



Summary of Financial Results for the Third Quarter of Fiscal Year 2010 (Nine Months Ended September 30, 2010)

[Japanese GAAP]

October 29, 2010

Company name: **Senshukai Co., Ltd.**

Stock Exchanges: Tokyo and Osaka, First Sections

Stock Code: 8165

URL: <http://www.senshukai.co.jp>

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Scheduled date of filing of Quarterly Report: November 12, 2010

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 million yen)

1. Consolidated Financial Results for the 3rd Quarter of 2010 (January 1, 2010 – September 30, 2010)

(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 2010	97,603	(8.5)	1,646	-	1,495	-	885	-
3Q 2009	106,671	-	(1,716)	-	(1,147)	-	(1,538)	-

	Net income per share	Diluted net income per share
	Yen	Yen
3Q 2010	20.44	-
3Q 2009	(33.50)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q 2010	88,144	38,058	43.2	878.75
Fiscal Year 2009	91,837	37,906	41.3	874.89

Reference: Shareholders' equity (million yen)

3Q 2010:

38,058

Fiscal Year 2009:

37,892

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Yearend	Total
	Yen	Yen	Yen	Yen	Yen
Full Year 2009	-	6.00	-	0.00	6.00
Full Year 2010	-	6.00	-	-	-
Full Year 2010 (forecasts)	-	-	-	6.00	12.00

Note: Revision of dividend forecast during the period: None

3. Consolidated Outlook for Fiscal Year 2010 (January 1, 2010 – December 31, 2010)

(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 2010	139,400	(5.4)	2,700	-	2,750	-	2,050	-	47.33

Note: Revision of consolidated outlook during the period: None

4. Other (Please refer to “2. Other Information” on page 4 of the attached documents for further information)

(1) Changes in significant subsidiaries during the period: None

Newly added: - Excluded: -

Note: Changes in specified subsidiaries affecting the scope of consolidation during the period

(2) Application of simplified accounting methods and special accounting methods: Yes

Note: Application of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, presentation methods, etc.

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Changes in accounting principles, procedures, presentation methods, etc. for presenting quarterly consolidated financial statements described in “Changes in the Significant Accounting Policies for the Preparation of Quarterly Consolidated Financial Statements”

(4) Number of shares outstanding (common shares)

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

3Q 2010:	47,630,393 shares	Fiscal Year 2009:	47,630,393 shares
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2) Number of treasury stock at end of period

3Q 2010:	4,320,336 shares	Fiscal Year 2009:	4,319,385 shares
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3) Average number of shares outstanding during the period

3Q 2010:	43,310,364 shares	3Q 2009:	45,939,790 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 disclosure of these quarterly financial results materials, 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, “(3) Qualitative Information Regarding Consolidated Outlook.”

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

In the cumulative third quarter (January 1, 2010 to September 30, 2010) of the current fiscal year, the Japanese economy showed some signs of recovery as corporate earnings improved, but uncertainty grew due to the sluggish eurozone economy, sharp yen appreciation triggered by concerns of a slowing recovery of the US economy, and weak share prices.

In the retail industry, personal consumption has yet to meaningfully recover as consumers remain thrifty and exhibit a strong preference for low-priced items. Also, sales of autumn and winter apparel were weaker than normal due to the unusually hot and long summer this year.

In this environment, the Senshukai Group pulls together to achieve the targets of its medium-term management plan which concludes in Fiscal Year 2010, the current fiscal year.

Net sales in the cumulative third quarter declined 8.5% year-over-year to 97,603 million yen.

Operating income improved from a 1,716 million yen loss in the same period of the previous fiscal year to a 1,646 million yen gain in the cumulative third quarter period of the current fiscal year, despite a decline in sales, due to a decline in the cost-of-sales ratio and cuts to SG&A expenses.

Ordinary income improved from a 1,147 million yen loss to a 1,495 million yen gain, and net income improved from a 1,538 million yen loss to an 885 million yen gain.

