



## Evolution of Our Business Model

## Corporate Philosophy

The Watabe Wedding Group is seeking to become one of the world's leading players in the bridal business.

## Corporate Mission

Our mission is to contribute to the creation of wonderful lifestyles and to the realization of “richer” societies through heartfelt dedication and proposals born from ingenuity.



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### Forward-looking Statements

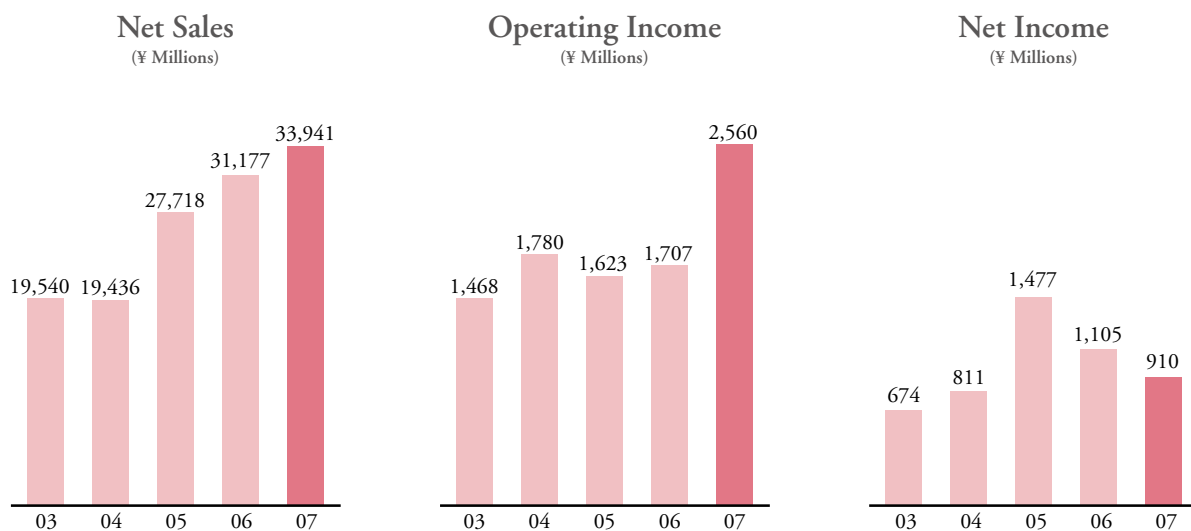
This annual review contains “forward-looking statements,” including statements concerning the Company's outlook for fiscal 2007 and beyond; business plans and strategies and their anticipated results; and similar statements concerning anticipated future events and expectations that are not historical facts. The forward-looking statements in this review are subject to numerous external risks and uncertainties, including the effects of economic conditions, market trends and currency rates, which could cause actual results to differ materially from those expressed in or implied by the statements herein.

# Consolidated Financial Highlights

Watabe Wedding Corporation and Subsidiaries  
Years ended March 31

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2006	2005	2007
Net Sales	¥ 33,941	¥ 31,177	¥ 27,718	\$287,514
Operating Income	2,560	1,707	1,623	21,686
Net Income	910	1,105	1,477	7,709
Per Share Data (yen/U.S. dollars):				
Basic Net Income	92.2	111.4	169.3	0.78
Equity	1,394.27	1,316.70	1,226.83	11.81
Cash Dividends applicable to the year	26.0	24.0	24.0	0.22
At Year-end:				
Total Assets	23,485	22,165	20,319	198,941
Equity (Note 2)	13,783	12,984	12,044	116,755
Ratios (%):				
ROA (Note 3)	3.9	5.0	7.3	
ROE	6.8	8.8	15.3	
Equity Ratio	41.0	47.6	59.3	

Notes: 1. The United States dollars represent translations of Japanese yen at the rate of ¥118.05=\$1.  
2. Presented as Shareholders' Equity until fiscal 2006. Presented as Equity from fiscal 2007 due to a change in accounting standards. The Minority Interests amount is included in 2007.  
3. ROA=Net Income/Total Assets



# To Our Investors



President & Representative Director  
**Takao Watabe**

## **The number of couples married increased slightly, but customers are demanding more original wedding ceremonies**

The number of couples married in Japan during 2006 was 732,000, which was 2.5% more than in the previous year. Looking ahead, Japan's declining birthrate is expected to lead to a reduction in this number. Meanwhile, another trend shaping the industry is that customers are increasingly looking beyond conventional "cookie-cutter" wedding packages and aspiring to something more original, in particular ceremonies held at resort areas. In light of these trends, competition within the industry is intensifying as companies vie with each other to offer products and services that meet these changing needs.

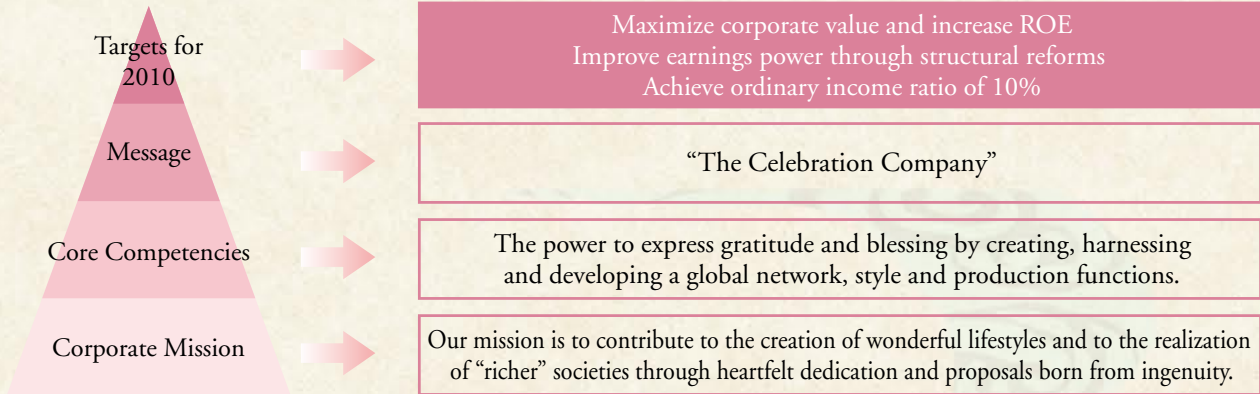
## **Operations grew steadily, with operating income up 50.0% on an 8.9% increase in sales**

Against this backdrop, net sales increased 8.9% year on year to ¥33,941 million and operating income rose 50.0% to ¥2,560 million. Net income, however, decreased 17.7% to ¥910 million reflecting compensation payments in connection with products sold and the loss incurred when a number of facilities and bridal shops were consolidated to bolster profitability and management efficiency. At ¥92.2, net income per share was 17.3% lower than in the previous fiscal year. ROE decreased by 2.0 percentage points from 8.8% to 6.8%.

## **Developing a business model that completely satisfies bridal needs**

Competition within the wedding industry is intensifying. According to a survey conducted by Recruit Co., Ltd.'s bridal magazine *Zexy*, 23 wedding venues were opened during 2006 in the Tokyo metropolitan area, 8 more than the 15 opened in 2005. However, the Watabe Wedding Group distinguishes itself from the competition by employing a unique business model. Most other companies in the industry base their businesses on simply coordinating events in Japan such as "house weddings"—which take place in a house rented for the occasion—and parties. At Watabe Wedding, however, we have developed a whole range of earnings streams: we make and sell wedding dresses; and we command a nationwide network of bridal studios, as well as our own wedding venues located in Japan and overseas. We also have overseas sales offices and staff, and we even operate digital photo studios for wedding photographs. As a result, we now have the capacity to offer services that meet the customer's every wedding-related

## Vision Statement



need. Meanwhile, we are using the know-how built up through handling weddings for Japanese nationals to focus on two new themes as we develop our business model: growing our operations outside Japan and offering overseas weddings for non-Japanese clients.

### Setting management targets aimed at increasing ROE, maximizing corporate value

Looking at the overall business environment, four factors in particular stand out: a declining birthrate and a tendency to marry later in the domestic market; an increase in customers seeking “personalized” weddings; a wedding industry in which only the fittest can now survive; and an environment in which industry players are having to work hard to stay ahead of the competition. Determined to make the best possible use of our core competencies within this context, in May 2007 we announced our three-year medium-term management plan, “WATABE VISION 2010.”

The purpose of this plan is to clarify the policies necessary for the Group to produce results in the medium term, as well as plans with regard to the next three years’

financial results. We chose “The Celebration Company” as our Message and set a management target of maximizing corporate value by increasing ROE. In line with this policy, we are targeting ROE of 15.0%, net sales of ¥50.0 billion and an ordinary income ratio of 10% in the fiscal year ending March 2010.

We are fully aware of the important role we play within society, and we intend to continue managing our business in a way that earns the trust of shareholders and investors, as well as all our other stakeholders. The Watabe Wedding Group and the businesses it operates rely on the understanding and support of many people; we will draw on that support as we continue striving to maximize corporate value.

October 2007

**Takao Watabe**  
 President & Representative Director

# The Watabe Wedding Group Business Model



Customer

Domestic Sales Shop

Total bridal solutions targeting Japanese consumers  
 The Watabe Wedding Group boasts a network of wedding venues in key resort regions in Japan and overseas. Using this network, the Group offers a combination of several wedding coordination services to meet its customers' needs, whatever they may be.

## Total Bridal Solutions by Watabe Wedding Group

### Wedding facility selection

Select a location and venue best suited to the customer.

### Dress selection

Sell wedding dresses and tuxedos, and offer kimono rental services at wedding locations.

### Ceremony planning

Provide up-to-date information and personalized services.

### Wedding reception arrangement

Arrange wedding receptions.

### Makeup and hairstyling

Bridal makeup and hairstyling by specialists.

### Photography and video

Provide photo session at each wedding location and album-making services.

### Local attendance

Use local personnel to support customers at each wedding location.

### Post-Wedding Parties

Arrange parties after returning from an overseas wedding.

