

Senshukai Co., Ltd.

Interim Fiscal 2007 Earnings Presentation

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SENSHUKAI CO.,LTD.

July 26, 2007



BELLE MAISON

Contents

- 1. Results of Operations for Interim Fiscal 2007**
- 2. Results Compared to Initial Targets for Interim Fiscal 2007**
- 3. Highlights from Interim Fiscal 2007**
- 4. Progress on the Medium-Term Management Plan**
- 5. Consolidated Operating Forecasts for Fiscal 2007**
- 6. Others**

Results of Operations for Interim Fiscal 2007

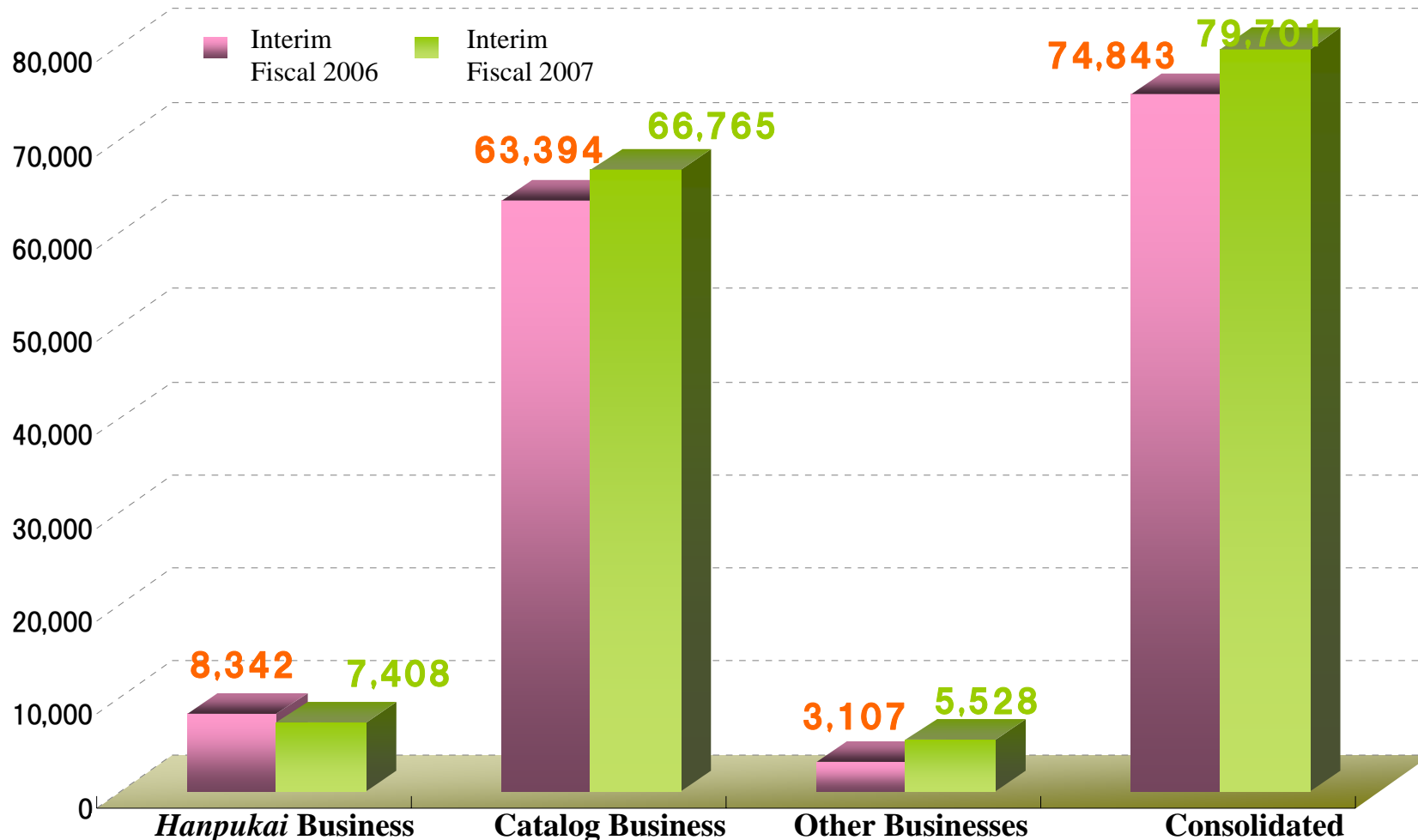
Consolidated Results of Operations for Interim Fiscal 2007 (YoY Comparison)

(Millions of yen)

	Interim Fiscal 2006	Comparison to Net Sales	Interim Fiscal 2007	Comparison to Net Sales	Difference	YoY Change %
Net Sales	74,843	-	79,701	-	4,858	6.5%
Cost of Sales	38,075	50.9%	40,987	51.4%	2,912	7.6%
Gross Profit	36,767	49.1%	38,714	48.6%	1,947	5.3%
SG&A Expenses	34,238	45.7%	35,218	44.2%	980	2.9%
Operating income	2,529	3.4%	3,495	4.4%	966	38.2%
Ordinary Income	2,579	3.4%	3,917	4.9%	1,338	51.9%
Net Income	2,035	2.7%	2,001	2.5%	-34	-1.7%

