Consolidated Financial Results for the Year Ended March 31, 2014 [J-GAAP]
Watabe Wedding Corporation

May 13, 2014

Stock code:	4696
URL:	http://www.watabe-wedding.co.jp
Shares listed:	Tokyo Stock Exchange
Representative:	Nobuaki Hanafusa, Executive President, Representative Director
Contact:	Chikaomi Hiraki, General Manager of Administration Division
	TEL: +81-75-352-4111

Scheduled date of Ordinary General Meeting of Shareholders:	June 27, 2014
Scheduled date of filing of securities report:	June 27, 2014
Scheduled date of start of dividend payment:	—
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, 2013 and 2014

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	FY2012	**FY2013**	**FY13 / FY12**
	(millions of yen)		*(percentage change)*
(1) Consolidated financial results			
Net sales	49,295	47,710	-3.2%
Operating income	1,244	(765)	—
Ordinary income	1,351	(814)	—
Net income	560	(3,524)	—
Net income, basic per share *(yen)*	56.56	(355.69)	
Net income, diluted per share diluted *(yen)*	—	—	
Return on equity (ROE)	3.8%	(25.9%)	
Return on assets (ROA)	5.2%	(3.3%)	
Operating income to sales	2.5%	(1.6%)	
(2) Consolidated financial position			
Total assets	26,348	23,739	
Net assets	15,344	11,989	
Shareholders' equity ratio	58.0%	50.3%	
Net assets per share *(yen)*	1,540.91	1,206.11	
(3) Consolidated cash flows			
Net cash provided by (used in) operating activities	1,473	271	
Net cash provided by (used in) investing activities	(959)	(1,209)	
Net cash provided by (used in) financing activities	(825)	443	
Cash and cash equivalents at end of period	6,403	6,263	

Comprehensive income (loss):	Year ended March 31, 2014: -¥2,910 million (—%)
	Year ended March 31, 2013: ¥980 million (154.6%)
(Reference)	
Equity in earnings:	As of March 31, 2014: ¥1 million
	As of March 31, 2013: ¥6 million
Shareholders' equity:	As of March 31, 2014: ¥11,951 million
	As of March 31, 2013: ¥15,268 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)*	*(%)*	*(%)*
FY2012	—	15.00	—	15.00	30.00	297	53.0	2.0
FY2013	—	15.00	—	0.00	15.00	148	(4.2)	1.1
FY2014 (Forecast)	—	0.00	—	—	—		—	

(Note) The company has not yet determined a forecast for the year-end dividend for fiscal 2014.

3. Consolidated Results Forecast for Year Ending March 31, 2015

	FY2014	
	Six Months	Full year
	(millions of yen)	
Net sales	—	48,800
Operating income	—	500
Ordinary income	—	500
Net income	—	200
Net income, basic per share *(yen)*	—	20.18

(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: 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, 2014
  - 9,909,400 shares as of March 31, 2013
- (ii) Number of shares of treasury stock
  - 326 shares as of March 31, 2014
  - 326 shares as of March 31, 2013
- (iii) Average number of shares during the period
  - 9,909,074 shares in year ended March 31, 2014
  - 9,909,075 shares in year ended March 31, 2013

(Reference) Overview of Non-Consolidated Operating Results
Non-consolidated operating results for FY2013 (From April 1, 2013 to March 31, 2014)

	FY2012	**FY2013**	**FY13 / FY12**
	(millions of yen)		***(percentage change)***
(1) Non-consolidated financial results			
Net sales	18,004	17,187	(4.5%)
Operating income	723	(1,046)	—
Ordinary income	994	(713)	—
Net income	(391)	(3,101)	—
Net income, basic per share *(yen)*	(39.48)	(312.95)	
Net income, diluted per share diluted *(yen)*	—	—	
(2) Non-consolidated financial position			
Total assets	17,935	15,942	
Net assets	10,984	7,593	
Shareholders' equity ratio	61.2%	47.6%	
Net assets per share *(yen)*	1,108.49	766.35	

(Reference)
Shareholders' equity: As of March 31, 2014: ¥7,593 million
As of March 31, 2013: ¥10,984 million

* 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 2014 Outlook” of “(1) Analysis of Operating Results” in “1. Operating Results and Financial Position” 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 23, 2014.

