Senshukai Co., Ltd.
Fiscal 2008 Earnings Presentation

January 29, 2009

SENSHUKAI CO., LTD.

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1. Results of Consolidated Operations for Fiscal 2008

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Fiscal 2008 Consolidated Results Highlights

(Millions of yen)

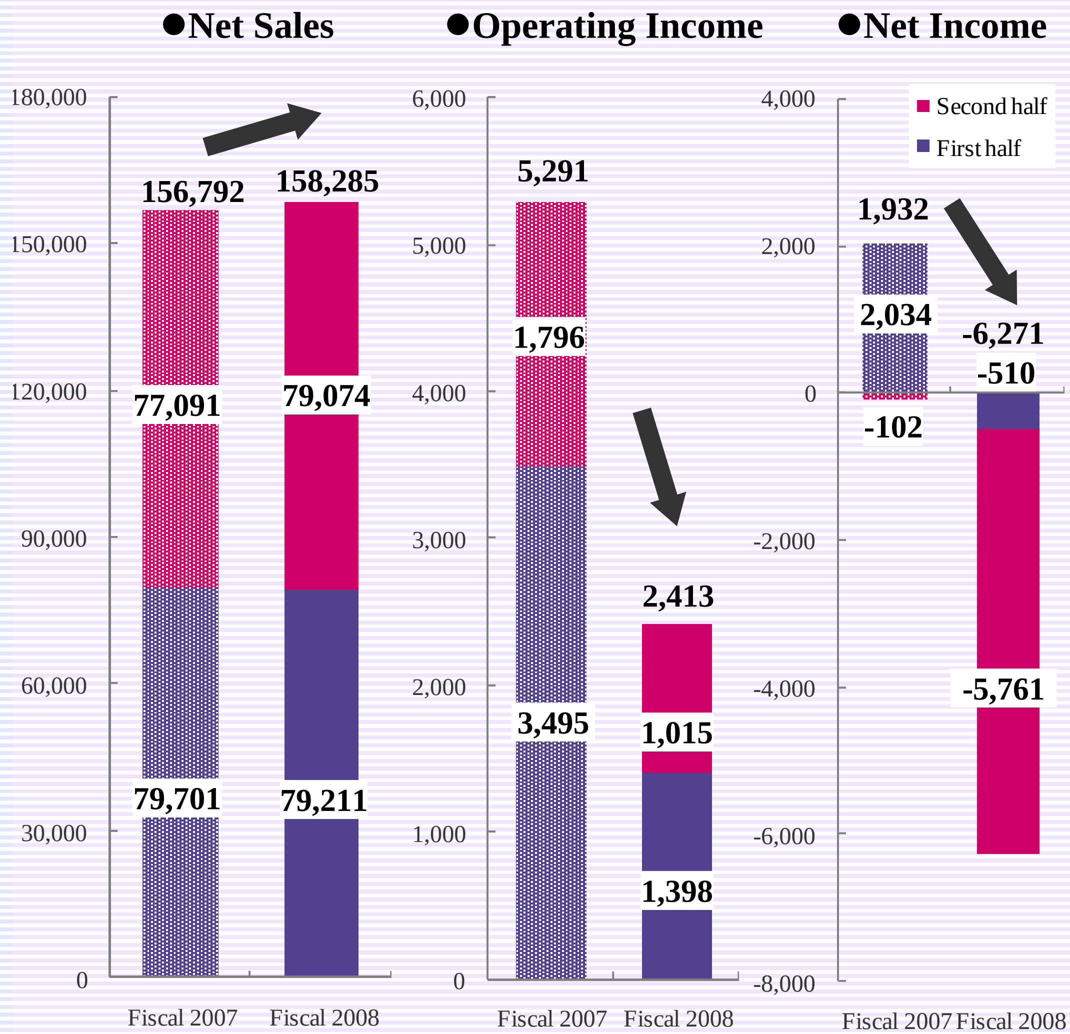
●**Net Sales** **¥158.2bn (+1.0%)**

●**Operating Income** **¥2.4bn (-54.4%)**

●**Net Income** **- ¥6.2bn (-)**

*( ) represents year-on-year percentage changes

- Net sales increased slightly year-over-year despite cooling consumption
- Operating income declined as higher paper prices increased catalog expenses, and due to a temporary increase in SG&A expenses
- Net income fell deep into the red due to foreign exchange losses, and losses on write-down of compound financial instruments and other extraordinary losses



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Consolidated Results of Operations for Fiscal 2008 (YoY Comparison)

(Millions of yen)

	Fiscal 2007	Comparison to Net Sales	Fiscal 2008	Comparison to Net Sales	Difference	YoY Change %
Net Sales	156,792	-	158,285	-	+1,493	+1.0%
Cost of Sales	80,864	51.6%	81,912	51.7%	+1,048	+1.3%
Gross Profit	75,928	48.4%	76,373	48.3%	+444	+0.6%
SG&A Expenses	70,637	45.0%	73,960	46.8%	+3,322	+4.7%
Operating Income	5,291	3.4%	2,413	1.5%	-2,878	-54.4%
Ordinary Income	4,683	3.0%	-4,553	-2.9%	-9,236	-
Net Income	1,932	1.2%	-6,271	-4.0%	-8,204	-

■ Net sales rose steadily through September, then declined from October. Overall, net sales still increased 1.0% YoY.

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Consolidated Balance Sheet for Fiscal 2008 (YoY Comparison)

(Millions of yen)

Accounts	Dec. 31, 2007	Dec, 31, 2008	Difference	Remarks
Assets				
Current assets	48,224	49,998	1,774	Inventories: promoted a policy of inventory reduction. Accounts receivable-other: sales declined from October. Cash and deposits: increased.
Fixed assets	50,197	54,060	3,863	Buildings: constructed a new headquarters. Investment securities: prices of shareholdings declined. Goodwill: acquired additional stake in Dears Brain
Total assets	98,422	104,059	5,637	
Liabilities				
Current liabilities	41,175	54,153	12,978	Forward exchange contracts: yen appreciation. Short-term bank loans: borrowed operating funds. Notes and accounts payable-trade: inventory cut, factoring transfer.
Long-term liabilities	1,291	5,631	4,340	Borrowed money for capital investment
Total liabilities	42,466	59,784	17,318	
Net Assets				
Shareholders' equity	62,458	54,830	-7,627	Booked a net loss
Valuation and translation adjustments	-6,512	-10,584	-4,072	Net unrealized losses on available-for-sale securities, and deferred hedge losses
Minority interests	10	29	18	
Total net assets	55,955	44,274	-11,681	
Total liabilities and net assets	98,422	104,059	5,637	

