

## Non-consolidated Financial Results for the Nine Months Ended December 31, 2005

Company name: Telepark Corp.  
 Stock code: 3738  
 Stock exchange listing: Tokyo Stock Exchange, First Section  
 Company domicile: Tokyo, Japan  
 URL: <http://www.teleparkcorp.com>  
 President & CEO: Shigenori Miyazaki  
 Contact: Hideo Sugimura, Officer, General Manager, Corporate Planning  
 Tel: +81-(0) 3-5804-7090

### 1. Accounting Policies in the Preparation of Quarterly Financial Results

#### 1) Adoption of simplified accounting method: Yes

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

#### 2) Change in accounting method in current fiscal year: Yes

Description: Effective the current year, the Company has adopted the new accounting standards for the presentation of the opinion statement for presentation of Impairment loss of Fixed Assets, (Business Accounting Council; August 9, 2002) and the "Accounting Standard Implementation Guidance No. 6: Guidance for Accounting Standards for Impairment of Fixed Assets," (ASBJ; October 31, 2003).

As a result, net income before income taxes declined 27 million yen.

### 2. Financial Results for the Nine Months Ended December 2005 (April 1, 2005 – December 31, 2005)

#### (1) Results of Operations

*All amounts are rounded down to the nearest million yen*

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
Nine months ended Dec. 2005	220,831	19.2	5,906	46.6	5,925	47.0
Nine months ended Dec. 2004	185,289	-	4,029	-	4,031	-
(Ref.) Year ended Mar. 2005	260,008		5,133		5,137	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change %	Yen	Yen
Nine months ended Dec. 2005	3,423	46.4	20,851.07	20,725.33
Nine months ended Dec. 2004	2,339	-	14,303.84	14,278.44
(Ref.) Year ended Mar. 2005	2,964		17,991.52	17,905.56

Note: We do not have year-over-year growth figures for the nine months ended December 2004 as we began quarterly disclosure starting the first quarter of that fiscal year.

**[Non-consolidated Results of Operations]**

1. Overview

The Japanese economy continued to expand in the first nine months (April-December 2005) of the current fiscal year despite rising crude oil prices, as consumer spending was firm and capital investment strong on expanding corporate profits.

In the mobile phone market, cumulative mobile phone subscriptions totaled 90.18 million units at the end-December 2005, a 3.7% increase over end-March. Mobile phone subscriptions increased only a net 3.18 million units over the nine months period through December 2005 (-10.7% year-over-year); however, 3G mobile phone subscriptions increased a net 12.68 million units (+40.8% year-over-year) on greater replacement demand for new high-performance phone models.

In this environment, we significantly increased sales and profits in our mobile business by expanding and strengthening sales channels. Also, we booked volume incentives in the network business for new subscriptions successfully brokered the previous fiscal year, and this contributed to profits.

Net sales in the nine months period totaled 220,831 million yen (+19.2% year-over-year), operating income 5,906 million yen (+46.6% year-over-year), ordinary income 5,925 million yen (+47.0% year over year), and net income 3,423 million yen (+46.4% year over year).

2. Results by business

(Mobile business)

We saw record unit mobile phone sales in the nine months period under review on an increase in the number of secondary sales agencies and volume electronics retailers. Profits increased year-over-year on greater sales volumes and better-than-expected growth in both sales commissions and running commissions.

Sales in the mobile business totaled 209,889 million yen (+18.2% year-over-year), and operating income 3,754 million yen (+44.7% year-over-year).

(Network business/others)

Subscription growth for 'dry copper' services, a market we recently entered, fell short of our forecast in the nine months period under review. As a result, most sales came from conventional 'MYLINE' subscription brokering services. Profits increased year-over-year as we booked volume incentives on new subscriptions handled in the previous fiscal term, and experienced steady growth in FTTH promotional support services.

Sales in the network business/others totaled 10,941 million yen (+40.7% year-over-year), and operating income 2,151 million yen (+49.9% year-over-year).

(Translation)

## (2) Financial Position

*All amounts are rounded down to the nearest million yen*

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2005	59,148	13,245	22.4	80,619.97
As of Dec. 31, 2004	49,405	10,383	21.0	63,358.08
(Ref.) As of Mar. 31, 2005	49,860	11,030	22.1	67,181.27

## [Cash Flow Position]

*All amounts are rounded down to the nearest million yen*

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Nine months ended Dec. 2005	(626)	(527)	1,318	503
Nine months ended Dec. 2004	-	-	-	-
(Ref.) Year ended Mar. 2005	-	-	-	-

Note: We do not have non-consolidated cash flow statements for the year ended March 2005 as we prepared consolidated financial statements beginning that fiscal year.

