

Senshukai Co., Ltd.

Interim Fiscal 2008 Earnings Presentation

SENSHUKAI CO., LTD.

August 1, 2008

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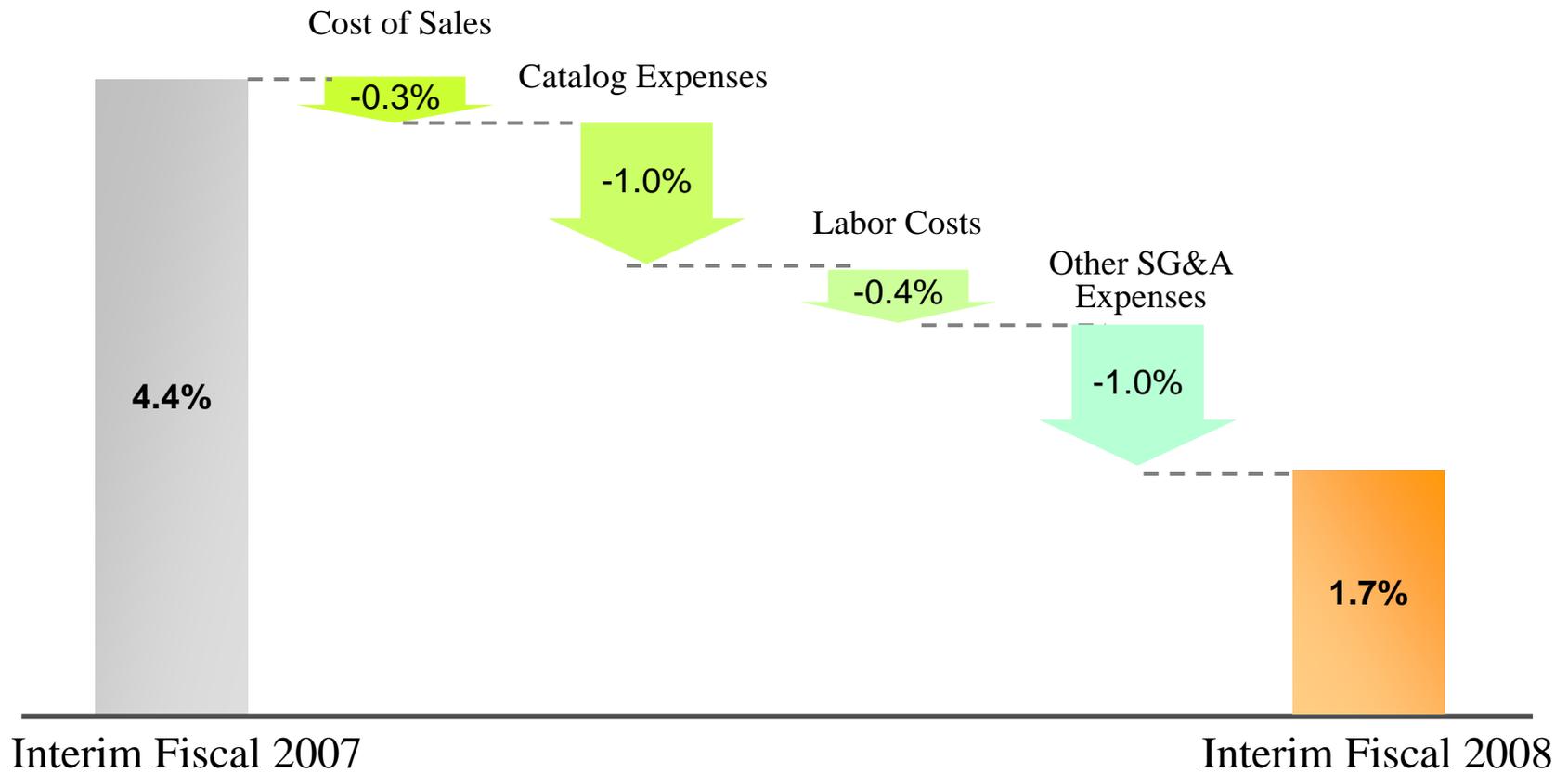
Results of Operations for Interim Fiscal 2008

Consolidated Results of Operations for Interim Fiscal 2008 (YoY Comparison)

(Millions of yen)

	Interim Fiscal 2007	Comparison to Net Sales	Interim Fiscal 2008	Comparison to Net Sales	Difference	YoY Change %
Net Sales	79,701	-	79,211	-	-490	-0.6%
Cost of Sales	40,987	51.4%	40,936	51.7%	-51	-0.1%
Gross Profit	38,714	48.6%	38,274	48.3%	-440	-1.1%
SG&A Expenses	35,218	44.2%	36,914	46.6%	1,696	4.8%
Operating Income	3,495	4.4%	1,359	1.7%	-2,136	-61.1%
Ordinary Income	3,917	4.9%	816	1.0%	-3,101	-79.2%
Net Income	2,001	2.5%	196	0.2%	-1,805	-90.2%

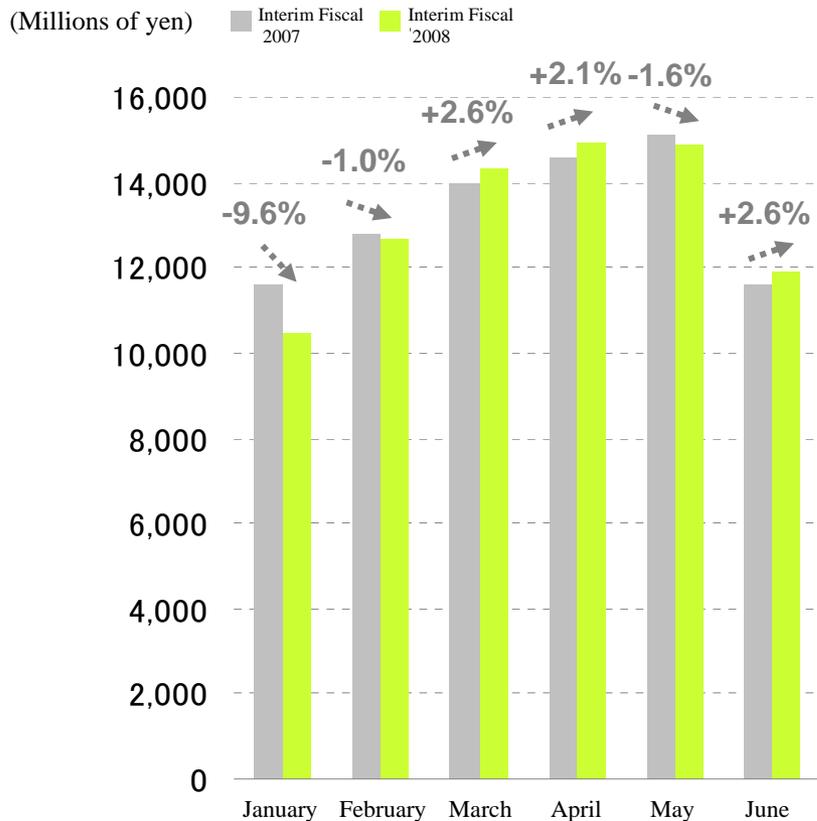
Operating Profit Ratio for Interim Fiscal 2008 (YoY Comparison)



