

Summary of Financial Results for the Third Quarter of Fiscal Year 2015 (Nine Months Ended September 30, 2015)

[Japanese GAAP]

October 30, 2015

Company name: **SENSHUKAI CO.,LTD.** Stock exchange: Tokyo Stock Exchange, First Section
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 Scheduled date of filing of Quarterly Report: November 12, 2015
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the 3rd Quarter of 2015 (January 1, 2015 – September 30, 2015)

(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 2015	96,191	(5.8)	(2,621)	-	(1,337)	-	(1,516)	-
3Q 2014	102,135	1.2	837	(46.8)	1,092	(45.7)	346	(70.9)

Note: Comprehensive income (millions of yen) 3Q 2015: (2,201) (- %) 3Q 2014: 697 (down 70.3 %)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q 2015	(31.53)	-
3Q 2014	8.00	7.33

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q 2015	106,274	57,820	54.4	1,106.73
Fiscal Year 2014	100,785	53,160	52.7	1,227.52

Reference: Shareholders' equity (millions of yen) 3Q 2015: 57,779 Fiscal Year 2014: 53,160

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2014	-	12.00	-	12.00	24.00
Fiscal Year 2015	-	4.00	-	-	-
Fiscal Year 2015 (forecasts)	-	-	-	4.00	8.00

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

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
Full Year 2015	135,500	(4.9)	(3,400)	-	(1,990)	-	(3,240)	-	(65.94)

Note: Revision to the most recently announced consolidated outlook: Yes

For more information, please refer to "Notice of Non-operating Income (Share of Profit of Entities Accounted for Using Equity Method) and Revisions to Consolidated Outlook" that was announced today (October 30, 2015).

*** Notes**

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

Newly added: -

Excluded: -

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

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

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

3Q 2015:	52,230,393 shares	Fiscal Year 2014:	47,630,393 shares
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2) Number of treasury shares at end of period

3Q 2015:	23,149 shares	Fiscal Year 2014:	4,322,649 shares
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3) Average number of shares outstanding during the period

3Q 2015:	48,099,833 shares	3Q 2014:	43,308,309 shares
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* Disclosure regarding the implementation of quarterly review procedures

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

* Cautionary statement with respect to forward-looking statements

The above projections are based on information available at the time of release of this report. Actual results could differ significantly from these projections due to a variety of factors. For further details regarding the projections, please refer to page 3, “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements.”

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the cumulative third quarter (January 1, 2015 to September 30, 2015) of the current fiscal year, the Japanese economy continued to recover at a moderate pace as there were signs of improvements in corporate earnings and employment situation due to the benefits of financial and economic measures. However, the economic outlook remains uncertain because of the growing risk of an overseas economic downturn. In the retail industry, consumers continue to adopt a highly defensive stance about expenditures because of a series of price increases for food, daily necessities and other merchandise associated with the yen's weakness. As a result, the operating environment remained challenging as the recovery in personal consumption expenditure is still sluggish.

The Senshukai Group is currently in the second year of the medium- to long-term management plan "Innovate for Smiles 2018" that covers the five-year period ending in 2018. All group companies are focusing their energy on achieving the goals of this plan.

Net sales in the cumulative third quarter decreased 5.8% year-over-year to 96,191 million yen.

There was an operating loss of 2,621 million yen compared with operating income of 837 million yen in the same period of the previous fiscal year. A decrease in sales in the mail-order business reduced earnings and the gross profit margin declined as the weaker yen raised the cost of merchandise and sluggish sales caused the percentage of sales from discounted merchandise to increase.

Ordinary loss was 1,337 million yen compared with ordinary income of 1,092 million yen in the same period of the previous fiscal year. Negative goodwill of 1,159 million yen associated with the conversion of Watabe Wedding Corporation to an equity-method affiliate was recorded in non-operating income as share of profit of entities accounted for using equity method. The net loss was 1,516 million yen compared with net income of 346 million yen in the same period of the previous fiscal year.

Overview by segment

(Mail-order Business)

Consolidated sales in the mail-order business, centered on the catalog and the Internet businesses, decreased 9.0% year-over-year to 82,274 million yen in the cumulative third quarter. There was an operating loss of 2,873 million yen compared with operating income of 525 million yen in the same period of the previous fiscal year.

