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February 12, 2016

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Fiscal Year ended December 31, 2015 (Japanese GAAP)

Stock listing: Tokyo Stock Exchange (First Section) Securities code: 2418
URL: http://www.tsukada-global.holdings/en
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Scheduled dates:
Ordinary general meeting of shareholders: March 30, 2016
Filing of statutory year-end financial report: March 30, 2016
Dividend payout: March 31, 2016
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, 2015 (January 1, 2015 – December 31, 2015)

(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, 2015	53,804	4.1	5,392	(15.8)	5,431	(19.0)	3,880	(9.6)
Year ended December 31, 2014	51,691	9.0	6,406	(6.6)	6,708	(5.9)	4,294	1.4

Note: Comprehensive income: Year ended December 31, 2015: 3,585 million yen (-21.1%)
Year ended December 31, 2014: 4,543 million yen (1.8%)

	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, 2015	79.48	70.95	12.8	7.4	10.0
Year ended December 31, 2014	87.95	78.52	16.1	11.1	12.4

Reference: Equity in (earnings) losses of affiliates: Year ended December 31, 2015: - million yen
Year ended December 31, 2014: - million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2015	80,327	31,807	39.6	651.42
December 31, 2014	67,269	28,710	42.7	587.99

Reference: Total equity: December 31, 2015: 31,807 million yen
December 31, 2014: 28,710 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, 2015	5,686	(12,887)	7,712	17,863
Year ended December 31, 2014	6,960	(10,780)	7,108	17,354

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, 2014	-	5.00	-	5.00	10.00	488	11.4	1.8
Year ended December 31, 2015	-	5.00	-	5.00	10.00	488	12.6	1.6
Year ending December 31, 2016 (Forecast)	-	5.00	-	5.00	10.00		11.9	

3. Earnings Forecast for the Fiscal Year ending December 31, 2016 (January 1, 2016 – December 31, 2016)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Six months ending June 30, 2016	27,400	10.8	1,720	9.7	1,770	9.9	1,000	0.3	20.48
Year ending December 31, 2016	59,500	10.6	6,200	15.0	6,250	15.1	4,100	5.7	83.97

*Notes

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

Newly Consolidated: None

Newly Deconsolidated: Retreat Co., Ltd.

Note: For details, please refer to "(5) Notes to the Financial Statements (Basis for Preparation of Consolidated Financial Statements)" in section "4. 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: None
4) Retrospective restatement: None

Note: For details, please refer to "(5) Notes to the Financial Statements (Changes in Accounting Policy)" in section "4. Consolidated Financial Statements" on page 25 in the accompanying materials.

(3) Shares issued (common stock)

	December 31, 2015	December 31, 2014
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	131,534
	Year ended December 31, 2015	Year ended December 31, 2014
3) Average number of shares outstanding during the period	48,828,466	48,828,484

*** 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 15, 2016.

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 2015

In the fiscal year ended December 31, 2015, the Japanese economy followed a gradual recovery path due to improvement in corporate earnings and the employment environment. However, China and other emerging countries experienced an economic slowdown, and the economic outlook remains uncertain.

In this economic environment, in the bridal market, in which the Tsukada Global Holdings Group operates, the number of weddings in Japan in 2015 was estimated at 635,000, compared with 643,749 in 2014 (source: Outline of Vital Statistics in Japan, Ministry of Health, Labour and Welfare). Although the declining birthrate is gradually having a discernible impact, the size of Japan's wedding market remains generally stable, due in part to a moderate rise in wedding expenditures.

The number of foreign visitors to Japan is estimated to have reached a record 19.73 million in 2015 (source: Japan National Tourism Organization), and the hotel market, another market in which the Group operates, is expanding steadily thanks to recovery in the Japanese economy, coupled with a boost from foreign visitors.

Furthermore, the relaxation-related market is expected to experience substantial development and expansion in the coming years as the burgeoning interest in health and beauty of recent years adds to the market's previous underlying strength.

In this market environment, the Group endeavored to increase sales and profitability by accurately responding to customers' increasingly individualized and diversifying needs in the bridal, hotel, and relaxation markets while constantly and actively working to create new value, develop high-quality, appealing outlets, and provide high value-added services.

As a result of these efforts, in the fiscal year ended December 31, 2015 Tsukada Global Holdings Inc. ("the Company) posted consolidated net sales of ¥53,804 million (up 4.1% year on year). However, a decrease in the number of weddings held at existing outlets, among other factors, resulted in operating income of ¥5,392 million (down 15.8%), ordinary income of ¥5,431 million (down 19.0%), and net income of ¥3,880 million (down 9.6%).

The results for each business segment were as follows. The Company changed its reportable business segments beginning in fiscal 2015, and in the year-on-year comparisons presented below the figures for fiscal 2014 have been adjusted to reflect the change in segments.

a. Domestic wedding business

Although the number of small weddings held remained steady in fiscal 2015, net sales declined slightly owing to the decrease in the number of weddings held at existing outlets.

As a result, net sales in the domestic wedding business were ¥33,427 million (down 4.6% year on year), and segment operating income was ¥6,320 million (down 10.5%).

b. Hotel business

Sales of the Hotel InterContinental Tokyo Bay and The Strings by InterContinental Tokyo were firm, thanks to factors including the increase in foreign visitors to Japan, and contributed to an overall increase in net sales. In addition, although the number of orders received developed steadily at the Meieki (formerly Sasashima) outlet, which opened in November 2015, the Company recorded outlet-opening preliminary expenses of ¥292 million.

