August 8, 2008

Non-Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2009 (Three Months Ended June 30, 2008)

Company name: Telepark Corp. Listing: Tokyo Stock Exchange, First Section
Stock code: 3738 URL: http://www.teleparkcorp.com
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(All amounts are rounded down to the nearest million yen)

1. Financial Results for the First Quarter of FY2008 (April 1, 2008 – June 30, 2008)

(1) Results of operations (three months) (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY2008	75,085	-	1,771	-	1,525	-	663	-
1Q FY2007	84,996	9.8	1,968	(0.7)	1,962	(1.1)	1,108	0.1

	Net income per share	Diluted net income per share
	Yen	Yen
1Q FY2008	2,014.24	2,012.35
1Q FY2007	3,364.42	3,358.89

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q FY2008	67,715	18,444	27.2	55,967.58
FY2007	91,000	18,619	20.5	56,499.39

Reference: Shareholders' equity (million yen): 1Q FY2008: 18,444 FY2007: 18,619

2. Dividends

	Dividends per share				
(Record date)	1Q-end	2Q-end	3Q-end	Yearend	Annual
	Yen	Yen	Yen	Yen	Yen
FY2007	-	2,500.00	-	2,500.00	5,000.00
FY2008	-	-	-	-	-
FY2008 (forecasts)	-	2,500.00	-	2,500.00	5,000.00

Note) Revision of dividend forecast during the period: None

3. 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	-	2,350	-	2,300	-	1,050	-	3,349.35
Full year	548,000	-	10,100	-	9,800	-	5,100	-	12,359.38

Note) Revision of forecast results during the period: None

Notes: 1. Non-consolidated forecasts for the fiscal year ending March 31, 2009

We plan to merge with MS Communications Co., Ltd. effective October 1, 2008. 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.

2. 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.

3. 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 (after share buybacks) 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.

4. Others

(1) Application of simplified accounting methods and special accounting methods in the preparation of quarterly financial statements: Yes

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

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

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

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding (including treasury stock) at end of period:	1Q FY2008:	329,558 shares
	FY2007:	329,554 shares
2) Number of treasury stock at end of period:	1Q FY2008:	-
	FY2007:	-
3) Average number of shares outstanding during the period:	1Q FY2008:	329,557 shares
	1Q FY2007:	329,329 shares

* Cautionary statement with respect to forward- looking statements

Beginning with the current fiscal year, the Company has adopted "Accounting Standards for Quarterly Financial Statements" (ASBJ Statement No. 12) and "Guidance on Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14). In addition, the quarterly financial statements are prepared in accordance with "Regulations for Quarterly Financial Statements."

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

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Results of Operations

Downside risks to the Japanese economy heightened in the first quarter under review (April-June 2008) as the slowdown in global economies triggered by the US subprime mortgage crisis deepened, and surging crude oil and grain prices drove higher consumer prices.

In the mobile phone market, net new mobile phone subscriptions totaled 920,000 in the first quarter, down 31.0% year-over-year, as the upgrade cycle lengthened due to installment sales, and carriers moved to lock in customers with inexpensive discount services. Net new third-generation mobile phone subscriptions totaled 2.71 million as users continued to migrate to third-generation phones, according to data from the Telecommunications Carriers Association.

Against this backdrop, sales in the mobile telecommunication business declined due to overall market weakness, and the introduction of new sales methods including installment sales (Note 1), but gross profits increased because average profitability per handset rose due to stabilizing handset prices. Operating income declined because SG&A expenses rose due to amortization of goodwill related to the merger. However, we worked to achieve synergies and reduce costs by unifying logistics activities and inventory management.

In the network communications business, sales increased due to greater sales of FTTH and related services, but operating income declined as the NTT Group strengthened its monopoly of the MYLINE market.

In the settlement services and others business, sales route expansion at large convenience stores contributed to higher sales.

Net sales declined 11.7% year-over-year to 75,085 million yen in the first quarter, operating income declined 10.0% to 1,771 million yen, and ordinary income declined 22.3% to 1,525 million yen due to the booking of 225 million yen in expenses related to the scheduled merger with MS Communications Co., Ltd. on October 1, 2008. Net income declined 40.1% to 663 million yen due to the booking of 165 million yen in amortization related to the acquisition and merger of subsidiaries Telecompark Corp. and Mobitec Co., Ltd.

We revised segment classifications in the first quarter. We newly created the “settlement services and others business,” which includes product sales using the PIN (Personal Identification Number) sales system, and prepaid mobile phone related product sales, given the rising importance of settlement services due to higher transaction volumes. As a result of this change, compared with FY2007 (ended March 31, 2008), the mobile telecommunication business no longer includes prepaid mobile phone related product sales, and the network communications business no longer includes product sales using the PIN sales system.

