

(1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Sept. 30, 2003		Sept. 30, 2004 (A)		March 31, 2004 (B)		Change (A)-(B)
	Amounts	% of the total	Amounts	% of the total	Amounts	% of the total	Amounts
I Fixed Assets		%		%		%	
A Telecommunications Assets							
Property, Plant and Equipment	1,576,611	58.4	1,446,445	57.4	1,485,452	56.3	(39,006)
Intangible Assets and Goodwill	258,191	9.5	225,142	8.9	239,650	9.1	(14,508)
Total Telecommunications Assets	1,834,803	67.9	1,671,587	66.3	1,725,103	65.4	(53,515)
B Other Business Assets							
Property, Plant and Equipment	36,731		33,487		34,325		(838)
Intangible Assets	4,956		3,137		5,019		(1,881)
Total Other Business Assets	41,688	1.5	36,624	1.5	39,344	1.5	(2,720)
C Investments and Other Assets							
Investments in securities	40,265		34,442		36,830		(2,387)
Deferred income taxes	10,367		17,385		13,687		3,698
Deposits and guarantee money	42,732		35,975		36,137		(162)
Other Assets	105,996		95,584		101,874		(6,290)
Allowance for loss on investments and other assets	(11,377)		(11,510)		(11,074)		(435)
Total Investments and Other Assets	187,985	7.0	171,877	6.8	177,455	6.7	(5,577)
Total Fixed Assets	2,064,476	76.4	1,880,090	74.6	1,941,903	73.6	(61,813)
II Current Assets							
Cash and cash equivalents	163,394		111,244		149,149		(37,904)
Accounts receivable	380,788		392,115		405,140		(13,024)
Marketable securities	-		23,160		47,836		(24,676)
Inventories	54,898		75,547		63,399		12,148
Deferred income taxes	27,113		27,504		31,087		(3,582)
Other current assets	31,463		30,407		21,429		8,978
Allowance for doubtful accounts	(21,027)		(18,524)		(20,365)		1,841
Total current assets	636,631	23.6	641,456	25.4	697,677	26.4	(56,220)
Total Assets	2,701,107	100.0	2,521,546	100.0	2,639,580	100.0	(118,033)

(1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Sept. 30, 2003		Sept. 30, 2004 (A)		March 31, 2004 (B)		Change (A)-(B)
	Amounts	% of the total	Amounts	% of the total	Amounts	% of the total	Amounts
LIABILITIES AND SHAREHOLDERS' EQUITY		%		%		%	
I Non-Current Liabilities:							
Bonds	343,737		288,362		328,550		(40,187)
Long-term loans	709,082		460,993		567,324		(106,330)
Reserve for point service program	17,966		20,027		17,859		2,167
Other non-current liabilities	49,184		37,324		46,148		(8,823)
Total Non-Current Liabilities	1,119,971	41.5	806,708	32.0	959,882	36.4	(153,174)
II Current Liabilities:							
Short-term loans and current portion of long-term loans	240,547		260,191		281,319		(21,128)
Accounts Payable	233,523		252,975		249,916		3,058
Accrued expenses	16,864		10,427		16,762		(6,334)
Accrued income taxes	50,282		56,549		65,771		(9,221)
Allowance for bonuses	12,300		12,226		13,590		(1,363)
Other current liabilities	22,935		22,518		23,088		(569)
Total Current Liabilities	576,454	21.3	614,889	24.4	650,450	24.6	(35,560)
Total Liabilities	1,696,425	62.8	1,421,598	56.4	1,610,332	61.0	(188,734)
Minority Interests	17,529	0.7	21,250	0.8	19,857	0.8	1,393
Shareholders' Equity							
I Common stock	141,851	5.2	141,851	5.6	141,851	5.4	-
II Capital surplus	304,190	11.3	304,189	12.1	304,189	11.5	-
III Retained earnings	537,551	19.9	631,166	25.0	563,678	21.4	67,487
IV Net unrealized gains on securities	13,292	0.5	11,161	0.4	11,977	0.4	(815)
V Foreign Currency Translations Adjustments	991	0.0	(1,191)	(0.0)	(1,645)	(0.1)	453
VI Treasury stock, at cost	(10,726)	(0.4)	(8,479)	(0.3)	(10,661)	(0.4)	2,182
Total Shareholders' Equity	987,152	36.5	1,078,698	42.8	1,009,390	38.2	69,307
Total Liabilities and Shareholders' Equity	2,701,107	100.0	2,521,546	100.0	2,639,580	100.0	(118,033)

