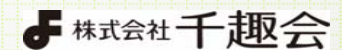


Senshukai Co., Ltd. Second Quarter of Fiscal 2010 Earnings Presentation

July 29, 2010



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2Q Fiscal 2010 Consolidated Results Highlights

Results of Operations for 2Q Fiscal 2010

(Millions of yen)

◆	Net Sales	¥69.62bn (-8.8%)
◆	Operating Income	¥2.05bn (-)
◆	Net Income	¥1.45bn (+98.0%)

- ◆ Sales declined, despite a recovery in unit orders, due to a decline in average sales per customer
- ◆ Operating income improved significantly, moving into the black, due to a decline in valuation losses and cuts to SG&A expenses
- ◆ Net income increased despite a decline in foreign exchange gains and the emergence of loss on valuation of compound financial instruments



* "2Q" refers to the cumulative period up through the second quarter: January 1, 2010 to June 30, 2010

Consolidated Results of Operations for 2Q Fiscal 2010 (YoY Comparison)

Results of Operations for 2Q Fiscal 2010

(Millions of yen)

	2Q Fiscal 2009		2Q Fiscal 2010		YoY change	
		% to Net Sales		% to Net Sales	Difference	%
❖ Net Sales	76,308	-	69,629	-	-6,679	-8.8%
❖ Cost of Sales	40,510	53.1%	35,152	50.5%	-5,358	-13.2%
❖ Gross Profit	35,797	46.9%	34,476	49.5%	-1,321	-3.7%
❖ SG&A Expenses	36,272	47.5%	32,419	46.6%	-3,853	-10.6%
❖ Operating Income	-474	-0.6%	2,057	3.0%	2,531	-
❖ Ordinary Income	1,064	1.4%	2,010	2.9%	946	88.8%
❖ Net Income	733	1.0%	1,451	2.1%	718	98.0%

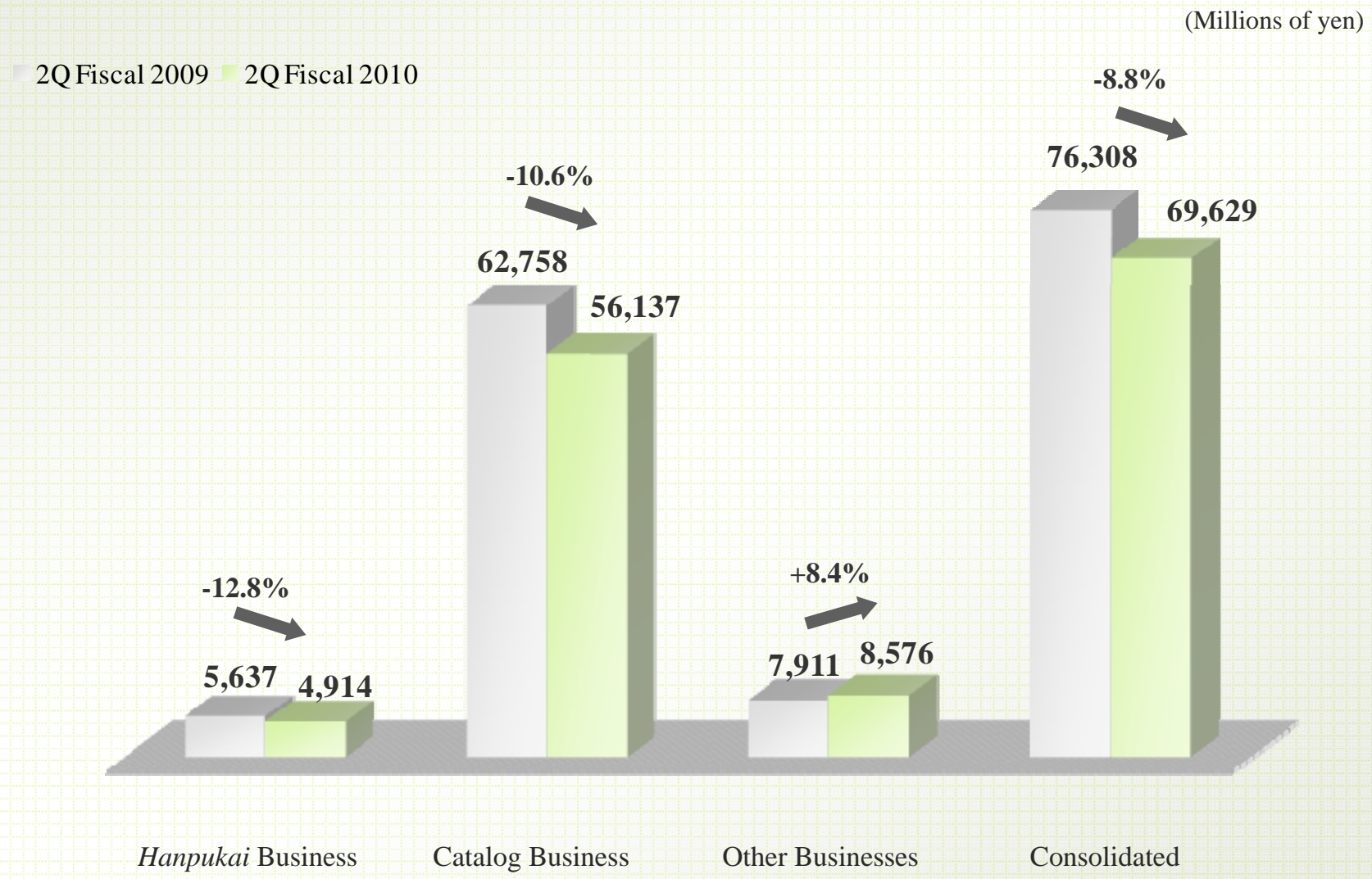
Consolidated Balance Sheets for 2Q Fiscal 2010

