



Summary of Financial Results for the Third Quarter of Fiscal Year 2014 (Nine Months Ended September 30, 2014)

[Japanese GAAP]

October 31, 2014

Company name: **SENSHUKAI CO.,LTD.** Stock exchange: Tokyo Stock Exchange, First Section
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Scheduled date of filing of Quarterly Report: November 13, 2014

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest millions of yen)

1. Consolidated Financial Results for the 3rd Quarter of 2014 (January 1, 2014 – September 30, 2014)

(1) Consolidated operating results (cumulative)

(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	%
3Q 2014	102,135	1.2	837	(46.8)	1,092	(45.7)	346	(70.9)
3Q 2013	100,954	(1.2)	1,575	-	2,012	490.9	1,190	-

Note: Comprehensive income (millions of yen) 3Q 2014: 697 (down 70.3%) 3Q 2013: 2,346 (up 297.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q 2014	8.00	7.33
3Q 2013	27.49	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q 2014	99,712	49,988	50.1	1,154.25
Fiscal Year 2013	98,800	50,359	51.0	1,162.81

Reference: Shareholders' equity (millions of yen) 3Q 2014: 49,988

Fiscal Year 2013: 50,359

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2013	-	12.00	-	12.00	24.00
Fiscal Year 2014	-	12.00	-	-	-
Fiscal Year 2014 (forecasts)	-	-	-	12.00	24.00

Note: Revision to the most recently announced dividend forecast: None

3. Consolidated Outlook for Fiscal Year 2014 (January 1, 2014 – December 31, 2014)

(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 2014	146,500	3.5	3,600	(10.4)	4,000	(13.6)	2,300	(43.2)	53.11

Note: Revision to the most recently announced consolidated outlook: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to "2. Matters Related to Summary Information (Notes), (2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements" on page 3 for further information.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

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

3Q 2014:	47,630,393 shares	Fiscal Year 2013:	47,630,393 shares
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2) Number of treasury shares at end of period

3Q 2014:	4,322,308 shares	Fiscal Year 2013:	4,321,851 shares
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3) Average number of shares outstanding during the period

3Q 2014:	43,308,309 shares	3Q 2013:	43,308,820 shares
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* Disclosure regarding the implementation of quarterly review procedures

These quarterly financial results materials are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. Thus, at the time of its disclosure, the quarterly financial statement review procedures based on the Financial Instruments and Exchange Act have not been completed.

* 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 3, "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements."

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the cumulative third quarter (January 1, 2014 to September 30, 2014) of the current fiscal year, the Japanese economy continued to recover at a moderate pace as corporate profits and employment situation improved with the support of economic and monetary measures by the Japanese government and Bank of Japan. In the retail industry, the operating environment remained severe due to the slow pace of the recovery in personal consumption. Spending by consumers was impacted by the consumption tax rate hike in April. Furthermore, the higher cost of electricity and gasoline due to the weaker yen along with other rising prices have lowered the real income of consumers.

In this environment, the Senshukai Group is concentrating on achieving the first fiscal year targets of the medium- to long-term management plan that started in 2014.

Net sales in the cumulative third quarter increased 1.2% year-over-year to 102,135 million yen.

Operating income decreased 46.8% year-over-year to 837 million yen due to a decline in the gross profit margin caused primarily by the effect of the weaker yen in the mail-order business.

Ordinary income decreased 45.7% year-over-year to 1,092 million yen and net income decreased 70.9% year-over-year to 346 million yen.

Overview by segment

(Mail-order Business)

Consolidated sales in the mail-order business, comprising the catalog and the *hanpukai* businesses, decreased 0.4% year-over-year to 90,386 million yen in the cumulative third quarter.

Operating income decreased 55.6% year-over-year to 525 million yen. Although there were reductions in promotion expenses and printing costs, the gross profit margin declined because of the higher cost of sales.

(a) Catalog business

Consolidated sales in the catalog business increased 0.6% year-over-year to 85,231 million yen in the cumulative third quarter.

(b) *Hanpukai* business

Consolidated sales in the *hanpukai* business decreased 14.2% year-over-year to 5,154 million yen in the cumulative third quarter.

(Bridal Business)

Consolidated sales in the bridal business, centered on the house wedding business, increased 21.0% year-over-year to 8,534 million yen in the cumulative third quarter, and operating income increased 20.3% year-over-year to 82 million yen.

