

Senshukai Co., Ltd.

Fiscal 2006 Earnings Presentation

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SENSHUKAI CO.,LTD.

January 25, 2007



BELLE MAISON

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Results of Operations for Fiscal 2006

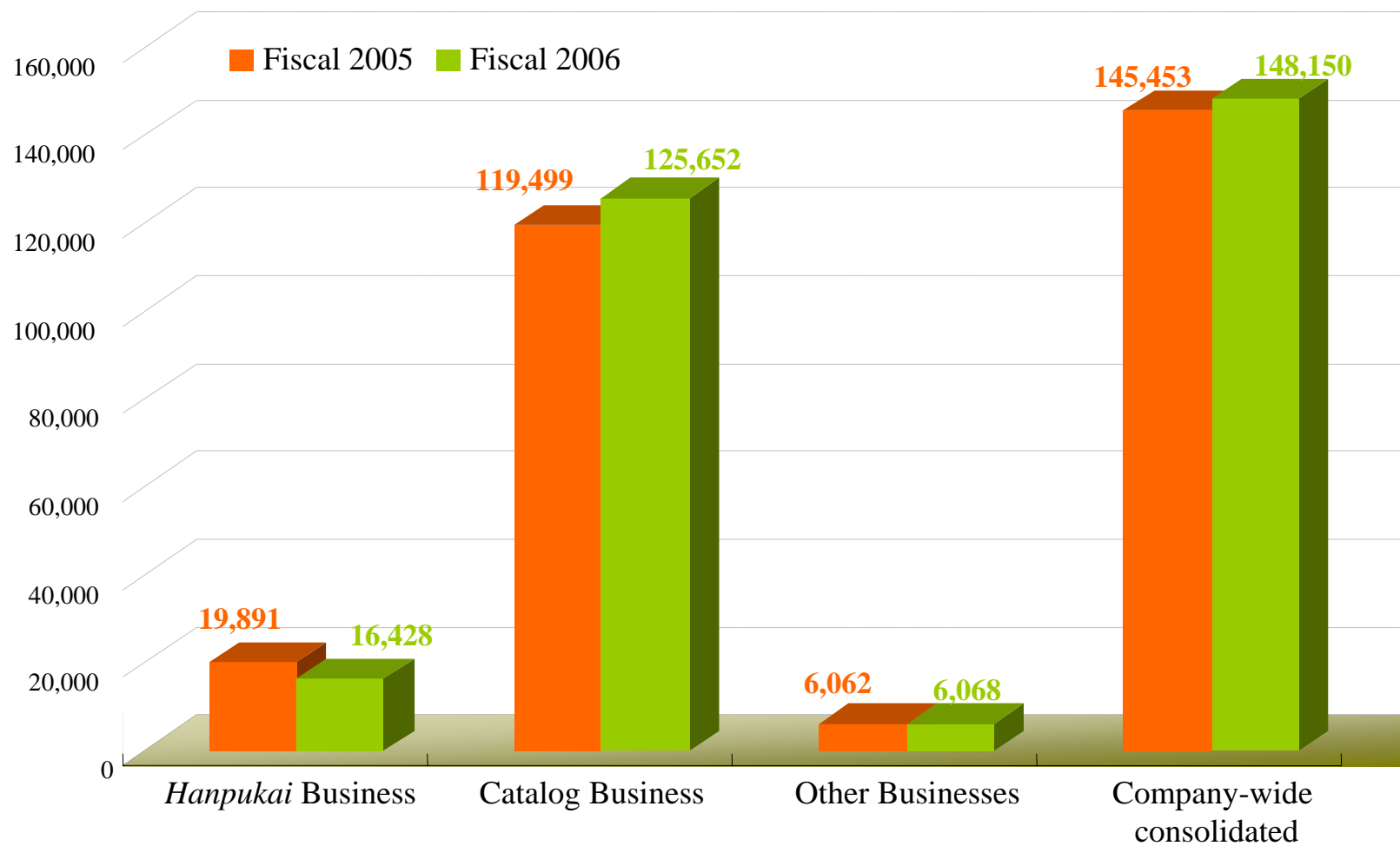
Consolidated Results of Operations for Fiscal 2006 (YoY Comparison)

(Millions of yen)

	Fiscal 2005	Comparison to Net Sales	Fiscal 2006	Comparison to Net Sales	Difference	YoY Change %
Net Sales	145,453	-	148,150	-	+ 2,697	+ 1.9%
Cost of Sales	75,173	51.7%	75,727	51.1%	+ 553	+ 0.7%
Gross Profit	70,279	48.3%	72,423	48.9%	+ 2,143	+ 3.1%
SG&A Expenses	66,847	45.9%	67,821	45.8%	+ 974	+ 1.5%
Operating Income	3,432	2.4%	4,602	3.1%	+ 1,169	+ 34.1%
Ordinary Income	3,962	2.7%	5,240	3.5%	+ 1,278	+ 32.3%
Net Income	1,267	0.9%	3,627	2.4%	+ 2,360	+ 186.2%