Results of Operations for 2Q Fiscal 2010

	Dec. 31, 2009	Jun. 30, 2010	Difference	Remarks
(Millions of yen)				
❖ Assets				
Current assets	42,117	37,964	-4,153	Inventories: decreased due to reduction of product inventories Notes and accounts receivable-trade, accounts receivable-other: decreased due to falling sales
Noncurrent assets	49,720	48,241	-1,479	Property, plant and equipment: decreased due to depreciation, sale, etc. Investment securities: decreased due to falling share prices
Total assets	91,837	86,205	-5,632	
❖ Liabilities				
Current liabilities	41,321	35,921	-5,400	Notes and accounts payable-trade: decreased due to lower purchases Short-term loans payable: decreased due to repayments Accounts payable-other: decreased due to fewer expenses, etc.
Noncurrent liabilities	12,609	11,001	-1,608	Bonds payable, long-term loans payable: decreased due to repayments
Total liabilities	53,930	46,922	-7,008	
❖ Net assets				
Shareholders' equity	48,140	49,638	1,498	Retained earnings: increased due to booking of net income
Valuation and translation adjustments	-10,247	-10,382	-135	-
Minority interests	14	26	12	-
Total net assets	37,906	39,282	1,376	
Total liabilities and net assets	91,837	86,205	-5,632	

Net Sales by Business Segment for 2Q Fiscal 2010 (YoY Comparison)

Results of Operations for 2Q Fiscal 2010



Current Situation of Catalog Business

Results of Operations for 2Q Fiscal 2010

	2Q Fiscal 2009	2Q Fiscal 2010	Difference	
❖ Net sales (Millions of yen)	62,758	56,137	-6,621	❖ Average sales per customer declined
❖ Number of orders (10,000 orders)	543.3	547.3	+4.0	
❖ Semi-annual number of active customers (10,000 members)	260.0	259.9	-0.1	
❖ Average sales per customer (Yen)	12,580	11,386	-1,194	❖ Average price of listed products declined Declined due to increased percentage of Internet orders
❖ Semi-annual order frequency per customer (Times)	2.09	2.11	+0.02	
❖ Catalog circulation (10,000 volume)	5,054	4,201	-853	❖ Declined due to online shift and more efficient catalog distribution

Current Situation of *Hanpukai* Business

Results of Operations for 2Q Fiscal 2010

	2Q Fiscal 2009	2Q Fiscal 2010	Difference	
❖ Net sales (Millions of yen)	5,637	4,914	-723	
❖ Number of groups (10,000 groups)	7.2	6.5	-0.7	❖ Shortfall in number of new groups captured to offset monthly cancellations
❖ Number of group members (10,000 members)	24.4	21.7	-2.7	❖ Decline in members due to shortfall in members captured in large campaigns*
❖ Number of individual members (10,000 members)	14.4	12.3	-2.1	

