

**(1) Consolidated Balance Sheets (1/2)**

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Dec. 31, 2003		Dec. 31, 2004 (A)		March 31, 2004 (B)		Change (A)-(B)
	Amounts	% of the total	Amounts	% of the total	Amounts	% of the total	Amounts
		%		%		%	
I Fixed Assets							
A Telecommunications Assets							
Property, Plant and Equipment	1,540,618	55.8	1,345,494	52.6	1,485,452	56.3	(139,957)
Intangible Assets and Goodwill	250,187	9.1	193,486	7.5	239,650	9.1	(46,164)
Total Telecommunications Assets	1,790,805	64.9	1,538,981	60.1	1,725,103	65.4	(186,121)
B Other Business Assets							
Property, Plant and Equipment	34,584		34,068		34,325		(257)
Intangible Assets	4,915		3,145		5,019		(1,873)
Total Other Business Assets	39,500	1.4	37,213	1.5	39,344	1.5	(2,130)
C Investments and Other Assets							
Investments in securities	36,604		37,896		36,830		1,066
Deferred income taxes	13,247		18,374		13,687		4,686
Deposits and guarantee money	38,820		34,726		36,137		(1,410)
Other Assets	104,586		89,845		101,874		(12,029)
Allowance for loss on investments and other assets	(11,622)		(11,946)		(11,074)		(872)
Total Investments and Other Assets	181,639	6.6	168,897	6.6	177,455	6.7	(8,558)
Total Fixed Assets	2,011,945	72.9	1,745,092	68.2	1,941,903	73.6	(196,811)
II Current Assets							
Cash and cash equivalents	226,855		258,093		149,149		108,943
Accounts receivable	425,994		403,716		405,140		(1,423)
Marketable securities	-		47,631		47,836		(205)
Inventories	61,529		64,168		63,399		769
Deferred income taxes	23,133		31,971		31,087		884
Other current assets	31,214		26,524		21,429		5,095
Allowance for doubtful accounts	(20,601)		(18,024)		(20,365)		2,340
Total current assets	748,127	27.1	814,082	31.8	697,677	26.4	116,405
Total Assets	2,760,072	100.0	2,559,175	100.0	2,639,580	100.0	(80,405)

## (1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Dec. 31, 2003		Dec. 31, 2004 (A)		March 31, 2004 (B)		Change (A)-(B)
	Amounts	% of the total	Amounts	% of the total	Amounts	% of the total	Amounts
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		%		%		%	
I Non-Current Liabilities:							
Bonds	328,737		268,362		328,550		(60,187)
Long-term loans	608,910		436,861		567,364		(130,502)
Reserve for point service program	19,266		20,147		17,859		2,287
Other non-current liabilities	46,589		42,757		46,148		(3,390)
Total Non-Current Liabilities	1,003,504	36.4	768,130	30.0	959,922	36.4	(191,792)
II Current Liabilities:							
Short-term loans and current portion of long-term loans	288,499		196,275		281,279		(85,004)
Accounts Payable	322,813		334,397		249,916		84,479
Accrued expenses	18,585		10,623		16,762		(6,138)
Accrued income taxes	58,639		49,801		65,771		(15,969)
Allowance for bonuses	6,641		6,381		13,590		(7,208)
Other current liabilities	26,088		28,031		23,088		4,942
Total Current Liabilities	721,268	26.1	625,511	24.4	650,410	24.6	(24,898)
Total Liabilities	1,724,773	62.5	1,393,641	54.4	1,610,332	61.0	(216,691)
Minority Interests	19,397	0.7	27,869	1.1	19,857	0.8	8,012
Shareholders' Equity							
I Common stock	141,851	5.1	141,851	5.5	141,851	5.4	-
II Capital surplus	304,189	11.0	304,189	11.9	304,189	11.5	-
III Retained earnings	570,060	20.7	693,042	27.1	563,678	21.4	129,364
IV Net unrealized gains on securities	11,700	0.4	10,953	0.4	11,977	0.4	(1,023)
V Foreign Currency Translations Adjustments	(1,216)	(0.0)	(522)	(0.0)	(1,645)	(0.1)	1,122
VI Treasury stock, at cost	(10,684)	(0.4)	(11,850)	(0.4)	(10,661)	(0.4)	(1,189)
Total Shareholders' Equity	1,015,901	36.8	1,137,664	44.5	1,009,390	38.2	128,273
Total Liabilities and Shareholders' Equity	2,760,072	100.0	2,559,175	100.0	2,639,580	100.0	(80,405)

