

**Consolidated Financial Results for the First Quarter Ended June 30, 2011 [J-GAAP]**  
**Watabe Wedding Corporation**

July 29, 2011

Stock code: 4696  
 URL: <http://www.watabe-wedding.co.jp>  
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Scheduled date of the filing of the quarterly report: August 2, 2011  
 Scheduled date of start of dividend payment: —  
 Preparation of any additional explanatory document for quarterly financial results: No  
 Holding of any briefing session for quarterly financial results: No

## Financial Highlights

As of and for the three months ended June 30, 2010 and 2011

(Amounts less than one million yen are omitted.)

### 1. Consolidated Operating Results

	Three months ended June 30, 2010	Three months ended June 30, 2011	2011 / 2010 <i>(percentage change)</i>
	<i>(millions of yen)</i>		
<b>(1) Consolidated financial results</b>			
Net sales	¥13,010	¥11,837	-9.0%
Operating income	522	232	-55.6%
Ordinary income	390	261	-32.9%
Net income	47	81	73.1%
Net income, basic per share <i>(yen)</i>	4.77	8.25	
Net income per share (diluted) <i>(yen)</i>	—	—	
Comprehensive income (loss)	Three months ended June 30, 2011: ¥86 million (—%) Three months ended June 30, 2010: -¥54 million (—%)		

	March 31, 2011	June 30, 2011
	<i>(millions of yen)</i>	
<b>(2) Consolidated financial position</b>		
Total assets	¥25,075	¥24,433
Net assets	14,523	14,460
Shareholders' equity ratio	57.9%	59.1%

(Reference) Shareholders' equity: As of June 30, 2011: ¥14,451 million      As of March 31, 2011: ¥14,518 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) Revision of dividend forecast that has been disclosed lastly: Yes

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

	Six months	Full year
	<i>(millions of yen)</i>	
Net sales	¥22,000	¥50,400
Operating income	-600	1,200
Ordinary income	-600	1,200
Net income	-500	460
Net income, basic per share <i>(yen)</i>	-50.46	46.42

(Note) Revision of consolidated results forecast that has been disclosed lastly: Yes

### 4. Other

- (1) Changes in significant subsidiaries during the period under review (changes in specific subsidiaries involving a change in the scope of consolidation): None
- (2) Application of specific accounting procedures for preparation of the quarterly consolidated financial statements:  
Yes  
Refer to “2. Summary Information (Other) (2) Application of Special Accounting Treatment to Quarterly Consolidated Financial Statement Preparation” for further details.
- (3) Changes in accounting policies or estimates and retrospective restatements
  - (i) Any change arising from revision of accounting standards: Yes
  - (ii) Any change arising from factors other than (i) above: None
  - (iii) Changes in accounting estimates: None
  - (iv) Retrospective restatements: None
- (4) Number of shares issued (common stock)
  - (i) Number of issued shares at end of period (including treasury stock)  
9,909,400 shares as of June 30, 2011  
9,909,400 shares as of March 31, 2011
  - (ii) Number of shares of treasury stock at end of period  
309 shares as of June 30, 2011  
309 shares as of March 31, 2011
  - (iii) Average number of shares during the period  
9,909,091 shares for the three months ended June 30, 2011  
9,909,198 shares for the three months ended June 30, 2010

\* Presentation regarding status of quarterly review procedures

Although the consolidated financial results presented herein are not subject to the quarterly review procedure specified by the Financial Instruments and Exchange Act, the review procedure for quarterly consolidated financial statements specified by the Financial Instruments and Exchange Act has been completed at the time of the release of this document.

\* Explanations regarding appropriate use of the operating results forecast and other noteworthy points:

The forecasts given in this document are based on data available at the time of the release of this document and assumptions that are deemed reasonable. Actual results may differ substantially due to a number of factors. Please refer to “1. Qualitative Information on Quarterly Financial Results (3) Qualitative Information on the Consolidated Results Forecast” on page 5 of the attached material for information regarding this matter.

