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

Financial Statements Summary for the Six Months ended September 30, 2013 [Japan GAAP]

October 28, 2013

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

Quarterly statement filing date (as planned)	November 1, 2013
Dividend payable date (as planned)	November 27, 2013
Supplemental material of quarterly results:	Yes
Convening briefing of quarterly results:	Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months ended September 30, 2013 (April 1, 2013 to September 30, 2013)

(1) Consolidated Operating Results

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

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Six months ended September 30, 2013	2,053,780	18.0	347,613	50.3	352,081	55.1	163,007	104.4
Six months ended September 30, 2012	1,740,599	(0.2)	231,240	(13.3)	227,014	(10.1)	79,757	(43.1)

Note: Comprehensive Income
Six months ended September 30, 2013: 195,296 million yen; 146.5% Six months ended September 30, 2012: 79,213 million yen; (47.7%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2013	208.47	195.30
Six months ended September 30, 2012	104.34	95.52

(2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio
			%
As of September 30, 2013	4,634,681	2,883,313	55.4
As of March 31, 2013	4,084,999	2,323,363	55.1

Reference: Shareholder’s Equity As of September 30, 2013: 2,566,582 million yen As of March 31, 2013: 2,249,794 million yen

2. Dividends

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2013	-	8,500.00	-	95.00	-
Year ending March 31, 2014	-	60.00			
Year ending March 31, 2014 (forecast)			-	60.00	120.00

Notes: 1. Changes in the latest forecasts released: None
2. Dividend for the year ended March 31, 2013 took into account a 1:100 stock split on common stock with an effective date of October 1, 2012. Dividend 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 Year ending March 31, 2014 (April 1, 2013 to 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	356.96

Note: Changes in the latest forecasts released: None

Notes

(1) Changes in significant consolidated subsidiaries during the six months ended September 30, 2013 : Yes
Number of subsidiaries newly consolidated：three companies
Jupiter Telecommunications Co., Ltd., J:COM West Co., Ltd., J:COM East Co., Ltd.

Note: Please refer to page 13 “2. Notes Regarding Summary Information (Notes)” for details.

(2) Application of accounting methods which are exceptional for quarterly consolidated financial statements : None

(3) 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 : None

2) Other changes in accounting policies : None

3) Changes in accounting estimates : None

4) Restatement of corrections : None

(4) Numbers of Outstanding Shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of September 30, 2013	896,963,600
	As of March 31, 2013	896,963,600
2) Number of treasury stock	As of September 30, 2013	70,544,690
	As of March 31, 2013	132,538,800
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the six months ended September 30, 2013	781,911,724
	For the six months ended September 30, 2012	764,362,629

Indication of Quarterly Review Procedure Implementation Status

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

Explanation for Appropriate Use of Forecasts and Other Notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to 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 P.13 “1. Qualitative Information / Consolidated Financial Statements, etc. (3) Explanation Regarding Future Forecast Information of Consolidated Financial Results” under [the Attachment] for the assumptions used and other notes.

2. 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, and numbers of outstanding shares have been calculated as if the stock split was conducted at the beginning of the previous (consolidated) fiscal year.

3. The Company holds a convening briefing of quarterly results for institutional investors and analysts in Monday, October 28, 2013. Documents distributed at the briefing are scheduled to be posted on our website at the same time as the release of the financial statements summary. Videos and main Q&As are planned to be posted immediately after the briefing.
In addition to the above convening briefing, the Company holds conferences on its business and results for individual investors. Please check our website for the schedule and details.

[the Attachment]

Index of the Attachment

1. Qualitative Information / Consolidated Financial Statements, etc.
(1) Explanation on Financial Results

1) Results Overview

Industry Trends

The Japanese telecommunications market is rapidly shifting from conventional mobile handsets to “smart devices,” such as smartphones and tablets. Furthermore, communication networks are becoming faster with the use of LTE (Long Term Evolution). As a result, an environment is emerging in which customers have convenient access to the Internet and digital content from a host of devices and locations.

The shift toward smart devices is driving an increase in communications revenues and providing opportunities to generate revenues from services, content and other non-communications sources. At the same time, however, this surge has brought to the fore the question of how to efficiently handle the sharp rise in mobile data traffic—an issue telecommunications carriers share. Also, as telecommunications carriers’ handset offerings grow increasingly similar, in the mobile communications field the emphasis is moving toward competition based on high-speed networks using LTE and fees and services. In the area of fixed-line communications, business is shifting from ADSL to FTTH, and the market is expanding for fixed-line broadband—including Internet offerings through CATV.

KDDI’s Position

・The Company has established the “3M Strategy (multi-network, multi-device, multi-use) ” as the business strategy for leveraging its strengths as a company that operates both mobile and fixed-line businesses and has begun the full-scale implementation of this strategy and maximize revenue. We are promoting the policies of “Advance and Develop 3M Strategy” and ”Implement Global Strategy,” as we view the consolidated fiscal year under review as the first year in a new phase of full-scale growth.

・Last year, the Company introduced the “Smart Passport Concept” as the first phase of its “3M Strategy.” This concept aimed at providing the world with simple and seamless access to the world of the open Internet, enabling secure access. In May 2013, we unveiled the second phase of the “3M Strategy,” the “Smart Relations Concept.” This is a service innovation concept that reinforces connections between smartphones and real life, effecting changes that make the everyday world simple yet surprising. Going forward, we will continue to propose a number of ways in which people can make the transition from owning smartphones to mastering their use.

