This translation is to be used solely as a reference and the consolidated financial statements in this release are unaudited.

Financial Statements Summary for the Six Months Ended September 30, 2010 [Japan GAAP]

October 22, 2010

Company Name	**KDDI CORPORATION**		
Stock Listing	Tokyo Stock Exchange-First Section		
Code No.	9433	URL	http://www.kddi.com
Representative	Tadashi Onodera, President and Chairman		

Scheduled date for filing of quarterly report: October 29, 2010
Scheduled date for dividend payment: November 19, 2010
Quarterly earnings supplementary explanatory documents: Yes
Quarterly earnings presentation: Yes (for institutional investors and analysts)

(Amount Unit : Millions of yen, unless otherwise stated)
(Amounts are rounded down to nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2010 (April 1, 2010 – September 30, 2010)

(1) Consolidated Results of Operation

（Percentage represents comparison change to the corresponding previous quarterly period）

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Six months ended September 30, 2010	1,718,437	(0.3)	247,855	(1.2)	234,041	(3.1)	136,974	(5.7)
Six months ended September 30, 2009	1,723,086	(1.4)	250,982	(4.5)	241,511	(7.9)	145,292	(3.9)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2010	30,752.37	—
Six months ended September 30, 2009	32,619.78	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Total Net Assets per Share
			%	Yen
As of September 30, 2010	3,801,770	2,182,097	55.7	475,513.51
As of March 31, 2010	3,819,536	2,078,450	52.8	453,003.09

(Reference) Shareholder’s Equity　As of September 30, 2010: 2,117,990 million yen　As of March 31, 2010: 2,017,726 million yen

2. Dividends

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2010	—	6,500.00	—	6,500.00	13,000.00
Year ending March 31, 2011	—	6,500.00			
Year ending March 31, 2011 (forecast)			—	6,500.00	13,000.00

Note: Changes in forecasts during the three months ended September 30, 2010: None

3. Consolidated Financial Results Forecast for Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

（Percentage represents comparison to previous fiscal year）

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share
		%		%		%		%	Yen
Entire Fiscal Year	3,440,000	(0.1)	445,000	0.3	420,000	(0.7)	240,000	12.8	53,882.78

Note: Changes in forecasts during the three months ended September 30, 2010: None

4. Other (Please refer to page 9 “Others” for details.)

(1) Changes in significant consolidated subsidiaries during the six months ended September 30, 2010 : None

(2) Application of accounting methods which are simplified or exceptional for quarterly consolidated financial statements : Yes

(3) Changes in significant accounting policies, procedures and presentation

1) Changes resulting from the revision of the accounting standards and other regulations: Yes

2) Others : None

Note: Items to be disclosed in “Significant Changes in the Basis of Presenting Quarterly Consolidated Financial Statements”

(4) Numbers of Outstanding Shares (common shares)

1) Number of shares outstanding (inclusive of treasury stock)	As of September 30, 2010	4,484,818
	As of March 31,2010	4,484,818
2) Number of treasury stock	As of September 30, 2010	30,705
	As of March 31,2010	30,705
3) Number of weighted average common shares outstanding (cumulative for all quarters)	For the six months ended September 30, 2010	4,454,113
	For the six months ended September 30, 2009	4,454,113

<u>Indication of quarterly review procedure implementation status</u>

This quarterly earnings report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this report.

<u>Explanation for Appropriate Use of Forecasts and Other Notes</u>

The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI and certain assumptions which are regarded as legitimate. Large discrepancies may be seen in the actual results due to various factors. Please refer to P.8 “Qualitative Information on Consolidated Operating Results Forecast” of the Attachment for the assumptions used and other notes.

【the Attachment】

Index of the Attachment

* KDDI holds an earnings presentation for investors as below. Documents distributed at the presentation are scheduled to be posted on our website at the same time as the release of the financial statements summary. Videos and main Q&As are planned to be posted immediately after the presentation.

- Friday, October 22, 2010- Earnings presentation for institutional investors and analysts

* In addition to the above earnings presentation, KDDI holds conferences on its business and results for individual investors. Please check our website for the schedule and details.

1. Qualitative Information / Consolidated Financial Statements, etc.
(1) Qualitative Information on Consolidated Operating Results

1) Results Overview

For the six months ended September 30, 2010 (Amount unit: Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010	Increase (Decrease)	Increase (Decrease) %
Operating Revenues	1,723,086	1,718,437	(4,649)	(0.3)
Operating Expenses	1,472,104	1,470,581	(1,522)	(0.1)
Operating Income	250,982	247,855	(3,127)	(1.2)
Non-operating Income (Expense)	(9,471)	(13,813)	(4,342)	－
Ordinary Income	241,511	234,041	(7,469)	(3.1)
Extraordinary Profit (Loss)	5,660	5,376	(284)	(5.0)
Income before Income Taxes and Minority Interests	247,171	239,417	(7,753)	(3.1)
Income Taxes	99,167	98,526	(640)	(0.6)
Income before Minority Interests	－	140,890	－	－
Minority Interests in Income	2,711	3,916	1,204	44.4
Net Income	145,292	136,974	(8,317)	(5.7)

For the three months ended September 30, 2010 (Amount unit: Millions of yen)

	Three months ended September 30, 2009	Three months ended September 30, 2010	Increase (Decrease)	Increase (Decrease) %
Operating Revenues	869,356	852,418	(16,938)	(1.9)
Operating Expenses	760,200	733,859	(26,340)	(3.5)
Operating Income	109,156	118,558	9,402	8.6
Non-operating Income (Expense)	(6,092)	(7,096)	(1,004)	－
Ordinary Income	103,063	111,461	8,397	8.1
Extraordinary Profit (Loss)	34	(179)	(214)	－
Income before Income Taxes and Minority Interests	103,098	111,281	8,183	7.9
Income Taxes	42,740	44,017	1,277	3.0
Income before Minority Interests	－	67,264	－	－
Minority Interests in Income	1,482	2,210	727	49.1
Net Income	58,874	65,053	6,178	10.5