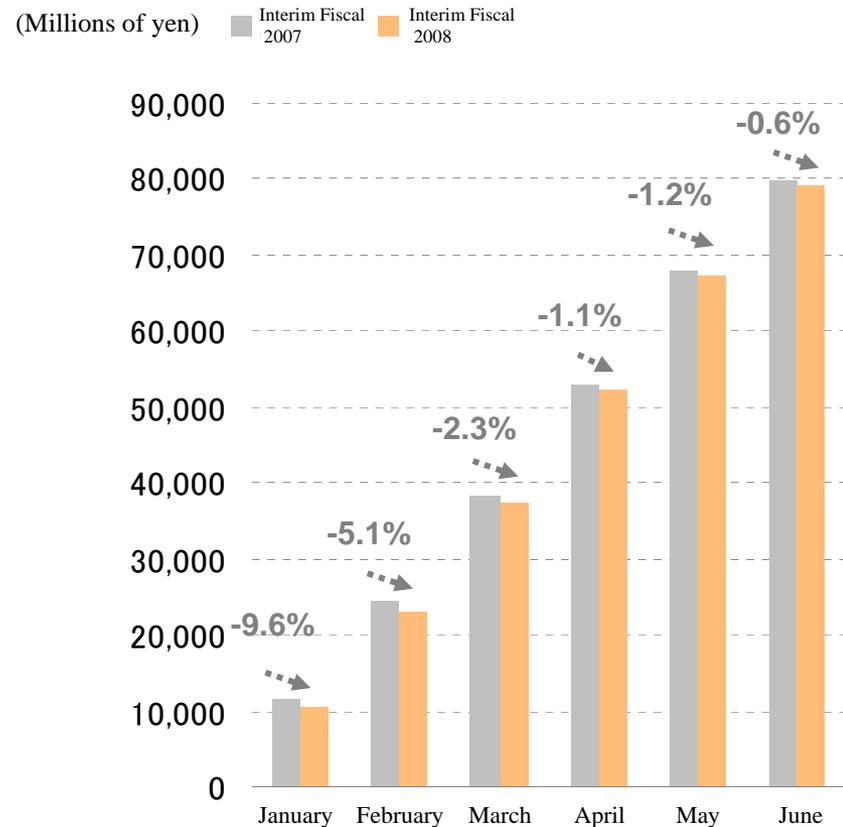
Although the increase in the cost-of-sales ratio was limited, the increase in ratio of sales to SG&A expenses such as catalog expenses brought a 2.7% decrease in the operating profit ratio.

Trends in the Sales for the First Half (YoY Comparison) (Monthly and YTD)

Consolidated Sales (monthly)

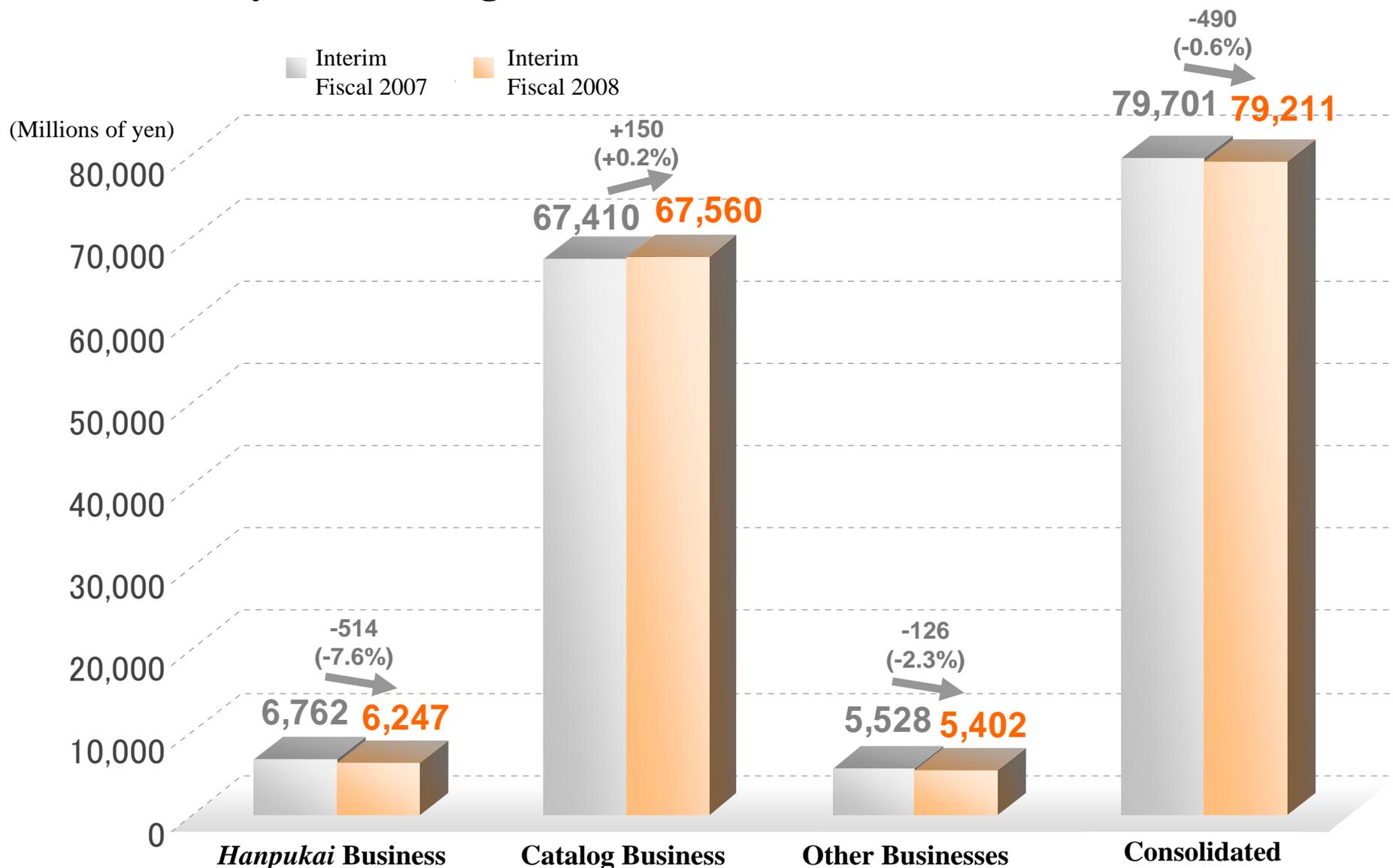


Consolidated Sales (YTD)



Sales of spring/summer items suffered in January and February due to severe cold but recovered to a certain extent from March and April due to warm weather. However, the growth was not sufficient, and sales registered year-on-year losses.

