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February 14, 2014

Best Bridal Inc.
Consolidated Earnings Report for the Fiscal Year ended December 31, 2013 (Japanese GAAP)

Stock listing: Tokyo Stock Exchange (First Section) Securities code: 2418

URL: http://www.bestbridal.co.jp/english/

Representative: Masayuki Tsukada, President and CEO

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Scheduled dates:

Annual general meeting of shareholders: March 28, 2014

Filing of statutory year-end financial report: March 28, 2014

Dividend payout: March 31, 2014

Supplementary materials to year-end financial results available: Yes

Year-end earnings presentation held: Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for the Fiscal Year ended December 31, 2013 (January 1, 2013 – December 31, 2013)

(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	%
Year ended December 31, 2013	47,426	6.6	6,856	5.2	7,129	7.9	4,236	29.6
Year ended December 31, 2012	44,494	6.6	6,519	1.9	6,610	6.2	3,270	22.5

Note: Comprehensive income: Year ended December 31, 2013: 4,465 million yen (28.3 %)
Year ended December 31, 2012: 3,479 million yen (31.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Year ended December 31, 2013	86.62	83.75	18.6	13.9	14.5
Year ended December 31, 2012	66.79	-	16.9	13.8	14.7

Reference: Investment gains/losses on equity-method: Year ended December 31, 2013 - million yen
Year ended December 31, 2012: 3 million yen

Note: Effective July 1, 2013, the Company conducted a 1:200 common stock split. Net income per share was calculated assuming that the stock split was effected at the beginning of the fiscal year ended December 31, 2012.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2013	53,968	24,668	45.7	505.21
December 31, 2012	48,381	20,815	43.0	425.15

Reference: Total equity: December 31, 2013: 24,668 million yen
December 31, 2012: 20,815 million yen

Total equity=Shareholders' equity plus total accumulated other comprehensive income.

Note: Effective July 1, 2013, the Company conducted a 1:200 common stock split. Net assets per share was calculated assuming that the stock split was effected at the beginning of the fiscal year ended December 31, 2012.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended December 31, 2013	6,022	(5,457)	1,897	13,758
Year ended December 31, 2012	5,223	(2,409)	(2,198)	11,205

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Rate of total dividend to net assets (consolidated)
	End-Q1	End-Q2	End-Q3	Year-end	Annual total			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended December 31, 2012	-	1,000.00	-	1,000.00	2,000.00	489	15.0	2.5
Year ended December 31, 2013	-	1,000.00	-	5.00	-	488	11.5	2.2
Year ending December 31, 2014 (Forecast)	-	5.00	-	5.00	10.00		-	

Notes: 1. Effective July 1, 2013, the Company conducted a 1:200 common stock split. The per share dividend for the fiscal year ended December 31, 2012 shows the amount of the actual dividend distributed before the stock split. The dividend payout ratio (consolidated) and the rate of total dividend to net assets (consolidated) for the fiscal year ended December 31, 2013 reflect the stock split.

2. Without adjusting for the stock split, the year-end per share dividend for the fiscal year ended December 31, 2013 would be 1,000 yen, which would result in an annual dividend of 2,000 yen.

3. Earnings Forecast for the Fiscal Year ending December 31, 2014 (January 1, 2014 – December 31, 2014)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Six months ending June 30, 2014	23,160	4.0	1,600	(38.4)	1,600	(40.4)
Year ending December 31, 2014	52,650	11.0	7,250	5.7	7,250	1.7

Note: As announced on February 14, 2014, the Company will move to a holding company structure on July 1, 2014. Forecasts of net income and net income per share for the fiscal year ending December 31, 2014 are therefore not presented herein because these are difficult to be reliably estimated at this point.

*Notes

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

Newly consolidated: Best Global, Inc.

Note: For details, please refer to "(5) Notes to the Financial Statements (Basis for Preparation of Consolidated Financial Statements)" in section "3. Consolidated Financial Statements" on page 22 in the accompanying materials.

(2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

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

2) Changes other than noted in 1) above: None

3) Changes in accounting estimates: Yes

4) Retrospective restatement: None

Note: This relates to "Changes in accounting policies that are difficult to distinguish from changes in accounting estimates" and "Notes to changes in accounting estimates" stipulated in Article 14-7 and Article 14-6, respectively, of the Ordinance on Terminology, Forms and Preparation of Consolidated Financial Statements. For details, please refer to "(5) Notes to the Financial Statements (Changes in Accounting Policy) and (Changes in Accounting Estimates)" in section "3. Consolidated Financial Statements" on page 25 in the accompanying materials.

(3) Shares issued (common stock)

	December 31, 2013	December 31, 2012
1) Number of shares issued at end of period (including treasury stock)	48,960,000	48,960,000
2) Number of shares held in treasury at end of period	131,512	-
	Year ended December 31, 2013	Year ended December 31, 2012
3) Average number of shares outstanding during the period	48,916,035	48,960,000

Effective July 1, 2013, the Company conducted a 1:200 common stock split. The number of shares issued at end of period (common stock) was calculated assuming that the stock split was effected at the beginning of the fiscal year ended December 31, 2012.

*** Audit Status**

As of this report publication, an audit of the consolidated financial statements in accordance with Japan's Financial Instruments and Exchange Act is underway.

***Appropriate Use of Earnings Forecast and Other Important Information**

(Cautionary note on forward-looking statements)

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 "(1) Operating Results" in "1. Review of Consolidated Financial Results" on page 5 in the accompanying materials.

(Presentation handout materials)

The Company has scheduled an earnings presentation targeted at institutional investors and analysts on February 18, 2014.

The presentation handout materials will be posted on the Company's website immediately after the event.

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1. Review of Consolidated Financial Results

(1) Operating Results

1) Results for Fiscal 2013

In the fiscal year ended December 31, 2013, the Japanese economy showed signs of a self-sustaining recovery owing to yen depreciation, a rebound in stock prices, and an upturn in personal consumption fueled by the government's economic stimulus measures and the Bank of Japan's monetary easing policy. Overall, however, the economic outlook remained uncertain due to rising electric power and raw materials costs, as well as concerns about a possible downturn in overseas economies.

Regarding the bridal market in which the Best Bridal Group operates, the number of weddings in Japan in 2013 was estimated at 663,000 (compared with 668,869 in 2012; both figures from the Ministry of Health, Labour and Welfare). Although Japan's declining birthrate is gradually having a discernible impact, the size of Japan's wedding market remains generally firm due to the moderate rise in wedding expenditures.

