

(1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	March 31, 2003		March 31, 2004		Change yoy
	Amounts	% of the total	Amounts	% of the total	Amounts
		%		%	
I Fixed Assets					
A Telecommunications Assets					
Property, Plant and Equipment	1,650,042	59.3	1,485,452	56.3	(164,590)
Intangible Assets and Goodwill	276,616	9.9	239,650	9.1	(36,965)
Total Telecommunications Assets	1,926,659	69.2	1,725,103	65.4	(201,556)
B Other Business Assets					
Property, Plant and Equipment	38,352		34,325		(4,026)
Intangible Assets	4,309		5,019		709
Total Other Business Assets	42,662	1.5	39,344	1.5	(3,317)
C Investments and Other Assets					
Investments in securities	54,739		36,830		(17,908)
Deferred income taxes	20,377		13,687		(6,690)
Deposits and guarantee money	40,145		36,137		(4,007)
Other Assets	111,379		101,874		(9,505)
Allowance for loss on investments and other assets	(10,974)		(11,074)		(100)
Total Investments and Other Assets	215,668	7.8	177,455	6.7	(38,213)
Total Fixed Assets	2,184,990	78.5	1,941,903	73.6	(243,086)
II Current Assets					
Cash and cash equivalents	122,121		149,149		27,027
Accounts receivable	388,046		405,140		17,093
Marketable securities	-		47,836		47,836
Inventories	55,850		63,399		7,548
Deferred income taxes	28,860		31,087		2,226
Other current assets	22,469		21,429		(1,040)
Allowance for doubtful accounts	(20,301)		(20,365)		(63)
Total current assets	597,048	21.5	697,677	26.4	100,629
Total Assets	2,782,038	100.0	2,639,580	100.0	(142,457)

(1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	March 31, 2003		March 31, 2004		Change yoy
	Amounts	% of the total	Amounts	% of the total	Amounts
LIABILITIES AND SHAREHOLDERS' EQUITY		%		%	
I Non-Current Liabilities:					
Bonds	355,925		328,550		(27,375)
Long-term loans	851,837		567,324		(284,513)
Reserve for point service program	15,711		17,859		2,148
Other non-current liabilities	53,655		46,148		(7,506)
Total Non-Current Liabilities	1,277,129	45.9	959,882	36.4	(317,246)
II Current Liabilities:					
Short-term loans and current portion of long-term loans	281,239		281,319		81
Accounts Payable	250,125		249,916		(209)
Accrued expenses	19,889		16,762		(3,127)
Accrued income taxes	10,433		65,771		55,337
Allowance for bonuses	12,687		13,590		903
Other current liabilities	21,610		23,088		1,478
Total Current Liabilities	595,985	21.4	650,450	24.6	54,464
Total Liabilities	1,873,115	67.3	1,610,332	61.0	(262,782)
Minority Interests	14,212	0.5	19,857	0.8	5,645
Shareholders' Equity					
I Common stock	141,851	5.1	141,851	5.4	-
II Capital surplus	304,189	10.9	304,189	11.5	-
III Retained earnings	456,827	16.4	563,678	21.4	106,850
IV Net unrealized gains on securities	1,454	0.1	11,977	0.4	10,522
V Foreign Currency Translations Adjustments	(3)	(0.0)	(1,645)	(0.1)	(1,641)
VI Treasury stock, at cost	(9,608)	(0.3)	(10,661)	(0.4)	(1,052)
Total Shareholders' Equity	894,710	32.2	1,009,390	38.2	114,679
Total Liabilities and Shareholders' Equity	2,782,038	100.0	2,639,580	100.0	(142,457)

