Consolidated Financial Results for the Year Ended March 31, 2012 [J-GAAP]
Watabe Wedding Corporation

May 7, 2012

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:	Yasushi Yoshizawa, Director of Administration Division
	TEL: +81-75-352-4111

Scheduled date of Ordinary General Meeting of Shareholders:	June 28, 2012
Scheduled date of start of dividend payment:	June 29, 2012
Scheduled date of filing of securities report:	June 28, 2012
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, 2011 and 2012

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	2011	2012	2012 / 2011
	(millions of yen)		*(percentage change)*
(1) Consolidated financial results			
Net sales	50,555	48,929	-3.2%
Operating income	1,385	1,241	-10.4%
Ordinary income	1,345	1,423	5.8%
Net income	176	423	140.0%
Net income, basic per share *(yen)*	17.83	42.79	
Net income, diluted per share diluted *(yen)*	—	—	
Return on equity (ROE)	1.2%	2.9%	
Return on assets (ROA)	5.3%	5.6%	
Operating income to sales	2.7%	2.5%	
(2) Consolidated financial position			
Total assets	25,075	25,575	
Net assets	14,523	14,630	
Shareholders' equity ratio	57.9%	57.0%	
Net assets per share *(yen)*	1,465.17	1,472.16	
(3) Consolidated cash flows			
Net cash provided by (used in) operating activities	1,922	2,974	
Net cash provided by (used in) investing activities	(577)	(1,033)	
Net cash provided by (used in) financing activities	(436)	(588)	
Cash and cash equivalents at end of year	5,024	6,332	

Comprehensive income (loss): Year ended March 31, 2012: ¥385 million (—%)
Year ended March 31, 2011 -¥155 million (—%)

(Reference)

Equity in earnings As of March 31, 2012: ¥5 million
As of March 31, 2011: ¥7 million

Shareholders' equity: As of March 31, 2012: ¥14,587 million
As of March 31, 2011: ¥14,518 million

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)	(%)	(%)
2011	—	15.00	—	15.00	30.00	297	168.3	2.0
2012	—	15.00	—	15.00	30.00	297	70.1	2.0
2013 (Forecast)	—	15.00	—	15.00	30.00	—	42.5	—

3. Consolidated Results Forecast for Year Ending March 31, 2013

	2012	
	Six Months	**Full year**
	(millions of yen)	
Net sales	—	50,600
Operating income	—	1,500
Ordinary income	—	1,550
Net income	—	700
Net income, basic per share *(yen)*	—	70.64

(Note) The wedding industry is characterized by seasonal fluctuations in the number of weddings that occur, with certain times of the year more popular than others for holding ceremonies. The Company tracks business results on an annual basis and therefore does not disclose performance expectations for the first half of the consolidated fiscal year.

*** Notes**

(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 or estimates and retrospective restatements
- (i) Changes in accounting policies arising from revision of accounting standards: None
- (ii) Changes in accounting policies arising from factors other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatements: None

(3) Number of shares issued (common stock)
- (i) Number of shares issued (including treasury stock)
  - 9,909,400 shares as of March 31, 2012
  - 9,909,400 shares as of March 31, 2011
- (ii) Number of shares of treasury stock
  - 309 shares as of March 31, 2012
  - 309 shares as of March 31, 2011
- (iii) Average number of shares during the period
  - 9,909,091 shares in year ended March 31, 2012
  - 9,909,141 shares in year ended March 31, 2011

* Presentation of implementation status for audit procedures
The audit procedure for the financial statements based on Financial Instruments and Exchange Act is in process 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 “Fiscal 2012 Outlook” 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 15, 2012.

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1. Operating Results

(1) Analysis of Operating Results

In fiscal 2011, ended March 31, 2012, the domestic economy showed signs of improvement, gradually emerging from the sluggish conditions that appeared in the wake of the Great East Japan Earthquake. Nevertheless, economic uncertainty continues due to such events as the deepening financial crisis in Europe and weak stock prices.

