Consolidated Financial Results for the Year Ended March 31, 2016 [J-GAAP]
Watabe Wedding Corporation

May 11, 2016

Stock code:	4696
URL:	http://www.watabe-wedding.co.jp
Shares listed:	Tokyo Stock Exchange
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Scheduled date of Ordinary General Meeting of Shareholders:	June 29, 2016
Scheduled date of start of dividend payment:	June 30, 2016
Scheduled date of the filing of securities report:	June 30, 2016
Preparation of supplementary briefing materials 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, 2015 and 2016

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	FY2014	**FY2015**	**Year on year**
	(millions of yen)		*(percentage change)*
(1) Consolidated financial results			
Net sales	44,214	43,882	-0.8
Operating income (loss)	(696)	146	—
Ordinary income (loss)	(411)	208	—
Profit (loss) attributable to owners of parent	(1,805)	46	—
Profit (loss), basic per share *(yen)*	(182.24)	4.74	
Profit (loss), diluted per share *(yen)*	—	—	
Return on equity (ROE) (%)	(15.8)	0.4	
Return on assets (ROA) (%)	(1.9)	1.0	
Operating income to sales (%)	(1.6)	0.3	
(2) Consolidated financial position			
Total assets	20,732	20,811	
Net assets	10,963	10,342	
Shareholders' equity ratio (%)	52.6	49.5	
Net assets per share *(yen)*	1,101.09	1,038.79	
(3) Consolidated cash flows			
Net cash provided by (used in) operating activities	558	1,679	
Net cash provided by (used in) investing activities	(1,489)	(380)	
Net cash provided by (used in) financing activities	(1,075)	(356)	
Cash and cash equivalents at end of period	4,497	5,307	

(Note)

Comprehensive income:	Year ended March 31, 2016: ¥(620) million (—%) Year ended March 31, 2015: ¥(960) million (—%)

(Reference)

Equity in earnings:	As of March 31, 2016: ¥0 million As of March 31, 2015: ¥(1) million
Shareholders' equity:	As of March 31, 2016: ¥10,293 million As of March 31, 2015: ¥10,910 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)*	*(%)*	*(%)*
FY2014	—	0.00	—	0.00	0.00	—	—	—
FY2015	—	0.00	—	5.00	5.00	49	105.5	0.5
FY2016 (Forecast)	—	—	—	—	—		—	

(Note) The Company has not yet determined forecasts for the 2Q-end and year-end dividends for fiscal 2016.

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2017

	FY2016	
	Six Months	Full year
	(millions of yen)	
Net sales	—	44,500
Operating income	—	300
Ordinary income	—	300
Profit attributable to owners of parent	—	100
Profit, basic per share *(yen)*	—	10.09

(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, 2016
  9,909,400 shares as of March 31, 2015
- (ii) Number of shares of treasury stock
  326 shares as of March 31, 2016
  326 shares as of March 31, 2015
- (iii) Average number of shares during the period
  9,909,074 shares in year ended March 31, 2016
  9,909,074 shares in year ended March 31, 2015

(Reference) Overview of Non-Consolidated Operating Results
Non-consolidated operating results for FY2015 (From April 1, 2015 to March 31, 2016)

	FY2014	**FY2015**	**Year on year**
	(millions of yen)		***(percentage change)***
(1) Non-consolidated financial results			
Net sales	16,197	15,640	-3.4
Operating income (loss)	(452)	(778)	—
Ordinary income	424	1,897	347.1
Profit (loss)	(897)	1,768	—
Profit (loss), basic per share *(yen)*	(90.54)	178.52	
Profit (loss), diluted per share *(yen)*	—	—	
(2) Non-consolidated financial position			
Total assets	14,299	14,639	
Net assets	6,842	8,165	
Shareholders' equity ratio (%)	47.9	55.8	
Net assets per share *(yen)*	690.54	824.01	

(Reference)
Shareholders' equity: As of March 31, 2016: ¥8,165 million
As of March 31, 2015: ¥6,842 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 2016 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 20, 2016.

○ Contents of the Attached Material

1. Operating Results and Financial Position

(1) Analysis of Operating Results

In fiscal 2015, ended March 31, 2016, although there were heightened expectations for the Japanese economy to recover centered around companies that reaped the benefits of a strong stock market and a weak yen, there was continued uncertainty due to factors such as the slowdown of the global economy, especially in emerging countries, and an increase in geopolitical risk.

