

(1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	September 30, 2005		September 30, 2006 (A)		March 31, 2006 (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	1,376,485	55.5	1,388,906	53.9	1,375,542	55.0	13,363
Intangible Assets and Goodwill	196,799	7.9	173,734	6.8	160,288	6.4	13,446
Total Telecommunications Assets	1,573,285	63.4	1,562,641	60.7	1,535,831	61.4	26,809
B Other Business Assets							
Property, Plant and Equipment	32,992		35,418		34,313		1,104
Intangible Assets	3,890		6,825		5,043		1,781
Total Other Business Assets	36,883	1.5	42,243	1.6	39,357	1.6	2,885
C Investments and Other Assets							
Investments in securities	47,309		47,016		49,276		(2,259)
Deferred income taxes	20,238		94,088		103,625		(9,536)
Deposits and guarantee money	36,039		37,891		38,546		(654)
Other Assets	96,830		134,959		126,300		49,547
Allowance for loss on investments and other assets	(8,509)		(8,970)		(8,781)		(188)
Total Investments and Other Assets	191,908	7.7	304,987	11.9	308,967	12.3	(3,979)
Total Fixed Assets	1,802,077	72.6	1,909,872	74.2	1,884,156	75.3	25,715
II Current Assets							
Cash and cash equivalents	138,715		159,223		146,197		13,026
Total Accounts receivable	363,017		415,648		408,904		6,743
Marketable securities	93,490		1,272		5,571		(4,298)
Inventories	47,463		54,865		38,383		16,481
Deferred income taxes	25,928		24,023		17,730		6,293
Other current assets	27,304		25,067		15,071		9,995
Allowance for doubtful accounts	(17,433)		(15,222)		(15,175)		(46)
Total Current assets	678,487	27.4	664,878	25.8	616,683	24.7	48,194
III Deferred Assets							
Debenture Discount and Expense	27	-	-	-	24	-	(24)
Total Deferred Assets	27	0.0	-	-	24	0.0	(24)
Total Assets	2,480,591	100.0	2,574,750	100.0	2,500,864	100.0	73,885

(1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	September 30, 2005		September 30, 2006 (A)		March 31, 2006 (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	257,987		227,777		257,800		(30,022)
Long-term loans	234,134		247,173		266,340		(19,166)
Accrued pension cost	20,049		23,149		22,916		232
Reserve for point service program	23,098		28,295		24,893		3,401
Other non-current liabilities	16,813		23,217		21,160		2,056
Total Non-Current Liabilities	552,083	22.3	549,613	21.4	593,111	23.7	(43,497)
II Current Liabilities:							
Short-term loans and current portion of long-term loans	296,284		121,162		246,755		(125,593)
Accounts Payable	244,092		328,597		275,105		53,490
Accrued expenses	9,800		10,878		10,919		(40)
Accrued income taxes	66,324		85,970		18,780		67,190
Allowance for bonuses	11,915		13,538		16,891		(3,353)
Other current liabilities	23,986		32,859		26,971		5,887
Total Current Liabilities	652,404	26.3	593,007	23.0	595,425	23.8	(2,418)
Total Liabilities	1,204,487	48.6	1,142,620	44.4	1,188,536	47.5	(45,916)
Minority Interests	15,187	0.6	-	-	16,797	0.7	-
Shareholders' Equity							
I Common stock	141,851	5.7	-	-	141,851	5.7	-
II Capital surplus	304,189	12.3	-	-	305,676	12.2	-
III Retained earnings	826,036	33.3	-	-	853,404	34.1	-
IV Net unrealized gains on securities	20,451	0.8	-	-	21,666	0.9	-
V Foreign Currency Translations Adjustments	(536)	(0.0)	-	-	1,166	0.0	-
VI Treasury stock, at cost	(31,076)	(1.3)	-	-	(28,234)	(1.1)	-
Total Shareholders' Equity	1,260,916	50.8	-	-	1,295,530	51.8	-
Total Liabilities and Shareholders' Equity	2,480,591	100.0	-	-	2,500,864	100.0	-
NET ASSET							
I Shareholder's Equity							