As a result, net sales in the hotel business were ¥13,946 million (up 11.9% year on year), while segment operating income was ¥431 million (down 17.1%).

c. Overseas business

The 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 were ¥3,475 million (up 0.5% year on year), and segment operating income was ¥79 million (down 54.2%).

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

In the W&R business, the market was strong, and average spend per customer and the number of customers grew steadily. As the deemed acquisition date of FAJA Co., Ltd. and its subsidiaries was September 30, 2014, the figures for fiscal 2014 are business performance for the two-month period from October 1, 2014 to December 31, 2014.

As a result, net sales in the W&R business were ¥2,954 million (up 295.1% year on year), and segment operating income was ¥110 million (up 141.9%).

2) Earnings Forecast for Fiscal Year Ending December 31, 2016

Regarding the economic environment in which the Tsukada Global Holdings Group operates, although benefits are expected from economic stimulus measures and a moderate improvement in corporate earnings in Japan, the economic outlook is likely to remain uncertain.

The Group intends to actively develop competitive products and constantly strive to create new value and will also aim at improving cost-competitiveness and enhancing profitability through efficient outlet development and development of human resources.

The order backlog at the end of the fiscal year under review (December 31, 2015) was 7,258 orders (down 3.3% year on year). For the fiscal year ending December 31, 2016, the Company forecasts consolidated net sales of ¥59,500 million, operating income of ¥6,200 million, ordinary income of ¥6,250 million, and profit attributable to owners of the parent of ¥4,100 million.

(2) Analysis of Financial Condition

1) Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal year (December 31, 2015) amounted to ¥80,327 million, an increase of ¥13,057 million from the end of the previous fiscal year (December 31, 2014). The change resulted mainly from increases of ¥7,012 million in buildings and structures in conjunction with the opening of the Meieki (formerly Sasashima) outlet, ¥3,830 million accompanying the acquisition of a site for a hotel in Hawaii, and ¥4,148 million in cash and deposits and a decrease of ¥3,851 million in marketable securities.

Liabilities at the end of the fiscal year totaled ¥48,519 million, an increase of ¥9,960 million compared with the end of the previous fiscal year. The change is chiefly attributable to a net increase of ¥8,221 million in debt and corporate bonds accompanying the opening of the Meieki (formerly Sasashima) outlet and an increase of ¥1,308 million in other current liabilities.

Net assets at the end of the fiscal year totaled ¥31,807 million, an increase of ¥3,097 million from the end of the previous fiscal year. The change is mainly due to ¥488 million in dividends paid from retained earnings and the booking of ¥3,880 million in net income.

2) Cash Flow

Cash and cash equivalents (“cash”) at the end of the fiscal year increased by ¥509 million from the end of the previous fiscal year to ¥17,863 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 ¥5,686 million, a decrease of 18.3% from the previous fiscal year. The change is mainly attributable to ¥5,291 million in income before income taxes and minority interests and ¥2,763 million in depreciation and amortization, partially offset by ¥2,153 million in income taxes paid.

(Investing cash flow)

Cash used in investing activities totaled ¥12,887 million, an increase of 19.5% from the previous fiscal year. The change is mainly the result of ¥11,645 million for purchase of tangible assets, ¥991 million in lease and guarantee deposits, and ¥702 million for purchase of investment securities.

(Financing cash flow)

Cash provided by financing activities in the fiscal year totaled ¥7,712 million, an increase of 8.5% from the previous fiscal year. The change is mainly attributable to net proceeds of ¥8,211 million from debt and issuance of bonds and ¥487 million in dividends paid to shareholders.

Change in the Tsukada Global Holdings Group's cash flow-related indicators is as follows.

	FY2012	FY2013	FY2014	FY2015
Return on equity (%)	43.0	45.7	42.7	39.6
Return on equity based on market value (%)	39.9	60.2	60.1	47.7
Cash flow to interest-bearing debt (years)	3.2	3.2	3.9	6.2
Interest coverage ratio (times)	16.7	23.4	32.6	24.8

Notes:

Return on equity: Total equity/Total assets

Return on equity 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. Cash flows from operating activities in the Consolidated Statements of Cash Flows are used for operating cash flow. Interest-bearing debt includes all liabilities recorded on the Consolidated Balance Sheets on which interest is paid. Interest paid in the Consolidated Statements of Cash Flows is used for Interest expenses.

(3) Basic Policy on Profit Distribution, Dividends for Fiscal 2015, and Dividend Forecast for Fiscal 2016

The Company considers the return of profits to shareholders to be an important management priority. The Company's policy is to give comprehensive consideration to the financial situation, profit level, and other factors while strengthening the business infrastructure and to return profits to shareholders in a flexible manner in accordance with the operating results each year while taking into consideration enhancement of internal reserves.

With regard to dividends, the Company decided to pay a year-end dividend of ¥5 per share for the year ended December 31, 2015. As the Company paid an interim dividend of ¥5 per share in August 2015, the annual dividend for fiscal 2015 is ¥10 per share.

The Company also plans to pay an annual dividend of ¥10 per share (including an interim dividend of ¥5 per share) for the year ending December 31, 2016.

(4) Business and Other Risks

The following is a description of matters considered to be potential risks to the Tsukada Global Holdings Group's business operations. In the interest of proactive disclosure of information to investors, matters that the Company does not necessarily consider business risks but that may be important for investor decisions or understanding of the Group's business activities have been included.

Forward-looking statements contained herein are based on the Company's best judgment as of the end of fiscal 2015. The Company strives to avoid the occurrence of risks and respond when a risk occurs.

1) Characteristics of the business

a. Services

The Tsukada Global Holdings Group aims to provide the latest wedding styles based on services highly responsive to the interests and preferences of its customers by constantly and meticulously analyzing contemporary needs and fashion trends, combining experience and expertise accumulated within the Group with high-level services provided by partner companies, and assigning professional chefs and service staff to each facility to provide dining and other services.

