Summary of Financial Results for the First Quarter of Fiscal Year 2013 (Three Months Ended March 31, 2013)

[Japanese GAAP]

April 26, 2013

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: May 14, 2013

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the 1st Quarter of 2013 (January 1, 2013 – March 31, 2013)

(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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q 2013	34,471	1.2	37	-	240	-	197	-
1Q 2012	34,062	7.2	(741)	-	(216)	-	(178)	-

Note: Comprehensive income (million yen) 1Q 2013: 1,287 (up 12.7%) 1Q 2012: 1,142 (down 5.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q 2013	4.57	-
1Q 2012	(4.12)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q 2013	92,177	45,786	49.7	1,057.21
Fiscal Year 2012	92,887	44,932	48.4	1,037.48

Reference: Shareholders' equity (million yen) 1Q 2013: 45,786 Fiscal Year 2012: 44,932

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2012	-	10.00	-	10.00	20.00
Fiscal Year 2013	-				
Fiscal Year 2013 (forecasts)		12.00	-	12.00	24.00

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

3. Consolidated Outlook for Fiscal Year 2013 (January 1, 2013 – December 31, 2013)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q 2013 (cumulative)	77,200	4.3	2,000	162.3	2,200	86.4	1,400	53.1	32.33
Full Year 2013	153,000	5.0	4,700	122.8	5,000	80.8	3,700	82.3	85.43

Note: Revision to the most recently announced consolidated outlook: None

*** 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)" 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: Yes

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

3) Changes in accounting-based estimates: Yes

4) Restatements: None

Note: Please refer to "2. Matters Related to Summary Information (Notes)" on page 3 for further information.

(4) Number of shares outstanding (common shares)

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

1Q 2013:	47,630,393 shares	Fiscal Year 2012:	47,630,393 shares

2) Number of shares of treasury stock at end of period

1Q 2013:	4,321,445 shares	Fiscal Year 2012:	4,321,445 shares

3) Average number of shares outstanding during the period

1Q 2013:	43,308,948 shares	1Q 2012:	43,309,318 shares

* 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) Qualitative Information Regarding Consolidated Outlook."

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

In the first quarter (January 1, 2013 to March 31, 2013) of the current fiscal year, the Japanese economy showed positive signs as corporate profits improved along with the yen's shift from appreciation to depreciation, and share prices began to recover from the end of last fiscal year on expectations for economic stimulus.

In the retail industry, consumption of high-valued items at department stores and elsewhere began to recover, but the outlook for the overall industry remained unclear as consumers remained generally thrifty.

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

Net sales in the first quarter rose 1.2% year-over-year to 34,471 million yen.

As for profits, due to an improvement in the gross profit margin in the mail-order business, and the cutting of selling, general and administrative expenses, operating income totaled 37 million yen, compared with an operating loss of 741 million yen in the same period of the previous fiscal year.

Ordinary income totaled 240 million yen, compared with an ordinary loss of 216 million yen in the same period of the previous fiscal year, due to foreign exchange gains and other factors. Net income totaled 197 million yen, compared with a net loss of 178 million yen in the same period of the previous fiscal year.

Overview by segment

(Mail-order Business)

Consolidated sales in the mail-order business, comprising the catalog and the *hanpukai* businesses, increased 1.7% year-over-year to 31,572 million yen in the first quarter. Sales of autumn and winter items rose as temperatures dropped in January, but sales of spring items were slightly below the year-ago level. Sales gradually recovered in February, and sales of spring items, which had been weak, rose in March as temperatures began to rise early in the month.

Although the purchasing cost ratio increased due to an increase in bargain and clearance sales, the gross profit margin improved due to higher sales and a decline in loss on valuation of goods. As a result of overall reduction in selling, general and administrative expense, operating income totaled 184 million yen, compared with operating loss of 768 million yen in the same period of the previous fiscal year.

1) Catalog business

Consolidated sales in the catalog business rose 2.5% year-over-year to 29,626 million yen in the first quarter.

2) *Hanpukai* business

Consolidated sales in the *hanpukai* business decreased 9.8% year-over-year to 1,946 million yen in the first quarter.