*Large campaigns: Plus One Campaign (February)
Mohitorisama Campaign (May)

Current Situation of Other Businesses

Results of Operations for 2Q Fiscal 2010

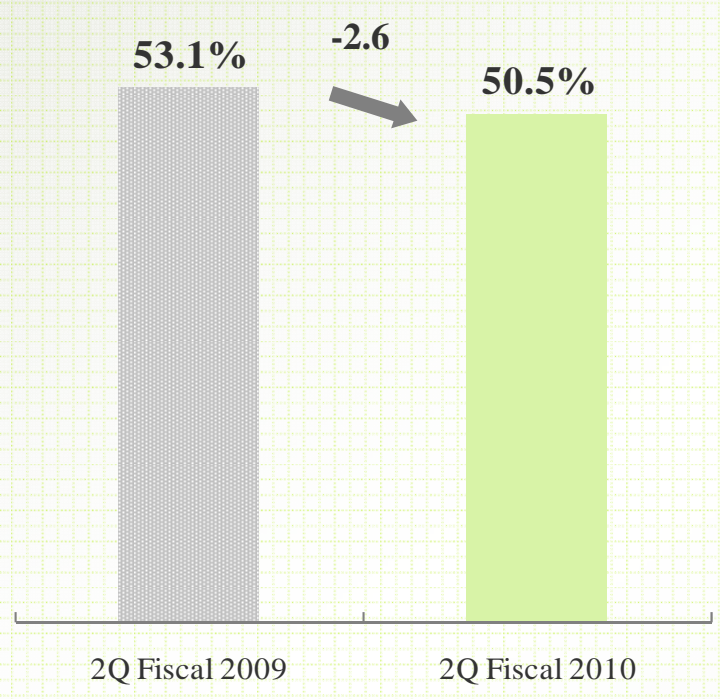
(Millions of yen)

Net sales	2Q Fiscal 2009	2Q Fiscal 2010	Difference	
❖ B-to-B operations	2,856	3,545	+689	❖ Increase in contract sales
❖ Storefront business (excluding outlet)	416	438	+22	❖ Opening of new <i>Kurasu Fuku</i> stores (total: 11 stores)
❖ Pet First Co., Ltd.	754	712	-42	
❖ Dears Brain Inc.	3,275	3,522	+247	❖ Increase in weddings Sendai branch opened
❖ Others	607	356	-251	
❖ Total	7,911	8,576	+665	

*Dears Brain: subsidiary operates the wedding business

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

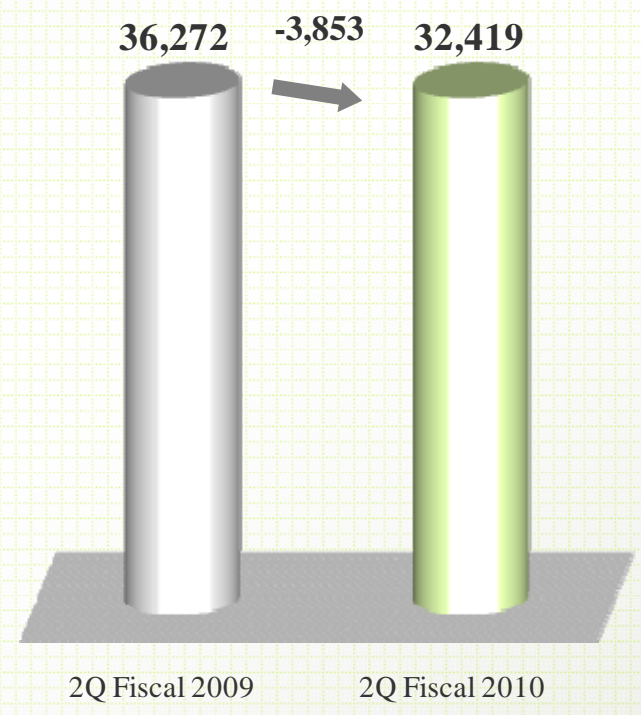
❖ Cost-of-sales Ratio



- ❖ Purchasing cost ratio rises due to increase in bargain and clearance sales
- ❖ Valuation losses decreased about ¥2.5bn YoY
 (Result of drop out of increase from change in inventory asset valuation method, and fewer bargain sales due to a decline in inventory)