Nevertheless, if the Group's services fail to respond to current needs and fashion trends or if the Group is unable to secure partner companies, chefs, or staff that meet the desired level of excellence and be unable to provide satisfactory services to customers, the Group's operating results may be affected.

b. Human resources

To cope with further expansion of operations and diversification of business activities, the Group will further bolster its sales and administrative department personnel by actively recruiting recent university graduates and establishing education and training systems. Nevertheless, if the Group is unable to secure internally personnel in line with expansion of operations as planned, competitiveness may decline, further expansion of operations may be constrained, and the Group's operating results may be affected.

2) Markets in which the Group operates

According to the Ministry of Health, Labour and Welfare's Outline of Vital Statistics in Japan, Japan's population of people reaching marrying age is gradually declining. If the overall size of the bridal market contracts in the future, the Group's operating results may be affected.

Guest houses and wedding services are attracting attention as a new wedding style, their share of the bridal market is increasing as they gain recognition, and the Group expects demand to further increase. As this market growth potential becomes a focus of attention, entry into the guest house and wedding services market by existing hotels and ceremony hall operators, the provision of unprecedented new services, and market entry by companies from other industries is expected. If competition with other companies intensifies as a result, the Group's operating results may be affected.

3) Operating results and financial situation

a. Seasonal changes in operating results

The Group's net sales increase at the time of opening of new facilities and tend to be concentrated during the April–June and October–December peak wedding seasons in Japan (the second and fourth quarters of the Company's fiscal year).

Quarterly operating results for the fiscal year ended December 31, 2015

	First Quarter (percentage of full-year results)	Second Quarter (percentage of full-year results)	Third Quarter (percentage of full-year results)	Fourth Quarter (percentage of full-year results)
	Million yen	Million yen	Million yen	Million yen
Net sales	10,757 20.0%	13,961 25.9%	13,156 24.5%	15,928 29.6%
Operating income or loss (loss shown in parentheses)	(165) -3.1%	1,732 32.2%	1,267 23.5%	2,557 47.4%

b. Heavy reliance on debt

Since heretofore the Group has raised investment capital for construction costs, lease and guarantee deposits, and other expenses incurred when building new guest houses primarily by means of loans from financial institutions, the ratio of interest-bearing debt to total assets is high. The balance of interest-bearing debt was ¥27,149 million as of December 31, 2014 and ¥35,409 million as of December 31, 2015. The ratio of interest-bearing debt to total assets stood at 40.3% as of December 31, 2014 and 44.1% as of December 31, 2015, reflecting the Group's heavy reliance on debt. The ratio of interest expenses to net sales was 0.4% in the year ended December 31, 2014 and 0.4% in the year ended December 31, 2015.

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

In addition, some of the Company's loans have financial covenants attached. If the Company violates these covenants and a lender demands settlement, the loan may become immediately due and payable and the Company may repay the loan in full.

c. Overseas conditions

The Group operates an overseas wedding services business that caters mainly to Japanese customers in Hawaii, the United States and Bali, Indonesia. As of December 31, 2015, the Group directly operated four wedding chapels and had exclusive usage rights to one church in Hawaii and directly operated two wedding chapels in Bali. The Group sells wedding plans for each of these markets through a total of six sales salons, five in Japan and one in Hawaii. For this reason, changes in the political situation or economic trends in these overseas regions or the occurrence of events such as war, terrorism, or major natural disaster may result in cancellations and affect the Group's operating results.

Local companies Best Bridal Hawaii, Inc. and PT. Tirtha Bridal provide wedding services on a contract basis for overseas wedding orders received by the Company and also arrange weddings for local customers. BEST HOSPITALITY LLC owns a hotel development site in Hawaii. EcPark Pte. Ltd. operates a restaurant business that caters to local customers. Best Bridal Korea Inc. is constructing guest houses and has signed lease contracts with Marizin Inc. in preparation for entry into the Korean bridal market. If these business activities fail to progress in line with the Company's expectations, the Group's operating results may be affected.

d. Impact of foreign exchange fluctuations

Since the Company has receivables denominated in foreign currencies including outstanding loans to subsidiaries and has debts denominated in foreign currencies, the Group's operating results and financial situation may be affected by significant foreign exchange fluctuations.

e. Food safety

Since the Group operates restaurants in its ceremony halls and hotels, it is subject to regulation under food sanitation laws. To ensure that situations such as suspension of business due to food poisoning or other hygiene-related issues occur, the Group appoints a sanitary manager at each outlet and restaurant and constantly takes all possible measures to ensure safety and quality. Nevertheless, if a major quality problem that goes beyond the scope of the Group's measures occurs, 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 business activities, such as deciding management policies and strategy. To avoid over-reliance on Masayuki Tsukada in business management and execution, the Company mitigates management risk by means such as enhancement of the Management Committee and delegation of authority and is also strengthening human resources development in each business sector. However, if Masayuki Tsukada becomes unable to perform his duties due to unforeseen circumstances, business development and business results may be affected.

5) Laws and regulations

The Group's domestic wedding business is subject to various regulations on the construction and renovation of guest houses under the Building Standards Act, Fire Service Act, Sewerage Act, and other laws as well as, depending on building structure and construction location, regulations under local ordinances on wastewater control, noise control, and other matters. When the Group constructs or renovates facilities, it hires a licensed architect or construction company to perform structural checks, and the Company's marketing department and local fire departments also perform checks. Nevertheless, if the Group violates any of the above legal regulations, guest house construction plans may be delayed or operations impeded, and the Group's operating results may be affected.

