

Consolidated Financial Results for the First Quarter Ended June 30, 2012 [J-GAAP]
Watabe Wedding Corporation

July 30, 2012

Stock code: 4696
 URL: <http://www.watabe-wedding.co.jp>
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Scheduled date of start of dividend payment: —

Preparation of any additional explanatory document for quarterly financial results: None

Holding of any briefing session for quarterly financial results: None

(For institutional investors and analysts)

Financial Highlights

As of and for the three months ended June 30, 2011 and 2012

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	Three months ended June 30, 2011	Three months ended June 30, 2012	2012 / 2011 (percentage change)
	(millions of yen)		
(1) Consolidated financial results			
Net sales	¥11,837	¥12,758	7.8
Operating income	232	487	109.7
Ordinary income	261	493	88.4
Net income	81	289	254.0
Net income, basic per share (yen)	8.25	29.21	
Net income per share (diluted) (yen)	—	—	
Comprehensive income (loss)	Three months ended June 30, 2012:	¥309 million (258.9%)	
	Three months ended June 30, 2011:	¥86 million (—%)	

	March 31, 2012	June 30, 2012
	(millions of yen)	
(2) Consolidated financial position		
Total assets	¥25,575	¥25,215
Net assets	14,630	14,791
Shareholders' equity ratio	57.0%	58.5%
Net assets per share (yen)	1,472.16	1,488.84

(Reference) Shareholders' equity: As of June 30, 2012: ¥14,753 million

As of March 31, 2012: ¥14,587 million

2. Dividends

	Annual dividends per share				Total
	1Q end	2Q end	3Q end	Year end	
	(yen)				
2011	—	¥15.00	—	¥15.00	¥30.00
2012	—	—	—	—	—
2012 (Forecast)	—	¥15.00	—	¥15.00	¥30.00

(Note) Revision of dividend forecast that has been disclosed lastly: None

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

	Six months	Full year
	<i>(Millions of yen)</i>	
Net sales	—	¥50,600
Operating income	—	1,500
Ordinary income	—	1,550
Net income	—	700
Net income, basic per share <i>(yen)</i>	—	70.64

(Note) Revision of consolidated results forecast that has been disclosed lastly: None

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 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 Peculiar 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: Yes

(iv) Retrospective restatements: None

(Note) Article 10-5 of the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” is applied. For details, please refer to “2. Summary Information (Notes) (3) Changes in Accounting Policies or Estimates and Retrospective Restatements” on page 5 of the attached material.

(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, 2012

9,909,400 shares as of March 31, 2012

(ii) Number of shares of treasury stock at end of period

326 shares as of June 30, 2012

309 shares as of March 31, 2012

(iii) Average number of shares during the period

9,909,080 shares for the three months ended June 30, 2012

9,909,091 shares for the three months ended June 30, 2011

* 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

(Note concerning forward-looking statements)

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; they are not meant to be a commitment by the Company. Actual results may differ substantially due to a number of factors. For conditions assumed for operating results forecasts and precautions when using operating results forecasts, and the like, 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.

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1. Qualitative Information on Quarterly Financial Results

(1) Qualitative Information on Consolidated Operating Results

Looking at the operating results during the three months ended June 30, 2012, in the resort wedding business segment, we returned to our origins, concentrated resources into resort wedding business, and endeavored to increase recognition, while making efforts to increase profit margins by improving operational efficiency. Moreover, in the growing Asian market, our aggressive business expansion led to a steady increase in both the number of weddings and the average amount spent per wedding.

Regarding the hotel and domestic wedding, we opened the “Café & Bar Yui-An” and the “Anniversary Photo Studio” at Meguro Gajoen in order to newly expand demands. In addition, the Mielparque-Sendai, which had to be closed after the Great East Japan Earthquake, reopened and did business throughout the past year. As a result, the number of weddings increased compared to the same quarter in the previous year.

As the result of the above, consolidated results were as follows; Net sales increased by 7.8% year on year to ¥12,758 million, operating income increased by 109.7% to ¥487 million, ordinary income increased by 88.4% to ¥493 million, and net income increased by 254.0% to ¥289 million.

Segment performance, after elimination of intersegment transactions, is as follows.

1) Resort weddings

While the number of resort wedding by Japanese couples dropped slightly, profit margins improved due to the reduction of fixed costs. As a result, net sales decreased by 0.0% year on year to ¥5,205 million, and operating income increased by 100.0% to ¥406 million.

2) Hotels and domestic weddings

Having recovered from the impact of the Great East Japan Earthquake, net sales increased by 13.9% to ¥7,552 million and operating income increased by 204.2% to ¥74 million.

(2) Qualitative Information on Consolidated Financial Position

Assets, Liabilities and Net Assets

Current assets of the Group at the end of the quarter under review stood at ¥10,025 million, ¥183 million less than at the end of the previous fiscal year. This is mainly due to a decrease in cash and deposits. Noncurrent assets amounted to ¥15,189 million, ¥176 million less than at the end of the previous fiscal year, largely because of lower property, plant and equipment. As a result, total assets were down ¥359 million from the end of the previous fiscal year, to ¥25,215 million.

Current liabilities at the end of the quarter under review stood at ¥7,931 million, ¥304 million less than at the end of the previous fiscal year. This is primarily due to a reduction in income taxes payable and provision for bonuses. Noncurrent liabilities were ¥2,492 million, ¥216 million less than at the end of the previous fiscal year. This is mainly due to a reduction of long-term loans payables. As a result, total liabilities shrank ¥520 million from the end of the previous fiscal year, to ¥10,424 million.

