August 11, 2011

Best Bridal Inc.
Consolidated Earnings Report for the Six Months ended June 30, 2011 (Japanese GAAP)

Stock listing: Tokyo Stock Exchange (First Section)	Securities code: 2418
URL: http://www.bestbridal.co.jp/english/	
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Scheduled dates

Filing of statutory quarterly financial report (*sihanki hokokusho*):	August 12, 2011
Dividend payout:	September 5, 2011

Supplementary materials to quarterly financial results available:	Yes
Quarterly earnings presentation held:	Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for the Six Months ended June 30, 2011 (January 1, 2011 – June 30, 2011)

(1) Consolidated Operating Results (percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended June 30, 2011	18,673	8.7	1,882	(30.2)	1,852	(27.1)	551	(59.7)
Six months ended June 30, 2010	17,186	14.4	2,696	8.5	2,540	1.8	1,367	(2.5)

	Net income per share	Diluted net income per share
	yen	yen
Six months ended June 30, 2011	2,251.97	-
Six months ended June 30, 2010	16,764.52	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	¥
June 30, 2011	45,886	16,047	35.0	65,554.82
December 31, 2010	40,891	15,832	38.7	64,673.25

Reference: Shareholders' equity: June 30, 2011: 16,047 million yen
December 31, 2010: 15,832 million yen

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Annual total
	yen	yen	yen	yen	yen
Year ended December 31, 2010	-	2,500.00	—	1,700.00	4,200.00
Year ended December 31, 2011	-	1,000.00			
Forecast for Year ending December 31, 2011			—	1,000.00	2,000.00

Note: No revisions were made to dividend forecast during the three months ended June 30, 2011.

3. Earnings Forecast for the Fiscal Year ending December 31, 2011 (January 1, 2011 – December 31, 2011)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ended December 31, 2011	40,400	5.1	5,470	(24.3)	5,420	(22.0)	2,360	(37.5)	9,640.52

Note: No revisions were made to earnings forecast during the three months ended June 30, 2011.

4. Other Information

For details, see "Other Information" on pages 4-5 in the Accompanying Material.

(1) Changes affecting the consolidation status of significant subsidiaries during the period: Yes

Excluded: Best Hospitality Heart Inc.

*This refers to additions and removals of significant subsidiaries to and from the scope of consolidated results during the period.

(2) Use of simplified accounting methods and/or specific accounting methods: Yes

*This refers to the application of simplified accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements.

(3) Changes in accounting principles, procedures, and method of presentation, etc.

1) Changes in accordance with revisions to accounting standards etc.: Yes

2) Changes other than 1) above: None

*This refers to changes in accounting principles, procedures, and methods of presentation used in the preparation of quarterly consolidated financial statements.

(4) Shares issued (common stock)

	June 30, 2011	December 31, 2010
1) Number of shares issued at end of period (including treasury stock)	244,800	244,800
2) Number of shares held in treasury at end of period	—	—

	Six months ended June 30, 2011	Six months ended June 30, 2010
3) Average number of shares outstanding during the period	244,800	81,600

* Quarterly Review Status

This report is exempt from the review requirements of Japan’s Financial Instruments and Exchange Act. As of this report’s publication, a review of the consolidated quarterly financial statements in accordance with the Act had not been completed.

*Appropriate Use of Earnings Forecast and Other Important Information

• The above forecasts are based on information available as of this report’s publication. Actual results may differ from forecasts due to changes in the business environment. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "Earnings Forecasts" on page 3 in the Accompanying Materials.

Accompanying Material – Contents

1. Review of Consolidated Financial Results

(1) Operating Results

During the first half of the fiscal year ending December 31, 2011, the Japanese economy showed signs of recovery driven by rising exports to high-growth newly emerging economies, improvements in corporate earnings, and a recovery in consumer confidence. Economic trends turned severe, however, as a result of the significant damage caused by the Great East Japan Earthquake on March 11, 2011 along with the nuclear power plant accident that followed. With a decline in corporate manufacturing activity, a mood of self-restraint among consumers, and power shortages, the economy is expected to remain severe for the foreseeable future.