### Travel arrangement

Make reservations for honeymoon and guest travel.

Domestic Weddings

Overseas Weddings



### Dress production and sales

Manufacture wedding costumes and other costumes in own factories to rent or sell.



### Costume rental

Offer dresses, tuxedos, kimonos and other apparel in our salons.

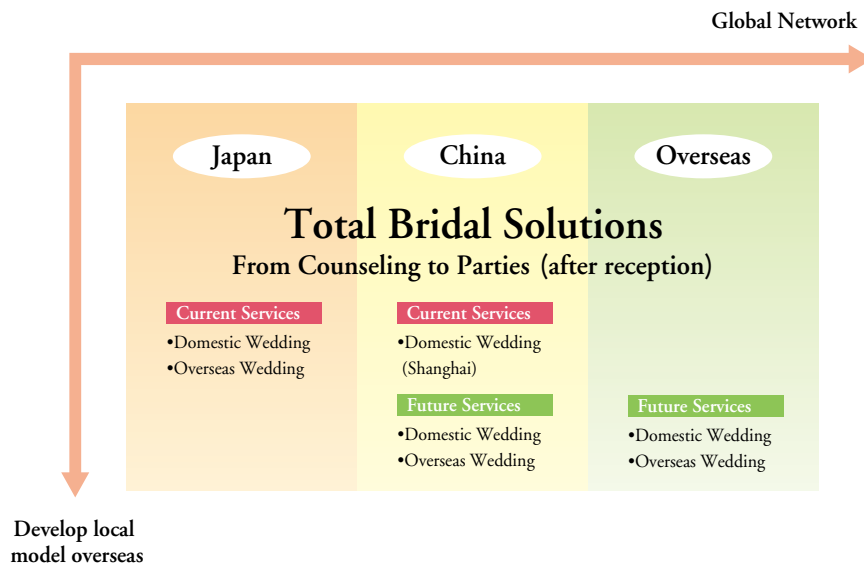


### Photography service

Offer wedding photos before and after weddings and plan wedding albums.

## Advancing a global network model

An increasing number of couples now want to tie the knot at a resort, either in Japan or overseas, as more people aspire to an unusual venue for their wedding and want to have a small wedding with only family and friends. Quick to identify these needs, Watabe Wedding has increased the number of wedding venues it owns in key resort areas. Making full use of these assets, the Group is planning to leverage its global network to branch out into bridal markets overseas.



## Develop local model overseas

Dramatic economic growth in Shanghai during recent years has spurred rising levels of personal consumption and increasing demand for high-end products and services. These trends have spurred demand for wedding ceremonies held in formal, top-class hotels. The Watabe Wedding Group started operations in China in 1993, with a plant manufacturing dresses and other wedding-related products in Shanghai. Since then, operations have steadily expanded. In November 2004, Watabe Wedding opened its store inside the five-star Okura Garden Hotel Shanghai to offer total bridal solutions in China. The Watabe Wedding Group will achieve further growth by leveraging know-how built up in the Japanese market to roll out operations in China.





# WATABE VISION 2010



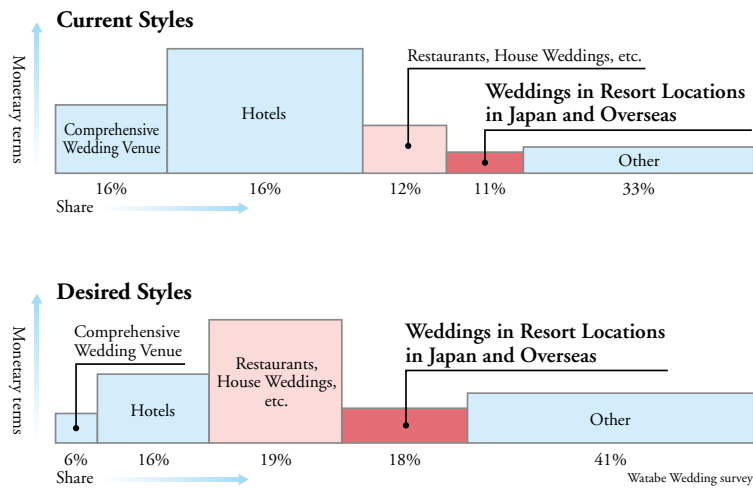
**Business environment: Population growth centering on Asia promises expansion overseas**

**■ Shortage of businesses meeting consumer needs**

The overall Japanese market is shrinking, but consumer requirements with regard to the style of their wedding are not yet being met fully. Although more than 40% of weddings are held in hotels or specialist wedding venues, our research suggests that 37% of people would actually rather hold their wedding

somewhere offering a “special” atmosphere, such as a restaurant or house, or in a resort region in Japan or overseas. This is not only evidence of a shortage of businesses that can meet customer needs, it also shows where Watabe Wedding can most effectively apply its core competencies.

**Current Market Volume and Forecast (700 thousand couples)**

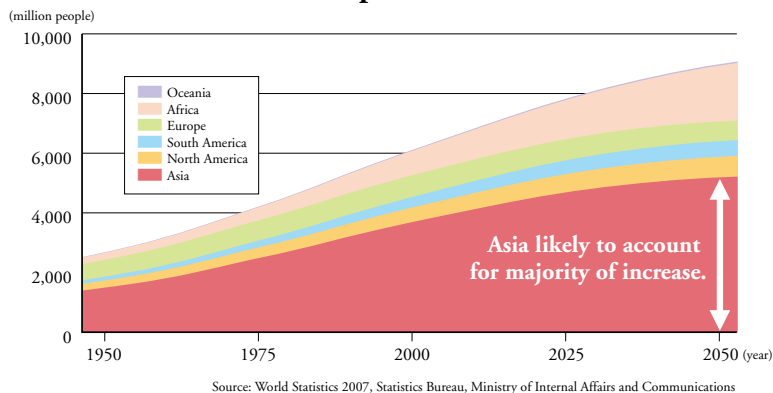


**■ Asia leads growth in world's population**

While the Japanese population is declining, the world's population is increasing at the rate of 80 million people per year, led by Asia. In China particularly, the number of couples

getting married each year is currently at the 8.2 million level, and with this “wedding rush” anticipated to continue through 2010, the figure is expected to grow by 5 to 10% annually.

**World Population Trend**



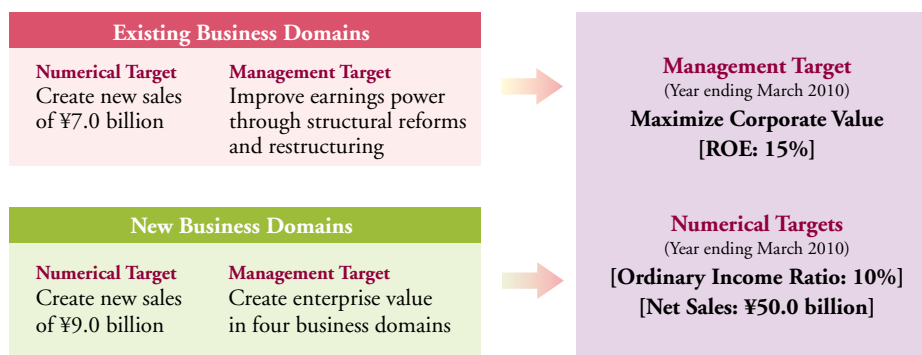
# WATABE VISION 2010

## Overall targets

### ■ Achieve ROE of 15% and net sales of ¥50.0 billion by the fiscal year ending March 2010

Watabe Wedding has set a management goal of enhancing corporate value, with plans to raise ROE from the 6.8% achieved in the fiscal year ended March 2007 to 15.0% in the fiscal year ending March 2010. The target for net sales is ¥50.0 billion in the fiscal year ending March 2010, comprising higher sales from both existing and new businesses. In existing businesses, plans call for a ¥7 billion increase in sales over the three years, to be achieved through structural reform and restructuring. In new businesses, the Group is targeting a ¥9.0

billion increase by leveraging existing core competencies and through efficient management that curbs investment. The Group plans to conduct ¥10 billion of investments over the three-year period, but as a rule investments will be kept within the limits of free cash flow. The priority in existing businesses will be to extend the bridal shop network and to invest in expanding markets, such as Okinawa. Meanwhile, in new business, plans call for the Group to invest ¥2.5 billion in four business domains over the three years through March 2010.



## Growth strategy

### ■ Leverage core competencies and focus on four business domains

#### Overseas Wedding Business

Core competency:

[Global network] 73 bases in Japan and 33 bases overseas

Sales (March 2007)

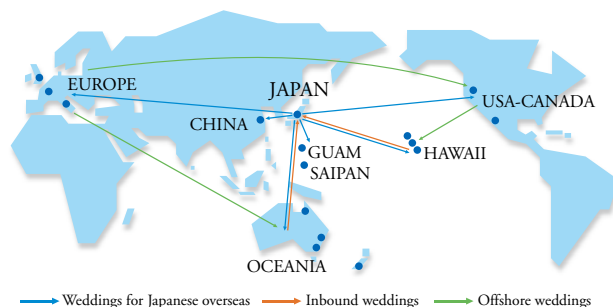
Sales target (March 2010)

¥15 billion ➔ ¥22.1 billion

Watabe Wedding boasts 106 bases worldwide, giving it one of the largest networks in the industry. Making full use of this industry-leading network, Watabe Wedding will execute a three-pronged business strategy: resort weddings worldwide, offshore weddings from overseas to overseas destinations, and inbound weddings from overseas to destinations in Japan. The latter two are new business undertakings for Watabe Wedding. Plans call for these businesses combined to lift sales over the next three years from

¥15.0 billion in the past fiscal year to ¥22.1 billion in the fiscal year ending March 2010.

Note: Offshore and inbound weddings both offer the ceremony and honeymoon as a single package, usually as resort-based weddings in Japan or overseas.