・In the main mobile communications area, we have begun offering “au 4G LTE,” a unique communication service that provides ultra-high speeds from anywhere, on three frequencies, centered on the 800MHz band. The 800MHz band that is the base for “au 4G LTE” is sometimes referred to as the “platinum band” because this frequency has radio properties that are optimal for mobile communications. These properties can be leveraged to facilitate communications while moving at high speeds and indoors, both of which posed problems in the past. As to communication speeds, throughout Japan the service also enables downlink speeds of up to 75Mbps. In the 2.1GHz band, we also provide a service* offering download speeds of up to 150Mbps. By March 31, 2014, for 800MHz LTE we expect to expand the actual population coverage ratio to 99% and the actual population coverage ratio for 2.1GHz LTE to more than 80%.

・In this manner, based on the strength of the LTE network we are promoting the overall enhancement of “au 4G LTE,” including handsets, charges, services, and support.

*The maximum communication speed varies depending on areas or terminals used. The communication speed is not the actual communication speed, but the maximum value based on the technical standards. The actual speed may fall short of the maximum for various reasons, including the customer's communication environment and traffic conditions. The maximum uplink speed is 12Mbps.

Financial Results

For the Six months ended September 30, 2013

(Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	1,740,599	2,053,780	313,181	18.0
Operating Expenses	1,509,359	1,706,167	196,807	13.0
Operating Income	231,240	347,613	116,373	50.3
Non-operating Income (Expenses)	(4,225)	4,467	8,693	-
Ordinary Income	227,014	352,081	125,066	55.1
Extraordinary Income (Expenses)	(88,114)	(31,872)	56,242	-
Income before Income Taxes and Minority Interests	138,899	320,208	181,309	130.5
Total Income Taxes	55,346	139,223	83,876	151.5
Income before Minority Interests	83,552	180,985	97,433	116.6
Minority Interests in Income	3,795	17,978	14,182	373.7
Net Income	79,757	163,007	83,250	104.4

During the second quarter, operating revenues amounted to ¥2,053,780 million, up 18.0% year on year. This rise stemmed from higher data communications revenues, owing to a steady increase in customers using “au Smart Value”, and to the ongoing shift toward smartphones, revenues from terminal sales, as well as contributions to earnings of Jupiter Telecommunications Co., Ltd. (hereafter: “J:COM”), as this company was included in the scope of consolidation.

Operating expenses increased 13.0% year on year, to ¥1,706,167 million. Although mobile handset migration expenses (such as point expenses and outsourcing expenses) that were of the preceding fiscal year decreased owing to the conclusion of service on the former 800MHz frequency, expenses increased due to sales commission and terminal procurement in line with the shift to smartphones and the inclusion of J:COM in the scope of consolidation.

As a result, operating income surged 50.3% year on year, to ¥347,613 million.

Ordinary income jumped 55.1% year on year, to ¥352,081 million, owing to such factors as improved performance at equity-method affiliates.

In the preceding fiscal year, the Company posted an extraordinary loss of ¥88,888 million stemming from impairment loss and loss on retirement of noncurrent assets, due to the discontinuation of use of former 800 MHz facilities. During the current fiscal year, KDDI recorded a substantially smaller extraordinary loss, of ¥39,304 million, arising from a loss on sep acquisitions from the purchase of additional shares in J:COM.

As a result, net income for the six months ended September 30, 2013, was up 104.4% year on year, to ¥163,007 million.

- Subscriptions of Major Services

	Unit	Year ended March 31, 2013				Year ending March 31, 2014	
		The 1st Quarter	The 2nd Quarter	The 3rd Quarter	The 4th Quarter	The 1st Quarter	The 2nd Quarter
au subscriptions ***1**	(Thousand)	35,675	36,110	36,817	37,709	38,378	39,045
(Ref.) UQ WiMAX	(Thousand)	2,906	3,624	3,929	4,084	4,222	4,275
FTTH subscriptions	(Thousand)	2,439	2,607	2,757	2,870	2,997	3,092
Cable-plus phone Subscriptions	(Thousand)	2,295	2,481	2,679	2,851	3,040	3,202
CATV subscriptions ***2 *3**	(Thousand)	1,159	1,180	1,235	1,238	5,031	5,057

*1.Inclusive of module-type contracts

*2.Total Number of Subscribing Households (Number of households with at least one contract via broadcasting, internet or telephone)

*3.Year ended March 31, 2013: JCN, Year ending March 31, 2014: JCN + J:COM

[Reference]

- For “Cable-plus phone,” alliances with cable television companies grew steadily, reaching 96 CATV companies, 182 channels as of September 30, 2013.
- With regard to consolidated subsidiaries handling the cable television business, as of September 30, 2013, the JCN Group oversees 20 channels, primarily focused on the Tokyo metropolitan area and including the Kumamoto area. The J:COM Group provides cable television via 50 channels in the Sapporo, Sendai, Kanto, Kansai, and Kyushu areas, and offers high-speed Internet connectivity, telephone, and other services.

2) Results by Business Segment

Personal Services

The Personal Services segment provides mobile and fixed-line communications services for individual customers. In addition to providing mobile communications services, chiefly under the “au” brand, and selling mobile handsets, in fixed-line communications, our services include in-home Internet, telephone, and video channel (TV services). In addition to these convenient FTTH services, which are branded “au HIKARI,” we provide CATV and other services.

In the fiscal year ending March 31, 2014, the Company is working to expand the lineup for handsets compatible with “au 4G LTE” and increase the number of customers who use these services. In addition, based on our “3M Strategy” we will expand sales of FTTH services through “au Smart Value,” increase the number of allied companies, and augment our services. In these ways, we are working to enable customers to use our services more conveniently and securely.

Operating performance in the Personal Services segment for the Six months ended September 30, 2013 is described below.