Net Sales by Business Segment for Fiscal 2006 (YoY Comparison)

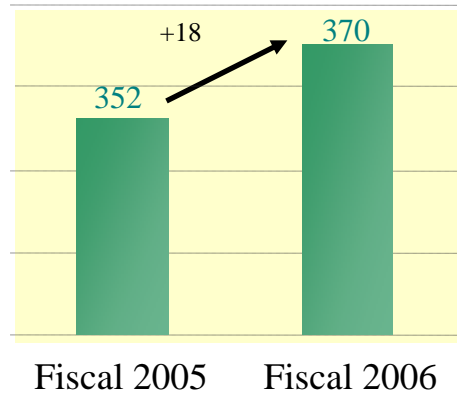
(Millions of yen)



Factors Behind Increased Sales in Catalog Business

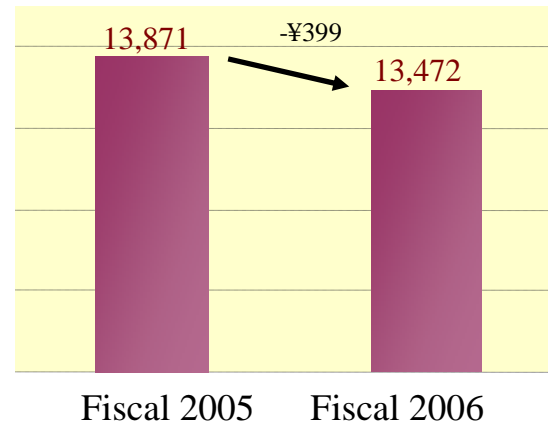
Number of Active Customers*

(10,000 members)



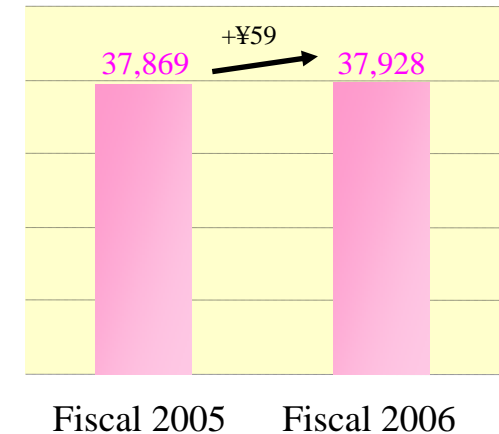
Average Sales Per Customer

(Yen)



Annual Order Amount

(Yen)