(Bridal Business)

Consolidated sales in the bridal business, centered on the house wedding business, decreased 0.4% year-over-year to 1,957 million yen in the first quarter due to a decrease in the number of weddings. Operating loss totaled 185 million yen, compared with operating loss of 71 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 3.3% year-over-year to 801 million yen, and operating income decreased 47.2% year-over-year to 65 million yen.

(Others)

Consolidated sales in other businesses, which consist of the services business (primarily travel and credit card services) and the pet business (pet goods sales through retail stores), decreased 48.7% year-over-year to 140 million

yen in the first quarter. Operating loss totaled 24 million yen, compared with an operating loss of 25 million yen in the previous fiscal year.

Note: As Senshukai changed its reportable segment classifications from the third quarter of the previous fiscal year, the new classifications have been applied to year-ago figures to allow for year-over-year comparisons. Please see "3. Quarterly Consolidated Financial Statements, (5) Segment and Other Information" for details.

(2) Qualitative Information Regarding Consolidated Financial Position

(Balance sheet position)

Assets totaled 92,177 million yen at the end of the first quarter, down 709 million yen from the end of the previous fiscal year.

Current assets decreased 2,210 million yen to 44,037 million yen. The main factors were increases of 832 million yen in notes and accounts receivable-trade and 752 million yen in merchandise and finished goods, and decreases of 2,500 million yen in cash and deposits and 1,294 million yen in accounts receivable-other. Noncurrent assets increased 1,500 million yen to 48,139 million yen. The main factors were a decrease of 186 million yen in intangible assets, and increases of 595 million yen in property, plant and equipment and 1,092 million yen in investments and other assets.

Current liabilities decreased 1,501 million yen to 35,560 million yen. The main factors were an increase of 279 million yen in provision for sales promotion expenses, and decreases of 879 million yen in short-term loans payable and 863 million yen in notes and accounts payable-trade. Noncurrent liabilities decreased 62 million yen to 10,830 million yen. The main factors were an increase of 789 million yen in other, and decreases of 503 million yen in long-term loans payable and 350 million yen in bonds payable.

Net assets increased 854 million yen to 45,786 million yen. The main factors were a decrease of 235 million yen in retained earnings, and increases of 764 million yen in valuation difference on available-for-sale securities and 259 million yen in deferred gains or losses on hedges. Consequently, the equity ratio was 49.7%.

(3) Qualitative Information Regarding Consolidated Outlook

At the time of release of this report, Senshukai has not changed the consolidated outlook for the current fiscal year (January 1, 2013 to December 31, 2013) released on February 7, 2013.

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

(Changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates)

The Company and its domestic consolidated subsidiaries depreciate the property, plant and equipment acquired on or after January 1, 2013, using the depreciation method stipulated in the revised Corporation Tax Act from the first quarter of the current fiscal year, in line with revisions to the Corporation Tax Act.

This change has no significant effect on the amount of income for the first quarter of the current fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Fiscal Year 2012 (As of Dec. 31, 2012)	1Q 2013 (As of Mar. 31, 2013)
Assets		
Current assets		
Cash and deposits	7,452	4,952
Notes and accounts receivable-trade	6,663	7,496
Merchandise and finished goods	16,644	17,397
Accounts receivable-other	9,951	8,657
Other	5,824	5,813
Allowance for doubtful accounts	(289)	(279)
Total current assets	46,248	44,037
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	14,050	14,160
Land	11,908	11,908
Other, net	2,215	2,700
Total property, plant and equipment	28,174	28,769
Intangible assets		
Goodwill	2,278	2,240
Other	3,995	3,846
Total intangible assets	6,273	6,087
Investments and other assets		
Investment securities	5,950	6,972
Other	6,558	6,627
Allowance for doubtful accounts	(317)	(317)
Total investments and other assets	12,190	13,282
Total noncurrent assets	46,639	48,139
Total assets	92,887	92,177

(Million yen)

