



Summary of Financial Results for the Third Quarter of Fiscal Year 2009 (Nine Months Ended September 30, 2009)

October 23, 2009

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 6, 2009

Scheduled date of payment of dividend: -

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the 3rd Quarter of 2009 (January 1, 2009 – September 30, 2009)

(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 2009	106,671	-	(1,716)	-	(1,147)	-	(1,538)	-
3Q 2008	113,393	2.4	1,195	(63.7)	(197)	-	(1,051)	-

	Net income per share	Diluted net income per share
	Yen	Yen
3Q 2009	(33.50)	-
3Q 2008	(22.50)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q 2009	99,019	40,722	41.1	939.83
Fiscal Year 2008	104,059	44,274	42.5	947.19

Reference: Shareholders' equity (million yen) 3Q 2009: 40,705 Fiscal Year 2008: 44,245

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Yearend	Total
	Yen	Yen	Yen	Yen	Yen
Full Year 2008	-	8.00	-	9.00	17.00
Full Year 2009	-	6.00	-	-	-
Full Year 2009 (forecasts)	-	-	-	6.00	12.00

Note: Revision of dividend forecast during the period: None

3. Consolidated Outlook for Fiscal Year 2009 (January 1, 2009 – December 31, 2009)

(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 2009	152,480	(3.7)	1,100	(54.4)	2,100	-	1,510	-	32.87

Note: Revision of consolidated outlook during the period: None

4. Other

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

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 5 for further information.

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

1) Changes caused by revision of accounting standards: Yes

2) Other changes: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on pages 5 and 6 for further information.

(4) Number of shares outstanding (common shares)

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

3Q 2009:	47,630,393 shares	Fiscal Year 2008:	47,630,393 shares
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2) Number of treasury stock at end of period

3Q 2009:	4,318,839 shares	Fiscal Year 2008:	917,908 shares
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3) Average number of shares outstanding during the period

3Q 2009:	45,939,790 shares	3Q 2008:	46,713,887 shares
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***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, “Qualitative Information and Financial Statements, 3. Qualitative Information Regarding Consolidated Outlook.”

- Effective from the current fiscal year, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements”. The Company has adopted the amended Regulations for Quarterly Consolidated Financial Statements, pursuant to the proviso of Article 7, Paragraph 1, Item 5 of the Supplementary Provision of the “Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation Methods of Financial Statements” (Cabinet Office Ordinance No. 50, August 7, 2008).

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Results of Operations

The Japanese economy in the third quarter (January 1, 2009 to September 30, 2009) of the current fiscal year showed some signs of a pick up thanks to government stimulus measures, but remained in a recession due to ongoing declines in capital investment, and a continued slump in personal consumption due to uncertainty over the future. In the retail sector, personal consumption remained weak as consumers adopted a defensive stance towards spending and showed an increased preference for low-priced items given ongoing deterioration in the environment for employment and incomes. The environment for the retail sector remained extremely harsh as competition intensified with companies resorting to price competition, slashing prices for apparel goods and daily necessities.

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

Net sales in the third quarter of the fiscal year declined 5.9% year-over-year to 106,671 million yen particularly due to an impact in the mail-order business from a decline in personal consumption.

In terms of profits, operating losses totaled 1,716 million yen in the third quarter of the current fiscal year, compared with an operating income of 1,195 million yen in the same period of previous fiscal year, due to a decline in the gross profit margin from a decline in net sales and an increase in valuations losses from a change in the valuation of inventories. Ordinary loss expanded 949 million yen to 1,147 million yen. Net loss expanded 487 million yen to 1,538 million yen.

Segment information

(Mail-order Business)

Consolidated sales in the mail-order business, which comprises the catalog and the *hanpukai* businesses, decreased 9.0% year-over-year to 95,068 million yen in the third quarter.

In terms of profits, the Group booked an operating loss of 1,420 million yen (compared with an operating income of 1,850 million yen in the same period of the previous fiscal year), despite a decline in the purchasing cost ratio, due to a decline in sales, and an increase in the cost-of-sales ratio from a change in the valuation method for inventories that increased valuation losses.

