processing capabilities, etc.

* These two disruptions are not related.

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

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

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

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

To realize these visions, we will advance the full-scale implementation of the 3M strategy (Multi-network, Multi-device, Multi-use), which will enable customers to select a device the meets their own preferences and to enjoy a variety of content through an optimal network that can be used anytime and anywhere.

Under the Smart Passport Concept, which is phase 1 of the 3M Strategy, “au Smartvalue” and “au Smart Pass” were launched in March 2012 and have earned the satisfaction of many customers. Targeting increases in customer value by leveraging the 3M strategy as one of our strengths, in the future we will continue to enhance networks, handsets, and service.

As part of its efforts to step up its 3M Strategy, in February 2013, the Company submitted a public tender offer for Jupiter Telecommunications Co., Ltd., a leading CATV company and the Company’s affiliate, and Jupiter Telecommunications became a consolidated subsidiary of the Company in April 17, 2013. During the fiscal year ending March 31, 2014, the Company plans to integrate Jupiter Telecommunications with JAPAN CABLENET LIMITED , the industry’s second largest CATV company and the Company’s subsidiary. These moves are intended to promote further growth of the Company’s 3M and CATV businesses.

< Personal Services >

Centering on the ”au Smart Value” service, which provides set-purchase discounts for au smartphones and fixed-line broadband circuits, we are expanding sales of the Companies’ FTTH services, strengthening relationships with CATV companies and electric power-related communications companies, and expanding the au customer base. As a result, we aim to achieve gains in revenues and profits.

Also, in addition to enhancing our lineup of attractive smartphones, tablets, and other terminals that are compatible with “4G LTE,” based on our 3M strategy we aim to provide advanced services and extensive content, thereby enabling customers to make use of the Company’s services that are convenient and safe.

< Value Services >

The Value Services segment will continue to provide cloud-based content services, centered on entertainment services. These will be linked with “au Smart Pass,” for multiple devices and multiple operating systems.

At the same time, by establishing a service platform, moving toward more open services, and nurturing startup companies, the segment will work to increase the appeal of these services and achieve linked acquisitions of service subscriptions. In this way, the segment will strive to maximize Value ARPU.

< Business Services >

The Business Services segment will develop the “KDDI MULTI CLOUD” brand for corporate customers, provide cloud solutions that seamlessly integrate across the range from smartphones and tablets to networks, data centers, and applications, and propose work style reforms to customers. In addition, through the provision of “Smartvalue for Business,” 3M services for small and medium-sized companies, the segment will strive to increase the number of KDDI customers.

To provide broad-based support for business expansion by small and medium-sized corporate customers, we have established four new regional companies to expand the sales framework for “KDDI MATOMETE OFFICE CORPORATION,” which began operations on April 1, 2013. In addition to the Tokyo, Nagoya and Osaka metropolitan areas, the new companies will provide a regional support network offering close contact in other regions.

< Global Services >

In addition to expanding “TELEHOUSE” data centers, the Global Services segment will strengthen its system for the one-stop provision to customers of optimal, high-value-added ICT solutions through the utilization of the services of consolidated subsidiaries CDNetworks and DMX. In addition, the segment will work to expand its customer base, including non-Japanese companies. In addition, the segment will also work aggressively to expand consumer businesses, such as Internet broadband operations in emerging countries and MVNO operations in the U.S.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery[4]	2,755,669	2,720,146
Accumulated depreciation	(2,174,551)	(2,128,510)
Machinery, net	581,117	591,635
Antenna facilities	623,595	627,774
Accumulated depreciation	(275,285)	(294,753)
Antenna facilities, net	348,310	333,020
Local line facilities[4]	376,392	390,884
Accumulated depreciation	(245,619)	(262,959)
Local line facilities, net	130,772	127,925
Long-distance line facilities	104,491	103,350
Accumulated depreciation	(99,010)	(99,312)
Long-distance line facilities, net	5,480	4,037
Engineering facilities[4]	64,422	64,789
Accumulated depreciation	(38,692)	(40,359)
Engineering facilities, net	25,730	24,429
Submarine line facilities[4]	52,390	51,590
Accumulated depreciation	(45,870)	(46,465)
Submarine line facilities, net	6,519	5,124
Buildings[4]	426,503	385,585
Accumulated depreciation	(221,118)	(223,139)
Buildings, net	205,384	162,446
Structures	80,587	80,155
Accumulated depreciation	(49,599)	(52,288)
Structures, net	30,987	27,867
Land	249,239	247,892
Construction in progress	132,822	116,760
Other tangible Assets[4]	123,860	113,083
Accumulated depreciation	(92,270)	(86,685)
Other tangible assets, net	31,589	26,397
Total property, plant and equipment[1]	1,747,955	1,667,538
Intangible assets		
Right of using facilities	10,577	10,141
Software	175,084	172,510
Goodwill	22,331	19,580
Other intangible assets	10,369	8,027
Total intangible assets	218,361	210,260
Total noncurrent assets-telecommunications business	1,966,317	1,877,799
Incidental business facilities		
Property, plant and equipment		
Property, plant and equipment	259,155	307,827
Accumulated depreciation	(123,384)	(145,407)
Property, plant and equipment, net	135,770	162,419
Total property, plant and equipment[1]	135,770	162,419

(Amount unit: Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Intangible assets		
Total intangible assets[1]	91,664	93,813
Total noncurrent assets-incidental business	227,435	256,233
Investments and other assets		
Investment securities[4]	86,614	81,787
Stocks of subsidiaries and affiliates[2,4]	351,815	348,169
Investments in capital of subsidiaries and affiliates[2]	185	219
Long-term prepaid expenses	91,272	118,863
Deferred tax assets	104,829	114,577
Other investment and other assets[4]	47,777	47,497
Allowance for doubtful accounts	(9,120)	(11,015)
Total investments and other assets	673,373	700,097
Total noncurrent assets	2,867,126	2,834,129
Current assets		
Cash and deposits[4]	100,037	96,952
Notes and accounts receivable-trade	760,890	971,244
Accounts receivable-other	66,286	61,477
Short-term investment securities[4]	80,188	231
Supplies	65,232	56,942
Deferred tax assets	57,781	58,768
Other current assets	21,427	25,524
Allowance for doubtful accounts	(14,960)	(20,271)
Total current assets	1,136,882	1,250,869
Total assets	4,004,009	4,084,999
Liabilities		
Noncurrent liabilities		
Bonds payable[4]	349,991	259,997
Convertible bond-type bonds with subscription rights to shares	200,916	200,666
Long-term loans payable[4]	301,286	244,727
Provision for retirement benefits	18,743	13,509
Provision for point card certificates	91,453	91,582
Other noncurrent liabilities	72,342	73,955
Total noncurrent liabilities	1,034,733	884,439
Current liabilities		
Current portion of noncurrent liabilities[4]	184,112	176,436
Notes and accounts payable-trade[4]	90,661	82,753
Short-term loans payable[4]	1,486	88,256
Accounts payable-other	273,119	287,084
Accrued expenses	20,370	22,999
Income taxes payable	149,773	104,773
Advances received	63,937	62,807
Provision for bonuses	20,077	20,765
Provision for loss on the Great East Japan Earthquake	1,992	49
Other current liabilities	35,119	31,269
Total current liabilities	840,650	877,195
Total liabilities	1,875,384	1,761,635

(Amount unit: Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	367,104	367,144
Retained earnings	1,879,087	2,055,586
Treasury stock	(346,163)	(346,001)
Total shareholders' equity	2,041,879	2,218,581
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,442	38,882
Deferred gains or losses on hedges	(676)	(1,598)
Foreign currency translation adjustment	(16,899)	(6,070)
Total accumulated other comprehensive income	18,866	31,213
Subscription rights to shares	1,128	574
Minority interests	66,749	72,994
Total net assets	2,128,624	2,323,363
Total liabilities and net assets	4,004,009	4,084,999

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Income)

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	2,394,135	2,432,726
Operating expenses		
Business expenses	667,748	671,839
Operating expenses	51	43
Facilities maintenance expenses	301,304	269,984
Common expenses	2,605	2,445
Administrative expenses	71,210	76,020
Experiment and research expenses	7,676	6,311
Depreciation	389,007	371,965
Noncurrent assets retirement cost	16,226	24,534
Communication facility fee	347,227	374,824
Taxes and dues	41,731	42,602
Total operating expenses[1]	1,844,791	1,840,571
Net operating income from telecommunication	549,344	592,154
Operating income and loss from incidental business		
Operating revenue	1,177,962	1,229,562
Operating expenses[1]	1,249,658	1,309,047
Net operating loss from incidental business	(71,696)	(79,485)
Operating income	477,647	512,669
Non-operating income		
Interest income	965	775
Dividends income	1,719	1,987
Equity in earnings of affiliates	-	3,898
Foreign exchange gains	-	3,376
Gain on investments in silent partnership	654	-
Miscellaneous income	9,975	10,954
Total non-operating income	13,315	20,992
Non-operating expenses		
Interest expenses	12,891	11,117
Equity in losses of affiliates	18,297	-
Compensation expenses	735	2,002
Miscellaneous expenses	7,860	6,119
Total non-operating expenses	39,785	19,240
Ordinary income	451,178	514,421
Extraordinary income		
Gain on sales of noncurrent assets[2]	170	588
Gain on sales of investment securities	137	1,050
Gain on negative goodwill	235	-
Gain on reversal of subscription rights to shares	493	512
Gain on transfer from business divestitures	3,615	-
Dividends due to liquidation of silent partnership contract	6,976	-
Reversal of provision for loss on the Great East Japan Earthquake[3]	6,814	-
Total extraordinary income	18,442	2,150

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Extraordinary loss		
Loss on sales of noncurrent assets[4]	676	1,078
Impairment loss[5]	9,946	80,549
Loss on retirement of noncurrent assets[6]	-	22,712
Loss on valuation of investment securities	504	519
Loss on the Great East Japan Earthquake[7]	4,073	-
Total extraordinary losses	15,201	104,860
Income before income taxes and minority interests	454,419	411,711
Income taxes-current	177,278	173,408
Income taxes-deferred	30,282	(11,160)
Total income taxes	207,560	162,247
Income before minority interests	246,858	249,464
Minority interests in income	8,254	7,994
Net income	238,604	241,469