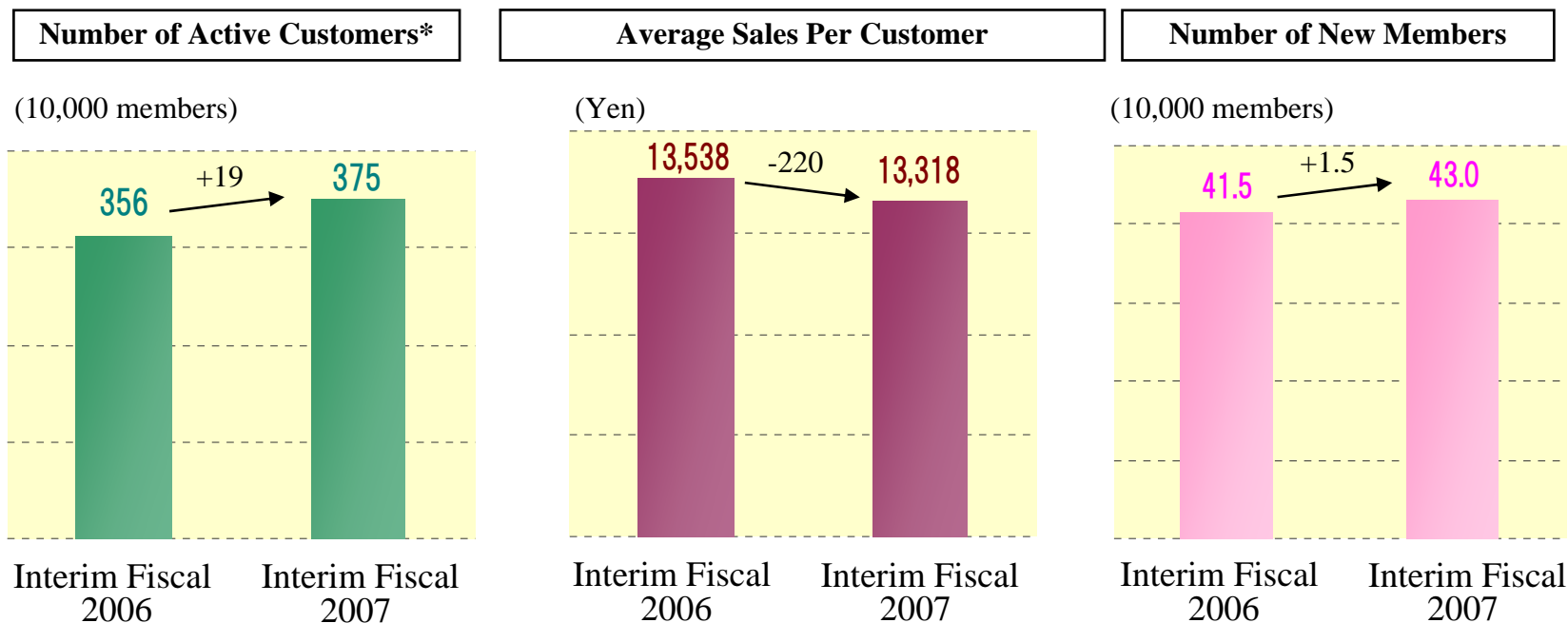
Net Sales by Business Segment for Interim Fiscal 2007 (YoY Comparison)

(Millions of yen)



* From fiscal 2007, the bridal business *Belle-Mariee* has been moved from the Catalog Business to the Other Businesses category.

Factors Behind Increased Sales in Catalog Business



- ✓ Increase in number of active customers due to increased retention of customers and more new members
- ✓ Average sales per customer declined due to increased percentage of Internet orders
- ✓ Spring/summer and summer catalogs performed strongly

- Fashion catalogs

Style Note up approx. ¥510 million year on year; *Watashi-tachi no Kurasu Fuku* catalog sales unchanged
Child up approx. ¥170 million year on year; *Maternity & Baby* up approx. ¥670 million year on year

- Interior goods catalogs

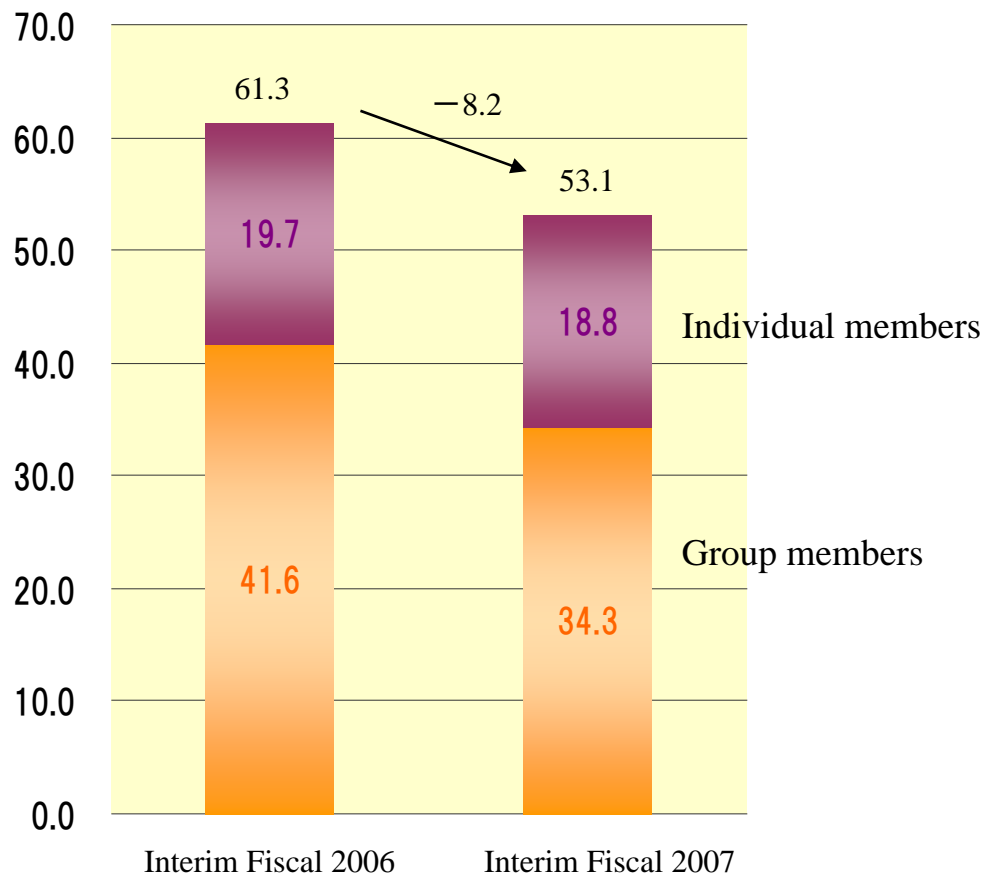
Shin Seikatsukan up approx. ¥950 million year on year; *Home Base* up approx. ¥170 million year on year

* Number of Active Customers: Number of customers placing orders over the year.

