Consolidated Financial Results for the Year Ended March 31, 2011 [J-GAAP]
Watabe Wedding Corporation

May 9, 2011

Stock code:	4696
URL:	http://www.watabe-wedding.co.jp
Shares listed:	Tokyo Stock Exchange and Osaka Securities Exchange
Representative:	Hidetoshi Watabe, President & CEO
Contact:	Nobuaki Hanabusa, Director of Administration Division TEL: +81-75-352-4111

Scheduled date of Ordinary General Meeting of Shareholders:	June 29, 2011
Scheduled date of start of dividend payment:	June 30, 2011
Scheduled date of filing of securities report:	June 29, 2011
Preparation of any additional explanatory document for financial results:	Yes
Holding of any briefing session for financial results:	Yes (for institutional investors and securities analysts)

Financial Highlights

As of and for the years ended March 31, 2010 and 2011

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	2010	2011	2011 / 2010
	(millions of yen)		*(percentage change)*
(1) Consolidated financial results			
Net sales	¥52,082	¥50,555	-2.9%
Operating income	1,772	1,385	-21.9%
Ordinary income	1,892	1,345	-28.9%
Net income	773	176	-77.2%
Net income, basic per share *(yen)*	78.03	17.83	
Net income, diluted per share diluted *(yen)*	—	—	
Return on equity (ROE)	5.2%	1.2%	
Return on assets (ROA)	7.3%	5.3%	
Operating income to sales	3.4%	2.7%	
(2) Consolidated financial position			
Total assets	¥25,864	¥25,075	
Net assets	14,976	14,523	
Shareholders' equity ratio	57.9%	57.9%	
Net assets per share *(yen)*	¥1,510.94	¥1,465.17	
(3) Consolidated cash flows			
Net cash provided by (used in) operating activities	¥2,067	¥1,922	
Net cash provided by (used in) investing activities	(3,106)	(577)	
Net cash provided by (used in) financing activities	326	(436)	
Cash and cash equivalents at end of year	4,237	5,024	

(Note)

Comprehensive income (loss)	-155 millions of yen (−%) as of March 31, 2011 725 millions of yen (−%) as of March 31, 2010

(Reference)

Equity in earnings	7 millions of yen as of March 31, 2011 2 millions of yen as of March 31, 2010
Shareholders' equity:	14,518 millions of yen as of March 31, 2011 14,972 millions of yen as of March 31, 2010

2. Dividends

	Annual dividends per share					Total Dividends (Total)	Payout Ratio (Consolidated)	Dividend on Net Assets Ratio (Consolidated)
	1Q end	2Q end	3Q end	Year end	Total			
			(Yen)			(Millions of yen)	(%)	(%)
2010	—	¥15.00	—	¥15.00	¥30.00	¥297	38.4%	2.0%
2011	—	¥15.00	—	¥15.00	¥30.00	¥297	168.3%	2.0%
2012 (Forecast)	—	—	—	—	¥30.00	—	64.6%	—

(Note)
Dividends for the end of the second quarter and the end of the year ending March 31, 2012 are undetermined, but an annual dividend of 30 yen is expected. The forecast dividend will be promptly disclosed once it can be disclosed.

3. Consolidated Results Forecast for Year Ending March 31, 2012

	2012	
	Six Months	Full year
	(millions of yen)	
Net sales	—	¥50,400
Operating income	—	1,200
Ordinary income	—	1,200
Net income	—	460
Net income, basic per share *(yen)*	—	46.42

(Note)
The consolidated results forecast for the six months ending September 30, 2011 is undetermined and not shown. The information will be disclosed once it is available. See “Outlook for the next fiscal period” of “(1) Analysis of Operating Results” in “1. Operating Results” for further information.