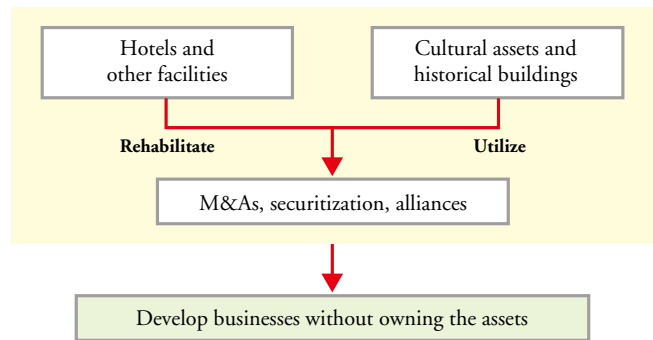
### Japan Wedding Business

**Core competency:**  
[Gajoen scheme] Expertise rehabilitating facilities centered on weddings

Sales (March 2007)      Sales target (March 2010)  
¥10.5 billion      →      ¥15.1 billion

In May 2004, the Watabe Wedding Group took over Meguro Gajoen, a wedding and banquet facility which had become subject to the Corporate Reorganization Law after it fell into a management crisis. Subsequently, the Watabe Wedding Group successfully rehabilitated the facility around weddings. Now Watabe Wedding intends to use the knowledge gained from this project to rehabilitate other facilities as a new business undertaking. The goal is to grow this business' sales from ¥10.5 billion in the fiscal year ended March 2007 to ¥15.1 billion

in the fiscal year ending March 2010. Using M&As, alliances, securitization schemes and other financial techniques, the Group seeks to develop this business, generally without owning the assets.



### Dress and Photography Business

**Core competency:**  
[Manufacturing bases] Shanghai plants (4), Vietnam plant

Sales (March 2007)      Sales target (March 2010)  
¥8.3 billion      →      ¥11.5 billion

Watabe Wedding produces dresses, tuxedos and photo albums at its facilities in Shanghai and Vietnam. Tapping this capacity, Watabe Wedding intends to branch out beyond its wedding customers to sell dresses and albums through general sales channels in Japan. Furthermore, Watabe Wedding will develop

specialty dress and digital photo outlets as new businesses. Here the plan is to raise sales from ¥8.3 billion to ¥11.5 billion over the next three years.



Vietnam plant

### China (Shanghai) Wedding Business

**Core competency:**  
[Weishi] Chinese brand

Sales (March 2007)      Sales target (March 2010)  
¥140 million      →      ¥1,300 million

Weishi is the only brand to be successful among the brands of Japanese wedding companies that have advanced into the Shanghai market. Now Watabe Wedding seeks to develop a full-scale business under this brand offering wedding coordination

and weddings in the Shanghai area. The target is to grow sales from ¥140 million to ¥1,300 million over the next three years.



Weishi bridal shop in Okura Garden Hotel Shanghai

# Ceremony Services

Watabe Wedding's ceremony services business is distinctly different from the simple introduction and intermediary services generally offered in the industry in Japan. Drawing on our broad knowledge and experience, we make comprehensive wedding proposals, covering everything from the venue to post-wedding parties. Our responsible, on-site employees are involved in every step of the process from the moment the contract is signed. We are also able to offer various styles of ceremony such as Japanese ceremonies and weddings overseas.

## Domestic Wedding Services

In the past fiscal year, we took steps to strengthen our operations in Okinawa. In May 2006, we opened the Aquagrace Chapel in the resort area of Okinawa and began making new proposals for resort-style weddings in Japan at this venue, which can accommodate both weddings and parties. The following August we relocated our Naha bridal salon closer to Naha Airport and increased the floor area in a move designed to upgrade

its ability to function as a "reception" for Okinawa resort weddings. In conjunction with this move, we opened Erythrina Chapel on the same site and started offering new-style ceremonies to couples in Okinawa Prefecture. The Tokyo metropolitan area also saw some important developments in the past fiscal year. In October 2006, the former Hibiya Park Library was restored and reopened as Felice Garden Hibiya, after

we proposed using this building, which is designated as a cultural asset by the Tokyo metropolitan government, for weddings. The same month, we began operating Lumiamore, a resort-style wedding facility near the bay in the heart of Tokyo, as a place for urbanites to get married by the sea. The opening of this facility led to an increase in the number of ceremonies handled.



Lumiamore, Tokyo



Felice Garden Hibiya, Tokyo



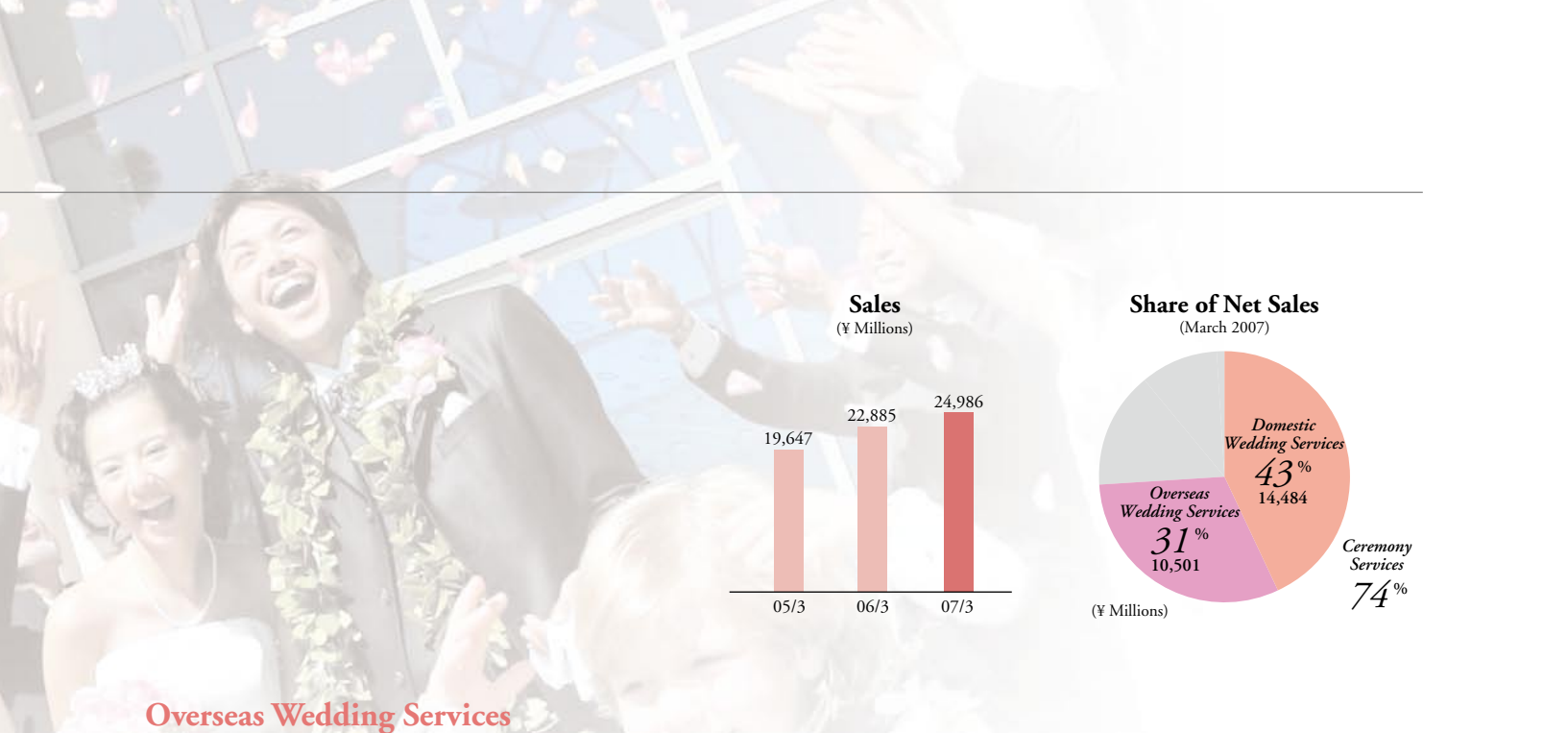
Afite Hakodate, Hokkaido



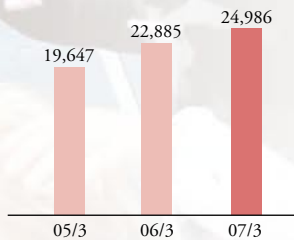
Aquagrace Chapel, Okinawa



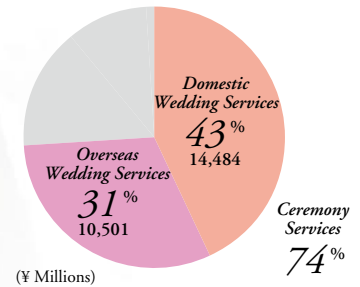
Okakuen, Kyoto



**Sales**  
(¥ Millions)



**Share of Net Sales**  
(March 2007)



## Overseas Wedding Services

Watabe Wedding started offering wedding services overseas when it established its first overseas office in Hawaii in 1973. Next year will mark our 35th year offering these services. Backed by this track record and a network of directly operated bridal shops in 16 cities around the world, we offer overseas wedding services, mainly through our own facilities in 17 locations overseas.

In September 2006, the Sanctuary

Cove Chapel was remodeled inside the Hyatt Regency Sanctuary Cove hotel on Australia's Gold Coast. In December the same year, a beachfront grand opening for the Blue Aster was held in Tumon Bay, Guam. The Blue Aster is Watabe Wedding's first directly operated wedding and party facility on Guam. This move brought the total number of Company wedding facilities overseas to 17 and use of these facilities

increased. Furthermore, the amount spent per wedding also increased due to growth in sales of value-added products, contributing to higher sales.



Sanctuary Cove Chapel, Gold Coast



Melstonian Chapel, Gold Coast



Ocean Front Ko Olina Villa, Hawaii



St. Angelo Chapel, Saipan



Blue Aster, Guam

# Merchandise

We make dresses and tuxedos at our own factories and sell them at our bridal shops in Japan. This integrated manufacturing and sales system based on factories in Shanghai and Vietnam allows us to supply original, high-quality, value-added products.

