

Consolidated Financial Results for the Nine Months Ended December 31, 2007

Company name: Telepark Corp.

Listing: Tokyo Stock Exchange, First Section

Stock code: 3738

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2007

(April 1, 2007 – December 31, 2007)

We began preparing consolidated financial statements starting from the 3Q of the current fiscal year because we acquired all the outstanding shares of Telecom SANYO Co., Ltd. (currently Telecompark Corp.) as of October 31, 2007 and made it a consolidated subsidiary; we have not included figures for the 3Q of the previous fiscal year, or for the previous fiscal year itself, because we did not issue consolidated results last fiscal year.

(1) 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	%
3Q FY2007	273,349	-	4,704	-	4,708	-	2,611	-
3Q FY2006	-	-	-	-	-	-	-	-
FY2006	-	-	-	-	-	-	-	-

	Net income per share	Diluted net income per share
	Yen	Yen
3Q FY2007	7,927.23	7,918.39
3Q FY2006	-	-
FY2006	-	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q FY2007	75,825	17,122	22.6	51,956.63
3Q FY2006	-	-	-	-
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
3Q FY2007	3,802	(5,230)	3,855	2,604
3Q FY2006	-	-	-	-
FY2006	-	-	-	-

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

(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
Full year	408,000	-	7,700	-	7,700	-	4,350	-	13,204.24

Note: We maintain the consolidated forecast announced on October 31, 2007.

We have not included year-over-year figures because we began preparing consolidated financial statements starting from the 3Q of the current fiscal year.

Net income per share forecast is calculated using the average number of outstanding shares during the first nine months ended December 31, 2007.

3. Others

- (1) Adoption of simplified accounting method: Yes
- (2) Change in accounting method from the most recent fiscal year: None

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

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

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

[Reference] Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Nine Months Ended December 31, 2007****(April 1, 2007 – December 31, 2007)**

(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	%
3Q FY2007	268,770	5.9	4,884	(20.5)	4,888	(20.5)	2,767	(20.6)
3Q FY2006	253,914	15.0	6,142	4.0	6,153	3.8	3,486	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
3Q FY2007	8,401.23	8,391.87
3Q FY2006	10,596.90	10,531.35
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
3Q FY2007	76,657	17,278	22.5	52,430.48
3Q FY2006	68,516	15,465	22.6	46,974.92
FY2006	71,701	16,116	22.5	48,945.34

(3) Non-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
3Q FY2007	-	-	-	-
3Q FY2006	4,021	(597)	(3,550)	210
FY2006	2,562	(564)	(2,156)	177

Note: We began preparing consolidated statements of cash flows starting from the 3Q of the current fiscal year, and therefore no longer prepare non-consolidated statements of cash flows.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Results of Operations

The Japanese economy remained in a gradual expansion path in the first nine months of the current fiscal year under review as consumer spending was firm and capital investment steadily increased on continued improvements in corporate profits; however, concerns over the outlook of the economy increased due to surging crude oil prices and financial instability triggered by the US subprime mortgage crisis.

The mobile phone market remained firm in the period under review with mobile phone subscriptions increasing a net 3.81 million (+21.1% year-over-year). Also, third-generation mobile phone subscriptions increased a net 13.39 million in the first nine months due to expanding upgrade demand particularly for high-function models, according to data from the Telecommunications Carriers Association. Mobile phone sales benefited from the launch of new discount plans by mobile phone carriers following the introduction of Mobile Number Portability in November 2006, and by the introduction of new high-end phone models by the KDDI group and the NTT DoCoMo group in November 2007 to accompany the launch of a new sales method that decouples mobile phone prices from the telecommunications fees charged to users in line with recommendations outlined in the Mobile Businesses Activation Plan of the Ministry of Internal Affairs and Communications.

In the mobile phone business, we steadily increased sales of mobile phone units, particularly high-performance models, in the period under review owing to success of our strategy of expanding the sales network focused on sales agencies and large retailers. Also, regarding our M&A efforts, we acquired all the outstanding shares in Telecom SANYO Co., Ltd. (currently Telecompark Corp.), a consolidated subsidiary of Sanyo Electric Co., Ltd., from Sanyo Electric Co., Ltd. on October 31, 2007, and made the company a wholly owned subsidiary effective the same date. Telecom SANYO operates its mobile business nationwide, and through the acquisition of its directly managed stores and its network of sales agencies, we aim to expand our sales network, unify logistics and inventory management, and achieve other synergies and cost reductions, to expand overall corporate value.

In the network communication business, parent-based profits declined year-over-year due to slower FTTH market growth, and delays in building out our sales agency network.

Net sales totaled 273,349 million yen, operating income 4,704 million yen, ordinary income 4,708 million yen, and net income 2,611 million yen, on a consolidated basis.

Mobile telecommunication business

In the first nine months of the current fiscal year, mobile phone sales by our corporate group (including Mobitec Co., Ltd.) totaled 2.87 million units due to our ongoing strategy of expanding sales channels, an increase in our sales network of directly-managed stores and sales agencies following the consolidation of Telecompark Corp. as a subsidiary, and an increase in volume electronics retailers. However, profitability declined temporarily due to an increase in personnel expenses and other SG&A expenses, and intensifying market competition particularly among volume electronics retailers.