Factors Behind Lower Sales in *Hanpukai* Business

Number of Members

(10,000 members)

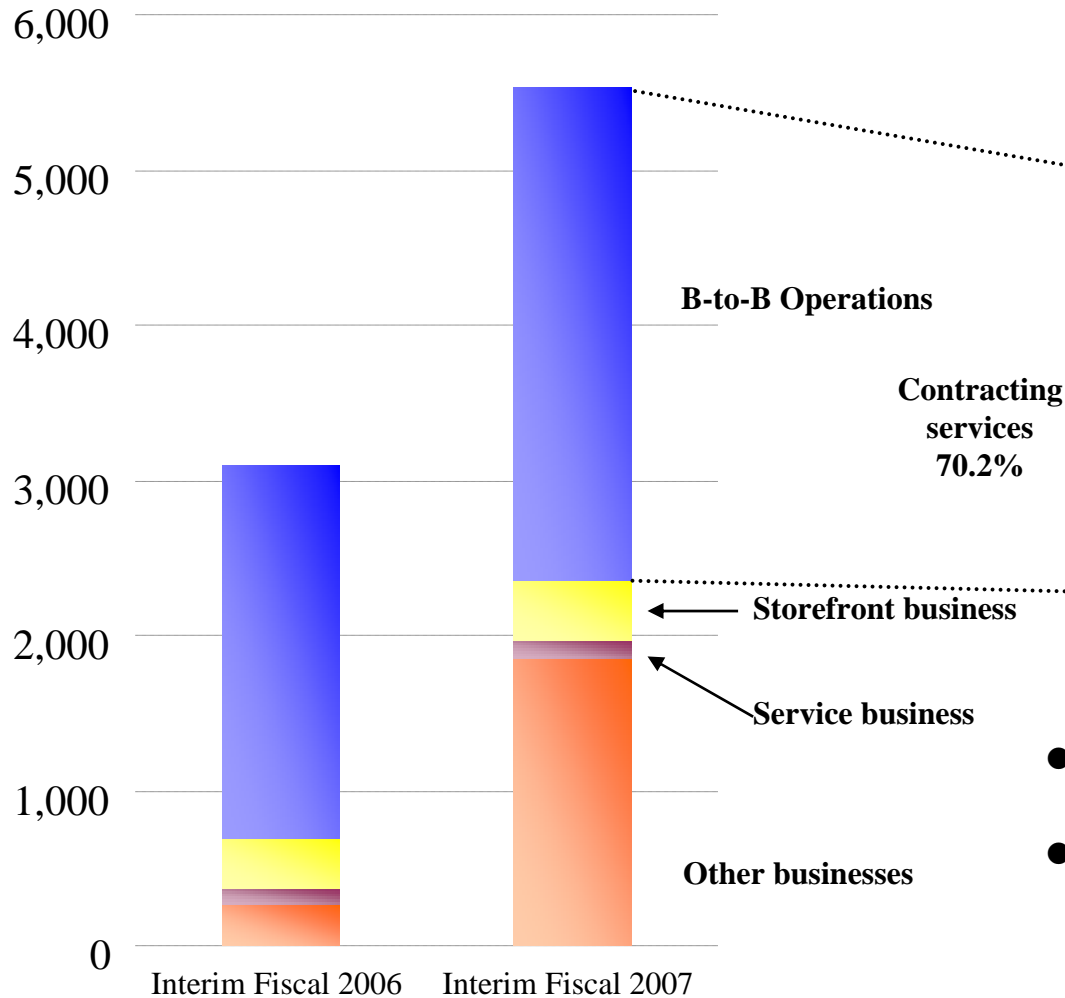


- The trend of declining members is continuing. Rebuilding of the *Hanpukai* Business is progressing through the office vending box business; full operations started in May and about 5,100 boxes were installed in offices in June.

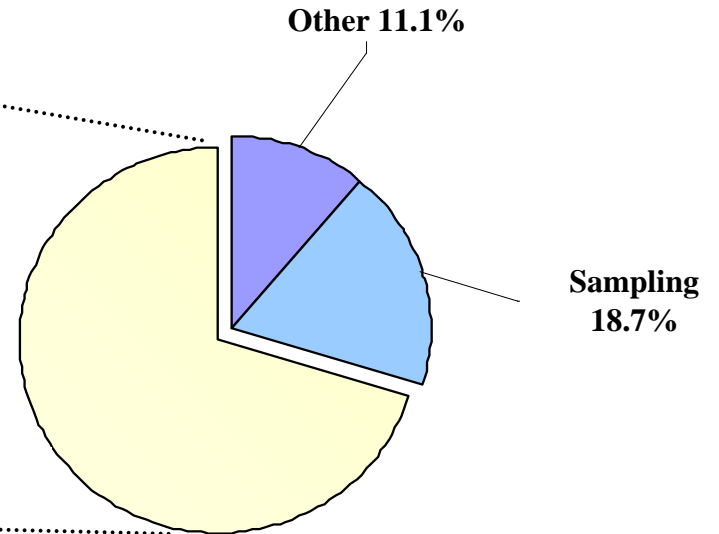


Factors Behind Increased Sales in Other Businesses

(Millions of yen)



