

# (1) Consolidated balance sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	September 30, 2008	March 31, 2008
	Amounts	Amounts
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	200,546	75,546
Accounts receivable	458,100	453,382
Allowance for doubtful accounts	(13,784)	(14,004)
Inventories	99,042	61,911
Deferred tax assets	54,261	52,197
Prepaid expenses and other current assets	32,572	23,270
<b>Total Current Assets</b>	<b>830,735</b>	<b>652,302</b>
<b>Property, Plant and Equipment:</b>		
Telecommunications equipment	3,553,454	3,215,882
Buildings and structures	544,537	516,754
Machinery and tools	159,345	148,631
Land	53,190	52,987
Construction in progress	141,665	130,151
Other property, plant and equipment	6,437	2,205
	4,458,629	4,066,610
Accumulated depreciation	(2,679,331)	(2,449,079)
<b>Total Property, Plant and Equipment</b>	<b>1,779,297</b>	<b>1,617,531</b>
<b>Investments and Other Assets:</b>		
Investments in securities	44,668	46,044
Deposits and guarantee money	40,601	39,891
Intangible assets	293,234	297,097
Goodwill	27,007	25,503
Deferred tax assets	100,271	99,925
Other assets	114,815	111,425
Allowance for doubtful accounts	(10,586)	(10,443)
<b>Total Investments and Other Assets</b>	<b>610,009</b>	<b>609,442</b>
<b>Total Assets</b>	<b>3,220,041</b>	<b>2,879,275</b>

\* We have changed the summary account from this quarter.

# (1) Consolidated balance sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	September 30, 2008	March 31, 2008
	Amounts	Amounts
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Short-term loans and current portion of long-term loans	108,672	99,207
Accounts payable	265,509	318,494
Accrued income taxes	111,256	77,804
Accrued expenses	12,583	10,733
Allowance for bonuses	15,032	19,232
Other current liabilities	91,030	81,658
<b>Total Current Liabilities</b>	<b>604,080</b>	<b>607,128</b>
<b>Non-Current Liabilities:</b>		
Long-term loans	413,480	264,855
Bonds	257,746	207,768
Reserve for point service program	52,881	43,055
Reserve for retirement benefits and other non-current liabilities	45,237	40,738
<b>Total Non-Current Liabilities</b>	<b>769,345</b>	<b>556,416</b>
<b>Total Liabilities</b>	<b>1,373,424</b>	<b>1,163,544</b>
<b>Contingent Liabilities</b>		
<b>Net Assets</b>		
Common Stock:		
Authorized - 7,000,000 and 7,000,000 shares at March 31, 2008 and September 30, 2008, respectively		
Issued - 4,484,818.86 and 4,484,818.86 shares at March 31, 2008 and September 30, 2008, respectively	141,852	141,852
Additional paid-in capital surplus	367,092	367,267
Retained earnings	1,300,472	1,173,826
Treasury stock, at cost:		
Number of treasury stock - 23,032.89 and 27,133.37 shares at March 31, 2008 and September 30, 2008, respectively	(23,129)	(20,625)
<b>Total Shareholders' Equity</b>	<b>1,786,286</b>	<b>1,662,320</b>
Net unrealized gains on securities	18,026	18,571
Foreign currency translation adjustments	695	2,443
<b>Total Unrealized Gains and Translation Adjustments</b>	<b>18,721</b>	<b>21,014</b>
Stock Acquisition Rights	752	495
Minority Interests	40,857	31,902
<b>Total Net Assets</b>	<b>1,846,617</b>	<b>1,715,731</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,220,041</b>	<b>2,879,275</b>

\* We have changed the summary account from this quarter.

