

**Presentation of Interim Results for the
Fiscal Year Ending February 29, 2008**

ONWARD HOLDINGS CO., LTD.

— ONWARD —

1 Results for the Interim Period and Plans for Fiscal 2008 **No. 2~4**

- Results for the Interim Period, Plans for Fiscal 2008
- Operating Conditions by Business Segment
- Sales by Sales Channel (Onward Kashiwama)

2 Outline of Policies for Fiscal 2008 and Policies for Second Half **No. 5~9**

- Onward Kashiwama's Performance during the Interim Period and Policies for the Latter Half
- Onward Group's Strategy and Directions
- Performance of Principal Subsidiaries
- Conditions in Japan's Apparel Market
- Onward Kashiwama's Performance and Issues to be Addressed

3 Data on Principal Financial Indicators **No. 11~15**

The forecasts and future prospects contained in this document are based on information available to the Company at the time of preparation, but are subject to risks and uncertainties. Accordingly, please be aware that actual performance and actual results may differ substantially from those stated here, as a consequence of changes in various factors.

Results for the Interim Period, Plans for Fiscal 2008

Results for the Interim Period

Principal Factors and Reform Measures

Data for Reference

Non-consolidated

	Amounts	¥ billion	
		Change	% change
Net sales	102.9	-2.0	(-2.0%)
Operating income	5.7	-2.1	(-27.1%)
Ordinary income	8.2	-2.1	(-20.6%)
Net income	9.8	+10.4	↗

- ✓ Aggressive development and introduction of new brands led to missing of sales targets and losses
- ✓ Also led to dispersal of resources (people, goods and capital) and had an adverse impact on existing major core brands

Performance in Fiscal 2006 under IMPACT 21

Consolidated

	Amount	¥ billion	
		Change	% change
Net sales	140.8	-12.2	(-8.0%)
Operating income	7.4	-3.5	(-32.3%)
Ordinary income	10.9	-0.9	(-8.0%)
Net income	6.3	+6.8	↗

- ✓ Domestic and overseas subsidiaries reported generally steady performance and especially in Europe and Asia exceeded their targets for revenues expansion

- Net sales ¥15.1 billion
- Operating income ¥2.1 billion
- Ordinary income ¥2.1 billion
- Net income ¥1.2 billion

Plans for Fiscal 2008

Consolidated

	Amount	¥ billion	
		Change	% change
Net sales	292.0	-26.6	(-8.4%)
Operating income	20.4	-5.0	(-19.8%)
Ordinary income	25.5	-1.9	(-7.0%)
Net income	13.0	+1.5	(13.7%)

- ✓ Will cut back and eliminate unprofitable brands and work to improve performance by strengthening major core brands again in the second half.

- Net sales ¥30.6 billion
- Operating income ¥3.8 billion
- Ordinary income ¥3.9 billion
- Net income ¥2.2 billion

Operating Conditions by Business Segment

Apparel and service businesses report deterioration in performance
Resort business returns to profitability as business base is strengthened

(unit: ¥ million)

