Consolidated Financial Results for the Year Ended March 31, 2015 [J-GAAP]
Watabe Wedding Corporation

May 12, 2015

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 Group Administration Division
TEL: +81-75-778-4111

Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2015
Scheduled date of filing of securities report: June 29, 2015
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, 2014 and 2015

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	FY2013	FY2014	FY14 / FY13
	(millions of yen)		*(percentage change)*
(1) Consolidated financial results			
Net sales	47,710	44,214	-7.3%
Operating income	(765)	(696)	—
Ordinary income	(814)	(411)	—
Net income	(3,524)	(1,805)	—
Net income, basic per share *(yen)*	(355.69)	(182.24)	
Net income, diluted per share diluted *(yen)*	—	—	
Return on equity (ROE)	(25.9%)	(15.8%)	
Return on assets (ROA)	(3.3%)	(1.9%)	
Operating income to sales	(1.6%)	(1.6%)	
(2) Consolidated financial position			
Total assets	23,739	20,732	
Net assets	11,989	10,963	
Shareholders' equity ratio	50.3%	52.6%	
Net assets per share *(yen)*	1,206.11	1,101.09	
(3) Consolidated cash flows			
Net cash provided by (used in) operating activities	271	558	
Net cash provided by (used in) investing activities	(1,209)	(1,489)	
Net cash provided by (used in) financing activities	443	(1,075)	
Cash and cash equivalents at end of period	6,263	4,497	

Comprehensive income (loss): Year ended March 31, 2015: -¥960 million (—%)
Year ended March 31, 2014: -¥2,910 million (—%)

(Reference)
Equity in earnings: As of March 31, 2015: -¥1 million
As of March 31, 2014: ¥1 million
Shareholders' equity: As of March 31, 2015: ¥10,910 million
As of March 31, 2014: ¥11,951 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)*	*(%)*	*(%)*
FY2013	—	15.00	—	0.00	15.00	148	-4.2	1.1
FY2014	—	0.00	—	0.00	0.00	—	—	—
FY2015 (Forecast)	—	0.00	—	—	—		—	

(Note) The Company has not yet determined a forecast for the year-end dividend for fiscal 2015.

3. Consolidated Results Forecast for Year Ending March 31, 2016

	FY2015	
	Six Months	Full year
	(millions of yen)	
Net sales	—	44,000
Operating income	—	200
Ordinary income	—	260
Net income attributable to owners of parent	—	60
Net income, basic per share *(yen)*	—	6.06

(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, 2015
  9,909,400 shares as of March 31, 2014
- (ii) Number of shares of treasury stock
  326 shares as of March 31, 2015
  326 shares as of March 31, 2014
- (iii) Average number of shares during the period
  9,909,074 shares in year ended March 31, 2015
  9,909,074 shares in year ended March 31, 2014

(Reference) Overview of Non-Consolidated Operating Results
Non-consolidated operating results for FY2014 (From April 1, 2014 to March 31, 2015)

	FY2013	**FY2014**	**FY14 / FY13**
	(millions of yen)		***(percentage change)***
(1) Non-consolidated financial results			
Net sales	17,187	16,197	(5.8%)
Operating income	(1,046)	(452)	—
Ordinary income	(713)	424	—
Net income	(3,101)	(897)	—
Net income, basic per share *(yen)*	(312.95)	(90.54)	
Net income, diluted per share diluted *(yen)*	—	—	
(2) Non-consolidated financial position			
Total assets	15,942	14,299	
Net assets	7,593	6,842	
Shareholders' equity ratio	47.6%	47.9%	
Net assets per share *(yen)*	766.35	690.54	

(Reference)
Shareholders' equity: As of March 31, 2015: ¥6,842 million
As of March 31, 2014: ¥7,593 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 2015 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 29, 2015.

