



**Watabe Wedding Corporation**

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# ANNUAL REVIEW 2008

YEAR ENDED MARCH 31, 2008



# GLOBAL NETWORK AND HOLDING CEREMONY FACILITIES

(AS OF SEPTEMBER 30, 2008)



**WATABE WEDDING CORPORATION**

**K.K. Meguro Gajoen**

- Meguro Gajoen
- Afite Meguro
- Lumiamore
- Afite Hayama
- Karuizawa Creek Garden
- Okakuen
- Carnival Times
- Kobe Kitano Sassoontei
- Calm Side Nara



Meguro Gajoen

- Afite Hakodate
- Felice Garden Hibiya
- Crystal Grace Chapel



Afite Hakodate

**Okinawa Watabe Wedding Corporation**

- Aqualuce Chapel
- Crudesur Chapel
- Aquagrace Chapel
- Erythrina Chapel
- Coralvita Chapel
- Erythrina Nishihara Hills Garden



Aquagrace Chapel

**Watabe Enterprize Corporation**

- Fukuoka Yamanoue Hotel

**Watabe Family Club K.K.**

**K.K. H·R·S·S**

**Watabe Human Support K.K.**

**HAWAII BRANCH OFFICE**

- Ko Olina Chapel Place of Joy
- Aquaveil Frais Marina Ko Olina Le Plage
- John Dominis Chapel by The Sea
- Aloha Ke Akua Chapel
- Hóão



Ko Olina Chapel Place of Joy



Aloha Ke Akua Chapel

**WATABE AUSTRALIA PTY. LTD.**

**AUSTRALIAN BRANCH OFFICE**

- Avica wedding & resort
- Melstonian Chapel
- Sanctuary Cove Chapel
- Barrier Reef Church



Sanctuary Cove Chapel



Mielparque - Nagano

**MIELPARQUE CORPORATION**

- Mielparque - Sendai
- Mielparque - Tokyo
- Mielparque - Yokohama
- Mielparque - Nagano
- Mielparque - Nagoya
- Mielparque - Kyoto
- Mielparque - Osaka
- Mielparque - Okayama
- Mielparque - Hiroshima
- Mielparque - Matsuyama
- Mielparque - Kumamoto

\* From October 2008 joined the Group







Since its founding in 1953, the Watabe Wedding Group has aspired to become the world's leading bridal company based on our philosophy of creating wonderful lifestyles, and we have vigorously worked to provide our customers with valuable information, services, networks and systems. Through these efforts, we were able to celebrate our 55th anniversary. Going forward, we will be pursuing global growth in expanding primarily our bridal services globally, as all of our employees strive to offer a wonderful lifestyle where all of our customers can experience one of the most special days of their lives.

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# CONSOLIDATED FINANCIAL HIGHLIGHTS

WATABE WEDDING CORPORATION AND SUBSIDIARIES  
YEARS ENDED MARCH 31

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	2008
Net sales	<b>¥35,301</b>	¥33,940	¥31,177	<b>\$352,346</b>
Operating income	<b>2,285</b>	2,559	1,706	<b>22,811</b>
Net income	<b>1,004</b>	909	1,105	<b>10,025</b>
PER SHARE DATA (YEN/U.S. DOLLARS):				
Basic net income	<b>¥ 101.42</b>	¥ 92.18	¥ 111.40	<b>\$ 1.01</b>
Equity	<b>1,411.99</b>	1,394.27	1,316.70	<b>14.09</b>
Cash dividends applicable to the year	<b>30.0</b>	26.0	24.0	<b>0.30</b>
AT YEAR-END:				
Total assets	<b>¥22,512</b>	¥23,485	¥22,164	<b>\$224,696</b>
Equity (Note 2)	<b>13,992</b>	13,783	12,984	<b>139,655</b>
Ratios (%):				
ROA	<b>10.2</b>	11.5	8.2	
ROE	<b>7.2</b>	6.8	8.8	
Equity ratio	<b>62.2</b>	58.7	58.6	

Notes: 1. The United States dollars represent translations of Japanese yen at the rate of ¥100.19=\$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.