In this environment, the Best Bridal Group endeavored to increase sales and profitability by continually creating new value in the bridal market through high-quality, appealing outlets and high value-added services, and by accurately responding to customers' more individualized and diversifying needs.

As a result of the above factors, the Group posted net sales of ¥47,426 million in the fiscal year, an increase of 6.6% over the previous fiscal year. Operating income totaled ¥6,856 million, a year-on-year increase of 5.2%, ordinary income amounted to ¥7,129 million, up 7.9% year on year, and net income totaled ¥4,236 million, up 29.6% year on year.

Results for each business segment were as follows.

a. Domestic operations

The completion of renovations at Hotel InterContinental Tokyo Bay and the successful start of such new businesses as budget weddings and family weddings contributed to higher sales in the Group's domestic operations in the year. The sales increase was also supported by steady growth in the number of weddings held at existing outlets.

As a result, net sales in the domestic business totaled ¥44,531 million, a year-on-year increase of 7.0%, and segment income totaled ¥8,108 million, up 5.9% year on year.

b. Overseas operations

The number of weddings held and orders placed in the year was largely unchanged versus the previous fiscal year despite a moderate recovery in overall market conditions.

As a result, net sales in the overseas business totaled ¥2,894 million, a year-on-year increase of 1.2%, while segment income declined 68.2% year on year to ¥69 million.

2) Earnings Forecast for Fiscal Year Ending December 31, 2014

Regarding the economic environment in which the Best Bridal Group operates, the economic outlook is expected to remain uncertain despite the benefits of economic stimulus measures and a moderate improvement in corporate earnings in Japan.

The Best Bridal Group will actively develop competitive products and strive to continually create new value. The Group will also aim to strengthen its cost-competitiveness and enhance profitability through efficient outlet development and the cultivation of its human resources.

The order backlog at the end of the fiscal year under review (December 31, 2013) was 7,217, a decline of 5.3% compared with the previous fiscal year. For the fiscal year ending December 31, 2014, the Group forecasts consolidated net sales of ¥52,650 million, operating income of ¥7,250 million, and ordinary income of ¥7,250 million.

(2) Financial Condition

1) Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal year (December 31, 2013) amounted to ¥53,968 million, an increase of ¥5,586 million from the end of the previous fiscal year (December 31, 2012). This was largely the result of increases of ¥5,000 million in marketable securities, ¥2,101 in other current assets stemming from advance payments for business acquisition, ¥1,106 million in investments securities, which outweighed a decline of ¥2,447 million in cash and deposits.

Liabilities at the end of year totaled ¥29,300 million, an increase of ¥1,733 million compared with the end of the previous fiscal year. This was mainly due to the ¥5,000 million issuance of convertible bonds, which outweighed the net decrease of ¥2,364 million in debt and bonds.

Net assets at the end of the year totaled ¥24,668 million, an increase of ¥3,853 million from the end of the previous fiscal year. This was mainly due to the booking of ¥4,236 million in net income for the year, which outweighed ¥88 million in acquisition of treasury stock and ¥489 million in dividends paid from retained earnings.

2) Cash flow

Cash and cash equivalents ("cash") at the end of the fiscal year increased by ¥2,553 million from the end of the previous fiscal year to ¥13,758 million. Cash flows and factors behind changes in the cash flows are explained below.

(Operating cash flow)

Cash provided by operating activities during the fiscal year totaled ¥6,022 million, an increase of 15.3% from the previous fiscal year. Among the main factors were ¥7,132 million in income before income taxes and minority interest and ¥2,653 million in depreciation expenses, the sum of which was partially offset by ¥3,409 million in income taxes paid.

(Investing cash flow)

Cash used in investing activities totaled ¥5,457 million, an increase of 126.5% from the same period a year ago. This was mainly the result of outflows of ¥1,938 million for the purchase of tangible assets, ¥1,710 million for advance payments for business acquisition, ¥918 million for the purchase of investment securities, and ¥509 million in lease and guarantee deposits.

(Financing cash flow)

Cash provided by financing activities in the fiscal year totaled ¥1,897 million, compared with ¥2,198 million in cash used in the previous fiscal year. This was mainly attributable to inflows from the issuance of ¥4,966 million in convertible bonds, which was partially offset by a net decrease of ¥2,478 million in debt and bonds, ¥489 million for the payment of dividends, and ¥90 million for the acquisition of treasury stock.

The following are changes in cash flow indices for consolidated results.

	FY2010	FY2011	FY2012	FY2013
Equity ratio (%)	38.7	37.6	43.0	45.7
Equity ratio based on market value (%)	46.1	36.1	39.9	60.2
Cash flow to interest-bearing debt (years)	2.5	3.5	3.2	3.2
Interest coverage ratio (times)	19.6	14.9	16.7	23.4

Notes:

Equity ratio: Equity/Total assets

Equity ratio based on market value: Market valuation/Total assets

Cash flow to interest-bearing debt: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest expenses

1. All indicators are calculated based on consolidated figures.

2. The figure for operating cash flow is taken from the consolidated statements of cash flows. Interest-bearing debt includes all liabilities recorded on the consolidated balance

sheets on which interest is paid. The figure for interest expenses is taken from the consolidated statements of cash flows.

(3) Basic Policy on Profit Distribution, Dividends for Fiscal 2013, and Dividend Forecast for Fiscal 2014

Best Bridal ("the Company") considers the return of profits to shareholders to be an important management issue. The Company uses profits to strengthen the management base, and returns profits to shareholders in a flexible manner based on the annual operating results after making a comprehensive analysis of the financial condition and profit levels, and ensuring ample internal reserves.

With regard to dividends for fiscal 2013, the Company conducted a 1:200 common stock split on July 1, 2013. When calculating the dividend on a pre-split basis, the dividend is equivalent to ¥1,000 per share. The Company paid an interim dividend of ¥1,000 per share in August 2013, and therefore the annual per-share dividend is ¥1,005 (equivalent to an annual dividend of ¥2,000 per share prior to the stock split).

The Company plans to make an annual dividend payment of ¥10 per share (including an interim payment of ¥5 a share) for the year ending December 31, 2014.

(4) Business and Other Risks

The following is information regarding risk factors to the business operations of the Best Bridal Group. The information includes items that are not necessarily risk factors, but which are included proactively from an information disclosure perspective as important to making investment decisions and understanding the Group's business activities.

Forward-looking statements contained herein are based on the Company's best judgment as of the end of fiscal 2013. The Company strives to prevent the emergence of risks and respond to risks when they materialize.

