

Non-consolidated Financial Results for the Nine Months Ended December 31, 2006

Company name: Telepark Corp.

Stock code: 3738

(URL: <http://www.teleparkcorp.com>)

Listing: Tokyo Stock Exchange, First Section

Representative: Shigenori Miyazaki, President & CEO

Tel: +81-(0) 3-5804-7090

Contact:

Hideo Sugimura, Officer, General Manager, Corporate Planning

1. Accounting Policies in the Preparation of Quarterly Financial Results

1) Adoption of simplified accounting method: Yes

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: None

2. Financial Results for the Nine Months Ended December 31, 2006 (April 1, 2006 – December 31, 2006)

(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. 2006	253,914	15.0	6,142	4.0	6,153	3.8
Nine months ended Dec. 2005	220,831	19.2	5,906	46.6	5,925	47.0
(Ref.) Year ended Mar. 2006	300,748		6,282		6,310	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Nine months ended Dec. 2006	3,486	1.8	10,596.90	10,531.35
Nine months ended Dec. 2005	3,423	46.4	20,851.07	20,725.33
(Ref.) Year ended Mar. 2006	3,547		10,704.29	10,627.69

Note: Net income per share for the nine months ended December 2005 was calculated using pre-stock-split levels (a 2-for-1 stock split was carried out on January 20, 2006).

Qualitative Information Regarding Non-consolidated Results of Operations

1. Overview

The Japanese economy remained on a steady expansion path in the first nine months (Apr. - Dec. 2006) of the current fiscal year as consumer spending was firm and capital investment strong on expanding corporate profits.

Industry-wide mobile phone subscriptions increased a net 3.14 million in the nine month period through December 31, 2006, representing a slower pace of growth compared with the same period of the previous year. Cumulative mobile phone subscriptions at the end of December 2006 totaled 94.94 million, an increase of only 3.4% from the end of March 2006. However, third-generation mobile phone subscriptions increased a net 14.89 million in the nine month period (+30.8% over the same period of the previous year) as mobile carriers launched a slew of new mobile phone models, mostly third-generation types, in preparation for the introduction of mobile number portability starting October 24, 2006. Upgrade demand, particularly for high-performance models, continued to steadily expand.

(Translation)

In the mobile phone business, we steadily increased sales of mobile phone units, particularly high-performance models, in the nine month period under review owing to the success of our strategy of expanding the sales network focused on sales agencies and volume electronics retailers. Operating income in the mobile phone business declined slightly year-over-year as sales expenses slightly exceeded budget. However, company-wide profits increased year-over-year due to a profit contribution from the network business which saw a steady increase in FTTH services.

Net sales in the nine month period totaled 253,914 million yen (+15.0% year-over-year), operating income 6,142 million yen (+4.0% year-over-year), ordinary income 6,153 million yen (+3.8% year-over-year), and net income 3,486 million yen (+1.8% year-over-year).

2. Results by Business

Mobile business

Mobile phone sales reached a record level on a unit basis in the nine month period under review as we continued to focus on expanding the sales network centered on affiliated sales agencies and volume electronics retailers, and mobile carriers introduced a slew of new models in preparation for the introduction of mobile number portability starting October 24, 2006. Unit sales of high-performance models increased particularly strongly. However, operating income declined slightly year-over-year as sales expenses slightly exceeded budget.

Sales in the mobile business totaled 240,032 million yen (+14.4% year-over-year), and operating income 3,673 million yen (-2.2%).

Network business/others

In the network business, steady growth in FTTH services contributed to profits in the nine month period under review, and the level of volume incentives booked for 'MYLINE' subscriptions captured in the previous fiscal year was generally unchanged year-over-year.

In the 'others' portion of the business, electronic money sales leveraging the Personal Identity Number (PIN) sales system of convenience stores contributed to sales growth.

Sales in the network business/others totaled 13,882 million yen (+26.9% year-over-year), and operating income 2,468 million yen (+14.8% year-over-year).

