

## Non-consolidated Financial Results for the First Quarter Ended June 30, 2007

Company name: Telepark Corp. Listing: Tokyo Stock Exchange, First Section  
 Stock code: 3738 URL: <http://www.teleparkcorp.com>  
 Representative: Shigenori Miyazaki, President & CEO  
 Contact: Sigenobu Owada, General Manager, Corporate Planning & Strategy Dept. Tel: +81-(0) 3-5804-7060  
*(All amounts are rounded down to the nearest million yen)*

### 1. Financial Results for the First Quarter Ended June 30, 2007 (April 1, 2007 – June 30, 2007)

#### (1) Results of operations

(Percentages shown for net sales, operating income, ordinary income and net income represent year-on-year changes)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
First quarter ended Jun. 2007	84,996	9.8	1,968	(0.7)	1,962	(1.1)
First quarter ended Jun. 2006	77,399	14.1	1,981	(16.3)	1,984	(16.4)
Year ended Mar. 2007	355,401	18.2	7,314	16.4	7,330	16.2

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
First quarter ended Jun. 2007	1,108	0.1	3,364.42	3,358.89
First quarter ended Jun. 2006	1,106	(19.3)	3,367.43	3,337.30
Year ended Mar. 2007	4,115	16.0	12,507.49	12,423.39

#### (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2007	60,235	16,437	27.3	49,910.14
As of Jun. 30, 2006	52,009	13,728	26.4	41,757.56
As of Mar. 31, 2007	71,701	16,116	22.5	48,945.34

#### (3) Cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
First quarter ended Jun. 2007	3,032	(382)	(2,162)	663
First quarter ended Jun. 2006	3,017	(325)	(1,996)	1,032
Year ended Mar. 2007	2,562	(564)	(2,156)	177

### 2. Forecasts for the Fiscal Year Ending March 31, 2008 (April 1, 2007 – March 31, 2008)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	195,000	25.1	3,900	2.7	3,900	2.6	2,250	5.4	6,833.05
Full year	390,000	9.7	7,800	6.6	7,800	6.4	4,500	9.3	13,666.10

We maintain the first half and full year earnings forecasts we announced on May 8, 2007.

### 3. Others

(1) Adoption of simplified accounting method: Yes

(2) Change in accounting method from the most recent fiscal year: None

Note: Please refer to "Qualitative Information and Financial Statements, 4. Others" on page 3 for further information.

#### \* Cautionary statement with respect to forward-looking statements

The above forecasts are based on the Company's judgments in accordance with information currently available. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to the operating environment.

## Qualitative Information and Financial Statements

### 1. Qualitative Information Regarding Results of Operations

The Japanese economy remained in a gradual expansion path in the first quarter (Apr. - Jun. 2007) of the current fiscal year under review as consumer spending was firm and capital investment steadily rose on continued improvements in corporate profits.

The mobile phone market remained firm in the first quarter, with mobile phone subscriptions increasing a net 1.34 million in the quarter (+24.2% year-over-year) as mobile carriers launched a slew of new mobile phone models, including “one-seg” compatible models and thin models, revitalizing the market under the new mobile number portability system introduced in Japan on October 24, 2006. Third-generation mobile phone subscriptions also increased a net 4.78 million in the first quarter (Telecommunications Carriers Association) as upgrade demand expanded particularly for high-function models.

In the mobile telecommunication business, we steadily increased sales of mobile phone units, particularly high-performance models, in the first quarter under review owing to success of our strategy of expanding the sales network focused on sales agencies and large retailers. However, operating income declined slightly year-over-year due to a greater-than-expected increase in SG&A expenses. Nevertheless, company-wide earnings were generally flat year-over-year thanks to a profit contribution from MYLINE services in the network communication business.

Net sales in the first quarter totaled 84,996 million yen (+9.8% year-over-year), operating income 1,968 million yen (-0.7%), ordinary income 1,962 million yen (-1.1%), and net income 1,108 million yen (+0.1%).

#### Mobile telecommunication business

Mobile phone sales in the first quarter increased 17.9% year-over-year to 866,000 units, a record for the first quarter, as we continued to focus on expanding the sales network of directly-managed stores, affiliated sales agencies, and large consumer appliance retailers. High-function models accounted for most sales. However, operating income in the mobile business declined by 7.2% year-over-year as profitability declined temporarily from intensifying market competition, and because SG&A expenses – including personnel expenses and expenses related to the aggressive expansion of the sales network for future growth – slightly exceeded our forecast.