Sales in the mobile telecommunication business totaled 257,168 million yen, and operating income 3,211 million yen, on a consolidated basis.

Network communication business/others

In the first nine months of the current fiscal year, parent-based profits from FTTH and related services declined year-over-year due to slower-than-expected FTTH market growth, and delays in developing a sales structure centered on leading sales agencies. However, we made various leading investments, including increasing the number of sales personnel for future growth, and continue to focus on expanding the sales network. In the 'others' portion of the business, the new payment settlements business such as e-money sales using the Personal Identification Number (PIN) sales system in convenience stores, contributed to sales growth.

Sales in the network communication business/others totaled 16,180 million yen, and operating income 1,493 million yen, on a consolidated basis.

2. Qualitative Information Regarding Consolidated Financial Position

Cash and cash equivalents at the end of the third quarter totaled 2,604 million yen (an increase of 2,427 million yen over the beginning of the fiscal year). We have not included year-over-year figures because we began to prepare consolidated statements of cash flows starting from the period under review.

Cash flows from operating activities

Cash flows from operating activities totaled 3,802 million yen. The main items were 4,679 million yen in income before income taxes, an 11,706 million yen decrease in accounts receivable, a 1,689 million yen decrease in inventories, a 10,567 million yen decrease in accounts payable, and income taxes paid of 3,110 million yen.

Cash flows from investing activities

Cash flows used in investing activities totaled 5,230 million yen. This was mainly due to outlays of 4,579 million yen to purchase all the outstanding shares of Telecom SANYO Co., Ltd. (currently Telecompark Corp.), and make it a consolidated subsidiary, on October 31, 2007.

Cash flows from financing activities

Cash flows from financing activities totaled 3,855 million yen. The main items were a 455 million yen increase in short-term borrowings, a 5,000 million yen increase in long-term borrowings, and cash dividends paid of 1,613 million yen.

3. Qualitative Information Regarding Consolidated Forecasts

We maintain the consolidated forecasts that we released on October 31, 2007 in our “Announcement regarding the acquisition of stock in Telecom SANYO Co., Ltd. to make it a wholly owned subsidiary.” Parent-based profits declined year-over-year in the network communication business in the first nine months of the fiscal year due to slower-than-expected growth of the FTTH market and delays in building out our sales agency network, but we are working to expand our sales network of FTTH services, and to expand sales channels and improve profitability in the mobile telecommunication business.

4. Others

(1) Adoption of simplified accounting method

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

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

Not applicable.

5. Consolidated Financial Statements**(1) Summary Consolidated Balance Sheets**

Account	3Q FY2007 (As of Dec. 31, 2007)
	Million yen
Assets	
I Current assets	
1. Cash on hand and in banks	2,604
2. Accounts receivable -trade	36,184
3. Inventories	16,477
4. Accounts receivable -other	10,627
5. Other current assets	1,342
6. Allowance for doubtful accounts	(63)
Total current assets	67,172
II Fixed assets	
1. Property, plant and equipment	1,040
2. Intangible assets	
(1) Goodwill	3,882
(2) Others	12
Total intangible assets	3,895
3. Investments and other assets	
(1) Investments in affiliates	184
(2) Leasehold deposits	2,035
(3) Others	1,565
(4) Allowance for doubtful accounts	(67)
Total investments and other assets	3,717
Total fixed assets	8,653
Total assets	75,825
Liabilities	
I Current liabilities	
1. Accounts payable -trade	32,490
2. Short-term borrowings	7,100
3. Accounts payable -other	11,092
4. Deposits received	976
5. Other current liabilities	1,445
Total current liabilities	53,104
II Long-term liabilities	
1. Long-term borrowings	5,000
2. Accrued employees' retirement benefits	542
3. Other long-term liabilities	56
Total long-term liabilities	5,599
Total liabilities	58,703
Net assets	
I Shareholders' equity	
1. Common stock	1,552
2. Capital surplus	1,671
3. Retained earnings	13,688
Total shareholders' equity	16,912
II Valuation and translation adjustments	
1. Net unrealized holding gain on securities	209
Total valuation and translation adjustments	209
Total net assets	17,122
Total liabilities and net assets	75,825

Note: We began preparing consolidated financial statements starting from the 3Q of the current fiscal year, and therefore have not included figures for the 3Q of the previous fiscal year, or for the previous fiscal year itself.

(2) Summary Consolidated Statements of Income

Account	3Q FY2007 (Apr. 1, 2007 - Dec. 31, 2007)
	Million yen
I Net sales	273,349
II Cost of goods sold	251,556
Gross profit	21,793
III Selling, general and administrative expenses	17,088
Operating income	4,704
IV Non-operating income	37
V Non-operating expenses	33
Ordinary income	4,708
VI Extraordinary gains	7
VII Extraordinary losses	36
Income before income taxes	4,679
Tax bill	2,067
Net income	2,611

Note: We began preparing consolidated financial statements starting from the 3Q of the current fiscal year, and therefore have not included figures for the 3Q of the previous fiscal year, or for the previous fiscal year itself.

