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

Financial Statements Summary for the six-month period ended September 30, 2018 [IFRS]

November 1, 2018

Company name:	**KDDI CORPORATION**	URL http://www.kddi.com
Stock listing:	Tokyo Stock Exchange - First Section	
Code number:	9433	
Representative:	Makoto Takahashi, President	
Scheduled date of quarterly report filing:	November 6, 2018	
Scheduled date of dividend payment:	December 3, 2018	
Supplemental materials of quarterly results:	Yes	
Presentation for quarterly results:	Yes (for institutional investors and analysts)	

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

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

(1) Consolidated Operating Results

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

	Operating revenue		Operating income		Profit for the period before income tax		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		%		%		%		%		%		%
Six-month period ended September 30, 2018	2,462,269	1.9	561,192	3.4	560,367	3.7	386,567	3.5	345,477	4.9	390,519	1.6
Six-month period ended September 30, 2017	2,416,070	5.0	542,536	1.9	540,555	3.7	373,641	(1.6)	329,444	1.0	384,276	11.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six-month period ended September 30, 2018	143.89	143.86
Six-month period ended September 30, 2017	134.92	134.88

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
				%
As of September 30, 2018	6,992,335	4,545,764	4,155,571	59.4
As of March 31, 2018	6,574,555	4,131,257	3,773,703	57.4

2. Dividends

	Dividends per share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	-	45.00	-	45.00	90.00
Year ending March 31, 2019	-	50.00			
Year ending March 31, 2019 (forecast)			-	50.00	100.00

Note: Changes in the latest forecasts released : No

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

(Percentage represents comparison to previous fiscal year)

	Operating revenue		Operating income		Profit for the year attributable to owners of the parent		Basic earnings per share
		%		%		%	Yen
Entire fiscal year	5,150,000	2.1	1,020,000	5.9	620,000	8.3	259.14

Note: Changes in the latest forecasts released: No

Notes

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

(2) Changes in accounting policies and estimates

1) Changes in accounting policies required under IFRSs : Yes

2) Other changes in accounting policies : Yes

3) Changes in accounting estimates : None

(3) Numbers of outstanding shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of September 30, 2018	2,532,004,445
	As of March 31, 2018	2,587,213,525
2) Number of treasury stock	As of September 30, 2018	139,517,248
	As of March 31, 2018	181,809,302
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the six-month period ended September 30, 2018	2,400,974,601
	For the six-month period ended September 30, 2017	2,441,857,579

Note: The 4,322,928 shares as of September 30, 2018 and the 1,672,702 shares as of March 31, 2018 of KDDI's stock owned by the executive compensation BIP Trust account and the stock-granting ESOP Trust account are included in the total number of treasury stock.

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

Explanation for appropriate use of forecasts and other notes

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

2. On November 1, 2018, KDDI will hold a financial result briefing for the institutional investors and analysts. Presentation materials will be webcasted on the same time as the release of this earnings report, and the live presentation and Q&A summary will be also posted on our website immediately after the commencement of the financial result briefing. In addition to the above, KDDI holds the briefing and the presentations on our business for the individual investors timely. For the schedule and details, please check our website.

[the Attachment]

Index of the Attachment

1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation of Financial Results

1) Results Overview

Industry Trends and KDDI's Position

In the Japanese telecommunications market, the competitive environment is becoming more intense, with the services mobile phone operators offer growing more similar, MVNO operators increasingly promoting inexpensive SIM services, and new telecommunications carriers entering the market. Meanwhile, telecommunications carriers are expanding their operations in domains other than telecommunications services to secure new sources of earnings. In addition, the development of technologies such as the Internet of Things (IoT) and artificial intelligence (AI) is ushering in major changes in the business environment in the telecommunications market.

In this environment, KDDI is accelerating its transformation into a business that provides customer experience value. In addition to conventional telecommunications services, KDDI is actively advancing new value proposals through "integration of telecommunications and life design" by expanding various life design services. In August 2019, KDDI started providing the "au Flat Plan 25 Netflix Pack," Japan's first package plan including communication fees together with "Netflix"* and "Video Pass" content usage fees.