○ Contents of the Attached Material

<b>1. Qualitative Information on Quarterly Financial Results</b> .....	4
(1) Qualitative Information on the Consolidated Operating Results .....	4
(2) Qualitative Information on the Consolidated Financial Position .....	4
(3) Qualitative Information on the Consolidated Results Forecast .....	5
<b>2. Summary Information (Other)</b> .....	5
(1) Changes in Significant Subsidiaries during the Three Months Ended June 30, 2011.....	5
(2) Application of Special Accounting Treatment Peculiar to Quarterly Consolidated Financial Statement Preparation .....	5
(3) Changes in Accounting Policies or Estimates and Retrospective Restatements .....	5
<b>3. Overview of Significant Matters Related to the Going Concern Assumption</b> .....	5
<b>4. Consolidated Financial Statements</b> .....	6
(1) Consolidated Balance Sheets .....	6
(2) Consolidated Statements of Income and Comprehensive Income .....	8
Consolidated Statements of Income for the Three Months Ended June 30, 2011.....	8
Consolidated Statements of Comprehensive Income for the Three Months Ended June 30, 2011.....	9
(3) Notes on the Going Concern Assumption .....	10
(4) Segment Information .....	10
(5) Notes in the Case of a Dramatic Fluctuation in the Amount of Shareholders' Equity .....	11
(6) Material Subsequent Events .....	11

## 1. Qualitative Information on Quarterly Financial Results

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

Looking at operating results during the three months ended June 30, 2011, although there was a slight decrease in the number of wedding couples in the resort weddings business, enhancement of wedding consultations for customers applying through travel agencies and the effect of Honu Kai Lani at Ko Olina Place of Welina newly opened in Hawaii last autumn as a premium wedding resort led to an increase in the unit price of weddings. In Asia, which we have positioned as a growth market, we started operation of Chijmes Hall, which is a cultural heritage of Singapore, as a wedding facility in April 2011.

In hotels and domestic weddings, we opened Villa di Grazia, which is the first standalone chapel in Meguro Gajoen, in an effort to respond to new demand and increase orders for weddings, but as a result of the continued effects of the Great East Japan Earthquake, there has been a decrease in the number of weddings and banquets mainly in hotels and domestic weddings compared to the same quarter of the previous year.

As a result of the above, the operating performance of the Group saw net sales decrease by 9.0% year on year to ¥11,837 million, operating income decrease by 55.6% to ¥232 million, ordinary income decrease by 32.9% to ¥261 million, and net income increase by 73.1% to ¥81 million.

The performances of each segment are as follows. The following figures are the figures after the elimination of intersegment transactions.

#### 1) Resort weddings

Although the unit price of weddings increased, due to a slight decrease in the number of wedding couples, net sales totaled ¥5,206 million, down 7.0% year on year, and operating income was ¥203 million, down 46.7%.

#### 2) Hotels and domestic weddings

As a result of cancellations and postponements of weddings, banquets and accommodation bookings due to the effects of the Great East Japan Earthquake, net sales decreased by 10.6% to ¥6,630 million, and although we worked on reducing fixed costs, operating income was ¥24 million, down 84.1%.

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

#### Assets, Liabilities and Net Assets

The current assets of the Group at the end of the quarter under review were ¥8,677 million, ¥358 million less than at the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits. Noncurrent assets were ¥15,756 million, ¥283 million less than at the end of the previous fiscal year. This was mainly due to a decrease in guarantee deposits. As a result, total assets decreased by ¥642 million compared to the end of the previous fiscal year, to ¥24,433 million.

Current liabilities at the end of the quarter under review were ¥7,215 million, ¥544 million less than the end of the previous fiscal year. This was mainly due to a decrease in the provision for bonuses. Noncurrent liabilities were ¥2,757 million, ¥35 million less than at the end of the previous fiscal year. As a result, total liabilities decreased by ¥579 million compared to the end of the previous fiscal year, to ¥9,972 million.

The balance of net assets was ¥14,460 million, down ¥62 million from the end of the previous fiscal year. This was attributed to net income of ¥81 million, and a ¥66 million decline in retained earnings resulting from payment of cash dividends amounting to ¥148 million.

(3) Qualitative Information on the Consolidated Results Forecast

Please refer to the “Notice on the Operating Results Forecast and Dividend Forecast” published on July 29, 2011 for the consolidated results forecast.

**2. Summary Information (Other)**

(1) Changes in Significant Subsidiaries during the Three Months Ended June 30, 2011

Not applicable

(2) Application of Special Accounting Treatment Peculiar to Quarterly Consolidated Financial Statement Preparation

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 this first quarter ended June 30, 2011, and then multiplying the net income before taxes by that estimated effective tax rate.

