

(1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	June 30, 2005		June 30, 2006 (A)		March 31, 2006 (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	1,360,960	57.4	1,359,465	55.1	1,375,542	55.0	(16,077)
Intangible Assets and Goodwill	196,149	8.3	162,219	6.6	160,288	6.4	1,930
Total Telecommunications Assets	1,557,109	65.7	1,521,684	61.7	1,535,831	61.4	(14,146)
B Other Business Assets							
Property, Plant and Equipment	33,791		34,463		34,313		149
Intangible Assets	3,723		5,953		5,043		909
Total Other Business Assets	37,515	1.6	40,417	1.6	39,357	1.6	1,059
C Investments and Other Assets							
Investments in securities	43,953		44,426		49,276		(4,849)
Deferred income taxes	21,292		101,694		103,625		(1,930)
Deposits and guarantee money	35,400		38,870		38,546		323
Other Assets	95,127		134,269		126,300		7,968
Allowance for loss on investments and other assets	(10,023)		(9,093)		(8,781)		(311)
Total Investments and Other Assets	185,751	7.8	310,169	12.6	308,967	12.3	1,201
Total Fixed Assets	1,780,376	75.1	1,872,270	75.9	1,884,156	75.3	(11,885)
II Current Assets							
Cash and cash equivalents	109,755		118,793		146,197		(27,403)
Accounts receivable	355,722		387,620		408,904		(21,283)
Marketable securities	35,462		1,660		5,571		(3,911)
Inventories	55,231		56,183		38,383		17,799
Deferred income taxes	19,392		16,490		17,730		(1,239)
Other current assets	31,834		30,273		15,071		15,202
Allowance for doubtful accounts	(18,189)		(15,861)		(15,175)		(686)
Total Current assets	589,209	24.9	595,161	24.1	616,683	24.7	(21,522)
III Deferred Assets							
Debenture Discount and Expense	-	-	23		24		(1)
Total Deferred Assets	-	-	23	0.0	24	0.0	(1)
Total Assets	2,369,586	100.0	2,467,455	100.0	2,500,864	100.0	(33,408)

(1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	June 30, 2005		June 30, 2006 (A)		March 31, 2006 (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	238,175	257,800	257,800	-		
	Long-term loans	338,644	253,296	266,340	(13,043)		
	Reserve for point service program	22,053	26,577	24,893	1,684		
	Other non-current liabilities	35,612	43,807	44,076	(270)		
	Total Non-Current Liabilities	634,485	26.8	581,482	23.6	593,111	23.7
II	Current Liabilities:						
	Short-term loans and current portion of long-term loans	199,610	198,961	246,755	(47,794)		
	Accounts Payable	235,586	226,762	275,105	(48,343)		
	Accrued expenses	10,643	11,539	10,919	620		
	Accrued income taxes	31,760	41,080	18,780	22,300		
	Allowance for bonuses	5,886	8,050	16,891	(8,841)		
	Other current liabilities	28,440	32,319	26,971	5,348		
	Total Current Liabilities	511,929	21.6	518,714	21.0	595,425	23.8
	Total Liabilities	1,146,415	48.4	1,100,197	44.6	1,188,536	47.5
	Minority Interests	14,124	0.6	-	-	16,797	0.7
Shareholders' Equity							
I	Common stock	141,851	6.0	-	-	141,851	5.7
II	Capital surplus	304,189	12.8	-	-	305,676	12.2
III	Retained earnings	777,295	32.8	-	-	853,404	34.1
IV	Net unrealized gains on securities	18,266	0.7	-	-	21,666	0.9
V	Foreign Currency Translations Adjustments	(1,146)	(0.0)	-	-	1,166	0.0
VI	Treasury stock, at cost	(31,410)	(1.3)	-	-	(28,234)	(1.1)
	Total Shareholders' Equity	1,209,046	51.0	-	-	1,295,530	51.8
	Total Liabilities and Shareholders' Equity	2,369,586	100.0	-	-	2,500,864	100.0
NET ASSET:							
I	Shareholder's Equity						
	Common stock	-	141,851	-	-		
	Capital surplus	-	305,676	-	-		
	Retained earnings	-	909,166	-	-		
	Treasury stock, at cost	-	(27,604)	-	-		
	Total Shareholder's Equity	-	1,329,089	53.9	-		
II	Unrealized gains and Adjustment						
	Net unrealized gains on securities	-	19,067	-	-		
	Foreign Currency Translation Adjustment	-	1,539	-	-		
	Total Unrealized gains and Adjustme	-	20,607	0.8	-		
III	Share Warrant	-	-	-	-		
IV	Minority Interests	-	17,560	0.7	-		
	Total Net Assets	-	1,367,258	55.4	-		
	Total Liabilities and Net Assets	-	2,467,455	100.0	-		