Segment information

(Mail-order Business)

Consolidated sales in the mail-order business, which comprises the catalog and the *hanpukai* businesses, decreased 11.0% year-over-year to 84,604 million yen in the cumulative third quarter due to weak sales of autumn and winter apparel resulting from an unusually hot August and lingering summer heat in September.

In terms of profits, operating income improved to 1,579 million yen, compared with a loss of 1,420 million yen in the same period of the previous fiscal year, due to reductions in catalog costs and SG&A expenses.

(1) Catalog business

Consolidated sales in the catalog business decreased 10.9% year-over-year to 77,457 million yen in the cumulative third quarter.

(2) *Hanpukai* business

Consolidated sales in the *hanpukai* business declined 12.4% year-over-year to 7,147 million yen in the cumulative third quarter.

(Other Businesses)

The “other businesses” segment consists of the services business which primarily offers travel and credit card services, the storefront business, the pet business, the corporates business which provides products and services to corporations, and the wedding business. Consolidated sales in this segment increased 12.0% year-over-year to 12,998 million yen in the cumulative third quarter. Operating income totaled 0 million yen, compared with an operating loss of 350 million yen in the same period of the previous fiscal year.

(2) Qualitative Information Regarding Consolidated Financial Position

(Balance sheet position)

Assets totaled 88,144 million yen at the end of the third quarter of the current fiscal year, down 3,693 million yen from the end of the previous fiscal year.

Current assets decreased 2,327 million yen to 39,789 million yen. The main factors were decrease of 2,222 million yen in notes and accounts receivable-trade, 1,788 million yen in accounts receivable-other and 1,007 million yen in cash and deposits, and an increase of 2,343 million yen in merchandise and finished goods. Noncurrent assets decreased 1,365 million yen to 48,354 million yen, mainly due to an increase of 404 million yen in intangible assets, and decreases of 732 million yen in property, plant and equipment and 1,038 million yen in investments and other assets.

Current liabilities decreased 1,706 million yen to 39,615 million yen. The main factors were decreases of 2,243 million yen in accounts payable-factoring and 1,392 million yen in short-term loans payable, and an increase of 1,242 million yen in notes and accounts payable-trade. Noncurrent liabilities decreased 2,138 million yen to 10,470 million yen, mainly due to decreases in long-term loans payable of 1,432 million yen and bonds payable of 733 million yen.

Net assets increased 151 million yen to 38,058 million yen. The main factors were decreases of 249 million yen in deferred gains or losses on hedges and 176 million yen in valuation difference on available-for-sale securities, and an increase in retained earnings of 672 million yen. Consequently, the equity ratio was 43.2%.

(Cash flow position)

The balance of cash and cash equivalents at the end of the third quarter of the current fiscal year was 7,625 million yen, a decrease of 1,169 million yen from the end of the previous fiscal year.

Operating activities provided net cash of 3,899 million yen. The main contributing factors were a 2,173 million yen decrease in notes and accounts receivable-trade, depreciation of 1,791 million yen, an increase of 1,243 million yen in notes and accounts payable-trade, and income before income taxes and minority interests of 1,162 million yen. Negative factor included a 2,373 million yen increase in inventories.

Investing activities used net cash of 1,239 million yen. The main cash inflow was a 400 million yen proceeds from redemption of investment securities. The main cash outflows were 1,035 million yen for the purchase of intangible assets, and 793 million yen for the purchase of property, plant and equipment.

Financing activities used net cash of 3,808 million yen. The main cash inflow was a 600 million yen proceeds from long-term loans payable, while cash outflows include a repayment of long-term loans payable of 1,924 million yen, a net decrease in short-term loans payable of 1,500 million yen, and redemption of bonds of 733 million yen.

(3) Qualitative Information Regarding Consolidated Outlook

Regarding the outlook for the full fiscal year, Senshukai does not expect to see a meaningful recovery in the economy, and believes the business outlook is extremely uncertain due to the weak recovery in personal consumption.

Senshukai does not change the business forecasts for the current fiscal year (January 1, 2010 to December 31, 2010) that it released on July 23, 2010. It also maintains its non-consolidated outlook.

