

(1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	March 31, 2004 (B)		March 31, 2005 (A)		(A) - (B)
	Amounts	% of the total	Amounts	% of the total	Amounts
		%		%	
I Fixed Assets					
A Telecommunications Assets					
Property, Plant and Equipment	1,485,452	56.3	1,379,353	55.8	(106,099)
Intangible Assets and Goodwill	239,650	9.1	194,557	7.9	(45,093)
Total Telecommunications Assets	1,725,103	65.4	1,573,910	63.7	(151,192)
B Other Business Assets					
Property, Plant and Equipment	34,325		33,331		(993)
Intangible Assets	5,019		3,332		(1,687)
Total Other Business Assets	39,344	1.5	36,663	1.5	(2,680)
C Investments and Other Assets					
Investments in securities	36,830		31,845		(4,984)
Deferred income taxes	13,687		23,682		9,995
Deposits and guarantee money	36,137		35,298		(839)
Other Assets	101,874		96,046		(5,828)
Allowance for loss on investments and other assets	(11,074)		(12,539)		(1,465)
Total Investments and Other Assets	177,455	6.7	174,334	7.0	(3,121)
Total Fixed Assets	1,941,903	73.6	1,784,908	72.2	(156,994)
II Current Assets					
Cash and cash equivalents	149,149		160,380		11,231
Accounts receivable	405,140		383,083		(22,057)
Marketable securities	47,836		62,779		14,942
Inventories	63,399		48,613		(14,786)
Deferred income taxes	31,087		30,406		(680)
Other current assets	21,429		20,049		(1,379)
Allowance for doubtful accounts	(20,365)		(17,900)		2,465
Total current assets	697,677	26.4	687,413	27.8	(10,263)
Total Assets	2,639,580	100.0	2,472,322	100.0	(167,258)

(1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	March 31, 2004 (B)		March 31, 2005 (A)		(A) - (B)
	Amounts	% of the total	Amounts	% of the total	Amounts
LIABILITIES AND SHAREHOLDERS' EQUITY		%		%	
I Non-Current Liabilities:					
Bonds	328,550		268,175		(60,375)
Long-term loans	567,364		368,966		(198,397)
Reserve for point service program	17,859		20,805		2,945
Other non-current liabilities	46,148		36,171		(9,977)
Total Non-Current Liabilities	959,922	36.4	694,118	28.1	(265,804)
II Current Liabilities:					
Short-term loans and current portion of long-term loans	281,279		227,743		(53,535)
Accounts Payable	249,916		260,405		10,489
Accrued expenses	16,762		9,956		(6,805)
Accrued income taxes	65,771		65,682		(88)
Allowance for bonuses	13,590		13,510		(79)
Other current liabilities	23,088		25,482		2,393
Total Current Liabilities	650,410	24.6	602,782	24.4	(47,627)
Total Liabilities	1,610,332	61.0	1,296,900	52.5	(313,431)
Minority Interests	19,857	0.8	13,229	0.5	(6,627)
Shareholders' Equity					
I Common stock	141,851	5.4	141,851	5.7	-
II Capital surplus	304,189	11.5	304,189	12.3	-
III Retained earnings	563,678	21.4	739,448	29.9	175,770
IV Net unrealized gains on securities	11,977	0.4	9,858	0.4	(2,119)
V Foreign Currency Translations Adjustments	(1,645)	(0.1)	(1,650)	(0.1)	(5)
VI Treasury stock, at cost	(10,661)	(0.4)	(31,505)	(1.2)	(20,844)
Total Shareholders' Equity	1,009,390	38.2	1,162,191	47.0	152,801
Total Liabilities and Shareholders' Equity	2,639,580	100.0	2,472,322	100.0	(167,258)

(2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of Yen)

	Year Ended Mar. 31, 2004 (B)		Year Ended Mar. 31, 2005 (A)		(A) - (B) Amounts
	Amounts	% of the total %	Amounts	% of the total %	
I Telecommunications Business					
Operating Revenues	2,268,725	79.7	2,300,565	78.8	31,840
Operating Expenses	1,990,564	69.9	2,008,324	68.8	17,759
Sales expenses	939,147		998,402		59,255
Depreciation	359,529		341,042		(18,486)
Charges for the use of telecommunications services of third parties	393,420		382,063		(11,356)
Other	298,463		286,810		(11,655)
Telecommunications Business Operating Income	278,160	9.8	292,241	10.0	14,080
II Other Business					
Sales of Terminal equipment and other	577,372	20.3	619,473	21.2	42,101
Cost of sales of terminal equipment and other	563,428	19.8	615,539	21.1	52,110
Other Business Operating Income	13,943	0.5	3,934	0.1	(10,009)
Operating Income	292,104	10.3	296,175	10.1	4,071
III Other revenues	17,614	0.6	17,106	0.6	(508)
Interest income	594		700		105
Equity in profit of affiliates	1,439		1,425		(13)
Dividend income from anonymous association	5,690		6,417		727
Other	9,888		8,560		(1,326)
IV Other expenses	35,170	1.3	26,937	0.9	(8,232)
Interest expense	27,762		20,948		(6,813)
Other	7,407		5,989		(1,418)
Ordinary Income	274,547	9.6	286,343	9.8	11,795
I Extraordinary profit	15,117	0.5	31,384	1.1	16,266
Gain on sales of PPE	2,903		684		(2,218)
Gain on sales of securities	5,588		3,025		(2,563)
Gain on sale of PHS business	-		27,674		27,674
Gain on return of welfare pension funds to the Government	3,961		-		(3,961)
Compensation for damage	2,664		-		(2,664)
II Extraordinary loss	97,565	3.4	24,197	0.8	(73,367)
Loss on sales of PPE	847		483		(364)
Loss on disposal of PPE	79,861		-		(79,861)
Impairment loss	-		23,448		23,448
Loss on sales of securities	11,185		-		(11,185)
Loss on devaluation of securities	1,438		265		(1,173)
Loss on cancellation of lease contracts	4,232		-		(4,232)
Income before Income Taxes and Minority Interests	192,100	6.7	293,530	10.1	101,430
Income Taxes - Current	72,063	2.5	96,646	3.3	24,583
Income Taxes - Deferred	(2,913)	(0.1)	(8,540)	(0.3)	(5,627)
Minority Interests in Consolidated Subsidiaries	5,925	0.2	4,832	0.2	(1,092)
Net Income	117,025	4.1	200,591	6.9	83,566