Sales in the mobile telecommunication business totaled 79,603 million yen (+7.7% year-over-year), and operating income 1,360 million yen (-7.2%).

#### Network communication business/others

In the network business (FTTH services, etc.), SG&A expenses increased year-over-year in the first quarter as we increased sales personnel and made other investments to enhance future profits. However, the booking of volume incentives for ‘MYLINE’ subscriptions captured in the previous fiscal year contributed to the first quarter profits. In the ‘others’ portion of the business, the new settlement business such as e- money sales using the Personal Identification Number (PIN) sales system in convenience stores, contributed to sales growth.

Sales in the network communication business/others totaled 5,393 million yen (+54.9% year-over-year), and operating income 607 million yen (+17.8%).

## **2. Qualitative Information Regarding Financial Position**

Cash and cash equivalents at the end of the first quarter totaled 663 million yen (an increase of 486 million yen over the beginning of the fiscal year).

### **Cash flows from operating activities**

Cash flows from operating activities during the first quarter under review totaled 3,032 million yen. The main items were 1,939 million yen in income before income taxes, a 12,567 million yen decrease in accounts receivable, an 8,966 million yen decrease in accounts payable, and 1,629 million yen in income taxes paid.

### **Cash flows from investing activities**

Cash flows used in investing activities during the first quarter under review totaled 382 million yen. The main items were 127 million yen in payment for purchase of property, plant and equipment, 122 million yen in payment for purchase of investment securities and 92 million yen in payment for leasehold deposits.

### **Cash flows from financing activities**

Cash flows used in financing activities during the first quarter under review totaled 2,162 million yen. The main items were 1,500 million yen in repayment of short-term borrowings, and 665 million yen in cash dividends paid.

## **3. Qualitative Information Regarding Forecast**

We maintain the first half and full year forecasts we announced on May 8, 2007, as our business performance in the first quarter was generally in line with projections: net sales in the first quarter represented 21.8% of our full-year forecast announced on May 8, operating income 25.2%, ordinary income 25.2%, and net income 24.6%.

## **4. Others**

### (1) Adoption of simplified accounting method

We have adopted the simplified method for booking income taxes using the legally defined effective tax rate.

### (2) Change in accounting method from the most recent fiscal year

Not applicable.

## 5. Financial Statements

### (1) Balance Sheets

Account	1Q FY2006	1Q FY2007	YoY change		(Ref.) FY2006
	(As of Jun. 30, 2006)	(As of Jun. 30, 2007)	Million yen	%	(As of Mar. 31, 2007)
	Million yen	Million yen	Million yen	%	Million yen
<b>Assets</b>					
<b>I Current assets</b>					
1. Cash on hand and in banks	1,032	663	(368)	(35.7)	177
2. Notes receivable	1	-	(1)	(100.0)	1
3. Accounts receivable -trade	27,935	32,675	4,740	17.0	45,241
4. Inventories	15,701	18,130	2,428	15.5	16,833
5. Other current assets	3,321	4,929	1,607	48.4	5,650
6. Allowance for doubtful accounts	(47)	(51)	(4)	9.1	(53)
<b>Total current assets</b>	<b>47,944</b>	<b>56,346</b>	<b>8,401</b>	<b>17.5</b>	<b>67,849</b>
<b>II Fixed assets</b>					
1. Property, plant and equipment	832	689	(143)	(17.2)	752
2. Intangible assets					
(1) Goodwill	370	236	(134)	(36.3)	268
(2) Others	7	7	(0)	(0.4)	7
<b>Total intangible assets</b>	<b>378</b>	<b>243</b>	<b>(134)</b>	<b>(35.6)</b>	<b>276</b>
3. Investments and other assets					
(1) Investments in affiliates	179	179	-	-	179
(2) Leasehold deposits	1,495	1,519	24	1.6	1,518
(3) Others	1,220	1,329	109	9.0	1,189
(4) Allowance for doubtful accounts	(40)	(72)	(31)	77.0	(65)
<b>Total investments and other assets</b>	<b>2,854</b>	<b>2,956</b>	<b>102</b>	<b>3.6</b>	<b>2,821</b>
<b>Total fixed assets</b>	<b>4,065</b>	<b>3,889</b>	<b>(175)</b>	<b>(4.3)</b>	<b>3,851</b>
<b>Total assets</b>	<b>52,009</b>	<b>60,235</b>	<b>8,226</b>	<b>15.8</b>	<b>71,701</b>
<b>Liabilities</b>					
<b>I Current liabilities</b>					
1. Accounts payable -trade	28,031	31,874	3,843	13.7	40,841
2. Short-term borrowings	4,700	3,700	(1,000)	(21.3)	5,200
3. Accounts payable -other	2,630	5,336	2,705	102.9	5,898
4. Other current liabilities	2,424	2,375	(49)	(2.0)	3,103
<b>Total current liabilities</b>	<b>37,787</b>	<b>43,286</b>	<b>5,499</b>	<b>14.6</b>	<b>55,043</b>
<b>II Long-term liabilities</b>					
1. Accrued employees' retirement benefits	451	511	59	13.1	494
2. Other long-term liabilities	41	-	(41)	(100.0)	46
<b>Total long-term liabilities</b>	<b>493</b>	<b>511</b>	<b>17</b>	<b>3.5</b>	<b>541</b>
<b>Total liabilities</b>	<b>38,281</b>	<b>43,798</b>	<b>5,516</b>	<b>14.4</b>	<b>55,584</b>

