



Summary of Financial Results for the Fiscal Year 2014 (Ended December 31, 2014)

[Japanese GAAP]

February 5, 2015

Company name: **SENSHUKAI CO.,LTD.** Stock exchange: Tokyo Stock Exchange, First Section
 Stock code: 8165 URL: <http://www.senshukai.co.jp>
 Representative: Mr. Michio Tanabe, President and Representative Director
 Inquiries: Mr. Hiroyuki Hoshino, Director, Executive Officer,
 General Manager of the Corporate Development Division Tel: +81-6-6881-3220
 Scheduled date of annual general meeting of shareholders: March 27, 2015
 Scheduled date of payment of dividend: March 30, 2015
 Scheduled date of filing of Annual Security Report: March 30, 2015
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes

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

1. Consolidated Financial Results for the Fiscal Year 2014 (January 1, 2014 – December 31, 2014)

(1) Consolidated operating results

(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	%
Fiscal Year 2014	142,526	0.7	3,088	(23.2)	3,549	(23.4)	1,798	(55.6)
Fiscal Year 2013	141,552	(2.9)	4,019	90.5	4,631	67.5	4,046	99.4

Note: Comprehensive income (millions of yen) Fiscal Year 2014: 3,870 (down 39.4%) Fiscal Year 2013: 6,380 (up 51.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal Year 2014	41.52	37.52	3.5	3.6	2.2
Fiscal Year 2013	93.43	-	8.5	4.8	2.8

Reference: Equity in earnings (losses) of affiliates (millions of yen) Fiscal Year 2014: 44 Fiscal Year 2013: 142

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year 2014	100,785	53,160	52.7	1,227.52
Fiscal Year 2013	98,800	50,359	51.0	1,162.81

Reference: Shareholders' equity (millions of yen) Fiscal Year 2014: 53,160 Fiscal Year 2013: 50,359

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year 2014	2,722	(1,540)	(91)	7,910
Fiscal Year 2013	2,174	(2,168)	(986)	6,495

2. Dividends

	Dividend per share					Total dividends (total)	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year 2013	-	12.00	-	12.00	24.00	1,039	25.7	2.2
Fiscal Year 2014	-	12.00	-	12.00	24.00	1,039	57.8	2.0
Fiscal Year 2015 (forecasts)	-	8.00	-	8.00	16.00		34.6	

3. Consolidated Outlook for Fiscal Year 2015 (January 1, 2015 – December 31, 2015)

(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 2015 (cumulative)	74,000	(0.1)	1,050	(42.7)	1,250	(35.8)	700	(23.4)	16.16
Full Year 2015	146,000	2.4	3,200	3.6	3,500	(1.4)	2,000	11.2	46.18

*** 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) 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

(3) Number of shares outstanding (common shares)

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

Fiscal Year 2014: 47,630,393 shares Fiscal Year 2013: 47,630,393 shares

2) Number of treasury shares at end of period

Fiscal Year 2014: 4,322,649 shares Fiscal Year 2013: 4,321,851 shares

3) Average number of shares outstanding during the period

Fiscal Year 2014: 43,308,206 shares Fiscal Year 2013: 43,308,765 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for Fiscal Year 2014 (January 1, 2014 – December 31, 2014)

(1) Non-consolidated operating results

(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	%
Fiscal Year 2014	121,851	(3.7)	1,856	(37.6)	2,496	(31.3)	1,376	(57.2)
Fiscal Year 2013	126,483	(3.1)	2,973	48.9	3,634	36.9	3,214	67.7

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal Year 2014	31.80	28.74
Fiscal Year 2013	74.21	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year 2014	92,817	51,284	55.3	1,184.19
Fiscal Year 2013	91,417	48,959	53.6	1,130.48

Reference: Shareholders' equity (millions of yen) Fiscal Year 2014: 51,284 Fiscal Year 2013: 48,959

* Disclosure regarding the implementation of audit procedures

This financial report is not subject to the audit procedures based on the Financial Instruments and Exchange Act. Thus, at the time of its disclosure, the financial statement audit 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 4.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

Overview

In the fiscal year under review, the Japanese economy continued to recover at a moderate pace partly due to the support of economic and monetary measures by the Japanese government and Bank of Japan. However, personal consumption remained unclear as was impacted by the longer than expected negative effect on consumer sentiment of the April 2014 consumption tax hike and by the reduction in real disposable incomes caused by rising prices as the yen weakened. In the retail industry, the operating environment remained severe. Retailers benefited from the rush to make purchases before the consumption tax hike, but consumers retained a defensive stance about spending. In addition, there was even more fierce competition across industry sectors and business categories as the shopping preferences and activities of consumers became more diverse.

In this environment, the Senshukai Group is concentrating on achieving the first fiscal year targets of the medium- to long-term management plan “Innovate for Smiles 2018” that started in 2014.

