

Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 [J-GAAP]
Watabe Wedding Corporation

May 7, 2013

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 Hanafusa, Director, Administration Division Director
 TEL: +81-75-352-4111

Scheduled date of Ordinary General Meeting of Shareholders: June 27, 2013
 Scheduled date of start of dividend payment: June 28, 2013
 Scheduled date of filing of securities report: June 27, 2013
 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 fiscal years ended March 31, 2012 and 2013

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	FY2011	FY2012	FY12 / FY11
	(millions of yen)		(percentage change)
(1) Consolidated financial results			
Net sales	48,929	49,295	0.7%
Operating income	1,241	1,244	0.3%
Ordinary income	1,423	1,351	-5.1%
Net income	423	560	32.2%
Net income, basic per share (yen)	42.79	56.56	
Net income, diluted per share diluted (yen)	—	—	
Return on equity (ROE)	2.9%	3.8%	
Return on assets (ROA)	5.6%	5.2%	
Operating income to sales	2.5%	2.5%	
(2) Consolidated financial position			
Total assets	25,575	26,348	
Net assets	14,630	15,344	
Shareholders' equity ratio	57.0%	58.0%	
Net assets per share (yen)	1,472.16	1,540.91	
(3) Consolidated cash flows			
Net cash provided by (used in) operating activities	2,974	1,473	
Net cash provided by (used in) investing activities	(1,033)	(959)	
Net cash provided by (used in) financing activities	(588)	(825)	
Cash and cash equivalents at end of the fiscal year	6,332	6,403	

Comprehensive income: Fiscal year ended March 31, 2013: ¥980 million (154.6%)
 Fiscal year ended March 31, 2012: ¥385 million (—%)

(Reference)

Equity in earnings: As of March 31, 2013: ¥6 million
 As of March 31, 2012: ¥5 million
 Shareholders' equity: As of March 31, 2013: ¥15,268 million
 As of March 31, 2012: ¥14,587 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)							
2012	—	15.00	—	15.00	30.00	297	70.1	2.0
2013	—	15.00	—	15.00	30.00	297	53.0	2.0
2014 (Forecast)	—	15.00	—	15.00	30.00	—	74.3	—

3. Consolidated Results Forecast for Fiscal Year Ending March 31, 2014

	FY2013	
	Six Months	Full Year
	(millions of yen)	
Net sales	—	51,000
Operating income	—	1,000
Ordinary income	—	1,000
Net income	—	400
Net income, basic per share (yen)	—	40.37

(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) 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 14-7 (Cases where it is difficult to distinguish changes in accounting policies from changes in accounting estimates) of the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” is applied. For details, please refer to “Important Matters for Preparation of Consolidated Financial Statements 2. Matters concerning accounting standards” on page 12 of the attached material.
- (3) Number of shares issued (common stock)
- (i) Number of shares issued (including treasury stock)
 - 9,909,400 shares as of March 31, 2013
 - 9,909,400 shares as of March 31, 2012
 - (ii) Number of shares of treasury stock
 - 326 shares as of March 31, 2013
 - 309 shares as of March 31, 2012
 - (iii) Average number of shares during the period
 - 9,909,075 shares in the fiscal year ended March 31, 2013
 - 9,909,091 shares in the fiscal year ended March 31, 2012

*** 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 2013 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 14, 2013.

○ Contents of the Attached Material

1. Operating Results	5
(1) Analysis of Operating Results	5
(2) Analysis of the Financial Position	6
(3) Basic Policy on Profit Distribution to Shareholders and Dividends for the Current Period under Review and Subsequent Years	8
2. Management Policy	8
(1) Basic Company Management Policy	8
(2) Financial Targets	8
(3) Group Management Strategy for the Medium-to-long Term.....	8
(4) Issues to be Addressed	9
3. Consolidated Financial Statements	10
(1) Consolidated Balance Sheets	10
(2) Consolidated Statements of Income and Comprehensive Income	12
Consolidated Statements of Income	12
Consolidated Statements of Comprehensive Income	14
(3) Consolidated Statements of Changes in Net Assets	15
(4) Consolidated Statements of Cash Flows	18
(Segment Information, etc.)	20

1. Operating Results

(1) Analysis of Operating Results

In fiscal 2012, ended March 31, 2013, although economic uncertainty continued due to the prolonged financial crisis in Europe and an economic slowdown in emerging countries, the domestic economy showed signs of moderate improvement based on in anticipation of the effects of the government's economic policies.