2. Other Information

(1) Overview of Changes in Significant Subsidiaries

Not applicable.

(2) Overview of Application of Simplified Accounting Methods and Special Accounting Methods

(Simplified accounting methods)

1) Method for estimating the uncollectible amount of general reserve

The uncollectible amount of general reserve was estimated using the historical default rates at the end of the previous fiscal year as the ratio at the end of the third quarter of the current fiscal year was found not to be significantly different from the ratio at the end of the previous fiscal year.

2) Valuation of inventories

For inventories at the end of the third quarter of the current fiscal year, a valuation was determined by using a reasonable method based on actual inventories at the end of the second quarter of the current fiscal year. No physical inventory count was performed.

3) Calculation of depreciation expense for noncurrent assets

For assets subject to the declining-balance method, depreciation expense for the period is calculated pro rata from the full-year amount of depreciation expense for the fiscal year.

4) Judgments about the recoverability of deferred tax assets

Judgments about the recoverability of deferred tax assets are made based on the earnings forecast at the end of the previous fiscal year and tax planning with regard to items where there have been no significant changes in the operating environment or in the occurrence of temporary differences following the end of the previous fiscal year.

(Special accounting methods in the preparation of quarterly financial statements)

The tax expenses were 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, and multiplying that rate by the quarterly income before income taxes and minority interests. 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. Income taxes-deferred were included and displayed with income taxes.

(3) Overview of Changes in Accounting Principles, Procedures, Presentation Methods, etc.

(Application of Accounting Standards for Business Combinations)

Beginning with the third quarter of the current fiscal year, "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, December 26, 2008), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008) have been adopted.

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

(Million yen)

	3Q 2010 (As of Sep. 30, 2010)	Fiscal Year 2009 Summary (As of Dec. 31, 2009)
Assets		
Current assets		
Cash and deposits	7,605	8,613
Notes and accounts receivable-trade	8,026	10,248
Short-term investment securities	20	182
Merchandise and finished goods	13,310	10,967
Raw materials and supplies	139	112
Accounts receivable-other	5,779	7,568
Other	5,140	4,719
Allowance for doubtful accounts	(232)	(294)
Total current assets	39,789	42,117
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	14,160	14,219
Land	10,980	11,078
Other, net	2,179	2,753
Total property, plant and equipment	27,320	28,052
Intangible assets		
Goodwill	2,655	2,793
Other	3,298	2,756
Total intangible assets	5,954	5,549
Investments and other assets		
Investment securities	8,398	9,378
Other	6,877	6,950
Allowance for doubtful accounts	(195)	(210)
Total investments and other assets	15,079	16,118
Total noncurrent assets	48,354	49,720
Total assets	88,144	91,837

(Million yen)

	3Q 2010 (As of Sep. 30, 2010)	Fiscal Year 2009 Summary (As of Dec. 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,177	6,934
Short-term loans payable	4,530	5,923
Current portion of bonds	766	766
Accounts payable-factoring	11,464	13,707
Income taxes payable	172	271
Provision for sales promotion expenses	579	526
Forward exchange contracts	3,383	3,045
Other	10,541	10,146
Total current liabilities	39,615	41,321
Noncurrent liabilities		
Bonds payable	3,319	4,052
Long-term loans payable	6,151	7,584
Provision for retirement benefits	36	35
Other	963	937
Total noncurrent liabilities	10,470	12,609
Total liabilities	50,085	53,930
Net assets		
Shareholders' equity		
Capital stock	20,359	20,359
Capital surplus	21,038	21,038
Retained earnings	10,189	9,517
Treasury stock	(2,775)	(2,774)
Total shareholders' equity	48,812	48,140
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(1,189)	(1,013)
Deferred gains or losses on hedges	(2,294)	(2,044)
Revaluation reserve for land	(7,115)	(7,067)
Foreign currency translation adjustment	(154)	(122)
Total valuation and translation adjustments	(10,753)	(10,247)
Minority interests	-	14
Total net assets	38,058	37,906
Total liabilities and net assets	88,144	91,837