Net sales in the current fiscal year increased 0.7% year-over-year to 142,526 million yen as higher sales in the bridal business offset a small decrease in sales in the mail-order business resulting from the extended impact of the drop in sales following the consumption tax hike.

Although selling, general and administrative expenses were lowered, the cost of sales was higher because of the weaker yen and an increase in the loss on valuation of goods. As a result, operating income decreased 23.2% year-over-year to 3,088 million yen, ordinary income decreased 23.4% year-over-year to 3,549 million yen, and net income decreased 55.6% year-over-year to 1,798 million yen.

Overview by segment

(Mail-order Business)

Consolidated sales in the mail-order business, comprising the catalog and the *hanpukai* businesses, decreased 1.0% year-over-year to 125,296 million yen in the current fiscal year. Operating income decreased 32.4% year-over-year to 1,921 million yen because the yen's depreciation has increased the cost-of-sales ratio.

1) Catalog business

In the catalog business, we provide customers with lifestyle ideas in a wide variety of genres through a range of catalogs and the online shop “*Belle Maison Net.*” We also develop many original products that focus on Senshukai style.

Consolidated sales in the catalog business decreased 0.2% year-over-year to 117,926 million yen because of the prolonged weakness in the interior goods and household goods categories following the consumption tax hike.

2) *Hanpukai* business

The *hanpukai* business employs an original, unique sales model differing from other mail-order companies whereby original goods are delivered monthly to all group and individual members, mainly working women. Consolidated sales in the *hanpukai* business decreased 11.9% year-over-year to 7,370 million yen, due to a decline in the number of individual and corporate members.

(Bridal Business)

Consolidated sales in the bridal business, centered on the house wedding business, increased 18.8% year-over-year to 12,750 million yen in the current fiscal year, due to contributions from the opening of new facilities and an increase in the number of weddings. Operating income increased 18.9% year-over-year to 834 million yen.

(Corporates Business)

Consolidated sales in the corporates business, which provides products and services to corporations, increased 2.8% year-over-year to 3,944 million yen, and operating income decreased 22.7% year-over-year to 304 million yen.

(Others)

Consolidated sales in other businesses, which provides services business (primarily insurance and credit card services) and childcare business, increased 10.4% year-over-year to 534 million yen in the current fiscal year, and operating income decreased 68.9% year-over-year to 26 million yen.

(2) Analysis of Financial Position**(Balance sheet position)**

Assets totaled 100,785 million yen at the end of the current fiscal year, an increase of 1,985 million yen from the end of the previous fiscal year.

Current assets increased 3,376 million yen to 53,554 million yen. The main factors were increases of 2,255 million yen in forward exchange contracts and 1,415 million yen in cash and deposits, while there were decreases of 485 million yen in deferred tax assets and 252 million yen in other. Non-current assets decreased 1,391 million yen to 47,231 million yen. The main factors were decreases of 350 million yen in intangible assets and 1,340 million yen in investments and other assets, while there was an increase of 299 million yen in property, plant and equipment.

Current liabilities decreased 6,164 million yen to 33,470 million yen. The main factors were decreases of 7,550 million yen in other, 3,639 million yen in short-term loans payable and 1,098 million yen in notes and accounts payable-trade, while there were increases of 5,919 million yen in electronically recorded obligations-operating and 616 million yen in accrued consumption taxes. Non-current liabilities increased 5,348 million yen to 14,153 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 1,304 million yen in long-term loans payable and 700 million yen in bonds payable.

Net assets increased 2,801 million yen to 53,160 million yen. The main factors were increases of 1,501 million yen in deferred gains or losses on hedges, 733 million yen in retained earnings, and 486 million yen in valuation difference on available-for-sale securities. Consequently, the equity ratio was 52.7%.

(Cash flow position)

The balance of cash and cash equivalents at the end of the current fiscal year was 7,910 million yen, an increase of 1,415 million yen from the end of the previous fiscal year.

Operating activities provided net cash of 2,722 million yen (net cash provided of 2,174 million yen in the previous fiscal year). The main cash inflows were an increase in notes and accounts payable-trade of 4,510 million yen, income before income taxes and minority interests of 2,992 million yen, and depreciation of 2,675 million yen. The main cash outflow was a decrease in other current liabilities of 8,229 million yen.

Investing activities used net cash of 1,540 million yen (net cash used of 2,168 million yen in the previous fiscal year). The main cash inflows were proceeds from sales of investment securities of 993 million yen, and proceeds from redemption of investment securities of 750 million yen. The main cash outflows were 1,718 million yen for the purchase of property, plant and equipment, and 746 million yen for the purchase of intangible assets.

Financing activities used net cash of 91 million yen (net cash used of 986 million yen in the previous fiscal year). The main cash inflow was proceeds from issuance of bonds with subscription rights to shares of 6,980 million yen, while main cash outflows were a 4,110 million yen decrease in short-term loans payable, and repayment of long-term loans payable of 2,587 million yen.