(1) Catalog business

Consolidated sales in the catalog business decreased 8.8% year-over-year to 86,911 million yen.

(2) *Hanpukai* business

Consolidated sales in the *hanpukai* business declined 11.9% year-over-year to 8,156 million yen.

(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 wedding business. Consolidated sales in this segment increased 30.6% year-over-year to 11,603 million yen. Operating loss declined 313 million yen to 350 million yen.

Year-over-year changes in value and percentage terms are included as reference given differences in applied accounting standards.

2. Qualitative Information Regarding Consolidated Financial Position

(Balance sheet position)

Assets totaled 99,019 million yen at the end of the third quarter of the current fiscal year, down 5,040 million yen from the end of the previous fiscal year.

Current assets decreased 4,081 million yen to 45,916 million yen. The main factors were decreases of 3,286 million yen in accounts receivable-other, and 1,378 million yen in cash and deposits. Fixed assets decreased 958 million yen to 53,102 million yen, mainly due to decreases in property and equipment of 296 million yen, intangible assets of 84 million yen, and investments and other assets of 576 million yen.

Current liabilities decreased 9,722 million yen to 44,430 million yen. The main factors were decreases of 5,819 million yen in forward exchange contracts, and 4,380 million yen in accounts payable-factoring. Long-term liabilities increased 8,233 million yen to 13,865 million yen, mainly due to increases in long-term debt of 4,674 million yen and corporate bonds of 3,917 million yen.

Net assets decreased 3,551 million yen to 40,722 million yen. The main factors were increases in deferred hedge gains (losses) of 467 million yen and net unrealized gains on available-for-sale securities of 375 million yen, while there were a 2,239 million yen decrease in retained earnings and a 2,142 million yen increase in treasury stock. Consequently, the equity ratio was 41.1%.

(Cash flow position)

The balance of cash and cash equivalents at the end of the third quarter of the current fiscal year was 6,473 million yen, a decrease of 1,713 million yen from the end of the previous fiscal year.

Operating activities used net cash of 6,779 million yen. The main contributing factors were a 2,715 million yen decrease in other current assets, and depreciation expenses of 1,860 million yen. Negative factors included a 3,912 million yen decrease in other current liabilities, a 3,760 million yen payment for cancellation of derivative contracts, loss before income taxes and minority interests of 1,368 million yen, foreign exchange gains of 1,200 million yen, and an 841 million yen increase in notes and accounts payable-trade.

Investing activities used net cash of 1,412 million yen. The main cash inflow was a 200 million yen proceeds from withdrawal of time deposits. The main cash outflows were 1,067 million yen for purchases of property and equipment, and 543 million yen for purchases of intangible assets.

Financing activities provided net cash of 6,291 million yen. The main cash inflows were proceeds from long-term debt of 7,184 million yen and issuance of corporate bonds of 4,872 million yen, while cash outflows include 2,142 million yen purchases of treasury stock, repayments of long-term debt of 1,558 million yen, net decrease in short-term bank loans of 1,000 million yen, and cash dividends paid of 681 million yen.

3. Qualitative Information Regarding Consolidated Outlook

The Group expects to see greater volatility in the business environment, which requires close monitoring, as price competition among companies in different industries intensifies going forward due to cooling personal consumption on fallout from the economic downturn.

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation)

Not applicable.

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

(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 fixed 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 during the fiscal year, and multiplying that rate by the quarterly income before income taxes. 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. Deferred income taxes were included and displayed with income taxes.

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

1) Application of “Accounting Standards for Quarterly Financial Statements”

Effective from the current fiscal year, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements”. The Company has adopted the amended Regulations for Quarterly Consolidated Financial Statements, pursuant to the proviso of Article 7, Paragraph 1, Item 5 of the Supplementary Provision of the “Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation Methods of Financial Statements” (Cabinet Office Ordinance No. 50, August 7, 2008).