In the wedding industry, in fiscal 2011, about 670,000 couples exchanged marriage vows in Japan, a decrease of 4.3% from about 700,000 couples. This is a reflection of the psychological and economic toll exacted on the nation following the unprecedented scale of destruction caused by the March 2011 disasters as well as a downward trend in marriages that parallels the declining birthrate in Japan.

Against this backdrop, the Watabe Wedding Group (the "Group") endeavored to develop business content to support the corporate motto of family ties, creating precious memory. We emphasized products and services tailored to the diversifying and increasingly personalized requirements of customers and presented consultation-based solutions fine-tuned to customer needs.

In the resort wedding business, we enriched ceremony content with added value and offered customers a new style of resort-based ceremony at Honu Kai Lani at Ko Olina Place of Welina that blends location—an exquisite Hawaiian backdrop—and a level of hospitality comparable to the high standard of service typically found in Japan. Meanwhile, in Japan, we moved the Omiya salon to a renovated location, renaming it the Omiya Sonic City salon, a place where customers can enjoy a resort atmosphere while preparing for their wedding; seeking to foster higher customer satisfaction, we worked to deliver a pleasing level of hospitality to each and every customer. Targeting a wider presence in Asia where growth is still quite robust, we began wedding services at Chijmes Hall, utilizing this cultural heritage site in Singapore as a local chapel, and actively promoted our wedding-related businesses in Asia. Overall, we handled weddings for more than 1,000 couples.

In the hotel and domestic wedding business, we opened Villa di Grazia, the first stand-alone chapel in Meguro Gajoen, and debuted a style of ceremony based on different approaches to expressing feeling of gratitude within the theme of life-long bonds. We also reopened Mielparque Sendai, which had to be closed for a while after the earthquake and tsunami, and endeavored to provide services with a real community ambiance.

As a result of the above, due to the decrease in the number of weddings handled, consolidated results were as follows; net sales settled at ¥48,929 million, down 3.2% year-on-year, operating income dropped 10.4%, to ¥1,241 million, ordinary income grew 5.8%, to ¥1,423 million, and net income soared 140.0%, to ¥423 million.

Segment performances are summarized below. These results reflect amounts after elimination of intersegment transactions.

1) Resort weddings

Despite an increase in the unit price of weddings, net sales in the resort weddings segment fell 6.1%, to ¥20,338 million, reflecting the negative impact of the earthquake. Operating income retreated 35.2%, to ¥975 million.

2) Hotels and domestic weddings

The disasters associated with the Great East Japan Earthquake forced some facilities to suspend operations and led to the postponement or cancellation of banquets and other events. As a result, net sales in the hotels and domestic weddings segment slipped 1.0%, to ¥28,590 million. On a positive note, the Group rebounded from an operating loss of ¥119 million in the previous fiscal year to operating income of ¥227 million.

Fiscal 2012 Outlook

In an operating environment characterized by fewer Japanese couples getting married and by the increasingly diverse and personalized requirements of customers, we will strive to take advantage of our network of wedding locations at home and abroad, utilize the high quality of our hospitality personnel, and draw on the appeal of wedding content designed in-house. As a group, we will aspire to provide consulting-based services by identifying the needs of each and every customer.

In the resort wedding business, we will return to our origins and concentrate resources into resort-based ceremonies so as to add new value and create precious moments for each and every customer. We will also improve efficiency in salon operations and marketing practices, which will underpin higher profitability.

In the hotel and domestic wedding business, we intend to reinforce our earnings capabilities. This will be achieved primarily through a performance recovery at Mielparque Sendai, which will have been in operation for a full year, and from a full-year of wedding activity at Villa di Grazia in Meguro Gajoen.

A growth strategy for the Group is to build its local wedding business in Asian markets. In this business, we expect to see an increase in the number of local weddings handled, thanks to full-year operation at the cathedral Chijmes Hall, a historic building complex designated a cultural asset in Singapore.

