



Interim Financial Report for Fiscal 2007 (Ended June 30, 2007)

July 26, 2007

Company name: **Senshukai Co., Ltd.**

Stock Exchanges: Tokyo and Osaka, First Section

Stock Code: 8165

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

Representative: Mr. Yasuhiro Yukimachi, President and Representative Director

Inquiries: Mr. Kazuhide Fujiyoshi, Director, General Affairs & IR Publications Dept., Financial Planning Div.

Tel: +81-6-6881-3100

Scheduled date of filing of Semiannual Security Report: September 21, 2007

Scheduled date of payment of dividend: August 31, 2007

(All amounts are rounded down to the nearest million yen)

1. Interim Consolidated Financial Results for Fiscal 2007 (January 1, 2007 – June 30, 2007)

(1) Consolidated operating results (Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim ended Jun. 2007	79,701	6.5	3,495	38.2	3,917	51.9
Interim ended Jun. 2006	74,843	0.7	2,529	42.0	2,579	30.3
Year ended Dec. 2006	148,150	-	4,602	-	5,240	-

	Net income		Net income per share		Diluted net income per share	
	Millions of yen	%	Yen	Yen	Yen	Yen
Interim ended Jun. 2007	2,001	(1.7)	43.12		42.95	
Interim ended Jun. 2006	2,035	-	44.27		44.02	
Year ended Dec. 2006	3,627	-	78.81		78.55	

Reference: Equity in earnings of non-consolidated subsidiaries (million yen)

Interim ended Jun. 2007: 64 Interim ended Jun. 2006: 38 Year ended Dec. 2006: 193

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen	Millions of yen	Millions of yen	%	Yen	Yen	Yen	
As of Jun. 30, 2007	94,130	58,120	58,120	61.7	1,244.89			
As of Jun. 30, 2006	90,087	54,139	54,139	60.0	1,173.78			
As of Dec. 31, 2006	95,508	55,708	55,708	58.3	1,207.89			

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2007: 58,039 As of Jun. 30, 2006: 54,084 As of Dec. 31, 2006: 55,661

(3) Consolidated cash flows

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at end of period	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Interim ended Jun. 2007	(889)	(1,347)	(1,347)	202	3,791			
Interim ended Jun. 2006	1,355	(1,454)	(1,454)	(416)	10,865			
Year ended Dec. 2006	1,470	(6,426)	(6,426)	(875)	5,549			

2. Dividends

(Record date)	Dividend per share		
	Interim	Yearend	Annual
Fiscal 2006	Yen 10.00	Yen 10.00	Yen 20.00
Fiscal 2007	13.00	14.00	27.00
Fiscal 2007 (forecasts)	13.00	14.00	27.00

3. Consolidated Outlook for the Fiscal Year Ending December 31, 2007 (January 1, 2007 – December 31, 2007)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	158,000	6.6	7,400	60.8	7,800	48.8	4,100	13.0		87.94

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements

1) Changes caused by revision of accounting standards: Yes

2) Other changes: Yes

Note: Please refer to “Significant Accounting Policies for the Preparation of Interim Consolidated Financial Statements” on page 20, and “Segment Information” on page 27 and 28 for further information.

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding at end of period (including treasury stock):

As of Jun. 30, 2007: 47,630,393 shares As of Jun. 30, 2006: 47,630,393 shares As of Dec. 31, 2006: 47,630,393 shares

2) Number of treasury stock at end of period:

As of Jun. 30, 2007: 1,008,462 shares As of Jun. 30, 2006: 1,553,511 shares As of Dec. 31, 2006: 1,548,297 shares

Note: Please refer to “Per Share Information” on page 31 for the number of shares used in calculating consolidated net income per share.

(Reference) Summary of Interim Non-consolidated Financial Report**1. Interim Non-consolidated Financial Results for Fiscal 2007 (January 1, 2007 – June 30, 2007)**

(1) Non-consolidated operating results (Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim ended Jun. 2007	77,320	4.4	2,716	47.8	3,267	54.9
Interim ended Jun. 2006	74,050	0.5	1,838	47.2	2,108	14.0
Year ended Dec. 2006	146,917	-	3,714	-	4,419	-

	Net income		Net income per share
	Millions of yen	%	Yen
Interim ended Jun. 2007	2,029	10.8	43.72
Interim ended Jun. 2006	1,830	-	39.81
Year ended Dec. 2006	3,142	-	68.27

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2007	91,105	57,124	62.7	1,225.28
As of Jun. 30, 2006	88,533	53,413	60.3	1,159.23
As of Dec. 31, 2006	93,073	54,638	58.7	1,185.68

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2007: 57,124 As of Jun. 30, 2006: 53,413 As of Dec. 31, 2006: 54,638

2. Non-consolidated Outlook for the Fiscal Year Ending December 31, 2007 (January 1, 2007 – December 31, 2007)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	153,000	4.1	6,900	85.8	7,400	67.5	4,100	30.5	87.94

***Cautionary statement with respect to forward-looking statements**

The above projections are based on information available at the time of release of this report. Actual results could differ significantly from projections due to a variety of factors.

For further details regarding projections, please refer to page 6.

1. Operating Results

(1) Analysis of Operating Results

Overview

The Japanese economy continued to expand at a steady pace in the interim period under review due to firm, albeit not accelerating, corporate investment and consumer spending. However, the risk still exists that dramatic market changes, such as surging crude oil and other raw materials prices, and rising interest rates, could negatively impact economic growth. Concerns also exist that personal consumption will decelerate due to the abolishment of across-the-board tax cuts in June, and a rise in individual inhabitant taxes. In the retail industry, personal consumption lacked strength, different sectors and companies saw winners and losers, and poor weather was a negative factor. In the mail-order industry, Internet retailers, mobile-based retailers, and TV mail-order firms saw sales increase year-over-year, but sales were still weak at comprehensive catalog mail-order firms. Cross-sector M&A and tie-ups have become increasingly frequent. The business environment remains difficult in an environment of intensifying competition, and greater selectivity by consumers in terms of price, products, and services.

Against this backdrop, the Senshukai Group focused on priority strategies in the final year of its medium-term management plan which ends in Fiscal 2007.

Consolidated net sales increased 6.5% year-over-year to 79,701 million yen in the interim period under review.

The gross margin declined due to a rise in the cost ratio. However, operating income increased 38.2% year-over-year to 3,495 million yen due to a decline in the SG&A-to-sales ratio, and ordinary income increased 51.9% to 3,917 million yen due to an increase in interest income and foreign exchange gains. Net income declined 1.7% to 2,001 million yen on the emergence of corporate taxes due to an absence of tax loss carry forwards.

Segment information

[Mail-order Business]

Consolidated sales in the mail-order business, which comprises the catalog and the *hanpukai* businesses, increased 3.4% year-over-year to 74,172 million yen, and operating income increased 43.1% to 3,527 million yen in the interim period under review.

1) Catalog business

The catalog business provides customers with a variety of lifestyle ideas and offers distinct Senshukai products through 18 different catalogs currently in circulation.

The business has won the support of members by meeting their needs as a “lifestyle navigator” in a variety of product categories, particularly fashion wear, but also fashion sundries, interior goods, everyday sundries, maternity goods, and children’s clothing, since its start in 1976.

We continued to reassess the position of each media under the slogan of “Super thrilling, Super exciting.”

Despite a reduction in catalog issues, consolidated sales in the catalog business increased 5.3% year-over-year to 66,764 million yen.

2) *Hanpukai* business

The *hanpukai* business employs an original, unique sales model differing from other mail-order companies whereby goods are delivered monthly to all group and individual members, mainly working women.

Focusing on everyday sundries and foods, the business offers a wide lineup of products that are highly collectible, original, and not available in retail stores.

We created the office vending box business this fiscal year to expand contact points in various occupational fields and restructure the *hanpukai* business. Despite these efforts, sales and membership declined year-over-year.

Consolidated sales in the *hanpukai* business declined 11.2% year-over-year to 7,408 million yen, and average monthly membership was 554,600.

[Other Businesses]

In the 'other businesses' segment – which comprises mainstay travel and credit card services, transportation and storefront services, as well as BtoB operations – consolidated interim sales increased 77.9% year-over-year to 5,528 million yen due to greater BtoB operations contracting for corporations, and sales from newly consolidated subsidiaries.

Operating income increased 7.7% year-over-year to 48 million yen.

Note: We changed segment business classifications in the current interim period, and reclassified last year's results to enable comparisons with the current interim period. See 'Segment Information' (p27-28) for details on new segment business classifications.

(2) Analysis of Financial Position

Balance sheet position

Assets totaled 94,130 million yen at the end of the interim period under review, down 1,378 million yen from the end of the previous fiscal year. As for current assets, notes and accounts receivable-trade increased 1,021 million yen, but cash and deposits decreased 1,758 million yen, and accounts receivable-other decreased 900 million yen.

In fixed assets, intangible assets increased 732 million due to software development, but investments and other assets decreased 742 million yen.

As for current liabilities, accrued income taxes increased 1,020 million yen, but notes and accounts payable-trade decreased 2,301 million yen, accounts payable-other and accounts payable-factoring decreased 2,870 million yen respectively. As for long-term liabilities, deferred tax liabilities increased 528 million yen.

Net assets increased 2,411 million yen from the end of the previous fiscal year, due mainly to the booking of 2,001 million yen in net income. Consequently, the equity ratio was 61.7%.

Cash flow position

The balance of cash and cash equivalents at the end of the interim period under review was 3,791 million yen, a decline of 1,758 million yen from the end of the previous fiscal year. This decrease mainly reflected a decline of 2,033 million yen in cash and cash equivalents due to operating, investing and financing activities, despite an increase of 275 million yen from the new consolidation of a subsidiary.

Operating activities used net cash of 889 million yen. The main contributing factors were income before income taxes and minority interests of 3,523 million yen, depreciation expenses of 774 million yen, and a decrease in other current assets of 1,802 million yen. These factors were partly offset by an increase in notes and accounts receivable of 727 million yen, decrease in notes and accounts payable of 2,578 million yen, and a decrease in other current liabilities of 3,095 million yen.

Investing activities used net cash of 1,347 million yen. The main contributing factor was 1,908 million yen in proceeds from sales of investment securities, cash outflows were 1,384 million yen for purchases of intangible assets, 1,113 million yen for purchases of investment securities, and 752 million yen for purchases of property and equipment.

Financing activities provided net cash of 202 million yen. The main contributing factor was 653 million yen in proceeds from sales of treasury stock, cash outflow was 460 million yen in cash dividends paid.

Cash flow indices

	Fiscal 2004 (As of Dec. 31, 2004)	Fiscal 2005 (As of Dec. 31, 2005)	Fiscal 2006 (As of Dec. 31, 2006)	Interim Fiscal 2007 (As of Jun. 30, 2007)
Equity ratio (%)	53.9	56.6	58.3	61.7
Equity ratio based on fair value (%)	41.6	74.3	58.5	78.7
Average debt repayment period (years)	0.2	0.2	0.3	-
Interest coverage ratio	80.1	59.1	30.3	-

Notes: 1. Cash flow indices are calculated as follows using consolidated financial figures:

The equity ratio based on fair value is market capitalization divided by total assets.

The average debt repayment period is interest-bearing debt divided by the quantity of operating cash flows.

The average debt repayment period at the end of the interim period in years is interest-bearing debt divided by the quantity of operating cash flows multiplied by two.

The interest coverage ratio is operating cash flows divided by interest payments.

2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares issued and outstanding at the end of the period, excluding treasury stock.
3. Interest-bearing debt represents all liabilities shown on the consolidated balance sheets that incur interest.
4. Operating cash flows and interest payments represent net cash provided by operating activities and interests paid, respectively, on the consolidated statements of cash flows.
5. There are no average debt repayment period and interest coverage ratio figures for Interim Fiscal 2007 because the Company had negative operating cash flows.

(3) Basic Policy Regarding Distribution of Earnings and Dividends in the Current Fiscal Year

Strengthening the business foundation while ensuring stable dividends and an appropriate return of earnings to shareholders is our basic policy regarding the distribution of earnings.

Specifically, we intend to maintain a payout ratio of 30% going forward.