In this environment, the Best Bridal Group endeavored to increase sales and profitability by continually creating new value in the guest house and wedding business through high-quality, appealing outlets and services and proactive efforts to improve operational efficiency. The Great East Japan Earthquake severely impacted the Group's business, however, as the Sendai office and some offices in the Tokyo metropolitan area temporarily suspended operations and some customers cancelled or postponed weddings and receptions.

As a result of the above factors, though net sales for the first half the year increased 8.7% over the same period of the previous year to ¥18,673 million, operating income declined 30.2% year on year to ¥1,882 million and ordinary income declined 27.1% year on year to ¥1,852 million.

Net income declined 59.7% to ¥551 million, due mainly to a ¥446 million expense in the first quarter associated with the adoption of an accounting standard for asset retirement obligations.

The following are results by business segment.

1) Domestic Operations

During the first half, the addition of a new outlet which opened in the previous fiscal year and the newly consolidated Hospitality Network Corporation contributed to higher sales in the domestic business. On an existing-outlet basis, however, the number of weddings and orders declined due to the impact of the Great East Japan Earthquake.

As a result, net sales in the domestic business totaled ¥17,375 million, and the segment's operating income totaled ¥2,364 million.

2) Overseas Operations

In the first half, the number of weddings and orders both increased as the market exhibited a moderate recovery and the Group strengthened its sales foundation. The number of direct sales weddings decreased, however, due to the Great East Japan Earthquake, and consequently net sales in the overseas business declined.

Overseas business net sales totaled ¥1,297 million and operating income for the segment totaled ¥58 million.

Beginning with the first quarter of the current fiscal year, the Company has adopted an accounting standard for the disclosure of business segment information and guidance on the application of the standard.

(2) Financial Condition

1) Assets, Liabilities, and Net Assets

Assets at the end of the second quarter totaled ¥45,886 million, an increase of ¥4,995 million compared with the end of the previous fiscal year due mainly to an increase of ¥2,415 million in buildings and structures resulting from capital investments to improve offices, and increases of ¥1,698 million in lease and guarantee deposits and ¥1,113 million in goodwill associated with the consolidation of Hospitality Network Corporation.

Liabilities at the end of the second quarter totaled ¥29,839 million, an increase of ¥4,779 million from the end of the previous fiscal year. This is mainly due to the fact that although taxes payable declined by ¥1,472 million, long-term debt and bonds increased by ¥4,357 million as a result of the consolidation of Hospitality Network Corporation and expenditures to enhance the Omiya office. In addition, advances received increased by ¥886 million, and the recognition of asset retirement obligations increased liabilities by ¥1,052 million.

Net assets at the end of the second quarter totaled ¥16,047 million, an increase of ¥215 million compared with the end of the previous fiscal year. The increase was due mainly to the booking of ¥551 million in quarterly net income, which outweighed ¥416 million in dividends paid from retained earnings.

2) Cash Flow

Cash and cash equivalents ("cash") at the end of the second quarter increased by ¥91 million from the end of the previous fiscal year to ¥8,565 million. Cash flows and factors behind changes in the cash flows are explained below.

(Operating Cash Flow)

Cash generated from operating activities during the second quarter totaled ¥104 million, a decrease of 95.9% from the same period a year ago. The main factors were ¥1,364 million in income before income taxes, ¥1,213 million in depreciation expenses, an increase of ¥823 million in advances received, and a charge of ¥446 million associated with the adoption of an accounting standard for asset retirement obligations. Against these amounts were deducted ¥2,239 million in corporate taxes paid and a decline of ¥1,782 million in other liabilities.

(Investing Cash Flow)

Cash used in investing activities totaled ¥2,487 million, a decrease of 15.6% from the same period a year ago. There were outflows of ¥2,777 million for the purchase of property, plant, and equipment, and an inflow of ¥292 million due to a change in the scope of consolidation after the acquisition of stock in a subsidiary.