Through these approaches, we expect to post the following consolidated results in fiscal 2012, ending March 31, 2013: net sales of ¥50,600 million, edging up 3.4%; operating income of ¥1,500 million, climbing 20.9%; ordinary income of ¥1,550 million, rising 8.9%; and net sales of ¥700 million, soaring 65.1%. Because the wedding industry is characterized by seasonal fluctuations in the number of ceremonies performed, with certain times of the year more popular than others, we track business results on an annual basis and therefore will not disclose consolidated performance expectations for the first half of the fiscal year.

(2) Analysis of the Financial Position

1) Assets, Liabilities and Net Assets

As of March 31, 2012, total assets stood at ¥25,575 million, up ¥499 million from a year earlier, despite a ¥1,307 million increase in cash and deposits, owing to a ¥498 million decrease in property, plant and equipment and a ¥198 million decrease in guarantee deposits.

Total liabilities reached ¥10,944 million, as of March 31, 2012, up ¥391 million from a year earlier, largely due to a ¥476 million increase in current liabilities caused primarily by higher accounts payable–trade.

Total net assets amounted to ¥14,630 million, up ¥107 million from a year earlier, mainly from ¥423 million in net income and ¥297 million in dividends from surplus (cash dividends paid).

2) Cash Flow Analysis

Cash flows for the fiscal year under review highlight an net cash provided by operating activities, up ¥2,974 million; net cash used in investing activities, up ¥1,033 million; and net cash used in financing activities, up ¥588 million. Consequently, cash and cash equivalents (hereafter, “cash”) at the end of fiscal 2011 were ¥6,332 million, up ¥1,307 million from the beginning, or 26.0%, from a year earlier.

Net cash provided by (used in) operating activities

Cash from operating activities amounted to ¥2,974 million, up ¥1,051 million or 54.7%, from fiscal 2010. The key components of this increase were income before income taxes, at ¥1,051 million, depreciation and amortization, at ¥1,916 million, an increase of ¥546 million in notes and accounts payable–trade, and ¥574 million in income taxes paid.

Net cash provided by (used in) investing activities

Cash used in investing activities came to ¥1,033 million, up 78.9%, from fiscal 2010. This reflects the application of ¥1,156 million to purchase property, plant and equipment and ¥246 million to the purchase of intangible assets, which overshadowed ¥120 million in proceeds from the sale of investment securities.

Net cash provided by (used in) financing activities

Cash used in financing activities reached ¥588 million, up 34.8% from fiscal 2010. This is primarily due to an increase of ¥83 million in short-term loans payable, ¥200 million in long-term loans payable, the repayment of ¥533 million in current portion of long-term loans payable, and the application of ¥297 million for distribution of cash dividends.

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

	46th fiscal year ended March 31, 2010	47th fiscal year ended March 31, 2011	48th fiscal year ended March 31, 2012
Equity ratio (%)	57.9	57.9	57.0
Market value equity ratio (%)	39.7	29.8	30.1
Cash flows/interest-bearing debt ratio (years)	1.2	1.2	0.7
Interest coverage ratio (times)	84.8	78.0	117.8

* 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

A top management priority is the return of profits to shareholders. While our basic policy is to maintain stable dividends, management considers overall status, including consolidated performance, measures to reinforce financial position, and future business development, to determine a dividend within our financial capacity to distribute.

Guided by this policy, management considered such factors as the maintenance of a stable dividend for shareholders and the business results achieved in fiscal 2011, and decided to go ahead with the original plan to pay ¥30 per share, which includes a ¥15 per share interim dividend.

We take a long-term view to the application of internal reserves, investing in business sectors with high-growth and -profitability potential as well as opportunities to make existing operations more efficient and to reenergize the activities.

Based on consolidated performance forecasts for fiscal 2012, we expect to maintain the annual dividend at ¥30 per share for the fiscal year ending March 31, 2013.

2. Management Policy

(1) Basic Company Management Policy

Based on our policy of "Family ties, creating precious memory," 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 wedding industry is undergoing a huge transformation. Ceremonies were once bound by culture, tradition and ritual, but such conventions have given way to an essentially goal-oriented perspective that requires increasingly personalized productions designed to the needs of each couple. In addition, the competition atmosphere is growing more intense as companies offering unconventional wedding styles enter the industry.