In the wedding industry, the situation remains severe due to factors such as a decrease in the number of marriages along with the country's shrinking young population, as well as a drop in the wedding rate due to a diversification in people's sense of values and intensifying market competition owing to an increase in the number of wedding facilities.

In this business environment, the Watabe Wedding Group (the "Group") concluded a capital and business alliance agreement with Senshukai Co., Ltd., and Dears Brain, Inc. on July 24, 2015, with the aim of achieving conglomeratization, with involvement in multiple business categories in the wedding industry and those related to wedding content, as well as offshoot businesses related to the comprehensive lifestyle field.

In the resort weddings business segment, we worked on improving convenience for customers and expanding our market, opening the Utsunomiya and Nagano Salons, and the Kyoto Shijo Salon. We opened the "Luz de Amor Chapel" in November 2015. This chapel is located in Guam, which is a relatively easily accessible resort, where we aim to attract customers who wish to provide a sense of hospitality for their guests. Furthermore, in February 2016, we opened "The AKALA Chapel" in Hawaii's Waikiki region to expand our product lineup so that we can meet the needs of customers with a preference for Hawaii. However, we saw a year on year decrease in sales in the resort weddings business segment, due to increasing price competition accompanying generally intensifying market competition, and a decline in the number of wedding contracts, in addition to the depreciation of the yen.

Regarding the hotels and domestic weddings segment, we have enhanced our marketing, with the purpose of increasing the appeal of the brand value of Meguro Gajoen. In the wedding business, we worked to enhance our attractiveness to customers through promotions focused on the renovated banquet hall. Mielparque continued to have favorable results in the accommodation business, implementing measures to maintain a high occupancy rate and increase unit prices. Partly due to the effects of these measures, the hotels and domestic weddings segment saw a year on year increase in both sales and profits.

As a result of the above, consolidated results were as follows: Net sales settled at ¥43,882 million, down 0.8% year on year; operating income amounted to ¥146 million (compared with an operating loss of ¥696 million for the end of the previous fiscal year); ordinary income amounted to ¥208 million, (compared with an ordinary loss of ¥411 million for the end of the previous fiscal year); and profit attributable to owners of parent totaled ¥46 million (compared with a loss attributable to owners of parent of ¥1,805 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 2.1% year on year, to ¥17,616 million, as the number of wedding contracts decreased. Segment loss amounted to ¥201 million (compared with a segment loss of ¥245 million for the end of the previous fiscal year), due to the effect of yen depreciation, despite a reduction in wedding operation costs, etc.

2) Hotels and domestic weddings

Although the number of wedding contracts decreased, the banquet and accommodation businesses etc. were favorable, resulting in a 0.2% year on year increase in net sales to ¥26,266 million, and segment income of ¥318 million (compared with a segment loss of ¥487 million for the previous fiscal year).

Fiscal 2016 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, in addition to operating both "The AKALA Chapel" in Hawaii's Waikiki region, which opened last fiscal year, and "Luz de Amor Chapel" in Guam throughout the fiscal year, we will engage in product development with the aim of further expanding our product range. Furthermore, we will work to build strong business infrastructure and enhance our value appeal, in order to withstand intensifying market competition.

In the hotels and domestic weddings segment, we will refurbish the accommodation facilities at Meguro Gajoen and increase the number of guest rooms. By developing guest rooms throughout the facility with high added value that are unique to Meguro Gajoen, we aim to not only increase recognition of its function as a hotel, but also to increase profitability. With regard to Mielparque, we will work to increase accommodation unit prices, with a focus on Hotel Mielparque Tokyo and Hotel Mielparque Osaka, which were renovated in 2016. In addition, we are aggressively promoting these hotels as local hotels that are deeply rooted in the community in order to attract local businesses that wish to hold banquets and meetings etc.

Therefore, we expect to post the following consolidated results in fiscal 2016, ending March 31, 2017: net sales of ¥44,500 million, up 1.4% year on year; operating income of ¥300 million, up 104.1% year on year; ordinary income of ¥300 million, up 44.0% year on year; and profit attributable to owners of parent of ¥100 million, up 112.8% year on year.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

As of March 31, 2016, total assets stood at ¥20,811 million, up ¥78 million from a year earlier, owing to a ¥697 million increase in current assets due to an increase in cash and deposits etc., as well as a ¥629 million decrease in property, plant and equipment.