○ Contents of the Attached Material

1. Operating Results and Financial Position

(1) Analysis of Operating Results

In fiscal 2013, ended March 31, 2014, although economic uncertainty continued due to the slowdown in the economies of emerging industrial countries, the Japanese economy improved at a moderate pace against the background of the government's economic policies.

In the wedding industry, about 663,000 couples exchanged marriage vows in Japan in fiscal 2013, a slight decrease from the approximately 669,000 couples in fiscal 2012, reflecting Japan's smaller youth population.

Against this backdrop, the Watabe Wedding Group (the "Group") endeavored to strengthen the resort wedding business—its flagship segment—by promoting broader recognition of resort weddings and stimulating the market.

In the resort weddings segment, we reinforced promotional activities to further familiarize the intrinsic appeal of a resort wedding, including the co-production of wedding plans and wedding dresses with Hinano Yoshikawa, a fashion model and the Hawaii goodwill ambassador, and Shiho Takechi, a popular fashion model. We also worked on market expansion by opening a new chapel "Ulu Shanti" in the Nusa Dua area of Bali in October 2013, as well as by opening the Minami Aoyama Salon and renewing the Shinjuku and Fukuoka Salons in August 2013. In July 2013, we opened a chapel "Marine bijou" in Okinawa, which features inexpensive and convenient wedding plans, in an effort to explore a new customer base.

In the Asian market, one of the target markets for our growth strategies, we started offering services to local couples in China's Heilongjiang province, with the wedding facility "Harbin Modern Attache Garden" in Harbin in June 2013.

However, the resort weddings segment as a whole was significantly affected by a decline in the number of wedding contracts due to intensifying market competition, and foreign exchange fluctuations due to the depreciation of the yen.

In the hotel and domestic weddings segment, although the number of wedding contracts decreased, the numbers of banquets and stays continued to be strong as a result of the sales of the 85th anniversary plan at Meguro Gajoen and boosted operations at Mielparque.

As a result of the above, consolidated results were as follows: Net sales settled at ¥47,710 million, down 3.2% year-on-year; operating loss amounted to ¥765 million (compared with an operating income of ¥1,244 million for the end of the previous fiscal year); ordinary loss amounted to ¥814 million (compared with an ordinary income of ¥1,351 million for the end of the previous fiscal year), and net loss totaled ¥3,524 million (compared with a net income of ¥560 million for the end of the previous fiscal year). The net loss also reflected the one-time loss resulting from restructuring of the wedding salon network and the liquidation of deferred tax assets.

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

1) Resort weddings

Net sales fell 2.4% year-on-year, to ¥19,646 million as the number of wedding contracts decreased. Operating loss amounted to ¥1,121 million with the influence of the depreciating yen (compared with an operating income of ¥1,109 million for the end of the previous fiscal year).

2) Hotels and domestic weddings

The segment's net sales marked ¥28,063 million, down 3.8% year-on-year. However, operating income surged 253.4% to ¥342 million as the measures to reduce fixed costs took effect.

Fiscal 2014 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 weddings segment, we will endeavor to obtain more contracts through media exposure and other promotional activities and the opening of wedding salons in new locations, aiming at raising recognition of resort wedding and reinforcing our power to attract customers. We will also work to streamline our operations and increase profitability by reviewing our salon network and work flows.

In the Asian market, where we expect further growth, we will endeavor to be able to offer our services and products to more customers by reviewing our product lineup and developing products which will cater to the needs of Asian people.

In the hotel and domestic weddings segment, we will reinforce our wedding business with better wedding content products, while working to raise the profitability of banquets through the renovation of the “Shunyuki” restaurant at Meguro Gajoen and boosted operations at Mielparque.

Therefore, we expect to post the following consolidated results in fiscal 2014, ending March 31, 2015: net sales of ¥48,800 million, up 2.3% year-on-year; operating income of ¥500 million (compared with an operating loss of ¥765 million in fiscal 2013), ordinary income of ¥500 million (compared with an ordinary loss of ¥814 million in fiscal 2013) and net income of ¥200 million (compared with a net loss of ¥3,524 million in fiscal 2013).

