Interim Financial Report for Fiscal 2008 (Ended June 30, 2008)

July 31, 2008

Company name: **Senshukai Co., Ltd.**
Stock Exchanges: Tokyo and Osaka, First Sections
Stock Code: 8165
URL: http://www.senshukai.co.jp
Representative: Mr. Yasuhiro Yukimachi, President and Representative Director
Inquiries: Mr. Kazuhide Fujiyoshi,
Director, Managing Executive Officer, General Manager of the General Affairs Division
Tel: +81-6-6881-3100

Scheduled date of filing of Semiannual Report: September 26, 2008

Scheduled date of payment of dividend: September 1, 2008

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

1. Interim Consolidated Financial Results for Fiscal 2008 (January 1, 2008 – June 30, 2008)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim Fiscal 2008	79,211	(0.6)	1,359	(61.1)	816	(79.2)	196	(90.2)
Interim Fiscal 2007	79,701	6.5	3,495	38.2	3,917	51.9	2,001	(1.7)
Fiscal 2007	156,792	-	5,291	-	5,626	-	2,494	-

	Net income per share	Diluted net income per share
	Yen	Yen
Interim Fiscal 2008	4.22	-
Interim Fiscal 2007	43.12	42.95
Fiscal 2007	53.60	53.46

Reference: Investment profit (loss) on equity method (million yen)
Interim Fiscal 2008: (183) Interim Fiscal 2007: 64 Fiscal 2007: (164)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2008	103,043	53,975	52.4	1,154.80
As of Jun. 30, 2007	94,130	58,120	61.7	1,244.89
As of Dec. 31, 2007	98,422	55,955	56.8	1,197.62

Reference: Shareholders' equity (million yen)
As of Jun. 30, 2008: 53,945 As of Jun. 30, 2007: 58,039 As of Dec. 31, 2007: 55,945

(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
Interim Fiscal 2008	432	(6,132)	7,879	5,706
Interim Fiscal 2007	(889)	(1,347)	202	3,791
Fiscal 2007	1,444	(6,047)	2,305	3,526

2. Dividends

	Dividend per share		
(Record date)	Interim	Yearend	Annual
	Yen	Yen	Yen
Fiscal 2007	13.00	14.00	27.00
Fiscal 2008	8.00		17.00
Fiscal 2008 (forecasts)		9.00	

3. Consolidated Outlook for Fiscal 2008 (January 1, 2008 – December 31, 2008)

(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	160,000	2.0	3,000	(43.3)	2,600	(53.8)	900	(63.9)	19.27

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 interim consolidated financial statements

1) Changes caused by revision of accounting standards: None

2) Other changes: None

(3) Number of shares outstanding (common shares)

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

As of Jun. 30, 2008: 47,630,393 shares As of Jun. 30, 2007: 47,630,393 shares As of Dec. 31, 2007: 47,630,393 shares

2) Number of treasury stock at end of period:

As of Jun. 30, 2008: 916,515 shares As of Jun. 30, 2007: 1,008,462 shares As of Dec. 31, 2007: 916,195 shares

Note: Please refer to "Per Share Information" on page 32 for the number of shares used in calculating consolidated net income per share.

(Reference) Summary of Non-consolidated Financial Report

1. Interim Non-consolidated Financial Results for Fiscal 2008 (January 1, 2008 – June 30, 2008)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim Fiscal 2008	76,778	(0.7)	1,065	(60.8)	1,244	(61.9)	842	(58.5)
Interim Fiscal 2007	77,320	4.4	2,716	47.8	3,267	54.9	2,029	10.8
Fiscal 2007	152,367	-	4,611	-	5,364	-	2,898	-

	Net income per share
	Yen
Interim Fiscal 2008	18.03
Interim Fiscal 2007	43.72
Fiscal 2007	62.26

(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, 2008	98,058	54,172	55.2	1,159.67
As of Jun. 30, 2007	91,105	57,124	62.7	1,225.28
As of Dec. 31, 2007	95,939	55,418	57.8	1,186.32

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2008: 54,172 As of Jun. 30, 2007: 57,124 As of Dec. 31, 2007: 55,418

2. Non-consolidated Outlook for Fiscal 2008 (January 1, 2008 – December 31, 2008)

(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	152,000	(0.2)	2,900	(37.1)	3,200	(40.3)	1,800	(37.9)	38.53

*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 these projections due to a variety of factors.

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

1. Operating Results

(1) Analysis of Operating Results

Overview

The outlook for the Japanese economy became increasingly uncertain in the interim period under review as surging crude oil and raw materials prices weighed on corporate profits, and consumer prices rose, damaging consumer sentiment. The retail industry suffered from weak personal spending, growing disparities among sub-sectors and individual companies, and poor weather. The business environment remained difficult as competition intensified, and consumers became more selective regarding prices and products/services.

Against this backdrop, the Senshukai Group focused on priority strategies in the first year of its medium-term management plan which ends in Fiscal 2010.

Consolidated net sales decreased 0.6% year-over-year to 79,211 million yen in the interim period under review.

Operating income declined 61.1% year-over-year to 1,359 million yen due to a slight rise in the cost ratio, and an increase in the SG&A-to-sales ratio due to higher catalog-related expenses. Ordinary income declined 79.2% to 816 million yen due to foreign exchange losses and losses on write-down of compound financial instruments. Net income decreased 90.2% to 196 million yen.

Segment information

[Mail-order Business]

Consolidated sales in the mail-order business, which comprises the catalog and the *hanpukai* businesses, decreased 0.5% year-over-year to 73,808 million yen, and operating income decreased 55.2% to 1,580 million yen in the interim period under review.

1) Catalog business

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

Since 1976, the Group has won the support of members by providing them with a wide range of products centered on fashion apparel, but also accessories, interior goods, daily sundries, maternity goods, and kid's apparel, tailored to meet their needs.

As a result, consolidated sales increased 0.2% year-over-year to 67,560 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 (*Choko Tabe* BOX) business from the previous fiscal year to expand contact points in various occupational fields and restructure the *hanpukai* business. However, sales and members declined year-over-year.

Consolidated sales in the *hanpukai* business declined 7.6% year-over-year to 6,247 million yen, and average monthly membership was 479,300.

* The Group transferred some media between the *hanpukai* and catalog businesses in line with organizational changes implemented beginning this fiscal year. Year-over-year comparisons are based on figures after the transfer.

[Other Businesses]

In the other businesses segment, which comprises mainly travel and credit card services, as well as transportation and storefront services, product sales and the pet business, and BtoB operations. Consolidated sales in this segment declined 2.3% year-over-year to 5,402 million yen.

As a result, the business saw an operating loss of 247 million yen, compared with an operating income of 48 million yen in the interim period of the previous fiscal year.

(2) Analysis of Financial Position

Balance sheet position

Assets totaled 103,043 million yen at the end of the interim period under review, up 4,620 million yen from the end of the previous fiscal year. Current assets decreased 3,217 million yen to 45,007 million yen, mainly due to a 3,410 million yen decrease in inventories. Fixed assets increased 7,838 million yen to 58,035 million yen, mainly due to property and equipment, intangible assets, and investment and other assets increased 3,622 million yen, 2,745 million yen and 1,470 million yen, respectively.

Liabilities increased 6,601 million yen over the end of the previous fiscal year to 49,067 million yen. Current liabilities increased 1,752 million yen to 42,927 million yen, mainly due to the net result of a 3,323 million yen decrease in notes and accounts payable-trade, and a 5,777 million yen increase in short-term bank loans. Long-term liabilities increased 4,848 million yen to 6,140 million yen, mainly due to a 4,563 million yen increase in long-term debt.

Net assets decreased 1,980 million yen over the end of the previous fiscal year to 53,975 million yen, mainly due to a 1,055 million yen decrease in deferred hedge gains (losses). Consequently, the equity ratio was 52.4%.

Cash flow position

The balance of cash and cash equivalents at the end of the interim period under review was 5,706 million yen, an increase of 1,915 million yen from the end of the previous interim period.

Operating activities provided net cash of 432 million yen (net cash used of 889 million yen same period previous fiscal year). The main contributing factors were decreases in inventories of 3,433 million yen and other current assets of 3,208 million yen. These factors were partly offset by a decrease in notes and accounts payable-trade of 4,011 million yen, and income taxes paid of 1,881 million yen.