Operating revenues in the six months ended September 30, 2010 amounted to ¥1,718,437 million, down 0.3% year on year, mainly due to the decline in voice ARPU (Average Revenue per Unit) in the Mobile Business, despite the increase in revenues in the Fixed-line Business, brought by rise in revenues of group companies. Operating expenses declined, due to lower sales commissions in the Mobile Business. However, the rise in operating expenses deriving from the increase in group companies in the Fixed-line Business resulted operating income to drop 1.2% year on year to ¥247,855 million. Ordinary income declined 3.1 % year on year, to ¥234,041 million. Net income was down 5.7% year on year, to ¥136,974 million.
Operating revenues in the three months ended September 30, 2010 amounted to ¥852,418 million, down 1.9% year on year. Contributing factors included the decline in voice ARPU and the decrease in sales of mobile phone handsets in the Mobile Business. Operating expenses declined year on year as a result of lower commissions in the Mobile Business and decreased operating expenses of KDDI Corporation in the Fixed-line Business. Operating income increased 8.6% year on year to ¥118,558 million, ordinary income increased 8.1% year on year to ¥111,461 million, and net income was up 10.5% year on year to ¥65,053 million.

Overview of Economic Conditions

The global economy showed a slow recovery led by steady economic expansion of developing nations. However, further downturn is anticipated as the impact of the credit crisis originating in Greece is extensive and deep.
There are growing concerns on future prospective of Japanese economy as falling stock prices and a rapid rise in yen, along with backlash from termination of consumption stimulus policies that led economic growth and rise in consumption, may damp the recovery momentum.

Industry Trends
In the mobile telecommunications market, competitions for customers is intensifying further in such areas as provision of inexpensive pricing plans, handset variety including smartphones, and provisions of music, video, e-books, and other contents services. In the fixed-line market, the expansion of broadband services centered on FTTH is accompanied by an ongoing convergence of fixed-line and mobile telecommunication, as well as telecommunications and broadcasting. As a result, competition of services is entering a new phase.

KDDI's Position
In the Mobile Business, the Group worked to enhance services targeting individual and corporate clients in order to meet diversifying customer needs by developing and launching an enhanced lineup of terminals, including smartphones and digital photo frames, as well as formulating & offering new pricing plans.
In the Fixed-line Business, the Group worked to enhance ease of use for its services and expand access lines centering on FTTH, while offering more solutions services for corporate clients. The Group also strove to bolster its systems that support corporate clients' business development by increasing its overseas locations. Moreover, the Group also promoted partnership with many companies in various areas in both Mobile Business and Fixed-line Business.

2) Results by Business Segment

- Results Summary

For the six months ended September 30, 2010

(Amount unit: Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010	Increase (Decrease)	Increase (Decrease) %
Mobile Business				
Operating Revenues	1,337,874	1,305,155	(32,719)	(2.4)
Operating Expenses	1,065,840	1,057,490	(8,349)	(0.8)
Operating Income	272,034	247,665	(24,369)	(9.0)
Fixed-line Business				
Operating Revenues	414,853	438,484	23,630	5.7
Operating Expenses	437,171	442,152	4,981	1.1
Operating Income (Loss)	(22,317)	(3,668)	18,649	－
Other Business				
Operating Revenues	42,682	57,478	14,795	34.7
Operating Expenses	41,751	53,875	12,124	29.0
Operating Income	931	3,602	2,671	286.9

For the three months ended September 30, 2010

(Amount unit: Millions of yen)

	Three months ended September 30, 2009	Three months ended September 30, 2010	Increase (Decrease)	Increase (Decrease) %
Mobile Business				
Operating Revenues	674,692	641,444	(33,248)	(4.9)
Operating Expenses	555,203	527,102	(28,100)	(5.1)
Operating Income	119,489	114,341	(5,147)	(4.3)
Fixed-line Business				
Operating Revenues	207,685	224,376	16,690	8.0
Operating Expenses	219,285	222,668	3,383	1.5
Operating Income (Loss)	(11,600)	1,707	13,307	－
Other Business				
Operating Revenues	23,618	28,762	5,143	21.8
Operating Expenses	22,639	26,338	3,699	16.3
Operating Income	979	2,423	1,444	147.5

Note: From the three months ended June 30, 2010, KDDI began applying the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17 of March 27, 2009) and "Guidance on Accounting Standard for Segment Information Disclosures" (ASBJ Guidance No. 20 of March 21, 2008). We have conducted comparisons with the previous year as the impact on KDDI's consolidated financial statements for the quarter as a result of this change was negligible.

- Total Subscriptions

(Unit : Thousand line)

	As of September 30, 2009	As of September 30, 2010	Increase (Decrease)	Increase (Decrease) %
au[1]	31,233	32,291	1,058	3.4
CDMA 1X WIN	24,391	27,989	3,598	14.8
(Ref.) UQ WiMAX	22	337	315	—
FTTH	1,319	1,741	422	32.0
Metal-plus	3,000	2,702	(298)	(9.9)
Cable-plus phone	778	1,152	374	48.1
CATV[2]	896	1,042	146	16.3
Fixed access lines[3]	5,700	6,220	520	9.1

Notes: 1. Inclusive of module-type contracts

2. Number of households which subscribe any of broadcast, internet or telephone service

3. Total access lines of FTTH, Metal-plus phone, Cable-plus phone and CATV excluding crossover.

Mobile Business

Operating revenues in the Mobile Business for the six months ended September 30, 2010 amounted to ¥1,305,155 million, down 2.4% year on year. Contributing factors include the decrease in voice ARPU caused by the uptake of the Simple Course. Even though operating expenses decreased as a result of lower sales commissions, operating income decreased 9.0% year on year to ¥247,665 million.

