

**Consolidated Financial Results for the First Quarter Ended June 30, 2010 [J-GAAP]**  
**Watabe Wedding Corporation**

August 6, 2010

Stock code: 4696  
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## Financial Highlights

As of and for the three months ended June 30, 2009 and 2010

### 1. Consolidated Operating Results

	Three months ended June 30, 2009	Three months ended June 30, 2010	2010 / 2009
	<i>(millions of yen)</i>		<i>(percentage change)</i>
<b>(1) Consolidated financial results</b>			
Net sales	¥13,551	¥13,010	-4.0%
Operating income	622	522	-16.0%
Ordinary income	668	390	-41.6%
Net income	306	47	-84.6%
Net income, basic per share ( <i>yen</i> )	30.96	4.77	
Net income per share (diluted) ( <i>yen</i> )	—	—	

	March 31, 2010	June 30, 2010
	<i>(millions of yen)</i>	
<b>(2) Consolidated financial position</b>		
Total assets	¥25,864	¥25,782
Net assets	14,976	14,773
Shareholders' equity ratio	57.9%	57.3%
Net assets per share ( <i>yen</i> )	¥1,510.94	¥1,490.15

(Reference) Shareholders' equity: As of June 30, 2010: ¥14,766 million      As of March 31, 2010: ¥14,972 million

### 2. Dividends

	Annual dividends per share				Total
	1Q end	2Q end	3Q end	Year end	
	(Yen)				
2010	—	¥15.00	—	¥15.00	¥30.00
2011	—	—	—	—	—
2011 (Forecast)	—	¥15.00	—	¥15.00	¥30.00

(Note) Any revision to the dividends forecast for the quarter under review: None

### 3. Consolidated Results Forecast for Year Ending March 31, 2011

	2011	
	Six months	Full year
	<i>(millions of yen)</i>	
Net sales	¥24,300	¥53,100
Operating income	100	2,000
Ordinary income	140	2,100
Net income	(100)	800
Net income, basic per share ( <i>yen</i> )	(10)	80

(Note) Any revision to results forecast for the quarter under review: None

### 4. Other

Please refer to the attached material “Other Information” on the page 5 for more details.

(1) Changes in significant subsidiaries during the quarterly period: None

(Note) The above indicates changes in specified subsidiaries involving a change in the scope of consolidation during the quarterly period.

(2) Application of simplified accounting treatment and special accounting treatment: Yes

(Note) This refers to simplified accounting treatment and accounting treatment peculiar to quarterly consolidated financial statement preparation.

(3) Changes in accounting policies, procedures and presentation methods:

(i) Any change arising from revision of accounting standards: Yes

(ii) Any change arising from other factors: None

(Note) This refers to changes in accounting policies, procedures and presentation methods related to quarterly consolidated financial statement preparation (which should be stated in changes of Significant Items for Preparation of Quarterly Consolidated Financial Statements)

(4) Number of shares issued (common stock)

(i) Number of shares issued (including treasury stock)

9,909,400 shares as of June 30, 2010

9,909,400 shares as of March 31, 2010

(ii) Number of shares of treasury stock

253 shares as of June 30, 2010

177 shares as of March 31, 2010

(iii) Average number of shares during the period

9,909,198 shares for the three months ended June30, 2010

9,909,223 shares for the three months ended June30, 2009

\* Presentation of implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to this Consolidated Financial Results, and the quarterly review procedure based on the Financial Instruments and Exchange Act had been completed as of the release of this Consolidated Financial Results.

\* Explanations about the appropriate use of the consolidated results forecast and other noteworthy points:

The forecasts 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 forecasts due to various uncertain factors. See

“Qualitative Information on the Consolidated Results Forecast” for assumptions underlying the above forecasts and precautions regarding their use.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Qualitative Information on the Consolidated Operating Results

There were signs of a recovery in Japan's economy during the three months ended June 30, 2010, led by external demand from the strongly-performing emerging economies. However, uncertainty about the outlook for the world economy remained strong against the background of the financial problems in Europe.

Given these circumstances, and so as to address the trend towards customer needs becoming more personal, the Watabe Wedding Group (the "Group") has worked to improve customer satisfaction and optimize their delight through uniting all services and realizing a total bridal solution with a global perspective. The Group also has aggressively striven to create a fine lifestyle for bridal events and anniversaries.

In our "resort weddings" business we stimulated demand for "rizo-kon (resort weddings)", a typical example of more personal weddings. As a result, both the number of wedding couples and the unit price of the weddings for overseas resort weddings rose and these figures were higher than in the same period of the previous fiscal year.

