

(1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	June 30, 2004		June 30, 2005 (A)		March 31, 2005 (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	1,451,653	56.7	1,360,960	57.4	1,379,353	55.8	(18,392)
Intangible Assets and Goodwill	232,810	9.1	196,149	8.3	194,557	7.9	1,591
Total Telecommunications Assets	1,684,464	65.8	1,557,109	65.7	1,573,910	63.7	(16,801)
B Other Business Assets							
Property, Plant and Equipment	34,273		33,791		33,331		460
Intangible Assets	5,169		3,723		3,332		390
Total Other Business Assets	39,442	1.5	37,515	1.6	36,663	1.5	851
C Investments and Other Assets							
Investments in securities	35,961		43,953		31,845		12,108
Deferred income taxes	11,904		21,292		23,682		(2,389)
Deposits and guarantee money	35,990		35,400		35,298		102
Other Assets	93,129		95,127		96,046		(921)
Allowance for loss on investments and other assets	(10,564)		(10,023)		(12,539)		2,516
Total Investments and Other Assets	166,422	6.5	185,751	7.8	174,334	7.0	11,417
Total Fixed Assets	1,890,330	73.8	1,780,376	75.1	1,784,908	72.2	(4,532)
II Current Assets							
Cash and cash equivalents	102,184		109,755		160,380		(50,625)
Accounts receivable	392,318		355,722		383,083		(27,359)
Marketable securities	55,093		35,462		62,779		(27,316)
Inventories	82,927		55,231		48,613		6,618
Deferred income taxes	23,303		19,392		30,406		(11,014)
Other current assets	35,566		31,834		20,049		11,784
Allowance for doubtful accounts	(21,167)		(18,189)		(17,900)		(289)
Total current assets	670,226	26.2	589,209	24.9	687,413	27.8	(98,203)
Total Assets	2,560,556	100.0	2,369,586	100.0	2,472,322	100.0	(102,735)

(1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	June 30, 2004		June 30, 2005 (A)		March 31, 2005 (B)		Change (A)-(B)
	Amounts	% of the total	Amounts	% of the total	Amounts	% of the total	Amounts
LIABILITIES AND SHAREHOLDERS' EQUITY		%		%		%	
I Non-Current Liabilities:							
Bonds	288,550		238,175		268,175		(30,000)
Long-term loans	533,410		338,644		368,966		(30,321)
Reserve for point service program	19,063		22,053		20,805		1,248
Other non-current liabilities	37,923		35,612		36,171		(558)
Total Non-Current Liabilities	878,949	34.4	634,485	26.8	694,118	28.1	(59,632)
II Current Liabilities:							
Short-term loans and current portion of long-term loans	293,426		199,610		227,743		(28,133)
Accounts Payable	245,116		235,586		260,405		(24,818)
Accrued expenses	11,334		10,643		9,956		687
Accrued income taxes	26,831		31,760		65,682		(33,921)
Allowance for bonuses	6,147		5,886		13,510		(7,624)
Other current liabilities	27,289		28,440		25,482		2,957
Total Current Liabilities	610,145	23.8	511,929	21.6	602,782	24.4	(90,853)
Total Liabilities	1,489,095	58.2	1,146,415	48.4	1,296,900	52.5	(150,485)
Minority Interests	20,817	0.8	14,124	0.6	13,229	0.5	895
Shareholders' Equity							
I Common stock	141,851	5.5	141,851	6.0	141,851	5.7	-
II Capital surplus	304,189	11.9	304,189	12.8	304,189	12.3	-
III Retained earnings	605,146	23.6	777,295	32.8	739,448	29.9	37,847
IV Net unrealized gains on securities	11,920	0.5	18,266	0.7	9,858	0.4	8,408
V Foreign Currency Translations Adjustments	(1,806)	(0.1)	(1,146)	(0.0)	(1,650)	(0.1)	503
VI Treasury stock, at cost	(10,658)	(0.4)	(31,410)	(1.3)	(31,505)	(1.2)	95
Total Shareholders' Equity	1,050,644	41.0	1,209,046	51.0	1,162,191	47.0	46,854
Total Liabilities and Shareholders' Equity	2,560,556	100.0	2,369,586	100.0	2,472,322	100.0	(102,735)