(Corporates Business)

Consolidated sales in the corporates business, which provides products and services to corporations, increased 0.2% year-over-year to 2,843 million yen in the cumulative third quarter, and operating income decreased 22.4% year-over-year to 220 million yen.

(Others)

Consolidated sales in other businesses, which provides services business (primarily insurance and credit card services) and childcare business, increased 5.3% year-over-year to 371 million yen in the cumulative third quarter, and operating income decreased 76.9% year-over-year to 9 million yen.

(2) Explanation of Financial Position

(Balance sheet position)

Assets totaled 99,712 million yen at the end of the third quarter of the current fiscal year, an increase of 911 million yen from the end of the previous fiscal year.

Current assets increased 1,539 million yen to 51,717 million yen. The main factors were increases of 2,498 million yen in merchandise and finished goods, 1,217 million yen in cash and deposits, and 782 million yen in other, while there was a decrease of 2,959 million yen in accounts receivable-other. Non-current assets decreased 627 million yen to 47,994 million yen. The main factors were decreases of 312 million yen in intangible assets and 384 million yen in investments and other assets, while there was an increase of 69 million yen in property, plant and equipment.

Current liabilities decreased 4,521 million yen to 35,113 million yen. The main factors were decreases of 8,395 million yen in other and 274 million yen in income taxes payable, while there was an increase of 4,319 million yen in electronically recorded obligations-operating. Non-current liabilities increased 5,804 million yen to 14,609 million yen. The main factor was an increase of 7,000 million yen in bonds with subscription rights to shares, while there were decreases of 761 million yen in long-term loans payable and 700 million yen in bonds payable.

Net assets decreased 371 million yen to 49,988 million yen. The main factor was a decrease of 718 million yen in retained earnings, while there were increases of 294 million yen in valuation difference on available-for-sale securities and 37 million yen in deferred gains or losses on hedges. Consequently, the equity ratio was 50.1%.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

Senshukai currently maintains its consolidated outlook for the current fiscal year (January 1, 2014 to December 31, 2014) that was revised and released on July 25, 2014.

2. Matters Related to Summary Information (Notes)**(1) Changes in Significant Subsidiaries during the Period**

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

(Calculation of tax expense)

The tax expenses are calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to income before income taxes and minority interests during the fiscal year in which the quarter under review falls, and multiplying that rate by the income before income taxes and minority interests for the quarter under review. However, the Company uses legally stipulated effective tax rates to calculate tax expenses for cases in which using estimated tax rates gives a noticeably irrational result.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	Fiscal Year 2013 (As of Dec. 31, 2013)	3Q 2014 (As of Sep. 30, 2014)
Assets		
Current assets		
Cash and deposits	6,495	7,712
Notes and accounts receivable-trade	6,395	6,379
Merchandise and finished goods	21,296	23,794
Accounts receivable-other	9,609	6,649
Other	6,688	7,470
Allowance for doubtful accounts	(306)	(290)
Total current assets	50,177	51,717
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,754	14,233
Land	12,108	12,096
Other, net	2,912	2,514
Total property, plant and equipment	28,775	28,844
Intangible assets		
Goodwill	2,127	2,087
Other	3,604	3,331
Total intangible assets	5,731	5,419
Investments and other assets		
Investment securities	7,514	7,087
Other	6,914	6,956
Allowance for doubtful accounts	(314)	(312)
Total investments and other assets	14,114	13,730
Total non-current assets	48,622	47,994
Total assets	98,800	99,712

	(Millions of yen)	
	Fiscal Year 2013 (As of Dec. 31, 2013)	3Q 2014 (As of Sep. 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,496	6,743
Electronically recorded obligations-operating	6,204	10,524
Short-term loans payable	6,386	6,147
Current portion of bonds	700	700
Income taxes payable	416	141
Provision for directors' bonuses	30	-
Provision for sales promotion expenses	588	439
Other	18,813	10,417
Total current liabilities	39,635	35,113
Non-current liabilities		
Bonds payable	1,150	450
Bonds with subscription rights to shares	-	7,000
Long-term loans payable	4,814	4,052
Provision for retirement benefits	34	85
Other	2,806	3,021
Total non-current liabilities	8,805	14,609
Total liabilities	48,440	49,723
Net assets		
Shareholders' equity		
Capital stock	20,359	20,359
Capital surplus	21,038	21,038
Retained earnings	16,353	15,635
Treasury shares	(2,776)	(2,776)
Total shareholders' equity	54,975	54,256
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	774	1,068
Deferred gains or losses on hedges	1,278	1,316
Revaluation reserve for land	(6,720)	(6,724)
Foreign currency translation adjustment	52	71
Total accumulated other comprehensive income	(4,615)	(4,268)
Total net assets	50,359	49,988
Total liabilities and net assets	98,800	99,712

