

Summary of Financial Results for the First Quarter of Fiscal Year 2010 (Three Months Ended March 31, 2010)

April 30, 2010

Company name: **Senshukai Co., Ltd.** Stock Exchanges: Tokyo and Osaka, First Sections
 Stock Code: 8165 URL: <http://www.senshukai.co.jp>
 Representative: Mr. Yasuhiro Yukimachi, President and Representative Director
 Inquiries: Mr. Michio Tanabe, Senior Managing Director
 Tel: +81-6-6881-3100
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 Scheduled date of payment of dividend: -

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

1. Consolidated Financial Results for the 1st Quarter of 2010 (January 1, 2010 – March 31, 2010)

(1) Consolidated operating results (cumulative)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q 2010	32,164	(9.7)	529	-	1,063	-	1,077	-
1Q 2009	35,617	-	(1,960)	-	(526)	-	(761)	-

	Net income per share	Diluted net income per share
	Yen	Yen
1Q 2010	24.88	-
1Q 2009	(16.30)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1Q 2010	89,946	39,852	44.3	919.92
Fiscal Year 2009	91,837	37,906	41.3	874.89

Reference: Shareholders' equity (million yen) 1Q 2010: 39,842 Fiscal Year 2009: 37,892

2. Dividends

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

Note: Revision of dividend forecast during the period: None

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

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q 2010 (cumulative)	71,500	(6.3)	750	-	950	-	730	-	16.85
Full Year 2010	142,300	(3.4)	2,100	-	2,050	-	1,650	-	38.10

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: None

2) Other changes: None

(4) Number of shares outstanding (common shares)

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

1Q 2010:	47,630,393 shares	Fiscal Year 2009:	47,630,393 shares
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2) Number of treasury stock at end of period

1Q 2010:	4,319,980 shares	Fiscal Year 2009:	4,319,385 shares
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3) Average number of shares outstanding during the period

1Q 2010:	43,310,631 shares	1Q 2009:	46,712,357 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.”

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Results of Operations

In the first quarter (January 1, 2010 to March 31, 2010) of the current fiscal year, the Japanese economy showed signs of a gradual pick up due to a recovery in exports and other factors, but corporate profits continued to fall sharply, and personal consumption remained weak due to the harsh environment for jobs and income. The business environment for the retail industry was also harsh because sluggish sales became a problem for all retail sub-sectors as deepening deflation lowered sales prices and prompted retailers to launch bargain sales of seasonal products earlier than normal. We believe conditions will remain harsh due to the weak self-sustaining recovery of personal consumption.

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

Net sales in the first quarter of the fiscal year declined 9.7% year-over-year to 32,164 million yen.

Despite the decline in sales, operating income improved to a 529 million yen gain in the first quarter of the current fiscal year, compared with an operating loss of 1,960 million yen in the same period of the previous fiscal year, due to a decline in the cost-of-sales ratio and reductions in selling, general and administrative expenses.

Ordinary income totaled 1,063 million yen, compared with an ordinary loss of 526 million yen in the same period of the previous fiscal year, due to foreign exchange gains, gain on valuation of compound financial instruments and other factors. Net income totaled 1,077 million yen, compared with a net loss of 761 million yen in the same period of the previous fiscal year.

Segment information

(Mail-order Business)

Consolidated sales in the mail-order business, which comprises the catalog and the *hanpukai* businesses, decreased 12.1% year-over-year to 28,311 million yen in the first quarter due to lackluster consumption.

In terms of profits, the Group booked operating income of 657 million yen, compared with an operating loss of 1,679 million yen in the same period of the previous fiscal year, as a decline in loss on valuation of inventories lowered the cost-of-sales ratio.

(1) Catalog business

Consolidated sales in the catalog business decreased 11.9% year-over-year to 25,940 million yen.

(2) *Hanpukai* business

Consolidated sales in the *hanpukai* business declined 14.3% year-over-year to 2,370 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 13.3% year-over-year to 3,853 million yen. Operating loss declined 148 million yen to 134 million yen.

2. Qualitative Information Regarding Consolidated Financial Position

(Balance sheet position)

Assets totaled 89,946 million yen at the end of the first quarter of the current fiscal year, down 1,891 million yen from the end of the previous fiscal year.

Current assets decreased 2,009 million yen to 40,107 million yen. The main factors were an increase of 249 million yen in merchandise and finished goods, and decreases of 2,041 million yen in accounts receivable-other and 337 million yen in cash and deposits. Noncurrent assets increased 117 million yen to 49,838 million yen, mainly due to a decrease of 246 million yen in property, plant and equipment, and increases of 52 million yen in intangible assets and 311 million yen in investments and other assets.

Current liabilities decreased 3,275 million yen to 38,045 million yen. The main factors were decreases of 990 million yen in accounts payable-factoring, 908 million yen in forward exchange contracts, and 440 million yen in short-term loans payable. Noncurrent liabilities decreased 561 million yen to 12,047 million yen, mainly due to decreases in bonds payable of 350 million yen and long-term loans payable of 193 million yen.