We will use retained earnings to invest in the development of new businesses, raise the efficiency of existing businesses, improve the soundness of our financial condition, and strengthen our competitiveness and corporate structure.

We plan an interim dividend of 13 yen per share, and a yearend dividend of 14 yen per share in line with our aforementioned policy, for a total annual dividend of 27 yen per share.

(4) Business Risks

1) Economic situation in manufacturing countries

The majority of products sold by the Senshukai Group are imported from China and other Asian countries. Consequently, political and economic conditions in these countries, as well as the occurrence of natural disasters, could impact the Group's operating results and financial position.

2) Exchange rate fluctuation

Some products handled in the mail-order business, the Senshukai Group's mainstay business, are imported and denominated in foreign currencies. Although Senshukai employs foreign exchange forward contracts and other hedging devices to reduce the risk associated with exchange rate fluctuations, large fluctuations could affect the Group's operating results and financial position.

3) Risks associated with personal information leaks

Senshukai and some subsidiaries handle personal information subject to Japan's Personal Information Protection Law. The Senshukai Group adheres to all relevant laws, has assigned a Customer Information Management Officer to prevent information leaks and strengthened internal control systems. Furthermore, Senshukai obtained the Privacy Mark certification.

However, in the unlikely event that personal information handled by the Senshukai Group leaks, this could damage public trust and the corporate image, leading to a significant and adverse impact on the Group's operating results and financial position.

4) Risks associated with natural disasters

Natural disasters or other unexpected events that disrupt the order processing or shipment operations of the Senshukai Group's mainstay mail-order business could significantly affect the Group's operating results and financial position. To minimize these risks, Senshukai has established backup processing and shipment systems, and a preparatory framework for earthquake disasters. We have also established a Crisis Management Committee and formulated rules applicable to emergencies. Nevertheless, severe damage to Senshukai facilities and disruptions to order processing or shipments resulting from a major disaster could significantly and adversely affect the Group's operating results and financial position.

5) System risk

The Senshukai Group's computer system could be negatively impacted by a variety of factors including earthquakes, typhoons, floods, hardware or software trouble, terrorism, and cyber-terror. Trouble that requires an inordinate amount of time to restore the system could significantly and adversely impact the Group's operating results and financial position since almost all operations at Senshukai are processed by computer.

6) Forward-looking statements

All forward-looking statements in the "Business Risks" section are based on the judgment of the Senshukai Group as of the presentation date (July 26, 2007) of this interim financial report for Fiscal 2007.

(5) Outlook for Fiscal 2007

We expect the Japanese economy to remain on a firm recovery path driven by improving corporate profits and firm capital spending. However, we believe the business environment will remain difficult across all retail sectors as consumer spending still lacks strength.

We forecast Fiscal 2007 sales will increase approximately 9,800 million yen over the previous fiscal year to 158,000 million yen. We forecast operating income of 7,400 million yen, ordinary income of 7,800 million yen, and net income of 4,100 million yen.

Consolidated				(Million yen)
	Net sales	Operating income	Ordinary income	Net income
Fiscal 2007 (forecast)	158,000	7,400	7,800	4,100
Fiscal 2006 (results)	148,150	4,602	5,240	3,627
Change (%)	6.6	60.8	48.8	13.0

Non-consolidated				(Million yen)
	Net sales	Operating income	Ordinary income	Net income
Fiscal 2007 (forecast)	153,000	6,900	7,400	4,100
Fiscal 2006 (results)	146,917	3,714	4,419	3,142
Change (%)	4.1	85.8	67.5	30.5

* The above projections are based on information available at the time of release of this report. Actual results could differ significantly from projections due to a variety of factors.

2. Group Organization

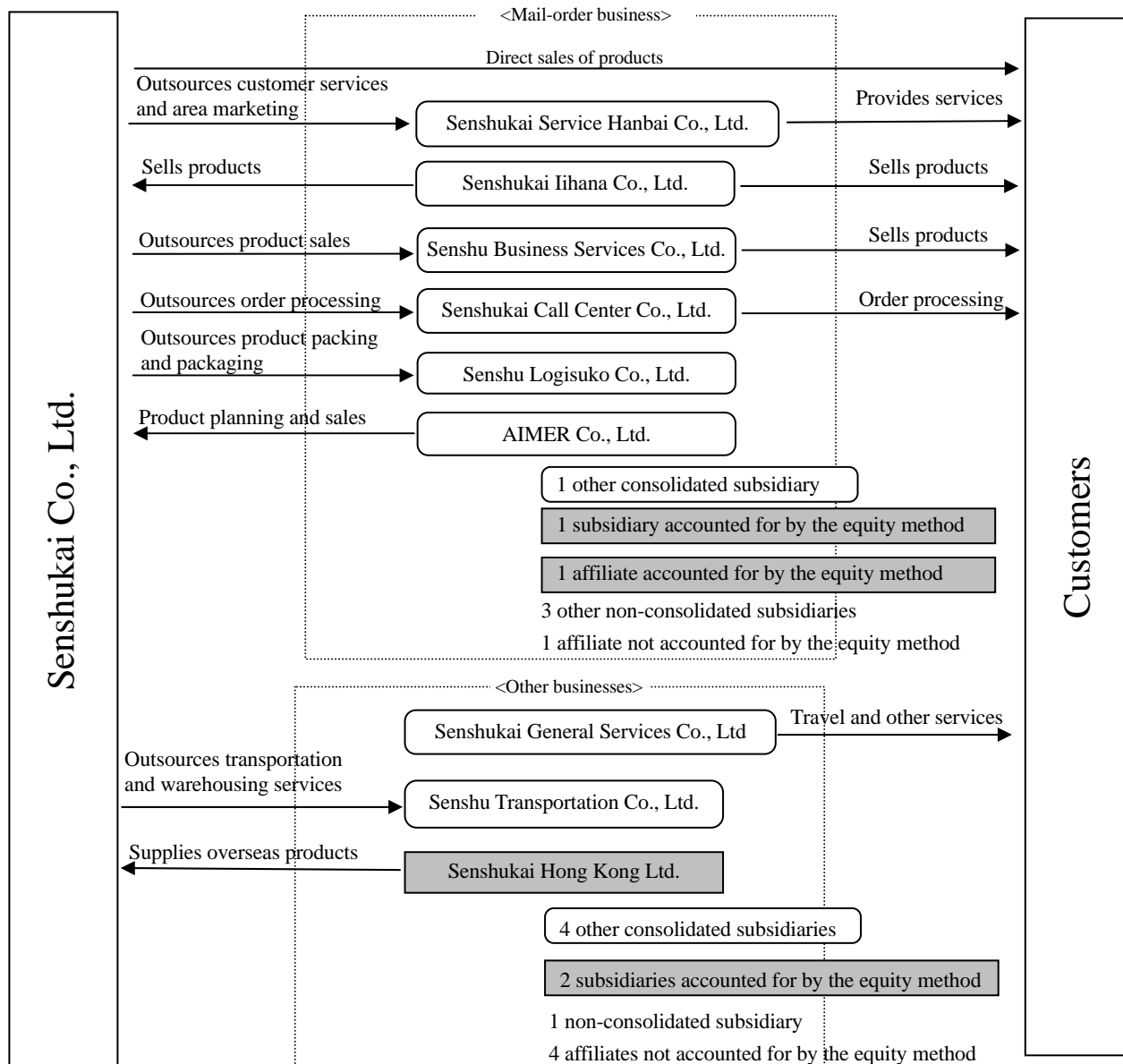
The Senshukai Group comprises the parent company, 21 subsidiaries, and 6 affiliates. Its mainstay business is the mail-order business, but it is also involved in related businesses including transportation, warehousing, travel, and services.

The following describes the position of each mainstay business activity in the Group's operations and business segments.

Segment	Mainstay business activity	Company
Mail-order business	Mail order	Senshukai Co., Ltd., Senshukai Service Hanbai Co., Ltd., Senshukai Iihana Co., Ltd., and 7 other companies
	Product sales	Senshu Business Services Co., Ltd.
	Order processing	Senshukai Call Center Co., Ltd.
	Transportation and warehousing	Senshu Logisuko Co., Ltd.
	Product planning and development	AIMER Co., Ltd.
Other businesses	Product sales	Senshukai Co., Ltd. and 3 other companies
	Services	Senshukai General Services Co., Ltd. and 6 other companies
	Transportation	Senshu Transportation Co., Ltd.
	Export sales	Senshukai Hong Kong Ltd. and 2 other companies

Schematic of businesses

Consolidated subsidiary
 Company accounted for by the equity method



3. Management Policies

(1) Basic Management Policy

The Senshukai Group's corporate philosophy is to "contribute to society by providing customers with outstanding products and services."

Senshukai works together with its shareholders, customers, business partners, employees, and all other stakeholders to enhance corporate value and mutual prosperity.

(2) Key Performance Indicators

We aim to shift from a sales-oriented strategy to a corporate value-focused strategy in line with our medium-term management plan. Specifically, we aim to generate operating cash flows of 10 billion yen in Fiscal 2007 (ending December 31, 2007), and have set an operating income ratio target of 5% to ensure a sharper focus on profitability.

Proactive investment in growth areas is the core policy of our medium-term management plan. Going forward, we will aggressively invest to expand earnings and enhance corporate value.

(3) Medium- to Long-term Corporate Management Strategy and Issues

We have formulated and are currently implementing a medium-term management plan that ends in Fiscal 2007.

1) Basic policies of the Medium-term Management Plan

i) Higher profitability for core businesses

We shall avoid an unprofitable expansion of sales in the catalog mail-order business and focus instead on strengthening profitability, particularly in existing markets where women in their late 20s and 30s comprise our main customer target.

ii) Aggressive investment in growth areas

We shall aggressively invest in broadening customer age groups, focusing on customers in their 20s to 40s, and in expanding sales channels to include the Internet and storefront businesses.

iii) Improved brand value

All employees shall focus thoroughly on creating a Belle Maison that is "Super thrilling, Super exciting" and resonates with customer hearts.

2) Interim Fiscal 2007 strategies in the Medium-term Management Plan

i) Promotion of Supply-chain Management

We evaluate and review various indices monthly, and saw improvements in the “rapid delivery ratio” (the ratio of product that is in stock and available for immediate delivery) and “delivery-to-order ratio” (number of deliveries per order) due to more accurate demand forecasts and changes to ordering methods.

ii) Reassessment of catalog positioning

We released a new issue through a medium following reassessment of each catalog’s positioning. We will continue to reassess the positioning of our catalogs going forward.

iii) Expansion of the customer base to people in their 20s and 40s

20s: We continued to strengthen Internet and mobile-based services and product sales for customers in their 20s. Last year we opened RanRan Ranking, a mobile information shopping website, compatible with the phones of all mobile carrier companies.

40s: We increased customers in their 40s by capturing new members and improving the repeater ratio with the catalog *Watashitachi no Kurasu Fuku* as last year.

iv) Promotion of Internet sales

We posted Internet sales of 33,700 million yen, an increase of 23.3% year-over-year, by strengthening Belle Maison Net affiliates and developing products for sale over the Internet only. This figure includes direct Internet sales of 16,700 million yen, up 44.5%; mobile-based sales also steadily increased. We target Internet sales of 65,000 million yen, including direct Internet sales of 32,500 million yen, for Fiscal 2007.

v) Development of storefront business

We currently have six brick-and-mortar stores and will continue to review the status of each store, develop a distinct and appropriate model for each, and steadily open new stores.

vi) Stronger development capabilities

We will continue to promote measures in each development division to strengthen product planning and development, and enhance development creativity.

vii) Better customer service

We reviewed large product delivery fees and installment fees to optimize service fees, worked to shorten response time to inquiries, and worked to further strengthen various customer services.

(4) Other Important Business Matters

Not applicable.