Cash flow indices

	Fiscal Year 2012 (As of Dec. 31, 2012)	Fiscal Year 2013 (As of Dec. 31, 2013)	Fiscal Year 2014 (As of Dec. 31, 2014)
Equity ratio (%)	48.4	51.0	52.7
Equity ratio based on fair value (%)	24.7	38.6	36.0
Ratio of interest-bearing debt to cash flows (years)	5.9	6.7	5.8
Interest coverage ratio (times)	9.4	9.8	13.8

Notes: 1. Cash flow indices are calculated, using consolidated financial figures, as follows:

The equity ratio is shareholders' equity divided by total assets.

The equity ratio based on fair value is market capitalization divided by total assets.

The ratio of interest-bearing debt to cash flows is interest-bearing debt divided by the quantity of operating cash flows.

The interest coverage ratio is operating cash flows divided by interest payments.

2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares issued and outstanding at the end of the period, excluding treasury shares.

3. Interest-bearing debt includes short-term loans payable, current portion of bonds, bonds payable, bonds with subscription rights to shares, long-term loans payable, and lease obligations shown on the consolidated balance sheet.

4. Operating cash flows and interest payments represent net cash provided by (used in) operating activities and interest expenses paid, respectively, on the consolidated statement of cash flows.

(3) Basic Policy Regarding Distribution of Earnings and Dividends in the Current and Next Fiscal Years

The Group's basic policy is to strengthen the business foundation while maintaining stable dividends, taking into consideration the payout ratio, and ensuring a fair distribution of earnings to shareholders that reflects its business performance.

Specifically, the Group's policy regarding the distribution of earnings to shareholders is to strive continuously for a payout ratio of 30% on a consolidated basis. The Group will use internal reserves to invest in the development of new businesses for the medium to long term, to promote the efficiency of existing businesses, to conduct mergers and acquisitions for expanding the Group businesses, to improve the soundness of its financials, and to generally further strengthen its competitiveness and operations. Based on the aforementioned policies, the Group plans to pay a year-end dividend of 12 yen per share in line with initial plan. Together with an interim dividend of 12 yen per share, total annual dividend of 24 yen per share is to be paid.

Regarding dividends in Fiscal Year 2015, we plan to pay a total annual dividend of 16 yen per share comprised of an interim dividend of 8 yen per share and a year-end dividend of 8 yen per share, based on the earnings outlook.

(4) Outlook for Fiscal Year 2015

In the Fiscal Year 2015, Japan's economy is expected to stage a recovery but the outlook for personal consumption remains unclear.

Senshukai will take even more activities involving its growth strategy in 2015, which is the second year of the medium- to long-term management plan. Goals include strengthening the merchandise lineup in the core mail-order business and upgrade the ability to utilize a broad array of sales channels.

Based on this outlook, our earnings forecasts for the Fiscal Year 2015 are as follows.

Consolidated	(Millions of yen)			
	Net sales	Operating income	Ordinary income	Net income
Fiscal Year 2015 (forecast)	146,000	3,200	3,500	2,000
Fiscal Year 2014 (results)	142,526	3,088	3,549	1,798
Change (%)	2.4	3.6	(1.4)	11.2

* The above projections are based on information available at the time of release of this report. Actual results could differ from projections due to a variety of factors.