(2) Quarterly Consolidated Statements of Income
(For the Nine-month Period)

(Million yen)

	3Q 2009 (Jan. 1, 2009 – Sep. 30, 2009)	3Q 2010 (Jan. 1, 2010 – Sep. 30, 2010)
Net sales	106,671	97,603
Cost of sales	56,708	49,529
Gross profit	49,963	48,073
Selling, general and administrative expenses	51,679	46,427
Operating income (loss)	(1,716)	1,646
Non-operating income		
Interest income	70	53
Dividends income	94	85
Foreign exchange gains	1,101	-
Co-sponsor fee	-	105
Other	271	249
Total non-operating income	1,537	492
Non-operating expenses		
Interest expenses	230	213
Loss on valuation of compound financial instruments	12	184
Equity in losses of affiliates	46	-
Foreign exchange losses	-	116
Bond issuance cost	127	-
Commission fee	450	-
Other	100	128
Total non-operating expenses	968	643
Ordinary income (loss)	(1,147)	1,495
Extraordinary income		
Gain on sales of noncurrent assets	-	13
Reversal of allowance for doubtful accounts	-	28
Gain on negative goodwill	-	6
Other	-	0
Total extraordinary income	-	48
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	22	29
Loss on valuation of investment securities	44	253
Loss on liquidation of business	86	21
Impairment loss	54	43
Provision of allowance for doubtful accounts	-	23
Loss on valuation of golf club membership	-	5
Other	13	4
Total extraordinary losses	221	381
Income (loss) before income taxes and minority interests	(1,368)	1,162
Income taxes	203	264
Minority interests in income (loss)	(33)	12
Net income (loss)	(1,538)	885

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	3Q 2009 (Jan. 1, 2009 – Sep. 30, 2009)	3Q 2010 (Jan. 1, 2010 – Sep. 30, 2010)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(1,368)	1,162
Depreciation and amortization	1,860	1,791
Impairment loss	54	43
Gain on negative goodwill	-	(6)
Increase (decrease) in allowance for doubtful accounts	(54)	(76)
Increase (decrease) in allowance for sales promotion expenses	66	52
Interest and dividends income	(164)	(138)
Interest expenses	230	213
Foreign exchange losses (gains)	(1,200)	96
Equity in (earnings) losses of affiliates	46	(46)
Loss (gain) on valuation of compound financial instruments	12	184
Bond issuance cost	127	-
Loss (gain) on sales and retirement of noncurrent assets	22	16
Loss (gain) on sales of investment securities	-	4
Loss (gain) on valuation of investment securities	44	253
Loss on valuation of golf club memberships	-	5
Decrease (increase) in notes and accounts receivable-trade	(841)	2,173
Decrease (increase) in inventories	450	(2,373)
Decrease (increase) in other current assets	2,715	1,158
Increase (decrease) in notes and accounts payable-trade	(672)	1,243
Increase (decrease) in accrued consumption taxes	(115)	(265)
Increase (decrease) in other current liabilities	(3,912)	(1,462)
Other, net	(169)	226
Subtotal	(2,868)	4,256
Interest and dividends income received	195	141
Interest expenses paid	(201)	(241)
Payments for cancelation money on derivative contract	(3,760)	-
Income taxes paid	(145)	(255)
Net cash provided by (used in) operating activities	(6,779)	3,899

(Million yen)