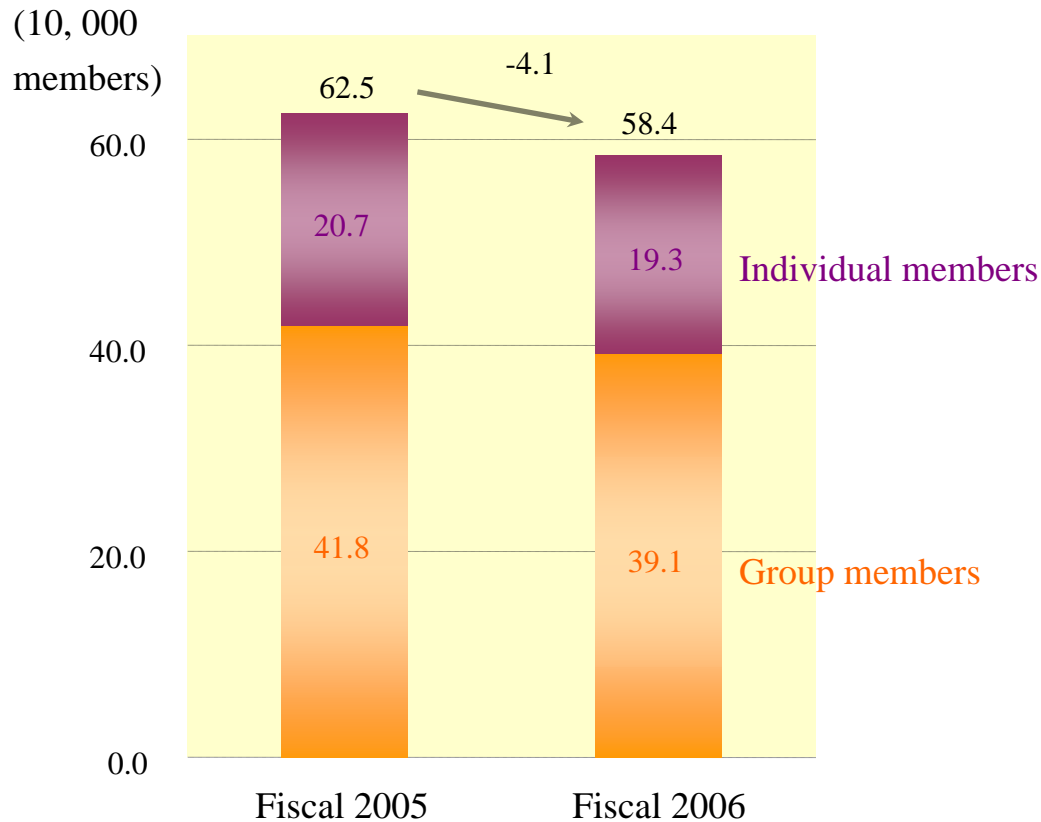


- ✓ Number of active customers up 180,000 due to more new customers and increased retention of customers
- ✓ While average sales per customer declined mainly due to higher percentage of Internet orders, a higher order frequency increased annual order amount
- ✓ *Watashi-tachi no Kurasu Fuku* continued to sell strongly, achieving fiscal 2006 net sales of approximately ¥24 billion, and also contributing to capturing new and reactivated customers

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

Factors Behind Lower Sales in *Hanpukai* Business

Number of Members



Lower sales due to declines in individual and group members. However, these declines are smaller than the previous year.

Rebuilding the *Hanpukai* Business: testing ideas for new customer interfaces.

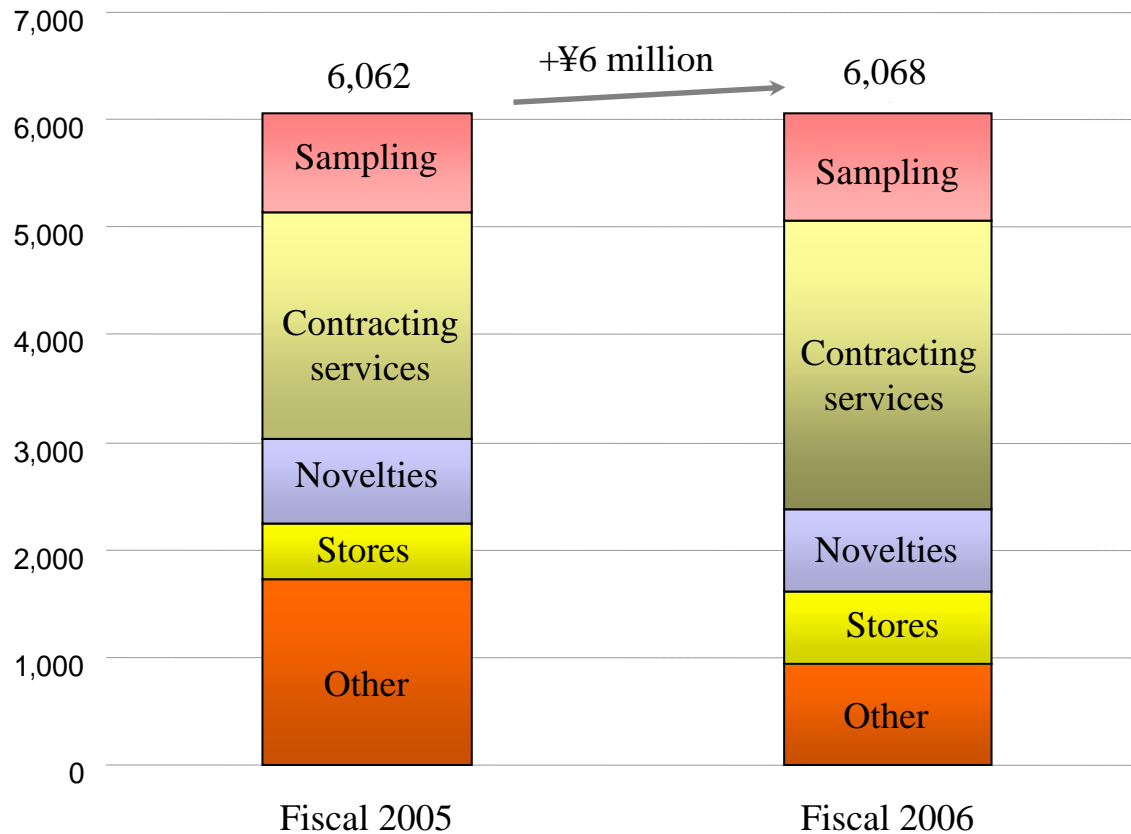
Launch of office vending box business
Rebuilding by expanding and strengthening business contacts with offices