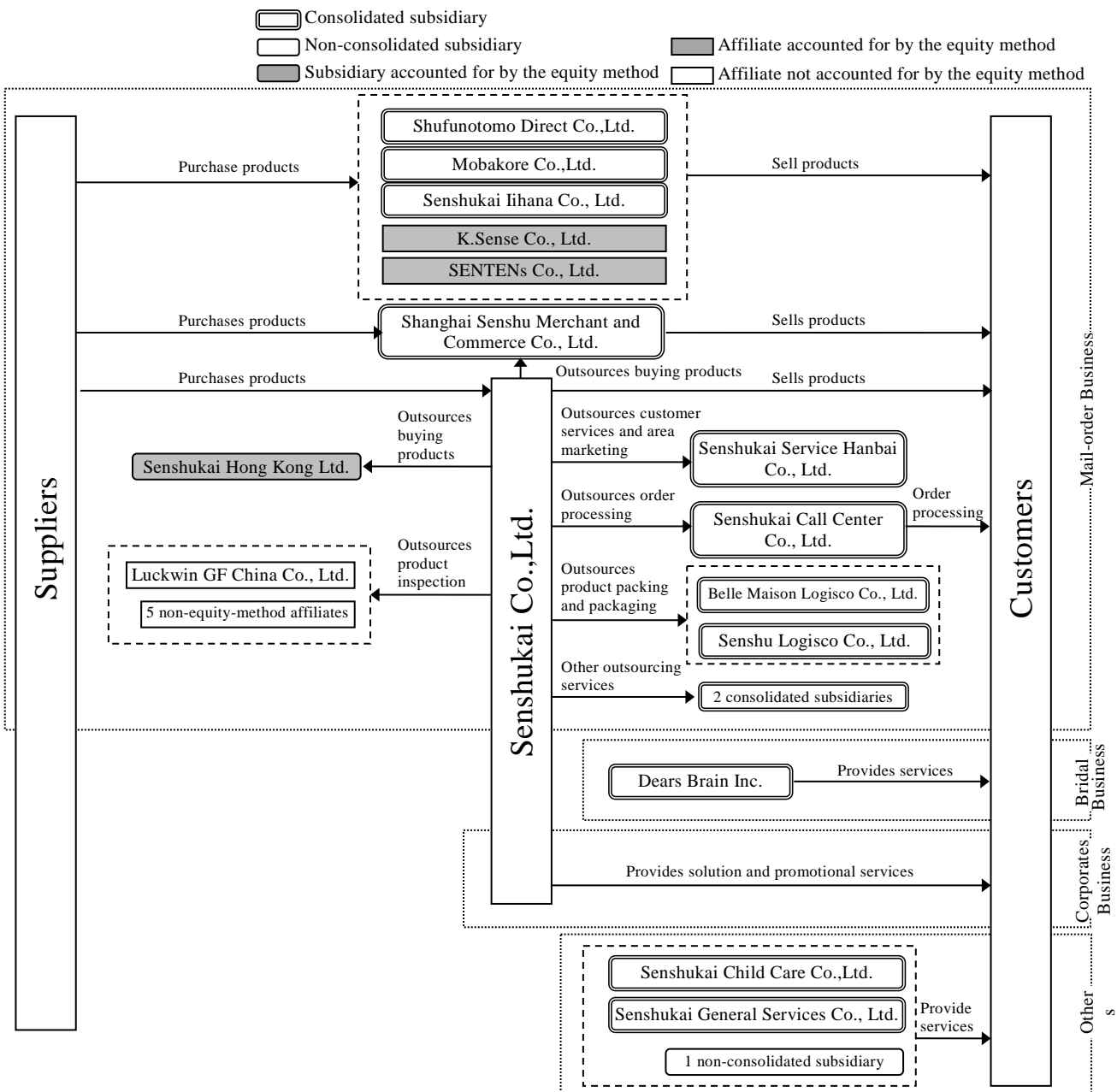
2. Group Organization

The Senshukai Group comprises the parent company, 15 subsidiaries, and 8 affiliates. Mail-order Business is the mainstay business, and we also operate the Bridal Business, Corporates Business and others.

The following describes the position of each major business activity in the Group's operations and business segments.

Segment	Major business activity	Company
Mail-order Business	Mail order	Senshukai Co.,Ltd., Shufunotomo Direct Co.,Ltd., Mobakore Co.,Ltd., Shanghai Senshu Merchant and Commerce Co., Ltd., and 13 other companies
	Telemarketing	Senshukai Call Center Co., Ltd.
	Logistics system	Belle Maison Logisco Co., Ltd., Senshu Logisco Co., Ltd.
Bridal Business		Dears Brain Inc.
Corporates Business		Senshukai Co.,Ltd.
Others		Senshukai Child Care Co.,Ltd., Senshukai General Services Co., Ltd., and 1 other company

Schematic of businesses



3. Management Policies

(1) Basic Management Policy

The Senshukai Group's corporate philosophy is to "contribute to society by providing customers with outstanding products and services."

Senshukai works together with its shareholders, customers, business partners, employees, and all other stakeholders to enhance corporate value and mutual prosperity.

(2) Key Performance Indicators

In the medium- to long-term management plan "Innovate for Smiles 2018" (Fiscal Year 2014 through Fiscal Year 2018), we aim to build a solid and distinct position in the mail-order market which is expected to continue growing while pro-actively developing new businesses appropriate to our corporate vision "Women's Smiles Company."

Specifically, our target for Fiscal Year 2018 are consolidated net sales of 187 billion yen, operating income of 10 billion yen, and a return on equity of 10%.

Going forward, we aim to enhance corporate value by striving for more unified group management, boosting growth, and constructing a solid earnings foundation.

(3) Medium- to Long-term Corporate Management Strategy and Issues

The Group has formulated a five-year medium- to long-term management plan "Innovate for Smiles 2018" to enhance corporate value.

Progress in the Medium- to Long-term Management Plan

1) Mail-order Business

We are expanding activities to offer private brands that precisely target the requirements of specific customer segments. We plan to shift to an SPA (specialty store retailer of Private-label Apparel) business structure that encompasses each step from planning and manufacture to sales. This will include a merchandising that allows each private brand to succeed in every sales channel (e-commerce, catalogs, stores and others). At the same time, we will improve each sales channel with the goal of establishing an omni-channel framework that enables our customers to make purchases at any time and any location. In 2015, we will launch the "BELLE MAISON fashion 2015 spring" catalog, our primary fashion medium, that features a new look. This will be a catalog with a merchandise focus that starts with our commitment to selecting original products one by one with extreme care. We will continue to differentiate our products by creating original designs that offer customers added value. Two more goals are creating merchandise that targets primarily customers in their 30s and 50s and linking 2015 first-half catalogs with e-commerce sales.