Account	1Q FY2006 (As of Jun. 30, 2006)	1Q FY2007 (As of Jun. 30, 2007)	YoY change		(Ref.) FY2006 (As of Mar. 31, 2007)
	Million yen	Million yen	Million yen	%	Million yen
Net assets					
I Shareholders' equity					
1. Common stock	1,516	1,546	29	1.9	1,545
2. Capital surplus	1,635	1,665	29	1.8	1,664
3. Retained earnings	10,373	13,009	2,635	25.4	12,724
Total shareholders' equity	13,526	16,220	2,694	19.9	15,933
II Valuation and translation adjustments					
1. Net unrealized holding gain on securities	201	217	15	7.6	182
Total valuation and translation adjustments	201	217	15	7.6	182
Total net assets	13,728	16,437	2,709	19.7	16,116
Total liabilities and net assets	52,009	60,235	8,226	15.8	71,701

**(2) Statements of Income**

Account	1Q FY2006 (Apr. 1, 2006 - Jun. 30, 2006)	1Q FY2007 (Apr. 1, 2007 - Jun. 30, 2007)	YoY change		(Ref.) FY2006 (Apr. 1, 2006 - Mar. 31, 2007)
	Million yen	Million yen	Million yen	%	Million yen
I Net sales	77,399	84,996	7,596	9.8	355,401
II Cost of goods sold	70,879	77,929	7,050	9.9	328,417
Gross profit	6,520	7,066	546	8.4	26,984
III Selling, general and administrative expenses	4,538	5,098	559	12.3	19,669
Operating income	1,981	1,968	(13)	(0.7)	7,314
IV Non-operating income	7	10	2	36.1	38
V Non-operating expenses	5	15	10	214.6	23
Ordinary income	1,984	1,962	(21)	(1.1)	7,330
VI Extraordinary gains	0	1	1	-	0
VII Extraordinary losses	83	24	(58)	(70.1)	152
Income before income taxes	1,900	1,939	38	2.0	7,177
Tax bill	793	831	37	4.8	3,062
Net income	1,106	1,108	1	0.1	4,115

**(3) Statements of Changes in Shareholders' Equity**

1Q FY2007 (Apr. 1, 2007 – Jun. 30, 2007)

(Million yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of March 31, 2007	1,545	1,664	12,724	15,933
Changes during the period				
New stock issue (Note)	1	1	-	2
Dividend of surplus	-	-	(823)	(823)
Net income	-	-	1,108	1,108
Total changes during the period	1	1	284	287
Balance as of June 30, 2007	1,546	1,665	13,009	16,220

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gain on securities	Total valuation and translation adjustments	
Balance as of March 31, 2007	182	182	16,116
Changes during the period			
New stock issue (Note)	-	-	2
Dividend of surplus	-	-	(823)
Net income	-	-	1,108
Changes (net) in items other than shareholders' equity	34	34	34
Total changes during the period	34	34	321
Balance as of June 30, 2007	217	217	16,437

Note: It was due to the exercise of stock options.