Net Sales by Business Segment for Interim Fiscal 2008 (YoY Comparison)

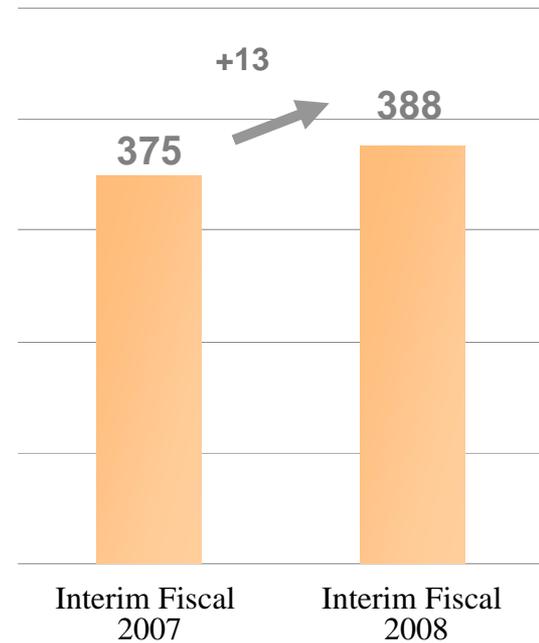


Current Situation of Catalog Business

Number of Active Customers*

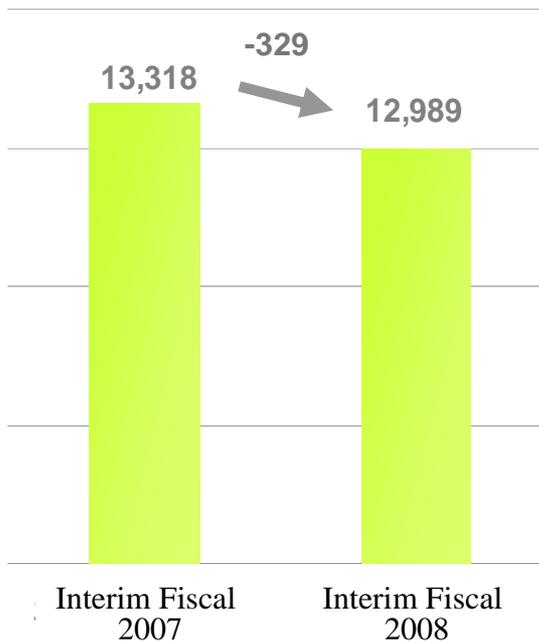
*Number of customers placing orders over the year

(10,000 members)



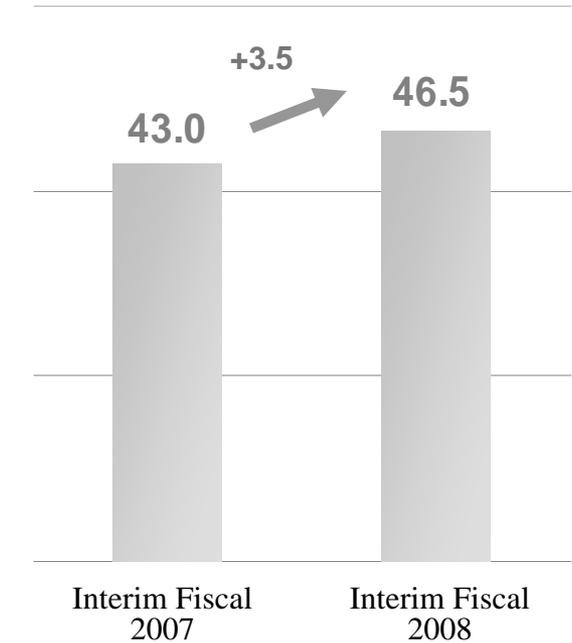
Average Sales Per Customer

(Yen)



Number of New Members

(10,000 members)

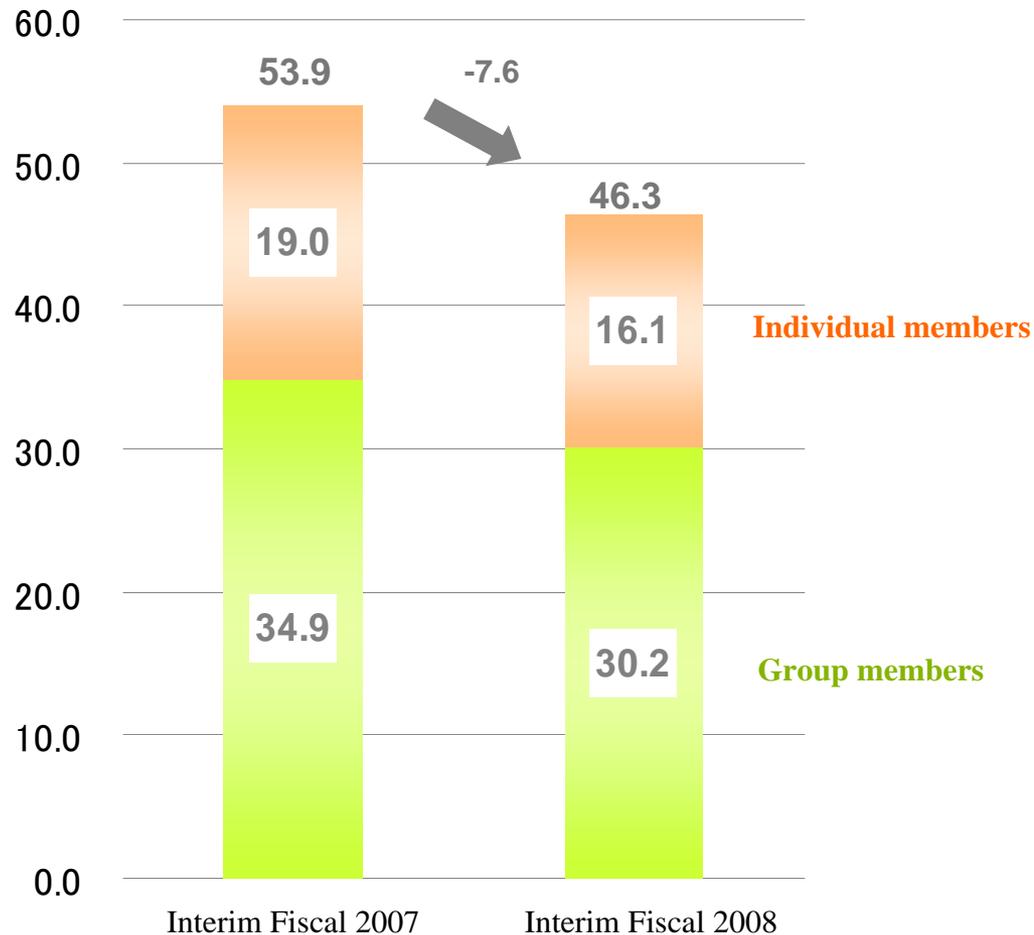


- * Increase in number of newly acquired customers as well as that of active customers
- * Fashion catalog remained unchanged. Decrease in living catalog from the previous year (decrease in interior goods and fabric). Increase in bargain sales. Strong sales of child and gift.