(2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	1H Ended Sept. 30, 2003		1H Ended Sept. 30, 2004		Change yoy	Year Ended March 31, 2004	
	Amounts	% of the total %	Amounts	% of the total %		Amounts	Amounts
I Telecommunications Business							
Operating Revenues	1,125,444	81.2	1,179,126	80.1	53,682	2,268,725	79.7
Operating Expenses	977,986	70.5	1,019,308	69.3	41,321	1,990,564	69.9
Sales expenses	451,742		499,008		47,265	939,147	
Depreciation	179,602		179,023		(579)	359,529	
Charges for the use of telecommunications services of third parties	204,953		201,582		(3,371)	393,420	
Other	141,683		139,691		(1,993)	298,463	
Telecommunications Business Operating Income	147,457	10.7	159,818	10.9	12,361	278,160	9.8
II Other Business							
Sales of Terminal equipment and other	261,115	18.8	292,196	19.9	31,080	577,372	20.3
Cost of sales of terminal equipment and other	250,343	18.1	289,588	19.7	39,244	563,428	19.8
Other Business Operating Income	10,772	0.7	2,608	0.2	(8,164)	13,943	0.5
Operating Income	158,230	11.4	162,427	11.0	4,196	292,104	10.3
III Other revenues	8,749	0.6	8,411	0.6	(337)	17,614	0.6
Interest income	312		257		(54)	594	
Equity in profit of affiliates	578		576		(2)	1,439	
Dividend income from anonymous association	2,764		3,040		276	5,690	
Other	5,093		4,535		(557)	9,888	
IV Other expenses	18,740	1.3	14,563	1.0	(4,177)	35,170	1.3
Interest expense	15,056		11,546		(3,510)	27,762	
Other	3,683		3,016		(666)	7,407	
Ordinary Income	148,238	10.7	156,275	10.6	8,036	274,547	9.6
I Extraordinary profit	7,015	0.5	126	0.0	(6,889)	15,117	0.5
Gain on sales of PPE	389		-		(389)	2,903	
Gain on sales of securities	-		126		126	5,588	
Gain on return of welfare pension funds to the Government	3,961		-		(3,961)	3,961	
Compensation for damage	2,664		-		(2,664)	2,664	
II Extraordinary loss	11,782	0.9	20,889	1.4	9,106	97,565	3.4
Loss on sales of PPE	-		412		412	847	
Loss on disposal of PPE	-		-		-	79,861	
Impairment loss	-		20,217		20,217	-	
Loss on sales of securities	10,701		-		(10,701)	11,185	
Loss on devaluation of securities	1,080		259		(821)	1,438	
Loss on cancellation of lease contracts	-		-		-	4,232	
Income before Income Taxes and Minority Interests	143,472	10.3	135,512	9.2	(7,959)	192,100	6.7
Income Taxes - Current	50,233	3.6	53,458	3.6	3,224	72,063	2.5
Income Taxes - Deferred	4,040	0.3	472	0.0	(3,568)	(2,913)	(0.1)
Minority Interests in Consolidated Subsidiaries	3,343	0.2	3,740	0.3	397	5,925	0.2
Net Income	85,855	6.2	77,841	5.3	(8,013)	117,025	4.1

