

Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Interim FY2003.3		Interim FY2004.3		FY2003.3		Change yoy
	as of Sept. 30, 2002		as of Sept. 30, 2003		as of March 31, 2003		
	Amounts	% of the total	Amounts	% of the total	Amounts	% of the total	Amounts
I Fixed Assets		%		%		%	
A Telecommunications Assets							
Property, Plant and Equipment	1,774,879	60.7	1,576,611	58.4	1,650,042	59.3	(73,430)
Intangible Assets and Goodwill	301,005	10.3	258,191	9.5	276,616	9.9	(18,425)
Total Telecommunications Assets	2,075,885	71.0	1,834,803	67.9	1,926,659	69.2	(91,856)
B Other Business Assets							
Property, Plant and Equipment	64,032		36,731		38,352		(1,620)
Intangible Assets	4,589		4,956		4,309		646
Total Other Business Assets	68,621	2.3	41,688	1.5	42,662	1.5	(973)
C Investments and Other Assets							
Investments in securities	52,540		40,265		54,739		(14,473)
Deferred income taxes	22,763		10,367		20,377		(10,010)
Deposits and guarantee money	39,206		42,732		40,145		2,587
Other Assets	111,265		105,996		111,379		(5,383)
Allowance for loss on investments and other assets	(11,953)		(11,377)		(10,974)		(403)
Total Investments and Other Assets	213,824	7.3	187,985	7.0	215,668	7.8	(27,683)
Total Fixed Assets	2,358,331	80.6	2,064,476	76.4	2,184,990	78.5	(120,513)
II Current Assets							
Cash and cash equivalents	65,036		163,394		122,121		41,272
Accounts receivable	380,438		380,788		388,046		(7,257)
Inventories	49,782		54,898		55,850		(952)
Deferred income taxes	50,033		27,113		28,860		(1,747)
Other current assets	42,694		31,463		22,469		8,993
Allowance for doubtful accounts	(21,435)		(21,027)		(20,301)		(726)
Total current assets	566,551	19.4	636,631	23.6	597,048	21.5	39,583
Total Assets	2,924,883	100.0	2,701,107	100.0	2,782,038	100.0	(80,930)

Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Interim FY2003.3		Interim FY2004.3		FY2003.3		Change yoy
	as of Sept. 30, 2002		as of Sept. 30, 2003		as of March 31, 2003		
	Amounts	% of the total	Amounts	% of the total	Amounts	% of the total	Amounts
LIABILITIES AND SHAREHOLDERS' EQUITY		%		%		%	
I Non-Current Liabilities:							
Bonds	334,800		343,737		355,925		(12,187)
Long-term loans	836,101		709,082		851,837		(142,754)
Reserve for point service program	12,008		17,966		15,711		2,255
Other non-current liabilities	64,432		49,184		53,655		(4,470)
Total Non-Current Liabilities	1,247,342	42.7	1,119,971	41.5	1,277,129	45.9	(157,157)
II Current Liabilities:							
Short-term loans and current portion of long-term loans	486,693		240,547		281,239		(40,691)
Accounts Payable	257,247		233,523		250,125		(16,603)
Accrued expenses	19,909		16,864		19,889		(3,025)
Accrued income taxes	4,376		50,282		10,433		39,849
Allowance for bonuses	11,852		12,300		12,687		(386)
Other current liabilities	30,729		22,935		21,610		1,324
Total Current Liabilities	810,811	27.7	576,454	21.3	595,985	21.4	(19,531)
Total Liabilities	2,058,153	70.4	1,696,425	62.8	1,873,115	67.3	(176,689)
Minority Interests	10,226	0.3	17,529	0.7	14,212	0.5	3,317
Shareholders' Equity							
I Common stock	141,851	4.8	141,851	5.2	141,851	5.1	-
II Capital surplus	304,189	10.4	304,190	11.3	304,189	10.9	1
III Retained earnings	423,688	14.5	537,551	19.9	456,827	16.4	80,724
IV Net unrealized gains on securities	(3,183)	(0.1)	13,292	0.5	1,454	0.1	11,838
V Foreign Currency Translations Adjustments	(797)	(0.0)	991	0.0	(3)	(0.0)	995
VI Treasury stock, at cost	(9,246)	(0.3)	(10,726)	(0.4)	(9,608)	(0.3)	(1,117)
Total Shareholders' Equity	856,503	29.3	987,152	36.5	894,710	32.2	92,441
Total Liabilities and Shareholders' Equity	2,924,883	100.0	2,701,107	100.0	2,782,038	100.0	(80,930)

Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	1H/ FY2003.3		1H/ FY2004.3		Change yoy	Full-year/ FY2003.3	
	from April 1, 2002 thru. Sept. 30, 2002		from April 1, 2003 thru. Sept. 30, 2003			from April 1, 2002 thru. Marh. 31, 2003	
	Amounts	% of the total	Amounts	% of the total	Amounts	Amounts	% of the total
		%		%			%
I Telecommunications Business							
Operating Revenues	1,093,611	78.5	1,125,444	81.2	31,832	2,191,887	78.7
Voice communications	809,227		743,932		(65,295)	1,574,509	
Digital data transmission services	202,880		297,575		94,694	450,658	
Leased circuits	46,793		43,301		(3,491)	93,941	
Telegraph and other telecommunications services	34,708		40,634		5,925	72,778	
Operating Expenses	1,059,090	76.0	977,986	70.5	(81,104)	2,089,919	75.0
Sales expenses	498,936		451,742		(47,194)	963,250	
Depreciation	187,400		179,602		(7,797)	378,777	
Charges for the use of telecommunications	222,527		204,953		(17,573)	419,715	
Other	150,223		141,683		(8,538)	328,173	
Telecommunications Business Operating Income	34,520	2.5	147,457	10.7	112,937	101,967	3.7
II Other Business							
Sales of Terminal equipment and other	299,601	21.5	261,115	18.8	(38,485)	593,455	21.3
Cost of sales of terminal equipment and other	274,358	19.7	250,343	18.1	(24,014)	554,770	19.9
Other Business Operating Income	25,243	1.8	10,772	0.7	(14,470)	38,685	1.4
Total Operating Income	59,763	4.3	158,230	11.4	98,466	140,652	5.1
III Other revenues	8,198	0.6	8,749	0.6	550	18,928	0.7
Interest income	334		312		(22)	735	
Equity in profit of affiliates	538		578		40	1,169	
Dividend income from anonymous association	2,234		2,764		529	5,054	
Other	5,089		5,093		3	11,968	
IV Other expenses	25,522	1.8	18,740	1.3	(6,781)	46,370	1.7
Interest expense	18,862		15,056		(3,805)	35,891	
Other	6,659		3,683		(2,975)	10,478	
Ordinary profit	42,439	3.1	148,238	10.7	105,798	113,210	4.1
I Extraordinary profit	7,197	0.5	7,015	0.5	(181)	20,669	0.7
Gain on sales of property, plant, and equipment	3,756		389		(3,366)	6,003	
Gain on sales of securities	-		-		-	10,438	
Gain on reversal of allowance for doubtful accounts	3,441		-		(3,441)	4,227	
Gain on return of welfare pension funds to the Government	-		3,961		3,961	-	
Compensation for damage	-		2,664		2,664	-	
II Extraordinary loss	9,688	0.7	11,782	0.9	2,093	23,154	0.8
Loss on sales of property, plant, and equipment	-		-		-	6,287	
Loss on sales of securities	-		10,701		10,701	1,071	
Loss on devaluation of securities	2,257		1,080		(1,176)	5,269	
Cumulative effect of new method of accounting for point service program	6,771		-		(6,771)	6,771	
Loss from amendments to submarine cable	659		-		(659)	678	
Other	-		-		-	3,074	
Income before Income Taxes and Minority Interests	39,949	2.9	143,472	10.3	103,523	110,725	4.0
Income Taxes - Current	4,520	0.3	50,233	3.6	45,713	14,831	0.5
Income Taxes - Deferred	15,199	1.1	4,040	0.3	(11,158)	35,524	1.3
Minority Interests in Consolidated Subsidiaries	(216)	(0.0)	3,343	0.2	3,559	3,011	0.1
Net Income	20,446	1.5	85,855	6.2	65,408	57,358	2.1

Note: % of the total is calculated based upon total amount of operating revenues of Telecommunications Business and Other Business as the denominator.