Net assets increased 1,945 million yen to 39,852 million yen. The main factors were increases in retained earnings of 1,124 million yen, deferred gains or losses on hedges of 527 million yen and valuation difference on available-for-sale securities of 343 million yen. Consequently, the equity ratio was 44.3%.

(Cash flow position)

The balance of cash and cash equivalents at the end of the first quarter of the current fiscal year was 8,296 million yen, a decrease of 499 million yen from the end of the previous fiscal year.

Operating activities provided net cash of 992 million yen. The main contributing factors were a 1,862 million yen decrease in other current assets and income before income taxes and minority interests of 1,090 million yen. Negative factors included a 1,146 million yen decrease in other current liabilities.

Investing activities used net cash of 500 million yen. The main cash inflow was a 200 million yen proceeds from redemption of investment securities. The main cash outflows were 542 million yen for purchase of property, plant and equipment and 234 million yen for purchase of intangible assets.

Financing activities used net cash of 984 million yen. The main cash inflow was a 300 million yen proceeds from long-term loans payable, while cash outflows include a net decrease in short-term loans payable of 500 million yen, repayment of long-term loans payable of 433 million yen, and redemption of bonds of 350 million yen.

3. Qualitative Information Regarding Consolidated Outlook

Senshukai believes harsh business conditions will continue throughout the current fiscal year due to the uncertain outlook for the domestic economy including concerns of weak personal consumption and unfavorable weather. Operating income increased in the first quarter due to a decline in loss on valuation of inventories, but in light of uncertain economic trends including weak personal consumption and unfavorable weather, Senshukai maintains the initial consolidated forecasts for the current fiscal year (January 1, 2010 to December 31, 2010) that it released along with its announcement of Fiscal Year 2009 results.

It also maintains its non-consolidated outlook.

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 first quarter of the current fiscal year was found not to be significantly different from the ratio at the end of the previous fiscal year.

2) Valuation of inventories

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

3) Calculation of depreciation expense for noncurrent assets

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

4) Judgments about the recoverability of deferred tax assets

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

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

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

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

Not applicable.

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

(Million yen)

	1Q 2010 (As of Mar. 31, 2010)	Fiscal Year 2009 Summary (As of Dec. 31, 2009)
Assets		
Current assets		
Cash and deposits	8,275	8,613
Notes and accounts receivable-trade	10,224	10,248
Short-term investment securities	20	182
Merchandise and finished goods	11,216	10,967
Raw materials and supplies	117	112
Accounts receivable-other	5,527	7,568
Other	4,987	4,719
Allowance for doubtful accounts	(262)	(294)
Total current assets	40,107	42,117
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	14,689	14,219
Land	10,980	11,078
Other, net	2,136	2,753
Total property, plant and equipment	27,806	28,052
Intangible assets		
Goodwill	2,746	2,793
Other	2,855	2,756
Total intangible assets	5,602	5,549
Investments and other assets		
Investment securities	9,672	9,378
Other	6,939	6,950
Allowance for doubtful accounts	(182)	(210)
Total investments and other assets	16,429	16,118
Total noncurrent assets	49,838	49,720
Total assets	89,946	91,837

(Million yen)

	1Q 2010 (As of Mar. 31, 2010)	Fiscal Year 2009 Summary (As of Dec. 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,696	6,934
Short-term loans payable	5,483	5,923
Current portion of bonds	766	766
Accounts payable-factoring	12,716	13,707
Income taxes payable	105	271
Provision for sales promotion expenses	541	526
Forward exchange contracts	2,136	3,045
Other	9,600	10,146
Total current liabilities	38,045	41,321
Noncurrent liabilities		
Bonds payable	3,702	4,052
Long-term loans payable	7,390	7,584
Provision for retirement benefits	38	35
Other	916	937
Total noncurrent liabilities	12,047	12,609
Total liabilities	50,093	53,930
Net assets		
Shareholders' equity		
Capital stock	20,359	20,359
Capital surplus	21,038	21,038
Retained earnings	10,641	9,517
Treasury stock	(2,775)	(2,774)
Total shareholders' equity	49,264	48,140
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(669)	(1,013)
Deferred gains or losses on hedges	(1,517)	(2,044)
Revaluation reserve for land	(7,115)	(7,067)
Foreign currency translation adjustment	(121)	(122)
Total valuation and translation adjustments	(9,422)	(10,247)
Minority interests	10	14
Total net assets	39,852	37,906
Total liabilities and net assets	89,946	91,837

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

(Million yen)