Results

For the Six months ended September 30, 2013 (Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	1,344,709	1,603,439	258,730	19.2
Operating Expenses	1,177,855	1,342,739	164,883	14.0
Operating Income	166,853	260,699	93,846	56.2

During the second quarter, operating revenues amounted to ¥1,603,439 million, up 19.2% year on year. This rise stemmed from higher data communications revenues, owing to a steady increase in customers using “au Smart Value” and to the ongoing shift toward smartphones, revenues from terminal sales, as well as contributions to earnings of J:COM, as this company was included in the scope of consolidation.

Operating expenses increased 14.0% year on year, to ¥1,342,739 million. Although mobile handset migration expenses (such as point expenses and outsourcing expenses) that were of the preceding fiscal year decreased owing to the conclusion of service on the former 800MHz frequency, expenses increased sales commission and terminal procurement in line with the shift to smartphones, in line with the inclusion of J:COM in the scope of consolidation.

As a result, operating income was up 56.2% year on year, to ¥260,699 million.

Overview of Operations

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

[au Smart Value]

As of September 30, 2013, the number of au subscriptions using “au Smart Value” numbered 5.40 million, and households using this service came to 2.86 million. In addition, the number of “au Smart Value” allied companies increased steadily. As of September 30, 2013, this number was six for FTTH (including the company) and 113 CATV companies, 198 channels (including 22 CATV companies, 22 channels allied with STNet, Incorporated).

<Trends in Principal Performance Indicators>

Mobile

[au Net Additions/MNP Net Additions]

During the second quarter under review, au net additions*1 totaled 667,000 subscriptions*2. Furthermore, MNP net additions*3 amounted to 269,000 subscriptions*2, putting us in the No. 1 position for 24 consecutive months*4. The primary reason was the low trend in churn rate, in addition to increase the number of new smartphone subscriptions by “au Smart Value”.

*1: New subscribers minus churn

*2: Total for the Personal Services and Business Services segments

*3: The difference between the number of subscribers acquired and lost due to Mobile Number Portability

*4: The 24-months period from October 2011 through September 2013

[au Churn Rate]

The churn rate during the second quarter was 0.67%, the lowest level in the industry.

[au ARPU*]

During the second quarter, au APRU was ¥4,180, down ¥60 from the second quarter of the preceding fiscal year, but the rate of decline fell in comparison with the ¥130 decrease (year on year) posted in the first quarter. We are making steady progress toward our goal of turning au ARPU positive year on year by the fourth quarter of the current fiscal year.

・Voice ARPU was down ¥110 year on year, to ¥1,920. Main reasons for this decline were a decrease in basic charges stemming from a shift to lower-rate plans and to the reduction of access charges.

・Data ARPU was up ¥390 year on year, to ¥3,180. The primary factor was an ongoing increase in smartphone subscriptions, which deliver high data ARPU.

・The amount of discount applied was ¥920, up ¥340 year on year. This rise was attributable mainly to the increased use of “Maitsuki Discount (Monthly Discount)” pricing in line with the increase in smartphone sales.

* Average Revenue Per Unit

[au Handset Sales]

During the second quarter, au handset sales were up 0.38%, to 2.63 million.

Fixed Line

[FTTH Subscriptions]

During the second quarter, the number of FTTH subscriptions increased by 223,000 from March 31, 2013, to 3.05 million. This rise was attributable mainly to new subscriptions acquired when customers subscribed to “au Smart Value,” as well as the impact of lower churn.

< Main Services >

・We commenced sales of the iPhone5s/5c in September 2013. A mobile handset that delivers ultra-high speed over a wide area and is compatible with the easy-to-connect 800MHz band LTE, the iPhone5s/5c is available in a range of color variations and provides convenient services to customers.

< Main Services in the Third Quarter and Beyond>

・In October 2013, we begin expanding our handset lineup with the addition of 12 new models: six Android smartphones including an au-original branded model and models that are popular in Japan and overseas, as well as two au mobile phones.

・From December 1, 2013, we will reinforce “au Smart Value” through the introduction of “au Smart Value mine,” which extends benefits of au smartphones to customers living alone. Employing a mobile router compatible with the ultra-high speed “WiMAX2+” service, usage charges are discounted if customers enter into service agreements as a set along with an au smartphone.

・In the spring of 2014, we will launch a “Data Share” service. “Data Share” will allow customers to enjoy a host of services freely on their device of choice, sharing monthly data traffic among “4G LTE”-compatible smartphones and tablets for a reasonable monthly charge.

<Reference> Business data

		Unit	Year ended March 31, 2013					Year ending March 31, 2014	
			The 1st Quarter	The 2nd Quarter	The 3rd Quarter	The 4th Quarter	Fiscal year	The 1st Quarter	The 2nd Quarter
au Smartvalue	**au subscriptions**	(Thousand)	1,330	2,000	2,850	3,860	-	4,630	5,400
	Households *1	(Thousand)	820	1,200	1,660	2,120	-	2,490	2,860
au subscriptions*2		(Thousand)	30,580	30,947	31,516	32,189	-	32,717	33,206
	of smartphone	(Thousand)	7,209	8,527	10,168	11,862	-	13,002	13,984
au Churn rate		(%)	0.61	0.65	0.58	0.67	0.63	0.56	0.67
au ARPU		(Yen)	4,240	4,240	4,220	4,030	4,180	4,110	4,180
	Voice ARPU	(Yen)	2,040	2,030	2,020	1,830	1,980	1,890	1,920
	Data ARPU	(Yen)	2,720	2,790	2,880	3,000	2,850	3,110	3,180
	Amount of discount applied	(Yen)	(520)	(580)	(680)	(800)	(650)	(890)	(920)
au handset sales*3		(Thousand)	2,740	2,620	2,830	2,880	11,080	2,370	2,630
	of smartphone	(Thousand)	1,670	1,810	2,300	2,340	8,110	1,820	1,980
au handset shipments*4		(Thousand)	2,560	2,410	2,970	2,720	10,660	2,220	2,520
FTTH subscriptions*5		(Thousand)	2,394	2,561	2,711	2,822	-	2,950	3,045
Cable-plus phone subscriptions		(Thousand)	2,295	2,481	2,679	2,851	-	3,040	3,202
CATV subscriptions*6 *7		(Thousand)	1,159	1,180	1,235	1,238	-	5,031	5,057

