May 22, 2008

Financial Results for the Fiscal Year Ended March 31, 2008

Company name: Telepark Corp. Listing: Tokyo Stock Exchange, First Section
Stock code: 3738 URL: http://www.teleparkcorp.com
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Scheduled date of Annual General Meeting of Shareholders: June 26, 2008
Scheduled date of filing Annual Securities Report: June 26, 2008
Scheduled date of dividend payment: June 27, 2008

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2008 (April 1, 2007 – March 31, 2008)

Note: We have not included figures for the fiscal year ended March 31, 2007 (FY2006) and year-over-year comparisons because we began preparing consolidated financial statements starting from the current fiscal year ended March 31, 2008 (FY2007). Please see "Items of note (1)" on page 3 for details regarding the merger with MS Communications Co., Ltd. announced today.

(1) Consolidated results of operations

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2007	375,524	-	7,324	-	7,327	-	4,028	-
FY2006	-	-	-	-	-	-	-	-

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2007	12,228.68	12,215.72	23.3	9.1	2.0
FY2006	-	-	-	-	-

Reference: Equity in earnings of affiliates (million yen): FY2007: - FY2006: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2007	89,917	18,457	20.5	56,006.70
FY2006	-	-	-	-

Reference: Shareholders equity (million yen): FY2007: 18,457 FY2006: -

(3) Consolidated 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
FY2007	2,388	(5,259)	4,126	1,431
FY2006	-	-	-	-

2. Dividends

	Dividends per share			Total dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
(Record date)	Interim	Yearend	Annual			
	Yen	Yen	Yen	Million yen	%	%
FY2006	2,000.00	2,500.00	4,500.00	1,481	-	-
FY2007	2,500.00	2,500.00	5,000.00	1,647	40.9	9.5
FY2008 (forecasts)	2,500.00	2,500.00	5,000.00	-	-	-

Note: Please see "Items of note (2)" on page 3 for details.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2009 (April 1, 2008 – March 31, 2009)

Note: We have not listed consolidated forecasts because we have no consolidated subsidiaries at this time and have no plans to prepare consolidated financial statements for the fiscal year ending March 31, 2009. Please refer to "2. Non-consolidated Forecasts for the Fiscal Year Ending March 31, 2009" on page 2.

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): Yes

Newly added: 1 (Telecompark Corp.)

Note: Please refer to “2. Corporate Group” on page 9 for further information.

(2) Changes in accounting principles, procedures and presentation methods for preparation of financial statements

1) Changes caused by revision of accounting standards: None

2) Other changes: None

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at end of period (including treasury stock):	FY2007:	329,554 shares
	FY2006:	329,282 shares
2) Number of treasury stock at end of period:	FY2007:	-
	FY2006:	-

Note: Please refer to “Per Share Information” on page 31 for the number of shares used in calculating net income per share.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2008 (April 1, 2007 – March 31, 2008)

(1) Non-consolidated results of operations (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2007	371,176	4.4	7,383	0.9	7,387	0.8	4,191	1.8
FY2006	355,401	18.2	7,314	16.4	7,330	16.2	4,115	16.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY2007	12,721.50	12,708.01
FY2006	12,507.49	12,423.39

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2007	91,000	18,619	20.5	56,499.39
FY2006	71,701	16,116	22.5	48,945.34

Reference: Shareholders equity (million yen): FY2007: 18,619 FY2006: 16,116

2. Non-consolidated Forecasts for the Fiscal Year Ending March 31, 2009 (April 1, 2008 – March 31, 2009)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	177,000	(1.6)	2,350	(30.9)	2,300	(32.5)	1,050	(45.6)	3,349.35
Full year	548,000	-	10,100	-	9,800	-	5,100	-	12,359.38

Note: Please see “Items of note (3), (4) and (5)” on page 3 for details.

<u>* Cautionary statement with respect to forward- looking statements</u>

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 from these forecasts for a number of factors, including but not limited to the operating environment.

Please see page 5 for more information concerning these forecasts.

(Items of note)

(1) The merger with MS Communications Co., Ltd.

MS Communications Co., Ltd., whose major shareholders are Sumitomo Corporation and Mitsubishi Corporation, is along with Telepark Corp. one of the largest distributors of comprehensive telecommunications products and services (mobile phones and fixed lines) in Japan which it operates over a vast nationwide network of sales agencies.

The Board of Directors resolved at a meeting held May 22, 2008 to merge Telepark Corp. and MS Communications Co., Ltd. in order to achieve economies of scale and strengthen the earnings foundation in light of intensifying competition in the maturing mobile phone sales market. An agreement was signed the same day for the two companies to be merged on an equal basis effective October 1, 2008. Telepark Corp. is to be the surviving entity, and MS Communications Co., Ltd. the expiring entity. Telepark Corp. will prepare for the merger following the necessary legal procedures including obtaining shareholder approval for the merger at the General Meeting of Shareholders scheduled for June 26, 2008. The Company’s new name after the merger will be T-Gaia Corporation.

(Please see our press release “Notice of Merger Agreement between Telepark Corp. and MS Communications Co., Ltd.” dated May 22, 2008.)

(2) Dividend and payout ratio forecast for the fiscal year ending March 31, 2009

Dividend per share forecasts for the end of the first half are for Telepark Corp., and for the end of the fiscal year for the merged company. Full-year forecasts were calculated by adding first-half forecasts for Telepark Corp. to second half forecasts for the merged company. We have omitted a payout ratio forecast for the fiscal year ending March 31, 2009 due to a lack of consistency between per share dividend and net income forecasts, as net income per share is calculated from “Reference: Summary of Non-consolidated Financial Results 2. Non-consolidated Forecasts for the Fiscal Year Ending March 31, 2009.”

(3) Non-consolidated forecasts for the fiscal year ending March 31, 2009

First-half forecasts are for Telepark Corp., and full-year forecasts for the merged company. Full-year forecasts are calculated by adding the first-half forecasts for Telepark Corp. to the second half forecasts for the merged company.

(4) Non-consolidated percentage growth for the fiscal year ending March 31, 2009

We have omitted year-over-year percentage growth figures since non-consolidated full-year forecasts consist of first-half forecasts for Telepark Corp. plus second half forecasts for the merged company.

For reference, we expect sales to increase 47.6% year-over-year, operating income 36.8%, ordinary income 32.7%, and net income 21.7% over non-consolidated results for the fiscal year ended March 31, 2008.

(5) Non-consolidated net income per share forecast for the fiscal year ending March 31, 2009

We calculate net income per share based on the average number of outstanding shares in the term, using Telepark Corp.’s outstanding shares (excluding treasury stock holdings) for the first half, and the merged company’s outstanding shares (Telepark Corp.’s outstanding shares, excluding treasury stock holdings, plus shares allotted to shareholders of MS Communications Co., Ltd.) for the second half from October 2008. The number of shares allotted to shareholders of MS Communications Co., Ltd. will be calculated based on the stock swap ratio in the merger contract concluded between Telepark Corp. and MS Communications Co., Ltd. on May 22, 2008.

For reference, we forecast net income per share of 7,904.98 yen for the merged company in the second half.

1. Business Results

(1) Analysis of business results

We have not included comparisons with the previous fiscal year because our Group began preparing consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity, and consolidated statements of cash flows, from the current fiscal year under review.