Operating revenues in the three months ended September 30, 2010 amounted to ¥641,444 million, down 4.9% year on year. Contributing factors included the decrease in voice ARPU caused by the uptake of the Simple Course and the decline in sales of mobile phone handsets due to lower sales price of products. Even though operating expenses decreased as a result of lower sales commissions, operating income decreased 4.3% year on year to ¥114,341 million.

Overall

- The number of au mobile phone subscriptions was 32,291 million as of September 30, 2010.
- After the completion of the reorganization of frequencies, which is being carried out with the main objective of effective utilization of the bandwidth, it will no longer be possible to use au mobile phones that are not compatible with the newly assigned frequencies. Accordingly, services for CDMA 1X and for CDMA 1X WIN models without au IC card compatibility are to be discontinued by the date of completion of the reorganization scheduled in July 2012. In step with this change, KDDI ended accepting new subscriptions for CDMA 1X WIN models without au IC card compatibility on August 8, 2010.

Mobile Handsets

- Under the au brand, the Group released “Simple Phone S PT001,” which offers easy telephone usage for all customers without having to read the manual, on August 10, 2010, and “K006,” a water-proof model with clear, beautiful screen and easy usage, on September 9, 2010.
- Under the iida brand, the Group launched “LIGHT POOL,” a handset that designs the space it’s in with light and music, as well as five new items of “LIFESTYLE PRODUCTS,” peripheral products for mobile phones, on July 30, 2010.
- KDDI expanded lineup of applications at “au one Market,” an app market for smartphones, to match the sales promotion of Android™ smartphones under the au brand. To promote secure and easy usage, the Group began offering “au Simple Payment Service” for customers to settle payments of applications with mobile phone bills, as well as “au one Market Secure App Verification,” where KDDI confirms security of applications according to its own standard for contents providers, on September 1, 2010.
- The Group started offering e-mail application to allow subscribers of “IS NET,” an ISP service for au smartphone “IS series,” obtain “@ezweb.ne.jp” address to exchange mails on August 24, 2010. * Customers of conventional au handsets can now continue using the same e-mail address and send pictograms and decoration mails.
  * Excluding IS02 and E30HT.

Consumer Services

- To meet expansion of market for various products with telecommunication devices including digital consumer electronics, KDDI began an alliance style service “Link→au” that provides au’s telecommunication service to products hailing the brand names of partner companies. The first product, “CAR NAVITIME ‘WND-01K,’” was released on August 11, 2010. It is a car navigation with telecommunication function by NAVITIME JAPAN Co., Ltd.
- “EZ Naviwalk,” a navigation service for pedestrians provided jointly with NAVITIME JAPAN Co., Ltd., expanded its service and started offering International Total Navi, where customers can search for routes to overseas, on July 15, 2010, as well as Bicycle Route Search, where customers can search for bicycle routes, on

September 2, 2010.

- The Group enhanced its measures to meet requests for home reception improvement collected on the au homepage's "Let's Create! au Area," and started providing "au Femtocell," a tool to improve home reception, on July 1, 2010.

Corporate Services

- As an MVNO of UQ Communications Inc., KDDI started offering "Closed Remote Gateway", a closed remote access service with WiMAX connection, to corporate clients from August 1, 2010. The service allows clients to securely access WiMAX and client's intranet directly without bypassing the Internet. The service also realizes a unified security support by providing the network between WiMAX and client's intra-branch networks.

Others

- KDDI subscribed for an allocation of new shares by Tonchidot Corporation and invested ¥448 million in Tonchidot on August 5, 2010. The Group intends to further strengthen the cooperative relationship and develop joint business with Tonchidot, while contributing to the convenience of customers' lives by creating new values through discussions of the next generation AR (Augmented Reality) business.

Main Services in the Third Quarter and Beyond

- KDDI and Rekoo Media Ltd., and Rekoo Japan Co., Ltd. started offering visual portal service Sunshine Kingdom, which has entertainment, social and portal elements, by adopting Rekoo Media's planning and development ability, Rekoo Japan's service management ability and KDDI's development ability, on October 14, 2010 for au, NTT DOCOMO, Softbank Mobile handsets. The service is planned to be offered for Android™ smartphones and PCs from the winter of this year.
- KDDI and Weathernews, Inc. will jointly start offering weather information service for au mobile phones and au smartphones from late November, 2010. The service will include new type of content "Soratena," which employs accurate weather information collected from observatories placed at about 3,000 base stations for au mobile phones around Japan. The two companies will also offer "Weathernews," contents currently provided by Weathernews for PCs and au mobile phones, as a joint venture site.
- The Group will launch Android™ smartphone "IS03," the first smartphone with Osaifu-Keitai® and One Seg functions, after late November, 2010.

Fixed-line Business

Operating revenues in the Fixed-line Business for the six months ended September 30, 2010 amounted to ¥438,484 million, 5.7% increase year on year, due to the increase in revenues of group companies, which offset the decline in voice revenue. Operating loss was ¥3,668 billion, showing recovery of ¥18,649 million year on year.

Operating revenues in the Fixed-line Business for the three months ended September 30, 2010 amounted to ¥224,376 million, 8.0% increase year on year, due to the increase in revenues of group companies, which offset the decline in voice revenue. The decline in operating expenses of KDDI Corporation led the Fixed-line Business to post an operating profit of ¥1,707 million.

