

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

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	September 30, 2004		September 30, 2005 (A)		March 31, 2005 (B)		Change (A)-(B) Amounts
	Amounts	% of the total	Amounts	% of the total	Amounts	% of the total	
I Fixed Assets		%		%		%	
A Telecommunications Assets							
Property, Plant and Equipment	1,446,445	57.4	1,376,485	55.5	1,379,353	55.8	(2,867)
Intangible Assets and Goodwill	225,142	8.9	196,799	7.9	194,557	7.9	2,242
Total Telecommunications Assets	1,671,587	66.3	1,573,285	63.4	1,573,910	63.7	(625)
B Other Business Assets							
Property, Plant and Equipment	33,487		32,992		33,331		(338)
Intangible Assets	3,137		3,890		3,332		558
Total Other Business Assets	36,624	1.5	36,883	1.5	36,663	1.5	219
C Investments and Other Assets							
Investments in securities	34,442		47,309		31,845		15,463
Deferred income taxes	17,385		20,238		23,682		(3,444)
Deposits and guarantee money	35,975		36,039		35,298		741
Other Assets	95,584		96,830		96,046		783
Allowance for loss on investments and other assets	(11,510)		(8,509)		(12,539)		4,030
Total Investments and Other Assets	171,877	6.8	191,908	7.7	174,334	7.0	17,574
Total Fixed Assets	1,880,090	74.6	1,802,077	72.6	1,784,908	72.2	17,168
II Current Assets							
Cash and cash equivalents	111,244		138,715		160,380		(21,664)
Accounts receivable	392,115		363,017		383,083		(20,065)
Marketable securities	23,160		93,490		62,779		30,711
Inventories	75,547		47,463		48,613		(1,149)
Deferred income taxes	27,504		25,928		30,406		(4,478)
Other current assets	30,407		27,304		20,049		7,254
Allowance for doubtful accounts	(18,524)		(17,433)		(17,900)		466
Total Current assets	641,456	25.4	678,487	27.4	687,413	27.8	(8,926)
III Deferred Assets							
Debenture Discount and Expense	-		27		-		27
Total Deferred Assets	-	-	27	0.0	-	-	27
Total Assets	2,521,546	100.0	2,480,591	100.0	2,472,322	100.0	8,269

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

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	September 30, 2004		September 30, 2005 (A)		March 31, 2005 (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	288,362		257,987		268,175		(10,187)
Long-term loans	460,993		234,134		368,966		(134,832)
Reserve for point service program	20,027		23,098		20,805		2,293
Other non-current liabilities	37,324		36,862		36,171		691
Total Non-Current Liabilities	806,708	32.0	552,083	22.3	694,118	28.1	(142,034)
II Current Liabilities:							
Short-term loans and current portion of long-term loans	260,191		296,284		227,743		68,540
Accounts Payable	252,975		244,092		260,405		(16,313)
Accrued expenses	10,427		9,800		9,956		(155)
Accrued income taxes	56,549		66,324		65,682		641
Allowance for bonuses	12,226		11,915		13,510		(1,595)
Other current liabilities	22,518		23,986		25,482		(1,496)
Total Current Liabilities	614,889	24.4	652,404	26.3	602,782	24.4	49,621
Total Liabilities	1,421,598	56.4	1,204,487	48.6	1,296,900	52.5	(92,413)
Minority Interests	21,250	0.8	15,187	0.6	13,229	0.5	1,957
Shareholders' Equity							
I Common stock	141,851	5.6	141,851	5.7	141,851	5.7	-
II Capital surplus	304,189	12.1	304,189	12.3	304,189	12.3	-
III Retained earnings	631,166	25.0	826,036	33.3	739,448	29.9	86,588
IV Net unrealized gains on securities	11,161	0.4	20,451	0.7	9,858	0.4	10,592
V Foreign Currency Translations Adjustments	(1,191)	(0.0)	(536)	(0.0)	(1,650)	(0.1)	1,114
VI Treasury stock, at cost	(8,479)	(0.3)	(31,076)	(1.3)	(31,505)	(1.2)	429
Total Shareholders' Equity	1,078,698	42.8	1,260,916	50.8	1,162,191	47.0	98,724
Total Liabilities and Shareholders' Equity	2,521,546	100.0	2,480,591	100.0	2,472,322	100.0	8,269