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Comprehensive Income)

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Income before minority interests	246,858	249,464
Other comprehensive income		
Valuation difference on available-for-sale securities	7,190	710
Foreign currency translation adjustment	(3,640)	12,062
Share of other comprehensive income of associates accounted for using equity method	(898)	1,341
Total other comprehensive income	2,651	14,115
Comprehensive income[1]	249,510	263,579
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	242,009	253,816
Comprehensive income attributable to minority interests	7,500	9,763

(3) Consolidated Statements of Changes in Net Assets

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Shareholders' equity		
Capital stock		
Balance at the end of previous period	141,851	141,851
Balance at the end of current period	141,851	141,851
Capital surplus		
Balance at the end of previous period	367,091	367,104
Changes of items during the period		
Disposal of treasury stock	12	40
Total changes of items during the period	12	40
Balance at the end of current period	367,104	367,144
Retained earnings		
Balance at the end of previous period	1,704,170	1,879,087
Changes of items during the period		
Dividends from surplus	(63,687)	(64,970)
Net income	238,604	241,469
Total changes of items during the period	174,917	176,498
Balance at the end of current period	1,879,087	2,055,586
Treasury stock		
Balance at the end of previous period	(125,244)	(346,163)
Changes of items during the period		
Purchase of treasury stock	(220,969)	(2)
Disposal of treasury stock	50	164
Total changes of items during the period	(220,919)	162
Balance at the end of current period	(346,163)	(346,001)
Total shareholders' equity		
Balance at the end of previous period	2,087,869	2,041,879
Changes of items during the period		
Dividends from surplus	(63,687)	(64,970)
Net income	238,604	241,469
Purchase of treasury stock	(220,969)	(2)
Disposal of treasury stock	62	204
Total changes of items during the period	(45,989)	176,701
Balance at the end of current period	2,041,879	2,218,581

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	28,612	36,442
Changes of items during the period		
Net changes of items other than shareholders' equity	7,830	2,439
Total changes of items during the period	7,830	2,439
Balance at the end of current period	36,442	38,882
Deferred gains or losses on hedges		
Balance at the end of previous period	32	(676)
Changes of items during the period		
Net changes of items other than shareholders' equity	(708)	(921)
Total changes of items during the period	(708)	(921)
Balance at the end of current period	(676)	(1,598)
Foreign currency translation adjustment		
Balance at the end of previous period	(13,182)	(16,899)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,716)	10,828
Total changes of items during the period	(3,716)	10,828
Balance at the end of current period	(16,899)	(6,070)
Total accumulated other comprehensive income		
Balance at the end of previous period	15,461	18,866
Changes of items during the period		
Net changes of items other than shareholders' equity	3,404	12,346
Total changes of items during the period	3,404	12,346
Balance at the end of current period	18,866	31,213
Subscription rights to shares		
Balance at the end of previous period	1,504	1,128
Changes of items during the period		
Net changes of items other than shareholders' equity	(376)	(554)
Total changes of items during the period	(376)	(554)
Balance at the end of current period	1,128	574
Minority interests		
Balance at the end of previous period	67,002	66,749
Changes of items during the period		
Net changes of items other than shareholders' equity	(253)	6,245
Total changes of items during the period	(253)	6,245
Balance at the end of current period	66,749	72,994
Total net assets		
Balance at the end of previous period	2,171,839	2,128,624
Changes of items during the period		
Dividends from surplus	(63,687)	(64,970)
Net income	238,604	241,469
Purchase of treasury stock	(220,969)	(2)
Disposal of treasury stock	62	204
Net changes of items other than shareholders' equity	2,775	18,037
Total changes of items during the period	(43,214)	194,738
Balance at the end of current period	2,128,624	2,323,363

(4) Consolidated Statements of Cash Flows

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	454,419	411,711
Depreciation and amortization	417,886	406,726
Impairment loss	9,946	80,549
Amortization of goodwill	14,275	16,444
Gain on negative goodwill	(235)	-
Loss (gain) on sales of noncurrent assets	506	534
Loss on retirement of noncurrent assets	12,964	23,731
Increase (decrease) in provision for loss on the Great East Japan Earthquake	(14,290)	(1,943)
Gain on transfer from business divestitures	(3,615)	-
Dividends due to liquidation of silent partnership contract	(6,976)	-
Increase (decrease) in allowance for doubtful accounts	1,494	7,000
Increase (decrease) in provision for retirement benefits	(36)	(5,237)
Interest and dividends income	(2,685)	(2,762)
Interest expenses	12,891	11,117
Equity in (earnings) losses of affiliates	18,297	(3,898)
Loss (gain) on valuation of investment securities	511	521
Increase (decrease) in provision for point card certificates	6,255	129
Decrease (increase) in prepaid pension costs	1,738	1,844
Decrease (increase) in notes and accounts receivable-trade	(207,033)	(199,531)
Decrease (increase) in inventories	(6,945)	8,613
Increase (decrease) in notes and accounts payable-trade	23,441	(10,289)
Increase (decrease) in accounts payable-other	62,003	4,871
Increase (decrease) in accrued expenses	5,014	1,191
Increase (decrease) in advances received	(10,356)	(2,297)
Other, net	(4,226)	(5,841)
Subtotal	785,247	743,185
Interest and dividends income received	8,761	10,305
Interest expenses paid	(12,882)	(11,224)
Income taxes paid	(88,625)	(218,357)
Income taxes refund	33,386	-
Net cash provided by (used in) operating activities	725,886	523,908

(Amount Unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(318,870)	(322,816)
Purchase of trust beneficiary right[3]	(14,993)	-
Proceeds from sales of property, plant and equipment	530	1,948
Purchase of intangible assets	(75,914)	(92,955)
Purchase of investment securities	(1,961)	(2,158)
Proceeds from sales of investment securities	3,424	6,959
Payments for business divestitures	(1,000)	-
Purchase of stocks of subsidiaries and affiliates	(25,741)	(9,678)
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation[2]	(31,788)	(2,403)
Proceeds from purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	831	-
Proceeds from repayment of investment and dividends due to liquidation of silent partnership contract	7,703	-
Purchase of long-term prepaid expenses	(26,801)	(51,321)
Other, net	74	(566)
Net cash provided by (used in) investing activities	(484,507)	(472,992)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,019)	86,582
Proceeds from long-term loans payable	-	24,000
Repayment of long-term loans payable	(133,750)	(112,959)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	201,000	-
Redemption of bonds	-	(65,000)
Purchase of treasury stock	(220,969)	(2)
Cash dividends paid	(63,689)	(64,973)
Cash dividends paid to minority shareholders	(1,192)	(1,371)
Proceeds from stock issuance to minority shareholders	10	256
Other, net	(6,320)	(6,781)
Net cash provided by (used in) financing activities	(225,931)	(140,249)
Effect of exchange rate change on cash and cash equivalents	(1,125)	2,430
Net increase (decrease) in cash and cash equivalents	14,322	(86,903)
Cash and cash equivalents at beginning of period	159,869	174,191
Cash and cash equivalents at end of period[1]	174,191	87,288

(5) Notes for Consolidated Financial Statements

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

(Going Concern Assumption)
None

(Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation

a) Number of consolidated subsidiaries: 128

b) Major consolidated subsidiaries:
OKINAWA CELLULAR TELEPHONE COMPANY, KDDI Engineering Corporation,
KDDI Evolva Inc, JAPAN CABLENET LIMITED, Chubu Telecommunications Co., INC.,
KDDI R&D Laboratories, Inc., KDDI AMERICA, Inc., KDDI EUROPE Ltd.,
TELEHOUSE International Corp. of America Ltd., Telehouse International Corp. of Europe Ltd.,
KDDI China Corporation, DMX Technologies Group Limited, KDDI KOREA Corporation,
KDDI Singapore Pte Ltd.

(Added)

- 10 companies due to new establishment
KKBOX Beijing Co., Ltd, CDN Europe Co., Ltd., KKBOX Technologies Limited.,
KKBOX Japan LLC, TELEHOUSE Shanghai Corporation,
KDDI MATOMETE OFFICE KANSAI CORPORATION,
KDDI MATOMETE OFFICE CHUBU CORPORATION,
KDDI MATOMETE OFFICE HIGASHINIHON CORPORATION,
KDDI MATOMETE OFFICE NISHINIHON CORPORATION,
KDDI Myanmar Co., Ltd.

- 2 companies due to stock acquisition
Kumagaya Cable Television, Beijing KKBar Co., Ltd.

- 1 company due to additional purchase, resulting in subsidiary
Kita Cable Network, Inc.

(Removed)

- 5 companies due to liquidation
Packet Systems Pte. Ltd., Mrasu Inc., CDNetworks Europe SARL,
Nettasking Technology (BVI) Limited, Panther Express Corp.

- 1 company due to sale of shares
LTI Cosmetics, Inc.

2. Equity method affiliate

a) Number of equity method affiliate: 21

b) Major equity method affiliates
Jupiter Telecommunications Co., Ltd.*, Kyocera Communication Systems Co., Ltd.,
UQ Communications Inc., Jibun Bank Corporation, Mobaoku Co., Ltd., MOBICOM Corporation.
* Jupiter Telecommunications Co., Ltd. transferred consolidated subsidiaries on April 17, 2013.

(Added)

- 2 companies due to new establishment
Kagoshima Mega Solar Power Corporation, NJ Corporation

(Removed)

- 1 company due to additional purchase, resulting in subsidiary
Kita Cable Network, Inc.
- 1 company due to decline of substantial influence
EBS, Inc.

c) Non equity method affiliates (CJSC Vostoktelecom etc.) are not included within the scope of the equity method because they are insignificant and their net incomes and retained earnings (the amounts equivalent to the Company's interest in the companies) do not significantly affect consolidated financial statements.