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Nine-month Period)**

(Millions of yen)

	3Q 2013 (Jan. 1, 2013 – Sep. 30, 2013)	3Q 2014 (Jan. 1, 2014 – Sep. 30, 2014)
Net sales	100,954	102,135
Cost of sales	51,756	54,155
Gross profit	49,197	47,979
Selling, general and administrative expenses	47,622	47,142
Operating income	1,575	837
Non-operating income		
Interest income	41	31
Dividend income	78	79
Gain on adjustment of account payable	184	169
Other	373	204
Total non-operating income	677	484
Non-operating expenses		
Interest expenses	162	147
Other	78	82
Total non-operating expenses	240	229
Ordinary income	2,012	1,092
Extraordinary income		
Gain on sales of non-current assets	4	4
Gain on sales of investment securities	51	0
Total extraordinary income	55	4
Extraordinary losses		
Loss on sales and retirement of non-current assets	606	49
Loss on valuation of investment securities	-	150
Loss on sales of investment securities	-	147
Other	53	41
Total extraordinary losses	659	389
Income before income taxes and minority interests	1,409	707
Income taxes	218	360
Income before minority interests	1,190	347
Minority interests in income	-	0
Net income	1,190	346

(Quarterly Consolidated Statement of Comprehensive Income)
(For the Nine-month Period)

(Millions of yen)

	3Q 2013 (Jan. 1, 2013 – Sep. 30, 2013)	3Q 2014 (Jan. 1, 2014 – Sep. 30, 2014)
Income before minority interests	1,190	347
Other comprehensive income		
Valuation difference on available-for-sale securities	1,121	294
Deferred gains or losses on hedges	(49)	37
Foreign currency translation adjustment	61	9
Share of other comprehensive income of entities accounted for using equity method	23	9
Total other comprehensive income	1,156	350
Comprehensive income	2,346	697
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,346	697
Comprehensive income attributable to minority interests	-	0

(3) Notes to Quarterly Consolidated Financial Statements**(Going Concern Assumption)**

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Segment and Other Information)

I 3Q 2013 (Jan. 1, 2013 – Sep. 30, 2013)

1. Information related to sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Mail-order business	Bridal business	Corporates business	Sub-total				
Net sales								
Sales to customers	90,712	7,051	2,838	100,601	352	100,954	-	100,954
Inter-segment sales or transfers	493	-	25	518	101	620	(620)	-
Total	91,205	7,051	2,863	101,120	454	101,574	(620)	100,954
Segment profit	1,184	68	283	1,536	39	1,576	(1)	1,575

Notes: 1. Others represent the businesses which are not included in any of the three reportable segments and consist of the services business primarily offering travel and credit card services, and the pet business distributing pet goods through retail stores.

2. The (1) million yen adjustment to segment profit comprises elimination for inter-segment transactions.

3. Segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated statement of income.

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

No major events or changes occurred.

II 3Q 2014 (Jan. 1, 2014 – Sep. 30, 2014)

1. Information related to sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Mail-order business	Bridal business	Corporates business	Sub-total				
Net sales								
Sales to customers	90,386	8,534	2,843	101,763	371	102,135	-	102,135
Inter-segment sales or transfers	612	-	89	702	0	703	(703)	-
Total	90,998	8,534	2,933	102,466	371	102,838	(703)	102,135
Segment profit	525	82	220	828	9	837	0	837

Notes: 1. Others represent the businesses which are not included in any of the three reportable segments and consist mainly of the services business primarily offering insurance and credit card services, and childcare business.

2. The 0 million yen adjustment to segment profit comprises elimination for inter-segment transactions.

3. Segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated statement of income.

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

No major events or changes occurred.

* 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.