The balance of net assets settled at ¥14,791 million, up ¥160 million from the end of the previous fiscal year. This was attributed to net income of ¥289 million, and a ¥140 million increase in retained earnings resulting from payment of cash dividends amounting to ¥148 million.

(3) Qualitative Information on Consolidated Results Forecast

At the current time, we are making no change to the performance forecast that was announced on May 7, 2012.

2. Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Three Months Ended June 30, 2012

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 income before income taxes for the fiscal year that includes this first quarter ended June 30, 2012, and then multiplying net income before taxes by the estimated effective tax rate.

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

Changes in Accounting Policies

(Change in Depreciation Method)

Following the revision of the Corporation Tax Act, the Company and its consolidated subsidiaries in Japan changed their depreciation method to one based on the revised Corporation Tax Act for property, plant, and equipment acquired on and after April 1, 2012, starting from the quarter under review.

The impact of the above change on operating income, ordinary income, and income before income taxes in the quarter under review is minimal.

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

Not applicable

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2011 (As of March 31, 2012)	1 st Quarter of FY2012 (As of June 30, 2012)
ASSETS		
Current assets		
Cash and deposits	6,336	6,000
Accounts receivable-trade	1,812	1,996
Merchandise and finished goods	168	204
Work in process	33	28
Raw materials and supplies	545	530
Other	1,345	1,296
Allowance for doubtful accounts	(32)	(30)
Total current assets	10,208	10,025
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,732	5,577
Land	2,603	2,601
Other, net	1,755	1,669
Total property, plant and equipment	10,090	9,848
Intangible assets	901	859
Investments and other assets		
Guarantee deposits	3,278	3,276
Other	1,134	1,244
Allowance for doubtful accounts	(39)	(39)
Total investments and other assets	4,374	4,481
Total Noncurrent assets	15,366	15,189
Total assets	25,575	25,215

(Millions of yen)

	FY2011 (As of March 31, 2012)	1 st Quarter of FY2012 (As of June 30, 2012)
LIABILITIES		
Current liabilities		
Accounts payable-trade	2,044	2,021
Short-term loans payable	900	900
Income taxes payable	307	124
Advances received	2,172	2,203
Provision for bonuses	456	240
Other	2,354	2,442
Total current liabilities	8,235	7,931
Noncurrent liabilities		
Long-term loans payable	1,200	950
Provision for retirement benefits	416	466
Asset retirement obligations	567	556
Other	524	518
Total noncurrent liabilities	2,708	2,492
Total liabilities	10,944	10,424
NET ASSETS		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	7,884	8,025
Treasury stock	(0)	(0)
Total shareholders' equity	16,098	16,239
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	22	15
Deferred gains or losses on hedges	22	(4)
Revaluation reserve for land	(903)	(903)
Foreign currency translation adjustment	(652)	(594)
Total valuation and translation adjustments	(1,510)	(1,486)
Minority interests	43	38
Total net assets	14,630	14,791
Total liabilities and net assets	25,575	25,215

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income for the Three Months Ended June 30, 2012)

(Millions of yen)

	First Three Months of FY2011 (From April 1, 2011 to June 30, 2011)	First Three Months of FY2012 (From April 1, 2012 to June 30, 2012)
Net sales	11,837	12,758
Cost of sales	3,929	4,127
Gross profit	7,907	8,630
Selling, general and administrative expenses	7,674	8,143
Operating income	232	487
Non-operating income		
Rent income	14	14
Compensation income	16	16
Other	48	31
Total non-operating income	79	62
Non-operating expenses		
Interest expenses	7	5
Foreign exchange losses	10	22
Commission fee	20	20
Other	11	7
Total non-operating expenses	50	56
Ordinary income	261	493
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	13	1
Loss on disaster	60	—
Loss on liquidation of facilities and stores	1	4
Other	2	—
Total extraordinary losses	78	5
Income before income taxes	183	487
Income taxes	97	201
Income before minority interests	86	286
Minority interests in income (loss)	4	(3)
Net income	81	289

(Consolidated Statements of Comprehensive Income for the Three Months Ended June 30, 2012)

(Millions of yen)

	First Three Months of FY2011 (From April 1, 2011 to June 30, 2011)	First Three Months of FY2012 (From April 1, 2012 to June 30, 2012)
Income before minority interests	86	286
Other comprehensive income		
Valuation difference on available-for-sale securities	1	(6)
Deferred gains or losses on hedges	(19)	(27)
Foreign currency translation adjustment	19	58
Share of other comprehensive income of associates accounted for using equity method	(1)	(1)
Total other comprehensive income	(0)	23
Comprehensive income	86	309
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	81	313
Comprehensive income attributable to minority interests	4	(4)

(3) Notes on the Going Concern Assumption

Not applicable

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

Not applicable

(5) Segment Information

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

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

(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 (loss)	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 (loss) is adjusted with the operating income in the Consolidated Statements of Income.

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

Not applicable

II Three Months Ended June 30, 2012 (April 1, 2012 to June 30, 2012)

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

(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	5,205	7,552	12,758	—	12,758
Intersegment sales and transfers	1,615	51	1,667	(1,667)	—
Total	6,821	7,603	14,425	(1,667)	12,758
Segment income (loss)	406	74	480	6	487

Notes: 1. Adjustments of segment income totaling ¥6 million include elimination of intersegment transactions amounting to ¥6 million, and adjustments of inventories and others amounting to ¥0 million.

2. Segment income (loss) 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