**(4) Statements of Cash Flows**

	1Q FY2006 (Apr. 1, 2006 - Jun. 30, 2006)	1Q FY2007 (Apr. 1, 2007 - Jun. 30, 2007)	YoY change	(Ref.) FY2006 (Apr. 1, 2006 - Mar. 31, 2007)
Account	Million yen	Million yen	Million yen	Million yen
<b>I Cash flows from operating activities</b>				
Income before income taxes	1,900	1,939	38	7,177
Depreciation and computer expenses	105	111	6	582
Amortization of goodwill	32	32	(0)	131
Impairment losses	71	23	(47)	107
Stock issue expenses	0	0	-	3
Increase (decrease) in allowance for doubtful accounts	8	5	(3)	39
Increase (decrease) in reserve for employees' bonuses	162	177	14	5
Allowance for early subscription cancellations	(16)	(2)	14	2
Increase (decrease) in accrued employees' retirement benefits	19	16	(3)	62
Increase (decrease) in accrued directors' severance benefits	2	(46)	(48)	7
Interest and dividend income	(1)	(1)	(0)	(5)
Interest expenses	4	8	3	19
Loss (gain) on sale and removal of fixed assets	11	1	(10)	44
Decrease (increase) in account receivable	6,929	12,567	5,637	(10,375)
Decrease (increase) in inventories	65	(1,297)	(1,363)	(1,065)
Increase (decrease) in account payable	(5,185)	(8,966)	(3,780)	7,623
Payment of bonuses to directors				(31)
Others	31	97	65	618
Subtotal	4,144	4,667	522	4,948
Interests and dividends received	1	2	0	5
Interests paid	(4)	(7)	(3)	(19)
Income taxes paid	(1,124)	(1,629)	(505)	(2,372)
Net cash provided by operating activities	3,017	3,032	14	2,562



	1Q FY2006 (Apr. 1, 2006 - Jun. 30, 2006)	1Q FY2007 (Apr. 1, 2007 - Jun. 30, 2007)	YoY change	(Ref.) FY2006 (Apr. 1, 2006 - Mar. 31, 2007)
Account	Million yen	Million yen	Million yen	Million yen
<b>II Cash flows from investing activities</b>				
Payment for purchase of property, plant and equipment	(209)	(127)	82	(537)
Proceeds from sales of property, plant and equipment	0	-	(0)	0
Payment for purchase of software	(30)	(17)	12	(118)
Payment for purchase of investment securities	(0)	(122)	(122)	(20)
Payment for loans receivable	(1,241)	(26)	1,215	(1,283)
Proceeds from collection of loans receivable	1,215	16	(1,198)	1,296
Net decrease (increase) in loans to affiliates	30	(20)	(50)	180
Payment for leasehold deposits	(25)	(92)	(67)	(97)
Proceeds from return of leasehold deposits	57	14	(43)	171
Payment for shop succession	(121)	-	121	(121)
Other investment outlays	(0)	(7)	(7)	(33)
Net cash used in investing activities	(325)	(382)	(57)	(564)
<b>III Cash flows from financing activities</b>				
Net increase (decrease) in short-term borrowings	(1,399)	(1,500)	(100)	(900)
New stock issue expenses	(0)	(0)	-	(3)
Proceeds from issuance of new stock	4	2	(2)	61
Cash dividends paid	(601)	(665)	(63)	(1,313)
Net cash used in financing activities	(1,996)	(2,162)	(166)	(2,156)
<b>IV Increase (decrease) in cash and cash equivalents</b>	695	486	(209)	(158)
<b>V Cash and cash equivalents at beginning of period</b>	336	177	(158)	336
<b>VI Cash and cash equivalents at end of period</b>	1,032	663	(368)	177

**(5) Segment Information****Business Segment**

1Q FY2007 (Apr. 1, 2007 – Jun. 30, 2007)

Business segment	Items	1Q FY2006 (Apr. 1, 2006 - Jun. 30, 2006)	1Q FY2007 (Apr. 1, 2007 - Jun. 30, 2007)	YoY change	
		Million yen	Million yen	Million yen	%
Mobile telecommunication business	Net sales	73,918	79,603	5,684	7.7
	Operating income	1,465	1,360	(105)	(7.2)
Network communication business / others	Net sales	3,481	5,393	1,912	54.9
	Operating income	516	607	91	17.8
Total	Net sales	77,399	84,996	7,596	9.8
	Operating income	1,981	1,968	(13)	(0.7)

\* This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.