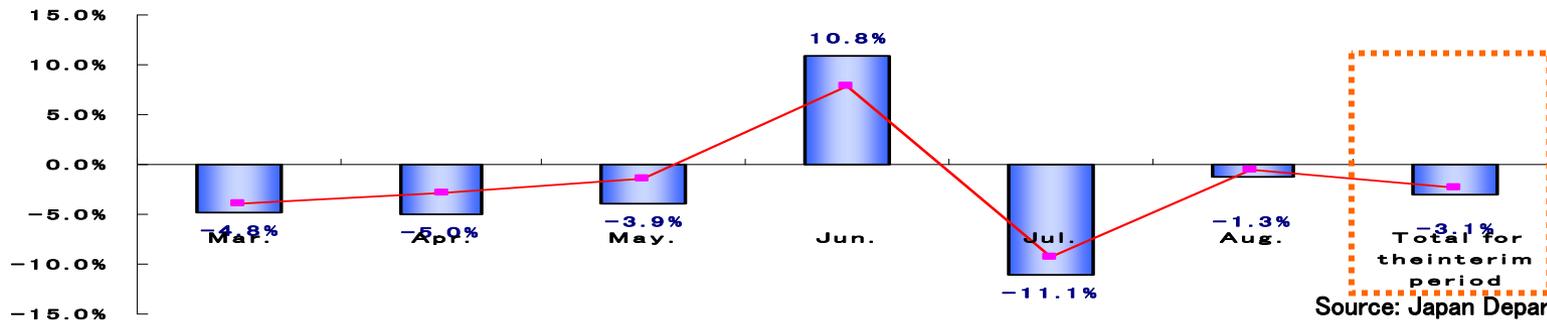
	Fiscal 2008 Interim Period				Fiscal 2008 Second Half (Planned)				Fiscal 2008 (Full Year)			
	Net sales		Ordinary income		Net sales		Ordinary income		Net sales		Ordinary income	
	Amounts	Change	Amounts	Change	Amounts	Change	Amounts	Change	Amounts	Change	Amounts	Change
Apparel	135,534	(-9.9%)	9,923	(-23.6%)	147,159	(-8.6%)	14,687	(-0.2%)	282,693	(-9.2%)	24,610	(-11.2%)
Services	11,545	(-5.6%)	332	(-37.5%)	11,198	(-19.7%)	277	(-32.9%)	22,743	(-13.2%)	609	(-35.5%)
Resorts	3,236	(42.9%)	51	↗	3,328	(24.7%)	197	↗	6,564	(33.1%)	248	↗
Total before eliminations	150,315	(-8.9%)	10,306	(-22.7%)	161,685	(-8.9%)	15,161	(0.9%)	312,000	(-8.9%)	25,467	(-10.2%)
Eliminations for consolidation	-9,479	—	642	—	-10,521	—	-609	—	-20,000	—	33	—
Consolidated Total	140,836	(-8.0%)	10,948	(-8.0%)	151,164	(-8.7%)	14,552	(-6.1%)	292,000	(-8.4%)	25,500	(-7.0%)

Sales by Sales Channel (Onward Kashiyama)

Sales at department stores declined 3.1% because of weakness in major core brands
Sales through new channels grew 3% as sales of core brands held firm

Comparison of department store apparel sales and Onward sales(% change year on year)

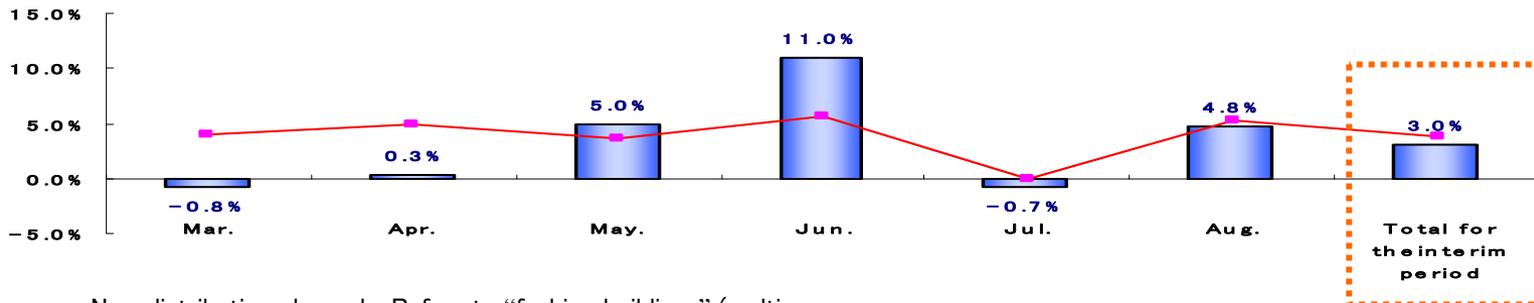
Onward All department stores(including existing and new store)



Source: Japan Department Stores Association

Comparison of domestic shopping center (SC) sales and Onward sales through new distribution channels(% change year on year)

Onward All SC's (including existing and new stores)



New distribution channels: Refers to “fashion buildings” (multi-story facilities housing boutiques and other retail outlets) and shopping centers.

Source: Japan Council of Shopping Centers

Onward Kashiyama's Performance during the Interim Period and Policies for the Latter Half

Interim Period Performance

Plan for Second Half (Including trading business)

Plan for Full Fiscal Year (Including trading business from second half)

Existing brands

➢ Net sales ¥96,978 million (-3.1%)
➢ Ordinary income ¥9,981 million (-13.7%)

Principal factors

- Weakness in apparel market due to weather and other factors
- Lackluster performance of major core brands, accumulation of inventories result in decline of gross margin

➢ Net sales ¥103,591 million (-1.1%)
➢ Ordinary income ¥12,994 million (-3.5%)