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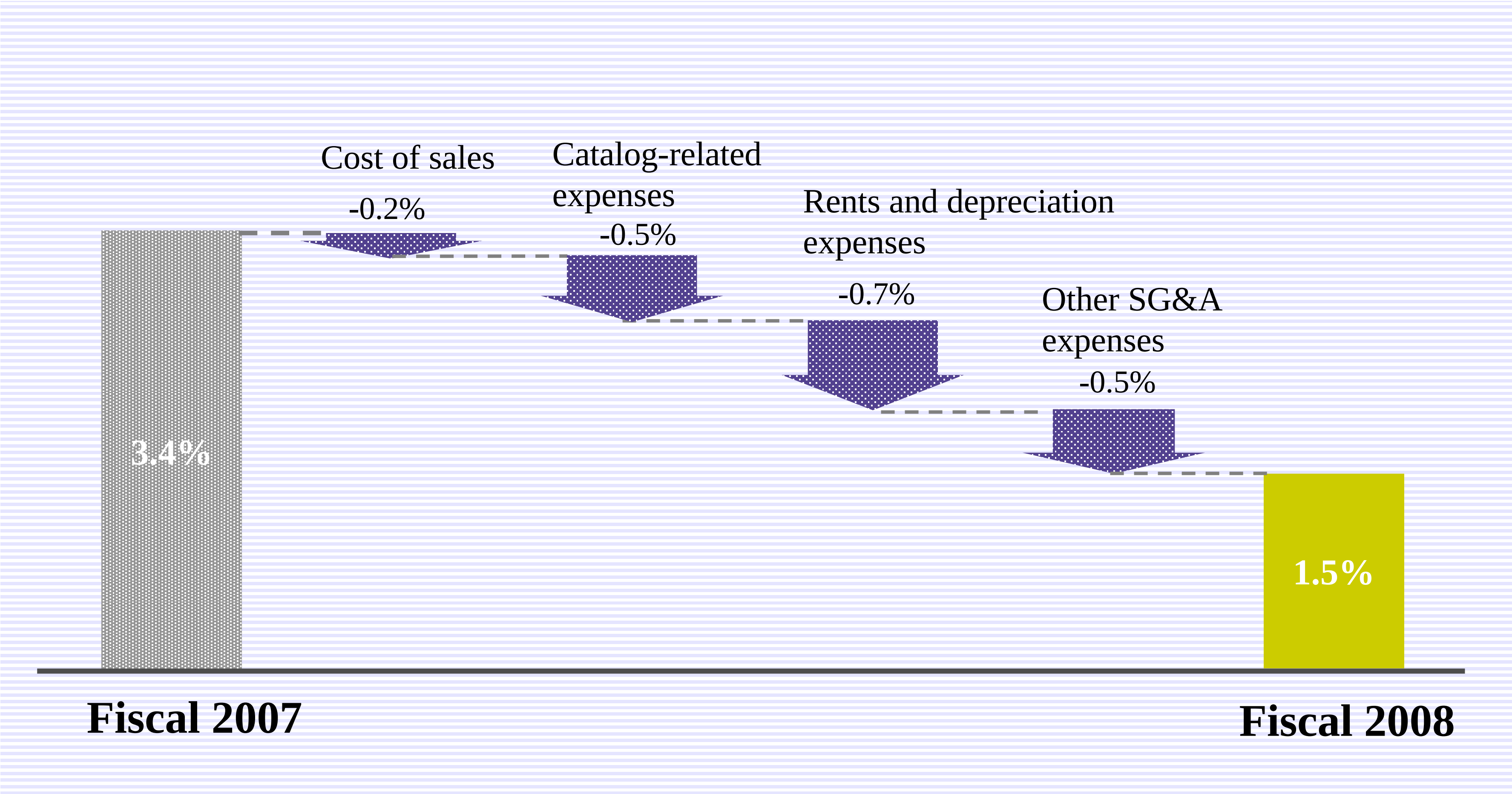
Operating Margin Trends (YoY Comparison)



■ The operating margin declined due to a rise in the cost-of-sales ratio, higher catalog-related expenses due to higher paper prices, and higher rent and depreciation expenses related to the Tokyo head office building, the new headquarters building, and systems.

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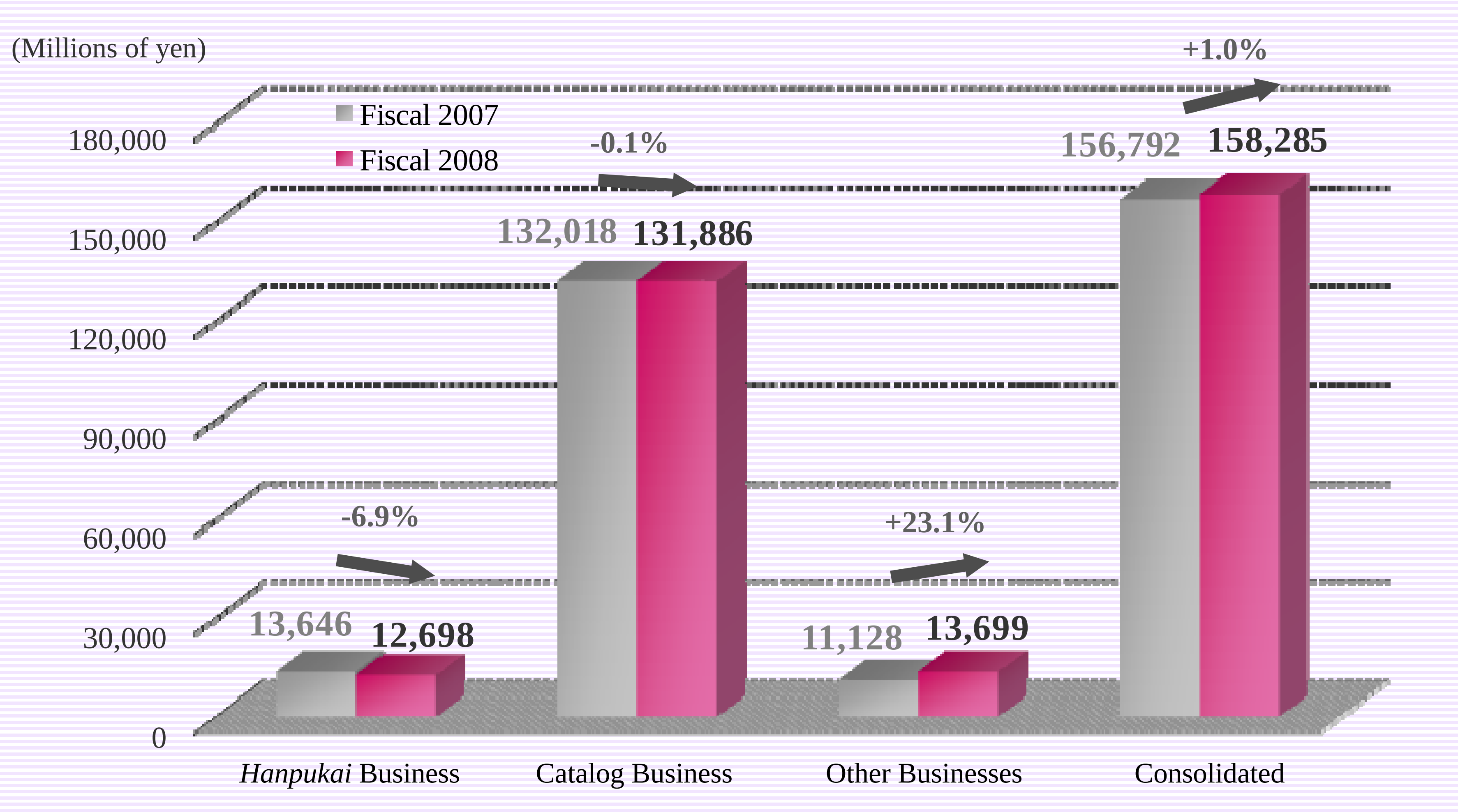
Net Sales by Business Segment for Fiscal 2008 (YoY Comparison)