The Group has registered its overseas salons (type one business activities) pursuant to the Travel Agency Act. If the Group violates the act and becomes unable to renew its registration or has its registration revoked, the Group's operating results may be affected.

Furthermore, the Group operates its hotels in accordance with the Inns and Hotels Act, and the provision of beauty services offered prior to wedding ceremonies is subject to regulation under the Act on Specified Commercial Transactions.

6) Capital investment and new construction risk

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	Meieki
No. of guest houses	2	1	4	3	2	1	1	3	7	7

As of December 31, 2015, the Group operates the aforementioned 20 outlets (65 guest houses) inside Japan. All of the outlets were planned internally by the Company's business development department.

The Group's policy is to continue to efficiently open new guest houses, mainly in the Tokyo Metropolitan, Kansai, and Chukyo regions, after meticulous market analysis, facility planning, and site selection.

The Group seeks to sustain a stable customer acquisition rate by renovating existing guest houses on a three-year renewal cycle and maintaining newness and excellent design characteristics at all times.

Nevertheless, if the Group is unable to acquire real estate (primarily land) suitable for facilities construction or employ necessary operations staff, or if new or existing guest houses fail to meet with customer acceptance, the Group's operating results may be affected.

Additionally, if the real value of fixed assets held by the Group declines significantly due to factors such as the industry trend or change in the business environment, the Group's operating results and financial situation may be affected due to recognition of impairment loss.

b. Outlet development risks

The Group typically signs lease contracts to secure sites needed for its directly operated outlets and pays guarantee money as well as upfront interior and exterior design expenses when opening outlets. After outlet opening as well, labor costs, rent, and other running costs are incurred. For this reason, the amount of deposits and guarantees and related expenses increase with the opening of new outlets. If the Company is forced to close an outlet after a shorter period than the expected period of operation, it may incur penalties for breach of contract. In addition, if a lessor goes bankrupt, the Company may be unable to recover all or part of its guarantee money.

The Company's policy on future site procurement is to proceed with guest house construction using land acquisition and securitization as an option in addition to leasing for the purpose of putting the outlet development plan on a firmer footing. Although the Company's policy when considering outlet development is to place priority on management efficiency and avoidance of deterioration of the financial position, acquisition of land may affect the financial position.

An outlet format unique to the Group is large-scale outlets that contain multiple guest houses within a single large site. By constructing multiple guest houses on the same site, the Group meets the diverse customer needs and preferences by preparing guest houses with a variety of concepts and different seating capacity. The Group's policy is to focus on developing large-scale outlets. As this necessitates securing large sites, if the Group is unable to secure properties suitable for construction and the outlet development plan does not progress as expected, business development may be constrained, and the Group's operating results may be affected.

c. Special purpose company

The Group utilizes the Shirogane office (Shirogane SPC Co., Ltd.) as a special purpose company (SPC). The Company invests in an anonymous partnership in connection with the SPC and, with respect to the scope of consolidation of this anonymous partnership investment, determines individually whether or not the Company has control and influence over the SPC in accordance with the Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations (ASBJ Practical Issues Task Force No. 20, March 25, 2011). The executive authority for the anonymous partnership is the SPC, the partnership operator, and the Company does not have any direct voting rights or other authority that 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 scope of consolidation.

With regard to decisions on the scope of consolidation, in recent years transactions involving the use of special purpose companies have rapidly increased and become more complex and diversified, it has been pointed out that stakeholders may be misled in their judgments concerning the status of business groups, and the Company recognizes that special purpose companies are the subject of international debate. If a change occurs in the Company's policy on deciding the scope of consolidation due to the institution of new accounting standards or the publication of practical guidelines on accounting standards, 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 ¥2,707 million and loans from financial institutions totaling ¥1,784 million as of December 31, 2015.

7) Management of customer information

The Group handles the personal information of many customers through its wedding services sales activities. The Group has prepared against the risk of information leakage by taking security measures to maintain the confidentiality of this personal information, including storing information in locked cabinets and using passwords to secure electronic information. Nevertheless, if leakage of personal information occurs due to unforeseen circumstances, the Group's operating results may be affected by loss of public trust in the Group.

2. Management Policy

(1) Basic Management Policy

The corporate philosophy of the Tsukada Global Holdings Group is “Tsukada Global Holdings strives to create gathering places which leave an everlasting memory on guests by offering the finest professional hospitality services.” In accordance with this philosophy, the Group has accurately identified constantly changing customer needs and provided high-quality services and high value-added facilities. The Group will pursue sustained development and enhancement of corporate value by continuing to create new value in the markets in which it operates.

The Group has set forth five basic strategies to accomplish the basic management policy.

1. Outlet development strategy:
   Develop guest houses, hotels, and wellness & relaxation facilities, primarily in the Tokyo Metropolitan, Kansai, and Chukyo regions, that are adapted to the unique characteristics of each market.
2. Product development capabilities:
   Realize competitive products with high added value, aiming to provide customers with highly satisfying products and services.
3. Proposal and sales capabilities:
   Accurately identify customer needs (customers’ dreams) and enhance product proposal and sales capabilities to make these dreams come true.
4. Profitability enhancement:
   Streamline management and improve operating efficiency to continuously achieve high profitability.
5. Financial strategy:
   Procure funds by means suited to the characteristics of the business, placing priority on capital costs, while carefully considering factors such as maintenance of a sound financial position, capital efficiency improvement, and dilution of share value.

(2) Target Management Indicators

To remain a corporate entity capable of stable and continuous growth, the Group has made return on equity (ROE) an important management indicator in order to increase overall profitability while strengthening the financial position. The Group will work to enhance corporate value by increasing ROE.