○ Contents of the Attached Material

1. Operating Results and Financial Position

(1) Analysis of Operating Results

In fiscal 2014, ended March 31, 2015, although expectations for an economic recovery rose in Japan due to the effects of the government's economic measures and the Bank of Japan's monetary easing policies, currency markets that moved toward a rapid depreciation of the yen led to a surge in prices of consumer discretionary items due to a rise in import costs. While this benefited manufacturers and other export industries, it resulted in stagnation in consumer sentiment, coupling with the consumption tax hike.

In the wedding industry, the situation remains severe due to a decrease in the number of marriages along with the country's shrinking young population, as well as a drop in the wedding rate and intensifying market competition owing to openings of a string of new wedding facilities.

Against this backdrop, the Watabe Wedding Group (the "Group") endeavored to strengthen the resort wedding business—its flagship segment—by reorganizing our salon network and expanding the market following the previous fiscal year.

In the resort weddings business segment, we worked on improving customers' convenience and expanding the market by reorganizing our salon network, among other measures. We opened five new salons including the Tachikawa and Kumamoto Salons in an effort to strengthen cooperation with sales agents such as nearby travel agencies and to vitalize the market, in addition to providing salons that are accessible to customers who come for consultation. In city centers where competition is intense, we opened the Ikebukuro Salon in Tokyo and the Nagoya Sakae Salon in Nagoya to offer a convenient salon network for customers. We also refurbished eight existing wedding salons including Osaka Grand Plaza, Nagoya Grand Plaza, Tokyo Grand Plaza and Yokohama Grand Plaza, to address the changes in the surrounding environment and realize more efficient salon operation. In addition, the Group relocated its head office and Tokyo office in an effort to reduce fixed costs through improvement in rent efficiency, etc. During the consolidated fiscal year under review, we reorganized a total of 15 salons and two offices, which contributed to reinforced customer appeal, expansion of the market and a significant reduction in fixed costs.

In order to draw on our appeal of our resort weddings content, we plan to open the new "Luz de Amor Chapel" in Guam this autumn, and have started receiving orders. We also strengthened various wedding contents such as the launch of new wedding dresses and tuxedos as well as a renewal of our album lineup.

Although the resort weddings business segment saw a significant improvement in year on year profit due in part to the effects of such measures, it ended in a decrease in sales and increase in profits owing to the impact of foreign exchange fluctuations due to the rapid depreciation of the yen and intensifying market competition.

In the hotels and domestic weddings business segment, we refurbished Meguro Gajoen's main Chinese dining restaurant "Shunyuki." We reinforced the banquet division by increasing private rooms so as to facilitate further use by customers. In Mielparque, we changed the names of 10 facilities nationwide to Hotel Mielparque, in an effort to promote broader recognition as a local hotel that is rooted in the community. Furthermore, we focused on sales reinforcement by refurbishing the Sky Banquet in Sendai and Garden Chapel in Yokohama. However, the segment ended in a decrease in both sales and profit due to a decline in the number of wedding contracts owing to the sluggish domestic wedding market.

In addition, in view of the domestic and overseas environments surrounding the Group, we posted closing expenses of some facilities and salons of ¥234 million and impairment loss of ¥538 million for non-current assets (long-term prepaid expenses) related to the Chinese wedding business as extraordinary losses in order to clarify business domains and concentrate managerial resources in core businesses in the next term and onward. After careful consideration of realizability of deferred tax assets, we reversed part of them and posted income taxes-deferred of ¥392 million.

As a result of the above, consolidated results were as follows: Net sales settled at ¥44,214 million, down 7.3% year on year; operating loss amounted to ¥696 million (compared with an operating loss of ¥765 million for the end of the previous fiscal year); ordinary loss amounted to ¥411 million (compared with an ordinary loss of ¥814 million for the end of the previous fiscal year); and net loss totaled ¥1,805 million (compared with a net loss of ¥3,524 million for the end of the previous fiscal year).

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

1) Resort weddings

Net sales fell 8.4% year on year, to ¥17,993 million as the number of wedding contracts decreased. Segment loss amounted to ¥245 million (compared with a segment loss of ¥1,121 million for the end of the previous fiscal year), despite a reduction in wedding operation costs, etc.