■ Sales increased in the “other businesses” as Dears Brain Inc. was made a consolidated subsidiary from the second half.

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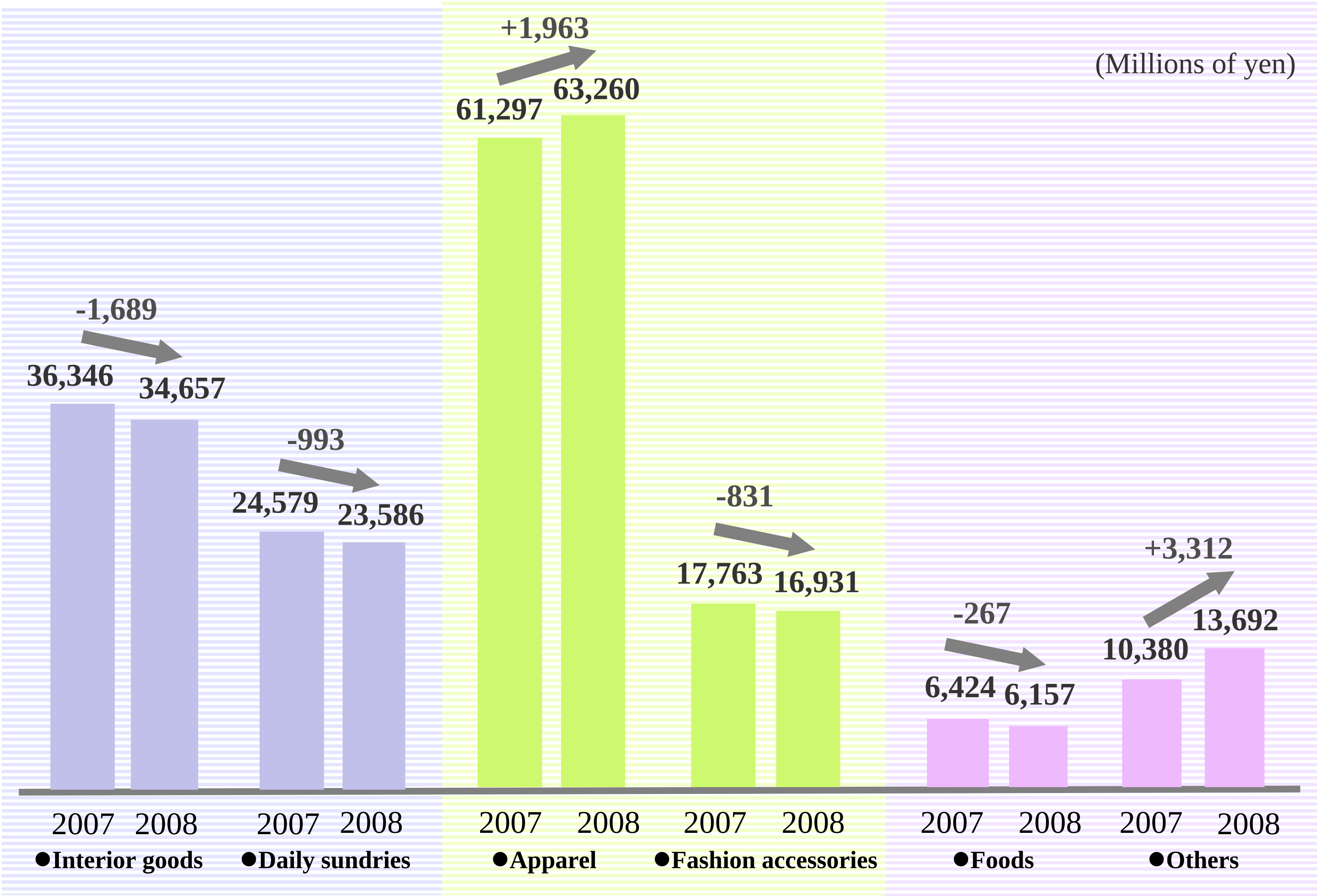
Trend in Sales by Product Category



■ The overall trend in sales was downward, but apparel sales increased due to the strength of *Kurasu Fuku*.

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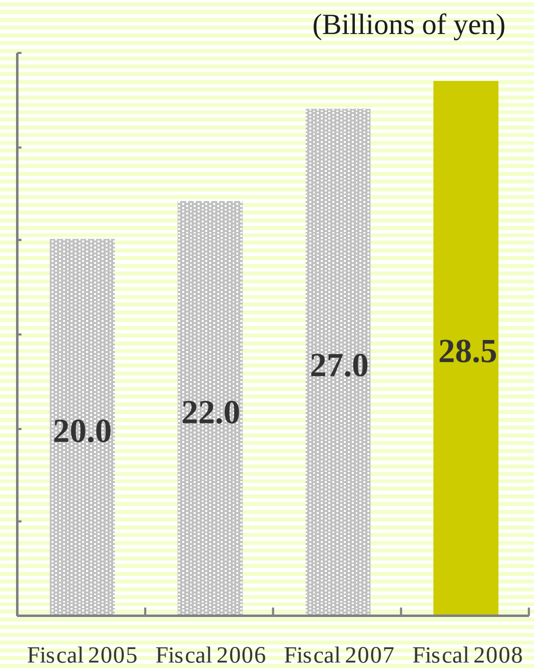
Current Situation of Catalog Business

	Fiscal 2007	Fiscal 2008	Difference
Net Sales (Millions of yen)	132,018	131,886	-132
Number of active customers (10,000 members)	380	387	+7
Average sales per customer (Yen)	13,197	12,953	-244
Annual order frequency (Times)	2.85	2.90	+0.05
Catalog circulation (10,000)	9,650	9,500	-150

●***Kurasu Fuku* Sales**



- Number of active customers increased by 70,000 as we acquired new members and boosted the retention rate.
- Average sales per customer declined due to an increase in online orders. Order frequency also rose.
- Continued strength of *Kurasu Fuku*.
  Fiscal 2008 net sales of approx. 28,500 million yen. Contributed to the acquisition of new and former members.