Hidetoshi Watabe  
PRESIDENT & REPRESENTATIVE DIRECTOR

*Bringing the "Best  
Impression" to Japan  
and the World*

**Q1: HOW WAS YOUR PERFORMANCE FOR THE FISCAL YEAR ENDED MARCH 2008?**

The Watabe Wedding Group recorded increased sales and earnings, with net sales growing 4.0% over the previous fiscal year to ¥35,301 million, while net income grew 10.4% to ¥1,004 million.

Bringing the Okinawa resort wedding business in-house helped to improve our gross profit ratio by 1.8 percentage points to 63.8%, while operating income declined 10.7% year on year to ¥2,285 million because of higher personnel as well as selling, general and administrative expenses related to the start-up of new businesses aimed at supporting future growth.

In addition, a ¥560 million impairment loss was recorded due to design expenses incurred as a result of a change in development policy for a new central IT system to enhance customer service.

	(Millions of yen)	
	2008	2007
Net sales	¥35,301	¥33,940
Operating income	2,285	2,559
Net income	1,004	909

**Q2: PLEASE EXPLAIN THE GROUP'S NEW INITIATIVES OVER THE PAST YEAR.**

During 2007, 720,000 couples were married in Japan, compared to 730,000 the previous year. The Watabe Wedding Group assisted in 24,672 of these marriage ceremonies, comprising 7,606 domestic weddings and 17,066 overseas weddings. In terms of weddings performed, we now have the leading market share in Japan. In addition, we sold 17,980 wedding dresses and rented out another 3,374 during the year.

In the domestic wedding business, we acquired the management rights for the Fukuoka Yamanoue Hotel in August 2007, and re-opened the hotel in October after substantial renovations. In addition, we worked to strengthen our management capabilities in the wedding and banquet business.

In September of the same year, we opened the Erythrina Nishihara Hills Garden, an integrated marriage facility for

local couples in Okinawa Prefecture, and opened our second Coralvita Chapel within the Manza Beach Hotel and Resort complex. In January 2008, we established an Okinawa Wedding Party desk specifically for Okinawa resort wedding ceremonies given the growing demand for wedding parties in Okinawa.

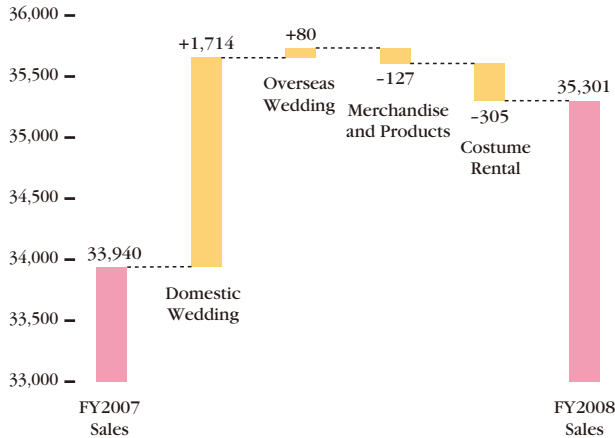
In the overseas wedding business, we established the 100%-owned “Watabe Wedding HK Limited,” to begin overseas wedding production services aimed at non-Japanese couples in August 2007, and established the Japanese bridal industry’s first Hong Kong branch in October.

Going forward, we will be working hard to acquire customers for overseas-to-overseas destination weddings\*, such as from Hong Kong or China to Guam, as well as overseas-to-Japan destination weddings, such as Hong Kong or China to Okinawa.

\*Destination Weddings: Packaged “wedding” and “travel” services, a style of wedding where couples marry outside their area of residence. As these weddings are in excellent locations outside a couple’s usual living area, they offer a liberating experience that cannot be experienced with local weddings.

### Factor Analysis of Consolidated Sales

(Millions of Yen)



### The Watabe Wedding Group Business Model



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.

#### Wedding reception arrangement

Arrange wedding receptions.

#### Local attendance

Use local personnel to support customers at each wedding location.

#### Dress selection

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

#### Makeup and hairstyling

Bridal makeup and hairstyling by specialists.

#### Post-Wedding Parties

Arrange parties after returning from an overseas wedding.

#### Ceremony planning

Provide up-to-date information and personalized services.