In addition to these strategic initiatives, we will reinforce our fulfillment capabilities so that our customers can use our mail-order business services with even greater confidence. Renovation work has started at the Minokamo Distribution Center to realign our distribution operations in the Chubu area. Preparations are under way to start operations at this facility by the end of 2015.

2) Bridal Business

Our goal is to continue increasing sales by renovating locations and opening new ones to offer an atmosphere that combines urban and suburban features. In 2014, we started operating wedding halls in March in Kamakura City, Kanagawa and in May in Higashiyama-ku, Kyoto. In the Fiscal Year 2015, we plan to open a facility in March in Chuo-ku, Niigata City and in July in Nara City.

3) Corporates Business

To take advantage of the growth of the mail-order and e-commerce markets, we plan to step up activities to offer outsourced distribution services for companies that want to start a B-to-C business.

4) New Businesses

We started a childcare business for preschool age children in the Fiscal Year 2014. The first location was opened in September in Sakura City, Chiba and the second started operating in October in Ota-ku, Tokyo. We plan to open two more childcare facilities in Ota-ku in April 2015 and develop peripheral businesses relating childcare.

(4) Other Important Business Matters

Not applicable.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal Year 2013 (As of Dec. 31, 2013)	Fiscal Year 2014 (As of Dec. 31, 2014)
Assets		
Current assets		
Cash and deposits	6,495	7,910
Notes and accounts receivable-trade	6,395	6,622
Merchandise and finished goods	21,296	21,591
Raw materials and supplies	114	139
Deferred tax assets	542	57
Accounts receivable-other	9,609	9,511
Forward exchange contracts	2,062	4,317
Other	3,968	3,715
Allowance for doubtful accounts	(306)	(311)
Total current assets	50,177	53,554
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,207	37,362
Accumulated depreciation	(22,453)	(23,398)
Buildings and structures, net	13,754	13,963
Machinery, equipment and vehicles	8,507	8,403
Accumulated depreciation	(7,938)	(7,889)
Machinery, equipment and vehicles, net	568	514
Tools, furniture and fixtures	2,396	2,527
Accumulated depreciation	(1,609)	(1,717)
Tools, furniture and fixtures, net	786	809
Land	12,108	12,311
Leased assets	1,495	1,405
Accumulated depreciation	(330)	(350)
Leased assets, net	1,164	1,055
Construction in progress	392	422
Total property, plant and equipment	28,775	29,075
Intangible assets		
Goodwill	2,127	2,225
Other	3,604	3,154
Total intangible assets	5,731	5,380
Investments and other assets		
Investment securities	7,514	6,155
Long-term loans receivable	1,010	1,083
Lease and guarantee deposits	1,430	1,644
Deferred tax assets	298	162
Other	4,174	3,994
Allowance for doubtful accounts	(314)	(265)
Total investments and other assets	14,114	12,774
Total non-current assets	48,622	47,231
Total assets	98,800	100,785

(Millions of yen)

	Fiscal Year 2013 (As of Dec. 31, 2013)	Fiscal Year 2014 (As of Dec. 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,496	5,397
Electronically recorded obligations-operating	6,204	12,124
Short-term loans payable	6,386	2,747
Current portion of bonds	700	700
Lease obligations	125	129
Accounts payable-other	6,602	6,100
Accrued expenses	2,144	2,130
Income taxes payable	416	915
Accrued consumption taxes	159	776
Provision for directors' bonuses	30	-
Provision for sales promotion expenses	588	219
Other	9,780	2,230
Total current liabilities	39,635	33,470
Non-current liabilities		
Bonds payable	1,150	450
Bonds with subscription rights to shares	-	7,000
Long-term loans payable	4,814	3,510
Lease obligations	1,328	1,239
Deferred tax liabilities for land revaluation	631	629
Provision for retirement benefits	34	-
Net defined benefit liability	-	84
Asset retirement obligations	387	455
Other	459	784
Total non-current liabilities	8,805	14,153
Total liabilities	48,440	47,624
Net assets		
Shareholders' equity		
Capital stock	20,359	20,359
Capital surplus	21,038	21,038
Retained earnings	16,353	17,086
Treasury shares	(2,776)	(2,776)
Total shareholders' equity	54,975	55,707
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	774	1,261
Deferred gains or losses on hedges	1,278	2,780
Revaluation reserve for land	(6,720)	(6,724)
Foreign currency translation adjustment	52	135
Total accumulated other comprehensive income	(4,615)	(2,546)
Total net assets	50,359	53,160
Total liabilities and net assets	98,800	100,785