(3) Summary Consolidated Statements of Changes in Shareholders' Equity

3Q FY2007 (Apr. 1, 2007 – Dec. 31, 2007)

(Million yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of Mar. 31, 2007	1,545	1,664	12,724	15,933
Changes during the period				
New stock issue (Note)	7	7	-	14
Dividend of surplus	-	-	(823)	(823)
Dividend of surplus (Interim dividend)	-	-	(823)	(823)
Net income	-	-	2,611	2,611
Total changes during the period	7	7	964	978
Balance as of Dec. 31, 2007	1,552	1,671	13,688	16,912

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gain on securities	Total valuation and translation adjustments	
Balance as of Mar. 31, 2007	182	182	16,116
Changes during the period			
New stock issue (Note)	-	-	14
Dividend of surplus	-	-	(823)
Dividend of surplus (Interim dividend)	-	-	(823)
Net income	-	-	2,611
Changes (net) in items other than shareholders' equity	26	26	26
Total changes during the period	26	26	1,005
Balance as of Dec. 31, 2007	209	209	17,122

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

We began preparing consolidated financial statements starting from the 3Q of the current fiscal year, and therefore have not included figures for the 3Q of the previous fiscal year, or for the previous fiscal year itself.

(4) Summary Consolidated Statements of Cash Flows

	3Q FY2007 (Apr. 1, 2007 - Dec. 31, 2007)
Account	Million yen
I Cash flows from operating activities	
Income before income taxes	4,679
Depreciation and computer expenses	385
Amortization of goodwill	193
Impairment losses	23
Stock issue expenses	0
Increase (decrease) in allowance for doubtful accounts	(15)
Increase (decrease) in reserve for employees' bonuses	(174)
Allowance for early subscription cancellations	(9)
Increase (decrease) in accrued employees' retirement benefits	48
Increase (decrease) in accrued directors' severance benefits	(46)
Interest and dividend income	(7)
Interest expenses	35
Loss (gain) on sales and removal of fixed assets	10
Loss on sales of investment securities	1
Decrease (increase) in accounts receivable	11,706
Decrease (increase) in inventories	1,689
Increase (decrease) in accounts payable	(10,567)
Others	(1,018)
Subtotal	6,934
Interests and dividends received	6
Interests paid	(27)
Income taxes paid	(3,110)
Net cash provided by operating activities	3,802
II Cash flows from investing activities	
Payment for purchase of property, plant and equipment	(308)
Proceeds from sales of property, plant and equipment	0
Payment for purchase of software	(43)
Payment for purchase of investment securities	(122)
Proceeds from sales of investment securities	0
Payment for purchase of affiliate stock	(4,579)
Payment for loans receivable	(132)
Proceeds from collection of loans receivable	52
Net decrease (increase) in loans to affiliates	20
Payment for leasehold deposits	(150)
Proceeds from return of leasehold deposits	41
Other investment outlays	(7)
Net cash used in investing activities	(5,230)
III Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	455
Proceeds from long-term borrowings	5,000
New stock issue expenses	(0)
Proceeds from issuance of new stock	14
Cash dividends paid	(1,613)
Net cash provided by financing activities	3,855
IV Increase (decrease) in cash and cash equivalents	2,427
V Cash and cash equivalents at beginning of period	177
VI Cash and cash equivalents at end of period	2,604

Note: We began preparing consolidated financial statements starting from the 3Q of the current fiscal year, and therefore have not included figures for the 3Q of the previous fiscal year, or for the previous fiscal year itself.

(5) Segment Information**Business Segment**

Consolidated 3Q FY2007
(Apr. 1, 2007 - Dec. 31, 2007)

Business segment	Items	3Q FY2007 (Apr. 1, 2007 - Dec. 31, 2007)
		Million yen
Mobile telecommunication business	Net sales	257,168
	Operating income	3,211
Network communication business/others	Net sales	16,180
	Operating income	1,493
Total	Net sales	273,349
	Operating income	4,704

Note: We began preparing consolidated financial statements starting from the 3Q of the current fiscal year, and therefore have not included figures for the 3Q of the previous fiscal year.

(Reference) Non-consolidated 3Q FY2007

(Apr. 1, 2007 - Dec. 31, 2007)

Business segment	Items	3Q FY2006 (Apr. 1, 2006 - Dec. 31, 2006)	3Q FY2007 (Apr. 1, 2007 - Dec. 31, 2007)	YoY change	
		Million yen	Million yen	Million yen	%
Mobile telecommunication business	Net sales	240,032	252,590	12,558	5.2
	Operating income	3,673	3,390	(283)	(7.7)
Network communication business/others	Net sales	13,882	16,180	2,298	16.6
	Operating income	2,468	1,493	(975)	(39.5)
Total	Net sales	253,914	268,770	14,856	5.9
	Operating income	6,142	4,884	(1,258)	(20.5)

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