Against this backdrop, we will strive to enhance the Group's resort wedding business—its flagship segment—to ensure access to products and services that quickly address customers' needs. We will also reinforce its hotel business with facilities infused with a more community-based quality. These efforts will help build family ties, creating precious memory for customers and lay a strong foundation for further corporate growth.

To improve profitability, we will execute a review of sales and administrative costs, with a focus on lowering fixed costs and transforming fixed costs into variable ones, and we will work toward enhancing business efficiency. We will also allow Group companies more independence. These efforts will help boost earning power.

The high quality of our hospitality personnel, which infuses the pillars of our business to the very core, is absolutely essential to the successful implementation of the aforementioned measures and to inspire confidence in the minds of our customers. We will emphasize human resource development, enhancing business skills and specialized capabilities. We will also be conscious of the environment where personnel work and create a structure that encourages employees to acquire the skills that underpin a level of hospitality necessary for success into the future.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
ASSETS		
Current assets		
Cash and deposits	5,028	6,336
Accounts receivable-trade	1,504	1,812
Merchandise and finished goods	237	168
Work in process	32	33
Raw materials and supplies	596	545
Deferred tax assets	508	371
Other	1,158	973
Allowance for doubtful accounts	(31)	(32)
Total current assets	9,035	10,208
Noncurrent assets		
Property, plant and equipment		
Costume rental	1,011	1,121
Accumulated depreciation	(725)	(888)
Costume rental, net	285	233
Buildings and structures	11,105	11,629
Accumulated depreciation	(5,144)	(5,897)
Buildings and structures, net	5,961	5,732
Tools, furniture and fixtures	4,500	5,313
Accumulated depreciation	(3,037)	(4,040)
Tools, furniture and fixtures, net	1,462	1,272
Land	2,603	2,603
Construction in progress	19	4
Other	518	551
Accumulated depreciation	(262)	(307)
Other, net	255	243
Total property, plant and equipment	10,588	10,090
Intangible assets	973	901
Investments and other assets		
Investment securities	221	186
Deferred tax assets	680	862
Guarantee deposits	3,476	3,278
Other	137	85
Allowance for doubtful accounts	(38)	(39)
Total investments and other assets	4,477	4,374
Total Noncurrent assets	16,039	15,366
Total assets	25,075	25,575

(Millions of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
LIABILITIES		
Current liabilities		
Accounts payable-trade	1,501	2,044
Short-term loans payable	316	400
Current portion of long-term loans payable	533	500
Accounts payable-other	1,093	1,267
Income taxes payable	413	307
Advances received	2,335	2,172
Provision for bonuses	573	456
Other	992	1,087
Total current liabilities	7,759	8,235
Noncurrent liabilities		
Long-term loans payable	1,500	1,200
Deferred tax liabilities for land revaluation	25	22
Provision for retirement benefits	188	416
Asset retirement obligations	542	567
Other	536	502
Total noncurrent liabilities	2,793	2,708
Total liabilities	10,552	10,944
NET ASSETS		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	7,757	7,884
Treasury stock	(0)	(0)
Total shareholders’ equity	15,971	16,098
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13	22
Deferred gains or losses on hedges	4	22
Revaluation reserve for land	(906)	(903)
Foreign currency translation adjustment	(565)	(652)
Total valuation and translation adjustments	(1,453)	(1,510)
Minority interests	4	43
Total net assets	14,523	14,630
Total liabilities and net assets	25,075	25,575

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	FY 2010 (From April 1, 2010, to March 31, 2011)	FY 2011 (From April 1, 2011, to March 31, 2012)
Net sales	50,555	48,929
Cost of sales	17,072	16,108
Gross profit	33,482	32,820
Selling, general and administrative expenses		
Salaries, allowances and bonuses	10,958	11,110
Provision for bonuses	464	259
Provision for retirement benefits	197	217
Rent expenses	6,371	6,322
Other	14,105	13,670
Total selling, general and administrative expenses	32,097	31,579
Operating income	1,385	1,241
Non-operating income		
Interest income	15	13
Rent income	64	57
Compensation income	65	96
Miscellaneous income	118	97
Total non-operating income	263	265
Non-operating expenses		
Interest expenses	25	24
Foreign exchange losses	116	—
Rent expenses	16	12
Commission fees	23	23
Business commencement expenses	92	—
Miscellaneous loss	29	22
Total non-operating expenses	303	83
Ordinary income	1,345	1,423
Extraordinary income		
Gain on sales of investment securities	—	70
Gain on sales of noncurrent assets	163	—
Other	7	16
Total extraordinary income	170	86
Extraordinary loss		
Impairment loss	335	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	392	—
Loss on disaster	44	148