Current Situation of *Hanpukai* Business

Number of Members

(10,000 members)

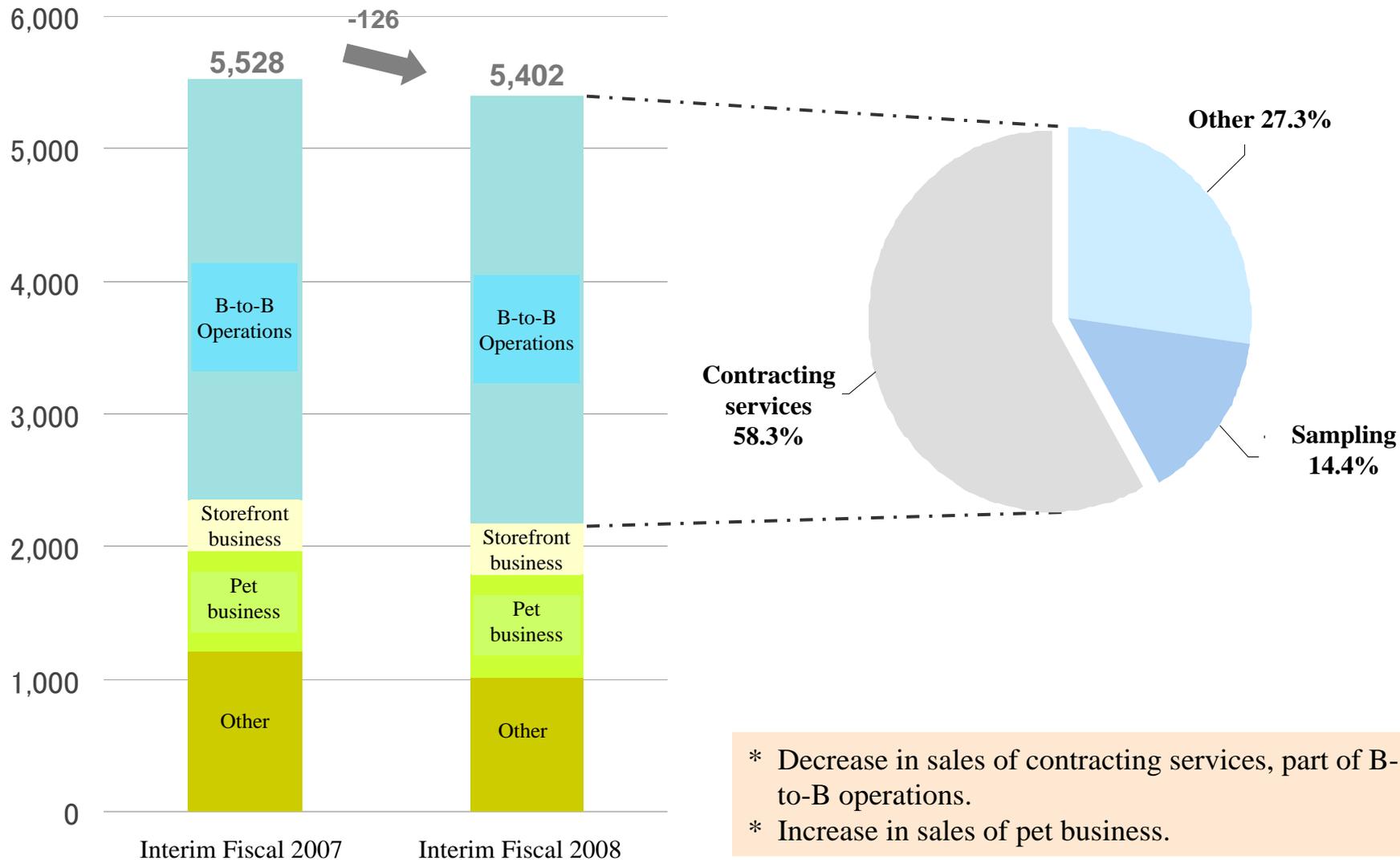


● The trend of declining members is continuing. Rebuilding the *Hanpukai* Business is progressing through the office vending box business; about 17,000 boxes were installed in offices in June.



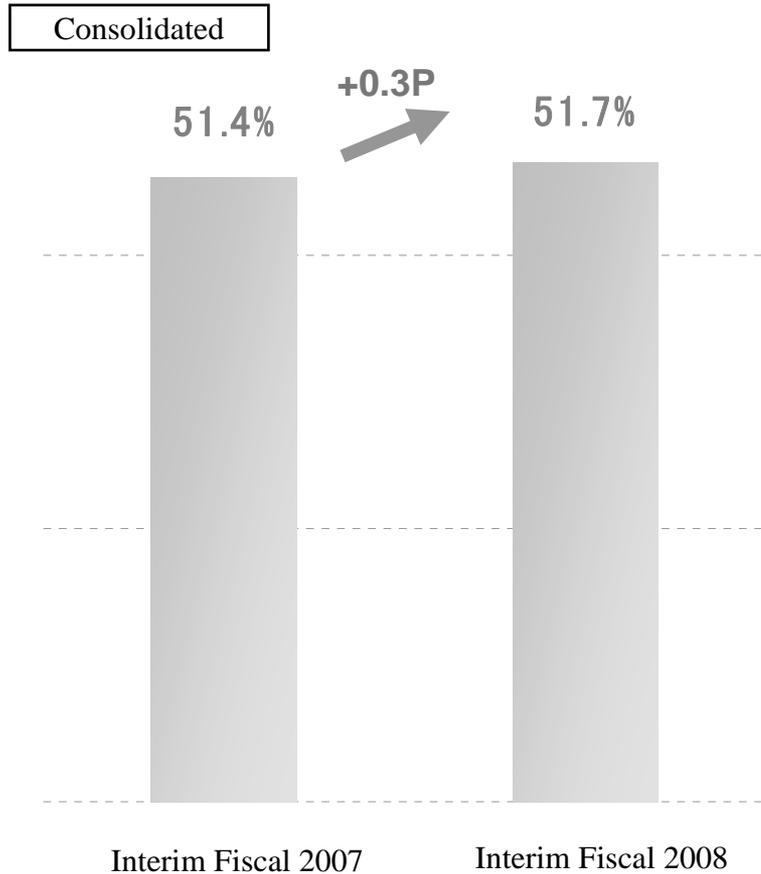
Current Situation of Other Businesses

(Millions of yen)

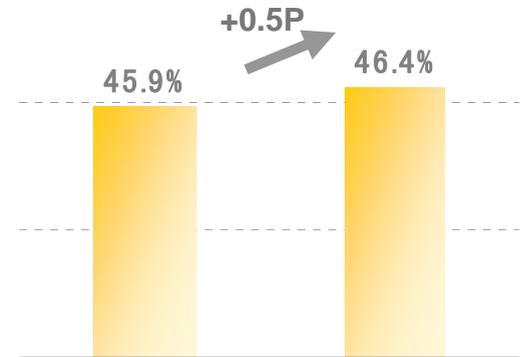


* Decrease in sales of contracting services, part of B-to-B operations.
 * Increase in sales of pet business.

