

Bell-Park

Results of Operations for the First Half of 2009 (Six months ended June 30, 2009)

July 31, 2009
Bell-Park Co., Ltd.



<http://www.bellpark.co.jp/>

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I . First Half of 2009 Financial Highlights

Summary of 1H 2009 Financial Results

(million yen, %)

	1H 2008		1H 2009		YoY change		Remarks
	Amount	Comp.	Amount	Comp.	Amount	Comp.	
Net sales	15,940	100.0	20,270	100.0	+4,330	+27.2	Mainly benefited from an increase in handset sales New handset sales: +3,094 to 94,163 units Replacement sales: +32,265 to 106,504 units Stock commissions: +172 Increase of after sales services: +73
Gross profit	3,369	21.1	4,404	21.7	+1,034	+30.7	Due to higher gross profit from the above increases and an increase in fees from the higher quality of sales
SG&A expenses	2,912	18.3	3,001	14.8	+89	+3.1	SG&A expenses rose reflecting the addition of new shops as follows: Personnel +39, rents: +37, utilities +7, insurance paid +5, recruiting: +5 Advertising/sales promotion: -7, others +3
Operating income	457	2.9	1,402	6.9	+945	+206.8	Same as above reasons
Ordinary income	464	2.9	1,392	6.9	+927	+199.8	Same as above reasons
Extraordinary income	192	1.2	0	0.0	-192	-100.0	Gain on sales of stocks of subsidiaries and affiliates (JPS): -157, reversal of allowance for investment loss (JPS): -35
Extraordinary loss	8	0.1	10	0.1	+2	+23.6	Loss on store closures: +2
Income before income taxes	648	4.1	1,381	6.8	+732	+113.0	Same as above reasons
Net income	360	2.3	743	3.7	+383	+106.3	Same as above reasons

1H 2009 Financial Highlights (1/3)

- Mobile Communications Industry

In 1H of 2009, four major communications carriers in Japan took a variety of actions to attract subscribers. Measures included introducing new handsets during selling seasons and offering new services. However, the 1H 2009 net increase in subscriptions of 2.66 million was 14.7% less than the 3.12 million net increase in 1H of 2008.

- SoftBank Mobile (“SoftBank”)

SoftBank recorded a net increase of 950,000 in the number of subscribers during 1H of 2009, 36.2% less than the net increase of 1.49 million subscribers in 1H of 2008.

(New subscriptions)

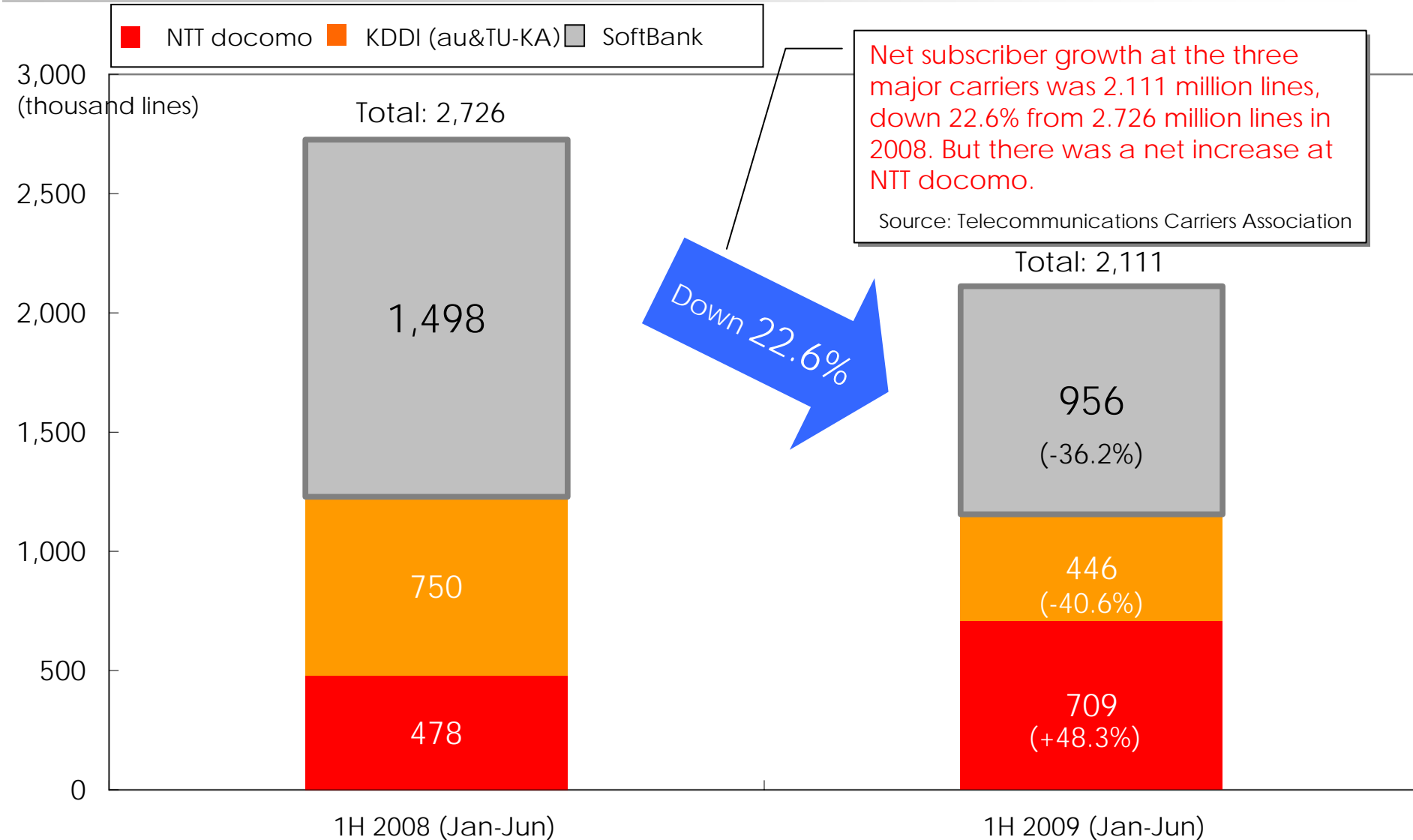
SoftBank, the primary communications carrier handled by Bell-Park, conducted following marketing campaigns: introduction of “White Plan Student with Family Discount” in February 2009; discount handset price for the iPhone™3G of Apple; reduction in the maximum fee for the flat-rate “packet” telecommunications service package for iPhone users. SoftBank also focused on improving the quality of sales activities by revising the commission structure to lower the short-term subscription cancelation rate and enact preventive measures against malicious customers who shift from other carriers.