Overall

- The number of FTTH service subscriptions, consisting of "au HIKARI" and services of consolidated subsidiaries (Chubu Telecommunications Co., Inc.'s "Commuf@-hikari", Okinawa Cellular Telephone Company's "au HIKARI Chura" and Okinawa Telecommunication Network Co., Inc.'s "Hikarifuru") reached 1.741 million as of September 30, 2010.
- As of September 30, 2010, the number of "Metal-plus" subscriptions totaled 2.702 million.
- For "Cable-plus phone," alliances with cable television companies grew steadily, reaching 100 companies and its subscriptions expanded to 1.152 million as of September 30, 2010.
- Consolidated subsidiary JCN Group, which oversees 19 cable companies primarily in the Tokyo metropolitan area, had 1.042 million cable television subscriptions as of September 30, 2010.

Consumer Services

- The Group unified different initial cost charges to adopt "au HIKARI MANSION," an optical fiber service for clients in apartment complex, to ¥15,750 (including tax) from September 1, 2010 subscription applications.* The charges had varied according to types of services before.

  *Applicable for Type V, Type E, Type F, etc.
- Chubu Telecommunications Co., a subsidiary of KDDI, started accepting subscriptions for "Commuf@-hikari-TV" a new broadcasting service of "Commuf@-hikari" using optical fiber, on August 1, 2010 and provision of service on October 1, 2010. Commuf@-hikari-TV is a new broadcasting service that allows customers in 38 cities and 11 towns of three prefectures in the Tokai area to watch terrestrial digital and BS digital broadcasting without using TV and parabolic antennae.*

* Limited to Commufa Hikari service areas.

Corporate Services

- On July 1, 2010, KDDI started offering “KDDI Matomete Office,” a membership service targeting small-to-medium-sized companies, and its members topped 30,000. The service provides total support to member companies including KDDI’s telecommunication service, and coordination and maintenance of IT environment in the office through cooperation with partner companies. KDDI intends to expand the service with partner companies to corporate clients as a new business platform.
- KDDI obtained the first prize for customer satisfaction ranking of Nikkei Computer Network Service Division (New Services) award for the second consecutive year. The Group also received high evaluations for “stability of telecommunication,” “trouble shooting,” and “customer support.” KDDI also received The Best Service Award in the Cloud Datacenters Category of Nikkei Computer 1st Cloud Ranking. KDDI aims to provide services with supporting customers as its top priority. (From “Nikkei Computer” Aug. 18, 2010 issue and Sep. 29, 2010 issue)
- KDDI launched “TELEHOUSE Shanghai,” the second data center in China, and started services on July 19, 2010. “TELEHOUSE Shanghai” is a high quality data center opened jointly with Shanghai Data Solution Co., Ltd. in Pudong area of Shanghai. This makes TELEHOUSE data centers to total 18 sites in 12 cities in 9 areas in the world.

Pricing Plans

- KDDI unified pricing plans for three international telephone services via operators, “International Operator Assisted Calls,” “KDDI Japan Direct,” and “International wireless calls,” regardless of destination and means of caller (fixed line or mobile line) to ¥2,160 for the first three minutes and ¥460 for additional minute on October 1, 2010.

Other Business

Operating revenues in the Other Business segment for the six months ended September 30, 2010 increased 34.7% year on year to ¥57,478 million. The Other Business segment posted an operating profit of ¥3,602 million, an increase of 286.9% year on year, mainly due to the improvement in the revenues from call center business and construction and maintenance for telecommunication engineering business.
Operating revenues in the Other Business segment for the three months ended September 30, 2010 increased 21.8% year on year to ¥28,762 million. Operating income increased 147.5% to ¥2,423 million, mainly due to the improvement in the revenues from call center business and construction and maintenance for telecommunication engineering business.

3) Status of Major Affiliates

- UQ Communications Inc., an equity method affiliate of KDDI, has rapidly expanded reception areas, topping 10,000 outside base stations by August, 2010. Through cooperation with Cleawire Communications, LLC, a U.S. WiMAX service provider, customers with WiMAX embedded PCs can subscribe to WiMAX services in the U.S. and Japan from September 1, 2010.
- Jibun Bank Corporation, an equity method affiliate of KDDI, has steadily expanded its business and its accounts topped 1 million in May, 2010, while the memberships of “au Jibun card” credit card reached 0.5 million in July, 2010.
- KDDI Corporation, along with five companies of Japan Internet Exchange Co., Ltd. (hereafter: "JPIX"), NEC BIGLOBE, Ltd., NIFTY Corporation, ASAHI Net, Inc., and VECTANT Ltd., established a new company "Japan Network Enabler Corporation" (hereafter: "JPNE") on August 30, 2010. JPNE has been created as a successor of "Broadband Access Exchange Planning Inc.," after the company changed its name to JPNE at its shareholders' meeting in August, 2010. "Broadband Access Exchange Planning Inc." was established by KDDI and JPIX in February, 2010, and the six companies subscribed for the company's allocation of new shares prior to the shareholders' meeting. The company was created to develop business to offer IPv6 Internet roaming service using native connection to the Next Generation Network provided by Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation. KDDI and the five partner companies aim to promote the business jointly.

Notes:
1. “Android” is a trademark of Google Inc.
2. “NAVITIME” is a trademark of NAVITIME JAPAN Co., Ltd.
3. WiMAX is a registered trademark of WiMAX Forum.
4. “Osaifu-Keitai” is a registered trademark of NTT DOCOMO, Inc.

