

(1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	March 31, 2005 (A)		March 31, 2006 (B)		Change (B)-(A)
	Amounts	% of the total	Amounts	% of the total	Amounts
		%		%	
I Fixed Assets					
A Telecommunications Assets					
Property, Plant and Equipment	1,379,353	55.8	1,375,542	55.0	(3,810)
Intangible Assets and Goodwill	194,557	7.9	160,288	6.4	(34,268)
Total Telecommunications Assets	1,573,910	63.7	1,535,831	61.4	(38,079)
B Other Business Assets					
Property, Plant and Equipment	33,331		34,313		982
Intangible Assets	3,332		5,043		1,711
Total Other Business Assets	36,663	1.5	39,357	1.6	2,693
C Investments and Other Assets					
Investments in securities	31,845		49,276		17,430
Deferred income taxes	23,682		103,625		79,942
Deposits and guarantee money	35,298		38,546		3,248
Other Assets	96,046		126,300		30,253
Allowance for loss on investments and other assets	(12,539)		(8,781)		3,758
Total Investments and Other Assets	174,334	7.0	308,967	12.3	134,633
Total Fixed Assets	1,784,908	72.2	1,884,156	75.3	99,247
II Current Assets					
Cash and cash equivalents	160,380		146,197		(14,183)
Accounts receivable	383,083		408,904		25,820
Marketable securities	62,779		5,571		(57,207)
Inventories	48,613		38,383		(10,229)
Deferred income taxes	30,406		17,730		(12,676)
Other current assets	20,049		15,071		(4,978)
Allowance for doubtful accounts	(17,900)		(15,175)		2,724
Total Current assets	687,413	27.8	616,683	24.7	(70,729)
III Deferred Assets					
Debenture Discount and Expense	-		24		24
Total Deferred Assets	-	-	24	0.0	24
Total Assets	2,472,322	100.0	2,500,864	100.0	28,542

(1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	March 31, 2005 (A)		March 31, 2006 (B)		Change (B)-(A)
	Amounts	% of the total	Amounts	% of the total	Amounts
LIABILITIES AND SHAREHOLDERS' EQUITY		%		%	
I Non-Current Liabilities:					
Bonds	268,175		257,800		(10,375)
Long-term loans	368,966		266,340		(102,626)
Reserve for point service program	20,805		24,893		4,088
Other non-current liabilities	36,171		44,076		7,905
Total Non-Current Liabilities	694,118	28.1	593,111	23.7	(101,006)
II Current Liabilities:					
Short-term loans and current portion of long-term loans	227,743		246,755		19,013
Accounts Payable	260,405		275,105		14,700
Accrued expenses	9,956		10,919		962
Accrued income taxes	65,682		18,780		(46,902)
Allowance for bonuses	13,510		16,891		3,380
Other current liabilities	25,482		26,971		1,488
Total Current Liabilities	602,782	24.4	595,425	23.8	(7,357)
Total Liabilities	1,296,900	52.5	1,188,536	47.5	(108,364)
Minority Interests	13,229	0.5	16,797	0.7	3,567
Shareholders' Equity					
I Common stock	141,851	5.7	141,851	5.7	-
II Capital surplus	304,189	12.3	305,676	12.2	1,486
III Retained earnings	739,448	29.9	853,404	34.1	113,956
IV Net unrealized gains on securities	9,858	0.4	21,666	0.9	11,807
V Foreign Currency Translations Adjustments	(1,650)	(0.1)	1,166	0.0	2,816
VI Treasury stock, at cost	(31,505)	(1.2)	(28,234)	(1.1)	3,271
Total Shareholders' Equity	1,162,191	47.0	1,295,530	51.8	133,339
Total Liabilities and Shareholders' Equity	2,472,322	100.0	2,500,864	100.0	28,542

(2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Year Ended March 31, 2005 (A)		Year Ended March 31, 2006 (B)		Change (B)-(A)
	Amounts	% of the total	Amounts	% of the total	
		%		%	Amounts
I Telecommunications Business					
Operating Revenues	2,300,565	78.8	2,398,526	78.4	97,960
Operating Expenses	2,008,324	68.8	2,110,687	69.0	102,362
Sales expenses	998,402		1,047,002		48,599
Depreciation	341,042		328,259		(12,783)
Charges for the use of telecommunications services of third parties	382,063		413,293		31,230
Other	286,810		322,127		35,314
Telecommunications Business Operating Income	292,241	10.0	287,838	9.4	(4,402)
II Other Business					
Sales of Terminal equipment and other	619,473	21.2	662,288	21.6	42,814
Cost of sales of terminal equipment and other	615,539	21.1	653,530	21.3	37,991
Other Business Operating Income	3,934	0.1	8,757	0.3	4,822
Operating Income	296,175	10.1	296,596	9.7	420
III Other revenues	17,106	0.6	17,571	0.6	465
Interest income	700		1,026		326
Equity in profit of affiliates	1,425		2,278		852
Dividend income from anonymous association	6,417		6,836		418
Other	8,560		7,430		(1,130)
IV Other expenses	26,937	0.9	20,166	0.7	(6,771)
Interest expense	20,948		15,681		(5,267)
Other	5,989		4,484		(1,504)
Ordinary Income	286,343	9.8	294,001	9.6	7,657
I Extraordinary profit	31,384	1.1	2,336	0.1	(29,047)
Gain on sales of PPE	684		336		(348)
Gain on sales of securities	3,025		702		(2,322)
Gain from forgiveness of debt	-		1,298		1,298
Gain on divestiture of PHS business	27,674		-		(27,674)
II Extraordinary loss	24,197	0.8	115,731	3.8	91,534
Loss on sales of PPE	483		759		275
Loss on disposal of PPE	23,448		114,295		90,846
Loss on devaluation of securities	265		676		411
Income before Income Taxes and Minority Interests	293,530	10.1	180,606	5.9	(112,924)
Income Taxes - Current	96,646	3.3	61,139	2.0	(35,507)
Income Taxes - Deferred	(8,540)	(0.3)	(74,596)	(2.4)	(66,055)
Minority Interests in Consolidated Subsidiaries	4,832	0.2	3,493	0.1	(1,338)
Net Income	200,591	6.9	190,569	6.2	(10,022)