** This financial report is solely a translation 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.*

Interim Consolidated Financial Statements and Notes**Interim Consolidated Financial Statements****(1) Interim Consolidated Balance Sheets**

(Million yen)

Account	Period	Interim Fiscal 2006 (As of Jun. 30, 2006)		Interim Fiscal 2007 (As of Jun. 30, 2007)		Fiscal 2006 Summary (As of Dec. 31, 2006)	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and deposits		10,780		3,705		5,464	
2. Notes and accounts receivable-trade		11,248		12,315		11,293	
3. Marketable securities		85		85		85	
4. Inventories		14,999		16,840		16,432	
5. Deferred tax assets		-		54		100	
6. Accounts receivable-other		5,301		6,934		7,835	
7. Other		4,310		6,375		6,308	
Allowance for doubtful accounts		(162)		(480)		(192)	
Total current assets		46,563	51.7	45,830	48.7	47,328	49.6
II Fixed assets							
1. Property and equipment *1							
(1) Buildings and structures	*2	11,080		10,423		10,492	
(2) Machinery and vehicles		2,038		1,824		1,859	
(3) Furniture and fixtures		803		846		793	
(4) Land	*2	11,567		11,412		11,411	
(5) Construction in progress		6		216		36	
Total property and equipment		25,496		24,722		24,592	
2. Intangible assets							
3. Investments and other assets							
(1) Investment securities	*2	12,007		16,061		16,509	
(2) Long-term loans receivable		788		376		1,102	
(3) Guarantee deposits		1,303		1,364		1,304	
(4) Other		2,741		2,938		2,716	
Allowance for doubtful accounts		(642)		(497)		(645)	
Total investments and other assets		16,198		20,244		20,987	
Total fixed assets		43,523	48.3	48,300	51.3	48,180	50.4
Total assets		90,087	100.0	94,130	100.0	95,508	100.0

(Million yen)

Account	Period	Interim Fiscal 2006 (As of Jun. 30, 2006)		Interim Fiscal 2007 (As of Jun. 30, 2007)		Fiscal 2006 Summary (As of Dec. 31, 2006)	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Notes and accounts payable-trade		9,935		9,409		11,710	
2. Short-term bank loans	*2	51		61		53	
3. Accounts payable-other		4,549		5,416		7,046	
4. Accounts payable-factoring		15,502		13,750		14,990	
5. Accrued expenses		1,559		1,763		1,908	
6. Accrued income taxes		250		1,305		285	
7. Accrued consumption taxes		248		343		181	
8. Deferred tax liabilities		219		210		265	
9. Allowance for sales promotion expenses		653		301		276	
10. Other		624		709		836	
Total current liabilities		33,595	37.3	33,271	35.4	37,554	39.3
II Long-term liabilities							
1. Long-term debt	*2	335		354		342	
2. Deferred tax liabilities		692		1,062		533	
3. Deferred tax liabilities relating to land revaluation		804		804		804	
4. Liabilities for employees' retirement benefits		20		55		17	
5. Liabilities for retirement benefits for directors and corporate auditors		498		434		497	
6. Other		-		27		50	
Total long-term liabilities		2,352	2.6	2,738	2.9	2,245	2.4
Total liabilities		35,947	39.9	36,010	38.3	39,800	41.7
Net assets							
I Shareholders' equity							
1. Common stock		20,359	22.6	20,359	21.6	20,359	21.3
2. Capital surplus		20,715	23.0	20,990	22.3	20,716	21.7
3. Retained earnings		19,919	22.1	22,307	23.7	20,889	21.9
4. Treasury stock		(1,041)	(1.2)	(693)	(0.7)	(1,041)	(1.1)
Total shareholders' equity		59,951	66.5	62,964	66.9	60,923	63.8
II Valuation and translation adjustments							
1. Net unrealized gains on available for sale securities		1,205	1.3	1,306	1.4	1,336	1.4
2. Deferred hedge gains (losses)		429	0.5	1,065	1.1	734	0.8
3. Land revaluation difference		(7,462)	(8.3)	(7,301)	(7.8)	(7,301)	(7.7)
4. Foreign currency translation adjustments		(39)	(0.0)	4	0.0	(31)	(0.0)
Total valuation and translation adjustments		(5,867)	(6.5)	(4,925)	(5.3)	(5,261)	(5.5)
III Minority interests							
		55	0.1	80	0.1	46	0.0
Total net assets		54,139	60.1	58,120	61.7	55,708	58.3
Total liabilities and net assets		90,087	100.0	94,130	100.0	95,508	100.0

(2) Interim Consolidated Statements of Income

(Million yen)

Account	Period	Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)		Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)		Fiscal 2006 Summary (Jan. 1, 2006 – Dec. 31, 2006)			
		Amount	%	Amount	%	Amount	%		
		I Net sales		74,843	100.0	79,701	100.0	148,150	100.0
II Cost of sales		38,075	50.9	40,987	51.4	75,727	51.1		
Gross profit		36,767	49.1	38,714	48.6	72,423	48.9		
III Selling, general and administrative expenses									
1. Packing and freight	5,381			5,285		10,586			
2. Sales promotion expenses	12,314			12,084		24,483			
3. Provision for allowance for sales promotion expenses	653			301		276			
4. Provision for allowance for doubtful accounts	140			161		194			
5. Directors' and corporate auditors' remuneration	271			279		536			
6. Salaries	4,750			5,180		9,578			
7. Bonuses	609			743		1,471			
8. Provision for liabilities for directors and corporate auditors' bonuses	1			-		2			
9. Depreciation expenses	809			757		1,612			
10. Others	9,306	34,238	45.7	10,424	35,218	44.2	19,077	67,821	45.8
Operating income		2,529	3.4	3,495	4.4	4,602	3.1		
IV Other income									
1. Interest income	96			181		175			
2. Dividend income	46			86		69			
3. Equity in earnings of non-consolidated subsidiaries	38			64		193			
4. Foreign exchange gains	-			67		120			
5. Other	107	289	0.3	102	502	0.6	214	773	0.5
V Other expenses									
1. Interest expenses	23			26		48			
2. Expenses related to fixed asset investment	-			16		-			
3. Foreign exchange losses	154			-		-			
4. Other	62	239	0.3	36	79	0.1	86	134	0.1
Ordinary income		2,579	3.4	3,917	4.9	5,240	3.5		

(Million yen)

Account	Period	Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)		Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)		Fiscal 2006 Summary (Jan. 1, 2006 – Dec. 31, 2006)		
		Amount	%	Amount	%	Amount	%	
		VI Extraordinary gains						
1. Gains on sales of fixed assets	*1	3		2		3		
2. Gains on sales of investment securities		54		159		54		
3. Reversal of allowance for doubtful accounts		-	57	121	283	-	57	0.0
VII Extraordinary losses								
1. Losses on sales and disposal of fixed assets	*2	5		22		110		
2. Losses on write-down of investment securities		17		-		17		
3. Losses on sales of investments securities		0		-		0		
4. Losses on disposal of merchandise		59		-		270		
5. Losses on cancellation of contracts		-		265		415		
6. Provision for allowance for doubtful accounts		-		287		-		
7. Losses on write-down of subsidiary stock	*3	-		90		-		
8. Losses on cancellation of leases		-		13		-		
9. Other		-	82	-	677	607	1,422	0.9
Income before income taxes and minority interests			2,553	3.4	3,523	4.4	3,874	2.6
Income taxes		188		1,306		375		
Deferred income taxes		314	502	210	1,516	(136)	239	0.2
Minority interests			15	0.0	5	0.0	7	0.0
Net income			2,035	2.7	2,001	2.5	3,627	2.4

(3) Interim Consolidated Statements of Changes in Shareholders' Equity

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 31, 2005	20,359	20,657	18,438	(1,153)	58,302
Changes in the period					
Dividend of surplus			(459)		(459)
Bonuses to directors and corporate auditors from appropriation of earnings			(47)		(47)
Net income			2,035		2,035
Purchases of treasury stocks				(11)	(11)
Disposal of treasury stocks		57		122	179
Decrease in retained earnings due to change in the number of consolidated subsidiaries			(48)		(48)
Changes (net) in items other than shareholders' equity					
Total changes in the period	-	57	1,480	111	1,649
Balance as of Jun. 30, 2006	20,359	20,715	19,919	(1,041)	59,951

(Million yen)

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized gains on available for sale securities	Deferred hedge gains (losses)	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of Dec. 31, 2005	1,719	-	(7,462)	(40)	(5,783)	43	52,562
Changes in the period							
Dividend of surplus							(459)
Bonuses to directors and corporate auditors from appropriation of earnings							(47)
Net income							2,035
Purchases of treasury stocks							(11)
Disposal of treasury stocks							179
Decrease in retained earnings due to change in the number of consolidated subsidiaries							(48)
Changes (net) in items other than shareholders' equity	(514)	429	-	1	(84)	12	(72)
Total changes in the period	(514)	429	-	1	(84)	12	1,576
Balance as of Jun. 30, 2006	1,205	429	(7,462)	(39)	(5,867)	55	54,139

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 31, 2006	20,359	20,716	20,889	(1,041)	60,923
Changes in the period					
Dividend of surplus			(460)		(460)
Net income			2,001		2,001
Purchases of treasury stocks				(30)	(30)
Disposal of treasury stocks		274		379	653
Decrease in retained earnings due to change in the number of consolidated subsidiaries and equity method affiliates			(122)		(122)
Changes (net) in items other than shareholders' equity					
Total changes in the period	-	274	1,417	348	2,040
Balance as of Jun. 30, 2007	20,359	20,990	22,307	(693)	62,964

(Million yen)

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized gains on available for sale securities	Deferred hedge gains (losses)	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of Dec. 31, 2006	1,336	734	(7,301)	(31)	(5,261)	46	55,708
Changes in the period							
Dividend of surplus							(460)
Net income							2,001
Purchases of treasury stocks							(30)
Disposal of treasury stocks							653
Decrease in retained earnings due to change in the number of consolidated subsidiaries and equity method affiliates							(122)
Changes (net) in items other than shareholders' equity	(30)	331	-	35	336	34	370
Total changes in the period	(30)	331	-	35	336	34	2,411
Balance as of Jun. 30, 2007	1,306	1,065	(7,301)	4	(4,925)	80	58,120

Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 31, 2005	20,359	20,657	18,438	(1,153)	58,302
Changes in the fiscal year					
Dividend of surplus (note)			(459)		(459)
Dividend of surplus			(460)		(460)
Bonuses to directors and corporate auditors (note)			(47)		(47)
Net income			3,627		3,627
Purchases of treasury stocks				(18)	(18)
Disposal of treasury stocks		58		129	188
Transfer of land revaluation difference			(161)		(161)
Decrease in retained earnings due to change in the number of consolidated subsidiaries			(48)		(48)
Changes (net) in items other than shareholders' equity					
Total changes in the fiscal year	-	58	2,450	111	2,620
Balance as of Dec. 31, 2006	20,359	20,716	20,889	(1,041)	60,923

(Million yen)

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized gains on available for sale securities	Deferred hedge gains (losses)	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of Dec. 31, 2005	1,719	-	(7,462)	(40)	(5,783)	43	52,562
Changes in the fiscal year							
Dividend of surplus (note)							(459)
Dividend of surplus							(460)
Bonuses to directors and corporate auditors (note)							(47)
Net income							3,627
Purchases of treasury stocks							(18)
Disposal of treasury stocks							188
Transfer of land revaluation difference							(161)
Decrease in retained earnings due to change in the number of consolidated subsidiaries							(48)
Changes (net) in items other than shareholders' equity	(382)	734	161	9	522	3	525
Total changes in the fiscal year	(382)	734	161	9	522	3	3,146
Balance as of Dec. 31, 2006	1,336	734	(7,301)	(31)	(5,261)	46	55,708

Note: Appropriation of earnings resolved at the Annual General Meeting of Shareholders in March 2006.