4. Other

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

(2) Changes in accounting policies, procedures and disclosures for consolidated financial statements (which should be stated in changes of Significant Items for Preparation of Consolidated Financial Statements)
 (i) Changes pursuant to revision of accounting policies: Yes
 (ii) Other changes: No

(3) Number of shares issued (common stock)
 (i) Number of shares issued (including treasury stock)
  9,909,400 shares as of March 31, 2011
  9,909,400 shares as of March 31, 2010
 (ii) Number of shares of treasury stock
  309 shares as of March 31, 2011
  177 shares as of March 31, 2010
 (iii) Average number of shares during the period
  9,909,141 shares in year ended March 31, 2011
  9,909,223 shares in year ended March 31, 2010

Non-consolidated Operating Results

	2010	2011	2011 / 2010
	(millions of yen)		*(percentage change)*
(1) Non-consolidated financial results			
Net sales	20,069	19,749	-1.6%
Operating income	461	909	97.1%
Ordinary income	606	1,137	87.5%
Net income	83	40	-51.2%
Net income, basic per share *(yen)*	8.44	4.11	
Net income, diluted per share diluted *(yen)*	—	—	
(2) Non-consolidated financial position			
Total assets	19,259	19,066	
Net assets	12,027	11,742	
Shareholders' equity ratio	62.4%	61.6%	
Net assets per share *(yen)*	¥1,213.74	1,184.98	

(Reference)
Shareholders' equity: 11,742 millions of yen as of March 31, 2011
 12,027 millions of yen as of March 31, 2010

* Presentation of implementation status for audit procedures
The audit procedure for the financial statements based on Financial Instruments and Exchange Act was completed as of the release of the Consolidated Financial Results.

* Explanations about the appropriate use of the consolidated results forecast and other noteworthy points:
(Note concerning forward-looking statements)
The forward-looking statements given above are based on data available at the time of the release of this document and assumptions that are deemed reasonable. Actual results may differ from forward-looking statements due to various uncertain factors. See "Outlook for the next fiscal period" of "(1) Analysis of Operating Results" in "1. Operating Results" for assumptions underlying the above forecasts and precautions regarding their use.
(Obtaining supplementary briefing materials)
Supplementary briefing materials were made available on the Company Website on May 13, 2011.

○ Contents of the Attached Material

1. Operating Results

(1) Analysis of Operating Results

The Japanese economy began to show moderate signs of recovery during the consolidated fiscal year under review led by foreign demand in strong emerging economies. However, the impact of the Great East Japan Earthquake that occurred on March 11, 2011 on the Japanese economy is incalculable, and it is currently extremely difficult to ascertain the future outlook.

Although the bridal industry has been in gradual decline due to the decreasing birthrate, the number of marriage registrations remained steady at 706,000 couples in FY2010, compared with 707,000 in FY2009.

Given these circumstances, and so as to address the trend towards customer needs becoming more and more personalized, the Watabe Wedding Group (the "Group") has worked to improve customer satisfaction and provide our guests with treasured once-in-a-lifetime memories, by integrating all services with a global perspective and making a total bridal solution a reality. The Group also has aggressively striven to create life's grandest celebration for bridal events and anniversaries.

In our "resort weddings" business, we focused on expanding overseas destination weddings and local weddings. To strengthen destination weddings, we established Hawaii's first wedding resort, Honu Kai Lani at Ko Olina Place of Welina, based on the theme of "Providing a Japanese level of quality in hospitality despite being in Hawaii" in November 2010. In China, we opened the "Shanghai Branch" to provide comprehensive overseas wedding services in Shanghai, China. In an effort to strengthen local weddings overseas, we reopened our "Grace Hill," our house wedding facility in Taipei, Taiwan in September 2010 as part of development as strengthening of new markets in Asia, and also established Watabe Singapore PTE. LTD. as a consolidated subsidiary based on the theme of creating a fine lifestyle in Singapore. As part of our store development, we relocated and reopened the Shinjuku Wedding Salon in December 2010 as Mirraza Shinjuku, our flagship shop based on a new concept. In January 2011, we reopened Nagoya Grand Plaza in an effort to overhaul its image.

In hotels and domestic weddings, we took steps to improve our ability to attract customers by providing greater convenience to customers, and to attract new customers based on new concepts. In September 2010, we opened Anniversary Court Racine, a locally-based total wedding facility in Maebashi, Gunma. We also refurbished 10 Mielparque wedding facilities based on different concepts in each region to provide appealing and comfortable spaces to our customers.

However, due to the impact of the Great East Japan Earthquake, certain facilities and stores mainly in the Tohoku region have been forced to suspend operations or limit their business hours, and the disaster has also had the effect of weddings, receptions and accommodation bookings being canceled or postponed.