*1.Total of KDDI Group and Fixed companies

*2.Inclusive of module-type contracts

*3.Number of units sold to users (new + upgrade)

*4.Number of units shipped to retailers from the company

*5.The total for “au HIKARI” (excluding “au HIKARI Business”), “Commufa-hikari,” “au HIKARI Chura,” and “Hikarifuru”

*6.Total Number of Subscribing Households (Number of households with at least one contract via broadcasting, internet or telephone)

*7.Year ended March 31, 2013: JCN, Year ending March 31, 2014: JCN + J:COM

Value Services

In the Value Services segment, the Company provides individual customers with content, settlement and other services. This segment also works to reinforce multi-device and multi-network initiatives, developing an environment in which customers can use value-added services more conveniently.

During the current fiscal year, with the concept of “Making Every Day Simple & Lucky,” “au Smart Pass” will be improved substantially to realize the “Smart Relations Concept” of “enhancing the relation between smartphones and real life.”

Operating performance in the Value Services segment for the Six months ended September 30, 2013 is described below.

Results

For the Six months ended September 30, 2013 (Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	69,767	99,812	30,044	43.1
Operating Expenses	50,005	72,579	22,573	45.1
Operating Income	19,761	27,232	7,470	37.8

During the second quarter, operating revenues totaled ¥99,812 million, up 43.1% year on year. Contributing to this rise was a favorable increase in the number of “au Smart Pass” members and the addition of program distribution revenue from J:COM, owing to the inclusion of that company in the scope of consolidation.

Operating expenses grew 45.1% year on year, to ¥72,579 million, due to an increase in cost of sales and expenses stemming from the inclusion of J:COM in the scope of consolidation.

As a result, operating income was up 37.8% year on year, to ¥27,232 million.

Overview of Operations

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

[au Smart Pass]

As of September 30, 2013, “au Smart Pass” members numbered 7.99 million, an increase of 2.25 million from March 31, 2013. In the second quarter, we entered into an alliance with MONOCO Inc. involving the flash marketing of design products, thereby expanding our offerings of content useful in the real life and transmitting information via the ”au Smart Pass” timeline.

<Trends in Principal Performance Indicators>

[Value ARPU]

During the second quarter, Value ARPU was up ¥40 year on year, to ¥280. Chief reasons for this increase was a steady increase in the number of members to content services, centered on “au Smart Pass,” “Video Pass,” and the effect of introducing charges for “au Smart Pass” for iOS in May.

< Main Services >

・Through our “KDDI Open Innovation Fund” (KOIF) and the “KDDI∞Labo,” we sustain venture companies and support young entrepreneurs and engineers. During the second quarter, through KOIF we invested in four companies: nanapi Inc., which operates a “how-to” site; 5Rocks, Inc., a provider of analytical and operational tools for native mobile games; and U.S. companies Moxtra Inc. and Plumzi Inc. In addition to commencing its fifth-phase program, KDDI∞Labo launched a new initiative in which it held an event targeting junior and senior high school students aimed at cultivating engineers and creative talent.

・On August 22, 2013, we launched a new service, “au Omakase Shopping,” which is the first service of its type to be offered by a Japanese mobile phone operator. Using this service, customers with au smartphones have access to a curation-type regular purchasing scheme under which specially designated experts (curators) in various fields carefully select products for delivery to customers each month.

・On August 29, 2013, the Company entered into a business alliance with AppBroadCast Co., Ltd., and began providing “Game Gift,” a new type of game media for smartphones. Centered on the free delivery of popular game items, the “Game Gift” service also introduces a variety of gift items, such as recent game information, articles on tactics, and special reviews.

< Main Services in the Third Quarter and Beyond>

・The Company is expanding its benefits for customers who are “au Smart Pass” members, forging stronger links between the service and real life under the concept that “Lots of luck is coming your way.” We have entered into business alliances with Isetan Mitsukoshi Holdings Ltd., as well as Origami Inc., H.I.S. Co., Ltd., and Ikyu Corporation. Through these agreements, we offer for sale special collaboration-based original products, overseas tours at special members-only prices, as well as premium hotel, ryokan and restaurant plans. We begin rolling out these member benefits on October 25, 2013.

<Reference> Business data

	Unit	Year ended March 31,2013					Year ending March 31, 2014	
		The 1st Quarter	The 2nd Quarter	The 3rd Quarter	The 4th Quarter	Fiscal year	The 1st Quarter	The 2nd Quarter
au Smart Pass subs	(Thousand)	1,470	2,430	3,980	5,740	-	6,820	7,990
Value ARPU*	(Yen)	250	240	240	250	250	260	280

* Value ARPU= Value services segment revenues of "in-house and cooperative services + settlement commissions + advertising"÷ Personal services segment's no. of au subscriptions (average no. of subscriptions for the period, excluding modules)

Business Services

In the Business Services segment, we provide a cloud solution that seamlessly utilizes networks and applications across smartphones, tablets and other mobile devices, to a wide range of corporate customers, from small and medium-sized to large companies. In the current fiscal year, we will proactively promote a corporate “3M Strategy” in an effort to expand our customer base. Specifically, we will focus on expanding services for small and medium-sized corporate customers and reinforcing our sales structure. In addition, we will work to expand our service offerings to meet the myriad needs of corporate customers who are advancing overseas.

Operating performance in the Business Services segment for the Six months ended September 30, 2013 is described below.