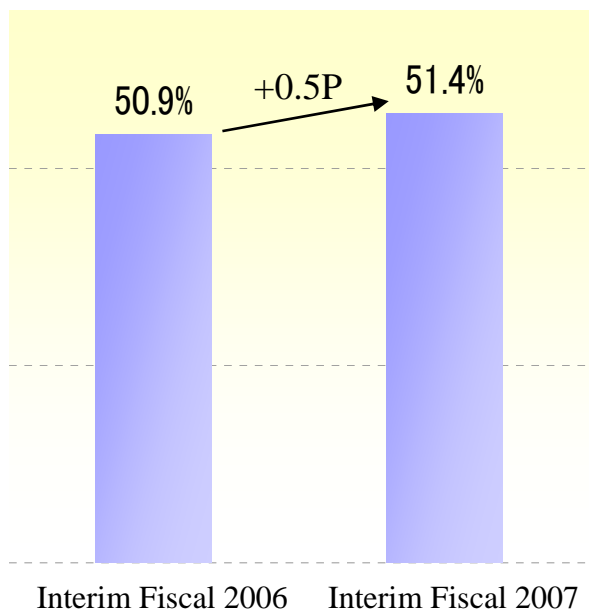
- The share of contracting services has increased 17 points year on year



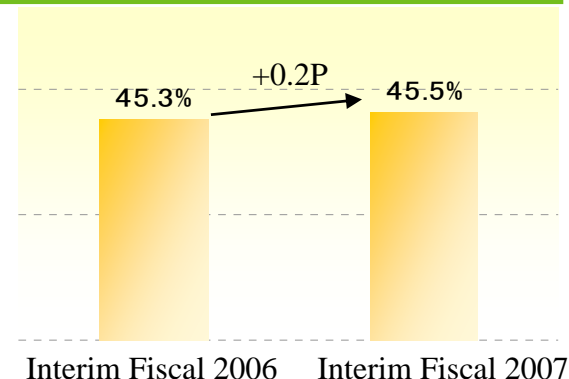
- In B-to-B operations, increased sales in contracting services
- Increased sales in other businesses
Newly consolidated subsidiaries:
B.B.S. Co., Ltd. (ladies apparel)
Pet First Co., Ltd. (pet merchandise)