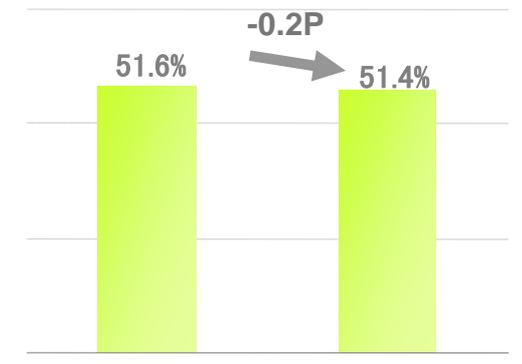
Cost-of-Sales Ratio Overview



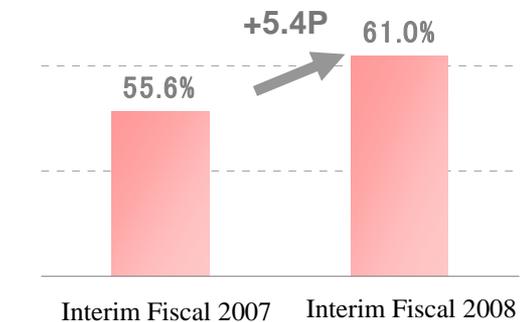
Hanpukai Business



Catalog Business

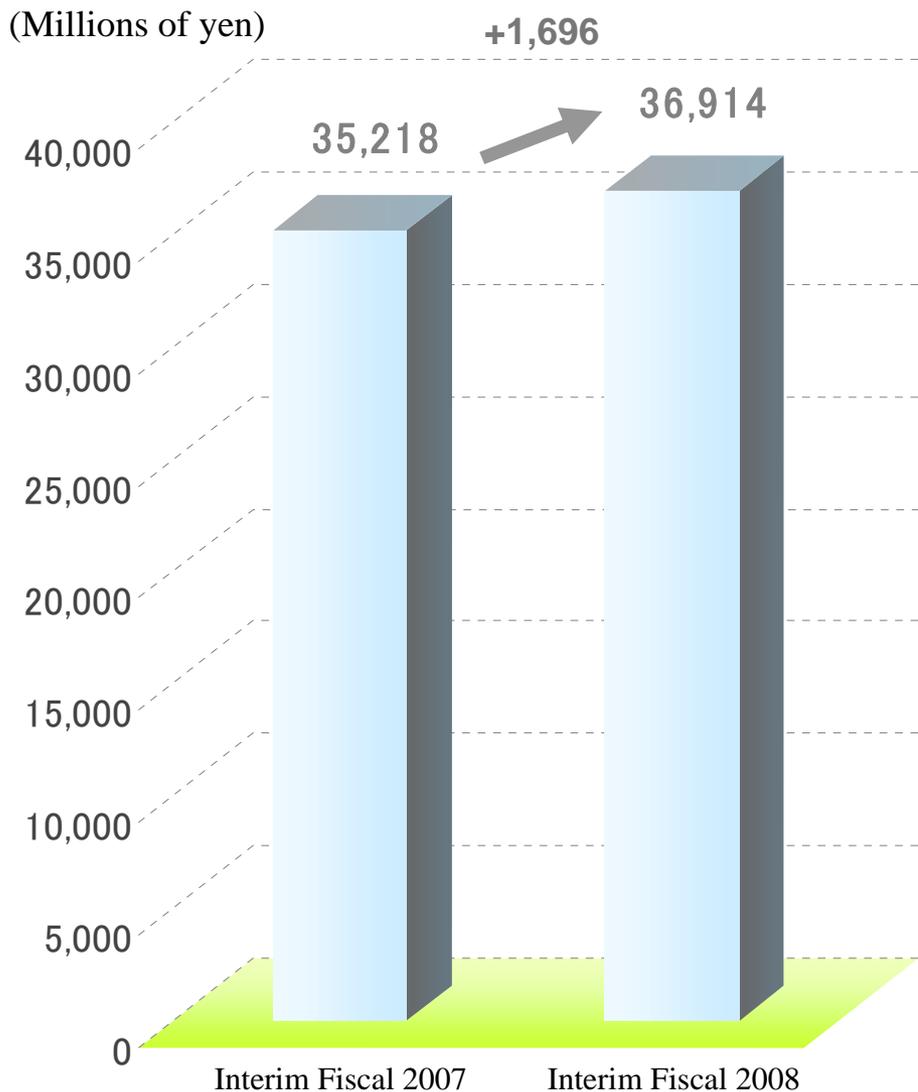


Other Businesses



- *Hanpukai Business*: Increased cost rate due to increase in number of office vending boxes
- *Catalog Business*: Decreased cost of purchase and decreased evaluation loss
- *Other Businesses*: Increased cost rate due to B-to-B operations

Breakdown of Changes in SG&A Expenses



Ratio of sales to SG&A expenses increased.
(44.2% ⇒ 46.6%)

(Millions of yen)

Catalog-related expenses	715
Leasing expenses	217
Depreciation expenses	145
Commissions paid	144
<u>Other increased expenses</u>	<u>475</u>
	1,696

- * Increase in catalog costs due to increased paper cost
- * Increase in rent for Tokyo headquarters and stores
- * Increase in depreciation due to new *Bellne* system
- * Increase in affiliate commission and royalties

Results Compared to Initial Targets for Interim Fiscal 2008

Results Compared to Initial Targets for Interim Fiscal 2008

(Millions of yen)

	Interim Fiscal 2008 Initial Targets	Comparison to Net Sales	Interim Fiscal 2008 Results	Comparison to Net Sales	Difference	Progress Indicator %
Net Sales	81,500	-	79,211	-	-2,289	-2.8%
Cost of Sales	41,718	51.2%	40,936	51.7%	-782	-1.9%
Gross Profit	39,781	48.8%	38,274	48.3%	-1,507	-3.8%
SG&A Expenses	37,681	46.2%	36,914	46.6%	-767	-2.0%
Operating Income	2,100	2.6%	1,359	1.7%	-741	-35.3%
Ordinary Income	2,100	2.6%	816	1.0%	-1,284	-61.1%
Net Income	900	1.1%	196	0.2%	-704	-78.2%