2) Hotels and domestic weddings

As the number of wedding contracts declined, net sales decreased by 6.6% year on year to ¥26,220 million, while segment loss amounted to ¥487 million (compared with a segment income of ¥342 million for the end of the previous fiscal year), notwithstanding a reduction in selling, general and administrative expenses and other factors.

Fiscal 2015 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 facilities and salons 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 business segment, we will endeavor to develop the market by continuing to plan salon openings, aiming at reinforcing customer appeal and expanding our market. To strengthen our product lineup, we plan to open a new chapel, “Luz de Amor Chapel” in Guam and “The Majestic Chapel” in Bali, Indonesia, as well as the refurbished “Aquagrace Chapel” in Okinawa, in an effort to develop attractive products. In addition, we will seek to enhance resort wedding contents by launching a new wedding dress jointly developed with Hinano Yoshikawa, Hawaii Tourism Authority’s romance goodwill ambassador, among other measures. We will also make efforts in drastic rationalization and streamlining of operations to establish a resilient corporate structure that can resist rapid exchange rate fluctuations.

In the hotels and domestic weddings business segment, we will make efforts in reconstructing our wedding business and reinforcing banquets and stays at the same time. In Meguro Gajoen, we will endeavor to broaden recognition of the already-established Gajoen brand through strict reinforcement of marketing. We will also strive to develop new customers through the planned opening of refurbished banquet rooms and offering of new concepts. In Mielparque, we will aim to broaden recognition of the brand as a hotel taking advantage of the good locations of its nationwide facilities, as well as reinforce banquets and stays. In addition, we will carry out cost reductions by consolidating duplicate administration operations among group companies, in an effort to improve profits.

Therefore, we expect to post the following consolidated results in fiscal 2015, ending March 31, 2016: net sales of ¥44,000 million, down 0.5% year on year; operating income of ¥200 million (compared with an operating loss of ¥696 million in fiscal 2014); ordinary income of ¥260 million (compared with an ordinary loss of ¥411 million in fiscal 2014); and net income attributable to owners of parent of ¥60 million (compared to a net loss of ¥1,805 million in fiscal 2014).

(2) Analysis of the Financial Position

1) Assets, Liabilities and Net Assets

As of March 31, 2015, total assets stood at ¥20,732 million, down ¥3,006 million from a year earlier, owing to a ¥1,765 million decrease in cash and deposits, which was due to efforts to reduce borrowings, as well as a ¥239 million decrease in deferred tax assets.

Total liabilities amounted to ¥9,769 million, as of March 31, 2015, down ¥1,980 million from a year earlier, with a ¥1,591 million decrease in current liabilities mainly due to a ¥400 million decrease in short-term loans payable as well as a ¥395 million decrease in asset retirement obligations, and a ¥389 million decrease in non-current liabilities due to a decrease in long-term loans payable.

Total net assets stood at ¥10,963 million, down ¥1,025 million from a year earlier, mainly from ¥1,805 million in net loss.

2) Cash Flow Analysis

Cash flows for the fiscal year under review highlight net cash of ¥558 million provided by operating activities, net cash of ¥1,489 million used in investing activities, and net cash of ¥1,075 million used in financing activities. Consequently, cash and cash equivalents (hereinafter, “cash”) at the end of fiscal 2014 were ¥4,497 million, down ¥1,765 million from the beginning, or 28.2% from a year earlier.

Cash flows from operating activities

Cash provided by operating activities amounted to ¥558 million, up ¥286 million, or 105.5%, from fiscal 2013. The key components of this increase were loss before income taxes, at ¥1,219 million, depreciation, at 1,635 million, and impairment loss of ¥538 million.

Cash flows from investing activities

Cash used in investing activities came to ¥1,489 million, up 23.1% from fiscal 2013. This mainly reflects the expenditure of ¥1,207 million for purchase of property, plant and equipment and ¥178 million for purchase of intangible assets.

Cash flows from financing activities

Cash used in financing activities were ¥1,075 million (compared with net cash provided of ¥443 million in fiscal 2013). This primarily consists of a decrease in short-term loans payable of ¥400 million and the repayments of ¥625 million in long-term loans payable.

