



Summary of Financial Results for the First Quarter of Fiscal Year 2011 (Three Months Ended March 31, 2011)

[Japanese GAAP]

April 28, 2011

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

Stock exchanges: Tokyo and Osaka, First Sections

Stock code: 8165

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Scheduled date of filing of Quarterly Report: May 13, 2011

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 1st Quarter of 2011 (January 1, 2011 – March 31, 2011)

(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	%
1Q 2011	31,776	(1.2)	714	35.0	881	(17.1)	675	(37.3)
1Q 2010	32,164	(9.7)	529	-	1,063	-	1,077	-

	Net income per share	Diluted net income per share
	Yen	Yen
1Q 2011	15.59	-
1Q 2010	24.88	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1Q 2011	86,915	40,269	46.3	929.80
Fiscal Year 2010	90,086	39,411	43.7	909.99

Reference: Shareholders' equity (million yen)

1Q 2011:

40,269

Fiscal Year 2010:

39,411

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Yearend	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2010	-	6.00	-	8.00	14.00
Fiscal Year 2011	-	-	-	-	-
Fiscal Year 2011 (forecasts)	-	7.00	-	7.00	14.00

Note: Revision of dividend forecast during the period: None

3. Consolidated Outlook for Fiscal Year 2011 (January 1, 2011 – December 31, 2011)

(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
2Q 2011 (cumulative)	69,000	(0.9)	1,200	(41.7)	1,600	(20.4)	1,100	(24.2)	25.40
Full Year 2011	137,500	0.5	2,000	(41.6)	2,700	(14.8)	2,000	(1.8)	46.18

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)

1Q 2011:	47,630,393 shares	Fiscal Year 2010:	47,630,393 shares
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2) Number of treasury stock at end of period

1Q 2011:	4,320,819 shares	Fiscal Year 2010:	4,320,645 shares
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3) Average number of shares outstanding during the period

1Q 2011:	43,309,633 shares	1Q 2010:	43,310,631 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 first quarter (January 1, 2011 to March 31, 2011) of the current fiscal year, the Japanese economy gradually recovered due to higher exports driven by economic growth in emerging markets, and the government's economic stimulus measures such as the eco-point system. However, the employment situation and household incomes failed to show significant improvement. Also, the business environment has been harsh in the wake of the Great East Japan Earthquake, which struck on March 11, due to the enormous impact on the domestic economy and the slump in consumers' appetites.

In the retail industry, signs began to emerge around the start of the year of a bottoming out of personal consumption, but after the earthquake struck, the buying psychology of consumers cooled and conditions in the overall retail industry remained harsh.

In this environment, the Senshukai Group pulled together to achieve the first fiscal year targets of its medium-term management plan which concludes in Fiscal Year 2013.

Net sales in the first quarter declined 1.2% year-over-year to 31,776 million yen.

As for profits, operating income rose 35.0% year-over-year to 714 million yen, despite the decline in net sales, due to reductions to catalog expenses and other selling expenses, and a decline in general and administrative expenses.

However, ordinary income declined 17.1% year-over-year to 881 million yen due to a decline in foreign exchange gains, and net income dropped 37.3% to 675 million yen due to the application of accounting standards for asset retirement obligations.

Segment information

(Mail-order Business)

Consolidated sales in the mail-order business, comprising the catalog and the *hanpukai* businesses, totaled 28,693 million yen in the first quarter. Sales increased in January and February above the respective years-ago figures, but declined after the earthquake struck in March.

In terms of profits, operating income was 813 million yen due to reductions in catalog costs and SG&A expenses.

1) Catalog business

Consolidated sales in the catalog business were 26,323 million yen in the first quarter.

2) *Hanpukai* business

Consolidated sales in the *hanpukai* business were 2,369 million yen in the first quarter.

(Bridal business)

Consolidated sales in the bridal business, centered on the subsidiary Dears Brain Inc. which operates the house wedding business, totaled 1,398 million yen in the first quarter, and operating loss totaled 203 million yen.

(Corporates business)

Consolidated sales in the corporates business, which provides products and services to corporations, totaled 1,284 million yen in the first quarter, and operating income totaled 126 million yen.