(Handset upgrades)

There is an increase in demand for handset upgrades because of measures to encourage users to replace 2G models with 3G models and subscription renewals by customers who purchased handsets using installment payment plans that are now reaching completion.

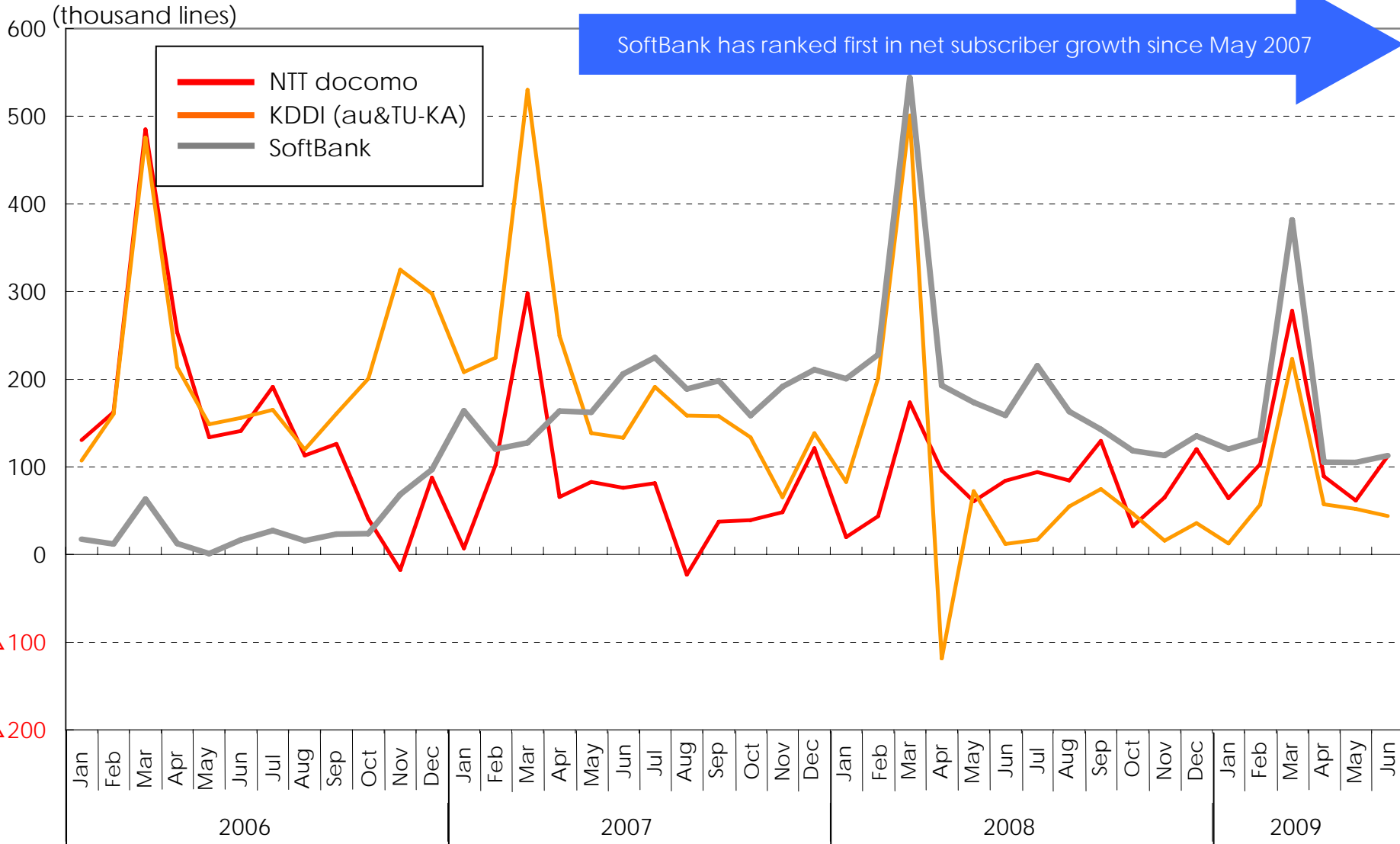
First-half performance also benefited from high-profile advertising activities, including highly successful television commercials. As a result, SoftBank has ranked first in Japan in the net increase in subscribers for **26 consecutive months** starting in May 2007.

Net Subscriber Growth by Major Carriers (YoY Comparison)



* Figures in parentheses represent year-on-year percentage changes

Net Subscriber Growth by Major Carriers

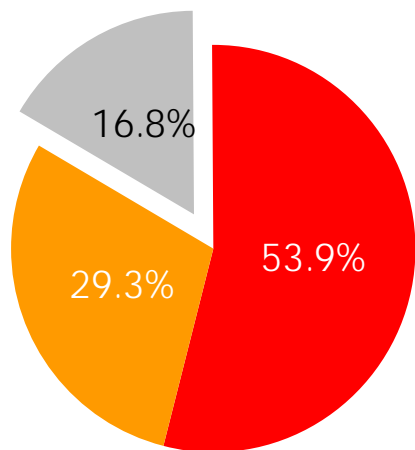


Source: Telecommunications Carriers Association

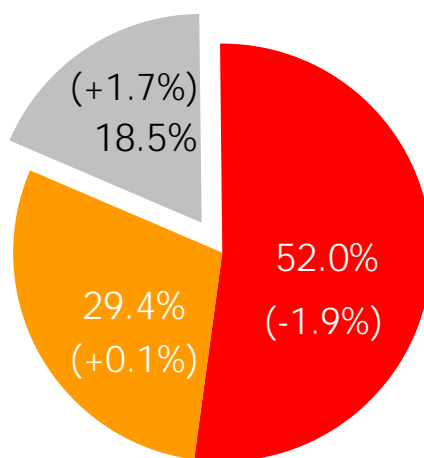
Share of Cumulative Subscriptions at Major Carriers (YoY Comparison)

SoftBank's share of cumulative subscriptions is increasing steadily as SoftBank captures market share from NTT docomo and KDDI.

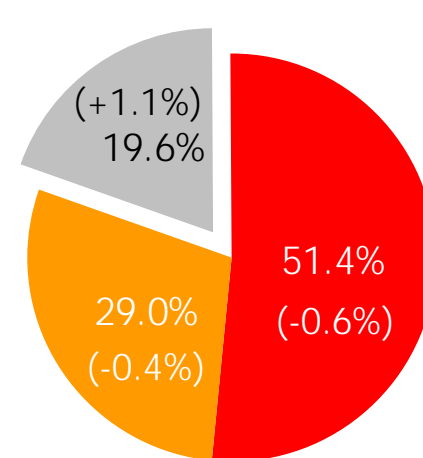
As of Jun. 30, 2007



As of Jun. 30, 2008



As of Jun. 30, 2009



* Figures in parentheses represent changes from the previous fiscal year

- NTT docomo
- KDDI (au&TU-KA)
- SoftBank

Source: Telecommunications Carriers Association

1H 2009 Financial Highlights (2/3)

◆ Activities following the “Lehman Shock”

The global economic downturn following the Sept. '08 failure of Lehman Brothers caused Japan's economy to weaken as well.