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Current Situation of *Hanpukai* Business

■ We developed 54 new products last year

Recipe books for different seasonings

▼ ***Maho no Hitosara***

◀ **Mug Patis**

Core ingredients for simple sweets making

ツキイチスタイル monthly club

Three types of portable dry fruits

Kajitsu no Toriko ▶

■ Ongoing decline in members

■ Rebuilding of the *Hanpukai* Business:

Growing the office vending box business (*Choko Tabe* BOX)

As of December 31: about 21,000 boxes

Approx. 65% were placed at non-*Hanpukai* member offices.

We will start efforts to acquire new members for our *hanpukai* and catalog businesses.

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Current Situation of Other Businesses

Net Sales (Millions of yen)	Fiscal 2007	Fiscal 2008	Difference
B-to-B Operations	6,383	6,315	-68
Storefront business (excluding outlet)	365	668	+303
Pet First Co., Ltd.	1,633	1,746	+113
Dears Brain Inc.	-	2,928	+2,928
Others	2,747	2,042	-705
Total	11,128	13,699	+2,571

- ■ We opened five new *Kurasu Fuku* stores bringing the total to six.
- ■ Increase in sales of pet business.
- ■ We booked sales from Dears Brain Inc. from the second half.

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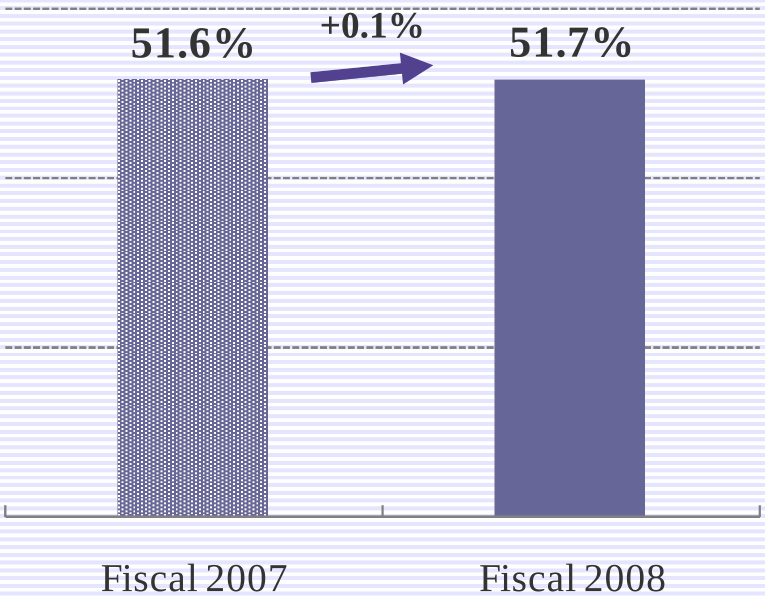
Overview of Cost-of-Sales Ratio and SG&A Expenses

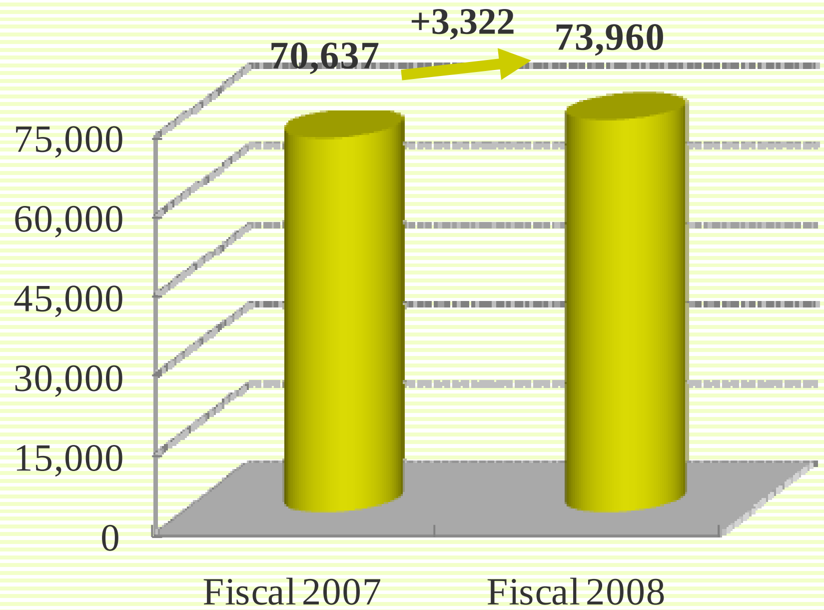
●Cost-of-sales Ratio (Consolidated)



- *Hanpukai* Business: Increase in cost ratio due to increase in number of office vending boxes
- Catalog Business: Increase in production and purchase costs and higher valuation losses

●SG&A Expenses (Consolidated)

(Millions of yen)



- Increase in printing expenses due to price increase of catalog-related papers.
- Increase in labor costs due to increase of consolidated subsidiaries.
- Increase in rents for Tokyo headquarters and stores.
- Increase in depreciation expenses due to new *Bellne* system and new headquarters.
- Increase in sales commissions due to higher affiliate commission and royalties

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Other Expenses

●**Foreign exchange losses**

In the Group's mail-order business, we use long-term forward foreign exchange contracts for US dollars to hedge against the risk of foreign exchange rate fluctuation when we make payment on product imports, and we book valuation gains/losses, determined based on foreign exchange rates at the end of the term, as a foreign exchange gain/loss at the non-operating section.

The yen strengthened sharply and unexpectedly in Fiscal 2008 relative to the start of the fiscal year.

As a result, we booked approx. 5,900 million yen of foreign exchange losses.

●**Loss on write-down of compound financial instruments**

We booked approx. 1,300 million yen in valuation losses for bonds that tracked indexes impacted by the Nikkei Average's decline and the yen's strengthening.

■ **From Fiscal 2009, we expect only a minor impact to earnings assuming no significant strengthening of the yen.**

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Highlights From Second Half of Fiscal 2008 (1)

Introduction of “*Hikyaku* Express CO2 Emissions Credit” service by Senshukai and Sagawa Express on *Belle Maison* Net.

- A carbon offset program in which the customer can participate.
- The customer, Senshukai, and Sagawa Express each pay one yen to contribute to a “6% reduction” in greenhouse gases.