(4) Interim Consolidated Statements of Cash Flows

(Million yen)

Account	Period	Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 Summary (Jan. 1, 2006 – Dec. 31, 2006)
		Amount	Amount	Amount
I Cash flows from operating activities				
1. Income before income taxes and minority interests		2,553	3,523	3,874
2. Depreciation expenses		812	774	1,620
3. Increase (decrease) in allowance for doubtful accounts		(27)	126	6
4. Increase in liabilities for employees' retirement benefits		5	10	1
5. Increase (decrease) in allowance for sales promotion expenses		(32)	25	(410)
6. Interest and dividend income		(142)	(267)	(244)
7. Interest expenses		23	26	48
8. Equity in earnings of non-consolidated subsidiaries		(38)	(64)	(193)
9. Gains on sales of fixed assets		(3)	(2)	(3)
10. Gains on sales of investment securities		-	(159)	-
11. Losses on sales and disposal of fixed assets		5	22	110
12. Losses on write-down of investment securities		17	-	17
13. Losses on write-down of subsidiary stock		-	90	-
14. Increase in notes and accounts receivable		(1,163)	(727)	(1,221)
15. Increase (decrease) in inventories		179	(264)	(1,524)
16. Decrease (increase) in other current assets		3,350	1,802	(2,013)
17. Decrease (increase) in notes and accounts payable		(1,071)	(2,578)	703
18. Increase (decrease) in accrued consumption taxes		(60)	165	(127)
19. Decrease in other current liabilities		(3,058)	(3,095)	(146)
20. Directors' and corporate auditors' bonuses paid		(47)	-	(47)
21. Other		(41)	(406)	1,050
Subtotal		1,258	(999)	1,501
22. Interests and dividends received		165	248	246
23. Interests paid		(23)	(30)	(48)
24. Income taxes paid		(44)	(108)	(229)
Net cash used in (provided by) operating activities		1,355	(889)	1,470
II Cash flows from investing activities				
1. Purchases of property and equipment		(393)	(752)	(558)
2. Proceeds from sales of property and equipment		5	3	371
3. Purchases of intangible assets		(505)	(1,384)	(1,083)
4. Purchases of investment securities		(1,100)	(1,113)	(5,323)
5. Proceeds from sales of investment securities		649	1,908	649
6. Decrease (increase) in time deposits		(300)	285	(500)
7. Purchases of business		-	(139)	-
8. Other		190	(155)	18
Net cash used in investing activities		(1,454)	(1,347)	(6,426)
III Cash flows from financing activities				
1. Proceeds from long-term debt		-	66	-
2. Repayments of long-term debt		(123)	(53)	(123)
3. Purchases of treasury stock		(11)	(30)	(18)
4. Proceeds from sales of treasury stock		179	653	188
5. Proceeds from minority interests		-	30	-
6. Cash dividends paid		(458)	(460)	(919)
7. Cash dividends paid to minority interests		(2)	(2)	(2)
Net cash provided by (used in) financing activities		(416)	202	(875)
IV Decrease in cash and cash equivalents		(515)	(2,033)	(5,831)
V Cash and cash equivalents at beginning of period		11,320	5,549	11,320
VI Increase in cash and cash equivalents due to consolidation of subsidiary		60	275	60
VII Cash and cash equivalents at end of period		10,865	3,791	5,549

Significant Accounting Policies for the Preparation of Interim Consolidated Financial Statements

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
<p>1. Scope of consolidation</p> <p>(1) Number of consolidated subsidiaries: 9 Main consolidated subsidiaries: Senshukai General Services Co., Ltd. Senshu Logisuko Co., Ltd. Senshukai Call Center Co., Ltd. Senshukai Iihana Co., Ltd., a non-consolidated subsidiary in the previous fiscal year, was included in the scope of consolidation from the current period due to its increased importance.</p> <p>(2) Number of non-consolidated subsidiaries: 9 Main non-consolidated subsidiaries: Senshukai Hong Kong Ltd.</p> <p>Reason for exclusion from scope of consolidation The consolidated financial statements do not include the accounts of above mentioned non-consolidated subsidiaries since their total assets, net sales, net income/loss (equity earnings/loss) or retained earnings (equity in earnings) have no significant effect on the overall results of interim consolidated financial statements.</p> <p>2. Application of equity method</p> <p>(1) Number of non-consolidated subsidiaries accounted for by the equity method: 3 Main non-consolidated subsidiaries accounted for by the equity method: Senshukai Hong Kong Ltd.</p> <p>(2) _____</p>	<p>1. Scope of consolidation</p> <p>(1) Number of consolidated subsidiaries: 13 Same as on the left. Melody Square Co., Ltd., B-BOP Studio Co., Ltd., and Pet First Co., Ltd. and Future compass Co., Ltd., non-consolidated subsidiaries in the previous fiscal year, were included in the scope of consolidation from the current period due to its increased importance. HBS Co., Ltd. was liquidated from consolidation in December 2006. RG Marketing Co., Ltd. was included in the scope of consolidation due to its establishment.</p> <p>(2) Number of non-consolidated subsidiaries: 8 Same as on the left.</p> <p>Reason for exclusion from scope of consolidation Same as on the left.</p> <p>2. Application of equity method</p> <p>(1) Number of non-consolidated subsidiaries accounted for by the equity method: 4 Same as on the left. Shanghai Senshu Merchant and Commerce Co., Ltd. was included in the scope of the equity-method non-consolidated subsidiary from the current period due to its increased importance.</p> <p>(2) Number of equity-method affiliate: 1 Main equity-method affiliate SENTENs Co., Ltd. SENTENs Co., Ltd. was included in the scope of equity-method affiliate due to its establishment.</p>	<p>1. Scope of consolidation</p> <p>(1) Number of consolidated subsidiaries: 9 Same as on the left. Senshukai Iihana Co., Ltd., a non-consolidated subsidiary in the previous fiscal year, was included in the scope of consolidation from the current fiscal year due to its increased importance. HBS Co., Ltd. was liquidated in December 2006. Belle Maison Service Center Co., Ltd. changed its name to Senshukai Service Hanbai Co., Ltd. effective September 1, 2006.</p> <p>(2) Number of non-consolidated subsidiaries: 12 Same as on the left.</p> <p>Reason for exclusion from scope of consolidation The consolidated financial statements do not include the accounts of above mentioned non-consolidated subsidiaries since their total assets, net sales, net income/loss (equity earnings/loss) or retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.</p> <p>2. Application of equity method</p> <p>(1) Number of non-consolidated subsidiaries accounted for by the equity method: 3 Same as on the left.</p> <p>(2) _____</p>

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
<p>(3) _____</p> <p>(4) Main non-consolidated subsidiaries and affiliates not accounted for by the equity method Bellne USA, INC. SENSHUKAI AMERICA, INC. (inactive)</p> <p>Reason for not accounted for by the equity method The above-mentioned entities are not accounted for under the equity method since their net income/loss (equity earnings/loss) or retained earnings (equity in earnings) have no significant effect on the overall results of interim consolidated financial statements.</p> <p>3. Fiscal years for consolidated subsidiaries The fiscal years of all consolidated subsidiaries coincide with Senshukai's fiscal year.</p> <p>4. Accounting standards (1) Valuation standards and accounting treatment for important asset 1) Investment securities Available-for-sale securities Available-for-sale securities are reported at fair value, determined by the market price as of the period-end and other factors, with unrealized gains or losses, net of applicable taxes, reported in a separate component of net assets. The cost of available-for sale securities sold is determined based on the moving-average method.</p> <p>Available-for-sale securities whose fair value is not readily determinable are stated at cost based on the moving-average method.</p> <p>2) Derivatives Derivatives are stated at market value.</p>	<p>(3) Of the companies accounted for by the equity method, certain companies have balance sheet date more than six months distant from that of the Company. To prepare for interim consolidated financial statements, most recent financial statements from the consolidated balance sheet date of such companies are used. We make consolidated adjustments as necessary for major transactions that occur in the period before the consolidated balance sheet date.</p> <p>(4) Main non-consolidated subsidiaries and affiliates not accounted for by the equity method mbkr Co., Ltd.</p> <p>Reason for not accounted for by the equity method Same as on the left.</p> <p>3. Fiscal years for consolidated subsidiaries Same as on the left.</p> <p>4. Accounting standards (1) Valuation standards and accounting treatment for important asset 1) Investment securities Available-for-sale securities Same as on the left.</p> <p>Same as on the left.</p> <p>2) Derivatives Same as on the left.</p>	<p>(3) _____</p> <p>(4) Main non-consolidated subsidiaries and affiliates not accounted for by the equity method Shanghai Senshu Merchant and Commerce Co., Ltd.</p> <p>Reason for not accounted for by the equity method The above-mentioned entities are not accounted for under the equity method since their net income/loss (equity earnings/loss) or retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.</p> <p>3. Fiscal years for consolidated subsidiaries The fiscal years of all consolidated subsidiaries coincide with Senshukai's fiscal year.</p> <p>4. Accounting standards (1) Valuation standards and accounting treatment for important asset 1) Investment securities Available-for-sale securities Available-for-sale securities are reported at fair value, determined by the market price as of the fiscal year-end and other factors, with unrealized gains or losses, net of applicable taxes, reported in a separate component of net assets. The cost of available-for sale securities sold is determined based on the moving-average method.</p> <p>Available-for-sale securities whose fair value is not readily determinable are stated at cost based on the moving-average method.</p> <p>2) Derivatives Same as on the left.</p>

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
<p>3) Inventories Inventories are stated at the lower of cost, determined by the average method, or market.</p> <p>(2) Method for depreciating and amortizing important assets 1) Property and equipment Depreciation is computed by the declining-balance method, but the straight-line method is applied to buildings (excluding attached structures) acquired after April 1, 1998.</p> <p>The range of useful lives is as follows: Buildings and structures: 38-50 years Machinery and vehicles: 12 years</p> <p>2) Intangible assets Intangible assets are amortized using the straight-line method. However, in-house software is amortized by the straight-line method based on an estimated useful life of five years.</p> <p>(3) Accounting for allowances 1) Allowance for doubtful accounts The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.</p> <p>2) Allowance for sales promotion expenses This allowance is provided to cover future cost outlays related to the mileage point system, which is aimed at sales promotion. The allowance provides for the projected monetary redemption value of mileage points calculated based on the unredeemed value of issued points and historical redemption ratios.</p>	<p>3) Inventories Same as on the left.</p> <p>(2) Method for depreciating and amortizing important assets 1) Property and equipment Depreciation is computed by the declining-balance method, but the straight-line method is applied to buildings (excluding attached structures) acquired after April 1, 1998.</p> <p>The range of useful lives is as follows: Buildings and structures: 38-50 years Machinery and vehicles: 12 years</p> <p>(Changes in accounting policy) Effective from the current period, property and equipment purchased from April 1, 2007 is depreciated in line with methods prescribed in the revised Corporate Tax Law. This change in accounting policy has no significant effect on the amount of income.</p> <p>2) Intangible assets Intangible assets are amortized using the straight-line method. Same as on the left.</p> <p>(3) Accounting for allowances 1) Allowance for doubtful accounts Same as on the left.</p> <p>2) Allowance for sales promotion expenses Same as on the left.</p>	<p>3) Inventories Same as on the left.</p> <p>(2) Method for depreciating and amortizing important assets 1) Property and equipment Depreciation is computed by the declining-balance method, but the straight-line method is applied to buildings (excluding attached structures) acquired after April 1, 1998.</p> <p>The range of useful lives is as follows: Buildings and structures: 38-50 years Machinery and vehicles: 12 years</p> <p>2) Intangible assets Intangible assets are amortized using the straight-line method. Same as on the left.</p> <p>(3) Accounting for allowances 1) Allowance for doubtful accounts Same as on the left.</p> <p>2) Allowance for sales promotion expenses Same as on the left.</p>