Cost-of-Sales Ratio Overview

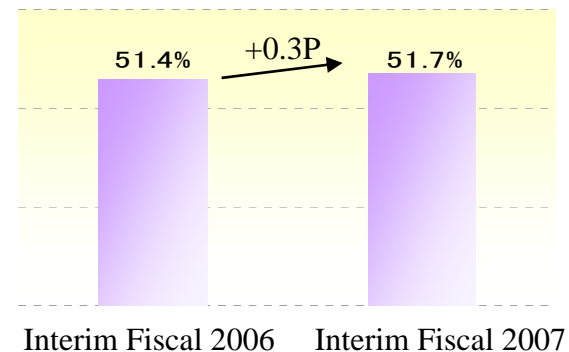
Consolidated



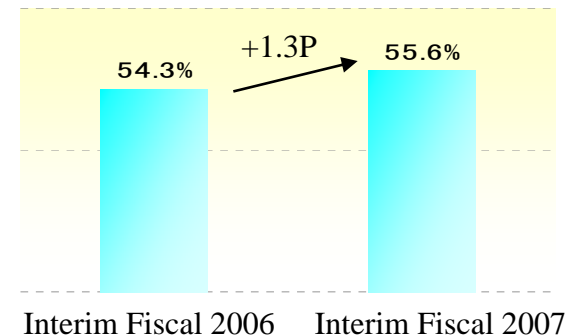
Hanpukai Business



Catalog Business



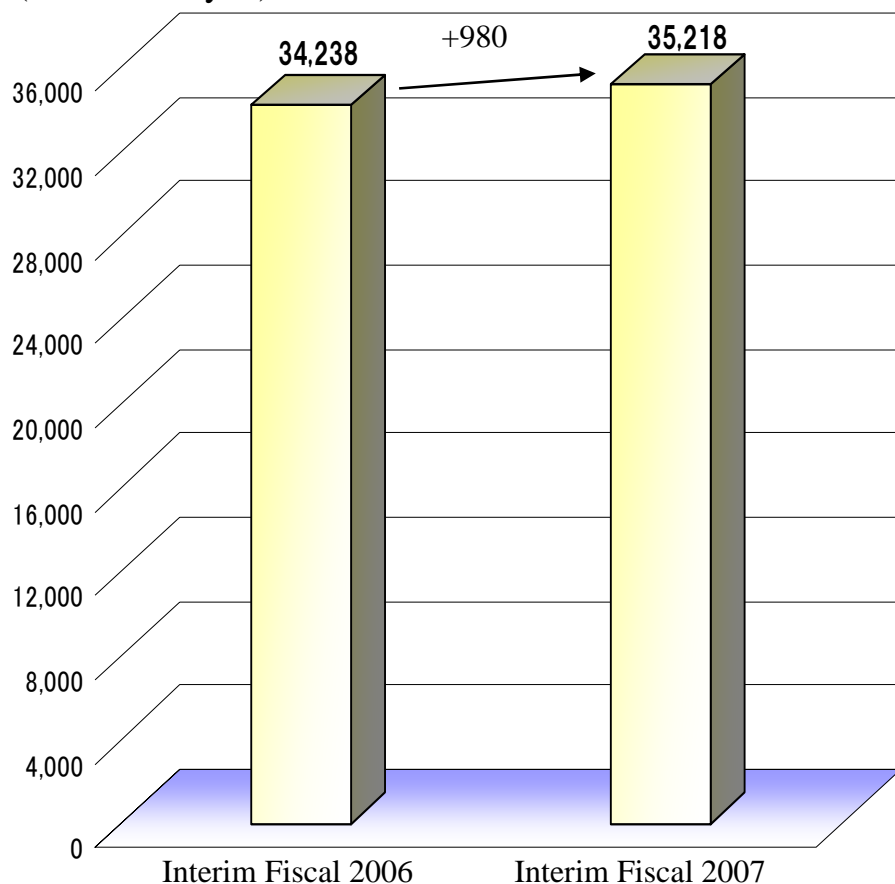
Other Businesses



- *Hanpukai* Business: Increase in purchasing costs ratio due to end of cookbook success cycle
- Catalog Business: Increase in cost-of-sales ratio due to increased bargain sales
- Other Businesses: Increase in cost-of-sales ratio accompanying increased sales in contracting services with an increased cost-of-sales ratio

Breakdown of Changes in SG&A Expenses

(Millions of yen)



- Although there was a year-on-year increase in costs, the ratio of sales to SG&A expenses declined. (45.7% to 44.2%)

(Millions of yen)

Catalog-related expenses	- 820
Sales promotion expenses	239
Leasing expenses	-216
Commissions paid	1,039
Labor costs	521
Other increased expenses	217
	<hr/>
	980

- Decrease in catalog costs due to reduced printing quantity and lower freight costs.
- Increase in sales promotion due to increased *Belle Maison* incentive point expenses
- Decrease in leasing expenses due to outsourcing
- Increase in commissions paid due to increased external-contract commissions
- Increase in labor costs due to increase of consolidated companies

Results Compared to Initial Targets for Interim Fiscal 2007

(Millions of yen)

	Interim Fiscal 2007 Initial Targets	Comparison to Net Sales	Interim Fiscal 2007 Results	Comparison to Net Sales	Difference	Progress Indicator %
Net Sales	77,700	-	79,701	-	2,001	2.6%
Cost of Sales	39,643	51.0%	40,987	51.4%	1,344	3.4%
Gross Profit	38,056	49.0%	38,714	48.6%	658	1.7%
SG&A Expenses	34,556	44.5%	35,218	44.2%	662	1.9%
Operating Income	3,500	4.5%	3,495	4.4%	-5	-0.1%
Ordinary Income	3,800	4.9%	3,917	4.9%	117	3.1%
Net Income	2,000	2.6%	2,001	2.5%	1	—

Increase in Consolidated Subsidiaries and Dissolution of Subsidiaries

❑ Consolidated subsidiaries

Pet First Co., Ltd.

Future Compass Co., Ltd.

Total sales approx. ¥760 million

Operating loss approx. ¥130 million

❑ Affiliates under the equity method

SENTENs Co., Ltd.

Shanghai Senshu Merchant and Commerce Co., Ltd.

Investment loss under the equity method

Total approx. ¥100 million

❑ Extraordinary loss

Shoplat Co., Ltd. approx. ¥380 million

At the initial budget stage, the above companies were not considered to have a significant impact on operating performance, therefore the initial plan was for these companies to be excluded from the scope of consolidation (subsidiaries and affiliates under the equity method). However, the losses incurred by these companies were larger than forecast and including this Interim reporting period, they will now be included in the scope of consolidation.

Breakdown of Changes in Cost-of-sales Ratio and SG&A Expenses (Comparison to initial budget)

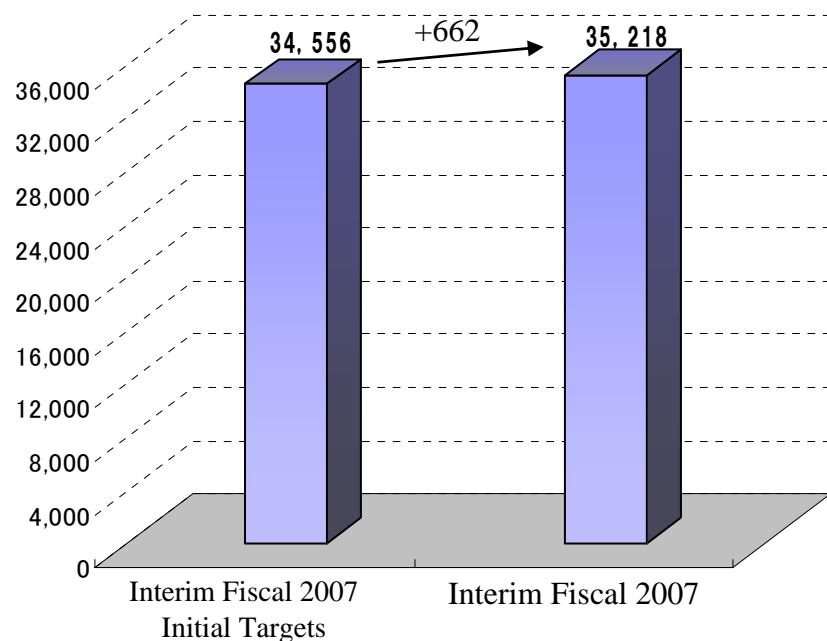
Cost-of sales Ratio

- Increase in cost-of-sales ratio in line with increased bargain sales and web- and fax-based bargain sales
- Increase in costs due to increased sales of contracting services

SG&A Expenses

(Million of yen)

(Millions of yen)



Catalog-related expenses	- 104
Commissions paid	465
Labor costs	194
Other increased expenses	107
	<hr/>
	662

- Increase in commissions paid due to increased outsourcing
- Increase in labor costs due to increase in consolidated subsidiaries

Highlights From Interim Fiscal 2007

1. Establishment of RG Marketing Co., Ltd.

Established in February jointly with B&C Laboratories Inc., a subsidiary of the StylingLife Holdings Inc.