(2) Financial Position

All amounts are rounded down to the nearest million yen

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2006	68,516	15,465	22.6	46,974.92
As of Dec. 31, 2005	59,148	13,245	22.4	80,619.97
(Ref.) As of Mar. 31, 2006	58,764	13,343	22.7	40,507.62

Note: Net income per share for the nine months ended December 2005 was calculated using pre-stock-split levels (a 2-for-1 stock split was carried out on January 20, 2006).

Cash Flow Position

All amounts are rounded down to the nearest million yen

	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
Nine months ended Dec. 2006	4,021	(597)	(3,550)	210
Nine months ended Dec. 2005	(626)	(527)	1,318	503
(Ref.) Year ended Mar. 2006	(1,172)	(1,052)	2,222	336

(Translation)

Qualitative Information Regarding Financial Position

Cash and cash equivalents at the end of the third quarter totaled 210 million yen (a decrease of 126 million yen over the beginning of the fiscal year).

Cash flows from operating activities

Cash flows from operating activities during the nine month period under review totaled 4,021 million yen. The main items were 6,033 million yen in income before income taxes, and 2,373 million yen in income taxes paid.

Cash flows from investing activities

Cash flows used in investing activities during the nine month period under review totaled 597 million yen. The main items were 468 million yen in payment for purchase of property, plant and equipment, and 121 million yen in outlays for shop succession.

Cash flows from financing activities

Cash flows used in financing activities during the nine month period under review totaled 3,550 million yen. The main items were a 2,300 million yen increase in repayment of short-term borrowings, and 1,303 million yen in cash dividends paid.

3. Forecast for the Year Ending March 31, 2007 (April 1, 2006 – March 31, 2007)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full year	350,000	7,500	4,200

Qualitative Information Regarding Non-consolidated Forecast

We maintain the full-year earnings forecast we announced on November 7, 2006.

* Forecasts regarding future performance in these materials are based on estimates and judgments of the Company's management made in accordance with information available at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors.

Attachment:

1. Summary Balance Sheets
2. Summary Statements of Income
3. Summary Statements of Changes in Shareholders' Equity
4. Summary Statements of Cash Flows
5. Segment Information

(Translation)

1. Summary Balance Sheets

Account	3Q FY2006	3Q FY2005	YoY change		(Ref.) FY2005
	(As of Dec. 31, 2006)	(As of Dec. 31, 2005)	Million yen	%	(As of Mar. 31, 2006)
Assets					
I Current assets					
1. Cash on hand and in banks	210	503	(293)	(58.3)	336
2. Notes receivable	2	2	0	(3.2)	2
3. Accounts receivable - trade	42,249	37,822	4,426	11.7	34,863
4. Inventories	16,727	13,458	3,268	24.3	15,767
5. Other current assets	5,493	3,396	2,096	61.7	3,683
6. Allowance for doubtful accounts	(52)	(51)	(1)	2.6	(37)
Total current assets	64,630	55,133	9,496	17.2	54,617
II Fixed assets					
1. Property, plant and equipment	794	692	102	14.8	882
2. Intangible assets					
(1) Goodwill	305	435	(130)	(30.0)	403
(2) Others	7	7	0	0.5	7
Total intangible assets	312	443	(130)	(29.4)	411
3. Investments and other assets					
(1) Investments in affiliates	179	179	-	-	179
(2) Leasehold deposits	1,455	1,477	(21)	(1.5)	1,483
(3) Others	1,183	1,488	(304)	(20.5)	1,232
(4) Allowance for doubtful accounts	(40)	(265)	225	(84.6)	(42)
Total investments and other assets	2,778	2,879	(101)	(3.5)	2,853
Total fixed assets	3,885	4,015	(129)	(3.2)	4,147
Total assets	68,516	59,148	9,367	15.8	58,764
Liabilities					
I Current liabilities					
1. Accounts payable - trade	40,798	35,445	5,352	15.1	33,217
2. Short-term borrowings	3,800	5,200	(1,400)	(26.9)	6,100
3. Accounts payable - other	5,511	2,434	3,076	126.4	2,931
4. Other current liabilities	2,415	2,366	49	2.1	2,699
Total current liabilities	52,525	45,446	7,078	15.6	44,949
II Long-term liabilities					
1. Liability for employees' retirement benefits	481	424	56	13.3	432
2. Other long-term liabilities	44	31	12	38.3	39
Total long-term liabilities	525	456	68	15.1	471
Total liabilities	53,050	45,903	7,147	15.6	45,421
Shareholders' equity					
I Common stock	-	1,513	-	-	1,514
II Capital surplus	-	1,632	-	-	1,633
III Retained earnings	-	9,832	-	-	9,955
IV Net unrealized holding gain on securities	-	266	-	-	239
Total shareholders' equity	-	13,245	-	-	13,343
Total liabilities and shareholders' equity	-	59,148	-	-	58,764
Net assets					
I Shareholders' equity					
1. Common stock	1,541	-	-	-	-
2. Capital surplus	1,660	-	-	-	-
3. Retained earnings	12,094	-	-	-	-
Total shareholders' equity	15,296	-	-	-	-
II Valuation and translation adjustments					
1. Net unrealized holding gain on securities	169	-	-	-	-
Total valuation and translation adjustments	169	-	-	-	-
Total net assets	15,465	-	-	-	-
Total liabilities and net assets	68,516	-	-	-	-