As a result of the above, operating performance for the year ended March 31, 2011 saw net sales for the Group decrease 2.9% year on year, to ¥50,555 million, operating income decreased 21.9% year-on-year, to ¥1,385 million, ordinary income decreased 28.9% year-on-year, to ¥1,345 million, while net income for the period under review decreased 77.2% year-on-year to ¥176 million due to the application of the Accounting Standards for Asset Retirement Obligations and impairment losses.

The performances of each segment are as follows. The following figures are the figures before the elimination of transactions within segments and transactions among segments.

1) Resort weddings

As a result of an increase in the unit price of weddings, net sales totaled ¥28,529 million, 0.5% higher year on year, and operating income was ¥1,506 million, up 29.7%.

2) Hotels and domestic weddings

As a result of cancellation and postponement of weddings, receptions and accommodation bookings due to the impact of the Great East Japan Earthquake, sales decreased 6.3% to ¥29,068 million, leading to an operating loss of ¥119 million, compared with operating income of ¥629 million during the previous fiscal year.

Note: Beginning from the consolidated fiscal year under review, the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information has been applied. When making comparisons with the same period of the previous fiscal year, the figures for the year ended March 31, 2010 are shown rearranged into the new segment categories.

Outlook for the next fiscal period

With regard to the outlook for the next fiscal period, the impact of the Great East Japan Earthquake on the Japanese economy is incalculable, and it is currently extremely difficult to ascertain the future outlook.

The Watabe Wedding Group has suspended operations of Mielparque Sendai, and we anticipate customers to cancel and postpone weddings mainly in domestic weddings, and refrain from holding receptions.

In our overseas wedding operations, we expect to see an increase in the number of couples holding weddings due to the year-round operation of Honu Kai Lani at Ko Olina Place of Welina in Hawaii. We will also refurbish the chapel in Blue Aster in Guam to provide weddings that enable guests to taste an exhilarating experience.

In domestic weddings, we will open Villa di Grazia, which will be the first standalone chapel in Meguro Gajoen, in an effort to respond to new demand and increase orders for weddings at chapel.

We will aggressively conduct operations in local weddings in Asia, such as starting operation of Chimes Hall, a cultural heritage in Singapore, as a wedding facility in April.

With regard to the consolidated forecast for the period ending March 31, 2012, we foresee the above measures resulting in net sales of ¥50,400 million, a 0.3% year-on-year decrease, operating income of ¥1,200 million, a 13.4% year-on-year decrease, with ordinary income of ¥1,200 million, a 10.8% year-on-year decrease, and net income of ¥460 million, up 160.4% from the previous year. With regard to the consolidated forecast for the six months ending September 30, 2011, the industry is characterized by seasonal fluctuations in the number of weddings held, and the impact of the Great East Japan Earthquake has also made disclosure of such information difficult. We plan to disclose the consolidated forecast once the information is available.

(2) Analysis of the Financial Position

1) Assets, Liabilities and Net Assets

With regard to assets for the consolidated fiscal year under review, a ¥786 million increase in cash and deposits, a ¥974 million decrease in property, plant and equipment, and a ¥463 million decrease in Intangible assets meant that total assets decreased by ¥788 million over the previous consolidated fiscal year, to ¥25,075 million.

With regard to liabilities, as a result of a ¥1,042 million decrease in current liabilities, owing to a decrease in accounts payable-trade and accounts payable-others, and a ¥707 million increase in noncurrent liabilities, due to an increase in asset retirement obligations, total liabilities amounted to ¥10,552 million, a decrease of ¥335 million from the previous consolidated fiscal year.

With regard to net assets, net income of ¥176 million, cash dividends of ¥297 million and a ¥301 million decrease in foreign currency translation adjustments meant that total net assets decreased by ¥453 million over the previous consolidated fiscal year, to ¥14,523 million.

2) Cash Flows

With regard to cash flows for the consolidated fiscal year under review, net cash provided by operating activities amounted to ¥1,922 million, net cash used in investing activities amounted to ¥577 million and net cash used in financing activities amounted to ¥436 million. Consequently, cash and cash equivalents (hereinafter referred to as "funds") at the end of the consolidated fiscal year under review showed an increase of ¥786 million from the beginning of the period and amounted to ¥5,024 million, up 18.6% from the same period a year earlier.