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

(3) Consolidated Statements of Cash Flows

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Year Ended March 31, 2005 (A)	Year Ended March 31, 2006 (B)	(B)-(A)	
	Amounts	Amounts	Amounts	
I	Cash Flows from Operating Activities			
	Income before income taxes and minority interests	293,530	180,606	(112,924)
	Depreciation and amortization	354,060	337,460	(16,599)
	(Gain)loss on sales of PPE	(205)	421	627
	Loss on disposal of PPE	18,172	22,073	3,901
	Impairment Loss	23,448	114,295	90,846
	(Increase) decrease in allowance for doubtful accounts	(465)	(5,641)	(5,176)
	Increase (decrease) in reserve for retirement benefits	(640)	(1,672)	(1,032)
	Interest and dividend income	(885)	(1,493)	(608)
	Interest expenses	20,948	15,681	(5,267)
	Equity in (gain) of affiliates	(1,425)	(2,278)	(852)
	Loss on sales of investment securities	(3,008)	(699)	2,309
	Investment securities write off	272	695	422
	Gain on divestiture of PHS business	(27,674)	-	27,674
	Increase in reserve for point services	3,698	4,088	390
	(Increase) decrease in prepaid pension cost	(1,916)	(1,533)	382
	(Increase)decrease in notes and accounts receivable	(3,839)	(6,862)	(3,023)
	(Increase) decrease in inventories	10,465	10,872	406
	Increase(decrease) in notes and accounts payable	(12,255)	24,424	36,679
	Other, net	2,116	5,915	3,798
	Sub total	674,398	696,353	21,954
	Interest and dividend income received	1,928	2,280	352
	Interest expenses paid	(22,233)	(16,347)	5,885
	Income taxes paid	(115,418)	(106,755)	8,663
	Net cash provided by operating activities	538,675	575,531	36,855
II	Cash Flows From Investing Activities			
	Payments for purchase of PPE	(271,926)	(311,614)	(39,687)
	Proceeds from sale of PPE	1,466	1,952	486
	Payments for other intangible assets	(56,035)	(87,664)	(31,629)
	Acquisition of investment securities	(6,085)	(413)	5,672
	Proceeds from sale of investment securities	10,282	3,335	(6,946)
	Payments for investment in affiliates	(5,394)	(28,668)	(23,273)
	Proceeds for the divestiture of PHS business	206,233	-	(206,233)
	Increase in long-term prepayment	(14,058)	(13,648)	410
	Other, net	(990)	797	1,787
	Net cash used in investing activities	(136,507)	(435,923)	(299,415)
	Free Cash Flows	402,167	139,607	(262,559)
III	Cash Flows from Financing Activities			
	Net increase(decrease) in short-term loans	(1,351)	(543)	807
	Repayment of long-term loans	(293,330)	(216,529)	76,800
	Repayment of long-term accounts payable	(5,935)	(2,583)	3,352
	Proceeds from new bond issue	-	49,972	49,972
	Payment for redemption of bonds	(15,375)	(60,375)	(45,000)
	Payment for acquisition of treasury stocks	(24,435)	(261)	24,173
	Dividends paid	(24,594)	(29,551)	(4,957)
	Payments received from minority shareholders	164	242	77
	Others, net	(11,200)	2,695	13,895
	Net Cash used in Financing Activities	(376,058)	(256,935)	119,122
IV	Translation Adjustments on Cash and Cash Equivalents			
		(95)	1,146	1,241
V	Net increase in Cash and Cash Equivalents			
		26,013	(116,181)	(142,194)
VI	Cash and Cash Equivalents at Beginning of Quarter/Year			
		196,518	222,531	26,013
VII	Net increase in Cash and Cash Equivalents of newly consolidated subsidiaries			
		-	44,722	44,722
	Net decrease in Cash and Cash Equivalents with changes coverage of consolidated subsidiaries			
		-	(69)	(69)
	Cash and Cash Equivalents at End of Quarter/Year			
		222,531	151,003	(71,528)