(Translation)

2. Summary Statements of Income

Account	3Q FY2006 (Apr. 1, 2006 - Dec. 31, 2006)	3Q FY2005 (Apr. 1, 2005 - Dec. 31, 2005)	YoY change		(Ref.) FY2005 (Apr. 1, 2005 - Mar. 31, 2006)
	Million yen	Million yen	Million yen	%	Million yen
I Net sales	253,914	220,831	33,083	15.0	300,748
II Cost of goods sold	233,396	202,383	31,013	15.3	277,009
Gross profit	20,518	18,448	2,070	11.2	23,739
III Selling, general and administrative expenses	14,375	12,542	1,833	14.6	17,457
Operating income	6,142	5,906	236	4.0	6,282
IV Non-operating income	25	27	(1)	(6.0)	42
V Non-operating expenses	15	8	7	89.0	14
Ordinary income	6,153	5,925	227	3.8	6,310
VI Extraordinary gains	0	18	(18)	(99.8)	53
VII Extraordinary losses	119	67	51	76.3	139
Income before income taxes	6,033	5,876	157	2.7	6,224
Tax bill	2,547	2,452	94	3.9	2,677
Net income	3,486	3,423	62	1.8	3,547

(Translation)

3. Summary Statements of Changes in Shareholders' Equity

3Q FY2006 (Apr. 1, 2006 – Dec. 31, 2006)

(Million yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of March 31, 2006	1,514	1,633	9,955	13,103
Changes during the period				
New stock issue (Note 1)	26	26	-	53
Dividend of surplus (Note 2)	-	-	(657)	(657)
Directors' bonuses (Note 2)	-	-	(31)	(31)
Interim dividends	-	-	(658)	(658)
Net income	-	-	3,486	3,486
Total changes during the period	26	26	2,139	2,192
Balance as of December 31, 2006	1,541	1,660	12,094	15,296

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gain on securities	Total valuation and translation adjustments	
Balance as of March 31, 2006	239	239	13,343
Changes during the period			
New stock issue (Note 1)	-	-	53
Dividend of surplus (Note 2)	-	-	(657)
Directors' bonuses (Note 2)	-	-	(31)
Interim dividends	-	-	(658)
Net income	-	-	3,486
Changes (net) in items other than shareholders' equity	(70)	(70)	(70)
Total changes during the period	(70)	(70)	2,121
Balance as of December 31, 2006	169	169	15,465

Notes: 1. It was due to the exercise of stock options.

2. Appropriation of earnings resolved at annual general meeting of shareholders in June 27, 2006.

(Translation)