(2) Analysis of the Financial Position

1) Assets, Liabilities and Net Assets

As of March 31, 2014, total assets stood at ¥23,739 million, down ¥2,609 million from a year earlier, owing to a ¥1,356 million decrease in property, plant and equipment and a ¥1,166 million decrease in deferred tax assets.

Total liabilities reached ¥11,750 million, as of March 31, 2014, up ¥745 million from a year earlier, with a ¥184 million increase in current liabilities mainly due to an increase in advances received, and a ¥561 million increase in non-current liabilities due to an increase in long-term loans payable, in spite of a ¥831 million decrease in accounts payable-other.

Total net assets amounted to ¥11,989 million, down ¥3,355 million from a year earlier, mainly from the ¥3,524 million in net loss and ¥297 million in cash dividends paid.

2) Cash Flow Analysis

Cash flows for the fiscal year under review highlight net cash of ¥271 million provided by operating activities, net cash of ¥1,209 million used in investing activities, and net cash of ¥443 million provided by financing activities. Consequently, cash and cash equivalents (hereafter, “cash”) at the end of fiscal 2013 were ¥6,263 million, down ¥139 million from the beginning, or 2.2% from a year earlier.

Cash flows from operating activities

Cash provided by operating activities amounted to ¥271 million, down ¥1,202 million, or 81.6%, from fiscal 2012. The key components of this decrease were loss before income taxes, at ¥2,154 million, depreciation, at ¥1,802 million, and a ¥823 million decrease in accounts payable-other.

Cash flows from investing activities

Cash used in investing activities came to ¥1,209 million, up 26.1% from fiscal 2012. This mainly reflects the expenditure of ¥1,272 million for purchase of property, plant and equipment and ¥388 million for purchase of intangible assets.

Cash flows from financing activities

Cash provided by financing activities reached ¥443 million (compared with net cash used of ¥825 million in fiscal 2012). This is primarily due to the proceeds of ¥1,000 million in long-term loans payable, the repayments of ¥500 million in long-term loans payable and the payment of ¥297 million for the distribution of cash dividends paid.

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

	48th fiscal year ended March 31, 2012	49th fiscal year ended March 31, 2013	50th fiscal year ended March 31, 2014
Equity ratio (%)	57.0	58.0	50.3
Market value equity ratio (%)	30.1	28.0	28.4
Cash flows/interest-bearing debt ratio (years)	0.7	1.1	8.8
Interest coverage ratio (times)	117.8	79.6	19.5

* 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 statement of cash flows. Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in the consolidated balance sheet. Interest payment corresponds to the amount of "Interest expenses" in the consolidated statement 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.

However, in light of the Group's financial results ending with a significant loss, the management regrets to announce a zero year-end dividend for fiscal 2013. We will endeavor to achieve soundness in our financial state for the early resumption of dividend payments.

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 on equity) and Ordinary Income Ratio 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 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. 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 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 Sheet

(Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
ASSETS		
Current assets		
Cash and deposits	6,407	6,267
Accounts receivable-trade	1,941	1,785
Merchandise and finished goods	197	230
Work in process	38	20
Raw materials and supplies	541	608
Deferred tax assets	819	166
Other	1,249	1,470
Allowance for doubtful accounts	(30)	(42)
Total current assets	11,164	10,505
Non-current assets		
Property, plant and equipment		
Costume rental	1,225	1,174
Accumulated depreciation	(1,020)	(979)
Costume rental, net	204	194
Buildings and structures	11,615	11,809
Accumulated depreciation	(6,437)	(7,473)
Buildings and structures, net	5,178	4,335
Tools, furniture and fixtures	5,317	5,387
Accumulated depreciation	(4,255)	(4,397)
Tools, furniture and fixtures, net	1,061	990
Land	2,607	2,271
Construction in progress	63	12
Other	599	670
Accumulated depreciation	(366)	(484)
Other, net	233	186
Total property, plant and equipment	9,348	7,992
Intangible assets	781	854
Investments and other assets		
Investment securities	222	220
Deferred tax assets	1,023	510
Guarantee deposits	3,275	2,980
Other	561	705
Allowance for doubtful accounts	(29)	(30)
Total investments and other assets	5,053	4,386
Total non-current assets	15,183	13,233
Total assets	26,348	23,739

(Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
LIABILITIES		
Current liabilities		
Accounts payable-trade	2,009	1,813
Short-term loans payable	400	700
Current portion of long-term loans payable	500	625
Accounts payable-other	2,037	1,205
Income taxes payable	202	184
Advances received	2,012	2,322
Provision for bonuses	446	487
Other	1,016	1,470
Total current liabilities	8,625	8,809
Non-current liabilities		
Long-term loans payable	700	1,075
Deferred tax liabilities for land revaluation	22	11
Provision for retirement benefits	595	—
Net defined benefit liability	—	913
Asset retirement obligations	573	442
Other	487	498
Total non-current liabilities	2,378	2,940
Total liabilities	11,004	11,750
NET ASSETS		
Shareholders’ equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	8,147	4,344
Treasury shares	(0)	(0)
Total shareholders’ equity	16,361	12,558
Other comprehensive income		
Valuation difference on available-for-sale securities	38	35
Deferred gains or losses on hedges	(1)	9
Revaluation reserve for land	(903)	(921)
Foreign currency translation adjustment	(227)	416
Remeasurements of defined benefit plans	—	(147)
Total other comprehensive income	(1,092)	(606)
Minority interests	75	37
Total net assets	15,344	11,989
Total liabilities and net assets	26,348	23,739

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Net sales	49,295	47,710
Cost of sales	16,091	16,453
Gross profit	33,203	31,256
Selling, general and administrative expenses		
Salaries, allowances and bonuses	11,010	10,642
Provision for bonuses	354	434
Provision for retirement benefits	246	221
Rent expenses	6,564	6,333
Other	13,783	14,389
Total selling, general and administrative expenses	31,959	32,021
Operating income (loss)	1,244	(765)
Non-operating income		
Rent income	57	59
Foreign exchange gains	52	—
Compensation income	38	—
Miscellaneous income	111	115
Total non-operating income	259	174
Non-operating expenses		
Interest expenses	17	13
Foreign exchange losses	—	33
Commission fee	23	22
Business commencement expenses	71	98
Miscellaneous loss	40	56
Total non-operating expenses	152	223
Ordinary income (loss)	1,351	(814)
Extraordinary income		
Gain on sales of non-current assets	2	3
Total extraordinary income	2	3
Extraordinary losses		
Impairment loss	—	635
Restructuring loss	850	562
Other	125	145
Total extraordinary losses	976	1,343

(Millions of yen)

	FY2012 (From April 1, 2012 to March 31, 2013	FY2013 (From April 1, 2013 to March 31, 2014)
Income (loss) before income taxes	378	(2,154)
Income taxes-current	404	230
Income taxes-deferred	(581)	1,185
Total income taxes	(176)	1,416
Income (loss) before minority interests	555	(3,571)
Minority interests in (loss)	(5)	(46)
Net income (loss)	560	(3,524)

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Income before minority interests	555	(3,571)
Other comprehensive income		
Valuation difference on available-for-sale securities	16	(2)
Deferred gains or losses on hedges	(23)	10
Revaluation reserve for land	—	0
Foreign currency translation adjustment	427	649
Share of other comprehensive income of entities accounted for using equity method	5	3
Total other comprehensive income	425	661
Comprehensive income	980	(2,910)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	978	(2,872)
Comprehensive income attributable to minority interests	1	(37)

(3) Consolidated Statement of Changes in Equity

FY2012 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	4,176	4,038	7,884	(0)	16,098
Changes of items during the period					
Dividends of surplus			(297)		(297)
Net income			560		560
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	263	(0)	263
Balance at the end of current period	4,176	4,038	8,147	(0)	16,361

	Other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance at the beginning of current period	22	22	(903)	(652)	—	(1,510)	43	14,630
Changes of items during the period								
Dividends of surplus								(297)
Net income								560
Purchase of treasury shares								(0)
Net changes of items other than shareholders' equity	16	(23)	—	425	—	417	32	450
Total changes of items during the period	16	(23)	—	425	—	417	32	713
Balance at the end of current period	38	(1)	(903)	(227)	—	(1,092)	75	15,344