To strengthen our financial position and prepare for opportunities for mergers and acquisitions, we significantly increased loans and established a credit facility late in 2008 based on a prudent yet bold stance.

Companies selling handsets are reexamining their operations, resulting in an increase in sales of stores. Just as we expected, there are many opportunities for mergers and acquisitions this year.

Having procured funds and established a sound financial position, Bell-Park was able to acquire 62 stores after a thorough examination of a large number of potential deals.

March Purchased 4 stores from Company A (2 directly managed and 2 franchised)

April Purchased 3 stores from Company B (directly managed)

May Purchased 3 stores from Company C (directly managed)

June Purchased 52 stores from Panasonic Telecom (22 directly managed and 30 franchised)

1H 2009 Financial Highlights (3/3)

◆ Major Initiatives

Enlarged the sales network to increase handset sales volume

In 1H of 2009, Bell-Park significantly expanded its sales network by using acquisitions and other methods to increase the number of directly managed SoftBank shops by 63 locations. This resulted in 123 directly managed shops and 50 franchised shops, a total of 173 locations at the end of period under review.

With the larger number of shops, handset sales to new subscribers increased 3.4% from one year earlier to 94,163 units and the number of replacement handset sales was up 43.5% to 106,504 units. Replacement demand was strong due to the shift to 3G handsets due to the upcoming termination of 2G services and to the completion of installment payment periods for handsets purchased on credit. Total sales, including new and replacement handsets, increased 21.4% to 200,667 units.

Higher quality of sales at stores

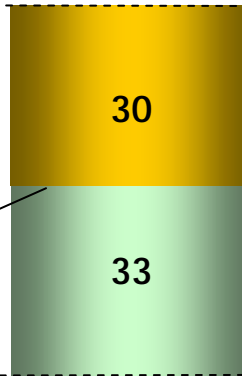
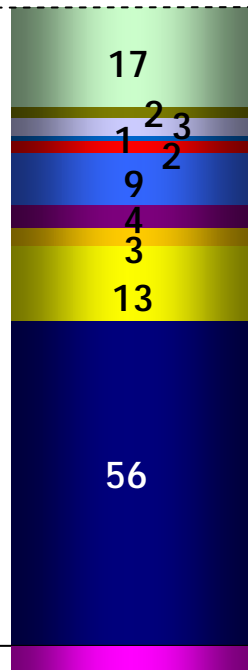
The commission structure of SoftBank is designed to prevent short-term subscription cancelations and encourage the use of new services that meet customers' needs. Personnel at stores have been thoroughly trained to understand the importance of serving customers with flexibility in line with these policies of SoftBank. Due to this training, shops generated a large volume of commissions because of the high quality of their sales.

Changes in the Number of Stores

SoftBank shop
+63

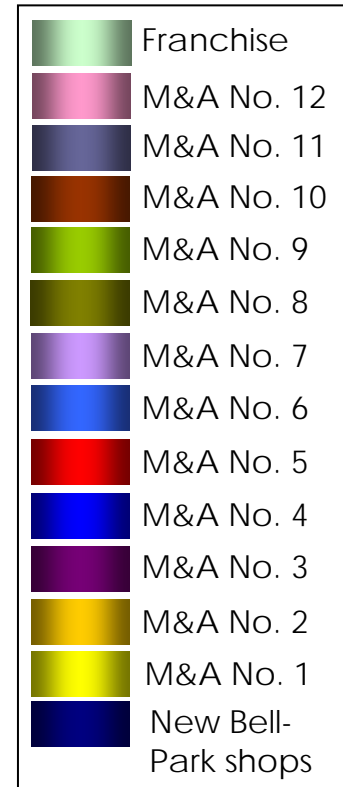
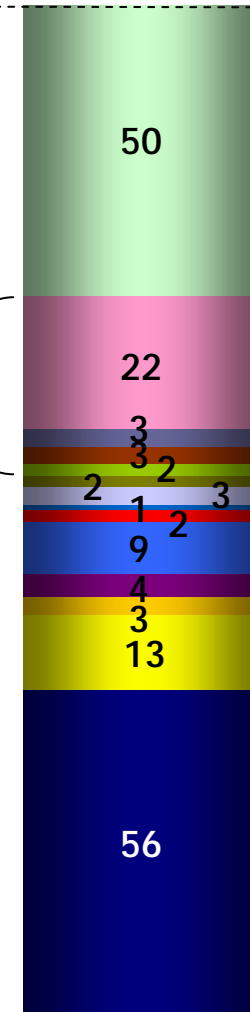
Total: 173

Total: 110



Purchase during the cumulative periods

Purchase of 30 stores
Addition of 33 franchised stores
1 Bell-Park brand shop closed