(2) Qualitative Information on Consolidated Financial Position

1) Financial Condition

Consolidated total assets as of September 30, 2010 stood at ¥3,801,770 million, a decrease of ¥17,766 million from March 31, 2010. This decrease was primarily attributable to factors such as decreases in noncurrent assets in telecommunication business, investment securities and accrued revenues.
Total liabilities amounted to ¥1,619,672 million, a decline of ¥121,413 million from March 31, 2010. Major factors contributing to this decline were decreases in short-term loans payable and accounts payable-other.
Net assets increased to ¥2,182,097 million, mainly due to an increase in retained earnings. As a result, the shareholders' equity ratio rose from 52.8% to 55.7% as of March 31, 2010.

2) Cash Flow Conditions

The following describes the cash flow situation for the six months ended September 30, 2010.

(Amount unit: Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010	Increase (Decrease)
Net cash provided by (used in) operating activities	334,657	340,650	5,992
Net cash provided by (used in) investing activities	(285,110)	(203,714)	81,396
Free cash flows	49,546	136,936	87,389
Net cash provided by (used in) financing activities	(74,116)	(93,959)	(19,842)
Effect of exchange rate change on cash and cash equivalents	822	(1,167)	(1,989)
Net increase (decrease) in cash and cash equivalents	(23,748)	41,808	65,556
Cash and cash equivalents at beginning of period	200,310	165,476	(34,833)
Cash and cash equivalents at end of period	176,562	207,285	30,722

Note: Free cash flows are calculated as the sum of “net cash provided by (used in) operating activities” and “net cash provided by (used in) investing activities.”

Operating activities provided net cash of ¥340,650 million. This includes ¥239,417 million of income before income taxes and minority interests, ¥216,447 million of depreciation and amortization, ¥67,628 million of income taxes paid.
Investing activities used net cash of ¥203,714 million largely due to ¥163,705 million in payments for purchase of property, plant and equipment and ¥42,460 million in payments for purchase of intangible assets.
Financial activities used net cash of ¥93,959 million. This includes ¥50,000 million in proceeds from long-term loans, ¥99,646 million in payments to short-term loans and ¥28,945 million in payments of cash dividends.
As a result, total amount of net cash and cash equivalents as of September 30, 2010, increased ¥ 41,808 million from March 31, 2010, to ¥ 207,285 million.

(3) Qualitative Information on Consolidated Operating Results Forecast

1.Outlook for the Fiscal Year Ending March 31, 2011

Overview

- KDDI is strengthening its business foundation to by responding the rapid changes in its operating environment in order to achieve sustainable growth.
- The Company will strive to be No.1 in customer satisfaction in all services and tackle the challenge of new value creation.
- KDDI, by promoting more assertively total customer satisfaction (TCS) activities in order to raise satisfaction among all stakeholders, will endeavor to boost corporate value further and strengthen its brand competitiveness.

- Regarding information security, the Company will pursue extensive information management and compliance, and promote adoption of a more robust risk management structure.
- With an emphasis on harmony with the natural environment, KDDI will contribute to the creation of a more humane and prosperous society through vigorous environmental conservation activities, including energy and resource conservation, recycling, and ‘green’ purchasing.
- KDDI has positioned support for all socioeconomic activities through the provision of safe and secure information and communications services as the principle underlying its CSR activities, and will work from this vantage to actively contribute to a prosperous communications society.

Mobile Business

In a bid to lift the level of customer satisfaction even higher, the Company will take steps to expand its business domains while pushing to strengthen overall product appeal and deliver a more secure mobile environment than ever before. To this end, the Company will develop and offer a lineup of various terminals including smartphones with functions common in Japan to strengthen communication function, data telecommunication terminals, tablet-type terminals, and Wi-Fi routers, as well as advanced new services and new contents that match customers’ diverse needs.

With respect to corporate clients, the Company will develop and provide converged services of the areas of mobile and fixed-line telecommunications, and other offerings, in an effort to improve customer convenience.

Fixed-Line Business

Along with efforts to promote sales of the “au HIKARI”, “au HIKARI Chura”[1] and “Commuf@-hikari” FTTH services, KDDI will seek ties with cable television companies with the goal of expanding its access lines, including for “Cable-plus phone” and cable television services.

With respect to corporate clients, KDDI, guided by the slogan “Maximize Your Corporate Strength,” will assist clients in developing their businesses anywhere in the world using data centers as a core leverage point to offer services that encompass everything from network lines and IT equipment to sophisticated operation and maintenance services.

Note 1: Okinawa Cellular Telephone Company is scheduled to commence with the provision of FTTH service in Okinawa Prefecture from March 2010.

Full-Year Results

The estimated consolidated financial results for FY ending March 2011 for full-year basis disclosed in the Financial Statements Summary for FY ended March 2010 were as follows; Operating Revenues: ¥3,440,000 million, Operating Income: ¥445,000 million, Ordinary Income: ¥420,000 million, Net Income: ¥240,000 million. There is no change to these figures.

The Company has not prepared consolidated business forecasts for the first six months of the fiscal year ending March 31, 2011 because the rapidly changing operating environment, characterized by competition among telecommunication carriers, means it is difficult to make forecasts for this period.

2.Business Risks

As KDDI Group pursues its business, there are various risks involved. The Group takes every effort to reduce these risks by preventing and hedging them.

However, there are various uncertainties which could have negative impacts on the Group’s brand image, liability, financial position and/or earnings performance such as;

- subscription growth trends out of line with the Group expectations due to competition, rival technologies and rapid market shifts
- breach of obligations regarding communications security and protection of customer privacy
- revision or repeal of laws and ordinances governing telecommunications, together with related government policies
- general legal and regulatory, litigation and patents, personnel retention and training, retirement benefits, asset-impairment accounting, telecommunications sector consolidation and business restructuring in the KDDI Group

2. Others

(1) Changes in Significant Consolidated Subsidiaries

None

(2) Application of Accounting Methods which are Simplified or Exceptional for Consolidated Financial Statements

1) Simplified accounting methods

Calculation of depreciation expense for noncurrent assets

The depreciation expense for noncurrent assets that are depreciated by the declining-balance method is calculated by proportionally allocating the depreciation expense for the consolidated fiscal year.