FY2013 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	4,176	4,038	8,147	(0)	16,361
Changes of items during the period					
Dividends of surplus			(297)		(297)
Net (loss)			(3,524)		(3,524)
Reversal of revaluation reserve for land			18		18
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	(3,803)	—	(3,803)
Balance at the end of current period	4,176	4,038	4,344	(0)	12,558

	Other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance at the beginning of current period	38	(1)	(903)	(227)	—	(1,092)	75	15,344
Changes of items during the period								
Dividends of surplus								(297)
Net (loss)								(3,524)
Reversal of revaluation reserve for land								18
Net changes of items other than shareholders' equity	(2)	10	(17)	644	(147)	486	(37)	448
Total changes of items during the period	(2)	10	(17)	644	(147)	486	(37)	(3,355)
Balance at the end of current period	35	9	(921)	416	(147)	(606)	37	11,989

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Cash flows from operating activities		
Income before income taxes	378	(2,154)
Depreciation	1,782	1,802
Impairment loss	—	635
Increase (decrease) in allowance for doubtful accounts	(11)	12
Increase (decrease) in provision for bonuses	(12)	35
Increase (decrease) in provision for retirement benefits	177	—
Increase (decrease) in net defined benefit liability	—	155
Interest and dividend income	(26)	(10)
Interest expenses	17	13
Foreign exchange losses (gains)	(168)	3
Loss (gain) on sales and retirement of property, plant and equipment	21	79
Loss on business restructuring	—	562
Loss on liquidation of facilities and stores	58	63
Decrease (increase) in notes and accounts receivable-trade	(114)	176
Decrease (increase) in inventories	11	2
Increase (decrease) in notes and accounts payable-trade	(54)	(215)
Increase (decrease) in accounts payable-other	745	(823)
Increase (decrease) in advances received	(178)	297
Other, net	(418)	(128)
Subtotal	2,207	506
Interest and dividend income received	28	13
Interest expenses paid	(18)	(13)
Income taxes paid	(743)	(234)
Net cash provided by (used in) operating activities	1,473	271
Cash flows from investing activities		
Purchase of securities	(1)	—
Purchase of property, plant and equipment	(816)	(1,272)
Proceeds from sales of property, plant and equipment	11	104
Purchase of intangible assets	(235)	(388)
Proceeds from collection of guarantee deposits	51	429
Payments for guarantee deposits	(44)	(120)
Other, net	74	37
Net cash provided by (used in) investing activities	(959)	(1,209)

(Millions of yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	300
Proceeds from long-term loans payable	—	1,000
Repayments of long-term loans payable	(500)	(500)
Proceeds from share issuance to minority shareholders	30	—
Cash dividends paid	(297)	(297)
Other, net	(58)	(59)
Net cash provided by (used in) financing activities	(825)	443
Effect of exchange rate change on cash and cash equivalents	382	355
Net increase (decrease) in cash and cash equivalents	70	(139)
Cash and cash equivalents at beginning of period	6,332	6,403
Cash and cash equivalents at end of period	6,403	6,263

(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 wedding, reception, 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 wedding, reception, 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

FY2012 (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	1,199	603	1,802	(20)	1,782
Investment in entities 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 (loss) 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 is primarily due to elimination of unrealized income.

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

FY2013 (From April 1, 2013 to March 31, 2014)

(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	19,646	28,063	47,710	—	47,710
Intersegment sales and transfers	6,110	104	6,215	(6,215)	—
Total	25,757	28,168	53,925	(6,215)	47,710
Segment income (loss)	(1,121)	342	(779)	13	(765)
Segment assets	19,727	7,552	27,279	(3,540)	23,739
Other items					
Depreciation	1,231	588	1,819	(17)	1,802
Investment in entities accounted for using equity method	45	—	45	—	45
Increases in property, plant and equipment and in intangible assets	1,325	466	1,792	—	1,792

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

(1) The ¥13 million adjustment of segment income is primarily due to elimination of intersegment transactions and elimination of unrealized income.

(2) The -¥3,540 million adjustment of segment assets is primarily due to elimination of intersegment transactions.

(3) The -¥17 million adjustment of depreciation is primarily due to elimination of unrealized income.

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