(1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

	(Willions of you		
	June 30, 2008	March 31, 2008	
	Amounts	Amounts	
I Fixed Assets			
A Telecommunications Assets			
Property, Plant and Equipment	1,643,491	1,542,127	
Intangible Assets and Goodwill	270,122	269,028	
Total Telecommunications Assets	1,913,613	1,811,155	
B Other Business Assets			
Property, Plant and Equipment	73,679	75,403	
Intangible Assets	54,255	53,572	
Total Other Business Assets	127,934	128,975	
C Investments and Other Assets			
Investments in securities	50,227	46,044	
Deferred income taxes	99,447	99,925	
Deposits and guarantee money	40,730	39,890	
Other Assets	115,886	111,424	
Allowance for loss on investments and other assets	(10,974)	(10,442)	
Total Investments and Other Assets	295,318	286,842	
Total Fixed Assets	2,336,866	2,226,973	
II Current Assets			
Cash and cash equivalents	75,375	73,771	
Accounts receivable	433,573	453,382	
Marketable securities	298	3,227	
Inventories	84,465	61,910	
Deferred income taxes	45,466	52,196	
Other current assets	42,007	21,817	
Allowance for doubtful accounts	(13,524)	(14,003)	
Total Current assets	667,662	652,301	
Total Assets	3,004,529	2,879,274	

(1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

	June 30, 2008	March 31, 2008
	Amounts	Amounts
S AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
nds	257,742	207,767
ng-term loans	315,036	264,855
serve for point service program	48,743	43,055
ner non-current liabilities	43,747	40,737
Non-Current Liabilities	665,270	556,416
nt Liabilities: ort-term loans and current rtion of long-term loans counts Payable	147,550 263,275	99,206 318,494
crued expenses	11,966	10,733
crued income taxes	46,305	77,804
owance for bonuses	9,068	19,231
ner current liabilities	92,305	81,657
Current Liabilities	570,472	607,127
Liabilities	1,235,743	1,163,544
holder's Equity		
mon stock	141,851	141,851
tal surplus	367,235	367,266
ined earnings	1,221,810	1,173,826
sury stock, at cost	(22,103)	(20,625)
Shoreholder's Equity	1,708,794	1,662,319
lized gains and Adjustment		
t unrealized gains on securities	21,316	18,570
eign Currency Translation Adjustment	(1,711)	2,443
Unrealized gains and Adjustment	19,604	21,014
Warrant	603	494
ity Interests	39,783	31,902
Net Assets	1,768,786	1,715,730 2,879,274
	Current Liabilities: Inds Ing-term loans Iserve for point service program Iter non-current liabilities Int Liabilities: Int L	SAND SHAREHOLDERS' EQUITY Current Liabilities: Indis I

(2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

		(Millions of yen)
		1Q Ended June 30, 2008
		Amounts
ı	Telecommunications Business	
	Operating Revenues	685,209
	Operating Expenses	468,656
	Sales expenses	168,917
	Depreciation	90,311
	Charges for the use of telecommunications services of third parties	112,960
	Other	96,467
	Telecommunications Business Operating Income	216,552
П	Other Business	
	Sales of Terminal equipment and other	185,311
	Cost of sales of terminal equipment and other	277,490
	Other Business Operating Income	(92,178)
	Operating Income	124,373
Ш	Other revenues	21,514
	Interest income	188
	Equity in profit of affiliates	22
	Dividend income from anonymous association	1,445
	Other	2,870
IV	Other expenses	15,292
	Interest expense	2,745
	Other	1,328
	Ordinary Income	124,826
ı	Extraordinary profit	-
II	Extraordinary loss	351
	Loss on devaluation of securities	351
	Income before Income Taxes and Minority Interests	124,475
	Income Taxes - Current	46,168
	Income Taxes - Deferred	5,282
	Minority Interests in Consolidated Subsidiaries	567
	Net Income	72,455

(3) Consolidated Statements of Cash Flows KDDI Corporation and Consolidated Subsidiaries

I Cash Flows from Operating Activities income before income taxes and minority interests Depreciation and amortization (Gain) loss on sales of PPE 9.3 (A.705 increase in allowance for doubful accounts 128 Decrease in reserve for retirement benefits (14) interest and dividend income (Basin) interest and dividend income (Basin) interest expenses 2.745 Equity in gain of affiliates (22) Gain on sales of Investment securities (Basin on sales of affiliates (Basin on sales)) in trease in prepation affiliates (Basin on sales) in notes and accounts payable (Basin on sales) in affiliates (Basin			(Millions of yen)
June 30, 2008			10 F. J. J