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**(Consolidated Statement of Income)**

(Millions of yen)

	Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)		Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)	
Net sales		141,552		142,526
Cost of sales	*1	72,475	*1	75,038
Gross profit		69,077		67,488
Selling, general and administrative expenses				
Freightage and packing expenses		8,441		8,048
Promotion expenses		18,584		18,254
Provision for allowance for sales promotion expenses		588		219
Provision of allowance for doubtful accounts		300		212
Bad debts expenses		137		-
Directors' compensations		546		529
Salaries and allowances		11,104		11,350
Bonuses		1,676		1,676
Provision for directors' bonuses		30		-
Provision for retirement benefits		12		-
Retirement benefit expenses		-		19
Depreciation		2,618		2,646
Other		21,017		21,442
Total selling, general and administrative expenses	*2	65,057	*2	64,399
Operating income		4,019		3,088
Non-operating income				
Interest income		54		69
Dividend income		118		120
Share of profit of entities accounted for using equity method		142		44
Gain on adjustment of account payable		259		214
Miscellaneous income		390		329
Total non-operating income		964		778
Non-operating expenses				
Interest expenses		215		190
Miscellaneous loss		136		127
Total non-operating expenses		352		317
Ordinary income		4,631		3,549
Extraordinary income				
Gain on sales of non-current assets	*3	4	*3	4
Gain on sales of investment securities		51		84
Total extraordinary income		55		89
Extraordinary losses				
Loss on sales and retirement of non-current assets	*4	660	*4	77
Impairment loss	*5	216	*5	222
Loss on sales of investment securities		-		311
Other		49		36
Total extraordinary losses		927		646
Income before income taxes and minority interests		3,760		2,992
Income taxes-current		471		1,107
Income taxes-deferred		(757)		85
Total income taxes		(286)		1,193
Income before minority interests		4,046		1,798
Minority interests in income		-		0
Net income		4,046		1,798

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)	Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)
Income before minority interests	4,046	1,798
Other comprehensive income		
Valuation difference on available-for-sale securities	1,353	486
Deferred gains or losses on hedges	839	1,501
Foreign currency translation adjustment	102	46
Share of other comprehensive income of entities accounted for using equity method	39	36
Total other comprehensive income	2,334	2,071
Comprehensive income	6,380	3,870
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,380	3,869
Comprehensive income attributable to minority interests	-	0

(3) Consolidated Statement of Changes in Equity

Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	20,359	21,038	13,581	(2,775)	52,203
Changes of items during period					
Dividend of surplus			(952)		(952)
Net income			4,046		4,046
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Reversal of revaluation reserve for land			(321)		(321)
Change of scope of consolidation					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	2,772	(0)	2,771
Balance at end of current period	20,359	21,038	16,353	(2,776)	54,975

(Millions of yen)

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	(578)	438	(7,041)	(89)	(7,271)	44,932
Changes of items during period						
Dividend of surplus						(952)
Net income						4,046
Purchase of treasury shares						(0)
Disposal of treasury shares						0
Reversal of revaluation reserve for land						(321)
Change of scope of consolidation						-
Net changes of items other than shareholders' equity	1,353	839	321	141	2,655	2,655
Total changes of items during period	1,353	839	321	141	2,655	5,427
Balance at end of current period	774	1,278	(6,720)	52	(4,615)	50,359

Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	20,359	21,038	16,353	(2,776)	54,975
Changes of items during period					
Dividend of surplus			(1,039)		(1,039)
Net income			1,798		1,798
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Reversal of revaluation reserve for land			3		3
Change of scope of consolidation			(28)		(28)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	733	(0)	732
Balance at end of current period	20,359	21,038	17,086	(2,776)	55,707

(Millions of yen)

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	774	1,278	(6,720)	52	(4,615)	50,359
Changes of items during period						
Dividend of surplus						(1,039)
Net income						1,798
Purchase of treasury shares						(0)
Disposal of treasury shares						-
Reversal of revaluation reserve for land						3
Change of scope of consolidation						(28)
Net changes of items other than shareholders' equity	486	1,501	(3)	83	2,068	2,068
Total changes of items during period	486	1,501	(3)	83	2,068	2,801
Balance at end of current period	1,261	2,780	(6,724)	135	(2,546)	53,160