Investing activities used net cash of 6,132 million yen (net cash used of 1,347 million yen same period previous fiscal year). The main cash outflows were 2,297 million yen for purchases of subsidiary stock associated with changes in the scope of consolidation, 1,763 million yen for purchases of investment securities, and 1,178 million yen for purchases of property and equipment.

Financing activities provided net cash of 7,879 million yen (net cash provided of 202 million yen same period previous fiscal year). The main contributing factors were proceeds from long-term debt of 5,032 million yen, and net increase in short-term bank loans of 3,500 million yen.

Cash flow indices

	Fiscal 2005 (As of Dec. 31, 2005)	Fiscal 2006 (As of Dec. 31, 2006)	Fiscal 2007 (As of Dec. 31, 2007)	Interim Fiscal 2008 (As of Jun. 30, 2008)
Equity ratio (%)	56.6	58.3	56.8	52.4
Equity ratio based on fair value (%)	74.3	58.5	56.0	33.9
Average debt repayment period (years)	0.2	0.3	2.1	15.7
Interest coverage ratio (times)	59.1	30.3	20.6	7.4

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.

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

Strengthening the business foundation while ensuring stable dividends-to-equity ratio 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% on a consolidated basis 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 8 yen per share, and a yearend dividend of 9 yen per share in line with our aforementioned policy, for a total annual dividend of 17 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 adversely 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, thereby significantly and adversely affect the Group's operating results.

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.

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 affect the Group's operating results since almost all operations at Senshukai are processed by computer.

6) Legal and regulatory risk

The Senshukai Group's mainstay business, the mail-order business, is governed by laws including the Law Against Unjustifiable Premiums and Misleading Representations ("Premiums and Representations Law"), the Special Products Trading Law, the Pharmaceutical Law, and the Product Liability Law. The Company is thorough in educating employees, and establishing an administrative and compliance structure, to ensure strict compliance with all laws and regulations. If the unlikely event those compliance-related problems were to emerge, however, this could impair the corporate image, thereby significantly and adversely affect the Group's business and operating results.

7) Risks related to unfavorable weather

Cool summers, warm winters, long rainy seasons, and other unusual and unfavorable weather could impact demand and sales in the Senshukai Group's mainstay mail-order business, and adversely affect the Group's operating results.

8) Risks associated with volatility in raw materials prices

The Senshukai Group's mainstay business, the mail-order business, uses paper for catalog printing, and a greater than expected increase in the price of paper, pulp, and other raw materials, as well as price hikes by transportation companies that deliver the Group's products to reflect surging crude oil prices, could significantly and adversely affect the Group's operating results.

9) 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 31, 2008) of this interim financial report for Fiscal 2008.

(5) Outlook for Fiscal 2008

The Japanese economy appears likely to cool further as corporate profits deteriorate in the face of surging raw materials prices, capital equipment investment contracts, and consumer sentiment deteriorates. We expect a difficult environment for the retail industry as inter-industry competition intensifies.

As we announced on July 17, 2008, we forecast Fiscal 2008 sales of 160,000 million yen, up approximately 3,200 million yen over the previous fiscal year, operating income of 3,000 million yen, ordinary income of 2,600 million yen, and net income of 900 million yen.

Consolidated (Million yen)

	Net sales	Operating income	Ordinary income	Net income
Fiscal 2008 (forecast)	160,000	3,000	2,600	900
Fiscal 2007 (results)	156,792	5,291	5,626	2,494
Change (%)	2.0	(43.3)	(53.8)	(63.9)

Non-consolidated (Million yen)

	Net sales	Operating income	Ordinary income	Net income
Fiscal 2008 (forecast)	152,000	2,900	3,200	1,800
Fiscal 2007 (results)	152,367	4,611	5,364	2,898
Change (%)	(0.2)	(37.1)	(40.3)	(37.9)

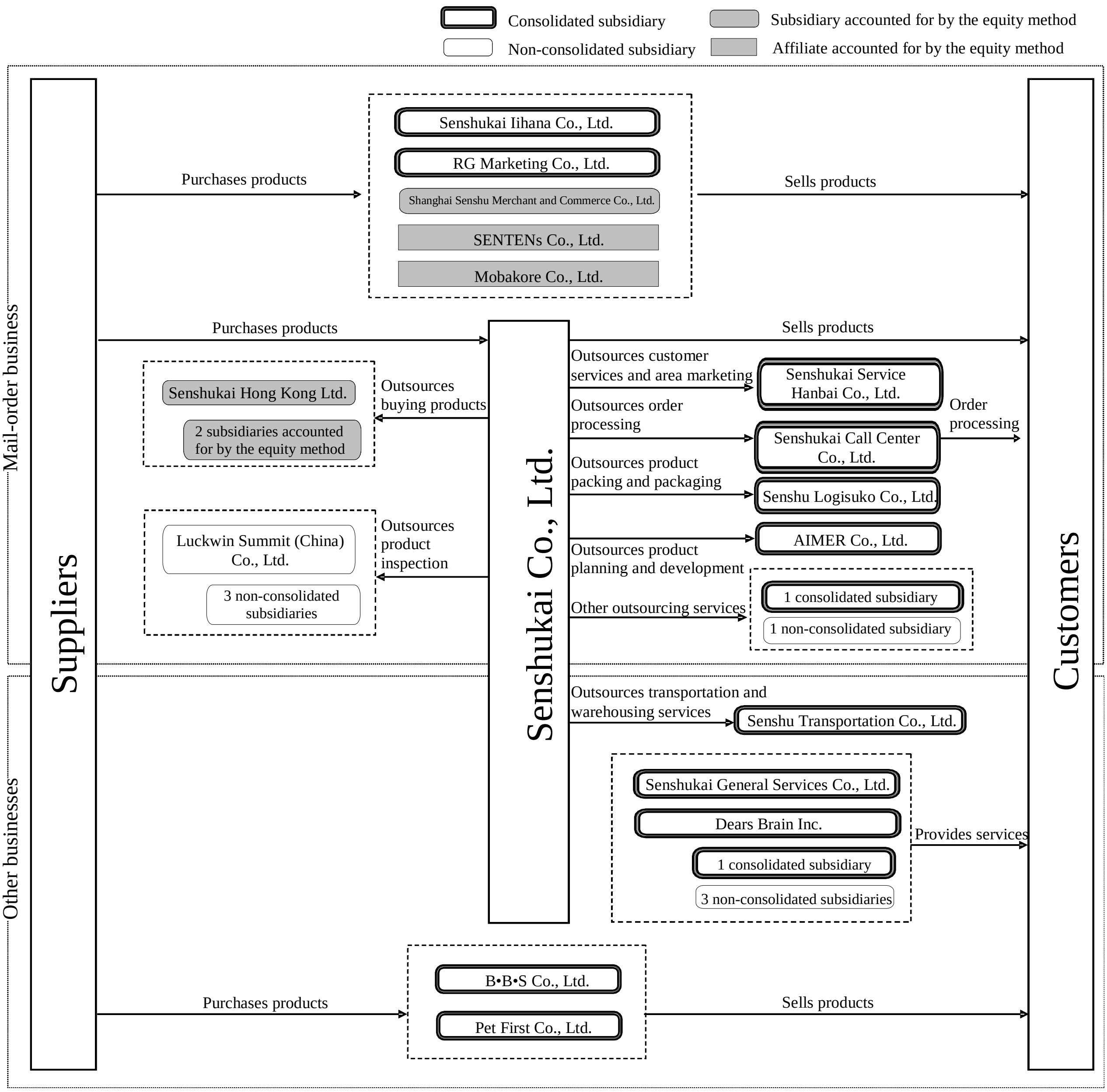
* The above projections are based on information available at the time of release of this report. Actual results could differ significantly from projections due to a variety of factors.

2. Group Organization

The Senshukai Group comprises the parent company, 25 subsidiaries, and 2 affiliates. Mail-order sales is the mainstay business, and other businesses include product sales, services, and transportation.

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

Segment	Major business activity	Company
Mail-order business	Mail order	Senshukai Co., Ltd., Senshukai Service Hanbai Co., Ltd., Senshukai Iihana Co., Ltd. RG Marketing Co., Ltd., SENTENs Co., Ltd., Shanghai Senshu Merchant and Commerce Co., Ltd., Mobakore Co., Ltd., Senshukai Hong Kong Ltd., Luckwin Summit (China) Co., Ltd., and 7 other companies
	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. B·B·S Co., Ltd., Pet First Co., Ltd.
	Services	Senshukai Co., Ltd., Senshukai General Services Co., Ltd., Dears Brain Inc. and 4 other companies
	Transportation	Senshu Transportation Co., Ltd.