Results

For the Six months ended September 30, 2013 (Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	313,043	322,094	9,051	2.9
Operating Expenses	276,183	271,489	(4,693)	(1.7)
Operating Income	36,859	50,605	13,745	37.3

During the second quarter, operating revenues rose 2.9% year on year, to ¥322,094 million. Although fixed-line communications revenues decreased, data communications revenues and revenues from terminal sales grew as a result of increased sales of smartphones and tablets.

Operating expenses fell 1.7% year on year, to ¥271,489 million, due to a decrease in mobile handset migration expenses (such as point expenses and sales commissions) that were of the preceding fiscal year, owing to the conclusion of service on the former 800MHz frequency.

As a result, operating income was up 37.3% year on year, to ¥50,605 million.

Overview of Operations

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

・The Company is expanding its offerings of solution services for corporate customers, aiming to provide a seamless combination of devices, networks and applications that can be used with peace of mind and are optimized for business settings, whether at the office or on the go. Through the provision of “Smart Value for Business,” the Company’s 3M service for corporate customers, the Company is working to boost sales of smartphones and tablets and expand its customer base.

・To provide broad-based support for business expansion by small and medium-sized corporate customers, “KDDI MATOMETE OFFICE CORPORATION” began nationwide operations in April 2013, providing a total sales and support structure designed to provide customers with optimal office environments. Through this company, we are working to enhance customers’ business efficiency by providing close regional contact.

・In the mobile business, the Company provides office-oriented mobile phone services that are in tune with changes in the way people work in offices. “Office Keitai Pack,” which we launched in August 2013, allows customers to use their au smartphones or au mobile phones to access fixed-line office telephone numbers. The service facilitates teleworking and other working styles that are not dictated by specific desk locations.

< Main Services in the Third Quarter and Beyond>

・In response to growing demand for data centers to meet increasing needs for cloud and disaster recovery, on October 1, 2013, we began operating a second wing at “TELEHOUSE TOKYO Tama.” On this second wing, the amount of electricity available per rack has been increased to 10KVA. The wing provides a high-performance and flexible collocation environment, is located on a site with excellent earthquake and disaster preparedness measures, and employs seismic isolation systems, suiting it for customers’ disaster recovery and business continuity planning needs.

Global Services

The Global Services segment offers the one-stop provision of ICT solutions to corporate customers, centered on our “TELEHOUSE” data centers. In addition, KDDI Group is working aggressively to expand consumer businesses, such as Internet operations in emerging countries and MVNO operations targeting immigrants in the United States. Furthermore, we provide a voice business to more than 600 communications companies around the world. During the current fiscal year, as one of the Company’s pillars of growth we will leverage the expertise we have cultivated in Japan and overseas to accelerate our expansion of businesses, particularly in the fast-growing Asian region.

Operating performance in the Global Services segment for the Six months ended September 30, 2013 is described below.

Results

For the Six months ended September 30, 2013 (Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	95,296	123,256	27,960	29.3
Operating Expenses	92,462	118,542	26,080	28.2
Operating Income	2,834	4,714	1,880	66.3

During the second quarter, operating revenue increased 29.3% year on year, to ¥123,256 million and operating income increased 66.3% year on year, to ¥4,714 million, mainly due to the increase in revenues and income overseas subsidiaries such as TELEHOUSE International Corporation of Europe Ltd., Locus Telecommunications, Inc., CDNetworks Co., Ltd.

Overview of Operations

<Effort Global Strategy>

・We are 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. As of September 30, 2013, our number of “TELEHOUSE” locations totaled 43, in 24 cities in 13 regions, including Japan. (Of these, overseas locations numbered 25, in 15 cities in 12 regions.) In addition to aggressively expanding the number of locations, we offer highly reliable services that meet the TELEHOUSE global standard. We also provide a wide variety of solution services according to customer demand, including operations, monitoring and BCP.
We will offer robust global services to our customers by mobilizing KDDI Group capabilities, including through DMX, which possesses advanced technologies and expertise in solution services such as system integration, and CDNetworks, which specializes in network optimization services that enable the high-speed distribution of large volumes of digital content.

・In September 2013, we began offering the “KDDI Cloud Platform Service” in Asia, the United States and Europe. Provided through the Company’s high security TELEHOUSE data centers, the service makes use of a globally standardized cloud platform to enable rapid system configurations as customers expand their business overseas.
The service enables the combination of KDDI’s global network with TELEHOUSE-resident customer systems.

・In the U.S. MVNO business, we converted Locus and Total call to wholly owned subsidiaries in March 2013 with the aim of maximizing sales and operational efficiencies. The functional integration of these two companies was completed in September.

< Main Services in the Third Quarter and Beyond>

・In the “TELEHOUSE” business, on November 1, 2013, service will commence in tandem with the opening for business of “TELEHOUSE Shanghai Jinqiao,” our second location in Shanghai, China. As a result, the Company’s total data center floor space in three major cities in Greater China (Beijing, Hong Kong and Shanghai) will measure more than 75,000 square meters, some of the most extensive offered by a foreign company. We plan to respond flexibly to customers’ diverse needs going forward.

3) Status of Major Affiliates

<UQ Communications Inc.>

On June 24, 2013, UQ Communications Inc., an equity-method affiliate of the company, submitted to the Minister of Internal Affairs and Communications a plan to establish a special base station that would enable the company to meet growing demand for faster mobile broadband services, making society more convenient. This plan was approved on July 29, 2013. Based on this approval, on October 31, 2013, the company plans to begin providing the "WiMAX 2+" ultra-high speed mobile broadband service, making use of the newly allocated 20MHz band.