Developing the high-value-added cosmetic *Restgenol* series as a mainstay mail-order cosmetic product.



2. Bellemariée Chappelle PLANCHES

Located in front of Urawa Station, in Saitama City. Opened in May, as part of overall expansion to provide a full range of bridal products and services.



3. Pet First Co., Ltd.'s One-Pla

A dog-specialist pet shop located in front of Tama-Plaza Station, in Yokohama City.



Progress on the Medium-Term Management Plan (2005-2007)

SCM Promotion (Status of Each Indicator)

	Fiscal 2006 Results	Degree of Improvement	Interim Fiscal 2007 Results	Fiscal 2007 Medium-Term Management Plan Targets
Reduction in distribution-related cost ratio	Direct transaction lead time		68.5 days	45 days
	Domestic indirect lead time		30 days	25 days
	Rapid Delivery Ratio*		83.9%	85.0%
	Delivery-to-order ratio		131.6%	130.0%
Reduction in cost-of-sales ratio	Inventory turnover		4.3 times	7.0 times
	Import ratio		71.1%	70.0%
	Direct transaction rate		19.1%	15.0%

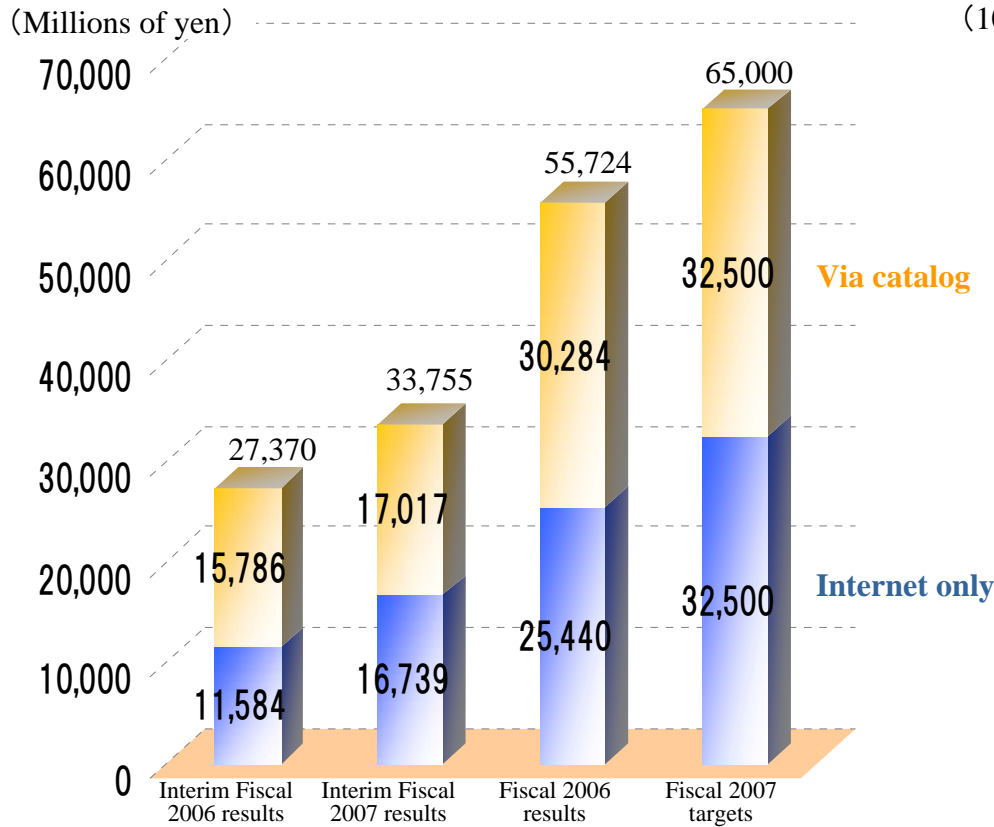
* Direct transaction: Our own SPA transactions that are not via trading companies.

* Rapid delivery ratio: The ratio of products in stock that are available for immediate delivery. *Delivery to order ratio = number of deliveries ÷ number of orders.

- The rapid delivery ratio and the delivery-to-order ratio have improved after improving demand forecasting and revising the ordering method.
- Lead times have grown longer due to a later than normal Chinese New Year.
- The import ratio and the direct transaction rate continued an upward trend.