1) Business results in the current fiscal year

The Japanese economy remained on a recovery path in the current fiscal year under review as corporate profits continued to improve, personal spending remained firm, and capital investments steadily increased. However, the outlook for the economy became increasingly uncertain in the second half due to surging crude oil and raw materials prices, a slowdown in the US economy triggered by the subprime mortgage crisis, yen appreciation, and volatility in the stock market.

Mobile carriers launched high-end mobile phone models, which helped to revitalize the market, following the introduction of a new sales method decoupling mobile phone prices from telecommunications fees in line with recommendations outlined in the Mobile Businesses Activation Plan of the Ministry of Internal Affairs and Communications. SOFTBANK MOBILE Corp. was the first carrier to launch the new sales method in 2006, and it was followed by the NTT DoCoMo Group and the KDDI Group. Mobile phone subscriptions increased a net 6.00 million in the fiscal year under review (+21.9% year-over-year), to a cumulative 102,720,000 subscriptions at the end of March 2008 (+6.2%). The NTT DoCoMo Group had a cumulative 53.38 million subscribers at the end of March 2008, followed by the KDDI Group with a cumulative 30.10 million subscribers, and by SOFTBANK MOBILE Corp. with a cumulative 18.58 million subscribers. Third-generation mobile phone subscriptions increased a net 18.14 million to a cumulative 88.05 million, up 26.0% year-over-year, according to data from the Telecommunications Carriers Association.

In the mobile telecommunication business, we expanded sales through existing channels, and acquired all the outstanding shares in Telecom SANYO Co., Ltd. for 4.8 billion yen on October 31, 2007, making the company a wholly owned subsidiary effective the same date, and changing its name to Telecompark Corp. on November 1, 2007. We expanded our sales network through acquisition of the company's self-owned stores and sales agency network, and worked to unify logistics activities and inventory management, to expand overall corporate value. In the network communications business, we saw parent-based profits decline year-over-year due to slower FTTH market growth. Changes in the market environment included the NTT Group's further monopoly of the MYLINE market, and NTT's lowering of its fiber optic subscribers target for Fiscal 2010.

Net sales totaled 375,524 million yen, ordinary income 7,327 million yen, and net income 4,028 million yen, on a consolidated basis. On a parent basis, net sales totaled 371,176 million yen (+4.4% year-over-year), ordinary income 7,387 million yen (+0.8%), and net income 4,191 million yen (+1.8%).

Results by business segment as follows:

Mobile telecommunication business

In the current fiscal year under review, we increased the number of self-owned stores and sales agencies, as well as bases in large consumer appliance retailers, through our ongoing strategy of expanding sales channels, and through the consolidation of Telecom SANYO Co., Ltd. as a subsidiary on October 31, 2007 (name changed to Telecompark Corp. on November 1, 2007). Group mobile phone sales (including the subsidiary Mobitec Co., Ltd.) totaled 3.94 million units, a new record, as mobile carriers launched a slew of new models in line with the launch of new discount plans and the introduction of new sales methods. High-function mobile phones accounted for most sales. Additionally, PHS sales totaled 19,000 units.

Consolidated sales in the mobile telecommunication business totaled 354,297 million yen, and operating income 5,816 million yen. Parent sales in the business totaled 349,949 million yen (+4.0% year-over-year), and operating income 5,875 million yen (+21.3%).

Network communication business/others

In the current fiscal year under review, sales were firm for MYLINE services, but profits declined year-over-year for FTTH and related services, despite our efforts to build a sales structure centered on leading sales agencies, because of slower-than-expected expansion of the market. In the ‘others’ portion of the business, the new electronic payment settlements business including 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 21,227 million yen, and operating income 1,507 million yen, on a consolidated basis. Figures on a parent basis are the same since the Company runs the business alone: parent sales increased 12.5% year-over-year, and operating income declined 39.0%.

2) Forecasts for new fiscal year

The outlook for the Japanese economy is uncertain as concerns exist that the economy will decelerate due to surging crude oil and raw materials prices, a slowing US economy triggered by the subprime mortgage crisis, yen appreciation, and volatility in the stock market.

The mobile phone sales market is our mainstay field of business, but the market is gradually moving from a stage of sharp growth to maturity as cumulative subscribers exceeded 100 million as of December 2007. However, as the maturing market spurs more intense competition and accelerates realignment among distributors, we expect major distributors, which can leverage scale merits from their financing, organizational, and information strengths, to enjoy a growing advantage. Also, we expect major distributors with large number of quality sales personnel to play a bigger role going forward as mobile phones require further detailed explanations to customers given the increased complexity of mobile phone functions, and the growing diversity of available price plans.

In this environment, we merged Telecompark Corp. (formerly Telecom SANYO Co., Ltd.), which we had made a wholly-owned subsidiary on October 31, 2007, with our Company effective April 1, 2008, and our Board of Directors resolved on May 22, 2008 to conclude an agreement for a merger of equals with MS Communications Co., Ltd. effective October 1, 2008. Telepark and MS Communications sold a combined 7.60 million mobile phones in the fiscal year ended March 31, 2008, accounting for approximately 15% of the overall market. We plan to make the new post-merger integrated company a leading company in the industry by significantly expanding the scale of business, beginning with expansion of the sales network. Also, we will work to achieve integration benefits from unifying logistics operations and inventory management, to improve the efficiency of operations through administrative cost reductions, and strengthen the earnings foundation to maximize profits for the integrated company’s shareholders. We will work to make effective use of the integrated company’s rich human resources, diversified sales network, financing strengths, and planning strengths, to pro-actively enter new business fields, and contribute to society as a global information and telecommunications distributor. (Please see our press release “Notice of Merger Agreement between Telepark Corp. and MS Communications Co., Ltd.” dated May 22, 2008.)

We will continue to expand our sales network through the establishment of cooperative relationships with small and medium-sized sales agencies, M&A activity, a greater focus on marketing to corporations, and opening new bases in step with new store opening plans of leading consumer appliance retailers. We expect these efforts to enable us to expand sales volumes.

In the network communication business/others, we will expand sales channels with an eye on trends in the FTTH and next-generation network (NGN) markets which we expect to expand over the medium term.

For the full fiscal year, we forecast net sales of 548,000 million yen, operating income of 10,100 million yen, ordinary income of 9,800 million yen, and net income of 5,100 million yen, assuming the merger goes through on October 1, 2008.

Please see “1. Business Results, (4) Business risk” regarding factors that could exert a material impact on our results.

3) Progress in the medium-term business plan

Our Group targets net sales of 500 billion yen and mobile phone unit sales of 5 million by the fiscal year ending March 31, 2009 in our medium-term business plan Challenge 5000. Thanks in part to making Telecompark Corp. (formerly Telecom SANYO Co., Ltd.) a wholly-owned subsidiary in October 2007, we have made steady progress in achieving this goal, as consolidated sales totaled 375.5 billion yen, and mobile phone unit sales 3.94 million units, in the fiscal year ended March 31, 2008.

We believe we can achieve our medium-term targets for the fiscal year ending March 31, 2009, partly due to benefits from the scheduled merger with MS Communications Co., Ltd. on October 1, 2008.

4) Progress in achieving targeted performance indicators

We focus on return on assets (ROA) as an important performance indicator, and target an ROA above 10% which we have achieved every fiscal year from the fiscal year ended March 31, 2003 through the fiscal year ended March 31, 2007. ROA fell to 9% in the current fiscal year under review due to an increase in inventory, and the emergence of one-off merger expenses, from making Telecompark Corp. a consolidated subsidiary.