***Belle Maison* Lifestyle Research Department Issue of 2009 happiness forecast “*Tokumekiki* Consumer Age”**

- We issued a report, following last year’s report, on the lifestyles of women in their 30s, and their changing consciousness.

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Highlights From Second Half of Fiscal 2008 (2)

Completion of original shoes designed in collaboration with Senshukai *BENEBIS* and TOYOTA *Passo*.

- To be sold in the *BENEBIS* spring/summer issue, and in nationwide Toyota Corolla dealerships.

  We will improve brand value through various collaboration efforts going forward.

Rush of *Kurasu Fuku* store openings!

- *Kurasu Fuku* store sales are steadily rising, as we opened five new stores in the Kansai region in Fiscal 2008, expanding our store network to six stores.

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2. Progress on the Medium-Term Management Plan (Fiscal 2008 – 2010)

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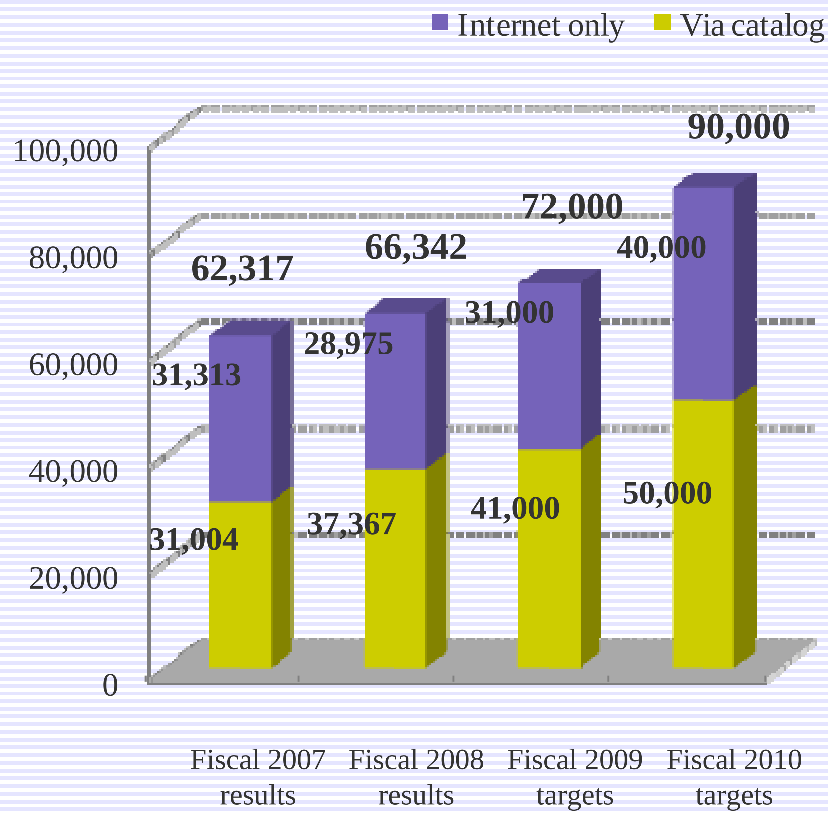
Promotion of Channel Mix (Internet Sales, Number of Stores and Sales)

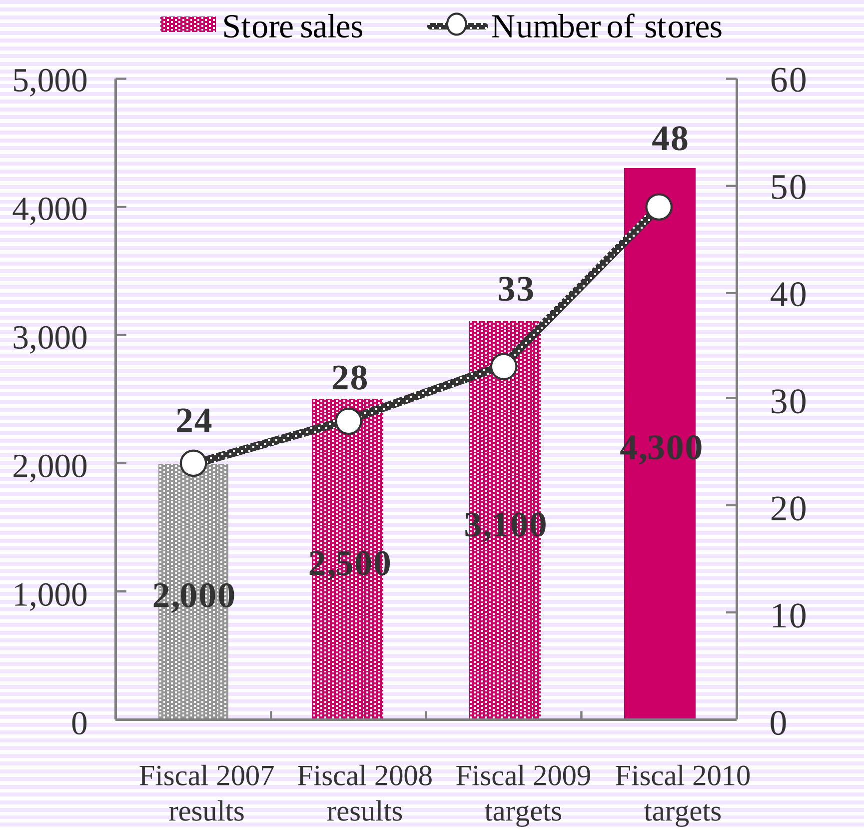
●Internet Sales



* Via catalog: Customer reads a catalog then purchases by Internet, entering catalog number

* Internet only: Customer makes purchase by putting product into online shopping cart

●Number of Stores and Sales



* Plan to open new *Kurasu Fuku* stores during the year

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SCM Promotion (Status of Each Indicator)

Reduction in distribution-related variable cost

Reduction in cost-of-sales ratio

	Fiscal 2007 Results	Degree of Improvement	Fiscal 2008 Results
Rapid delivery ratio	83.7%		78.1%
Delivery-to-order ratio	131.7%		143.3%
Import ratio	71.2%		71.4%
Direct transaction ratio	20.0%		22.7%
Inventory turnover	3.9 times		4.6 times
Inventories (catalog products)	¥17.9 billion		¥15.2 billion

* Rapid delivery ratio: The ratio of products in stock that are available for immediate delivery.
* Delivery-to-order ratio = number of deliveries / number of orders.
* Direct transaction: Our own SPA transactions that are not via trading companies.
* Inventories: Inventories of catalog products at the end of December

- The rapid delivery ratio and the delivery-to-order ratio deteriorated due to the current period's target of inventory reduction.
- The import ratio and the direct transaction ratio continue its trend of increase.
- We are making steady progress in reducing the value of inventories. We are improving the inventory turnover ratio by reducing excess procurement by splitting deliveries, and quickly implementing bargains after catalogs expire.