1) Special characteristics of the business

a. Services

The Best Bridal Group aims to provide the latest wedding styles based on services highly responsive to the interests and tastes of its customers. The Group continually makes a meticulous analysis of contemporary needs and fashion trends and creates highly sophisticated services based on the accumulated know-how inside the Group and among partner companies, including dining and other services delivered by chefs and service staff specially assigned to each facility.

In the event that the Group's services are unable to respond to current needs and fashion trends, secure partner companies or chefs which meet the requirements of the Group, or provide sufficient services to customers, the Group's operating results may be affected.

b. Human resources

In order to expand its business scope and diversify its business operations, the Group is actively recruiting recent university graduates as well as establishing training systems to enhance the abilities of staff in the sales and administrative departments. In the event that the Group cannot acquire the number of employees needed to expand its business, the Group's competitiveness may decline or the scope of business expansion may be restricted, and the Group's operating results may be affected.

2) Market in which the Group operates

According to statistics from the Ministry of Health, Labour and Welfare, Japan's population of marriageable age adults is gradually declining. If the overall size of the bridal market shrinks in the future, the Group's operating results may be affected.

The Group plans to increase demand for its guest houses and weddings by being recognized for its new wedding styles and expanding market share as its recognition rises. In the event that existing hotels or ceremony hall operators become attracted to the growth of the market and enter the guest house and wedding market with original services, competition with other companies may arise on account of the new market entrants, and the Group's operating results may be affected.

3) Operating results and financial condition

a. Seasonal changes in operating results

The Group's net sales increase with the construction of new facilities as well as during the prime wedding seasons in Japan, which are April–June and October–December (the second and fourth quarters of the fiscal year).

Quarterly results for the fiscal year ended December 31, 2013

	First Quarter (year-on-year % change)	Second Quarter (year-on-year % change)	Third Quarter (year-on-year % change)	Fourth Quarter (year-on-year % change)
Net sales	million yen 9,687 (20.4%)	million yen 12,577 (26.5%)	million yen 10,679 (22.5%)	million yen 14,481 (30.6%)
Operating Income	560 (8.2%)	2,036 (29.7%)	764 (11.1%)	3,494 (51.0%)

b. Heavy reliance on debt

The Best Bridal Group procures loans from financial institutions as investment capital to build new guesthouses and to pay for construction costs, deposits, guarantees and other expenses incurred. Consequently, the ratio of interest-bearing debt to total assets is high. The balance of interest-bearing debt as of December 31, 2012 was ¥16,647 million, and it rose to ¥19,273 million as of December 31, 2013. The ratio of interest-bearing debt to total assets stood at 34.4% as of December 31, 2012 and rose to 35.7% as of December 31, 2013, reflecting the Group's heavy reliance on debt. The ratio of interest expenses to net sales was 0.7% in the year ended December 31, 2012 and 0.5% in the year ended December 31, 2013.

In the event that the financial situation changes significantly and interest rates rise, the Group's operating results may be affected.

Additionally, some of the Group's loans have financial covenants attached. In the event that a lender enforces a covenant and demands settlement due to a conflict, the Group may be forced to forfeit profits and repay the loan in full.

c. Overseas conditions

The Best Bridal Group offers overseas wedding services, mainly to Japanese customers, in the United States and Indonesia (Bali). As of December 31, 2013, in Hawaii the Group directly operated five wedding chapels and had exclusive usage rights to two churches, while in Bali the Group directly operated two wedding chapels. Wedding plans for each of these markets are sold through five sales salons in Japan and one in Hawaii, making a total of six sales salons. Changes in political or economic situations in these overseas regions, including acts of war, terrorism, or major natural disasters, could cause cancellations and may affect the Group's operating results.

Local companies Best Bridal Hawaii, Inc. and PT. Tirtha Bridal provide wedding services based on orders from the sales salons and also arrange weddings for local customers. Additionally, Best Bridal Korea Inc. is constructing guest houses and has signed lease contracts with Marizin Inc. as part of its plans to enter the Korean bridal market. In the event that these businesses do not perform according to the Company's forecasts, the Group's operating results may be affected.

d. Foreign exchange rate volatility

The Company has liabilities denominated in foreign currencies, including outstanding loans to subsidiaries, as well as outstanding loans denominated in foreign currencies. Consequently, significant changes in foreign exchange rates change may affect the Group's financial condition and operating results.

e. Food safety

The Best Bridal Group operates restaurants in its ceremony halls and hotels which are subject to Food Sanitation Laws. To avoid the possibility of business suspension due to food poisoning or any other hygiene-related issue, the Group appoints sanitary managers to its outlets and restaurants and continually takes other measures to consistently maintain the highest levels of food safety and quality. In the event, however, of a major food quality problem which goes beyond the scope of the Group's measures, the Group's operating results may be affected.

4) Continuity of management personnel

Masayuki Tsukada is the president and CEO of Best Bridal Inc. He performs an important role in the performance of business activities by making decisions on management policies and strategy. The Company mitigates management risks through the use of management committees, the delegation of management responsibilities, and the strengthening of human resources in each business area, to ensure that business operation and performance are not overly reliant on Masayuki Tsukada. If, however, an unforeseen event precluded Masayuki Tsukada from performing his duties, the promotion of the Group's business activities and the Group's business results may be affected.

5) Laws and regulations

In Japan, the Best Bridal Group is subject to various regulations on the construction and renovation of its guest houses, including the Building Standards Act, the Fire Service Act, and the Sewerage Act. In addition, the Group is subject to wastewater emission, noise emission, and other local ordinances pertaining to the building structure and construction location. When the Group constructs or renovates its facilities, it hires a licensed architect or construction company to verify the structure. Additionally, verifications are made directly by the Company's marketing department and the fire department. Despite these measures, infringements of the above regulations could delay construction plans or interfere with operations, and the Group's operating results may be affected.

The Group registers its overseas salons in accordance with the Travel Agency Act (type one business activities). In the event that the Group contravenes this Act and is unable to renew its registration or has its registration revoked, the Group's operating results may be affected.

The Group operates its hotels in accordance with the Inns and Hotels Act. In addition, beauty services offered prior to wedding ceremonies are subject to the Act on Specified Commercial Transactions.

6) Capital investment and new construction

a. Current guest houses

Facility name	Nihonbashi	Shirogane	Yokohama	Osaka	Sendai	Hoshigaoka	Shinurayasu	Omiya	Aoyama	Ichigaya
No. of guest houses	1	2	4	5	3	2	5	8	3	1

Facility name	Shinsaibashi	Marunouchi	Yagoto	Kamogawa	Chiba	Akasaka	Odaiba	Nagoya Minato	Iseyama
No. of guest houses	2	1	4	3	2	1	1	3	7

As of December 31, 2013, the Best Bridal Group operated 19 outlets (58 guest houses) inside Japan. All of the facilities were planned internally by the Company's design and construction department.