Calculation of income taxes, deferred tax assets and deferred tax liabilities

The collectability of deferred tax assets is determined based on the future earnings projections and tax planning used in the previous fiscal year, when the business environment and temporary differences are not considered to have changed significantly from the end of the previous fiscal year.

2) Exceptional accounting method for quarterly consolidated financial statements

None

(3) Outline of Changes in Significant Accounting Policies, Procedures and Presentation

1. Changes in accounting standard

1) Application of "Accounting Standard for Equity Method of Accounting for Investment" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"

From the first quarter of the fiscal year ending March 31, 2011, KDDI applies the "Accounting Standard for Equity Method of Accounting for Investment" (Accounting Standards Board of Japan [ASBJ] Statement No. 16 of March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24 of March 10, 2008).

There is no impact on KDDI's consolidated financial statements for quarter as a result of this change.

2) Application of "Accounting Standard for Asset Retirement Obligations"

From the first quarter of the fiscal year ending March 31, 2011, KDDI applies the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March 31, 2008).

There is no significant impact on KDDI's consolidated financial statements for the quarter as a result of this change.

3) Application of "Accounting Standard for Business Combinations" and others

From the first quarter of the fiscal year ending March 31, 2011, KDDI began applying the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of December 26, 2008), the "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23 of December 26, 2008), the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 of December 26, 2008), the "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 of December 26, 2008), and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 of December 26, 2008).

2. Changes in presentation

Based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of December 26, 2008), KDDI applies the "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No.5, March 24, 2009). As a result, "Income before minority interests" is included in the consolidated financial statements for the first half and the second quarter of the fiscal year ending March 31, 2011.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount unit: Millions of yen)

	As of September 30, 2010	As of March 31, 2010
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery, net	677,523	686,592
Antenna facilities, net	339,613	326,252
Local line facilities, net	137,369	130,047
Long-distance line facilities, net	13,736	15,667
Engineering facilities, net	32,581	33,353
Submarine line facilities, net	10,737	12,081
Buildings, net	221,101	227,011
Structures, net	31,909	31,757
Land	240,757	240,746
Construction in progress	77,768	84,087
Other tangible assets, net	37,091	40,073
Total property, plant and equipment	1,820,188	1,827,672
Intangible assets		
Right of using facilities	7,963	7,368
Software	211,493	221,785
Goodwill	21,817	24,411
Other intangible assets	8,732	8,445
Total intangible assets	250,006	262,010
Total noncurrent assets-telecommunications business	2,070,195	2,089,683
Incidental business facilities		
Property, plant and equipment	114,362	113,374
Intangible assets	59,195	60,733
Total noncurrent assets-incidental business	173,558	174,108
Investments and other assets		
Investment securities	75,759	93,057
Stocks of subsidiaries and affiliates	363,746	372,167
Investments in capital of subsidiaries and affiliates	199	182
Long-term prepaid expenses	80,129	79,878
Deferred tax assets	100,084	100,392
Lease and guarantee deposits	38,391	38,380
Other investment and other assets	11,118	10,882
Allowance for doubtful accounts	(8,956)	(8,576)
Total investments and other assets	660,471	686,367
Total noncurrent assets	2,904,225	2,950,158
Current assets		
Cash and deposits	84,718	96,863
Notes and accounts receivable-trade	519,431	536,309
Accounts receivable-other	24,589	44,515
Short-term investment securities	123,995	70,000
Supplies	63,757	49,249
Deferred tax assets	57,763	67,398
Other current assets	36,659	18,751
Allowance for doubtful accounts	(13,369)	(13,709)
Total current assets	897,545	869,378
Total assets	3,801,770	3,819,536

(Amount unit: Millions of yen)

	As of September 30, 2010	As of March 31, 2010
Liabilities		
Noncurrent liabilities		
Bonds payable	414,973	374,968
Long-term loans payable	500,533	497,775
Provision for retirement benefits	18,815	18,542
Provision for point card certificates	81,940	78,693
Other noncurrent liabilities	35,805	34,178
Total noncurrent liabilities	1,052,068	1,004,159
Current liabilities		
Current portion of noncurrent liabilities	106,654	111,941
Notes and accounts payable-trade	62,294	66,553
Short-term loans payable	1,455	101,166
Accounts payable-other	174,626	250,517
Accrued expenses	15,788	16,150
Income taxes payable	85,945	67,856
Advances received	74,168	74,608
Provision for bonuses	16,349	18,975
Other current liabilities	30,320	29,156
Total current liabilities	567,603	736,927
Total liabilities	1,619,672	1,741,086
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	367,091	367,091
Retained earnings	1,614,974	1,506,951
Treasury stock	(25,244)	(25,244)
Total shareholders' equity	2,098,673	1,990,650
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	30,008	34,326
Deferred gains or losses on hedges	20	—
Foreign currency translation adjustment	(10,711)	(7,250)
Total valuation and translation adjustments	19,317	27,076
Subscription rights to shares	1,402	1,606
Minority interests	62,703	59,117
Total net assets	2,182,097	2,078,450
Total liabilities and net assets	3,801,770	3,819,536