(Financing Cash Flow)

Cash provided by financing activities totaled ¥2,469 million, compared with ¥142 million in the same period of the previous year. There was a net increase of ¥2,887 million in interest-bearing debt (short-term loans, long-term loans, bonds), and an outflow of ¥413 million for the payment of dividends.

(3) Earnings Forecast

There is no change to the consolidated earnings forecast for the fiscal year ending December 31, 2011, which was announced on May 13, 2011. Actual results may differ from the current forecast as of the announcement date of these materials, due to changes in the economic environment surrounding Best Bridal and the Best Bridal Group, trends in the bridal market, changes in foreign exchange markets, and other factors.

2. Other Information
(1) Changes in Significant Subsidiaries
The dissolution and liquidation of Best Hospitality Heart Inc. was completed during the second quarter, and therefore the company is excluded from the scope of consolidation.

(2) Application of Simplified and/or Specific Accounting Methods
(Simplified accounting methods)
1) Calculation method for depreciation of fixed assets
Regarding assets for which the straight-line method is used, the time-proportional approach is used to calculate the depreciation expense for a given fiscal year.
2) Calculation method for deferred tax assets and deferred tax liabilities
Regarding judgments on the amount of recoverable deferred tax assets, the Company has determined that there have been no significant changes in the economic environment or emergence of temporary differences since the end of the previous fiscal year, and therefore the calculations are based on future earnings forecasts from the previous year and tax planning methods.

(Special accounting methods for the preparation of quarterly financial statements)
Calculation of Taxes
Regarding taxes, a reasonable estimate of the effective tax rate for the projected full-year pretax income for the current fiscal year, including the actual income figure for the first two quarters, has been arrived at using the tax-effect accounting method. This estimated effective tax rate has been used to calculate taxes against the first two quarter's income before taxes and minority interests. In cases where this estimated effective tax rate cannot be used, however, the statutory effective tax rate is used.
The income tax adjustment is included in income taxes.

(3) Changes in Accounting Principles, Procedures and Methods of Presentation, etc.
1) Changes due to revision of accounting standards
a. Application of accounting standard for asset retirement obligations
From the first quarter of the current fiscal year, the Company has applied the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No. 18, issued March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Guidance No. 21, issued March 31, 2008).
In accordance with this change, the second-quarter consolidated operating income and ordinary income both declined by ¥81 million and income before income taxes and minority interests declined ¥527 million. In addition, with the application of the standard, there is a ¥963 million change in the amount of asset retirement obligations.

b. Application of "Accounting Standard for Equity Method of Accounting for Investment" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"
From the first quarter of the current fiscal year, the Company has applied the "Accounting Standard for Equity Method of Accounting for Investment" (Accounting Standards Board of Japan Statement No. 16, issued March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (Accounting Standards Board of Japan Practical Issue Task Force No. 24, issued March 10, 2008).
This change has no impact on the profit and loss statement.

c. Application of "Accounting Standard for Business Combinations", etc.
From the first quarter of the current fiscal year, the Company has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21, issued December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 22, issued December 26, 2008), "Partial Amendment to Accounting Standard for Research and Development Costs" (Accounting Standards Board of Japan Statement No. 23, issued December 26, 2008), "Accounting Standard for Business Divestitures" (Accounting Standards Board of

Japan Statement No. 7, issued December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investment” (Accounting Standards Board of Japan Statement No. 16, issued March 10, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan Guidance No. 10, issued December 26, 2008).

2) Changes to Methods of Presentation

(Related to quarterly consolidated income statement)

