〔Delayed〕The original disclosure in Japanese was released on February 13, 2015 at 15:00 (GMT+9)

February 13, 2015

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Fiscal Year ended December 31, 2014
(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 27, 2015
Filing of statutory year-end financial report: March 27, 2015
Dividend payout: March 30, 2015
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, 2014 (January 1, 2014 – December 31, 2014)

(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, 2014	51,691	9.0	6,406	(6.6)	6,708	(5.9)	4,294	1.4
Year ended December 31, 2013	47,426	6.6	6,856	5.2	7,129	7.9	4,236	29.6

Note: Comprehensive income: Year ended December 31, 2014: 4,543 million yen (1.8 %)
Year ended December 31, 2013: 4,465 million yen (28.3%)

	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, 2014	87.95	78.52	16.1	11.1	12.4
Year ended December 31, 2013	86.62	83.75	18.6	13.9	14.5

Reference: Investment gains/losses on equity-method: Year ended December 31, 2014: - million yen
Year ended December 31, 2013: - million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2014	67,269	28,710	42.7	587.99
December 31, 2013	53,968	24,668	45.7	505.21

Reference: Total equity: December 31, 2014: 28,710 million yen
December 31, 2013: 24,668 million yen
Total equity=Shareholders' equity plus total accumulated other comprehensive income.

(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, 2014	6,960	(10,780)	7,108	17,354
Year ended December 31, 2013	6,022	(5,457)	1,897	13,758

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, 2013	-	1,000.00	-	5.00	-	488	11.5	2.2
Year ended December 31, 2014	-	5.00	-	5.00	10.00	488	11.4	1.8
Year ending December 31, 2015 (Forecast)	-	5.00	-	5.00	10.00		11.6	

Note: Effective July 1, 2013, the Company conducted a 1:200 common stock split. Without adjusting for the stock split, the year-end dividend per share for the fiscal year ended December 31, 2013 would be 1,000.00 yen, totaling the annual dividend per share of 2,000.00 yen.

3. Earnings Forecast for the Fiscal Year ending December 31, 2015 (January 1, 2015 – December 31, 2015)

(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
Six months ending June 30, 2015	25,290	7.6	1,770	(10.7)	1,780	(13.0)	1,130	(8.0)	23.14
Year ending December 31, 2015	56,420	9.1	6,470	1.0	6,490	(3.3)	4,200	(2.2)	86.02

***Notes**

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

Newly consolidated: 4 Subsidiaries (Best Bridal, Inc., FAJA Co., Ltd., RAJA Co., Ltd., Retreat Co., Ltd.)

Newly Deconsolidated: None

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 20 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: None

4) Retrospective restatement: None

Note: For details, please refer to "(5) Notes to the Financial Statements (Changes in Accounting Policy)" in section "3. Consolidated Financial Statements" on page 23 in the accompanying materials.

(3) Shares issued (common stock)

	December 31, 2014	December 31, 2013
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	131,534	131,512
	Year ended December 31, 2014	Year ended December 31, 2013
3) Average number of shares outstanding during the period	48,828,484	48,916,035

*** 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 2 in the accompanying materials.

(Presentation handout materials)

The Company has scheduled an earnings presentation targeted at institutional investors and analysts on February 16, 2015.

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

Accompanying Material – Contents

1. Review of Consolidated Financial Results

(1) Operating Results

1) Results for Fiscal 2014

In the fiscal year ended December 31, 2014, the Japanese economy saw an improvement in corporate earnings, primarily those of leading manufacturers, which were underpinned by government economic policies and the Bank of Japan's financial measures. Overall, however, the economic outlook remains uncertain given the impact of such factors as the rise in prices in line with the increase in the consumption tax, yen depreciation and concerns over a downturn in overseas economies.

Regarding the bridal market in which the Tsukada Global Holdings Group operates, the number of weddings in Japan in 2014 was estimated at 649,000 (compared with 660,613 in 2013; 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 partly due to the moderate rise in wedding expenditures.

The hotel market in which the Group also operates, is expanding steadily thanks to the upsurge in the number of foreign visitors to Japan, which is estimated to have reached a record 13.41 million in 2014 (according to the Japan National Tourism Organization) and helping to propel the Japanese economy back on a recovery track.