Principal factors

- Concentration of resources on major core brands
- Lower inventory ratio stemming from improved flexibility led to better margins

➢ Net sales ¥200,569 million (2.1%)
➢ Ordinary income ¥22,975 million (-8.2%)

Secure Profit for the Year

New Brands

➢ Net sales ¥6,008 million (20.9%)
➢ Ordinary income -¥1,686 million (-¥565 million)

Principal factors

- Expansion in loss due to missing of initial sales targets

➢ Net sales ¥7,623 million (28.6%)
➢ Ordinary income -¥1,089 million (-¥692 million)

Principal factors

- Elimination of unprofitable brands in second half
- Focus on strong brands, early return to profitability

Reallocation of Management Resources

Improvement in Profitability

Total

➢ Net sales ¥102,986 million (-2%)
➢ Ordinary income ¥8,295 million (-20.6%)

➢ Net sales ¥111,214 million (0.5%)
➢ Ordinary income ¥11,905 million (1.9%)

➢ Net sales ¥214,200 million (-0.7%)
➢ Ordinary income ¥20,200 million (-8.7%)

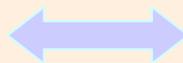
Onward Group's Strategy and Directions

Domestic Business

“Stable Expansion of Profits”

- Selection and concentration in brand business
- Sharp tuning of business strategies

Borderlessness



Overseas Business

“Aggressive Business Expansion”

- Expand profits of enterprises in Europe (GIBO' CO. Group, JOSEPH Group)
- Aggressive expansion in Asia

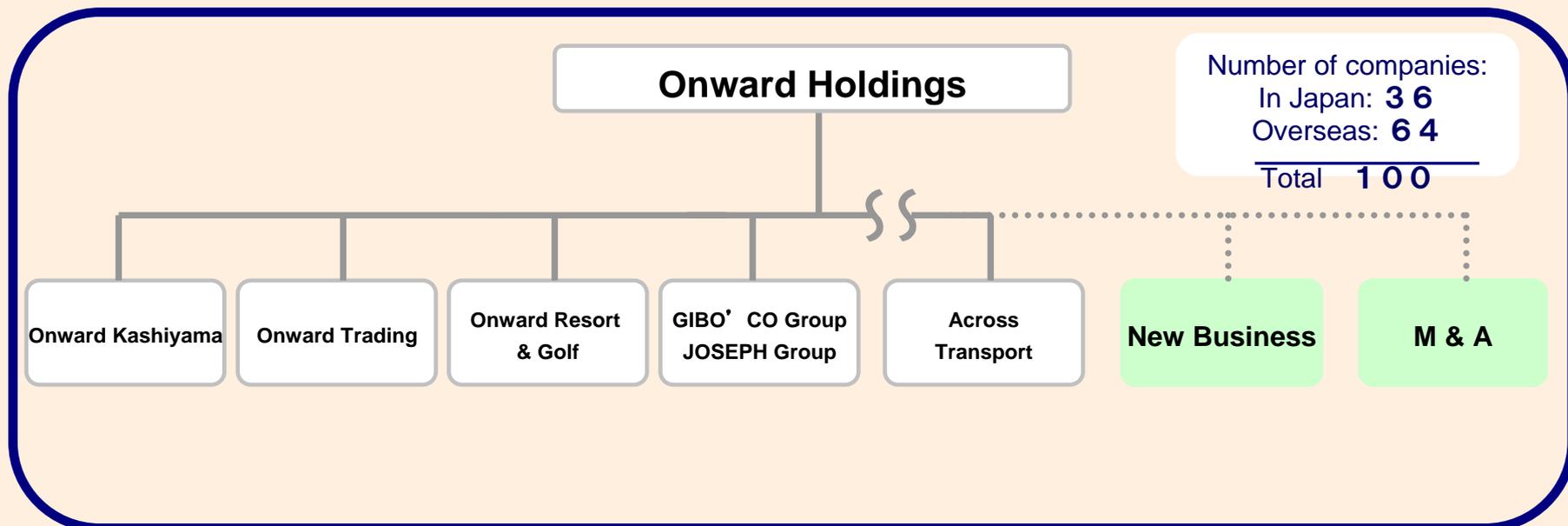
Success overseas supports success in Japan