	3Q 2009 (Jan. 1, 2009 – Sep. 30, 2009)	3Q 2010 (Jan. 1, 2010 – Sep. 30, 2010)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,067)	(793)
Proceeds from sales of property, plant and equipment	-	169
Purchase of intangible assets	(543)	(1,035)
Purchase of investment securities	(88)	(20)
Proceeds from sales of investment securities	-	4
Proceeds from redemption of investment securities	-	400
Proceeds from withdrawal of time deposits	200	-
Purchase of investments in subsidiaries	(65)	(20)
Purchase of stocks of subsidiaries and affiliates	-	(73)
Proceeds from sales of investments in subsidiaries	-	49
Other, net	152	78
Net cash provided by (used in) investing activities	(1,412)	(1,239)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,000)	(1,500)
Proceeds from long-term loans payable	7,184	600
Repayment of long-term loans payable	(1,558)	(1,924)
Proceeds from issuance of bonds	4,872	-
Redemption of bonds	(383)	(733)
Purchase of treasury stock	(2,142)	(0)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(681)	(242)
Other, net	-	(7)
Net cash provided by (used in) financing activities	6,291	(3,808)
Effect of exchange rate change on cash and cash equivalents	(7)	(20)
Net increase (decrease) in cash and cash equivalents	(1,908)	(1,169)
Cash and cash equivalents at beginning of period	8,186	8,795
Increase in cash and cash equivalents from newly consolidated subsidiary	195	-
Cash and cash equivalents at end of period	6,473	7,625

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

Business segments

3Q 2009 (Jan. 1, 2009 – Sep. 30, 2009)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	95,068	11,603	106,671	-	106,671
(2) Inter-segment sales	1,069	1,073	2,143	(2,143)	-
Total	96,138	12,677	108,815	(2,143)	106,671
Operating income (loss)	(1,420)	(350)	(1,770)	54	(1,716)

Notes: 1. The classification of business segments is based on categories adopted for internal management purposes.

2. Principal activities of each business segment

(1) Mail-order business: Catalog and *hanpukai* businesses

(2) Other businesses: Product sales, services, and transportation

3. Change in accounting policy

“Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9) has been adopted with effect from the first quarter of the current fiscal year. As an effect of this change, operating loss in the mail-order business increased by 994 million yen in the cumulative third quarter of the current fiscal year. There is no effect on other businesses.

3Q 2010 (Jan. 1, 2010 – Sep. 30, 2010)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	84,604	12,998	97,603	-	97,603
(2) Inter-segment sales	1,467	420	1,887	(1,887)	-
Total	86,072	13,419	99,491	(1,887)	97,603
Operating income	1,579	0	1,580	66	1,646

Notes: 1. The classification of business segments is based on categories adopted for internal management purposes.

2. Principal activities of each business segment

(1) Mail-order business: Catalog and *hanpukai* businesses

(2) Other businesses: Product sales and services

Geographical segment information

3Q 2009 (Jan. 1, 2009 – Sep. 30, 2009), 3Q 2010 (Jan. 1, 2010 – Sep. 30, 2010)

Geographic segment information has not been presented because the Company and its consolidated subsidiaries have conducted over 90% of their total net sales in Japan.

Overseas sales

3Q 2009 (Jan. 1, 2009 – Sep. 30, 2009), 3Q 2010 (Jan. 1, 2010 – Sep. 30, 2010)

Overseas sales have not been presented because they represented less than 10% of total consolidated sales.

(6) Significant Changes in Shareholders' Equity

Senshukai reduced the amount of legal capital surplus and transferred this to its other capital surplus, and reduced the entire amount of general reserve and transferred the same amount to retained earnings brought forward, in line with a resolution adopted at its annual general meeting of shareholders held on March 30, 2010.

(1) Purpose of reducing legal capital surplus

For the purpose of ensuring flexibility and mobility of its future capital policy, Senshukai reduced the amount of legal capital surplus and transferred the same amount to other capital surplus in line with Article 448, Clause 1 of the Company Act.

i) Amount of decline in reserves

Legal capital surplus: 7,000,000,000 yen of 19,864,139,367 yen

ii) Increase in surplus item and amount

Other capital surplus: 7,000,000,000 yen

(2) Treatment of surplus

For the purpose of covering for the loss in retained earnings brought forward and to ensure flexibility and mobility of the capital policy, Senshukai reduced the entire amount of general reserve and transferred the same amount to retained earnings brought forward in line with Article 452 of the Company Act.

i) Decline in surplus item and amount

General reserve: 13,600,000,000 yen

ii) Increase in surplus item and amount

Retained earnings brought forward: 13,600,000,000 yen

** 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.*