I Cash Flows from Operating Activities Income before income taxes and minority interests Depreciation and amortization 96,743 (Gairi) loss on sales of PPE 93 Loss on disposal of PPE 4,705 Increase in allowance for doubtful accounts 128 Decrease in reserve for retirement benefits (14) Interest and dividend income (830) Interest and dividend income (830) Interest expenses 2,745 Equity in gain of affiliates (22) Gain on sales of investment securities 351 Increase in reserve for proint services 1,745 Increase in reserve for point services 1,746 Increase in reserve for point services 1,746 Increase in reserve for point services 1,746 Increase in inventories (21,611) Increase (decrease) in notes and accounts receivable (1,742 Increase) decrease in notes and accounts payable (3,732) Increase in advances (3,748 Increase in advances (3,748 Increase in advances (3,748 Increase in advances (4,897) Increase			
Cash Flows from Operating Activities Income before income taxes and minority interests 124,475 Depreciation and amortization 96,743 Casir) loss on sales of PPE 93 Loss on disposal of PPE 4,705 Increase in allowance for doubtful accounts 128 Decrease in reserve for retirement benefits (14) Interest and dividend income (830) Interest and dividend income (830) Interest expenses 2,745 Equity in gain of affiliates (22) Gain on sales of investment securities 8 Gain on sales of affiliate securities - Increase in reserve for point services 5,688 Increase in reserve for point services 5,688 Increase in reserve for point services (13,732) Increase in inventiories (21,611) Increase (decrease) in notes and accounts receivable (21,762 Increase in inventiories (21,611) Increase (decrease) in notes and accounts payable (43,732) Increase (decrease) in notes and accounts payable (43,732) Increase (accesses) in notes and accounts payable (24,897) Sub total 172,667 Interest and dividend income received 1,272 Interest and dividend income received (26,897) Interest expenses paid (20,44) Income taxes paid (20,44) Income taxes paid (20,44) Income taxes paid (76,823) Net cash provided by operating activities 95,071 Proceeds from sale of PPE (104,214) Proceeds from sale of investment securities (41,031) Increase in long-term prepayment (4,300) Payments for investment securities (49,970) Free Cash Flows from Financing Activities (49,970) Proceeds from sevent loans (30,372) Proceeds from issuance of long-term loans (30,372) Proceeds from seve			June 30, 2008
Cash Flows from Operating Activities Income before income taxes and minority interests 124,475 Depreciation and amortization 96,743 Casir) loss on sales of PPE 93 Loss on disposal of PPE 4,705 Increase in allowance for doubtful accounts 128 Decrease in reserve for retirement benefits (14) Interest and dividend income (830) Interest and dividend income (830) Interest expenses 2,745 Equity in gain of affiliates (22) Gain on sales of investment securities 8 Gain on sales of affiliate securities - Increase in reserve for point services 5,688 Increase in reserve for point services 5,688 Increase in reserve for point services (13,732) Increase in inventiories (21,611) Increase (decrease) in notes and accounts receivable (21,762 Increase in inventiories (21,611) Increase (decrease) in notes and accounts payable (43,732) Increase (decrease) in notes and accounts payable (43,732) Increase (accesses) in notes and accounts payable (24,897) Sub total 172,667 Interest and dividend income received 1,272 Interest and dividend income received (26,897) Interest expenses paid (20,44) Income taxes paid (20,44) Income taxes paid (20,44) Income taxes paid (76,823) Net cash provided by operating activities 95,071 Proceeds from sale of PPE (104,214) Proceeds from sale of investment securities (41,031) Increase in long-term prepayment (4,300) Payments for investment securities (49,970) Free Cash Flows from Financing Activities (49,970) Proceeds from sevent loans (30,372) Proceeds from issuance of long-term loans (30,372) Proceeds from seve			Amounts
Income before income taxes and minority interests Depreciation and amortization 96,743 (Gair) loss on sales of PPE 93 Loss on disposal of PPE 4,705 Increase in allowance for doubtful accounts 128 Decrease in reserve for retirement benefits (14) Interest and dividend income (830) Interest expenses 2,745 Equity in gain of affiliates (22) Gain on sales of investment securities 8 Gain on sales of infiliates (22) Gain on sales of investment securities - Investment securities write off 351 Increase in reserve for point services 5,688 Increase in prepaid pension cost (Increase) decrease in notes and accounts receivable 21,762 Increase in inventories (21,611) Increase (decrease) in notes and accounts payable (43,732) Increase in advances 6,354 Other, net (24,897) Sub total 172,667 Interest and dividend income received 1,272 Interest expenses paid (2,044) Income taxes paid (76,823) Net