Total liabilities amounted to ¥10,468 million, as of March 31, 2016, up ¥698 million from a year earlier, with a ¥1,158 million increase in current liabilities, mainly due to a ¥300 million increase in current portion of long-term loans payable, as well as a ¥417 million increase in income taxes payable, and a ¥460 million decrease in non-current liabilities due to factors such as a decrease in long-term loans payable.

Total net assets stood at ¥10,342 million, down ¥620 million from a year earlier, mainly due to a decrease of ¥422 million in deferred gains or losses on hedges.

2) Cash Flow Analysis

Cash flows for the fiscal year under review highlight net cash of ¥1,679 million provided by operating activities, net cash of ¥380 million used in investing activities, and net cash of ¥356 million used in financing activities. Consequently, cash and cash equivalents (hereinafter, "cash") at the end of fiscal 2015 were ¥5,307 million, up ¥809 million from the beginning, or 18.0% from a year earlier.

Cash flows from operating activities

Cash provided by operating activities amounted to ¥1,679 million, up ¥1,121 million, or 201.0%, from fiscal 2014. The key components of this increase were income before income taxes and minority interests, at ¥107 million, depreciation, at ¥1,477 million, and foreign exchange gains of ¥220 million.

Cash flows from investing activities

Cash used in investing activities came to ¥380 million, down 74.5% from fiscal 2014. This primarily consists of the expenditure of ¥815 million for purchase of property, plant and equipment and ¥171 million for purchase of intangible assets.

Cash flows from financing activities

Cash used in financing activities were ¥356 million, down 66.8% from fiscal 2014. This mainly reflects the repayments of ¥325 million in long-term loans payable.

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

	50th fiscal year ended March 31, 2014	51st fiscal year ended March 31, 2015	52nd fiscal year ended March 31, 2016
Equity ratio (%)	50.3	52.6	49.5
Market value equity ratio (%)	28.4	24.2	21.0
Cash flows/interest-bearing debt ratio (years)	8.8	2.5	0.6
Interest coverage ratio (times)	19.5	46.2	246.3

* 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.

Based on this policy, we plan to implement a dividend of ¥5 per share in total consideration of factors such as being able to secure a certain level of profits in our consolidated results, as a result of efforts to restore performance throughout the Company.

Dividends for the fiscal year ending March 31, 2017 remain undecided.

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. As part of that, we concluded a capital and business alliance agreement with Senshukai Co., Ltd., and Dears Brain, Inc. in July, 2015, with the aim of transforming ourselves into a business that can provide wedding styles that meet the needs of our customers, by providing a complete wedding experience, rather than individual components. In this way, we hope to respond to the diversifying needs of our customers.

Through this capital and business alliance, we aim to develop platforms for the purpose of jointly leveraging Watabe Wedding's strengths, which are our domestic and overseas network, customer-attraction, and production functions. We aim to achieve increased scale and improved profitability through conglomeratization, with involvement in multiple business categories in the wedding industry and those related to wedding content, as well as offshoot businesses related to the comprehensive lifestyle field.

(4) Issues to Be Addressed

In the wedding market, the business environment has become increasingly hostile in recent years, due to factors such as the decrease in the number of marriages along with the country's shrinking young population and aging population, as well as a drop in the wedding rate due to a diversification in people's sense of values. In the resort weddings market, in addition to fluctuations in the exchange rate, geopolitical risks such as the threat of overseas terrorism have increased, causing circumstances to remain harsh.

In this business environment, the Group intends to make efforts in the following, based on the corporate philosophy of offering services that build family ties and create precious memories.

- As the number of marriages decreases, we are pursuing lifetime value for customers in order to maximize the revenue per couple. We will provide proposals to build family ties and create precious memories, not just in relation to the events surrounding the customers' weddings, but also seizing the opportunity to assist customers with all life events relating to their new families.
- With regard to the resort weddings business segment, we will create a corporate structure that is not easily affected by fluctuations in the exchange rate, and a strong sales system that presents the value of weddings to customers.
- With regard to the hotels and domestic weddings segment, we aim to increase the value of each brand and maximize profitability by enhancing our marketing.