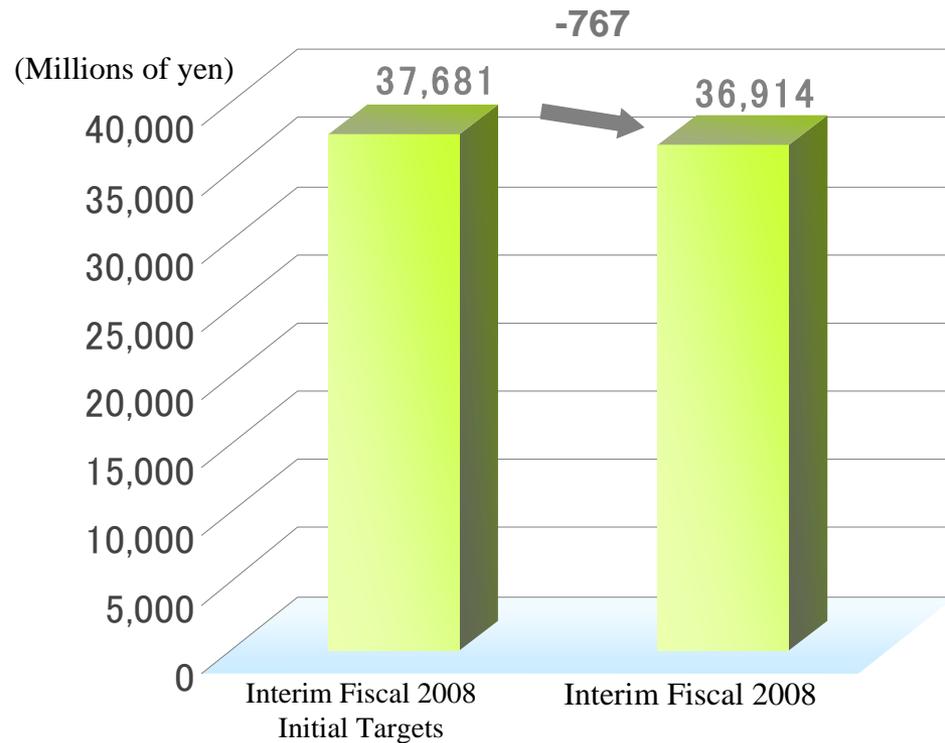
Breakdown of Changes in Cost-of-sales Ratio and SG&A Expenses (Comparison to initial budget)

Cost-of sales Ratio

- Increase in cost-of-sales ratio in line with increased bargain sales and web- and fax-based bargain sales

SG&A Expenses

- Ratio of sales to SG&A expenses 46.2% ⇒ 46.6%



	(Millions of yen)
Catalog-related expenses	-412
Labor costs	-205
Leasing expenses	94
Commissions paid	107
Other decreased expenses	-351
Total	-767

* Catalog mailing cost, decrease in unit price as well as circulation

Highlights of Interim Fiscal 2008

Highlights From Interim Fiscal 2008

1. Opening of *Kurasu Fuku* stores in *Mikage Classe* and *Ario Otori*

New stores opened in Kobe and Osaka in March.
Three stores in total.
We will gradually increase the number of stores.



2. Introducing *Benebis* at *Hanshin Department Store*

Our original shoes brand, *Benebis*, was sold for a limited time at *Hanshin Department Store*.



3. Making *Dears Brain Inc.* our subsidiary

We made *Dears Brain Inc.* our subsidiary. *Dears Brain Inc.* opens stores focusing on local regions and succeeded in producing strong results by managing the mansion-type wedding business.

We seek further development in the years ahead.

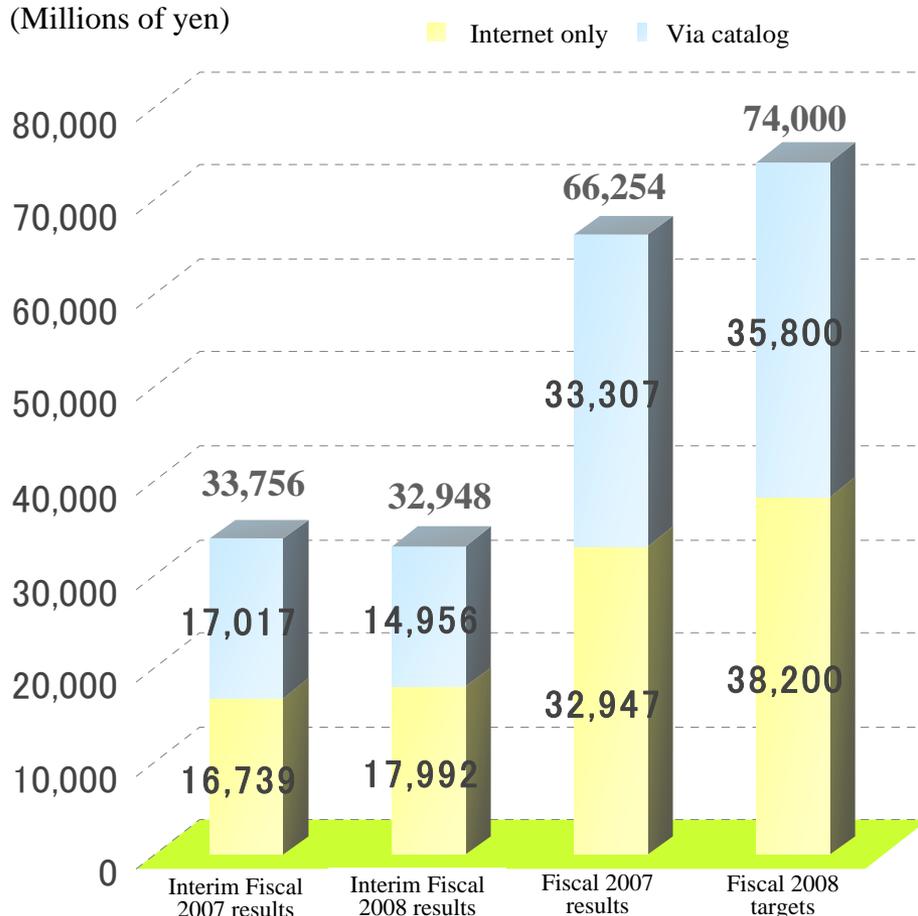
Fiscal 2007 Actual Sales: 5.1 billion yen Operating Profit: 0.1 billion yen
Forecasts for Fiscal 2010 Sales: 10 billion yen Operating Profit: 1 billion yen



Progress on the Medium-Term Management Plan (2008-2010)