In Japan, KDDI is working in the telecommunications domain to promote smartphones and tablets and boost its response to the IoT, and aiming to create new customer experience value in coordination with various devices. In addition, we will strive to create sustainable growth in the domestic telecommunications business by maximizing "ID by ARPA" through the "au Pitatto Plan" and "au Flat Plan" payment plans, which are tailored to customers' data communications usage patterns and expanding the "au Smart Value" set discount for customers who subscribe to au mobile phone/smartphone services as well as fixed-line communications services. Moreover, we will promote "au" and the MVNO business through Group companies. The Group will also work to expand its number of "mobile IDs." In September 2018, the number of subscribers surpassed 10 million for "au Pitatto Plan and "au Flat Plan," which had been launched in July 2017. These kinds of initiatives contributed to a high evaluation in the various J.D. Power customer satisfaction surveys.

Moreover, we will actively utilize various types of technologies, including the 5G next-generation mobile communications system (5G), IoT and AI, which are to be fully implemented going forward, and concentrate on proposing new scenarios for using them. In September 2018, we opened "KDDI DIGITAL GATE," a business development center for 5G and IoT for creating new business solutions with customers. Furthermore, with regard to 5G, we will work with a wide range of partners to accelerate technology testing and drive the creation of new services leveraging 5G, aiming for the start of services in some areas in 2019.

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

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

* One of the world's largest online streaming services specializing in entertainment with 130 million users in over 190 countries around the world.

Financial Results

For the six-month period ended September 30, 2018

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018	Increase (Decrease)	Increase (Decrease)%
Operating revenue	2,416,070	2,462,269	46,199	1.9
Cost of sales	1,281,238	1,320,092	38,853	3.0
Gross profit	1,134,831	1,142,177	7,346	0.6
Selling, general and administrative expenses	600,178	586,042	(14,137)	(2.4)
Other income and expense (Net)	5,256	3,470	(1,786)	(34.0)
Share of profit(loss) of investments accounted for using the equity method	2,626	1,586	(1,040)	(39.6)
Operating income	542,536	561,192	18,656	3.4
Finance income and cost (Net)	(1,981)	(902)	1,079	–
Other non-operating profit and loss (Net)	–	77	77	–
Profit for the period before income tax	540,555	560,367	19,812	3.7
Income tax	166,914	173,801	6,886	4.1
Profit for the period	373,641	386,567	12,926	3.5
Attributable to owners of the parent	329,444	345,477	16,033	4.9
Attributable to non-controlling interests	44,197	41,090	(3,107)	(7.0)

During the six-month period ended September 30, 2018, operating revenue rose by 1.9% to ¥2,462,269 million, reflecting an increase in revenue from handset sales, as well as increases in revenue due to expansion of the Life Design Business, including the energy business, “Wowma!” and “au WALLET Market,” and the settlement business to maximize the “au Economic Zone,” despite a decline in mobile communications revenues. Another contributing factor was increased revenue in the Myanmar business.

Operating income increased by 3.4% to ¥561,192 million, mainly due to an increase in sales, despite increases in the cost of handset sales and costs in the energy business, “Wowma!” and “au WALLET Market,” and the settlement business.

Profit for the period attributable to owners of the parent rose by 4.9% to ¥345,477 million mainly due to the increase in operating income.

2) Results by Business Segment

Personal Services

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

During the six-month period ended September 30, 2018, in the telecommunications domain, we have been working to expand the Group’s number of “mobile IDs” by promoting penetration of the “au Pitatto Plan” and “au Flat Plan” payment plans, which can be selected according to customers’ needs, expanding sales of the “au Smart Value” plan, and promoting the MVNO business through our Group companies. Moreover, on September 2018 the number of subscribers for “au Pitatto Plan” and “au Flat Plan” surpassed 10 million.

In addition, on August 2018, we started providing the “au Flat Plan 25 Netflix Pack,” a new discount package plan including “Netflix” and “Video Pass” content usage fees together with au smartphone communication fees. On September 2018, KDDI achieved first place for overall satisfaction for a third consecutive year in the J.D. Power 2018 Japan Mobile Phone Service Satisfaction Survey.*

We will continue to create new experience value to keep on meeting customers’ expectations.

In the non-telecommunications domain, we are promoting “integration of telecommunications and life design” in the commerce, energy, and education businesses, and taking steps to expand life design services and maximize the “au Economic Zone.”