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

Our new medium-term management plan aims to maximize group strengths, and targets strong growth in existing core businesses and new businesses. Specifically, it targets consolidated sales of 180,000 million yen, operating income of 8,000 million yen (a record), and operating cash flow of 7,000 million yen, by Fiscal 2010.

Going forward, we aim to enhance corporate value by increasing growth and improving the earnings structure.

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

We have formulated a medium-term management plan that ends in Fiscal 2010.

1) Basic policies of the Medium-term Management Plan

i. Promotion of Channel Mix

We intend to further deepen "multi-channel promotion" targeted in the previous medium-term management plan, by not merely expanding channel numbers, but fusing channels in fundamental ways and speeding up operations to achieve synergies.

ii. Development of Multiple Brands

To diversify the business through expansion of product and service offerings, and capture certain age groups that are difficult to capture with a single brand (*Belle Maison*), we will move forward with a multi-brand strategy appropriate for different customer segments and product genres, and avoid the inappropriate use of *Belle Maison* which could damage its value.

iii. Expansion of Customer Base

We will expand customers in the over-50 segment by developing new goods for the seniors market, as well as new media to reach them. We will also aim to expand customers in their 20s, but we do not intend to rush expansion of the early 20s market, but steadily win this customer segment over through alliances with other companies and M&A, and through the utilization of new media including the Internet, mobile phones, and magazines. We will strengthen expansion of the late 20s market, and maintain our overall base of 20s customers.

iv. SCM (supply chain management) Promotion

Improving cash flow, which deteriorated due to expanding inventories, is a top priority. We will restructure the management framework to improve the efficiency of inventories and further strengthen SCM.

2) Interim Fiscal 2008 strategies in the Medium-term Management Plan

i. Promotion of Channel Mix

Each division will have channel control functions starting this fiscal year, and will be responsible for promoting channel mix including administration of channel sales and implementation of policies for Internet and brick-and-mortar stores. Internet sales totaled 32,948 million yen throughout the Group (of this, pure Internet sales totaled 17,992 million yen), and we opened two new brick-and-mortar *Kurasu Fuku* stores.

ii. Development of Multiple Brands

We are currently examining efforts to redefine *Belle Maison*, and cultivate other brands.

iii. Expansion of Customer Base

20s: We will redevelop our website by product genre to capture more customers in the 20s age group. We will also open a new website, *bellissi*, for the 20s age group. Further, we will renew *Okaimono with*, a catalog developed in collaboration with '*with'*, a magazine popular with women in their 20s, and the catalog *Fashion PLUS*.

50s: For customers over 50, we will use sales circulars for the catalog *Kurasu Fuku*, and will expand sizes and tastes for *Style Note* and *Rashisa* to capture new customers and maintain existing ones.

iv. SCM (supply chain management) Promotion

The delivery to order ratio and the rapid delivery ratio deteriorated slightly in the interim period, but catalog product inventories declined approximately 800 million yen compared with the previous interim period. We aim to further reduce inventories going forward.

(4) Other Important Business Matters

Not applicable.

Interim Consolidated Financial Statements and Notes

Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

(Million yen)

Account \ Period		Interim Fiscal 2007 (As of Jun. 30, 2007)		**Interim Fiscal 2008 (As of Jun. 30, 2008)**		Fiscal 2007 Summary (As of Dec. 31, 2007)	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and deposits	*2	3,705		5,623		3,444	
2. Notes and accounts receivable-trade		12,315		12,451		11,211	
3. Marketable securities		85		93		85	
4. Inventories		16,840		15,908		19,318	
5. Deferred tax assets		54		43		86	
6. Accounts receivable-other		6,934		6,860		9,347	
7. Other		6,375		4,311		4,983	
Allowance for doubtful accounts		(480)		(284)		(254)	
Total current assets		45,830	48.7	45,007	43.7	48,224	49.0
II Fixed assets							
1. Property and equipment	*1						
(1) Buildings and structures	*2	10,423		12,554		10,286	
(2) Machinery and vehicles		1,824		1,438		1,575	
(3) Furniture and fixtures		846		1,026		897	
(4) Land		11,412		11,305		11,305	
(5) Construction in progress		216		2,327		962	
Total property and equipment		24,722		28,651		25,028	
2. Intangible assets							
(1) Goodwill		-		3,067		-	
(2) Other		3,332		3,024		3,346	
Total intangible assets		3,332		6,091		3,346	
3. Investments and other assets							
(1) Investment securities	*2	16,061		15,128		15,573	
(2) Long-term loans receivable		376		631		366	
(3) Guarantee deposits	*2	1,364		1,795		1,442	
(4) Other		2,938		5,936		4,743	
Allowance for doubtful accounts		(497)		(198)		(302)	
Total investments and other assets		20,244		23,293		21,823	
Total fixed assets		48,300	51.3	58,035	56.3	50,197	51.0
Total assets		94,130	100.0	103,043	100.0	98,422	100.0

(Million yen)

Account \ Period		Interim Fiscal 2007 (As of Jun. 30, 2007)		**Interim Fiscal 2008** (As of Jun. 30, 2008)		Fiscal 2007 Summary (As of Dec. 31, 2007)	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Notes and accounts payable-trade		9,409		7,699		11,023	
2. Short-term bank loans	*2	61		8,777		3,000	
3. Current portion of corporate bonds	*2	-		66		-	
4. Accounts payable-other		5,416		5,498		6,423	
5. Accounts payable-factoring		13,750		14,959		15,027	
6. Accrued expenses		1,763		1,764		2,016	
7. Accrued income taxes		1,305		348		1,887	
8. Accrued consumption taxes		343		446		232	
9. Deferred tax liabilities		210		22		64	
10. Allowance for sales promotion expenses		301		277		133	
11. Other		709		3,067		1,366	
Total current liabilities		33,271	35.4	42,927	41.7	41,175	41.8
II Long-term liabilities							
1. Corporate bonds	*2	-		201		-	
2. Long-term debt	*2	354		4,563		-	
3. Deferred tax liabilities		1,062		0		3	
4. Deferred tax liabilities relating to land revaluation		804		764		764	
5. Liabilities for employees' retirement benefits		55		56		53	
6. Liabilities for retirement benefits for directors and corporate auditors		434		333		424	
7. Other		27		220		45	
Total long-term liabilities		2,738	2.9	6,140	5.9	1,291	1.3
Total liabilities		36,010	38.3	49,067	47.6	42,466	43.1
Net assets							
I Shareholders' equity							
1. Common stock		20,359	21.6	20,359	19.8	20,359	20.7
2. Capital surplus		20,990	22.3	21,038	20.4	21,038	21.4
3. Retained earnings		22,307	23.7	21,725	21.1	22,253	22.6
4. Treasury stock		(693)	(0.7)	(630)	(0.6)	(630)	(0.6)
Total shareholders' equity		62,964	66.9	62,492	60.7	63,020	64.1
II Valuation and translation adjustments							
1. Net unrealized gains on available-for-sale securities		1,306	1.4	92	0.1	486	0.5
2. Deferred hedge gains (losses)		1,065	1.1	(1,240)	(1.2)	(185)	(0.2)
3. Land revaluation difference		(7,301)	(7.8)	(7,359)	(7.2)	(7,359)	(7.5)
4. Foreign currency translation adjustments		4	0.0	(40)	(0.0)	(16)	(0.0)
Total valuation and translation adjustments		(4,925)	(5.3)	(8,547)	(8.3)	(7,074)	(7.2)
III Minority interests		80	0.1	30	0.0	10	0.0
Total net assets		58,120	61.7	53,975	52.4	55,955	56.9
Total liabilities and net assets		94,130	100.0	103,043	100.0	98,422	100.0

(2) Interim Consolidated Statements of Income

(Million yen)