In accordance with “Cabinet Office Ordinance Partially Revising Ordinance on Financial Statements” (Cabinet Office Ordinance No. 5, issued March 24, 2009), which was based on “Accounting Standard for Consolidated Financial Statements” (Accounting Standards Board of Japan Statement No.22, issued December 26, 2008), the Company has added the item “Income before minority interests” in its consolidated income statement from the second quarter of the current consolidated fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	June 30, 2011	December 31, 2010
	Amount	Amount
Assets		
Current assets		
Cash and deposits	8,673	8,581
Accounts receivable - trade	254	317
Merchandise	55	92
Raw materials and supplies	334	384
Other	1,173	1,083
Allowance for doubtful receivables	(22)	(12)
Total current assets	10,468	10,448
Fixed assets		
Tangible assets		
Buildings and structures, net	17,557	15,141
Land	4,566	4,563
Other, net	1,123	1,227
Total fixed assets	23,247	20,932
Intangible assets		
Goodwill	1,178	—
Other	171	175
Total intangible assets	1,350	175
Investments and other assets		
Lease and guarantee deposits	5,710	4,011
Other	5,063	5,309
Total investments and other assets	10,773	9,320
Total fixed assets	35,371	30,429
Deferred assets	47	14
Total assets	45,886	40,891

	June 30, 2011	December 31, 2010
	(millions of yen)	
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	1,685	1,733
Short-term debt	10	—
Current portion of long-term debt	3,520	2,789
Current portion of bonds	640	356
Income taxes payable	736	2,164
Advances received	2,083	1,196
Provision for loss on cancellation of rental contract	52	52
Provision for shop closing expenses	—	9
Other	1,698	1,803
Total current liabilities	10,427	10,105
Fixed liabilities		
Bonds	2,522	984
Long-term debt	13,437	11,643
Provision for employees' retirement benefits	232	83
Provision for directors' retirement benefits	360	344
Provision for loss on cancellation of rental contract	178	205
Asset retirement obligations	1,052	—
Other	1,627	1,693
Total fixed liabilities	19,411	14,954
Total liabilities	29,839	25,059
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	15,074	14,939
Total shareholders' equity	16,181	16,046
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities	1	(4)
Deferred gain (loss) on derivatives under hedge accounting	(6)	(60)
Foreign currency translation adjustments	(129)	(149)
Total valuation and translation adjustments	(133)	(214)
Total net assets	16,047	15,832
Total liabilities and net assets	45,886	40,891

(2) Consolidated Statements of Income

(millions of yen)

	Six months ended June 30, 2010 Amount	Six months ended June 30, 2011 Amount
Net sales	17,186	18,673
Cost of sales	11,141	12,989
Gross profit	6,045	5,683
Selling, general and administrative expenses	3,348	3,801
Operating income	2,696	1,882
Non-operating income		
Interest income	26	20
Gain on investments in silent partnership	57	58
Equity in earnings of affiliates	17	13
Subsidy income	—	49
Other	23	36
Total non-operating income	123	179
Non-operating expenses		
Interest expenses	160	171
Foreign exchange loss	112	8
Other	6	29
Total non-operating expenses	279	209
Ordinary income	2,540	1,852
Extraordinary income		
Gain on sales of fixed assets	0	—
Gain on sales of business	—	47
Reversal of provision for employees' retirement benefits	—	11
Reversal of provision for shop closing expenses	—	3
Total extraordinary income	0	62
Extraordinary loss		
Loss on shop closing	9	—
Loss on disposal of fixed assets	24	7
Effect of adoption of new accounting standards for asset retirement obligations	—	446
Loss on phased acquisition	—	96
Total extraordinary loss	33	550
Income before income taxes and minority interests	2,507	1,364
Income taxes	1,139	813
Income before minority interests	—	551
Minority interests in net earnings	0	—
Net income	1,367	551

(3) Consolidated Statements of Cash flows

(millions of yen)