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

* Source: J.D. Power 2018 Japan Mobile Phone Service Satisfaction Study

Results

For the six-month period ended September 30, 2018

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	1,863,174	1,898,169	34,995	1.9
Operating Income	422,091	426,717	4,626	1.1

During the six-month period ended September 30, 2018, operating revenue rose by 1.9% to ¥1,898,169 million, mainly due to increases in revenues from handset sales and the energy business, despite a decline in mobile communications revenues.

Operating income increased by 1.1% year on year to ¥426,717 million, mainly due to an increase in gross profit on handset sales.

Life Design Services

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

During the six-month period ended September 30, 2018, KDDI enhanced benefits for "au Smart Pass" and "au Smart Pass Premium," including life quality consumption benefits such as enabling advance reservations for popular artists' concerts and limited sales. As a result, the ratio of "au Smart Pass Premium" members exceeded one-third of all "au Smart Pass" members. We will continue improving customer satisfaction and expand contact points with customers.

New business creation has been another area of focus to date; "KDDI ∞ Labo" was formed together with a startup company for the joint creation of a new business. It launched a "Next Generation Program" which specializes in 5G and relocated its activity center to "KDDI DIGITAL GATE" in September 2018. We will realize new value creation through open innovation from this 5G and IoT business development base.

In the commerce business, we launched the live commerce app "CHECK," which provides live video descriptions and sales of products, in August 2018. "Interior AR Experience Feature," which has the ability to check installation images before purchase, was also launched in "Wowma!" in September 2018. These apps combine entertainment and commerce that will provide a new shopping experience.

In August 2018, KDDI entered a capital and business partnership with Kakaku.com Inc. The two companies aim to combine their assets and utilize them to enhance the service/media business and generate new business operations. In tandem with this, KDDI also concluded a basic agreement with Digital Garage, Inc. KDDI will participate as a core partner in the open innovation R&D organization DG Lab to promote the creation of new businesses in the 5G era.

Moreover, in August 2018 KDDI and Electric Power Development Co., Ltd. announced the commencement of a tender offer for the shares of ENERES Co., Ltd., looking ahead to the expansion and strengthening of the "au Denki" service.

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

Results

For the six-month period ended September 30, 2018

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	246,818	258,571	11,752	4.8
Operating Income	51,106	54,717	3,611	7.1

During the six-month period ended September 30, 2018, operating revenue rose by 4.8% to ¥258,571 million due to increases in revenues from "Wowma!" and "au WALLET Market" and revenues from the settlement business, including "au WALLET prepaid card" and "au WALLET credit card," in addition to increased revenue from "au Smart Pass Premium."

Due to the operating revenue increase, operating income grew by 7.1% to ¥54,717 million, although expenses increased in "Wowma!" and "au WALLET Market" as well as the settlement business.

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

Business Services

In the Business Services segment, we provide smartphones, tablets and other mobile devices as well as diverse solutions such as networks, applications and cloud services, to customers ranging from small and medium-sized to large companies. For small and medium-sized corporate customers, our consolidated subsidiary, the KDDI MATOMETE OFFICE GROUP is building a regional support network offering close contact throughout Japan.

During the six-month period ended September 30, 2018, the 5G and IoT business development base "KDDI DIGITAL GATE" opened in Toranomon, Tokyo, on September 2018. The base will be used to jointly create new business with customers and will not only be equipped with the latest communications technologies such as 5G and LPWA*[1], but also tools in which customers can get a sense for various solutions realized through cutting-edge technologies, including different types of sensing device, image recognition technologies, xR and AI. On September 2018, KDDI announced that it will start providing "KCPS Bare Metal Server," a new service within KDDI Cloud Platform Services ("KCPS"), offering a dedicated cloud service with superior design freedom and extendibility with server scaling on demand from October 2018.

Furthermore, in customer satisfaction surveys operated by external organizations, we achieved first place in the J.D. Power 2018 Japan Business Mobile Phone and PHS Service Satisfaction Study (large and mid-sized corporation market segment)*[2] for a third consecutive year, and first place in the J.D. Power 2018 Japan Business IP Phone & Direct Line Phone Service Satisfaction Study*[3] for a sixth consecutive year.

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

Operating performance in the Business Services segment for the six-month period ended September 30, 2018 is described below.