In addition, we transitioned into a holding company system as of July 1, 2014 in an effort to maximize the Group's corporate value by separating the decision-making process for the group as a whole from that for each operating company, working to speed up that process and clarifying management responsibility. Specifically, the holding company makes management decisions for the group as a whole, while each operating company is in charge of the operation of its own business.

The Group entered the relaxation-related market by acquiring all the outstanding shares of FAJA Co., Ltd. in September 2014 in view of the prospect of a major development and expansion of the market going forward thanks to the burgeoning interest in health and beauty in recent years.

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

As a result of these efforts, the Group posted consolidated net sales of ¥51,691 million in the fiscal year ended December 31, 2014, an increase of 9.0% over the same period of the previous fiscal year. However, a decrease in the number of weddings held at existing outlets and an increase in fixed expenses at some consolidated subsidiaries reduced operating income to ¥6,406 million (a year-on-year decrease of 6.6%) and ordinary income to ¥6,708 million, down 5.9%. Meanwhile, net income was ¥4,294 million, a year-on-year increase of 1.4%, chiefly owing to the booking of impairment losses and an allowance for doubtful receivables to affiliated companies.

The results for each business segment were as follows.

Note that the Group's reporting segments have been changed, starting from the first and third quarters of the fiscal year ended December 31, 2014. The year-on-year comparisons presented below are based on figures for the same period of the previous fiscal year adjusted for the change in reportable business segments for the current fiscal year.

a. Domestic wedding business

In the current fiscal year, the number of small weddings held remained steady, but overall sales declined slightly owing to the reduction in the number of weddings held at existing outlets during the term.

As a result, net sales in the domestic wedding business totaled ¥36,849 million, a year-on-year decrease of 1.5%, and segment operating income came to ¥7,147 million, down 11.6%.

b. Hotel business

During the fiscal year, sales of the Hotel InterContinental Tokyo Bay were firm following its renovation in fiscal 2013. In addition, the recently acquired The Strings by InterContinental Tokyo contributed to segment sales growth.

As a result, net sales in the hotel business reached ¥10,635 million, a year-on-year increase of 49.0%. Segment operating income came to ¥432 million (¥1 million of income in the same period of the previous fiscal year).

c. Overseas business

During the fiscal year, our overseas business steadily increased its direct sales business and enjoyed an increase in the number of weddings held for non-Japanese couples.

As a result, net sales in the overseas business totaled ¥3,458 million, a year-on-year increase of 19.5%, and segment operating income totaled ¥173 million, up 149.7%.

d. W&R business (Wellness & Relaxation business)

Our consolidated results for fiscal 2014 have incorporated the business performance of FAJA Co., Ltd. and its two subsidiaries between October 1, 2014 and December 31, 2014 as our deemed acquisition date for them was September 30, 2014.

Accordingly, net sales in the W&R business totaled ¥747 million and segment operating income came to ¥45 million.

2) Earnings Forecast for Fiscal Year Ending December 31, 2015

Regarding the economic environment in which the 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 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, 2014) was 7,507, a decline of 0.3% compared with the previous fiscal year. For the fiscal year ending December 31, 2015, the Group forecasts consolidated net sales of ¥56,420 million, operating income of ¥6,470 million, ordinary income of ¥6,490 million and net income of ¥4,200 million.

(2) Financial Condition

1) Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal year (December 31, 2014) amounted to ¥67,269 million, an increase of ¥13,300 million from the end of the previous fiscal year (December 31, 2013). This was largely the result of increases of ¥6,266 million in increased land primarily from the acquisition of land in Jingumae for business use, ¥4,574 million in cash and deposits as well as ¥1,842 million in goodwill in conjunction with the new business acquisition and share purchase.

Liabilities at the end of the fiscal year totaled ¥38,558 million, an increase of ¥9,258 million compared with the end of the previous fiscal year. This was chiefly attributable to a net increase of ¥7,885 million in debt and corporate bonds related to the acquisition of the land in Jingumae, the new business acquisition and share purchase and an increase of ¥952 million in other current liabilities.