"WiMAX 2+" is a communications format that that is compatible with the current WiMAX and ensures interchangeability with TD-LTE, enabling service with a maximum downlink speed of 110Mbps. The Wi-Fi router that is compatible with this service, the "Wi-Fi WALKER WiMAX2+," is WiMAX—which has no speed limitations—and the 4G LTE service KDDI provides. Service will commence in an area encircled by the No. 7 Ring Road. We expect to expand the service area to steadily in Japan.

<Jibun Bank Corporation >

Jibun Bank Corporation, an equity-method affiliate, celebrated its fifth anniversary of the launch of customer services on July 17, 2013. Going forward, Jibun Bank will continue working to take full advantage of the characteristics of mobile phones, serving as a "bank for every customer" and providing high-quality financial services that are both convenient and safe. In these ways, Jibun Bank aims to be the No. 1 financial institution in terms of customer satisfaction.

Notes: 1 "iPhone" is a trademark of Apple Inc. The trademark "iPhone" is used with a license from Aiphone K.K.
2 "Android" is a trademark or a registered trademark of Google Inc.
3 "Wi-Fi" is a registered trademark of Wi-Fi Alliance®.
4 WiMAX is a trademark or a registered trademark of WiMAX Forum.

(2) Explanation on Financial Position

1. Financial Position

Consolidated total assets amounted to ¥4,634,681 million as of September 30, 2013, up ¥549,682 million from March 31, 2013. This increase was mainly attributable to the rise in incidental business facilities stemming from the inclusion of J:COM in the scope of consolidation.

Total liabilities amounted to ¥1,751,367million, a decrease of ¥10,268 million from March 31, 2013. Major factor contributing to this decrease was decrease in convertible bond-type bonds with subscription rights to shares.

Net assets increased ¥559,950 million from March 31, 2013, to ¥2,883,313 million. The primary reasons for this increase were a rise in minority interests in line with the inclusion of J:COM in the scope of consolidation and lower treasury stock.

As a result, the shareholders' equity ratio increased from 55.1% as of March 31, 2013, to 55.4%.

2. Cash Flows

(Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Increase (Decrease)
Net cash provided by (used in) operating activities	210,983	397,388	186,404
Net cash provided by (used in) investing activities	(218,608)	(224,350)	(5,741)
Free cash flows	(7,625)	173,037	180,662
Net cash provided by (used in) financing activities	(42,036)	(114,878)	(72,842)
Effect of exchange rate change on cash and cash equivalents	504	2,254	1,749
Net increase (decrease) in cash and cash equivalents	(49,156)	60,413	109,570
Cash and cash equivalents at beginning of period	174,191	87,288	(86,903)
Cash and cash equivalents at end of period	125,035	147,702	22,666

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 ¥397,388 million. This includes ¥320,208 million of income before income taxes and minority interests, ¥228,665 million of depreciation and amortization, and ¥116,955 million of income taxes paid.

Investing activities used net cash of ¥224,350 million. This includes ¥181,605 million of purchase of property, plant and equipment, and ¥29,624 million in payments for purchase of intangible assets, and 26,596 million in payments for purchase of long-term prepaid expenses.

Financial activities used net cash of ¥114,878 million. This includes ¥110,815 million in payments for repayment of long-term loans payable, and ¥50,000 million in redemption of bonds.

As a result, cash and cash equivalents as of September 30, 2013, increased ¥60,413 million from March 31, 2013, to ¥147,702 million.

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

The estimated consolidated financial results for the year ending March 2014 for full-year basis disclosed in the Financial Statements Summary for the year ended March 2013 (disclosed on April 30, 2013) were as follows; Operating Revenues: ¥4,140,000 million, Operating Income: ¥630,000 million, Ordinary Income: ¥620,000 million, Net Income: ¥295,000 million. There is no change to these figures.

(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

2. Notes Regarding Summary Information (Notes)

Changes in significant consolidated subsidiaries during the Six months ended September 30, 2013

During the first quarter, the Company acquired through public tender an additional share in Jupiter Telecommunications Co., Ltd. and, in accordance with effective control standards, brought this company and its 19 subsidiaries into the scope of consolidation.

Of these, the following three companies are considered significant subsidiaries (specified subsidiaries).

Number of subsidiaries newly consolidated：three companies

Jupiter Telecommunications Co., Ltd., J:COM West Co., Ltd., J:COM East Co., Ltd.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery, net	591,635	596,596
Antenna facilities, net	333,020	331,095
Local line facilities, net	127,925	127,670
Long-distance line facilities, net	4,037	3,802
Engineering facilities, net	24,429	23,708
Submarine line facilities, net	5,124	4,653
Buildings, net	162,446	167,578
Structures, net	27,867	26,864
Land	247,892	248,042
Construction in progress	116,760	139,141
Other tangible assets, net	26,397	25,558
Total property, plant and equipment	1,667,538	1,694,711
Intangible assets		
Right of using facilities	10,141	10,491
Software	172,510	158,931
Goodwill	19,580	19,471
Other intangible assets	8,027	7,890
Total intangible assets	210,260	196,785
Total noncurrent assets-telecommunications business	1,877,799	1,891,497
Incidental business facilities		
Property, plant and equipment	162,419	353,964
Intangible assets	93,813	510,949
Total noncurrent assets-incidental business	256,233	864,914
Investments and other assets		
Investment securities	81,787	83,240
Stocks of subsidiaries and affiliates	348,169	30,133
Investments in capital of subsidiaries and affiliates	219	268
Long-term prepaid expenses	118,863	246,118
Deferred tax assets	114,577	94,049
Other investment and other assets	47,497	53,210
Allowance for doubtful accounts	(11,015)	(9,803)
Total investments and other assets	700,097	497,217
Total noncurrent assets	2,834,129	3,253,628
Current assets		
Cash and deposits	96,952	156,959
Notes and accounts receivable-trade	971,244	983,126
Accounts receivable-other	61,477	70,196
Short-term investment securities	231	263
Supplies	56,942	72,307
Deferred tax assets	58,768	58,557
Other current assets	25,524	60,594
Allowance for doubtful accounts	(20,271)	(20,952)
Total current assets	1,250,869	1,381,052
Total assets	4,084,999	4,634,681