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)

	Year Ended Mar. 31, 2004 (B)	Year Ended Mar. 31, 2005 (A)	(A) - (B)	
	Amounts	Amounts	Amounts	
I	Cash Flows from Operating Activities			
	Income before income taxes and minority interests	192,100	293,530	101,430
	Depreciation and amortization	369,354	354,060	(15,293)
	(Gain)loss on sales of PPE	(2,028)	(205)	1,822
	Loss on disposal of PPE	100,877	18,172	(82,705)
	Impairment loss	-	23,448	23,448
	(Increase) decrease in allowance for doubtful accounts	198	(465)	(663)
	Increase (decrease) in reserve for retirement benefits	(4,028)	(640)	3,388
	Interest and dividend income	(723)	(885)	(162)
	Interest expenses	27,762	20,948	(6,813)
	Equity in (gain) of affiliates	(1,439)	(1,425)	13
	Loss on sales of investment securities	5,594	(3,008)	(8,603)
	Investment securities write off	1,438	272	(1,165)
	Gain on sale of PHS business	-	(27,674)	(27,674)
	Increase in reserve for point services	2,148	3,698	1,549
	(Increase) decrease in prepaid pension cost	4,856	(1,916)	(6,772)
	(Increase)decrease in notes and accounts receivable	(21,359)	(3,839)	17,520
	(Increase) decrease in inventories	(10,015)	10,465	20,481
	Increase(decrease) in notes and accounts payable	(7,762)	(12,255)	(4,493)
	Other, net	9,981	2,116	(7,865)
	Sub total	666,955	674,398	7,442
	Interest and dividend income received	1,169	1,928	759
	Interest expenses paid	(28,891)	(22,233)	6,657
	Income taxes paid	(16,536)	(115,418)	(98,882)
	Net cash provided by operating activities	622,697	538,675	(84,022)
II	Cash Flows From Investing Activities			
	Payments for purchase of PPE	(197,594)	(271,926)	(74,332)
	Proceeds from sales of PPE	4,898	1,466	(3,432)
	Payments for other intangible assets	(48,130)	(56,035)	(7,904)
	Acquisition of investment securities	(867)	(6,085)	(5,217)
	Proceeds from sales of investment securities	29,127	10,282	(18,845)
	Payments for investment in affiliates	(892)	(5,394)	(4,502)
	Proceeds from sale of PHS business	-	206,233	206,233
	Increase in long-term prepayment	(9,121)	(14,058)	(4,937)
	Other, net	4,115	(990)	(5,105)
	Net cash used in investing activities	(218,465)	(136,507)	81,957
	Free Cash Flows	404,232	402,167	(2,064)
III	Cash Flows from Financing Activities			
	Net increase(decrease) in short-term loans	(1,500)	(1,351)	149
	Proceeds from issuance of long-term loans	8,000	-	(8,000)
	Repayment of long-term loans	(284,787)	(293,330)	(8,543)
	Repayment of long-term accounts payable	(7,029)	(5,935)	889
	Proceeds from new bond issue	18,000	-	(18,000)
	Payment for redemption of bonds	(50,375)	(15,375)	35,000
	Payment for acquisition of treasury stocks	(1,277)	(24,435)	(23,158)
	Dividends paid	(10,200)	(24,594)	(14,394)
	Payments received from minority shareholders	1,166	164	(1,002)
	Others, net	(907)	(11,200)	(10,293)
	Net Cash used in Financing Activities	(328,911)	(376,058)	(47,147)
IV	Translation Adjustments on Cash and Cash Equivalents	(667)	(95)	571
V	Net increase in Cash and Cash Equivalents	74,654	26,013	(48,640)
VI	Cash and Cash Equivalents at Beginning of Year	121,854	196,518	74,663
VII	Net increase in Cash and Cash Equivalents of newly consolidated subsidiaries	9	-	(9)
VIII	Cash and Cash Equivalents at End of Year	196,518	222,531	26,013