

Consolidated Results of Operations

(Interim results for the fiscal year ending March 31, 2008)
(September 2007)



Vivitix Shanghai (China)

Sanrio Company, Ltd.
Investor Relations Division
Tel: 03-3779-8058
<http://www.sanrio.co.jp>
November 16, 2007

Consolidated Income Statement

Unit: 100 million yen

	FY3/08 Interim results	Compared with FY3/07			Compared with Plan		
		3/07 Interim	Increase (Decrease)	Change	Initial Plan	Increase (Decrease)	Change
		Sales	443	461	(18)	(3.9%)	452
Gross profit	186	189	(3)	(1.9%)	189	(2)	(1.5%)
Selling, general & administrative expenses	158	159	(0)	(0.6%)	162	(4)	(2.5%)
Operating profit	27	30	(2)	(8.6%)	26	1	4.2%
Non-operating profit/loss	(4)	(3)	(0)	-	(4)	0	-
Ordinary profit	23	27	(3)	(12.3%)	22	1	6.5%
Extraordinary profit/loss	(4)	1	(6)	-	0	(5)	-
Income before income taxes	19	28	(9)	(33.0%)	22	(3)	(16.5%)
Total of income taxes and adjustment for income taxes	11	(0)	11	-	10	1	17.3%
Net profit	7	28	(21)	(74.7%)	12	(5)	(43.9%)
Gross margin	42.0%	41.2%	0.9%	-	41.8%	0.2%	-
Operating profit margin	6.3%	6.6%	(0.3%)	-	5.9%	0.4%	-
Ordinary profit margin	5.3%	5.9%	(0.6%)	-	4.9%	0.4%	-

Comparison with FY3/07: Although a decline in income of 4% was offset by an improved gross margin and a reduction in selling, general and administrative expenses, net profit was down 75% year on year due to a 9% drop in operating profit and increases in extraordinary losses and taxes.

Comparison with plans: Despite failing to achieve a 2% increase in sales, this was offset by an improved gross margin and a reduction in selling, general and administrative expenses, resulting in a 4% increase in operating profit. We were unable to achieve 44% net profit however due to extraordinary losses

Sales by Segment for First Half of Year

Unit: 100 million yen

		FY3/08 Interim results	Compared with FY3/07					
			Compared with FY3/07			Compared with Plan		
			3/07 Interim	Increase (Decrease)	Change	Initial plans	Increase (Decrease)	Change
Sales by segment	Domestic product sales	114	123	(8)	(7.2%)	122	(7)	(6.3%)
	Domestic licensing	138	146	(7)	(5.4%)	146	(8)	(6.0%)
	Theme parks	43	46	(3)	(6.9%)	50	(7)	(14.1%)
	Overseas	135	105	29	27.9%	113	22	19.6%
	Other	67	88	(21)	(24.1%)	71	(3)	(5.4%)
Consolidated cancellations		(55)	(49)	(6)	-	(51)	(4)	-
Consolidated net sales		443	461	(18)	(3.9%)	452	(9)	(2.1%)

Comparison with FY3/07: 2/3 of decline in income in each segment covered by overseas sales

Comparison with plans: 2/3 of shortfall in each segment covered by overseas sales

Operating Profit by Segment for First Half of Year

Unit: 100 million yen

		FY3/08 Interim results	Compared with FY3/07			Compared with Plan		
			3/07 Interim	Increase (Decrease)	Change	Plan	Increase (Decrease)	Change
			Direct operating profit by segment	Domestic product sales	2	3	(1)	(45.9%)
Domestic licensing	36	41		(5)	(12.7%)	39	(3)	(8.6%)
Theme parks	(1)	3		(5)	-	2	(4)	-
Theme park support costs	(1)	(4)		2	-	(1)	(0)	-
Total theme parks	(2)	(0)		(2)	-	1	(4)	-
Overseas	39	24		15	63.0%	28	11	39.6%
Other	(3)	4		(8)	-	0	(3)	-
HQ cost center expenses and others	(43)	(42)		0	-	(47)	3	-
Consolidated operating profit		27	30	(2)	(8.6%)	26	1	4.2%

Comparison with FY3/07: Decline in profit in each segment covered by overseas operations

Comparison with plans: Shortfall in each segment covered by overseas operations

Balance Sheets, Statements of Change in Shareholders' Equity

Unit: 100 million yen

	End of FY3/08 Interim	End of FY3/07	Increase (Decrease)		End of FY3/08 Interim	End of FY3/07	Increase (Decrease)
Current assets	393	395	(1)	Current liabilities	396	383	13
Cash and deposit	143	167	(23)	Trade notes and accounts payable	101	116	(14)
Trade notes and accounts receivable	129	128	1	Short-term borrowings/corporate bonds	237	211	25
Inventories	70	56	13	Long-term liabilities	336	181	352
Deferred income taxes	32	26	5	Long-term debts	38	73	(16)
Tangible/intangible fixed assets	237	236	1	Corporate bonds	60	68	(7)
Investments and other assets	290	329	(39)	Provision for retirement benefits	67	65	2
Investments in securities	59	86	(26)	Net assets	344	361	(17)
Deferred income taxes	100	108	(8)	Capital	149	149	-
Guarantees	45	46	(1)	Capital surplus	217	227	(10)
Deferred assets	0	0	0	Net unrealized gains on securities	(2)	4	(7)
Total assets	922	962	(39)	Foreign currency translation	(10)	(10)	0
				Total liabilities and net assets	922	962	(39)

	Beginning balance	Dividends from surplus	Net profit	Others	Total change	Ending balance
Capital	149	-	-	-	-	149
Capital surplus	100	-	-	0	0	100
Retained earnings	126	(13)	7	(4)	(10)	116
Treasury stock	(9)	-	-	0	0	(9)
Shareholders' equity	367	(13)	7	(4)	(10)	357
Net unrealized gains on other securities	4	-	-	(7)	(7)	(2)
Deferred hedge gain/loss	(0)	-	-	0	0	(0)
Foreign currency translation adjustments	(10)	-	-	0	0	(10)
Total of valuation and translation adjustments	(6)	-	-	(7)	(7)	(13)
Minority interests	0	-	-	0	0	0
Total net assets	361	(13)	7	(11)	(17)	344

Assets: Decrease in cash and deposits mainly due to repayment of loans; increase in inventories mainly due to the battle for end-of-year sales; decrease in investments in securities mainly because of the partial sale of assets; decrease in trade notes and accounts payable mainly due to the purchase of beneficial interests in trust in line with the introduction of a note-less system; decrease in retained earnings mainly due to dividend payments

Cash Flow Statement

Unit: 100 million yen

	FY3/08 Interim	FY3/07 Interim	Increase (Decrease)
Cash flow from operating activities	4	17	(12)
Net profit before income taxes and adjustments (loss)	19	28	(9)
Depreciation	7	7	0
Reserve for retirement benefits	1	1	(0)
Increase/decrease in inventories, accounts receivable and accounts payable	(25)	(11)	(14)
Interest expense	(3)	(3)	(0)
Income taxes paid	(3)	(5)	1
Cash flow from investing activities	8	1	6
Net withdrawal from time deposit	7	11	(4)
Payment for purchase of tangible fixed assets (theme park facilities, store interior)	(10)	(5)	(5)
Net proceeds from sale and acquisition of investment securities	12	(0)	13
Net income from collection of loans	(0)	(3)	2
Proceeds from redemption of guarantee	(0)	(1)	1
Free cash flow	13	18	(5)
Cash flow from financing activities	(29)	(22)	(7)
Repayment of debt and corporate bonds	(16)	(10)	(6)
Dividends paid	(13)	(12)	(0)
Cash and cash equivalents at end of period	138	145	(6)

