

## (1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	December 31, 2004		December 31, 2005 (A)		March 31, 2005 (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	1,345,494	52.6	1,377,915	55.9	1,379,353	55.8	(1,437)
Intangible Assets and Goodwill	193,486	7.5	159,597	6.4	194,557	7.9	(34,960)
Total Telecommunications Assets	1,538,981	8.9	1,537,512	62.3	1,573,910	63.7	(36,398)
B Other Business Assets							
Property, Plant and Equipment	34,068		32,862		33,331		(469)
Intangible Assets	3,145		3,939		3,332		607
Total Other Business Assets	37,213	1.5	36,801	1.5	36,663	1.5	138
C Investments and Other Assets							
Investments in securities	37,896		48,540		31,845		16,694
Deferred income taxes	18,374		18,317		23,682		(5,364)
Deposits and guarantee money	34,726		35,807		35,298		509
Other Assets	89,845		97,502		96,046		1,454
Allowance for loss on investments and other assets	(11,946)		(8,959)		(12,539)		3,580
Total Investments and Other Assets	168,897	6.6	191,209	7.8	174,334	7.0	16,874
Total Fixed Assets	1,745,092	68.2	1,765,523	71.6	1,784,908	72.2	(19,385)
II Current Assets							
Cash and cash equivalents	258,093		170,958		160,380		10,577
Accounts receivable	403,716		386,082		383,083		3,000
Marketable securities	47,631		71,841		62,779		9,062
Inventories	64,168		38,407		48,613		(10,205)
Deferred income taxes	31,971		21,092		30,406		(9,314)
Other current assets	26,524		27,810		20,049		7,761
Allowance for doubtful accounts	(18,024)		(15,199)		(17,900)		2,700
Total Current assets	814,082	31.8	700,994	28.4	687,413	27.8	13,581
III Deferred Assets							
Debenture Discount and Expense	-		25		-		25
Total Deferred Assets	-	-	25	0.0	-	-	27
Total Assets	2,559,175	100.0	2,466,544	100.0	2,472,322	100.0	(5,777)

## (1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	December 31, 2004		December 31, 2005 (A)		March 31, 2005 (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	268,362		257,987		268,175		(10,187)
Long-term loans	436,861		219,300		368,966		(149,665)
Reserve for point service program	20,147		23,716		20,805		2,911
Other non-current liabilities	42,757		35,080		36,171		(1,090)
Total Non-Current Liabilities	768,130	30.0	536,086	21.7	694,118	28.1	(158,031)
II Current Liabilities:							
Short-term loans and current portion of long-term loans	196,275		265,375		227,743		37,632
Accounts Payable	334,397		300,545		260,405		40,140
Accrued expenses	10,623		10,973		9,956		1,016
Accrued income taxes	49,801		44,974		65,682		(20,708)
Allowance for bonuses	6,381		7,005		13,510		(6,505)
Other current liabilities	28,031		26,469		25,482		986
Total Current Liabilities	625,511	24.4	655,344	26.6	602,782	24.4	52,561
Total Liabilities	1,393,641	54.5	1,191,430	48.3	1,296,900	52.5	(105,470)
Minority Interests	27,869	1.1	15,947	0.7	13,229	0.5	2,717
Shareholders' Equity							
I Common stock	141,851	5.5	141,851	5.8	141,851	5.7	-
II Capital surplus	304,189	11.9	304,189	12.3	304,189	12.3	-
III Retained earnings	693,042	25.0	821,014	33.3	739,448	29.9	81,565
IV Net unrealized gains on securities	10,953	0.4	21,173	0.8	9,858	0.4	11,315
V Foreign Currency Translations Adjustments	(522)	(0.0)	(116)	(0.0)	(1,650)	(0.1)	1,533
VI Treasury stock, at cost	(11,850)	(0.4)	(28,945)	(1.2)	(31,505)	(1.2)	2,560
Total Shareholders' Equity	1,137,664	44.5	1,259,166	51.0	1,162,191	47.0	96,974
Total Liabilities and Shareholders' Equity	2,559,175	100.0	2,466,544	100.0	2,472,322	100.0	(5,777)

## (2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	3Q Ended December 31, 2004 (B)		3Q Ended December 31, 2005 (A)		Change (A)-(B)	Year Ended March 31, 2005	
	Amounts	% of the total	Amounts	% of the total		Amounts	% of the total
		%		%			%
I Telecommunications Business							
Operating Revenues	1,742,920	79.4	1,775,323	79.6	32,403	2,300,565	78.8
Operating Expenses	1,504,266	68.5	1,526,293	68.4	22,027	2,008,324	68.8
Sales expenses	741,397		754,188		12,790	998,402	
Depreciation	258,921		241,635		(17,285)	341,042	
Charges for the use of telecommunications services of third parties	296,974		307,899		10,925	382,063	
Other	206,969		222,567		15,596	286,810	
Telecommunications Business Operating Income	238,654	10.9	249,029	11.2	10,375	292,241	10.0
II Other Business							
Sales of Terminal equipment and other	451,390	20.6	454,865	20.4	3,475	619,473	21.2
Cost of sales of terminal equipment and other	447,567	20.4	446,300	20.0	(1,267)	615,539	21.1
Other Business Operating Income	3,822	0.2	8,564	0.4	4,742	3,934	0.1
Operating Income	242,476	11.1	257,594	11.6	15,118	296,175	10.1
III Other revenues	12,695	0.5	12,946	0.6	251	17,106	0.6
Interest income	602		845		243	700	
Equity in profit of affiliates	1,052		1,349		297	1,425	
Dividend income from anonymous association	4,728		5,086		358	6,417	
Other	6,311		5,664		(646)	8,560	
IV Other expenses	19,535	0.9	14,661	0.7	(4,874)	26,937	0.9
Interest expense	16,428		11,774		(4,654)	20,948	
Other	3,107		2,887		(219)	5,989	
Ordinary Income	235,636	10.7	255,879	11.5	20,243	286,343	9.8
I Extraordinary profit	27,800	1.3	619	0.0	(27,180)	31,384	1.1
Gain on sales of PPE	-		-		-	684	
Gain on sales of securities	126		619		493	3,025	
Gain on divestiture of PHS business	-		-		-	27,674	
II Extraordinary loss	20,935	0.9	482	0.0	(20,452)	24,197	0.8
Loss on sales of PPE	458		-		(458)	483	
Loss on disposal of PPE	20,217		-		(20,217)	23,448	
Loss on devaluation of securities	259		482		223	265	
Income before Income Taxes and Minority Interests	242,501	11.1	256,016	11.5	13,515	293,530	10.1
Income Taxes - Current	79,663	3.7	87,568	4.0	7,904	96,646	3.3
Income Taxes - Deferred	4,118	0.2	7,662	0.3	3,543	(8,540)	(0.3)
Minority Interests in Consolidated Subsidiaries	4,595	0.2	2,778	0.1	(1,817)	4,832	0.2
Net Income	154,123	7.0	158,007	7.1	3,884	200,591	6.9