We established Watabe Wedding (Shanghai) Co., Ltd. in Shanghai, China, in February 1993 to operate our own factory in the city. In January 1999, this company obtained ISO 9001 certification. Currently, we manufacture dresses and tuxedos out of factories in Shanghai and Vietnam. Because all products are made-to-order, we are able to minimize inventory risk.

## Avica Original Dresses

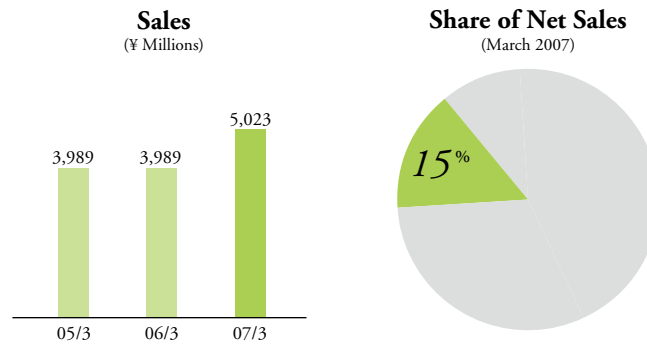
Avica wedding dresses are made from the finest materials, including the most exquisite Leavers lace. Brides can choose

from an extensive array of designs and all dresses are tailored to fit perfectly. We also offer a rich lineup of veils, necklaces, earrings, gloves, shoes and other accessories to complement the dresses.

## Dress First Rental

This service was born from a desire for as many brides as possible to wear a

new dress. With this service, we make dresses to order and hand them to the customer at the wedding location. Customers have the option of buying the dresses after the wedding. Since the launch of this service, we have seen a change in our sales mix, with rentals accounting for a lower share of sales than before as more customers opt to buy their dresses.



# Costume Rental

The costume rental business is where it all began for Watabe Wedding. The subsequent increase in demand for costume rental led to the launch of Watabe Ishoten K.K. in 1964.

## Costume Rental

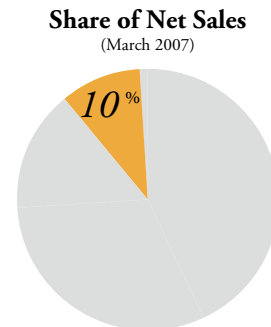
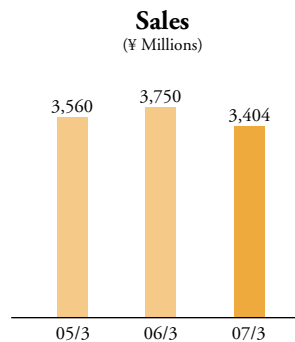
Watabe Wedding offers a complete service whereby customers can try on Japanese wedding kimonos (*uchikake*, *montsuki*, *tomesode* and *furisode*) and other catalog dresses at one of our shops in Japan and then have their dress of

choice sent to the overseas wedding venue. We also offer tuxedos, morning dress and other apparel. Orders are received from catalogs available at our shops and in our shops in hotels where weddings are held.

## Photography Services

From planning wedding albums to production at our Shanghai factory, we do everything in-house. This enables us to maintain high-quality standards, while producing albums in

a short timeframe. Our bridal studios in Japan are developing original photo services, including wedding photos before and after the wedding day and a service offering costume hire, makeup, and assistance with dressing for commemorative photos. Having introduced digital technology into our studios, we can offer advanced picture processing services. Digitization has also enabled us to do everything in-house, resulting in a lower cost of sales ratio.



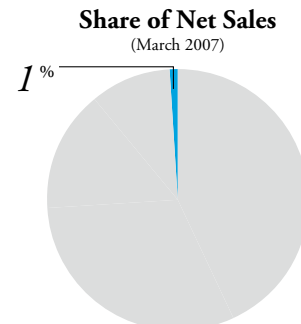
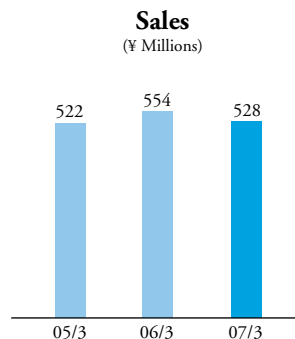
# Other Business

Our bridal shops in Japan also offer a wide range of products and services, extending from arranging domestic and overseas travel for the wedding party to gifts for guests and bridal goods.

Overseas weddings obviously involve overseas travel. Watabe Wedding does more than merely offer overseas travel for the special occasion. We add to the originality of weddings by stressing the ceremonial aspect in designing travel packages. Teaming up with leading travel agencies across Japan, we

arrange travel to ceremonies in Japan and overseas for bookings made at our directly operated shops. Familiar with the wedding plans, we design well-

conceived itineraries, also arranging travel for invited guests. Customers can thus put their full trust in us to take care of all travel needs for their wedding.



# Corporate Governance and Compliance

## Basic Stance Concerning Corporate Governance

The Watabe Wedding Group believes that ongoing efforts are needed to maximize corporate value and respond to the trust placed in it by shareholders and all other stakeholders, as well as to fulfill its corporate social responsibility. In this regard, enhancing internal controls is a management theme of the utmost importance. This includes ensuring the transparency and efficiency of management, conducting proactive and timely disclosure of corporate information, strengthening accountability, practicing compliance, and rigorously managing risk.

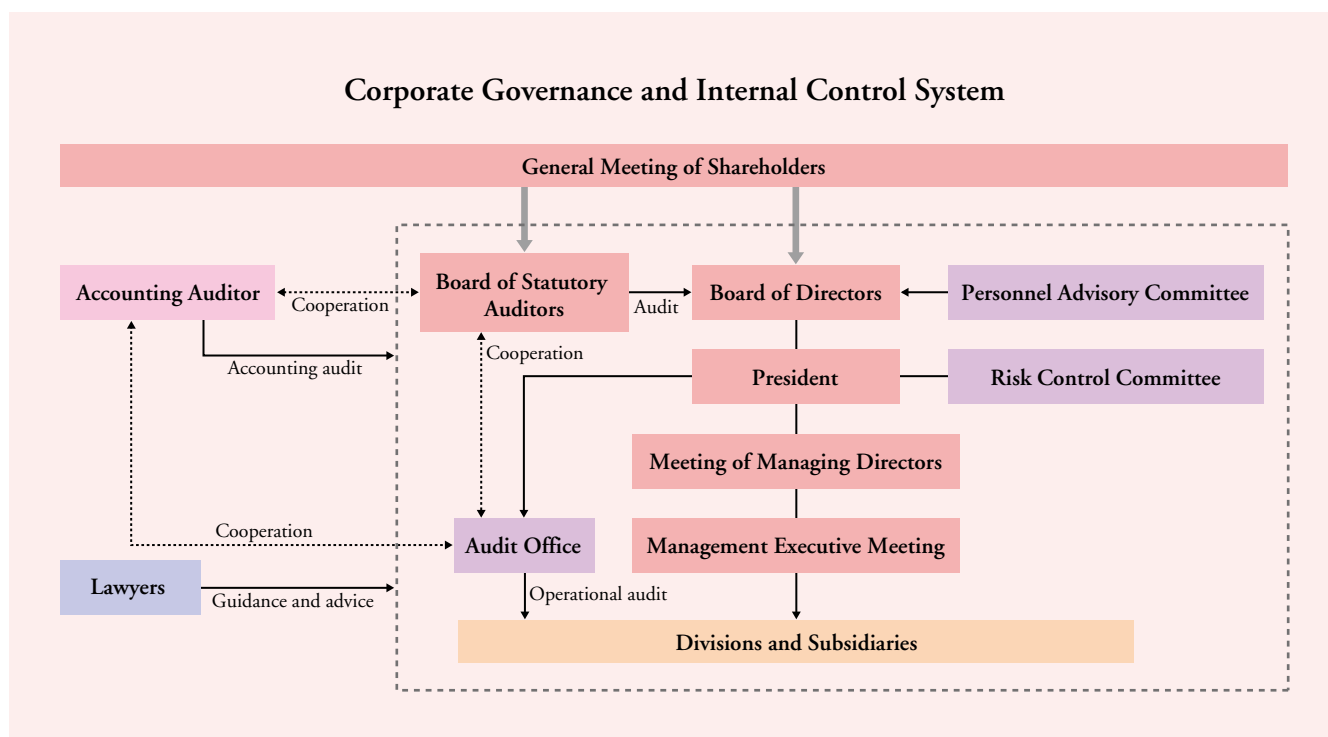
## Board of Directors and Statutory Auditor System

The Company's Board of Directors makes decisions on important management issues. Made up of seven directors, one of whom comes from outside the Company, the Board of Directors meets regularly once a month. These meetings are attended by all directors, who make decisions on agenda items after sufficiently discussing the matters before them. The Company also holds a Meeting of Managing Directors once a month. Made up of the managing directors, this meeting plays

a complementary role to the Board of Directors by looking at important items in advance of Board meetings. This allows the Company to ensure a quick response to changes in the operating environment.

Furthermore, to facilitate faster decision-making and execute operations more effectively, the Company has adopted an executive officer system. A Management Executive Meeting is held once a month to discuss and consult regarding the performance of operations and business involving the entire Group. This meeting allows for a prompt response.

The Company also uses the statutory auditor system as a mechanism for monitoring management. The Board of Statutory Auditors is comprised of four statutory auditors, including one full-time auditor; three of these statutory auditors are from outside the Company. The statutory auditors check that the Company is being managed properly by attending meetings of the Board of Directors and other important meetings. They also work closely with the accounting auditor and regularly receive accounting audit reports as they work to strengthen the audit function.





While maintaining the statutory auditor system, the Company has established the Personnel Advisory Committee as an advisory organization of the Board of Directors to enhance management transparency. Chaired by the outside director, this committee discusses the adequacy and validity of matters concerning the election of directors and statutory auditors and remuneration of officers, thereby enhancing corporate governance.