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)	Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	3,760	2,992
Depreciation	2,618	2,675
Impairment loss	216	222
Increase (decrease) in allowance for doubtful accounts	13	(75)
Increase (decrease) in provision for sales promotion expenses	280	(368)
Interest and dividend income	(172)	(190)
Interest expenses	215	190
Foreign exchange losses (gains)	(14)	-
Share of (profit) loss of entities accounted for using equity method	(142)	(44)
Loss (gain) on sales of investment securities	(51)	226
Loss (gain) on sales and retirement of non-current assets	656	72
Decrease (increase) in notes and accounts receivable-trade	152	(126)
Decrease (increase) in inventories	(4,561)	(9)
Decrease (increase) in other current assets	233	523
Increase (decrease) in notes and accounts payable-trade	4,606	4,510
Increase (decrease) in other current liabilities	(5,586)	(8,229)
Other, net	208	976
Subtotal	2,434	3,346
Interest and dividend income received	172	184
Interest expenses paid	(223)	(197)
Income taxes paid	(209)	(611)
Net cash provided by (used in) operating activities	2,174	2,722
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,694)	(1,718)
Proceeds from sales of property, plant and equipment	449	11
Purchase of intangible assets	(782)	(746)
Purchase of investment securities	(7)	(25)
Proceeds from sales of investment securities	298	993
Proceeds from redemption of investment securities	900	750
Purchase of shares of subsidiaries	(273)	(125)
Other, net	(59)	(678)
Net cash provided by (used in) investing activities	(2,168)	(1,540)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,000	(4,110)
Proceeds from long-term loans payable	250	1,500
Repayments of long-term loans payable	(2,448)	(2,587)
Proceeds from issuance of bonds with subscription rights to shares	-	6,980
Redemption of bonds	(700)	(700)
Cash dividends paid	(950)	(1,041)
Other, net	(138)	(132)
Net cash provided by (used in) financing activities	(986)	(91)
Effect of exchange rate change on cash and cash equivalents	23	33
Net increase (decrease) in cash and cash equivalents	(957)	1,124
Cash and cash equivalents at beginning of period	7,452	6,495
Increase in cash and cash equivalents from newly consolidated subsidiary	-	290
Cash and cash equivalents at end of period	6,495	7,910

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Notes to Consolidated Statement of Income

*1. The ending inventory is the amount written down to reflect the effect of lower profit margins. The following loss on valuation of inventories is included in cost of sales.

(Millions of yen)

Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)		Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)	
	617		433

*2. R&D expenses included in general and administrative expenses

(Millions of yen)

Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)		Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)	
	205		179

*3. Gain on sales of non-current assets

(Millions of yen)

Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)		Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)	
Buildings and structures	3	Machinery, equipment and vehicles, and others	0
Machinery, equipment and vehicles, and others	0	Investment and other assets	3
Total	4	Total	4

*4. Loss on sales and retirement of non-current assets

(Millions of yen)

Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)		Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)	
Loss on retirement of buildings and structures	21	Loss on retirement of buildings and structures	2
Loss on sales of buildings and structures	127	Loss on retirement of machinery, equipment and vehicles	23
Loss on retirement of machinery, equipment and vehicles	2	Loss on retirement of tools, furniture and fixtures	4
Loss on retirement of tools, furniture and fixtures	2	Loss on sales of land	21
Loss on sales of land	460	Loss on retirement of intangible assets	21
Loss on retirement of intangible assets	46	Other	3
Other	0		
Total	660	Total	77

*5. Impairment loss

The Senshukai Group posted impairment loss on the following asset groups.

Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)

(Millions of yen)

Location	Primary use	Type	Impairment loss
Sakaiminato City, Tottori	Idle assets	Land	4
Narita City, Chiba, and others	Business assets	Buildings and structures, and others	212

In principle, business assets are based on categories of management accounting. Idle assets are accounted independently.

Of the above asset groups, the Company marked down the book value of business assets to the recoverable amount reflecting weak prospects for improved short-term performance due to worsening operating profitability, and it marked down the book value of idle assets to the recoverable amount because of a decline in the assets' market value. These markdowns were booked as an impairment loss.

The impairment loss on buildings and structures, tools, furniture and fixtures, land, intangible assets, and other were 106 million yen, 22 million yen, 4 million yen, 79 million yen, and 3 million yen, respectively.

The recoverable amount was measured at its net selling price. The net selling price was rationally estimated based on roadside land prices and other benchmarks.

Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)

			(Millions of yen)
Location	Primary use	Type	Impairment loss
Nishi-ku, Osaka City, and others	Assets for the mail-order business	Buildings and structures, and others	81
Tomiya-machi, Miyagi	Assets for the bridal business	Buildings and structures	141

In principle, business assets are based on categories of management accounting

Of the above asset groups, the Company marked down the book value of business assets to the recoverable amount reflecting weak prospects for improved short-term performance due to worsening operating profitability. These markdowns were booked as an impairment loss.

The impairment loss on buildings and structures, tools, furniture and fixtures, and intangible assets were 178 million yen, 14 million yen, and 29 million yen, respectively.

Segment and Other 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. Calculation methods for net sales, profit/loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are the same as those used for preparing the consolidated financial statements.

Profits for reportable segments are generally operating income figures.

Inter-segment sales are based on market prices.