Net cash provided by (used in) operating activities

Funds obtained as a result of operating activities amounted to ¥1,922 million, a decrease of ¥144 million from the same period a year earlier, representing a 7.0% year-on-year decrease. This was mainly due to factors such as depreciation and amortization of ¥1,918 million, a ¥392 million loss on adjustment for changes of accounting standard for asset retirement obligations, and ¥832 million in income taxes paid, as well as the fact that income before income taxes amounted to ¥511 million.

Net cash provided by (used in) investing activities

Funds used in investing activities amounted to ¥577 million, an 81.4% decrease over the same period a year earlier. This is due to purchase of property, plant and equipment amounting to ¥1,829 million, purchase of intangible assets amounting to ¥249 million and proceeds from the sale of property, plant and equipment amounting to ¥1,000 million.

Net cash provided by (used in) financing activities

Funds used in financing activities reached ¥436 million, compared with ¥326 million provided by financing activities over the same period a year earlier. This is a result of the repayment of ¥241 million in short-term loans payable, the repayment of ¥353 million in long-term loans payable, cash dividend payments of ¥297 million and ¥500 million in proceeds from long-term loans payable.

The trends in the Group's cash flow indicators are shown below.

	45th fiscal year ended March 31, 2009	46th fiscal year ended March 31, 2010	47th fiscal year ended March 31, 2011
Equity ratio (%)	56.7	57.9	57.9
Market value equity ratio (%)	60.7	39.7	29.8
Cash flows/interest-bearing debt ratio (years)	0.5	1.2	1.2
Interest coverage ratio (times)	129.8	84.8	78.0

* Equity ratio = Equity capital/Total assets
Market value equity ratio = Aggregate market value of shares/Total assets
Cash flows/Interest-bearing debt ratio = Interest-bearing debt/Operating cash flow
Interest coverage ratio = Operating cash flow/Interest payment

(Notes)
1. Each indicator is calculated based on the consolidated financial values.
2. Aggregate market value of shares is calculated as follows: (term-end closing stock price) × (term-end number of shares issued)
3. Operating cash flow represents the "Net cash provided by (used in) operating activities" in the consolidated statements of cash flows. Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in the consolidated balance sheets. Interest payment corresponds to the amount of "Interest expenses" in the consolidated statements of cash flows.

(3) Basic Policy on Profit Distribution to Shareholders and Dividends for the Current Period under Review and Subsequent Years

Our company recognizes profit distribution to shareholders as the most important matter, and in consideration of the consolidated results for each business year, plans to further our financial strength and our future business strategies, we aim to achieve a payout ratio of 20% of consolidated net income and distribute profits within a range we consider feasible for our company.

The recent business environment has undergone tumultuous change due to the impact of the Great East Japan Earthquake, and management requires stable and flexible responses. In addition to efforts to achieve this, we will maintain dividend payouts linked to performance, while determining dividends based on comprehensive decisions based on a stable and ongoing perspective, performance, the business environment and our financial position.

With regard to dividends for the current period under review, we intend pay ¥30 per share, with an interim dividend of ¥15 per share, as previously communicated to shareholders.

With regard to dividends for the subsequent year, we envisage payment of ¥30 per share throughout the year (with half paid as an interim dividend and half paid as a year-end dividend) based on our consolidated results forecast.

2. Management Policy

(1) Basic Company Management Policy

Based on our policy of "Creat Family Bonds and Once-in-a-Lifetime Memories," the Group operates under a basic management philosophy: "to create a fine lifestyle and contribute to the realization of a caring society through providing cordial service and creative proposals." In other words, by working to develop a unique and high-value-added superior range of products, information services and network system, and provide our customers with an overwhelming sense of delight and realizing our basic management philosophy, we strive to secure the confidence of our customers and shareholders and company management making a contribution to society.

(2) Financial Targets

Traditionally, the Group recognizes ROE (Return of net income over shareholders' equity), Ordinary Income Ratio and Net Sales as important management benchmarks for stable, continued growth. With a goal of improving these indices we are striving to improve management efficiency and corporate value.

(3) Group Management Strategy for the Medium-to-long Term

The Group will endeavor to expand business, recognizing "resort weddings" providing wedding services in domestic and overseas resort locations, and "hotel and domestic weddings" providing, wedding, reception, hotel and accommodation services in domestic hotels as our key business competence areas.