## [Changes in Financial Condition]

Cash and cash equivalents at the end of the third quarter totaled 503 million yen (an increase of 164 million yen over the beginning of the fiscal year).

Cash flows from operating activities:

Cash flows used in operating activities during the nine months period under review totaled 626 million yen. The main items were 5,876 million yen in income before income taxes, 3,089 million yen in income taxes paid, and a 2,797 million yen increase in inventories.

Cash flows from investing activities:

Cash flows used in investing activities during the nine months period under review totaled 527 million yen. The main items were 323 million yen in payment for purchase of property, plant and equipment, and 114 million yen in outlays for shop succession.

Cash flows from financing activities:

Cash flows from financing activities during the nine months period under review totaled 1,318 million yen. The main items were a 2,700 million yen increase in short-term borrowings, and 1,394 million yen in cash dividends paid.

## 3. Forecast for the Year Ending March 2006 (April 1, 2005 – March 31, 2006)

We maintain our earnings forecasts.

Attachment:

1. Summary Balance Sheets
2. Summary Statements of Income
3. Summary Statements of Cash Flows
4. Segment Information

(Translation)

**[Attachment]****1. Summary Balance Sheets**

Account	As of Dec. 31, 2005	As of Dec. 31, 2004	YoY change		(Ref.) As of Mar. 31, 2005
	Million yen	Million yen	Million yen	%	Million yen
<b>Assets</b>					
<b>I. Current assets</b>					
1. Cash on hand and in banks	503	243	260	107.4	339
2. Accounts receivable - trade	2	35	(32)	(92.0)	37
3. Accounts receivable - other	37,822	31,858	5,964	18.7	31,733
4. Inventories	13,458	10,123	3,335	32.9	10,661
5. Other current assets	3,396	3,490	(93)	(2.7)	3,364
6. Allowance for doubtful accounts	(51)	(77)	26	(34.0)	(50)
Total current assets	55,133	45,673	9,459	20.7	46,085
<b>II. Fixed assets</b>					
1. Property, plant and equipment	692	582	109	18.8	599
2. Intangible assets					
(1) Goodwill	435	519	(84)	(16.2)	489
(2) Others	7	7	0	2.4	7
Total intangible assets	443	527	(84)	(15.9)	496
3. Investments and other assets					
(1) Loans to subsidiaries	179	179	-	-	179
(2) Leasehold deposits	1,477	1,438	39	2.8	1,421
(3) Others	1,488	1,290	197	15.3	1,373
(4) Allowance for doubtful accounts	(265)	(286)	20	(7.0)	(295)
Total investments and other assets	2,879	2,622	257	9.8	2,678
Total fixed assets	4,015	3,732	282	7.6	3,774
<b>Total assets</b>	<b>59,148</b>	<b>49,405</b>	<b>9,742</b>	<b>19.7</b>	<b>49,860</b>

## (Translation)

Account	As of Dec. 31, 2005	As of Dec. 31, 2004	YoY change		(Ref.) As of Mar. 31, 2005
	Million yen	Million yen	Million yen	%	Million yen
<b>Liabilities</b>					
<b>I. Current liabilities</b>					
1. Accounts payable - trade	35,445	28,813	6,632	23.0	30,549
2. Short-term borrowings	5,200	5,100	100	2.0	2,500
3. Accrued payable - other	2,434	2,346	87	3.7	2,664
4. Other current liabilities	2,366	2,354	11	0.5	2,685
Total current liabilities	45,446	38,615	6,831	17.7	38,399
<b>II. Long-term liabilities</b>					
1. Liability for employees' retirement benefits	424	390	34	8.8	405
2. Other long-term liabilities	31	17	14	85.3	24
Total long-term liabilities	456	407	49	12.0	430
Total liabilities	45,903	39,022	6,880	17.6	38,830
<b>Shareholders' equity</b>					
I. Common stock	1,513	1,500	13	0.9	1,500
II. Capital surplus	1,632	1,619	13	0.8	1,619
III. Retained earnings	9,832	7,198	2,634	36.6	7,823
IV. Net unrealized holding gain on securities	266	65	201	308.0	87
Total shareholders' equity	13,245	10,383	2,861	27.6	11,030
Total liabilities and shareholders' equity	59,148	49,405	9,742	19.7	49,860