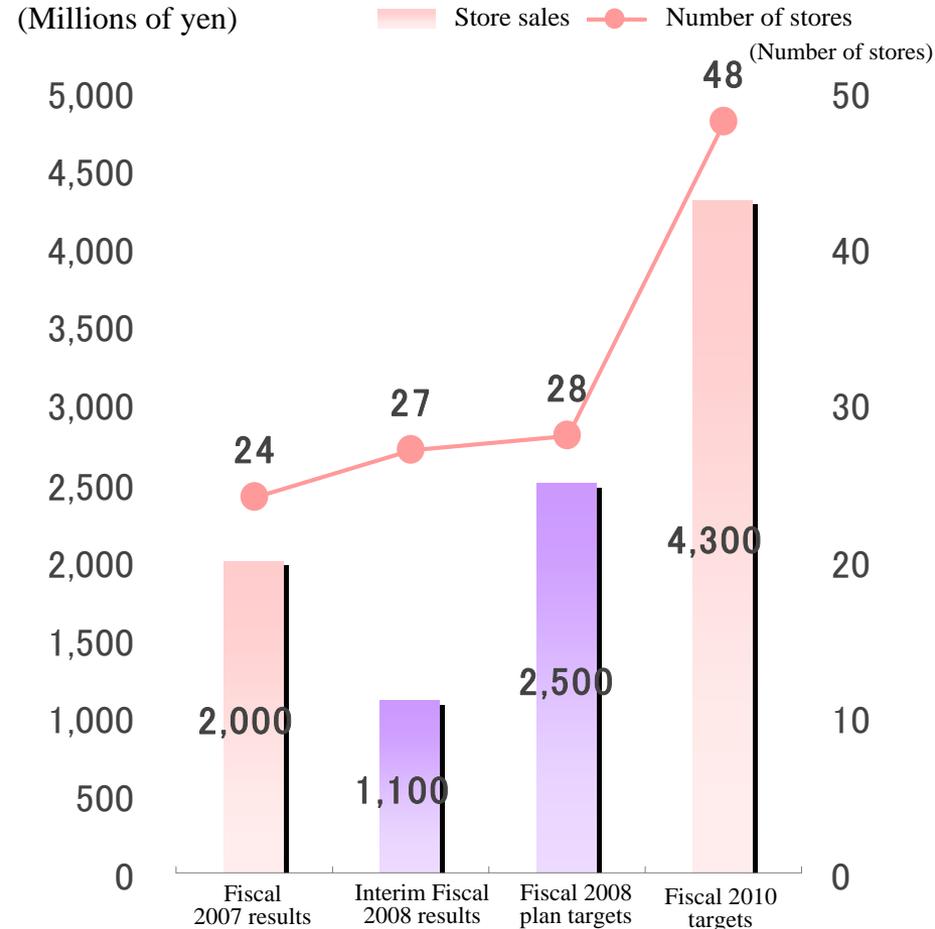
Promotion of Channel Mix (Internet Sales, Number of Stores and Sales)

Internet Sales



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

Number of Stores and Sales



- * Plan to open new *Kurasu Fuku* stores during the year
- * Plan to open outlet stores in the *Belle Maison* market

Expansion of Customer Base

1. To acquire new customers in their twenties

Renewed website opening on August 4th
→Special site for each product category

Opening of new website, *Bellissi*, for women in their twenties

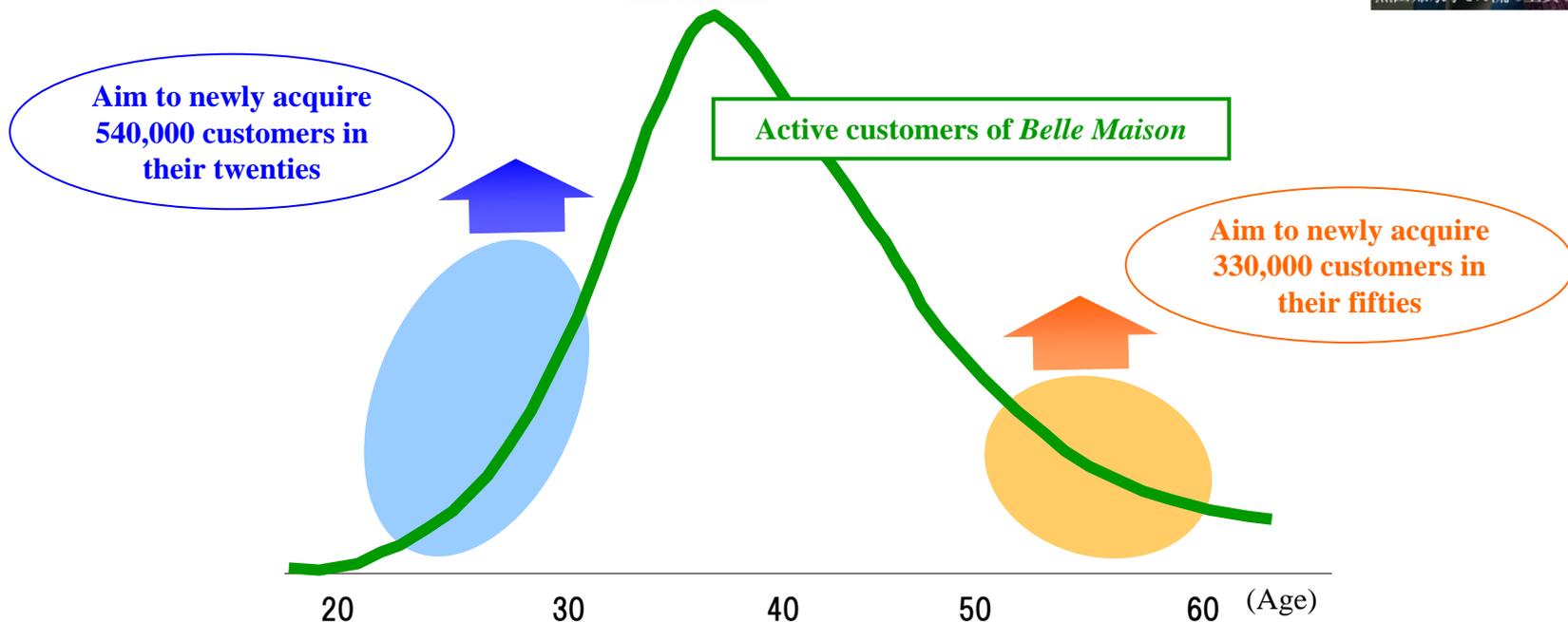
Strengthening of *Okaimono with*



2. To acquire new customers in their fifties

Expansion of sizing and taste for *StyleNote* and *Rashisa*

Expansion of advertising flyer of *Kurasu Fuku*



SCM Promotion (Status of Each Indicator)

	Interim Fiscal 2007 Results	Degree of Improvement	Interim Fiscal 2008 Results	Fiscal 2008 Medium-Term Management Plan Targets
Reduction in distribution-related variable cost	Rapid delivery ratio		77.7%	83.8%
	Delivery-to-order ratio		145.7%	131.0%
Reduction in cost-of-sales ratio	Import ratio		71.3%	72.0%
	Domestic direct transaction ratio		21.4%	22.0%
	Inventory turnover		3.9 times	4.1 times
	Inventories (catalog products)		14.673 billion yen	15.7 billion yen

* Rapid delivery ratio: The ratio of products in stock that are available for immediate delivery.

* Delivery-to-order ratio = number of deliveries / number of orders.