Wedding services in overseas markets, particularly in Asia, are an area that can be expected to grow dramatically, and we will focus on this area while also considering M&A and alliances as options. Meanwhile, the so-called "no wedding" group of consumers in the domestic market who do not have weddings when getting married represent an unexploited market, and we believe there is much room to draw out latent demand by providing wedding services that match the needs of such customers.

There is much potential for business growth in both the aspects of "business area" such as Asia and "business content" such as costumes, video and beauty services, and by developing a variety of measures, we intend to enhance our competitive edge and construct an enterprise with further growth and increased profits.

(4) Issues to be Addressed

The Group recognizes the following management issues.

1) Reinforced and Improved Compliance System

Aiming to become a company that complies with social norms and laws, has a high level of sense of ethics and will be continuously needed by society sharing the basic management philosophy as well as based on the “Ethics Charter” action guidelines of the Group, we will make efforts to further reinforce and improve the compliance system by enhancing the function of compliance committee, setting up preventive measures and monitoring them.

2) Enhanced and Improved Risk Control System

In global business development, we will enhance and improve the Group’s risk control system to minimize loss risk from international conflicts or natural disasters and so on with which it is difficult to deal in business strategies, and to ensure the business continuity by reinforcing the function of risk control committee, setting up prevision measures and monitoring them.

3) Responding to Diversifying Customer Needs

In order to become a company that further continues growing with customer needs personalizing and diversifying, we will offer the wedding services which create customer values as well as proposing customers “family bonding and memories to treasure” through developing a range of products in connection with the wedding ceremony.

4) Improvement of Earning Capacity

By reducing fixed expenses and implementing structural reforms centered on variable expenses, in addition to making our existing businesses more efficient, we will work to improve our constitution which gives rise to profit. Moreover, by clarifying each company’s unique brand value, we will obtain the support of the customer and stabilize revenue.

5) Fostering Human Resources

The Group, aiming at further growth, requires personnel as central pillars supporting each growing business. As well as making efforts to further strengthen personnel to display competence as business people and to provide specific skills, we aim to provide a structure enabling the nurturing of personnel to support the further development of our business in consideration of the working environment of our personnel.

6) Responses Concerning the Great East Japan Earthquake

The Great East Japan Earthquake that occurred on March 11, 2011 inflicted immense damage on Japanese economy, and although the Group suffered some direct damage such as damage to buildings caused by the earthquake, there is a possibility that there will be prolonged indirect effects such as reduced social infrastructure due to power restrictions and reduced desire to get married in the wedding market, and the entire Group will work as one to minimize the effects on the Group’s performance.

We recognize these challenges facing us over the coming fiscal year and intend to meet them.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2009 (As of March 31, 2010)	FY 2010 (As of March 31, 2011)
ASSETS		
Current assets		
Cash and deposits	4,241	5,028
Accounts receivable-trade	1,748	1,504
Merchandise and finished goods	200	237
Work in process	27	32
Raw materials and supplies	615	596
Deferred tax assets	537	508
Other	1,058	1,158
Allowance for doubtful accounts	(27)	(31)
Total current assets	8,401	9,035
Noncurrent assets		
Property, plant and equipment		
Costume rental	803	1,011
Accumulated depreciation	(539)	(725)
Costume rental, net	263	285
Buildings and structures	10,938	11,105
Accumulated depreciation	(4,834)	(5,144)
Buildings and structures, net	6,104	5,961
Tools, furniture and fixtures	4,669	4,500
Accumulated depreciation	(2,740)	(3,037)
Tools, furniture and fixtures, net	1,928	1,462
Land	2,207	2,603
Construction in progress	791	19
Other	500	518
Accumulated depreciation	(231)	(262)
Other, net	268	255
Total property, plant and equipment	11,562	10,588
Intangible assets	1,436	973
Investments and other assets		
Investment securities	222	221
Deferred tax assets	393	680
Guarantee deposits	3,692	3,476
Other	186	137
Allowance for doubtful accounts	(32)	(38)
Total investments and other assets	4,463	4,477
Total Noncurrent assets	17,462	16,039
Total assets	25,864	25,075

(Millions of yen)