(Other businesses)

Consolidated sales in the other businesses, which consist of the services business primarily offering travel and credit card services, and the pet business, totaled 399 million yen in the first quarter, and operating loss totaled 23 million yen.

(2) Qualitative Information Regarding Consolidated Financial Position**(Balance sheet position)**

Assets totaled 86,915 million yen at the end of the first quarter of the current fiscal year, down 3,171 million yen from the end of the previous fiscal year.

Current assets decreased 2,746 million yen to 39,909 million yen. The main factors were an increase of 2,154 million yen in merchandise and finished goods, and decreases of 4,036 million yen in cash and deposits, and 2,099 million yen in accounts receivable-other. Noncurrent assets decreased 425 million yen to 47,005 million yen, mainly due to increases of 29 million yen in property, plant and equipment, and 314 million yen in intangible assets, and a decrease of 768 million yen in investments and other assets.

Current liabilities decreased 3,608 million yen to 37,709 million yen. The main factors were decreases of 2,129 million yen in other, and 982 million yen in forward exchange contracts. Noncurrent liabilities decreased 421 million yen to 8,935 million yen. Asset retirement obligations of 302 million yen were booked due to the application of accounting standards for asset retirement obligations, but long-term loans payable declined 459 million yen and bonds payable declined 350 million yen.

Net assets increased 858 million yen to 40,269 million yen. The main factor was a decrease in valuation difference on available-for-sale securities of 178 million yen, and increases of 686 million yen in deferred gains or losses on hedges, and 328 million yen in retained earnings. Consequently, the equity ratio was 46.3%.

(Cash flow position)

The balance of cash and cash equivalents at the end of the first quarter of the current fiscal year was 6,818 million yen, a decrease of 4,036 million yen from the end of the previous fiscal year.

Operating activities used net cash of 3,131 million yen (net cash provided of 992 million yen in the previous fiscal year). The main contributing factors were a 1,301 million yen decrease in other current assets, and income before income taxes and minority interests of 683 million yen. Negative factor included a 2,363 million yen decrease in other current liabilities, and a 2,157 million yen increase in inventories.

Investing activities used net cash of 43 million yen (a 457 million yen decrease from the previous fiscal year). The main cash inflow was a 607 million yen proceeds from sales of investment securities. The main cash outflows were 472 million yen for the purchase of intangible assets, and 237 million yen for the purchase of property, plant and equipment.

Financing activities used net cash of 844 million yen (a 140 million yen decrease from the previous fiscal year). The main cash inflow was a 300 million yen increase in short-term loans payable, while cash outflows include a repayment of long-term loans payable of 459 million yen, redemption of bonds of 350 million yen, and cash dividends paid of 321 million yen.

(3) Qualitative Information Regarding Consolidated Outlook

Expectations exist that the economy will pick up over the current fiscal year driven by a recovery in production activity and strength in overseas economies. Also, some signs of a pickup in personal consumption are evident despite initial weakness in the wake of the earthquake as some people held back on consumption. Still, how large the impact of rolling blackouts will be, and the extent to which consumer sentiment will recover, is uncertain.

At the time of release of this report, Senshukai has not changed the consolidated outlook for the current fiscal year (January 1, 2011 to December 31, 2011) which it released on February 3, 2011 as it is still examining the impact of the earthquake disaster. It has not changed its non-consolidated outlook either. However, Senshukai will quickly disclose any anticipated impact to earnings in the current fiscal year.

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 first 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 first quarter of the current fiscal year, a valuation was determined by using a reasonable method based on actual inventories at the end of the previous 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.

1) “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounting for Using the Equity Method”

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Equity Method of Accounting for Investments” (Accounting Standards Board of Japan (ASBJ) Statement No. 16, issued on March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounting for Using the Equity Method” (ASBJ Practical Issue Task Force (PITF) No. 24, March 10, 2008) have been applied.

This change has no effect on the amount of income (loss).

2) Accounting standard for asset retirement obligations

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) have been applied.

As an effect of this change, operating income and ordinary income decreased by 6 million yen each, and income before income taxes and minority interests decreased by 118 million yen.