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

- The rapid delivery ratio and the delivery-to-order ratio have worsened due to the current period's target of inventory reduction. Other factors include out of stock due to strong sales of the summer catalog of *Kurasu Fuku*. We plan to improve the situation by reviewing the method of ordering starting from the second half.
- The import ratio and the direct transaction ratio continue its trend of small increase.
- Reduction of the inventory value is going well on the year-to-year basis (monthly basis). We plan to improve the inventory turnover by bargain sales conducted immediately after the expiration of catalogs.

Consolidated Operating Forecasts for Fiscal 2008

Consolidated Earnings Forecasts for fiscal 2008 (YoY Comparison)

(Millions of yen)

	Fiscal 2007	Comparison to Net Sales	Fiscal 2008 Consolidated Forecast	Comparison to Net Sales	Difference	YoY Change %
Net Sales	156,792	-	160,000	-	3,208	2.0%
Cost of Sales	80,864	51.6%	82,264	51.4%	1,400	1.7%
Gross Profit	75,928	48.4%	77,735	48.6%	1,807	2.4%
SG&A Expenses	70,637	45.0%	74,735	46.7%	4,098	5.8%
Operating Income	5,291	3.4%	3,000	1.9%	-2,291	-43.3%
Ordinary Income	5,626	3.6%	2,600	1.6%	-3,026	-53.8%
Net Income	2,494	1.6%	900	0.6%	-1,594	-63.9%

Prioritized Activities For Second Half 2008

- Improvement of cost-of-sales ratio

We reviewed the pricing policy of some products in the summer catalog, and for the autumn/winter catalog. We implemented a full-fledged price revision and inventory reduction.



-0.2 point

- Reduction of number of mailed catalogs and printed copies

We reduced the number of mailed catalogs by 500,000 by reviewing the mailing condition. We aim to improve efficiency of catalog costs by reducing the number of catalogs by 2 million copies.



-540 million yen

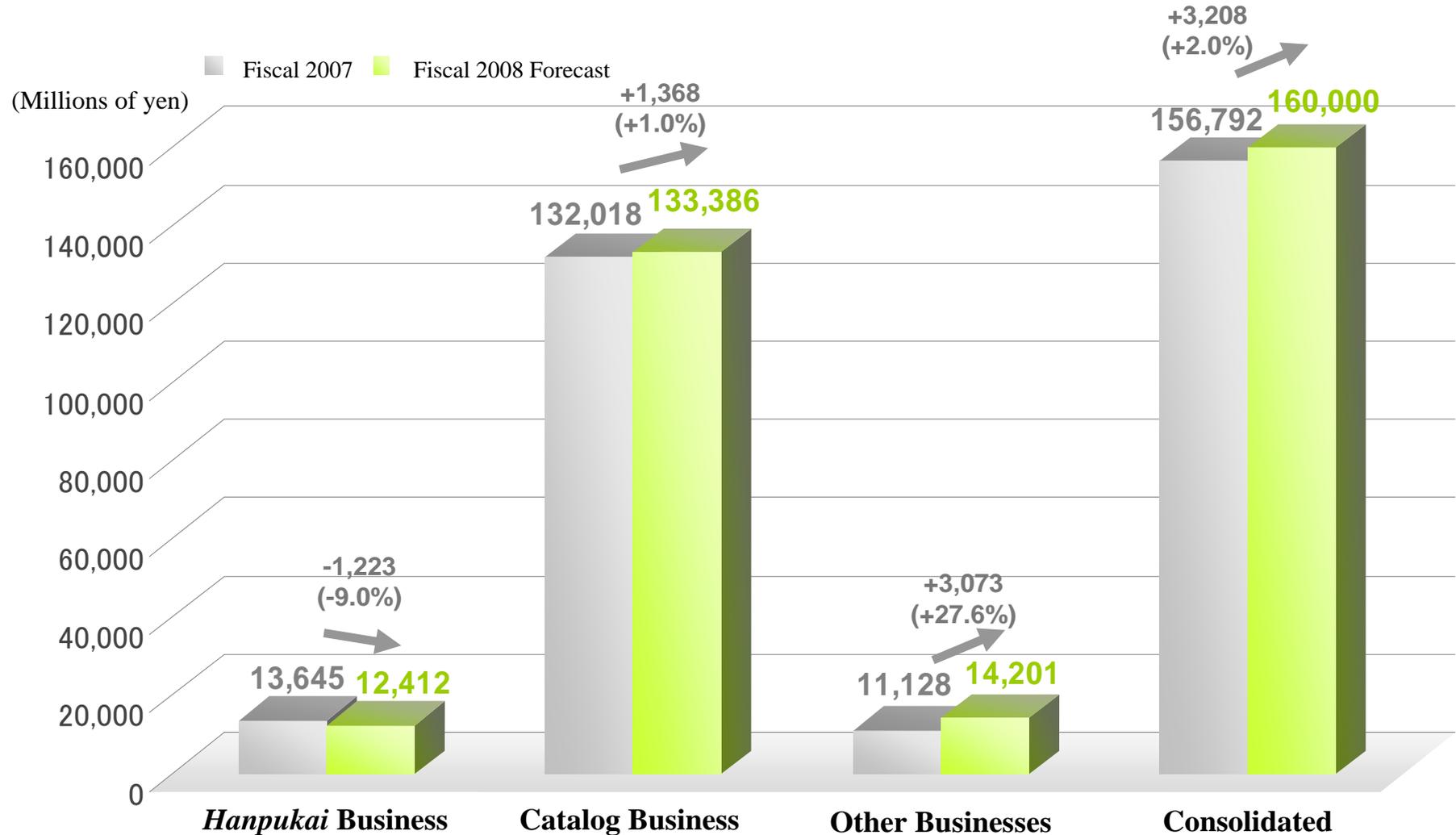
- Renewal of *Belle Maison Net* (From August 4th)

We opened special sites for each product category such as fashion, interior goods, beauty goods, gourmet meal/sweets and maternity/baby/child. We aim to provide a place where customers can enjoy shopping and to strengthen SEO.

With the above measures, we aim to strengthen the customer link with catalogs.



Projected Net Sales by Business Segment for Fiscal 2008 (YoY Comparison)



* We made *Dears Brain Inc.* our subsidiary in the second half and included its sales in Other Businesses. (Approximately 2.5 billion yen)

Others

Dividend and Date of Earnings Announcement

Senshukai will pay an interim dividend of ¥8 per share to ensure a projected 30% dividend payout ratio for fiscal 2008. Based on the same dividend policy, the projected year-end dividend is ¥9 per share, which would make the total dividends for the year ¥17 per share.

Date of earnings announcements for fiscal 2008

- | | |
|--------------------------------|-----------------------------|
| ■ Third quarter of fiscal 2008 | October 24 (Friday) |
| ■ Fiscal 2008 | January 29, 2009 (Thursday) |
| ■ Earnings presentation | January 30, 2009 (Friday) |

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