Decrease in operating cash flow mainly due to the purchase of beneficial interests in trust in line with the introduction of a note-less system; increase in investment cash flow mainly due to the sale of investments in securities

Forecast Results for Full Year

Unit: 100 million yen

	Forecast for FY3/08	Compared with FY3/07		
		FY3/07 Results	Increase (Decrease)	Increase (Decrease)
Sales	970	966	3	0.3%
Gross profit	398	386	11	3.0%
Selling, general & administrative expenses	327	324	2	0.9%
Operating profit	70	62	8	13.8%
Non-operating profit/loss	(9)	(6)	(3)	-
Ordinary profit	61	55	5	9.4%
Extraordinary profit/loss	(5)	3	(9)	-
Income before income taxes	55	59	(3)	(6.4%)
Total of income taxes and adjustment for income taxes	30	18	12	67.0%
Net profit	25	41	(16)	(38.7%)
Gross margin	41.0%	40.0%	1.0%	-
Operating profit margin	7.3%	6.4%	0.9%	-
Ordinary profit margin	6.3%	5.8%	0.5%	-

13% increase in operating profit due to a slight increase in income and an improved gross margin

38% decline in net profit due to extraordinary losses and tax

Full Year Sales Forecast by Segment

Unit: 100 million yen

		Forecast for FY3/08	Compared with FY3/07		
			FY3/07 Results	Increase (Decrease)	Change
Sales by segment	Domestic product sales	263	275	(11)	(4.3%)
	Domestic licensing	301	309	(7)	(2.4%)
	Theme parks	83	82	1	1.3%
	Overseas	286	225	61	27.3%
	Other	172	174	(2)	(1.5%)
Consolidated cancellations		(137)	(99)	(37)	-
Consolidated net sales		970	966	3	0.3%

We expect to see a slight decline in overall sales from our domestic business.

We expect that substantial increases in income from our overseas business, especially in Europe, will cover shortfalls in other areas.

Full Year Operating Profit Forecast by Segment

		Forecast for FY3/08	Compared with FY3/07		
			FY3/07 Results	Increase (Decrease)	Change
Direct operating profit by segment	Domestic product sales	10	11	(0)	(4.3%)
	Domestic licensing	81	83	(2)	(2.4%)
	Theme parks	(5)	2	(8)	-
	Theme park support costs	(2)	(7)	5	-
	Total theme parks	(7)	(5)	(2)	-
	Overseas	82	54	28	52.4%
	Other	2	6	(4)	(64.5%)
HQ cost center expenses and others		(99)	(88)	(11)	-
Consolidated operating profit		70	62	8	13.8%

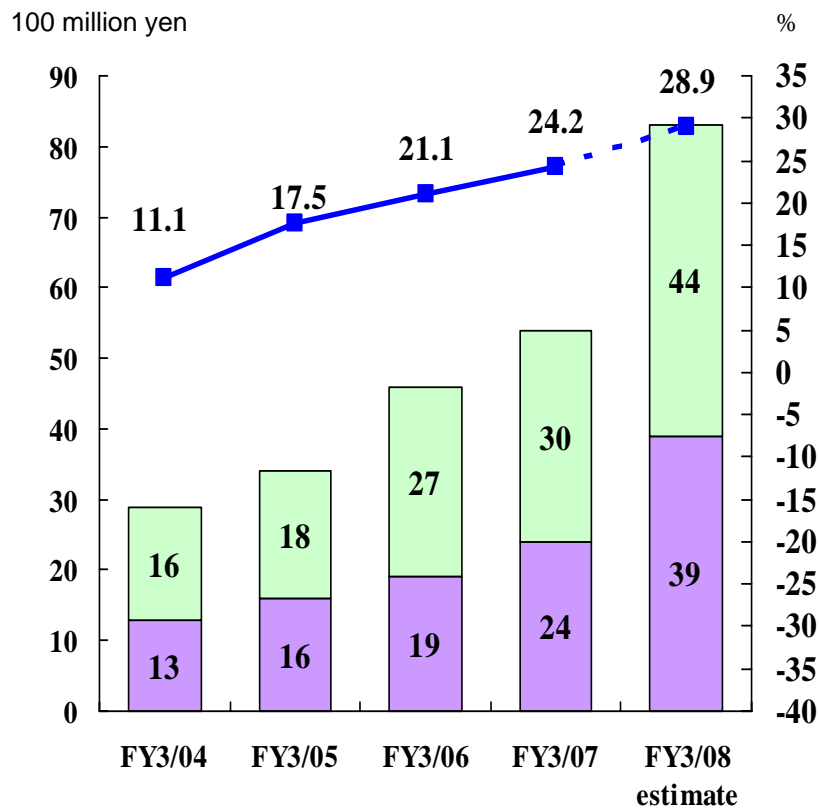
In spite of falling profits from domestic business, we expect to see substantial increases in profit from overseas business. We also expect to see an increase in profit from domestic licensing operations, despite the harsh environment.

Review and Outlook by Segment (1)

Overseas

Expand
Aggressively

Direct operating profit trends and outlook



Review of first half of year

Sales up 28% and Operating profit up 63%

See following page

Outlook for second half of year

Expect sales up 27% and profit up 44%

See following page

Sawrio

Trends in overseas operations

Unit: 100 million yen

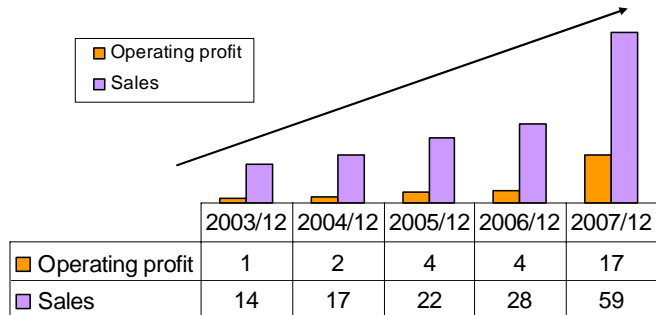
	FY3/04	FY3/05	FY3/06	FY3/07	FY8/03 estimate
Sales	260	195	221	225	286
Change from previous year	-	(25%) (*)	+13%	+2%	+27%
Operating profit	29	34	47	54	83
Change from previous year	-	+18%	+37%	+17%	+52%
Percentage of overseas sales	18%	15%	17%	18%	21%
Change from previous year (Actual figures after consolidated cancellation)	-	(3%)	+2%	+1%	+3%

* Decreased sales and increase profit for FY3/05 due to change of business model in North America

Europe

Profit and Loss

Unit: 100 million yen



2007 full year

expected sales: **+114% year on year (+163% for first half of year)**
 expected profit: **+310% year on year (+349% for first half of year)**