●Inventories (Consolidated)

End-2007	**¥19.3bn**
End-2008	**¥16.4bn**

- ¥2.8bn

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3. Consolidated Outlook for Fiscal 2009

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Consolidated Earnings Forecasts for fiscal 2009 (YoY Comparison)

(Millions of yen)

	Fiscal 2008	Comparison to Net Sales	Fiscal 2009	Comparison to Net Sales	Difference	YoY Change %
Net Sales	158,285	-	162,500	-	+4,214	+2.7%
Cost of Sales	81,912	51.7%	83,132	51.2%	+1,220	+1.5%
Gross Profit	76,373	48.3%	79,367	48.8%	+2,994	+3.9%
SG&A Expenses	73,960	46.8%	76,167	46.9%	+2,207	+3.0%
Operating Income	2,413	1.5%	3,200	2.0%	+787	+32.6%
Ordinary Income	-4,553	-2.9%	3,400	2.1%	+7,953	-
Net Income	-6,271	-4.0%	2,750	1.7%	+9,021	-

■ We plan to pay the dividend that we announced at the start of the fiscal year despite booking a net loss in Fiscal 2008. We also plan a dividend of ¥17 for Fiscal 2009.

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Fiscal 2009: Factors Behind Profit Turnaround

●**Reduction in administrative expenses**

Elimination of administrative expenses that temporarily increased in Fiscal 2008.

Rents:	**- ¥130 million**	Consumables:	**- ¥120 million**
Real-estate acquisition tax:	**- ¥70 million**	Improvement from business reorganization:	**- ¥ 130 million**
Others:	**- ¥290 million**		**Total: - ¥740 million**

●**Reduction of catalog costs**

Due to a further online shift and more efficient catalog distribution.

Catalog circulation Fiscal 2008: **95 million** → Fiscal 2009: **87.5 million**

Reduce printing and catalog-related expenses by approx. 850 million yen through a reduction of 7.5 million issues.

●**Lower exchange risk**

We do not expect valuation losses, unless the yen sharply appreciates, as we have reduced forward foreign exchange contract values by canceling some contracts.

We do not plan to make long-term forward foreign exchange contracts in the future.

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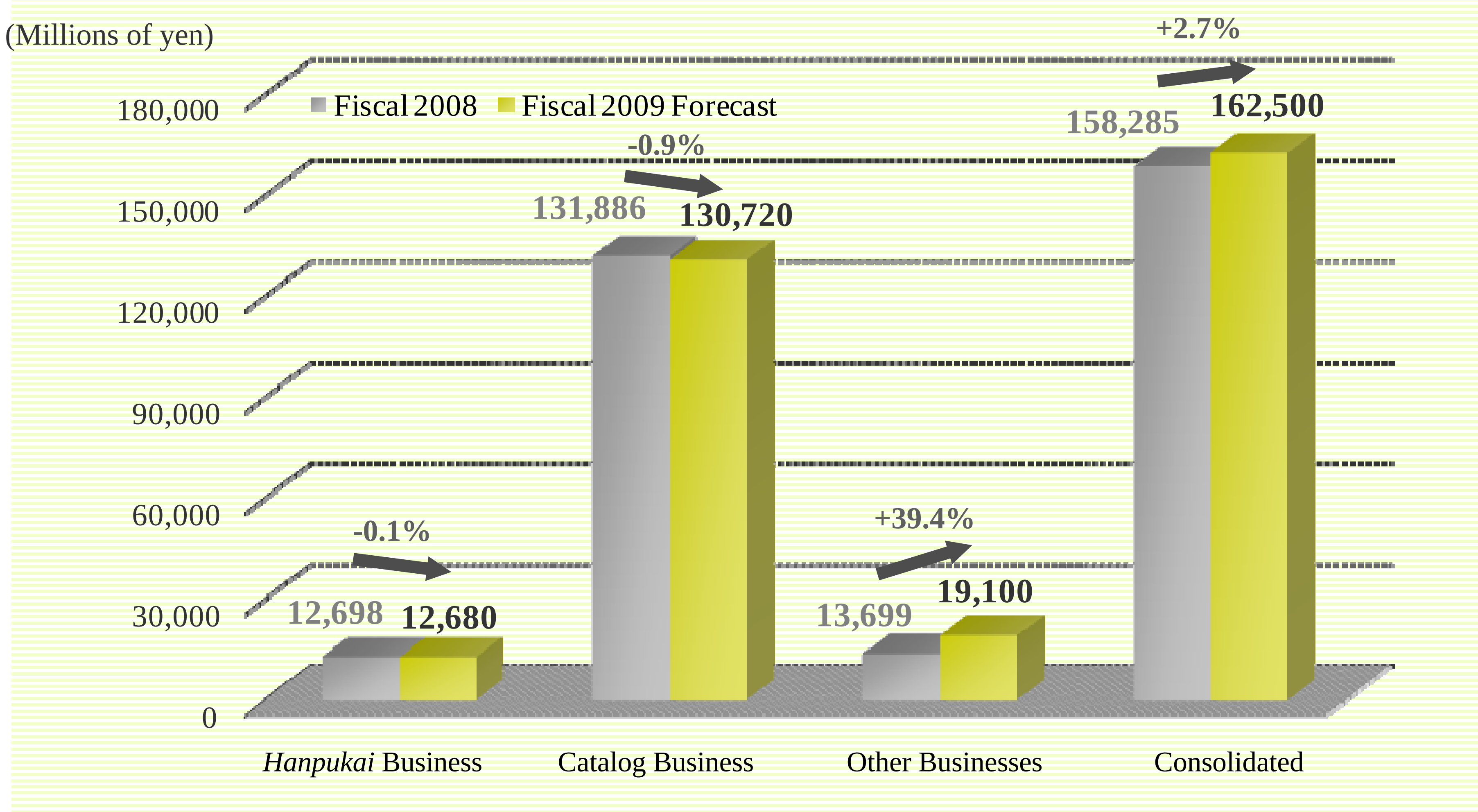
Projected Net Sales by Business Segment for Fiscal 2009 (YoY Comparison)



■ We expect roughly flat sales in the *hanpukai* and catalog businesses, and an increase in sales in the "other businesses" due to a contribution from Dears Brain Inc.