In the future, the Group will continue to launch new guest houses, mainly in the Tokyo metropolitan, Kansai, and Chukyo regions, after meticulous market analysis, facility planning, and site selection.

The Group renovates existing guest houses on a three-year renewal cycle as it seeks to sustain a stable customer acquisition rate by maintaining the facilities' newness and high-quality design.

In the event, however, that the Group is unable to acquire real estate (primarily land) suitable for facilities construction or employ necessary operations staff, or fails to receive customer support for new or existing facilities, the Group's operating results may be affected.

Additionally, in the event that the Group recognizes an impairment stemming from a significant decline in the real prices of the Group's property caused by changes in market trends or the business environment, the Group's operating results and financial condition may be affected.

b. Outlet development

The Group typically signs lease contracts to secure sites needed for its directly operated outlets and pays deposits and guarantees as well as upfront interior and exterior design expenses. Human resources, rental and other running costs are incurred after outlet opening. The payment of deposits and guarantees, as well as related upfront expenses, increases with each new outlet. The Group may be required to pay a penalty in the event that it closes an outlet prior to the planned period of operation. Additionally, the Group may be unable to recover a portion or all of its deposits and guarantees in the event that a lessor goes bankrupt.

With regard to securing sites for future outlets, in order to raise the assurance of outlet planning and promote guest house construction, the Group will maintain a policy of using land acquisition and securitization as an option to leasing. The Group will continue to prioritize management efficiency and avoid the deterioration of its financial condition in planning new outlets, but the acquisition of land may affect the financial condition.

As an original outlet design, the Group also maintains large-scale sites containing multiple guest houses. The construction of multiple guest houses within a single site enables the Group to better serve the diverse needs and tastes of customers by offering an array of concepts to a large number of occupants. The Group's policy is to continue to focus on the development of large-scale outlets. However, the development of large-scale outlets requires suitable sites which the group may not be able to secure. If, as a consequence, the Group is unable to carry out its development plans, the Group's operating results may be affected.

c. Special-purpose company

The Best Bridal Group utilizes the Shirogane office as a special-purpose company (Shirogane SPC Co., Ltd.). The Company invests in an anonymous partnership in connection with the SPC and has used the *Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations* (ASBJ Practical Issues Task Force No. 20, September 8, 2006) to determine whether or not the Company has control and influence over the SPC. The executive authority for the anonymous partnership is the SPC, and the Company does not have any direct voting rights or other authority which would give it control over the SPC. Since it is clear that the Company cannot make decisions over financial, operating, or business policies, the anonymous partnership operated by Shirogane SPC Co., Ltd. does not qualify as a subsidiary and is excluded from the consolidated results.

The Company recognizes the issues surrounding special purpose companies, which have been the subject of international debate. Namely, in recent years transactions involving special purpose companies have surged and become more complex and diversified, raising concerns that the Company could cause interested parties to make incorrect judgments regarding business combinations. In the event that the Company's scope of consolidation changes in the future based on the announcement of new accounting standards or practical solutions, the Group's operating results and financial condition may be affected.

The anonymous partnership operated by Shirogane SPC Co., Ltd. had trust beneficiary rights of ¥2,758 million as of December 31, 2013, and loans from financial institutions totaling ¥2,044 million.

7) Management of customer information

The Best Bridal Group gathers personal information on many customers through its order receipt activities. The Group takes measures to maintain the confidentiality of this personal information and mitigate the risk of information leaks, including storing the information in locked cabinets and using passwords to secure electronic information. If, however, an unforeseen incident caused the leakage of personal information, society's trust in the Group would decline, and the Group's operating results may be affected.

2. Management Policy

(1) Basic Management Policy

Best Bridal strives to create gathering places which leave an everlasting memory on guests by offering the finest professional hospitality services. Based on this corporate philosophy, the Company provides high-quality services and high value-added facilities by accurately understanding the ever-changing needs of customers. Going forward, the Best Bridal Group will continue to pursue the creation of new value in the market in which our Group operates, seeking to achieve sustainable growth for the Group and enhancing corporate value.

The Group has five basic strategies to accomplish its basic management policy.

1. Outlet development strategy: Develop guest houses and hotels, primarily in the Tokyo metropolitan, Kansai, and Chukyo regions, which are geared towards the unique characteristics of each market.
2. Product development capabilities: Develop competitive products with high added value, aiming to provide customers with highly satisfying products and services.
3. Proposal and sales capabilities: Accurately understand the needs—the "dreams"—of customers and enhance proposal and sales capabilities to realize these dreams.
4. Enhanced profitability: Rationalize management and enhance the efficiency of business operations in order to achieve high profitability.
5. Fund procurement: Procure funding with a priority on funding costs and with a view to maintaining a sound financial condition, enhancing capital efficiency, and carefully considering stock price dilution.

(2) Management Goals and Indicators

The Best Bridal Group aims to remain a corporate entity capable of stable and continuous growth. To enhance corporate value, the Group will strive to strengthen its financial condition while increasing its equity ratio, an important index measuring improvement in comprehensive profitability.

(3) Medium- to Long-term Management Strategy

1) Product strategy

Based on meticulous analysis of contemporary needs and fashion trends, the Company continually provides high value-added products to customers in its mainstay bridal business, as well as in the hotel business.

In the Company's guest house and wedding services, the bridal couples become the lords of the manor, acting as party hosts to their many guests. Bridal customers have their own personal dreams and hopes, and the Company establishes a structure to provide sophisticated services highly responsive to the interests and tastes of its customers by combining the accumulated know-how inside the Company with its many partner companies. Additionally, in the dining and other service areas, the Company appoints chefs and other specialized staff to each outlet in order to maintain the highest levels of service quality.

At the Hotel InterContinental Tokyo Bay, which the Group operates, the strategy of using conventional cost reductions to improve profitability has been replaced with transformational management reform which is generating significant improvements in profitability through new investments.

2) Outlet development strategy

The Company aims to create high-quality, authentic facilities. The domestic network comprises 19 facilities and the Hotel InterContinental Tokyo Bay. The continued growth of the Company depends on facility planning, site selection, and building selection based on meticulous marketing analysis, as well as the efficient outlet development. The Company is focusing its outlet development on the Tokyo metropolitan, Kansai, and Chukyo regions, which offer strong future growth potential. Existing guest houses are renovated on a three-year renewal cycle in order to sustain a stable customer acquisition rate by maintaining the facilities' newness and high-quality design.