2) Application of “Accounting Standards for Measurement of Inventories”

In prior years, inventories for regular sales purposes were stated at the lower of cost, determined by the monthly average method, or market. With the adoption of “Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9) from the first quarter of the current fiscal year, inventories are stated at cost determined by the monthly average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

As an effect of this change, operating loss, ordinary loss and loss before income taxes and minority interests each increased by 994 million yen. The effect of these changes on segment operations is shown in the Segment Information section.

3) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

Effective from the first quarter of the current fiscal year, the Company has adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issue Task Force (“PITF”) No. 18).

This change has no effect on the amount of income.

4) Application of “Accounting Standards for Lease Transactions”

In prior years, the Company accounted for finance leases where there is no transfer of ownership as ordinary operating leases for accounting purposes. However, the Company is able to use the following accounting standards beginning with quarterly consolidated financial statements for fiscal years starting on or after April 1, 2008: “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13); and “Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16). The Company has adopted these standards and guidance beginning with the first quarter of the current fiscal year, using an accounting method for leases that is based on the method used for ordinary purchases and sales. Furthermore, for the depreciation of lease assets associated with finance leases where there is no transfer of ownership, the straight-line method with no residual value is applied with the lease period used as the useful life of the asset.

For finance leases where there is no transfer of ownership that started prior to the fiscal year when these standards were first applied, the Company continues to use an accounting method that is based on the method used for ordinary lease transactions.

This change has no effect on the amount of income.

(Supplemental information)

1) Change in useful lives of property and equipment

Effective from the first quarter of the current fiscal year, the Company and its domestic consolidated subsidiaries have reviewed the useful lives of machinery, etc. as a result of revision to the Corporate Tax Law and consequently have revised the useful lives as stipulated in the revised law.

This change has no significant effect on the amount of income.

2) Abolishment of the retirement benefit system for directors and corporate auditors

The Board of Directors resolved at a meeting held on January 29, 2009 to abolish the Company’s retirement benefit system for directors and corporate auditors, and shareholders resolved at their annual general meeting held on March 27, 2009 to pay current directors and corporate auditors, upon retirement, a lump sum for their term of service up through the day of abolishment of the system. Consolidated subsidiaries have also abolished the retirement benefit system for directors and corporate auditors. As a result, the Company has drawn down the entire balance of liabilities for retirement benefits for directors and corporate auditors, and booked the unpaid amount in the “Other” account of current liabilities at the end of the first quarter of the current fiscal year.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	3Q 2009 (As of Sep. 30, 2009)	Fiscal Year 2008 Summary (As of Dec. 31, 2008)
Assets		
Current assets		
Cash and deposits	6,291	7,670
Notes and accounts receivable-trade	11,755	10,888
Marketable securities	182	524
Merchandise and finished goods	15,955	16,400
Raw materials and supplies	113	97
Accounts receivable-other	4,742	8,028
Other	7,159	6,705
Allowance for doubtful accounts	(282)	(316)
Total current assets	45,916	49,998
Fixed assets		
Property and equipment		
Buildings and structures, net	14,642	15,059
Land	11,168	11,168
Other, net	2,429	2,308
Total property and equipment	28,240	28,536
Intangible assets		
Goodwill	2,839	2,963
Other	2,541	2,502
Total intangible assets	5,380	5,465
Investments and other assets		
Investment securities	11,619	11,368
Other	8,044	8,893
Allowance for doubtful accounts	(182)	(203)
Total investments and other assets	19,481	20,058
Total fixed assets	53,102	54,060
Total assets	99,019	104,059

(Million yen)