### Status of Internal Control Systems

The May 3, 2006 Board of Directors meeting established a basic policy for internal control systems. The Company is working to establish and improve its internal control systems under the leadership of the director of the Administration Division in line with this basic policy.

The Company has an Audit Office, an independent internal audit body under the direct control of the president. This office regularly carries out audits of business execution across the Company, working to ensure it is appropriate. Furthermore, to ensure the effectiveness and efficiency of business, the Company is endeavoring to strengthen internal control systems by

promoting ongoing improvement.

### Risk Management Framework

The Company recognizes the importance of identifying and quickly addressing various risks that could have a material impact on management of the Company. To effectively and efficiently manage risks, which have increased in size and complexity in recent years, the Company has formulated Risk Control Procedures, which are applied to the entire Group. Regarding business risks and other matters important from a management standpoint, the Company has also established a Risk Control Committee, which works to quickly address issues as well as to prevent their reoccurrence. The committee is chaired by the representative director and president. Moreover, the Risk Control Section manages disaster and other risks, while the Customer Service Section responds to customer complaints and opinions. Collectively, these organizations constitute a Company-wide risk management system.

## Directors, Statutory Auditors and Executive Officers (as of June 29, 2007)

### Directors

President & Representative Director	<b>Takao Watabe</b>
Managing Director	<b>Masahiko Shimazaki</b>
Managing Director	<b>Katsumi Ueda</b>
Director	<b>Hiroshi Kawaguchi</b>
Director	<b>Hidetoshi Watabe</b>
Director	<b>Hiroya Yamamoto</b>
Director	<b>Kazuaki Ichihashi</b>
Outside Director	<b>Norio Hirai</b>

### Statutory Auditors

Outside Statutory Auditor (Full-time)	<b>Hisashi Iwasaki</b>
Statutory Auditor	<b>Toshio Fujimoto</b>
Outside Statutory Auditor	<b>Hisao Shimizu</b>
Outside Statutory Auditor	<b>Masashi Kudo</b>

### Executive Officers

<b>Eiji Sato</b>
<b>Takeo Sakamoto</b>
<b>Yasushi Yoshizawa</b>
<b>Tang Yiping</b>

# Social Contribution Activities

## Watabe Wedding and CSR\*

Contributing to society at large is the fundamental duty of every company. At the Watabe Wedding Group, we fulfill this responsibility by taking full advantage of the unique business characteristics offered by the most “peaceful” of industries, wedding ceremonies. We strive to promote meaningful interaction between different nationalities and cultures. As we create captivating wedding ceremonies the world over, we also develop CSR activities that go beyond the bounds of our wedding operations. In this way, we contribute not only to material abundance, but also to the creation of a “richer” and economically stable society.

\*CSR is an acronym for corporate social responsibility, the belief that a company has certain responsibilities it must meet as a critical member of society.

## The Watabe Wedding Group’s View of CSR

At the Watabe Wedding Group, our approach to CSR activities has two components. First, we strive to uncover opportunities to fulfill CSR within our business domain. In other words, we assist in creating a “richer” society through corporate activities centered on the wedding business. Second, we look for CSR opportunities outside of our business sphere. Here, the main thrust of the Group’s outward-looking programs is to contribute to the greater society through a focus on international cooperation, the environment, and other areas. These CSR activities are supported by various internal systems and structural enhancements, namely corporate governance (internal control), compliance, and timely disclosure. The goal first and foremost is to ensure the fairness of our business activities. Our ultimate ambition, however, is to build and promote sustainable economic, environmental, and social relationships with all of our stakeholders.

## Life-Giving Water to Drought Stricken Asia: Supplying Water for Use in Daily Life in Myanmar

Through a joint venture with Bridge Asia Japan (BAJ), a non-profit organization, the Watabe Wedding Group is lending its support to a well-drilling and construction business. This operation supplies water essential to daily life to people in

regions suffering from water shortages. As the first milestone of this support, the Watabe Go, a well-drilling machine donated by the Watabe Wedding Group, completed the drilling of its first well in SAN TWIN GYI in Myanmar in February 2007. The drilling of wells has implications far beyond the simple supply of water. Local wells help free women and children from related labor. The subsequent increase in more productive activity also leads to better incomes, an improved rate of schooling for children, and can contribute to better health and sanitation as well. As such, this business is best thought of as an investment, both in peace and in the future.



Successfully completed well in SAN TWIN GYI, Myanmar

As a company founded in Japan with a history of operating overseas, and as a firm involved in the bridal business where the starring role belongs to women, Watabe Wedding is founded on management committed to giving back to society. Ideally, this benefits women everywhere, as well as the next generation of children. Guided by the slogan, “Life-Giving Water to Drought Stricken Asia,” we will continue to actively take part in responsible activities that build bonds of trust with our stakeholders.



The Watabe Go well-drilling machine donated by Watabe Wedding

# Financial Section

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# Management's Discussion & Analysis

## Fundamental Management Policy

The Watabe Wedding Group's mission is to contribute to the creation of wonderful lifestyles and to the realization of "richer" societies through heartfelt dedication and proposals born from ingenuity. Inspired by this mantra, we offer various information, services and products, thereby providing total support for weddings, one of the biggest events in people's lives.

The Watabe Wedding Group seeks to develop value-added information, services and products for the production of memorable wedding ceremonies. Our aim is to deliver total bridal solutions that make the big day even more memorable.

Total bridal solutions respond to customer demands by combining a variety of wedding coordination services in a systematic manner. The result is a moving wedding experience.

## Bridal Industry Overview

In the Japanese bridal industry as a whole in 2006, there were 732,000 marriage registrations, up slightly from the 714,000 registrations in the previous year. However, the general trend is a steady decrease in the number of marriage registrations as the birthrate in Japan declines.

Another trend shaping the industry is that people are getting married later in life; the average age of new brides is now 28 years, and that of grooms is 29.8 years. This increase in the average age

reflects a decline in the number of brides aged between 20 and 25, which was traditionally when women got married in Japan.

Along with these changes, the style of weddings desired by customers has also changed. People now want more casual ceremonies where they can express their individuality and feelings of gratitude, as well as ceremonies and receptions that are designed to enable more interaction with family, friends and other guests. There is thus growing interest in more personal weddings held in restaurants, private homes, resorts and other less traditional venues and locations, resulting in increasingly diverse customer demands.

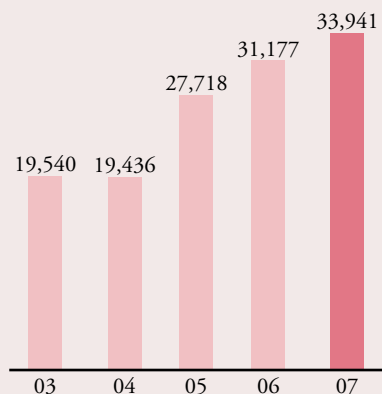
Meanwhile, competition within the industry is escalating as rival companies also open new salons, develop new services and seek to grow their businesses in other ways that respond to the trends toward more personal and diverse types of weddings.

## Results of Operations

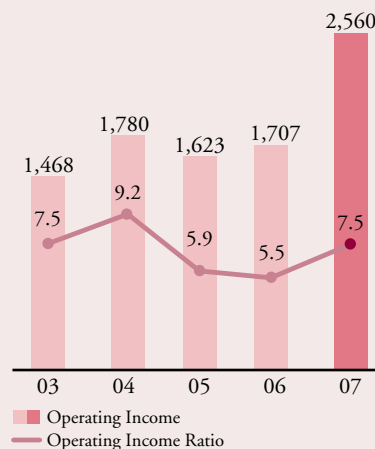
### Net Sales

Net sales for the year ended March 31, 2007 were ¥33,941 million, up 8.9% year on year. This mainly reflected an increase in the number of weddings handled in the domestic wedding business and increased use of Company wedding facilities in the overseas wedding business. Further, an increase in the amount spent per wedding, which was attributable to higher sales of value-added products, contributed to the overall rise in net sales.

Net Sales (¥ Millions)



Operating Income (¥ Millions)/  
Operating Income Ratio (%)



## Cost of Sales

The cost of sales rose 8.0% year on year to ¥12,895 million. Despite this, however, the gross profit ratio increased from 61.7% to 62.0%. The primary reason for this was a decrease in the cost of sales ratio resulting from the greater use of in-house capacity to produce photo albums and integrated facilities offering wedding ceremonies and parties.

## Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 5.4% from the previous fiscal year to ¥18,486 million. However, as a percentage of net sales these expenses declined from 56.2% to 54.5%. This was due to successful efforts to restrict the growth in these expenses to less than the growth in net sales by carefully managing advertising and other costs.

## Operating Income

Operating income rose 50.0% year on year to ¥2,560 million. Further, the operating income ratio increased 2.0 percentage points from 5.5% to 7.5%.

## Results by Geographic Segment

### • Japan

In Japan, total sales increased 12.1% to ¥31,269 million, due to an increase in the number of domestic resort weddings handled,

and a rise in the number of wedding dresses sold due to the launch of a new service, “Dress First Rental.” Operating income rose 99.6% to ¥1,649 million.

### • Hawaii

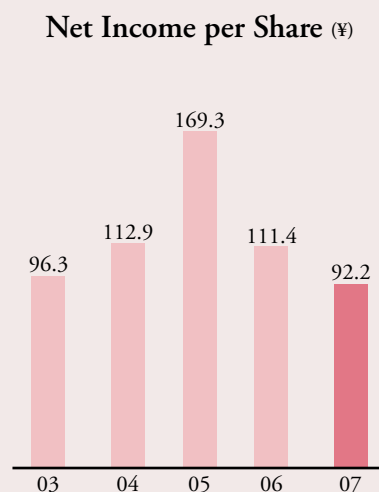
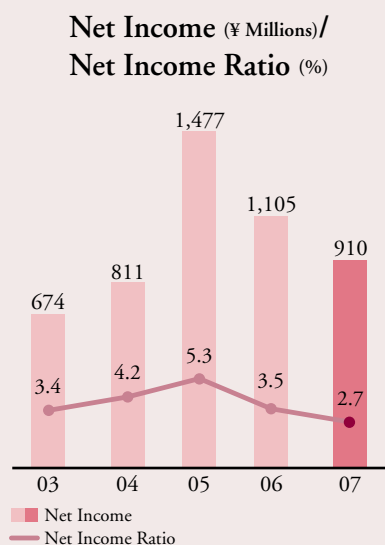
Total sales were ¥5,670 million, a year-on-year increase of 14.5%, although there was only a slight increase in the number of ceremonies. The main growth drivers were a rise in sales of photo albums and other packaged products, as well as an increase in the amount spent per wedding due to increased use of own wedding facilities. Operating income rose 8.0% to ¥571 million.