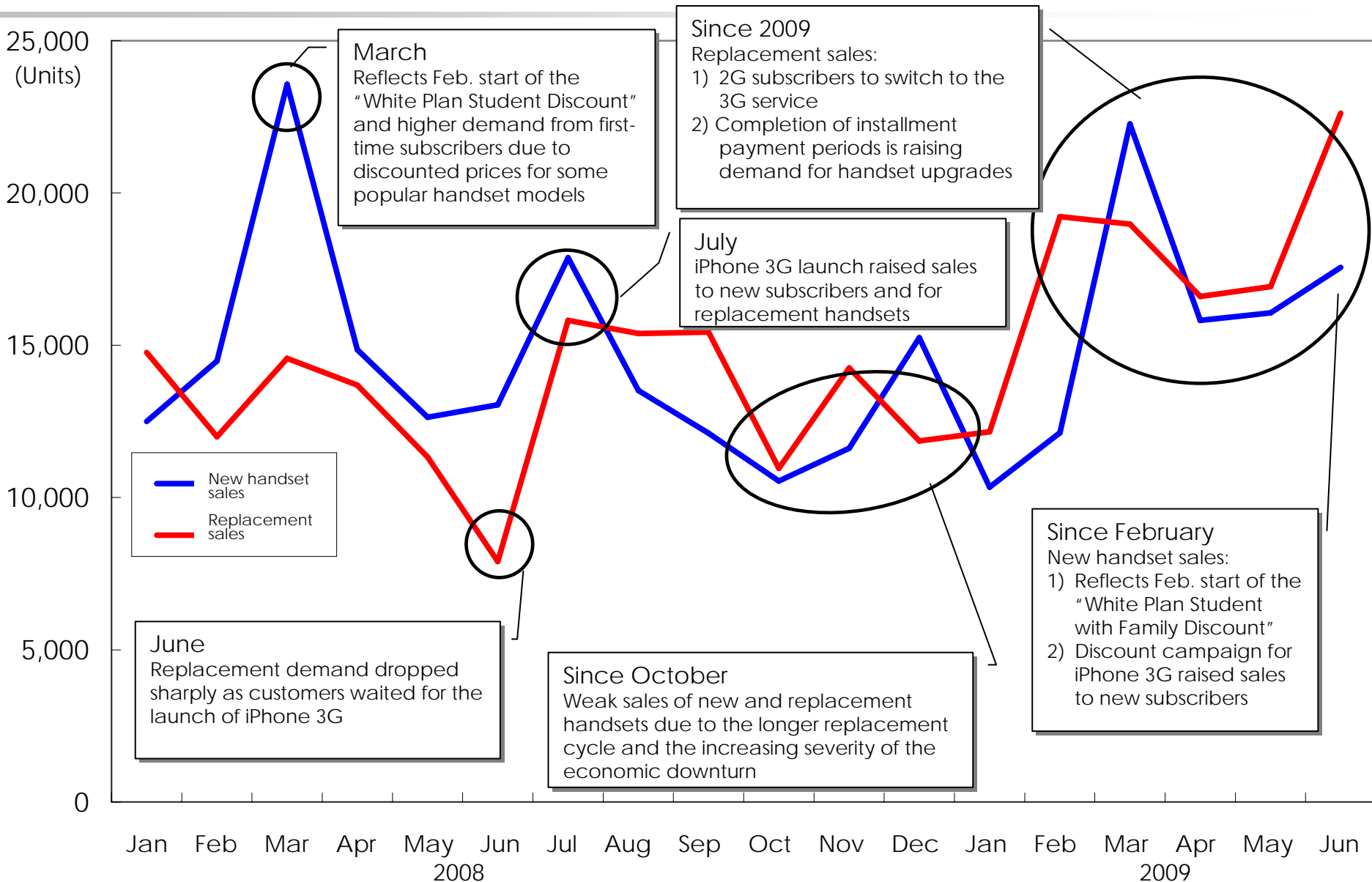
Dec. 2008 Total: 1

Bell-Park brand shop

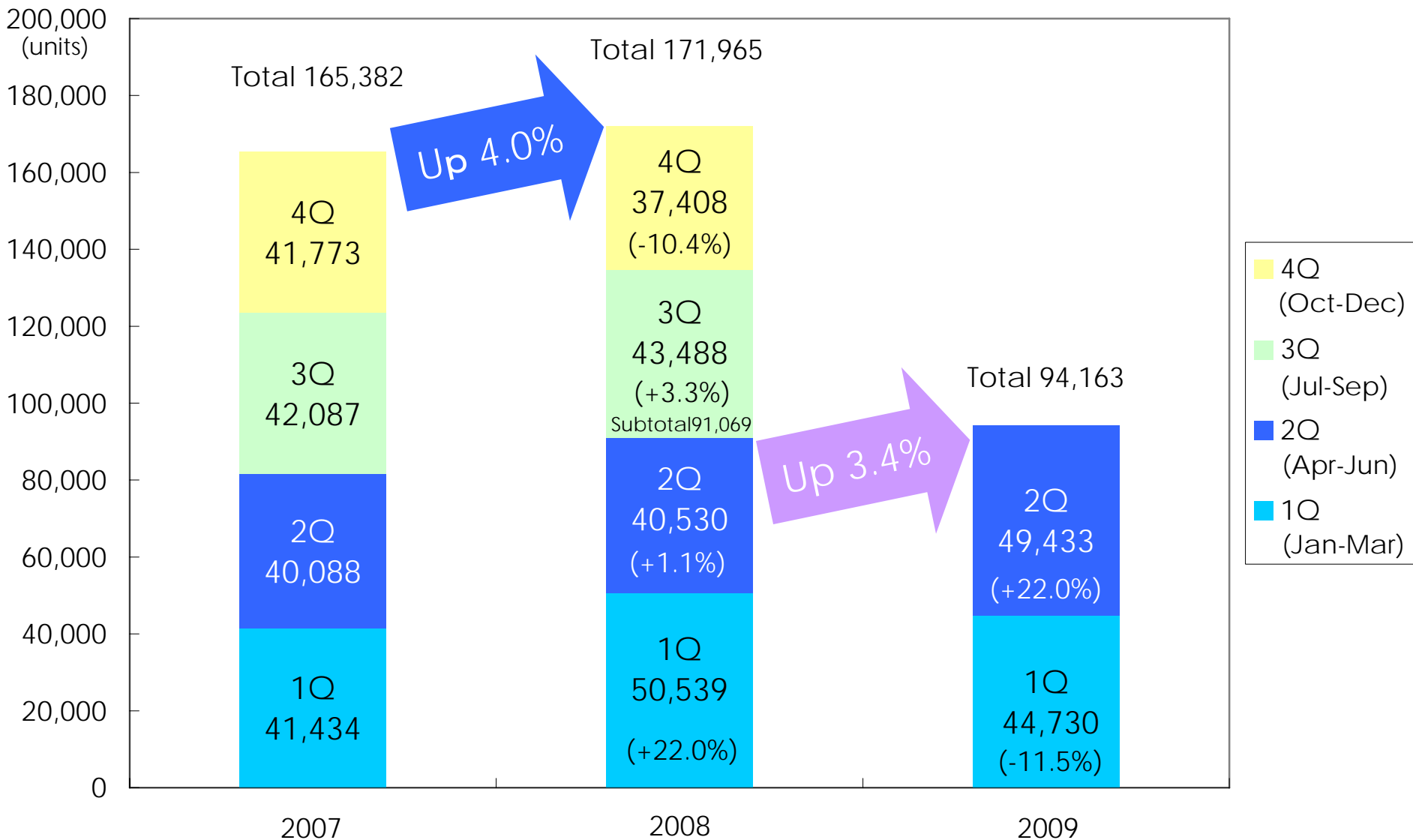
* Bell-Park brand shop was closed on May 31

Jun. 2009

Number of Mobile Phones Sold (Jan. 2008 - Jun. 2009)

