

Financial Results for the Nine Months Ended September 30, 2008

Company name: Bell-Park Co., Ltd.

Stock exchange listing: JASDAQ

Stock code: 9441

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

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(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Summaries for the Nine Months Ended September 30, 2008 (Jan. 1 – Sep. 30, 2008)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Sep. 2008	25,736	10.0	951	(42.2)	956	(41.9)	908	11.1
Nine months ended Sep. 2007	23,395	34.4	1,646	186.3	1,646	182.0	817	162.9
Year ended Dec. 2007	31,453		1,684		1,685		840	

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Nine months ended Sep. 2008	14,181.89	14,181.65
Nine months ended Sep. 2007	12,790.33	12,706.00
Year ended Dec. 2007	13,135.00	13,063.51

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2008	10,290	5,406	52.5	87,132.92
As of Sep. 30, 2007	8,943	4,722	52.8	73,435.69
As of Dec. 31, 2007	10,231	4,750	46.4	73,817.27

(3) Consolidated cash flow position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Nine months ended Sep. 2008	275	(75)	648	2,403
Nine months ended Sep. 2007	278	(240)	20	1,956
Year ended Dec. 2007	213	(581)	24	1,555

2. Consolidated Forecasts for the Fiscal Year Ending December 31, 2008 (January 1 – December 31, 2008)

The Company has reviewed the current performance trends and revised the previously released forecast of May 29, 2008 as follows. Please refer to "Qualitative Information and Financial Statements, 3. Qualitative Information Regarding Consolidated Forecasts" on page 4 for further information.

(Percentages represent year-on-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	32,300	2.7	1,220	(27.6)	1,230	(27.0)	1,040	23.7	16,762.03

3. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): Yes

Excluded: 1 (Japan Pro Staff Co., Ltd.)

Note: Please refer to “Qualitative Information and Financial Statements, 1. Qualitative Information Regarding Consolidated Operating Results” on page 3 for further information.

(2) Adoption of the simple method for accounting principles: Yes

(3) Changes in accounting principles from the most recent fiscal year: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 5 for further information.

* Cautionary statement with respect to forward-looking statements

The above forecasts are based on judgments made in accordance with information available at the time this report was prepared. Actual figures may differ from these forecasts for a number of factors.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Operating Results

During the first nine months of 2008, the operating environment in Japan was challenging. There were clear signs of slowing economic growth amid volatility in European and North American financial markets due to the subprime mortgage crisis and falling stock prices worldwide.

In this environment, the Bell-Park Group focused on making its mobile phone sales business more profitable.

In the mobile phone sales business, our core operations, carriers took aggressive steps such as launching a variety of new handset models and introducing new rate plans. However, growth in the number of subscribers decreased, as there was a net increase of 4.30 million lines during the first nine months of 2008 compared with 4.39 million lines one year earlier. In addition, demand for upgrades to new handsets was weak because the introduction of installment sales plan for handsets raised prices and caused the handset replacement cycle to become longer. SoftBank, which is the primary carrier that Bell-Park handles, has been conducting high-profile sales activities, including the launch of Apple's iPhone™ 3G and a highly successful series of TV commercials. Due to these activities, SoftBank ranked first in Japan for the 17th consecutive month, starting in May 2007, in terms of the net increase in subscribers. However, demand for upgrades to new SoftBank handsets was also weak because of the fall 2006 start of installment sales plan for handsets caused the handset replacement cycle to become longer.

In this environment, the Bell-Park Group concentrated on expanding its sales network and on measures to boost profitability at each store. As a result, new handset sales increased 8.9% year-on-year to 134,557 units. But replacement sales decreased 6.7% to 120,871 units. During the first nine months of 2008, the Group opened seven SoftBank shops, increasing the network to 93 directly managed stores and 18 franchised stores, a total of 111 stores. Furthermore, stores focused on sales of the iPhone™ 3G, which was introduced in July, to take full advantage of this opportunity. Stores also sell a variety of accessories. We also conducted sales campaigns in major supermarkets to target housewives attracted by the low rates of the White Plan. Along with these initiatives, we took steps aimed at raising the efficiency of store operations, such as by upgrading skills of employees and realigning their working hours.