❖ SG&A Expenses

(Millions of yen)



- ❖ Lower catalog-related expenses due to decrease in catalog circulation and the number of pages -2,062
- ❖ Decline due to personnel expense cuts -226
- ❖ Decline in leasing and rent expenses from storage inventory cuts -208
- ❖ Decline in order expenses due to increase in ratio of internet orders -327
- ❖ Cuts to various expenses -1,030

Results Compared to Initial Targets for 2Q Fiscal 2010

Results Compared to
Initial Targets for 2Q Fiscal 2010

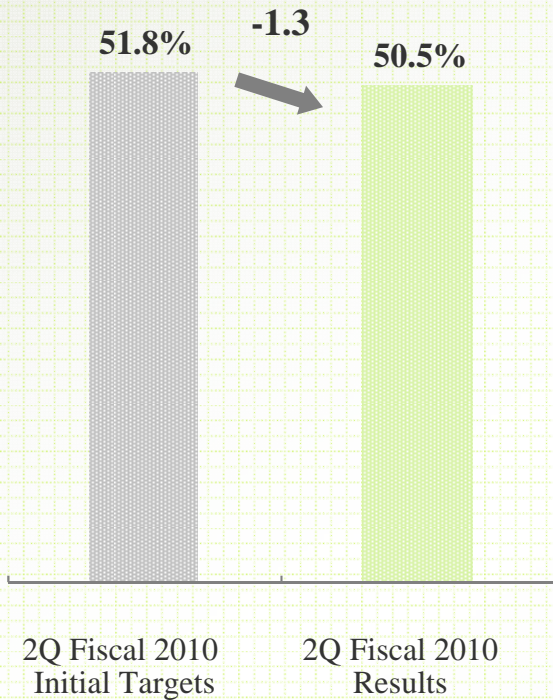
(Millions of yen)

	2Q Fiscal 2010 Initial Targets		2Q Fiscal 2010 Results		Comparison to Initial Targets	
		% to Net Sales		% to Net Sales	Difference	%
❖ Net sales	71,500	-	69,629	-	-1,871	-2.6%
❖ Cost of sales	37,037	51.8%	35,152	50.5%	-1,885	-5.1%
❖ Gross profit	34,462	48.2%	34,476	49.5%	14	0.0%
❖ SG&A expenses	33,712	47.1%	32,419	46.6%	-1,293	-3.8%
❖ Operating income	750	1.0%	2,057	3.0%	1,307	174.3%
❖ Ordinary income	950	1.3%	2,010	2.9%	1,060	111.6%
❖ Net income	730	1.0%	1,451	2.1%	721	98.8%

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

Results Compared to Initial Targets for 2Q Fiscal 2010

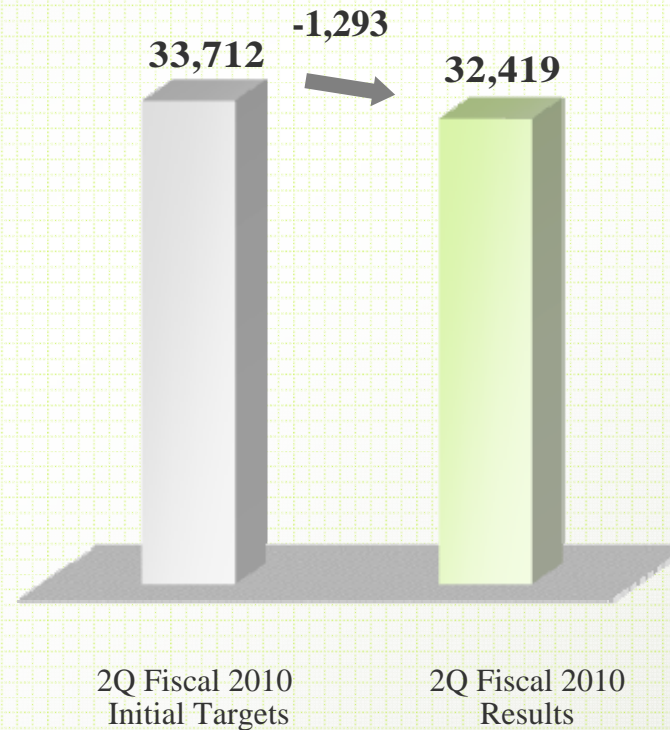
❖ Cost-of-sales Ratio



- ❖ Increase in purchasing cost ratio in line with higher bargain sales
- ❖ Decrease in cost-of-sales ratio due to decline in valuation losses