(Millions of yen)

	FY 2010 (From April 1, 2010, to March 31, 2011)	FY 2011 (From April 1, 2011, to March 31, 2012)
Restructuring loss	—	88
Loss on abolishment of tax-qualified pension plan	—	142
Loss on liquidation of facilities and stores	136	44
Other	95	35
Total extraordinary losses	1,004	459
Income before income taxes	511	1,051
Income taxes-current	584	668
Income taxes-deferred	(250)	(58)
Total income taxes	334	609
Income before minority interests	177	441
Minority interests in income	0	17
Net income	176	423

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY 2010 (From April 1, 2010, to March 31, 2011)	FY 2011 (From April 1, 2011, to March 31, 2012)
Income before minority interests	177	441
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	9
Deferred gains or losses on hedges	(26)	17
Revaluation reserve for land	—	3
Foreign currency translation adjustment	(299)	(85)
Share of other comprehensive income of associates accounted for using equity method	(2)	(0)
Total other comprehensive income	(333)	(58)
Comprehensive income	(155)	385
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(156)	366
Comprehensive income attributable to minority interests	0	18

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	FY 2010 (From April 1, 2010, to March 31, 2011)	FY 2011 (From April 1, 2011, to March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	4,176	4,176
Balance at the end of current period	4,176	4,176
Capital surplus		
Balance at the beginning of current period	4,038	4,038
Balance at the end of current period	4,038	4,038
Retained earnings		
Balance at the beginning of current period	7,878	7,757
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	176	423
Total changes of items during the period	(120)	126
Balance at the end of current period	7,757	7,884
Treasury stock		
Balance at the beginning of current 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 beginning of current period	16,092	15,971
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	176	423
Purchase of treasury stock	(0)	—
Total changes of items during the period	(120)	126
Balance at the end of current period	15,971	16,098

(Millions of yen)

	FY 2010 (From April 1, 2010, to March 31, 2011)	FY 2011 (From April 1, 2011, to March 31, 2012)
Other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	17	13
Changes of items during the period		
Net changes of items other than shareholders' equity	(4)	9
Total changes of items during the period	(4)	9
Balance at the end of current period	13	22
Deferred gains or losses on hedges		
Balance at the beginning of current period	31	4
Changes of items during the period		
Net changes of items other than shareholders' equity	(26)	17
Total changes of items during the period	(26)	17
Balance at the end of current period	4	22
Revaluation reserve for land		
Balance at the beginning of current period	(906)	(906)
Changes of items during the period		
Net changes of items other than shareholders' equity	—	3
Total changes of items during the period	—	3
Balance at the end of current period	(906)	(903)
Foreign currency translation adjustment		
Balance at the beginning of current period	(263)	(565)
Changes of items during the period		
Net changes of items other than shareholders' equity	(301)	(87)
Total changes of items during the period	(301)	(87)
Balance at the end of current period	(565)	(652)
Total other comprehensive income		
Balance at the beginning of current period	(1,120)	(1,453)
Changes of items during the period		
Net changes of items other than shareholders' equity	(333)	(57)
Changes of items during the period	(333)	(57)
Balance at the end of current period	(1,453)	(1,510)
Minority interests		
Balance at the beginning of current period	4	4
Changes of items during the period		
Net changes of items other than shareholders' equity	0	38
Total changes of items during the period	0	38
Balance at the end of current period	4	43

(Millions of yen)

