

(1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	December 31, 2005		December 31, 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	1,377,915	55.9	1,405,719	54.6	1,375,542	55.0	30,176
Intangible Assets and Goodwill	159,597	6.4	187,326	7.3	160,288	6.4	27,038
Total Telecommunications Assets	1,537,512	62.3	1,593,046	61.9	1,535,831	61.4	57,214
B Other Business Assets							
Property, Plant and Equipment	32,862		36,327		34,313		2,013
Intangible Assets	3,939		7,042		5,043		1,998
Total Other Business Assets	36,801	1.5	43,370	1.7	39,357	1.6	4,012
C Investments and Other Assets							
Investments in securities	48,540		48,531		49,276		(744)
Deferred income taxes	18,317		84,666		103,625		(18,958)
Deposits and guarantee money	35,807		37,903		38,546		(642)
Other Assets	97,502		140,499		126,300		14,199
Allowance for loss on investments and other assets	(8,959)		(9,157)		(8,781)		(375)
Total Investments and Other Assets	191,209	7.8	302,445	11.8	308,967	12.3	(6,522)
Total Fixed Assets	1,765,523	71.6	1,938,861	75.4	1,884,156	75.3	54,704
II Current Assets							
Cash and cash equivalents	170,958		75,221		146,197		(70,975)
Total Accounts receivable	386,082		432,094		408,904		23,190
Marketable securities	71,841		25,221		5,571		19,649
Inventories	38,407		59,445		38,383		21,061
Deferred income taxes	21,092		26,754		17,730		9,024
Other current assets	27,810		28,767		15,071		13,696
Allowance for doubtful accounts	(15,199)		(14,830)		(15,175)		345
Total Current assets	700,994	28.4	632,675	24.6	616,683	24.7	15,991
III Deferred Assets							
Debenture Discount and Expense	25	-	-		24		(24)
Total Deferred Assets	25	0.0	-	-	24	0.0	(24)
Total Assets	2,466,544	100.0	2,571,536	100.0	2,500,864	100.0	70,671

(1) Consolidated Balance Sheets (2/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	December 31, 2005		December 31, 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	207,778		257,800		(50,021)
	Long-term loans	219,300	125,276		266,340		(141,064)
	Accrued pension cost	18,425	17,934		22,916		(4,982)
	Reserve for point service program	23,716	29,432		24,893		4,539
	Other non-current liabilities	16,655	22,348		21,160		1,187
	Total Non-Current Liabilities	536,086	402,770	15.7	593,111	23.7	(190,340)
II	Current Liabilities:						
	Short-term loans and current portion of long-term loans	265,375	221,308		246,755		(25,446)
	Accounts Payable	300,545	351,504		275,105		76,398
	Accrued expenses	10,973	12,293		10,919		1,374
	Accrued income taxes	44,974	82,256		18,780		63,476
	Allowance for bonuses	7,005	8,161		16,891		(8,730)
	Other current liabilities	26,469	48,595		26,971		21,623
	Total Current Liabilities	655,344	724,120	28.1	595,425	23.8	128,695
	Total Liabilities	1,191,430	1,126,891	43.8	1,188,536	47.5	(61,644)
	Minority Interests	15,947	-	-	16,797	0.7	-
Shareholders' Equity							
I	Common stock	141,851	-	-	141,851	5.7	-
II	Capital surplus	304,189	-	-	305,676	12.2	-
III	Retained earnings	821,014	-	-	853,404	34.1	-
IV	Net unrealized gains on securities	21,173	-	-	21,666	0.9	-
V	Foreign Currency Translations Adjustments	(116)	-	-	1,166	0.0	-
VI	Treasury stock, at cost	(28,945)	-	-	(28,234)	(1.1)	-
	Total Shareholders' Equity	1,259,166	-	-	1,295,530	51.8	-
	Total Liabilities and Shareholders' Equity	2,466,544	-	-	2,500,864	100.0	-
NET ASSET							
I	Shareholder's Equity						
	Common stock	-	141,851	5.5	-	-	-
	Capital surplus	-	305,676	11.9	-	-	-
	Retained earnings	-	1,004,886	39.1	-	-	-
	Treasury stock, at cost	-	(51,889)	(2.0)	-	-	-
	Total Shareholder's Equity	-	1,400,524	54.5	-	-	-
II	Unrealized gains and Adjustment						
	Net unrealized gains on securities	-	21,124	0.8	-	-	-
	Foreign Currency Translation Adjustment	-	3,008	0.1	-	-	-
	Total Unrealized gains and Adjustment	-	24,132	0.9	-	-	-
III	Share Warrant	-	84	0.0	-	-	-
IV	Minority Interests	-	19,902	0.8	-	-	-
	Total Net Assets	-	1,444,644	56.2	-	-	-
	Total Liabilities and Net Assets	-	2,571,536	100.0	-	-	-