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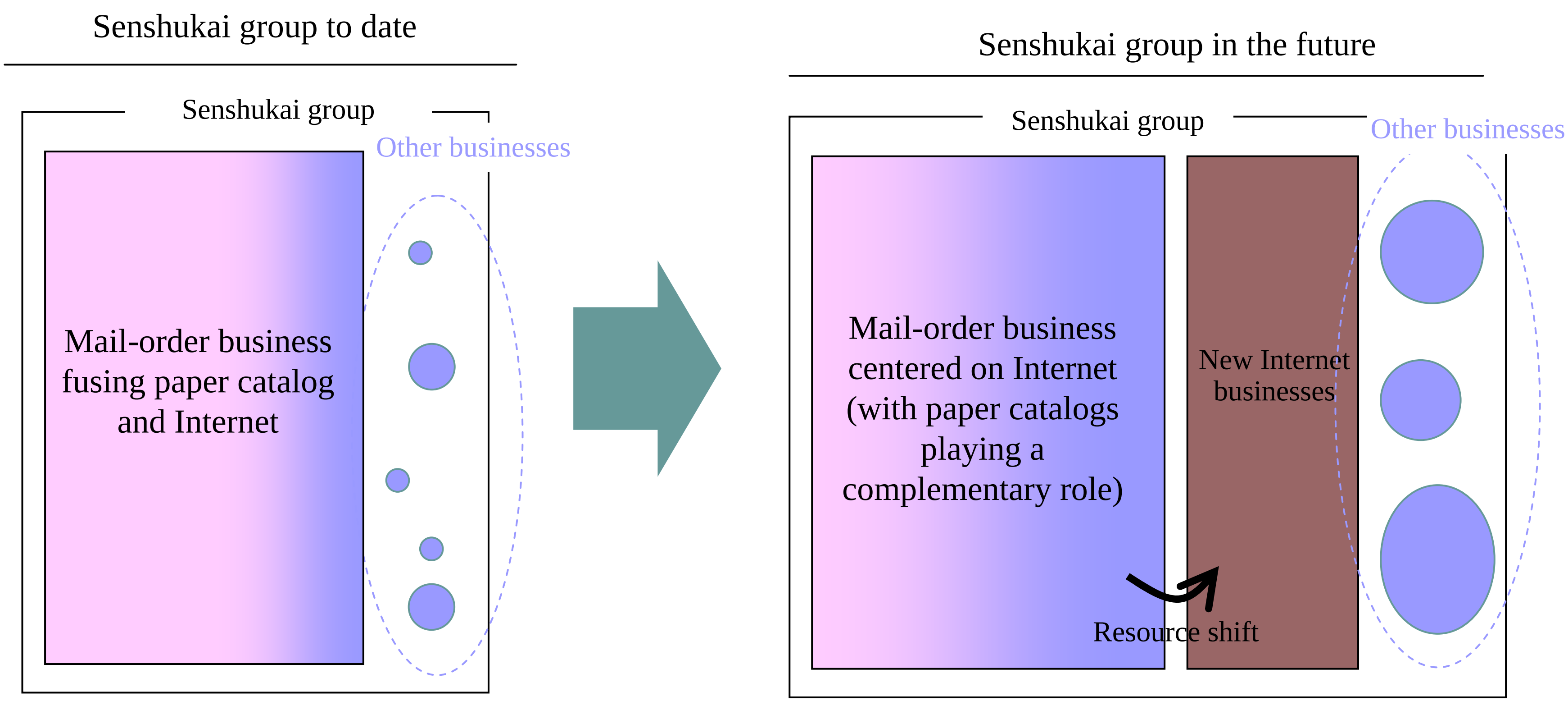
Direction of Future Growth



Senshukai ≒ *Belle Maison*

Senshukai = *Belle Maison* + New Internet businesses + Other businesses

- We will move more swiftly and boldly to the Internet business than we initially planned when we formulated our Medium-Term Management Plan, in order to change our business structure in the face of a rapidly deteriorating market environment.
  - ✓ Specifically, we will quickly launch a dedicated Internet business separate from *Belle Maison*, and boldly shift management resources to the business from existing businesses.
  - ✓ At the same time, we will further *Belle Maison*'s Internet shift to make it an Internet-centric business.

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4. Reference Materials

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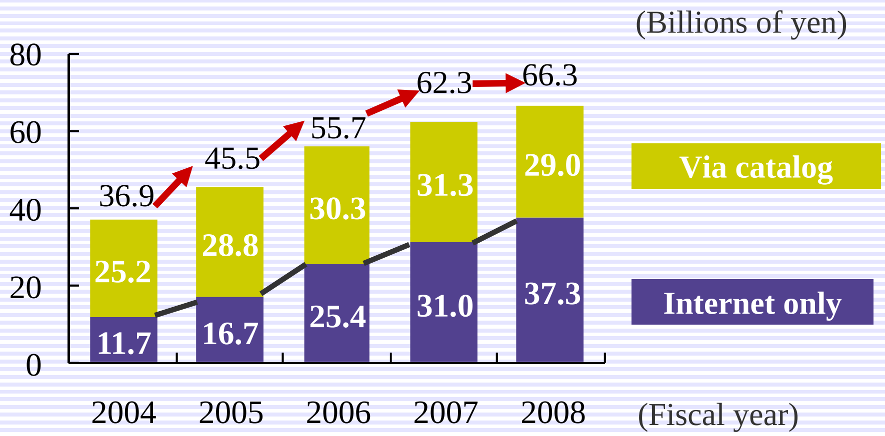
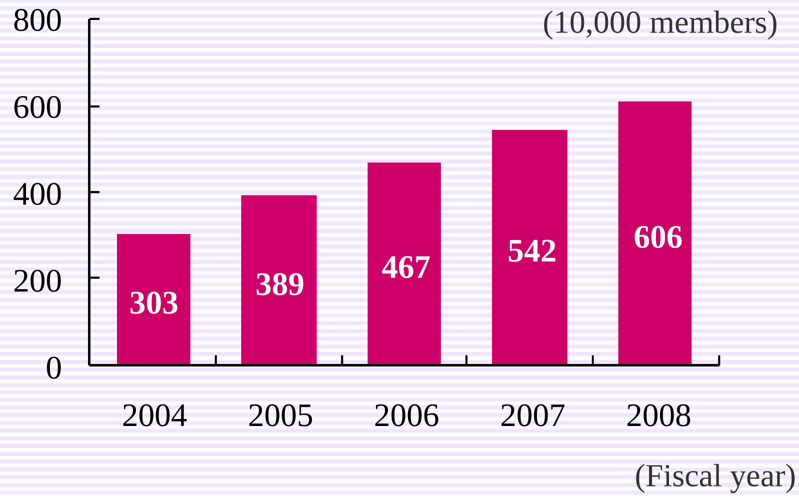
Reference 1: Internet-related Indicators