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

*2 Source: J.D. Power 2018 Japan Business Mobile Phone and PHS Service Satisfaction Study

*3 Source: J.D. Power 2018 Japan Business IP Phone & Direct Line Phone Service Satisfaction Study

Results

For the six-month period ended September 30, 2018

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	359,038	384,009	24,971	7.0
Operating Income	48,381	54,597	6,216	12.8

During the six-month period ended September 30, 2018, operating revenue increased by 7.0% to ¥384,009 million, mainly due to increases in solution sales and handset sales revenues.

Operating income rose by 12.8% year on year to ¥54,597 million, mainly due to an increase in operating revenues, despite increases in solution equipment costs and handset procurement costs.

Global Services

The Global Services segment is working aggressively to expand the consumer businesses in Myanmar, Mongolia, and other overseas countries, and to provide ICT solutions to corporate customers, including data centers, network, cloud, and IoT, aiming to contribute to their business development and expansion.

During the six-month period ended September 30, 2018, in the telecommunications business in Myanmar we concentrated our efforts on the reward program, "MPT Club" to strengthen customer retention. We also worked to enhance entertainment services such as video, music, and games.

In the Mongolian telecommunications business, KDDI's consolidated subsidiary MobiCom Corporation LLC ("MobiCom") partnered with XacBank LLC, a major Mongolian bank, to start issuing VISA debit cards able to use the "Candy Loyalty Program" digital money provided by MobiCom.

In the ICT solutions business, in September 2018 KDDI's consolidated subsidiary KDDI CHINA CORPORATION ("KDDI China") and Supership. Inc. became the first Japanese companies to be selected as strategic partners for JD Cloud (Jingdong Cloud), a cloud business operated by JD.com, Inc. (Jingdong), which has the second largest share of the Chinese domestic e-commerce market. The KDDI Group is rolling out a digital marketing business in China's rapidly growing e-commerce market.

Operating performance in the Global Services segment for the six-month period ended September 30, 2018 is described below.

Results

For the six-month period ended September 30, 2018

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	131,013	118,010	(13,003)	(9.9)
Operating Income	16,007	22,657	6,649	41.5

During the six-month period ended September 30, 2018, operating revenue decreased by 9.9% to ¥118,010 million. This reflected the impact of decreased revenue resulting from restructured unprofitable businesses, meanwhile revenue in the Myanmar and "TELEHOUSE" data center businesses increased.

Operating income increased by 41.5% to ¥22,657 million, reflecting the solid increase in operating revenue in the Myanmar and "TELEHOUSE" data center businesses and decrease in the costs of restructured unprofitable businesses.

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

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

(2) Explanation of Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2018	As of September 30, 2018	Increase (Decrease)	Increase (Decrease)%
Non-current assets	4,423,306	4,776,790	353,484	8.0
Current assets	2,151,249	2,215,544	64,295	3.0
Total assets	6,574,555	6,992,335	417,780	6.4
Non-current liabilities	1,005,498	1,118,361	112,863	11.2
Current liabilities	1,437,800	1,328,209	(109,591)	(7.6)
Total liabilities	2,443,298	2,446,570	3,273	0.1
Total equity	4,131,257	4,545,764	414,507	10.0

(Assets)

Total assets amounted to ¥6,992,335 million as of September 30, 2018, up ¥417,780 million from their level on March 31, 2018. Although deferred tax assets and other non-current assets decreased, contract costs and other long-term financial assets increased.

(Liabilities)

Total liabilities amounted to ¥2,446,570 million as of September 30, 2018, up ¥3,273 million from March 31, 2018. Although other non-current liabilities and other current liabilities decreased, contract liabilities increased.

(Equity)

Total equity amounted to ¥4,545,764 million, mainly due to an increase in retained earnings and other factors. As a result, the ratio of equity attributable to owners of the parent to total assets increased from 57.4% as of March 31, 2018, to 59.4% as of September 30, 2018.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018	Increase (Decrease)
Net cash provided by (used in) operating activities	624,043	558,143	(65,900)
Net cash provided by (used in) investing activities	(262,751)	(404,312)	(141,561)
Free cash flows (Note)	361,292	153,831	(207,461)
Net cash provided by (used in) financing activities	(312,627)	(168,551)	144,076
Effect of exchange rate changes on cash and cash equivalents	98	571	473
Net increase (decrease) in cash and cash equivalents	48,763	(14,149)	(62,912)
Cash and cash equivalents at the beginning of the period	226,607	200,834	(25,773)
Cash and cash equivalents at the end of period	275,370	186,685	(88,685)

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 ¥558,143 million. This includes ¥560,367 million of profit for the period before income tax, ¥277,665 million of depreciation and amortization, ¥155,911 million of income tax paid and ¥90,014 million of increase in trade and other payables.