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)

	3Q Ended December 31, 2004 (B)	3Q Ended December 31, 2005 (A)	(A)-(B)	Year Ended March 31, 2005	
	Amounts	Amounts	Amounts	Amounts	
I	Cash Flows from Operating Activities				
	Income before income taxes and minority interests	242,501	256,016	13,515	293,530
	Depreciation and amortization	268,026	248,761	(19,264)	354,060
	(Gain)loss on sales of PPE	339	(28)	(368)	(205)
	Loss on disposal of PPE	9,198	6,222	(2,976)	18,172
	Impairment Loss	20,217	-	(20,217)	23,448
	(Increase) decrease in allowance for doubtful accounts	(917)	(4,834)	(3,917)	(465)
	Increase (decrease) in reserve for retirement benefits	(581)	(563)	18	(640)
	Interest and dividend income	(785)	(1,239)	(454)	(885)
	Interest expenses	16,428	11,774	(4,654)	20,948
	Equity in (gain) of affiliates	(1,052)	(1,349)	(297)	(1,425)
	Loss on sales of investment securities	(119)	(618)	(499)	(3,008)
	Investment securities write off	265	482	217	272
	Gain on divestiture of PHS business	-	-	-	(27,674)
	Increase in reserve for point services	3,040	2,911	(128)	3,698
	(Increase) decrease in prepaid pension cost	(1,468)	(1,560)	(92)	(1,916)
	(Increase)decrease in notes and accounts receivable	(22,166)	(6,608)	15,557	(3,839)
	(Increase) decrease in inventories	(5,804)	9,875	15,680	10,465
	Increase(decrease) in notes and accounts payable	54,611	59,142	4,531	(12,255)
	Other, net	(11,343)	(11,085)	257	2,116
	Sub total	542,716	567,299	24,582	674,398
	Interest and dividend income received	1,699	2,037	337	1,928
	Interest expenses paid	(17,418)	(12,144)	5,273	(22,233)
	Income taxes paid	(115,604)	(106,553)	9,051	(115,418)
	Net cash provided by operating activities	411,392	450,638	39,245	538,675
II	Cash Flows From Investing Activities				
	Payments for purchase of PPE	(156,383)	(211,812)	(55,428)	(271,926)
	Proceeds from sale of PPE	740	943	202	1,466
	Payments for other intangible assets	(34,786)	(64,198)	(29,412)	(56,035)
	Acquisition of investment securities	(6,085)	(411)	5,673	(6,085)
	Proceeds from sale of investment securities	3,118	3,221	103	10,282
	Payments for investment in affiliates	(4,789)	(665)	4,124	(5,394)
	Proceeds for the divestiture of PHS business	-	-	-	206,233
	Increase in long-term prepayment	(7,402)	(9,738)	(2,336)	(14,058)
	Other, net	(1,750)	97	1,847	(990)
	Net cash used in investing activities	(1,104)	(282,564)	(281,459)	(136,507)
	Free Cash Flows	410,287	168,073	(242,213)	402,167
III	Cash Flows from Financing Activities				
	Net increase(decrease) in short-term loans	(1,496)	(1,197)	299	(1,351)
	Repayment of long-term loans	(256,541)	(108,207)	148,334	(293,330)
	Repayment of long-term accounts payable	(5,182)	(2,448)	2,733	(5,935)
	Payment for redemption of bonds	(15,187)	(60,187)	(45,000)	(15,375)
	Payment for acquisition of treasury stocks	(4,136)	(196)	3,939	(24,435)
	Dividends paid	(24,074)	(29,237)	(5,163)	(24,594)
	Payments received from minority shareholders	164	242	77	164
	Others, net	2,726	2,089	(637)	(11,200)
	Net Cash used in Financing Activities	(303,728)	(149,171)	154,557	(376,058)
IV	Translation Adjustments on Cash and Cash Equivalents				
		394	605	211	(95)
V	Net increase in Cash and Cash Equivalents				
		106,953	19,508	(87,445)	26,013
VI	Cash and Cash Equivalents at Beginning of Quarter/Year				
		196,518	222,531	26,013	196,518
VII	Cash and Cash Equivalents at End of Quarter/Year				
		303,472	242,040	(61,431)	222,531