	FY 2009 (As of March 31, 2010)	FY 2010 (As of March 31, 2011)
LIABILITIES		
Current liabilities		
Accounts payable-trade	1,874	1,501
Short-term loans payable	556	316
Current portion of long-term loans payable	353	533
Accounts payable-other	1,354	1,093
Income taxes payable	517	413
Advances received	2,317	2,335
Provision for bonuses	670	573
Other	1,157	992
Total current liabilities	8,802	7,759
Noncurrent liabilities		
Long-term loans payable	1,533	1,500
Deferred tax liabilities for land revaluation	25	25
Provision for retirement benefits	159	188
Asset retirement obligations	—	542
Other	367	536
Total noncurrent liabilities	2,085	2,793
Total liabilities	10,887	10,552
NET ASSETS		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	7,878	7,757
Treasury stock	(0)	(0)
Total shareholders’ equity	16,092	15,971
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	17	13
Deferred gains or losses on hedges	31	4
Revaluation reserve for land	(906)	(906)
Foreign currency translation adjustment	(263)	(565)
Total valuation and translation adjustments	(1,120)	(1,453)
Minority interests	4	4
Total net assets	14,976	14,523
Total liabilities and net assets	25,864	25,075

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

(Consolidated Statements of Income)

(Millions of yen)

	FY 2009 (From April 1, 2009, to March 31, 2010)	FY 2010 (From April 1, 2010, to March 31, 2011)
Net sales	52,082	50,555
Cost of sales	17,901	17,072
Gross profit	34,180	33,482
Selling, general and administrative expenses		
Salaries, allowances and bonuses	10,866	10,958
Provision for bonuses	584	464
Provision for retirement benefits	156	197
Rent expenses	6,436	6,371
Other	14,363	14,105
Total selling, general and administrative expenses	32,408	32,097
Operating income	1,772	1,385
Non-operating income		
Interest income	6	15
Rent income	74	64
Amortization of negative goodwill	29	—
Compensation income	—	65
Miscellaneous income	132	118
Total non-operating income	243	263
Non-operating expenses		
Interest expenses	28	25
Foreign exchange losses	12	116
Rent expenses	22	16
Commission fees	11	23
Business commencement expenses	—	92
Miscellaneous loss	48	29
Total non-operating expenses	123	303
Ordinary income	1,892	1,345
Extraordinary income		
Gain on sales of noncurrent assets	—	163
Other	—	7
Total extraordinary income	—	170
Extraordinary loss		
Impairment loss	146	335
Loss on liquidation of facilities and stores	158	136
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	392

(Millions of yen)

	FY 2009 (From April 1, 2009, to March 31, 2010)	FY 2010 (From April 1, 2010, to March 31, 2011)
Other	33	139
Total extraordinary losses	339	1,004
Income before income taxes	1,553	511
Income taxes-current	715	584
Income taxes-deferred	64	(250)
Total income taxes	779	334
Income before minority interests	—	177
Minority interests in income	0	0
Net income	773	176

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY 2009 (From April 1, 2009, to March 31, 2010)	FY 2010 (From April 1, 2010, to March 31, 2011)
Income before minority interests	—	177
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(4)
Deferred gains or losses on hedges	—	(26)
Foreign currency translation adjustment	—	(299)
Share of other comprehensive income of associates accounted for using equity method	—	(2)
Total other comprehensive income		*2 (333)
Comprehensive income	—	*1 (155)
Comprehensive income attributable to	—	
Comprehensive income attributable to owners of the parent	—	(156)
Comprehensive income attributable to minority interests	—	0

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	FY 2009 (From April 1, 2009, to March 31, 2010)	FY 2010 (From April 1, 2010, to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	4,176	4,176
Balance at the end of current period	4,176	4,176
Capital surplus		
Balance at the end of previous period	4,038	4,038
Balance at the end of current period	4,038	4,038
Retained earnings		
Balance at the end of previous period	7,402	7,878
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	773	176
Total changes of items during the period	475	(120)
Balance at the end of current period	7,878	7,757
Treasury stock		
Balance at the end of previous period	(0)	(0)
Changes of items during the period		
Purchase of treasury stock	–	(0)
Total changes of items during the period	–	(0)
Balance at the end of current period	(0)	(0)
Total shareholders' equity		
Balance at the end of previous period	15,616	16,092
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	773	176
Purchase of treasury stock	–	(0)
Total changes of items during the period	475	(120)
Balance at the end of current period	16,092	15,971