3) Sales strategy

The Company does not conduct door-to-door selling, but rather uses its sales staff to provide face-to-face sales to customers visiting facilities.

Sales staff greet customers visiting guest houses and sales salons and provide them with a tour of the facilities in addition to using pamphlets and sales materials. Having customers actually experience the attraction of the facilities first-hand leads to positive sales results. In proposing new wedding styles, sales personnel utilize their know-how and experience to earn customers' trust and satisfaction and successfully complete sales. The Company will establish a training system to enhance the proposal capabilities of staff and nurture employees with even higher skills.

For marketing and advertising, the Company relies heavily on paid advertisements in wedding magazines and other print media. To beat the competition in winning orders, it is critical to create more appealing advertisements. The Company aims to create highly appealing advertisements by featuring photographs that maximize the attractions of the design and service content of its facilities. The Company also actively solicits customers over the Internet through its websites featuring its facilities and service offerings.

Sales success rates and other sales results from each facility are compiled and analyzed weekly. Domestic business managers consult with managers and staff at guest houses that show signs of declining success rates, and provide them with guidance on how to improve their success rates.

For overseas wedding services, the Company is strengthening the overseas wedding salons in Japan (five outlets) and sales channels in order to enhance the ability of salons to draw customers and achieve high success rates.

(4) Issues to Address

Regarding the economic environment in which the Best Bridal Group operates, the Japanese economy is expected to return to growth based on such government initiatives as the change in monetary policy and economic stimulus measures. Overall, however, the future economic outlook remains unpredictable since the global economic changes are expected to continue.

In this environment, the Best Bridal Group must continue to provide meticulous products and services, develop highly competitive and attractive guest houses and hotels, and continually create high value-added services, all responsive to customer needs, which are expected to become increasingly individualized and diverse in the future.

In addition, in order to further enhance its superior market position and corporate value, the Company must enhance and improve its advertising strategies, which will lead to a stronger brand, as well as strengthen business capabilities in fields offering synergy with the bridal business while developing new business fields, with a positive eye toward the rollout of our service in overseas markets. At the same time, the Company must strengthen its financial condition, through cost-cutting and other measures, and secure and foster talented human resources. These initiatives will support the development of a comprehensive hospitality company.

1) Guest house development
The Company operates 19 outlets in Japan. Since the development of highly competitive guest houses is a core competency, the Company plans to diversify its outlet development strategy and promote more efficient development.

2) Hotel development
The Best Bridal Group operates the Hotel InterContinental Tokyo Bay. In order to enhance earnings power, the Group plans to actively develop new properties in and outside Japan.

3) Securing and fostering human resources
The Company considers the strengthening of its wedding presentation capabilities to be an effective way to bolster customer service and differentiate its services from competitors. To this end, the Company will continue to create systems to raise the motivation of its employees while building a structure to support their medium- to long-term nurturing of employees.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	December 31, 2012	December 31, 2013
	Amount	Amount
Assets		
Current assets		
Cash and deposits	11,314	8,866
Accounts receivable - trade	333	476
Marketable securities	-	5,000
Merchandise	39	3
Raw materials and supplies	327	373
Deferred tax assets	364	291
Other	824	2,925
Allowance for doubtful receivables	(48)	(41)
Total current assets	13,154	17,895
Fixed assets		
Tangible assets		
Buildings and structures, net	28,310	29,340
Accumulated depreciation	(12,062)	(13,998)
Buildings and structures, net	16,247	15,342
Land	4,760	4,757
Construction in progress	175	138
Other	3,837	4,418
Accumulated depreciation	(2,796)	(3,195)
Other, net	1,040	1,222
Total tangible assets	22,224	21,460
Intangible assets		
Goodwill	1,042	962
Other	231	191
Total intangible assets	1,273	1,153
Investments and other assets		
Investment securities	2,481	3,588
Lease and guarantee deposits	5,827	6,299
Deferred tax assets	1,961	2,061
Other	1,426	1,453
Total investments and other assets	11,697	13,402
Total fixed assets	35,195	36,016
Deferred assets		
Bond issuance costs	32	56
Total deferred assets	32	56
Total assets	48,381	53,968

(millions of yen)

	December 31, 2012	December 31, 2013
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	2,157	2,189
Current portion of long-term debt	3,191	2,709
Current portion of bonds	612	484
Income taxes payable	2,237	1,786
Advances received	942	968
Provision for loss on cancellation of rental contract	52	-
Other	2,527	2,231
Total current liabilities	11,722	10,370
Fixed liabilities		
Bonds	1,590	1,106
Convertible bonds	-	5,000
Long-term debt	11,230	9,960
Provision for employees' retirement benefits	268	282
Provision for directors' retirement benefits	594	636
Provision for loss on cancellation of rental contract	100	-
Asset retirement obligations	1,068	1,083
Other	992	861
Total fixed liabilities	15,844	18,929
Total liabilities	27,566	29,300
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	19,729	23,443
Treasury stock	-	(88)
Total shareholders' equity	20,836	24,461
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	41	88
Deferred gain (loss) on derivatives under hedge accounting	13	46
Foreign currency translation adjustments	(76)	71
Total accumulated other comprehensive income	(21)	206
Total net assets	20,815	24,668
Total liabilities and net assets	48,381	53,968

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(millions of yen)

	Year ended December 31, 2012	Year ended December 31, 2013
	Amount	Amount
Net sales	44,494	47,426
Cost of sales	28,955	30,646
Gross profit	15,539	16,780
Selling, general and administrative expenses	9,020	9,923
Operating income	6,519	6,856
Non-operating income		
Interest income	56	64
Dividend income	3	72
Gain on investments in silent partnership	108	122
Foreign exchange gains	78	117
Gain on valuation of derivatives	25	117
Other	138	41
Total non-operating income	410	537
Non-operating expenses		
Interest expenses	308	252
Other	11	11
Total non-operating expenses	319	263
Ordinary income	6,610	7,129
Extraordinary income		
Gain on sales of fixed assets	0	0
Reversal of provision for loss on cancellation of rental contract	-	45
Total extraordinary income	0	45
Extraordinary loss		
Loss on disposal of fixed assets	104	36
Shop closing expenses	-	6
Impairment loss	181	-
Total extraordinary loss	286	42
Income before income taxes and minority interests	6,324	7,132
Income taxes-current	3,325	2,958
Income taxes-deferred	(270)	(62)
Total income taxes	3,054	2,895
Income before minority interests	3,270	4,236
Net income	3,270	4,236