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

(3) Changes in Accounting Policies or Estimates and Retrospective Restatements

Not applicable

**3. Overview of Significant Matters Related to the Going Concern Assumption**

Not applicable

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Millions of yen)

	FY 2010 (As of March 31, 2011)	1 <sup>st</sup> Quarter of FY 2011 (As of June 30, 2011)
<b>ASSETS</b>		
Current assets		
Cash and deposits	5,028	4,739
Accounts receivable-trade	1,504	1,621
Merchandise and finished goods	237	217
Work in process	32	32
Raw materials and supplies	596	558
Other	1,667	1,540
Allowance for doubtful accounts	(31)	(33)
Total current assets	9,035	8,677
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,961	5,823
Land	2,603	2,603
Other, net	2,023	1,992
Total property, plant and equipment	10,588	10,419
Intangible assets	973	956
Investments and other assets		
Guarantee deposits	3,476	3,364
Other	1,039	1,052
Allowance for doubtful accounts	(38)	(36)
Total investments and other assets	4,477	4,380
Total Noncurrent assets	16,039	15,756
Total assets	25,075	24,433

(Millions of yen)

	FY 2010 (As of March 31, 2011)	1 <sup>st</sup> Quarter of FY 2011 (As of June 30, 2011)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	1,501	1,536
Short-term loans payable	850	875
Advances received	2,335	2,363
Provision for bonuses	573	256
Other	2,498	2,182
Total current liabilities	7,759	7,215
Noncurrent liabilities		
Long-term loans payable	1,500	1,450
Provision for retirement benefits	188	197
Asset retirement obligations	542	540
Other	561	569
Total noncurrent liabilities	2,793	2,757
Total liabilities	10,552	9,972
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	7,757	7,691
Treasury stock	(0)	(0)
Total shareholders' equity	15,971	15,905
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13	15
Deferred gains or losses on hedges	4	(15)
Revaluation reserve for land	(906)	(906)
Foreign currency translation adjustment	(565)	(547)
Total valuation and translation adjustments	(1,453)	(1,453)
Minority interests	4	8
Total net assets	14,523	14,460
Total liabilities and net assets	25,075	24,433

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income for the Three Months Ended June 30, 2011)

(Millions of yen)

	Three Months of FY 2010 (From April 1, 2010 to June 30, 2010)	Three Months of FY 2011 (From April 1, 2011 to June 30, 2011)
Net sales	13,010	11,837
Cost of sales	4,433	3,929
Gross profit	8,577	7,907
Selling, general and administrative expenses	8,054	7,674
Operating income	522	232
Non-operating income		
Rent income	16	14
Compensation income	16	16
Other	31	48
Total non-operating income	63	79
Non-operating expenses		
Interest expenses	6	7
Foreign exchange losses	152	10
Commission fee	20	20
Other	16	11
Total non-operating expenses	196	50
Ordinary income	390	261
Extraordinary income		
Gain on sales of noncurrent assets	164	—
Total extraordinary income	164	—
Extraordinary loss		
Loss on disaster	—	60
Loss on adjustment for changes of accounting standard for asset retirement obligations	392	—
Other	76	18
Total extraordinary losses	468	78
Income before income taxes	85	183
Income taxes	35	97
Income before minority interests	50	86
Minority interests in income	3	4
Net income	47	81
Total selling, general and administrative expenses	8,054	7,674



(Consolidated Statements of Comprehensive Income for the Three Months Ended June 30, 2011)

(Millions of yen)

	Three Months of FY 2010 (From April 1, 2010 to June 30, 2010)	Three Months of FY 2011 (From April 1, 2011 to June 30, 2011)
Income before minority interests	50	86
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	1
Deferred gains or losses on hedges	(39)	(19)
Foreign currency translation adjustment	(57)	19
Share of other comprehensive income of associates accounted for using equity method	(1)	(1)
Total other comprehensive income	(105)	(0)
Comprehensive income	(54)	86
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(57)	81
Comprehensive income attributable to minority interests	2	4

(3) Notes on the Going Concern Assumption

Not applicable

(4) Segment Information

I Three Months Ended June 30, 2010 (from April 1, 2010 to June 30, 2010)

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

(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	5,597	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. Adjustments of segment income totaling -¥10 million include elimination of intersegment transactions amounting to ¥5 million, and adjustments of inventories and others amounting to -¥15 million.

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

2. Information about the Impairment Loss for Noncurrent Assets or Goodwill, etc. in Each Reporting Segment  
Not applicable

II Three Months Ended June 30, 2011 (from April 1, 2011 to June 30, 2011)

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

(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	5,206	6,630	11,837	—	11,837
Intersegment sales and transfers	1,739	54	1,793	(1,793)	—
Total	6,946	6,684	13,630	(1,793)	11,837
Segment income	203	24	227	5	232

Notes: 1. Adjustments of segment income totaling ¥5 million include elimination of intersegment transactions amounting to ¥4 million, and adjustments of inventories and others amounting to ¥0 million.

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

2. Information about the Impairment Loss for Noncurrent Assets or Goodwill, etc. in Each Reporting Segment  
Not applicable

(5) Notes in the Case of a Dramatic Fluctuation in the Amount of Shareholders' Equity  
Not applicable

(6) Material Subsequent Events  
Not applicable