Net assets at the end of the fiscal year totaled ¥28,710 million, an increase of ¥4,042 million from the end of the previous fiscal year. This increase was mainly due to the booking of ¥4,294 million in net income for the period, which outweighed the ¥488 million in dividends paid from retained earnings.

2) Cash flow

Cash and cash equivalents (“cash”) at the end of the fiscal year increased by ¥3,595million from the end of the previous fiscal year to ¥17,354 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 ¥6,960 million, an increase of 15.6% from the previous fiscal year. Among the main factors were ¥6,363 million in income before income taxes and minority interests and ¥2,696 million in depreciation and amortization, the sum of which was partially offset by ¥2,644 million in income taxes paid.

(Investing cash flow)
Cash used in investing activities totaled ¥10,780 million, an increase of 97.6% from the same period a year ago. This was chiefly the result of outflows of ¥8,276 million for the purchase of tangible assets, ¥2,048 million for the purchase of subsidiaries’ shares resulting in change in the scope of consolidation and ¥499 million for the purchase of investment securities.

(Financing cash flow)
Cash provided by financing activities in the fiscal year totaled ¥7,108 million, a rise of 274.5% from the previous fiscal year. This is attributable to a net increase of ¥7,605 million from debt and corporate bonds issued, which eclipsed the ¥488 million in dividends paid.

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

	FY2011	FY2012	FY2013	FY2014
Equity ratio (%)	37.6	43.0	45.7	42.7
Equity ratio based on market value (%)	36.1	39.9	60.2	60.1
Cash flow to interest-bearing debt (years)	3.5	3.2	3.2	2.8
Interest coverage ratio (times)	14.9	16.7	23.4	45.1

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 operating activities of 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 2014, and Dividend Forecast for Fiscal 2015

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 2014, the Company decided to pay a year-end dividend of ¥5 per share for the year ended December 31, 2014. The Company paid an interim dividend of ¥5 per share in August 2014, therefore the annual per-share dividend is ¥10 for fiscal 2014.

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, 2015.

(4) Business and Other Risks

The following is information regarding risk factors to the business operations of the Tsukada 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 2014. 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 Tsukada 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 wedding services 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, 2014

	First Quarter (proportion for the year)	Second Quarter (proportion for the year)	Third Quarter (proportion for the year)	Fourth Quarter (proportion for the year)
	million yen	million yen	million yen	million yen
Net sales	10,942 (21.2%)	12,569 (24.3%)	11,281 (21.8%)	16,898 (32.7%)

Operating Income	514 (8.0%)	1,466 (22.9%)	545 (8.5%)	3,879 (60.6%)

b. Heavy reliance on debt

The Tsukada Group procures loans primarily from financial institutions as investment capital to build new guest houses 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, 2013 was ¥19,273 million, and it rose to ¥27,149 million as of December 31, 2014. The ratio of interest-bearing debt to total assets stood at 35.7% as of December 31, 2013 and rose to 40.3% as of December 31, 2014 reflecting the Group's heavy reliance on debt. The ratio of interest expenses to net sales was 0.5% in the year ended December 31, 2013 and 0.4% in the year ended December 31, 2014.

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 Tsukada Group offers overseas wedding services, mainly to Japanese customers, in Hawaii in the United States and Indonesia (Bali). As of December 31, 2014, in Hawaii the Group directly operated five wedding chapels and had exclusive usage rights to one church, 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 overseas wedding services based on orders from the sales salons and also arrange weddings for local customers. EcPark Pte. Ltd. operates restaurants that cater to local customers. 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 may affect the Group's financial condition and operating results.

e. Food safety

The Tsukada 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 Tsukada Global Holdings 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 Tsukada 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, 2014, the Tsukada Group operates the aforementioned 19 outlets (58 guest houses) inside Japan. All of the outlets were planned internally by the Company's business development 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 loss 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 risks

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 resource, rental and other running costs are incurred after an 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 Tsukada 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 ¥2,732 million as of December 31, 2014, and loans from financial institutions totaling ¥1,914 million.