Factors Behind Higher Sales in Other Businesses

Net Sales

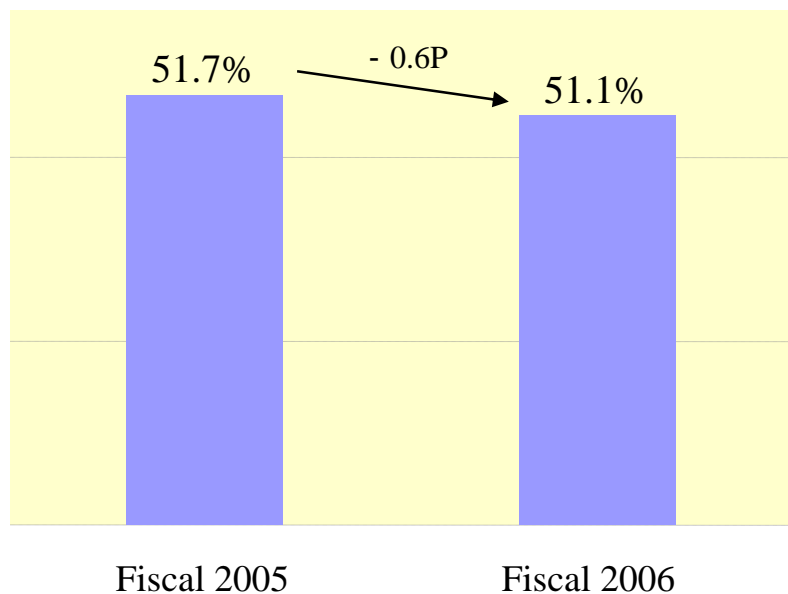
(Millions of yen)



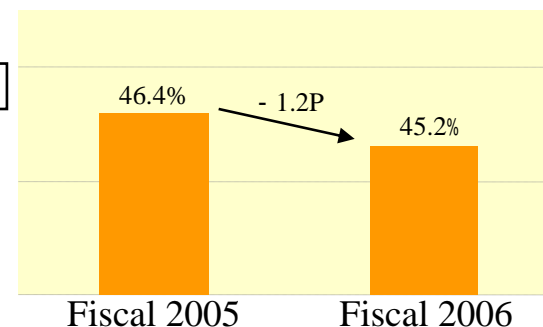
- Sales almost the same as last year because a large rise in sales of contracting services was mostly offset by the absence of the sale of the golf business that was posted in “other” in fiscal 2005
- There are currently seven stores: generally each store has increased sales from last year

Cost-of-Sales Ratio Overview

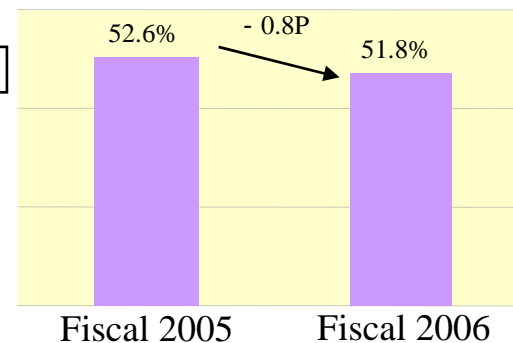
Consolidated



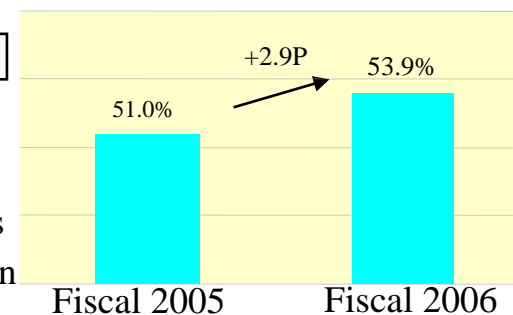
Hanpukai Business



Catalog Business



Other Businesses



- *Hanpukai* Business:

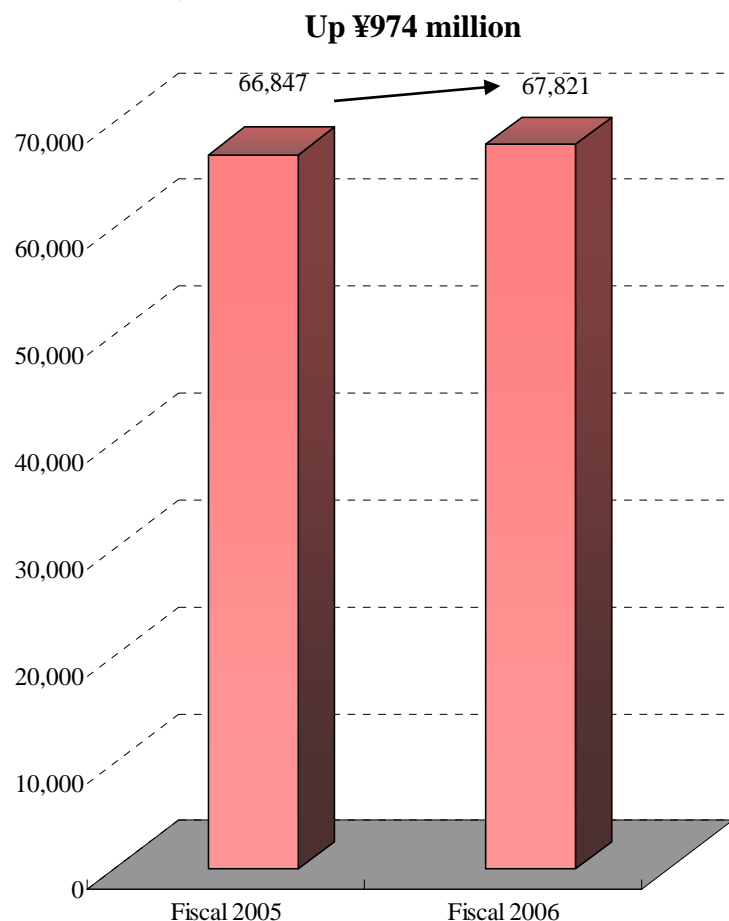
Decrease in purchasing costs ratio due to cookbook success

- Catalog Business: Lower cost of sales due to enhanced mid-priced products and reduced purchasing costs ratio due to an increased percentage of imports

- Other Businesses: Higher cost-of-sales ratio accompanying increased sales in contracting services with a high cost-of-sales ratio

Breakdown of Changes in SG&A Expenses

(Millions of yen)



Catalog-related expenses	- 479
Depreciation expenses	- 187
Sales promotion expenses	- 647
Commissions paid	1,301
Other expenses	986
	974

Lower printing costs due to lower printed-materials circulation

Lower *Belle Maison* incentive point expenses

Higher commissions paid due to higher external-contract commissions

Extraordinary loss of ¥1,42 billion for current fiscal year

- Contract termination loss of about ¥0.41 billion from the annulment of a business collaboration agreement with Advance Create Co., Ltd.
- Loss of about ¥0.33 billion from the closure of U.S. subsidiary Bellne USA, Inc.
- Disposal loss and other charges of about ¥0.27 billion associated with the integration of product centers
- Other losses of about ¥0.41 billion

Highlights From Second Half Fiscal 2006 (1)

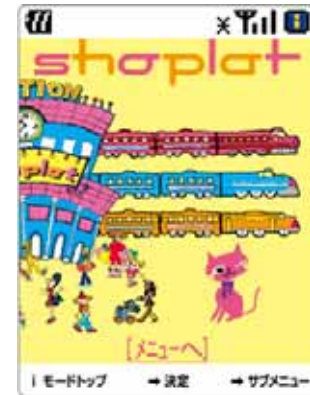
Launch of NTT DoCoMo, Inc.'s i-mode shopping website *Ran Ran Ranking*

November 6, 2006 saw the launch of this mobile phone shopping site that supports working women in their 20s with various ranking information



Launch of mobile phone shopping website *shoplat*

Launched on November 1, 2006, this shopping website exclusively for mobile phones targets young women in their late teens to early 20s who frequent the fashionable Tokyo areas of Shibuya and Harajuku



Launch of new PC and mobile phone website *Jensis*

August 29, 2006 saw the launch of this PC and mobile phone website that introduces the latest trends and fashions to fashionable young women in their early 20s



Launch of *Okaimono with* catalog together with Kodansha Ltd.

Okaimono with is a mail-order catalog launched on September 12, 2006 linked to Kodansha Ltd.'s publication *with*, aimed at trend-conscious women in their 20s



Highlights From Second Half Fiscal 2006 (2)

Establishment of TV shopping company SENTENs Co., Ltd.

We established the joint venture SENTENs Co., Ltd. on October 3, 2006 together with YOMIURI TELECASTING CORPORATION. In April 2007 Sentence will start a mail-order business using broadcasting and the Internet mainly for gourmet dining, beauty and health products, miscellaneous fashion merchandise and home electric appliances. Business is being developed on TV programs and EC websites under the B-tops brand.



Purchase of two women's apparel companies

On September 22, 2006, we purchased B'-BOP STUDIO CO., LTD. and MELODY SQUARE CO., LTD., two apparel companies that plan, manufacture and sell casual clothing for women in their early 20s.

B'-BOP STUDIO



Launch of Belle Maison market in Yao

On December 4, 2006, we opened the seventh Belle Maison market store in Yao City in the Osaka area. The store has an extensive lineup of functional and user-friendly household goods, including kitchen appliances, tableware, bath items, storage products and other household items.