(Millions of yen)

	FY 2009 (From April 1, 2009, to March 31, 2010)	FY 2010 (From April 1, 2010, to March 31, 2011)
Other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	14	17
Changes of items during the period		
Net changes of items other than shareholders' equity	3	(4)
Total changes of items during the period	3	(4)
Balance at the end of current period	17	13
Deferred gains or losses on hedges		
Balance at the end of previous period	28	31
Changes of items during the period		
Net changes of items other than shareholders' equity	2	(26)
Total changes of items during the period	2	(26)
Balance at the end of current period	31	4
Revaluation reserve for land		
Balance at the end of previous period	(906)	(906)
Balance at the end of current period	(906)	(906)
Foreign currency translation adjustment		
Balance at the end of previous period	(209)	(263)
Changes of items during the period		
Net changes of items other than shareholders' equity	(53)	(301)
Total changes of items during the period	(53)	(301)
Balance at the end of current period	(263)	(565)
Total other comprehensive income		
Balance at the end of previous period	(1,072)	(1,120)
Changes of items during the period		
Net changes of items other than shareholders' equity	(48)	(333)
Changes of items during the period	(48)	(333)
Balance at the end of current period	(1,120)	(1,453)
Minority interests		
Balance at the end of previous period	0	4
Changes of items during the period		
Net changes of items other than shareholders' equity	3	0
Total changes of items during the period	3	0
Balance at the end of current period	4	4
Total net assets		
Balance at the end of current period	14,544	14,976
Changes of items during the period		

(Millions of yen

	FY 2009 (From April 1, 2009, to March 31, 2010)	FY 2010 (From April 1, 2010, to March 31, 2011)
Dividends from surplus	(297)	(297)
Net income	773	176
Purchase of treasury stock	－	(0)
Net changes of items other than shareholders' equity	(44)	(332)
Total changes of items during the period	431	(453)
Balance at the end of current period	14,976	14,523

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2009 (From April 1, 2009, to March 31, 2010)	FY 2010 (From April 1, 2010, to March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes	1,553	511
Depreciation and amortization	1,829	1,918
Increase (decrease) in allowance for doubtful accounts	(3)	9
Increase (decrease) in provision for bonuses	(168)	(95)
Interest and dividends income	(9)	(18)
Interest expenses	28	25
Foreign exchange losses (gains)	(30)	(34)
Loss (gain) on sales and retirement of property, plant and equipment	31	(79)
Impairment loss	146	335
Loss on liquidation of facilities and stores	158	136
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	392
Decrease (increase) in notes and accounts receivable-trade	24	236
Decrease (increase) in inventories	(14)	(74)
Increase (decrease) in notes and accounts payable-trade	(140)	(347)
Increase (decrease) in accounts payable-other	(276)	(365)
Increase (decrease) in advances received	(28)	21
Other, net	(287)	188
Subtotal	2,814	2,760
Interest and dividends income received	9	18
Interest expenses paid	(24)	(24)
Income taxes paid	(732)	(832)
Net cash provided by (used in) operating activities	2,067	1,922
Net cash provided by (used in) investing activities		
Payments into time deposits	(3)	(784)
Proceeds from withdrawal of time deposits	31	818
Purchase of property, plant and equipment	(2,752)	(1,829)
Proceeds from sales of property, plant and equipment	4	1,000
Purchase of intangible assets	(300)	(249)
Payments for guarantee deposits	221	281
Proceeds from collection of guarantee deposits	(311)	(152)
Other, net	4	337
Net cash provided by (used in) investing activities	(3,106)	(577)

(Millions of yen)

	FY 2009 (From April 1, 2009, to March 31, 2010)	FY 2010 (From April 1, 2010, to March 31, 2011)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(480)	(241)
Proceeds from long-term loans payable	1,500	500
Repayment of long-term loans payable	(363)	(353)
Cash dividends paid	(297)	(297)
Other, net	(31)	(44)
Net cash provided by (used in) financing activities	326	(436)
Effect of exchange rate change on cash and cash equivalents	9	(121)
Net increase (decrease) in cash and cash equivalents	(702)	786
Cash and cash equivalents at beginning of period	4,940	4,237
Cash and cash equivalents at end of period	4,237	5,024

(Segment Information, etc.)