(2) Analysis of financial condition

We have not included year-over-year comparisons because we began preparing consolidated financial statements starting from the current fiscal year ended March 31, 2008 (FY2007).

1) Assets, liabilities, and net assets

The balance of current assets at the end of the fiscal year totaled 81,669 million yen. The main factors were booking of accounts receivable -trade (45,692 million yen) due to greater sales and commission receipt in the fiscal year, and booking of inventories (19,981 million yen) on mobile phone sales.

The balance of fixed assets at the end of the fiscal year totaled 8,247 million yen. The main factor was booking of leasehold deposits (2,033 million yen).

The balance of current liabilities at the end of the fiscal year totaled 65,766 million yen. The main factors were booking of accounts payable -trade (41,649 million yen) on a rise in amount of product purchased and commission payments on firm mobile phone sales.

The balance of long-term liabilities at the end of the fiscal year totaled 5,693 million yen. The main factors were booking of long-term borrowings from acquisition of subsidiary stock (5,000 million yen) and accrued employees' retirement benefits (561 million yen).

The balance of net assets at the end of the fiscal year totaled 18,457 million yen.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year totaled 1,431 million yen.

Cash flows and major components during the fiscal year were as follows.

Cash flows from operating activities:

Cash flows from operating activities totaled 2,388 million yen. The main items were income taxes paid of 3,138 million yen, a 1,814 million yen increase in inventories and a 1,409 million yen decrease in accounts payable, and 7,217 million yen in income before income taxes, a 2,200 million yen decrease in accounts receivable.

Cash flows from investing activities:

Cash flows used in investing activities totaled 5,259 million yen. The mainly due to the acquisition of stock of Telecom SANYO Co., Ltd. on October 31, 2007.

Cash flows from financing activities:

Cash flows provided by financing activities totaled 4,126 million yen. The main item was an increase in borrowings.

The following table illustrates the historical movements of certain cash flow indices:

	FY2005	FY2006	FY2007 (consolidated)
Shareholders' equity ratio (%)	22.7	22.5	20.5
Shareholders' equity ratio based on market prices (%)	176.2	78.5	35.5
Interest-bearing debt to cash flow ratio (%)	-	202.9	519.3
Interest coverage ratio (times)	-	133.7	38.0

Notes: 1. Cash flow indices are calculated as follows:

Shareholders' equity ratio: Shareholders' equity / Total assets
Shareholders' equity ratio based on market prices: Market capitalization / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow
Interest coverage ratio: Operating cash flow / Interest payments

2. The Company used figures from consolidated financial statements for FY2007, and figures from non-consolidated financial statements for other periods.
   Market capitalization: Closing stock price on the balance sheet date x No. of shares outstanding on the balance sheet date
   Operating cash flow is taken from the statement of cash flows.
   Interest-bearing debt: Liabilities carried on the balance sheets that incur interest. Interest payments in the calculation of the interest coverage ratio: Based on interest payments reported on the statement of cash flows.
3. The Company does not have “Interest-bearing debt to cash flow ratio” and “interest coverage ratio” figures for FY2005 because operating cash flow was negative in this period.

(3) Basic profit allocation policy, and dividends in the current and next fiscal years

Our basic profit allocation policy is to provide stable dividends, centered on a payout ratio more than 30%, while ensuring we secure sufficient retained earnings to strengthen and grow our business.

Based on this policy, we plan to pay an annual dividend of 5,000 yen per share for the current fiscal year under review, for a 500 yen increase over the annual dividend paid in the previous fiscal year. The breakdown of the current fiscal year’s annual dividend is as follows: we paid a 2,500 yen interim dividend last December, and plan to pay a 2,500 yen yearend dividend we announced interim results on November 6, 2007.

We plan a 5,000 yen annual dividend for the next fiscal year. The breakdown will be as follows: we plan an interim and yearend dividend of 2,500 yen respectively.

We are not currently scheduled to revise the record date or number of dividend payments following implementation of the Company Law. For the time being, we will maintain the current system of paying two dividends, once at the end of the interim period and fiscal year.

We plan to use retained earnings to expand our mobile telecommunication business, launch new businesses, train employees, and make strategic investments.

(4) Business risk

Below we list risk factors to our business performance, financial condition, and share price.

1) Commissions from mobile carriers

We receive a commission from mobile phone carriers for each successfully brokered subscription contract. Commissionable service, commission levels, payment period duration, and the proportion of each subscription line’s telecommunications charges all depend on the specific mobile carrier and period of the year. Just as the NTT DoCoMo Group and KDDI Group introduced a new sales method last year decoupling mobile phone prices and telecommunications charges, a significant change in contract conditions due to a change in policy by any or all of the mobile carriers could materially impact our earnings.

2) Industry competition

The mobile industry continues to evolve as technological progress brings about new services and products. There were 100 million users in Japan as of December 2007. However, the high penetration rate means that new subscriber growth continues to slow. This implies greater competition for new subscribers among mobile carriers, and among sales agencies including ourselves. Fiercer competition in the mobile phone market could lower our profit margins, and materially impact our earnings.

Broadband technology advances have rekindled competition for customers among fixed-line telecommunications carriers, and competition among sales agencies including ourselves may heat up as a result. Fiercer competition could lower our profit margins, and materially impact our earnings.

3) Business expansion through acquisitions

We plan to implement a merger of equals with MS Communications Co., Ltd. effective October 1, 2008, and in addition to developing cooperative relationships with small and medium-sized sales agencies, and opening new shops, we may acquire other industry peers going forward to expand our business, and this could impact our financial condition and business performance. There is no guarantee that the acquisition will produce anticipated benefits due to changes in market trends and the economic environment. A poor performance at companies we acquire could make it difficult for us to recover invested capital, and this would impact our earnings and business plans.

4) Leaks of personal information

The Personal Information Protection Law went into effect on April 1, 2005, and based on the "Guidelines for personal information protection in the telecommunications industry" formulated by the Ministry of Internal Affairs and Communications (MIC; formerly the Ministry of Posts and Telecommunications), we have concluded confidentiality agreements with each mobile carrier with which we do business. Staff with access to the telecom carriers' customer information databases is given ID numbers or cards to ensure strict protection of customer information. Additionally, we have thoroughly trained all employees involved in our telecom businesses to observe personal information protection guidelines, particularly with regards to preventing data leaks. Despite our best efforts, the leak of customer data for whatever reason could diminish trust in our company, bring about damages suits, and materially impact our earnings.

5) Our relationship with major shareholders

Our Company is part of the Mitsui & Co. group as Mitsui & Co., Ltd. owned 50.80% of our outstanding stock of 329,554 shares as of March 31, 2008. However, following the scheduled merger with MS Communications Co., Ltd. on October 1, 2008, Sumitomo Corporation and Mitsubishi Corporation will become our mainstay shareholders, and our Company will become an affiliate of Mitsui & Co., Ltd., Sumitomo Corporation, and Mitsubishi Corporation.

However, our Company and the integrated company after the merger will be in charge of mobile phone and fixed-line sales and brokering, which will continue to be operated independently from mainstay shareholders, so we do not expect changes in our capital relationships with major shareholders to materially impact our business.