Consolidated Statements of Comprehensive Income

(millions of yen)

	Year ended December 31, 2012 Amount	Year ended December 31, 2013 Amount
Income before minority interests	3,270	4,236
Other comprehensive income		
Net unrealized gain on available-for-sale securities	72	46
Deferred gain (loss) on derivatives under hedge accounting	21	33
Foreign currency translation adjustments	86	131
Share of other comprehensive income of affiliates accounted for under the equity method	27	16
Total other comprehensive income	208	228
Comprehensive income	3,479	4,465
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,479	4,465
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Net Assets

Year ended December 31, 2012 (January 1 to December 31, 2012)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	16,949	-	18,056
Changes during term					
Cash dividends			(489)		(489)
Net income			3,270		3,270
Purchase of treasury stock				-	-
Decrease due to share exchange				-	-
Change of scope of equity method			-		-
Net changes in items other than shareholder's equity					-
Total changes during term			2,780	-	2,780
Balance at end of term	472	634	19,729	-	20,836

	Accumulated other comprehensive income				
	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total accumulated other comprehensive income	Total net assets
Balance at beginning of term	(31)	(8)	(190)	(230)	17,825
Changes during term					
Cash dividends					(489)
Net income					3,270
Purchase of treasury stock					-
Decrease due to share exchange					-
Change of scope of equity method					-
Net changes in items other than shareholder's equity	72	21	114	208	208
Total changes during term	72	21	114	208	2,989
Balance at end of term	41	13	(76)	(21)	20,815

Year ended December 31, 2013 (January 1 to December 31, 2013)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	19,729	-	20,836
Changes during term					
Cash dividends			(489)		(489)
Net income			4,236		4,236
Purchase of treasury stock				(90)	(90)
Decrease due to share exchange				2	2
Change of scope of equity method			(34)		(34)
Net changes in items other than shareholder's equity					-
Total changes during term			3,713	(88)	3,624
Balance at end of term	472	634	23,443	(88)	24,461

	Accumulated other comprehensive income				
	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total accumulated other comprehensive income	Total net assets
Balance at beginning of term	41	13	(76)	(21)	20,815
Changes during term					
Cash dividends					(489)
Net income					4,236
Purchase of treasury stock					(90)
Decrease due to share exchange					2
Change of scope of equity method					(34)
Net changes in items other than shareholder's equity	46	33	148	228	228
Total changes during term	46	33	148	228	3,853
Balance at end of term	88	46	71	206	24,668

(4) Consolidated Statements of Cash flows

(millions of yen)

	Year ended December 31, 2012	Year ended December 31, 2013
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	6,324	7,132
Depreciation and amortization	2,521	2,653
Amortization of goodwill	83	84
Amortization of bond issuance costs	9	10
Loss on disposal of tangible assets	55	32
(Gain) loss on sales of fixed assets	(0)	(0)
(Gain) loss on valuation of derivatives	(25)	(117)
(Gain) loss on investments in silent partnership	(108)	(122)
Foreign exchange (gain) loss	(89)	(54)
Impairment loss	181	-
Increase (decrease) in allowance for doubtful receivables	16	(7)
Increase (decrease) in provision for employees' retirement benefits	49	14
Increase (decrease) in provision for directors' retirement benefits	220	41
Increase (decrease) in provision for loss on cancellation of rental contract	(52)	(97)
Interest and dividend income	(59)	(137)
Interest expenses	308	252
(Increase) decrease in notes and accounts receivable - trade	(55)	(131)
(Increase) decrease in inventories	(7)	(10)
Increase (decrease) in notes and accounts payable - trade	187	25
Increase (decrease) in advances received	(347)	25
Increase (decrease) in other liabilities	(503)	(147)
Other- net	83	124
Sub total	8,792	9,569
Interest and dividends received	46	119
Interest paid	(312)	(256)
Income taxes paid	(3,302)	(3,409)
Net cash provided by (used in) operating activities	5,223	6,022

	Year ended December 31, 2012	Year ended December 31, 2013
	Amount	Amount
Cash flows from investing activities		
Purchase of tangible assets	(2,172)	(1,938)
Purchase of intangible assets	(95)	(30)
Purchase of investment securities	(416)	(918)
Proceeds from sales of investment securities	332	38
Loans receivable	(85)	(304)
Collection of loans receivable	200	0
Lease and guarantee deposits	(221)	(509)
Collection of lease and guarantee deposits	60	2
Advance payments for business acquisition	-	(1,710)
Other- net	(12)	(87)
Net cash provided by (used in) investing activities	(2,409)	(5,457)
Cash flows from financing activities		
Proceeds from long-term debt	2,450	1,500
Repayments of long-term debt	(3,509)	(3,366)
Payments for redemption of bonds	(640)	(612)
Proceeds from issuance of convertible bonds	-	4,966
Purchase of treasury stock	-	(90)
Dividends paid to shareholders	(489)	(489)
Other – net	(9)	(9)
Net cash provided by (used in) financing activities	(2,198)	1,897
Foreign currency translation adjustments on cash and cash equivalents	58	89
Net increase (decrease) in cash and cash equivalents	673	2,553
Cash and cash equivalents, beginning of period	10,532	11,205
Cash and cash equivalents, end of period	11,205	13,758

(5) Notes to the Financial Statements

(Note on the Going-concern Assumption)

Not applicable

(Basis for Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 7

Name of consolidated subsidiaries:

Best Planning Inc.
Best Bridal Hawaii, Inc.
Acqua Grazie, Inc.
Best Bridal Korea Inc.
PT. Tirtha Bridal
Hospitality Network Corporation
Best Global, Inc.

Among the above-listed subsidiaries, Best Global, Inc. has been added to the scope of consolidation because it was newly established in the fiscal year ended December 31, 2013.

(2) Name of principal non-consolidated subsidiaries:

Non-consolidated subsidiaries

Life Create Bank, Inc.
Best Bridal Singapore Pte.Ltd.
Ecpark Pte.Ltd.

(Reason for excluding these subsidiaries from consolidation)

These subsidiaries have been excluded from consolidation, because they are small in size and their total assets, net sales, net income/loss for the year ended December 31, 2013 (amounts proportionate to the Company's equity interest),and retained earnings (amount proportionate to the Company's equity interest) have no significant impact on the consolidated financial statements.

2. Application of equity method

(1) Number of equity method affiliates:

Not applicable

Marizin Inc., which was the Company's equity-method affiliate in the fiscal year ended December 31, 2012, has been excluded from the scope of equity method in the fiscal year ended December 31, 2013 because of its diminishing importance.