(Amount unit: Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Noncurrent liabilities		
Bonds payable	259,997	229,997
Convertible bond-type bonds with subscription rights to shares	200,666	24,596
Long-term loans payable	244,727	253,546
Provision for retirement benefits	13,509	15,520
Provision for point service program	91,582	84,140
Other noncurrent liabilities	73,955	169,000
Total noncurrent liabilities	884,439	776,802
Current liabilities		
Current portion of noncurrent liabilities	176,436	165,080
Notes and accounts payable-trade	82,753	106,586
Short-term loans payable	88,256	185,821
Accounts payable-other	287,084	259,150
Accrued expenses	22,999	26,009
Income taxes payable	104,773	112,232
Advances received	62,807	59,166
Provision for bonuses	20,765	23,189
Other current liabilities	31,318	37,328
Total current liabilities	877,195	974,565
Total liabilities	1,761,635	1,751,367
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	367,144	383,748
Retained earnings	2,055,586	2,182,284
Treasury stock	(346,001)	(184,165)
Total shareholders' equity	2,218,581	2,523,719
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	38,882	40,156
Deferred gains or losses on hedges	(1,598)	(1,507)
Foreign currency translation adjustment	(6,070)	4,214
Total accumulated other comprehensive income	31,213	42,862
Subscription rights to shares	574	219
Minority interests	72,994	316,511
Total net assets	2,323,363	2,883,313
Total liabilities and net assets	4,084,999	4,634,681

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Income)

(Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	1,199,136	1,280,988
Operating expenses		
Business expenses	333,476	325,609
Operating expenses	21	19
Facilities maintenance expenses	139,985	125,861
Common expenses	1,154	1,318
Administrative expenses	36,352	41,168
Experiment and research expenses	3,196	3,136
Depreciation	181,253	175,522
Noncurrent assets retirement cost	5,264	12,619
Communication facility fee	185,937	183,503
Taxes and dues	21,807	22,230
Total operating expenses	908,449	890,991
Net operating income from telecommunications	290,687	389,997
Operating income and loss from incidental business		
Operating revenue	541,463	772,792
Operating expenses	600,910	815,176
Net operating loss from incidental business	(59,447)	(42,384)
Operating income	231,240	347,613
Non-operating income		
Interest income	387	416
Dividends income	1,364	1,236
Equity in earnings of affiliates	238	3,547
Foreign exchange gains	-	2,526
Miscellaneous income	5,415	5,020
Total non-operating income	7,405	12,747
Non-operating expenses		
Interest expenses	5,851	5,822
Miscellaneous expenses	5,779	2,457
Total non-operating expenses	11,631	8,279
Ordinary income	227,014	352,081
Extraordinary income		
Gain on sales of noncurrent assets	267	-
Gain on sales of investment securities	-	6,864
Gain on reversal of subscription rights to shares	506	-
Contribution for construction	-	568
Total extraordinary income	773	7,432
Extraordinary loss		
Loss on sales of noncurrent assets	-	111
Impairment loss	68,455	-
Loss on retirement of noncurrent assets	19,912	-
Loss on sales of investment securities	119	-
Loss on valuation of investment securities	400	167
Loss on step acquisitions	-	38,457
Reduction entry of contribution for construction	-	567
Total extraordinary losses	88,888	39,304
Income before income taxes and minority interests	138,899	320,208

(Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Income taxes-current	75,903	118,029
Income taxes-deferred	(20,556)	21,194
Total income taxes	55,346	139,223
Income before minority interests	83,552	180,985
Minority interests in income	3,795	17,978
Net income	79,757	163,007

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Comprehensive Income)

(Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Income before minority interests	83,552	180,985
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,754)	1,982
Deferred gains or losses on hedges	-	107
Foreign currency translation adjustment	1,266	12,464
Share of other comprehensive income of associates accounted for using equity method	149	(242)
Total other comprehensive income	(4,338)	14,311
Comprehensive income	79,213	195,296
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	75,034	174,657
Comprehensive income attributable to minority interests	4,179	20,639

(3) Consolidated Statements of Cash Flows

(Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	138,899	320,208
Depreciation and amortization	197,643	228,665
Impairment loss	68,455	-
Amortization of goodwill	8,334	13,987
Loss (gain) on sales of noncurrent assets	(261)	100
Loss on retirement of noncurrent assets	3,569	10,805
Loss on step acquisitions	-	38,457
Increase (decrease) in allowance for doubtful accounts	3,052	(1,194)
Increase (decrease) in provision for retirement benefits	(2,267)	1,809
Interest and dividends income	(1,751)	(1,652)
Interest expenses	5,851	5,822
Equity in (earnings) losses of affiliates	(238)	(3,547)
Loss (gain) on sales of investment securities	101	(6,864)
Loss (gain) on valuation of investment securities	405	167
Increase (decrease) in provision for point service program	618	(7,442)
Decrease (increase) in prepaid pension costs	1,090	1,465
Decrease (increase) in notes and accounts receivable-trade	(27,638)	23,007
Decrease (increase) in inventories	(5,596)	(13,411)
Increase (decrease) in notes and accounts payable-trade	1,608	16,506
Increase (decrease) in accounts payable-other	(14,837)	(72,624)
Increase (decrease) in accrued expenses	(663)	(221)
Increase (decrease) in advances received	1,814	(5,205)
Other, net	(19,137)	(31,271)
Subtotal	359,054	517,569
Interest and dividends income received	5,689	2,691
Interest expenses paid	(5,777)	(5,916)
Income taxes paid	(147,981)	(116,955)
Net cash provided by (used in) operating activities	210,983	397,388
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(146,253)	(181,605)
Proceeds from sales of property, plant and equipment	387	124
Purchase of intangible assets	(48,429)	(29,624)
Purchase of investment securities	(676)	(2,191)
Proceeds from sales of investment securities	3,057	16,999
Purchase of stocks of subsidiaries and affiliates	(2,197)	(3,885)
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(2,392)	(14,853)
Proceeds from purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	-	16,271
Purchase of long-term prepaid expenses	(20,622)	(26,596)
Other, net	(1,481)	1,012
Net cash provided by (used in) investing activities	(218,608)	(224,350)