❖ SG&A Expenses

(Millions of yen)



- ❖ Decline in sales promotion expenses due to shift in sales promotion measures to 2H -403
- ❖ Decline in catalog-related expenses due to decrease in catalog circulation and average paper costs -217
- ❖ Decline in personnel expenses due to decrease in overtime and in subsidiary employees -147
- ❖ Cuts to various expenses -526

Consolidated Earnings Forecasts for Fiscal 2010

Consolidated Earnings Forecasts

(Millions of yen)

	Fiscal 2009		Fiscal 2010		YoY change	
		% to Net Sales		% to Net Sales	Difference	%
❖ Net sales	147,292	-	139,400	-	-7,892	-5.4%
❖ Cost of sales	78,927	53.6%	71,091	51.0%	-7,836	-9.9%
❖ Gross profit	68,364	46.4%	68,308	49.0%	-56	-0.1%
❖ SG&A expenses	70,770	48.0%	65,608	47.1%	-5,162	-7.3%
❖ Operating income	-2,405	-1.6%	2,700	1.9%	5,105	-
❖ Ordinary income	-1,410	-1.0%	2,750	2.0%	4,160	-
❖ Net income	-3,811	-2.6%	2,050	1.5%	5,861	-

- ❖ We have lowered our sales forecast by 5.4% to 139,400 million yen in light of 2Q results and recent trends.
- ❖ We lower our initial operating income forecast for 2H as a focus on product supply is expected to cause an increase over 1H of valuation losses and the cost-of-sales ratio, and because sales promotion measures to capture new customers up through Fiscal 2011 will cause an increase in SG&A expenses. Still, we raise our initial full-year forecast to 2,700 million yen.

- ❖ Launch of new catalog for customers in their 50s!



- ❖ Medium targeting "around 50"
- ❖ Scheduled launch is September; targeted circulation 1 million units

- ❖ Promotional test to encourage a revival of past buyers towards next fiscal year!