In the wedding industry, while the number of marriages is expected to decrease along with the country's shrinking young population, in fiscal 2012, about 669,000 couples exchanged marriage vows in Japan, a slight increase from about 662,000 couples in fiscal 2011.

Against this backdrop, the Watabe Wedding Group (the "Group") endeavored to promote broader recognition by strengthening the resort wedding business—its flagship segment—and proposing a new style of wedding, which emphasizes the intrinsic appeal of resort weddings more than ever.

In the resort wedding business, we worked to respond to increasingly diverse customer needs. For example, we started to offer *Rizokon Heart*, a new style of wedding that combines a wedding ceremony at a resort with a wedding party in Japan, with the aim of placing an emphasis on family ties. We also offered our original resort wedding plan that includes a wedding ceremony in The Royal Hawaiian, A Luxury Collection Resort, one of Hawaii's popular resort hotels. In September 2012, we reopened St. Probus Holy Chapel in Guam and Aloha Ke Akua Chapel in Hawaii after renovation as an effort to obtain resort wedding contracts. We also drew on the appeal of our original wedding content. For example, we released a new tuxedo lineup for resort weddings in collaboration with a popular specialty store BEAMS.

In the rapidly growing Asian market, active marketing activities and a good result for the second year by our Chijmes Hall, a cathedral in a cultural heritage site in Singapore, contributed to increases in resort wedding contracts and local wedding contracts.

In the hotel and domestic wedding business, Mielparque Sendai, which had to be closed temporarily after the 2011 earthquake and tsunami, was in operation throughout the year. In Meguro Gajoen, we worked to increase new demand by opening a dress salon and an anniversary photo studio.

As a result of the above, consolidated results were as follows: net sales settled at ¥49,295 million, up 0.7% year on year; operating income grew 0.3%, to ¥1,244 million; ordinary income decreased 5.1%, to ¥1,351 million; and net income soared 32.2%, to ¥560 million.

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

1) Resort weddings

The resort weddings segment endeavored to improve personnel efficiency. Net sales in this segment fell 1.0% year on year, to ¥20,138 million. Operating income increased 13.8%, to ¥1,109 million.

2) Hotels and domestic weddings

The numbers of banquets and stays increased, showing a recovery after the negative impacts of the disasters associated with the Great East Japan Earthquake. The segment's net sales marked ¥29,157 million, up 2.0% year on year. However, operating income decreased 57.3% to ¥96 million due to increases in utility costs and labor costs.

Fiscal 2013 Outlook

In an operating environment characterized 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 with added value by identifying the needs of each and every customer.

In the resort wedding business, in order to increase the added value of resort weddings, we will continue to reinforce promotions through *Rizokon Heart* wedding style proposals as well as celebrity endorsements and the use of TV, magazines and other media. We will open a new chapel in the Nusa Dua area of Bali to expand our market. Also, we will restructure our branch network in Japan, particularly in Tokyo and its surrounding area, while reinforcing cooperation with travel agencies as well as domestic party venues required after overseas weddings. In the Asian market, where we expect further growth, we will aggressively expand the business in order to provide services and products to more customers.

In the hotel and domestic wedding business, we will endeavor to enhance customer satisfaction by offering wedding plans that commemorate the 85th anniversary of the opening of Meguro Gajoen and promoting community-based services at Mielparque hotels.

Although we will strive to expand our business as described above, currency markets are moving toward a rapid depreciation of the yen that will have a big impact on our financial results. Therefore, we expect to post the following consolidated results in fiscal 2013, ending March 31, 2014: net sales of ¥51,000 million, edging up 3.5% year on year; operating income of ¥1,000 million, down 19.6%; ordinary income of ¥1,000 million, down 26.0%; and net income of ¥400 million, down 28.6%. 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 forecasts for the first half of the fiscal year.