Investing activities used net cash of ¥404,312 million. This includes ¥200,454 million of purchases of property, plant and equipment and ¥108,246 million of purchases of intangible assets.

Financial activities used net cash of ¥168,551 million. This includes ¥160,334 million of payments from redemption of bonds and repayment of long-term borrowings, ¥108,297 of cash dividends paid, ¥40,689 million of payments from purchase of treasury stock and ¥160,000 million of proceeds from issuance of bonds and long-term borrowings.

As a result, the total amount of cash and cash equivalents as of September 30, 2018 decreased by ¥14,149 million from March 31, 2018 to ¥186,685 million.

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

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

Operating Revenue: ¥5,150,000 million, Operating Income: ¥1,020,000 million, Profit for the year attributable to owners of the parent: ¥620,000 million. There is no change to these figures.

2. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Non-current assets :		
Property, plant and equipment	2,437,196	2,465,796
Goodwill	526,601	525,988
Intangible assets	953,106	946,529
Investments accounted for using the equity method	98,192	98,786
Other long-term financial assets	236,684	337,713
Deferred tax assets	106,050	17,922
Contract costs	—	373,757
Other non-current assets	65,477	10,298
Total non-current assets	4,423,306	4,776,790
Current assets :		
Inventories	89,207	86,113
Trade and other receivables	1,695,403	1,773,205
Other short-term financial assets	30,173	36,831
Income tax receivables	2,101	4,071
Other current assets	133,531	128,639
Cash and cash equivalents	200,834	186,685
Total current assets	2,151,249	2,215,544
Total assets	6,574,555	6,992,335

(Unit: Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities and Equity		
Liabilities		
Non-current liabilities:		
Borrowings and bonds payable	704,278	838,755
Other long-term financial liabilities	68,478	64,894
Retirement benefit liabilities	12,010	10,248
Deferred tax liabilities	80,298	106,968
Provisions	10,754	10,208
Contract liabilities	—	80,487
Other non-current liabilities	129,679	6,801
Total non-current liabilities	1,005,498	1,118,361
Current liabilities:		
Borrowings and bonds payable	329,559	239,595
Trade and other payables	610,726	563,412
Other short-term financial liabilities	24,717	25,476
Income taxes payables	143,635	149,980
Provisions	31,231	31,106
Contract liabilities	—	116,911
Other current liabilities	297,932	201,729
Total current liabilities	1,437,800	1,328,209
Total liabilities	2,443,298	2,446,570
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	289,578	283,606
Treasury stock	(338,254)	(274,418)
Retained earnings	3,672,344	3,993,905
Accumulated other comprehensive income	8,183	10,627
Total equity attributable to owners of the parent	3,773,703	4,155,571
Non-controlling interests	357,554	390,193
Total equity	4,131,257	4,545,764
Total liabilities and equity	6,574,555	6,992,335

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the six-month period ended September 30, 2017	For the six-month period ended September 30, 2018
Operating revenue	2,416,070	2,462,269
Cost of sales	1,281,238	1,320,092
Gross profit	1,134,831	1,142,177
Selling, general and administrative expenses	600,178	586,042
Other income	6,192	4,493
Other expense	935	1,023
Share of profit of investments accounted for using the equity method	2,626	1,586
Operating income	542,536	561,192
Finance income	3,189	4,282
Finance cost	5,170	5,184
Other non-operating profit and loss	—	77
Profit for the period before income tax	540,555	560,367
Income tax	166,914	173,801
Profit for the period	373,641	386,567
Profit for the period attributable to:		
Owners of the parent	329,444	345,477
Non-controlling interests	44,197	41,090
Profit for the period	373,641	386,567
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	134.92	143.89
Diluted earnings per share (yen)	134.88	143.86

(Unit: Millions of yen)