#### Photography and video

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

#### Travel arrangement

Make reservations for honeymoon and guest travel.

### Domestic 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.

### Overseas Weddings

#### Photography service

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





### Q3: WHAT ARE YOUR THOUGHTS ABOUT THE WATABE WEDDING GROUP'S GROWTH POTENTIAL?

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As Japanese couples are marrying later and the birthrate is declining, the outlook for the bridal industry in terms of the number of marriages in Japan is not that bright. I believe, however, that we should concentrate our energies on developing new markets rather than focusing on surviving a war of attrition in a shrinking market. In our WATABE VISION 2010 medium-term management plan that is outlined in the special section of this report, we have redefined four business domains, that is, the overseas weddings/global business, the domestic/local wedding business, the dresses and photography business, and the China (Shanghai) wedding business, as the areas where we can leverage our strengths in existing and new businesses. We intend to concentrate and efficiently allocate management resources in these areas.

Firstly, we intend to create new overseas-to-overseas and overseas-to-Japan customer flows by fully utilizing our 76 domestic branches and 40 overseas offices, our new Hong Kong branch that was opened this fiscal year, and successive development of the Taiwan and mainland China markets as customer staging points.

In the domestic/local wedding business, we intend to leverage the facilities renewal know-how gained from Meguro Gajoen to promote hotel/wedding facilities renewal and new business tie-ups.

In the photography business, utilizing our production facilities in Shanghai and Vietnam, we are aiming for further revenue growth in wedding dresses and albums and are producing DVDs in-house.

In the China (Shanghai) wedding business, we believe that Shanghai will be the central base for development in China, and are developing detailed wedding services that only a Japanese company could provide for customers in mainland China.

In July 2008, we signed an agreement to assume management of Mielparque hotels, which had been managed by the Yu-cho Foundation on behalf of Japan Post Co., Ltd. With facilities in 11 major cities nationwide, Mielparque is a nationally recognized brand name that we believe we can leverage to expand our wedding-related businesses. In addition, as the Mielparque facilities host marriage ceremonies for around 6,000 couples a year, inclusion of these facilities will expand the Watabe Wedding Group's domestic market share. Further, we expect to gain additional synergies by selling internally produced products through these Mielparque facilities, thereby enhancing our earning power.

### Q4: WHAT IS YOUR OPINION OF THE MAJOR MANAGEMENT ISSUES AND RISKS FACING THE WATABE WEDDING GROUP?

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Over the past 10 years, we have grown rapidly both in Japan and overseas.

However, if our scale expansion leads to lower-quality services and products, we could rapidly lose customer trust.

I believe that each and every one of our employees who deal with customers needs to understand the meaning of what has been our philosophy since the Company was founded, which is "to provide proposals born from heartfelt dedication and ingenuity." In order to ensure this, we are especially emphasizing employee training and motivation.

Presently, our biggest challenge is the fuel surcharges being imposed by airlines as a result of the sharp appreciation in crude oil prices. With a fuel surcharge of ¥40,000 for a ¥60,000 airline ticket to Hawaii, we have no choice but to shift emphasis to weddings in Okinawa, where there are no fuel surcharges. While we are fortunate in being able to make such a shift, we must at the same time be careful not to allow the treasure trove of know-how we have accumulated in overseas wedding

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destinations to atrophy. Consequently, I believe we need to continue to pursue both overseas and domestic wedding business while at the same time working to minimize the risks in our pursuit of further growth.

#### Q5: WHAT ARE YOUR FINANCIAL PROSPECTS FOR THE COMING YEAR?

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Improving customer satisfaction and maximizing corporate value are two sides of the same coin.

Amidst a bridal business environment where customer tastes are becoming more individualized and varied, we are reviewing our wedding style and service responses, and are exerting every effort to create and propose attractive new products.

In the domestic wedding business, we are expecting new sales and earnings growth from the second half of the fiscal year as we began operating 11 Mielparque hotels from October 2008. In addition, we also are expecting growth in domestic local and resort weddings as a result of the acquisition of management rights for the Fukuoka Yamanoe Hotel in 2007, as well as the contribution from full-year operations from the two facilities we opened in Okinawa.