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

3. Fiscal year of consolidated subsidiaries

Among consolidated subsidiaries, the fiscal year end of 78 companies, including KDDI AMERICA Inc., KDDI Europe Ltd., are December 31 of each year. For the preparation of consolidated financial statements, the Companies use financial statements as of December 31 and make adjustments as necessary for consolidation in relation to significant transactions during their year-end date and the consolidated year-end date.

4. Accounting policies

a) Valuation standards and methods for major assets

1) Securities

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

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

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

2) Inventories

Supplies

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

b) Depreciation and amortization for major assets

1) Property, plant and equipment other than leased assets

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

Useful life of principle assets is as follows:
Machinery: 9 years
Antenna facilities, Local line facilities, Long-distance line facilities, Engineering facilities, Buildings and Structures: 5 to 21 years

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

Software for internal use is amortized under the straight-line method over the expected useful lives (5 years).

3) Leased assets

Leased assets related to financial leases that do not transfer ownership rights to the lessees are amortized under the straight-line method based on the lease term as the useful life and residual value of zero.
Finance leases other than those, which are deemed to transfer the ownership rights of the leased assets to the lessees, that started before March 31, 2008, are accounted for by a method similar to that applicable to ordinary operating leases.

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

c) Deferred assets
Bond issuance expenses: Entire amount of expenses is fully charged at time of expenditure.

d) Significant allowances

1) Allowance for doubtful accounts

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

2) Provision for retirement benefits

The amount for employee retirement benefits at March 31, 2013 is based on the estimated value of benefit obligations, plan assets and retirement benefit trust assets at March 31, 2013.
Prior service cost is amortized on a straight-line basis over the average remaining service life of employees (14 years) in the year in which it arises and unrecognized actuarial differences are amortized on a straight-line basis over the average remaining service life of employees (14 years) from the year following that in which they arise.

3) Provision for point card certificates

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

4) Allowance for bonuses

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

5) Impairment loss on the Great East Japan Earthquake

Amount for recovery of assets damaged by the Great East Japan Earthquake that occurred on March 11, 2011 has been estimated.

e) Foreign currency transaction

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

f) Amortization of goodwill

Goodwill is amortized under the straight-line method over a period of 5 to 20 years. However, minimal amounts of goodwill are recognized as expenses for the year ended March 31, 2013.

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

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

h) Others

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

Changes in Accounting Policies

(Changes in Accounting Policies for Items that Are Difficult to Categorize as Changes in Accounting Estimates)

(Change in Depreciation)

In accordance with revisions to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have revised their method of accounting for depreciation for property, plant and equipment acquired on or after April 1, 2012, in accordance with the post-revision Corporation Tax Act, for the year ended March 31, 2013.

The impact of these changes on income from this fiscal year was insignificant.

Changes in Presentation

(Consolidated Statements of Income)

"Compensation expenses", which had been recorded as "Miscellaneous expenses" under non-operating expenses in the fiscal year ended March 31, 2012, has been given a separate classification in the current fiscal year because of its increased significance in monetary terms.

The consolidated financial statements have been reclassified to reflect these changes in presentation.

As a result, "Miscellaneous expenses" of ¥735 million recorded under non-operating expenses on the consolidated statements of income in the fiscal year ended March 31, 2012 is reclassified as "Compensation expenses."

(Consolidated Balance Sheets)

Note 1: Reduction entry amount of noncurrent assets

	As of March 31, 2012	As of March 31, 2013
Reduction entry amount due to contribution for construction	¥158M	¥2M
(cumulative total)	¥18,075M	¥17,909M

Note 2: Notes relating to affiliates

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

	As of March 31, 2012	As of March 31, 2013
Stocks of subsidiaries and affiliates	¥351,815M	¥348,169M
(of which investment in jointly controlled entities)	¥687M	¥718M
Investments in capital of subsidiaries and affiliates	¥185M	¥219M

Note 3: Contingent liabilities

	As of March 31, 2012	As of March 31, 2013
(1) Guarantor liabilities, etc.		
[As a guarantor for loan of:]		
UQ Communications Inc. and others	¥156,935M	¥157,962M
(liabilities denominated in foreign currencies included)	KRW2,000M	KRW2,000M
(2) Contingent liabilities existing in cable system supply contract	¥4,109M	¥4,702M
(liabilities denominated in foreign currencies included)	US$50M	US$50M
(3) Contingent liabilities resulting from the liquidation of Minex	¥377M	-
Corp. (liabilities denominated in foreign currencies included)	US$4M	
(4) Contingent liabilities for notes receivable-trade discounted	¥297M	-
(liabilities denominated in foreign currencies included)	US$3M	

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

(The Company)

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

	As of March 31, 2012	As of March 31, 2013
Bonds	¥20,000M	¥20,000M

(Consolidated subsidiaries)

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

	As of March 31, 2012	As of March 31, 2013
Investment securities	¥3,005M	¥3,004M
Cash and deposits	¥2,000M	¥2,300M

Assets pledged as collateral

	As of March 31, 2012	As of March 31, 2013
Machinery	¥387M	¥279M
Local line facilities	¥319M	¥214M
Engineering facilities	¥18M	¥16M
Submarine line facilities	¥6M	¥4M
Buildings	¥164M	¥144M
Other tangible assets	¥76M	¥45M
Investment securities	¥694M	¥672M
Stocks of subsidiaries and affiliates(Note)	-	¥767M
Other investments and other assets	¥171M	¥28M
Cash and deposits	¥877M	¥162M
Short-term investment securities	¥188M	¥231M
Total	¥2,904M	¥2,566M
(assets denominated in foreign currencies included)	US$11M	US$10M

Corresponding liabilities

Long-term loans payable	¥1,224M	¥894M
Current portion of noncurrent liabilities	¥372M	¥332M
Notes and accounts payable-trade	¥32M	¥164M
Short-term loans payable	¥1,485M	¥1,256M
Total	¥3,114M	¥2,648M
(liabilities denominated in foreign currencies included)	US$20M	US$14M

Note: Shares in equity-method affiliate Kagoshima Mega Solar Power Corporation was provided as collateral on bank borrowings by that company. As of March 31, 2013, the Company had no corresponding obligations.

(Consolidated Statements of Income)

Note 1: Operating expenses include research and development expenses

Year ended March 31, 2012	Year ended March 31, 2013
¥32,855M	¥28,880M

Note 2: Gain on sales of noncurrent assets

	Year ended March 31, 2012	Year ended March 31, 2013
Gain on sales of real estate accompanying sales of land, etc.	¥62M	¥324M
Gain on sales of other facilities	¥107M	¥263M
Total	¥170M	¥588M

Note 3: Gain on reversal of provision for loss on the Great East Japan Earthquake

For the year ended March 31, 2012

Due to reevaluation, etc., of the details and scope of repairs accompanying the progress of on-site investigations and restoration work on the disaster-stricken region, this estimate has been changed, and the provision has been reversed in the amount of ¥6,814 million.

Note 4: Loss on sales of noncurrent assets

	Year ended March 31, 2012	Year ended March 31, 2013
Loss on disposal of real estate accompanying disposal of land, etc.	¥597M	¥1,050M
Loss on disposal of other facilities, etc.	¥79M	¥27M
Total	¥676M	¥1,078M

Note 5: Impairment loss

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

For the year ended March 31, 2012

Location	Usage for	Type	Impairment loss amount
The Company Domestic transmission line facilities, idle assets, etc. (Tokyo, etc.)	Telecommunications business	Local line facilities, Long-distance line facilities, etc.	¥8,515M

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

In the year ended March 31, 2012, for domestic transmission system with declining utilization rates and idle assets, the book value has been reduced to recoverable value. The said reduction is recognized as impairment loss of ¥8,515 million in extraordinary loss. This consists of ¥4,454 million for local line facilities, ¥1,940 million for long-distance line facilities and ¥2,119 million for others.

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

In addition, impairment loss of ¥1,431 million on business assets in certain subsidiaries was recognized in extraordinary loss.

For the year ended March 31, 2013

Location	Usage for	Type	Impairment loss amount
The Company, etc. The former 800MHz frequency idle facilities (Tokyo, Nagoya, Osaka, etc.)	Telecommunications business	Buildings, Antenna facilities, Machinery, etc.	¥68,890M
The Company Domestic transmission line facilities, idle assets, etc. (Tokyo, etc.)	Telecommunications business	Local line facilities, Right of using submarine line facilities, Long-distance line facilities, etc.	¥10,038M

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

In the year ended March 31, 2013, the Companies discontinued the use of former 800MHz frequency facilities in July 2012 in line with the reorganization of frequencies and drew up a plan for conversion to other frequencies on the shared portion of these facilities.

Facilities not part of this conversion were determined to be idle assets that were expected to have no future value. The book value of these assets was reduced to their recoverable value, and the decrease was recorded as an impairment loss of ¥68,890 million in extraordinary loss. This consists of ¥29,456 million for buildings, ¥17,964 million for antenna facilities, ¥17,953 million for machinery and ¥3,516 million for others.

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

In the year ended March 31, 2013, for domestic transmission system with declining utilization rates and idle assets, the book value has been reduced to recoverable value. The said reduction is recognized as impairment loss of ¥10,038 million in extraordinary loss. This consists of ¥6,212 million for local line facilities, ¥1,105 million for right of using submarine line facilities, ¥899 million for long-distance line facilities and ¥1,820 million for others.

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

In addition, impairment loss of ¥1,619 million on business assets in certain subsidiaries was recognized in extraordinary loss. This consists of ¥1,049 million for machinery, ¥230 million for local line facilities, ¥339 million from others.