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
<p>3) Liabilities for employees' retirement benefits Allowance for retirement benefits of certain consolidated subsidiaries are provided based on the retirement benefit obligations and plan assets at the balance sheet date. The retirement benefit obligations are calculated based on the compendium method.</p> <p>4) Liabilities for retirement benefits for directors and corporate auditors Retirement benefits to directors and corporate auditors of Senshukai and of certain consolidated subsidiaries, and Senshukai's executive officers are provided at the amount which would be required if all of them retired at the balance sheet date pursuant to the internal rules.</p> <p>(4) Conversion of credit and liabilities in foreign currencies to Japanese currency All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts, currency swaps and currency options. The balance sheet accounts and revenue and expense accounts of the overseas equity-method affiliates was translated into Japanese yen at the current exchange rate as of the balance sheet date except for net assets, which is translated at the historical rate.</p> <p>(5) Accounting for sales promotion expenses The Company conducts a mail-order business, and among sales promotion expenses, catalog-related expenses corresponding to net sales in the second half of fiscal year are classified as prepaid expenses and included in other under current assets.</p> <p>(6) Accounting for leases Finance leases, other than those that transfer ownership of the leased assets to the lessees, are treated in the same way as ordinary operating leases for accounting purposes.</p>	<p>3) Liabilities for employees' retirement benefits Same as on the left.</p> <p>4) Liabilities for retirement benefits for directors and corporate auditors Same as on the left.</p> <p>(4) Conversion of credit and liabilities in foreign currencies to Japanese currency Same as on the left.</p> <p>(5) Accounting for sales promotion expenses Same as on the left.</p> <p>(6) Accounting for leases Same as on the left.</p>	<p>3) Liabilities for employees' retirement benefits Allowance for retirement benefits of certain consolidated subsidiaries are provided based on the retirement benefit obligations and plan assets at the balance sheet date. The retirement benefit obligations are calculated based on the compendium method.</p> <p>4) Liabilities for retirement benefits for directors and corporate auditors Retirement benefits to directors and corporate auditors of Senshukai and of certain consolidated subsidiaries, and Senshukai's executive officers are provided at the amount which would be required if all of them retired at the balance sheet date pursuant to the internal rules.</p> <p>(4) Conversion of credit and liabilities in foreign currencies to Japanese currency All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts, currency swaps and currency options. The balance sheet accounts and revenue and expense accounts of the overseas equity-method affiliates was translated into Japanese yen at the current exchange rate as of the balance sheet date except for net assets, which are translated at the historical rate.</p> <p>(5) Accounting for sales promotion expenses The Company conducts a mail-order business, and among sales promotion expenses, catalog-related expenses corresponding to net sales in the next fiscal year are classified as prepaid expenses and included in other under current assets to better match expenses to earnings in each year.</p> <p>(6) Accounting for leases Same as on the left.</p>

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
<p>(7) Accounting for hedging</p> <p>1) Hedge accounting methods The deferred hedge accounting method is adopted.</p> <p>2) Hedging instruments/ hedged items Hedging instrument: foreign exchange forward contracts, currency options and currency swaps Hedged items: trade accounts payable denominated in foreign currencies</p> <p>3) Hedging policy Risks from fluctuation in foreign currency exchange and cash flows are hedged in accordance with internal policies.</p> <p>4) Evaluation of hedging effectiveness High correlation and effectiveness between the hedging instruments and the hedged items are regularly verified. However, the evaluation is omitted in the case that market risk in derivatives is fully offset by opposite movements in the value of hedged assets or liabilities.</p> <p>(8) Accounting for consumption taxes Financial statements are prepared exclusive of national and regional consumption taxes.</p> <p>5. Scope of cash and cash equivalents Cash and cash equivalents are cash on hand and short-term investments that are readily convertible into cash, and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and bond funds, all of which mature or become due within three months of the date of acquisition.</p>	<p>(7) Accounting for hedging</p> <p>1) Hedge accounting methods Same as on the left.</p> <p>2) Hedging instruments/ hedged items Same as on the left.</p> <p>3) Hedging policy Same as on the left.</p> <p>4) Evaluation of hedging effectiveness Same as on the left.</p> <p>(8) Accounting for consumption taxes Same as on the left.</p> <p>5. Scope of cash and cash equivalents Same as on the left.</p>	<p>(7) Accounting for hedging</p> <p>1) Hedge accounting methods Same as on the left.</p> <p>2) Hedging instruments/ hedged items Same as on the left.</p> <p>3) Hedging policy Same as on the left.</p> <p>4) Evaluation of hedging effectiveness Same as on the left.</p> <p>(8) Accounting for consumption taxes Same as on the left.</p> <p>5. Scope of cash and cash equivalents Same as on the left.</p>

Changes in the Significant Accounting Policies for the Preparation of Interim Consolidated Financial Statements

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
<p>Accounting for presentation of net assets on balance sheet:</p> <p>Effective from the current period, the Company has adopted “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No. 5, December 9, 2005) and “Guidance on Accounting Standards for Presentation of Net Assets in Balance Sheet” (ASBJ Guidance No. 8, December 9, 2005). Under the previous standard, the amount equivalent to total shareholders’ equity would be 53,655 million yen.</p> <p>Net assets in the consolidated balance sheets for the current period are presented based on the Revised Standards for the Preparation of Interim Consolidated Financial Statements.</p>	—————	<p>Accounting for presentation of net assets on balance sheet:</p> <p>Effective from the current fiscal year, the Company has adopted “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No. 5, December 9, 2005) and “Guidance on Accounting Standards for Presentation of Net Assets in Balance Sheet” (ASBJ Guidance No. 8, December 9, 2005). Under the previous standard, the amount equivalent to total shareholders’ equity would be 54,927 million yen.</p> <p>Net assets in the consolidated balance sheets for the current fiscal year are presented based on the Revised Standards for the Preparation of Consolidated Financial Statements.</p>

Reclassifications

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)
<p>Consolidated cash flow statements:</p> <p>“Equity in earnings (losses) of non-consolidated subsidiaries,” which was included in “Other” under “Cash flows from operating activities” in the previous period, is shown as a separate line item in the current period, to clarify its contents.</p> <p>The amount of “Equity in earnings (losses) of non-consolidated subsidiaries” included in “Other” under “Cash flows from operating activities” in the previous period was minus 84 million yen.</p>	<p>Consolidated cash flow statements:</p> <p>“Gains on sales of investment securities,” which was included in “Other” under “Cash flows from operating activities” in the previous period, is shown as a separate line item in the current period, to clarify its contents.</p> <p>The amount of “Gains on sales of investment securities” included in “Other” under “Cash flows from operating activities” in the previous period was minus 54 million yen.</p>

Notes to Interim Consolidated Financial Statements**Notes to Interim Consolidated Balance Sheets**

(Million yen)

Interim Fiscal 2006 (As of Jun. 30, 2006)	Interim Fiscal 2007 (As of Jun. 30, 2007)	Fiscal 2006 (As of Dec. 31, 2006)
*1. Accumulated depreciation on property and equipment 32,216	*1. Accumulated depreciation on property and equipment 32,458	*1. Accumulated depreciation on property and equipment 32,083
*2. Assets pledged as collateral	*2. Assets pledged as collateral	*2. Assets pledged as collateral
(1) Collateral-backed assets	(1) Collateral-backed assets	(1) Collateral-backed assets
Buildings and structures (book value) 64	Investment securities (book value) 947	Investment securities (book value) 1,357
Land (book value) 33		
Investment securities (book value) 2,275		
<u>Total</u> 2,373		
(2) Collateral-backed liabilities	(2) Collateral-backed liabilities	(2) Collateral-backed liabilities
Short-term bank loans 36	Short-term bank loans 42	Short-term bank loans 37
Long-term debt 233	Long-term debt 247	Long-term debt 238
<u>Total</u> 270	<u>Total</u> 289	<u>Total</u> 276
3. Contingent liabilities	3. Contingent liabilities	3. Contingent liabilities
Guarantees of bank loans	Guarantees of bank loans	Guarantees of bank loans
Employees' housing loans 45	Employees' housing loans 38	Employees' housing loans 43

Notes to Interim Consolidated Statements of Income

(Million yen)

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
*1. Gains on sales of fixed assets	*1. Gains on sales of fixed assets	*1. Gains on sales of fixed assets
Machinery and vehicles 2	Machinery and vehicles 1	Machinery and vehicles 3
Furniture and fixtures 0	Land 0	Furniture and fixtures 0
<u>Total</u> 3	<u>Total</u> 2	<u>Total</u> 3
*2. Losses on sales and disposal of fixed assets	*2. Losses on sales and disposal of fixed assets	*2. Losses on sales and disposal of fixed assets
Losses on disposal of buildings and structures 4	Losses on disposal of buildings and structures 5	Losses on sales of land and buildings 41
Losses on disposal of furniture and fixtures 0	Losses on disposal of machinery and vehicles 12	Losses on disposal of buildings and structures 5
<u>Total</u> 5	Losses on disposal of furniture and fixtures 4	Losses on disposal of machinery and vehicles 46
	<u>Total</u> 22	Losses on disposal of furniture and fixtures 14
		Losses on disposal of intangible assets 1
		<u>Total</u> 110
	*3. Losses on write-down of subsidiary stock	
	A valuation loss was booked upon dissolution of Shoplat Co., Ltd.	

Notes to Interim Consolidated Statements of Changes in Shareholders' Equity

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)

1. Type and number of outstanding shares and treasury stock

	Number of shares as of Dec. 31, 2005 (Thousand shares)	Increase during the current period (Thousand shares)	Decrease during the current period (Thousand shares)	Number of shares as of Jun. 30, 2006 (Thousand shares)
Outstanding shares				
Common stock	47,630	-	-	47,630
Total	47,630	-	-	47,630
Treasury stock				
Common stock (note)	1,728	7	182	1,553
Total	1,728	7	182	1,553

Note: Common shares of treasury stock increased by 7,000 shares due to the purchase of odd-lot shares. Common shares of treasury stock decreased by 182,000 shares due to the transfer of odd-lot shares in response to purchase requests, and transfer of 182,000 shares upon exercise of stock options.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on March 30, 2006	Common stock	459	10	December 31, 2005	March 31, 2006

(2) Dividends with a record date in the current period but an effective date in the following period

Resolution	Type of share	Total amount of dividend (Million yen)	Resource for distribution	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on July 27, 2006	Common stock	460	Retained earnings	10	June 30, 2006	September 1, 2006

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)

1. Type and number of outstanding shares and treasury stock

	Number of shares as of Dec. 31, 2006 (Thousand shares)	Increase during the current period (Thousand shares)	Decrease during the current period (Thousand shares)	Number of shares as of Jun. 30, 2007 (Thousand shares)
Outstanding shares				
Common stock	47,630	-	-	47,630
Total	47,630	-	-	47,630
Treasury stock				
Common stock (note)	1,548	18	558	1,008
Total	1,548	18	558	1,008

Note: Common shares of treasury stock increased by 18,000 shares due to the purchase of odd-lot shares. Common shares of treasury stock decreased by 558,000 shares due to the transfer of odd-lot shares in response to purchase requests, and transfer of 558,000 shares upon exercise of stock options.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on March 29, 2007	Common stock	460	10	December 31, 2006	March 30, 2007

(2) Dividends with a record date in the current period but an effective date in the following period

Resolution	Type of share	Total amount of dividend (Million yen)	Resource for distribution	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on July 26, 2007	Common stock	606	Retained earnings	13	June 30, 2007	August 31, 2007

Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)

1. Type and number of outstanding shares and treasury stock

	Number of shares as of Dec. 31, 2005 (Thousand shares)	Increase during the current fiscal year (Thousand shares)	Decrease during the current fiscal year (Thousand shares)	Number of shares as of Dec. 31, 2006 (Thousand shares)
Outstanding shares				
Common stock	47,630	-	-	47,630
Total	47,630	-	-	47,630
Treasury stock				
Common stock (note)	1,728	13	193	1,548
Total	1,728	13	193	1,548

Note: Common shares of treasury stock increased by 13,000 shares due to the purchase of odd-lot shares. Common shares of treasury stock decreased by 193,000 shares due to the transfer of odd-lot shares in response to purchase requests, and transfer of 193,000 shares upon exercise of stock options.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on March 30, 2006	Common stock	459	10	December 31, 2005	March 31, 2006
Board of Directors meeting on July 27, 2006	Common stock	460	10	June 30, 2006	September 1, 2006

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Million yen)	Resource for distribution	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on March 29, 2007	Common stock	460	Retained earnings	10	December 31, 2006	March 30, 2007

Notes to Interim Consolidated Statements of Cash Flows

(Million yen)

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
Reconciliation between balance sheet accounts and period-end balance of cash and cash equivalents (As of June 30, 2006)	Reconciliation between balance sheet accounts and period-end balance of cash and cash equivalents (As of June 30, 2007)	Reconciliation between balance sheet accounts and year-end balance of cash and cash equivalents (As of December 31, 2006)
Cash and deposits 10,780	Cash and deposits 3,705	Cash and deposits 5,464
Marketable securities 85	Marketable securities 85	Marketable securities 85
Cash and cash equivalents <u>10,865</u>	Cash and cash equivalents <u>3,791</u>	Cash and cash equivalents <u>5,549</u>

Segment Information

1. Business segments

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	71,757	3,086	74,843	-	74,843
(2) Inter-segment sales	335	358	694	[694]	-
Total	72,092	3,445	75,537	[694]	74,843
Operating expenses	69,677	3,349	73,027	[713]	72,314
Operating income	2,415	95	2,510	19	2,529

Notes: 1. The classification of business segments is based on categories adopted for internal management purposes.