	FY 2010 (From April 1, 2010, to March 31, 2011)	FY 2011 (From April 1, 2011, to March 31, 2012)
Total net assets		
Balance at the beginning of current period	14,976	14,523
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	176	423
Purchase of treasury stock	(0)	—
Net changes of items other than shareholders' equity	(332)	(18)
Total changes of items during the period	(453)	107
Balance at the end of current period	14,523	14,630

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2010 (From April 1, 2010, to March 31, 2011)	FY 2011 (From April 1, 2011, to March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	511	1,051
Depreciation and amortization	1,918	1,916
Increase (decrease) in allowance for doubtful accounts	9	(1)
Increase (decrease) in provision for bonuses	(95)	(116)
Increase (decrease) in provision for retirement benefits	29	267
Interest and dividends income	(18)	(16)
Interest expenses	25	24
Foreign exchange losses (gains)	(34)	(17)
Loss (gain) on sales and retirement of property, plant and equipment	(79)	20
Impairment loss	335	—
Loss on liquidation of facilities and stores	136	44
Loss on adjustment for changes of accounting standard for asset retirement obligations	392	—
Loss (gain) on sales of investment securities	—	(70)
Decrease (increase) in notes and accounts receivable-trade	236	(308)
Decrease (increase) in inventories	(74)	110
Increase (decrease) in notes and accounts payable-trade	(347)	546
Increase (decrease) in accounts payable-other	(365)	202
Increase (decrease) in advances received	21	(161)
Other, net	159	61
Subtotal	2,760	3,556
Interest and dividends income received	18	18
Interest expenses paid	(24)	(25)
Income taxes paid	(832)	(574)
Net cash provided by (used in) operating activities	1,922	2,974
Net cash provided by (used in) investing activities		
Payments into time deposits	(784)	—
Proceeds from withdrawal of time deposits	818	—
Purchase of property, plant and equipment	(1,829)	(1,156)
Proceeds from sales of property, plant and equipment	1,000	12
Purchase of intangible assets	(249)	(246)
Payments for guarantee deposits	281	275
Proceeds from collection of guarantee deposits	(152)	(83)
Proceeds from sales of investment securities	—	120
Other, net	337	45
Net cash provided by (used in) investing activities	(577)	(1,033)

(Millions of yen)

	FY 2010 (From April 1, 2010, to March 31, 2011)	FY 2011 (From April 1, 2011, to March 31, 2012)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(241)	83
Proceeds from long-term loans payable	500	200
Repayment of long-term loans payable	(353)	(533)
Proceeds from stock issuance to minority shareholders	—	20
Cash dividends paid	(297)	(297)
Other, net	(44)	(60)
Net cash provided by (used in) financing activities	(436)	(588)
Effect of exchange rate change on cash and cash equivalents	(121)	(44)
Net increase (decrease) in cash and cash equivalents	786	1,307
Cash and cash equivalents at beginning of period	4,237	5,024
Cash and cash equivalents at end of period	5,024	6,332

(Segment Information, etc.)

Segment Information

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

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, 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 (loss)	1,506	(119)	1,386	(1)	1,385
Segment assets	21,556	7,089	28,645	(3,570)	25,075
Others					
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	1,499	709	2,208	—	2,208

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

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

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

(3) The -¥23 million 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, 2012 (From April 1, 2011 to March 31, 2012)

(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	20,338	28,590	48,929	—	48,929
Intersegment sales and transfers	6,132	175	6,307	(6,307)	—
Total	26,470	28,766	55,236	(6,307)	48,929
Segment income	975	227	1,202	38	1,241
Segment assets	21,191	8,450	29,642	(4,067)	25,575
Other items					
Depreciation and amortization	1,374	570	1,944	(28)	1,916
Investment in associates accounted for using equity method	32	—	32	—	32
Increases in property, plant and equipment and in intangible assets	598	769	1,368	—	1,368

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

(1) The ¥38 million adjustment of segment income is primarily due to elimination of intersegment transactions.

(2) The -¥4,067 million adjustment of segment assets is primarily due to elimination of intersegment transactions.

(3) The -¥28 million 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.