7) Management of customer information

The Tsukada 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

The Tsukada Group 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 Group provides high-quality services and high value-added facilities by accurately understanding the ever-changing needs of customers. Going forward, the Tsukada Group will continue to pursue the creation of new value in the market in which it 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, hotels and wellness & relaxation facilities, 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 product 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. Financial strategy:
   Procure funding with a priority on funding costs and that is in line with the characteristics of the business while carefully considering the maintenance of a sound financial condition, enhancement of capital efficiency, and stock dilution.

(2) Management Goals and Indicators

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

(3) Medium- to Long-term Management Strategy

1) Product strategy

While meticulously analyzing contemporary needs and fashion trends, the Group continually provides high value-added products to customers in its mainstay bridal business, as well as in the hotel and wellness and relaxation businesses.

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 and The Strings by InterContinental Tokyo, 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.

Furthermore, the Tsukada Group operates the British-style Queensway reflexology salons, which boast an extraordinary repeat rate as they are the first casual healing salons in Japan that provide reflexology services. The secret to their success is their stylish pub-like British green exterior and reflexology techniques thoroughly researched and developed for the Japanese market.

2) Outlet development strategy

The Group aims to create high-quality, authentic facilities. The domestic network comprises 19 guest houses, the Hotel InterContinental Tokyo Bay, The Strings by InterContinental Tokyo and 36 Queensway reflexology salons. The continued growth of the Company depends on facility planning along with site and building selection based on meticulous marketing analysis, as well as 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 Group does not conduct door-to-door selling, but rather uses its sales staff to provide face-to-face sales to customers visiting facilities.

For marketing and advertising of the domestic wedding business, the Company relies heavily on paid advertisements in TV commercials, 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 attraction of the design and service content of its facilities. The Company also actively solicits customers over the Internet through the use of ads as well as 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.

Going forward, the Company will establish a training system to enhance each staff member's service proposal capabilities and nurture employees with even higher skills

(4) Issues to Address

Regarding the economic environment in which the Tsukada 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 as economic changes primarily owing to the global uncertainty over oil prices, the trend in interest and exchange rates and corporate earnings are expected to continue.

In this environment, the 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 for wellness and relaxation businesses, 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 work to promote additional synergies among group companies, 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 are aimed at supporting 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 Tsukada Group operates the Hotel InterContinental Tokyo Bay and The Strings by InterContinental Tokyo. In order to enhance its earnings power, the Group plans to actively develop new properties in and outside Japan.

3) Wellness and relaxation facilities

The Group, which operates British-style reflexology salons (Queensway), plans to expand its business scale by not only proactively developing these salons but also accelerating the development of a spa complex.

4) 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, 2013	December 31, 2014
	Amount	Amount
Assets		
Current assets		
Cash and deposits	8,866	13,441
Accounts receivable - trade	476	871
Marketable securities	5,000	4,214
Merchandise	3	40
Raw materials and supplies	373	480
Deferred tax assets	291	551
Other	2,925	1,371
Allowance for doubtful receivables	(41)	(46)
Total current assets	17,895	20,923
Fixed assets		
Tangible assets		
Buildings and structures, net	29,340	31,185
Accumulated depreciation	(13,998)	(16,350)
Buildings and structures, net	15,342	14,835
Land	4,757	11,023
Construction in progress	138	922
Other	4,418	5,162
Accumulated depreciation	(3,195)	(3,833)
Other, net	1,222	1,328
Total tangible assets	21,460	28,109
Intangible assets		
Goodwill	962	2,805
Other	191	193
Total intangible assets	1,153	2,999
Investments and other assets		
Investment securities	3,588	3,920
Lease and guarantee deposits	6,299	7,676
Deferred tax assets	2,061	2,247
Other	1,453	1,447
Allowance for doubtful receivables	-	(164)
Total investments and other assets	13,402	15,127
Total fixed assets	36,016	46,236
Deferred assets		
Bond issuance costs	56	108
Total deferred assets	56	108
Total assets	53,968	67,269

(millions of yen)