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

	49th fiscal year ended March 31, 2013	50th fiscal year ended March 31, 2014	51st fiscal year ended March 31, 2015
Equity ratio (%)	58.0	50.3	52.6
Market value equity ratio (%)	28.0	28.4	24.2
Cash flows/interest-bearing debt ratio (years)	1.1	8.8	2.5
Interest coverage ratio (times)	79.6	19.5	46.2

* 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 2014.

We will endeavor to achieve business recovery 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 “hotels and domestic weddings” providing wedding, reception and accommodation services in domestic hotels or providing wedding services at local wedding facilities, as our key business competence areas.

In the wedding market, competition has intensified in both the resort weddings market and the hotels and domestic weddings market due to new entry from other industries and the openings of a string of new wedding facilities. However, considering this not as a threat but as an opportunity, we will endeavor in market consolidation while considering M&A and alliances as options.

As for efforts in growth areas, we are developing an inbound business targeting customers in parts of Asia such as Hong Kong, Shanghai and Taiwan. By proposing new values of weddings to the Asian market that is experiencing rapid economic growth and approaching an era of transition in lifestyles and culture, we will continue to focus on the development of an inbound business that will lead to satisfaction of as many customers as possible.

The Group will review its businesses and integrate indirect divisions in order to establish a resilient corporate structure that can resist any changes in the external environment, in an effort to maximize earnings.

(4) Issues to Be Addressed

The wedding industry is facing intensifying competition due to openings of a string of new wedding facilities, amid a decline in the number of marriages along with the country’s shrinking young population. Although the market size is on a gradual expanding trend, the resort weddings market faces severe circumstances as does the domestic weddings market, owing to the impact of foreign exchange fluctuations due to the rapid depreciation of the yen.

Against this backdrop, we intend to make efforts in the following:

・To propose products and services that respond to customers’ true needs by going further in our basic philosophy of offering services that build family ties and create precious memories.

・To continue to open salons in the resort weddings business segment with the aim of expanding the market and reinforcing customer appeal. We will also seek to maximize sales by increasing our product lineup such as joint development products.

・To reconstruct the wedding business in the hotels and domestic weddings business segment by reinforcing marketing and to strengthen businesses other than weddings such as banquets and stays.

・To carry out thorough cost management and promote rationalization and streamlining of operations in order to establish a resilient corporate structure that can resist changes in the external environment.

The Group will make efforts to resolve the above issues as well as improving corporate value.

3. Basic Concept Regarding the Selection of Accounting Standards

The Watabe Wedding Group has adopted the Japanese generally accepted accounting principles (JGAAP).

With regard to the application of international financial reporting standards (IFRS), Watabe Wedding intends to monitor developments in Japan and overseas, and to respond appropriately to those developments.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
ASSETS		
Current assets		
Cash and deposits	6,267	4,502
Accounts receivable-trade	1,785	1,626
Merchandise and finished goods	230	256
Work in process	20	23
Raw materials and supplies	608	471
Deferred tax assets	166	162
Other	1,470	1,634
Allowance for doubtful accounts	(42)	(46)
Total current assets	10,505	8,631
Non-current assets		
Property, plant and equipment		
Costume rental	1,174	1,139
Accumulated depreciation	(979)	(957)
Costume rental, net	194	181
Buildings and structures	11,809	10,803
Accumulated depreciation	(7,473)	(6,567)
Buildings and structures, net	4,335	4,236
Tools, furniture and fixtures	5,387	4,998
Accumulated depreciation	(4,397)	(3,993)
Tools, furniture and fixtures, net	990	1,004
Land	2,271	2,220
Construction in progress	12	16
Other	670	769
Accumulated depreciation	(484)	(589)
Other, net	186	180
Total property, plant and equipment	7,992	7,840
Intangible assets	854	640
Investments and other assets		
Investment securities	220	306
Deferred tax assets	510	274
Guarantee deposits	2,980	2,845
Other	705	225
Allowance for doubtful accounts	(30)	(31)
Total investments and other assets	4,386	3,619
Total non-current assets	13,233	12,100
Total assets	23,739	20,732