### • China

In China, total sales were up 17.2% to ¥1,999 million on the back of increases in shipments of photo albums and dresses, as well as a rise in the number of local wedding ceremonies. Operating income climbed 60.4% year on year to ¥177 million as increased shipments of wedding dresses and other items more than offset higher transportation costs.

### • Oceania

Total sales rose 1.0% on the previous year to ¥1,444 million despite a decrease in the number of weddings handled. This slight rise was attributable to an increase in the amount spent per wedding as refurbishment of own facilities and other actions resulted in higher utilization. Operating income was up 681.2% to ¥35 million.



• **Micronesia**

In Micronesia, total sales rose 17.0% to ¥2,685 million, reflecting an increase in the number of ceremonies accompanying the opening of an own wedding facility in Guam, combined with a rise in the amount spent per wedding. However, higher operating expenses stemming from the start of operations at an own facility brought operating income down by 23.6% to ¥187 million.

• **Other Overseas**

In other overseas regions, total sales edged up 1.5% to ¥766 million. While the number of ceremonies decreased in both Europe and North America, this was offset by the start of operations at a factory in Vietnam. The segment, however, recorded an operating loss of ¥72 million, higher than the ¥10 million loss in the previous fiscal year. The wider loss reflected higher preparatory costs resulting from establishment of the factory in Vietnam.

**Other Income and Income Before Income Taxes and Minority Interests**

During the year ended March 31, 2007, the Company booked losses for restructuring facilities, as it restructured certain businesses and facilities to improve profit margins and management efficiency. In addition, the Company recognized impairment losses on certain fixed assets where there was an incurred loss or decline in profitability.

In addition, the Company took a charge for the payment of compensation to customers after it was discovered that certain overseas subsidiaries (Watabe Saipan, Inc. and Watabe U.S.A., Inc.) had been involved in the inappropriate sale of pressed flower products (craftwork made from materials including pressed flowers and dry flowers).

Due to these factors, the Company recorded other expenses—net of ¥803 million, compared with other income—net of ¥167 million in the previous fiscal year. Consequently, income before income taxes and minority interests declined 6.2% to ¥1,757 million.

**Net Income**

Due to an impairment loss in March, there was a 14.6% increase in current income taxes. After deducting deferred income taxes, total income taxes rose 10.1%. The normal effective statutory tax rate was 41.0%.

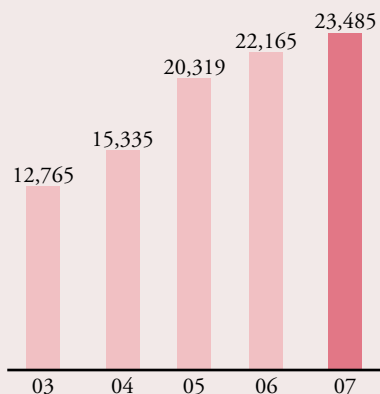
As a result, net income was down 17.7% year on year to ¥910 million and net income per share decreased 17.3% from ¥111.4 to ¥92.2.

**Financial Position**

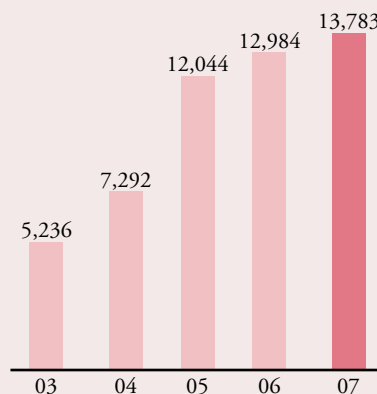
**Assets**

Total assets as of March 31, 2007 stood at ¥23,485 million, 6.0%

**Total Assets** (¥ Millions)



**Equity\*** (¥ Millions)



\* Presented as Shareholders' Equity until fiscal 2006. Presented as Equity from fiscal 2007 due to a change in accounting standards. The Minority Interests amount is included in 2007.

higher than a year ago, the result primarily of an increase in trade accounts receivable and the construction of new facilities. Total current assets rose 7.0% to ¥8,169 million. This was mainly due to an increase in trade accounts receivable of ¥134 million and a ¥145 million increase in deferred tax assets. Net property, plant and equipment increased 3.5% to ¥10,113 million, primarily due to the acquisition of buildings and structures such as the Aquagrace Chapel in Yomitanson, Okinawa, and a dress-making factory in Vietnam. Total investments and other assets increased 9.4% year on year to ¥5,203 million. This mainly reflected a ¥142 million increase in intangibles, including the acquisition of a new core IT system and other software, and a ¥103 million increase in guarantee deposits.

### Liabilities

Total liabilities came to ¥9,702 million, up 5.7% year on year. Total current liabilities rose 24.1% to ¥7,779 million, due mainly to increases in trade accounts payable and other payables as a result of higher purchasing and sales expenses. Total long-term liabilities were ¥1,923 million, down 34.0%, mainly as a result of a ¥769 million decrease in long-term debt.

### Equity

Total equity, including minority interests, was ¥13,783 million, an increase of ¥799 million on the previous year. This was largely

due to an increase in retained earnings taking into account net income of ¥910 million and cash dividends of ¥247 million.

### Cash Flows

#### • Operating Activities

For the year ended March 31, 2007, net cash provided by operating activities was ¥3,569 million, an increase of 56.5%. The main contributors were income before income taxes and minority interests of ¥1,757 million, and an increase in depreciation and amortization.

#### • Investing Activities

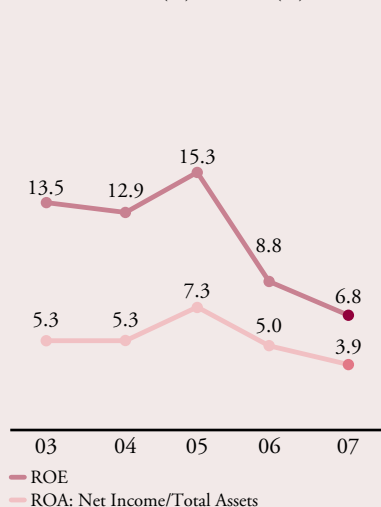
Net cash used in investing activities decreased 15.4% to ¥2,448 million. Proceeds from sale of property, plant and equipment provided cash of ¥558 million. However, outflows for domestic and overseas wedding facilities resulted in purchases of property, plant and equipment of ¥2,423 million. Furthermore, purchases of intangible assets such as software used ¥356 million in cash.

#### • Financing Activities

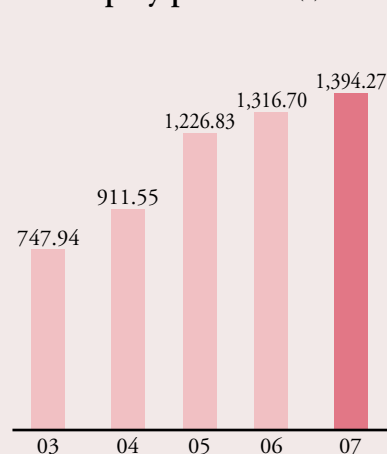
Financing activities used net cash of ¥1,035 million, 60.8 times more than the previous year when proceeds from long-term debt totaled ¥1,600 million.

As a result, cash and cash equivalents as of March 31, 2007 were ¥4,850 million, up 2.5% from the beginning of the year.

ROE (%) / ROA (%)



Equity per Share (¥)



# Consolidated Balance Sheets

Watabe Wedding Corporation and Subsidiaries  
March 31, 2007 and 2006

ASSETS	Millions of yen		Thousands of U.S. dollars*
	2007	2006	2007
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	¥ 4,850	¥ 4,730	\$ 41,084
Receivables:			
Trade accounts	1,160	1,026	9,826
Other	49	89	415
Allowance for doubtful receivables	(24)	(42)	(203)
Inventories	857	782	7,260
Deferred tax assets	347	202	2,939
Prepaid expenses and other	930	851	7,878
Total current assets	8,169	7,638	69,199
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			
Costumes for rent	748	755	6,336
Land	1,730	1,730	14,655
Buildings and structures	10,538	9,326	89,267
Machinery and equipment	398	322	3,372
Furniture and fixtures	3,515	3,155	29,776
Construction in progress	20	419	169
Total	16,949	15,707	143,575
Accumulated depreciation	(6,836)	(5,935)	(57,908)
Net property, plant and equipment	10,113	9,772	85,667
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities	337	302	2,855
Intangibles	627	485	5,311
Long-term prepaid expenses	249	220	2,109
Guarantee deposits	2,811	2,708	23,812
Deferred tax assets	402	404	3,405
Deferred tax assets for land revaluation	365	364	3,092
Long-term receivables and other	412	272	3,491
Total investments and other assets	5,203	4,755	44,075
<b>TOTAL</b>	<b>¥23,485</b>	<b>¥22,165</b>	<b>\$198,941</b>

\*The United States dollars represent translations of Japanese yen at the rate of ¥118.05=\$1.



LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars*
	2007	2006	2007
<b>CURRENT LIABILITIES:</b>			
Short-term bank loans	¥ 136	¥ 137	\$ 1,152
Current portion of long-term debt	811	841	6,870
Payables:			
Trade accounts	1,746	1,302	14,790
Other	1,881	957	15,934
Income taxes payable	581	447	4,922
Advances received	1,839	1,998	15,578
Accrued payroll and bonuses	417	339	3,533
Accrued expenses and other	368	247	3,117
Total current liabilities	7,779	6,268	65,896
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt	1,298	2,067	10,996
Liability for employees' retirement benefits	128	152	1,084
Negative goodwill	96	129	813
Other	401	564	3,397
Total long-term liabilities	1,923	2,912	16,290
<b>MINORITY INTERESTS</b>		1	
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>			
<b>EQUITY:</b>			
Common stock, authorized, 22,000,000 shares; issued, 9,884,900 shares in 2007 and 9,852,300 shares in 2006	4,159	4,138	35,231
Capital surplus	4,022	4,001	34,070
Retained earnings	5,810	5,159	49,216
Unrealized gain on available-for-sale securities	100	97	847
Deferred gain on derivatives under hedge accounting	9		76
Land revaluation difference	(525)	(525)	(4,447)
Foreign currency translation adjustments	208	115	1,762
Treasury stock – at cost: 97 shares in 2007 and 2006	(1)	(1)	(8)
Total	13,782	12,984	116,747
Minority interests	1		8
Total equity	13,783	12,984	116,755
<b>TOTAL</b>	<b>¥23,485</b>	<b>¥22,165</b>	<b>\$198,941</b>

\*The United States dollars represent translations of Japanese yen at the rate of ¥118.05=\$1.

# Consolidated Statements of Income

Watabe Wedding Corporation and Subsidiaries  
Years Ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars*
	2007	2006	2007
<b>NET SALES</b>	<b>¥33,941</b>	¥31,177	<b>\$287,514</b>
<b>COST OF SALES</b>	<b>12,895</b>	11,938	<b>109,233</b>
Gross profit	<b>21,046</b>	19,239	<b>178,281</b>
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>18,486</b>	17,532	<b>156,595</b>
Operating income	<b>2,560</b>	1,707	<b>21,686</b>
<b>OTHER INCOME (EXPENSES):</b>			
Interest income	<b>11</b>	9	<b>93</b>
Interest expense	<b>(37)</b>	(25)	<b>(313)</b>
Exchange gain (loss)	<b>49</b>	(30)	<b>415</b>
Gain on sale of investment securities	<b>1</b>	197	<b>8</b>
Impairment loss	<b>(194)</b>		<b>(1,643)</b>
Loss on restructuring wedding halls	<b>(432)</b>		<b>(3,659)</b>
Loss on compensation of products sold	<b>(176)</b>		<b>(1,491)</b>
Loss on sale or disposal of property, plant and equipment	<b>(110)</b>	(45)	<b>(932)</b>
Other – net	<b>85</b>	61	<b>720</b>
Other (expenses) income – net	<b>(803)</b>	167	<b>(6,802)</b>
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b>	<b>1,757</b>	1,874	<b>14,884</b>
<b>INCOME TAXES:</b>			
Current	<b>1,005</b>	877	<b>8,513</b>
Deferred	<b>(157)</b>	(107)	<b>(1,330)</b>
Total income taxes	<b>848</b>	770	<b>7,183</b>
<b>MINORITY INTERESTS</b>	<b>(1)</b>	(1)	<b>(8)</b>
<b>NET INCOME</b>	<b>¥ 910</b>	¥ 1,105	<b>\$ 7,709</b>
		Yen	U.S. dollars
<b>PER SHARE OF COMMON STOCK:</b>			
Basic net income	<b>¥92.2</b>	¥111.4	<b>\$0.78</b>
Diluted net income	<b>91.9</b>	110.7	<b>0.78</b>
Cash dividends applicable to the year	<b>26.0</b>	24.0	<b>0.22</b>

\*The United States dollars represent translations of Japanese yen at the rate of ¥118.05=\$1.

# Consolidated Statements of Changes in Equity

Watabe Wedding Corporation and Subsidiaries  
Years Ended March 31, 2007 and 2006

	Millions of yen											
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
<b>BALANCE, APRIL 1, 2005</b>	9,793,703	¥ 4,099	¥ 3,962	¥ 4,328	¥ 280		¥ (525)	¥ (99)	¥ (1)	¥ 12,044		¥ 12,044
Net income				1,105						1,105		1,105
Cash dividends, ¥25 per share				(245)						(245)		(245)
Bonuses to directors				(29)						(29)		(29)
Exercise of stock option	58,500	39	39							78		78
Net decrease in unrealized gain on available-for-sale securities					(183)					(183)		(183)
Net change in foreign currency translation adjustments								214		214		214
<b>BALANCE, MARCH 31, 2006</b>	9,852,203	4,138	4,001	5,159	97		(525)	115	(1)	12,984		12,984
Reclassified balance as of March 31, 2006											¥1	1
Net income				910						910		910
Cash dividends, ¥25 per share				(247)						(247)		(247)
Bonuses to directors				(12)						(12)		(12)
Exercise of stock option	32,600	21	21							42		42
Net change in the year					3	¥9		93		105		105
<b>BALANCE, MARCH 31, 2007</b>	<b>9,884,803</b>	<b>¥4,159</b>	<b>¥4,022</b>	<b>¥5,810</b>	<b>¥ 100</b>	<b>¥9</b>	<b>¥(525)</b>	<b>¥208</b>	<b>¥(1)</b>	<b>¥13,782</b>	<b>¥1</b>	<b>¥13,783</b>

	Thousands of U.S. dollars*										
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
<b>BALANCE, APRIL 1, 2006</b>	\$ 35,053	\$ 33,892	\$ 43,701	\$ 822		\$ (4,447)	\$ 974	\$ (8)	\$ 109,987		\$ 109,987
Reclassified balance as of March 31, 2006										\$ 8	8
Net income			7,709						7,709		7,709
Cash dividends, \$0.21 per share			(2,092)						(2,092)		(2,092)
Bonuses to directors			(102)						(102)		(102)
Exercise of stock option	178	178							356		356
Net change in the year				25	\$ 76		788		889		889
<b>BALANCE, MARCH 31, 2007</b>	<b>\$35,231</b>	<b>\$34,070</b>	<b>\$49,216</b>	<b>\$847</b>	<b>\$76</b>	<b>\$ (4,447)</b>	<b>\$1,762</b>	<b>\$ (8)</b>	<b>\$116,747</b>	<b>\$ 8</b>	<b>\$116,755</b>

\*The United States dollars represent translations of Japanese yen at the rate of ¥118.05=\$1.

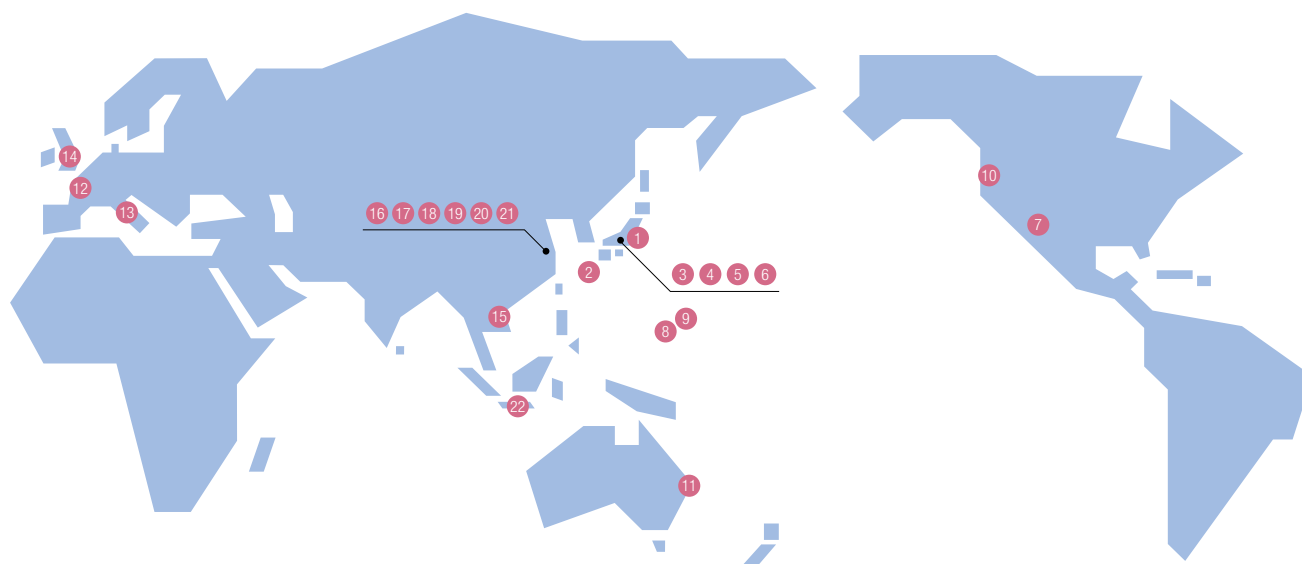
# Consolidated Statements of Cash Flows

Watabe Wedding Corporation and Subsidiaries  
Years Ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars*
	2007	2006	2007
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	¥ 1,757	¥ 1,874	\$ 14,884
Adjustments for:			
Income taxes – paid	(894)	(467)	(7,573)
Depreciation and amortization	1,375	1,235	11,648
Gain on sale of investment securities	(1)	(197)	(8)
Impairment loss	194		1,643
Loss on restructuring wedding halls	432		3,659
Loss on sale or disposal of property, plant and equipment	110	45	932
Exchange gain	(16)	(37)	(136)
Changes in assets and liabilities:			
Increase in trade receivables	(155)	(216)	(1,313)
Increase in inventories	(52)	(60)	(441)
Increase in trade payables	437	59	3,702
Decrease (increase) in advances received	(163)	147	(1,381)
Other – net	545	(102)	4,617
Net cash provided by operating activities	3,569	2,281	30,233
<b>INVESTING ACTIVITIES:</b>			
Decrease (increase) in time deposits	9	(18)	76
Proceeds from sale of property, plant and equipment	558		4,727
Purchases of property, plant and equipment	(2,423)	(2,598)	(20,525)
Proceeds from sale of investment securities	4	204	34
Purchases of investment securities	(30)		(254)
Purchases of intangible assets	(356)	(325)	(3,016)
Proceeds from refunds of guarantee deposits	259	55	2,194
Payments of guarantee deposits	(319)	(248)	(2,702)
Other – net	(150)	36	(1,271)
Net cash used in investing activities	(2,448)	(2,894)	(20,737)
<b>FINANCING ACTIVITIES:</b>			
Decrease in short-term bank loans – net	(6)	(61)	(51)
Proceeds from long-term debt		1,600	
Repayments of long-term debt	(777)	(1,346)	(6,582)
Exercise of stock option	43	78	364
Dividends paid	(247)	(245)	(2,092)
Other	(48)	(43)	(406)
Net cash used in financing activities	(1,035)	(17)	(8,767)
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>			
	34	117	288
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	120	(513)	1,017
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>			
	4,730	5,243	40,067
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>			
	¥ 4,850	¥ 4,730	\$ 41,084

\*The United States dollars represent translations of Japanese yen at the rate of ¥118.05=\$1.