Furthermore, as a part of our strategy for the Asian market, we began operation of our local wedding facility "Grace Hill," a new facility for local couples in Taipei, Taiwan in April 2010.

With regard to our "hotels and domestic weddings" business, in Meguro Gajoen the receptions division performed well due to our stimulation of individual demand. However, in Mielparque the number of wedding couples was lower than in the same period of the previous fiscal year due to a decline in orders for weddings.

As a result of the above, even though we implemented the policies described above, the operating performance of the Group saw net sales decline 4.0% year on year, to ¥13,010 million, and operating income decline 16.0%, to ¥522 million, mainly owing to the fall in the number of wedding couples in the "hotels and domestic weddings" business. Due to the impact of foreign exchange losses and other factors, ordinary income decreased 41.6%, to ¥390 million. Net income fell 84.6%, to ¥47 million, as a result of the application of the Accounting Standards for Asset Retirement Obligations.

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

Usage of our company's facilities was strong and the number of wedding couples increased. Thus, net sales totaled ¥7,510 million, 0.7% higher year on year, and operating income was ¥381 million, 2.8% down.

#### 2) Hotels and domestic weddings

We were not able to maintain the number of wedding couples at Mielparque at the level we had planned, resulting in net sales of ¥7,456 million, 7.0% down. Although we worked on reducing fixed expenses, operating income was ¥152 million, a 28.0% fall.

Note:

Beginning from the three months ended June 30, 2010, 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 three months ended June 30, 2009 are shown rearranged into the new segment categories

### (2) Qualitative Information on the Consolidated Financial Position

#### 1) Assets, Liabilities and Net Assets

The current assets of the Group at the end of the quarter under review were ¥9,072 million, ¥671 million more than at the end of the previous fiscal year. This was mainly due to an increase in cash and deposits. Noncurrent assets were ¥16,709 million, ¥753 million less than at the end of the previous fiscal year. This was mainly owing to the decline in property, plant and equipment because of our sales of overseas wedding management facilities. As a result, total assets decreased ¥81 million compared to the end of the previous fiscal year, to ¥25,782 million.

Current liabilities at the end of the quarter under review were ¥8,606 million, ¥195 million less than the end of the previous fiscal year. This was mainly due to the decline in accounts payable-trade. Noncurrent liabilities were ¥2,402 million, ¥316 million more than at the end of the previous fiscal year. This was mainly owing to the recording of asset retirement obligations. As a result, total liabilities increased ¥121 million compared to the end of the previous fiscal year, to ¥11,009 million.

The balance of net assets was ¥14,773 million, ¥203 million down from the end of the previous fiscal year. This was attributed to an amount of net income of ¥47 million, a decline in retained earnings of ¥101 million resulting from payment of cash dividends of ¥148 million, and a decline in the foreign currency translation adjustment account of ¥58 million resulting from fluctuations in exchange rates.

## 2) Cash Flows

With regard to cash flows for the three months ended June 30, 2010, net cash used in operating activities amounted to ¥345 million, net cash provided by investing activities amounted to ¥266 million and net cash provided by financing activities amounted to ¥350 million. Consequently, cash and cash equivalents (hereinafter referred to as “funds”) as of June 30, 2010, showed an increase of ¥230 million from the beginning of the period and amounted to ¥4,468 million.

### **Net cash provided by (used in) operating activities**

Funds used as a result of operating activities amounted to ¥345 million, a decrease of 40.3% year on year. In spite of income before income taxes of ¥85 million, depreciation and amortization of ¥467 million, and a loss on adjustment for changes of accounting standard for asset retirement obligations of ¥392 million, there were decreases in funds, including a decrease in provision for bonuses of ¥325 million, a foreign exchange gain of ¥143 million, a gain on sales and retirement of noncurrent assets of ¥118 million, a decrease in notes and accounts payable-trade of ¥221 million, and income taxes paid of ¥378 million.

### **Net cash provided by (used in) investing activities**

Funds obtained as a result of investing activities amounted to ¥266 million, compared to ¥935 million used in investing activities in the same period a year earlier. Despite proceeds mainly from sales of property, plant and equipment of ¥997 million, there were decreases in funds, including payments into time deposits of ¥375 million, purchase of property, plant and equipment of ¥341 million.

### **Net cash provided by (used in) financing activities**

Funds obtained as a result of financing activities amounted to ¥350 million, a decrease of 71.6% year on year. This was attributed to such factors as a net increase in short-term loans payable of ¥600 million and cash dividends paid of ¥148 million.

## (3) Qualitative Information on the Consolidated Results Forecast

At the current time, we are making no change to the performance forecast that was announced on May 7, 2010.