Progress on the Medium-term Management Plan (2005 – 2007)

SCM Promotion (Status of Each Indicator)

	Fiscal 2005 Results	Fiscal 2006 Results	Degree of Improvement	Fiscal 2007 Medium-term Management Plan Targets	
Reduction in distribution-related cost ratio	Direct transaction lead time	70.5 days	54days	→	45days
	Domestic indirect lead time	26 days	28days	→	25days
	Rapid delivery ratio *	78.4%	77.4%	→	85.0%
	Delivery-to-order ratio**	137.5%	145.1%	→	130.0%
Reduction in cost-of-sales ratio	Inventory turnover	4.8 times	4.5times	→	7.0times
	Import ratio	66.1%	69.4%	→	70.0%
	Direct transaction rate	11.7%	15.7%	→	15.0%

*The ratio of product in stock and available for immediate delivery.

**The number of delivery shipments divided by the number of orders.

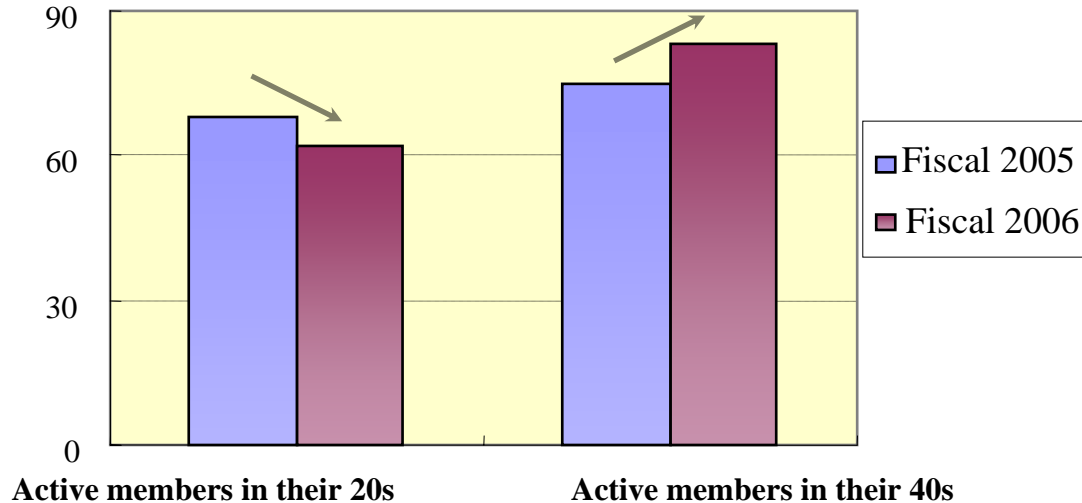
Indicators are clearly deteriorating on the whole, but this is only because orders exceeded targets for the second half of the fiscal year.

Some deliveries were shipped separately in response to greater-than-expected order volume, but total shipment volume surpassed targets, resulting in higher sales.

We aim to substantially improve all indicators in fiscal 2007 by such measures as strengthening alliances with major business partners and improving lead times of direct imports.

Customer Base Enlargement (Capturing 20s and 40s Customers)

(10,000 members)