Note 6: Loss on retirement of noncurrent assets

	Year ended March 31, 2012	Year ended March 31, 2013
Disposal Cost of former 800MHz frequency facilities	-	¥19,857M
Retirement Cost of former 800MHz frequency facilities	-	¥1,870M
Others	-	¥985M
Total	-	¥22,712M

Note 7: Loss on the Great East Japan Earthquake

For the year ended March 31, 2012

Loss on the Great East Japan Earthquake ¥4,073 million

It includes cost of handset replacement of victims and other recovery cost of the Great East Japan Earthquake on March 11, 2011.

(Consolidated Statements of Comprehensive Income)

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

	Year ended March 31, 2012	Year ended March 31, 2013
Valuation difference on available-for-sale securities		
Amount recognized in the period	¥6,846M	¥128M
Amount of recycling	¥449M	¥1,004M
Before income tax effect adjustment	¥7,295M	¥1,133M
Amount of income tax effect	(¥104M)	(¥422M)
Valuation difference on available-for-sale securities	¥7,190M	¥710M
Foreign currency translation adjustment		
Amount recognized in the period	(¥3,640M)	¥12,158M
Amount of recycling	-	-
Before income tax effect adjustment	(¥3,640M)	¥12,158M
Amount of income tax effect	-	(¥95M)
Foreign currency translation adjustment	(¥3,640M)	¥12,062M
Share of other comprehensive income of associates accounted for using equity method		
Amount recognized in the period	(¥1,118M)	¥1,220M
Amount of recycling	¥219M	¥120M
associates accounted for using equity method	(¥898M)	¥1,341M
Total other comprehensive income	¥2,651M	¥14,115M

(Consolidated Statements of Changes in Net Assets)

For the year ended March 31, 2012

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

	As of March 31, 2012	Increase during the year ended March 31, 2013	Decrease during the year ended March 31, 2013	As of March 31, 2013
Shares outstanding				
Common stock	4,484,818	-	-	4,484,818
Total	4,484,818	-	-	4,484,818
Treasury stock				
Common stock [Note]	238,976	424,126	96	663,006
Total	238,976	424,126	96	663,006

Note 1: The increase of 424,126 shares in the Company's holdings of its own shares of common stock resulted from the Company's acquisition of its treasury stock in accordance with a resolution at a meeting of the Board of Directors held on November 28, 2011.

2: The decrease of 96 shares in the Company's holdings of its own shares of common stock resulted from the exercise of stock options.

2. Subscription warrants and own stock option

	Breakdown of subscription warrants	Types of shares subject to subscription warrants	Number of shares subject to subscription warrants				Balance as of March 31, 2012
			As of March 31, 2011	Increase during the year ended March 31, 2012	Decrease during the year ended March 31, 2012	As of March 31, 2012	
The Company (parent company)	Subscription warrants as stock options	-	-				¥1,037M
	Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011)[Note]	Common stock	-	348,979 shares Upper limit	-	348,979 shares Upper limit	-
Consolidated subsidiaries	Subscription warrants as stock options	-	-				¥90M
Total		-	-	-	-	-	¥1,128M

Note: Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011)

1: Convertible bond-type bonds with subscription rights to shares are treated as straight bond.

2: The number of shares reserved for subscription warrants is the number of shares that would be needed in the event that stock options were exercised.

3: The increase in the number of shares is due to issuance.

3. Dividends

(1) Cash dividends payments

Resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 16, 2011 Annual meeting of shareholders	Common stock	¥31,843M	¥7,500	March 31, 2011	June 17, 2011
October 24, 2011 Meeting of the Board of Directors	Common stock	¥31,843M	¥7,500	September 30, 2011	November 21, 2011

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

Resolution	Type of shares	Total dividends	Dividend resource	Dividends per share	Record date	Effective date
June 20, 2012 Annual meeting of shareholders	Common stock	¥32,485M	Retained earnings	¥8,500	March 31, 2012	June 21, 2012

For the year ended March 31, 2013

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

	As of March 31, 2012	Increase during the year ended March 31, 2013	Decrease during the year ended March 31, 2013	As of March 31, 2013
Shares outstanding				
Common stock[Note1,2]	4,484,818	443,996,982	-	448,481,800
Total	4,484,818	443,996,982	-	448,481,800
Treasury stock				
Common stock[Note1,3,4]	663,006	65,637,894	31,500	66,269,400
Total	663,006	65,637,894	31,500	66,269,400

Note 1: The Company conducted a 1:100 stock split on common stock, with an effective date of October 1, 2012.
2: The increase of 443,996,982 shares in the total number of issued shares of its own shares of common stock is due to split on common stock.
3: The increase of 65,637,894 shares in the Company's holdings of its own shares of common stock is due to split on common stock 65,637,594 shares, due to purchase of share less than one unit 300 shares.
4: The decrease of 31,500 shares in the Company's holdings of its own shares of common stock resulted from the exercise of stock options.

2. Subscription warrants and own stock option

	Breakdown of subscription warrants	Types of shares subject to subscription warrants	Number of shares subject to subscription warrants				Balance as of March 31, 2013
			As of March 31, 2012	Increase during the year ended March 31, 2013	Decrease during the year ended March 31, 2013	As of March 31, 2013	
The Company (parent company)	Subscription warrants as stock options	-	-				¥490M
	Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011)[Note]	Common stock	348,979 shares Upper limit	34,548,944 shares Upper limit	-	34,897,923 shares Upper limit	-
Consolidated subsidiaries	Subscription warrants as stock options	-	-				¥83M
Total		-	-	-	-	-	¥574M

Note: Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011)
1: Convertible bond-type bonds with subscription rights to shares are treated as straight bond.
2: The number of shares reserved for subscription warrants is the number of shares that would be needed in the event that stock options were exercised.
3: The Company conducted a 1:100 stock split on common stock, with an effective date of October 1, 2012.
4: The increase in the number of shares is due to split on common stock.

3. Dividends

(1) Cash dividends payments

Resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 20, 2012 Annual meeting of shareholders	Common stock	¥32,485M	¥8,500	March 31, 2012	June 21, 2012
October 24, 2012 Meeting of the Board of Directors	Common stock	¥32,485M	¥8,500	September 30, 2012	November 20, 2012

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

Resolution	Type of shares	Total dividends	Dividend resource	Dividends per share	Record date	Effective date
June 19, 2013 Annual meeting of shareholders	Common stock	¥36,310M	Retained earnings	¥95	March 31, 2013	June 20, 2013

Note: The Company conducted a 1:100 stock split on common stock, with an effective date of October 1, 2012. Dividends per share took into account this stock split.

(Consolidated Statement of Cash Flows)

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

	Year ended March 31, 2012	Year ended March 31, 2013
Cash and deposits account	¥100,037M	¥96,952M
Securities account	¥80,188M	¥231M
Total	¥180,225M	¥97,183M
Time deposit with terms exceeding 3 months, securities with terms exceeding 3 months and deposits with collateral	(¥6,033M)	(¥9,894M)
Cash and cash equivalents	¥174,191M	¥87,288M

Note 2: Major assets and liabilities of company that became a consolidated subsidiary through the acquisition of shares

For the year ended March 31, 2012

The breakdown of assets and liabilities at the point when consolidation was initiated due to the consolidation of WebMoney Corporation as a result of the acquisition of shares, and the relationship between the amount of the acquisition of shares and the expenditures for the purpose of the acquisition (net amount), are as follows.

Current assets	¥17,901M
Noncurrent assets	¥3,401M
Goodwill	¥16,344M
Current liabilities	(¥18,208M)
Minority interests	(¥86M)
Amount of the acquisition of shares of WebMoney Corporation	¥19,352M
Cash and cash equivalents of WebMoney Corporation	(¥8,440M)
Expenditures for the purpose of the acquisition of WebMoney Corporation	¥10,912M

For the year ended March 31, 2013

No significant items to be reported.

Note 3: For the year ended March 31, 2012

In regard to the acquired beneficial interest in trust, accompanying the termination of the real estate investment trust contract, the ownership of the assets that had been held in trust were transferred to the Company.

These acquired assets were recorded as follows in the noncurrent assets-telecommunications business section of the consolidated balance sheets-machinery: ¥1,065 million; buildings: ¥6,125 million; structures: ¥97 million; land: ¥7,697 million; other tangible assets: ¥8 million.

Note 4: Details of major non-cash transactions

Amount of assets and liabilities related to finance lease transactions

	Year ended March 31, 2012	Year ended March 31, 2013
Assets related to finance lease transaction	¥5,170M	¥4,006M
Liabilities related to finance lease transaction	¥5,642M	¥4,283M

(Lease Payment)

(As a lessee)

For the year ended March 31, 2012 and the year ended March 31, 2013

1. Finance leases

   No significant items to be reported.

2. Operating leases

   No significant items to be reported.

(As a lessor)

For the year ended March 31, 2012

Finance leases

No significant items to be reported.

For the year ended March 31, 2013

Finance leases

No transaction.

(Financial Instruments)

1. Status of financial instruments

(1) Policy for measures relating to financial instruments

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

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

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

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

Almost all trade payables—trade notes and accounts payable, other accounts payable, and accrued expenses—have payment due dates within one year.
Those trade payables are exposed to liquidity risk at time of settlement. However, the Companies reduce that risk by having each company review fund-raising plans every month.