cash provided by operating activities 95,071 II Cash Flows From Investing Activities Payments for purchase of PPE 305 Payments for investment securities (10,4214) Proceeds from sale of investment securities (41,031) Proceeds from sale of investment securities (41,031) Other, net (48,000) Net cash Flows from Financing Activities (40,970) Free Cash Flows From Investment securities (40,970) Free Cash Flows From Investment securities (40,970) Proceeds from reward for payment of ong-term loans (30,372) Proceeds from reward for payment on securities (40,970) Proceeds from reward for payment on securities (50,970) Proceeds from reward for payment for acquisition of treasury stocks (40,699) Others, net (50,970) Proceeds from security for the s	ı	Cash Flows from Operating Activities	
Depreciation and amortization (Gain) loss on sales of PPE			124.475
Cain loss on sales of PPE		-	·
Loss on disposal of PPE		·	·
Increase in allowance for doubiful accounts		• •	
Decrease in reserve for retirement benefits (14) Interest and dividend income		•	·
Interest and dividend income (830) Interest expenses 2,745 Equily in gain of affiliates (222) Gain on sales of investment securities 8 Gain on sales of affiliate securities - Investment securities 5,688 Increase in reserve for point services 5,688 Increase in prepaid pension cost 718 (Increase) decrease in notes and accounts receivable 1,1762 Increase in inventories (21,611) Increase (decrease) in notes and accounts payable (43,732) Increase in advances (3,544) Other, net (24,897) Sub total 712,667 Interest and dividend income received 1,272 Interest and dividend income received 1,272 Interest expenses paid (2,044) Income taxes paid (76,823) Net cash provided by operating activities 95,071 III Cash Flows From Investing Activities Payments for purchase of PPE (104,214) Proceeds from sale of PPE (104,214) Proceeds from sale of Investment securities (41,031) Increase in long-term prepayment (4,300) Other, net (4,300) Other, net (4,300) Proceeds from sale of Investment securities (41,031) Increase in long-term prepayment (4,300) Other, net (4,300) Proceeds from sale of Investment securities (41,031) Increase in long-term prepayment (4,300) Other, net (4,300) Other, net (4,300) Proceeds from sale of Investment securities (41,031) Increase in long-term prepayment (4,300) Other, net (4,300) Proceeds from sale of Investment securities (41,031) Increase in long-term prepayment (4,300) Other, net (4,300) Other, net (4,300) Proceeds from new bond issue (5,000) Proceeds from new bond issue (5,000) Others, net (5,000) Proceeds from new bond issue (5,000) Others, net (5,000) Net Cash used in Financing Activities (5,000) Net Cash used in Financing Activities (5,000) Net Cash used in Financing Activities (5,000) Net Cash and Cash Equivalents (1,151) Vi Cash and Cash Equivalents (1,151)			
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Equity in gain of affiliates (22) Gain on sales of investment securities 8 Gain on sales of affiliate securities			` '
Gain on sales of investment securities 8 Gain on sales of affiliate securities - Investment securities write off 351 Increase in reserve for point services 5,688 Increase in prepaid pension cost 718 (Increase) decrease in notes and accounts receivable 21,762 Increase in inventories (21,611) Increase (decrease) in notes and accounts payable (43,732) Increase in advances 6,354 Other, net (24,897) Sub total 172,667 Interest and dividend income received 1,272 Interest expenses paid (2,044) Income taxes paid (76,823) Net cash provided by operating activities 95,071 II Cash Flows From Investing Activities Payments for purchase of PPE (104,214) Proceeds from sale of PPE 305 Payments for investment securities (6) Payments for investment securities (6) Payments for investment in affiliates (41,031) Increase in long-term prepayment (4,300) Other, net		Interest expenses	2,745
Gain on sales of affiliate securities 1. 1. 1. 1. 1. 1. 1. 1		Equity in gain of affiliates	(22)
Investment securities write off		Gain on sales of investment securities	8
Increase in reserve for point services		Gain on sales of affiliate securities	-