Period / Account	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)			Interim Fiscal 2008 (Jan. 1, 2008 – Jun. 30, 2008)			Fiscal 2007 Summary (Jan. 1, 2007 – Dec. 31, 2007)		
	Amount		%	Amount		%	Amount		%
I Net sales		79,701	100.0		79,211	100.0		156,792	100.0
II Cost of sales		40,987	51.4		40,936	51.7		80,864	51.6
Gross profit		38,714	48.6		38,274	48.3		75,928	48.4
III Selling, general and administrative expenses									
1. Packing and freight	5,285			5,289			10,383		
2. Sales promotion expenses	12,084			12,881			24,430		
3. Provision for allowance for sales promotion expenses	301			277			133		
4. Provision for allowance for doubtful accounts	161			134			249		
5. Directors' and corporate auditors' remuneration	279			280			568		
6. Salaries	5,180			5,432			10,577		
7. Bonuses	743			696			1,621		
8. Provision for liabilities for directors and corporate auditors' bonuses	-			60			2		
9. Depreciation expenses	757			902			1,684		
10. Other	10,424	35,218	44.2	10,959	36,914	46.6	20,985	70,637	45.0
Operating income		3,495	4.4		1,359	1.7		5,291	3.4
IV Other income									
1. Interest income	181			156			353		
2. Dividend income	86			94			103		
3. Investment profit on equity method	64			-			-		
4. Foreign exchange gains	67			-			135		
5. Other	102	502	0.6	166	417	0.5	311	904	0.6
V Other expenses									
1. Interest expenses	26			56			64		
2. Losses on write-down of compound financial instruments	-			248			212		
3. Investment loss on equity method	-			183			164		
4. Expenses related to fixed asset investment	16			12			41		
5. Foreign exchange losses	-			357			-		
6. Other	36	79	0.1	103	961	1.2	85	568	0.4
Ordinary income		3,917	4.9		816	1.0		5,626	3.6

(Million yen)

Account / Period		Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)			Interim Fiscal 2008 (Jan. 1, 2008 – Jun. 30, 2008)			Fiscal 2007 Summary (Jan. 1, 2007 – Dec. 31, 2007)		
		Amount		%	Amount		%	Amount		%
VI Extraordinary gains										
1. Gains on sales of fixed assets	*1	2			4			38		
2. Gains on sales of investment securities		159			-			174		
3. Reversal of allowance for doubtful accounts		121	283	0.4	-	4	0.0	121	335	0.2
VII Extraordinary losses										
1. Losses on sales and disposal of fixed assets	*2	22			20			338		
2. Losses on write-down of investment securities		-			12			94		
3. Losses on cancellation of contracts		265			-			265		
4. Provision for allowance for doubtful accounts		287			-			-		
5. Losses on write-down of subsidiary stock	*3	90			-			-		
6. Losses on liquidation of subsidiaries		-			-			331		
7. Losses on cancellation of leases		13			-			13		
8. Other		-	677	0.9	-	33	0.0	170	1,212	0.8
Income before income taxes and minority interests			3,523	4.4		787	1.0		4,749	3.0
Income taxes		1,306			399			2,069		
Deferred income taxes		210	1,516	1.9	184	584	0.8	205	2,275	1.4
Minority interests (losses)			5	0.0		6	0.0		(20)	(0.0)
Net income			2,001	2.5		196	0.2		2,494	1.6

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

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 stock				(30)	(30)
Disposal of treasury stock		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 stock							(30)
Disposal of treasury stock							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

Interim Fiscal 2008 (Jan. 1, 2008 – Jun. 30, 2008)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 31, 2007	20,359	21,038	22,253	(630)	63,020
Changes in the period					
Dividend of surplus			(653)		(653)
Net income			196		196
Purchases of treasury stock				(0)	(0)
Disposal of treasury stock		0		0	0
Decrease in retained earnings due to change in the number of consolidated subsidiaries and equity method affiliates			(70)		(70)
Changes (net) in items other than shareholders' equity					
Total changes in the period	-	0	(527)	(0)	(527)
Balance as of Jun. 30, 2008	20,359	21,038	21,725	(630)	62,492

(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, 2007	486	(185)	(7,359)	(16)	(7,074)	10	55,955
Changes in the period							
Dividend of surplus							(653)
Net income							196
Purchases of treasury stock							(0)
Disposal of treasury stock							0
Decrease in retained earnings due to change in the number of consolidated subsidiaries and equity method affiliates							(70)
Changes (net) in items other than shareholders' equity	(393)	(1,055)	-	(23)	(1,472)	20	(1,452)
Total changes in the period	(393)	(1,055)	-	(23)	(1,472)	20	(1,980)
Balance as of Jun. 30, 2008	92	(1,240)	(7,359)	(40)	(8,547)	30	53,975

Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 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 fiscal year					
Dividend of surplus			(1,066)		(1,066)
Net income			2,494		2,494
Purchases of treasury stock				(32)	(32)
Disposal of treasury stock		322		443	765
Transfer of land revaluation difference			58		58
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 fiscal year	-	322	1,363	411	2,096
Balance as of Dec. 31, 2007	20,359	21,038	22,253	(630)	63,020

(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 fiscal year							
Dividend of surplus							(1,066)
Net income							2,494
Purchases of treasury stock							(32)
Disposal of treasury stock							765
Transfer of land revaluation difference							58
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	(850)	(919)	(58)	15	(1,813)	(36)	(1,849)
Total changes in the fiscal year	(850)	(919)	(58)	15	(1,813)	(36)	247
Balance as of Dec. 31, 2007	486	(185)	(7,359)	(16)	(7,074)	10	55,955

(4) Interim Consolidated Statements of Cash Flows

(Million yen)

Account / Period	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007) Amount	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008) Amount	Fiscal 2007 Summary (Jan. 1, 2007 – Dec. 31, 2007) Amount
I Cash flows from operating activities			
1. Income before income taxes and minority interests	3,523	787	4,749
2. Depreciation expenses	774	914	1,724
3. Decrease (increase) in allowance for doubtful accounts	126	(97)	(266)
4. Increase in liabilities for employees' retirement benefits	10	2	8
5. Increase (decrease) in allowance for sales promotion expenses	25	143	(142)
6. Interest and dividend income	(267)	(251)	(456)
7. Interest expenses	26	56	64
8. Investment profit (loss) on equity method	(64)	183	164
9. Losses on write-down of compound financial instruments	-	248	212
10. Gains on sales of fixed assets	(2)	(4)	(38)
11. Gains on sales of investment securities	(159)	-	(174)
12. Losses on sales and disposal of fixed assets	22	20	338
13. Losses on write-down of investment securities	-	12	94
14. Losses on write-down of subsidiary stock	90	-	-
15. Increase (decrease) in notes and accounts receivable-trade	(727)	(1,212)	375
16. Decrease (increase) in inventories	(264)	3,433	(2,742)
17. Decrease (increase) in other current assets	1,802	3,208	(1,661)
18. Decrease in notes and accounts payable-trade	(2,578)	(4,011)	(964)
19. Increase in accrued consumption taxes	165	218	146
20. Decrease (increase) in other current liabilities	(3,095)	(1,767)	170
21. Other	(406)	243	(101)
Subtotal	(999)	2,129	1,501
22. Interests and dividends received	248	243	438
23. Interests paid	(30)	(58)	(69)
24. Income taxes paid	(108)	(1,881)	(426)
Net cash provided by (used in) operating activities	(889)	432	1,444
II Cash flows from investing activities			
1. Purchases of property and equipment	(752)	(1,178)	(1,904)
2. Proceeds from sales of property and equipment	3	7	147
3. Purchases of intangible assets	(1,384)	(277)	(1,827)
4. Purchases of investment securities	(1,113)	(1,763)	(3,354)
5. Proceeds from sales of investment securities	1,908	0	2,623
6. Purchases of subsidiary stock associated with changes in the scope of consolidation	-	(2,297)	-
7. Increase (decrease) in time deposits	285	(1,000)	(1,217)
8. Purchases of business	(139)	-	(236)
9. Other	(155)	376	(278)
Net cash used in investing activities	(1,347)	(6,132)	(6,047)
III Cash flows from financing activities			
1. Net increase in short-term bank loans	-	3,500	3,000
2. Proceeds from long-term debt	66	5,032	66
3. Repayments of long-term debt	(53)	-	(456)
4. Purchases of treasury stock	(30)	(0)	(32)
5. Proceeds from sales of treasury stock	653	0	765
6. Proceeds from minority interests	30	-	30
7. Cash dividends paid	(460)	(652)	(1,065)
8. Cash dividends paid to minority interests	(2)	-	(2)
Net cash provided by financing activities	202	7,879	2,305
IV Increase (decrease) in cash and cash equivalents	(2,033)	2,179	(2,298)
V Cash and cash equivalents at beginning of period	5,549	3,526	5,549
VI Increase in cash and cash equivalents due to consolidation of subsidiary	275	-	275
VII Cash and cash equivalents at end of period	3,791	5,706	3,526