	Six months ended June 30, 2010	Six months ended June 30, 2011
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	2,507	1,364
Depreciation and amortization	1,106	1,213
Effect of adoption of new accounting standards for asset retirement obligations	—	446
Amortization of goodwill	—	40
Amortization of bonds issuance expenses	1	3
Loss on disposal of fixed assets	24	7
(Gain) loss on phased acquisition	—	96
(Gain) loss on sales of business	—	(47)
Increase (decrease) in allowance for doubtful receivables	(0)	5
Increase (decrease) in provision for employees' retirement benefits	12	(16)
Increase (decrease) in provision for directors' retirement benefits	129	15
Increase (decrease) in provision for loss on cancellation of rental contract	(26)	(26)
Interest and dividend income	(26)	(28)
Interest expenses	160	171
Foreign exchange (gain) loss	112	(19)
Equity in (earnings) losses of affiliates	(17)	(13)
(Gain) loss on investments in silent partnership	(57)	(58)
(Increase) decrease in notes and accounts receivable - trade	(196)	44
(Increase) decrease in inventories	(58)	124
Increase (decrease) in notes and accounts payable - trade	203	(158)
Increase (decrease) in advances received	750	823
Increase (decrease) in other liabilities	155	(1,782)
Other- net	(119)	284
Sub total	4,661	2,491
Interest and dividends received	12	24
Interest paid	(163)	(171)
Income taxes paid	(1,951)	(2,239)
Net cash provided by (used in) operating activities	2,559	104
Cash flows from investing activities		
Purchase of tangible assets	(1,789)	(2,777)
Purchase of intangible assets	(6)	(37)
Purchase of investment securities	(499)	—

Proceeds from sales of investment securities	—	105
Acquisition of cash owned by newly consolidated subsidiaries	—	292
Acquisition of affiliate's shares	(200)	—
Loans receivable	(122)	(54)
Collection of loans receivable	202	48
Lease and guarantee deposits	(542)	(146)
Collection of lease and guarantee deposits	—	64
Other- net	10	17
Net cash provided by (used in) investing activities	(2,946)	(2,487)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	(300)	(484)
Proceeds from long-term debt	1,396	3,620
Repayments of long-term debt	(1,096)	(2,033)
Proceeds from issuance of bonds	490	1,963
Payments for redemption of bonds	(168)	(178)
Payments received from minority shareholders	25	—
Dividends paid to shareholders	(203)	(413)
Other – net	—	(5)
Net cash provided by (used in) financing activities	142	2,469
Foreign currency translation adjustments on cash and cash equivalents	(42)	5
Net increase (decrease) in cash and cash equivalents	(286)	91
Cash and cash equivalents, beginning of period	7,825	8,473
Cash and cash equivalents, end of period	7,539	8,565

(4) Note on the Going-concern Assumption

Not applicable

(5) Segment Information

1. Overview of reportable segment

The Best Bridal Group's reportable segments are components of the Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.
The Group's operations are classified into two reportable segments: the domestic operations segment that provides services such as planning and operation related to wedding ceremonies and banquets in Japan and the overseas operations segment that conducts weddings abroad.
Domestic operations comprises store management in Japan and sales to customers, provision of food, drink, and other services at wedding banquets, dress rental and beauty care services, as well as the management of hotel weddings and provision of hotel accommodation services. Overseas operations consist mainly of the management of wedding venues and operation of weddings in Hawaii and Bali, Indonesia for customers who booked through the Group's sales salons in Japan. The segment also subleases wedding facilities to an affiliate in South Korea.

2. Sales and income/loss by reportable segment

Six months ended June 30, 2011 (January 1 to June 30, 2011)

(millions of yen)

	Reportable segment				
	Domestic operations	Overseas operations	Total	Adjustments (note 1)	Amount recorded on consolidated statements of income (note 2)
Net sales					
Sales to outside customers	17,375	1,297	18,673	—	18,673
Inter-segment sales and transfers	2	7	10	(10)	—
Total	17,378	1,305	18,683	(10)	18,673
Segment income (loss)	2,364	58	2,422	(540)	1,882

Note: 1. The minus 540 million yen adjustment for segment income includes 8 million yen elimination of inter-segment sales and 548 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is SG&A expenses that are not attributable to reportable segments.
2. Segment income adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

3. Impairment loss on fixed assets or goodwill by reportable segment

Not applicable

Additional information

Effective the first quarter of the fiscal year ending December 31, 2011, the Company adopted the *Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information* (ASBJ Statement No. 17, revised March 27, 2009) and its accompanying *Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information* (Guidance No. 20, March 21, 2008).

(6) Note on Significant Changes in the Amount of Shareholders' Equity

Not applicable