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2018
Operating revenue	1,217,404	1,240,552
Cost of sales	652,420	676,194
Gross profit	564,984	564,359
Selling, general and administrative expenses	307,305	294,938
Other income	2,880	2,353
Other expense	477	605
Share of profit of investments accounted for using the equity method	1,040	1,161
Operating income	261,122	272,330
Finance income	1,408	1,973
Finance cost	2,548	2,576
Other non-operating profit and loss	—	77
Profit for the period before income tax	259,981	271,805
Income tax	80,184	85,233
Profit for the period	179,798	186,571
Profit for the period attributable to:		
Owners of the parent	155,970	166,810
Non-controlling interests	23,828	19,761
Profit for the period	179,798	186,571
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	64.15	69.59
Diluted earnings per share (yen)	64.14	69.59

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the six-month period ended September 30, 2017	For the six-month period ended September 30, 2018
Profit for the period	373,641	386,567
Other comprehensive income		
Items that will not be transferred subsequently to profit or loss		
Changes measured in fair value of financial assets through other comprehensive income	7,070	3,352
Share of other comprehensive income of investments accounted for using the equity method	(334)	(1,019)
Total	6,736	2,333
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	827	866
Translation differences on foreign operations	3,289	922
Share of other comprehensive income of investments accounted for using the equity method	(216)	(169)
Total	3,900	1,619
Total other comprehensive income	10,636	3,952
Total comprehensive income for the period	384,276	390,519
Total comprehensive income for the period attributable to:		
Owners of the parent	340,769	348,085
Non-controlling interests	43,507	42,433
Total	384,276	390,519

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

(Unit: Millions of yen)

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2018
Profit for the period	179,798	186,571
Other comprehensive income		
Items that will not be transferred subsequently to profit or loss		
Changes measured in fair value of financial assets through other comprehensive income	5,559	(48)
Share of other comprehensive income of investments accounted for using the equity method	56	(952)
Total	5,615	(1,000)
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	407	547
Translation differences on foreign operations	2,255	5,345
Share of other comprehensive income of investments accounted for using the equity method	38	314
Total	2,700	6,206
Total other comprehensive income	8,316	5,206
Total comprehensive income for the period	188,113	191,778
Total comprehensive income for the period attributable to:		
Owners of the parent	164,178	169,701
Non-controlling interests	23,935	22,077
Total	188,113	191,778

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

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the six-month period ended September 30, 2017

(Unit: Millions of yen)

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

For the six-month period ended September 30, 2018

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2018	141,852	289,578	(338,254)	3,672,344	8,183	3,773,703	357,554	4,131,257
Cumulative effects of changes in accounting policies	−	−	−	187,468	−	187,468	29,302	216,770
Restated balance	141,852	289,578	(338,254)	3,859,812	8,183	3,961,171	386,856	4,348,027
Comprehensive income								
Profit for the period	−	−	−	345,477	−	345,477	41,090	386,567
Other comprehensive income	−	−	−	−	2,608	2,608	1,343	3,952
Total comprehensive income	−	−	−	345,477	2,608	348,085	42,433	390,519
Transactions with owners and other transactions								
Cash dividends	−	−	−	(108,313)	−	(108,313)	(33,268)	(141,580)
Transfer of accumulated other comprehensive income to retained earnings	−	−	−	164	(164)	−	−	−
Purchase and disposal of treasury stock	−	(23)	(40,689)	−	−	(40,712)	−	(40,712)
Retirement of treasury stock	−	−	103,235	(103,235)	−	−	−	−
Changes due to business combination	−	−	−	−	−	−	12	12
Changes in interests in subsidiaries	−	(4,905)	−	−	−	(4,905)	(5,841)	(10,746)
Other	−	(1,044)	1,289	−	−	245	−	245
Total transactions with owners and other transactions	−	(5,972)	63,835	(211,384)	(164)	(153,685)	(39,097)	(192,781)
As of September 30, 2018	141,852	283,606	(274,418)	3,993,905	10,627	4,155,571	390,193	4,545,764

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the six-month period ended September 30, 2017	For the six-month period ended September 30, 2018
Cash flows from operating activities		
Profit for the period before income tax	540,555	560,367
Depreciation and amortization	274,451	277,665
Share of (profit) loss of investments accounted for using the equity method	(2,626)	(1,586)
Loss (gain) on sales of non-current assets	195	131
Interest and dividends income	(2,064)	(2,053)
Interest expenses	4,998	4,762
(Increase) decrease in trade and other receivables	(11,800)	(90,014)
Increase (decrease) in trade and other payables	(10,517)	(19,590)
(Increase) decrease in inventories	15,652	3,128
Increase (decrease) in retirement benefit liabilities	(1,038)	(1,762)
Other	(17,145)	(15,771)
Cash generated from operations	790,660	715,274
Interest and dividends received	4,399	3,728
Interest paid	(12,313)	(4,949)
Income tax paid	(158,704)	(155,911)
Net cash provided by (used in) operating activities	624,043	558,143