	1Q 2009 (Jan. 1, 2009 – Mar. 31, 2009)	1Q 2010 (Jan. 1, 2010 – Mar. 31, 2010)
Net sales	35,617	32,164
Cost of sales	19,809	16,059
Gross profit	15,807	16,104
Selling, general and administrative expenses	17,767	15,575
Operating income (loss)	(1,960)	529
Non-operating income		
Interest income	30	19
Dividends income	1	1
Gain on valuation of compound financial instruments	-	101
Foreign exchange gains	1,733	356
Other	55	157
Total non-operating income	1,820	636
Non-operating expenses		
Interest expenses	63	75
Loss on valuation of compound financial instruments	137	-
Equity in losses of affiliates	17	-
Bond issuance cost	127	-
Other	41	26
Total non-operating expenses	387	102
Ordinary income (loss)	(526)	1,063
Extraordinary income		
Gain on sales of noncurrent assets	-	12
Reversal of allowance for doubtful accounts	-	28
Other	-	0
Total extraordinary income	-	41
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	6	7
Loss on valuation of investment securities	331	-
Loss on valuation of golf club membership	-	4
Other	-	2
Total extraordinary losses	337	13
Income (loss) before income taxes and minority interests	(863)	1,090
Income taxes	(55)	17
Minority interests in loss	(47)	(4)
Net income (loss)	(761)	1,077

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	1Q 2009 (Jan. 1, 2009 – Mar. 31, 2009)	1Q 2010 (Jan. 1, 2010 – Mar. 31, 2010)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(863)	1,090
Depreciation and amortization	597	585
Increase (decrease) in allowance for doubtful accounts	(11)	(60)
Increase (decrease) in allowance for sales promotion expenses	27	15
Interest and dividends income	(32)	(21)
Interest expenses	63	75
Foreign exchange losses (gains)	(1,802)	(366)
Equity in (earnings) losses of affiliates	17	(10)
Loss (gain) on valuation of compound financial instruments	137	(101)
Bond issuance cost	127	-
Loss (gain) on sales and retirement of noncurrent assets	6	(5)
Loss (gain) on sales of investment securities	-	2
Loss (gain) on valuation of investment securities	331	-
Loss on valuation of golf club memberships	-	4
Decrease (increase) in notes and accounts receivable-trade	(820)	23
Decrease (increase) in inventories	195	(254)
Decrease (increase) in other current assets	1,301	1,862
Increase (decrease) in notes and accounts payable-trade	285	(238)
Increase (decrease) in accrued consumption taxes	(160)	(141)
Increase (decrease) in other current liabilities	(879)	(1,146)
Other, net	(340)	37
Subtotal	(1,820)	1,349
Interest and dividends income received	62	23
Interest expenses paid	(43)	(100)
Payments for cancelation money on derivative contract	(3,760)	-
Income taxes paid	(236)	(279)
Net cash provided by (used in) operating activities	(5,798)	992
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(313)	(542)
Proceeds from sales of property, plant and equipment	-	125
Purchase of intangible assets	(163)	(234)
Purchase of investment securities	(25)	(20)
Proceeds from sales of investment securities	-	4
Proceeds from redemption of investment securities	-	200
Purchase of investments in subsidiaries	(65)	(0)
Other, net	23	(32)
Net cash provided by (used in) investing activities	(544)	(500)

(Million yen)

	1Q 2009 (Jan. 1, 2009 – Mar. 31, 2009)	1Q 2010 (Jan. 1, 2010 – Mar. 31, 2010)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(8,000)	(500)
Proceeds from long-term loans payable	7,184	300
Repayment of long-term loans payable	(97)	(433)
Proceeds from issuance of bonds	4,872	-
Redemption of bonds	-	(350)
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	0	-
Cash dividends paid	(393)	(0)
Net cash provided by (used in) financing activities	3,565	(984)
Effect of exchange rate change on cash and cash equivalents	7	(6)
Net increase (decrease) in cash and cash equivalents	(2,769)	(499)
Cash and cash equivalents at beginning of period	8,186	8,795
Increase in cash and cash equivalents from newly consolidated subsidiary	195	-
Cash and cash equivalents at end of period	5,612	8,296

(4) Going Concern Assumption

Not applicable.

(4) Segment Information

Business segments

1Q 2009 (Jan. 1, 2009 – Mar. 31, 2009)

(Million yen)

	Mail-order business	Other businesses	Total	Elimination or corporate	Consolidated
Net sales					
(1) Sales to customers	32,215	3,401	35,617	-	35,617
(2) Inter-segment sales	293	389	683	(683)	-
Total	32,509	3,791	36,300	(683)	35,617
Operating loss	(1,679)	(282)	(1,962)	2	(1,960)

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” (Accounting Standards Board of Japan (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 960 million yen. There is no effect on other businesses.

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

(Million yen)

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

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

2. Principal activities of each business segment

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

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

Geographical segment information

1Q 2009 (Jan. 1, 2009 – Mar. 31, 2009), 1Q 2010 (Jan. 1, 2010 – Mar. 31, 2010)

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

Overseas sales

1Q 2009 (Jan. 1, 2009 – Mar. 31, 2009), 1Q 2010 (Jan. 1, 2010 – Mar. 31, 2010)

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

(6) Significant Changes in Shareholders' Equity

Senshukai reduced the amount of legal capital surplus and transferred this to its capital surplus in line with a resolution adopted at its annual general meeting of shareholders held on March 30, 2010.

(1) Purpose of reducing legal capital surplus

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

i) Amount of decline in reserves

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

ii) Increase in surplus item and amount

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

(2) Treatment of surplus

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

i) Decline in surplus item and amount

General reserve: 13,600,000,000 yen

ii) Increase in surplus item and amount

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

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