In the overseas wedding business, we have resumed our popular Bali wedding offerings. In addition, given the full-year contribution from our new Hong Kong branch for non-Japanese weddings, we expect to see growth in both the number of weddings performed for Japanese as well as non-Japanese couples, which will improve the operating ratios and profitability of our in-house production facilities.

In the dresses and photography business, we are leveraging our strengths in integrated production and sales to develop new dress designs under our original *Avica* brand to increase volume sales, and are working to improve the operating ratios of our production facilities in Shanghai and Vietnam.

In addition to bringing production of existing photo album products in-house, we have begun a video editing business in Okinawa that should work to increase customer satisfaction with better quality as well as lower the cost of our video products.

In terms of branch development, our emphasis is on

strengthening our existing sales branches over aggressive branch expansion, in order to increase sales efficiency and improve profit margins.

As for product development, we are offering wardrobe products for the groom and bride that offer a splendid lifestyle where special occasions can be celebrated, such as the “Kyoto *Wakon*” and “*Seitanbi*” offerings we introduced in 2007.

Because of such initiatives, we are currently expecting consolidated net sales growth of 35.1% year on year to ¥47,700 million in the fiscal year ending March 2009, operating income growth of 11.6% to ¥2,550 million and net income growth of 40.4% to ¥1,410 million.

\**Kyoto Wakon*: A traditional Japanese wedding that utilizes the Kyoto brand name, which is generating demand from Japanese as well as non-Japanese couples.

\**Seitanbi*: A package plan that offers a “photo shoot” and celebration dinner for young adults to celebrate their 20th birthday. It is one pre-bridal service we offer to attract new customers that is currently being offered at Meguro Gajoen and the Fukuoka Yamanoe Hotel.

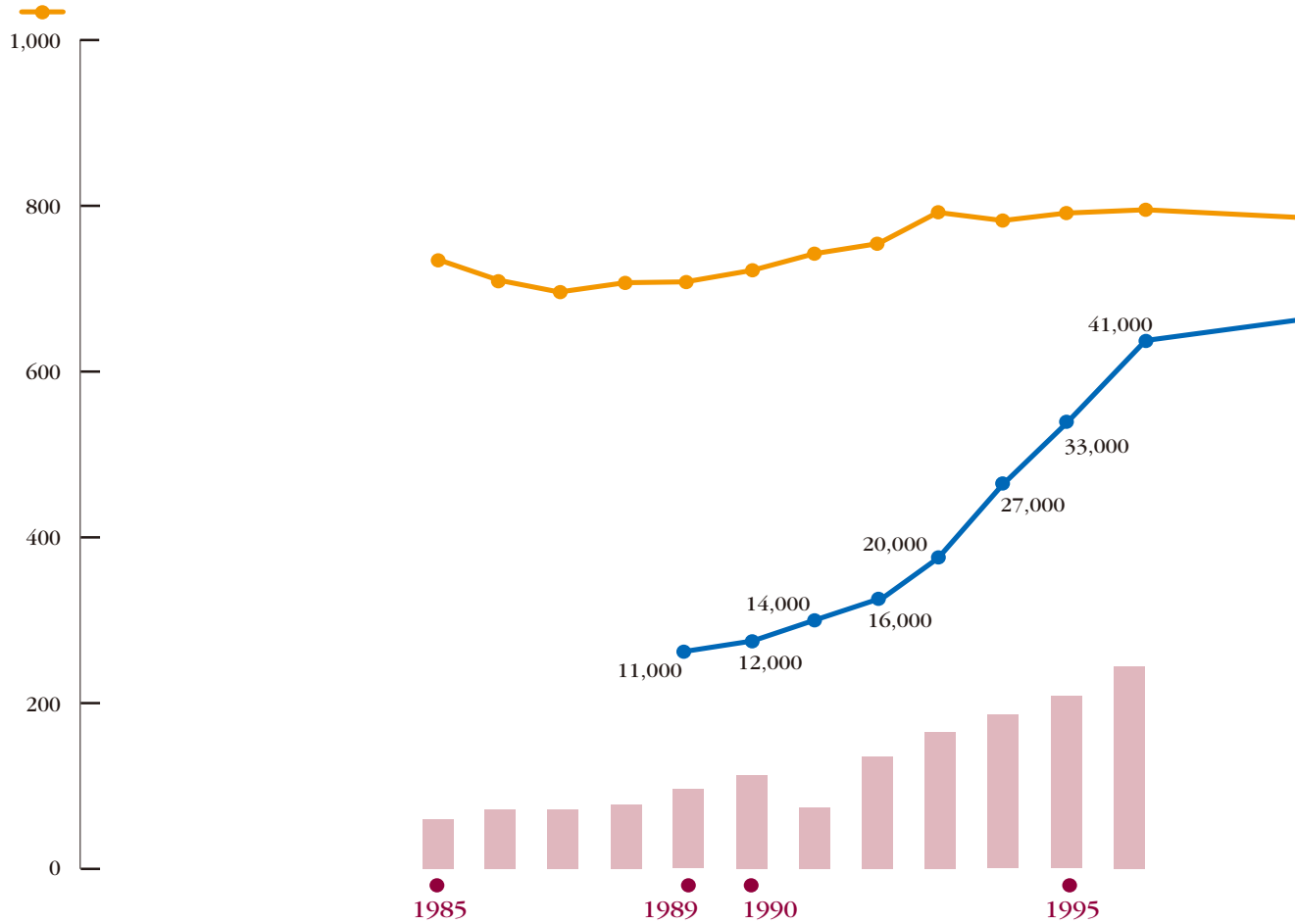
#### Q6: IS THERE ANYTHING ELSE YOU WOULD LIKE TO SAY TO YOUR SHAREHOLDERS?