(2) Consolidated Statements of Income

(Amount unit: Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	1,330,950	1,275,362
Operating expenses		
Business expenses	354,286	328,503
Operating expenses	144	69
Facilities maintenance expenses	112,488	152,387
Common expenses	886	1,121
Administrative expenses	55,829	34,846
Experiment and research expenses	3,646	3,078
Depreciation	212,084	204,319
Noncurrent assets retirement cost	8,581	5,552
Communication facility fee	211,722	202,900
Taxes and dues	14,695	15,047
Total operating expenses	974,363	947,827
Net operating income from telecommunication	356,586	327,534
Operating income and loss from incidental business		
Operating revenue	392,136	443,075
Operating expenses	497,740	522,753
Net operating loss from incidental business	(105,604)	(79,678)
Operating income	250,982	247,855
Non-operating income		
Interest income	284	274
Miscellaneous income	3,181	4,295
Total non-operating income	3,465	4,569
Non-operating expenses		
Interest expenses	6,403	7,301
Equity in losses of affiliates	3,638	7,588
Miscellaneous expenses	2,894	3,493
Total non-operating expenses	12,936	18,383
Ordinary income	241,511	234,041
Extraordinary income		
Gain on sales of noncurrent assets	232	1,004
Gain on sales of investment securities	320	5,617
Reversal of allowance for doubtful accounts	5,309	—
Gain on reversal of subscription rights to shares	—	424
Total extraordinary income	5,862	7,046
Extraordinary loss		
Loss on valuation of investment securities	201	372
Loss on sales of stocks of subsidiaries and affiliates	—	176
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,120
Total extraordinary losses	201	1,670
Income before income taxes and minority interests	247,171	239,417
Income taxes-current	81,960	85,637
Income taxes-deferred	17,206	12,889
Total income taxes	99,167	98,526
Income before minority interests	—	140,890
Minority interests in income	2,711	3,916
Net income	145,292	136,974

(2) Consolidated Statements of Income

(Amount unit: Millions of yen)

	Three months ended September 30, 2009	Three months ended September 30, 2010
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	665,216	637,981
Operating expenses		
Business expenses	185,111	162,050
Operating expenses	68	35
Facilities maintenance expenses	56,480	75,866
Common expenses	456	542
Administrative expenses	28,621	18,427
Experiment and research expenses	2,335	1,615
Depreciation	108,793	104,105
Noncurrent assets retirement cost	5,084	3,280
Communication facility fee	106,477	101,647
Taxes and dues	6,876	7,178
Total operating expenses	500,305	474,748
Net operating income from telecommunication	164,911	163,232
Operating income and loss from incidental business		
Operating revenue	204,139	214,436
Operating expenses	259,895	259,111
Net operating loss from incidental business	(55,755)	(44,674)
Operating income	109,156	118,558
Non-operating income		
Interest income	117	149
Miscellaneous income	1,021	1,818
Total non-operating income	1,139	1,968
Non-operating expenses		
Interest expenses	3,273	3,655
Equity in losses of affiliates	1,947	4,125
Miscellaneous expenses	2,010	1,283
Total non-operating expenses	7,231	9,065
Ordinary income	103,063	111,461
Extraordinary income		
Gain on sales of noncurrent assets	232	18
Gain on sales of investment securities	2	(74)
Reversal of allowance for doubtful accounts	0	—
Gain on reversal of subscription rights to shares	—	424
Total extraordinary income	235	369
Extraordinary loss		
Loss on valuation of investment securities	201	372
Loss on sales of stocks of subsidiaries and affiliates	—	176
Total extraordinary losses	201	549
Income before income taxes and minority interests	103,098	111,281
Income taxes-current	42,609	43,556
Income taxes-deferred	131	461
Total income taxes	42,740	44,017
Income before minority interests	—	67,264
Minority interests in income	1,482	2,210
Net income	58,874	65,053

(3) Consolidated Statements of Cash Flows

(Amount unit: Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	247,171	239,417
Depreciation and amortization	221,977	216,447
Amortization of goodwill and negative goodwill	5,407	5,913
Loss (gain) on sales of noncurrent assets	(215)	(1,002)
Loss on retirement of noncurrent assets	6,139	3,120
Increase (decrease) in allowance for doubtful accounts	(5,108)	184
Increase (decrease) in provision for retirement benefits	356	185
Interest and dividends income	(914)	(1,188)
Interest expenses	6,403	7,301
Equity in (earnings) losses of affiliates	3,638	7,588
Loss (gain) on sales of investment securities	(320)	(5,617)
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	176
Loss (gain) on valuation of investment securities	201	372
Increase (decrease) in provision for point card certificates	8,995	3,246
Decrease (increase) in prepaid pension costs	1,965	(959)
Decrease (increase) in notes and accounts receivable-trade	4,078	35,424
Decrease (increase) in inventories	27,899	(14,672)
Increase (decrease) in notes and accounts payable-trade	(17,311)	(4,448)
Increase (decrease) in accounts payable-other	(50,833)	(61,909)
Increase (decrease) in accrued expenses	(813)	(672)
Increase (decrease) in advances received	5,892	455
Other, net	(14,750)	(17,304)
Subtotal	449,859	412,060
Interest and dividends income received	1,969	3,238
Interest expenses paid	(6,242)	(7,020)
Income taxes paid	(110,928)	(67,628)
Net cash provided by (used in) operating activities	334,657	340,650
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(197,733)	(163,705)
Proceeds from sales of property, plant and equipment	251	770
Purchase of intangible assets	(43,973)	(42,460)
Purchase of investment securities	(151)	(684)
Proceeds from sales of investment securities	403	15,767
Purchase of stocks of subsidiaries and affiliates	(15,312)	(1,691)
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(17,090)	(577)
Payments for sales of investments in subsidiaries and affiliates resulting in change in scope of consolidation	—	(810)
Purchase of long-term prepaid expenses	(11,854)	(9,709)
Other, net	350	(612)
Net cash provided by (used in) investing activities	(285,110)	(203,714)