	3Q 2009 (As of Sep. 30, 2009)	Fiscal Year 2008 Summary (As of Dec. 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,866	8,527
Short-term bank loans	9,923	9,957
Current portion of corporate bonds	766	66
Accounts payable-factoring	11,408	15,789
Accrued income taxes	157	194
Allowance for sales promotion expenses	412	346
Forward exchange contracts	3,968	9,788
Other	9,927	9,484
Total current liabilities	44,430	54,153
Long-term liabilities		
Corporate bonds	4,085	168
Long-term debt	8,787	4,112
Liabilities for employees' retirement benefits	34	45
Other	959	1,305
Total long-term liabilities	13,865	5,631
Total liabilities	58,296	59,784
Net assets		
Shareholders' equity		
Common stock	20,359	20,359
Capital surplus	21,038	21,038
Retained earnings	11,824	14,064
Treasury stock	(2,774)	(631)
Total shareholders' equity	50,448	54,830
Valuation and translation adjustments		
Net unrealized gains on available-for-sale securities	(936)	(1,312)
Deferred hedge gains (losses)	(1,570)	(2,038)
Land revaluation difference	(7,103)	(7,103)
Foreign currency translation adjustments	(132)	(130)
Total valuation and translation adjustments	(9,742)	(10,584)
Minority interests	17	29
Total net assets	40,722	44,274
Total liabilities and net assets	99,019	104,059

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

	(Million yen)
	3Q 2009 (Jan. 1, 2009 – Sep. 30, 2009)
Net sales	106,671
Cost of sales	56,708
Gross profit	49,963
Selling, general and administrative expenses	51,679
Operating loss	(1,716)
Other income	
Interest income	70
Dividend income	94
Foreign exchange gains	1,101
Other	271
Total other income	1,537
Other expenses	
Interest expenses	230
Losses on write-down of compound financial instruments	12
Investment loss on equity method	46
Bond issuance cost	127
Commission fee	450
Other	100
Total other expenses	968
Ordinary losses	(1,147)
Extraordinary losses	
Losses on sales and disposal of fixed assets	22
Losses on valuation of investment securities	44
Loss on liquidation of business	86
Impairment loss	54
Other	13
Total extraordinary losses	221
Loss before income taxes and minority interests	(1,368)
Income taxes	203
Minority interests in loss	(33)
Net loss	(1,538)

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	3Q 2009 (Jan. 1, 2009 – Sep. 30, 2009)
Cash flows from operating activities	
Loss before income taxes and minority interests	(1,368)
Depreciation expenses	1,860
Impairment loss	54
Increase (decrease) in allowance for doubtful accounts	(54)
Increase (decrease) in allowance for sales promotion expenses	66
Interest and dividend income	(164)
Interest expenses	230
Foreign exchange losses (gains)	(1,200)
Investment loss (profit) on equity method	46
Losses (gains) on write-down of compound financial instruments	12
Bond issuance cost	127
Losses (gains) on sales and disposal of fixed assets	22
Losses (gains) on valuation of investment securities	44
Decrease (increase) in notes and accounts receivable-trade	(841)
Decrease (increase) in inventories	450
Decrease (increase) in other current assets	2,715
Increase (decrease) in notes and accounts payable-trade	(672)
Increase (decrease) in accrued consumption taxes	(115)
Increase (decrease) in other current liabilities	(3,912)
Other	(169)
Subtotal	<u>(2,868)</u>
Interests and dividends received	195
Interests paid	(201)
Payment for cancellation of derivative contracts	(3,760)
Income taxes paid	(145)
Net cash used in operating activities	<u>(6,779)</u>
Cash flows from investing activities	
Purchases of property and equipment	(1,067)
Purchases of intangible assets	(543)
Purchases of investment securities	(88)
Proceeds from withdrawal of time deposits	200
Purchases of subsidiary stock	(65)
Other	152
Net cash used in investing activities	<u>(1,412)</u>
Cash flows from financing activities	
Net increase (decrease) in short-term bank loans	(1,000)
Proceeds from long-term debt	7,184
Repayments of long-term debt	(1,558)
Proceeds from issuance of corporate bonds	4,872
Redemption of corporate bonds	(383)
Purchases of treasury stock	(2,142)
Proceeds from sales of treasury stock	0
Cash dividends paid	(681)
Net cash provided by financing activities	<u>6,291</u>
Effect of exchange rate change on cash and cash equivalents	<u>(7)</u>
Increase (decrease) in cash and cash equivalents	<u>(1,908)</u>
Cash and cash equivalents at beginning of period	8,186
Increase in cash and cash equivalents due to consolidation of subsidiary	195
Cash and cash equivalents at end of period	<u>6,473</u>

Effective from the current fiscal year, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements”. The Company has adopted the amended Regulations for Quarterly Consolidated Financial Statements, pursuant to the proviso of Article 7, Paragraph 1, Item 5 of the Supplementary Provision of the “Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation Methods of Financial Statements” (Cabinet Office Ordinance No. 50, August 7, 2008).