(Bridal Business)

Consolidated sales in the bridal business, centered on the house wedding business, increased 19.8% year-over-year to 10,219 million yen in the cumulative third quarter. There was an operating loss of 38 million yen compared with operating income of 82 million yen in the same period of the previous fiscal year.

(Corporates Business)

Consolidated sales in the corporates business, which provides products and services to corporations, increased 9.4% year-over-year to 3,111 million yen, and operating income increased 19.2% to 262 million yen.

(Others)

Consolidated sales in other businesses, which provides services business (primarily insurance and credit card services) and childcare business, increased 57.9% year-over-year to 586 million yen. Operating income increased 134.4% to 21 million yen.

(2) Explanation of Financial Position

(Balance sheet position)

Assets totaled 106,274 million yen at the end of the third quarter of the current fiscal year, an increase of 5,489 million yen from the end of the previous fiscal year.

Current assets decreased 1,329 million yen to 52,224 million yen. The main factors were decreases of 2,200 million yen in notes and accounts receivable-trade, 1,857 million yen in accounts receivable-other and 1,207 million yen in other, while there was an increase of 3,936 million yen in cash and deposits. Non-current assets increased 6,818 million yen to 54,049 million yen. The main factors were increases of 2,986 million yen in property, plant and equipment, and 3,973 million yen in investments and other assets, while there was a decrease of 141 million yen in intangible assets.

Current liabilities decreased 3,892 million yen to 29,578 million yen. The main factors were decreases of 2,319 million yen in electronically recorded obligations-operating and 1,394 million yen in other. Non-current liabilities increased 4,721 million yen to 18,875 million yen. The main factor was an increase of 5,619 million yen in long-term loans payable, while there were decreases of 455 million yen in other and 450 million yen in bonds payable.

Net assets increased 4,659 million yen to 57,820 million yen. There were decreases of 2,166 million yen in retained earnings and 1,187 million yen in deferred gains or losses on hedges. However, there were increases of 1,945 million yen in capital stock and 2,821 million yen in capital surplus, and a decrease of 2,762 million yen in treasury shares as a result of the issuance of new shares and the disposal of treasury shares through the third-party allotment to J.FRONT RETAILING Co.,Ltd. in May 2015. Consequently, the equity ratio was 54.4%.

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

Senshukai has revised its consolidated outlook for the current fiscal year (January 1, 2015 to December 31, 2015) that was revised and released on July 24, 2015. For more information, please refer to “Notice of Non-operating Income (Share of Profit of Entities Accounted for Using Equity Method) and Revisions to Consolidated Outlook” that was announced today (October 30, 2015).

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

Not applicable.

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

(Calculation of tax expense)

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

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

Not applicable.

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

(Millions of yen)

	Fiscal Year 2014 (As of Dec. 31, 2014)	3Q 2015 (As of Sep. 30, 2015)
Assets		
Current assets		
Cash and deposits	7,910	11,846
Notes and accounts receivable-trade	6,622	4,422
Merchandise and finished goods	21,591	21,510
Accounts receivable-other	9,511	7,653
Other	8,230	7,022
Allowance for doubtful accounts	(311)	(229)
Total current assets	53,554	52,224
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,963	16,769
Land	12,311	12,121
Other, net	2,801	3,170
Total property, plant and equipment	29,075	32,061
Intangible assets		
Goodwill	2,225	2,336
Other	3,154	2,903
Total intangible assets	5,380	5,239
Investments and other assets		
Investment securities	6,155	10,168
Other	6,885	6,845
Allowance for doubtful accounts	(265)	(265)
Total investments and other assets	12,774	16,748
Total non-current assets	47,231	54,049
Total assets	100,785	106,274