6) Study group on mobile business

Following the final report of the Mobile Business Study Group, the Ministry of Internal Affairs and Communications (MIC) announced its "Mobile Business Activation Plan" on September 21, 2007, which called for mobile carriers to introduce 'decoupling plans' to draw a clear line between telecommunications fees and mobile phone prices, and to expand user choice. Mobile carriers introduced new price plans and sales methods in line with these recommendations, and installment based sales of mobile phones rapidly became widespread. In this way, the Mobile Business Study Group's future recommendations could exert a major impact on the overall mobile phone market, and materially impact our business and results.

We will fully provide information on mobile phone prices and telecommunications fees as important matters for users before signing contracts, and will continue to make an effort to improve users' convenience and transparency in the mobile industry as a whole, in complying with the "Mobile Business Activation Plan" which calls for a more open mobile business environment.

Also, we expect dedicated major distributors with a large number of quality sales personnel to play a bigger role going forward as mobile phones require more detailed explanations to customers given the increased complexity of mobile phone functions, and the growing diversity of available price plans.

7) Merger with MS Communications Co., Ltd.

We signed a merger agreement with MS Communications Co., Ltd. on May 22, 2008, to solidify our position as a leading company in the industry in the face of a maturing market, and to prepare to enter new business fields. We are currently preparing for integration, but a cancellation of the merger or a change in merger conditions as stipulated in the agreement for whatever reason could materially impact our financial condition and business performance.

2. Corporate Group

The Telepark Group, composed of Telepark Corp., consolidated subsidiary Telecompark Corp. and non-consolidated subsidiary Mobitec Co., Ltd. as of March 31, 2008, operates two main businesses: the mobile telecommunication business, centered on the sale of mobile phones and PHS, and the network communication business, comprised of ‘MYLINE,’ dry copper, ADSL brokering, as well as FTTH services. Two other businesses include, the distribution business that leverages a PIN (Personal Identity Number) sales system and the contents business, comprised of contents distribution for mobile phones.

Main activities are as follows:

(1) Mobile telecommunication business

The main activities of the mobile telecommunication business are the brokering of mobile phone and PHS subscription services, and the sale of mobile phones and handsets. We broker communication subscription services for mobile phone carriers (NTT DoCoMo Group, KDDI Group, and SOFTBANK MOBILE Corp.), and receive a commission for each successfully concluded subscription contract based on our sales agent agreement with each carrier. We broker communication services and sell mobile phones to general users through our nationwide distribution channels, which include secondary sales agencies (volume electronics retailers and general sales agencies), self-owned shops, and direct sales to corporations. We also use nationwide convenience stores as secondary sales agents to sell pre-paid mobile phones and cards.

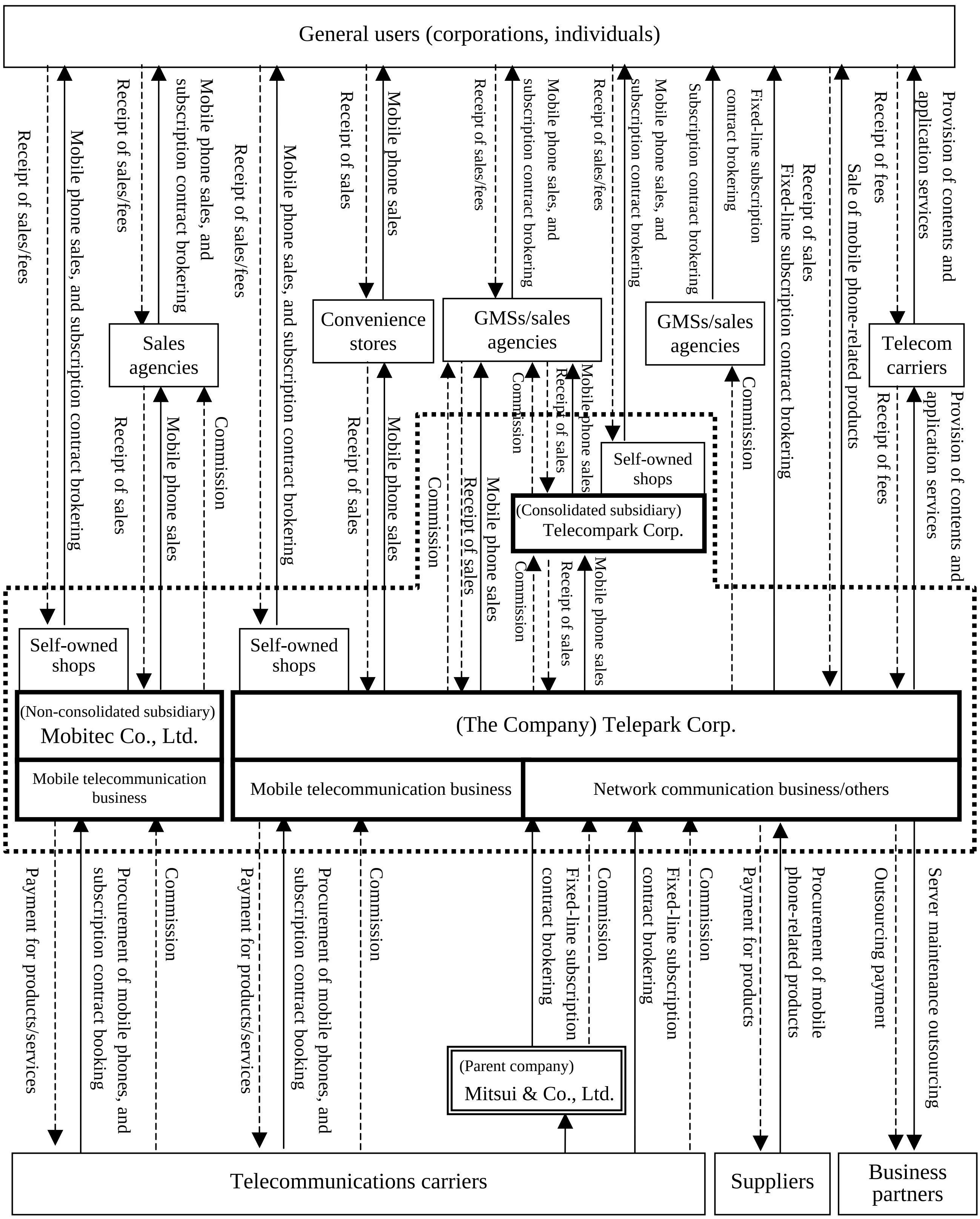
Telecompark Corp., a consolidated subsidiary which sells mobile phones nationwide (except in Hokkaido and Okinawa) at self-owned shops, sells directly to corporations, and sells through affiliated sales agencies, was merged effective April 1, 2008 to expand our sales network and achieve synergies through unification of logistics activities and inventory management.

Also, our non-consolidated subsidiary Mobitec Co., Ltd., which sells mobile phones at self-owned shops and affiliated sales agencies in Kyushu and Okinawa based on a sales agent agreement concluded with NTT DoCoMo Kyushu, is scheduled to be merged effective June 1, 2008 to improve operational efficiency.

