November 9, 2011

Best Bridal Inc.
Consolidated Earnings Report for the Nine Months ended September 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*):	November 14, 2011
Dividend payout:	-

Supplementary materials to quarterly financial results available:	No
Quarterly earnings presentation held:	No

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for the Nine Months ended September 30, 2011 (January 1, 2011 – September 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	%
Nine months ended September 30, 2011	28,390	6.3	2,958	(31.4)	2,804	(31.8)	919	(58.9)
Nine months ended September 30, 2010	26,699	20.1	4,314	29.5	4,113	26.7	2,236	23.3

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended September 30, 2011	3,755.11	-
Nine months ended September 30, 2010	27,407.71	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
September 30, 2011	46,748	16,072	34.4	65,657.32
December 31, 2010	40,891	15,832	38.7	64,673.25

Reference: Shareholders' equity: September 30, 2011: 16,072 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 ending 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 September 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 ending 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 September 30, 2011.

4. Other Information

For details, see “Other Information” on page 4 in the Accompanying Material.

(1) Changes affecting the consolidation status of significant subsidiaries during the period: No

*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 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 preparation of quarterly consolidated financial statements.

(4) Shares issued (common stock)

	September 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	—	—

	Nine months ended September 30, 2011	Nine months ended September 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 Forecast" on page 3 in the Accompanying Materials.

Accompanying Material – Contents

1. Review of Consolidated Financial Results

(1) Operating Results

During the first nine months of the fiscal year ending December 31, 2011, the Japanese economy was significantly impacted by the earthquake of March 11, 2011, which occurred in midst of a general recovery trend. After a severe decline in economic activity following the earthquake, the economy began to show signs of gradual recovery. The future course of the economy became uncertain, however, due to the risk of long-term power shortages, a sovereign debt crisis in Europe, concerns of a slowdown in the U.S. economy, and protracted yen appreciation.

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 nine months of the year increased 6.3% over the same period of the previous year to ¥28,390 million, operating income declined 31.4% year on year to ¥2,958 million and ordinary income declined 31.8% year on year to ¥2,804 million.

Net income declined 58.9% to ¥919 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 nine months, 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 for the first nine months totaled ¥26,390 million, and the segment's operating income totaled ¥3,658 million.

2) Overseas Operations

In the nine-month period, the number of weddings increased over the same period a year ago as the overall market recovered moderately and the Group strengthened its sales foundation. Net sales declined slightly, however, due to the impact of yen appreciation on wedding package prices.

Overseas business net sales totaled ¥1,999 million and operating income for the segment totaled ¥95 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 third quarter totaled ¥46,748 million, an increase of ¥5,856 million compared with the end of the previous fiscal year due mainly to increases of ¥1,410 million in cash and cash equivalents, ¥2,050 million in buildings and structures resulting from capital investments to improve offices, and increases of ¥1,664 million in lease and guarantee deposits and ¥1,132 million in goodwill associated with the consolidation of Hospitality Network Corporation.

Liabilities at the end of the third quarter totaled ¥30,675 million, an increase of ¥5,615 million from the end of the previous fiscal year. This is mainly due to the fact that although taxes payable declined by ¥1,655 million, long-term debt and bonds increased by ¥4,236 million as a result of the consolidation of Hospitality Network Corporation and expenditures to enhance the Omiya office. In addition, advances received increased by ¥1,724 million, and recognition of asset retirement obligations increased liabilities by ¥1,056 million.

Net assets at the end of the third quarter totaled ¥16,072 million, an increase of ¥240 million compared with the end of the previous fiscal year. The increase was due mainly to the booking of ¥919 million in quarterly net income, which outweighed ¥660 million in dividends paid from retained earnings.

2) Cash Flow

Cash and cash equivalents ("cash") at the end of the third quarter increased by ¥1,410 million from the end of the previous fiscal year to ¥9,883 million. Cash flows and factors behind changes in the cash flows are explained below.