Significant Accounting Policies for the Preparation of Interim Consolidated Financial Statements

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)	Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)
1. Scope of consolidation (1) Number of consolidated subsidiaries: 13 Main consolidated subsidiaries: Senshukai General Services Co., Ltd. Senshu Logisuko Co., Ltd. Senshukai Call Center Co., Ltd.	1. Scope of consolidation (1) Number of consolidated subsidiaries: 13 Main consolidated subsidiaries: Senshukai General Services Co., Ltd. Senshu Logisuko Co., Ltd. Senshukai Call Center Co., Ltd. Dears Brain Inc.	1. Scope of consolidation (1) Number of consolidated subsidiaries: 13 Main consolidated subsidiaries: Senshukai General Services Co., Ltd. Senshu Logisuko Co., Ltd. Senshukai Call Center Co., Ltd.
Melody Square Co., Ltd., B-BOP Studio Co., Ltd., 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 peiriod due to its incraesed importance. HBS Co., Ltd. was liquidated and excluded from consolidation in December 2006. RG Marketing Co., Ltd. was included in the scope of consolidation due to its establishment.	Dears Brain Inc., previously accounted for by the equity method has been included in the consolidation due to the acquisition of additional shares in May 2008. Only the consolidated balance sheets include the accounts of Dears Brain Inc. since the Company sets the assumed acquisition date to the interim consolidated balance sheet date.	Melody Square Co., Ltd., B-BOP Studio Co., Ltd., 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 fiscal year due to their incraesed importance. Melody Square Co., Ltd. acquired B-BOP Studio Co., Ltd. on July 1, 2007, and changed the company name to B·B·S Co., Ltd. HBS Co., Ltd. was liquidated and excluded from consolidation in December 2006. RG Marketing Co., Ltd. was included in the scope of consolidation due to its establishment.
(2) Number of non-consolidated subsidiaries: 8 Main non-consolidated subsidiaries: Senshukai Hong Kong Ltd.	(2) Number of non-consolidated subsidiaries: 12 Same as on the left.	(2) Number of non-consolidated subsidiaries: 6 Same as on the left.
Reason for exclusion from scope of consolidation The interim consolidated financial statements do not include the accounts of above mentioned non-consolidated subsidiaries since their total assets, net sales, net income/loss (equity in earnings) or retained earnings (equity in earnings) have no significant effect on the overall results of interim consolidated financial statements.	Reason for exclusion from scope of consolidation Same as on the left.	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 in earnings) or retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.
2. Application of equity method (1) Number of non-consolidated subsidiaries accounted for by the equity method: 4 Main non-consolidated subsidiaries accounted for by the equity method: Senshukai Hong Kong Ltd.	2. Application of equity method (1) Number of non-consolidated subsidiaries accounted for by the equity method: 4 Same as on the left.	2. Application of equity method (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.	————	Shanghai Senshu Merchant and Commerce Co., Ltd. was included in the scope of the equity-method non-consolidated subsidiary from the current fiscal year due to its increased importance.

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)	Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)
(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.	(2) Number of equity-method affiliates: 2 Main equity-method affiliates SENTENs Co., Ltd. Mobakore Co., Ltd. Dears Brain Inc. was treated as an equity-method affiliate in the interim period due to the acquisition of shares in November 2007, but will move from an equity-method affiliate to a consolidated subsidiary following the acquisition of additional shares in May 2008. The equity method will be applied for the interim period, and losses included with investment loss on equity method, as the deemed acquisition date for shares will be the end of the interim period. Mobakore Co., Ltd. was included in the scope of the equity-method affiliate due to its increased importance.	(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.
(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 subsequently in the period before the consolidated balance sheet date.	(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 subsequently in the period before the consolidated balance sheet date.	(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 consolidated financial statements, most recent interim financial statements from the consolidated balance sheet date of such companies are used. We make consolidated adjustments as necessary for major transactions that occur subsequently in the period before the consolidated balance sheet date.
(4) Main non-consolidated subsidiaries and affiliates not accounted for by the equity method: Mobakore Co., Ltd. Reason for not accounted for by the equity method The above-mentioned entity is not accounted for under the equity method since its net income/loss (equity in earnings) or retained earnings (equity in earnings) have no significant effect on the overall results of interim consolidated financial statements.	(4) Main non-consolidated subsidiaries and affiliates not accounted for by the equity method: Innovation Information Technology (Shanghai) Co., Ltd. Reason for not accounted for by the equity method Same as on the left.	(4) Main non-consolidated subsidiaries and affiliates not accounted for by the equity method: Mobakore Co., Ltd. Reason for not accounted for by the equity method The above-mentioned entity is not accounted for under the equity method since its net income/loss (equity in earnings) or retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)	Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)
3. Interim periods for consolidated subsidiaries The interim periods of all consolidated subsidiaries coincide with Senshukai's interim period.	3. Interim periods for consolidated subsidiaries The fiscal year of consolidated subsidiary Dears Brain Inc. ends on June 30. The Company prepares provisional accounts for the subsidiary as of the fiscal year financial results reporting date in order to prepare interim consolidated financial statements. The interim periods of other consolidated subsidiaries coincide with Senshukai's interim period.	3. Fiscal years for consolidated subsidiaries The fiscal years of all consolidated subsidiaries coincide with Senshukai's fiscal year.
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.	4. Accounting standards (1) Valuation standards and accounting treatment for important asset 1) Investment securities Available-for-sale securities Same as on the left.	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.
Available-for-sale securities whose fair value is not readily determinable are stated at cost based on the moving-average method.	Same as on the left.	Same as on the left.
2) Derivatives Derivatives are stated at market value.	2) Derivatives Same as on the left.	2) Derivatives Same as on the left.
3) Inventories Inventories are stated at the lower of cost, determined by the monthly average method, or market.	3) Inventories Same as on the left.	3) Inventories Same as on the left.
(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 on or after April 1, 1998. The range of useful lives is as follows: Buildings and structures: 38-50 years Machinery and vehicles: 12 years	(2) Method for depreciating and amortizing important assets 1) Property and equipment Same as on the left.	(2) Method for depreciating and amortizing important assets 1) Property and equipment Same as on the left.

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)	Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)
(Changes in accounting policy) Effective from the current period, property and equipment purchased on or after 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.	(Supplemental information) Following the revision of the Corporate Tax Law, property and equipment purchased on or before March 31, 2007 is depreciated equally over five years, and booked as a depreciation expense, the difference between the memorandum value, and 5% of the acquisition value, beginning in the fiscal year following the fiscal year in which the asset's value reaches 5% of the acquisition value based on depreciation methods prior to corporate tax law revisions. As an effect of this change, operating income, ordinary income and income before income taxes and minority interests declined by 26 million yen respectively. The impact on segment businesses can be found in applicable portions of this report.	(Change in accounting policy) Effective from the current fiscal year, property and equipment purchased on or after 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.
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.	2) Intangible assets Same as on the left.	2) Intangible assets Same as on the left.
(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.	(3) Accounting for allowances 1) Allowance for doubtful accounts Same as on the left.	(3) Accounting for allowances 1) Allowance for doubtful accounts Same as on the left.
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.	2) Allowance for sales promotion expenses Same as on the left.	2) Allowance for sales promotion expenses Same as on the left.

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)	Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)
3) Liabilities for employees' retirement benefits Allowance for retirement benefits of certain consolidated subsidiaries are provided based on the retirement benefit obligations and pension assets at the interim balance sheet date. The retirement benefit obligations are calculated based on the compendium method. 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 interim balance sheet date pursuant to the internal rules. (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 spot 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 interim balance sheet accounts and income statement accounts of the overseas equity-method affiliates were translated into Japanese yen at the spot exchange rate as of the interim balance sheet date except for net assets, which are translated at the historical rate. (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.	3) Liabilities for employees' retirement benefits Same as on the left. 4) Liabilities for retirement benefits for directors and corporate auditors Same as on the left. (4) Conversion of credit and liabilities in foreign currencies to Japanese currency Same as on the left. (5) Accounting for sales promotion expenses Same as on the left.	3) Liabilities for employees' retirement benefits Allowance for retirement benefits of certain consolidated subsidiaries are provided based on the retirement benefit obligations and pension assets at the balance sheet date. The retirement benefit obligations are calculated based on the compendium method. 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. (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 spot 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 income statement accounts of the overseas equity-method affiliates were translated into Japanese yen at the spot exchange rate as of the balance sheet date except for net assets, which are translated at the historical rate. (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.