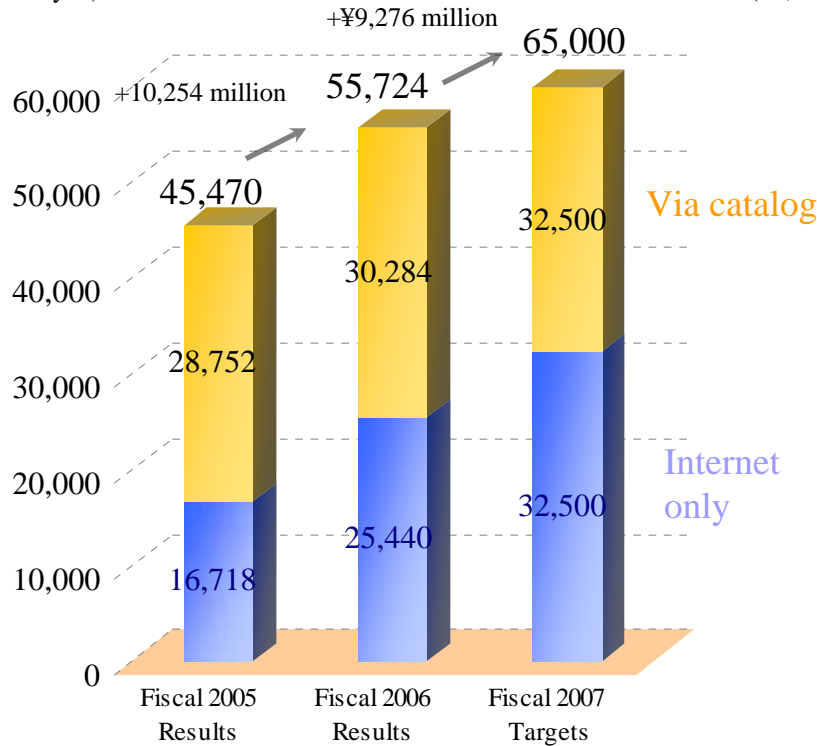


- Aiming to capture customers in their 20s via the Internet and mobile phones, we launched the new Internet-only shop *Editer*, the website *Jensis*, and the mobile phone websites *Mobakore*, *shoplat* and *Ran Ran Ranking*.
- We increased year on year sales by attracting customers through the fashion catalog *Rashisa* and the interiors catalog *Luxe Living*, both targeting customers in their forties. We achieved a higher retention rate of members in their forties, and captured new customers in their 30s with *Watashi-tachi no Kurasu Fuku*.

Internet Sales and Members

Internet Sales

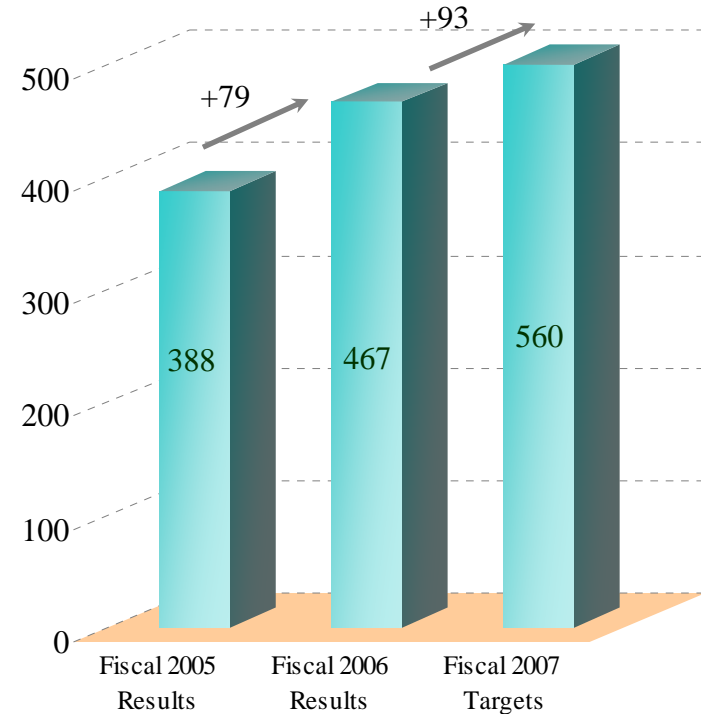
(Millions of yen)



In the current fiscal year we are advancing such measures as further increasing Internet-only products to achieve 50% Internet-only sales

Number of Bellne Members

(10,000 members)



Sales via mobile phones also increased to achieve fiscal 2006 net sales of ¥12.5 billion. We will continue our proactive initiatives.

Consolidated Operating Forecasts for Fiscal 2007

Consolidated Earnings Forecasts for Fiscal 2007 (YoY Comparison)