(2) Analysis of the Financial Position

1) Assets, Liabilities and Net Assets

As of March 31, 2013, total assets stood at ¥26,348 million, up ¥773 million from a year earlier, despite a ¥71 million increase in cash and deposits, a ¥128 million increase in accounts receivable-trade and a ¥447 million increase in deferred tax assets, owing to a ¥741 million decrease in property, plant and equipment and a ¥120 million decrease in intangible assets.

Total liabilities stood at ¥11,004 million, as of March 31, 2013, up ¥59 million from a year earlier, with a ¥389 million increase in current liabilities mainly due to an increase in accounts payable-other, and a ¥329 million decrease in noncurrent liabilities due to a decrease in long-term loans payable.

Total net assets amounted to ¥15,344 million, up ¥713 million from a year earlier, mainly from ¥560 million in net income and ¥297 million in cash dividends paid.

2) Cash Flow Analysis

Cash flows for the fiscal year under review highlight a net cash provided by operating activities, up ¥1,473 million; net cash used in investing activities, up ¥959 million; and net cash used in financing activities, up ¥825 million. Consequently, cash and cash equivalents (hereafter, "cash") at the end of fiscal 2012 were ¥6,403 million, up ¥70 million from the beginning, or 1.1%, from a year earlier.

Net cash provided by (used in) operating activities

Cash from operating activities amounted to ¥1,473 million, down ¥1,500 million or 50.5%, from fiscal 2011. The key components of this decrease were income before income taxes, at ¥378 million, depreciation and amortization, at ¥1,782 million, and ¥743 million in income taxes paid.

Net cash provided by (used in) investing activities

Cash used in investing activities came to ¥959 million, down 7.2%, from fiscal 2011. This mainly reflects the expenditure of ¥816 million for purchase of property, plant and equipment and ¥235 million for purchase of intangible assets.

Net cash provided by (used in) financing activities

Cash used in financing activities stood at ¥825 million, up 40.3% from fiscal 2011. This primarily consists of ¥500 million for repayment of long-term loans payable and ¥297 million for cash dividends paid.

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

	47th fiscal year ended March 31, 2011	48th fiscal year ended March 31, 2012	49th fiscal year ended March 31, 2013
Equity ratio (%)	57.9	57.0	58.0
Market value equity ratio (%)	29.8	30.1	28.0
Cash flows/interest-bearing debt ratio (years)	1.2	0.7	1.1
Interest coverage ratio (times)	78.0	117.8	79.6

* 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 2012, 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 2013, we expect to maintain the annual dividend at ¥30 per share for the fiscal year ending March 31, 2014.

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 immense transformation. Along with a downward trend in the number of marriages, customers' values and needs about wedding ceremonies are becoming more diverse and personalized. In addition, the competitive environment is growing more intense as companies offering unconventional wedding styles enter the industry.

Against this backdrop, we will strive to offer services that build family ties and create precious memories, and lay a strong foundation for further corporate growth and development by proposing products and services that can quickly respond to customers' needs.

We regard improvement of profitability as an important issue. We will work toward boosting earning power by reviewing selling, general and administrative expenses, promoting more efficient operation of our branches and further capitalizing on unique strengths of Group companies.

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 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
ASSETS		
Current assets		
Cash and deposits	6,336	6,407
Accounts receivable-trade	1,812	1,941
Merchandise and finished goods	168	197
Work in process	33	38
Raw materials and supplies	545	541
Deferred tax assets	371	819
Other	973	1,249
Allowance for doubtful accounts	(32)	(30)
Total current assets	10,208	11,164
Noncurrent assets		
Property, plant and equipment		
Costume rental	1,121	1,225
Accumulated depreciation	(888)	(1,020)
Costume rental, net	233	204
Buildings and structures	11,629	11,615
Accumulated depreciation	(5,897)	(6,437)
Buildings and structures, net	5,732	5,178
Tools, furniture and fixtures	5,313	5,317
Accumulated depreciation	(4,040)	(4,255)
Tools, furniture and fixtures, net	1,272	1,061
Land	2,603	2,607
Construction in progress	4	63
Other	551	599
Accumulated depreciation	(307)	(366)
Other, net	243	233
Total property, plant and equipment	10,090	9,348
Intangible assets	901	781
Investments and other assets		
Investment securities	186	222
Deferred tax assets	862	1,023
Guarantee deposits	3,278	3,275
Other	85	561
Allowance for doubtful accounts	(39)	(29)
Total investments and other assets	4,374	5,053
Total noncurrent assets	15,366	15,183
Total assets	25,575	26,348