(3) Medium- to Long-term Management Strategy

1) Product strategy

While meticulously analyzing contemporary needs and fashion trends, the Group continuously 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, bride and groom become lady and lord of the manor, welcoming many guests as party hosts. For customers who seek to fulfill their own dreams and aspirations, the Company has developed a system that is highly responsive to customers’ preferences and plans by combining the Group’s accumulated expertise with high-level services provided by many partner companies. As for eating and drinking and services, the Company assigns a professional chef and service staff to each outlet to always provide high-quality dining and services.

At the Hotel InterContinental Tokyo Bay, The Strings by InterContinental Tokyo, and the Sir Winston Hotel, which the Group operates, the Company is defying the conventional wisdom of profitability improvement through cost cutting by implementing transformational management reform through new investment. As a result, the Company is achieving a significant improvement in profitability.

The Group also operates the British-style Queensway reflexology salons, which boast an extraordinary repeat rate as the first casual healing salons in Japan that provide reflexology services. The secrets to their success are 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 20 guest houses, the Hotel InterContinental Tokyo Bay, The Strings by InterContinental Tokyo, the Sir Winston Hotel, The Strings Hotel Nagoya (opened January 2016), and 40 Queensway reflexology salons. The sustained growth of the Company requires efficient outlet development based on facility planning, site selection, and property selection based on meticulous marketing analysis, and the Company plans to develop outlets mainly in the Tokyo Metropolitan, Kansai, and Chukyo regions, which offer strong future growth potential. The Group seeks to sustain a stable customer acquisition rate by renovating existing guest houses on a three-year renewal cycle and maintaining newness and excellent design characteristics at all times.

3) Sales strategy

The Group does not conduct door-to-door selling. The principal sales method is face-to-face sales to customers visiting facilities by sales staff.

In the domestic wedding business, the product announcement and advertising strategy relies heavily on paid advertising via TV commercials, wedding magazines, and other media, and creating more appealing advertisements is critical for prevailing against competitors. The Company creates appealing print advertising with an emphasis photographic content to call maximum attention to the design and service content of facilities. The Company also actively solicits customers via the Internet by combining use of Internet advertising with introduction of facilities and services on websites.

Trend in sales results such as sales success rates for each facility are compiled and analyzed weekly, and supervisors from domestic business divisions discuss improvement measures with managers and staff of guest houses showing signs of declining customer acquisition and provide guidance and recommendations on how to improve success rates.

With regard to the overseas business, the Company is strengthening the overseas wedding salons in Japan (five outlets) and sales channels in order to improve the ability to attract customers and increase success rates.

The Group will further emphasize the development of high-caliber personnel by establishing education and training systems to enhance the service proposal capabilities of individual employees.

(4) Issues to Address

The economic environment in which the Tsukada Global Holdings Group operates is likely to remain generally unpredictable and adverse. Although the about-face in monetary policy and economic stimulus measures in Japan is expected to lead to revival of the stagnant economy, worldwide fluctuation in crude oil prices, interest rates, exchange rate trends, and corporate business performance is expected to continue for some time.

In these circumstances, the Group must continue to operate highly competitive and attractive guest houses and hotels while providing meticulous products and services responsive to customer needs, which are expected to become increasingly individualized and diverse, and constantly create and provide new, high value-added services in the wellness and relaxation business.

The Company will seek to grow into a comprehensive hospitality company by reinforcing and improving an advertising strategy that helps boost brand power in order to further enhance competitive advantage in the market and corporate value, further promote Group synergies with a view to expansion into overseas markets, strengthen the financial position by means including cost cutting, and focus on securing and developing talented human resources.

1) Guest house development

The Company operates 20 outlets in Japan. Since development of highly competitive guest houses is a cornerstone of the business, the Company plans to promote more efficient development while diversifying the outlet development strategy.

2) Hotel development

The Group operates the Hotel InterContinental Tokyo Bay, The Strings by InterContinental Tokyo, the Sir Winston Hotel, and the Strings Hotel Nagoya (opened January 2016). The Group plans to actively develop new properties in Japan and overseas while further enhancing earning power.

3) Development of wellness and relaxation facilities

The Group operates British-style reflexology salons (Queensway) and plans to expand the scale of this business by proactively developing these salons and by accelerating development of a spa complex.

4) Securing and developing human resources

The Company believes that strengthening of its wedding presentation capabilities to enhance customer service contributes to differentiation from competitors and will continue to actively create mechanisms to raise employee motivation and develop systems to make possible medium- to long-term employee development.

3. Basic Views on Adoption of Accounting Standards

The Company's financial statements are prepared in accordance with the accounting principles generally accepted in Japan (Japanese GAAP), in order to ensure comparability with other companies in the peer. As to the possible future adoption of the International Financial Reporting Standards (IFRS), the Company shall continue its study going forward, taking into account the future developments of the Company's business and of the global and Japanese business environments.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	December 31, 2014	December 31, 2015
	Amount	Amount
Assets		
Current assets		
Cash and deposits	13,441	17,589
Accounts receivable - trade	871	879
Marketable securities	4,214	362
Merchandise	40	33
Raw materials and supplies	480	569
Deferred tax assets	551	615
Other	1,371	1,876
Allowance for doubtful receivables	(46)	(55)
Total current assets	20,923	21,870
Fixed assets		
Tangible assets		
Buildings and structures	31,185	39,274
Accumulated depreciation	(16,350)	(17,426)
Buildings and structures, net	14,835	21,847
Land	11,023	14,854
Construction in progress	922	632
Other	5,162	6,080
Accumulated depreciation	(3,833)	(4,260)
Other, net	1,328	1,819
Total tangible assets	28,109	39,154
Intangible assets		
Goodwill	2,805	2,538
Other	193	181
Total intangible assets	2,999	2,719
Investments and other assets		
Investment securities	3,920	4,285
Lease and guarantee deposits	7,676	8,362
Deferred tax assets	2,247	2,770
Other	1,447	1,066
Allowance for doubtful receivables	(164)	-
Total investments and other assets	15,127	16,485
Total fixed assets	46,236	58,358
Deferred assets		
Bond issuance costs	108	97
Total deferred assets	108	97
Total assets	67,269	80,327