4. Summary Statements of Cash Flows

Account	3Q FY2006 (Apr. 1, 2006 - Dec. 31, 2006)	3Q FY2005 (Apr. 1, 2005 - Dec. 31, 2005)	YoY change	(Ref.) FY2005 (Apr. 1, 2005 - Mar. 31, 2006)
	Million yen	Million yen	Million yen	Million yen
I Cash flows from operating activities				
Income before income taxes	6,033	5,876	157	6,224
Depreciation and computer expenses	412	311	100	528
Amortization of goodwill -previous accounting standard	-	93	(93)	131
Amortization of goodwill -revised accounting standard	98	-	98	-
Impairment losses	91	27	64	27
New stock issue expenses	-	1	(1)	2
Stock issue expenses	0	-	0	-
Increase (decrease) in allowance for doubtful accounts	13	(29)	43	(266)
Increase (decrease) in reserve for employees' bonuses	(124)	(31)	(93)	81
Increase (decrease) in reserve for directors' bonuses	18	-	18	-
Allowance for early subscription cancellations	(21)	8	(29)	63
Increase (decrease) in liability for employees' retirement benefits	49	19	29	26
Increase (decrease) in liability for directors' severance benefits	4	6	(2)	14
Interest and dividend income	(3)	(2)	(1)	(2)
Interest expenses	13	6	7	9
Loss (gain) on sale and removal of fixed assets	27	12	14	84
Loss (gain) on receipt of fixed assets	-	(7)	7	(15)
Decrease (increase) in account receivable	(7,384)	(6,054)	(1,330)	(3,095)
Decrease (increase) in inventories	(959)	(2,797)	1,837	(5,106)
Increase (decrease) in account payable	7,580	4,896	2,684	2,667
Payment of bonuses to directors	(31)	(20)	(10)	(20)
Others	584	149	435	567
Subtotal	6,405	2,467	3,937	1,923
Interests and dividends received	3	2	1	2
Interests paid	(13)	(6)	(6)	(9)
Income taxes paid	(2,373)	(3,089)	716	(3,089)
Net cash provided by (used in) operating activities	4,021	(626)	4,648	(1,172)

(Translation)

Account	3Q FY2006 (Apr. 1, 2006 - Dec. 31, 2006)	3Q FY2005 (Apr. 1, 2005 - Dec. 31, 2005)	YoY change	(Ref.) FY2005 (Apr. 1, 2005 - Mar. 31, 2006)
	Million yen	Million yen	Million yen	Million yen
II Cash flows from investing activities				
Payment for purchase of property, plant and equipment	(468)	(323)	(144)	(544)
Proceeds from sales of property, plant and equipment	0	2	(1)	3
Payment for purchase of software	(96)	(74)	(21)	(125)
Payment for purchase of investment securities	(20)	(0)	(20)	(40)
Payment for loans receivable	(1,283)	-	(1,283)	(50)
Proceeds from collection of loans receivable	1,262	15	1,247	23
Net increase in loans to affiliates	100	70	30	100
Payment for leasehold deposits	(87)	(80)	(7)	(149)
Proceeds from return of leasehold deposits	155	16	138	34
Payment for shop succession	(121)	(114)	(7)	(265)
Other investment outlays	(37)	(38)	1	(38)
Net cash used in investing activities	(597)	(527)	(69)	(1,052)
III Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	(2,300)	2,700	(5,000)	3,600
Repayment for long-term borrowings	-	(12)	12	(12)
New stock issue expenses	(0)	(1)	1	(2)
Proceeds from issuance of new stock	53	26	26	28
Cash dividends paid	(1,303)	(1,394)	90	(1,390)
Net cash provided by (used in) financing activities	(3,550)	1,318	(4,869)	2,222
IV Increase (decrease) in cash and cash equivalents	(126)	164	(290)	(2)
V Cash and cash equivalents at beginning of period	336	339	(2)	339
VI Cash and cash equivalents at end of period	210	503	(293)	336

(Translation)

5. Segment Information

Business Segment

3Q FY2006 (Apr. 1, 2006 – Dec. 31, 2006)

Business segment	Items	3Q FY2006 (Apr. 1, 2006 - Dec. 31, 2006)	3Q FY2005 (Apr. 1, 2005 - Dec. 31, 2005)	YoY change	
		Million yen	Million yen	Million yen	%
Mobile business	Net sales	240,032	209,889	30,143	14.4
	Operating income	3,673	3,754	(81)	(2.2)
Network business/others	Net sales	13,882	10,941	2,940	26.9
	Operating income	2,468	2,151	317	14.8
Total	Net sales	253,914	220,831	33,083	15.0
	Operating income	6,142	5,906	236	4.0