(2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	3Q Ended December 31, 2005 (A)		3Q Ended December 31, 2006 (B)		Change (B)-(A)	Year Ended March 31, 2006	
	Amounts	% of the total	Amounts	% of the total		Amounts	% of the total
		%		%			%
Total operating revenues							
I Telecommunications Business							
Operating Revenues	1,775,323	79.6	1,933,830	78.5	158,507	2,398,526	78.4
Operating Expenses	1,526,293	68.4	1,641,220	66.7	114,926	2,110,687	69.0
Sales expenses	754,188		816,275		62,087	1,047,002	
Depreciation	241,635		231,167		(10,467)	328,259	
Charges for the use of telecommunications services of third parties	307,899		342,544		34,644	413,293	
Other	222,567		251,228		28,662	322,127	
Telecommunications Business Operating Income	249,029	11.2	292,610	11.8	43,580	287,838	9.4
II Other Business							
Sales of Terminal equipment and other	454,865	20.4	528,638	21.5	73,773	662,288	21.6
Cost of sales of terminal equipment and other	446,300	20.0	505,155	20.5	58,855	653,530	21.3
Other Business Operating Income	8,564	0.4	23,482	1.0	14,918	8,757	0.3
Operating Income	257,594	11.6	316,093	12.8	58,499	296,596	9.7
III Other revenues	12,946	0.6	14,853	0.6	1,906	17,571	0.6
Interest income	845		692		(152)	1,026	
Equity in profit of affiliates	1,349		1,398		49	2,278	
Dividend income from anonymous association	5,086		5,654		567	6,836	
Other	5,664		7,107		1,443	7,430	
IV Other expenses	14,661	0.7	11,371	0.4	(3,290)	20,166	0.7
Interest expense	11,774		9,365		(2,408)	15,681	
Other	2,887		2,005		(881)	4,484	
Ordinary Income	255,879	11.5	319,576	13.0	63,696	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	256,016	11.5	319,678	13.0	63,662	180,606	5.9
Income Taxes - Current	87,568	4.0	114,680	4.7	27,112	61,139	2.0
Income Taxes - Deferred	7,662	0.3	10,770	0.4	3,108	(74,596)	(2.4)
Minority Interests in Consolidated Subsidiaries	2,778	0.1	3,189	0.1	410	3,493	0.1
Net Income	158,007	7.1	191,038	7.8	33,030	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)

	3Q Ended December 31, 2005 (A)	3Q Ended December 31, 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	256,016	319,678	63,662	180,606
Depreciation and amortization 1)	247,019	237,998	(9,021)	335,738
Depreciation and amortization 2)	-	1,197	1,197	-
Depreciation and amortization 3)	1,742	-	(1,742)	1,722
Total Depreciation and amortization	248,761	239,195	(9,566)	337,460
(Gain)loss on sales of PPE	(28)	65	94	421
Loss on disposal of PPE	6,222	10,127	3,905	22,073
Impairment Loss	-	-	-	114,295
(Increase) decrease in allowance for doubtful accounts	(4,834)	6	4,841	(5,641)
Increase (decrease) in reserve for retirement benefits	(563)	(4,996)	(4,433)	(1,672)
Interest and dividend income	(1,239)	(1,753)	(513)	(1,493)
Interest expenses	11,774	9,365	(2,408)	15,681
Equity in (gain) of affiliates	(1,349)	(1,398)	(49)	(2,278)
Loss on sales of investment securities	(618)	(303)	315	(699)
Investment securities write off	482	250	(232)	695
Increase in reserve for point services	2,911	4,539	1,627	4,088
(Increase) decrease in prepaid pension cost	(1,560)	703	2,263	(1,533)
(Increase)decrease in notes and accounts receivable	(6,608)	(30,255)	(23,647)	(6,862)
(Increase) decrease in inventories	9,875	(21,503)	(31,379)	10,872
Decrease in notes and accounts payable 1)	42,903	41,866	(1,037)	29,159
Decrease in notes and accounts payable 2)	14,875	19,784	4,909	(4,266)
Decrease in notes and accounts payable 3)	1,364	1,264	(99)	(469)
Total Increase(decrease) in notes and accounts payable	59,142	62,914	3,773	24,424
Other, net	(11,085)	443	11,529	5,915
Sub total	567,299	587,080	19,781	696,353
Interest and dividend income received	2,037	2,840	803	2,280
Interest expenses paid	(12,144)	(9,517)	2,627	(16,347)
Income taxes paid	(106,553)	(50,859)	55,694	(106,755)
Net cash provided by operating activities	450,638	529,545	78,907	575,531
II Cash Flows From Investing Activities				
Payments for purchase of PPE	(211,812)	(211,394)	417	(311,614)
Proceeds from sale of PPE	943	798	(144)	1,952
Payments for other intangible assets	(64,198)	(75,302)	(11,103)	(87,664)
Acquisition of investment securities	(411)	(960)	(548)	(413)
Proceeds from sale of investment securities	3,221	872	(2,349)	3,335
Payments for investment in affiliates	(665)	(8,794)	(8,129)	(28,668)
Increase in long-term prepayment	(9,738)	(7,775)	1,963	(13,648)
Other, net	97	436	339	797
Net cash used in investing activities	(282,564)	(302,119)	(19,554)	(435,923)
Free Cash Flows	168,073	227,426	59,352	139,607
III Cash Flows from Financing Activities				
Net increase(decrease) in short-term loans	(1,197)	(765)	431	(543)
Proceeds from issuance of long-term loans	-	10,000	10,000	-
Repayment of long-term loans	(108,207)	(149,406)	(41,199)	(216,529)
Repayment of long-term accounts payable	(2,448)	(4)	2,444	(2,583)
Proceeds from new bond issue	49,972	-	(49,972)	49,972
Payment for redemption of bonds	(60,187)	(76,687)	(16,500)	(60,375)
Payment for acquisition of treasury stocks	(196)	(26,059)	(25,863)	(261)
Dividends paid 1)	(28,828)	(38,874)	(10,045)	(29,238)
Dividends paid 2)	(409)	(686)	(276)	(313)
Total Dividends paid	(29,237)	(39,560)	(10,321)	(29,551)
Payments received from minority shareholders	240	88	(154)	242
Others, net	2,089	2,337	247	2,695
Net Cash used in Financing Activities	(149,171)	(280,058)	(130,887)	(256,935)
IV Translation Adjustments on Cash and Cash Equivalents	605	585	(20)	1,146
V Net increase in Cash and Cash Equivalents	19,508	(52,047)	(71,555)	(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	242,040	98,956	(143,083)	151,003