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

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

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

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

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

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

2. Market value of financial instruments

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

For the year ended March 31, 2012 (Amount unit: Millions of yen)

	Book value	Market value	Difference
1) Cash and deposits	100,037	100,037	-
2) Notes and accounts receivable-trade	760,890		
Allowance for doubtful accounts [i]	(14,960)		
	745,929	745,929	-
3) Accounts receivable-other	66,286	66,286	-
4) Short-term investment securities	80,188	80,188	-
5) Investment securities			
Bonds intended to be held to maturity	3,005	3,137	132
Other securities	72,374	72,374	-
6) Stocks of subsidiaries and affiliates	326,297	189,567	(136,729)
Total assets	1,394,118	1,257,521	(136,597)
7) Notes and accounts payable-trade	90,661	90,661	-
8) Short-term loans payable	1,486	1,486	-
9) Accounts payable-other	273,119	273,119	-
10) Accrued expenses	20,370	20,370	-
11) Income taxes payable	149,773	149,773	-
12) Bonds payable [ii]	414,988	427,727	12,738
13) Convertible bond-type bonds with subscription rights to shares	200,916	214,500	13,583
14) Long-term loans payable [ii]	414,163	419,340	5,176
Total liabilities	1,565,480	1,596,979	31,498

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

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

For the year ended March 31, 2013

	Book value	Market value	Difference
1) Cash and deposits	96,952	96,952	-
2) Notes and accounts receivable-trade	971,244		
Allowance for doubtful accounts [i]	(20,271)		
	950,972	950,972	-
3) Accounts receivable-other	61,477	61,477	-
4) Short-term investment securities	231	231	-
5) Investment securities			
Bonds intended to be held to maturity	3,004	3,216	211
Other securities	66,441	66,441	-
6) Stocks of subsidiaries and affiliates	319,807	282,407	(37,400)
Total assets	1,498,888	1,461,699	(37,189)
7) Notes and accounts payable-trade	82,753	82,753	-
8) Short-term loans payable	88,256	88,256	-
9) Accounts payable-other	287,084	287,084	-
10) Accrued expenses	22,999	22,999	-
11) Income taxes payable	104,773	104,773	-
12) Bonds payable [ii]	349,996	363,243	13,247
13) Convertible bond-type bonds with subscription rights to shares	200,666	271,960	71,293
14) Long-term loans payable [ii]	325,453	330,411	4,958
Total liabilities	1,461,985	1,551,483	89,498

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

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

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

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

4) Short-term investment securities

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

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

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

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

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

12) Bonds payable, 13) Convertible bond-type bonds with subscription rights to shares
14) Long-term loans payable

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

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

(Amount unit: Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Investment securities Unlisted equity securities	11,234	12,340
Stocks of subsidiaries and affiliates Unlisted equity securities	25,517	28,361
Investments in capital of subsidiaries and affiliates	185	219

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

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

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Cash and deposits	100,037	-
Notes and accounts receivable-trade	653,343	107,546
Accounts receivable-other	66,281	5
Securities	80,000	-
Investment securities	-	3,005
Total	899,662	110,557

For the year ended March 31, 2013

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Cash and deposits	96,952	-
Notes and accounts receivable-trade	835,135	136,108
Accounts receivable-other	61,389	88
Securities	-	-
Investment securities	-	3,004
Total	993,477	139,201

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

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Bonds payable	65,000	350,000
Convertible bond-type bonds with subscription rights to shares	-	200,000
Long-term loans payable	112,877	301,286
Total	177,877	851,286

For the year ended March 31, 2013

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Bonds payable	90,000	260,000
Convertible bond-type bonds with subscription rights to shares	-	200,000
Long-term loans payable	80,725	244,727
Total	170,725	704,727

(Securities)

1. Bonds intended to be held to maturity

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Types	Book value	Actual values	Unrealized Gain/loss
Bonds for which market value exceeds book value on consolidated balance sheets	(1) National bonds and local bonds, etc.	3,005	3,137	132
	(2) Bonds payable	-	-	-
	(3) Others	-	-	-
	Subtotal	3,005	3,137	132
Bonds for which market value does not exceed book value on consolidated balance sheets	(1) National bonds and local bonds, etc.	-	-	-
	(2) Bonds payable	-	-	-
	(3) Others	-	-	-
	Subtotal	-	-	-
Total		3,005	3,137	132

For the year ended March 31, 2013

(Amount unit: Millions of yen)

	Types	Book value	Actual values	Unrealized Gain/loss
Bonds for which market value exceeds book value on consolidated balance sheets	(1) National bonds and local bonds, etc.	3,004	3,216	211
	(2) Bonds payable	-	-	-
	(3) Others	-	-	-
	Subtotal	3,004	3,216	211
Bonds for which market value does not exceed book value on consolidated balance sheets	(1) National bonds and local bonds, etc.	-	-	-
	(2) Bonds payable	-	-	-
	(3) Others	-	-	-
	Subtotal	-	-	-
Total		3,004	3,216	211

2. Other securities

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Types	Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost	(1)Stock	71,627	3,509	68,117
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	39	34	4
	Subtotal	71,666	3,544	68,122
Securities for which book value of consolidated balance sheets does not exceed acquisition cost	(1)Stock	852	2,770	(1,917)
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	80,042	80,046	(4)
	Subtotal	80,895	82,817	(1,921)
Total		152,562	86,361	66,200

Note: Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, unlisted equity securities (Consolidation ¥11,234 million) is not included in the chart above.

For the year ended March 31, 2013

(Amount unit: Millions of yen)

	Types	Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost	(1)Stock	65,899	10,352	55,546
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	86	77	8
	Subtotal	65,986	10,430	55,555
Securities for which book value of consolidated balance sheets does not exceed acquisition cost	(1)Stock	686	2,529	(1,843)
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	-	-	-
	Subtotal	686	2,529	(1,843)
Total		66,672	12,960	53,712

Note: Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, unlisted equity securities (Consolidation ¥12,340 million) is not included in the chart above.

3. Other securities sold

For the year ended March 31, 2012

(Amount unit: Millions of yen)

Type	Amount of sale	Total gain on sale	Total loss on sale
Stock	3,986	137	89
Total	3,986	137	89

For the year ended March 31, 2013

(Amount unit: Millions of yen)

Type	Amount of sale	Total gain on sale	Total loss on sale
Stock	8,456	1,050	-
Total	8,456	1,050	-

4. Impairment of investment securities

For the year ended March 31, 2012, the Companies recognized an impairment of ¥509 million on investment securities (other securities). For the year ended March 31, 2013, the Companies recognized an impairment of ¥410 million on investment securities (other securities).
Further, regarding impairment treatment, for securities for which market value at the end of the period had dropped markedly in comparison to acquisition cost, impairment treatment was undertaken for the amount recognized as required in light of the possibility of recovery.

(Derivatives)

Market value of transactions

For the year ended March 31, 2012 and the year ended March 31, 2013

No significant items to be reported.

(Stock Options)

1. Amount and classification of expenses

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Operating loss from telecommunications		
Business expenses	51	-
Administrative expenses	41	-
Others	33	-
Total	126	-
Operating loss from incidental business	5	-
Total	5	-
Amount of expenses	131	-

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

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Gain on reversal of subscription rights to shares	493	512

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

(1) Details of the stock option granted

Company name	KDDI Corporation	
	August 2008 7th Stock Option	August 2009 8th Stock Option
Category and number of grantees Members of the Board Vice Presidents Executive Directors Employees Directors of wholly owned subsidiaries	 8 18 29 2,896 5	 7 18 32 2,951 7
Type and number of stock granted	Common stock 510,600	Common stock 518,900
Date of grant	August 8, 2008	August 10, 2009
Vesting conditions	1) The grantee of stock options must be, at the time of exercise of options, a director, vice president, executive director, senior advisor, auditor or employee of the Company and/or its subsidiaries. However, when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, it will be permitted for the grantee to exercise these options within six months from the start of the applicable_period or resignation or retirement, whichever is later, provided the exercise period is not exceeded. 2) In the event of the death of a stock option grantee, his or her heirs may, within six months from the date of death (until the expiration of the exercise period), exercise the options for up to the maximum number of shares of stock available as of the time of death. 3) In special cases where it is permitted by the Company's Stock Option Committee, the grantee of stock options may exercise their options under conditions different from those described in 1) and 2). 4) Other conditions are set forth in the contract concerning the grant of subscription warrants made between the Company and the grantee of stock options, based on the resolution of the meeting of the Board of Directors.	1) The grantee of stock options must be, at the time of exercise of options, a director, vice president, executive director, senior advisor, auditor or employee of the Company and/or its subsidiaries. However, when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, it will be permitted for the grantee to exercise these options within six months from the start of the applicable_period or resignation or retirement, whichever is later, provided the exercise period is not exceeded. 2) In the event of the death of a stock option grantee, his or her heirs may, within six months from the date of death (until the expiration of the exercise period), exercise the options for up to the maximum number of shares of stock available as of the time of death. 3) In special cases where it is permitted by the Company's Stock Option Committee, the grantee of stock options may exercise their options under conditions different from those described in 1) and 2). 4) -
Vesting period From To	August 8, 2008 September 30, 2010	August 10, 2009 September 30, 2011
Exercise period From To	October 1, 2010 September 30, 2012	October 1, 2011 September 30, 2013

Note: Stock options have been converted into equivalent numbers of shares and presented accordingly. We conducted a 1:100 stock split on common stock, with an effective date of October 1, 2012.

Company name		DMX Technologies Group Limited		
		October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Category and number of grantees Members of the Board Employees		 5 56	 4 113	 6 57
Type and number of stock granted		Common stock 10,220,000	Common stock 18,000,000	Common stock 20,000,000
Date of grant		October 3, 2003	April 25, 2008	November 28, 2008
Vesting conditions		1) Based on the condition of being a director or employee of DMX Technology Group Limited or its group, rights of 50% are vested one year and two years respectively after the date of grant. 2) Other conditions are pursuant to the stock acquisition rights regulations of DMX Technologies Group Limited.		
Vesting period	From To	There are no regulations concerning vesting periods.		
Exercise period	From To	October 2, 2004 May 26, 2013	April 24, 2009 April 26, 2018	November 27, 2009 November 28, 2018

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

Company name		Wire and Wireless Co., Ltd.
		December 2009 1st Stock Option
Category and number of grantees Members of the Board Employees Shareholders		 2 20 2
Type and number of stock granted		Common stock 2,200
Date of grant		December 1, 2010
Vesting conditions		(1) In the event that the party to whom new share subscription rights have been allocated (hereinafter, "Grantee of New Share Subscription Rights") is a director or employee of Party A, said party must also hold a position as director, auditor or employee of Party A or its subsidiary at the time these rights are exercised. However, this restriction is lifted when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, upon approval by the Board of Directors of Party A. (2) In the event of Party B's death in the period during which these new share acquisition rights may be exercised, his or her heirs may not exercise these new share subscription rights. However, this restriction is lifted if the heirs have received Board of Directors approval in advance of their attempt to exercise new share subscription rights. (3) These new share subscription rights may not be transferred, pledged or otherwise disposed of. (4) Conditions for applying tax exemption measures under Article 29-2 of the Act on Special Measures Concerning Taxation to new share subscription rights received are as follows. (i) The total amount paid in exchange for the exercise of new share subscription rights may not exceed ¥12 million during a one-year period. (ii) Shares acquired in exchange for the exercise of new share subscription rights shall be recorded via Party A in the transfer account ledger (the transfer account ledger legally prescribed for the transfer of bonds, shares, etc.; the same applies below) of the financial instruments business operator specified by Party A or the legally prescribed financial institution (hereinafter, "Specified Financial Instruments Business Operator"), or such recording shall be received or held in trust at the sales office or business office of the Specified Financial Instruments Business Operator or similar or the shares shall be held in trust.
Vesting period	From To	There are no regulations concerning vesting periods.
Exercise period	From To	December 1, 2011 October 29, 2019

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

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

The following lists the number of shares calculated for the number of stock options that existed in the year ended March 31, 2013.