(2) The equity method is not applied to some non-consolidated subsidiaries (Life Create Bank, Inc., Best Bridal Singapore Pte.Ltd., Ecpark Pte.Ltd.) and an affiliate (Marizin Inc.) because they are of minor importance in terms of the bearing of net income/loss (amounts proportionate to the Company's equity interest) and retained earnings (amount proportionate to the Company's equity interest) on the consolidated financial statements for the fiscal year ended December 31, 2013, and in terms of their position within the whole Best Bridal Group.

3. Accounting period of consolidated subsidiaries

Consolidated subsidiaries have the same accounting period as the parent company.

4. Accounting standards

(1) Valuation of principal assets

1) Securities

Securities held to maturity:

Amortized cost method (straight-line method)

Available-for-sale securities:

For which market quotations are available:

These securities are recorded at fair value based on market quotations, etc. on the consolidated balance sheet date. (Unrealized holding gains and losses are recorded as a net amount in net assets accordingly. The cost of securities sold is calculated with the moving average method.)

For which market quotations are not readily available:

Calculated using the moving average cost method.

With respect to investments in silent partnership, the Company uses a method whereby it records the net amount of the percentage interest held based on the most recent statement of accounts that the Company is able to obtain as of the day stipulated in the partnership agreement on which the latest statement of accounts is reported.

2) Derivatives

Recorded at fair value.

3) Inventory

Merchandise:

Cost determined by identified cost method (The balance sheet amounts are calculated by way of write-down of book value to reflect reduced profitability.)

Raw materials and supplies:

Cost determined by last purchase cost method (The balance sheet amounts are calculated by way of write-down of book value to reflect reduced profitability.)

(2) Depreciation/amortization of material depreciable/amortizable assets

1) Tangible assets (excluding lease assets)

Declining balance method

Buildings (excluding leasehold improvements) acquired by some consolidated subsidiaries on or after April 1, 1998, however, are depreciated with the straight-line method.

Buildings and structures held by the Company on leased land based on fixed term land lease agreements are depreciated by the straight-line method over the period equal to the remaining period of the fixed term land lease right with a residual value of nil.

2) Intangible assets (excluding lease assets)

Straight-line method

Software obtained for internal use is amortized over its estimated useful life (five years.)

3) Lease assets

The straight-line method is used with the lease period as the useful life and a residual value of nil.

Leased assets under finance leases other than those that transfer the ownership of the leased assets to the lessee and which constitute lease transactions entered into on or before December 31, 2008, are accounted for in the same manner as operating leases.

(3) Accounting standards for principal reserves and allowances

1) Allowance for doubtful receivables

To cover possible losses from bad debts, the Company records an allowance for doubtful receivables in the uncollectible amount estimated based on historical default rates for general receivables and based on analysis of debtors' financial positions for specific doubtful receivables.

2) Provision for employees' retirement benefits

To prepare for the payment of employees' retirement benefits, a provision is recorded for the period based on projected benefit obligations and the estimated value of pension plan assets at the end of the fiscal year. Prior service costs incurred at some of the foreign consolidated subsidiaries are expensed using the straight-line method over a certain number of years, which is not to exceed the estimated average remaining service life of the plan participants at the time of incurrence. Actuarial gains and losses are expensed on a straight-line basis starting from the year immediately following the year when they were incurred over a certain number of years, which is not to exceed the expected average remaining service life of the plan participants at the time of incurrence.

3) Provision for directors' retirement benefits

To prepare for the payment of directors' retirement benefits, the necessary amount is charged based on year-end provision calculated using the in-house regulations.

(4) Standards for translating significant assets or liabilities denominated in foreign currencies into Japanese yen

Foreign currency denominated claims and obligations are translated into Japanese yen at the spot rate prevailing on the consolidated balance sheet dates. Currency translation losses or gains are recorded on the income statement as such. The assets and liabilities of foreign subsidiaries are also translated into Japanese yen at the spot rate prevailing on the consolidated balance sheet date, and revenues and expenses are translated into Japanese yen at the average rate over the period. Any translation losses or gains are recorded in the net assets under the account "Foreign currency translation adjustments."

(5) Accounting for significant hedges

1) Hedge accounting

Deferred hedge accounting is applied. The company applies special treatment to interest-rate swap agreements that meet the criteria for such special treatment.

2) Hedging instruments and hedged transactions

Hedging instruments:

Interest rate swap, foreign exchange forward contracts

Hedged transactions:

Foreign currency-denominated claims and obligations, foreign currency-denominated-forecasted transactions, debts

3) Hedging policy

The Company uses derivative transactions for the purpose of hedging foreign exchange risks and interest rate risks to meet the Company's actual needs. It is the Company's policy not to engage in derivative transactions for speculative purposes.

4) Method for evaluating effectiveness of hedges

The effectiveness of hedges is assessed by measuring the high correlation between changes in market values or cash flows of hedge instruments and changes in market values or cash flows of the hedged items.

(6) Amortization method and period for goodwill

Goodwill is equally amortized over the period of the future economic benefits for each investment.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash on hand, bank deposits able to be withdrawn on demand, and short-term investments with maturities of three months or less at the date of acquisition and that are readily convertible to cash and represent a minor risk of fluctuation in value.

(8) Other important matters for preparation of consolidated financial statements

Consumption taxes:

Transactions are recorded exclusive of consumption taxes.

(Changes in Accounting Policy)

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

In accordance with the revision of the Corporation Tax Act of Japan, effective the fiscal year ended December 31, 2013, the depreciation method applied for tangible assets acquired on or after January 1, 2013, by the Company and its domestic subsidiaries, has been changed to reflect the revision to the Act. The impact of this change on operating income, ordinary income and income before income taxes and minority interests is minor.

(Changes in Accounting Estimates)

(Changes in estimated restitution cost)

In accordance with the completion of refurbishment of some buildings used under the lease contract, the Best Bridal Group has reduced in the fiscal year ended December 31, 2013 the estimated restitution cost expected to arise in the future.

As a consequence, operating income, ordinary income, and income before income taxes and minority interests for the fiscal year ended December 31, 2013, were each ¥29 million higher compared with what they would have been under the previous accounting method.

(Segment and Other Information)
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 and drink at wedding banquets, dress rental and beauty care services, as well as the management of hotel weddings/banquet and provision of hotel accommodation services. Overseas operations consist mainly of management of wedding venues and operation of weddings and banquet 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. Calculation of net sales, income/loss, assets, liabilities, and other items by reportable segment

Accounting methods applied in reportable segment by industry largely corresponding to those presented under "Basis for Preparation of Consolidated Financial Statements."