(2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	1Q Ended June 30, 2005 (A)		1Q Ended June 30, 2006 (B)		Change (B)-(A)	Year Ended March 31, 2006	
	Amounts	% of the total	Amounts	% of the total		Amounts	% of the total
		%		%			%
I Telecommunications Business							
Operating Revenues	576,453	80.7	637,129	79.8	60,676	2,398,526	78.4
Operating Expenses	490,928	68.7	524,882	65.7	33,953	2,110,687	69.0
Sales expenses	238,929		258,972		20,043	1,047,002	
Depreciation	82,637		76,398		(6,238)	328,259	
Charges for the use of telecommunications services of third parties	98,989		111,926		12,936	413,293	
Other	70,369		77,580		7,211	322,127	
Telecommunications Business Operating Income	85,524	12.0	112,247	14.1	26,722	287,838	9.4
II Other Business							
Sales of Terminal equipment and other	137,813	19.3	161,271	20.2	23,457	662,288	21.6
Cost of sales of terminal equipment and other	135,520	19.0	151,584	19.0	16,064	653,530	21.3
Other Business Operating Income	2,293	0.3	9,686	1.2	7,393	8,757	0.3
Operating Income	87,818	12.3	121,934	15.3	34,116	296,596	9.7
III Other revenues	4,949	0.7	4,862	0.6	(87)	17,571	0.6
Interest income	610		129		(481)	1,026	
Equity in profit of affiliates	166		81		(84)	2,278	
Dividend income from anonymous association	1,668		2,022		353	6,836	
Other	2,504		2,629		125	7,430	
IV Other expenses	4,805	0.7	4,422	0.6	(382)	20,166	0.7
Interest expense	4,304		3,500		(803)	15,681	
Other	501		922		420	4,484	
Ordinary Income	87,962	12.3	122,374	15.3	34,412	294,001	9.6
I Extraordinary profit	152	0.0	-	-	(152)	2,336	0.1
Gain on sales of PPE	-		-		-	336	
Gain on sales of securities	152		-		(152)	702	
Gain from forgiveness of debt	-		-		-	1,298	
II Extraordinary loss	-	-	-	-	-	115,731	3.8
Loss on sales of PPE	-		-		-	759	
Loss on disposal of PPE	-		-		-	114,295	
Loss on devaluation of securities	-		-		-	676	
Income before Income Taxes and Minority Interests	88,114	12.3	122,374	15.3	34,259	180,606	5.9
Income Taxes - Current	26,927	3.7	40,638	5.1	13,711	61,139	2.0
Income Taxes - Deferred	7,767	1.1	5,034	0.6	(2,732)	(74,596)	(2.4)
Minority Interests in Consolidated Subsidiaries	832	0.1	1,054	0.1	222	3,493	0.1
Net Income	52,587	7.4	75,646	9.5	23,058	190,569	6.2

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)