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)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
ASSETS		
Current assets		
Cash and deposits	4,502	5,311
Accounts receivable-trade	1,626	1,636
Merchandise and finished goods	256	244
Work in process	23	15
Raw materials and supplies	471	463
Deferred tax assets	162	243
Other	1,634	1,447
Allowance for doubtful accounts	(46)	(33)
Total current assets	8,631	9,329
Non-current assets		
Property, plant and equipment		
Costume rental	1,139	1,122
Accumulated depreciation	(957)	(969)
Costume rental, net	181	152
Building and structures	10,803	10,946
Accumulated depreciation	(6,567)	(6,955)
Buildings and structures, net	4,236	3,990
Tools, furniture and fixtures	4,998	4,912
Accumulated depreciation	(3,993)	(4,034)
Tools, furniture and fixtures, net	1,004	878
Land	2,220	2,023
Construction in progress	16	0
Other	769	728
Accumulated depreciation	(589)	(563)
Other, net	180	165
Total property, plant and equipment	7,840	7,210
Intangible assets	640	573
Investments and other assets		
Investment securities	306	265
Deferred tax assets	274	567
Guarantee deposits	2,845	2,669
Other	225	198
Allowance for doubtful accounts	(31)	(3)
Total investments and other assets	3,619	3,697
Total non-current assets	12,100	11,481
Total assets	20,732	20,811

(Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
LIABILITIES		
Current liabilities		
Accounts payable-trade	1,532	1,433
Short-term loans payable	300	308
Current portion of long-term loans payable	325	625
Accounts payable-other	1,012	1,029
Income taxes payable	56	473
Deferred tax liabilities	189	25
Advances received	2,363	2,208
Provision for bonuses	383	508
Other	1,055	1,763
Total current liabilities	7,217	8,376
Non-current liabilities		
Long-term loans payable	750	125
Deferred tax liabilities	44	30
Deferred tax liabilities for land revaluation	10	9
Net defined benefit liability	870	1,011
Asset retirement obligations	579	586
Other	296	328
Total non-current liabilities	2,551	2,091
Total liabilities	9,769	10,468
NET ASSETS		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	2,473	2,504
Treasury shares	(0)	(0)
Total shareholders' equity	10,687	10,718
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92	68
Deferred gains or losses on hedges	162	(260)
Revaluation reserve for land	(920)	(903)
Foreign currency translation adjustment	800	655
Remeasurements of defined benefit plans	87	14
Total accumulated other comprehensive income	223	(425)
Non-controlling interests	52	49
Total net assets	10,963	10,342
Total liabilities and net assets	20,732	20,811

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Net sales	44,214	43,882
Cost of sales	15,575	15,154
Gross profit	28,638	28,727
Selling, general and administrative expenses		
Salaries, allowances and bonuses	10,180	10,094
Provision for bonuses	268	451
Retirement benefit expenses	240	177
Rent expenses	5,401	5,052
Other	13,243	12,804
Total selling, general and administrative expenses	29,335	28,580
Operating income (loss)	(696)	146
Non-operating income		
Rent income	62	35
Foreign exchange gains	195	—
Miscellaneous income	85	76
Total non-operating income	343	112
Non-operating expenses		
Interest expenses	11	6
Foreign exchange losses	—	23
Rent expenses	9	5
Miscellaneous loss	36	15
Total non-operating expenses	57	51
Ordinary income (loss)	(411)	208
Extraordinary income		
Gain on sales of non-current assets	15	44
Total extraordinary income	15	44
Extraordinary losses		
Loss on sales and retirement of non-current assets	33	19
Impairment loss	538	111
Loss on liquidation of facilities and stores	234	14
Other	16	—
Total extraordinary losses	823	145

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Income (loss) before income taxes and minority interests	(1,219)	107
Income taxes-current	183	520
Income taxes-deferred	392	(461)
Total income taxes	575	59
Profit (loss)	(1,795)	47
Profit attributable to non-controlling interests	10	0
Profit (loss) attributable to owners of parent	(1,805)	46

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Profit (loss)	(1,795)	47
Other comprehensive income		
Valuation difference on available-for-sale securities	57	(24)
Deferred gains or losses on hedges	152	(422)
Revaluation reserve for land	1	0
Foreign currency translation adjustment	382	(145)
Remeasurements of defined benefit plans	235	(72)
Share of other comprehensive income of entities accounted for using equity method	6	(3)
Total other comprehensive income	834	(667)
Comprehensive income	(960)	(620)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(975)	(617)
Comprehensive income attributable to non-controlling interests	14	(3)