Sales according to country

Sales in around 30 countries

Rank	Licensing	Wholesale
1	Sweden	Italy
2	France	France
3	UK	Spain
4	Spain	Portugal
5	Italy	Germany

Number of stores

	2005/12	2006/12	2007/12 (forecast)
Company-operated shops	7	7	7
Agency-operated shops (Europe)	16	17	20
Agency-operated shops (Middle East)	7	9	* 11
Agency-operated shops (Russian)	3	3	4
Number of stores	33	36	42

* **End of November 2007: First Sanrio Shop opened in India (second store scheduled to open during first half of 2008)**

Licensing

Figures for first half of 2007 Licensees: **84 companies (+35 year on year)**
 Sales: **+437% year on year**

Main clients	Country	Items	Client information
H&M HENNES & MAURITZ AB (*1)	Sweden	General apparel	Entered Japanese market in fall 2008
OYSHO ESPANA, SA	Spain	Underwear, pajamas, etc.	Affiliated with ZARA
CARINE SRL	Italy	General apparel	
BLUES CLOTHING LTD.	UK	General apparel	
BIP HOLLAND BV	Netherlands	Candy and toys	
VICTORIA CASHMERE SARL (*2)	France	High-end fashion	

Five of the top ten are apparel companies. Licensed sales through H&M have increased



(*1) H&M HENNES & MAURITZ, Stockholm



(*2) VICTORIA couture, Paris

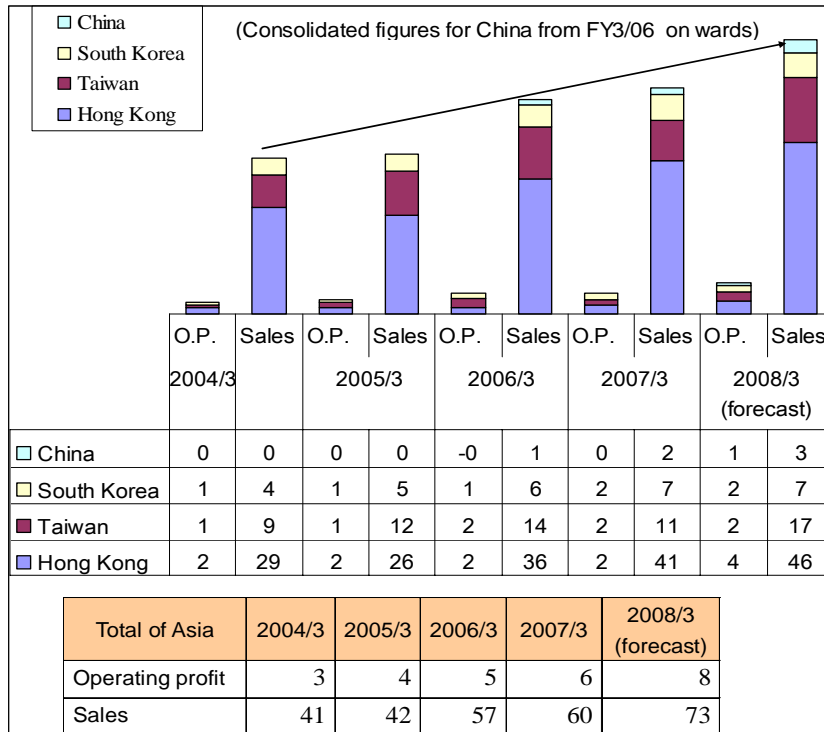
Customers/unit price per customer

Average spending per customer: **Approx. 2,500 yen**
 (based on Company-operated store in Hamburg)
 Customers: **At least 50% aged 15-20**

Asia

Profit and Loss

Unit: 100 million



2007 full year expected sales: **+21% year on year (+19% for first half of year)**
 expected profit: **+46% year on year (+15% for first half of year)**

Theme park show licenses

Performances of musicals featuring Sanrio characters in China
600 shows in 40 cities over a period of three years

Show: Dream Light Fantasy

(Parade-based show that was a big hit for six years at SPL, up to July 2005)

Characters: Hello Kitty, My Melody, Little Twin Stars, Badtz Maru

Dates (scheduled): February 2008 - January 2011

Shows mainly held in venues with a capacity of 2,000-2,500 people

Revenue mainly from admission (around 1,500 yen)



* **China**

Planned number of stores in FY3/08 **+40% year on year**

(Strong performance from existing stores during first half of year too, up 43% year on year)

Licensing

Figures for first half of 2007 Sales: **+14% year on year**

Country	Main clients	Items
Hong Kong	MTR Corporation	Subway gifts
	The Continuity Company	7-Eleven gifts
	Dash Sling Bank	Bank gifts
Taiwan	7-Eleven	7-Eleven gifts and events
	EVA Airways Corp	Jet paint designs, cabin fittings, etc.
South Korea	SHINHAN CARD	Credit cards, etc.
China	BREAK RULES	Subway and bus passes
	China Merchants Bank	Credit cards, etc.
	McDonald's	McDonald's gifts

New projects

August 2008: Hello Kitty comes to Taiwan Taoyuan International Airport

First Sanrio Shop opened inside DFS
 "Last 5 minutes for shopping"

Boarding lounges and nursing rooms
 turned into "Kitty Rooms"

Chance to watch Kitty Jets whilst waiting (pm)



Lounge

Nursing

Number of stores

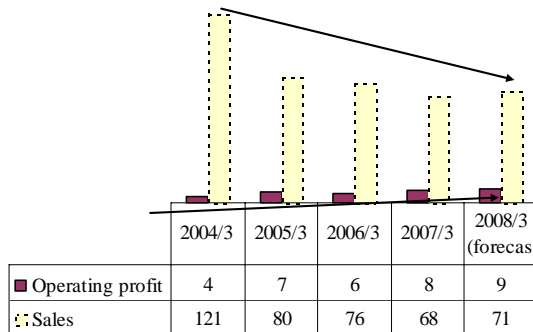
		2006/3	2007/3	2008/3 (forecast)
Hong Kong	Agency-operated shops	26	28	30
	Company-operated shops	1	0	0
Taiwan	Agency-operated shops	23	26	30
South Korea	Agency-operated shops	13	10	13
	Distributor FC	7	13	17
	Distributor wholesale store	15	15	15
China	Agency-operated shops	27	71	* 100
	Number of stores	112	163	201

North America

Sales: Business model transition

Profit and Loss

Unit: 100 million yen



Change of business model (FY3/05 onwards)

Sale of stores with the exception of five Company-operated stores and shift to licensing, resulting in a decline in sales but continuing healthy profit figures

2008 full year expected profit: +11% year on

Number of businesses

Music label business

(Character music)
Expected to contribute to sales next year



Official sponsor in support of Aly&AJ nationwide US tour
(Tour bus decoration, distribution of cell phone screen savers, etc.)

Licensing

Main clients	Items
MBNA	VISA cards
AMERICAN GREETINGS	Greeting cards, wrapping paper, etc.
ZOOTH	Electric toothbrushes, etc.
CHF	Interior goods (bedding, etc.)