Increase in prepaid pension cost (Increase) decrease in notes and accounts receivable (21,762 Increase) decrease) in notes and accounts payable (43,732) Increase (decrease) in notes and accounts payable (43,732) Increase in advances (5,354 Other, net (24,897) Sub total (17,2667 Interest expenses paid (2,044) Income taxes paid (2,044) Income taxes paid (76,823) Net cash provided by operating activities (104,214) Proceeds from sale of PPE (104,214) Proceeds from sale of PPE (104,214) Proceeds from sale of investment securities (1) Proceeds from sale of investment securities (41,031) Payments for investment in affiliates (41,031) Increase in long-term prepayment (43,000) Other, net (496) Net cash used in investing activities (169,970) Free Cash Flows from Einancing Activities (169,970) Free Cash Flows from Einancing Activities (169,970) Payment of long-term loans (30,372) Proceeds from issuance of long-term loans (30,372) Proceeds from issuance of long-term loans (30,372) Proceeds from ew bond issue (24,442) Others, net (5) Net Cash used in Financing Activities (5) Net Cash used in Financing Activities (5) Net Cash used in Financing Activities (16,600) Variansiation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year (75,545)		Investment securities write off	351
(Increase) decrease in notes and accounts receivable Increase in inventories Increase (decrease) in notes and accounts payable Increase (decrease) in notes and accounts payable Increase in advances Other, net Other, net Sub total Interest and dividend income received Interest and dividend income received Income taxes paid Income taxes		Increase in reserve for point services	5,688
Increase in inventories		Increase in prepaid pension cost	718
Increase (decrease) in notes and accounts payable Increase in advances Other, net Other, net Sub total Interest and dividend income received Interest and dividend income received Increase paid Incre		(Increase) decrease in notes and accounts receivable	21,762
Increase in advances Other, net Other, net (24,897) Sub total 172,667 Interest and dividend income received 1,272 Interest expenses paid (2,044) Income taxes paid (76,823) Net cash provided by operating activities Payments for purchase of PPE Payments for purchase of PPE Payments for other intangible assets Acquisition of investment securities Payments for other intangible assets (10,294) Acquisition of investment securities Payments for investment in affiliates (41,031) Increase in long-term prepayment (4,300) Other, net Vet cash used in investing activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Proceeds from new bond issue Payment of acquisition of treasury stocks Dividends paid Others, net Net Cash used in Financing Activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Proceeds from fisuance of long-term loans Proceeds from new bond issue Payment for acquisition of treasury stocks Dividends paid Others, net Net Cash used in Financing Activities Net Cash and Cash Equivalents Net Increase (decrease) in Cash and Cash Equivalents		Increase in inventories	(21,611)
Other, net (24,897) Sub total 172,667 Interest and dividend income received 1,272 Interest expenses paid (2,044) Income taxes paid (76,823) Net cash provided by operating activities 95,071 II Cash Flows From Investing Activities Payments for purchase of PPE (104,214) Proceeds from sale of PPE 305 Payments for other intangible assets (21,294) Acquisition of investment securities (1) Proceeds from sale of investment securities 69 Payments for investment in affiliates (41,031) Increase in long-term prepayment (4,300) Other, net 496 Net cash used in investing activities (169,970) Free Cash Flows (74,899) III Cash Flows from Financing Activities 30,000 Repayment of long-term loans 30,000 Repayment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities		Increase (decrease) in notes and accounts payable	(43,732)
Sub total 172,667 Interest and dividend income received 1,272 Interest expenses paid (2,044) Income taxes paid (76,823) Net cash provided by operating activities 95,071 II Cash Flows From Investing Activities 95,071 II Cash Flows From Investing Activities 97,071 II Cash Flows From Investing Activities 97,071 II Cash Flows From Investing Activities 97,071 II Proceeds from sale of PPE (104,214) Proceeds from sale of PPE (21,294) Acquisition of investment securities (1) Proceeds from sale of investment securities (1) Proceeds from sale of investment securities (41,031) Increase in long-term prepayment (4,300) Other, net 496 Net cash used in investing activities (169,970) Free Cash Flows (74,899) III Cash Flows from Financing Activities (169,970) Proceeds from issuance of long-term loans 32,031 Proceeds from issuance of long-term loans 30,000 Repayment of long-term loans (30,372) Proceeds from new bond issue 70,000 Payment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Increase in advances	6,354
Interest and dividend income received Income taxes paid Income tax		Other, net	(24,897)