(2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	1Q Ended June 30, 2004 (B)		1Q Ended June 30, 2005 (A)		Change (A)-(B)	Year Ended March 31, 2005	
	Amounts	% of the total	Amounts	% of the total		Amounts	% of the total
		%		%			%
I Telecommunications Business							
Operating Revenues	582,353	80.9	576,453	80.7	(5,899)	2,300,565	78.8
Operating Expenses	494,213	68.7	490,928	68.7	(3,284)	2,008,324	68.8
Sales expenses	237,164		238,929		1,764	998,402	
Depreciation	89,783		82,637		(7,146)	341,042	
Charges for the use of telecommunications services of third parties	100,209		98,989		(1,220)	382,063	
Other	67,052		70,369		3,316	286,810	
Telecommunications Business Operating Income	88,139	12.2	85,524	12.0	(2,614)	292,241	10.0
II Other Business							
Sales of Terminal equipment and other	137,722	19.1	137,813	19.3	91	619,473	21.2
Cost of sales of terminal equipment and other	136,304	18.9	135,520	19.0	(784)	615,539	21.1
Other Business Operating Income	1,417	0.2	2,293	0.3	875	3,934	0.1
Operating Income	89,557	12.4	87,818	12.3	(1,738)	296,175	10.1
III Other revenues	4,513	0.6	4,949	0.7	436	17,106	0.6
Interest income	158		610		451	700	
Equity in profit of affiliates	338		166		(172)	1,425	
Dividend income from anonymous association	1,526		1,668		142	6,417	
Other	2,488		2,503		15	8,560	
IV Other expenses	6,898	0.9	4,805	0.7	(2,093)	26,937	0.9
Interest expense	5,938		4,304		(1,634)	20,948	
Other	960		501		(458)	5,989	
Ordinary Income	87,171	12.1	87,962	12.3	790	286,343	9.8
I Extraordinary profit	-	-	152	0.0	152	31,384	1.1
Gain on sales of PPE	-		-		-	684	
Gain on sales of securities	-		152		152	3,025	
Gain on divestiture of PHS business	-		-		-	27,674	
II Extraordinary loss	-	-	-	-	-	24,197	0.8
Loss on sales of PPE	-		-		-	483	
Loss on disposal of PPE	-		-		-	23,448	
Loss on devaluation of securities	-		-		-	265	
Income before Income Taxes and Minority Interests	87,171	12.1	88,114	12.3	942	293,530	10.1
Income Taxes - Current	24,520	3.4	26,927	3.7	2,406	96,646	3.3
Income Taxes - Deferred	9,542	1.3	7,767	1.1	(1,775)	(8,540)	(0.3)
Minority Interests in Consolidated Subsidiaries	1,445	0.2	832	0.1	(612)	4,832	0.2
Net Income	51,663	7.2	52,587	7.4	924	200,591	6.9

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)

	1Q Ended June 30, 2004 (B)	1Q Ended June 30, 2005 (A)	(A)-(B)	Year Ended March 31, 2005	
	Amounts	Amounts	Amounts	Amounts	
I	Cash Flows from Operating Activities				
	Income before income taxes and minority interests	87,171	88,114	942	293,530
	Depreciation and amortization	92,958	85,393	(7,563)	354,060
	(Gain)loss on sales of PPE	21	(106)	(128)	(205)
	Loss on disposal of PPE	1,603	1,826	222	18,172
	Impairment Loss	-	-	-	23,448
	(Increase) decrease in allowance for doubtful accounts	294	(2,240)	(2,534)	(465)
	Increase (decrease) in reserve for retirement benefits	(181)	59	240	(640)
	Interest and dividend income	(262)	(718)	(455)	(885)
	Interest expenses	5,938	4,304	(1,634)	20,948
	Equity in (gain) of affiliates	(338)	(166)	172	(1,425)
	Loss on sales of investment securities	2	(152)	(155)	(3,008)
	Investment securities write off	34	14	(20)	272
	Gain on divestiture of PHS business	-	-	-	(27,674)
	Increase in reserve for point services	1,204	1,248	44	3,698
	(Increase) decrease in prepaid pension cost	(426)	(569)	(143)	(1,916)
	(Increase)decrease in notes and accounts receivable	12,239	30,621	18,382	(3,839)
	(Increase) decrease in inventories	(20,446)	(7,019)	13,426	10,465
	Increase(decrease) in notes and accounts payable	(18,439)	(22,273)	(3,833)	(12,255)
	Other, net	(16,422)	(16,310)	111	2,116
	Sub total	144,948	162,025	17,076	674,398
	Interest and dividend income received	597	1,150	553	1,928
	Interest expenses paid	(6,061)	(4,546)	1,514	(22,233)
	Income taxes paid	(64,255)	(60,357)	3,897	(115,418)
	Net cash provided by operating activities	75,229	98,271	23,041	538,675
II	Cash Flows From Investing Activities				
	Payments for purchase of PPE	(29,850)	(55,113)	(25,262)	(271,926)
	Proceeds from sale of PPE	215	807	591	1,466
	Payments for other intangible assets	(10,898)	(18,569)	(7,671)	(56,035)
	Acquisition of investment securities	(100)	(390)	(290)	(6,085)
	Proceeds from sale of investment securities	854	2,574	1,720	10,282
	Payments for investment in affiliates	(623)	(733)	(110)	(5,394)
	Proceeds for the divestiture of PHS business	-	-	-	206,233
	Increase in long-term prepayment	(1,539)	(2,760)	(1,221)	(14,058)
	Other, net	(432)	144	577	(990)
	Net cash used in investing activities	(42,373)	(74,041)	(31,667)	(136,507)
	Free Cash Flows	32,855	24,229	(8,626)	402,167
III	Cash Flows from Financing Activities				
	Net increase(decrease) in short-term loans	(15)	(592)	(576)	(1,351)
	Repayment of long-term loans	(60,620)	(46,872)	13,748	(293,330)
	Repayment of long-term accounts payable	(2,107)	(1,051)	1,056	(5,935)
	Payment for redemption of bonds	-	(40,000)	(40,000)	(15,375)
	Payment for acquisition of treasury stocks	(46)	(19)	26	(24,435)
	Dividends paid	(9,778)	(14,255)	(4,475)	(24,594)
	Payments received from minority shareholders	-	240	240	164
	Others, net	46	86	39	(11,200)
	Net Cash used in Financing Activities	(72,522)	(102,464)	(29,941)	(376,058)
IV	Translation Adjustments on Cash and Cash Equivalents				
		(34)	278	312	(95)
V	Net increase in Cash and Cash Equivalents				
		(39,701)	(77,956)	(38,255)	26,013
VI	Cash and Cash Equivalents at Beginning of Quarter/Year				
		196,518	222,531	26,013	196,518
VII	Cash and Cash Equivalents at End of Quarter/Year				
		156,816	144,575	(12,241)	222,531