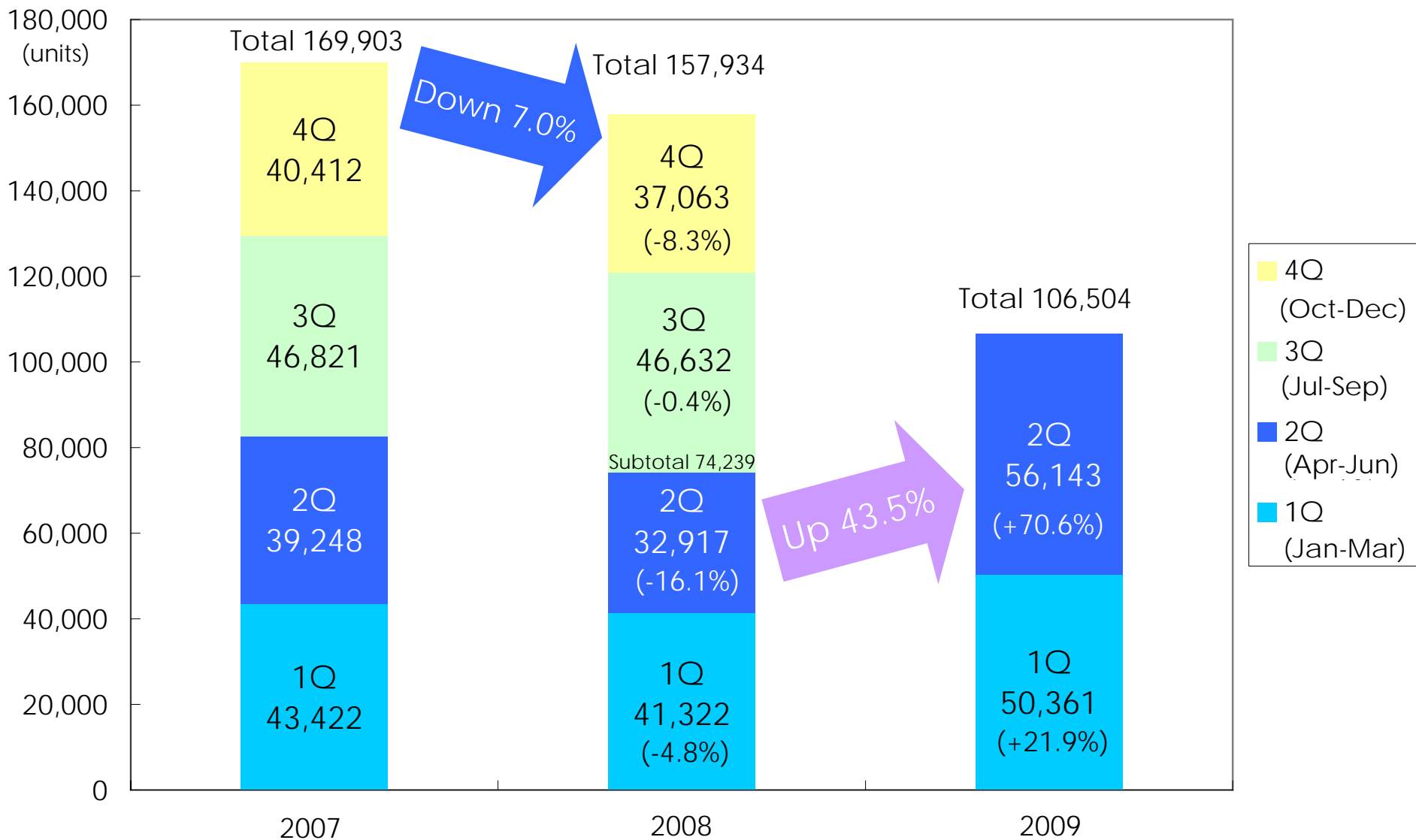


Handset Sales Comparisons (First-time subscribers)



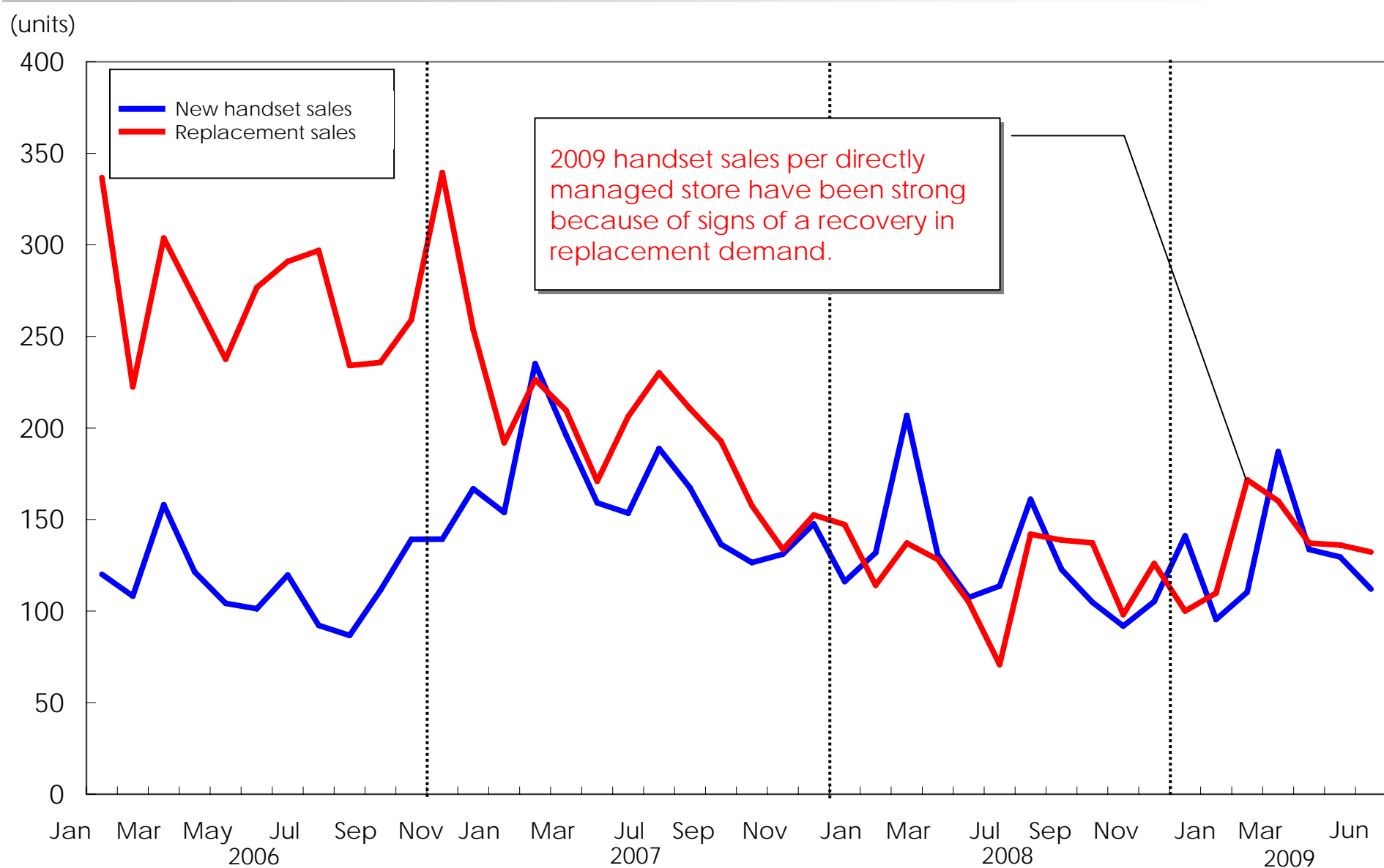
Figures in parentheses represent year-on-year percentage changes