In the other business segment, we sold 50% of our equity interest in Japan Pro Staff Co., Ltd., a wholly owned human resources subsidiary engaged in staffing business, to P and P Corporation in June 2008. Japan Pro Staff is now an equity method affiliate of the Company and a consolidated subsidiary of P and P.

Due to the above factors, consolidated operating income was 951 million yen, down 42.2%, on consolidated net sales of 25,736 million yen, up 10.0%, compared to the same period a year earlier. Ordinary income declined 41.9% to 956 million yen and net income was 908 million yen, up 11.1% from the same period a year earlier.

Operating segment information

Effective from the nine months of the current fiscal year, operating segment information is not presented, since the amounts for net sales, operating income and assets of the mobile phone sales business represent more than 90% of total net sales, operating income and total assets, following the June 2008 sale to P and P of 50% of our equity interest in Japan Pro Staff, a staffing service subsidiary that is now an equity-method affiliate.

2. Qualitative Information Regarding Consolidated Financial Position

Total assets increased 59 million yen over the end of the previous fiscal year to 10,290 million yen as of September 30, 2008. The main reasons were an 848 million yen increase in cash on hand and in banks, a 462 million yen decrease in accounts receivable-trade and operating accounts receivable, a 781 million yen decrease in inventories and a 357 million yen increase in investments and other assets. The increase in cash on hand and in banks is explained in "Cash flows" below.

Liabilities decreased 596 million yen to 4,884 million yen. There was a 900 million yen increase in short-term borrowings, a 115 million yen increase in reserve for employees' bonuses, a 792 million yen decrease in accounts payable-trade and operating accounts payable, a 468 million yen decrease in accrued income taxes, and a 112 million yen decrease in allowance for early subscription cancellations.

Net assets increased 655 million yen to 5,406 million yen. This was mainly the net result of an increase in retained earnings because of net income of 908 million yen and a decrease in shareholders' equity because of the purchase of treasury stock at a cost of 168 million yen. As a result, the equity ratio was 52.5%.

Cash flows

There was an increase of 848 million yen in cash and cash equivalents during the first nine months of the current fiscal year, to 2,403 million yen as of September 30, 2008.

Net cash provided by operating activities was 275 million yen. This was a net result of income before income taxes of 1,115 million yen, a decline in accounts receivable-trade and operating accounts receivable of 268 million yen and a decline in inventories of 815 million yen, a decrease in accounts payable-trade and operating accounts payable of 792 million yen and income taxes paid of 905 million yen.

Net cash used in investing activities was 75 million yen. There were proceeds of 191 million yen from sale of investments in affiliates resulting in change in scope of consolidation, payments of 95 million yen for purchase of property, plant and equipment, payments of 73 million yen for transfer of a business and payments of 65 million yen for leasehold deposits.

Net cash provided by financing activities was 648 million yen. There were proceeds from increase in short-term borrowings of 900 million yen, payments for purchase of treasury stock of 168 million yen, and cash dividends paid of 82 million yen.

3. Qualitative Information Regarding Consolidated Forecasts

The forecasts announced on May 29, 2008 in a release titled "Announcement of Contract for Partial Sale of Subsidiary Stock and Associated Extraordinary Gain and Revisions to Consolidated and Non-consolidated Forecasts for the First-half and Full-year of Fiscal Year Ending December 31, 2008" have been revised in this announcement. Regarding forecasts, please refer to a release titled "Revisions to Consolidated and Non-consolidated Forecasts for the Fiscal Year Ending December 31, 2008" announced on October 30, 2008.

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation)

Excluded: 1 (Japan Pro Staff Co., Ltd.)

Japan Pro Staff Co., Ltd., a consolidated subsidiary in the previous fiscal year, is reclassified as an equity-method affiliate, as the Company sold a part of its equity interest in Japan Pro Staff in June 2008.

(2) Adoption of the simple method for accounting principles

The simple method based on the effective tax rate has been applied to the calculation of income taxes. The simple method is also applied to the calculation of certain items that have an insignificant impact on the financial statements.

(3) Changes in accounting principles from the most recent fiscal year

(Valuation criteria and methods for inventories)

“Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) was applicable to consolidated financial statements for the fiscal year starting from March 31, 2008 or before and the Company was ready to adopt the standard, it was applied to the consolidated financial statements from the first nine months of the current fiscal year. The effect of this change on 3Q results is insignificant.