(Operating Cash Flow)

Cash generated from operating activities during the nine-month period totaled ¥2,231 million, a decrease of 49.2% from the same period a year ago. The main factors were ¥2,317 million in income before income taxes, ¥1,867 million in depreciation expenses, an increase of ¥1,664 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 ¥3,051 million in corporate taxes paid and a decline of ¥1,685 million in other liabilities.

(Investing Cash Flow)

Cash used in investing activities totaled ¥2,886 million, a decrease of 17.3% from the same period a year ago. There were outflows of ¥2,980 million for the purchase of property, plant, and equipment, and an inflow of ¥292 million in proceeds from purchase of stocks of subsidiaries resulting in changes in scope of consolidation.

(Financing Cash Flow)

Cash provided by financing activities totaled ¥2,101 million, compared with ¥416 million in the same period of the previous year. There was a net increase of ¥2,766 million in interest-bearing debt (short-term loans, long-term loans, bonds), and an outflow of ¥657 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

Not applicable

(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.

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 treatments 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 Rules, Procedures and Indication Methods

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, consolidated operating income and ordinary income for the nine months ended September 30, 2011 both declined by ¥125 million and income before income taxes and minority interests declined ¥572 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 for the first three quarters of the current consolidated fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	September 30, 2011 Amount	December 31, 2010 Amount
Assets		
Current assets		
Cash and deposits	9,992	8,581
Accounts receivable - trade	281	317
Merchandise	54	92
Raw materials and supplies	340	384
Other	1,129	1,083
Allowance for doubtful receivables	(24)	(12)
Total current assets	11,774	10,448
Fixed assets		
Tangible assets		
Buildings and structures, net	17,192	15,141
Land	4,560	4,563
Other, net	1,032	1,227
Total fixed assets	22,786	20,932
Intangible assets		
Goodwill	1,148	—
Other	173	175
Total intangible assets	1,321	175
Investments and other assets		
Lease and guarantee deposits	5,675	4,011
Other	5,145	5,309
Total investments and other assets	10,821	9,320
Total fixed assets	34,929	30,429
Deferred assets	44	14
Total assets	46,748	40,891

(millions of yen)

	September 30, 2011	December 31, 2010
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	1,849	1,733
Short-term debt	530	—
Current portion of long-term debt	3,480	2,789
Current portion of bonds	640	356
Income taxes payable	508	2,164
Advances received	2,921	1,196
Provision for loss on cancellation of rental contract	52	52
Provision for shop closing expenses	—	9
Other	1,916	1,803
Total current liabilities	11,899	10,105
Fixed liabilities		
Bonds	2,252	984
Long-term debt	13,106	11,643
Provision for employees' retirement benefits	227	83
Provision for directors' retirement benefits	367	344
Provision for loss on cancellation of rental contract	165	205
Asset retirement obligations	1,056	—
Other	1,600	1,693
Total fixed liabilities	18,775	14,954
Total liabilities	30,675	25,059
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	15,198	14,939
Total shareholders' equity	16,304	16,046
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities	(28)	(4)
Deferred gain (loss) on derivatives under hedge accounting	(19)	(60)
Foreign currency translation adjustments	(183)	(149)
Total valuation and translation adjustments	(231)	(214)
Total net assets	16,072	15,832
Total liabilities and net assets	46,748	40,891

(2) Consolidated Statements of Income

(millions of yen)

	Nine months ended September 30, 2010	Nine months ended September 30, 2011
	Amount	Amount
Net sales	26,699	28,390
Cost of sales	17,377	19,673
Gross profit	9,321	8,716
Selling, general and administrative expenses	5,007	5,758
Operating income	4,314	2,958
Non-operating income		
Interest income	41	31
Gain on investments in silent partnership	122	125
Equity in earnings of affiliates	6	10
Other	29	104
Total non-operating income	199	272
Non-operating expenses		
Interest expenses	240	265
Foreign exchange loss	150	129
Other	9	31
Total non-operating expenses	400	426
Ordinary income	4,113	2,804
Extraordinary income		
Gain on sales of fixed assets	0	1
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	64
Extraordinary loss		
Loss on shop closing	9	—
Loss on disposal of fixed assets	25	8
Effect of adoption of new accounting standards for asset retirement obligations	—	446
Loss on phased acquisition	—	96
Total extraordinary loss	34	551
Income before income taxes and minority interests	4,080	2,317
Income taxes	1,868	1,398
Income before minority interests	—	919
Minority interests in net earnings (loss)	(25)	—
Net income	2,236	919