2. Principal activities of each business segment

(1) Mail-order business: Catalog and *hanpukai* businesses

(2) Other businesses: Services, transportation and other businesses

3. There are no unallocated operating expenses included in the “elimination or corporate”.

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	74,172	5,528	79,701	-	79,701
(2) Inter-segment sales	660	490	1,151	[1,151]	-
Total	74,833	6,018	80,852	[1,151]	79,701
Operating expenses	71,305	5,970	77,275	[1,069]	76,206
Operating income	3,527	48	3,576	[81]	3,495

Notes: 1. The classification of business segments is based on categories adopted for internal management purposes.

2. Principal activities of each business segment

(1) Mail-order business: Catalog and *hanpukai* businesses

(2) Other businesses: Services, transportation and other businesses

3. There are no unallocated operating expenses included in the “elimination or corporate”.

4. Revisions to segment business classifications

The Belle Mariee wedding support business, previously classified in the “mail-order business,” was reclassified to the “other businesses” starting from the current interim period under review because it was restructured as a comprehensive bridal producer involved in wedding dress sales, wedding hall bookings, and chapel wedding management.

This revision lowered consolidated interim sales in the mail-order business by 42 million yen, and increased sales in “other businesses” by the same amount; similarly, the revision increased operating income in the mail-order business by 98 million yen, and lowered it in “other businesses” by the same amount.

Below we have recalculated the results for the previous interim period and fiscal year according to the revised business classifications implemented in the current interim period under review.

1) Segment results for the previous interim period would be as follows if we used business segmentation recently introduced starting this interim period.

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	71,736	3,106	74,843	-	74,843
(2) Inter-segment sales	335	358	694	[694]	-
Total	72,071	3,465	75,537	[694]	74,843
Operating expenses	69,606	3,420	73,027	[713]	72,314
Operating income	2,465	45	2,510	19	2,529

2) Segment results for the previous fiscal year would be as follows if we used business segmentation recently introduced starting this interim period.

Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	142,035	6,115	148,150	-	148,150
(2) Inter-segment sales	793	709	1,503	[1,503]	-
Total	142,828	6,825	149,653	[1,503]	148,150
Operating expenses	138,115	6,923	145,038	[1,490]	143,548
Operating income	4,713	(98)	4,614	[12]	4,602

Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	142,081	6,068	148,150	-	148,150
(2) Inter-segment sales	793	709	1,503	[1,503]	-
Total	142,875	6,778	149,653	[1,503]	148,150
Operating expenses	138,267	6,771	145,038	[1,490]	143,548
Operating income	4,607	7	4,614	[12]	4,602

Notes: 1. The classification of business segments is based on categories adopted for internal management purposes.

2. Principal activities of each business segment

(1) Mail-order business: Catalog and *hanpukai* businesses

(2) Other businesses: Services, transportation and other businesses

3. There are no unallocated operating expenses included in the “elimination or corporate”.

2. Geographical segment information

As there were no overseas consolidated subsidiaries or significant overseas branch offices for the interim period ended June 30, 2006, 2007 and fiscal year ended December 31, 2006, geographical segment information has not been presented.

3. Overseas sales

Overseas sales have not been presented because they represented less than 10% of total consolidated sales in the interim period ended June 30, 2006, 2007 and fiscal year ended December 31, 2006

Investment Securities

Interim Fiscal 2006 (As of Jun. 30, 2006)

1. Available-for-sale securities with fair value

(Million yen)

	Acquisition cost	Carrying value	Difference
(1) Stocks	4,027	6,622	2,595
(2) Bonds			
Corporate bonds	-	-	-
Other	2,550	2,252	(297)
(3) Others	501	461	(40)
Total	7,078	9,335	2,257

Note: The acquisition costs are amounts that have been treated for impairment loss. The impairment loss totaled 17 million yen.

2. Carrying value of available-for-sale securities whose fair value is not readily determinable

Available-for-sale securities

Unlisted stocks	1,859 million yen
MMF	85 million yen
Other	164 million yen

Interim Fiscal 2007 (As of Jun. 30, 2007)

1. Available-for-sale securities with fair value

(Million yen)

	Acquisition cost	Carrying value	Difference
(1) Stocks	4,294	6,632	2,338
(2) Bonds			
Corporate bonds	-	-	-
Other	3,900	3,783	(116)
(3) Others	800	779	(21)
Total	8,994	11,195	2,200

2. Carrying value of available-for-sale securities whose fair value is not readily determinable

(1) Available-for-sale securities

Unlisted stocks	3,590 million yen
MMF	85 million yen
Other	143 million yen

(2) Subsidiary and affiliate stocks

Subsidiary and affiliate stocks	1,131 million yen
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Fiscal 2006 (As of Dec. 31, 2006)

1. Available-for-sale securities with fair value

(Million yen)

	Acquisition cost	Carrying value	Difference
Securities with carrying value exceeding acquisition cost			
(1) Stocks	4,249	6,810	2,560
(2) Bonds			
Corporate bonds	-	-	-
Other	1,100	1,141	41
(3) Others	149	149	0
Subtotal	5,499	8,101	2,602
Securities with carrying value not exceeding acquisition cost			
(1) Stocks	625	583	(42)
(2) Bonds			
Corporate bonds	-	-	-
Other	3,250	3,099	(150)
(3) Others	401	373	(27)
Subtotal	4,277	4,057	(219)
Total	9,776	12,159	2,382

Note: The acquisition costs are amounts that have been treated for impairment loss. The impairment loss totaled 17 million yen.

2. Carrying value of available-for-sale securities whose fair value is not readily determinable

Available-for-sale securities

Unlisted stocks	2,849 million yen
MMF	85 million yen
Other	168 million yen

Per Share Information

(Yen)

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
Net assets per share 1,173.78	Net assets per share 1,244.89	Net assets per share 1,207.89
Net income per share 44.27	Net income per share 43.12	Net income per share 78.81
Diluted net income per share 44.02	Diluted net income per share 42.95	Diluted net income per share 78.55
(Supplemental information) Effective from the current period, the amount of deferred hedged gain/loss (after adjustment for taxes) is included in net assets associated with common stock on the balance sheet date due to the revision on January 31, 2006 of the “Implementation Guidance for Accounting Standard for Earnings Per Share” (ASBJ Guidance No.4). Net assets per share for the current period, if calculated by the method used for the financial statements for the previous interim period, would be 1,164.47 yen.		(Supplemental information) Effective from the current fiscal year, the amount of deferred hedged gain/loss (after adjustment for taxes) is included in net assets associated with common stock on the balance sheet date due to the revision on January 31, 2006 of the “Implementation Guidance for Accounting Standard for Earnings Per Share” (ASBJ Guidance No.4). Net assets per share for the current fiscal year, if calculated by the method used for the financial statements for the previous fiscal year, would be 1,191.95 yen.

Note: Basis for calculation of net income per share and diluted net income per share is as follows.

(Million yen)

	Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
Net income per share			
Net income	2,035	2,001	3,627
Net income unavailable to common shareholders	-	-	-
Net income related to common stock	2,035	2,001	3,627
Average number of shares of common stock outstanding during the fiscal year (thousand shares)	45,981	46,417	46,031
Diluted net income per share			
Adjustment to net income	-	-	-
Increase in number of common shares (thousand shares)	255	187	157
[Including: subscription rights (thousand shares)]	[255]	[187]	[157]
Number of latent shares with no dilution excluded from calculation of diluted net income per share	-	-	-

Business Combinations

Not applicable.

Subsequent Events

Not applicable.

Omission of Disclosure

Information on notes to lease transactions, derivative transactions, and stock options is not presented since the disclosure of these information is not significant in the context of the interim financial results.

Production, Orders and Sales**(1) Production**

There were no production activities.

(2) Orders

There were no production activities in response to orders received.

(3) Sales**(1) Sales by each business segment**

(Million yen)

Period	Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)		Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)		Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Operating segment						
Mail-order business	71,736 [71,757]	95.8 [95.9]	74,172	93.1	142,035 [142,081]	95.9 [95.9]
Other businesses	3,106 [3,086]	4.2 [4.1]	5,528	6.9	6,115 [6,068]	4.1 [4.1]
Total	74,843	100.0	79,701	100.0	148,150	100.0

Notes: 1. Figures for Interim Fiscal 2006 and Fiscal 2006 have been recalculated according to new business segment categories from the current interim period under review. Figures in brackets are segment results for the previous categories.

2. The figures above are stated exclusive of consumption taxes.

(2) Sales by type

(Million yen)

Period	Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)		Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)		Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Operating segment						
Publications	372	0.5	244	0.3	875	0.6
Clothing	27,537	36.8	31,035	39.0	54,242	36.6
Household goods	28,370	37.9	28,066	35.2	56,023	37.8
Hobby and leisure interests goods	12,972	17.3	13,313	16.7	25,160	17.0
Other	5,589	7.5	7,041	8.8	11,848	8.0
Total	74,843	100.0	79,701	100.0	148,150	100.0

Note: The figures above are stated exclusive of consumption taxes.

Interim Non-consolidated Financial Statements and Notes**Interim Non-consolidated Financial Statements****(1) Interim Non-consolidated Balance Sheets**

(Million yen)

Account	Period	Interim Fiscal 2006 (As of Jun. 30, 2006)		Interim Fiscal 2007 (As of Jun. 30, 2007)		Fiscal 2006 Summary (As of Dec. 31, 2006)	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and deposits		9,164		1,328		3,568	
2. Notes receivable		3		6		4	
3. Accounts receivable		11,069		11,870		11,153	
4. Inventories		14,962		16,595		16,415	
5. Accounts receivable-other		5,217		6,722		7,767	
6. Other		4,271		6,271		6,248	
Allowance for doubtful accounts		(163)		(480)		(194)	
Total current assets		44,525	50.3	42,314	46.4	44,962	48.3
II Fixed assets							
1. Property and equipment *1							
(1) Buildings		10,444		9,772		9,891	
(2) Machinery and equipment		1,953		1,735		1,794	
(3) Land		11,416		11,260		11,259	
(4) Others		1,219		1,312		1,167	
Total property and equipment		25,033		24,082		24,113	
2. Intangible assets		1,810		3,150		2,584	
3. Investments and other assets							
(1) Investment securities	*2	10,644		14,086		14,392	
(2) Other		8,076		8,061		7,940	
Allowance for doubtful accounts		(1,557)		(589)		(919)	
Total investments and other assets		17,163		21,558		21,413	
Total fixed assets		44,007	49.7	48,791	53.6	48,111	51.7
Total assets		88,533	100.0	91,105	100.0	93,073	100.0

(Million yen)