## 2. Other Information

### (1) Overview of Changes in Significant Subsidiaries

Not applicable

### (2) Overview of Simplified Accounting Treatment and Special Accounting Treatment

#### Special Accounting Treatment

We calculate tax expenses by making a reasonable estimate of the effective tax rate after the application of tax effect accounting to the income before income taxes for the fiscal year that includes the three months ended June 30, 2010, and then multiplying that estimated effective tax rate by the net income before taxes.

Note that income taxes-deferred is included in “Income taxes.”

(3) Overview of Changes in Accounting Policies, Procedures and Presentation Methods

- Changes Arising from Revision of Accounting Standards

Application of the Accounting Standards for Asset Retirement Obligations

Beginning from the three months ended June 30, 2010, the Accounting Standards for Asset Retirement Obligations (ASBJ Statement No. 18, March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21, March 31, 2008) have been applied.

As a result of this change, both operating income and ordinary income decreased ¥12 million, and income before income taxes decreased ¥405 million. Furthermore, due to the commencement of the application of these accounting standards and others, the change in asset retirement obligations was ¥631 million.

- Changes in Presentation Methods of the Consolidated Financial Statements

Due to the application of the Cabinet Office Ordinance for Partial Amendment of the Regulations, etc. for Terminology, Forms and Preparation of Consolidated Financial Statements (Cabinet Office Ordinance No. 5, March 24, 2009) based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), it is disclosed under the account item “Income before minority interests” for the three months ended June 30, 2010.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	1 <sup>st</sup> Quarter of FY 2010 (As of June 30, 2010)	FY 2009 (As of March 31, 2010)
<b>ASSETS</b>		
Current assets		
Cash and deposits	4,846	4,241
Accounts receivable-trade	1,738	1,748
Merchandise and finished goods	225	200
Work in process	26	27
Raw materials and supplies	596	615
Other	1,667	1,595
Allowance for doubtful accounts	(28)	(27)
Total current assets	9,072	8,401
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,484	6,104
Other, net	5,533	5,458
Total property, plant and equipment	11,017	11,562
Intangible assets	1,377	1,436
Investments and other assets		
Guarantee deposits	3,600	3,692
Other	747	803
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	4,314	4,463
Total Noncurrent assets	16,709	17,462
Total assets	25,782	25,864

(Millions of yen)

	1 <sup>st</sup> Quarter of FY 2010 (As of June 30, 2010)	FY 2009 (As of March 31, 2010)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	1,643	1,874
Short-term loans payable	1,679	909
Income taxes payable	94	517
Advances received	2,283	2,317
Provision for bonuses	345	670
Other	2,560	2,512
<b>Total current liabilities</b>	<b>8,606</b>	<b>8,802</b>
Noncurrent liabilities		
Long-term loans payable	1,275	1,533
Provision for retirement benefits	166	159
Asset retirement obligations	611	-
Other	348	392
<b>Total noncurrent liabilities</b>	<b>2,402</b>	<b>2,085</b>
<b>Total liabilities</b>	<b>11,009</b>	<b>10,887</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	7,777	7,878
Treasury stock	(0)	(0)
<b>Total shareholders' equity</b>	<b>15,991</b>	<b>16,092</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10	17
Deferred gains or losses on hedges	(8)	31
Revaluation reserve for land	(906)	(906)
Foreign currency translation adjustment	(321)	(263)
<b>Total valuation and translation adjustments</b>	<b>(1,225)</b>	<b>(1,120)</b>
Minority interests	6	4
<b>Total net assets</b>	<b>14,773</b>	<b>14,976</b>
<b>Total liabilities and net assets</b>	<b>25,782</b>	<b>25,864</b>

## (2) Consolidated Statements of Income

(Millions of yen)

	Three Months of FY 2009 (Apr-Jun 2009)	Three Months of FY 2010 (Apr-Jun 2010)
Net sales	13,551	13,010
Cost of sales	4,642	4,433
Gross profit	8,909	8,577
Selling, general and administrative expenses		
Salaries, allowances and bonuses	2,712	2,703
Provision for bonuses	218	196
Provision for retirement benefits	38	39
Rent expenses	-	1,631
Other	5,316	3,483
Total selling, general and administrative expenses	8,286	8,054
Operating income	622	522
Non-operating income		
Rent income	16	16
Foreign exchange gains	16	-
Other	32	47
Total non-operating income	64	63
Non-operating expenses		
Interest expenses	6	6
Foreign exchange losses	-	152
Rent expenses	6	4
Other	6	32
Total non-operating expenses	18	196
Ordinary income	668	390
Extraordinary income		
Gain on sales of noncurrent assets	0	164
Total extraordinary income	0	164
Extraordinary loss		
Loss on liquidation of facilities and stores	88	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	392
Other	6	76
Total extraordinary losses	94	468
Income before income taxes	574	85
Income taxes	266	35
Income before minority interests	-	50
Minority interests in income	0	3
Net income	306	47