Interest expenses paid Income taxes paid Income		Sub total	172,667
Income taxes paid (76,823) Net cash provided by operating activities 95,071 II Cash Flows From Investing Activities 95,071 III Cash Flows From Investing Activities 92,071 Payments for purchase of PPE (104,214) Proceeds from sale of PPE 305 Payments for other intangible assets (21,294) Acquisition of investment securities (1) Proceeds from sale of investment securities 69 Payments for investment in affiliates (41,031) Increase in long-term prepayment (4,300) Other, net 496 Net cash used in investing activities (169,970) Free Cash Flows (74,899) III Cash Flows from Financing Activities 32,031 Proceeds from issuance of long-term loans 32,031 Proceeds from issuance of long-term loans 30,000 Repayment of long-term loans 30,000 Repayment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Interest and dividend income received	1,272
Net cash provided by operating activities Payments for purchase of PPE Proceeds from sale of PPE Payments for other intangible assets Acquisition of investment securities Payments for investment securities Payments for investment in affiliates Payment cash used in investing activities Per Cash Flows Proceeds from section activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Proceeds from issuance of long-term loans Proceeds from new bond issue Payment for acquisition of treasury stocks Payment for acquisition of treasury stocks Dividends paid Qt4,442 Others, net Spayments of Lash and Cash Equivalents Victorian activities Victorian Interest (decrease) in Cash and Cash Equivalents Victorian Interest (1,151) Victorian Adjustments on Cash and Cash Equivalents Victorian Interest (1,151) Victorian Adjustments at Beginning of Quarter/Year		Interest expenses paid	(2,044)
III Cash Flows From Investing Activities Payments for purchase of PPE Proceeds from sale of PPE Payments for other intangible assets Acquisition of investment securities Payments for investment securities Proceeds from sale of investment securities Proceeds from sale of investment securities Payments for investment in affiliates Payment of long-term prepayment Procease in investing activities Pree Cash Flows Pree Cash Flows Pree Cash Flows Proceeds from Financing Activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Proceeds from issuance of long-term loans Proceeds from new bond issue Payment for acquisition of treasury stocks Payment for acquisition of		Income taxes paid	(76,823)
Payments for purchase of PPE Proceeds from sale of PPE Payments for other intangible assets Acquisition of investment securities Payments for investment securities Payments for investment securities Payments for investment in affiliates Payment of long-term prepayment Proceash Flows Payment investing activities Proceeds from Financing Activities Proceeds from Financing Activities Proceeds from issuance of long-term loans Proceeds from issuance of long-term loans Proceeds from new bond issue Payment for acquisition of treasury stocks		Net cash provided by operating activities	95,071
Proceeds from sale of PPE Payments for other intangible assets (21,294) Acquisition of investment securities (1) Proceeds from sale of investment securities (41,031) Increase in long-term prepayment (4,300) Other, net (4,300) Other, net (496 Net cash used in investing activities (169,970) Free Cash Flows (74,899) III Cash Flows from Financing Activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Repayment of long-term loans Repayment of long-term loans Proceeds from new bond issue Payment for acquisition of treasury stocks Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities T5,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545	II	Cash Flows From Investing Activities	
Payments for other intangible assets Acquisition of investment securities Proceeds from sale of investment securities Payments for investment in affiliates (41,031) Increase in long-term prepayment (4,300) Other, net 496 Net cash used in investing activities (169,970) Free Cash Flows (74,899) III Cash Flows from Financing Activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Repayment of long-term loans Repayment for acquisition of treasury stocks Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities Net increase (decrease) in Sale Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year		Payments for purchase of PPE	(104,214)