Handset Sales Comparisons (Handset upgrades)

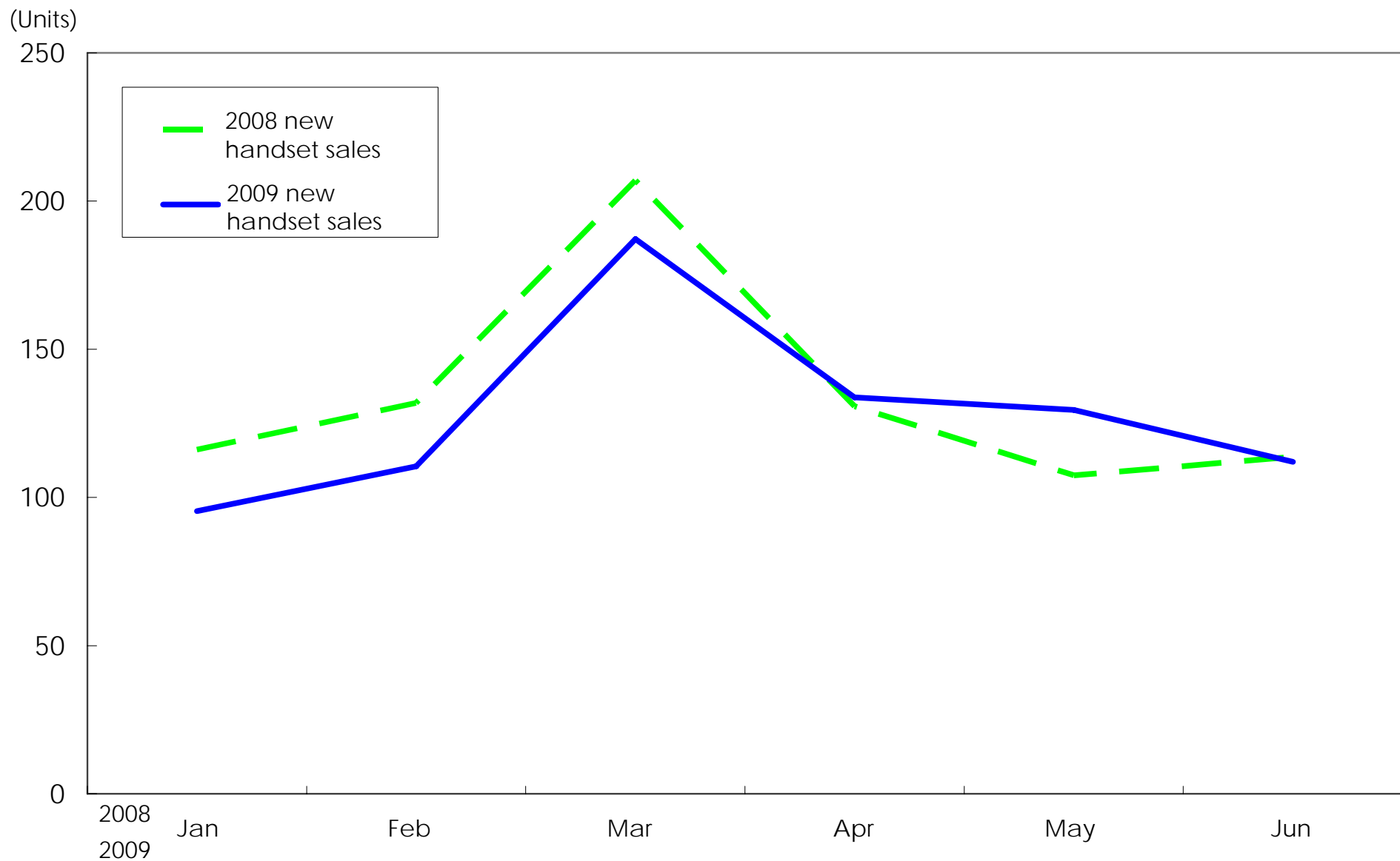


Figures in parentheses represent year-on-year percentage changes

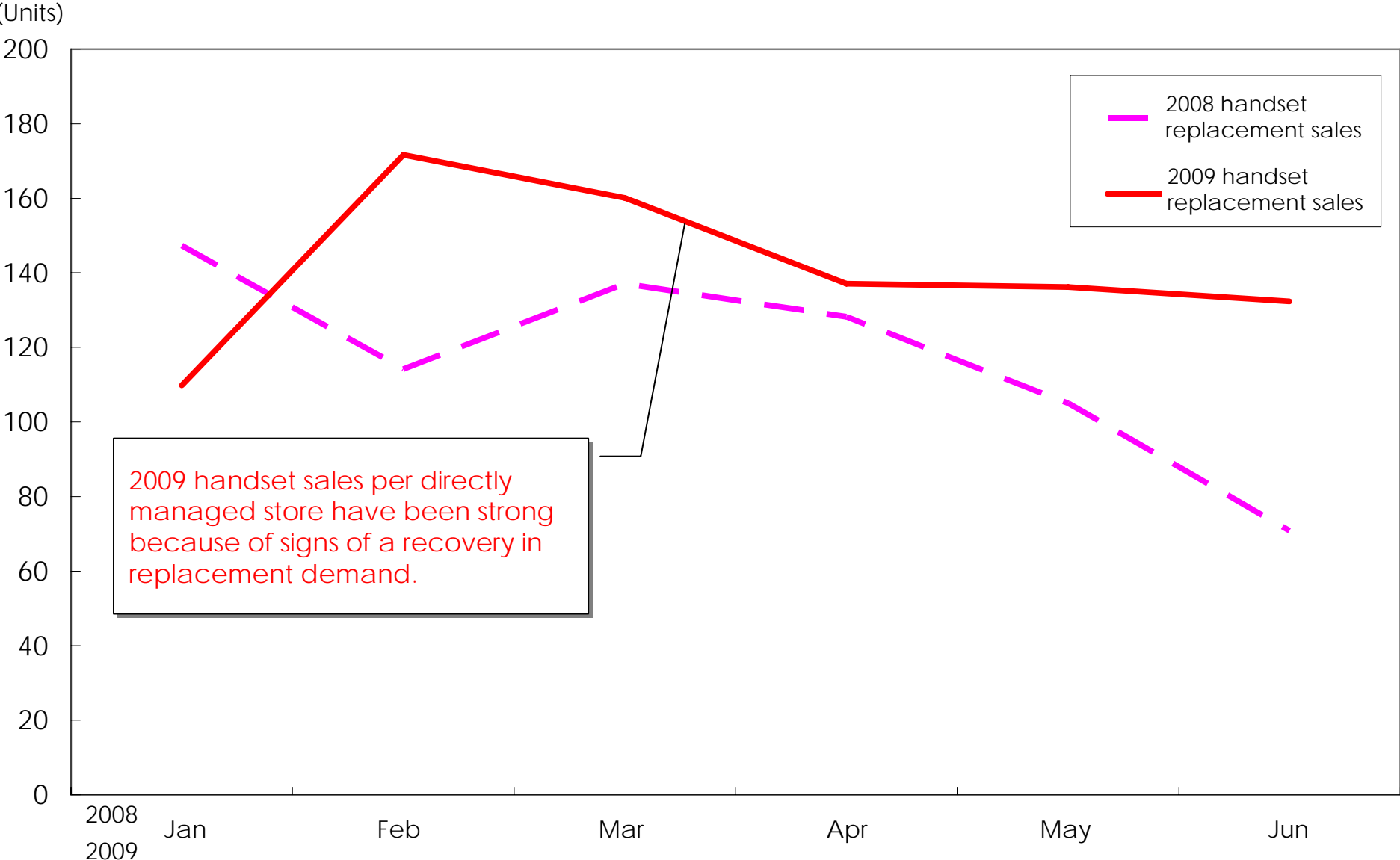
Handset Sales per Directly Managed Store (2006-Jun.2009)



New Handset Sales Per Directly Managed Store (2009 vs. 2008)

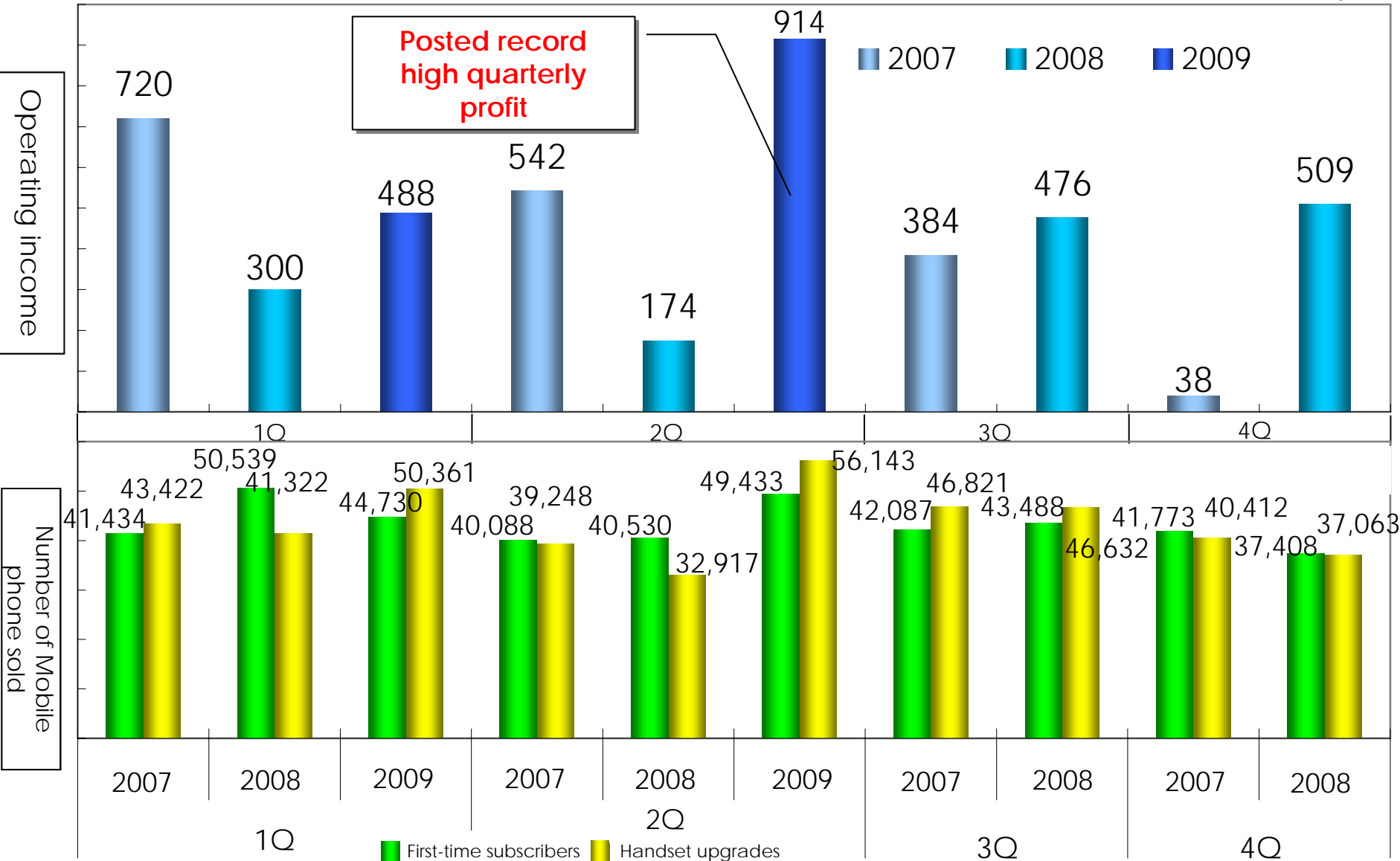


Replacement Sales Per Directly Managed Store (2009 vs. 2008)



Quarterly Sales and Operating income

(million yen)



Ⅱ . Second Half of 2009 Management Policies

Outlook for 2H 2009 Onward

◆ Current trends in the mobile phone market

Shipments of mobile phones in Japan in fiscal 2008, which ended in March 2009, decreased 30.7% to **35.85 million units**. Currently, monthly shipments are still less than one year earlier and these declines are expected to continue through the second half of this fiscal year. From a medium-term perspective, though, an increase is foreseen in sales of open-type mobile phones like Apple's iPhone™ 3G series. PC data card sales are also climbing. The replacement cycle for handsets became longer after carriers started offering installment payment plans. SoftBank was the first to offer this payment plan in October 2006. Currently, subscription renewals from customers with installment plans now reaching completion are creating a recovery in demand. This same replacement cycle is likely to occur at other carriers, too. Furthermore, advances in mobile phone communication technology will probably create replacement demand as people switch to 3G and more advanced handsets with even higher transmission speeds.