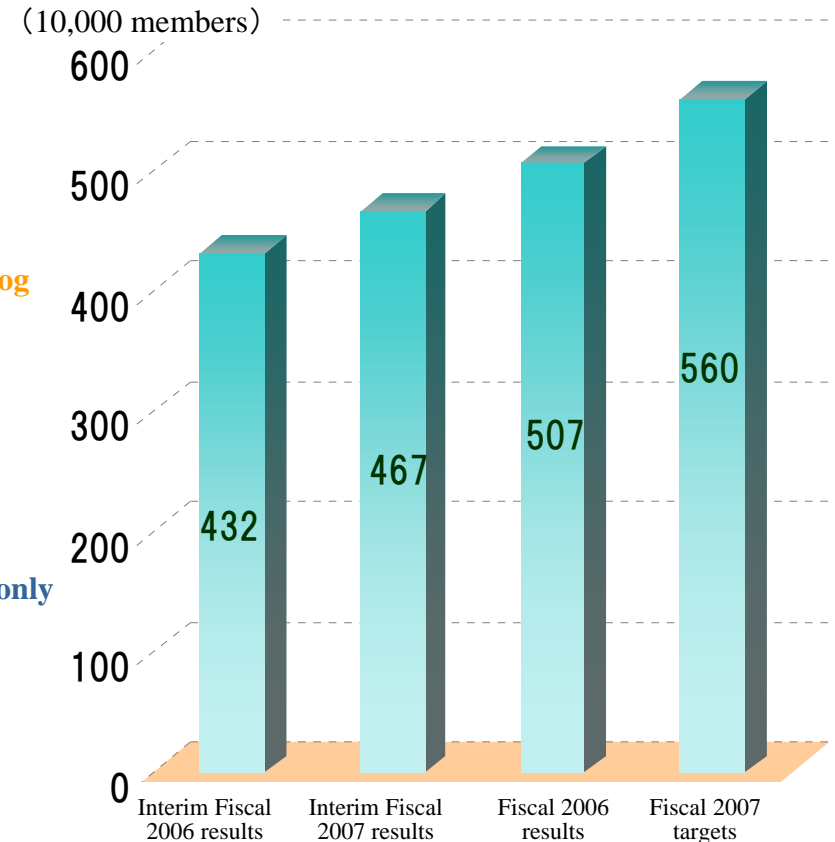
Internet Sales and Number of Members

Internet Sales



- Via catalog: Customer reads a catalog then purchases by Internet, entering catalog number
- Internet only: Customer makes purchase by putting product into online shopping cart

Number of Members



- Increase in percentage of orders made by Internet
- Increase in Internet only sales due to increase in products only available on the Internet
- Steady growth of mobile phone sales

Initiatives for Internet (1)

< Converting to systems that support the Internet age >

We have merged our conventional catalog system with a Web-based system to create a new-concept system in July 2007.

This new system enables real-time access to data, and supports services that integrate Internet use.

<Main changes>

□ Belle Maison member = Internet member

No special Internet registration is required. Internet service can be used by setting an email address and password for the regular registration.

Note: The Internet service is also accessible by mobile phone.

The screenshot shows the Belle Maison online shopping cart interface. At the top, there is a navigation bar with the Belle Maison logo, a search bar, and links for '全商品から検索', '詳しく検索', 'お気に入りにリスト', and 'カートの中を見る'. Below the navigation bar, the page title is 'さんのカートの中身'. The cart contains three items, each with a table of details:

注文番号	商品名	在庫数	単価	数量	商品小計	操作
270-01783	麻混ブルゾン	在庫あり 07月23日頃の発送予定となります。	¥3,465(本体¥3,300)	<input type="text"/>	¥3,465(本体¥3,300)	お気に入りにリストへ カートから削除する
420-75271	トートバッグ(色:ベージュ)	在庫数 4 07月23日頃の発送予定となります。	¥18,900(本体¥18,000)	<input type="text"/>	¥18,900(本体¥18,000)	お気に入りにリストに登録済 カートから削除する
420-75271	トートバッグ(色:ベージュ)	在庫数 3 07月23日頃の発送予定となります。	¥18,900(本体¥18,000)	<input type="text"/>	¥18,900(本体¥18,000)	お気に入りにリストに登録済 カートから削除する

□ Real-time access to various information

By linking with a host computer, it is possible to instantly have access to specific information such as a customer's status report, point remaining, the number of goods in stock and delivery schedule dates.

Initiatives for Internet (2)

<The Internet allows greater functions and richer content>

There is a growing amount of content unique to Bell Maison Net that is not contained in the catalogs. Also, searching functionality has been added to make it easier for consumers to find the products they are searching for.

- Full support for gift buying
(The ordering system allows a gift purchase, which has a setting that supports multiple products and multiple delivery destinations for a single order)
- Global navigation feature helps consumers move between sites
- Enhancement of system for customers to introduce their friends
- Enhanced links between products and digital catalogs
- By saving shopping points it is possible to exchange points at the *Point Park* site.
- Editors of catalogs provide Blog content.
..... plus more



<Addition of shops that selling Internet-only goods>

- [*Editer*] (Designer-label fashion shop)
- [*Jensis*] (Youth fashion shop)
- [*Large-size fashion shop*] (Large-size fashion shop)
- [*Décorer*] (Confectionary shop)