Mobile telecommunication business

In the first quarter under review, we acquired and merged Telecompark Corp. effective April 1, 2008, and Mobitec Co., Ltd. effective June 1, 2008. Group mobile handset sales in the first quarter (including sales of Mobitec Co., Ltd. in April-May 2008) declined 12.5% year-over-year to 739,000 units on weak sales across all carriers. Additionally, we sold 9,000 PHS units.

Sales in the mobile telecommunication business declined 14.5% year-over-year to 65,709 million yen, and operating income declined 10.2% to 1,122 million yen.

Network communications business

In the first quarter under review, sales and profits from FTTH and related services steadily increased, contributing to sales growth in the network communications business, as we expanded the sales structure centered on leading sales agencies. Brokered MYLINE service lines trended in line with plan, but operating income declined year-over-year due to a decline in volume incentives received for MYLINE service lines brokered last fiscal year.

Sales in the network communications business increased 5.2% year-over-year to 3,091 million yen, but operating income declined 7.5% to 568 million yen.

Settlement services and others business

In the settlement services and others business, product sales using the PIN (Personal Identification Number) sales system increased due to sales route expansion at convenience stores, but operating income declined due to greater-than-expected system development costs from expansion of the sales network in preparation for future growth.

Sales in the settlement services and others business increased 20.2% year-over-year to 6,284 million yen, but operating income declined 22.5% to 79 million yen.

(Note 1)
When customers choose to purchase a mobile handset using a decoupled plan under the new installment sales method, the telecom carrier pays a portion of the mobile handset price for the customer instead of paying sales incentives. Both sales and cost of goods sold decline due to the absence of both the receipt and payment of sales incentives.

2. Qualitative Information Regarding Financial Position

Assets totaled 67,715 million yen at the end of the first quarter, down 23,284 million yen from the end of the previous fiscal year.

Liabilities declined 23,109 million yen, and net assets declined 175 million yen. The equity ratio improved 6.8 points to 27.2% as a result.

Cash flows provided by operating activities totaled 5,677 million yen.

The main items were 1,345 million yen in income before income taxes, a 25,077 million yen decline in accounts receivable, and a 20,039 million yen decline in accounts payable.

Cash flows used in investing activities totaled 278 million yen.

The main items were 105 million yen in payment for purchase of property, plant and equipment, and 147 million yen in merger related outlays.

Cash flows used in financing activities totaled 2,271 million yen.

The main items were a 1,600 million yen decline in short-term borrowings, and cash dividends paid of 671 million yen.

Cash and cash equivalents increased 3,494 million yen from the end of the previous fiscal year to 4,584 million yen at the end of the first quarter.

3. Qualitative Information Regarding Forecasts

We maintain the first-half and full-year forecasts that we announced on May 22, 2008. Run-rates in the first quarter against first-half forecasts were 42.4% for net sales, 75.3% for operating income, 66.3% for ordinary income, and 63.1% for net income.

4. Others

(1) Application of simplified accounting methods and special accounting methods in the preparation of quarterly financial statements

The amount of income taxes paid is calculated using only significant taxable and deductible items.

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

Beginning with the current fiscal year, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). In addition, the quarterly financial statements are prepared in accordance with “Regulations for Quarterly Financial Statements.”

5. Quarterly Financial Statements

(1) Balance Sheets

(Millions of yen)

	1Q FY2008 (As of Jun. 30, 2008)	FY2007 Summary (As of Mar. 31, 2008)
Assets		
Current assets		
Cash on hand and in banks	4,584	1,089
Accounts receivable -trade	24,916	46,365
Inventories	20,127	18,852
Accounts receivable -other	9,150	13,325
Other current assets	976	2,843
Allowance for doubtful accounts	(43)	(37)
Total current assets	59,710	82,438
Fixed assets		
Property, plant and equipment	917	596
Intangible assets		
Goodwill	3,647	138
Others	13	8
Total intangible assets	3,660	146
Investments and other assets		
Investments in affiliates	-	5,063
Leasehold deposits	1,957	1,565
Others	1,563	1,262
Allowance for doubtful accounts	(93)	(73)
Total investments and other assets	3,427	7,818
Total fixed assets	8,005	8,561
Total assets	67,715	91,000
Liabilities		
Current liabilities		
Accounts payable -trade	25,181	42,591
Short-term borrowings	5,800	7,400
Accounts payable -other	10,537	13,633
Deposits received	107	564
Provision	278	530
Other current liabilities	1,678	1,966
Total current liabilities	43,582	66,687
Long-term liabilities		
Long-term borrowings	5,000	5,000
Accrued employees' retirement benefits	556	561
Others	132	132
Total long-term liabilities	5,688	5,693
Total liabilities	49,271	72,380