Acquisition of investment securities Proceeds from sale of investment securities Payments for investment in affiliates (41,031) Increase in long-term prepayment (4,300) Other, net Net cash used in investing activities (169,970) Free Cash Flows (74,899) III Cash Flows from Financing Activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Repayment of long-term loans Proceeds from new bond issue Proceeds from new bond issue Payment for acquisition of treasury stocks Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities V Net increase (decrease) in Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year		Proceeds from sale of PPE	305
Proceeds from sale of investment securities Payments for investment in affiliates (41,031) Increase in long-term prepayment (4,300) Other, net 496 Net cash used in investing activities (169,970) Free Cash Flows (74,899) III Cash Flows from Financing Activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Repayment of long-term loans Proceeds from new bond issue Payment for acquisition of treasury stocks Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities V Net increase (decrease) in Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year		Payments for other intangible assets	(21,294)
Payments for investment in affiliates Increase in long-term prepayment Other, net Net cash used in investing activities Free Cash Flows (74,899) III Cash Flows from Financing Activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Repayment of long-term loans Repayment of long-term loans Proceeds from new bond issue Payment for acquisition of treasury stocks Dividends paid Others, net Net Cash used in Financing Activities Net Cash used in Financing Activities V Net increase (decrease) in Cash and Cash Equivalents V Net increase (decrease) in Cash and Cash Equivalents (4,300) (4,300) (169,970) (74,899) 32,031 (30,372) (30,372) (30,372) (70,000 (30,372) (70,000 (1,609) (24,442) (5) (5) (6) (7) (7) (7) (7) (7) (7) (7) (7) (7) (7		Acquisition of investment securities	(1)
Increase in long-term prepayment (4,300) Other, net 496 Net cash used in investing activities (169,970) Free Cash Flows (74,899) III Cash Flows from Financing Activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans 32,031 Proceeds from issuance of long-term loans 30,000 Repayment of long-term loans (30,372) Proceeds from new bond issue 70,000 Payment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Proceeds from sale of investment securities	69
Other, net 496 Net cash used in investing activities (169,970) Free Cash Flows (74,899) III Cash Flows from Financing Activities Net increase (decrease) in short-term loans 32,031 Proceeds from issuance of long-term loans 30,000 Repayment of long-term loans (30,372) Proceeds from new bond issue 70,000 Payment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Payments for investment in affiliates	(41,031)
Net cash used in investing activities (169,970) Free Cash Flows (74,899) III Cash Flows from Financing Activities Net increase (decrease) in short-term loans 32,031 Proceeds from issuance of long-term loans 30,000 Repayment of long-term loans (30,372) Proceeds from new bond issue 70,000 Payment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Increase in long-term prepayment	(4,300)
Free Cash Flows (74,899) III Cash Flows from Financing Activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Repayment of long-term loans (30,372) Proceeds from new bond issue Payment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year		Other, net	496
III Cash Flows from Financing Activities Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Repayment of long-term loans (30,372) Proceeds from new bond issue Proceeds from new bond issue Payment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Net cash used in investing activities	(169,970)
Net increase (decrease) in short-term loans Proceeds from issuance of long-term loans Repayment of long-term loans (30,372) Proceeds from new bond issue Payment for acquisition of treasury stocks Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities V Net increase (decrease) in Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 32,031 32,03		Free Cash Flows	(74,899)
Proceeds from issuance of long-term loans Repayment of long-term loans (30,372) Proceeds from new bond issue 70,000 Payment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545	III	Cash Flows from Financing Activities	
Repayment of long-term loans (30,372) Proceeds from new bond issue 70,000 Payment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Net increase (decrease) in short-term loans	32,031
Proceeds from new bond issue 70,000 Payment for acquisition of treasury stocks (1,609) Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Proceeds from issuance of long-term loans	30,000