	Fiscal Year 2012 (As of Dec. 31, 2012)	1Q 2013 (As of Mar. 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,073	7,210
Short-term loans payable	3,405	2,526
Current portion of bonds	700	700
Accounts payable-factoring	13,993	13,812
Income taxes payable	207	95
Provision for sales promotion expenses	307	587
Other	10,373	10,629
Total current liabilities	37,062	35,560
Noncurrent liabilities		
Bonds payable	1,850	1,500
Long-term loans payable	6,993	6,489
Provision for retirement benefits	34	36
Other	2,015	2,804
Total noncurrent liabilities	10,892	10,830
Total liabilities	47,955	46,391
Net assets		
Shareholders' equity		
Capital stock	20,359	20,359
Capital surplus	21,038	21,038
Retained earnings	13,581	13,345
Treasury stock	(2,775)	(2,775)
Total shareholders' equity	52,203	51,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(578)	185
Deferred gains or losses on hedges	438	698
Revaluation reserve for land	(7,041)	(7,041)
Foreign currency translation adjustment	(89)	(24)
Total accumulated other comprehensive income	(7,271)	(6,181)
Total net assets	44,932	45,786
Total liabilities and net assets	92,887	92,177

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(For the Three-month Period)

(Million yen)

	1Q 2012 (Jan. 1, 2012 – Mar. 31, 2012)	1Q 2013 (Jan. 1, 2013 – Mar. 31, 2013)
Net sales	34,062	34,471
Cost of sales	18,137	18,002
Gross profit	15,925	16,468
Selling, general and administrative expenses	16,666	16,431
Operating income (loss)	(741)	37
Non-operating income		
Interest income	14	14
Dividends income	1	1
Foreign exchange gains	318	82
Other	292	183
Total non-operating income	627	282
Non-operating expenses		
Interest expenses	56	53
Other	45	26
Total non-operating expenses	101	79
Ordinary income (loss)	(216)	240
Extraordinary income		
Gain on sales of noncurrent assets	1	0
Gain on sales of investment securities	22	49
Total extraordinary income	23	50
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	18	29
Total extraordinary losses	18	29
Income (loss) before income taxes and minority interests	(211)	260
Income taxes	(32)	63
Income (loss) before minority interests	(178)	197
Net income (loss)	(178)	197

Quarterly Consolidated Statements of Comprehensive Income

(For the Three-month Period)

(Million yen)

	1Q 2012 (Jan. 1, 2012 – Mar. 31, 2012)	1Q 2013 (Jan. 1, 2013 – Mar. 31, 2013)
Income (loss) before minority interests	(178)	197
Other comprehensive income		
Valuation difference on available-for-sale securities	421	764
Deferred gains or losses on hedges	859	259
Foreign currency translation adjustment	32	34
Share of other comprehensive income of associates accounted for using equity method	8	30
Total other comprehensive income	1,320	1,089
Comprehensive income	1,142	1,287
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,142	1,287
Comprehensive income attributable to minority interests	-	-

(3) Going Concern Assumption

Not applicable.

(4) Significant Changes in Shareholders' Equity

Not applicable.

(5) Segment and Other Information

I 1Q 2012 (Jan. 1, 2012 – Mar. 31, 2012)

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

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statements of income (Note 3)
	Mail-order business	Bridal business	Corporates business	Sub-total				
Net sales								
Sales to customers	31,048	1,964	775	33,788	273	34,062	-	34,062
Inter-segment sales	133	-	16	150	21	172	(172)	-
Total	31,182	1,964	792	33,939	295	34,234	(172)	34,062
Segment profit (loss)	(768)	(71)	124	(715)	(25)	(741)	0	(741)

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. The 0 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 statements of income.

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

No major events or changes occurred.

II 1Q 2013 (Jan. 1, 2013 – Mar. 31, 2013)

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

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statements of income (Note 3)
	Mail-order business	Bridal business	Corporates business	Sub-total				
Net sales								
Sales to customers	31,572	1,957	801	34,330	140	34,471	-	34,471
Inter-segment sales	140	-	8	149	60	209	(209)	-
Total	31,713	1,957	809	34,480	200	34,680	(209)	34,471
Segment profit (loss)	184	(185)	65	64	(24)	40	(2)	37

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. The (2) million yen adjustment to segment profit (loss) comprises elimination for inter-segment transactions.
3. Segment profit (loss) is adjusted to be consistent with operating income shown on the quarterly consolidated statements of income.

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

No major events or changes occurred.

3. Information related to revisions for reportable segments

Following the business transfer between companies within the consolidated group, a part of the business in the others segment was changed to the mail-order business segment in the third quarter of the previous fiscal year. The reportable segment for the first quarter of the previous fiscal year is prepared and disclosed based on the calculation methods after this change.

** 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.*