Account	Period	Interim Fiscal 2006 (As of Jun. 30, 2006)		Interim Fiscal 2007 (As of Jun. 30, 2007)		Fiscal 2006 Summary (As of Dec. 31, 2006)	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Notes payable		4,282		3,798		4,117	
2. Accounts payable		5,619		5,245		7,565	
3. Short-term bank loans	*2	51		61		53	
4. Accounts payable-other		4,593		5,124		6,899	
5. Accounts payable-factoring		15,502		13,750		14,990	
6. Accrued expenses		1,055		1,067		1,164	
7. Accrued income taxes		78		1,026		102	
8. Allowance for sales promotion expenses		653		301		276	
9. Other		952		990		1,098	
Total current liabilities		32,791	37.1	31,366	34.4	36,269	39.0
II Long-term liabilities							
1. Long-term debt	*2	335		354		342	
2. Deferred tax liabilities		747		1,050		528	
3. Deferred tax liabilities relating to land revaluation		804		804		804	
4. Liabilities for retirement benefits for directors and corporate auditors		441		377		441	
5. Other		-		27		50	
Total long-term liabilities		2,328	2.6	2,614	2.9	2,165	2.3
Total liabilities		35,119	39.7	33,981	37.3	38,435	41.3
Net assets							
I Shareholders' equity							
1. Common stock		20,359	23.0	20,359	22.4	20,359	21.9
2. Capital surplus							
(1) Capital reserve		19,864		19,864		19,864	
(2) Other capital surplus		851		1,126		852	
Total capital surplus		20,715	23.4	20,990	23.0	20,716	22.2
3. Retained earnings							
(1) Profit reserve		1,118		1,118		1,118	
(2) Other retained earnings							
Reserve for deferred fixed assets		80		74		76	
Reserve for losses of overseas investment		34		38		38	
General reserve		13,600		13,600		13,600	
Retained earnings carried forward		4,284		6,544		4,973	
Total retained earnings		19,117	21.6	21,376	23.5	19,807	21.3
4. Treasury stock		(1,041)	(1.2)	(693)	(0.8)	(1,041)	(1.1)
Total shareholders' equity		59,150	66.8	62,032	68.1	59,841	64.3
II Valuation and translation adjustments							
1. Net unrealized gains on available for sale securities		1,297	1.4	1,327	1.4	1,364	1.5
2. Deferred hedge gains (losses)		429	0.5	1,065	1.2	734	0.8
3. Land revaluation difference		(7,462)	(8.4)	(7,301)	(8.0)	(7,301)	(7.9)
Total valuation and translation adjustments		(5,736)	(6.5)	(4,908)	(5.4)	(5,202)	(5.6)
Total net assets		53,413	60.3	57,124	62.7	54,638	58.7
Total liabilities and net assets		88,533	100.0	91,105	100.0	93,073	100.0

(2) Interim Non-consolidated Statements of Income

(Million yen)

Account	Period	Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)		Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)		Fiscal 2006 Summary (Jan. 1, 2006 – Dec. 31, 2006)	
		Amount	%	Amount	%	Amount	%
I Net sales		74,050	100.0	77,320	100.0	146,917	100.0
II Cost of sales		38,191	51.6	40,483	52.4	76,243	51.9
Gross profit		35,858	48.4	36,837	47.6	70,673	48.1
III Selling, general and administrative expenses		34,020	45.9	34,120	44.1	66,959	45.6
Operating income		1,838	2.5	2,716	3.5	3,714	2.5
IV Other income	*1	490	0.6	625	0.8	818	0.6
V Other expenses	*2	221	0.3	74	0.1	113	0.1
Ordinary income		2,108	2.8	3,267	4.2	4,419	3.0
VI Extraordinary gains		54	0.1	457	0.6	54	0.0
VII Extraordinary losses		82	0.1	409	0.5	1,404	0.9
Income before income taxes		2,080	2.8	3,314	4.3	3,069	2.1
Income taxes		11	0.0	1,024	1.3	74	0.1
Deferred income taxes		238	0.3	261	0.4	(147)	(0.1)
Net income		1,830	2.5	2,029	2.6	3,142	2.1

(3) Interim Non-consolidated Statements of Changes in Shareholders' Equity

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)

(Million yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance as of Dec. 31, 2005	20,359	19,864	793	20,657
Changes in the period				
Reversal of reserve for reduction of fixed assets				
Reversal of reserve for losses of overseas investment				
Dividend of surplus				
Bonuses to directors and corporate auditors from appropriation of earnings				
Net income				
Purchases of treasury stocks				
Disposal of treasury stocks			57	57
Changes (net) in items other than shareholders' equity				
Total changes in the period	-	-	57	57
Balance as of Jun. 30, 2006	20,359	19,864	851	20,715

	Shareholders' equity							Treasury stock	Total shareholders' equity
	Retained earnings								
	Profit reserve	Other retained earnings				Total retained earnings			
Reserve for reduction of fixed assets		Reserve for losses of overseas investment	General reserve	Retained earnings carried forward					
Balance as of Dec. 31, 2005	1,118	84	46	13,600	2,931	17,780	(1,153)	57,644	
Changes in the period									
Reversal of reserve for reduction of fixed assets		(3)			3	-		-	
Reversal of reserve for losses of overseas investment			(11)		11	-		-	
Dividend of surplus					(459)	(459)		(459)	
Bonuses to directors and corporate auditors from appropriation of earnings					(34)	(34)		(34)	
Net income					1,830	1,830		1,830	
Purchases of treasury stocks							(11)	(11)	
Disposal of treasury stocks							122	179	
Changes (net) in items other than shareholders' equity									
Total changes in the period	-	(3)	(11)	-	1,352	1,337	111	1,505	
Balance as of Jun. 30, 2006	1,118	80	34	13,600	4,284	19,117	(1,041)	59,150	

	Valuation and translation adjustments				Total net assets
	Net unrealized gains on available for sale securities	Deferred hedge gains (losses)	Land revaluation difference	Total valuation and translation adjustments	
Balance as of Dec. 31, 2005	1,744	-	(7,462)	(5,718)	51,926
Changes in the period					
Reversal of reserve for reduction of fixed assets					-
Reversal of reserve for losses of overseas investment					-
Dividend of surplus					(459)
Bonuses to directors and corporate auditors from appropriation of earnings					(34)
Net income					1,830
Purchases of treasury stocks					(11)
Disposal of treasury stocks					179
Changes (net) in items other than shareholders' equity	(447)	429	-	(18)	(18)
Total changes in the period	(447)	429	-	(18)	1,487
Balance as of Jun. 30, 2006	1,297	429	(7,462)	(5,736)	53,413

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)

(Million yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance as of Dec. 31, 2006	20,359	19,864	852	20,716
Changes in the period				
Reversal of reserve for reduction of fixed assets				
Reversal of reserve for losses of overseas investment				
Provision for reserve for losses of overseas investment				
Dividend of surplus				
Net income				
Purchases of treasury stocks				
Disposal of treasury stocks			274	274
Changes (net) in items other than shareholders' equity				
Total changes in the period	-	-	274	274
Balance as of Jun. 30, 2007	20,359	19,864	1,126	20,990

	Shareholders' equity							
	Retained earnings						Treasury stock	Total shareholders' equity
	Profit reserve	Other retained earnings				Total retained earnings		
		Reserve for reduction of fixed assets	Reserve for losses of overseas investment	General reserve	Retained earnings carried forward			
Balance as of Dec. 31, 2006		1,118	76	38	13,600		4,973	19,807
Changes in the period								
Reversal of reserve for reduction of fixed assets		(1)			1	-		-
Reversal of reserve for losses of overseas investment			(4)		4	-		-
Provision for reserve for losses of overseas investment			4		(4)	-		-
Dividend of surplus					(460)	(460)		(460)
Net income					2,029	2,029		2,029
Purchases of treasury stocks							(30)	(30)
Disposal of treasury stocks							379	653
Changes (net) in items other than shareholders' equity								
Total changes in the period	-	(1)	(0)	-	1,570	1,568	348	2,191
Balance as of Jun. 30, 2007	1,118	74	38	13,600	6,544	21,376	(693)	62,032

	Valuation and translation adjustments				Total net assets
	Net unrealized gains on available for sale securities	Deferred hedge gains (losses)	Land revaluation difference	Total valuation and translation adjustments	
Balance as of Dec. 31, 2006	1,364	734	(7,301)	(5,202)	54,638
Changes in the period					
Reversal of reserve for reduction of fixed assets					-
Reversal of reserve for losses of overseas investment					-
Provision for reserve for losses of overseas investment					-
Dividend of surplus					(460)
Net income					2,029
Purchases of treasury stocks					(30)
Disposal of treasury stocks					653
Changes (net) in items other than shareholders' equity	(36)	331	-	294	294
Total changes in the period	(36)	331	-	294	2,485
Balance as of Jun. 30, 2007	1,327	1,065	(7,301)	(4,908)	57,124

Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)

(Million yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance as of Dec. 31, 2005	20,359	19,864	793	20,657
Changes in the fiscal year				
Reversal of reserve for reduction of fixed assets (note)				
Reversal of reserve for losses of overseas investment (note)				
Reversal of reserve for reduction of fixed assets				
Provision for reserve for losses of overseas investment				
Reversal of reserve for losses of overseas investment				
Dividend of surplus (note)				
Dividend of surplus				
Bonuses to directors and corporate auditors (note)				
Net income				
Purchases of treasury stocks				
Disposal of treasury stocks			58	58
Transfer from unrealized losses on revaluation of land				
Changes (net) in items other than shareholders' equity				
Total changes in the fiscal year	-	-	58	58
Balance as of Dec. 31, 2006	20,359	19,864	852	20,716

	Shareholders' equity							
	Retained earnings						Treasury stock	Total shareholders' equity
	Profit reserve	Other retained earnings				Total retained earnings		
Reserve for reduction of fixed assets		Reserve for losses of overseas investment	General reserve	Retained earnings carried forward				
Balance as of Dec. 31, 2005	1,118	84	46	13,600	2,931	17,780	(1,153)	57,644
Changes in the fiscal year								
Reversal of reserve for reduction of fixed assets (note)		(3)			3	-		-
Reversal of reserve for losses of overseas investment (note)			(11)		11	-		-
Reversal of reserve for reduction of fixed assets		(3)			3	-		-
Provision for reserve for losses of overseas investment			14		(14)	-		-
Reversal of reserve for losses of overseas investment			(10)		10	-		-
Dividend of surplus (note)					(459)	(459)		(459)
Dividend of surplus					(460)	(460)		(460)
Bonuses to directors and corporate auditors (note)					(34)	(34)		(34)
Net income					3,142	3,142		3,142
Purchases of treasury stocks							(18)	(18)
Disposal of treasury stocks							129	188
Transfer from unrealized losses on revaluation of land					(161)	(161)		(161)
Changes (net) in items other than shareholders' equity								
Total changes in the fiscal year	-	(7)	(7)	-	2,041	2,026	111	2,196
Balance as of Dec. 31, 2006	1,118	76	38	13,600	4,973	19,807	(1,041)	59,841

(Million yen)

	Valuation and translation adjustments				Total net assets
	Net unrealized gains on available for sale securities	Deferred hedge gains (losses)	Land revaluation difference	Total valuation and translation adjustments	
Balance as of Dec. 31, 2005	1,744	-	(7,462)	(5,718)	51,926
Changes in the fiscal year					
Reversal of reserve for reduction of fixed assets (note)					-
Reversal of reserve for losses of overseas investment (note)					-
Reversal of reserve for reduction of fixed assets					-
Provision for reserve for losses of overseas investment					-
Reversal of reserve for losses of overseas investment					-
Dividend of surplus (note)					(459)
Dividend of surplus					(460)
Bonuses to directors and corporate auditors (note)					(34)
Net income					3,142
Purchases of treasury stocks					(18)
Disposal of treasury stocks					188
Transfer from unrealized losses on revaluation of land					(161)
Changes (net) in items other than shareholders' equity	(380)	734	161	515	515
Total changes in the fiscal year	(380)	734	161	515	2,712
Balance as of Dec. 31, 2006	1,364	734	(7,301)	(5,202)	54,638

Note: Appropriation of earnings resolved at the annual general meeting of shareholders in March 2006.

