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Bell-Park Co., Ltd.

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Stock code: 9441

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Revision of Business Forecasts due to an Extraordinary Loss

Bell-Park Co., Ltd. is revising its forecasts of consolidated and non-consolidated operating results for the fiscal year ending December 2006. These forecasts replace those released in the "Consolidated Financial Results for the Fiscal Year Ended December 2005" and in the "Non-consolidated Financial Results for the Fiscal Year Ended December 2005" released on February 16, 2006. The Company is also providing notification of an extraordinary loss related to the liquidation of a subsidiary.

1. Revision to Forecasts for the First Half of the Fiscal Year Ending December 2006

(1) Consolidated (January 1, 2006 – June 30, 2006)

Yen in millions

		Net sales	Ordinary income	Net income
Previous forecast	(A)	13,300	430	220
Revised forecast	(B)	11,500	360	180
Increase/ (decrease)	(B – A)	(1,800)	(70)	(40)
Percentage change		(13.5)%	(16.3)%	(18.2)%
Ref: First half ended June 2005		11,484	371	165

(2) Reasons for the revision

The Company has revised its first-half forecasts since it now expects the sales volume of mobile phones, mainly in its Mobile Phone Sales Business, to fall short of estimates. First-half consolidated and non-consolidated net sales, ordinary income and net income are likely to come in below forecasts.

(3) Non-consolidated (January 1, 2006 – June 30, 2006)

Yen in millions

		Net sales	Ordinary income	Net income
Previous forecast	(A)	10,000	280	140
Revised forecast	(B)	8,900	230	110
Increase/ (decrease)	(B – A)	(1,100)	(50)	(30)
Percentage change		(11.0)%	(17.9)%	(21.4)%
Ref: First half ended June 2005		8,850	281	98

(4) Reasons for the revision

The Company has revised its first-half forecasts as noted in Section 1 (2).

2. Revision to Forecasts for the Fiscal Year Ending December 2006

(1) Consolidated (January 1, 2006 – December 31, 2006)

Yen in millions

		Net sales	Ordinary income	Net income
Previous forecast	(A)	28,500	1,050	540
Revised forecast	(B)	23,000	700	350
Increase/ (decrease)	(B – A)	(5,500)	(350)	(190)
Percentage change		(19.3)%	(33.3)%	(35.2)%
Ref: Fiscal year ended Dec. 2005		24,355	946	483

(2) Reasons for the revision

The Mobile Phone Sales Business has been impacted by two factors from the third quarter onward that have persuaded customers to hold back on new purchases. First of these is the October introduction of the number portability system; second is the decision to wait and see the results of the transfer of the Vodafone brand to Softbank. Since the impact of the introduction of number portability on Bell-Park's operating results is unpredictable at this point, the Company has scaled back the forecast of sales volume for the second half, since purchase holdbacks could extend beyond the third quarter. In view of these and other factors, Bell-Park is now scaling back its full-year forecasts in addition to decrease of first-half forecasts as noted in the tables in section 1 (1). The Company now projects decreases in ordinary income of 280 million yen, net income of 150 million yen and net sales of 3,700 million yen in the second half of the current fiscal year.

(3) Non-consolidated (January 1, 2006 – December 31, 2006)

Yen in millions

		Net sales	Ordinary income	Net income
Previous forecast	(A)	22,000	680	340
Revised forecast	(B)	17,800	450	0
Increase/ (decrease)	(B – A)	(4,200)	(230)	(340)
Percentage change		(19.1)%	(33.8)%	(100.0)%
Ref: Fiscal year ended Dec. 2005		18,826	678	315

(4) Reasons for the revision

Bell-Park is revising its full-year non-consolidated forecasts of operating results to reflect the factors as noted in Section 2 (2). The Company is now revising its net sales, ordinary income and net income forecasts in addition to decrease of first-half forecasts as noted in the table in Section 1 (3). The Company now projects decreases in ordinary income of 180 million yen, net income of 100 million yen and net sales of 3,100 million yen in the second half of the current fiscal year.

Bell-Park transferred management of a certain number of its Vodafone Shops to Nikka Co., Ltd., acquired as a wholly owned subsidiary in December 2004. However, current plans to enhance management efficiency call for consolidating store management at Bell-Park on December 31, 2006. In preparation for the above change, Bell-Park revaluated its stock holdings in the subsidiary, resulting in a 210 million yen valuation loss on subsidiary stock as extraordinary loss for the fiscal year ending December 2006. As a result, non-consolidated net income will be 210 million yen lower than the net income that would have been reported in the absence of this loss. The extraordinary loss will not, however, affect consolidated business results.

For reference:

Bell-Park acquired Nikka Co., Ltd., an exclusive Vodafone sales agent, in December 2004 for 700 million yen (Nikka Co. Ltd. had net assets of 232 million yen and operated nine Vodafone shops at the time of acquisition). Bell-Park left the management organization of Nikka Co., Ltd. in place after the acquisition, in order to prevent any loss of staff, and also transferred 12 of its Vodafone shops to Nikka Co., Ltd., positioning it as a secondary agent.