Credit cards



Phenomenal results:

15,000 applications via Sanrio Inc. website
(11.5% of page views)

Wal-Mart (My Melody product specialist)

Spring 2007: Sales of apparel (600 stores)
Summer 2007: Increase in categories (apparel, toys, etc.) (1,100 stores)
Aiming for a six-fold increase in store sales by 2009

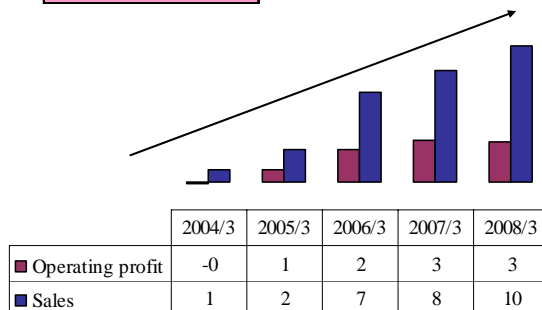
Number of stores

	2006/3	2007/3	2008/3 (forecast)
Company-operated shops	17	5	5
Agency-operated shops	18	31	31
Number of stores	35	36	36

Latin America

Sales

Unit: 100 million



2008 full year expected sales: +24% year on year (+72% for first half of year)

Licensing

Figures for first half of 2007
Licensees: 45 companies
Sales: +53% year on year

Main clients	Items
JOHNSON & JOHNSON INDUSTRIAL LTDA.	Band-aids
KRAFT FOODS S.A	Easter Eggs
TELEDIAL MOVEIL S.A DE C.V	Cell phones
UNILEVER BRASIL LTDA	Ice cream
PROCTER & GAMBLE (P&G)	Toothbrushes

Number of stores

	2006/3	2007/3	2008/3 (forecast)
Number of wholesale stores	63	60	50

According to country, the most stores are in Venezuela, followed by Mexico and the Dominican Republic.

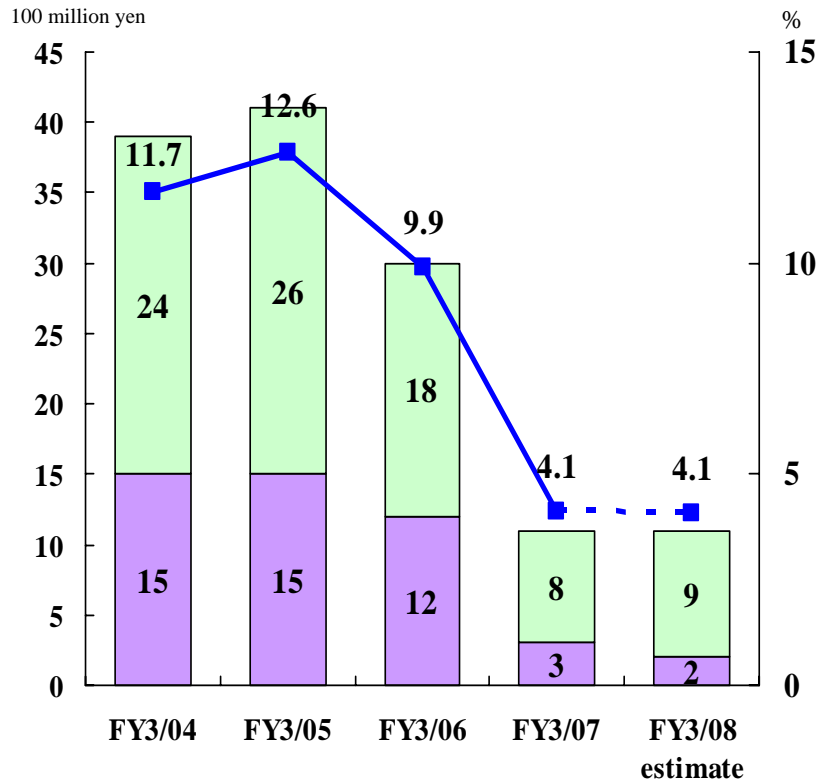
According to country, there is most licensing activity in Brazil, followed by Argentina and

Review and Outlook by Segment (2)

**Domestic
Product Sales**

**Revamp Sales
Capability**

Direct operating profit trends and outlook



Review of first half of year

- ❑ Sales down 7% and operating profit down 46% year on year, with consumer spending struggling due to factors such as exceptionally hot weather
- ❑ Year on year sales by channel:
Company-operated shops: down 9%, department stores: down 10%, wholesale: down 4%
- ❑ Year on year sales at existing stores (Company-operated shops and shops in department stores): 93%
- ❑ Scrap-and-build (S&B) of Company-operated shops:
Closed 10, opened 3 (Total: -7)

Outlook for second half of year

- ❑ Sales expected to be down 2% but operating profit up 16%
- ❑ Majority of expected 100 million yen increase in operating profit expected to be offset by selling, general and administrative expenses
- ❑ Strategies to increase profit
 - 1) Closure of unprofitable shops (at least 8 shops)
 - 2) Added value projects as a global brand
Hello Kitty Precious at Shinjuku Isetan (opened 10/07)
 - 3) Live shows at entertainment shops
Hanyu Aeon Mall (Sanrio Smile Square)

Sanrio

New shop concepts

HelloKittyPrecious

Specialty Hello Kitty shops targeting foreign tourists and wealthy shoppers



10/2007: First store opened at Shinjuku Isetan (refurbished)
10/2007: Year on year sales: 123%

HelloKittyStore

Shops selling Hello Kitty products only
4/2007: Sales at Central Japan International Airport



9/2007: Second Company-operated shop opened at Shibuya 109-(2) (refurbished)
10/2007: Year on year sales: 132%

Sanrio Gift Gate x Sanrio Sweets

Shop combining a Sanrio Shop and a café designed based on Sanrio characters
Combining facilities increases the customer pulling power of both outlets



3/2007: First branch opened at Hankyu Kitahanada (refurbished)
Year on year sales for first half of year: 106%

Sanrio Smile Square

All-round entertainment shop
Domestic product sales + fun, leaning and relaxation
Community space: Character shows, digital games Fun,
learning and relaxation: cooking studio



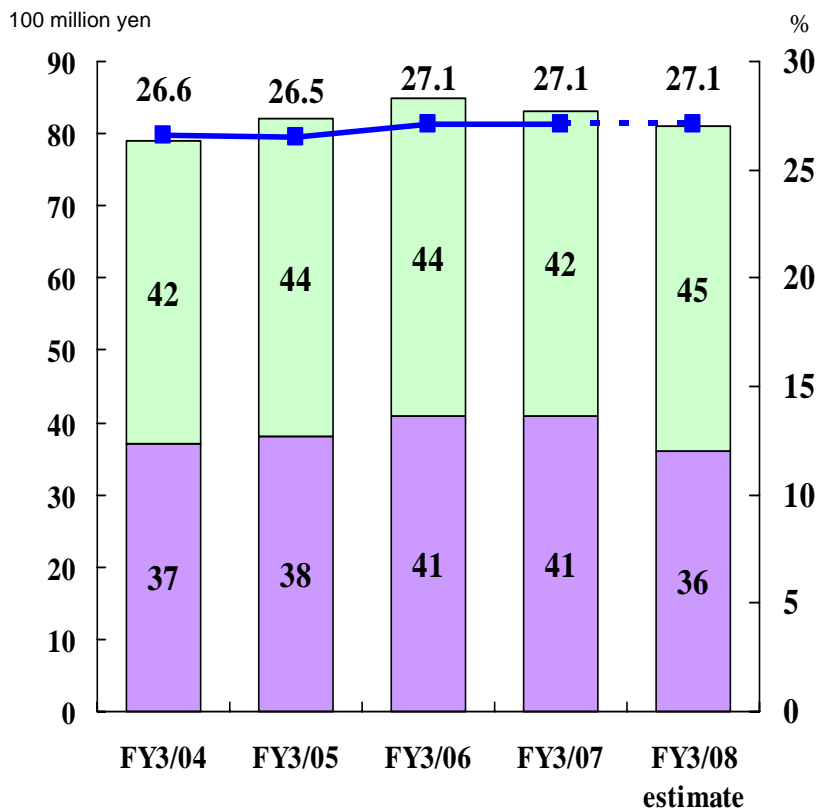
11/2007: First shop opened at Hanyu Aeon Mall