Significant Accounting Policies for the Preparation of Interim Non-consolidated Financial Statements

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
<p>1. Valuation standards and accounting treatment for asset</p> <p>(1) Investment securities</p> <p>1) Subsidiary and affiliate stock Subsidiary and affiliate stock are stated at cost determined by the moving-average method.</p> <p>2) Investment securities</p> <p>Available-for-sale securities Available-for-sale securities are reported at fair value, determined by the market price as of the period-end and other factors, with unrealized gains or losses, net of applicable taxes, reported in a separate component of net assets. The cost of available-for sale securities sold is determined based on the moving-average method.</p> <p>Available-for-sale securities whose fair value is not readily determinable are stated at cost based on the moving-average method.</p> <p>(2) Derivatives Derivatives are stated at market value.</p> <p>(3) Inventories Inventories are stated at the lower of cost, determined by the average method, or market.</p> <p>2. Method for depreciating and amortizing important assets</p> <p>(1) Property and equipment Depreciation is computed by the declining-balance method, but the straight-line method is applied to buildings (excluding attached structures) acquired after April 1, 1998.</p> <p>The range of useful lives is as follows: Buildings and structures: 38-50 years Machinery and vehicles: 12 years</p>	<p>1. Valuation standards and accounting treatment for asset</p> <p>(1) Investment securities</p> <p>1) Subsidiary and affiliate stock Same as on the left.</p> <p>2) Investment securities</p> <p>Available-for-sale securities Same as on the left.</p> <p>Same as on the left.</p> <p>(2) Derivatives Same as on the left.</p> <p>(3) Inventories Same as on the left.</p> <p>2. Method for depreciating and amortizing important assets</p> <p>(1) Property and equipment Depreciation is computed by the declining-balance method, but the straight-line method is applied to buildings (excluding attached structures) acquired after April 1, 1998.</p> <p>The range of useful lives is as follows: Buildings and structures: 38-50 years Machinery and vehicles: 12 years</p> <p>(Changes in accounting policy) Effective from the current period, property and equipment purchased from April 1, 2007 is depreciated in line with methods prescribed in the revised Corporate Tax Law. This change in accounting policy has no significant effect on the amount of income.</p>	<p>1. Valuation standards and accounting treatment for asset</p> <p>(1) Investment securities</p> <p>1) Subsidiaries and affiliates Same as on the left.</p> <p>2) Investment securities</p> <p>Available-for-sale securities Available-for-sale securities are reported at fair value, determined by the market price as of the fiscal year-end and other factors, with unrealized gains or losses, net of applicable taxes, reported in a separate component of net assets. The cost of available-for sale securities sold is determined based on the moving-average method.</p> <p>Same as on the left.</p> <p>(2) Derivatives Same as on the left.</p> <p>(3) Inventories Same as on the left.</p> <p>2. Method for depreciating and amortizing important assets</p> <p>(1) Property and equipment Depreciation is computed by the declining-balance method, but the straight-line method is applied to buildings (excluding attached structures) acquired after April 1, 1998.</p> <p>The range of useful lives is as follows: Buildings and structures: 38-50 years Machinery and vehicles: 12 years</p>

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
<p>(2) Intangible assets Intangible assets are amortized using the straight-line method. However, in-house software is amortized by the straight-line method based on an estimated useful life of five years.</p> <p>3. Accounting for allowances (1) Allowance for doubtful accounts The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.</p> <p>(2) Allowance for sales promotion expenses This allowance is provided to cover future cost outlays related to the mileage point system, which is aimed at sales promotion. The allowance provides for the projected monetary redemption value of mileage points calculated based on the unredeemed value of issued points and historical redemption ratios.</p> <p>(3) Liabilities for retirement benefits for directors and corporate auditors Retirement benefits to directors and corporate auditors of Senshukai and of certain consolidated subsidiaries, and Senshukai's executive officers are provided at the amount which would be required if all of them retired at the balance sheet date pursuant to the internal rules.</p> <p>4. Conversion of credit and liabilities in foreign currencies to Japanese currency All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts, currency swaps and currency options.</p>	<p>(2) Intangible assets Same as on the left.</p> <p>3. Accounting for allowances (1) Allowance for doubtful accounts Same as on the left.</p> <p>(2) Allowance for sales promotion expenses Same as on the left.</p> <p>(3) Liabilities for retirement benefits for directors and corporate auditors Retirement benefits to directors and corporate auditors of Senshukai and of certain consolidated subsidiaries, and Senshukai's executive officers are provided at the amount which would be required if all of them retired at the balance sheet date pursuant to the internal rules.</p> <p>4. Conversion of credit and liabilities in foreign currencies to Japanese currency Same as on the left.</p>	<p>(2) Intangible assets Same as on the left.</p> <p>3. Accounting for allowances (1) Allowance for doubtful accounts Same as on the left.</p> <p>(2) Allowance for sales promotion expenses Same as on the left.</p> <p>(3) Liabilities for retirement benefits for directors and corporate auditors Retirement benefits to directors and corporate auditors of Senshukai and of certain consolidated subsidiaries, and Senshukai's executive officers are provided at the amount which would be required if all of them retired at the balance sheet date pursuant to the internal rules.</p> <p>4. Conversion of credit and liabilities in foreign currencies to Japanese currency All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts, currency swaps and currency options.</p>

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
<p>5. Accounting for sales promotion expenses The Company conducts a mail-order business, and among sales promotion expenses, catalog-related expenses corresponding to net sales in the second half of fiscal year are classified as prepaid expenses and included in other under current assets.</p> <p>6. Accounting for leases Finance leases, other than those that transfer ownership of the leased assets to the lessees, are treated in the same way as ordinary operating leases for accounting purposes.</p> <p>7. Accounting for hedging (1) Hedge accounting methods The deferred hedge accounting method is adopted. (2) Hedging instruments/ hedged items Hedging instrument: foreign exchange forward contracts, currency options and currency swaps Hedged items: trade accounts payable denominated in foreign currencies</p> <p>(3) Hedging policy Risks from fluctuation in foreign currency exchange and cash flows are hedged in accordance with internal policies.</p> <p>(4) Evaluation of hedging effectiveness High correlation and effectiveness between the hedging instruments and the hedged items are regularly verified. However, the evaluation is omitted in the case that market risk in derivatives is fully offset by opposite movements in the value of hedged assets or liabilities.</p> <p>8. Accounting for consumption taxes Temporarily paid consumption taxes that offset withheld consumption taxes are included in “Other” under current liabilities.</p>	<p>5. Accounting for sales promotion expenses Same as on the left.</p> <p>6. Accounting for leases Same as on the left.</p> <p>7. Accounting for hedging (1) Hedge accounting methods Same as on the left. (2) Hedging instruments/ hedged items Same as on the left.</p> <p>(3) Hedging policy Same as on the left.</p> <p>(4) Evaluation of hedging effectiveness Same as on the left.</p> <p>8. Accounting for consumption taxes Same as on the left.</p>	<p>5. Accounting for sales promotion expenses The Company conducts a mail-order business, and among sales promotion expenses, catalog-related expenses corresponding to net sales in the next fiscal year is included in prepaid expenses.</p> <p>6. Accounting for leases Same as on the left.</p> <p>7. Accounting for hedging (1) Hedge accounting methods Same as on the left. (2) Hedging instruments/ hedged items Same as on the left.</p> <p>(3) Hedging policy Same as on the left.</p> <p>(4) Evaluation of hedging effectiveness Same as on the left.</p> <p>8. Accounting for consumption taxes Financial statements are prepared exclusive of national and regional consumption taxes.</p>

Changes in the Significant Accounting Policies for the Preparation of Interim Non-consolidated Financial Statements

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
<p>Accounting for presentation of net assets on balance sheet:</p> <p>Effective from the current period, the Company has adopted “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No. 5, December 9, 2005) and “Guidance on Accounting Standards for Presentation of Net Assets in Balance Sheet” (ASBJ Guidance No. 8, December 9, 2005). Under the previous standard, the amount equivalent to total shareholders’ equity would be 52,984 million yen.</p> <p>Net assets in the non-consolidated balance sheets for the current period are presented based on the Revised Standards for the Preparation of Interim Non-consolidated Financial Statements.</p>	—————	<p>Accounting for presentation of net assets on balance sheet:</p> <p>Effective from the current fiscal year, the Company has adopted “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No. 5, December 9, 2005) and “Guidance on Accounting Standards for Presentation of Net Assets in Balance Sheet” (ASBJ Guidance No. 8, December 9, 2005). Under the previous standard, the amount equivalent to total shareholders’ equity would be 53,904 million yen.</p> <p>Net assets in the non-consolidated balance sheets for the current fiscal year are presented based on the Revised Standards for the Preparation of Non-consolidated Financial Statements.</p>

Notes to Interim Non-consolidated Financial Statements

Notes to Interim Non-consolidated Balance Sheets

(Million yen)

Interim Fiscal 2006 (As of Jun. 30, 2006)	Interim Fiscal 2007 (As of Jun. 30, 2007)	Fiscal 2006 (As of Dec. 31, 2006)
*1. Accumulated depreciation on property and equipment 31,827	*1. Accumulated depreciation on property and equipment 31,977	*1. Accumulated depreciation on property and equipment 31,660
*2. Assets pledged as collateral	*2. Assets pledged as collateral	*2. Assets pledged as collateral
(1) Collateral-backed assets	(1) Collateral-backed assets	(1) Collateral-backed assets
Investment securities (book value) 2,275	Investment securities (book value) 947	Investment securities (book value) 1,357
(2) Collateral-backed liabilities	(2) Collateral-backed liabilities	(2) Collateral-backed liabilities
Short-term bank loans 36	Short-term bank loans 42	Short-term bank loans 37
Long-term debt 233	Long-term debt 247	Long-term debt 238
Total 270	Total 289	Total 276
3. Contingent liabilities	3. Contingent liabilities	3. Contingent liabilities
Guarantees of bank loans	Guarantees of bank loans	Guarantees of bank loans
Employees’ housing loans 45	Employees’ housing loans 38	Employees’ housing loans 43

Notes to Interim Non-consolidated Statements of Income

(Million yen)

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)
*1. Major components of other income	*1. Major components of other income	*1. Major components of other income
Interest income (including marketable securities interest) 82	Interest income (including marketable securities interest) 152	Interest income (including marketable securities interest) 162
Dividend income 314	Dividend income 318	Dividend income 337
	Exchange gains 67	Exchange gains 120
*2. Major components of other expenses	*2. Major components of other expenses	*2. Major components of other expenses
Interest expenses 23	Interest expenses 26	Interest expenses 48
Exchange losses 154		
3. Depreciation	3. Depreciation	3. Depreciation
Property and equipment 591	Property and equipment 530	Property and equipment 1,175
Intangible assets 185	Intangible assets 168	Intangible assets 363
Total 777	Total 699	Total 1,538

Notes to Interim Non-consolidated Statements of Changes in Shareholders' Equity

Interim Fiscal 2006 (Jan. 1, 2006 – Jun. 30, 2006)

Type and number of treasury stock

	Number of shares as of Dec. 31, 2005 (Thousand shares)	Increase during the current period (Thousand shares)	Decrease during the current period (Thousand shares)	Number of shares as of Jun. 30, 2006 (Thousand shares)
Common stock (note)	1,728	7	182	1,553

Note: Common shares of treasury stock increased by 7,000 shares due to the purchase of odd-lot shares. Common shares of treasury stock decreased by 182,000 shares due to the transfer of odd-lot shares in response to purchase requests, and transfer of 182,000 shares upon exercise of stock options.

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)

1. Type and number of treasury stock

	Number of shares as of Dec. 31, 2006 (Thousand shares)	Increase during the current period (Thousand shares)	Decrease during the current period (Thousand shares)	Number of shares as of Jun. 30, 2007 (Thousand shares)
Common stock (note)	1,548	18	558	1,008

Note: Common shares of treasury stock increased by 18,000 shares due to the purchase of odd-lot shares. Common shares of treasury stock decreased by 558,000 shares due to the transfer of odd-lot shares in response to purchase requests, and transfer of 558,000 shares upon exercise of stock options.

Fiscal 2006 (Jan. 1, 2006 – Dec. 31, 2006)

Type and number of treasury stock

	Number of shares as of Dec. 31, 2005 (Thousand shares)	Increase during the current fiscal year (Thousand shares)	Decrease during the current fiscal year (Thousand shares)	Number of shares as of Dec. 31, 2006 (Thousand shares)
Common stock (note)	1,728	13	193	1,548

Note: Common shares of treasury stock increased by 13,000 shares due to the purchase of odd-lot shares. Common shares of treasury stock decreased by 193,000 shares due to the transfer of odd-lot shares in response to purchase requests, and transfer of 193,000 shares upon exercise of stock options.

Leasing Transactions

Information on notes to leasing transactions is not presented since the disclosure of this information is not significant in the context of the interim financial results.

Marketable securities

There were no market-value shares in subsidiaries or affiliates as of June 30, 2006, June 30, 2007 and December 31, 2006.