(Translation)

## 2. Summary Statements of Income

Account	Apr. 1, 2005 – Dec. 31, 2005	Apr. 1, 2004 – Dec. 31, 2004	YoY change		(Ref.) Apr. 1, 2004 – Mar. 31, 2005
	Million yen	Million yen	Million yen	%	Million yen
I. Net sales	220,831	185,289	35,542	19.2	260,008
II. Cost of goods sold	202,383	170,418	31,964	18.8	239,860
Gross profit	18,448	14,870	3,577	24.1	20,147
III. Selling, general and administrative expenses	12,542	10,841	1,701	15.7	15,013
Operating income	5,906	4,029	1,876	46.6	5,133
IV. Non-operating income	27	25	1	6.4	30
V. Non-operating expenses	8	24	(16)	(66.4)	26
Ordinary income	5,925	4,031	1,894	47.0	5,137
VI. Extraordinary income	18	79	(61)	(76.6)	95
VII. Extraordinary loss	67	33	33	100.5	51
Income before income taxes	5,876	4,077	1,799	44.1	5,182
Tax bill	2,452	1,738	714	41.1	2,217
Net income	3,423	2,339	1,084	46.4	2,964

(Translation)

**3. Summary Statements of Cash Flows**

Account	Apr. 1, 2005 – Dec. 31, 2005
	Million yen
<b>I. Cash flows from operating activities</b>	
Income before income taxes	5,876
Depreciation and computer expenses	311
Amortization of goodwill	93
Impairment losses	27
New stock issue expenses	1
Increase (decrease) in allowance for doubtful accounts	(29)
Increase (decrease) in reserve for employees' bonuses	(31)
Increase (decrease) in allowance for early subscription cancellations	8
Increase (decrease) in liability for employees' retirement benefits	19
Increase (decrease) in accrued directors' severance benefits	6
Interest and dividend income	(2)
Interest expenses	6
Loss (gain) on sale and removal of fixed assets	12
Gain on receipt of fixed assets	(7)
Decrease (increase) in account receivables	(6,054)
Decrease (increase) in inventories	(2,797)
Increase (decrease) in account payables	4,896
Payment of bonuses to directors	(20)
Others	149
Subtotal	2,467
Interests and dividends received	2
Interests paid	(6)
Income taxes paid	(3,089)
Net cash provided by (used in) operating activities	(626)
<b>II. Cash flows from investing activities</b>	
Payment for purchase of property, plant and equipment	(323)
Proceeds from sale of property, plant and equipment	2
Payment for purchase of software	(74)
Payment for purchase of investment securities	(0)
Proceeds from collection of loans receivable	15
Net increase in loans to affiliates	70
Payment for leasehold deposits	(80)
Proceeds from leasehold deposits	16
Payment for continuing shop operations	(114)
Other investment outlays	(38)
Net cash provided by (used in) investing activities	(527)
<b>III. Cash flows from financing activities</b>	
Net increase (decrease) in short-term borrowings	2,700
Repayment for long-term borrowings	(12)
New stock issue expenses	(1)
Proceeds from issuance of new stock	26
Cash dividends paid	(1,394)
Net cash provided by (used in) financing activities	1,318
<b>IV. Net increase (decrease) in cash and cash equivalents</b>	164
<b>V. Cash and cash equivalents at beginning of period</b>	339
<b>VI. Cash and cash equivalents at end of period</b>	503

(Translation)

#### 4. Segment Information

[Business Segment]

Nine months ended December 2005 (April 1, 2005 – December 31, 2005)

Business segment	Items	Apr. 1, 2005 – Dec. 31, 2005	Apr. 1, 2004 – Dec. 31, 2004	YoY change	
		Million yen	Million yen	Million yen	%
Mobile business	Net sales	209,889	177,513	32,375	18.2
	Operating income	3,754	2,594	1,160	44.7
Network business/ others	Net sales	10,941	7,775	3,166	40.7
	Operating income	2,151	1,434	716	49.9
Total	Net sales	220,831	185,289	35,542	19.2
	Operating income	5,906	4,029	1,876	46.6