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)	Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)
(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.	(6) Accounting for leases Same as on the left.	(6) Accounting for leases Same as on the left.
(7) Accounting for hedging 1) Hedge accounting methods The deferred hedge accounting method is adopted.	(7) Accounting for hedging 1) Hedge accounting methods Same as on the left.	(7) Accounting for hedging 1) Hedge accounting methods Same as on the left.
2) Hedging instruments/ hedged items Hedging instruments: Foreign exchange forward contracts, currency options and currency swaps Hedged items: Accounts payable for imports, denominated in foreign currencies	2) Hedging instruments/ hedged items Hedging instruments: Foreign exchange forward contracts, currency options, currency swaps and interest swaps Hedged items: Accounts payable for imports, denominated in foreign currencies and interest on borrowings	2) Hedging instruments/ hedged items Hedging instruments: Foreign exchange forward contracts, currency options and currency swaps Hedged items: Accounts payable for imports, denominated in foreign currencies
3) Hedging policy Risks from fluctuation in foreign currency exchange and cash flows are hedged in accordance with internal policies.	3) Hedging policy Risks from fluctuation in foreign currency exchange, cash flows and interest rate are hedged in accordance with internal policies.	3) Hedging policy Risks from fluctuation in foreign currency exchange and cash flows are hedged in accordance with internal policies.
4) Evaluation of hedging effectiveness High correlation and effectiveness between the hedging instruments and the hedged items are regularly verified. However, with respect to foreign exchange forward contracts and other instruments used in payment for imports and others, the evaluation is omitted in cases where such hedging operations deems to fully offset cash flow variances that may be caused due to fluctuation in foreign currency exchange.	4) Evaluation of hedging effectiveness Same as on the left.	4) Evaluation of hedging effectiveness Same as on the left.
(8) Accounting for consumption taxes Financial statements are prepared exclusive of national and regional consumption taxes.	(8) Accounting for consumption taxes Same as on the left.	(8) Accounting for consumption taxes Same as on the left.
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.	5. Scope of cash and cash equivalents Same as on the left.	5. Scope of cash and cash equivalents Same as on the left.

Reclassifications

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)
―――――	Interim consolidated balance sheets: “Goodwill,” presented as a component of “Intangible assets” in the previous period, is shown as a separate line item since its amount exceeded 1/100 of total assets in the current period. “Goodwill” included in “Intangible assets” in the previous period was 47 million yen.
Interim consolidated statements of cash flows: “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. 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.	―――――

Notes to Interim Consolidated Financial Statements

Notes to Interim Consolidated Balance Sheets

(Million yen)

Interim Fiscal 2007 (As of Jun. 30, 2007)	**Interim Fiscal 2008** (As of Jun. 30, 2008)	Fiscal 2007 (As of Dec. 31, 2007)
*1. Accumulated depreciation on property and equipment 32,458	*1. Accumulated depreciation on property and equipment 33,227	*1. Accumulated depreciation on property and equipment 32,247
*2. Assets pledged as collateral (1) Collateral-backed assets Investment securities (book value) 947 (2) Collateral-backed liabilities Short-term bank loans 42 Long-term debt 247 Total 289	*2. Assets pledged as collateral (1) Collateral-backed assets Cash and deposits (Time deposits) 15 Buildings and structures 1,025 Guarantee deposits 22 Total 1,063 (2) Collateral-backed liabilities Short-term bank loans 408 Current portion of corporate bonds 66 Corporate bonds 201 Long-term debt 366 Total 1,042	*2. ――――――
3. Contingent liabilities Guarantees of bank loans Employees' housing loans 38	3. Contingent liabilities Guarantees of bank loans Employees' housing loans 32	3. Contingent liabilities Guarantees of bank loans Employees' housing loans 35

Notes to Interim Consolidated Statements of Income

(Million yen)

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)	Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)
*1. Gains on sales of fixed assets Machinery and vehicles 1 Land 0 Total 2	*1. Gains on sales of fixed assets Machinery and vehicles 4	*1. Gains on sales of fixed assets Machinery and vehicles, other 3 Land 35 Total 38
*2. Losses on sales and disposal of fixed assets Losses on disposal of buildings and structures 5 Losses on disposal of machinery and vehicles 12 Losses on disposal of furniture and fixtures 4 Total 22	*2. Losses on sales and disposal of fixed assets Losses on disposal of buildings and structures 16 Losses on disposal of furniture and fixtures 2 Losses on disposal of machinery and vehicles, other 1 Total 20	*2. Losses on sales and disposal of fixed assets Losses on disposal of buildings and structures 9 Losses on disposal of machinery and vehicles 90 Losses on disposal of furniture and fixtures 13 Losses on disposal of intangible assets 224 Total 338
*3. Losses on write-down of subsidiary stock A valuation loss was booked upon dissolution of Shoplat Co., Ltd.	*3. ――――――	*3. ――――――

Notes to Interim Consolidated Statements of Changes in Shareholders' Equity

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 thousand shares due to the purchase of odd-lot shares. Common shares of treasury stock decreased by 558 thousand shares due to the transfer of odd-lot shares of 0 thousand shares in response to purchase requests, and issuance of 558 thousand 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 Mar. 29, 2007	Common stock	460	10	Dec. 31, 2006	Mar. 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 Jul. 26, 2007	Common stock	606	Retained earnings	13	Jun. 30, 2007	Aug. 31, 2007

Interim Fiscal 2008 (Jan. 1, 2008 – Jun. 30, 2008)

1. Type and number of outstanding shares and treasury stock

	Number of shares as of Dec. 31, 2007 (Thousand shares)	Increase during the current period (Thousand shares)	Decrease during the current period (Thousand shares)	Number of shares as of Jun. 30, 2008 (Thousand shares)
Outstanding shares				
Common stock	47,630	-	-	47,630
Total	47,630	-	-	47,630
Treasury stock				
Common stock (Note)	916	0	0	916
Total	916	0	0	916

Note: Common shares of treasury stock increased by 0 thousand shares due to the purchase of odd-lot shares. Common shares of treasury stock decreased by 0 thousand shares due to the transfer of odd-lot shares in response to purchase requests.

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 Mar. 28, 2008	Common stock	653	14	Dec. 31, 2007	Mar. 31, 2008

(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 Jul. 31, 2008	Common stock	373	Retained earnings	8	Jun. 30, 2008	Sep. 1, 2008

Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 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 fiscal year (Thousand shares)	Decrease during the current fiscal year (Thousand shares)	Number of shares as of Dec. 31, 2007 (Thousand shares)
Outstanding shares				
Common stock	47,630	-	-	47,630
Total	47,630	-	-	47,630
Treasury stock				
Common stock (Note)	1,548	19	651	916
Total	1,548	19	651	916

Note: Common shares of treasury stock increased by 19 thousand shares due to the purchase of odd-lot shares. Common shares of treasury stock decreased by 651 thousand shares due to the transfer of odd-lot shares of 0 thousand shares in response to purchase requests, and issuance of 651 thousand 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 Mar. 29, 2007	Common stock	460	10	Dec. 31, 2006	Mar. 30, 2007
Board of Directors meeting on Jul. 26, 2007	Common stock	606	13	Jun. 30, 2007	Aug. 31, 2007

(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 Mar. 28, 2008	Common stock	653	Retained earnings	14	Dec. 31, 2007	Mar. 31, 2008

Notes to Interim Consolidated Statements of Cash Flows

(Million yen)

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)	Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)
Reconciliation between balance sheet accounts and period-end balance of cash and cash equivalents (As of Jun. 30, 2007) Cash and deposits 3,705 Marketable securities 85 Cash and cash equivalents 3,791	Reconciliation between balance sheet accounts and period-end balance of cash and cash equivalents (As of Jun. 30, 2008) Cash and deposits 5,623 Marketable securities 93 Time deposits with deposit terms exceeding 3 months (3) Marketable securities other than cash equivalents (7) Cash and cash equivalents 5,706	Reconciliation between balance sheet accounts and year-end balance of cash and cash equivalents (As of Dec. 31, 2007) Cash and deposits 3,444 Marketable securities 85 Time deposits with deposit terms exceeding 3 months (3) Cash and cash equivalents 3,526

Segment Information

1. Business segments

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 others

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 net sales in the mail-order business by 42 million yen, and increased net 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.

