

(1) Consolidated Balance Sheets (1/2)

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	March 31, 2006 (A)		March 31, 2007 (B)		Change (B)-(A)
	Amounts	% of the total	Amounts	% of the total	Amounts
		%		%	
I Fixed Assets					
A Telecommunications Assets					
Property, Plant and Equipment	1,375,542	55.0	1,462,110	52.2	86,567
Intangible Assets and Goodwill	160,288	6.4	227,686	8.1	67,398
Total Telecommunications Assets	1,535,831	61.4	1,689,797	60.3	153,965
B Other Business Assets					
Property, Plant and Equipment	34,313		38,496		4,182
Intangible Assets	5,043		7,215		2,172
Total Other Business Assets	39,357	1.6	45,712	1.6	6,354
C Investments and Other Assets					
Investments in securities	49,276		51,269		1,993
Deferred income taxes	103,625		114,955		11,330
Deposits and guarantee money	38,546		38,180		(365)
Other Assets	126,301		137,983		11,681
Allowance for loss on investments and other assets	(8,781)		(9,227)		(445)
Total Investments and Other Assets	308,967	12.3	333,160	12.3	24,193
Total Fixed Assets	1,884,156	75.3	2,068,671	73.8	184,514
II Current Assets					
Cash and cash equivalents	146,197		174,036		27,839
Accounts receivable	408,904		439,293		30,389
Marketable securities	5,571		20,247		14,675
Inventories	38,383		55,099		16,715
Deferred income taxes	17,730		45,520		27,790
Other current assets	15,071		15,379		308
Allowance for doubtful accounts	(15,175)		(15,007)		167
Total Current assets	616,683	24.7	734,569	26.2	117,885
III Deferred Assets					
Debenture Discount and Expense	24		0		(24)
Total Deferred Assets	24	0.0	0	0.0	(24)
Total Assets	2,500,864	100.0	2,803,240	100.0	302,375

(Millions of yen)

	March 31, 2006 (A)		March 31, 2007 (B)		Change (B)-(A)
	Amounts	% of the total	Amounts	% of the total	Amounts
LIABILITIES AND SHAREHOLDERS' EQUITY					
I Non-Current Liabilities:		%		%	
Bonds	257,800		167,779		(90,020)
Long-term loans	266,340		192,858		(73,481)
Reserve for point service program	24,893		30,678		5,785
Other non-current liabilities	44,077		40,242		(3,834)
Total Non-Current Liabilities	593,111	23.7	431,559	15.4	(161,551)
II Current Liabilities:					
Short-term loans and current portion of long-term loans	246,756		259,858		13,102
Accounts Payable	275,106		391,937		116,830
Accrued expenses	10,919		11,419		500
Accrued income taxes	18,780		100,404		81,624
Allowance for bonuses	16,891		18,179		1,287
Other current liabilities	26,971		52,767		25,796
Total Current Liabilities	595,425	23.8	834,566	29.8	239,141
Total Liabilities	1,188,536	47.5	1,266,126	45.2	77,589
Minority Interests	16,797	0.7	-	-	-
Shareholders' Equity					
I Common stock	141,851	5.7	-	-	-
II Capital surplus	305,676	12.2	-	-	-
III Retained earnings	853,404	34.1	-	-	-
IV Net unrealized gains on securities	21,666	0.9	-	-	-
V Foreign Currency Translations Adjustments	1,166	0.0	-	-	-
VI Treasury stock, at cost	(28,234)	(1.1)	-	-	-
Total Shareholders' Equity	1,295,530	51.8	-	-	-
Total Liabilities and Shareholders' Equity	2,500,864	100.0	-	-	-
NET ASSETS					
I Shareholder's Equity					
Common stock	-	-	141,851	5.0	-
Capital surplus	-	-	367,271	13.1	-
Retained earnings	-	-	1,000,662	35.7	-
Treasury stock, at cost	-	-	(20,310)	(0.7)	-
Total Shareholder's Equity	-	-	1,489,475	53.1	-
II Unrealized gains and Adjustment					
Net unrealized gains on securities	-	-	22,322	0.8	-
Foreign Currency Translation Adjustment	-	-	4,466	0.2	-
Total Unrealized gains and Adjustments	-	-	26,788	1.0	-
III Share Warrant	-	-	136	0.0	-
IV Minority Interests	-	-	20,712	0.7	-
Total Net Assets	-	-	1,537,113	54.8	-
Total Liabilities and Net Assets	-	-	2,803,240	100.0	-