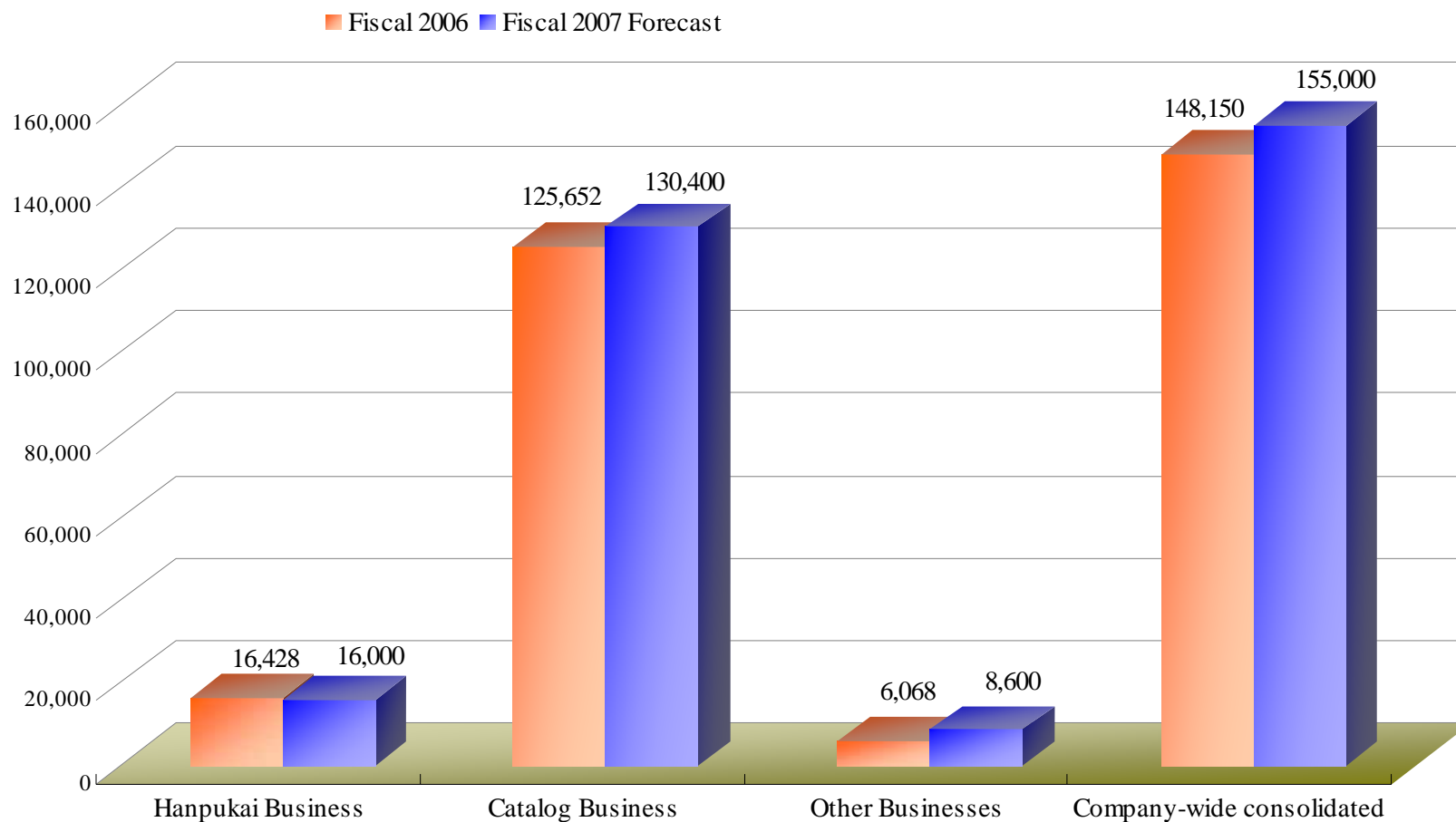
(Millions of yen)

	Fiscal 2006	Comparison to Net Sales	Fiscal 2007	Comparison to Net Sales	Difference	YoY Change %
Net Sales	148,150	-	155,000	-	+ 6,850	+ 4.6%
Cost of Sales	75,727	51.1%	78,700	50.8%	+ 2,973	+ 3.9%
Gross Profit	72,423	48.9%	76,300	49.2%	+ 3,877	+ 5.4%
SG&A Expenses	67,821	45.8%	68,900	44.5%	+ 1,079	+ 1.6%
Operating Income	4,602	3.1%	7,400	4.8%	+ 2,798	+ 60.8%
Ordinary Income	5,240	3.5%	7,800	5.0%	+ 2,560	+ 48.8%
Net Income	3,627	2.4%	4,100	2.6%	+ 473	+ 13.0%

The projected full-year dividend is ¥27 (for a dividend payout ratio of 30.7%).

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

(millions of yen)



Major Initiatives for Fiscal 2007 (1)

Publication of new catalogs

We separated our mama & baby catalog into two new catalogs: mama & baby for maternity and mama & baby for baby.



Launch of business selling pet products

We acquired the retail, wholesale and mail-order business operations for pet products from MK. SUEMATSU, INC. We will use our existing infrastructure to further expand these businesses.



Major Initiatives for Fiscal 2007 (2)

Launch of sales of new brand *Yama Warau*

In February 2007 in collaboration with ITOCHU Corporation we will launch *Yama Warau*, a brand of women's clothing produced by the actress Tomoko Yamaguchi.



Belle Maison Point Park launched on February 8, 2007

We have opened the website *Belle Maison Point Park* to make *Belle Maison* incentive points more attractive by enabling members to accumulate saved incentive points earned from purchases at affiliated companies and exchange saved points for our products. Through the website, we aim to capture new members and improve membership services.



Scheduled Earnings Announcements in Fiscal 2007

- **April 20, 2007 (Fri.): Earnings for first quarter of fiscal 2007**
- **July 26, 2007 (Thurs.): Earnings for first half of fiscal 2007**
- **July 27, 2007 (Fri.): Presentation of earnings for first half of fiscal 2007(Tokyo)**
- **October 19, 2007 (Fri.): Earnings for third quarter of fiscal 2007**