(Unit: Millions of yen)

	For the six-month period ended September 30, 2017	For the six-month period ended September 30, 2018
Cash flows from investing activities		
Purchases of property, plant and equipment	(162,513)	(200,454)
Proceeds from sales of property, plant and equipment	201	535
Purchases of intangible assets	(82,434)	(108,246)
Purchases of other financial assets	(3,637)	(88,336)
Proceeds from sales/redemption of other financial assets	489	202
Acquisitions of control over subsidiaries	(14,140)	(5,287)
Purchases of stocks of associates	−	(1,451)
Other	(716)	(1,275)
Net cash provided by (used in) investing activities	(262,751)	(404,312)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	(1,343)	38,531
Proceeds from issuance of bonds and long-term borrowings	95,000	160,000
Payments from redemption of bonds and repayments of long-term borrowings	(54,576)	(160,334)
Repayments of lease obligations	(13,705)	(13,631)
Payments from purchase of subsidiaries'equity from non-controlling interests	(33)	(10,866)
Proceeds from stock issuance to non-controlling interests	15,506	83
Payments from purchase of treasury stock	(100,000)	(40,689)
Cash dividends paid	(110,591)	(108,297)
Cash dividends paid to non-controlling interests	(47,793)	(33,347)
Purchase of debt instruments (Note)	(95,000)	−
Other	(92)	(0)
Net cash provided by (used in) financing activities	(312,627)	(168,551)
Effect of exchange rate changes on cash and cash equivalents	98	571
Net increase (decrease) in cash and cash equivalents	48,763	(14,149)
Cash and cash equivalents at the beginning of the period	226,607	200,834
Cash and cash equivalents at the end of the period	275,370	186,685

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

(6) Going Concern Assumption

None

(7) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

KDDI Corporation ("the Company") was established as a limited company in accordance with Japanese Company Act. The location of the Company is Japan and the registered address of its headquarter is 2-3-2, Nishishinjuku, Shinjuku-ku, Tokyo, Japan. The Company's condensed interim consolidated financial statements as of and for the six-month period ended September 30, 2018 comprise the Company and its consolidated subsidiaries ("the Group") and the Group's interests in associates and joint ventures. The Company is the ultimate parent company of the Group.

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

2. Basis of preparation

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

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

The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2018.

(2) Basis of measurement

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

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

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

(3) Presentation currency and unit of currency

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

(4) Use of estimates and judgement

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

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

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

(5) Application of new standards and interpretations

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

(6) Standards not yet adopted

The following new standards and amendments announced by the approval date of the condensed interim consolidated financial statements are not mandatory as of September 30, 2018. They have not been early adopted by the Group.

Standard	The title of Standard	Mandatory adoption (from the fiscal year beginning)	To be adopted by the Group from	Outline of new standards and amendments
IFRS16	Lease	January 1, 2019	fiscal year ending March 31, 2020	IFRS16 describes that revision of current accounting standard for lease and disclosure. Specifically, IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months as principal.

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

3. Significant accounting policies

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

(1) Application of IFRS15

Impact of applying new accounting standard

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

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

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

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

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

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

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

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

(Unit: Millions of yen)

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

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

(Unit: Millions of yen)

	IAS 18 carrying amount	IFRS 15 carrying amount
Condensed Interim Consolidated Statement of Income		
Operating revenue	2,472,063	2,462,269
Cost of sales	1,328,615	1,320,092
Gross profit	1,143,448	1,142,177
Selling, general and administrative expenses	602,169	586,042
Operating income	546,335	561,192
Profit for the period	377,225	386,567
Owners of the parent	337,656	345,477
Non-controlling interests	39,569	41,090
Basic earnings per share (yen)	140.63	143.89
Diluted earnings per share (yen)	140.61	143.86
Condensed Interim Consolidated Statement of Financial Position		
Goodwill	531,622	525,988
Deferred tax assets	95,762	17,922
Contract costs	—	373,757
Other non-current assets	64,571	10,298
Other current assets	157,488	128,639
Deferred tax liabilities	79,100	106,968
Contract liabilities	—	197,398
Other non-current liabilities	131,035	6,801
Other current liabilities	321,710	201,729
Retained earnings	3,798,617	3,993,905
Non-controlling interests	359,368	390,193