	December 31, 2013	December 31, 2014
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	2,189	2,327
Current portion of long-term debt	2,709	2,426
Current portion of bonds	484	684
Income taxes payable	1,786	1,634
Advances received	968	1,188
Provision for point card certificates	-	18
Other	2,231	3,184
Total current liabilities	10,370	11,463
Fixed liabilities		
Bonds	1,106	3,422
Convertible bonds	5,000	5,000
Long-term debt	9,960	15,613
Provision for employees' retirement benefits	282	-
Net defined benefit liability	-	308
Provision for directors' retirement benefits	636	681
Asset retirement obligations	1,083	1,419
Other	861	650
Total fixed liabilities	18,929	27,094
Total liabilities	29,300	38,558
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	23,443	27,238
Treasury stock	(88)	(88)
Total shareholders' equity	24,461	28,256
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	88	167
Deferred gain (loss) on derivatives under hedge accounting	46	7
Foreign currency translation adjustments	71	282
Remeasurements of defined benefit plans	-	(3)
Total accumulated other comprehensive income	206	454
Total net assets	24,668	28,710
Total liabilities and net assets	53,968	67,269

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(millions of yen)

	Year ended December 31, 2013 Amount	Year ended December 31, 2014 Amount
Net sales	47,426	51,691
Cost of sales	30,646	33,791
Gross profit	16,780	17,900
Selling, general and administrative expenses	9,923	11,493
Operating income	6,856	6,406
Non-operating income		
Interest income	64	74
Dividend income	72	138
Gain on investments in silent partnership	122	126
Foreign exchange gains	117	154
Gain on valuation of derivatives	117	129
Other	41	67
Total non-operating income	537	690
Non-operating expenses		
Interest expenses	252	210
Fees and commissions paid	-	159
Other	11	19
Total non-operating expenses	263	388
Ordinary income	7,129	6,708
Extraordinary income		
Gain on sales of investment securities	-	7
Gain on sales of fixed assets	0	0
Reversal of provision for loss on cancellation of rental contract	45	-
Total extraordinary income	45	8
Extraordinary loss		
Loss on valuation of affiliated companies' shares	-	38
Loss on disposal of fixed assets	36	22
Loss on store closing	6	-
Impairment loss	-	128
Provision of allowance for doubtful receivables	-	164
Total extraordinary loss	42	353
Income before income taxes and minority interests	7,132	6,363
Income taxes-current	2,958	2,477
Income taxes-deferred	(62)	(407)
Total income taxes	2,895	2,070
Income before minority interests	4,236	4,292
Minority interests in income (loss)	-	(1)
Net income	4,236	4,294

Consolidated Statements of Comprehensive Income

(millions of yen)

	Year ended December 31, 2013 Amount	Year ended December 31, 2014 Amount
Income before minority interests	4,236	4,292
Other comprehensive income		
Net unrealized gain on available-for-sale securities	46	78
Deferred gain (loss) on derivatives under hedge accounting	33	(39)
Foreign currency translation adjustments	131	211
Share of other comprehensive income of affiliates accounted for under the equity method	16	-
Total other comprehensive income	228	250
Comprehensive income	4,465	4,543
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,465	4,543
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Net Assets

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	Remeasurements of defined benefit plans	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

Year ended December 31, 2014 (January 1 to December 31, 2014)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	23,443	(88)	24,461
Changes during term					
Cash dividends			(488)		(488)
Net income			4,294		4,294
Purchase of treasury stock				(0)	(0)
Change in scope of consolidation			(11)		(11)
Net changes in items other than shareholder's equity					
Total changes during term	-	-	3,794	(0)	3,794
Balance at end of term	472	634	27,238	(88)	28,256

	Accumulated other comprehensive income					
	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance at beginning of term	88	46	71	-	206	24,668
Changes during term						
Cash dividends						(488)
Net income						4,294
Purchase of treasury stock						(0)
Change in scope of consolidation						(11)
Net changes in items other than shareholder's equity	78	(39)	211	(3)	247	247
Total changes during term	78	(39)	211	(3)	247	4,042
Balance at end of term	167	7	282	(3)	454	28,710

(4) Consolidated Statements of Cash flows

(millions of yen)