(Millions of yen)

	1Q FY2008 (As of Jun. 30, 2008)	FY2007 Summary (As of Mar. 31, 2008)
Net assets		
Shareholders’ equity		
Common stock	1,552	1,552
Capital surplus	1,671	1,671
Retained earnings	15,108	15,268
Total shareholders’ equity	18,332	18,492
Valuation and translation adjustments		
Net unrealized holding gain on securities	111	127
Total valuation and translation adjustments	111	127
Total net assets	18,444	18,619
Total liabilities and net assets	67,715	91,000

(2) Statements of Income

(Millions of yen)

	1Q FY2008 (Apr. 1, 2008 - Jun. 30, 2008)
Net sales	75,085
Cost of goods sold	67,069
Gross profit	8,016
Selling, general and administrative expenses	6,245
Operating income	1,771
Non-operating income	
Interest income	0
Dividend income	1
Rent income	4
Insurance reimbursement	3
Others	1
Total non-operating income	11
Non-operating expenses	
Interest expenses	31
Merger expenses	225
Stock issue expenses	0
Total non-operating expenses	257
Ordinary income	1,525
Extraordinary gains	
Reversal of allowance for doubtful accounts	6
Gain on sales of fixed assets	1
Total extraordinary gains	8
Extraordinary losses	
Loss on extinguishment of tie-in shares	165
Impairment losses	12
Loss on removal of fixed assets	4
Loss on valuation of golf club memberships	2
Others	1
Total extraordinary losses	187
Income before income taxes	1,345
Income taxes –current	397
Income taxes –deferred	284
Total income taxes	681
Net income	663

(3) Statements of Cash Flows

(Millions of yen)

	1Q FY2008 (Apr. 1, 2008 - Jun. 30, 2008)
Cash flows from operating activities	
Income before income taxes	1,345
Depreciation	143
Amortization of goodwill	130
Impairment losses	12
Loss (gain) on extinguishment of tie-in shares	165
Stock issue expenses	0
Increase (decrease) in allowance for doubtful accounts	(6)
Increase (decrease) in reserve for employees' bonuses	195
Allowance for early subscription cancellations	(52)
Increase (decrease) in accrued employees' retirement benefits	(5)
Interest and dividend income	(1)
Interest expenses	31
Merger expenses	225
Loss (gain) on sales of fixed assets	(1)
Loss on removal of fixed assets	4
Loss on valuation of golf club memberships	2
Decrease (increase) in accounts receivable	25,077
Decrease (increase) in inventories	(50)
Increase (decrease) in accounts payable	(20,039)
Others	7
Subtotal	7,185
Interests and dividends received	3
Interests paid	(31)
Income taxes paid	(1,480)
Net cash provided by operating activities	5,677
Cash flows from investing activities	
Payment for purchase of property, plant and equipment	(105)
Proceeds from sales of property, plant and equipment	7
Payment for purchase of software	(6)
Payment for purchase of investment securities	(0)
Payment for merger expenses	(147)
Payment for loans receivable	(53)
Proceeds from collection of loans receivable	7
Payment for loans to affiliates	10
Payment for leasehold deposits	(16)
Proceeds from return of leasehold deposits	52
Others	(26)
Net cash used in investing activities	(278)
Cash flows from financing activities	
Decrease in short-term borrowings	(1,600)
New stock issue expenses	(0)
Proceeds from issuance of new stock	0
Cash dividends paid	(671)
Net cash used in financing activities	(2,271)
Increase (decrease) in cash and cash equivalents	3,128
Cash and cash equivalents at beginning of period	1,089
Increase in cash and cash equivalents resulting from merger	366
Cash and cash equivalents at end of period	4,584

Beginning with the current fiscal year, the Company has adopted "Accounting Standards for Quarterly Financial Statements" (ASBJ Statement No. 12) and "Guidance on Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14). In addition, the quarterly financial statements are prepared in accordance with "Regulations for Quarterly Financial Statements."

(4) Going Concern Assumption

Not applicable.

(5) Significant Changes in Shareholders' Equity

Not applicable.