Interim Fiscal 2008 (Jan. 1, 2008 – Jun. 30, 2008)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	73,808	5,402	79,211	-	79,211
(2) Inter-segment sales	535	770	1,305	(1,305)	-
Total	74,344	6,172	80,517	(1,305)	79,211
Operating expenses	72,764	6,420	79,184	(1,332)	77,851
Operating income (loss)	1,580	(247)	1,332	27	1,359

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: Product sales, services, transportation

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

4. Supplemental information

Following the revision of the Corporate Tax Law, property and equipment purchased on or before March 31, 2007 is depreciated equally over five years, and booked as a depreciation expense, the difference between the memorandum value, and 5% of the acquisition value, beginning in the fiscal year following the fiscal year in which the asset’s value reaches 5% of the acquisition value based on depreciation methods prior to corporate tax law revisions.

As an effect of this change, operating income in the mail-order business and other businesses declined by 26 million yen and 0 million yen respectively.

Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	145,664	11,128	156,792	-	156,792
(2) Inter-segment sales	1,260	1,086	2,347	(2,347)	-
Total	146,925	12,215	159,140	(2,347)	156,792
Operating expenses	141,321	12,508	153,829	(2,327)	151,501
Operating income (loss)	5,603	(293)	5,310	(19)	5,291

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 others

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 fiscal year 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 net sales in the mail-order business by 137 million yen, and increased net sales in other businesses by the same amount; similarly, the revision increased operating income in the mail-order business by 223 million yen, and lowered it in "other businesses" by the same amount.

2. Geographical segment information

As there were no overseas consolidated subsidiaries or significant overseas branch offices for the interim period ended June 30, 2007, 2008 and fiscal year ended December 31, 2007, 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, 2007, 2008 and fiscal year ended December 31, 2007.

Investment Securities

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

1. Available-for-sale securities with fair value

(Million yen)

Category	Acquisition cost	Carrying value	Diffenrence
(1) Stocks	4,294	6,632	2,338
(2) Bonds			
Corporate bonds	-	-	-
Other bonds	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 stock

Subsidiary and affiliate stock	1,131 million yen

Interim Fiscal 2008 (As of Jun. 30, 2008)

1. Available-for-sale securities with fair value

(Million yen)

Category	Acquisition cost	Carrying value	Diffenrence
(1) Stocks	4,661	5,411	749
(2) Bonds			
Corporate bonds	-	-	-
Other bonds	4,800	4,126	(673)
(3) Others	745	662	(83)
Total	10,207	10,199	(7)

Note: “Other bonds” include compound financial instruments, and the unrealized loss of 248 million yen is booked as “losses on write-down of compound financial instruments” under other expenses.

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

(Million yen)

Category	Carrying value
(1) Available-for-sale securities	
Unlisted stocks	3,631
MMF	85
Others	120
(2) Subsidiary and affiliate stock	
Subsidiary and affiliate stock	1,184

Note: The carrying values are amounts that have been treated for impairment loss. The impairment loss totaled 12 million yen.

Fiscal 2007 (As of Dec. 31, 2007)

1. Available-for-sale securities with fair value

(Million yen)

	Acquisition cost	Carrying value	Diffenrence
Securities with carrying value exceeding acquisition cost			
(1) Stocks	2,597	3,979	1,382
(2) Bonds			
Corporate bonds	-	-	-
Other bonds	200	212	12
(3) Others	199	205	5
Subtotal	2,996	4,396	1,400
Securities with carrying value not exceeding acquisition cost			
(1) Stocks	1,664	1,417	(247)
(2) Bonds			
Corporate bonds	-	-	-
Other bonds	3,800	3,430	(369)
(3) Others	546	534	(11)
Subtotal	6,010	5,382	(628)
Total	9,007	9,778	771

Notes: 1. The acquisition costs are amounts that have been treated for impairment loss. The impairment loss totaled 87 million yen.
2. “Other bonds” in the “securities with carrying value not exceeding acquisition cost” category includes compound financial instruments, and the unrealized loss of 212 million yen is booked as “losses on write-down of compound financial instruments” under other expense.

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

(Million yen)

Category	Carrying value
(1) Available-for-sale securities	
Unlisted stocks	3,443
MMF	85
Others	143
(2) Subsidiary and affiliate stock	
Subsidiary and affiliate stock	2,207

Note: The carrying values are amounts that have been treated for impairment loss. The impairment loss totaled 7 million yen.

Per Share Information

(Yen)

Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)	Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)
Net assets per share 1,244.89 Net income per share 43.12 Diluted net income per share 42.95	Net assets per share 1,154.80 Net income per share 4.22 Diluted net income per share is not presented since the Company has no outstanding dilutive securities.	Net assets per share 1,197.62 Net income per share 53.60 Diluted net income per share 53.46

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

(Million yen)

	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)	**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)	Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)
Net income per share			
Net income	2,001	196	2,494
Net income unavailable to common shareholders	-	-	-
Net income related to common stock	2,001	196	2,494
Average number of shares of common stock outstanding during the period (thousand shares)	46,417	46,714	46,543
Diluted net income per share			
Adjustment to net income	-	-	-
Increase in number of common stock (thousand shares)	187	-	129
[Including: subscription rights (thousand shares)]	[187]	-	[129]
Number of latent shares with no dilution excluded from calculation of diluted net income per share	-	Stock options approved by resolution of annual general meeting of shareholders on March 30, 2004 (The exercise period ended on March 31, 2008)	-

Subsequent Events

Not applicable.

Omission of Disclosure

With respect to lease transactions, derivative transactions, stock options, and business combinations are not presented since the disclosure of such 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 business segment

(Million yen)

Operating segment \ Period	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)		**Interim Fiscal 2008 (Jan. 1, 2008 – Jun. 30, 2008)**		Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Mail-order business	74,172	93.1	73,808	93.2	145,664	92.9
Other businesses	5,528	6.9	5,402	6.8	11,128	7.1
Total	79,701	100.0	79,211	100.0	156,792	100.0

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

(2) Sales by type

(Million yen)

Type \ Period	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)		**Interim Fiscal 2008 (Jan. 1, 2008 – Jun. 30, 2008)**		Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 2007)	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Publications	244	0.3	220	0.3	497	0.3
Clothing	31,035	39.0	32,031	40.4	61,306	39.1
Household goods	28,066	35.2	27,063	34.2	54,840	35.0
Hobby and leisure interests goods	13,313	16.7	13,179	16.6	25,504	16.3
Others	7,041	8.8	6,716	8.5	14,643	9.3
Total	79,701	100.0	79,211	100.0	156,792	100.0

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

Interim Non-consolidated Financial Statements

Interim Non-consolidated Financial Statements
(1) Interim Non-consolidated Balance Sheets

(Million yen)

Account \ Period	Interim Fiscal 2007 (As of Jun. 30, 2007)		**Interim Fiscal 2008 (As of Jun. 30, 2008)**		Fiscal 2007 Summary (As of Dec. 31, 2007)	
	Amount	%	Amount	%	Amount	%
Assets						
I Current assets						
1. Cash and deposits	1,328		3,192		1,150	
2. Notes receivable	6		45		7	
3. Accounts receivable-trade	11,870		11,977		10,836	
4. Marketable securities	-		7		-	
5. Inventories	16,595		15,641		19,093	
6. Accounts receivable-other	6,722		6,977		9,304	
7. Other	6,271		4,416		4,974	
Allowance for doubtful accounts	(480)		(241)		(256)	
Total current assets	42,314	46.4	42,015	42.8	45,110	47.0
II Fixed assets						
1. Property and equipment						
(1) Buildings	9,772		9,438		9,631	
(2) Machinery and equipment	1,735		1,378		1,508	
(3) Land	11,260		11,153		11,153	
(4) Other	1,312		2,903		2,092	
Total property and equipment	24,082		24,874		24,386	
2. Intangible assets	3,150		2,914		3,076	
3. Investments and other assets						
(1) Investment securities	14,086		13,160		12,534	
(2) Affiliate stock	-		7,310		4,696	
(3) Other	8,061		8,203		6,660	
Allowance for doubtful accounts	(589)		(420)		(524)	
Total investments and other assets	21,558		28,253		23,366	
Total fixed assets	48,791	53.6	56,042	57.2	50,829	53.0
Total assets	91,105	100.0	98,058	100.0	95,939	100.0