- Strengthen Group management capabilities

Further improvement in management efficiency

- Transition to holding company system

Accelerate Group growth strategy



Performance of Principal Subsidiaries: Plans for Fiscal 2008

Domestic Business

Strengthen basic capabilities
and achieve stable growth

Onward Kashiwama

Onward Trading

Chacott

Bus Stop

Onward Creative Center

Across Transport

Principal operating companies

Overseas Business

Accelerate business expansion
and growth strategies

European region

JOSEPH Group

G I B O ' C O . Group

Others

➤ Net sales ¥35.9 billion

Growth
(10.6%)

Asian region

Onward China,
Others

➤ Net sales ¥6.3 billion

Growth
(38.2%)

United States

J. PRESS

Onward Beach Resort Guam

Onward Golf Resort Guam

Other

➤ Net sales ¥4.8 billion

Growth
(50.8%)

Total

➤ Net Sales ¥265.0 billion Growth (-12.3%)
➤ Ordinary income ¥21.4 billion (-18.0%)

➤ Sales ¥47.0 billion Growth (16.9%)
➤ Ordinary income ¥4.1 billion (79.7%)

* "Total" refers to the arithmetic sum before eliminations for consolidation.

More Pronounced Bipolarization

"From advanced countries to Japan"

- Entry of luxury brands
- Entry of lower priced fashionable brands

"From the rest of Asia to Japan"

- Direct entry of low-priced products

- Sales area of Japanese apparel manufacturers in urban department stores declines
⇒ Applying same business style as in urban to regional department stores

Musical chairs game accelerates

"Creating Brands with Real Value is Essential"

Current Performance and Issues

➤Lackluster performance of new brands

(Result : Proliferation of small-scale brands aimed at niche markets)

➤Dispersal of management resources (people, goods and capital)

➤Major core brands encounter difficulties

Major decline in profitability

Direction

**Selection and Concentration
in Brands**

**“Clarify areas for attack and
defense !”**

- ✓ Review/cut back on brands with issues to address
- ✓ Develop major brands with companywide involvement

**“Make Full Commitment to Brand-Leveraged
Management”**

Principal Financial Indicators

No. 11~15

- Consolidated Results in Fiscal 2008 (Actual and Planned)
- Results for Onward Kashiyama in Fiscal 2008 (Actual and Planned)
- Onward Kashiyama's Sales by Product and Distribution Channel
- Onward Kashiyama's Trends in Sales Area and Monthly Sales
- Trends in Capital Investment and Depreciation

Consolidated Results in Fiscal 2008

(Unit: ¥ million)

	Interim period				Plan for second half				Plan for full fiscal year			
	Fiscal 2008	Fiscal 2007	Change	% change	Fiscal 2008	Fiscal 2007	Change	% change	Fiscal 2008	Fiscal 2007	Change	% change
Net sales	140,836	153,097	-12,261	(-8.0%)	151,164	165,593	-14,429	(-8.7%)	292,000	318,690	-26,690	(-8.4%)
Gross profit	63,252	68,910	-5,658	(-8.2%)	69,248	73,985	-4,737	(-6.4%)	132,500	142,895	-10,395	(-7.3%)
(Ratio)	(44.9%)	(45.0%)	(-0.1%)		(45.8%)	(44.7%)	(1.1%)		(45.4%)	(44.8%)	(0.6%)	
Operating expenses	55,845	57,967	-2,122		56,255	59,497	-3,242	(-5.4%)	112,100	117,464	-5,364	(-4.6%)
(Ratio)	(39.7%)	(37.9%)	(1.8%)	(-3.7%)	(37.2%)	(35.9%)	(1.3%)	(-5.4%)	(38.4%)	(36.9%)	(1.5%)	(-4.6%)
Operating income	7,407	10,943	-3,536	(-32.3%)	12,993	14,488	-1,495	(-10.3%)	20,400	25,431	-5,031	(-19.8%)
(Ratio)	(5.3%)	(7.1%)	(-1.8%)		(8.6%)	(8.7%)	(-0.1%)		(7.0%)	(8.0%)	(-1.0%)	
Ordinary income	10,948	11,906	-958	(-8.0%)	14,552	15,501	-949	(-6.1%)	25,500	27,407	-1,907	(-7.0%)
(Ratio)	(7.8%)	(7.8%)	(0.0%)		(9.6%)	(9.4%)	(0.2%)		(8.7%)	(8.6%)	(0.1%)	
Net income	6,357	-534	6,891		6,643	11,972	-5,329	(-44.5%)	13,000	11,438	1,562	(13.7%)
(Ratio)	(4.5%)	(-0.3%)	(4.8%)		(4.4%)	(7.2%)	(-2.8%)		(4.5%)	(3.6%)	(0.9%)	