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

(3) Consolidated Statements of Cash Flows

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	1H Ended Sept. 30, 2003	1H Ended Sept. 30, 2004	Change yoy	Year Ended March 31, 2004	
	Amounts	Amounts	Amounts	Amounts	
I	Cash Flows from Operating Activities				
	Income before income taxes and minority interests	143,472	135,512	(7,959)	192,100
	Depreciation and amortization	185,024	185,383	358	369,354
	(Gain)loss on sales of PPE	-	332	332	(2,028)
	Loss on disposal of PPE	7,869	6,041	(1,827)	100,877
	Impairment loss	-	20,217	20,217	-
	(Increase) decrease in allowance for doubtful accounts	1,125	(1,411)	(2,536)	198
	Increase (decrease) in reserve for retirement benefits	(4,312)	(133)	4,178	(4,028)
	Interest and dividend income	(395)	(364)	30	(723)
	Interest expenses	15,056	11,546	(3,510)	27,762
	Equity in (gain) of affiliates	(578)	(576)	2	(1,439)
	Loss on sales of investment securities	10,671	(119)	(10,790)	5,594
	Investment securities write off	1,080	265	(815)	1,438
	Increase in reserve for point services	2,255	2,167	(87)	2,148
	(Increase) decrease in prepaid pension cost	4,231	(1,008)	(5,240)	4,856
	(Increase)decrease in notes and accounts receivable	3,993	10,597	6,603	(21,359)
	(Increase) decrease in inventories	(275)	(13,793)	(13,517)	(10,015)
	Increase(decrease) in notes and accounts payable	(39,699)	(39,537)	162	(7,762)
	Other, net	(2,508)	(9,260)	(6,752)	9,981
	Sub total	327,011	305,861	(21,149)	666,955
	Interest and dividend income received	609	842	233	1,169
	Interest expenses paid	(15,684)	(11,924)	3,759	(28,891)
	Income taxes paid	(10,233)	(64,251)	(54,017)	(16,536)
	Net cash provided by operating activities	301,702	230,529	(71,173)	622,697
II	Cash Flows From Investing Activities				
	Payments for purchase of PPE	(52,930)	(90,055)	(37,124)	(197,594)
	Proceeds from sale of PPE	570	574	4	4,898
	Payments for other intangible assets	(18,845)	(19,725)	(880)	(48,130)
	Acquisition of investment securities	(464)	(100)	364	(867)
	Proceeds from sale of investment securities	22,895	998	(21,896)	29,127
	Payments for investment in affiliates	(892)	(2,487)	(1,595)	(892)
	Increase in long-term prepayment	(2,650)	(4,745)	(2,095)	(9,121)
	Other, net	(2,566)	(1,848)	717	4,115
	Net cash used in investing activities	(54,884)	(117,389)	(62,505)	(218,465)
	Free Cash Flows	246,818	113,139	(133,678)	404,232
III	Cash Flows from Financing Activities				
	Net increase(decrease) in short-term loans	(395)	(944)	(549)	(1,500)
	Proceeds from issuance of long-term loans	8,000	-	(8,000)	8,000
	Repayment of long-term loans	(170,809)	(165,021)	5,788	(284,787)
	Repayment of long-term accounts payable	(4,041)	(3,098)	943	(7,029)
	Proceeds from new bond issue	18,000	-	(18,000)	18,000
	Payment for redemption of bonds	(50,187)	(187)	50,000	(50,375)
	Payment for acquisition of treasury stocks	(1,175)	(109)	1,065	(1,277)
	Dividends paid	(5,112)	(10,186)	(5,073)	(10,200)
	Payments received from minority shareholders	1,061	-	(1,061)	1,166
	Others, net	(685)	2,129	2,814	(907)
	Net Cash used in Financing Activities	(205,344)	(177,418)	27,925	(328,911)
IV	Translation Adjustments on Cash and Cash Equivalents				
		147	157	9	(667)
V	Net increase in Cash and Cash Equivalents				
		41,621	(64,121)	(105,743)	74,654
VI	Cash and Cash Equivalents at Beginning of 1H/Year				
		121,854	196,518	74,663	121,854
VII	Net increase in Cash and Cash Equivalents of newly consolidated subsidiaries				
		9	-	(9)	9
VIII	Cash and Cash Equivalents at End of 1H/Year				
		163,485	132,396	(31,088)	196,518