(Millions of yen)

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
LIABILITIES		
Current liabilities		
Accounts payable-trade	1,813	1,532
Short-term loans payable	700	300
Current portion of long-term loans payable	625	325
Accounts payable-other	1,205	1,012
Income taxes payable	184	56
Advances received	2,322	2,363
Provision for bonuses	487	383
Asset retirement obligations	437	42
Deferred tax liabilities	—	189
Other	1,032	1,013
Total current liabilities	8,809	7,217
Non-current liabilities		
Long-term loans payable	1,075	750
Net defined benefit liability	913	870
Asset retirement obligations	442	579
Deferred tax liabilities for land revaluation	11	10
Deferred tax liabilities	—	44
Other	498	296
Total non-current liabilities	2,940	2,551
Total liabilities	11,750	9,769
NET ASSETS		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	4,344	2,473
Treasury shares	(0)	(0)
Total shareholders' equity	12,558	10,687
Other comprehensive income		
Valuation difference on available-for-sale securities	35	92
Deferred gains or losses on hedges	9	162
Revaluation reserve for land	(921)	(920)
Foreign currency translation adjustment	416	800
Remeasurements of defined benefit plans	(147)	87
Total other comprehensive income	(606)	223
Minority interests	37	52
Total net assets	11,989	10,963
Total liabilities and net assets	23,739	20,732

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Net sales	47,710	44,214
Cost of sales	16,453	15,575
Gross profit	31,256	28,638
Selling, general and administrative expenses		
Salaries, allowances and bonuses	10,642	10,180
Provision for bonuses	434	268
Retirement benefit expenses	221	240
Rent expenses	6,333	5,401
Other	14,389	13,243
Total selling, general and administrative expenses	32,021	29,335
Operating loss	(765)	(696)
Non-operating income		
Rent income	59	62
Foreign exchange gains	—	195
Miscellaneous income	115	85
Total non-operating income	174	343
Non-operating expenses		
Interest expenses	13	11
Foreign exchange losses	33	—
Business commencement expenses	98	—
Rent expenses	14	9
Miscellaneous loss	64	36
Total non-operating expenses	223	57
Ordinary loss	(814)	(411)
Extraordinary income		
Gain on sales of non-current assets	3	15
Total extraordinary income	3	15
Extraordinary losses		
Impairment loss	635	538
Loss on liquidation of facilities and stores	63	234
Restructuring loss	562	—
Other	82	49
Total extraordinary losses	1,343	823

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Loss before income taxes	(2,154)	(1,219)
Income taxes-current	230	183
Income taxes-deferred	1,185	392
Total income taxes	1,416	575
Loss before minority interests	(3,571)	(1,795)
Minority interests in income (loss)	(46)	10
Net loss	(3,524)	(1,805)

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Loss before minority interests	(3,571)	(1,795)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	57
Deferred gains or losses on hedges	10	152
Revaluation reserve for land	0	1
Foreign currency translation adjustment	649	382
Remeasurements of defined benefit plans	—	235
Share of other comprehensive income of entities accounted for using equity method	3	6
Total other comprehensive income	661	834
Comprehensive income	(2,910)	(960)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,872)	(975)
Comprehensive income attributable to minority interests	(37)	14

(3) Consolidated Statement of Changes in Equity

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
Cumulative effects of changes in accounting policies					—
Restated balance	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
Cumulative effects of changes in accounting policies								—
Restated balance	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

FY2014 (From April 1, 2014 to March 31, 2015)

(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	4,344	(0)	12,558
Cumulative effects of changes in accounting policies			(64)		(64)
Restated balance	4,176	4,038	4,279	(0)	12,493
Changes of items during the period					
Dividends of surplus					—
Net (loss)			(1,805)		(1,805)
Reversal of revaluation reserve for land			0		0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	(1,805)	—	(1,805)
Balance at the end of current period	4,176	4,038	2,473	(0)	10,687