# Watabe Wedding Group (as of March 31, 2007)



Country	Company	Location	Capital	Holdings	Main Business
Japan	① K.K. Meguro Gajoen	Tokyo	¥378 million	100	Domestic Wedding Ceremony Services
	② Okinawa Watabe Wedding Corporation	Okinawa	¥50 million	100	Domestic Wedding Ceremony Services
	③ Watabe Family Club K.K.	Kyoto	¥20 million	100	Costume Rentals
	④ Watabe Human Support K.K.	Kyoto	¥20 million	100	Wedding Education Services
	⑤ K.K. H·R·S·S	Kyoto	¥20 million	100	Uniform Sales for Hotels
	⑥ APXH Corporation	Kyoto	¥60 million	65	
U.S.A.	⑦ Watabe U.S.A., Inc.	Las Vegas	US\$2,234 thousand	100	Overseas Wedding Ceremony Services
	⑧ Watabe Guam, Inc.	Guam	US\$700 thousand	100	Overseas Wedding Ceremony Services
C.N.M.I.	⑨ Watabe Saipan, Inc.	Saipan	US\$150 thousand	100	Overseas Wedding Ceremony Services
Canada	⑩ Watabe Wedding Canada, Inc.	Whitehorse	CA\$350 thousand	100	Overseas Wedding Ceremony Services
Australia	⑪ Watabe Australia Pty. Ltd.	Merrimac	AU\$2,500 thousand	100	Overseas Wedding Ceremony Services
France	⑫ Watabe Europe S.A.R.L.	Paris	€240 thousand	100	Overseas Wedding Ceremony Services
Italy	⑬ Watabe Italy S.R.L.*	Firenze	€76 thousand	100	Overseas Wedding Ceremony Services
U.K.	⑭ Watabe U.K., Ltd.	London	£100 thousand	100	Overseas Wedding Ceremony Services
Vietnam	⑮ Watabe Wedding Vietnam Co., Ltd.	Ho Chi Minh	US\$1,800 thousand	100	Wedding Dress Manufacturer
China	⑯ Watabe Wedding (Shanghai) Co., Ltd.	Shanghai	US\$2,300 thousand	100	Wedding Dress Manufacturer
	⑰ Watabe Wedding Service (Shanghai) Co., Ltd.	Shanghai	US\$900 thousand	100	Overseas Wedding Ceremony Services
	⑱ Watabe Wedding Creative (Shanghai) Co., Ltd.	Shanghai	¥270 million	100	Photo Album Manufacturer
	⑲ Shanghai Saison Des Brides Trade Co., Ltd.	Shanghai	US\$200 thousand	100	Merchandise Procurement, Exports
	⑳ Watabe Wedding Article (Shanghai) Co., Ltd.	Shanghai	¥35 million	100	Wedding Goods Manufacturer
	㉑ Shanghai Saison Tuxedo Co., Ltd.	Shanghai	¥56 million	100	Wedding Tuxedo Manufacturer
Indonesia	㉒ PT. Watabe Bali	Bali	US\$500 thousand	95	Overseas Wedding Ceremony Services

\*Watabe Italy S.R.L. is a subsidiary of Watabe U.K., Ltd. and is in the process of being liquidated.

# History

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## 1964

Oct. Watabe Ishoten K.K. established.

## 1971

Apr. Changed from limited liability company to joint stock company under name Watabe Costume Services, Co., Ltd.

## 1973

Sep. Established Honolulu Branch in Hawaii, U.S.A., as the Company's first overseas branch.

## 1989

Oct. Established Watabe U.S.A., Inc. in California, U.S.A.

## 1993

Feb. Established Watabe Wedding (Shanghai) Co., Ltd. in Shanghai, China, as a subsidiary to make wedding dresses.

Apr. Started operations at a factory that makes wedding dresses.

May Established Watabe Australia Pty. Ltd. in Australia.

## 1994

Jan. Established Watabe Saipan, Inc. in C.N.M.I.

## 1995

June Established Watabe Guam, Inc. in Guam, U.S.A.

## 1996

Feb. Established Watabe Europe S.A.R.L. in Paris, France.

Aug. Changed the company name from Watabe Costume Services, Co., Ltd. to Watabe Wedding Corporation.

Nov. Opened Tokyo Grand Plaza branch in Chuo-ku, Tokyo, to provide comprehensive bridal services.

## 1997

Oct. Established Shanghai Watabe Wedding Service Co., Ltd. (now Watabe Wedding Creative (Shanghai) Co., Ltd.) in Shanghai, China.

Dec. Listed on the Second Section of the Osaka Securities Exchange, and the Kyoto Stock Exchange.

Dec. Established Watabe U.K., Ltd. in London, England.

## 1998

Feb. Opened John Dominis Chapel by the Sea in Hawaii, U.S.A., as Watabe Wedding's first Company-operated chapel overseas.

Apr. Expanded overseas wedding services by directly offering overseas travel packages.

Dec. Established a trading subsidiary, Shanghai Saison Des Brides Trade Co., Ltd., in Shanghai, China.

## 1999

May Opened Ko Olina Chapel Place of Joy, a Company-operated chapel, in Hawaii, U.S.A.

Nov. Opened San Vitores Bayside Chapel in Guam, U.S.A.

## 2000

Apr. Established Watabe Wedding Canada, Inc. in Whitehorse, Canada.

Nov. Listed on the Second Section of the Tokyo Stock Exchange.

## 2001

Jan. Grand opening of AVICA Weddings & Resort, a multi-purpose wedding resort facility on the Gold Coast, Australia.

Apr. Watabe Guam, Inc. becomes a subsidiary of Watabe U.S.A., Inc.

## 2003

Apr. Opened photo album manufacturing plant in Shanghai, China.

Dec. Established Okinawa Watabe Wedding Corporation in Naha, Okinawa, and began bridal salon and wedding facility operations.

## 2004

Mar. Moved to the first sections of the Tokyo Stock Exchange and Osaka Securities Exchange.

Apr. Opened Aqualuce Chapel, a Company-operated wedding facility, in Onnason, Okinawa.

May Purchased 66% of the shares of K.K. Meguro Gajoen, the operating company for the Meguro Gajoen wedding venue in Meguro-ku, Tokyo, making it a Watabe Wedding subsidiary (purchased the remaining 34% of the shares in January 2005 to make it a wholly owned subsidiary).

July Established Watabe Wedding Service (Shanghai) Co., Ltd., a subsidiary operating the *Weishi* bridal shop in Shanghai, China.

Oct. Established Watabe Wedding Article (Shanghai) Co., Ltd. in Shanghai, China, as a subsidiary to make wedding items, cases, etc.

## 2005

Apr. Established Shanghai Saison Tuxedo Co., Ltd., in Shanghai, China, as a subsidiary to make tuxedos.

Dec. Established Watabe Wedding Vietnam, Co., Ltd. in Vietnam, as a subsidiary to make wedding dresses.

## 2006

May Opened Aquagrace Chapel, a Company-operated wedding facility, in Yomitanson, Okinawa.

Aug. Relocated and increased the floor area of the bridal salon in Naha, Okinawa, and opened Erythrina Chapel.

Oct. Opened Felice Garden Hibiya in Chiyoda-ku, Tokyo.

Oct. Opened Lumiamore, an urban resort wedding facility in Minato-ku, Tokyo.

Dec. Opened Blue Aster, Watabe Wedding's first directly operated wedding and party facility on Guam.

Notes: 1. In Hawaii, Watabe Wedding operates bridal salons in Honolulu, Maui and Kona.  
2. Watabe Australia Pty. Ltd. operates bridal salons in Australia (Gold Coast, Sydney and Cairns), New Zealand (Christchurch), and Tahiti.

# Corporate Data / Investor Information (as of March 31, 2007)

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**Corporate Name:**

Watabe Wedding Corporation

**Number of Shares Authorized:**

22,000,000

**Foundation:**

October 3, 1964

**Number of Shares Issued:**

9,884,900

**Headquarters:**

671 Nijohanjiki-cho, Bukkoji-agaru, Karasuma-dori,  
Shimogyo-ku, Kyoto 600-8540, Japan

**Number of Shareholders:**

5,607

**President:**

Takao Watabe, President & Representative Director

**Stock Exchange Listing:**

Tokyo Stock Exchange 1st Section  
Osaka Securities Exchange 1st Section

**Capital:**

¥4,159 million

**Transfer Agent:**

Mitsubishi UFJ Trust and Banking Corporation

**Number of Employees:**

Watabe Wedding Corporation: 435  
Watabe Wedding Group: 1,664

**Annual Shareholders' Meeting:**

June

**Consolidated Subsidiaries:**

22

**Investor Relations:**

Watabe Wedding Corporation  
Strategic Management Division  
Tel: 075-352-4182  
Fax: 075-352-4139  
E-mail: [ir@watabe-wedding.co.jp](mailto:ir@watabe-wedding.co.jp)  
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