## (2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	2Q Ended September 30, 2008
	Amounts
<b>Operating Revenues:</b>	
Revenues from telecommunication business	1,378,063
Sales of terminal equipment and other	369,271
<b>Total Operating Revenues</b>	<b>1,747,334</b>
<b>Operating Expenses:</b>	
Sales expenses	345,521
Depreciation	187,507
Charges for use of telecommunications services of third parties	226,718
Cost of sales of terminal equipment and other	527,679
Other	197,027
<b>Total Operating Expenses</b>	<b>1,484,452</b>
<b>Operating Income</b>	<b>262,882</b>
<b>Other Expenses (Income):</b>	
Interest expense	5,847
Interest income	(559)
Valuation loss on investments in securities	352
Gain on disposal of property, plant and equipment	(556)
Equity in gain of affiliates	650
Gain on recovery of bad debt	(160)
Dividend income from anonymous association	(3,555)
Loss on disposal of property, plant and equipment	132
Impairment loss	949
Other, net	(1,570)
<b>Total Other Expenses</b>	<b>1,528</b>
<b>Income before Income Taxes and Minority Interests</b>	<b>261,354</b>
<b>Income Taxes:</b>	
Current	110,540
Deferred	(1,550)
<b>Total Income Taxes</b>	<b>108,990</b>
<b>Minority Interests in Consolidated Subsidiaries</b>	<b>1,246</b>
<b>Net Income</b>	<b>151,118</b>

\* We have changed the summary account from this quarter.

### (3) Consolidated Statements of Cash Flows

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	2Q Ended September 30, 2008
	Amounts
I Cash Flows from Operating Activities	
Income before income taxes and Minority interests Adjustments for:	261,353
Depreciation and amortization	195,089
Impairment Loss	949
Amortization of goodwill	4,867
Gain on sales of property, plant and equipment	(426)
Loss on disposal of property, plant and equipment	9,562
Increase (decrease) in allowance for doubtful accounts	(29)
Decrease in reserve for retirement benefits	(31)
Interest and dividend income	(1,202)
Interest expenses	5,846
Equity in gain of affiliates	649
Gain on sales of investment securities	8
Valuation loss in investments in securities	351
Increase in reserve for point services	9,825
Change in assets and liabilities:	
Decrease in prepaid pension cost	1,436
Increase (decrease) in notes and accounts receivable	(1,498)
Increase (decrease) in inventories	(35,112)
(Increase) decrease in notes and accounts payable	(33,283)
Decrease in prepaid pension cost	(33,572)
Increase (decrease) in notes and accounts receivable	(920)
Increase in advances received	7,887
Other, net	(13,414)
Sub total	378,335
Interest and dividend income received	2,321
Interest expenses paid	(5,640)
Income taxes paid	(77,394)
Net cash provided by operating activities	297,622
II Cash Flows from Investing Activities:	
Payments for purchase of property, plant and equipment	(217,974)
Proceeds from sale of property, plant and equipment	1,003
Payments for other intangible assets	(38,530)
Payments for acquisition of investment in securities	(1)
Proceeds from sale of investment in securities	104
Payments for investment in affiliates	(5,003)
Payments for acquisition of affiliates' shares resulting in changes in scope of consolidation	(36,027)
Payments for increase in long-term prepayment	(8,613)
Other, net	1,327
Net cash used in investing activities	(303,715)
Free Cash Flows	(6,093)
III Cash Flows from Financing Activities	
Net increase (decrease) in short-term loans	28,701
Proceeds from long-term loans	150,000
Repayment of long-term loans	(58,662)
Proceeds from new bond issue	70,000
Payment for redemption of bonds	(30,000)
Payments for acquisition of treasury stocks	(3,145)
Dividends paid	(24,533)
Dividends paid to minority shareholders	(479)
Others, net	110
Net cash used in financing activities	131,991
IV Translation Adjustments on Cash and Cash Equivalents	(898)
V Net increase (decrease) in Cash and Cash Equivalents	124,999
VI Cash and Cash Equivalents at Beginning of Quarter	75,545
Cash and Cash Equivalents at End of Quarter	200,545