(2) Unification of reporting period

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

4. Segment information

(1) Outline of reporting segments

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

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

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

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

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

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

In the three-month period ended June 30, 2018, the reporting segment for the business operations of the equity-method affiliate company ENERES Co., Ltd. was transferred from "Others" to "Life Design" by the Group's organizational change.

Accordingly, the segment information for the six-month period ended September 30, 2017 has been presented based on the segment classification after this change.

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

Accounting treatment of reported business segments is consistent with "Note 3. Significant accounting policies" stated in the annual consolidated financial statements for the previous fiscal year ended March 31, 2018.

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

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

Assets and liabilities are not allocated to reporting segments.

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

The Group's segment information is as follows:

For the six-month period ended September 30, 2017

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Life Design	Business	Global	Sub-total				
Revenue									
Revenue from external customers	1,812,269	191,551	280,954	117,137	2,401,911	14,158	2,416,070	—	2,416,070
Inter-segment revenue or transfers	50,906	55,267	78,084	13,875	198,132	32,488	230,620	(230,620)	—
Total	1,863,174	246,818	359,038	131,013	2,600,043	46,646	2,646,689	(230,620)	2,416,070
Segment income	422,091	51,106	48,381	16,007	537,585	5,396	542,981	(445)	542,536
Finance income and finance cost (Net)									(1,981)
Other non-operating profit and loss (Net)									–
Profit for the period before income tax									540,555

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

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

For the six-month period ended September 30, 2018

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Life Design	Business	Global (Note 3)	Sub-total				
Revenue									
Revenue from external customers	1,847,155	197,071	300,339	104,603	2,449,168	13,101	2,462,269	—	2,462,269
Inter-segment revenue or transfers	51,015	61,500	83,669	13,407	209,591	32,050	241,641	(241,641)	—
Total	1,898,169	258,571	384,009	118,010	2,658,759	45,151	2,703,910	(241,641)	2,462,269
Segment income	426,717	54,717	54,597	22,657	558,688	2,468	561,156	36	561,192
Finance income and finance cost (Net)									(902)
Other non-operating profit and loss (Net)									77
Profit for the period before income tax									560,367

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

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

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

For the three-month period ended September 30, 2017

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Life Design	Business	Global	Sub-total				
Revenue									
Revenue from external customers	917,748	95,477	138,300	58,211	1,209,736	7,668	1,217,404	—	1,217,404
Inter-segment revenue or transfers	25,984	28,885	45,868	6,621	107,358	17,043	124,401	(124,401)	—
Total	943,732	124,363	184,169	64,831	1,317,094	24,711	1,341,805	(124,401)	1,217,404
Segment income(loss)	200,027	24,694	24,759	8,776	258,256	2,745	261,001	121	261,122
Finance income and finance cost (Net)									(1,141)
Other non-operating profit and loss (Net)									–
Profit for the period before income tax									259,981

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

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

For the three-month period ended September 30, 2018

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Life Design	Business	Global (Note 3)	Sub-total				
Revenue									
Revenue from external customers	936,024	99,186	152,158	46,108	1,233,476	7,077	1,240,552	—	1,240,552
Inter-segment revenue or transfers	25,399	32,251	42,665	6,699	107,013	15,967	122,980	(122,980)	—
Total	961,423	131,436	194,822	52,807	1,340,489	23,044	1,363,533	(122,980)	1,240,552
Segment income(loss)	207,201	27,285	28,096	8,435	271,016	1,383	272,399	(69)	272,330
Finance income and finance cost (Net)									(603)
Other non-operating profit and loss (Net)									77
Profit for the period before income tax									271,805

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

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

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

5. Significant subsequent events

On August 3, 2018, KDDI acquired 16.63% of the outstanding shares in Kakaku.com Inc. from the company shareholders for ¥79,307 million. As a result, KDDI made Kakaku.com an affiliate company accounted for by the equity method in October 2018, taking into account factors such as directors serving the company on loan.