Results for Onward Kashiya in Fiscal 2008

(Trading Business Group of Onward Trading included in second half)

(Unit: ¥ million)

	Interim period of fiscal 2008				Plans for second half				Plans for fiscal 2008			
	Fiscal 2008	Fiscal 2007	Change	% change	Fiscal 2008	Fiscal 2007	Change	% change	Fiscal 2008	Fiscal 2007	Change	% change
Net sales	102,986	105,069	-2,083	(-2.0%)	111,214	110,666	548	(0.5%)	214,200	215,735	-1,535	(-0.7%)
Gross profit	46,681	48,224	-1,543	(-3.2%)	52,219	51,115	1,104	(2.2%)	98,900	99,339	-439	(-0.4%)
(Ratio)	(45.3%)	(45.9%)	(-0.6%)		(47.0%)	(46.2%)	(0.8%)		(46.2%)	(46.0%)	(0.2%)	
Operating expenses	40,976	40,394	582	(1.4%)	41,624	40,712	912	(2.2%)	82,600	81,106	1,494	(1.8%)
(Ratio)	(39.8%)	(38.4%)	(1.4%)		(37.4%)	(36.8%)	(0.6%)		(38.6%)	(37.6%)	(1.0%)	
Operating income	5,705	7,830	-2,125	(-27.1%)	10,595	10,403	192	(1.8%)	16,300	18,233	-1,933	(-10.6%)
(Ratio)	(5.5%)	(7.5%)	(-2.0%)		(9.5%)	(9.4%)	(0.1%)		(7.6%)	(8.5%)	(-0.9%)	
Ordinary income	8,295	10,450	-2,155	(-20.6%)	11,905	11,679	226	(1.9%)	20,200	22,129	-1,929	(-8.7%)
(Ratio)	(8.1%)	(9.9%)	(-1.8%)		(10.7%)	(10.6%)	(0.1%)		(9.4%)	(10.3%)	(-0.9%)	
Net income	9,848	-589	10,437	↗	5,952	8,230	-2,278	(-27.7%)	15,800	7,641	8,159	(106.8%)
(Ratio)	(9.6%)	(-0.6%)	(10.2%)		(5.4%)	(7.4%)	(-2.0%)		(7.4%)	(3.5%)	(3.9%)	

Onward Kashiwama's Sales by Type and Distribution Channel (Including trading business from second half)

<Sales by type>

(Unit: ¥ million)

	Interim period of fiscal 2008		Plans for the second half		Plans for fiscal 2008	
	Amount	% change	Amount	% change	Amount	% change
Men's	29,526	-1.3%	32,973	1.8%	62,499	0.3%
Women's	64,777	-1.9%	69,276	0.5%	134,053	-0.7%
Children's	3,607	-9.1%	4,131	-6.3%	7,738	-7.6%
Kimono	1,877	-5.7%	1,404	-10.1%	3,281	-7.6%
Other	3,199	2.4%	3,430	2.5%	6,629	2.5%
Total	102,986	-2.0%	111,214	0.5%	214,200	-0.7%

<Sales by distribution channel>

(Unit: ¥ million)

	Interim period of fiscal 2008		Plans for the second half		Plans for fiscal 2008	
	Amount	% change	Amount	% change	Amount	% change
Department stores	68,422	-3.1%	76,611	-2.2%	145,033	-2.6%
New distribution channels	15,873	3.0%	17,396	4.0%	33,269	3.5%
Specialty stores	2,963	-5.2%	3,028	-4.3%	5,991	-4.8%
Chain stores	1,265	-4.2%	1,511	-5.9%	2,776	-5.1%
Other	14,463	-1.1%	12,668	16.8%	27,131	6.5%
Total	102,986	-2.0%	111,214	0.5%	214,200	-0.7%