(Millions of yen)

	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
LIABILITIES		
Current liabilities		
Accounts payable-trade	2,044	2,009
Short-term loans payable	400	400
Current portion of long-term loans payable	500	500
Accounts payable-other	1,267	2,037
Income taxes payable	307	202
Advances received	2,172	2,012
Provision for bonuses	456	446
Other	1,087	1,016
Total current liabilities	8,235	8,625
Noncurrent liabilities		
Long-term loans payable	1,200	700
Deferred tax liabilities for land revaluation	22	22
Provision for retirement benefits	416	595
Asset retirement obligations	567	573
Other	502	487
Total noncurrent liabilities	2,708	2,378
Total liabilities	10,944	11,004
NET ASSETS		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	7,884	8,147
Treasury stock	(0)	(0)
Total shareholders' equity	16,098	16,361
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	22	38
Deferred gains or losses on hedges	22	(1)
Revaluation reserve for land	(903)	(903)
Foreign currency translation adjustment	(652)	(227)
Total valuation and translation adjustments	(1,510)	(1,092)
Minority interests	43	75
Total net assets	14,630	15,344
Total liabilities and net assets	25,575	26,348

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

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Net sales	48,929	49,295
Cost of sales	16,108	16,091
Gross profit	32,820	33,203
Selling, general and administrative expenses		
Salaries, allowances and bonuses	11,110	11,010
Provision for bonuses	259	354
Provision for retirement benefits	217	246
Rent expenses	6,322	6,564
Other	13,670	13,783
Total selling, general and administrative expenses	31,579	31,959
Operating income	1,241	1,244
Non-operating income		
Rent income	57	57
Foreign exchange gains	3	52
Compensation income	96	38
Miscellaneous income	107	111
Total non-operating income	265	259
Non-operating expenses		
Interest expenses	24	17
Commission fees	23	23
Business commencement expenses	—	71
Miscellaneous loss	35	40
Total non-operating expenses	83	152
Ordinary income	1,423	1,351
Extraordinary income		
Gain on sales of investment securities	70	—
Gain on sales of noncurrent assets	4	2
Other	11	—
Total extraordinary income	86	2
Extraordinary loss		
Loss on disaster	148	—
Restructuring loss	88	850
Loss on abolishment of tax-qualified pension plan	142	—

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Other	79	125
Total extraordinary losses	459	976
Income before income taxes	1,051	378
Income taxes-current	668	404
Income taxes-deferred	(58)	(581)
Total income taxes	609	(176)
Income before minority interests	441	555
Minority interests in income (loss)	17	(5)
Net income	423	560

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Income before minority interests	441	555
Other comprehensive income		
Valuation difference on available-for-sale securities	9	16
Deferred gains or losses on hedges	17	(23)
Revaluation reserve for land	3	—
Foreign currency translation adjustment	(85)	427
Share of other comprehensive income of associates accounted for using equity method	(0)	5
Total other comprehensive income	(56)	425
Comprehensive income	385	980
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	366	978
Comprehensive income attributable to minority interests	18	1

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
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	7,757	7,884
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	423	560
Total changes of items during the period	126	263
Balance at the end of current period	7,884	8,147
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	15,971	16,098
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	423	560
Purchase of treasury stock	—	(0)
Total changes of items during the period	126	263
Balance at the end of current period	16,098	16,361