(2) Network communication business/others

The main business activity of the network communication business is the brokering of ‘MYLINE’ and other fixed-line subscription services for individuals and corporations, as well as handling of fiber-optic lines (FTTH, etc.) associated with greater penetration of broadband services. We have concluded sales agent agreements with NTT Group companies NTT East, NTT West, and NTT Communications; newer telecommunications carriers such as SOFTBANK TELECOM and KDDI. Commissions paid to us by telecommunications carriers include broker commissions for each successfully brokered subscription contract, and a running commission based on a fixed proportion of each subscription line’s telecommunications charges (running commissions are paid for a limited period).

We also operate two other businesses: 1) a distribution business that leverages a PIN (Personal Identity Number) sales system for entry into the electronic money and payment settlement markets (global phone payments, etc); 2) a mobile content business in which we provide content services, such as ringer melodies, for mobile phones.



Notes: 1. Our group is represented within the dotted lines (as of March 31, 2008).

2. Our non-consolidated subsidiary Mobitec handles only NTT DoCoMo products in Kyushu and Okinawa area.

3. In the network communication business, business activities with some telecom carriers are carried out through our parent company Mitsui & Co., Ltd.

3. Management Policies

(1) Basic management policy

We have decided to focus our management resources on mobile and fixed-line telecommunications sales to strengthen our business foundation and maximize corporate value in the midst of a constantly changing business environment.

In January 2003, we formulated a corporate code emphasizing implementation and respect for the 5Cs of Contribution, Challenging split, Creativity, Compliance and Corporate governance. We aim to become a company with full of challenging spirit and creativity, who can contribute to society through telecommunication services, to comply with laws, ethics, codes of conduct, and to implement strict corporate governance not swayed by near-term success.

We are moving forward with preparations for our merger with MS Communications Co., Ltd. effective October 1, 2008, and our new management ideal for the integrated company is to "Contribute to the realization of society's dreams and prosperity, and continue to "Challenges Tomorrow" with "Sincerity."

(2) Performance targets

For the fiscal year ending March 31, 2009, we target net sales of 548,000 million yen, operating income of 10,100 million yen, and net income of 5,100 million yen by quickly maximizing integration synergies from the merger with MS Communications Co., Ltd. For the fiscal year ending March 31, 2012, we target net sales of one trillion yen.

(3) Medium to long-term business strategy

The mobile phone industry is undergoing momentous change due to a variety of factors including the introduction by mobile carriers of new sales methods decoupling mobile phone prices and telecommunications fees, and these changes are accelerating reorganization of distributors. However, we expect major distributors like ourselves with financing, organizational, and information strengths to enjoy a growing advantage in the midst of intensifying competition. In the fixed-line telecommunications industry, broadband is becoming increasingly widespread, and we expect the FTTH subscriber market to steadily expand, albeit at a slower pace than we had initially forecast. Also, commercial next-generation network (NGN) services were launched in March of this year.

In this environment, we continue to prepare for the merger with MS Communications Co., Ltd., and we aim to make further advances as a leading company in the industry, and to contribute to society as a global information and telecommunications sales company. We are currently forming a detailed management strategy for the integrated company, but our first code of action is to maximize corporate value in line with the following operational policies, and thereby expand shareholder profits.

1) Expand the sales network

The merger will expand our mobile telecommunication business, our network communication business, and our sales network, and we aim to expand our market share as a result. Also, we aim to strengthen mobile solutions and other proposals to corporate customers to enhance customer satisfaction, and expand business to the corporate sector.

2) Challenge new business fields

We aim to leverage the rich human resources and diversified sales network of the integrated company to aggressively challenge new business fields outside the mobile phone and networks businesses, and open new business paths.

3) Promote operational efficiency

We will promote operational efficiency by realizing benefits from unification of logistics activities and inventory management at the integrated company, and by cutting administration costs.

(4) Challenges

We will concentrate our management resources on mobile phone and related businesses, and implement the following measures to expand and solidify our business foundation, as the mobile phone market is undergoing momentous change as it matures, and we view the resulting industry realignment and intensifying competition as an enormous opportunity.

We merged Telecompark Corp. (formerly Telecom SANYO Co., Ltd.) on April 1, 2008, and plan to merge with MS Communications Co., Ltd. effective October 1, 2008 in order to expand the scale of business and raise corporate value. We aim to leverage the strengths of both companies and effectively utilize management resources to realize synergies from the merger as early as possible. Our biggest priority right now is a smooth start for the integrated company.

In the mobile telecommunication business, we aim to boost sales volumes by expanding our sales network through M&A activity and the establishment of partnerships with small and medium-sized sales agencies, by further marketing to the corporate sector, and by selling in new stores opened by large consumer electronics retailers.

In the network communication and other businesses, we will expand sales channels with an eye on trends in the FTTH and next-generation network (NGN) markets which we expect to expand over the medium term. Also, we intend to further increase sales in the new electronic payment settlements business which includes e-money sales using the Personal Identification Number (PIN) sales system in convenience stores.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

		FY2007 (As of Mar. 31, 2008)		
Account	*	Million yen		%
Assets				
I Current assets				
1. Cash on hand and in banks			1,431	
2. Accounts receivable -trade			45,692	
3. Inventories			19,981	
4. Deferred tax assets -current			841	
5. Accounts receivable -other			13,259	
6. Other current assets			504	
Allowance for doubtful accounts			(41)	
Total current assets			81,669	90.8
II Fixed assets				
1. Property, plant and equipment				
(1) Buildings and structure		2,044		
Accumulated depreciation	*1	(1,401)	642	
(2) Furniture and fixtures		1,469		
Accumulated depreciation	*1	(1,181)	288	
(3) Land			48	
Total property, plant and equipment			979	1.1
2. Intangible assets				
(1) Goodwill			3,750	
(2) Telephone rights			12	
Total intangible assets			3,762	4.2
3. Investments and other assets				
(1) Investment securities			440	
(2) Investments in affiliates			184	
(3) Long-term loans receivable			57	
(4) Deferred tax assets -non-current			586	
(5) Leasehold deposits			2,033	
(6) Others			304	
Allowance for doubtful accounts			(102)	
Total investments and other assets			3,505	3.9
Total fixed assets			8,247	9.2
Total assets			89,917	100.0

Account	*	FY2007 (As of Mar. 31, 2008) Million yen		%
Liabilities				
I Current liabilities				
1. Accounts payable -trade			41,649	
2. Short-term borrowings			7,400	
3. Accounts payable -other			13,366	
4. Accrued income taxes			1,662	
5. Reserve for employees' bonuses			397	
6. Allowance for early subscription cancellations			146	
7. Other current liabilities			1,144	
Total current liabilities			65,766	73.1
II Long-term liabilities				
1. Long-term borrowings			5,000	
2. Accrued employees' retirement benefits			561	
3. Others			132	
Total long-term liabilities			5,693	6.4
Total liabilities			71,460	79.5
Net assets				
I Shareholders' equity				
1. Common stock			1,552	
2. Capital surplus			1,671	
3. Retained earnings			15,106	
Total shareholders' equity			18,330	20.4
II Valuation and translation adjustments				
1. Net unrealized holding gain on securities			127	
Total valuation and translation adjustments			127	0.1
Total net assets			18,457	20.5
Total liabilities and net assets			89,917	100