3. Information related to net sales and profit/loss, assets, and other items for each reportable segment

Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Mail-order business	Bridal business	Corporates business	Sub-total				
Net sales								
Sales to customers	126,498	10,731	3,838	141,068	484	141,552	-	141,552
Inter-segment sales	682	-	31	714	123	838	(838)	-
Total	127,181	10,731	3,869	141,782	608	142,391	(838)	141,552
Segment profit	2,840	701	393	3,935	83	4,019	0	4,019
Segment assets	88,999	12,558	475	102,033	384	102,417	(3,617)	98,800
Other items								
Depreciation	1,981	605	29	2,616	1	2,618	-	2,618
Amortization of goodwill	5	145	-	151	-	151	-	151
Investment in equity-method affiliates	578	-	-	578	-	578	-	578
Increase in property, plant and equipment and intangible assets	2,825	1,335	56	4,217	9	4,227	-	4,227

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 sales through retail stores.

2. Adjustments are as follows.

(1) The 0 million yen adjustment to segment profit comprises elimination for inter-segment transactions.

(2) The (3,617) million yen adjustment to segment assets comprises elimination for inter-segment transactions.

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

Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Mail-order business	Bridal business	Corporates business	Sub-total				
Net sales								
Sales to customers	125,296	12,750	3,944	141,991	534	142,526	-	142,526
Inter-segment sales	881	-	118	1,000	0	1,000	(1,000)	-
Total	126,177	12,750	4,063	142,992	535	143,527	(1,000)	142,526
Segment profit	1,921	834	304	3,060	26	3,086	2	3,088
Segment assets	90,013	13,650	606	104,270	574	104,845	(4,060)	100,785
Other items								
Depreciation	1,959	681	26	2,667	7	2,675	-	2,675
Amortization of goodwill	21	149	-	170	-	170	-	170
Investment in equity-method affiliates	659	-	-	659	-	659	-	659
Increase in property, plant and equipment and intangible assets	1,225	1,655	25	2,905	140	3,045	-	3,045

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 insurance and credit card services, and childcare business.

2. Adjustments are as follows.

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

(2) The (4,060) million yen adjustment to segment assets comprises elimination for inter-segment transactions.

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

Per Share Information

(Yen)

	Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)	Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)
Net assets per share	1,162.81	1,227.52
Net income per share	93.43	41.52
Diluted net income per share	-	37.52

Notes: 1. Diluted net income per share in Fiscal Year 2013 is not presented since the Company has no outstanding residual securities.

2. Basis for calculation of net income per share and diluted net income per share are as follows.

(Millions of yen)

	Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)	Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)
Net income per share		
Net income	4,046	1,798
Amounts unavailable to common shareholders	-	-
Net income related to common stock	4,046	1,798
Average number of shares outstanding during the period (thousand shares)	43,308	43,308
Diluted net income per share		
Adjustment to net income	-	-
Increase in number of common stock (thousand shares)	-	4,611
[Including: subscription rights to shares (thousand shares)]	-	(4,611)
Number of residual securities with no dilution excluded from calculation of diluted net income per share	-	-

Subsequent Events

Not applicable.

5. Other

(1) Changes in Members of Board of Directors

1) Changes in Representative Director

Not applicable.

2) Changes in Other Directors and Executive Officers (as of March 27, 2015)

- Candidate for Director

Director and Executive Officer: Kenji Kajiwara

(current Executive Officer, General Manager of Fashion Business Division)

- Candidate for Auditor

(Full-time) Auditor: Masanori Maeda (current Executive Officer)

- Retiring Auditor

(Full-time) Auditor: Makoto Yamamoto

- Retiring Executive Officer

Executive Officer: Masanori Maeda

(2) Production, Orders and Sales

1) Production

There were no production activities.

2) Orders

There were no production activities in response to orders received.

3) Sales

a. Sales by business segment

(Millions of yen)

By business segment	Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)		Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)		Change
	Amount	Share (%)	Amount	Share (%)	
Mail-order business	126,498	89.4	125,296	87.9	(1,202)
Bridal business	10,731	7.6	12,750	8.9	2,019
Corporates business	3,838	2.7	3,944	2.8	106
Others	484	0.3	534	0.4	50
Total	141,552	100.0	142,526	100.0	974

Note: The figures above are stated exclusive of consumption taxes.

b. Sales by type

(Millions of yen)

By type	Fiscal Year 2013 (Jan. 1, 2013 – Dec. 31, 2013)		Fiscal Year 2014 (Jan. 1, 2014 – Dec. 31, 2014)		Change
	Amount	Share (%)	Amount	Share (%)	
Apparel	57,426	40.6	56,468	39.6	(958)
Interior goods	32,141	22.7	31,262	21.9	(879)
Household goods	18,144	12.8	16,725	11.7	(1,418)
Fashion accessories	13,929	9.8	13,739	9.7	(189)
Foods	3,473	2.5	5,638	4.0	2,164
Others	16,437	11.6	18,691	13.1	2,254
Total	141,552	100.0	142,526	100.0	974

Note: The figures above are stated exclusive of consumption taxes.

* 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.