Review and Outlook by Segment (3)

Licensing

Expand
Aggressively

Direct operating profit trends and outlook



Review of first half of year

- Sales down 5% and operating profit down 13% year on year
 Sugar Bunnies became more popular; comprehensive licensing to Takara Tomy underway
- TV programs did well Popular characters:
My Melody & Kuromi (profit up 5%)
Sesame Street (profit up 71%)
- Promoted collaboration with celebrities, men's brands, Barbie, etc.

Outlook for second half of year

- Sales expected to be up 0.2% and operating profit up 8%
- Promote domestic sales and comprehensive licensing of overseas characters:
Sesame Street, Jerry, Betty, and more
- Promote collaboration: SoftBank, PEACH JOHN, etc.

First-half operation profit

Second-half operation profit

Operating profit margin (RH)

Projected figures for FY3/08

Dotted line indicating the plan

Sanrio characters

Top five characters (based on domestic sales)

(Full titles abbreviated)

Characters	Year born	Main licensees	
Hello Kitty	1974	Financial	Fukuoka Mutual Life Insurance, Mizuho Bank, OMC Card, Credit Saison
		AV & home appliances	SoftBank Mobile (*1), Fujifilm Imaging
		Health & "Cosmenience"	Shiseido, Kose
		Apparel & accessories	World, Wacoal, ANNASUI (*2)
		Toys & miscellaneous goods	Sega Toys, Bridgestone Sports
		Candy & food products	Ito Ham, Kibun Foods, Morinaga, Ezaki Glico, McDonald's Japan
		Vehicles	Mitsubishi Motors
Cinnamoroll	2002	Bandai, Showa Note, Asahi Shimbun (*3), McDonald's Japan	
My Melody (& Kuromi)	1975 (Kuromi: 2005)	Asahi Corporation, Imagineer, Senshukai, Nichiban, Bandai Networks, Lotteria (*4)	
Shinkansen	1999	Asahi Corporation, Sakura Color Products, Fucuske	
Sugar Bunnies	2004	Takara Tomy (*5)	

* 1



* 2



ANNA SUI

* 3



Asahi Shimbun

* 4



Lotteria

* 5



Takara Tomy

Licensing business

Collaboration with celebrities



Ayumi Hamasaki, Panasonic & Hello Kitty

Shoko Nakagawa (Shokotan)
Noriko Sakai
Mirai Shida
and more

Sakurazuka

Promoting other companies' characters

Sesame Street (4th year)
Forecast annual retail sales: 7 billion yen



- Collaboration with high-end specialist store StompStamp
- Successfully broadening target audience through Funny Head series design
- 200,000 units of moving, laughing "Tickle Me Elmo X" stuffed toys shipped
(Top of sales chart (10/31) for kids' toys on Yahoo as of 11/14)

Stepping up collaboration

Moving into products for men

UNDERCOVER - T-shirts featured in Men's Non-no brand Tink Pink



200 sold out within 18 minutes of going on sale



ATMOS

6,000 sold out within one month
Retail sales: around 50 million yen

Pink Panther & Pals (2nd year)

Forecast annual retail sales: 3



- Strong sales at KIDDYLAND
- Life-size character (costume) events at specialist stores such as KIDDYLAND, Pink Latte and Loft and amusement facilities
- Tie-up promotion featured featuring in teen magazine Hanachu currently underway

Popular items

Three-way collaboration with underwear catalog PEACH JOHN (*) and accessory brand Tink Pink
(* 2.2 million copies published four times a year)



Barbie and Hello Kitty

Jerry (starting in November 2007)

Forecast annual retail sales: 3



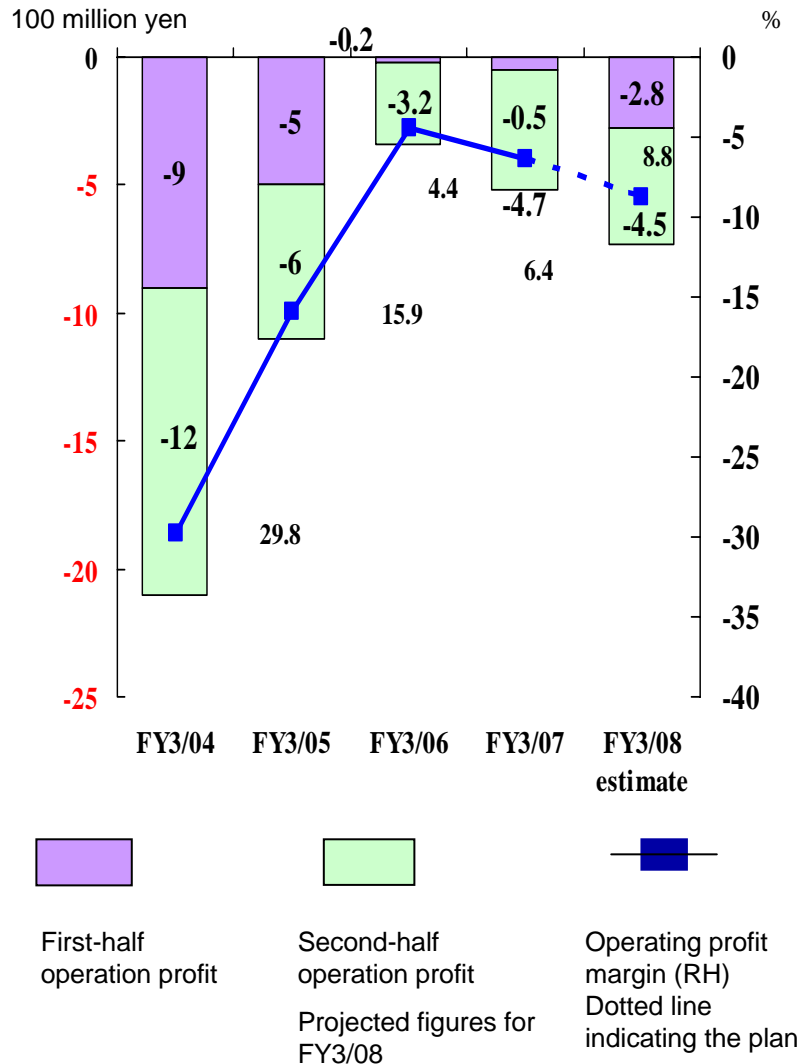
- Sales of solo Jerry (from Tom & Jerry) items
- Advance sales at branches of KIDDYLAND nationwide from 11/20, followed by general release on 12/1
- Release of limited edition products as part of collaboration with Samantha Thavasa via "Samantha Thavasa World Walker" (official mobile website) (top of sales chart for 11/2)