## (2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	2Q Ended September 30, 2004 (B)		2Q Ended September 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	1,179,126	80.1	1,172,869	79.9	(6,257)	2,300,565	78.8
Operating Expenses	1,019,308	69.3	1,010,451	68.7	(8,856)	2,008,324	68.8
Sales expenses	499,008		499,705		696	998,402	
Depreciation	179,023		163,065		(15,957)	341,042	
Charges for the use of telecommunications services of third parties	201,582		202,783		1,200	382,063	
Other	139,691		144,893		5,203	286,810	
Telecommunications Business Operating Income	159,818	10.8	162,418	11.1	2,599	292,241	10.0
II Other Business							
Sales of Terminal equipment and other	292,196	19.9	295,902	20.1	3,706	619,473	21.2
Cost of sales of terminal equipment and other	289,588	19.7	291,650	19.9	2,062	615,539	21.1
Other Business Operating Income	2,608	0.2	4,252	0.3	1,643	3,934	0.1
Operating Income	162,427	11.0	166,670	11.3	4,243	296,175	10.1
III Other revenues	8,411	0.6	8,832	0.6	421	17,106	0.6
Interest income	257		731		474	700	
Equity in profit of affiliates	576		788		212	1,425	
Dividend income from anonymous association	3,040		3,332		291	6,417	
Other	4,535		3,979		(556)	8,560	
IV Other expenses	14,563	0.9	10,582	0.7	(3,980)	26,937	0.9
Interest expense	11,546		8,156		(3,390)	20,948	
Other	3,016		2,426		(590)	5,989	
Ordinary Income	156,275	10.6	164,919	11.2	8,644	286,343	9.8
I Extraordinary profit	126	0.0	619	0.0	493	31,384	1.1
Gain on sales of PPE	-		-		-	684	
Gain on sales of securities	126		619		493	3,025	
Gain on divestiture of PHS business	-		-		-	27,674	
Compensation for damage	-		-		-	-	
II Extraordinary loss	20,889	1.4	482	0.0	(20,406)	24,197	0.8
Loss on sales of PPE	412		-		(412)	483	
Loss on disposal of PPE	20,217		-		(20,217)	23,448	
Loss on devaluation of securities	259		482		223	265	
Income before Income Taxes and Minority Interests	135,512	9.2	165,057	11.2	29,544	293,530	10.1
Income Taxes - Current	53,458	3.6	60,836	4.1	7,378	96,646	3.3
Income Taxes - Deferred	472	0.0	955	0.1	482	(8,540)	(0.3)
Minority Interests in Consolidated Subsidiaries	3,740	0.3	1,827	0.1	(1,912)	4,832	0.2
Net Income	77,841	5.3	101,438	6.9	23,596	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)

	2Q Ended September 30, 2004 (B)	2Q Ended September 30, 2005 (A)	(A)-(B)	Year Ended March 31, 2005
	Amounts	Amounts	Amounts	Amounts
<b>I</b>	<b>Cash Flows from Operating Activities</b>			
	135,512	165,057	29,544	293,530
Income before income taxes and minority interests	185,383	168,398	(16,984)	354,060
Depreciation and amortization	332	(75)	(408)	(205)
(Gain)loss on sales of PPE	6,041	4,112	(1,929)	18,172
Loss on disposal of PPE	20,217	-	(20,217)	23,448
Impairment Loss	(1,411)	(4,525)	(3,114)	(465)
(Increase) decrease in allowance for doubtful accounts	(133)	100	233	(640)
Increase (decrease) in reserve for retirement benefits	(364)	(759)	(395)	(885)
Interest and dividend income	11,546	8,156	(3,390)	20,948
Interest expenses	(576)	(788)	(212)	(1,425)
Equity in (gain) of affiliates	(119)	(619)	(500)	(3,008)
Loss on sales of investment securities	265	482	217	272
Investment securities write off	-	-	-	(27,674)
Gain on divestiture of PHS business	2,167	2,293	125	3,698
Increase in reserve for point services	(1,008)	(1,560)	(551)	(1,916)
(Increase) decrease in prepaid pension cost	10,597	21,125	10,527	(3,839)
(Increase) decrease in inventories	(13,793)	803	14,596	10,465
Increase(decrease) in notes and accounts payable	(39,537)	(17,041)	22,496	(12,255)
Other, net	(9,260)	(8,743)	517	2,116
Sub total	305,861	336,414	30,552	674,398
Interest and dividend income received	842	1,493	650	1,928
Interest expenses paid	(11,924)	(8,720)	3,203	(22,233)
Income taxes paid	(64,251)	(58,703)	5,547	(115,418)
Net cash provided by operating activities	230,529	270,483	39,954	538,675
<b>II</b>	<b>Cash Flows From Investing Activities</b>			
	(90,055)	(133,048)	(42,993)	(271,926)
Payments for purchase of PPE	574	893	318	1,466
Proceeds from sale of PPE	(19,725)	(35,035)	(15,310)	(56,035)
Payments for other intangible assets	(100)	(411)	(311)	(6,085)
Acquisition of investment securities	998	3,201	2,202	10,282
Proceeds from sale of investment securities	(2,487)	(733)	1,754	(5,394)
Payments for investment in affiliates	-	-	-	206,233
Proceeds for the divestiture of PHS business	(4,745)	(6,092)	(1,347)	(14,058)
Increase in long-term prepayment	(1,848)	(219)	1,629	(990)
Other, net	(117,389)	(171,446)	(54,057)	(136,507)
Net cash used in investing activities	113,139	99,036	(14,102)	402,167
Free Cash Flows				
<b>III</b>	<b>Cash Flows from Financing Activities</b>			
	(944)	(644)	300	(1,351)
Net increase(decrease) in short-term loans	(165,021)	(83,901)	81,119	(293,330)
Repayment of long-term loans	(3,098)	(1,547)	1,550	(5,935)
Repayment of long-term accounts payable	-	49,972	49,972	-
Proceeds from new bond issue	(187)	(40,187)	(40,000)	(15,375)
Payment for redemption of bonds	(109)	(109)	0	(24,435)
Payment for acquisition of treasury stocks	(10,186)	(14,765)	(4,578)	(24,594)
Dividends paid	-	240	240	164
Payments received from minority shareholders	2,129	400	(1,728)	(11,200)
Others, net	(177,418)	(90,543)	86,875	(376,058)
Net Cash used in Financing Activities	157	432	275	(95)
Translation Adjustments on Cash and Cash Equivalents	(64,121)	8,926	73,047	26,013
Net increase in Cash and Cash Equivalents	196,518	222,531	26,013	196,518
Cash and Cash Equivalents at Beginning of Quarter/Year	132,396	231,457	99,061	222,531
Cash and Cash Equivalents at End of Quarter/Year				