In addition, these changes increased the account balance of asset retirement obligations by 332 million yen.

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

(Million yen)

	1Q 2011 (As of Mar. 31, 2011)	Fiscal Year 2010 Summary (As of Dec. 31, 2010)
Assets		
Current assets		
Cash and deposits	6,818	10,855
Notes and accounts receivable-trade	6,762	6,362
Short-term investment securities	2	8
Merchandise and finished goods	14,755	12,600
Raw materials and supplies	126	123
Accounts receivable-other	6,848	8,948
Other	4,812	3,998
Allowance for doubtful accounts	(218)	(241)
Total current assets	39,909	42,656
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	14,329	14,402
Land	10,945	10,945
Other, net	1,972	1,870
Total property, plant and equipment	27,247	27,218
Intangible assets		
Goodwill	2,542	2,580
Other	3,646	3,294
Total intangible assets	6,188	5,874
Investments and other assets		
Investment securities	7,167	7,761
Other	6,769	6,764
Allowance for doubtful accounts	(367)	(187)
Total investments and other assets	13,569	14,338
Total noncurrent assets	47,005	47,430
Total assets	86,915	90,086

(Million yen)

	1Q 2011 (As of Mar. 31, 2011)	Fiscal Year 2010 Summary (As of Dec. 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,828	7,932
Short-term loans payable	3,337	3,036
Current portion of bonds	766	766
Accounts payable-factoring	13,254	13,548
Income taxes payable	51	468
Provision for sales promotion expenses	673	656
Forward exchange contracts	2,603	3,585
Other	9,195	11,325
Total current liabilities	37,709	41,318
Noncurrent liabilities		
Bonds payable	2,936	3,286
Long-term loans payable	4,638	5,097
Provision for retirement benefits	31	27
Asset retirement obligations	302	-
Other	1,027	945
Total noncurrent liabilities	8,935	9,356
Total liabilities	46,645	50,675
Net assets		
Shareholders' equity		
Capital stock	20,359	20,359
Capital surplus	21,038	21,038
Retained earnings	11,673	11,344
Treasury stock	(2,775)	(2,775)
Total shareholders' equity	50,295	49,966
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(1,106)	(928)
Deferred gains or losses on hedges	(1,655)	(2,342)
Revaluation reserve for land	(7,117)	(7,117)
Foreign currency translation adjustment	(145)	(167)
Total valuation and translation adjustments	(10,026)	(10,555)
Total net assets	40,269	39,411
Total liabilities and net assets	86,915	90,086

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

(Million yen)

	1Q 2010 (Jan. 1, 2010 – Mar. 31, 2010)	1Q 2011 (Jan. 1, 2011 – Mar. 31, 2011)
Net sales	32,164	31,776
Cost of sales	16,059	16,467
Gross profit	16,104	15,308
Selling, general and administrative expenses	15,575	14,594
Operating income	529	714
Non-operating income		
Interest income	19	11
Dividends income	1	1
Gain on valuation of compound financial instruments	101	27
Foreign exchange gains	356	169
Other	157	98
Total non-operating income	636	308
Non-operating expenses		
Interest expenses	75	59
Relief aid expenses	-	64
Other	26	17
Total non-operating expenses	102	141
Ordinary income	1,063	881
Extraordinary income		
Gain on sales of noncurrent assets	12	-
Gain on sales of investment securities	-	137
Reversal of allowance for doubtful accounts	28	-
Other	0	-
Total extraordinary income	41	137
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	7	16
Loss on valuation of golf club memberships	4	-
Provision of allowance for doubtful accounts	-	181
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	111
Loss on disaster	-	12
Other	2	12
Total extraordinary losses	13	335
Income before income taxes and minority interests	1,090	683
Income taxes	17	8
Income before minority interests	-	675
Minority interests in loss	(4)	-
Net income	1,077	675