Review and Outlook by Segment (4)

Theme Parks

Increase
Attractiveness

Direct operating profit trends and outlook



Review of first half of year

- ❑ Sales down 7% and operating profit down 200 million yen year on year
- ❑ SPL visitors down 62,000 (12%) (overseas visitors down 8,000)
Mainly caused by lack of major event content, exceptionally hot weather and reduction in ticket discounts
- ❑ OHL visitors down 12,000 (6%) (overseas visitors down 2,000)
Caused by wet weather, typhoons and exceptionally hot weather on peak days

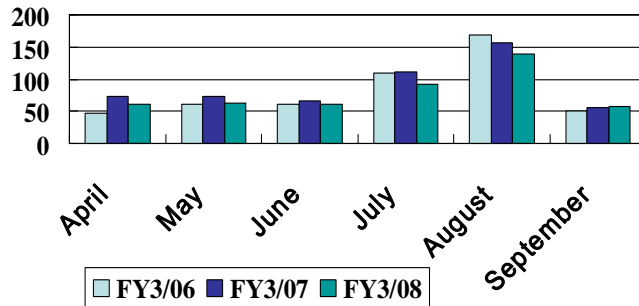
Outlook for second half of year

- ❑ Sales expected to be up 12% and operating profit up slightly
- ❑ Measures to increase SPL visitors by 32,000 (4,000 overseas visitors)
- ❑ Measures to increase OHL visitors by 8,000 (2,000 overseas visitors)
- ❑ Measures
 - 1) Three-day weekends will increase by a factor of one compared to the previous year.
 - 2) New program
 - 6/07: Renewal of main parade
 - 12/07: Detective Conan event
 - 12/07: Starting performances of acrobat show "Marchen of the Sea"

Puroland (SPL)

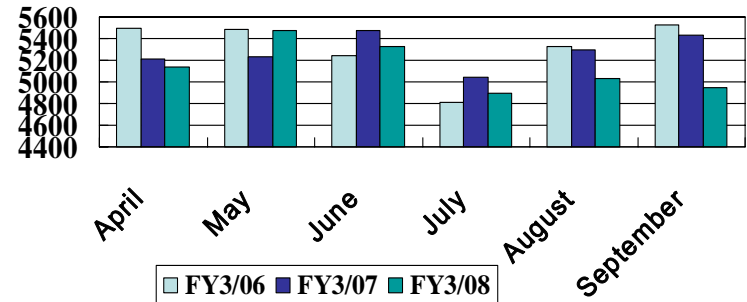
Thousand persons

Monthly number of visitors



Yen

Monthly average spending per customers



Sawrio

SPL		FY3/08 Interim results					Forecast for FY3/08	Compared with FY3/07		
			FY3/07	Increase (Decrease)	Change	Plan		Compared with Plan	Increase (Decrease)	Change
Spending per customer	Number of visitors (10 thousand persons)	47.3	53.6	(6.3)	(11.8%)	59.4	(20.4%)	91.0	(3.0)	(3.2%)
	Total spending (yen)	5,101	5,265	(164)	(3.1%)	5,423	(5.9%)	5,144	(27)	(0.5%)
	Entrance fee (yen)	2,276	2,354	(78)	(3.3%)	2,448	(7.0%)	2,226	(59)	(2.6%)
	Product sales (yen)	1,921	1,943	(22)	(1.1%)	1,974	(2.7%)	1,968	53	2.8%
	Foods, beverage (yen)	904	968	(64)	(6.6%)	1,001	(9.7%)	950	(21)	(2.2%)
In-site revenues (100 million yen)		24.3	28.2	(3.9)	(13.8%)	32.3	(24.8%)	47.1	(1.8)	(3.7%)
Off-site revenues (100 million yen)		6.9	7.5	(0.6)	(8.0%)	6.8	1.5%	14.4	(1)	(4.6%)
Sales (100 million yen)		31.3	35.8	(4.5)	(12.6%)	39.2	(20.2%)	61.6	(2.4)	(3.8%)
Cost of sales (100 million yen)		10.5	12.2	(1.7)	(13.9%)	12.8	(18.0%)	21.4	(1.5)	(6.6%)
Gross profit (100 million yen)		20.8	23.5	(2.7)	(11.5%)	26.4	(21.2%)	40.2	(0.9)	(2.2%)
SG&A expenses (100 million yen)		22.3	20.6	1.7	8.3%	23.9	(6.7%)	43.8	5.9	15.6%
Operating profit (100 million yen)		(1.5)	2.9	(4.4)	(151.7%)	2.5	-	(3.6)	(6.8)	-
Cost rate		33.5%	34.2%	(0.7%)	-	32.7%	0.9%	34.7%	+1.2%	-

Increased costs due to rent (140 million yen) and staff costs (91 million yen) from this year

Comparison with FY3/07: Visitors, spending and off-site revenue all fell, resulting in a fall in sales and profit

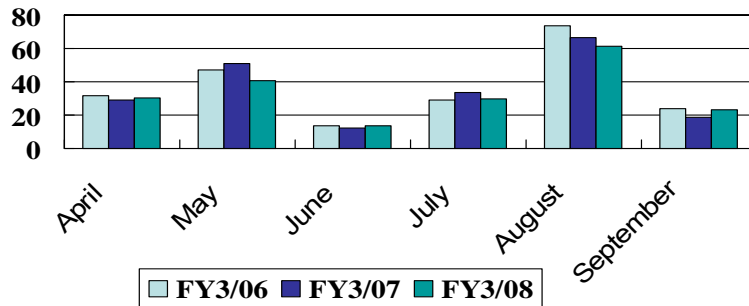
Comparison with plans: Both visitors and spending fell short of plans

Forecast for full year: With visitors, spending and off-site revenue all down, both sales and profit are expected to fall

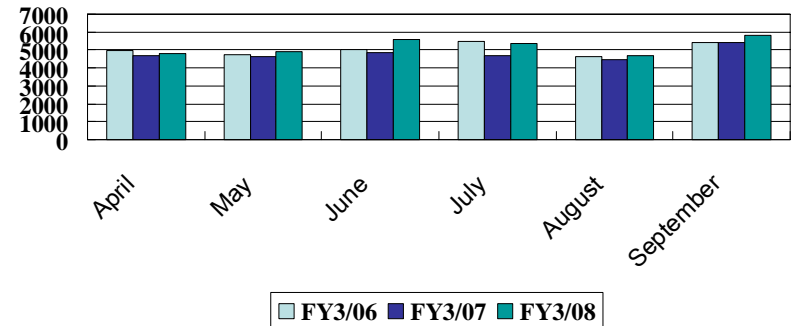
Harmony Land (HL)