Reportable segment income is based on operating income.

Intersegment sales or transfers are based on market price.

3. Net sales, income/loss, assets, liabilities, and other items by reportable segment

Year ended December 31, 2012 (January 1 to December 31, 2012)

(millions of yen)

	Reportable segment			Adjustments (note 1)	Amount recorded on consolidated financial statements (note 2)
	Domestic operations	Overseas operations	Total		
Net sales					
Sales to outside customers	41,633	2,861	44,494	-	44,494
Inter-segment sales and transfers	6	0	7	(7)	-
Total	41,640	2,861	44,502	(7)	44,494
Segment income	7,653	218	7,871	(1,352)	6,519
Segment assets	33,491	2,671	36,163	12,218	48,381
Other items					
Depreciation/amortization	2,382	102	2,484	37	2,521
Amortization of goodwill	81	2	83	-	83
Investment in equity method affiliates	-	166	166	-	166
Increase(decrease) in tangible and intangible assets	1,951	504	2,455	45	2,501

Notes: 1. Details of adjustments are as follows:

(1) The minus 1,352 million yen adjustment for segment income includes 15 million yen elimination of inter-segment sales and minus 1,368 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) The 12,218 million yen adjustment for segment assets comprises unallocated corporate assets. Unallocated corporate assets consist mainly of cash and deposits held by the Company which are not attributable to reportable segments.

(3) The 37 million yen adjustment for depreciation/amortization comprises depreciation/amortization for unallocated corporate assets.

(4) The 45 million yen adjustment for increase (decrease) in tangible and intangible assets comprises investments in unallocated corporate assets.

2. Segment income is adjusted to correspond with operating income reported on the consolidated statements of income for the corresponding period.

Year ended December 31, 2013 (January 1 to December 31, 2013)

(millions of yen)

	Reportable segment				
	Domestic operations	Overseas operations	Total	Adjustments (note 1)	Amount recorded on consolidated financial statements (note 2)
Net sales					
Sales to outside customers	44,531	2,894	47,426	-	47,426
Inter-segment sales and transfers	5	0	5	(5)	-
Total	44,537	2,895	47,432	(5)	47,426
Segment income	8,108	69	8,177	(1,321)	6,856
Segment assets	35,169	3,248	38,417	15,550	53,968
Other items					
Depreciation/amortization	2,505	120	2,625	28	2,653
Amortization of goodwill	84	-	84	-	84
Investment in equity method affiliates	-	-	-	-	-
Increase(decrease) in tangible and intangible assets	1,715	27	1,742	15	1,758

Notes: 1. Details of adjustments are as follows:

(1) The minus 1,321 million yen adjustment for segment income includes 15 million yen elimination of inter-segment sales and minus 1,337 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) The 15,550 million yen adjustment for segment assets comprises unallocated corporate assets. Unallocated corporate assets consist mainly of cash and deposits held by the Company which are not attributable to reportable segments.

(3) The 28 million yen adjustment for depreciation/amortization comprises depreciation/amortization for unallocated corporate assets.

(4) The 15 million yen adjustment for increase(decrease) in tangible and intangible assets comprises

investments in unallocated corporate assets.

2. Segment income is adjusted to correspond with operating income reported on the consolidated statements of income for the corresponding period.

(Per Share Information)

Year ended December 31, 2012		Year ended December 31, 2013	
Net assets per share	425.15 yen	Net assets per share	505.21 yen
Net income per share	66.79 yen	Net income per share	86.62 yen
Diluted net income per share	-	Diluted net income per share	83.75 yen

Notes: 1. Diluted net income per share for the fiscal year ended December 31, 2012 is not presented because there were no potentially dilutive securities.

2. Effective July 1, 2013, the Company conducted a 1:200 common stock split. Net assets per share, net income per share, and diluted net income per share were calculated assuming that the stock split was effected at the beginning of the fiscal year ended December 31, 2012.

3. Calculation base for net income per share are as follows.

	Year ended December 31, 2012	Year ended December 31, 2013
Net income per share		
Net income (millions of yen)	3,270	4,236
Amount not attributable to common stockholders (millions of yen)	-	-
Net income attributable to common stock (millions of yen)	3,270	4,236
Average number of shares outstanding during the term (shares)	48,960,000	48,916,035
Diluted net income per share		
Adjustment to net income (millions of yen)	-	-
Increase in the number of common stock (shares)	-	1,672,133
Residual securities that are not dilutive and not included in the calculation for diluted net income per share	-	-

(Significant Subsequent Events)

Transition to a holding company system

The Company resolved at the meeting of the board of directors held on February 14, 2014 to move to a holding company structure on July 1, 2014 by way of a company split in which the Company will be split and its business will be succeeded by a wholly-owned subsidiary, Best Bridal Inc. Successor Preparatory Company (the corporate name is scheduled to be changed to Best Bridal Inc. on July 1, 2014; hereafter "Successor Company"), and executed an absorption-type company split agreement with the Successor Company (the absorption-type company split shall be hereafter referred to "Company Split") on the same day. The effective date for the Company Split shall be July 1, 2014.

In accordance with the Company Split, the Company shall be a holding company and renamed to Tsukada Global Holding Inc. on July 1, 2014. While its business will be revised to be in line with the transition to a holding company structure, its stock will remain listed.

The Company Split and the amendments to the Articles of Incorporation (changes of corporate name and business purpose) are subject to approval at the annual meeting of shareholders scheduled on March 28, 2014.

The impact of the Company Split on consolidated business results is expected to be minor.

4. Other Information

(1) Changes in Officers

Not applicable

(2) Weddings Held, Orders Received, and Sales volume

1) Number of weddings held

	Year ended December 31, 2012	Year ended December 31, 2013
Segment	Number of weddings held (cases)	Number of weddings held (cases)
Domestic operations	9,543	10,039
Overseas operations	2,974	2,932
Total	12,517	12,971

2) Orders received

	Year ended December 31, 2012		Year ended December 31, 2013	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Domestic operations	10,277	6,196	9,583	5,740
Overseas operations	2,942	1,422	2,987	1,477
Total	13,219	7,618	12,570	7,217

3) Sales volume

	Year ended December 31, 2012	Year ended December 31, 2013
Segment	million yen	million yen
Domestic operations	41,633	44,531
Overseas operations	2,861	2,894
Total	44,494	47,426

Notes: 1. Inter-segment transactions have been eliminated from the amounts shown above.
2. The above amounts do not include consumption tax.