(Million yen)

Account \ Period	Interim Fiscal 2007 (As of Jun. 30, 2007)		**Interim Fiscal 2008** (As of Jun. 30, 2008)		Fiscal 2007 Summary (As of Dec. 31, 2007)	
	Amount	%	Amount	%	Amount	%
Liabilities						
I Current liabilities						
1. Notes payable	3,798		1,905		4,302	
2. Accounts payable-trade	5,245		4,768		6,407	
3. Short-term bank loans	61		7,335		3,000	
4. Accounts payable-other	5,124		5,069		6,210	
5. Accounts payable-factoring	13,750		14,959		15,027	
6. Accrued expenses	1,067		1,013		1,254	
7. Accrued income taxes	1,026		129		1,587	
8. Allowance for sales promotion expenses	301		277		133	
9. Other	990		3,201		1,444	
Total current liabilities	31,366	34.4	38,660	39.4	39,369	41.0
II Long-term liabilities						
1. Long-term debt	354		4,165		-	
2. Deferred tax liabilities	1,050		-		-	
3. Deferred tax liabilities relating to land revaluation	804		764		764	
4. Liabilities for retirement benefits for directors and corporate auditors	377		289		377	
5. Other	27		6		10	
Total long-term liabilities	2,614	2.9	5,225	5.4	1,152	1.2
Total liabilities	33,981	37.3	43,886	44.8	40,521	42.2
Net assets						
I Shareholders' equity						
1. Common stock	20,359	22.4	20,359	20.8	20,359	21.2
2. Capital surplus						
(1) Capital reserve	19,864		19,864		19,864	
(2) Other capital surplus	1,126		1,174		1,174	
Total capital surplus	20,990	23.0	21,038	21.4	21,038	21.9
3. Retained earnings						
(1) Profit reserve	1,118		1,118		1,118	
(2) Other retained earnings						
Reserve for reduction of fixed assets	74		71		73	
Reserve for losses of overseas investment	38		37		34	
General reserve	13,600		13,600		13,600	
Retained earnings carried forward	6,544		7,058		6,871	
Total retained earnings	21,376	23.5	21,885	22.3	21,697	22.6
4. Treasury stock	(693)	(0.8)	(630)	(0.6)	(630)	(0.6)
Total shareholders' equity	62,032	68.1	62,652	63.9	62,464	65.1
II Valuation and translation adjustments						
1. Net unrealized gains on available-for-sale securities	1,327	1.4	117	0.1	498	0.5
2. Deferred hedge gains (losses)	1,065	1.2	(1,236)	(1.3)	(185)	(0.2)
3. Land revaluation difference	(7,301)	(8.0)	(7,359)	(7.5)	(7,359)	(7.6)
Total valuation and translation adjustments	(4,908)	(5.4)	(8,479)	(8.7)	(7,046)	(7.3)
Total net assets	57,124	62.7	54,172	55.2	55,418	57.8
Total liabilities and net assets	91,105	100.0	98,058	100.0	95,939	100.0

(2) Interim Non-consolidated Statements of Income

(Million yen)

Period / Account	Interim Fiscal 2007 (Jan. 1, 2007 – Jun. 30, 2007)		**Interim Fiscal 2008** (Jan. 1, 2008 – Jun. 30, 2008)		Fiscal 2007 Summary (Jan. 1, 2007 – Dec. 31, 2007)	
	Amount	%	Amount	%	Amount	%
I Net sales	77,320	100.0	76,778	100.0	152,367	100.0
II Cost of sales	40,483	52.4	40,112	52.2	79,903	52.4
Gross profit	36,837	47.6	36,665	47.8	72,463	47.6
III Selling, general and administrative expenses	34,120	44.1	35,600	46.4	67,851	44.6
Operating income	2,716	3.5	1,065	1.4	4,611	3.0
IV Other income	625	0.8	882	1.1	1,127	0.7
V Other expenses	74	0.1	704	0.9	375	0.2
Ordinary income	3,267	4.2	1,244	1.6	5,364	3.5
VI Extraordinary gains	457	0.6	-	-	379	0.3
VII Extraordinary losses	409	0.5	72	0.1	943	0.6
Income before income taxes	3,314	4.3	1,171	1.5	4,800	3.2
Income taxes	1,024	1.3	195	0.2	1,619	1.1
Deferred income taxes	261	0.4	133	0.2	282	0.2
Net income	2,029	2.6	842	1.1	2,898	1.9

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

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 stock				
Disposal of treasury stock			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	(1,041)	59,841
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 stock							(30)	(30)
Disposal of treasury stock							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 stock					(30)
Disposal of treasury stock					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

Interim Fiscal 2008 (Jan. 1, 2008 – Jun. 30, 2008) (Million yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance as of Dec. 31, 2007	20,359	19,864	1,174	21,038
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 stock				
Disposal of treasury stock			0	0
Changes (net) in items other than shareholders' equity				
Total changes in the period	-	-	0	0
Balance as of Jun. 30, 2008	20,359	19,864	1,174	21,038

	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, 2007	1,118	73	34	13,600	6,871	21,697	(630)	62,464
Changes in the period								
Reversal of reserve for reduction of fixed assets		(1)			1	-		-
Reversal of reserve for losses of overseas investment			(2)		2	-		-
Provision for reserve for losses of overseas investment			5		(5)	-		-
Dividend of surplus					(653)	(653)		(653)
Net income					842	842		842
Purchases of treasury stock							(0)	(0)
Disposal of treasury stock							0	0
Changes (net) in items other than shareholders' equity								
Total changes in the period	-	(1)	3	-	186	188	(0)	188
Balance as of Jun. 30, 2008	1,118	71	37	13,600	7,058	21,885	(630)	62,652

	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, 2007	498	(185)	(7,359)	(7,046)	55,418
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					(653)
Net income					842
Purchases of treasury stock					(0)
Disposal of treasury stock					0
Changes (net) in items other than shareholders' equity	(381)	(1,051)	-	(1,433)	(1,433)
Total changes in the period	(381)	(1,051)	-	(1,433)	(1,245)
Balance as of Jun. 30, 2008	117	(1,236)	(7,359)	(8,479)	54,172

Fiscal 2007 (Jan. 1, 2007 – Dec. 31, 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 fiscal year				
Reversal of reserve for reduction of fixed assets				
Provision of reserve for losses of overseas investment				
Reversal of reserve for losses of overseas investment				
Dividend of surplus				
Net income				
Purchases of treasury stock				
Disposal of treasury stock			322	322
Transfer of land revaluation difference				
Changes (net) in items other than shareholders' equity				
Total changes in the fiscal year	-	-	322	322
Balance as of Dec. 31, 2007	20,359	19,864	1,174	21,038

	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	(1,041)	59,841
Changes in the fiscal year								
Reversal of reserve for reduction of fixed assets		(3)			3	-		-
Provision of reserve for losses of overseas investment			4		(4)	-		-
Reversal of reserve for losses of overseas investment			(9)		9	-		-
Dividend of surplus					(1,066)	(1,066)		(1,066)
Net income					2,898	2,898		2,898
Purchases of treasury stock							(32)	(32)
Disposal of treasury stock							443	765
Transfer of land revaluation difference					58	58		58
Changes (net) in items other than shareholders' equity								
Total changes in the fiscal year	-	(3)	(4)	-	1,897	1,889	411	2,622
Balance as of Dec. 31, 2007	1,118	73	34	13,600	6,871	21,697	(630)	62,464

	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 fiscal year					
Reversal of reserve for reduction of fixed assets					-
Provision of reserve for losses of overseas investment					-
Reversal of reserve for losses of overseas investment					-
Dividend of surplus					(1,066)
Net income					2,898
Purchases of treasury stock					(32)
Disposal of treasury stock					765
Transfer of land revaluation difference					58
Changes (net) in items other than shareholders' equity	(865)	(919)	(58)	(1,843)	(1,843)
Total changes in the fiscal year	(865)	(919)	(58)	(1,843)	779
Balance as of Dec. 31, 2007	498	(185)	(7,359)	(7,046)	55,418

* *This financial report is solely a translation of summary 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.*