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three Months of FY 2009 (Apr-Jun 2009)	Three Months of FY 2010 (Apr-Jun 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	574	85
Depreciation and amortization	424	467
Increase (decrease) in provision for bonuses	(483)	(325)
Interest and dividends income	(2)	(4)
Interest expenses	6	6
Foreign exchange losses (gains)	(99)	(143)
Loss (gain) on sales and retirement of property, plant and equipment	-	(118)
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	392
Decrease (increase) in notes and accounts receivable-trade	151	9
Decrease (increase) in inventories	75	(1)
Increase (decrease) in notes and accounts payable-trade	(416)	(221)
Increase (decrease) in advances received	(227)	(27)
Other, net	29	(79)
Subtotal	31	40
Interest and dividends income received	2	3
Interest expenses paid	(6)	(10)
Income taxes paid	(605)	(378)
Net cash provided by (used in) operating activities	(577)	(345)
Net cash provided by (used in) investing activities		
Payments into time deposits	-	(375)
Purchase of property, plant and equipment	(926)	(341)
Proceeds from sales of property, plant and equipment	0	997
Purchase of intangible assets	(54)	(96)
Payments for guarantee deposits	(63)	(31)
Proceeds from collection of guarantee deposits	47	111
Other, net	61	1
Net cash provided by (used in) investing activities	(935)	266

(Millions of yen)

	Three Months of FY 2009 (Apr-Jun 2009)	Three Months of FY 2010 (Apr-Jun 2010)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	680	600
Proceeds from long-term loans payable	800	-
Repayment of long-term loans payable	(93)	(88)
Cash dividends paid	(148)	(148)
Other, net	(7)	(12)
Net cash provided by (used in) financing activities	1,231	350
Effect of exchange rate change on cash and cash equivalents	48	(41)
Net increase (decrease) in cash and cash equivalents	(232)	230
Cash and cash equivalents at beginning of period	4,940	4,237
Cash and cash equivalents at end of period	4,707	4,468

(4) Notes on the Going Concern Assumption

Not applicable

(5) Segment Information

(Additional Information)

Beginning from the quarter under review, the first quarter of the current 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).

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, restaurant 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 related to weddings such as wedding dresses, tuxedos, 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 Net Sales and the Amount of Income or Loss in Each of the Reporting Segments

The Consolidated Three Months under Review (From April 1, 2010 to June 30, 2010)

(Millions of yen)

	Reporting segments		Total	Adjustments (Note 1)	Amount recorded in the Quarterly Consolidated Statements of Income (Note 2)
	Resort weddings	Hotels and domestic weddings			
Net sales					
Sales to customers	5,997	7,412	13,010	-	13,010
Intersegment sales and transfers	1,912	43	1,956	(1,956)	-
Total	7,510	7,456	14,966	(1,956)	13,010
Segment income	381	152	533	(10)	522

Notes: 1. The downwards adjustment of ¥10 million for segment income includes eliminations of transactions between segments of ¥5 million and a downwards adjustment of inventories, etc. of ¥15 million.

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

Note that the figures for the consolidated first quarter of last fiscal year rearranged according to the disclosure for the consolidated three months under review are as follows.

(Reference) The Consolidated First Quarter of Fiscal Last Year (From April 1, 2009 to June 30, 2009)

(Millions of yen)

	Reporting segments		Total	Adjustments (Note 1)	Amount recorded in the Quarterly Consolidated Statements of Income (Note 2)
	Resort weddings	Hotels and domestic weddings			
Net sales					
Sales to customers	5,579	7,971	13,551	-	13,551
Intersegment sales and transfers	1,879	46	1,926	(1,926)	-
Total	7,459	8,018	15,477	(1,926)	13,551
Segment income	392	211	603	18	622

Notes:1. The upward adjustment of ¥18 million for segment income includes eliminations of transactions among segments of ¥10 million, and an upward adjustment of inventories, etc. of ¥8 million.

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

## 3. Information about the Impairment Loss for Noncurrent Assets or Goodwill, etc. in Each Reporting Segment

Not applicable

## (6) Notes in the Case of a Dramatic Fluctuation in the Amount of Shareholders' Equity

Not applicable