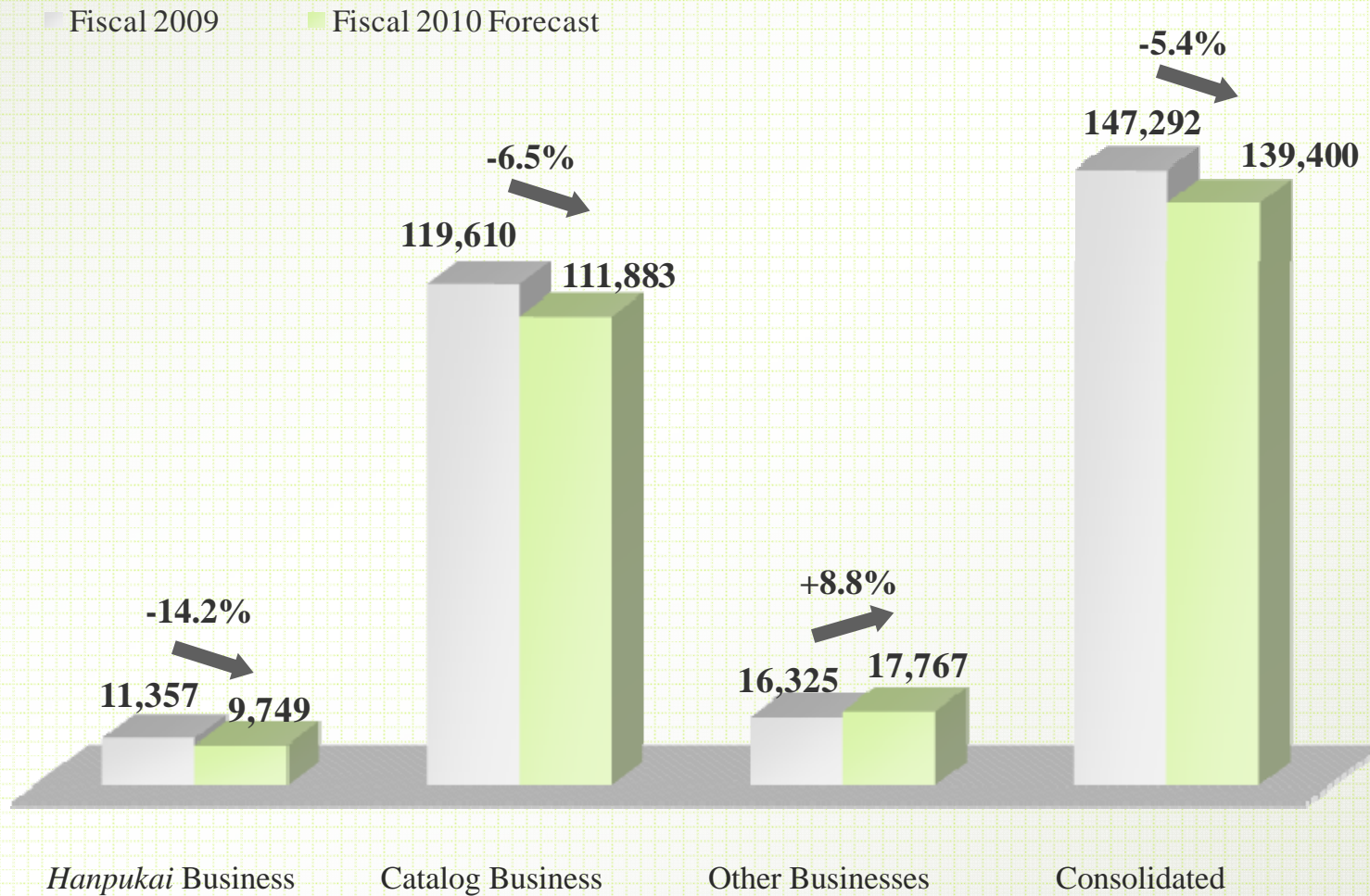
Launch a comprehensive catalog that combines various catalogs

- ❖ Media mix promotion in limited areas (TV commercials, radio commercials, newspaper inserts)
- ❖ Scheduled launch, including sending the medium, from September

Projected Net Sales by Business Segment for Fiscal 2010

Consolidated Earnings Forecasts

(Millions of yen)

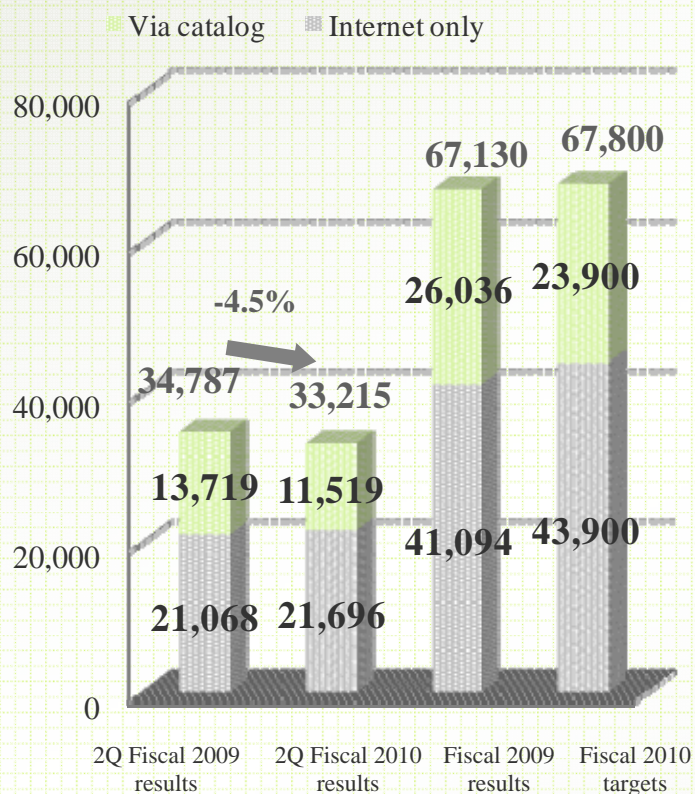


2Q Fiscal 2010 Internet Sales, and Number of Stores and Sales

Reference Materials and Others

Internet Sales

(Millions of yen)