(millions of yen)

	December 31, 2014	December 31, 2015
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	2,327	2,258
Current portion of long-term debt	2,426	2,857
Current portion of bonds	684	724
Income taxes payable	1,634	1,369
Advances received	1,188	1,131
Provision for point card certificates	18	-
Other	3,184	4,492
Total current liabilities	11,463	12,834
Fixed liabilities		
Bonds	3,422	3,558
Convertible bonds with stock acquisition rights	5,000	5,000
Long-term debt	15,613	23,227
Net defined benefit liability	308	331
Provision for directors' retirement benefits	681	691
Asset retirement obligations	1,419	2,139
Other	650	736
Total fixed liabilities	27,094	35,685
Total liabilities	38,558	48,519
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	27,238	30,630
Treasury stock	(88)	(88)
Total shareholders' equity	28,256	31,648
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	167	(28)
Deferred gain (loss) on derivatives under hedge accounting	7	-
Foreign currency translation adjustments	282	190
Remeasurements of defined benefit plans	(3)	(2)
Total accumulated other comprehensive income	454	158
Total net assets	28,710	31,807
Total liabilities and net assets	67,269	80,327

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(millions of yen)

	Year ended December 31, 2014	Year ended December 31, 2015
	Amount	Amount
Net sales	51,691	53,804
Cost of sales	33,791	35,756
Gross profit	17,900	18,047
Selling, general and administrative expenses	11,493	12,655
Operating income	6,406	5,392
Non-operating income		
Interest income	74	81
Dividend income	138	59
Gain on sales of marketable securities	-	43
Gain on investments in silent partnership	126	130
Foreign exchange gains	154	-
Gain on valuation of derivatives	129	-
Other	67	103
Total non-operating income	690	418
Non-operating expenses		
Interest expenses	210	228
Loss on valuation of derivatives	-	56
Foreign exchange loss	-	51
Other	178	42
Total non-operating expenses	388	379
Ordinary income	6,708	5,431
Extraordinary income		
Gain on sales of investment securities	7	-
Gain on sales of fixed assets	0	1
Total extraordinary income	8	1
Extraordinary loss		
Loss on valuation of affiliated companies' shares	38	-
Loss on sales of fixed assets	-	30
Loss on disposal of fixed assets	22	47
Shop closing expenses	-	27
Impairment loss	128	-
Loss on liquidation of subsidiaries/affiliates	-	18
Provision of allowance for doubtful receivables	164	-
Provision of allowance for loss on shop closing	-	13
Others	-	5
Total extraordinary loss	353	141
Income before income taxes and minority interests	6,363	5,291
Income taxes-current	2,477	1,874
Income taxes-deferred	(407)	(463)

Total income taxes	2,070	1,411
Income before minority interests	4,292	3,880
Minority interests in income (loss)	(1)	-
Net income	4,294	3,880

Consolidated Statements of Comprehensive Income

(millions of yen)

	Year ended December 31, 2014	Year ended December 31, 2015
	Amount	Amount
Income before minority interests	4,292	3,880
Other comprehensive income		
Net unrealized gain on available-for-sale securities	78	(196)
Deferred gain (loss) on derivatives under hedge accounting	(39)	(7)
Foreign currency translation adjustments	211	(92)
Remeasurements of defined benefit plan	-	0
Total other comprehensive income	250	(295)
Comprehensive income	4,543	3,585
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,543	3,585
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Net Assets

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

Year ended December 31, 2015 (January 1 to December 31, 2015)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	27,238	(88)	28,256
Changes during term					
Cash dividends			(488)		(488)
Net income			3,880		3,880
Purchase of treasury stock					
Change in scope of consolidation					
Net changes in items other than shareholder's equity					
Total changes during term	-	-	3,392	-	3,392
Balance at end of term	472	634	30,630	(88)	31,648

	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	167	7	282	(3)	454	28,710
Changes during term						
Cash dividends						(488)
Net income						3,880
Purchase of treasury stock						
Change in scope of consolidation						
Net changes in items other than shareholder's equity	(196)	(7)	(92)	0	(295)	(295)
Total changes during term	(196)	(7)	(92)	0	(295)	3,097
Balance at end of term	(28)	-	190	(2)	158	31,807

(4) Consolidated Statements of Cash flows

(millions of yen)