1) Number of stock options

Company name	KDDI Corporation	
	August 2008 7th Stock Option	August 2009 8th Stock Option
Before vested		
Beginning of period	-	-
Granted	-	-
Forfeited	-	-
Vested	-	-
Unvested	-	-
After vested		
Beginning of period	465,800	486,000
Vested	-	-
Exercised	-	31,500
Expired	465,800	13,600
Exercisable	-	440,900

Note: Stock options have been converted into equivalent numbers of shares and presented accordingly. We conducted a 1:100 stock split on common stock, with an effective date of October 1, 2012.

Company name	DMX Technologies Group Limited		
	October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Before vested			
Beginning of period	-	-	-
Granted	-	-	-
Forfeited	-	-	-
Vested	-	-	-
Unvested	-	-	-
After vested			
Beginning of period	3,305,544	3,896,858	15,220,000
Vested	-	-	-
Exercised	-	10,000	3,309,000
Expired	-	-	-
Exercisable	3,305,544	3,886,858	11,911,000

Company name	Wire and Wireless Co., Ltd.
	December 2009 1st Stock Option
Before vested	
Beginning of period	1,357
Granted	-
Forfeited	15
Vested	-
Unvested	1,342
After vested	
Beginning of period	-
Vested	-
Exercised	-
Expired	-
Exercisable	-

2) Unit value

Company name	KDDI Corporation	
	August 2008 7th Stock Option	August 2009 8th Stock Option
Exercise price	¥6,490	¥5,390
Average share price at exercise	-	¥6,150
Fair value unit price (Date of grant)	¥1,067.18	¥1,112.81

Note: Stock options have been converted into equivalent numbers of price and presented accordingly. We conducted a 1:100 stock split on common stock, with an effective date of October 1, 2012.

Company name	DMX Technologies Group Limited		
	October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Exercise price	SGD 0.6778	SGD 0.2260	SGD 0.0930
Average share price at exercise	-	SGD 0.2550	SGD 0.2550
Fair value unit price (Date of grant)	SGD 0.7900	SGD 0.2500	SGD 0.0900

Company name	Wire and Wireless Co., Ltd.
	December 2009 1st Stock Option
Exercise price	24,000
Average share price at exercise	-
Fair value unit price (Date of grant)	-

4. Method of estimating reasonable price for share options

Consolidated subsidiary Wire & Wireless Co., Ltd., is an unlisted company, and consequently the reasonable price of the December 2011 No. 1 share options of Wire & Wireless is calculated by estimating the intrinsic value. The stock valuation method that is the basis of this intrinsic value estimate is a method in which decisions are made with reference to the price calculated in accordance with the discounted cash flow method. The total intrinsic value at the end of the consolidated fiscal year, with calculations based on the intrinsic value of the share options, is ¥0.

5. Method of estimating number of options vested

The number of options vested was calculated by estimating the number of expirations due to unvested options, based on the retirement rate in the year ended March 31, 2013.

(Income Taxes)

1. Significant components of deferred tax assets and liabilities

(Amount unit: Millions of yen)

	As of March 31, 2012	As of March 31, 2013
(Deferred tax assets)		
Depreciation and amortization	41,103	40,235
Allowance for doubtful accounts	9,526	15,436
Disposal of fixed assets	2,253	1,822
Inventory write down	1,267	2,458
Impairment loss	44,622	60,010
Reserve for retirement benefits	4,356	3,296
Allowance for bonus payment	8,313	8,588
Accrued expenses	3,007	4,023
Net operating loss carried forward	2,945	1,304
Unrealized profits	2,352	3,589
Reserve for point service program	34,700	34,692
Accrued enterprise taxes	10,807	7,639
Advances received	20,230	19,489
Provision for loss on the Great East Japan Earthquake	758	20
Other	10,471	6,941
Gross deferred tax assets	196,715	209,550
Valuation allowance	(8,055)	(8,979)
Net deferred tax assets	188,660	200,571
(Deferred tax liabilities)		
Special depreciation reserve	(1,696)	(1,737)
Net unrealized gains on securities	(19,659)	(20,191)
Retained earnings for overseas affiliates	(1,446)	(2,217)
Gain on transfer from business divestitures	(1,692)	(1,692)
Other	(4,019)	(4,320)
Total deferred tax liabilities	(28,513)	(30,158)
Net deferred tax assets	160,146	170,412

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

	As of March 31, 2012	As of March 31, 2013
Effective statutory tax rate	40.6%	Note omitted because the difference between the statutory tax rate and the Company's effective tax rate is less than 5％ of the statutory tax rate.
Adjustments:		
Permanently non-deductible items including dividend income	0.1	
Inhabitant tax on per capita levy	0.1	
Tax credit for research and development expenses	(0.2)	
Amortization of goodwill	1.2	
Effect of equity-method investment income	1.6	
Permanently non-deductible items including dividend income	(0.2)	
Reserve for loss brought forward Valuation allowance	(0.1)	
Valuation allowance	(1.3)	
Effects of tax rate differences for subsidiaries	(0.2)	
Reversal of reserve for tax	0.3	
Effect of share exchange	3.3	
Other	0.5	
Actual tax rate	45.7	

(Business Combination)

No significant items to be reported.

(Asset Retirement Obligations)

For the year ended March 31, 2012 and the year ended March 31, 2013

No significant items to be reported.

(Estate Leases)

For the year ended March 31, 2012 and the year ended March 31, 2013

No significant items to be reported.

(Segment Information)

[Segment Information]

1. Outline and Change of business segments reported

(1) Outline of business segments reported

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

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

Note: 3M stands for Multi-network, Multi-device, and Multi-use. The 3M Strategy is the Company's business strategy for enabling the use of its wide-ranging content and services such as music, videos, ebooks and games. The strategy calls for these to be made available over the Companies’ organically linked mobile phone, FTTH, CATV, WiMAX, Wi-Fi, and other networks (Multi-network); to be available on a host of devices such as smartphones, tablet computers, ebook readers and PCs (Multi-device); and for them to be available for use in the manner the customer requires (Multi-use), conveniently at any place and at any time.

In “Personal Services,” the Companies provide households and individual customers with mobile handset sales and other services in addition to a variety of communications services. In “Value Services,” we provide households and individual customers with various types of content, settlement services, and other services.

In “Business Services,” we provide various types of communication services, mobile handset sales, data center services, various types of ICT solution/cloud services, and other services for corporate customers. In “Global Services,” we provide various types of communications services, data center services, various types of ICT solution/cloud services, and other services for companies and individuals overseas.

(2) Change of business segments reported

For the year ended March 31, 2013, the Companies commenced a full-scale launch of such services as “au Smart Value” and “au Smart Pass,” based on its growth strategy, the “3M Strategy Note.” In accordance with this launch, the Companies have reclassified its reportable segments into four-“Personal Services,” “Value Services,” “Business Services,” and “Global Services”-in order to manage its operating results by segments that reflect service and customer characteristics.

Segment information for the year ended March 31, 2012 has been revised based on above change.

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

Accounting method for business segment reported is the same as presentations on “Basis of Presenting Consolidated Financial Statements.”

Income by business segments reported are calculated based on operating income.

Intersegment trading prices are calculated based on third-party trading prices or determined by negotiating prices that take overall costs into consideration.

Assets are not allocated to reportable segments.

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

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Elimination and Corporate (Note 2)	Consoli-dation
	Personal Services	Value Services	Business Services	Global Services	Subtotal				
Sales									
Outside sales	2,721,294	110,012	562,649	141,545	3,535,502	36,595	3,572,098	-	3,572,098
Intersegment Sales	78,282	26,411	73,389	30,068	208,152	121,012	329,164	(329,164)	-
Total	2,799,577	136,424	636,039	171,613	3,743,654	157,608	3,901,262	(329,164)	3,572,098
Income by business segment	347,207	44,439	74,995	4,268	470,905	7,248	478,154	(506)	477,647
Other items									
Depreciation[3]	355,503	5,717	46,819	9,374	417,415	1,683	419,099	(1,213)	417,886
Amortization of goodwill	10,184	2,626	415	824	14,051	223	14,275	-	14,275

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

2. Adjustment of segment income refers to elimination of intersegment transactions.
3. Inclusive of long-term prepaid expenses.

For the year ended March 31, 2013

(Amount unit: Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Elimination and Corporate (Note 2)	Consoli-dation
	Personal Services	Value Services	Business Services	Global Services	Subtotal				
Sales									
Outside sales	2,763,485	109,947	572,269	174,822	3,620,525	41,762	3,662,288	-	3,662,288
Intersegment Sales	74,478	31,950	66,068	32,478	204,976	102,459	307,436	(307,436)	-
Total	2,837,964	141,898	638,337	207,301	3,825,502	144,221	3,969,724	(307,436)	3,662,288
Income by business segment	378,603	41,887	79,830	7,829	508,151	4,893	513,045	(376)	512,669
Other items									
Depreciation[3]	342,407	6,921	46,260	10,842	406,432	1,682	408,114	(1,388)	406,726
Amortization of goodwill	11,234	1,732	981	2,495	16,444	-	16,444	-	16,444

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

2. Adjustment of segment income refers to elimination of intersegment transactions.
3. Inclusive of long-term prepaid expenses.