Onward Kashiwama's Trends in Sales Area and Monthly Sales

Trends in Onward Kashiwama's Sales Area

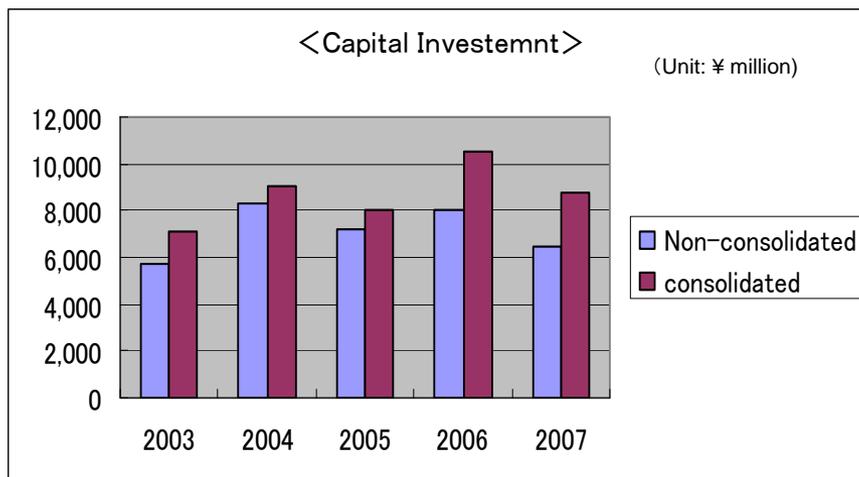
		Fiscal 2004		Fiscal 2005		Fiscal 2006		Fiscal 2007		Interim fiscal 2008		Plans for fiscal 2008	
Dept. Stores	Sales (¥ million)	126,016	4.3%	133,973	6.3%	139,376	4.0%	148,911	6.8%	68,422	-3.1%	145,033	-2.6%
	Sales area (m2)	157,970	4.9%	175,000	10.8%	174,310	-0.4%	182,480	4.7%	183,000	0.8%	182,510	±0%
New Channels	Sales (¥ million)	25,713	39.6%	29,318	14.0%	30,064	2.5%	32,138	6.9%	15,873	3.0%	33,269	3.5%
	Sales area (m2)	73,450	29.3%	87,470	19.1%	92,190	5.4%	95,830	3.9%	95,110	4.3%	97,950	2.2%

Trends in Onward Kashiwama's Monthly Sales

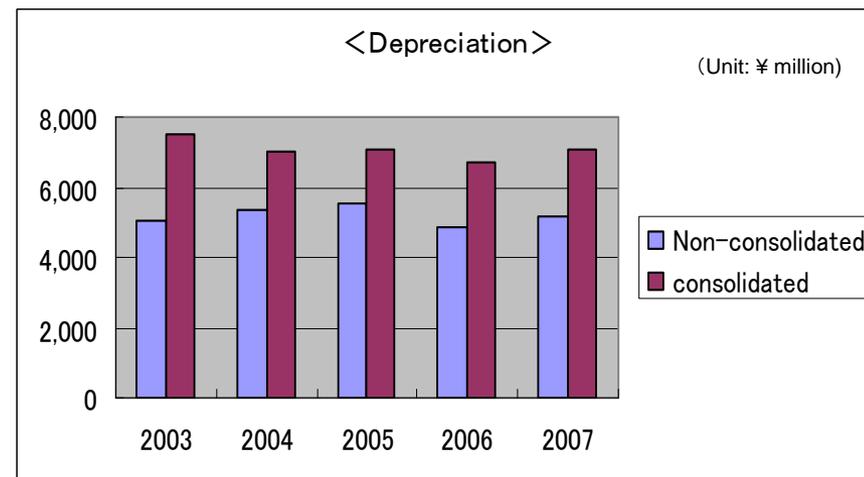
(Unit: %)

Fiscal 2008	Mar	Apr	May	Jun	Jul	Aug	Interim	Sept	Oct	Nov	Dec	Jan	Feb	Second half	Full year
Men's	-4	-4	-2	8	-5	-2	-1								
Women's	-5	-6	-3	13	-8	2	-2								
Children's	-11	-7	-9	-2	-14	-9	-9								
Kimono	-8	-9	19	2	-12	-12	-6								
Other	7	-1	-16	13	7	3	2								
Total	-4	-5	-3	11	-7	±0	-2								

Trends in Capital Investment and Depreciation



(Year)



(Year)

[Capital Investment]

(Unit: ¥ million)

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Interim Fiscal 2008	Plans for fiscal 2008
Consolidated	7,145	9,076	8,053	10,506	4,943	8,800
OW	5,716	8,280	7,238	8,046	3,019	6,500

[Depreciation]

(Unit: ¥ million)

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Interim Fiscal 2008	Plans for Fiscal 2008
Consolidated	7,530	7,041	7,053	6,697	3,363	7,100
OW	5,057	5,353	5,542	4,890	2,535	5,200