(3) Consolidated Statements of Cash flows

(millions of yen)

	Nine months ended September 30, 2010	Nine months ended September 30, 2011
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	4,080	2,317
Depreciation and amortization	1,719	1,867
Effect of adoption of new accounting standards for asset retirement obligations	—	446
Amortization of goodwill	—	70
Amortization of bonds issuance expenses	2	6
Loss on disposal of fixed assets	25	8
(Gain) loss on phased acquisition	—	96
(Gain) loss on sales of business	—	(47)
Increase (decrease) in allowance for doubtful receivables	0	7
Increase (decrease) in provision for employees' retirement benefits	13	(21)
Increase (decrease) in provision for directors' retirement benefits	135	23
Increase (decrease) in provision for loss on cancellation of rental contract	(39)	(39)
Interest and dividend income	(42)	(41)
Interest expenses	240	265
Foreign exchange (gain) loss	147	95
Equity in (earnings) losses of affiliates	(6)	(10)
(Gain) loss on investments in silent partnership	(122)	(125)
(Increase) decrease in notes and accounts receivable - trade	(153)	12
(Increase) decrease in inventories	(87)	118
Increase (decrease) in notes and accounts payable - trade	346	8
Increase (decrease) in advances received	1,415	1,664
Increase (decrease) in other liabilities	222	(1,685)
Other- net	(51)	483
Sub total	7,847	5,520
Interest and dividends received	19	25
Interest paid	(244)	(263)
Income taxes paid	(3,231)	(3,051)
Net cash provided by (used in) operating activities	4,390	2,231
Cash flows from investing activities		
Purchase of tangible assets	(2,149)	(2,980)
Purchase of intangible assets	(8)	(65)

Purchase of investment securities	(600)	(101)
Proceeds from sales of investment securities	—	116
Acquisition of affiliate's shares	(200)	—
Proceeds from purchase of stocks of subsidiaries resulting in changes in scope of consolidation	—	292
Loans receivable	(141)	(104)
Collection of loans receivable	203	51
Lease and guarantee deposits	(627)	(188)
Collection of lease and guarantee deposits	—	90
Other- net	32	3
Net cash provided by (used in) investing activities	(3,490)	(2,886)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	230	36
Proceeds from long-term debt	1,396	4,120
Repayments of long-term debt	(1,775)	(2,904)
Proceeds from issuance of bonds	490	1,963
Payments for redemption of bonds	(376)	(448)
Payments received from minority shareholders	25	—
Dividends paid to shareholders	(406)	(657)
Other – net	—	(7)
Net cash provided by (used in) financing activities	(416)	2,101
Foreign currency translation adjustments on cash and cash equivalents	(172)	(36)
Net increase (decrease) in cash and cash equivalents	411	1,410
Cash and cash equivalents, beginning of period	7,825	8,473
Cash and cash equivalents, end of period	8,236	9,883
Cash and cash equivalents, end of period	8,236	9,883

(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

Nine months ended September 30, 2011 (January 1 to September 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	26,390	1,999	28,390	—	28,390
Inter-segment sales and transfers	5	10	15	(15)	—
Total	26,395	2,009	28,405	(15)	28,390
Segment income (loss)	3,658	95	3,753	(795)	2,958

Note: 1. The minus 795 million yen adjustment for segment income includes 12 million yen elimination of inter-segment sales and minus 807 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

Third quarter ended September 30, 2011 (July 1 to September 30, 2011)

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