Consolidated Statements of Cash Flows

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	1H/ FY2003.3	1H/ FY2004.3	Change yoy	Full-year/ FY2003.3	
	from April 1, 2002 thru. Sept. 30, 2002	from April 1, 2003 thru. Sept. 30, 2003		from April 1, 2002 thru. March 31, 2003	
	Amounts	Amounts	Amounts	Amounts	
I	Cash Flows from Operating Activities				
	Income before income taxes and minority interests	39,949	143,472	103,523	110,725
	Depreciation and amortization	194,613	185,024	9,588	392,854
	Loss on disposal of property, plant and equipment	5,013	7,869	2,856	33,879
	(Increase) decrease in allowance for doubtful accounts	(4,310)	1,125	5,435	(6,293)
	Increase (decrease) in reserve for retirement benefits	3,955	(4,312)	(8,267)	7,634
	Interest and dividend income	(389)	(395)	(6)	(1,462)
	Interest expenses	18,862	15,056	(3,805)	35,891
	Equity in (gain) of affiliates	(538)	(578)	(40)	(1,169)
	Loss on sales of investment securities	-	10,671	10,671	-
	Investment securities write off	2,257	1,080	(1,176)	5,269
	Increase in reserve for point services	12,008	2,255	(9,752)	15,711
	(Increase) decrease in prepaid pension cost	(545)	4,231	4,777	(4,314)
	Decrease in notes and accounts receivable	98,954	3,993	(94,961)	92,342
	(Increase) decrease in inventories	48,971	(275)	(49,246)	50,214
	Decrease in notes and accounts payable	(138,989)	(39,699)	99,289	(97,330)
	Other, net	(13,175)	(2,508)	10,667	(14,873)
	Sub total	266,636	327,011	60,375	619,079
	Interest and dividend income received	1,110	609	(501)	2,881
	Interest expenses paid	(19,794)	(15,684)	4,110	(37,298)
	Income taxes paid	(53,680)	(10,233)	43,447	(57,774)
	Net cash provided by operating activities	194,271	301,702	107,431	526,887
II	Cash Flows From Investing Activities				
	Payments for purchase of property, plant and equipment	(69,319)	(52,930)	16,388	(159,535)
	Proceeds from sale of property, plant and equipment	12,515	570	(11,944)	23,911
	Payments for other intangible assets	(50,658)	(18,845)	31,813	(84,606)
	Acquisition of investment securities	(544)	(464)	80	(1,023)
	Proceeds from sale of investment securities	115	22,895	22,780	1,755
	Payments for investment in affiliates	(23)	(892)	(869)	(333)
	Proceeds from sale of subsidiaries	-	-	-	11,314
	Increase in long-term prepayment	(6,303)	(2,650)	3,653	(14,537)
	Other, net	799	(2,566)	(3,366)	1,502
	Net cash used in investing activities	(113,419)	(54,884)	58,535	(221,552)
	Free Cash Flows	80,851	246,818	165,966	305,334
III	Cash Flows from Financing Activities				
	Net increase(decrease) in short-term loans	125,396	(395)	(125,791)	3,221
	Proceeds from issuance of long-term loans	3,037	8,000	4,962	142,855
	Repayment of long-term loans	(193,810)	(170,809)	23,001	(357,459)
	Repayment of long-term accounts payable	(10,118)	(4,041)	6,076	(19,204)
	Proceeds from new bond issue	-	18,000	18,000	21,500
	Payment for redemption of bonds	-	(50,187)	(50,187)	(25,000)
	Payment for acquisition of treasury stocks	(9,207)	(1,175)	8,031	(9,566)
	Dividends paid	(3,846)	(5,112)	(1,265)	(7,648)
	Payments received from minority shareholders	83	1,061	978	103
	Others, net	4,646	(685)	(5,331)	(163)
	Net Cash used in Financing Activities	(83,819)	(205,344)	(121,525)	(251,363)
IV	Translation Adjustments on Cash and Cash Equivalents				
		(846)	147	994	(712)
V	Net increase in Cash and Cash Equivalents				
		(3,814)	41,621	45,435	53,258
VI	Cash and Cash Equivalents at Beginning of Year				
		68,595	121,854	53,258	68,595
VII	Net increase in Cash and Cash Equivalents of newly consolidated subsidiaries				
		-	9	9	-
VIII	Cash and Cash Equivalents at End of 1H/Year				
		64,781	163,485	98,703	121,854