(Relative information)

For the year ended March 31, 2012

1. Products and services information

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

2. Geographic segment information

1) Sales

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

2) Property, plant and equipment

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

3. Information by major clients

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

For the year ended March 31, 2013

1. Products and services information

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

2. Geographic segment information

1) Sales

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

2) Property, plant and equipment

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

3. Information by major clients

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

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

For the year ended March 31, 2012

The Company does not allocate impairment losses to reportable segments. During the period under review, the Company recorded an impairment loss of ¥9,946 million.

For the year ended March 31, 2013

The Company does not allocate impairment losses to reportable segments. During the period under review, the Company recorded an impairment loss of ¥80,549 million.

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

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Personal Services	Value Services	Business Services	Global Services	Other	Total
Amortization of goodwill	10,184	2,626	415	824	223	14,275
Balance at end of period	53,667	19,485	415	18,332	-	91,901

For the year ended March 31, 2013

(Amount unit: Millions of yen)

	Personal Services	Value Services	Business Services	Global Services	Other	Total
Amortization of goodwill	11,234	1,732	981	2,495	-	16,444
Balance at end of period	47,172	18,156	-	21,046	-	86,376

(Information on negative goodwill by business segment)

For the year ended March 31, 2012 and the year ended March 31, 2013

No significant items to be reported.

(Related Party Transaction)

Transactions with related party

Transactions with the Company and related party

Affiliates of the Company

For the year ended March 31, 2012

(Amount unit: Millions of yen)

Type	Company Name	Head Office	Capital Stock	Business Activities or career	Percentage for Possession of Voting Rights	Relationship with Related Party	Contents of Transaction	Amount for Trans-action	Title of Account	Amount as of March 31, 2012
Equity-method Affiliate	UQ Communi-cations Inc.	Minato-ku, Tokyo	23,925	Wireless broadband service	Possession direct 32.3%	Debit guarantee of loans Interlocking directorates	Debit guarantee Note	156,700	-	-
							Receiving warrantee fee	495	Accounts receivable-other	132

Terms and conditions and policies for terms and conditions

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

For the year ended March 31, 2013

(Amount unit: Millions of yen)

Type	Company Name	Head Office	Capital Stock	Business Activities or career	Percentage for Possession of Voting Rights	Relationship with Related Party	Contents of Transaction	Amount for Trans-action	Title of Account	Amount as of March 31, 2013
Equity-method Affiliate	UQ Communi-cations Inc.	Minato-ku, Tokyo	23,925	Wireless broadband service	Possession direct 32.3%	Debit guarantee of loans Interlocking directorates	Debit guarantee Note	157,800	-	-
							Receiving warrantee fee	328	Accounts receivable-other	79

Terms and conditions and policies for terms and conditions

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

(Per Share Information, etc.)

[Per share information]

	Year ended March 31, 2012	Year ended March 31, 2013
Net assets per share	¥2,696.03	¥2,943.12
Net income per share	¥290.58	¥315.90
Diluted net income per share	¥283.34	¥289.26

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

	Year ended March 31, 2012	Year ended March 31, 2013
Net income per share		
Net income for the fiscal year	¥238,604M	¥241,469M
Monetary value not related to common stockholders	-	-
Net income related to common stock	¥238,604M	¥241,469M
Number of weighted average common shares outstanding during the fiscal year (shares)	821,133,107	764,378,162
Diluted Net Income per Share		
Adjustment of net income for the fiscal year	(¥49M)	(¥154M)
Amortization of bond premium (after deduction of an amount equivalent to tax)(Note)	(¥49M)	(¥154M)
Increase in number of shares of common stock	20,793,324	69,870,302
(subscription warrants)	7,130	74,455
(Convertible bond-type bonds with subscription rights to shares)	20,786,194	69,795,847
Overview of potential stock not included in calculation of diluted net income per share because the stock have no dilution effect	One types of subscription warrant -August 2008, 7th Stock Option (931,600 subscription warrants)	-

Note 1: The Company conducted a 1:100 stock split on common stock, with an effective date of October 1, 2012.

The Company also conducted a 1:2 stock split on common stock, with an effective date of April 1, 2013.

Total net assets per share, net income per share and diluted net income per share have been calculated as if the stock split was conducted at the beginning of the previous consolidated fiscal year.

Note 2: This is the amount of amortization for the fiscal year (after deducting an amount equivalent to tax) of the premium resulting from the issuance of the bonds at an amount higher than the face amount.

(Significant Subsequent Event)

(Notice Concerning Share Split)

At the meeting of the Board of Directors held on January 28, 2013, the Company resolved to conduct a stock split, with an effective date of April 1, 2013. The details are as follows.

1. Purpose of Stock Split

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

2. Outline of Stock Split

(1) Method of stock split

The stock split shall have a record date of Sunday, March 31, 2013 (because this date falls on a holiday, for all practical purposes the date in substance is Friday, March 29, 2013) and shall involve the splitting of common stocks held by shareholders whose names appear or are recorded in the latest Registry of Shareholders on the record date at a ratio of 1:2.

(2) Number of increase in shares by stock split

1) Total number of issued shares before stock split	448,481,800 shares
2) Number of increase in shares by stock split	448,481,800 shares
3) Total number of issued shares after stock split	896,963,600 shares
4) Total number of authorized shares after stock split	1,400,000,000 shares

(3) Schedule of stock split

1) Public notice date of the record date Thursday, March 14, 2013

2) Record date Sunday, March 31, 2013

* For all practical purposes the record date in substance is Friday, March 29, 2013.

3) Effective date Monday, April 1, 2013

3. Others

(1) Changes in capital

The stock split will not result in changes in capital.

(2) Share information

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

(Acquisition of Jupiter Telecommunications Co., Ltd. Shares)

On April 17, 2013, the Company acquired through public tender an additional 644,115 shares in Jupiter Telecommunications Co., Ltd. (hereafter, "J: COM"). As a result, the Company's ownership of J: COM amounted to 2,777,912 shares (Note), and voting rights came to 40.47%. In accordance with effective control standards, J: COM was converted to a consolidated subsidiary as of that date.
(Note: The Company also owns an additional 152,904 shares in J: COM, which are entrusted for a securities custodial trust. As the trust agreement precludes the Company from exercising voting rights on these shares, they are not included in the share numbers stated above.)

1. Overview of business combination

(1) Name and Business activities of acquired company

Name	Jupiter Telecommunications Co., Ltd.
Business activities	Cable TV broadcast and telecommunications business through supervision and operation of cable TV stations; Supervision of programming business for Cable TV stations and digital satellite broadcasters etc.
Operating Revenues(Note) Net income attributable to J:COM shareholders Total J:COM shareholders' equity Total assets	¥376,835M ¥41,623M ¥454,547 M ¥812,030 M

Note: As of December 31, 2012 (J: COM annual report (the 19th period))

J: COM prepares consolidated financial statements based on accounting principles generally accepted in the United States of America.

(2)Principal reasons for conducting a business combination

The Company acquired additional shares in J:COM and converted this company to a consolidated subsidiary considering for a potential business combination with consolidated subsidiary JAPAN CABLENET LIMITED, thereby expanding the customer base of the cable TV business, and integrating J:COM's media business with the Company's telecommunications business. These approaches are in line with efforts to increase synergies under the Company's growth strategy, the "3M Strategy."

(3)Date of business combination

April 17, 2013 (Date of commencement of TOB settlement)

(4) Legal form of business combination

Acquisition of shares

(5) Name of company after business combination

Jupiter Telecommunications Co., Ltd.

(6) Acquisition of voting rights

Voting rights held immediately before the business combination	31.08%
Additional voting rights acquired on the day of the business combination	9.38%
Voting rights after the acquisition	40.47%

NJ Corporation (The Company's equity-method affiliate), in which The Company and Sumitomo Corporation hold the same number of voting rights, acquired 553,679 shares (voting rights of 8.09%) through this tender offer. Accordingly, the Company holds 4.05% of the voting rights indirectly through NJ Corporation.

(7) Main factors in determination of acquirer

Because the type of consideration was cash, the Company, which provided the cash, was determined to be the acquirer.

2. Acquired company acquisition cost: amount and breakdown

(1)Consideration for acquisition

¥341,683M (Reference) NJ Corporation ¥68,338M

(2)Costs directly incurred for acquisition

Unconfirmed

5. Financial Statements

(1) Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery	2,693,628	2,634,085
Accumulated depreciation	(2,131,133)	(2,060,461)
Machinery, net	562,495	573,624
Antenna facilities	613,706	617,247
Accumulated depreciation	(271,568)	(290,162)
Antenna facilities, net	342,137	327,085
Terminal facilities	11,121	10,433
Accumulated depreciation	(8,297)	(7,921)
Terminal facilities, net	2,824	2,511
Local line facilities	191,884	192,808
Accumulated depreciation	(130,713)	(137,603)
Local line facilities, net	61,171	55,205
Long-distance line facilities	101,058	99,953
Accumulated depreciation	(95,773)	(96,066)
Long-distance line facilities, net	5,284	3,887
Engineering facilities	61,479	61,778
Accumulated depreciation	(37,595)	(39,162)
Engineering facilities, net	23,883	22,615
Submarine line facilities	54,328	53,527
Accumulated depreciation	(47,138)	(47,808)
Submarine line facilities, net	7,190	5,718
Buildings	406,580	366,255
Accumulated depreciation	(210,573)	(212,143)
Buildings, net	196,007	154,111
Structures	78,068	77,461
Accumulated depreciation	(47,704)	(50,168)
Structures, net	30,364	27,293
Machinary and equipment	11,635	7,355
Accumulated depreciation	(11,341)	(7,161)
Machinary and equipment, net	293	193
Vehicles	1,054	1,097
Accumulated depreciation	(694)	(816)
Vehicles, net	360	281
Tools, furniture and fixtures	79,216	76,206
Accumulated depreciation	(57,660)	(58,873)
Tools, furnitures and fixtures, net	21,556	17,333
Land	246,942	245,595
Lease assets	4,829	1,147
Accumulated depreciation	(3,833)	(862)
Lease assets, net	996	285
Construction in progress	126,237	108,702
Total property, plant and equipment	1,627,746	1,544,444