	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	Remeasure ments of defined benefit plans	Total other comprehensive income		
Balance at the beginning of current period	35	9	(921)	416	(147)	(606)	37	11,989
Cumulative effects of changes in accounting policies								(64)
Restated balance	35	9	(921)	416	(147)	(606)	37	11,924
Changes of items during the period								
Dividends of surplus								—
Net (loss)								(1,805)
Reversal of revaluation reserve for land								0
Net changes of items other than shareholders' equity	57	152	0	384	235	829	14	844
Total changes of items during the period	57	152	0	384	235	829	14	(960)
Balance at the end of current period	92	162	(920)	800	87	223	52	10,963

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Loss before income taxes	(2,154)	(1,219)
Depreciation	1,802	1,635
Impairment loss	635	538
Increase (decrease) in provision for bonuses	35	(112)
Increase (decrease) in net defined benefit liability	155	140
Interest and dividend income	(10)	(9)
Interest expenses	13	11
Foreign exchange losses (gains)	3	38
Loss on business restructuring	562	—
Loss on liquidation of facilities and stores	63	234
Decrease (increase) in notes and accounts receivable-trade	176	175
Decrease (increase) in inventories	2	156
Increase (decrease) in notes and accounts payable-trade	(215)	(311)
Increase (decrease) in accounts payable-other	(823)	(295)
Increase (decrease) in advances received	297	14
Other, net	(36)	(209)
Subtotal	506	788
Interest and dividend income received	13	9
Interest expenses paid	(13)	(12)
Income taxes paid	(234)	(227)
Net cash provided by (used in) operating activities	271	558
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,272)	(1,207)
Proceeds from sales of property, plant and equipment	104	31
Purchase of intangible assets	(388)	(178)
Proceeds from collection of guarantee deposits	429	272
Payments for guarantee deposits	(120)	(222)
Other, net	37	(184)
Net cash provided by (used in) investing activities	(1,209)	(1,489)

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	300	(400)
Proceeds from long-term loans payable	1,000	—
Repayments of long-term loans payable	(500)	(625)
Cash dividends paid	(297)	—
Other, net	(59)	(50)
Net cash provided by (used in) financing activities	443	(1,075)
Effect of exchange rate change on cash and cash equivalents	355	240
Net increase (decrease) in cash and cash equivalents	(139)	(1,765)
Cash and cash equivalents at beginning of period	6,403	6,263
Cash and cash equivalents at end of period	6,263	4,497

(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 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 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 Other Items 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, the Amount of Income or Loss, Assets and Other Items in Each of the Reporting Segments

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 (loss) is primarily due to elimination of intersegment transactions and elimination of unrealized income.

(2) The -¥3,540 million adjustments 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 (loss) is adjusted with the operating loss in the Consolidated Statement of Income.

FY2014 (From April 1, 2014 to March 31, 2015)

(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	17,993	26,220	44,214	—	44,214
Intersegment sales and transfers	5,790	82	5,872	(5,872)	—
Total	23,784	26,302	50,087	(5,872)	44,214
Segment loss	(245)	(487)	(733)	36	(696)
Segment assets	18,105	5,990	24,096	(3,363)	20,732
Other items					
Depreciation	1,128	523	1,652	(17)	1,635
Investment in entities accounted for using equity method	49	—	49	—	49
Increases in property, plant and equipment and in intangible assets	707	505	1,213	—	1,213

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

(1) The ¥36 million adjustment of segment loss is primarily due to elimination of intersegment transactions and elimination of unrealized income.

(2) The -¥3,363 million adjustments 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 loss is adjusted with the operating loss in the Consolidated Statement of Income.

4. Information about Impairment Loss for Non-Current Assets in Each Reporting Segment

For the fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

	Resort weddings	Hotels and domestic weddings	Total
Impairment loss	550	85	635

For the fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

	Resort weddings	Hotels and domestic weddings	Total
Impairment loss	538	—	538