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	1Q 2010 (Jan. 1, 2010 – Mar. 31, 2010)	1Q 2011 (Jan. 1, 2011 – Mar. 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,090	683
Depreciation and amortization	585	571
Increase (decrease) in allowance for doubtful accounts	(60)	156
Increase (decrease) in allowance for sales promotion expenses	15	17
Interest and dividends income	(21)	(13)
Interest expenses	75	59
Foreign exchange losses (gains)	(366)	(268)
Equity in (earnings) losses of affiliates	(10)	(20)
Loss (gain) on valuation of compound financial instruments	(101)	(27)
Loss (gain) on sales and retirement of noncurrent assets	(5)	16
Loss (gain) on sales of investment securities	2	(137)
Loss on valuation of golf club membership	4	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	111
Decrease (increase) in notes and accounts receivable-trade	23	(399)
Decrease (increase) in inventories	(254)	(2,157)
Decrease (increase) in other current assets	1,862	1,301
Increase (decrease) in notes and accounts payable-trade	(238)	(104)
Increase (decrease) in accrued consumption taxes	(141)	(68)
Increase (decrease) in other current liabilities	(1,146)	(2,363)
Other, net	37	1
Subtotal	1,349	(2,640)
Interest and dividends income received	23	15
Interest expenses paid	(100)	(86)
Income taxes paid	(279)	(420)
Net cash provided by (used in) operating activities	992	(3,131)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(542)	(237)
Proceeds from sales of property, plant and equipment	125	-
Purchase of intangible assets	(234)	(472)
Purchase of investment securities	(20)	-
Proceeds from sales of investment securities	4	607
Proceeds from redemption of investment securities	200	-
Purchase of investments in subsidiaries	(0)	-
Other, net	(32)	59
Net cash provided by (used in) investing activities	(500)	(43)

(Million yen)

	1Q 2010 (Jan. 1, 2010 – Mar. 31, 2010)	1Q 2011 (Jan. 1, 2011 – Mar. 31, 2011)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(500)	300
Proceeds from long-term loans payable	300	-
Repayment of long-term loans payable	(433)	(459)
Redemption of bonds	(350)	(350)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(0)	(321)
Other, net	-	(13)
Net cash provided by (used in) financing activities	(984)	(844)
Effect of exchange rate change on cash and cash equivalents	(6)	(17)
Net increase (decrease) in cash and cash equivalents	(499)	(4,036)
Cash and cash equivalents at beginning of period	8,795	10,855
Cash and cash equivalents at end of period	8,296	6,818

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

Business segments

1Q 2010 (Jan. 1, 2010 – Mar. 31, 2010)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	28,311	3,853	32,164	-	32,164
(2) Inter-segment sales	395	244	639	(639)	-
Total	28,706	4,097	32,804	(639)	32,164
Operating income (loss)	657	(134)	523	5	529

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

Geographical segment information

1Q 2010 (Jan. 1, 2010 – Mar. 31, 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

1Q 2010 (Jan. 1, 2010 – Mar. 31, 2010)

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

Segment Information

1. Overview of reportable segment

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Senshukai Group primarily operates the Mail-order business, Bridal business, and Corporates business, and the Company and its group companies manage each of these businesses according to these classifications.

Therefore the Group, comprised of these different business segments, has three reportable segments: the Mail-order business, Bridal business, and Corporates business.

The Mail-order business is engaged in mail-order sales via a variety of media centered on catalogs and the Internet. The Bridal business provides mostly house wedding services. The Corporates business uses the Company's infrastructure to provide solutions services and promotional services targeting mail-order companies and e-commerce businesses.

2. Information related to sales and profit or loss for each reportable segment

1Q 2011 (Jan. 1, 2011 – Mar. 31, 2011)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated statements of income (Note 3)
	Mail-order business	Bridal business	Corporates business	Sub-total				
Net sales								
Sales to customers	28,693	1,398	1,284	31,376	399	31,776	-	31,776
Inter-segment sales	336	-	76	413	24	438	(438)	-
Total	29,029	1,398	1,361	31,790	424	32,214	(438)	31,776
Segment profit (loss)	813	(203)	126	736	(23)	712	1	714

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.

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 statements of income.

3. Information related to impairment of noncurrent assets, goodwill, etc. for each reportable segment

No major events or changes occurred in the consolidated first quarter.

Supplemental Information

Beginning with the first quarter of the current fiscal year, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied.

(6) Significant Changes in Shareholders' Equity

Not applicable.

* 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.