	(Millions of yen)	
	Fiscal Year 2014 (As of Dec. 31, 2014)	3Q 2015 (As of Sep. 30, 2015)
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	12,124	9,805
Accounts payable-trade	5,397	6,685
Short-term loans payable	2,747	2,222
Current portion of bonds	700	450
Income taxes payable	915	78
Provision for sales promotion expenses	219	364
Other	11,367	9,972
Total current liabilities	33,470	29,578
Non-current liabilities		
Bonds payable	450	-
Bonds with subscription rights to shares	7,000	7,000
Long-term loans payable	3,510	9,129
Net defined benefit liability	84	92
Other	3,109	2,653
Total non-current liabilities	14,153	18,875
Total liabilities	47,624	48,453
Net assets		
Shareholders' equity		
Capital stock	20,359	22,304
Capital surplus	21,038	23,860
Retained earnings	17,086	14,920
Treasury shares	(2,776)	(14)
Total shareholders' equity	55,707	61,070
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,261	1,743
Deferred gains or losses on hedges	2,780	1,592
Revaluation reserve for land	(6,724)	(6,748)
Foreign currency translation adjustment	135	121
Total accumulated other comprehensive income	(2,546)	(3,290)
Minority interests	-	41
Total net assets	53,160	57,820
Total liabilities and net assets	100,785	106,274

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

(Millions of yen)

	3Q 2014 (Jan. 1, 2014 – Sep. 30, 2014)	3Q 2015 (Jan. 1, 2015 – Sep. 30, 2015)
Net sales	102,135	96,191
Cost of sales	54,155	51,605
Gross profit	47,979	44,586
Selling, general and administrative expenses	47,142	47,207
Operating income (loss)	837	(2,621)
Non-operating income		
Interest income	31	79
Dividend income	79	76
Share of profit of entities accounted for using equity method	23	1,211
Gain on adjustment of account payable	169	208
Other	180	229
Total non-operating income	484	1,805
Non-operating expenses		
Interest expenses	147	143
Commission fee	2	307
Other	80	70
Total non-operating expenses	229	521
Ordinary income (loss)	1,092	(1,337)
Extraordinary income		
Gain on sales of non-current assets	4	17
Gain on sales of investment securities	0	23
Subsidy income	-	150
Total extraordinary income	4	190
Extraordinary losses		
Loss on sales and retirement of non-current assets	49	29
Loss on reduction of non-current assets	-	148
Impairment loss	41	126
Loss on valuation of investment securities	150	-
Loss on sales of investment securities	147	-
Total extraordinary losses	389	304
Income (loss) before income taxes and minority interests	707	(1,451)
Income taxes	360	84
Income (loss) before minority interests	347	(1,535)
Minority interests in income (loss)	0	(19)
Net income (loss)	346	(1,516)

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

(Millions of yen)

	3Q 2014 (Jan. 1, 2014 – Sep. 30, 2014)	3Q 2015 (Jan. 1, 2015 – Sep. 30, 2015)
Income (loss) before minority interests	347	(1,535)
Other comprehensive income		
Valuation difference on available-for-sale securities	294	482
Deferred gains or losses on hedges	37	(1,187)
Revaluation reserve for land	-	53
Foreign currency translation adjustment	9	(12)
Share of other comprehensive income of entities accounted for using equity method	9	(1)
Total other comprehensive income	350	(665)
Comprehensive income	697	(2,201)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	697	(2,181)
Comprehensive income attributable to minority interests	0	(19)

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

Not applicable.

(Significant Changes in Shareholders' Equity)

Senshukai has conducted the issuance of new shares through the third-party allotment to J.FRONT RETAILING Co.,Ltd. and a disposal of treasury shares on May 7, 2015. Accordingly, capital stock and legal capital surplus increased 1,945 million yen each by the third-party allotment in the cumulative third quarter. In addition, capital surplus increased 875 million yen and treasury shares decreased 2,762 million yen by the disposal of treasury shares. As of the end of the third quarter of the current fiscal year, capital stock, capital surplus and treasury shares were 22,304 million yen, 23,860 million yen and 14 million yen, respectively.

(Segment and Other Information)

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

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

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

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

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

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

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

No major events or changes occurred.

II 3Q 2015 (Jan. 1, 2015 – Sep. 30, 2015)

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

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Mail-order business	Bridal business	Corporates business	Sub-total				
Net sales								
Sales to customers	82,274	10,219	3,111	95,605	586	96,191	-	96,191
Inter-segment sales or transfers	615	-	111	727	0	728	(728)	-
Total	82,889	10,219	3,223	96,332	587	96,920	(728)	96,191
Segment profit (loss)	(2,873)	(38)	262	(2,649)	21	(2,627)	6	(2,621)

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

2. The 6 million yen adjustment to segment profit (loss) comprises elimination for inter-segment transactions.

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

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

No major events or changes occurred.

* This financial report is solely a translation of summary of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.