	Year ended December 31, 2013	Year ended December 31, 2014
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	7,132	6,363
Depreciation and amortization	2,653	2,696
Amortization of goodwill	84	162
Amortization of bond issuance costs	10	16
Loss on disposal of tangible assets	32	22
(Gain) loss on sales of fixed assets	(0)	(0)
Loss on valuation of affiliated companies' shares	-	38
Provisions for doubtful receivables	-	164
(Gain) loss on valuation of derivatives	(117)	(129)
(Gain) loss on sales of investment securities	-	(7)
(Gain) loss on investments in silent partnership	(122)	(126)
Foreign exchange (gain) loss	(54)	(88)
Impairment loss	-	128
Increase (decrease) in allowance for doubtful receivables	(7)	4
Increase (decrease) in provision for employees' retirement benefits	14	-
Increase (decrease) in net defined benefit liability	-	19
Increase (decrease) in provision for directors' retirement benefits	41	38
Increase (decrease) in provision for loss on cancellation of rental contract	(97)	-
Increase (decrease) in provision for point card certificates	-	(22)
Interest and dividend income	(137)	(213)
Interest expenses	252	210
Fees and commissions paid	-	159
(Increase) decrease in notes and accounts receivable - trade	(131)	(249)
(Increase) decrease in inventories	(10)	(91)
Increase (decrease) in notes and accounts payable - trade	25	112
(Increase) decrease in other assets	(21)	(346)
Increase (decrease) in advances received	25	8
Increase (decrease) in accrued consumption taxes	(42)	291
Increase (decrease) in other liabilities	(147)	202
Other- net	187	256
Sub total	9,569	9,618
Interest and dividends received	119	199
Interest paid	(256)	(213)
Income taxes paid	(3,409)	(2,644)
Net cash provided by (used in) operating activities	6,022	6,960

	Year ended December 31, 2013	Year ended December 31, 2014
	Amount	Amount
Cash flows from investing activities		
Purchase of tangible assets	(1,938)	(8,276)
Purchase of intangible assets	(30)	(57)
Purchase of investment securities	(918)	(499)
Proceeds from sales of investment securities	38	168
Purchase of subsidiaries' shares resulting in change in the scope of consolidation	-	(2,048)
Loans receivable	(304)	(66)
Collection of loans receivable	0	102
Lease and guarantee deposits	(509)	(231)
Collection of lease and guarantee deposits	2	141
Advance payments for business acquisition	(1,710)	-
Other- net	(87)	(12)
Net cash provided by (used in) investing activities	(5,457)	(10,780)
Cash flows from financing activities		
Proceeds from long-term debt	1,500	7,981
Repayments of long-term debt	(3,366)	(2,821)
Proceeds from issuance of bonds	-	2,930
Payments for redemption of bonds	(612)	(484)
Proceeds from issuance of convertible bonds	4,966	-
Purchase of treasury stock	(90)	(0)
Dividends paid to shareholders	(489)	(488)
Other – net	(9)	(9)
Net cash provided by (used in) financing activities	1,897	7,108
Foreign currency translation adjustments on cash and cash equivalents	89	251
Net increase (decrease) in cash and cash equivalents	2,553	3,539
Cash and cash equivalents, beginning of period	11,205	13,758
Increase in cash and cash equivalents from newly consolidated subsidiary	-	56
Cash and cash equivalents, end of period	13,758	17,354

(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: 12

Name of consolidated subsidiaries:

Best Bridal Inc.
Best Planning Inc.
Best Bridal Hawaii, Inc.
Acqua Grazie, Inc.
Best Bridal Korea Inc.
PT. Tirtha Bridal
Hospitality Network Corporation
Best Global, Inc.
Ecpark Pte. Ltd.
FAJA Co., Ltd.
RAJA Co., Ltd.
Retreat Co., Ltd.

Among the above-listed subsidiaries, Best Bridal Inc. (the trade name changed from Best Bridal Inc. Successor Preparatory Company, effective from July 1, 2014), was newly established in the financial year under review, and has consequently been added to the scope of consolidation. Ecpark Pte. Ltd., has also been added to the scope of consolidation as its relative importance increased under the newly revised Group policy on consolidation. Following the acquisition of the shares of FAJA Co., Ltd., FAJA and its 2 subsidiaries, RAJA Co., Ltd. and Retreat Co., Ltd., have been added to the scope of consolidation.