(Amount unit: Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(212)	92,727
Proceeds from long-term loans payable	24,000	-
Repayment of long-term loans payable	(4,156)	(110,815)
Redemption of bonds	(25,000)	(50,000)
Purchase of treasury stock	-	(15)
Cash dividends paid	(32,485)	(36,309)
Cash dividends paid to minority shareholders	(859)	(1,125)
Proceeds from stock issuance to minority shareholders	213	18
Other, net	(3,534)	(9,357)
Net cash provided by (used in) financing activities	(42,036)	(114,878)
Effect of exchange rate change on cash and cash equivalents	504	2,254
Net increase (decrease) in cash and cash equivalents	(49,156)	60,413
Cash and cash equivalents at beginning of period	174,191	87,288
Cash and cash equivalents at end of period	125,035	147,702

(4) Notes Regarding Consolidated Financial Statements

(Going Concern Assumption)

None

(Material Changes in Shareholders' Equity)

Mainly, in conjunction with the conversion of convertible bond-type bonds with subscription rights to shares during the six months ended September 30 2013, treasury stock was reduced by 161,836 million yen to 184,165 million yen at the end of the six-month period.

(Segment Information, etc.)

(Segment Information)

I For the six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)

1. Information on sales and income (loss) by reportable business segment

(Amount unit: Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Elimination and Corporate (Note 2)	Consolidation (Note 3)
	Personal Services	Value Services	Business Services	Global Services	Subtotal				
Sales									
Outside Sales	1,307,390	54,107	278,626	79,582	1,719,707	20,891	1,740,599	-	1,740,599
Intersegment Sales or Transfer	37,318	15,659	34,417	15,713	103,108	51,552	154,660	(154,660)	-
Total	1,344,709	69,767	313,043	95,296	1,822,816	72,444	1,895,260	(154,660)	1,740,599
Segment Income	166,853	19,761	36,859	2,834	226,309	5,438	231,748	(507)	231,240

Notes: 1. The "Other" category incorporates operations not included in reportable business segments, including equipment construction and maintenance, call center business, research and technological development, and other operations.
2. Adjustment of segment income refers to elimination of intersegment transactions.
3. Segment income is adjusted to operating income on the quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets, goodwill and other items by reportable business segment

(Material impairment loss on noncurrent assets)

No impairment loss was recorded by or allocated to reportable segments. An impairment loss of ¥68,455 million was not allocated to reportable segments. Material impairment loss was as follows.

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.

(Material changes in goodwill)

No significant items to be reported.

(Material profit from negative goodwill)

No significant items to be reported.

Ⅱ For the Six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)

1. Information on sales and income (loss) by reportable business segment

(Amount unit: Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Elimination and Corporate (Note 2)	Consoli-dation (Note 3)
	Personal Services	Value Services	Business Services	Global Services	Subtotal				
Sales									
Outside Sales	1,565,523	76,403	284,690	105,831	2,032,448	21,332	2,053,780	-	2,053,780
Intersegment Sales or Transfer	37,916	23,408	37,404	17,425	116,154	44,233	160,387	(160,387)	-
Total	1,603,439	99,812	322,094	123,256	2,148,602	65,565	2,214,168	(160,387)	2,053,780
Segment Income	260,699	27,232	50,605	4,714	343,252	4,365	347,618	(4)	347,613

Notes: 1. The “Other” category incorporates operations not included in reportable business segments, including equipment construction and maintenance, call center business, research and technological development, and other operations.
2. Adjustment of segment income refers to elimination of intersegment transactions.
3. Segment income is adjusted to operating income on the quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets, goodwill and other items by reportable business segment

(Material impairment loss on noncurrent assets)

No significant items to be reported.

(Material changes in goodwill)

No significant items to be reported.

(Material profit from negative goodwill)

No significant items to be reported.

（Significant Subsequent Event）

(Advance redemption of convertible bond-type bonds with subscription rights to shares)

Regarding convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares that the Company issued on December 14, 2011 (“the Bonds”), the conditions of the 120% call option provision stipulated in the Bonds Issuance Guideline were met as of September 17, 2013. Accordingly, since the date, the Company has acquired the right to exercise advance redemption of all of the outstanding Bonds at 100% of the face value. As of October 17, 2013, the Company decided to exercise the said right.

1. Bonds to be redeemed in advance
Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares

2. Date of advance redemption
December 16, 2013

3. Reason for advance redemption
Conditions were met to exercise the 120% call option provision stipulated in the Bonds Issuance Guideline

4. Description of advance redemption
(1) Total amount of advance redemption
All of the outstanding Bonds
* Bonds outstanding as of October 16, 2013: ¥22,740 million (face value)
(2) Advance redemption price
100% of face value of the Bonds

5. Method of raising a fund for redemption
The Company assumes that all of the Bonds are converted into stock before redemption.
If a fund is necessary to be raised, the Company plans to borrow such fund from financial institutions.