	Year ended December 31, 2014	Year ended December 31, 2015
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	6,363	5,291
Depreciation and amortization	2,696	2,763
Amortization of goodwill	162	291
Amortization of bond issuance costs	16	20
Loss on disposal of tangible assets	22	47
(Gain) loss on sales of fixed assets	(0)	28
Loss on valuation of affiliated companies' shares	38	-
Provisions for doubtful receivables	164	-
(Gain) loss on valuation of derivatives	(129)	56
(Gain) loss on sales of investment securities	(7)	-
(Gain) loss on investments in silent partnership	(126)	(130)
Foreign exchange (gain) loss	(88)	(22)
Impairment loss	128	-
Increase (decrease) in allowance for doubtful receivables	4	8
Increase (decrease) in net defined benefit liability	19	25
Increase (decrease) in provision for directors' retirement benefits	38	9
Increase (decrease) in provision for point card certificates	(22)	(18)
Loss on liquidation of subsidiaries and affiliates	-	18
Shop closing expenses	-	27
Interest and dividend income	(213)	(141)
Interest expenses	210	228
(Gain) loss on sales of marketable securities	-	(43)
(Increase) decrease in notes and accounts receivable - trade	(249)	(11)
(Increase) decrease in inventories	(91)	(82)
Increase (decrease) in notes and accounts payable - trade	112	(68)
(Increase) decrease in other assets	(346)	(8)
Increase (decrease) in advances received	8	(53)
Increase (decrease) in accrued consumption taxes	291	(582)
Increase (decrease) in other liabilities	202	43
Other- net	415	239
Sub total	9,618	7,940
Interest and dividends received	199	129
Interest paid	(213)	(229)
Income taxes paid	(2,644)	(2,153)
Net cash provided by (used in) operating activities	6,960	5,686

	Year ended December 31, 2014	Year ended December 31, 2015
	Amount	Amount
Cash flows from investing activities		
Proceeds from sales of marketable securities	-	209
Purchase of tangible assets	(8,276)	(11,645)
Purchase of intangible assets	(57)	(66)
Purchase of investment securities	(499)	(702)
Proceeds from sales of investment securities	168	177
Payments for asset retirement obligations	-	(21)
Additional purchase of subsidiaries' shares	-	(24)
Purchase of subsidiaries' shares resulting in change in the scope of consolidation	(2,048)	-
Loans receivable	(66)	(7)
Collection of loans receivable	102	9
Lease and guarantee deposits	(231)	(991)
Collection of lease and guarantee deposits	141	230
Other- net	(12)	(53)
Net cash provided by (used in) investing activities	(10,780)	(12,887)
Cash flows from financing activities		
Proceeds from long-term debt	7,981	10,700
Repayments of long-term debt	(2,821)	(2,654)
Proceeds from issuance of bonds	2,930	990
Payments for redemption of bonds	(484)	(824)
Purchase of treasury stock	(0)	-
Dividends paid to shareholders	(488)	(487)
Other – net	(9)	(11)
Net cash provided by (used in) financing activities	7,108	7,712
Foreign currency translation adjustments on cash and cash equivalents	251	(2)
Net increase (decrease) in cash and cash equivalents	3,539	509
Cash and cash equivalents, beginning of period	13,758	17,354
Increase in cash and cash equivalents from newly consolidated subsidiary	56	-
Cash and cash equivalents, end of period	17,354	17,863

(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
Best Hospitality Network Corporation
Best Global, Inc.
Ecpark Pte. Ltd.
FAJA Co., Ltd.
RAJA Co., Ltd.
Best Hospitality LLC

Among the above-listed subsidiaries, Best Hospitality LLC was newly established in the fiscal year under review, and has consequently been added to the scope of consolidation. Retreat Co., Ltd., a consolidated subsidiary in the previous fiscal year ended December 2014, has been merged into RAJA Co., Ltd. during the fiscal year under review, and has therefore been excluded from the scope of consolidation.

(2) Name of principal non-consolidated subsidiaries:

Non-consolidated subsidiaries

Life Create Bank, Inc.
Best Bridal Singapore Pte. Ltd.
Best Resort LLC
BT KALAKAUA, LLC

(Reason for excluding these subsidiaries from consolidation)

These non-consolidated subsidiaries have been excluded from consolidation, because they are all immaterial and their net income/loss for the year ended December 31, 2015 (amounts proportionate to the Company’s equity interest), and retained earnings (amounts proportionate to the Company’s equity interest) have no significant impact on the Company’s 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., Best Resort LLC, KALAKUA, LLC) 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 (amounts proportionate to the Company's equity interest) on the consolidated financial statements for the fiscal year ended December 31, 2015, 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

However, some consolidated subsidiaries employ the straight-line method, and the buildings (excluding attached structures) acquired on or after April 1, 1998, 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 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) Attribution method for projected retirement benefits

In calculating retirement benefit obligations, the projected unit credit method has been used for determining how much projected retirement benefits is attributable to the period till the end of the fiscal year ended December 31, 2015.

2) Use of simplified valuation method

In preparation for the future payment of the retirement benefit obligations for the employees, the Company and some of its consolidated subsidiaries record estimates based on the projected retirement benefits at the end of the fiscal year ended December 31, 2015.

(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, currency swap

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 March 26, 2015) have been applied, effective from the fiscal year ended December 31, 2015, with regard to provisions set forth in the text of Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the methods for calculating retirement benefit obligations and service costs, as well as the method of determining the discount rate, have been revised, and the attribution method for projected retirement benefits to periods has been changed from the straight-line basis to the benefit formula basis.

There is no effect of this change on net defined benefit liabilities, retained earnings and profit and loss accounts, as of at the beginning of the consolidated fiscal year ended December 31, 2015.

(Segment and Other Information)

Segment Information

1. Overview of reportable segment

The 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 drinking and eating and services at wedding banquets, dress rental and beauty care services. "Hotel business" offers the management of hotel weddings and banquets, and provision of hotel accommodation services at Hotel InterContinental Tokyo Bay, The Strings by InterContinental Tokyo, Sir Winston Hotel, and The Strings Hotel Nagoya (opened in January, 2016). "Overseas business" consists mainly of management of wedding venues and operation of weddings and banquet in Hawaii and Bali Indonesia, for customers who order through the Group's sales salons in Japan. The segment also subleases wedding venues to an affiliate in South Korea. "W&R business (Wellness and Relaxation business)" operates, at 40 outlets across Japan, a British-style reflexology salon, "Queensway" with a high level of skills and sophisticated know-how of attending to customers.