(Depreciation method for property, plant and equipment)

The Company has adopted the revised Corporation Tax Law and changed its method of depreciation of assets acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporation Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of an asset falls to 5% of its acquisition cost. The difference is amortized by the straight-line method and is included in the depreciation expense. The effect of this change on 3Q results is insignificant.

5. Summary Consolidated Financial Statements

(1) Summary Consolidated Balance Sheets

(Thousand yen)

Account	3Q FY2007	3Q FY2008	Change		FY2007
	(As of Sep. 30, 2007)	(As of Sep. 30, 2008)	Amount	%	(As of Dec. 31, 2007)
	Amount	Amount			Amount
Assets					
I. Current assets	7,291,983	8,010,858	718,874	9.9	8,323,070
Cash on hand and in banks	1,956,051	2,403,839	447,787	22.9	1,555,296
Accounts receivable -trade and operating accounts receivable	2,828,971	3,107,435	278,464	9.8	3,569,575
Inventories	2,232,957	2,110,459	(122,498)	(5.5)	2,892,220
Other current assets	274,002	389,123	115,121	42.0	305,977
II. Fixed assets	1,651,931	2,279,660	627,729	38.0	1,908,276
Property, plant and equipment	495,030	574,507	79,476	16.1	583,506
Intangible assets	29,168	95,723	66,554	228.2	73,065
Investments and other assets	1,127,732	1,609,430	481,698	42.7	1,251,704
Total assets	8,943,915	10,290,519	1,346,603	15.1	10,231,346
Liabilities					
I. Current liabilities	4,133,673	4,757,620	623,947	15.1	5,356,174
Accounts payable-trade and operating accounts payable	2,277,873	2,543,640	265,766	11.7	3,336,117
Other current liabilities	1,855,800	2,213,980	358,180	19.3	2,020,056
II. Long-term liabilities	87,835	126,736	38,900	44.3	124,981
Total liabilities	4,221,509	4,884,356	662,847	15.7	5,481,155
Net assets					
I. Shareholders' equity					
1. Common stock	1,123,576	1,123,904	328	0.0	1,123,904
2. Capital surplus	1,586,166	1,587,757	1,590	0.1	1,587,769
3. Retained earnings	2,191,827	3,039,858	848,031	38.7	2,215,280
4. Treasury stock	(179,164)	(345,357)	(166,193)	92.8	(176,763)
Total shareholders' equity	4,722,405	5,406,162	683,756	14.5	4,750,191
Total net assets	4,722,405	5,406,162	683,756	14.5	4,750,191
Total liabilities and net assets	8,943,915	10,290,519	1,346,603	15.1	10,231,346

(2) Summary Consolidated Statements of Income

(Thousand yen)

Account	3Q FY2007 (Jan. 1 – Sep. 30, 2007)	3Q FY2008 (Jan. 1 – Sep. 30, 2008)	Change		FY2007 (Jan. 1 – Dec. 31, 2007)
	Amount	Amount	Amount	%	Amount
I. Net sales	23,395,093	25,736,365	2,341,272	10.0	31,453,080
II. Cost of goods sold	18,085,525	20,361,827	2,276,302	12.6	24,566,596
Gross profit	5,309,568	5,374,538	64,970	1.2	6,886,484
III. Selling, general and administrative expenses	3,662,880	4,423,228	760,347	20.8	5,202,169
Operating income	1,646,687	951,309	(695,377)	(42.2)	1,684,314
IV. Non-operating income	10,697	19,975	9,278	86.7	16,121
V. Non-operating expenses	11,297	14,352	3,054	27.0	15,035
Ordinary income	1,646,087	956,932	(689,154)	(41.9)	1,685,399
VI. Extraordinary income	30,736	173,711	142,974	465.2	70,944
VII. Extraordinary loss	7,069	15,638	8,568	121.2	23,032
Income before income taxes	1,669,754	1,115,005	(554,748)	(33.2)	1,733,312
Income taxes	852,407	206,772	(645,634)	(75.7)	892,511
Net income	817,346	908,233	90,886	11.1	840,800

* This financial report is solely a translation of 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.