(3) Consolidated Statement of Changes in Equity

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					
Loss attributable to owners of parent			(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

	Accumulated other comprehensive income						Non-controlling 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 accumulated 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								
Loss attributable to owners of parent								(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

FY2015 (From April 1, 2015 to March 31, 2016)

(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	2,473	(0)	10,687
Cumulative effects of changes in accounting policies					—
Restated balance	4,176	4,038	2,473	(0)	10,687
Changes of items during the period					
Profit attributable to owners of parent			46		46
Reversal of revaluation reserve for land			(15)		(15)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	31	—	31
Balance at the end of current period	4,176	4,038	2,504	(0)	10,718

	Accumulated other comprehensive income						Non-controlling 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 accumulated other comprehensive income		
Balance at the beginning of current period	92	162	(920)	800	87	223	52	10,963
Cumulative effects of changes in accounting policies								—
Restated balance	92	162	(920)	800	87	223	52	10,963
Changes of items during the period								
Profit attributable to owners of parent								46
Reversal of revaluation reserve for land								(15)
Net changes of items other than shareholders' equity	(24)	(422)	16	(145)	(72)	(648)	(3)	(651)
Total changes of items during the period	(24)	(422)	16	(145)	(72)	(648)	(3)	(620)
Balance at the end of current period	68	(260)	(903)	655	14	(425)	49	10,342

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(1,219)	107
Depreciation	1,635	1,477
Impairment loss	538	111
Increase (decrease) in provision for bonuses	(112)	128
Increase (decrease) in net defined benefit liability	140	57
Interest and dividend income	(9)	(6)
Interest expenses	11	6
Foreign exchange losses (gains)	38	220
Loss on liquidation of facilities and stores	234	14
Decrease (increase) in notes and accounts receivable-trade	175	(12)
Decrease (increase) in inventories	156	16
Increase (decrease) in notes and accounts payable-trade	(311)	(85)
Increase (decrease) in accounts payable-other	(295)	32
Increase (decrease) in advances received	14	(133)
Other, net	(209)	204
Subtotal	788	2,139
Interest and dividend income received	9	6
Interest expenses paid	(12)	(6)
Income taxes paid	(227)	(459)
Net cash provided by (used in) operating activities	558	1,679
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,207)	(815)
Proceeds from sales of property, plant and equipment	31	411
Purchase of intangible assets	(178)	(171)
Proceeds from collection of guarantee deposits	272	266
Payments for guarantee deposits	(222)	(109)
Other, net	(184)	37
Net cash provided by (used in) investing activities	(1,489)	(380)

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(400)	9
Repayments of long-term loans payable	(625)	(325)
Other, net	(50)	(40)
Net cash provided by (used in) financing activities	(1,075)	(356)
Effect of exchange rate change on cash and cash equivalents	240	(133)
Net increase (decrease) in cash and cash equivalents	(1,765)	809
Cash and cash equivalents at beginning of period	6,263	4,497
Cash and cash equivalents at end of period	4,497	5,307

(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, etc. 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, etc., 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

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.

FY2015 (From April 1, 2015 to March 31, 2016)

(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	17,616	26,266	43,882	—	43,882
Intersegment sales and transfers	6,443	81	6,525	(6,525)	—
Total	24,060	26,347	50,407	(6,525)	43,882
Segment income (loss)	(201)	318	116	30	146
Segment assets	18,342	5,237	23,580	(2,769)	20,811
Other items					
Depreciation	1,014	481	1,496	(18)	1,477
Investment in entities accounted for using equity method	47	—	47	—	47
Increases in property, plant and equipment and in intangible assets	729	508	1,238	—	1,238

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

(1) The ¥30 million adjustment of segment income (loss) is primarily due to elimination of intersegment transactions and elimination of unrealized income.

(2) The -¥2,769 million adjustments of segment assets is primarily due to elimination of intersegment transactions.

(3) The -¥18 million adjustment of depreciation is primarily due to elimination of unrealized income.

2. Segment income (loss) is adjusted with the operating income 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, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

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

For the fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Resort weddings	Hotels and domestic weddings	Total
Impairment loss	111	—	111