**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.*

Appendix

Financial Statements for the Previous First Quarter

(1) Summary Statements of Income

Account		1Q FY2007 (Apr. 1, 2007 – Jun. 30, 2007)
		Million yen
I	Net sales	84,996
II	Cost of goods sold	77,929
	Gross profit	7,066
III	Selling, general and administrative expenses	5,098
	Operating income	1,968
IV	Non-operating income	10
V	Non-operating expenses	15
	Ordinary income	1,962
VI	Extraordinary gains	1
VII	Extraordinary losses	24
	Income before income taxes	1,939
	Income taxes	831
	Net income	1,108

(2) Statements of Cash Flows

Account	1Q FY2007 (Apr. 1, 2007 – Jun. 30, 2007) Million yen
I Cash flows from operating activities	
Income before income taxes	1,939
Depreciation and computer expenses	111
Amortization of goodwill	32
Impairment losses	23
Stock issue expenses	0
Increase (decrease) in allowance for doubtful accounts	5
Increase (decrease) in reserve for employees' bonuses	177
Allowance for early subscription cancellations	(2)
Increase (decrease) in accrued employees' retirement benefits	16
Increase (decrease) in accrued directors' severance benefits	(46)
Interest and dividend income	(1)
Interest expenses	8
Loss (gain) on sale and removal of fixed assets	1
Decrease (increase) in accounts receivable	12,567
Decrease (increase) in inventories	(1,297)
Increase (decrease) in accounts payable	(8,966)
Others	97
Subtotal	4,667
Interests and dividends received	2
Interests paid	(7)
Income taxes paid	(1,629)
Net cash provided by operating activities	3,032
II Cash flows from investing activities	
Payment for purchase of property, plant and equipment	(127)
Payment for purchase of software	(17)
Payment for purchase of investment securities	(122)
Payment for loans receivable	(26)
Proceeds from collection of loans receivable	16
Net decrease (increase) in loans to affiliates	(20)
Payment for leasehold deposits	(92)
Proceeds from return of leasehold deposits	14
Other investment outlays	(7)
Net cash used in investing activities	(382)
III Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	(1,500)
New stock issue expenses	(0)
Proceeds from issuance of new stock	2
Cash dividends paid	(665)
Net cash used in financing activities	(2,162)
IV Increase (decrease) in cash and cash equivalents	486
V Cash and cash equivalents at beginning of period	177
VI Cash and cash equivalents at end of period	663

6. Other Information

(1) Net sales and operating income by business segment

		1Q FY2007 (Apr. 1, 2007 – Jun. 30, 2007)	1Q FY2008 (Apr. 1, 2008 – Jun. 30, 2008)	YoY change
		Million yen	Million yen	%
Mobile telecommunication business	Net sales	76,827	65,709	(14.5)
	Operating income	1,250	1,122	(10.2)
Network communications business	Net sales	2,940	3,091	5.2
	Operating income	615	568	(7.5)
Settlement services and others business	Net sales	5,228	6,284	20.2
	Operating income	102	79	(22.5)
Total	Net sales	84,996	75,085	(11.7)
	Operating income	1,968	1,771	(10.0)

(Change in business segmentation)
We revised business segmentations starting FY2008 (ending March 31, 2009), moving from two business segments, the mobile telecommunication business and the network communications and others business, to three business segments: the mobile telecommunication business, the network communications business, and the settlement services and others business. The prepaid business, included in the mobile telecommunication business segment through last fiscal year, and the PIN business, included in the network communications and others business segment through last fiscal year, will be included in the settlement services and others business segment from the current fiscal year onward to ensure business segments more accurately reflect their business content.
We have refigured results for the first quarter of the previous fiscal year to enable comparisons with the first quarter of the current fiscal year.

(2) Telepark acquired its own shares following a resolution adopted by the Board of Directors on June 26, 2008 to conduct share buyback program through tender offer (the "Tender Offer") pursuant to Article 156-1 of the Corporation Law as applied by reading it in accordance with the provisions of Article 165-3 of the Corporation Law, and the Company's Articles of Incorporation.

1) Purpose of the Tender Offer
The shareholding ratio of major shareholders will be reduced to a certain level. As a listed company, the Company aims to respect the interests of its shareholders who choose not to respond to the tender offer and continue holding the Company's shares by maintaining circulating share ratio and raising earnings per share through a share buyback program.

2) Details

Types of shares to be purchased:	Common stock
Number of shares to be purchased:	Up to 55,000 shares
Aggregate price:	Up to 5,280 million yen
Repurchase schedule:	From June 30, 2008 to August 29, 2008

3) Overview of the Tender Offer

Tender offer period:	From June 30, 2008 to July 28, 2008 (20 business days)
Date of public notice:	June 30, 2008
Tender offer price:	96,000 yen per share
Basis for calculating tender offer price:	At the Board of Directors meeting held on May 22, 2008, it was decided that the tender offer price will be 96,000 yen, which represents a 7% discount (rounded to the nearest thousand yen) from the simple average of the closing price for the Company's shares on the Tokyo Stock Exchange for the last 20 business days ended May 21, 2008.
Number of shares to be purchased:	50,673 common stock
First date for settlement:	August 4, 2008

4) Results of the Tender Offer
The Company has purchased 50,673 shares of its common stock (4,864 million yen).