【Segment Information】

(Additional Information)

Beginning from the current consolidated fiscal year, the Group has applied the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No.17, March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No.20, March 21, 2008).

For the year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

1. Overview of the Reporting Segments

The reporting segments of Watabe Wedding are those constituent units of the Group for which separate financial information can be obtained, and they are subject to regular examinations by the Board of Directors in order to decide the allocation of management resources and evaluate performance. The two main business segments of the Group are the “resort weddings” business segment which provides wedding services in domestic and overseas resort areas, and the “hotels and domestic weddings” business segment which provides weddings, receptions, hotel and accommodation services in domestic hotels. We formulate comprehensive management strategies and develop business activities for each of these reporting segments.

The “resort weddings” business segment mainly recruits customers through the domestic branches of Watabe Wedding and travel agencies. It provides wedding services in domestic and overseas resort areas such as Hawaii and Okinawa, etc. and manufactures and sells auxiliary products and services related to weddings such as wedding dresses, tuxedoes, photo albums, etc. The “hotels and domestic weddings” business segment provides weddings, receptions, restaurant and accommodation services in domestic hotels such as the Meguro Gajoen and Mielparque.

2. Information about Calculation of Net Sales, the Amount of Income or Loss, Assets and Liabilities in Each of the Reporting Segments

The accounting method applied to segment accounting is about the same as that stated in the Significant Items for Preparation of Consolidated Financial Statements.

Income of reporting segments is calculated based on operating income.

Intersegment sales and transfers are calculated based on market values.

3. Information about Net Sales and the Amount of Income or Loss in Each of the Reporting Segments

For the year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(Millions of yen)

	Reporting segments		Total	Adjustments (Note 1)	Amount recorded in the Consolidated Statements of Income (Note 2)
	Resort weddings	Hotels and domestic weddings			
Net sales					
Sales to customers	21,225	30,857	52,082	—	52,082
Intersegment sales and transfers	7,154	165	7,320	(7,320)	—
Total	28,380	31,023	59,403	(7,320)	52,082
Segment income	1,161	629	1,790	(17)	1,772
Segment assets	21,973	7,451	29,425	(3,561)	25,864
Others					
Depreciation and amortization	1,321	517	1,838	(9)	1,829
Investment in associates accounted for using equity method	25	—	25	—	25
Increases in property, plant and equipment and in intangible assets	2,083	713	2,797	—	2,797

(Notes) 1. Adjustments of segment income (loss) are given below:

(1) The -17 million yen adjustment of segment income is primarily due to elimination of intersegment transactions.

(2) The -3,561 million yen adjustment of segment assets is primarily due to elimination of intersegment transactions.

(3) The -9 million yen adjustment of depreciation and amortization is primarily due to elimination of unrealized income.

2. Segment income is adjusted with the operating income in the Consolidated Statements of Income.

For the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reporting segments		Total	Adjustments (Note 1)	Amount recorded in the Consolidated Statements of Income (Note 2)
	Resort weddings	Hotels and domestic weddings			
Net sales					
Sales to customers	21,667	28,888	50,555	—	50,555
Intersegment sales and transfers	6,862	179	7,042	(7,042)	—
Total	28,529	29,068	57,597	(7,042)	50,555
Segment income	1,506	(119)	1,386	(1)	1,385
Segment assets	21,632	7,012	28,645	(3,570)	25,075
Other items					
Depreciation and amortization	1,366	575	1,941	(23)	1,918
Investment in associates accounted for using equity method	29	—	29	—	29
Increases in property, plant and equipment and in intangible assets	1,430	608	2,039	—	2,039

(Notes) 1. Adjustments of segment income (loss) are given below:

(1) The -1 million yen adjustment of segment income is primarily due to elimination of intersegment transactions.

(2) The -3,570 million yen adjustment of segment assets is primarily due to elimination of intersegment transactions.

(3) The -23 million yen adjustment of depreciation and amortization is primarily due to elimination of unrealized income.

2. Segment income is adjusted with the operating income in the Consolidated Statements of Income.