

Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

Millions of yen

	1Q/ FY2004.3		FY2003.3		change
	as of June 30, 2003		as of March 31, 2003		
	Amounts	% of the total	Amounts	% of the total	Amounts
ASSETS		%		%	
I Fixed Assets					
A Telecommunications Assets					
Property, Plant and Equipment	1,601,572	58.6	1,650,042	59.3	(48,469)
Intangible Assets and Goodwill	266,516	9.7	276,616	9.9	(10,100)
Total Telecommunications Assets	1,868,089	68.3	1,926,659	69.2	(58,570)
B Other Business Assets					
Property, Plant and Equipment	36,267		38,352		(2,085)
Intangible Assets	4,277		4,309		(32)
Total Other Business Assets	40,544	1.5	42,662	1.5	(2,117)
C Investments and Other Assets					
Investments in securities	38,665		54,739		(16,073)
Deferred income taxes	11,803		20,377		(8,574)
Deposits and guarantee money	43,411		40,145		3,266
Other Assets	107,416		111,379		(3,961)
Allowance for loss on investments and other assets	(11,096)		(10,974)		(122)
Total Investments and Other Assets	190,203	7.0	215,668	7.8	(25,465)
Total Fixed Assets	2,098,836	76.8	2,184,990	78.5	(86,153)
II Current Assets					
Cash and cash equivalents	157,802		122,121		35,681
Accounts receivable	376,452		388,046		(11,594)
Inventories	54,636		55,850		(1,214)
Deferred income taxes	28,127		28,860		(733)
Other current assets	37,463		22,469		14,994
Allowance for doubtful accounts	(20,646)		(20,301)		(344)
Total current assets	633,837	23.2	597,048	21.5	36,789
Total Assets	2,732,674	100.0	2,782,038	100.0	(49,364)

Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

Millions of yen

	1Q/ FY2004.3		FY2003.3		change
	as of June 30, 2003		as of March 31, 2003		
	Amounts		Amounts		Amounts
LIABILITIES AND SHAREHOLDERS' EQUITY		%		%	
I Non-Current Liabilities:					
Bonds	355,925		355,925		-
Long-term loans	788,691		851,837		(63,145)
Reserve for point service program	16,602		15,711		891
Other non-current liabilities	47,510		53,655		(6,145)
Total Non-Current Liabilities	1,208,730	44.2	1,277,129	45.9	(68,399)
II Current Liabilities:					
Short-term loans and current portion of long-term loans	272,931		281,239		(8,307)
Accounts Payable	213,177		250,125		(36,948)
Accrued expenses	18,805		19,889		(1,084)
Accrued income taxes	26,624		10,433		16,191
Allowance for bonuses	6,675		12,687		(6,011)
Other current liabilities	26,271		21,610		4,661
Total Current Liabilities	564,485	20.7	595,985	21.4	(31,499)
Total Liabilities	1,773,216	64.9	1,873,115	67.3	99,899
Minority Interests	15,561	0.6	14,212	0.5	1,349
Shareholders' Equity					
I Common stock	141,851	5.2	141,851	5.1	-
II Capital surplus	304,189	11.1	304,189	10.9	-
III Retained earnings	495,629	18.2	456,827	16.4	38,801
IV Net unrealized gains on securities	11,683	0.4	1,454	0.1	10,229
V Foreign Currency Translations Adjustments	164	0.0	(3)	(0.0)	168
VI Treasury stock, at cost	(9,622)	(0.4)	(9,608)	(0.3)	(14)
Total Shareholders' Equity	943,896	34.5	894,710	32.2	49,185
Total Liabilities and Shareholders' Equity	2,732,674	100.0	2,782,038	100.0	(49,364)

Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

Millions of yen

	1Q/ FY2004.3		Full year/ FY2003.3	
	from April 1, 2003 thru. June 30, 2003		from April 1, 2002 thru. March 31, 2003	
	Amounts	% of the total	Amounts	% of the total
		%		%
I Telecommunications Business				
Operating Revenues	557,051	80.8	2,191,887	78.7
Voice communications	371,829		1,574,509	
Digital data transmission services	143,102		450,658	
Leased circuits	22,031		93,941	
Telegraph and other telecommunications services	20,087		72,778	
Operating Expenses	479,723	69.6	2,089,919	75.0
Sales expenses	224,540		963,250	
Depreciation	90,501		378,777	
Charges for the use of telecommunications services of third parties	97,496		419,715	
Other	67,180		328,173	
Telecommunications Business Operating Income	77,328	11.2	101,967	3.7
II Other Business				
Sales of Terminal equipment and other	132,615	19.2	593,455	21.3
Cost of sales of terminal equipment and other	124,885	18.1	554,770	19.9
Other Business Operating Income	7,730	1.1	38,685	1.4
Total Operating Income	85,059	12.3	140,652	5.1
III Other revenues	4,494	0.7	18,928	0.7
Interest income	147		735	
Equity in profit of affiliates	212		1,169	
Dividend income from anonymous association	1,535		5,054	
Other	2,597		11,968	
IV Other expenses	8,356	1.2	46,370	1.7
Interest expense	7,786		35,891	
Other	569		10,478	
Ordinary profit	81,197	11.8	113,210	4.1
I Extraordinary profit	3,961	0.6	20,669	0.7
Gain on sales of property, plant, and equipment	-		6,003	
Gain on sales of securities	-		10,438	
Gain on reversal of allowance for doubtful accounts	-		4,227	
Gain on return of welfare pension funds to the Government	3,961		-	
II Extraordinary loss	10,802	1.6	23,154	0.8
Loss on sales of property, plant, and equipment	-		6,287	
Loss on sales of securities	10,687		1,071	
Loss on devaluation of securities	115		5,269	
Cumulative effect of new method of accounting for point service program	-		6,771	
Loss from amendments to submarine cable construction contracts	-		678	
Other	-		3,074	
Income before Income Taxes and Minority Interests	74,356	10.8	110,725	4.0
Income Taxes - Current	26,258	3.8	14,831	0.5
Income Taxes - Deferred	2,569	0.4	35,524	1.3
Minority Interests in Consolidated Subsidiaries	1,596	0.2	3,011	0.1
Net Income	43,931	6.4	57,358	2.1

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

Consolidated Statements of Cash Flows

KDDI Corporation and Consolidated Subsidiaries

Millions of yen

		1Q/ FY2003.3	Full year/ FY2003.3
		from April 1, 2003 thru. June 30, 2003	from April 1, 2002 thru. March 31, 2003
I	Cash Flows from Operating Activities		
	Income before income taxes and minority interests	74,356	110,725
	Depreciation and amortization	93,190	392,854
	(Gain) loss on sales of property, plant and equipment	(14)	284
	Loss on disposal of property, plant and equipment	1,081	33,879
	(Increase) decrease in allowance for doubtful accounts	466	(6,293)
	Increase (decrease) in reserve for retirement benefits	(4,256)	7,634
	Interest and dividend income	(209)	(1,462)
	Interest expenses	7,786	35,891
	Equity in (gain) of affiliates	(212)	(1,169)
	Investment securities write off	115	5,269
	Increase in reserve for point services	891	15,711
	(Increase) decrease in prepaid pension cost	2,569	(4,314)
	Decrease in notes and accounts receivable	9,349	92,342
	(Increase) decrease in inventories	(71)	50,214
	Decrease in notes and accounts payable	(33,726)	(97,330)
	Other, net	(4,804)	(15,158)
	Sub total	146,512	619,079
	Interest and dividend income received	422	2,881
	Interest expenses paid	(7,644)	(37,298)
	Income taxes paid	(10,043)	(57,774)
	Net cash provided by operating activities	129,246	526,887
II	Cash Flows From Investing Activities		
	Payments for purchase of property, plant and equipment	(22,388)	(159,535)
	Proceeds from sale of property, plant and equipment	280	23,911
	Payments for other intangible assets	(11,305)	(84,606)
	Acquisition of investment securities	(432)	(1,023)
	Proceeds from sale of investment securities	22,703	1,755
	Payments for investment in affiliates	(892)	(333)
	Proceeds from sale of subsidiaries	-	11,314
	Increase in long-term prepayment	(1,234)	(14,537)
	Other, net	(3,268)	1,502
	Net cash used in investing activities	(16,537)	(221,552)
	Free Cash Flows	112,708	305,334
III	Cash Flows from Financing Activities		
	Net increase(decrease) in short-term loans	(79)	3,221
	Proceeds from issuance of long-term loans	-	142,855
	Repayment of long-term loans	(70,551)	(357,459)
	Repayment of long-term accounts payable	(2,996)	(19,204)
	Proceeds from new bond issue	-	21,500
	Payment for redemption of bonds	-	(25,000)
	Payment for acquisition of treasury stocks	(20)	(9,566)
	Dividends paid	(4,878)	(7,648)
	Payments received from minority shareholders	1,061	103
	Others, net	407	(163)
	Net Cash used in Financing Activities	(77,057)	(251,363)
IV	Translation Adjustments on Cash and Cash Equivalents	27	(712)
V	Net increase in Cash and Cash Equivalents	35,678	53,258
VI	Cash and Cash Equivalents at Beginning of Year	121,854	68,595
VII	Cash and Cash Equivalents at End of Year	157,533	121,854