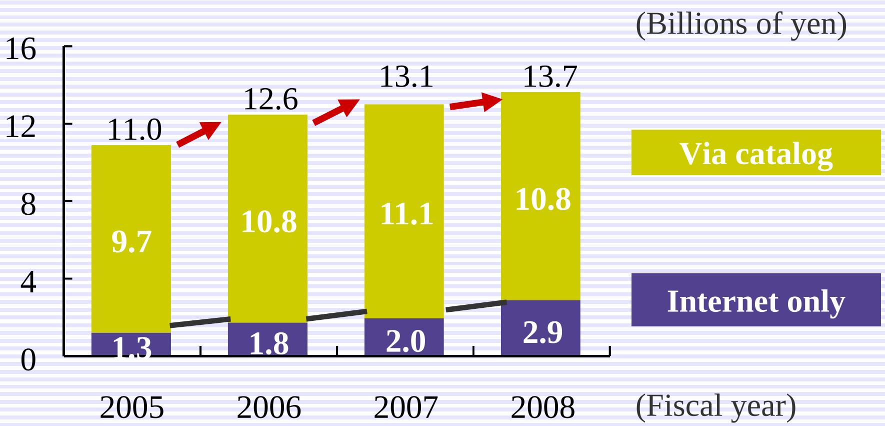
●**Internet Sales (including mobile sales)**



●**Number of Internet Members**



●**Mobile Sales**



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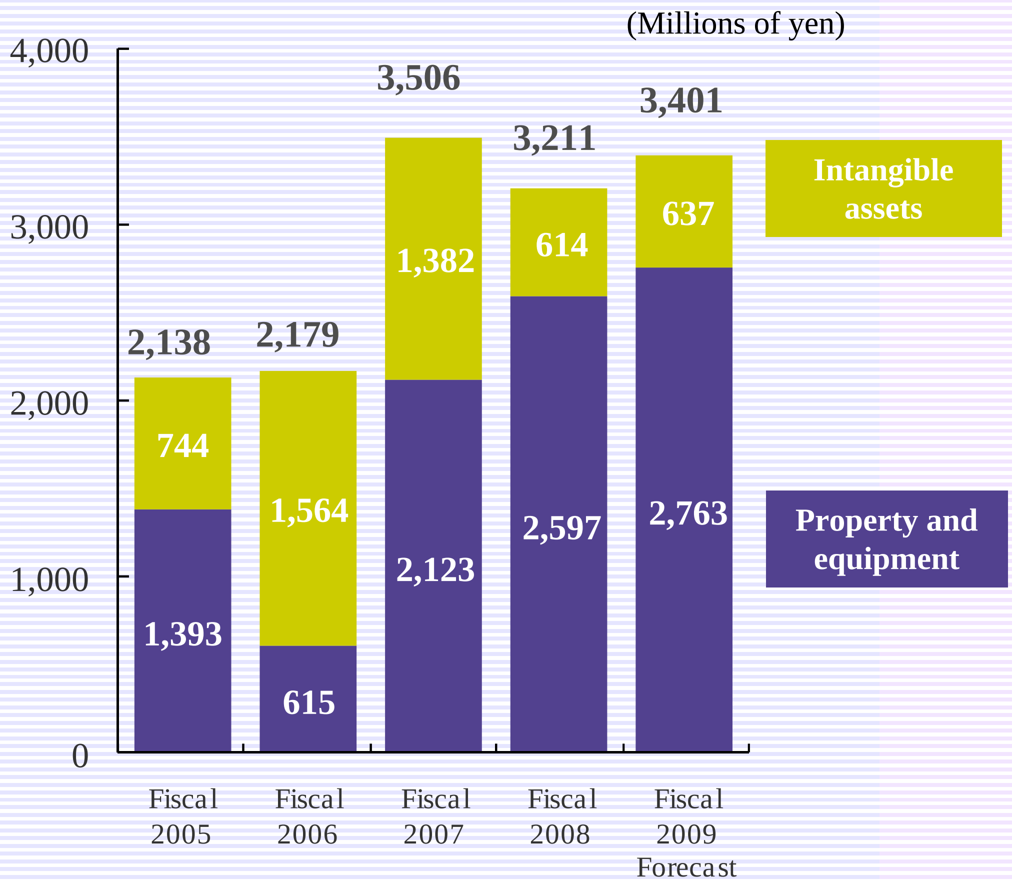
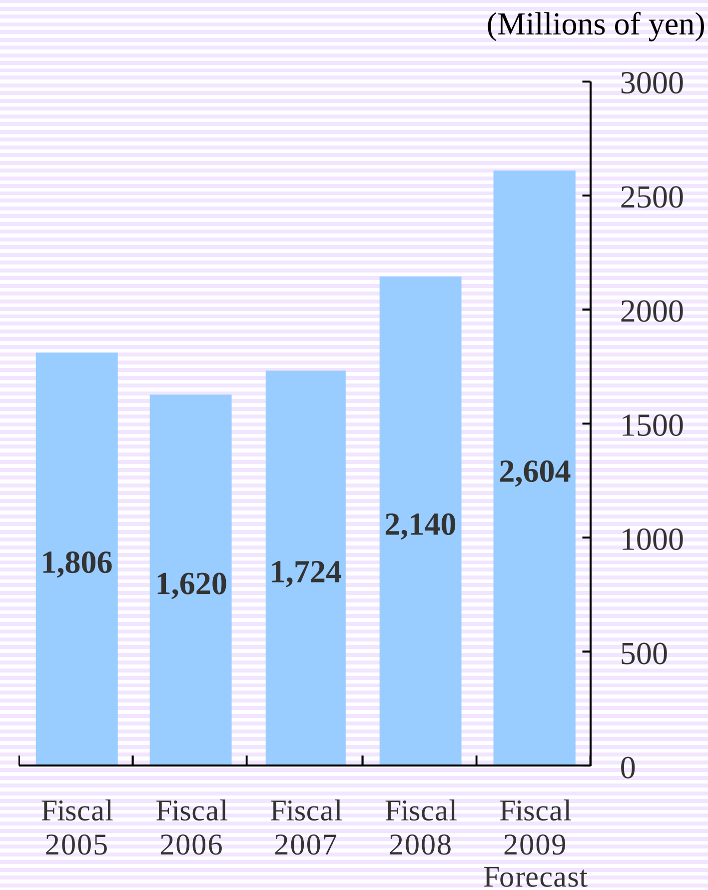
Reference 2: Capital Expenditures/Depreciation Expenses

Capital Expenditures



Depreciation Expenses



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Scheduled Earnings Announcements in Fiscal 2009

- **April 24 (Friday)** **Earnings for first quarter of fiscal 2009**
- **July 30 (Thursday)** **Earnings for second quarter of fiscal 2009**
- **July 31 (Friday)** **Presentation for earnings for second quarter of fiscal 2009 (Tokyo)**
- **October 23 (Friday)** **Earnings for third quarter of fiscal 2009**

■ The forward-looking statements contained in this earnings presentation are based on information that was available when this presentation was drafted. Therefore the actual results and operating performance could be significantly different to the forecasts due to the effects of various factors in the future.

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