(2) Consolidated Statements of Income

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Year Ended March 31, 2006 (A)		Year Ended March 31, 2007 (B)		Change (B)-(A)
	Amounts	% of the total		% of the total	
		%		%	
I Telecommunications Business					
Operating Revenues	2,398,526	78.4	2,592,882	77.7	194,356
Operating Expenses	2,110,687	69.0	2,277,228	68.3	166,540
Sales expenses	1,047,002		1,148,640		101,638
Depreciation	328,259		315,551		(12,708)
Charges for the use of telecommunications services of third parties	413,293		449,508		36,214
Other	322,131		363,527		41,395
Telecommunications Business Operating Income	287,838	9.4	315,654	9.4	27,815
II Other Business					
Sales of Terminal equipment and other	662,288	21.6	742,377	22.3	80,089
Cost of sales of terminal equipment and other	653,530	21.3	713,330	21.4	59,799
Other Business Operating Income	8,757	0.3	29,046	0.9	20,289
Operating Income	296,596	9.7	344,700	10.3	48,104
III Other revenues	17,571	0.6	21,514	0.7	3,942
Interest income	1,026		852		(174)
Equity in profit of affiliates	2,278		775		(1,503)
Dividend income from anonymous association	6,836		7,968		1,132
Other	7,430		11,917		4,487
IV Other expenses	20,166	0.7	15,292	0.5	(4,874)
Interest expense	15,681		11,841		(3,840)
Other	4,484		3,450		(1,034)
Ordinary Income	294,001	9.6	350,923	10.5	56,921
I Extraordinary profit	2,336	0.1	485	0.0	(1,850)
Gain on sales of PPE	336		0		(336)
Gain on sales of securities	702		485		(216)
Gain from forgiveness of debt	1,298		0		(1,298)
II Extraordinary loss	115,731	3.8	42,334	1.2	(73,397)
Loss on sales of PPE	759		0		(759)
Loss on disposal of PPE	114,295		42,083		(72,212)
Loss on devaluation of securities	676		251		(425)
Income before Income Taxes and Minority Interests	180,606	5.9	309,074	9.3	128,467
Income Taxes - Current	61,139	2.0	133,355	4.0	72,216
Income Taxes - Deferred	(74,596)	(2.4)	(14,922)	(0.4)	59,674
Minority Interests in Consolidated Subsidiaries	3,493	0.1	3,893	0.1	399
Net Income	190,569	6.2	186,747	5.6	(3,821)

Note: % of the total is calculated based upon total amount of operating revenues of Telecommunications Business and Other Business

(3) Consolidated Statements of Cash Flows

KDDI Corporation and Consolidated Subsidiaries

(Millions of yen)

	Year Ended March 31, 2006 (A)	Year Ended March 31, 2007 (B)	(B)-(A)	
	Amounts	Amounts	Amounts	
I	Cash Flows from Operating Activities			
	Income before income taxes and minority interests	180,606	309,074	128,467
	Depreciation and amortization	337,460	328,179	(9,281)
	Loss on sales of PPE	421	58	(363)
	Loss on disposal of PPE	22,073	21,849	(224)
	Impairment Loss	114,295	42,083	(72,212)
	Increase (decrease) in allowance for doubtful accounts	(5,641)	416	6,058
	Decrease in reserve for retirement benefits	(1,672)	(5,413)	(3,740)
	Interest and dividend income	(1,493)	(1,702)	(209)
	Interest expenses	15,681	11,841	(3,840)
	Equity in loss of affiliates	(2,278)	(775)	1,503
	Loss on sales of investment securities	(699)	(443)	255
	Investment securities write off	695	251	(443)
	Increase in reserve for point services	4,088	5,785	1,697
	Decrease in prepaid pension cost	(1,533)	(520)	1,013
	Decrease in notes and accounts receivable	(6,862)	(38,053)	(31,190)
	Decrease (increase) in inventories	10,872	(15,948)	(26,820)
	Increase in notes and accounts payable	24,423	115,518	91,094
	Increase in advances	0	24,058	24,058
	Other, net	5,915	932	(4,982)
	Sub total	696,353	797,194	100,840
	Interest and dividend income received	2,280	5,615	3,334
	Interest expenses paid	(16,347)	(12,422)	3,925
	Income taxes paid	(106,755)	(51,683)	55,071
	Net cash provided by operating activities	575,531	738,703	163,172
II	Cash Flows From Investing Activities			
	Payments for purchase of PPE	(311,614)	(317,289)	(5,675)
	Proceeds from sale of PPE	1,952	910	(1,041)
	Payments for other intangible assets	(87,664)	(106,957)	(19,293)
	Acquisition of investment securities	(413)	(2,055)	(1,642)
	Proceeds from sale of investment securities	3,335	1,410	(1,925)
	Payments for investment in affiliates	(28,668)	(9,628)	19,040
	Increase in long-term prepayment	(13,648)	(11,650)	1,997
	Other, net	797	3,042	2,245
	Net cash used in investing activities	(435,923)	(442,218)	(6,294)
	Free Cash Flows	139,607	296,485	156,877
III	Cash Flows from Financing Activities			
	Net increase (decrease) in short-term loans	(543)	(23,013)	(22,470)
	Proceeds from long-term loans	0	93,000	93,000
	Repayment of long-term loans	(216,529)	(168,153)	48,376
	Repayment of long-term accounts payable	(2,583)	0	2,583
	Proceeds from new bond issue	49,972	0	(49,972)
	Payment for redemption of bonds	(60,375)	(76,875)	(16,500)
	Payment for acquisition of treasury stocks	(261)	(46,281)	(46,019)
	Dividends paid	(29,552)	(40,022)	(10,470)
	Payments received from minority shareholders	242	88	(154)
	Others, net	2,695	2,338	(357)
	Net Cash used in Financing Activities	(256,935)	(258,919)	(1,984)
IV	Translation Adjustments on Cash and Cash Equivalents	1,146	1,085	(60)
V	Net increase in Cash and Cash Equivalents	(116,181)	38,651	154,832
VI	Cash and Cash Equivalents at Beginning of Quarter/Year	222,531	151,003	(71,528)
VII	Net increase in Cash and Cash Equivalents of newly consolidated subsidiaries	44,722	2,999	(41,722)
	Net decrease in Cash and Cash Equivalents with changes coverage of consolidated subsidiaries	(69)	0	69
	Cash and Cash Equivalents at End of Quarter/Year	151,003	192,654	41,651