(2) Name of principal non-consolidated subsidiaries:

Non-consolidated subsidiaries

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

(Reason for excluding these subsidiaries from consolidation)

These subsidiaries have been excluded from consolidation, because both of them are small in size and their total assets, net sales, net income/loss for the year ended December 31, 2014 (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

(2) The equity method is not applied to some non-consolidated subsidiaries (Life Create Bank, Inc. and Best Bridal Singapore 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, 2014, and in terms of their position within the whole Tsukada Global Holdings 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

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 point card certificates

Some of the consolidated subsidiaries have provisions for the point card certificates granted to the customers, stated at the amount estimated to accrue from the potential use of the card.

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) Accounting method for employees' retirement benefits

1) Method for attributing projected retirement benefits

In calculating retirement benefit obligations, a straight-line method has been used for attributing projected retirement benefits to the period till the end of the fiscal year ended December 31, 2014.

2) Amortization of Actuarial differences and prior service costs

Prior service costs are amortized on a straight-line basis over a certain period (mainly 7 years) within the average remaining service period of employees at the time of its recognition.

Actuarial gains or losses are amortized on a straight-line basis over a certain period (mainly 7 years) within the average remaining service period of employees at the time of recognition and are allocated proportionately, from the fiscal year following the respective fiscal year of recognition.

3) Use of simplified valuation method

In calculating retirement benefit obligations and costs, the Company and some of its consolidated subsidiaries use the simplified valuation method which deems a voluntary-base accrued retirement benefit at the end of the year as retirement benefit obligations.

(5) 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.”

(6) 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.

(7) Amortization method and period for goodwill

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

(8) 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.

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

Consumption taxes:

Transactions are recorded exclusive of consumption taxes.

(Changes in Accounting Policy)

(Application of Accounting Standard for Retirement Benefits, etc.)

“Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan - ASBJ - Statement No. 26 of May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of May 17, 2012) have now been applied, effective from the end of the consolidated fiscal year ended December 31, 2014 (except for the provisions of Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits). Accordingly, net retirement benefit liability is now recorded as the amount of retirement benefit obligations less the value of the pension plan assets. Unrecognized actuarial gains/losses and unrecognized prior service costs are recorded as defined benefit liability.

In accordance with the interim measures stipulated in Article 37 of the Accounting Standard for Retirement Benefits, the effect of this change as of December 31, 2014, is added to or deducted from the remeasurements of defined benefit plans under accumulated other comprehensive income.

Consequently, as of December 31, 2014, net defined benefit liability of ¥308 million is recorded, while total accumulated other comprehensive income decreased by ¥3 million.

(Segment and Other Information)

Segment Information

1. Overview of reportable segment

The Company 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 four reportable segments: the "domestic wedding business" that provides services such as planning and operation related to wedding ceremonies and banquets in Japan, the "hotel business" that offers the management of hotel weddings and provision of hotel accommodation services, the "overseas business" providing wedding and related services overseas, and the "W&R business (Wellness and Relaxation business)" segment that provides reflexology services.

"Domestic wedding business" comprises outlet management in Japan and sales to customers, provision of food and drink at wedding banquets, dress rental and beauty care services. "Hotel business" offers the management of hotel weddings and provision of hotel accommodation services at Hotel InterContinental Tokyo Bay and The Strings by InterContinental Tokyo. "Overseas business" consists mainly of management of wedding venues and operation of weddings and banquet in Hawaii and Bali Indonesia, for customers who book through the Group's sales salons in Japan. The segment also subleases wedding facilities to an affiliate in South Korea. "W&R business (Wellness and Relaxation business)" operates, at 36 outlets across Japan, a British-style reflexology salon, "Queensway" with a high level of skills and sophisticated know-how of attending to customers.