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	13	22
Changes of items during the period		
Net changes of items other than shareholders' equity	9	16
Total changes of items during the period	9	16
Balance at the end of current period	22	38
Deferred gains or losses on hedges		
Balance at the beginning of current period	4	22
Changes of items during the period		
Net changes of items other than shareholders' equity	17	(23)
Total changes of items during the period	17	(23)
Balance at the end of current period	22	(1)
Revaluation reserve for land		
Balance at the beginning of current period	(906)	(903)
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	(903)	(903)
Foreign currency translation adjustment		
Balance at the beginning of current period	(565)	(652)
Changes of items during the period		
Net changes of items other than shareholders' equity	(87)	425
Total changes of items during the period	(87)	425
Balance at the end of current period	(652)	(227)
Total other comprehensive income		
Balance at the beginning of current period	(1,453)	(1,510)
Changes of items during the period		
Net changes of items other than shareholders' equity	(57)	417
Changes of items during the period	(57)	417
Balance at the end of current period	(1,510)	(1,092)
Minority interests		
Balance at the beginning of current period	4	43
Changes of items during the period		
Net changes of items other than shareholders' equity	38	32
Total changes of items during the period	38	32
Balance at the end of current period	43	75

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Total net assets		
Balance at the beginning of current period	14,523	14,630
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	423	560
Purchase of treasury stock	—	(0)
Net changes of items other than shareholders' equity	(18)	450
Total changes of items during the period	107	713
Balance at the end of current period	14,630	15,344

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	1,051	378
Depreciation and amortization	1,916	1,782
Increase (decrease) in allowance for doubtful accounts	(1)	(11)
Increase (decrease) in provision for bonuses	(116)	(12)
Increase (decrease) in provision for retirement benefits	267	177
Interest and dividends income	(16)	(26)
Interest expenses	24	17
Foreign exchange losses (gains)	(17)	(168)
Loss (gain) on sales and retirement of property, plant and equipment	20	21
Loss on liquidation of facilities and stores	44	58
Loss (gain) on sales of investment securities	(70)	—
Decrease (increase) in notes and accounts receivable-trade	(308)	(114)
Decrease (increase) in inventories	110	11
Increase (decrease) in notes and accounts payable-trade	546	(54)
Increase (decrease) in accounts payable-other	202	745
Increase (decrease) in advances received	(161)	(178)
Other, net	61	(418)
Subtotal	3,556	2,207
Interest and dividends income received	18	28
Interest expenses paid	(25)	(18)
Income taxes paid	(574)	(743)
Net cash provided by (used in) operating activities	2,974	1,473
Net cash provided by (used in) investing activities		
Purchase of securities	—	(1)
Purchase of property, plant and equipment	(1,156)	(816)
Proceeds from sales of property, plant and equipment	12	11
Purchase of intangible assets	(246)	(235)
Payments for guarantee deposits	275	51
Proceeds from collection of guarantee deposits	(83)	(44)
Proceeds from sales of investment securities	120	—
Other, net	45	74
Net cash provided by (used in) investing activities	(1,033)	(959)

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	83	—
Proceeds from long-term loans payable	200	—
Repayment of long-term loans payable	(533)	(500)
Proceeds from stock issuance to minority shareholders	20	30
Cash dividends paid	(297)	(297)
Other, net	(60)	(58)
Net cash provided by (used in) financing activities	(588)	(825)
Effect of exchange rate change on cash and cash equivalents	(44)	382
Net increase (decrease) in cash and cash equivalents	1,307	70
Cash and cash equivalents at beginning of period	5,024	6,332
Cash and cash equivalents at end of period	6,332	6,403

(Segment Information, etc.)

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, banquets, 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, 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 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 fiscal 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
Others 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	608	767	1,375	—	1,375

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

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

(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.

For the fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(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	20,138	29,157	49,295	—	49,295
Intersegment sales and transfers	6,121	172	6,293	(6,293)	—
Total	26,259	29,329	55,589	(6,293)	49,295
Segment income	1,109	96	1,206	37	1,244
Segment assets	22,269	8,380	30,649	(4,301)	26,348
Other items					
Depreciation and amortization	1,199	603	1,802	(20)	1,782
Investment in associates accounted for using equity method	42	—	42	—	42
Increases in property, plant and equipment and in intangible assets	568	356	924	—	924

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

- (1) The ¥37 million adjustment of segment income is primarily due to elimination of intersegment transactions and elimination of unrealized income.
 - (2) The -¥4,301 million adjustment of segment assets is primarily due to elimination of intersegment transactions.
 - (3) The -¥20 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.