Effective from the fiscal year ended December 31, 2015, Sir Winston Hotel (Yagoto Outlet) and The Strings Hotel Nagoya (Mei-Eki or formerly Sasashima Outlet), which used to belong to the "Domestic Wedding business," segment, have now been included in the "Hotel business" segment, in accordance with the policy of segmentation change to enable a more appropriate assessment and management of the performance of each reportable segment.

As a result, compared with the former segmentation, net sales of the "Hotel business" increased by ¥2,162 million and its segment income decreased by ¥446 million, while net sales of the "Domestic Wedding business" dropped by ¥2,162 million with its segment income growing by ¥446 million in the fiscal year ended December 31, 2015.

The segment information for the previous year ended December 31, 2014 has thus been readjusted and restated reflecting the segmentation change.

2. Calculation of net sales, income/loss, assets, liabilities, and other items by reportable segment

Accounting methods applied in the reportable business segments largely correspond to those presented under "Basis for Preparation of Consolidated Financial Statements."

Reportable segment income is based on operating income.

Inter-segment 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, 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	35,023	12,462	3,458	747	51,691	-	51,691
Inter-segment sales and transfers	775	186	0	-	961	(961)	-
Total	35,798	12,648	3,458	747	52,653	(961)	51,691
Segment income (loss)	7,059	520	173	45	7,799	(1,392)	6,406
Segment assets	29,199	12,612	3,475	3,769	49,057	18,211	67,269
Other items							
Depreciation/amortization	2,069	431	149	17	2,668	28	2,696
Amortization of goodwill	-	128	-	34	162	-	162
Increase(decrease) in tangible and intangible assets	7,074	2,440	172	50	9,737	32	9,769

Notes: 1. Details of adjustments are as follows:

(1) The minus ¥1,392 million adjustment for segment income includes ¥43 million elimination of inter-segment sales and minus ¥1,435 million 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 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 adjustment for depreciation/amortization comprises depreciation/amortization for unallocated corporate assets.

(4) The ¥32 million 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, 2015 (January 1 to December 31, 2015)

(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	33,427	13,946	3,475	2,954	53,804	-	53,804
Inter-segment sales and transfers	935	253	1	-	1,190	(1,190)	-
Total	34,363	14,199	3,477	2,954	54,994	(1,190)	53,804
Segment income (loss)	6,320	431	79	110	6,941	(1,549)	5,392
Segment assets	29,332	21,075	7,144	4,003	61,555	18,772	80,327
Other items							
Depreciation/amortization	1,949	542	143	79	2,714	49	2,763
Amortization of goodwill	-	128	24	138	291	-	291
Increase(decrease) in tangible and intangible assets	941	8,391	4,194	637	14,165	78	14,243

Notes: 1. Details of adjustments are as follows:

(1) The minus ¥1,549 million adjustment for segment income includes ¥20 million elimination of inter-segment sales and minus ¥1,569 million 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 ¥18,772 million 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 ¥49 million adjustment for depreciation/amortization comprises depreciation/amortization for unallocated corporate assets.

(4) The ¥78 million 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, 2014		Year ended December 31, 2015	
Net assets per share	587.99 yen	Net assets per share	651.42 yen
Net income per share	87.95 yen	Net income per share	79.48 yen
Diluted net income per share	78.52 yen	Diluted net income per share	70.95 yen

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

	Year ended December 31, 2014	Year ended December 31, 2015
Net income per share		
Net income (millions of yen)	4,294	3,880
Amount not attributable to common stockholders (millions of yen)	-	-
Net income attributable to common stock (millions of yen)	4,294	3,880
Average number of shares outstanding during the term (shares)	48,828,484	48,828,466
Diluted net income per share		
Adjustment to net income (millions of yen)	-	-
Increase in the number of common stock (shares)	5,868,544	5,868,544
Of which convertible bond with stock acquisition rights (shares)	5,868,544	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

5. 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, 2014	Year ended December 31, 2015
Segment	Number of weddings held (cases)	Number of weddings held (cases)
Domestic wedding business	9,873	9,578
Hotel business	1,133	1,344
Overseas business	3,025	2,602
Total	14,031	13,524

Note: Classification of reportable segments has been changed effective from the fiscal year ended December 31, 2015. The figures for the previous fiscal year ended December 31, 2014, have been readjusted to the new reportable segments.

2) Wedding orders received

	Year ended December 31, 2014		Year ended December 31, 2015	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Domestic wedding business	9,779	5,288	9,219	4,929
Hotel business	1,304	845	1,840	1,341
Overseas business	2,922	1,374	2,216	988
Total	14,005	7,507	13,275	7,258

Note: Classification of reportable segments has been changed effective from the fiscal year ended December 31, 2015. The figures for the previous fiscal year ended December 31, 2014, have been readjusted to the new reportable segments.

3) Sales volume

	Year ended December 31, 2014	Year ended December 31, 2015
Segment	Millions of yen	Millions of yen
Domestic wedding business	35,023	33,427
Hotel business	12,462	13,946
Overseas business	3,458	3,475
W&R business	747	2,954
Total	51,691	53,804

Notes: 1. Classification of reportable segments has been changed effective from the fiscal year ended December 31, 2015. The figures for the previous fiscal year ended December 31, 2014, have been readjusted to the new reportable segments.

2. Inter-segment transactions have been eliminated from the amounts shown above.

3. The above amounts do not include consumption tax.