(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

As stated in “Qualitative Information and Financial Statements, 4. Others, (3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements, 2), “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 third quarter of the fiscal year. There is no effect on other businesses.

Geographical segment information

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

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)

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

(6) Significant Changes in Shareholders' Equity

Following the resolution approved at a Board of Directors meeting held on July 30, 2009 to acquire its own shares, pursuant to Article 156 applicable in accordance with Article 165, Clause 3 of the Company Act, the Company has acquired 2,142 million yen (3,400,000 shares) worth of its own stock in the third quarter, bringing the total amount of buybacks to 2,774 million yen (4,318,839 shares) as of the end of the third quarter of the fiscal year.

Reference Material**Financial Statements, etc. of the Same Period Previous Fiscal Year****(1) Consolidated Statements of Income (Summary)**

3Q 2008 (Jan. 1, 2008 – Sep. 30, 2008)

(Million yen)

Accounts	3Q 2008 (Jan. 1, 2008 – Sep. 30, 2008)
	Amount
I Net sales	113,393
II Cost of sales	58,884
Gross profit	54,508
III Selling, general and administrative expenses	53,313
Operating income	1,195
IV Other income	632
Interest income	190
Dividend income	96
Other	345
V Other expenses	2,025
Interest expenses	86
Foreign exchange losses	877
Losses on write-down of compound financial instruments	699
Other	361
Ordinary losses	(197)
VI Extraordinary income	219
VII Extraordinary losses	108
Loss before income taxes and minority interests	(86)
Income taxes	962
Minority interests	1
Net loss	(1,051)

(2) Consolidated Statements of Cash Flows (Summary)

3Q 2008 (Jan. 1, 2008 – Sep. 30, 2008)

(Million yen)

	3Q 2008 (Jan. 1, 2008 – Sep. 30, 2008)
Accounts	Amount
I Cash flows from operating activities	
Loss before income taxes and minority interests	(86)
Depreciation expenses	1,520
Increase in allowance for sales promotion expenses	36
Interest and dividend income	(286)
Interest expenses	86
Losses on write-down of compound financial instruments	699
Increase in notes and accounts receivable-trade	(1,372)
Decrease in inventories	1,031
Decrease in other current assets	1,107
Decrease in notes and accounts payable-trade	(2,375)
Decrease in other current liabilities	(1,678)
Other	1,283
Subtotal	(34)
Interests and dividends received	329
Interests paid	(92)
Income taxes paid	(2,312)
Net cash used in operating activities	(2,110)
II Cash flows from investing activities	
Purchases of property and equipment	(2,326)
Proceeds from sales of property and equipment	362
Purchases of intangible assets	(309)
Purchases of investment securities	(1,863)
Proceeds from sales of investment securities	625
Purchases of subsidiary stock associated with changes in the scope of consolidation	(2,297)
Increase in time deposits	(997)
Other	535
Net cash used in investing activities	(6,268)
III Cash flows from financing activities	
Net increase in short-term bank loans	9,066
Proceeds from long-term debt	5,052
Repayments of long-term debt	(248)
Redemption of corporate bonds	(11)
Purchases of treasury stock	(1)
Proceeds from sales of treasury stock	0
Cash dividends paid	(1,003)
Net cash provided by financing activities	12,854
IV Increase in cash and cash equivalents	4,474
V Cash and cash equivalents at beginning of period	3,526
VI Cash and cash equivalents at end of period	8,001

* 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.