## (2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	9 months Ended Dec. 31, 2003		9 months Ended Dec. 31, 2004		Change yoy	Year Ended March 31, 2004	
	Amounts	% of the total %	Amounts	% of the total %		Amounts	% of the total %
I Telecommunications Business							
Operating Revenues	1,698,958	80.7	1,742,920	79.4	43,961	2,268,725	79.7
Operating Expenses	1,475,266	70.1	1,504,266	68.5	29,000	1,990,564	69.9
Sales expenses	685,130		741,397		56,267	939,147	
Depreciation	269,425		258,921		(10,503)	359,529	
Charges for the use of telecommunications services of third parties	308,049		296,974		(11,074)	393,420	
Other	212,658		206,969		(5,688)	298,463	
Telecommunications Business Operating Income	223,692	10.6	238,654	10.9	14,961	278,160	9.8
II Other Business							
Sales of Terminal equipment and other	405,364	19.3	451,390	20.6	46,025	577,372	20.3
Cost of sales of terminal equipment and other	394,376	18.7	447,567	20.4	53,190	563,428	19.8
Other Business Operating Income	10,987	0.6	3,822	0.2	(7,165)	13,943	0.5
Operating Income	234,679	11.2	242,476	11.1	7,796	292,104	10.3
III Other revenues	12,913	0.6	12,695	0.5	(217)	17,614	0.6
Interest income	450		602		151	594	
Equity in profit of affiliates	920		1,052		132	1,439	
Dividend income from anonymous association	4,374		4,728		354	5,690	
Other	7,168		6,311		(855)	9,888	
IV Other expenses	26,395	1.3	19,535	0.9	(6,859)	35,170	1.3
Interest expense	21,640		16,428		(5,211)	27,762	
Other	4,754		3,107		(1,647)	7,407	
Ordinary Income	221,197	10.5	235,636	10.7	14,438	274,547	9.6
I Extraordinary profit	12,713	0.6	27,800	1.3	15,087	15,117	0.5
Gain on sales of PPE	515		-		(515)	2,903	
Gain on sales of securities	5,571		126		(5,445)	5,588	
Gain on sale of PHS business	-		27,674		27,674	-	
Gain on return of welfare pension funds to the Government	3,961		-		(3,961)	3,961	
Compensation for damage	2,664		-		(2,664)	2,664	
II Extraordinary loss	34,290	1.6	20,935	0.9	(13,354)	97,565	3.4
Loss on sales of PPE	375		458		82	847	
Loss on disposal of PPE	22,132		-		(22,132)	79,861	
Impairment loss	-		20,217		20,217	-	
Loss on sales of securities	10,701		-		(10,701)	11,185	
Loss on devaluation of securities	1,080		259		(821)	1,438	
Loss on cancellation of lease contracts	-		-		-	4,232	
Income before Income Taxes and Minority Interests	199,620	9.5	242,501	11.1	42,880	192,100	6.7
Income Taxes - Current	64,708	3.1	79,663	3.7	14,954	72,063	2.5
Income Taxes - Deferred	6,063	0.3	4,118	0.2	(1,944)	(2,913)	(0.1)
Minority Interests in Consolidated Subsidiaries	5,444	0.2	4,595	0.2	(848)	5,925	0.2
Net Income	123,404	5.9	154,123	7.0	30,719	117,025	4.1

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)