(2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Year Ended March 31, 2003		Year Ended March 31, 2004		Change yoy
	Amounts	% of the total	Amounts	% of the total	Amounts
		%		%	
I Telecommunications Business					
Operating Revenues	2,191,887	78.7	2,268,725	79.7	76,838
Voice communications	1,574,509		1,468,961		(105,548)
Digital data transmission services	450,658		635,321		184,663
Leased circuits	93,941		82,501		(11,439)
Telegraph and other telecommunications services	72,778		81,941		9,163
Operating Expenses	2,089,919	75.0	1,990,564	69.9	(99,354)
Sales expenses	963,250		939,147		(24,103)
Depreciation	378,777		359,529		(19,248)
Charges for the use of telecommunications	419,715		393,420		(26,295)
Other	328,173		298,463		(29,705)
Telecommunications Business Operating Income	101,967	3.7	278,160	9.8	176,193
II Other Business					
Sales of Terminal equipment and other	593,455	21.3	577,372	20.3	(16,083)
Cost of sales of terminal equipment and other	554,770	19.9	563,428	19.8	8,657
Other Business Operating Income	38,685	1.4	13,943	0.5	(24,741)
Operating Income	140,652	5.1	292,104	10.3	151,452
III Other revenues	18,928	0.7	17,614	0.6	(1,314)
Interest income	735		594		(140)
Equity in profit of affiliates	1,169		1,439		269
Dividend income from anonymous association	5,054		5,690		635
Other	11,968		9,888		(2,079)
IV Other expenses	46,370	1.7	35,170	1.3	(11,199)
Interest expense	35,891		27,762		(8,129)
Other	10,478		7,407		(3,069)
Ordinary Income	113,210	4.1	274,547	9.6	161,337
I Extraordinary profit	20,669	0.7	15,117	0.5	(5,551)
Gain on sales of PPE	6,003		2,903		(3,100)
Gain on sales of securities	10,438		5,588		(4,849)
Gain on reversal of allowance for doubtful accounts	4,227		-		(4,227)
Gain on return of welfare pension funds to the Government	-		3,961		3,961
Compensation for damage	-		2,664		2,664
II Extraordinary loss	23,154	0.8	97,565	3.4	74,411
Loss on sales of PPE	6,287		847		(5,440)
Loss on disposal of PPE	-		79,861		79,861
Loss on sales of securities	1,071		11,185		10,113
Loss on devaluation of securities	5,269		1,438		(3,831)
Loss on cancellation of lease contracts	-		4,232		4,232
Cumulative effect of new method of accounting	6,771		-		(6,771)
Loss from amendments to submarine cable	678		-		(678)
Other	3,074		-		(3,074)
Income before Income Taxes and Minority Interests	110,725	4.0	192,100	6.7	81,374
Income Taxes - Current	14,831	0.5	72,063	2.5	57,231
Income Taxes - Deferred	35,524	1.3	(2,913)	(0.1)	(38,437)
Minority Interests in Consolidated Subsidiaries	3,011	0.1	5,925	0.2	2,913
Net Income	57,358	2.1	117,025	4.1	59,666

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

(3) Consolidated Statements of Cash Flows

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

		Year Ended March 31, 2003	Year Ended March 31, 2004	Change yoy
		Amounts	Amounts	Amounts
I	Cash Flows from Operating Activities			
	Income before income taxes and minority interests	110,725	192,100	81,374
	Depreciation and amortization	392,854	369,354	(23,500)
	(Gain)loss on sales of PPE	284	(2,028)	(2,312)
	Loss on disposal of PPE	33,879	100,877	66,998
	(Increase) decrease in allowance for doubtful accounts	(6,293)	198	6,492
	Increase (decrease) in reserve for retirement benefits	7,634	(4,028)	(11,663)
	Interest and dividend income	(1,462)	(723)	739
	Interest expenses	35,891	27,762	(8,129)
	Equity in (gain) of affiliates	(1,169)	(1,439)	(269)
	Loss on sales of investment securities	-	5,594	5,594
	Investment securities write off	5,269	1,438	(3,831)
	Increase in reserve for point services	15,711	2,148	(13,562)
	(Increase) decrease in prepaid pension cost	(4,314)	4,856	9,170
	Decrease in notes and accounts receivable	92,342	(21,359)	(113,702)
	(Increase) decrease in inventories	50,214	(10,015)	(60,230)
	Decrease in notes and accounts payable	(97,330)	(7,762)	89,568
	Other, net	(15,158)	9,981	25,139
	Sub total	619,079	666,955	47,876
	Interest and dividend income received	2,881	1,169	(1,711)
	Interest expenses paid	(37,298)	(28,891)	8,407
	Income taxes paid	(57,774)	(16,536)	41,238
	Net cash provided by operating activities	526,887	622,697	95,810
II	Cash Flows From Investing Activities			
	Payments for purchase of PPE	(159,535)	(197,594)	(38,058)
	Proceeds from sale of PPE	23,911	4,898	(19,013)
	Payments for other intangible assets	(84,606)	(48,130)	36,476
	Acquisition of investment securities	(1,023)	(867)	155
	Proceeds from sale of investment securities	1,755	29,127	27,372
	Payments for investment in affiliates	(333)	(892)	(559)
	Proceeds from sale of subsidiaries	11,314	-	(11,314)
	Increase in long-term prepayment	(14,537)	(9,121)	5,416
	Other, net	1,502	4,115	2,612
	Net cash used in investing activities	(221,552)	(218,465)	3,087
	Free Cash Flows	305,334	404,232	98,897
III	Cash Flows from Financing Activities			
	Net increase(decrease) in short-term loans	3,221	(1,500)	(4,721)
	Proceeds from issuance of long-term loans	142,855	8,000	(134,855)
	Repayment of long-term loans	(357,459)	(284,787)	72,672
	Repayment of long-term accounts payable	(19,204)	(7,029)	12,175
	Proceeds from new bond issue	21,500	18,000	(3,500)
	Payment for redemption of bonds	(25,000)	(50,375)	(25,375)
	Payment for acquisition of treasury stocks	(9,566)	(1,277)	8,289
	Dividends paid	(7,648)	(10,200)	(2,551)
	Payments received from minority shareholders	103	1,166	1,063
	Others, net	(163)	(907)	(743)
	Net Cash used in Financing Activities	(251,363)	(328,911)	(77,547)
IV	Translation Adjustments on Cash and Cash Equivalents	(712)	(667)	45
V	Net increase in Cash and Cash Equivalents	53,258	74,654	21,395
VI	Cash and Cash Equivalents at Beginning of Year	68,595	121,854	53,258
VII	Net increase in Cash and Cash Equivalents of newly consolidated subsidiaries	-	9	9
VIII	Cash and Cash Equivalents at End of Year	121,854	196,518	74,663