Monthly number of visitors

Thousand persons



Yen Monthly average spending per customer



Sawrio

HL		FY3/08 Interim results	FY3/08					Forecast for FY3/08	Compared with FY3/07	
			FY3/07	Increase (Decrease)	Change	Plan	Compared with Plan		Increase (Decrease)	Change
Spending per customer	Number of visitors (10 thousand persons)	19.8	21.1	(1.3)	(6.2%)	22.1	(10.4%)	34.6	(0.5)	(1.4%)
	Total spending (yen)	4,495	4,554	(59)	(1.3%)	4,552	(1.3%)	4,353	(54)	(1.2%)
	Entrance fee (yen)	2,096	2,048	48	2.3%	2,057	1.9%	2,024	12	0.6%
	Product sales (yen)	1,602	1,627	(25)	(1.5%)	1,653	(3.1%)	1,565	(14)	(0.9%)
	Foods, beverage (yen)	797	879	(82)	(9.3%)	841	(5.2%)	765	(51)	(6.3%)
In-site revenues (100 million yen)		8.9	9.6	(0.7)	(7.3%)	10.0	(11.0%)	15.1	(0.4)	(2.3%)
Off-site revenues (100 million yen)		1.1	1.2	(0.1)	(8.3%)	1.2	(8.3%)	2.2	(0.1)	(3.9%)
Sales (100 million yen)		10.0	10.8	(0.8)	(7.4%)	11.2	(10.7%)	17.3	(0.4)	(2.5%)
Cost of sales (100 million yen)		3.0	3.3	(0.3)	(9.1%)	3.4	(11.8%)	5.1	(0.3)	(4.9%)
Gross profit (100 million yen)		7.0	7.5	(0.5)	(6.7%)	7.8	(10.3%)	12.2	(0.2)	(1.5%)
SG&A expenses (100 million yen)		7.2	7.1	0.1	1.4%	7.4	(2.7%)	13.2	0.8	6.4%
Operating profit (100 million yen)		(0.2)	0.4	(0.6)	-	0.5	-	(1.1)	(1.1)	-
Cost rate		30.5%	30.8%	(0.3%)	-	30.2%	0.3%	29.6%	(0.6)	-

Increased costs due to rent (61 million yen) and staff costs (6 million yen) from this year

Comparison with FY3/07: Visitors, spending and off-site revenue all fell, resulting in a fall in sales and profit

Comparison with plans: Both visitors and spending fell short of plans

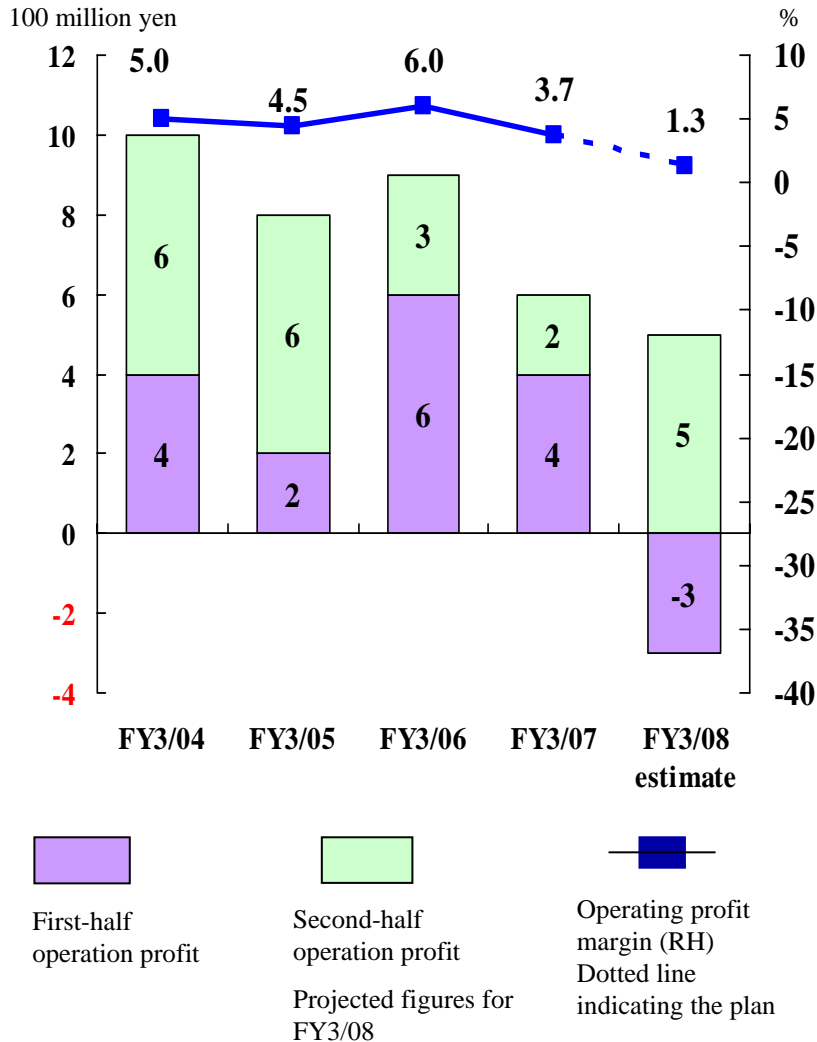
Forecast for full year: With visitors, spending and off-site revenue all down, both sales and profit are expected to fall

Review and Outlook by Segment (5)

Other

Efficient Use
of Content

Direct operating profit trends and outlook



Review of first half of year

- ❑ Sales down 24% and operating profit down 800 million yen year on year
- ❑ Large transactions such as lucky draw kits for CVS and corporate special orders down by half

Outlook for second half of year

- ❑ Sales expected to be up by 22% and operating profit up by 230%
- ❑ 12/07: Release of theatrical anime films
- ❑ Step up sales to privatized postal service

Theatrical animation “*Cinnammon the movie*” and “*Adventure of George and Gerald*” will be released. It will be our first movie in 16 years.

Production Committee

Sanrio (Chief), Shochiku, Shogakukan, Bandai, Madhouse, Yahoo! JAPAN

Distribution

Shochiku

Production

Madhouse

Release

12/22/2007 – 1/18/2008
 (Scheduled to run for 4 weeks)
 Approx. 150 screens nationwide

Box office estimate

800 million yen

Cinnammon The Movie

Director: Gisaburo Sugii (*Stormy Night*)
 Original idea: Chisato Seki
 Screenplay: Mari Okada, Gisaburo Sugii
 Music: Takayuki Hattori (*Hero, Kareinaru Ichizoku*)
 Animation Director: Marisuke Eguchi
 Art Director: Takashi Nakamura
 Sound Director: Masafumi Mima
 Production: Madhouse
 Production Assistance: Group TAC
 Cast: Satomi Ishihara
 Tomonori Jinnai (special guest appearance)
 and others
 Theme song: *together*, Shinki Toho (Rhytemzoo)

Mouse Story – The Adventures of George and Gerald

Director: Masami Hata
 Original creator: Shintaro Tsuji
 Screenplay: Seishi Minakami
 Music: Takayuki Hattori (*Hero, Kareinaru Ichizoku*)
 Animation Director: Shinji Seya
 Art Director: Yukio Abe
 Character Design: Toshio Hirata
 Production: Madhouse
 Production Assistance: Tezuka Productions
 Theme song: *KIZUNA*, MAY (avexio)



[Reference] Previous Sanrio movies

Title	Released	Box office
<i>The Glacier Fox</i>	1978	2.2 billion
<i>A Tale of Africa</i>	1980	1.1 billion
<i>The Mouse and His Child</i>	1978	700 million
<i>World Masterpiece Theater (Keroppi)</i>	1991	700 million
<i>The Nutcracker</i>	1979	600 million
<i>World Masterpiece Theater (Kikilala)</i>	1990	600 million