Common stock	-		141,851		-		-
Capital surplus	-		305,676		-		-
Retained earnings	-		969,566		-		-
Treasury stock, at cost	-		(26,012)		-		-
Total Shareholder's Equity	-	-	1,391,081	54.0	-	-	-
II Unrealized gains and Adjustment							
Net unrealized gains on securities	-		20,497		-		-
Foreign Currency Translation Adjustment	-		1,682		-		-
Total Unrealized gains and Adjustment	-	-	22,179	0.9	-	-	-
III Share Warrant	-	-	33	0.0	-	-	-
IV Minority Interests	-	-	18,834	0.7	-	-	-
Total Net Assets	-	-	1,432,129	55.6	-	-	-
Total Liabilities and Net Assets	-	-	2,574,750	100.0	-	-	-

(2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	2Q Ended September 30, 2005 (A)		2Q Ended September 30, 2006 (B)		Change (B)-(A)	Year Ended March 31, 2006	
	Amounts	% of the total	Amounts	% of the total		Amounts	Amounts
		%		%			%
Total operating revenues							
I Telecommunications Business							
Operating Revenues	1,172,869	79.9	1,281,333	79.8	108,464	2,398,526	78.4
Operating Expenses	1,010,451	68.8	1,062,635	66.2	52,184	2,110,687	69.0
Sales expenses	499,705		521,155		21,450	1,047,002	
Depreciation	163,065		153,745		(9,320)	328,259	
Charges for the use of telecommunications services of third parties	202,783		226,022		23,239	413,293	
Other	144,893		161,708		16,815	322,127	
Telecommunications Business Operating Income	162,418	11.1	218,697	13.6	56,279	287,838	9.4
II Other Business							
Sales of Terminal equipment and other	295,902	20.1	323,501	20.2	27,598	662,288	21.6
Cost of sales of terminal equipment and other	291,650	19.8	312,737	19.5	21,087	653,530	21.3
Other Business Operating Income	4,252	0.3	10,763	0.7	6,511	8,757	0.3
Operating Income	166,670	11.3	229,461	14.3	62,790	296,596	9.7
III Other revenues	8,832	0.6	8,103	0.5	(729)	17,571	0.6
Interest income	731		349		(382)	1,026	
Equity in profit of affiliates	788		-		(788)	2,278	
Dividend income from anonymous association	3,332		3,799		467	6,836	
Other	3,979		3,954		(25)	7,430	
IV Other expenses	10,582	0.7	10,282	0.6	(300)	20,166	0.7
Interest expense	8,156		6,831		(1,325)	15,681	
Other	2,426		3,451		1,025	4,484	
Ordinary Income	164,919	11.2	227,281	14.2	62,361	294,001	9.6
I Extraordinary profit	619	0.0	352	0.0	(266)	2,336	0.1
Gain on sales of PPE	-		-		-	336	
Gain on sales of securities	619		352		(266)	702	
Gain from forgiveness of debt	-		-		-	1,298	
II Extraordinary loss	482	0.0	250	0.0	(232)	115,731	3.8
Loss on sales of PPE	-		-		-	759	
Loss on disposal of PPE	-		-		-	114,295	
Loss on devaluation of securities	482		250		(232)	676	
Income before Income Taxes and Minority Interests	165,057	11.2	227,384	14.2	62,327	180,606	5.9
Income Taxes - Current	60,836	4.0	84,823	5.1	23,986	61,139	2.0
Income Taxes - Deferred	955	0.1	4,414	0.3	3,459	(74,596)	(2.4)
Minority Interests in Consolidated Subsidiaries	1,827	0.1	2,115	0.1	288	3,493	0.1
Net Income	101,438	6.9	136,031	8.5	34,592	190,569	6.2

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, 2005 (A)	2Q Ended September 30, 2006 (B)	Change (B)-(A)	Year Ended March 31, 2006
	Amounts	Amounts	Amounts	Amounts
I Cash Flows from Operating Activities				
Income before income taxes and minority interests	165,057	227,384	62,327	180,606
Depreciation and amortization 1)	166,636	158,336	(8,299)	335,738
Depreciation and amortization 2)	-	1,215	1,215	-
Depreciation and amortization 3)	1,762	-	(1,762)	1,722
Total Depreciation and amortization	168,398	159,551	(8,846)	337,460