		9 months Ended Dec. 31, 2003	9 months Ended Dec. 31, 2004	Change yoy	Year Ended March 31, 2004
		Amounts	Amounts	Amounts	Amounts
I	Cash Flows from Operating Activities				
	Income before income taxes and minority interests	199,620	242,501	42,880	192,100
	Depreciation and amortization	276,892	268,026	(8,867)	369,354
	(Gain)loss on sales of PPE	(141)	339	481	(2,028)
	Loss on disposal of PPE	32,619	9,198	(23,420)	100,877
	Impairment loss	-	20,217	20,217	-
	(Increase) decrease in allowance for doubtful accounts	974	(917)	(1,891)	198
	Increase (decrease) in reserve for retirement benefits	(4,246)	(581)	3,664	(4,028)
	Interest and dividend income	(573)	(785)	(211)	(723)
	Interest expenses	21,640	16,428	(5,211)	27,762
	Equity in (gain) of affiliates	(920)	(1,052)	(132)	(1,439)
	Loss on sales of investment securities	5,129	(119)	(5,249)	5,594
	Investment securities write off	1,080	265	(815)	1,438
	Gain on sale of PHS business	-	(27,674)	(27,674)	-
	Increase in reserve for point services	3,555	3,040	(514)	2,148
	(Increase) decrease in prepaid pension cost	4,538	(1,468)	(6,006)	4,856
	(Increase)decrease in notes and accounts receivable	(35,155)	(22,166)	12,988	(21,359)
	(Increase) decrease in inventories	(7,323)	(5,804)	1,518	(10,015)
	Increase(decrease) in notes and accounts payable	52,615	54,611	1,995	(7,762)
	Other, net	(4,202)	(11,343)	(7,140)	9,981
	Sub total	546,104	542,716	(3,388)	666,955
	Interest and dividend income received	1,017	1,699	682	1,169
	Interest expenses paid	(22,262)	(17,418)	4,843	(28,891)
	Income taxes paid	(16,387)	(115,604)	(99,217)	(16,536)
	Net cash provided by operating activities	508,471	411,392	(97,079)	622,697
II	Cash Flows From Investing Activities				
	Payments for purchase of PPE	(110,401)	(156,383)	(45,981)	(197,594)
	Proceeds from sales of PPE	1,735	740	(995)	4,898
	Payments for other intangible assets	(32,300)	(34,786)	(2,486)	(48,130)
	Acquisition of investment securities	(866)	(6,085)	(5,218)	(867)
	Proceeds from sales of investment securities	22,916	3,118	(19,798)	29,127
	Payments for investment in affiliates	(892)	(4,789)	(3,896)	(892)
	Proceeds from sale of PHS business	-	206,233	206,233	-
	Increase in long-term prepayment	(5,378)	(7,402)	(2,023)	(9,121)
	Other, net	1,286	(1,750)	(3,036)	4,115
	Net cash used in investing activities	(123,900)	(1,104)	122,796	(218,465)
	Free Cash Flows	384,571	410,287	25,716	404,232
III	Cash Flows from Financing Activities				
	Net increase(decrease) in short-term loans	(1,798)	(1,496)	301	(1,500)
	Proceeds from issuance of long-term loans	8,000	-	(8,000)	8,000
	Repayment of long-term loans	(236,029)	(256,541)	(20,512)	(284,787)
	Repayment of long-term accounts payable	(6,071)	(5,182)	889	(7,029)
	Proceeds from new bond issue	18,000	-	(18,000)	18,000
	Payment for redemption of bonds	(50,187)	(15,187)	35,000	(50,375)
	Payment for acquisition of treasury stocks	(1,232)	(4,136)	(2,903)	(1,277)
	Dividends paid	(10,011)	(24,074)	(14,062)	(10,200)
	Payments received from minority shareholders	1,166	164	(1,002)	1,166
	Others, net	(995)	2,726	3,722	(907)
	Net Cash used in Financing Activities	(279,160)	(303,728)	(24,568)	(328,911)
IV	Translation Adjustments on Cash and Cash Equivalents	(548)	394	942	(667)
V	Net increase in Cash and Cash Equivalents	104,862	106,953	2,091	74,654
VI	Cash and Cash Equivalents at Beginning of Year	121,854	196,518	74,663	121,854
VII	Net increase in Cash and Cash Equivalents of newly consolidated subsidiaries	9	-	(9)	9
VIII	Cash and Cash Equivalents at End of 3Q/Year	226,726	303,472	76,745	196,518