(4) Supplementary Information (A)

Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	4Q Jan.- March, 2003		4Q Jan.- March, 2004		Change yoy
	Amounts	% of the total	Amounts	% of the total	
		%		%	Amounts
I Telecommunications Business					
Operating Revenues	544,263	78.1	569,767	76.8	25,503
Voice communications	367,568		354,977		(12,591)
Digital data transmission services	133,697		176,070		42,373
Leased circuits	22,796		18,974		(3,821)
Telegraph and other telecommunications services	20,200		19,743		(456)
Operating Expenses	524,706	75.3	513,852	69.3	(10,854)
Sales expenses	239,558		255,455		15,896
Depreciation	94,286		90,778		(3,508)
Charges for the use of telecommunications	88,992		85,414		(3,577)
Other	101,867		82,200		(19,664)
Telecommunications Business Operating Income	19,557	2.8	55,915	7.5	36,357
II Other Business					
Sales of Terminal equipment and other	152,784	21.9	172,007	23.2	19,223
Cost of sales of terminal equipment and other	148,250	21.3	170,497	23.0	22,247
Other Business Operating Income	4,533	0.6	1,509	0.2	(3,023)
Operating Income	24,090	3.4	57,424	7.7	33,334
III Other revenues	5,524	0.8	4,700	0.7	(824)
Interest income	275		144		(130)
Equity in profit of affiliates	353		519		165
Dividend income from anonymous association	1,385		1,315		(69)
Other	3,510		2,719		(790)
IV Other expenses	10,728	1.5	8,775	1.2	(1,953)
Interest expense	8,292		6,121		(2,170)
Other	2,436		2,653		217
Ordinary Income	18,886	2.7	53,350	7.2	34,463
I Extraordinary profit	11,375	1.6	2,404	0.3	(8,970)
Gain on sales of PPE	329		2,387		2,058
Gain on sales of securities	10,438		17		(10,421)
Gain on reversal of allowance for	608		-		(608)
II Extraordinary loss	13,465	1.9	63,275	8.5	49,809
Loss on sales of PPE	6,287		472		(5,815)
Loss on disposal of PPE	-		57,728		57,728
Loss on sales of securities	1,071		483		(588)
Loss on devaluation of securities	3,012		357		(2,654)
Loss on cancellation of lease contracts	-		4,232		4,232
Loss from amendments to submarine cable	18		-		(18)
Other	3,074		-		(3,074)
Income before Income Taxes and Minority Interests	16,796	2.4	(7,519)	(1.0)	(24,316)
Income Taxes - Current	(9,384)	(1.3)	7,354	1.0	16,738
Income Taxes - Deferred	18,010	2.5	(8,976)	(1.2)	(26,986)
Minority Interests in Consolidated Subsidiaries	2,127	0.3	481	0.1	(1,646)
Net Income	6,043	0.9	(6,379)	(0.9)	(12,422)

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

(4) Supplementary Information (B)

Selected Financial Data

Fiscal Year ended March 2004

KDDI Corporation and Consolidated Subsidiaries

	1Q April – June, 2003	2Q July–Sept., 2003	3Q Oct. – Dec., 2003	4Q Jan. – March, 2004
Total Operating Revenues	(Millions of yen) 689,667	(Millions of yen) 696,892	(Millions of yen) 717,762	(Millions of yen) 741,774
Operating Income	85,059	73,170	76,449	57,424
Ordinary Income	81,197	67,040	72,959	53,350
Income before Income Taxes and Minority Interests	74,356	69,115	56,148	(7,519)
Net Income	43,931	41,923	37,549	(6,379)
Earnings per basic share	(yen) 10,421.33	(yen) 9,945.33	(yen) 8,910.87	(yen) (1,532.44)
Earnings per diluted share	10,416.93	9,928.93	8,895.28	-
Total Assets	(Millions of yen) 2,732,674	(Millions of yen) 2,701,107	(Millions of yen) 2,760,072	(Millions of yen) 2,639,580
Total Shareholders' Equity	943,896	987,152	1,015,901	1,009,390
Total Shareholders' Equity per share	(yen) 223,908.36	(yen) 234,270.06	(yen) 241,083.93	(yen) 239,514.78
Cash Flows from Operating Activities	(Millions of yen) 129,246	(Millions of yen) 172,456	(Millions of yen) 206,768	(Millions of yen) 114,225
Cash Flows from Investing Activities	(16,537)	(38,346)	(69,016)	(94,564)
Cash Flows from Financing Activities	(77,057)	(128,287)	(73,815)	(49,750)
Cash and Cash Equivalents at End of quarter	157,533	163,485	226,726	196,518