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, 2013 (January 1 to December 31, 2013)

(millions of yen)

	Reportable segment				Adjustments (note 1)	Amount recorded on consolidated financial statements (note 2)
	Domestic wedding business	Hotel business	Overseas business	Total		
Net sales						
Sales to outside customers	37,392	7,139	2,894	47,426	-	47,426
Inter-segment sales and transfers	394	124	0	519	(519)	-
Total	37,787	7,263	2,895	47,945	(519)	47,426
Segment income (loss)	8,082	1	69	8,152	(1,296)	6,856
Segment assets	26,635	8,533	3,248	38,417	15,550	53,968
Other items						
Depreciation/amortization	2,226	278	120	2,625	28	2,653
Amortization of goodwill	-	84	-	84	-	84
Increase(decrease) in tangible and intangible assets	1,125	589	27	1,742	15	1,758

Notes: 1. Details of adjustments are as follows:

(1) The minus 1,296 million yen adjustment for segment income includes 40 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.

Year ended December 31, 2014 (January 1 to December 31, 2014)

(millions of yen)

	Reportable segment					Adjustments (note 1)	Amount recorded on consolidated financial statements (note 2)
	Domestic wedding business	Hotel business	Overseas business	W&R business	Total		
Net sales							
Sales to outside customers	36,849	10,635	3,458	747	51,691	-	51,691
Inter-segment sales and transfers	590	149	0	-	739	(739)	-
Total	37,440	10,784	3,458	747	52,431	(739)	51,691
Segment income (loss)	7,147	432	173	45	7,799	(1,392)	6,406
Segment assets	32,116	9,696	3,475	3,769	49,057	18,211	67,269
Other items							
Depreciation/amortization	2,151	349	149	17	2,668	28	2,696
Amortization of goodwill	-	128	-	34	162	-	162
Increase(decrease) in tangible and intangible assets	7,977	1,536	172	50	9,737	32	9,769

Notes: 1. Details of adjustments are as follows:

(1) The minus 1,392 million yen adjustment for segment income includes 43 million yen elimination of inter-segment sales and minus 1,435 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 18,211 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 32 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, 2013		Year ended December 31, 2014	
Net assets per share	505.21 yen	Net assets per share	587.99 yen
Net income per share	86.62 yen	Net income per share	87.95 yen
Diluted net income per share	83.75 yen	Diluted net income per share	78.52 yen

Note: Calculation base for net income per share and for diluted net income per share is as follows:

	Year ended December 31, 2013	Year ended December 31, 2014
Net income per share		
Net income (millions of yen)	4,236	4,294
Amount not attributable to common stockholders (millions of yen)	-	-
Net income attributable to common stock (millions of yen)	4,236	4,294
Average number of shares outstanding during the term (shares)	48,916,035	48,828,484
Diluted net income per share		
Adjustment to net income (millions of yen)	-	-
Increase in the number of common stock (shares)	1,672,133	5,868,544
Residual securities that are not dilutive and not included in the calculation for diluted net income per share	-	-

(Significant Subsequent Events)

Not applicable

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, 2013	Year ended December 31, 2014
Segment	Number of weddings held (cases)	Number of weddings held (cases)
Domestic wedding business	9,857	10,187
Hotel business	758	819
Overseas business	2,932	3,025
Total	13,547	14,031

2) Orders received

	Year ended December 31, 2013		Year ended December 31, 2014	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Domestic wedding business	9,555	5,608	10,117	5,538
Hotel business	800	448	966	595
Overseas business	2,987	1,477	2,922	1,374
Total	13,342	7,533	14,005	7,507

3) Sales volume

	Year ended December 31, 2013	Year ended December 31, 2014
Segment	million yen	million yen
Domestic wedding business	37,392	36,849
Hotel business	7,139	10,635
Overseas business	2,894	3,458
W&R business	-	747
Total	47,426	51,691

Notes: 1. Classification of reportable segments has been changed since the first three months ended March 31, 2014. The figures for the previous fiscal year ended December 31, 2013, have been readjusted to the new reportable segments.

2. Starting from the first three months ended March 31, 2014, those numbers of weddings held, orders received and order backlogs at the facilities in partnership with the Company have newly been added, and therefore the figures for the previous fiscal year ended December 31, 2013, have been readjusted and reported accordingly.

3. Effective from the third quarter ended September 30, 2014, FAJA Co., Ltd. and two of its

subsidiaries have become the consolidated subsidiaries of the Company, and as a result, W&R business (Wellness & Relaxation business) has been added as a reportable segment.

4. Inter-segment transactions have been eliminated from the amounts shown above.
5. The above amounts do not include consumption tax.