(Amount unit: Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(80,941)	(99,646)
Proceeds from long-term loans payable	29,500	50,000
Repayment of long-term loans payable	(26,245)	(10,302)
Proceeds from issuance of bonds	50,000	40,000
Redemption of bonds	(19,800)	(43,000)
Cash dividends paid	(24,502)	(28,945)
Cash dividends paid to minority shareholders	(544)	(586)
Proceeds from stock issuance to minority shareholders	—	979
Other, net	(1,583)	(2,458)
Net cash provided by (used in) financing activities	(74,116)	(93,959)
Effect of exchange rate change on cash and cash equivalents	822	(1,167)
Net increase (decrease) in cash and cash equivalents	(23,748)	41,808
Cash and cash equivalents at beginning of period	200,310	165,476
Cash and cash equivalents at end of period	176,562	207,285

(4) Going Concern Assumption

None

(5) Segment Information

[Business segment information]

For the three months ended September 30, 2009 (July 1, 2009 to September 30, 2009)

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Total	Elimination and Corporate	Consoli-dation
Sales and Operating Income (Loss)						
Sales						
1) Outside Sales	671,220	185,816	12,320	869,356	—	869,356
2) Intersegment Sales	3,472	21,869	11,298	36,640	(36,640)	—
Total	674,692	207,685	23,618	905,997	(36,640)	869,356
Operating Expenses	555,203	219,285	22,639	797,128	(36,927)	760,200
Operating Income (Loss)	119,489	(11,600)	979	108,868	287	109,156

For the six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Total	Elimination and Corporate	Consoli-dation
Sales and Operating Income (Loss)						
Sales						
1) Outside Sales	1,331,254	371,770	20,062	1,723,086	—	1,723,086
2) Intersegment Sales	6,620	43,083	22,619	72,323	(72,323)	—
Total	1,337,874	414,853	42,682	1,795,410	(72,323)	1,723,086
Operating Expenses	1,065,840	437,171	41,751	1,544,762	(72,658)	1,472,104
Operating Income (Loss)	272,034	(22,317)	931	250,647	334	250,982

Note 1: Business segments and principal services/operations of each segment

Business Segment	Principal Services/Operations
Mobile Business	Mobile phone services, sales of mobile phone handsets, mobile solutions services
Fixed-line Business	Local, long-distance, and international telecommunications services, internet services, solutions services, data center services, cable television services
Other Business	Call center business, content business, research and advanced development, and other mobile phone services, etc.

[Geographic segment information]

For the three months ended September 30, 2009 (July 1, 2009 to September 30, 2009) and the six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

Information by geographic segment is not shown since net sales in Japan accounted for over 90% of total net sales in all business segments.

[Net sales from overseas operations]

For the three months ended September 30, 2009 (July 1, 2009 to September 30, 2009) and the six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

Net sales from overseas operations are not shown since they account for less than 10% of consolidated net sales.

Additional Information

From the three months ended June 30, 2010, the Group applies the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17 of March 27,

2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 of March 21, 2009).

1. Outline of business segments reported

The business segments the Group reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

As the Group is a comprehensive telecommunications company combining mobile and fixed-line communications in a single company, its business segments reported comprise of the "Mobile Business" and the "Fixed-line Business."

The Mobile Business provides mobile services (voice and data service), sales of mobile phone handsets and content and other services. The Fixed-Line Business provides various fixed-line communications services, including broadband services centering in FTTH and CATV access lines, long distance and international telecommunications services. In addition, the Group offers data center services and various ICT solutions services outside of Japan.

2. Information on sales and income (loss) by business segment reported

For the six months ended September 30, 2010 (April 1, 2010 to September 30, 2010)

(Amount unit: Millions of yen)

	Business segments reported			Other Business [1]	Total	Adjustment [2]	Consolidated Statements of Income [3]
	Mobile Business	Fixed-line Business	Subtotal				
Sales							
Outside Sales	1,299,929	393,607	1,693,537	24,900	1,718,437	—	1,718,437
Intersegment Sales or Transfer	5,226	44,876	50,102	32,577	82,680	(82,680)	—
Total	1,305,155	438,484	1,743,639	57,478	1,801,118	(82,680)	1,718,437
Operating Income (Loss)	247,665	(3,668)	243,996	3,602	247,599	255	247,855

For the three months ended September 30, 2010 (July 1, 2010 to September 30, 2010)

(Amount unit: Millions of yen)

	Business segments reported			Other Business [1]	Total	Adjustment [2]	Consolidated Statements of Income [3]
	Mobile Business	Fixed-line Business	Subtotal				
Sales							
Outside Sales	638,721	201,290	840,011	12,406	852,418	—	852,418
Intersegment Sales or Transfer	2,723	23,086	25,809	16,355	42,165	(42,165)	—
Total	641,444	224,376	865,820	28,762	894,583	(42,165)	852,418
Operating Income (Loss)	114,341	1,707	116,049	2,423	118,473	85	118,558

Notes: 1. The "Other Business" category incorporates operations not included in business segments reported, including call center business, research and technological development, and other operations.
2. Adjustment of segment income (loss) refers to elimination of intersegment transactions.
3. Operating income (loss) for segment is adjusted on operating income on the quarterly consolidated statements of income.

3. Information concerning impairment loss from noncurrent assets, goodwill and other items by business segment

(Material impairment loss from noncurrent assets)

None

(Material changes in goodwill)

None

(Material profit from negative goodwill)

None

(6) Material Changes in Shareholders' Equity

None