(2) Consolidated Statements of Income

Account	*	FY2007 (Apr. 1, 2007 – Mar. 31, 2008) Million yen		%
I Net sales			375,524	100.0
II Cost of goods sold			344,354	91.7
Gross profit			31,169	8.3
III Selling, general and administrative expenses	*1		23,845	6.3
Operating income			7,324	2.0
IV Non-operating income				
1. Interest income		8		
2. Dividend income		1		
3. Rent income		17		
4. Insurance reimbursement		24		
5. Others		15	67	0.0
V Non-operating expenses				
1. Interest expenses		62		
2. Others		1	63	0.0
Ordinary income			7,327	2.0
VI Extraordinary gains				
1. Reversal of allowance for doubtful accounts		7		
2. Gain on sales of fixed assets	*2	2	9	0.0
VII Extraordinary losses				
1. Loss on removal of fixed assets		37		
2. Loss on revaluation of investment securities		21		
3. Impairment losses	*3	28		
4. Penalty for cancellation of store contracts, etc.		26		
5. Others		7	120	0.1
Income before income taxes			7,217	1.9
Income taxes –current		2,925		
Income taxes –deferred		262	3,188	0.8
Net income			4,028	1.1

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)

(Million yen)

	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity	Net unrealized holding gain on securities	Total valuation and translation adjustments	
Balance as of Mar. 31, 2007	1,545	1,664	12,724	15,933	182	182	16,116
Changes during the fiscal year							
New stock issue (Note)	7	7	-	14	-	-	14
Dividend of surplus	-	-	(1,646)	(1,646)	-	-	(1,646)
Net income	-	-	4,028	4,028	-	-	4,028
Changes (net) in items other than shareholders' equity					(55)	(55)	(55)
Total changes during the fiscal year	7	7	2,381	2,396	(55)	(55)	2,340
Balance as of Mar. 31, 2008	1,552	1,671	15,106	18,330	127	127	18,457

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

(4) Consolidated Statements of Cash Flows

		FY2007 (Apr. 1, 2007 – Mar. 31, 2008)
Account	*	Million yen
I Cash flows from operating activities		
Income before income taxes		7,217
Depreciation		508
Computer expenses		49
Amortization of goodwill		321
Impairment losses		28
Stock issue expenses		0
Increase (decrease) in allowance for doubtful accounts		(2)
Increase (decrease) in reserve for employees' bonuses		(20)
Increase (decrease) in allowance for early subscription cancellations		(94)
Increase (decrease) in accrued employees' retirement benefits		66
Increase (decrease) in accrued directors' severance benefits		(46)
Interest and dividend income		(15)
Interest expenses		68
Loss (gain) on sale of fixed assets		(2)
Loss on removal of fixed assets		37
Loss on sales of investment securities		1
Loss on revaluation of investment securities		21
Decrease (increase) in account receivable		2,200
Decrease (increase) in inventories		(1,814)
Increase (decrease) in account payable		(1,409)
Others		(1,539)
Subtotal		5,575
Interests and dividends received		14
Interests paid		(62)
Income taxes paid		(3,138)
Net cash provided by operating activities		2,388

Account	*	FY2007 (Apr. 1, 2007 – Mar. 31, 2008) Million yen
II Cash flows from investing activities		
Payment for purchase of property, plant and equipment		(408)
Proceeds from sales of property, plant and equipment		6
Payment for purchase of software		(56)
Payment for purchase of investment securities		(152)
Proceeds from sale of investment securities		0
Payments for purchase of subsidiary stock associated with changes in the scope of consolidation		(4,574)
Payment for loans receivable		(136)
Proceeds from collection of loans receivable		114
Proceeds from loans to affiliates		70
Payment for leasehold deposits		(224)
Proceeds from return of leasehold deposits		103
Other investment income		(1)
Net cash used in investing activities		(5,259)
III Cash flows from financing activities		
Net increase (decrease) in short-term borrowings		755
Proceeds from long-term borrowings		5,000
New stock issue expenses		(0)
Proceeds from issuance of new stock		14
Cash dividends paid		(1,642)
Net cash provided by financing activities		4,126
IV Increase (decrease) in cash and cash equivalents		1,254
V Cash and cash equivalents at beginning of period		177
VI Cash and cash equivalents at end of period	*	1,431

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

Item	FY2007 (Apr. 1, 2007 – Mar. 31, 2008)
1. Scope of consolidation	(1) Number of consolidated subsidiary: 1 Telecompark Corp. (2) Number of non-consolidated subsidiary: 1 Mobitec Co., Ltd.
2. Application of equity method	(1) Non-consolidated subsidiaries accounted for under the equity method Not applicable. (2) Equity-method affiliate Not applicable. (3) Non-consolidated subsidiaries not accounted for under the equity method Not applicable.
3. Accounting period of consolidated subsidiaries	The consolidated subsidiaries' fiscal year ends on the closing date for the consolidated financial statements.
4. Significant accounting policies (1) Assets valuation basis and valuation method	1) Securities (a) Subsidiary stock Subsidiary stock is stated at cost, cost being determined by the moving-average method. (b) Other securities Securities with market quotations: Securities with market quotations are carried at fair value on the balance sheet date. Changes in unrealized holding gain or loss are included directly in net assets. The cost of securities sold is determined by the moving-average method. Securities without market quotations: Securities without market quotations are stated at cost, cost being determined by the moving-average method. 2) Inventories (a) Merchandise Merchandise is stated at the lower of the cost method by the first-in first-out method. (b) Supplies Supplies are stated at cost, cost being determined by the first-in first-out method.
(2) Depreciation and amortization method of principal depreciable assets	Property, plant and equipment Depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings (excluding fixtures) acquired on or subsequent to April 1, 1998 on which depreciation is calculated by the straight-line method. Depreciation of equipment, furniture and fixtures of self-owned shops is calculated by the straight-line method (useful life of 3 years). Useful life of principle assets is as follows: Buildings: 3-20 years Furniture and fixtures: 2-10 years
(3) Recognition of significant allowances	1) Allowance for doubtful accounts To prepare for credit losses on accounts receivable and loans receivable etc., allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility. 2) Reserves for employees' bonuses To provide for employees' bonus obligations, the Company designates in the reserve account an amount estimated to have accrued for the current fiscal year.

Item	FY2007 (Apr. 1, 2007 – Mar. 31, 2008)
	3) Allowance for early subscription cancellations The Group books an allowance for early subscription cancellations based on historical figures, as the Group must return commissions back to telecom carriers (with which the Company has concluded sales agency agreements) when mobile phone users that have subscribed through the Company or network of sales agencies cancel their subscriptions within a short period of time. 4) Accrued employees' retirement benefits To provide for accrued employees' retirement benefits, the Company provides an allowance in the amount deemed to have accrued at the end of the current fiscal year based on projected benefit obligations at the end of the current fiscal year. The Company makes one-off disposals for prior service costs in the fiscal year they occur. The Company makes one-off disposals for actuarial differences in the fiscal year after they occur. 5) Accrued directors' severance benefits To provide for accrued directors' severance benefits, the Company provided an allowance for the aggregate amount payable at the end of the fiscal year pursuant to the Company's rules on directors' retirement benefits in prior fiscal years. However, the Company abolished the director retirement benefit system following a resolution approved at the annual general meeting of shareholders held June 2007. Accrued amount for final lump sum payment resulting from the abolishment of benefit system were included "Others" under long-term liabilities.
(4) Lease transaction	Finance leases other than those, which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by the method similar to that applicable to ordinary operating leases.
(5) Other significant accounting policies in the preparation of financial statements	Accounting for consumption taxes All amounts stated are exclusive of consumption taxes. Non-deductible consumption taxes on assets are charged to income in the current fiscal year in which it is recognized.
5. Valuation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of the consolidated subsidiaries are stated at fair value.
6. Amortization of goodwill and negative goodwill	Goodwill associated with Telecompark is amortized by the straight-line method over 10 years, the estimated period for which economic benefits are expected to flow to the Company. Others are amortized by the straight-line method over five years.
7. Scope of cash and cash equivalents on statements of cash flows	Cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of 3 months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheets

(Million yen)

FY2007 (As of Mar. 31, 2008)	
*1. Figure of accumulated depreciation includes accumulated impairment losses.	
2. The Group has current account overdraft agreements with two banks in order to raise funds efficiently. Loans outstanding as of the end of fiscal year under these agreements is as follows:	
Current account overdraft	1,100
Credit used	-
Credit available	1,100

Notes to Consolidated Statements of Income

(Million yen)

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)	
*1. Significant components and amounts of selling, general and administrative expenses are as follows	
Transportation	605
Dispatched staff wages	4,608
Directors remuneration	157
Employees' wages	2,084
Temporary staff wages	5,603
Provision of accrued directors' severance benefits	9
Provision of reserves for employees' bonuses	397
Rent expenses	1,730
Depreciation expenses	639
Outsourcing expenses	645
Provision of allowance for doubtful accounts	20
Others	7,154
*2. Gain on sales of fixed assets:	
Buildings and structure	1
Furniture and fixtures	0

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)
*3. Impairment losses In the current fiscal year, the Group recognized impairment losses on the following groups of assets.

(Million yen)

Location	Stores	Offices
Usage	Store equipment for self-owned shops	Equipment for branch offices
Assets	Building, structures, furniture and fixtures	Buildings, structures, furniture and fixtures
Impairment loss	26	1

The Group groups its stores as minimum cash-generating units, and common assets at the branch offices and store level.

The Company examined stores and branch offices with ongoing negative operating cash flow as candidates for asset impairment, and reduced book value to recoverable amounts, booking the difference (28 million yen) as an extraordinary loss. The breakdown of impairment losses was as follows: buildings 21 million yen, structures 1 million yen, and furniture and fixtures 5 million yen.

The Company calculated recoverable amounts for stores and branch office assets based on estimated net sales proceeds, which are nil because we believe it will be difficult to sell these assets.

Notes to Consolidated Statements of Changes in Shareholders' Equity

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)

1. Type and number of outstanding shares

	Number of shares as of March 31, 2007 (shares)	Increase (shares)	Decrease (shares)	Number of shares as of Mar. 31, 2008 (shares)
Outstanding shares				
Common shares (see note)	329,282	272	-	329,554

Note: The increase in the number of outstanding common shares (272 shares) is due to the issue of new shares on the exercise of stock options.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 26, 2007	Common shares	823	2,500	March 31, 2007	June 27, 2007
Board of Directors meeting on November 6, 2007	Common shares	823	2,500	September 30, 2007	December 11, 2007

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (million yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 26, 2008	Common shares	823	Retained earnings	2,500	March 31, 2008	June 27, 2008

Notes to Consolidated Statements of Cash Flows

(Million yen)

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)	
Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows:	
	(As of March 31, 2008)
Cash on hand and in banks	1,431
Cash and cash equivalents	1,431

Leases

(Million yen)

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)	
1. Finance lease transactions other than those in which the title of the leased property is transferred to the lessee	
(1) Acquisition cost equivalents, accumulated depreciation equivalents impairment losses and year-end balance equivalents of the leased property	
Furniture and fixtures:	
Acquisition cost equivalents	39
Accumulated depreciation equivalents	19
Year-end balance equivalents	19
Total:	
Acquisition cost equivalents	39
Accumulated depreciation equivalents	19
Year-end balance equivalents	19
Note: Acquisition cost equivalents include amounts applicable to interest since the year-end balance of outstanding lease commitments are insignificant in the context of property, plant and equipment.	
(2) Year-end balance equivalents of outstanding lease commitments	
Within one year	7
Over one year	12
Total	19
Note: Year-end balance equivalents of outstanding lease commitments include amounts applicable to interest since the year-end balance of outstanding lease commitments is insignificant in the context of property, plant and equipment.	
(3) Lease payments, reversal from lease asset impairment, depreciation equivalents, and impairment losses	
Lease payments	7
Depreciation equivalents	7
(4) Calculation of accumulated depreciation equivalents	
Depreciation is calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.	
2. Operating lease transactions	
Outstanding lease commitments	
Within one year	8
Over one year	41
Total	50
(Impairment losses)	
There are no impairment losses on leased asset-impairment account.	

Securities

1. Other securities with market quotations

(Million yen)

	Type	FY2007 (As of Mar. 31, 2008)		
		Acquisition cost	Carrying value	Valuation gain
Securities with carrying value exceeding acquisition cost	Equity	21	258	236
Securities with carrying value not exceeding acquisition cost	Equity	2	2	(0)
Total		24	260	236

2. Major securities without market quotations

(Million yen)

	FY2007 As of Mar. 31, 2008
	Carrying value
(1) Subsidiary stock	184
(2) Other securities	
Non-listed securities	179

3. Sales of other securities during the fiscal year (Apr. 1, 2007 – Mar. 31, 2008)

(Million yen)

Sales amount	Aggregate gain	Aggregate loss
0	-	1

Derivatives

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)

Not applicable. The Company was not involved in any derivative transactions.

Retirement Benefits

(Million yen)

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)	
(1) Retirement benefit plan	
The Company has defined benefit plans, i.e., retirement lump-sum payment systems based on an in-house fund in accordance with the Company's regulation.	
(2) The following table sets forth the funded and accrued status of the plans (As of Mar. 31, 2008)	
1) Retirement benefit obligation	443
2) Unrecognized actuarial differences	118
3) Accrued employees' retirement benefits	561
(3) The following table sets forth the components of retirement benefit expenses (Apr. 1, 2007 – Mar. 31, 2008)	
1) Service cost	72
2) Interest costs	9
3) Write-downs of actuarial differences	4
4) Total retirement benefit expenses	87
(4) Calculation method of retirement benefit obligation	
1) Distribution of estimated retirement benefit obligations	Straight-line
2) Discount rate (%)	2.0
3) Amortization of actuarial differences (years)	1
4) Amortization of prior service cost (years)	1

Stock Options

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)