◆ SoftBank operations

Source for mobile phone shipment data: Japan Electronics and Information Technology Industries Association

SoftBank has ranked first in Japan for 26 months since May 2007 in the net increase in subscribers. There are currently more than **21 million subscribers**. Growth in the number of customers has made after-sales service and the quality of sales increasingly important issues for SoftBank.

Sales of handsets to new subscribers

The environment for selling handsets to new subscribers is expected to remain challenging in 2009. Primary causes are slumping consumer spending due to the economic recession, Japan's high mobile phone penetration rate, and the long-term relationships with subscribers resulting from the start of installment sales of handsets. The iPhone series, including the iPhone 3G™ S that was introduced in June 2009, consistently ranks among the best-selling handsets at all carriers in Japan. The popularity of the iPhone is expected to contribute in growth of handset sales to new subscribers.

Sales of replacement handsets

In October 2006, SoftBank became the first company in Japan to offer installment payments for handsets. Customers who used installment payments are now reaching the end of the payment period of about 26 months, which is creating replacement demand. With 2G services to end in Japan in March 2010, the shift from 2G handsets to 3G handsets is another source of replacement demand. These factors indicate that replacement demand will probably increase at a certain level.

Outlook for 2H 2009 Onward

◆Activities at sales agents

Weaker locations shut down following a big increase in number of stores

Due to the large number of SoftBank shops opened since 2007, there has been an increase in the unprofitable locations, primarily among these recently opened stores. In response, companies are selling or closing these locations, which is very slowly reducing the number of stores. Store closings and sales will probably continue, chiefly at sales agents with poor profitability and weak financial positions.

Sales commissions

Sales agents must respond with speed and flexibility to the constant launch of sales initiatives and campaigns by carriers. Carriers expect stores to perform well in terms of volume (handsets sold to first-time users) and quality (**reduce short-term cancelations and raise the ARPU by signing up only reliable customers**). Consequently, the quality of sales is likely to play a much greater role in earning sales commissions from now on.

The popularity of Apple's iPhone 3G™ and other open-type handsets is placing new demands on stores

Because of their generally high ARPU, open-type handsets are very profitable for carriers and sales agents alike. As a result, the success of sales agents will depend on their ability to sell these handsets without creating stress for customers. To accomplish this, stores will have to switch to a different way of thinking and use new training methods.

The rising importance of after-sales services at stores as the number of customers increases

SoftBank has ranked first in the net increase in subscribers since May 2007 and currently has more than 21 million subscribers. The larger number of subscribers will make the role of stores even more important. Stores play a critical role in improving customer satisfaction by providing a variety of after-sales services.

Management Policies for 2H 2009 (1/3)

1. Build a highly profitable store network

(1) Add stores prudently while preserving financial soundness

The economic downturn is forcing mobile phone sales agents with weak finances to shut down. This will create opportunities for Bell-Park to acquire more stores. We carefully examine each opportunity and make acquisitions while preserving our financial soundness. Key considerations are whether or not new stores can contribute to growth in our total handset sales, the locations of the stores, and the potential for improving earnings at stores by using Bell-Park know-how. Our policy is therefore to add only carefully selected stores and to refuse to acquire unprofitable stores. At our existing stores, we will relocate or close shops where there are no prospects for an improvement in earnings in order to maintain a highly productive store network.

(2) Increasing earnings at newly added stores

We are taking actions aimed to improving the earnings at the 63 stores that we acquired during 1H of 2009. We send Bell-Park employees to directly managed locations and provide other assistance. Our goal is to increase earnings at these stores by quickly giving them access to our sales know-how so they can conduct efficient sales promotion activities.

Management Policies for 2H 2009 (2/3)

2. Increase the quality of sales and the skills of sales personnel

(1) Further improvements in the quality of sales

SoftBank wants its sales agents to help prevent short-term cancelations and encourage customers to use new services that meet their needs. This is why we place priority on maintaining a system for serving customers in a manner that can enhance customer satisfaction while responding to the demands of SoftBank.

(2) Upgrading skills of sales personnel

Store employees must have the skills to execute the sales policies of carriers with speed and flexibility. Currently, Bell-Park is attracting very well qualified job applicants because of the economic recession and Japan's high unemployment rate. This presents an excellent opportunity because we compete based primarily on the quality of our workforce. We have training programs for both current and new employees so that everyone acquires sales skills that reflect the policies of carriers. Our ability to compete successfully requires that we have as many employees as possible who have acquired these skills. This is why we view the quality of our workforce as the key to future growth in sales and earnings.

Management Policies for 2H 2009 (3/3)

3. A more powerful financial position

➤ Establishment of credit facility

We established a three-year, 2 billion yen credit facility in December 2008 for the purposes of efficiently procuring working capital and maintaining financial soundness. The facility is provided mainly by three banks: Mizuho Bank, Bank of Tokyo-Mitsubishi UFJ, and Sumitomo Mitsui Banking Corp.

⇒ This credit facility gives Bell-Park an even sounder financial position

* There were no borrowings using this credit facility at the end of June 2009.

➤ Loans from banks

Bell-Park maintained a debt-free balance sheet since its establishment until 2008. At that time, because of the economic recession and uncertain outlook, we decided to obtain bank loans in order to enhance the soundness of our financial position.

⇒ Used long-term and short-term loans to procure 2,860 million yen
Repaid 1,460 million yen of these loans during 1H of 2009
Remaining loans total 1,400 million yen
Cash and deposits totaled 3,142 million yen at the end of June 2009

Ⅲ . 2009 Earnings Plan

2009 Earnings Plan

(million yen)

	First-half Earnings Plan (Achievements)			Full-year Earnings Plan		
	Plan	Results	Achievement ratio	Plan	Results of 2008 (non-consolidated)	Change %
Net sales	19,800	20,270	102.4%	42,000	32,437	29.5%
Operating income	1,260	1,402	111.3%	2,120	1,409	50.4%
Ordinary income	1,250	1,392	111.4%	2,100	1,395	50.5%
Net income	620	743	119.9%	1,050	1,122	-6.4%

Forward-Looking Statements

All plans, strategies and financial forecasts that are not based on historical facts are forward-looking statements. Such statements are based on the judgment of management in accordance with information available when these materials were prepared. Actual results may differ changes in the operating environment and many other factors.

We strongly believe in our ability, potential and the possibilities of the future.