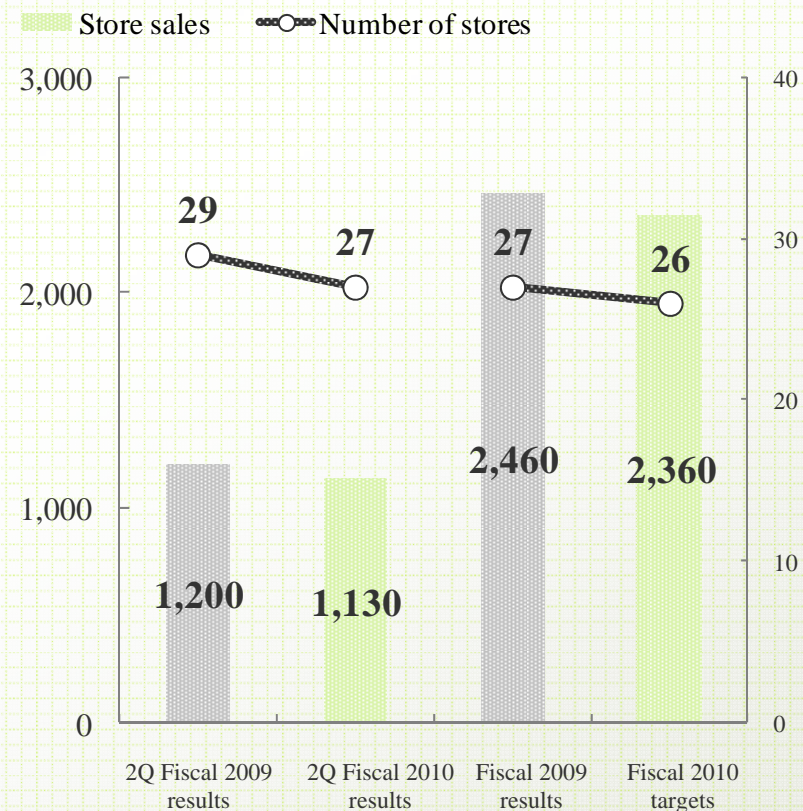


- Via catalog: Customer reads a catalog then purchases by Internet, entering catalog number
- Internet only: Customer makes purchase by putting product into online shopping cart

Number of Stores and Sales

(Millions of yen)

(Number of stores)



◆ Currently examining future store openings of *Kurasu Fuku*

2Q Fiscal 2010 SCM Indices

Reference Materials and Others

	2Q Fiscal 2009 Results	Degree of Improvement	2Q Fiscal 2010 Results	
Reduction in distribution-related variable cost	Rapid delivery ratio	85.9%	76.2%	❖ Deterioration
	Delivery-to-order ratio	126.8%	144.1%	
	Import ratio	70.2%	71.2%	❖ Slight increase
Reduction in cost-of-sales ratio	Direct transaction ratio	19.4%	19.7%	❖ Improvement
	Inventory turnover	4.2 times	4.8 times	
	Inventories (catalog products)	¥14.8 billion	¥9.2 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 June

Dividend and Date of Earnings Announcements for Fiscal 2010

Reference Materials and Others

- ❖ **Senshukai has consistently maintained a dividend payout ratio of 30% as part of its shareholder return policy.**
Taking into account 2Q results and revised estimates for fiscal 2010, as well as future business developments and our dividend policy of returning profits to shareholders, the Company plans 2Q dividend of 6 yen per share and year-end dividend of 6 yen per share, for a total annual dividend of 12 yen. This is basically in line with the Company's initial plan.

- ❖ **Date of earnings announcements for Fiscal 2010**

❖ Earnings for third quarter of Fiscal 2010	October 29 (Friday)
❖ Earnings for Fiscal 2010	February 3, 2011 (Thursday)
❖ Presentation for earnings for Fiscal 2010	February 4, 2011 (Friday)

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