1. Description, size and changes in stock options

(1) Description of stock options

	Stock options No.1 (issued in 2003)	Stock options No.2 (issued in 2003)	Stock options No.3 (issued in 2004)	Stock options No.4 (issued in 2005)
Number and qualifications of individuals to be granted	Company's employees (253)	Company's directors (6) Company's employees (3)	Company's directors (6) Company's employees (286)	Company's directors (6) Company's employees (296)
Number of stock options (Note)	Common shares: 1,600	Common shares: 484	Common shares: 2,392	Common shares: 2,592
Date of grant	February 28, 2003	March 20, 2003	August 3, 2004	August 29, 2005
Terms of exercise	Of the person granted the stock options must consistently work with the Company from the date of grant (February 28, 2003) to the date of the establishment of the right of exercise (April 6, 2005).	Of the person granted the stock options must consistently work with the Company from the date of grant (March 20, 2003) to the date of the establishment of the right of exercise (April 6, 2005).	Of the person granted the stock options must consistently work with the Company from the date of grant (August 3, 2004) to the date of the establishment of the right of exercise (June 24, 2006).	Of the person granted the stock options must consistently work with the Company from the date of grant (August 29, 2005) to the date of the establishment of the right of exercise (June 27, 2007).
Period of service for eligibility	From February 28, 2003 to April 6, 2005	From February 28, 2003 to April 6, 2005	From August 3, 2004 to June 24, 2006	From August 29, 2005 to June 27, 2007
Exercise period	From April 7, 2005 to February 12, 2013. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retirees because they have reached the mandatory retirement age, or for any other retirees that have left the company for a legitimate reason.	From April 7, 2005 to February 12, 2013. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retirees because they have reached the mandatory retirement age, or for any other retirees that have left the company for a legitimate reason.	From June 25, 2006 to June 24, 2014. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retirees because they have reached the mandatory retirement age, or for any other retirees that have left the company for a legitimate reason.	From June 28, 2007 to June 27, 2010. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retirees because they have reached the mandatory retirement age, or for any other retirees that have left the company for a legitimate reason.

Note: Figures are presented as equivalent number of shares.

(2) Size and changes in stock options

The following statement includes stock options valid during the current fiscal year and is presented as the number of shares resulting from the exercise of the stock options.

1) Number of stock options

	Stock options No. 1 (issued in 2003)	Stock options No. 2 (issued in 2003)	Stock options No. 3 (issued in 2004)	Stock options No. 4 (issued in 2005)
Before rights ascertainment (shares)				
As of March 31, 2007	-	-	-	2,384
Issued	-	-	-	-
Invalidated	-	-	-	12
Rights ascertained	-	-	-	2,372
Rights not ascertained	-	-	-	-
After rights ascertainment (shares)				
As of March 31, 2007	532	136	1,824	-
Rights ascertained	-	-	-	2,372
Rights exercised	92	136	44	-
Invalidated	8	-	48	72
Balance of unexercised rights	432	-	1,732	2,300

2) Price information

	Stock options No. 1 (issued in 2003)	Stock options No. 2 (issued in 2003)	Stock options No. 3 (issued in 2004)	Stock options No. 4 (issued in 2005)
Exercise price (yen)	32,500	32,500	156,838	179,500
Average stock price at the time of exercise (yen)	151,800	141,667	175,667	-

Deferred Tax Accounting

1. Breakdown of origin of deferred tax assets and liabilities

(Million yen)

	FY2007 (As of Mar. 31, 2008)
Deferred tax assets	
Reserve for employees' bonuses	179
Provision of allowance for doubtful accounts in excess of maximum amount allowed for inclusion in expenses	24
Loss on revaluation of inventories	34
Accrued enterprise taxes and business office taxes	135
Advanced losses on mobile phone sales	4
Depreciation in excess of maximum amount	382
Accrued employees' retirement benefits	228
Allowance for early subscription cancellations	59
Others	466
Total deferred tax assets	1,515
Deferred tax liabilities	
Unrealized holding gain (loss) on other securities	(87)
Total deferred tax liabilities	(87)
Net deferred tax assets	1,428

2. Breakdown of origin of difference between corporate and other tax liabilities as calculated based on the effective tax rate and tax-effect accounting

(%)

	FY2007 (As of Mar. 31, 2008)
Statutory tax rate	40.7
(Adjustments)	
Entertainment expenses not deductible for tax purposes	0.9
Unrecognized amortization of goodwill	1.8
Residential tax	1.0
Others	(0.2)
Effective tax rate	44.2

Segment Information

1. Operating segment information

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)

(Million yen)

	Mobile telecommunication business	Network communication business/others	Total	Elimination or corporate	Consolidated
I Net sales and operating income					
Net sales					
(1) External sales	354,297	21,227	375,524	-	375,524
(2) Inter-segment sales and transfers	-	-	-	-	-
Total	354,297	21,227	375,524	-	375,524
Operating expenses	348,480	19,719	368,200	-	368,200
Operating income (loss)	5,816	1,507	7,324	-	7,324
II Assets, depreciation, and capital expenditures					
Assets	86,709	249	86,958	2,958	89,917
Depreciation	877	1	878	-	878
Impairment losses	28	-	28	-	28
Capital expenditures	450	0	450	-	450

Note 1. Segmentation policies and breakdown of principal services by business segment

The segment categories are based on internal administration.

Business segment	Mainstay services, etc.
Mobile telecommunication business	Brokering of mobile phone and PHS subscription services, and sale of mobile phones and other handsets
Network communication business/others	Brokering of fixed-line subscription services, mobile content business and distribution of mobile phone-related products

Note 2. Significant components and corresponding amounts of "Elimination or corporate".

	FY2007 (Million yen)	Description
Corporate assets included in "Elimination or corporate"	2,958	Surplus funds (cash on hand and in banks), long-term investments (investment securities, etc.) of the Company's headquarters, and the Company's deferred tax assets.

2. Geographical segment information

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)

Geographic segment information is not presented since domestic net sales and assets exceeded 90% of consolidated net sales and total assets.

3. Overseas sales

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)

Not applicable since the Company had no overseas sales.

Related party transaction

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)

Sister companies etc.

Not applicable.

Per Share Information

(Yen)

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)	
Net assets per share	56,006.70
Net income per share	12,228.68
Diluted net income per share	12,215.72

Note: The following is a reconciliation of net income per share and diluted net income per share

(Million yen)

	FY2007 (Apr. 1, 2007 – Mar. 31, 2008)
Net income per share	
Net income	4,028
Net income not available to common shareholders	-
[Of which bonuses to directors in the appropriation of retained earnings]	-
Net income available to common shares	4,028
Average number of outstanding during the period	329,467 shares
Diluted net income per share	
Increase in the number of common shares	349
[Of which stock acquisition rights]	[349 shares]
Summary of potential stock not included in the calculation of "diluted net income per share" since there was no dilutive effect in the period.	Stock option No. 3 (issued in 2004) Stock acquisition rights: 866 Common shares: 1,732 shares Stock option No. 4 (issued in 2005) Stock acquisition rights: 1,150 Common shares: 2,300 shares

Subsequent Events

FY2007 (Apr. 1, 2007 – Mar. 31, 2008)
The Board of Directors resolved at a meeting held May 22, 2008 to sign a merger agreement with MS Communications Co., Ltd., and a merger agreement was signed the same day. Below is a summary of the merger agreement. (1) Merger schedule Approval of merger contract by directors: May 22, 2008 Signing of merger contract: May 22, 2008 Shareholders' meeting to approve merger contract MS Communications Co., Ltd.: June 25, 2008 (scheduled) Shareholders' meeting to approve merger contract Telepark Corp.: June 26, 2008 (scheduled) Scheduled date of merger (merger effectiveness date): October 1, 2008 Date of delivery of share certificates: October 1, 2008 (scheduled) (2) Merger method The merger will be a merger of equals. Based on the Company Law, Telepark Corp. will be the surviving entity, and MS Communications Co., Ltd. the expiring entity. (3) Allotment of shares in the merger 21.9 common shares of Telepark Corp. stock will be allotted for 1 common share of MS Communications Co., Ltd. stock.

**This financial report is solely a translation of the summary 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.*