Consolidated Operating Forecasts for Fiscal 2007

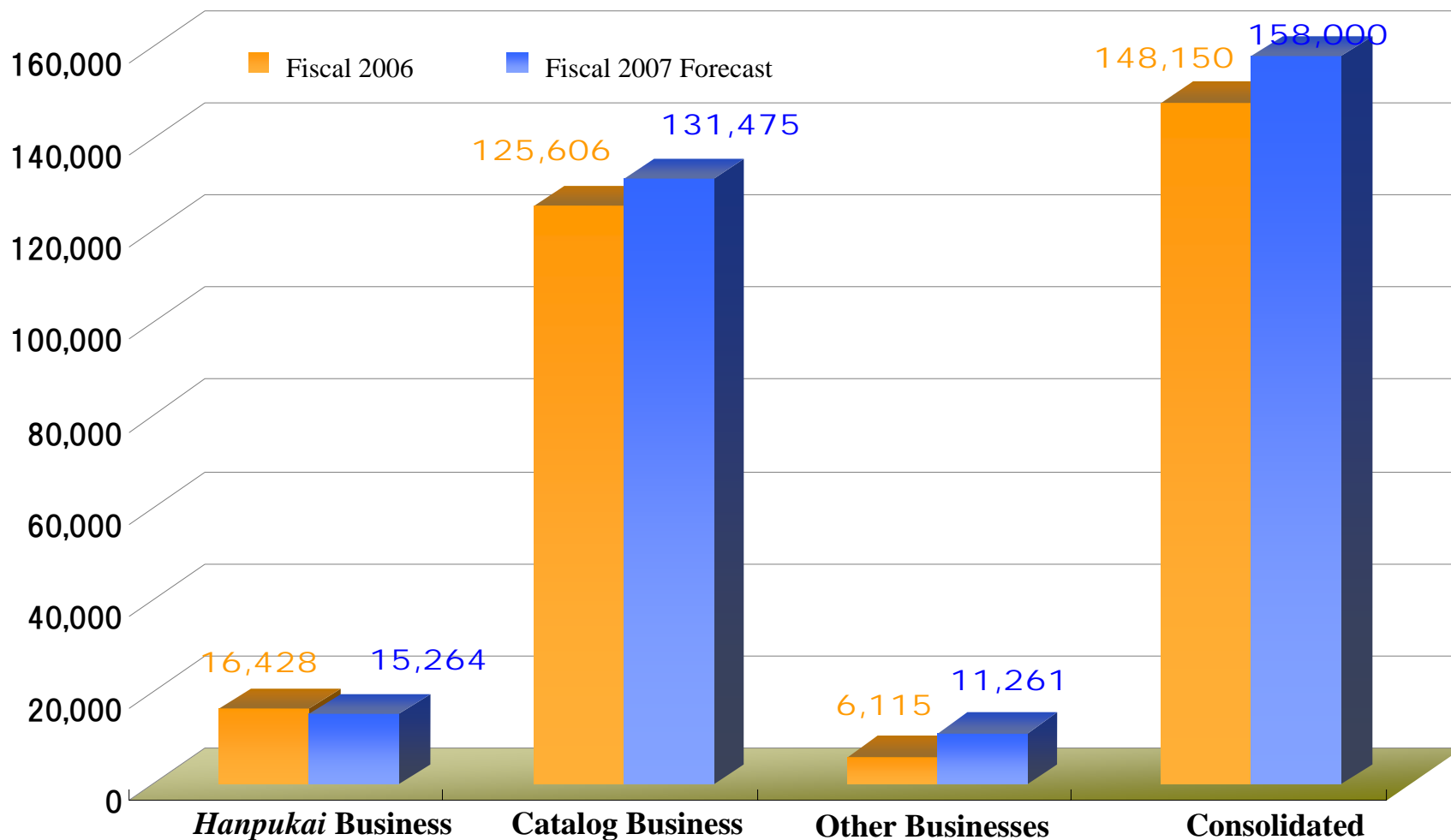
Consolidated Earnings Forecasts for fiscal 2007 (YoY Comparison)

(Millions of yen)

	Fiscal 2006	Comparison to Net Sales	Fiscal 2007 Consolidated Forecast	Comparison to Net Sales	Difference	YoY Change %
Net Sales	148,150	-	158,000	-	9,850	6.6%
Cost of Sales	75,727	51.1%	80,537	51.0%	4,810	6.5%
Gross Profit	72,423	48.9%	77,462	49.0%	5,039	6.8%
SG&A Expenses	67,821	45.8%	70,061	44.3%	2,240	3.2%
Operating Income	4,602	3.1%	7,400	4.7%	2,798	60.8%
Ordinary Income	5,240	3.5%	7,800	4.9%	2,560	48.8%
Net Income	3,627	2.4%	4,100	2.6%	473	13.0%

Projected Net Sales by Business Segment for Fiscal 2007 (YoY Comparison)

(Millions of yen)



* From fiscal 2007, the bridal business *Belle-Mariee* has been moved from the Catalog Business to the Other Businesses category.

Senshukai's CSR Activities

Senshukai views initiatives to address global environmental problems as one of its important corporate social responsibilities, and remains committed to contributing to society as a good corporate citizen.

One of our environmental initiatives was to be a joint sponsor of “Candle Night of a Million People @Osaka City” which was held in Osaka in June this year.

Senshukai also promotes environmental protection activities through overseas reforestation activities and participates in Team -6%, an national movement organized by the Ministry of Environment to stop global warming. This event works to spread environmental awareness throughout Japan and through its sponsorship Senshukai helped promote the message of “improve the environmental awareness of city dwellers.”



Changes to the Number of Shares Per Unit and Preferential System for Shareholders

- ✓ In order to improve liquidity and expand the range of investors by lowering the unit of investment and providing an environment in which all investors can easily invest, the number of shares per unit was changed on May 1, 2007.

The number of shares per unit was changed from 1,000 shares to 100 shares.

- ✓ While changing to a broad preferential system that can be used by all shareholders, Senshukai is aiming to provide incentive for shareholders to hold onto Senshukai shares for a long period by establishing a preferential system that is related to the long-term holding of shares.



Preferred content

1. Attached to Senshukai shopping coupons

100 ~ 499 shares	JPY 1,000
500 ~ 999 shares	JPY 2,500
1,000 shares or more	JPY 5,000

Preferred content

2. Special preference to shareholders who hold shares for a long time

Shares Years	Over 1 year and less than 2 years	Over 2 years and less than 3 years	Over 3 years
100 ~ 999 shares	500 points	1,000 points	1,500 points
1,000 shares or more	2,000 points	3,000 points	4,000 points

Dividend and Date of Earnings Announcement

Senshukai will pay an interim dividend of ¥13 per share to ensure a projected 30% dividend payout ratio for fiscal 2007. Based on the same dividend policy, the projected year-end dividend is ¥14 per share, which would make the total dividends for the year ¥27 per share.

Date of earnings announcements for fiscal 2007

- | | |
|--------------------------------|-----------------------------|
| ■ Third quarter of fiscal 2007 | October 19 (Friday) |
| ■ Fiscal 2007 | January 31, 2008 (Thursday) |
| ■ Earnings presentation | February 1, 2008 (Friday) |

The forward-looking statements contained in this earnings presentation are based on information that was available at the time. These forward-looking statements are subject to factors such as assumptions and risks that are known to exist or that may occur in the future. Any of these factors that are subject to change, or other risk factors could cause the actual results and operating performance to be significantly different to the forecasts presented here.