(Amount unit: Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Intangible assets		
Right of using submarine line facilities	4,949	3,403
Right of using facilities	10,457	10,022
Software	173,835	170,510
Goodwill	7,752	3,322
Patent right	1	0
Leasehold right	1,426	1,426
Other intangible assets	2,297	1,630
Total intangible assets	200,720	190,317
Total noncurrent assets-telecommunications business	1,828,467	1,734,761
Incidental business facilities		
Property, plant and equipment		
Property, plant and equipment	25,102	35,388
Accumulated depreciation	(10,180)	(11,538)
Property, plant and equipment, net	14,921	23,849
Total property, plant and equipment	14,921	23,849
Inta Intangible assets		
Total intangible assets	10,629	12,475
Total noncurrent assets-incidental business	25,551	36,325
Investments and other assets		
Investment securities	82,939	76,230
Stocks of subsidiaries and affiliates	590,620	602,083
Investments in capital	434	252
Investments in capital of subsidiaries and affiliates	5,659	8,380
Long-term loans receivable	208	7
Long-term loans receivable from subsidiaries and affiliates	44,270	28,033
Long-term prepaid expenses	90,208	116,479
Deferred tax assets	99,064	110,938
Other investment and other assets	40,576	41,266
Allowance for doubtful accounts	(8,772)	(10,627)
Total investments and other assets	945,210	973,044
Total noncurrent assets	2,799,229	2,744,131
Current assets		
Cash and deposits	55,257	52,840
Notes receivable-trade	30	22
Accounts receivable-trade	707,175	901,468
Accounts receivable-other	39,677	38,057
Short-term investment securities	80,000	-
Supplies	61,018	50,663
Prepaid expenses	12,253	11,516
Deferred tax assets	50,986	52,091
Short-term loans receivable to subsidiaries and affiliates	56,073	71,244
Other current assets	3,454	6,777
Allowance for doubtful accounts	(13,266)	(18,581)
Total current assets	1,052,662	1,166,101
Total assets	3,851,891	3,910,233

(Amount Unit: Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Noncurrent liabilities		
Bonds payable	349,991	259,997
Convertible bond-type bonds with subscription rights to shares	200,916	200,666
Long-term loans payable	297,517	242,648
Lease obligations	206	92
Provision for retirement benefits	15,571	10,355
Provision for point card certificates	89,677	89,970
Provision for warranties for completed construction	2,569	5,409
Asset retirement obligations	1,865	2,445
Other noncurrent liabilities	33,652	31,007
Total noncurrent liabilities	991,967	842,592
Current liabilities		
Current portion of noncurrent liabilities	174,791	168,868
Accounts payable-trade	75,500	66,151
Short-term loans payable	56,393	147,315
Lease obligations	839	207
Accounts payable-other	245,587	266,537
Accrued expenses	5,877	6,409
Income taxes payable	140,858	92,683
Advances received	59,321	57,705
Deposits received	17,200	13,548
Provision for bonuses	15,651	16,180
Provision for directors' bonuses	135	158
Provision for loss on the Great East Japan Earthquake	1,992	49
Asset retirement obligations	925	248
Total current liabilities	795,076	836,064
Total liabilities	1,787,043	1,678,657
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus		
Legal capital surplus	305,676	305,676
Other capital surplus	61,427	61,468
Total capital surpluses	367,104	367,144
Retained earnings		
Legal retained earnings	11,752	11,752
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	627	627
Reserve for special depreciation	1,080	981
General reserve	1,570,933	1,754,233
Retained earnings brought forward	280,815	263,992
Total retained earnings	1,865,210	2,031,587
Treasury stock	(346,163)	(346,001)
Total shareholders' equity	2,028,002	2,194,582

(Amount Unit: Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	35,807	36,502
Total valuation and translation adjustments	35,807	36,502
Subscription rights to shares	1,037	490
Total net assets	2,064,847	2,231,575
Total liabilities and net assets	3,851,891	3,910,233

(2) Statements of Income

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	2,278,652	2,332,637
Operating expenses		
Business expenses	595,968	613,781
Operating expenses	43	57
Facilities maintenance expenses	288,280	258,915
Common expenses	2,617	2,435
Administrative expenses	67,381	70,579
Experiment and research expenses	8,080	6,629
Depreciation	368,569	349,997
Noncurrent assets retirement cost	15,369	23,537
Communication facility fee	374,044	404,077
Taxes and dues	39,827	40,615
Total operation expenses	1,760,183	1,770,627
Net operating income from telecommunication	518,469	562,010
Operating income and loss from incidental business		
Operating revenue	994,883	1,033,441
Operating expenses	1,080,912	1,130,305
Net operating loss from incidental business	(86,029)	(96,864)
Operating income	432,440	465,145
Non-operating income		
Interest income	1,770	1,566
Interest on securities	170	35
Dividends income	9,792	11,944
Foreign exchange gains	-	3,390
Miscellaneous income	8,010	7,257
Total non-operating income	19,743	24,194
Non-operating expenses		
Interest expenses	6,626	5,321
Interest on bonds	6,005	5,709
Compensation expenses	735	2,002
Miscellaneous expenses	4,240	3,422
Total non-operating expenses	17,608	16,456
Ordinary income	434,575	472,883
Extraordinary income		
Gain on sales of noncurrent assets	171	581
Gain on sales of investment securities	137	1,006
Gain on bargain purchase	123	-
Gain on reversal of subscription rights to shares	493	512
Gain on stock exchange	4,909	-
Dividends due to liquidation of silent partnership contract	6,976	-
Gain on Provision for loss on the Great East Japan Earthquake	6,814	-
Total extraordinary income	19,627	2,100

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Extraordinary loss		
Loss on sales of noncurrent assets	657	1,060
Impairment loss	8,515	77,577
Loss on retirement of noncurrent assets	-	21,661
Loss on valuation of investment securities	469	517
Loss on sales of stocks of subsidiaries and affiliates	-	1,662
Loss on the Great East Japan Earthquake	4,049	-
Total extraordinary losses	13,692	102,479
Income before income taxes	440,510	372,505
Income taxes-current	162,284	154,550
Income taxes-deferred	28,389	(13,393)
Total income taxes	190,673	141,156
Net income	249,836	231,348

(3) Statements of Changes in Net Assets

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Shareholders' equity		
Capital stock		
Balance at the end of previous period	141,851	141,851
Balance at the end of current period	141,851	141,851
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	305,676	305,676
Balance at the end of current period	305,676	305,676
Other capital surplus		
Balance at the end of previous period	61,415	61,427
Changes of items during the period		
Disposal of treasury stock	12	40
Total changes of items during the period	12	40
Balance at the end of current period	61,427	61,468
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	11,752	11,752
Balance at the end of current period	11,752	11,752
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	579	627
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	48	-
Total changes of items during the period	48	-
Balance at the end of current period	627	627
Reserve for special depreciation		
Balance at the end of previous period	228	1,080
Changes of items during the period		
Reversal of reserve for special depreciation	977	-
Provision of reserve for special depreciation	(125)	(99)
Total changes of items during the period	852	(99)
Balance at the end of current period	1,080	981
General reserve		
Balance at the end of previous period	1,381,033	1,570,933
Changes of items during the period		
Provision of general reserve	189,900	183,300
Total changes of items during the period	189,900	183,300
Balance at the end of current period	1,570,933	1,754,233
Retained earnings brought forward		
Balance at the end of previous period	285,467	280,815
Changes of items during the period		
Dividends from surplus	(63,687)	(64,970)
Provision of reserve for special depreciation	(977)	-
Reversal of reserve for special depreciation	125	99
Provision of reserve for advanced depreciation of noncurrent assets	(48)	-
Provision of general reserve	(189,900)	(183,300)
Net income	249,836	231,348

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Total changes of items during the period	(4,652)	(16,823)
Balance at the end of current period	280,815	263,992
Treasury stock		
Balance at the end of previous period	(125,244)	(346,163)
Changes of items during the period		
Purchase of treasury stock	(220,969)	(2)
Disposal of treasury stock	50	164
Total changes of items during the period	(220,919)	162
Balance at the end of current period	(346,163)	(346,001)
Total shareholders' equity		
Balance at the end of previous period	2,062,760	2,028,002
Changes of items during the period		
Dividends from surplus	(63,687)	(64,970)
Net income	249,836	231,348
Purchase of treasury stock	(220,969)	(2)
Disposal of treasury stock	62	204
Total changes of items during the period	(34,758)	166,580
Balance at the end of current period	2,028,002	2,194,582
Valuation and translation adjustment		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	28,647	35,807
Changes of items during the period		
Net changes of items other than shareholders' equity	7,159	695
Total changes of items during the period	7,159	695
Balance at the end of current period	35,807	36,502
Subscription rights to shares		
Balance at the end of previous period	1,410	1,037
Changes of items during the period		
Net changes of items other than shareholders' equity	(372)	(547)
Total changes of items during the period	(372)	(547)
Balance at the end of current period	1,037	490
Total net assets		
Balance at the end of previous period	2,092,818	2,064,847
Changes of items during the period		
Dividends from surplus	(63,687)	(64,970)
Net income	249,836	231,348
Purchase of treasury stock	(220,969)	(2)
Disposal of treasury stock	62	204
Net changes of items other than shareholders' equity	6,787	147
Total changes of items during the period	(27,970)	166,728
Balance at the end of current period	2,064,847	2,231,575