Payment for acquisition of treasury stocks Dividends paid Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents V Net increase (decrease) in Cash and Cash Equivalents (1,852) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Repayment of long-term loans	(30,372)
Dividends paid (24,442) Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Proceeds from new bond issue	70,000
Others, net (5) Net Cash used in Financing Activities 75,600 IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Payment for acquisition of treasury stocks	(1,609)
Net Cash used in Financing Activities75,600IV Translation Adjustments on Cash and Cash Equivalents(1,852)V Net increase (decrease) in Cash and Cash Equivalents(1,151)VI Cash and Cash Equivalents at Beginning of Quarter/Year75,545		Dividends paid	(24,442)
IV Translation Adjustments on Cash and Cash Equivalents (1,852) V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Others, net	(5)
V Net increase (decrease) in Cash and Cash Equivalents (1,151) VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545		Net Cash used in Financing Activities	75,600
VI Cash and Cash Equivalents at Beginning of Quarter/Year 75,545	IV	Translation Adjustments on Cash and Cash Equivalents	(1,852)
	V	Net increase (decrease) in Cash and Cash Equivalents	(1,151)
Cash and Cash Equivalents at End of Quarter/Year 74,394	VI	Cash and Cash Equivalents at Beginning of Quarter/Year	75,545
		Cash and Cash Equivalents at End of Quarter/Year	74,394

(4) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

		(Millions of yen)
		1Q Ended June 30, 2007
		Amounts
I	Telecommunications Business	
	Operating Revenues	685,626
	Operating Expenses	549,599
	Sales expenses	272,788
	Depreciation	80,439
	Charges for the use of telecommunications services of third parties	113,625
	Other	82,745
	Telecommunications Business Operating Income	136,026
II	Other Business	
	Sales of Terminal equipment and other	158,457
	Cost of sales of terminal equipment and other	153,579
	Other Business Operating Income	4,877
	Operating Income	140,904
Ш	Other revenues	4,841
	Interest income	233
	Equity in profit of affiliates	-
	Dividend income from anonymous association	1,568
	Other	3,039
IV	Other expenses	3,020
	Interest expense	2,610
	Other	409
	Ordinary Income	142,725
	Income before Income Taxes and Minority Interests	142,725
	Income Taxes - Current	45,287
	Income Taxes - Deferred	14,045
	Minority Interests in Consolidated Subsidiaries	900
	Net Income	82,491

(5) Consolidated Statements of Cash Flows

KDDI Corporation and Consolidated Subsidiaries

	(Millions of ye
	1Q Ended June 30, 2007
	Amounts
I Cash Flows from Operating Activities	
Income before income taxes and minority interests	142,725
Depreciation and amortization	83,831
(Gain) loss on sales of PPE	(1)
Loss on disposal of PPE	1,765
Impairment Loss	-
Increase in allowance	191
for doubtful accounts	
Decrease in reserve for retirement benefits	59
Interest and dividend income	(868)
Interest expenses	2,610
Equity in gain of affiliates	36
Increase in reserve for point services	1,786
Increase in prepaid pension cost	(1,255)
(Increase) decrease in notes and accounts receivable	502
Increase in inventories	5,196
Increase (decrease) in notes and accounts payable	(77,372)
Increase in advances	8,252
Other, net	(17,035)
Sub total	150,425
Interest and dividend income received	1,056
Interest expenses paid	(2,044)
Income taxes paid	(99,167)
Net cash provided by operating activities	50,269
II Cash Flows From Investing Activities	(// 010)
Payments for purchase of PPE Proceeds from sale of PPE	(66,818)
	(10.024)
Payments for other intangible assets Acquisition of investment securities	(19,026) (611)
Proceeds from sale of investment securities	0
	(17,486)
Payments for investment in affiliates Increase in long-term prepayment	(2,749)
Other, net	(4,090)
Net cash used in investing activities	(110,765)
Free Cash Flows	(60,495)
III Cash Flows from Financing Activities	
Net increase (decrease) in short-term loans	116
Proceeds from issuance of long-term loans	-
Repayment of long-term loans	(13,099)
Proceeds from new bond issue	-
Payment for redemption of bonds	-
Payment for acquisition of treasury stocks	(110)
Dividends paid	(22,354)
Payments received from minority shareholders	533
Others, net	(2)
Net Cash used in Financing Activities	(34,916)
Translation Adjustments on Cash and Cash Equivalents	(55)
V Net increase (decrease) in Cash and Cash Equivalents	(95,467)
VI Cash and Cash Equivalents at Beginning of Quarter/Year	192,654
Net increase in Cash and Cash Equivalents of newly	-
consolidated subsidiaries	97,186