	1Q Ended June 30, 2005 (A)	1Q Ended June 30, 2006 (B)	Change (B)-(A)	Year Ended March 31, 2006	
	Amounts	Amounts	Amounts	Amounts	
I	Cash Flows from Operating Activities				
	Income before income taxes and minority interests	88,114	122,374	34,259	180,606
	Depreciation and amortization	85,393	78,592	(6,801)	337,460
	(Gain)loss on sales of PPE	(106)	8	115	421
	Loss on disposal of PPE	1,826	1,183	(643)	22,073
	Impairment Loss	-	-	-	114,295
	(Increase) decrease in allowance for doubtful accounts	(2,240)	997	3,237	(5,641)
	Increase (decrease) in reserve for retirement benefits	59	26	(32)	(1,672)
	Interest and dividend income	(718)	(808)	(90)	(1,493)
	Interest expenses	4,304	3,500	(803)	15,681
	Equity in (gain) of affiliates	(166)	(81)	84	(2,278)
	Loss on sales of investment securities	(152)	8	160	(699)
	Investment securities write off	14	-	(14)	695
	Increase in reserve for point services	1,248	1,684	436	4,088
	(Increase) decrease in prepaid pension cost	(569)	(1,588)	(1,018)	(1,533)
	(Increase)decrease in notes and accounts receivable	30,621	20,057	(10,564)	(6,862)
	(Increase) decrease in inventories	(7,019)	(17,978)	(10,959)	10,872
	Increase(decrease) in notes and accounts payable	(22,273)	(43,655)	(21,379)	24,424
	Other, net	(16,310)	(19,654)	(3,343)	5,915
	Sub total	162,025	144,666	(17,358)	696,353
	Interest and dividend income received	1,150	846	(303)	2,280
	Interest expenses paid	(4,546)	(3,139)	1,406	(16,347)
	Income taxes paid	(60,357)	(17,927)	42,430	(106,755)
	Net cash provided by operating activities	98,271	124,445	26,174	575,531
II	Cash Flows From Investing Activities				
	Payments for purchase of PPE	(55,113)	(53,851)	1,262	(311,614)
	Proceeds from sale of PPE	807	725	(81)	1,952
	Payments for other intangible assets	(18,569)	(16,638)	1,931	(87,664)
	Acquisition of investment securities	(390)	-	390	(413)
	Proceeds from sale of investment securities	2,574	25	(2,548)	3,335
	Payments for investment in affiliates	(733)	(2,973)	(2,240)	(28,668)
	Increase in long-term prepayment	(2,760)	(3,933)	(1,173)	(13,648)
	Other, net	144	171	26	797
	Net cash used in investing activities	(74,041)	(76,474)	(2,432)	(435,923)
	Free Cash Flows	24,229	47,971	23,741	139,607
III	Cash Flows from Financing Activities				
	Net increase(decrease) in short-term loans	(592)	(574)	17	(543)
	Repayment of long-term loans	(46,872)	(30,348)	16,524	(216,529)
	Repayment of long-term accounts payable	(1,051)	(4)	1,046	(2,583)
	Proceeds from new bond issue	-	-	-	49,972
	Payment for redemption of bonds	(40,000)	(30,000)	10,000	(60,375)
	Payment for acquisition of treasury stocks	(19)	(73)	(53)	(261)
	Dividends paid	(14,255)	(19,349)	(5,094)	(29,551)
	Payments received from minority shareholders	240	-	(240)	242
	Others, net	86	620	534	2,695
	Net Cash used in Financing Activities	(102,464)	(79,731)	22,733	(256,935)
IV	Translation Adjustments on Cash and Cash Equivalents				
		278	74	(203)	1,146
V	Net increase in Cash and Cash Equivalents				
		(77,956)	(31,684)	46,271	(116,181)
VI	Cash and Cash Equivalents at Beginning of Quarter/Year				
		222,531	151,003	(71,528)	222,531
VII	Net increase in Cash and Cash Equivalents of newly consolidated subsidiaries				
		-	-	-	44,722
	Net decrease in Cash and Cash Equivalents with changes coverage of consolidated subsidiaries				
		-	-	-	(69)
	Cash and Cash Equivalents at End of Quarter/Year				
		144,575	119,318	(25,256)	151,003