(Gain)loss on sales of PPE	(75)	8	84	421
Loss on disposal of PPE	4,112	4,347	235	22,073
Impairment Loss	-	-	-	114,295
(Increase) decrease in allowance for doubtful accounts	(4,525)	235	4,761	(5,641)
Increase (decrease) in reserve for retirement benefits	100	220	120	(1,672)
Interest and dividend income	(759)	(351)	408	(1,493)
Interest expenses	8,156	6,831	(1,325)	15,681
Equity in (gain) of affiliates	(788)	2,053	2,841	(2,278)
Loss on sales of investment securities	(619)	(404)	214	(699)
Investment securities write off	482	250	(232)	695
Increase in reserve for point services	2,293	3,401	1,108	4,088
(Increase) decrease in prepaid pension cost	(1,560)	(3,275)	(1,715)	(1,533)
(Increase)decrease in notes and accounts receivable	21,125	(9,547)	(30,673)	(6,862)
(Increase) decrease in inventories	803	(16,654)	(17,458)	10,872
Decrease in notes and accounts payable 1)	(137)	12,898	13,035	29,159
Decrease in notes and accounts payable 2)	(17,263)	19,042	36,306	(4,266)
Decrease in notes and accounts payable 3)	359	87	(271)	(469)
Total Increase(decrease) in notes and accounts payable	(17,041)	32,027	49,070	24,424
Other, net	(8,743)	(6,121)	2,621	5,915
Sub total	336,414	399,958	63,544	696,353
Interest and dividend income received	1,493	1,312	(180)	2,280
Interest expenses paid	(8,720)	(7,031)	1,688	(16,347)
Income taxes paid	(58,703)	(17,758)	40,944	(106,755)
Net cash provided by operating activities	270,483	376,480	105,996	575,531
II Cash Flows From Investing Activities				
Payments for purchase of PPE	(133,048)	(135,901)	(2,852)	(311,614)
Proceeds from sale of PPE	893	733	(160)	1,952
Payments for other intangible assets	(35,035)	(31,091)	3,944	(87,664)
Acquisition of investment securities	(411)	(484)	(72)	(413)
Proceeds from sale of investment securities	3,201	858	(2,342)	3,335
Payments for investment in affiliates	(733)	(3,601)	(2,868)	(28,668)
Increase in long-term prepayment	(6,092)	(6,710)	(617)	(13,648)
Other, net	(219)	327	546	797
Net cash used in investing activities	(171,446)	(175,869)	(4,422)	(435,923)
Free Cash Flows	99,036	200,611	101,574	139,607
III Cash Flows from Financing Activities				
Net increase(decrease) in short-term loans	(644)	9,811	10,455	(543)
Proceeds from issuance of long-term loans	-	10,000	10,000	-
Repayment of long-term loans	(83,901)	(134,519)	(50,617)	(216,529)
Repayment of long-term accounts payable	(1,547)	(4)	1,543	(2,583)
Proceeds from new bond issue	49,972	-	(49,972)	49,972
Payment for redemption of bonds	(40,187)	(60,187)	(20,000)	(60,375)
Payment for acquisition of treasury stocks	(109)	(181)	(71)	(261)
Dividends paid 1)	(14,615)	(19,650)	(5,034)	(29,238)
Dividends paid 2)	(150)	(358)	(207)	(313)
Total Dividends paid	(14,765)	(20,008)	(5,241)	(29,551)
Payments received from minority shareholders	240	88	(152)	242
Others, net	400	2,334	1,934	2,695
Net Cash used in Financing Activities	(90,543)	(192,667)	(102,123)	(256,935)
IV Translation Adjustments on Cash and Cash Equivalents	432	87	(345)	1,146
V Net increase in Cash and Cash Equivalents	8,926	8,031	(894)	(116,181)
VI Cash and Cash Equivalents at Beginning of Quarter/Year	222,531	151,003	(71,528)	222,531
VII Net increase in Cash and Cash Equivalents of merger and newly consolidated subsidiaries	-	-	-	44,722
Net decrease in Cash and Cash Equivalents with changes coverage of consolidated subsidiaries	-	-	-	(69)
Cash and Cash Equivalents at End of Quarter/Year	231,457	159,034	(72,423)	151,003