1978: The Sanrio-produced movie *Debolt Family* won the Oscar for Best Documentary Feature

Domestic Stores

Number of stores

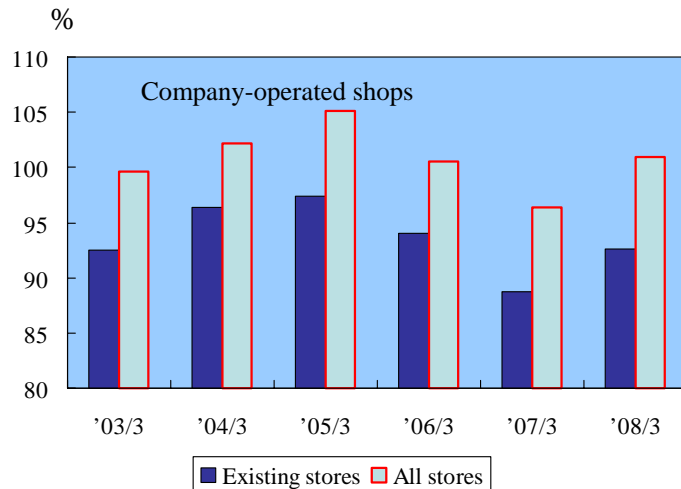
	End 9/07
Gift cards (Company-operated shops)	147
Department stores (permanent basis)	122
Department stores (inventory basis)	56
Mass retailers	1,001
Specialty stores	85
Total	1,411

* Based on accounting standards from current year onwards

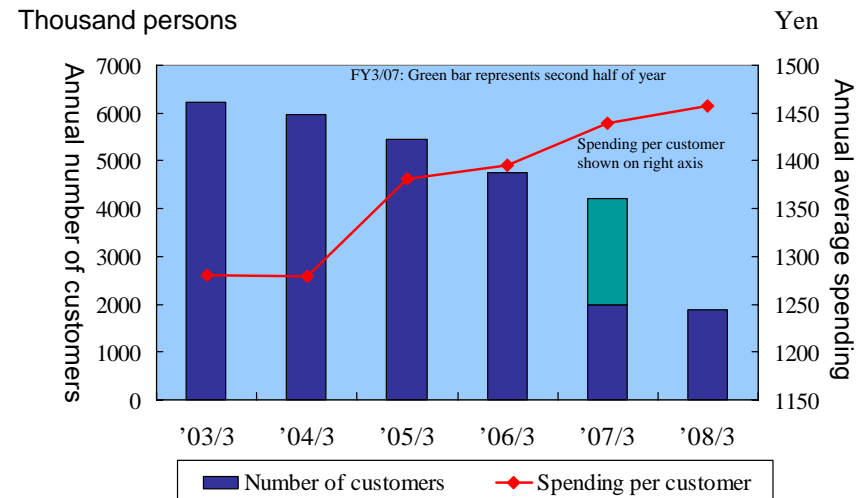
Strategies for FY3/08

- (1) Stronger collaboration and the introduction of products with higher unit prices for adults
Shinjuku Isetan: Hello Kitty Precious
- (2) Introduction of products for adult males
- (3) Introduction of products made in Japan as souvenirs for foreigners
- (4) Introduction of entertainment shops
Hanyu Aeon Mall (grand opening 11/2/07)
- (5) New format stores such as sweets shops
Diamond City Kawaguchi (11/07)
- (6) Increase the market shares of greeting cards in Japan and abroad

Net sales at existing stores



Number of customers and average spending per customer at Company-operated shops



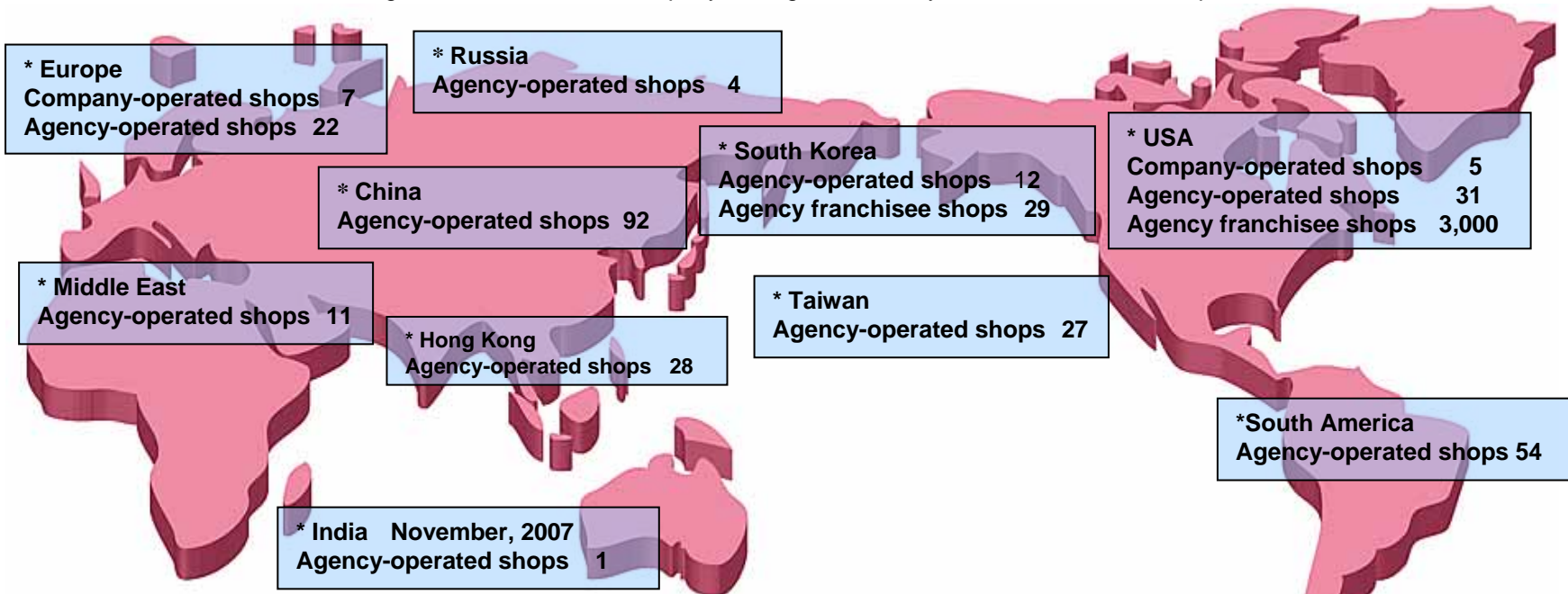
Overseas Shops

Number of shops

	Mar. 2006	Mar. 2007	End of Mar. 2007	Mar. 2008
Company-operated shops	25	14	12	12
Agency-operated shops	131	182	195	227
Agency franchisee shops	3,585	2,889	2,588	3,083
Total	3,741	3,085	2,795	3,322

* These are figures available to the Company and agencies. Many other stores handle our products.

Sawrio



Key regions to be developed include China, the Middle East, India, South America and South Africa, etc.

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