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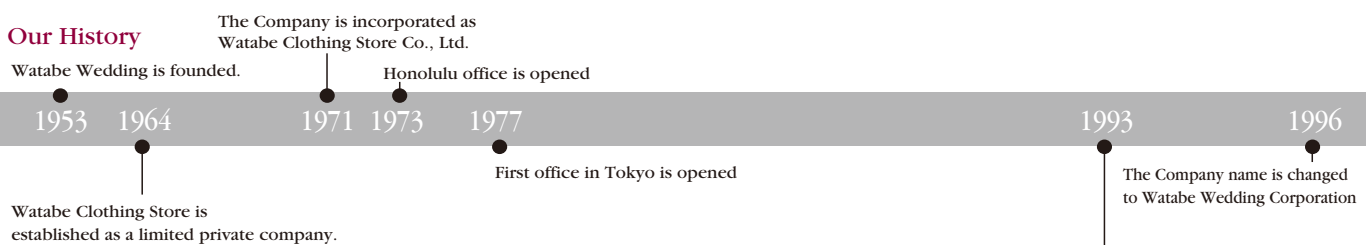
For a growing company, building a business for future growth while meeting current investor expectations for dividends is not an easy task. I personally would like to invite our shareholders to join us in enjoying the Watabe Wedding Group’s growth, and at the same time assure them that we are doing everything in our power to maximize corporate value and meet our immediate goal of achieving a 20% dividend payout ratio. We solicit your understanding and support in meeting these goals.



# HISTORY OF WATABE WEDDING



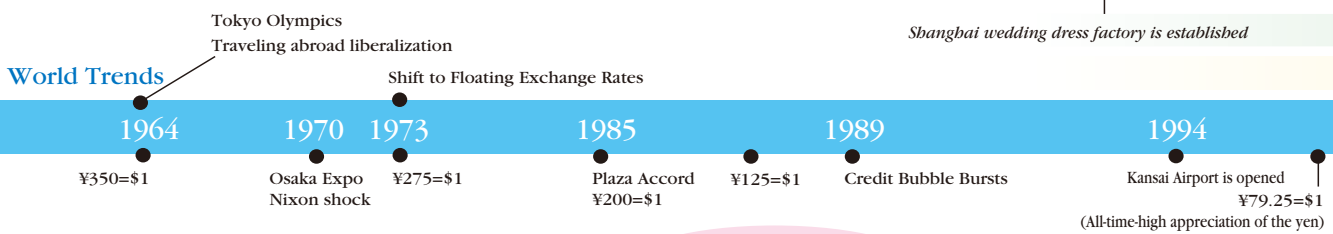
## Our History



Domestic costume rental specialist period

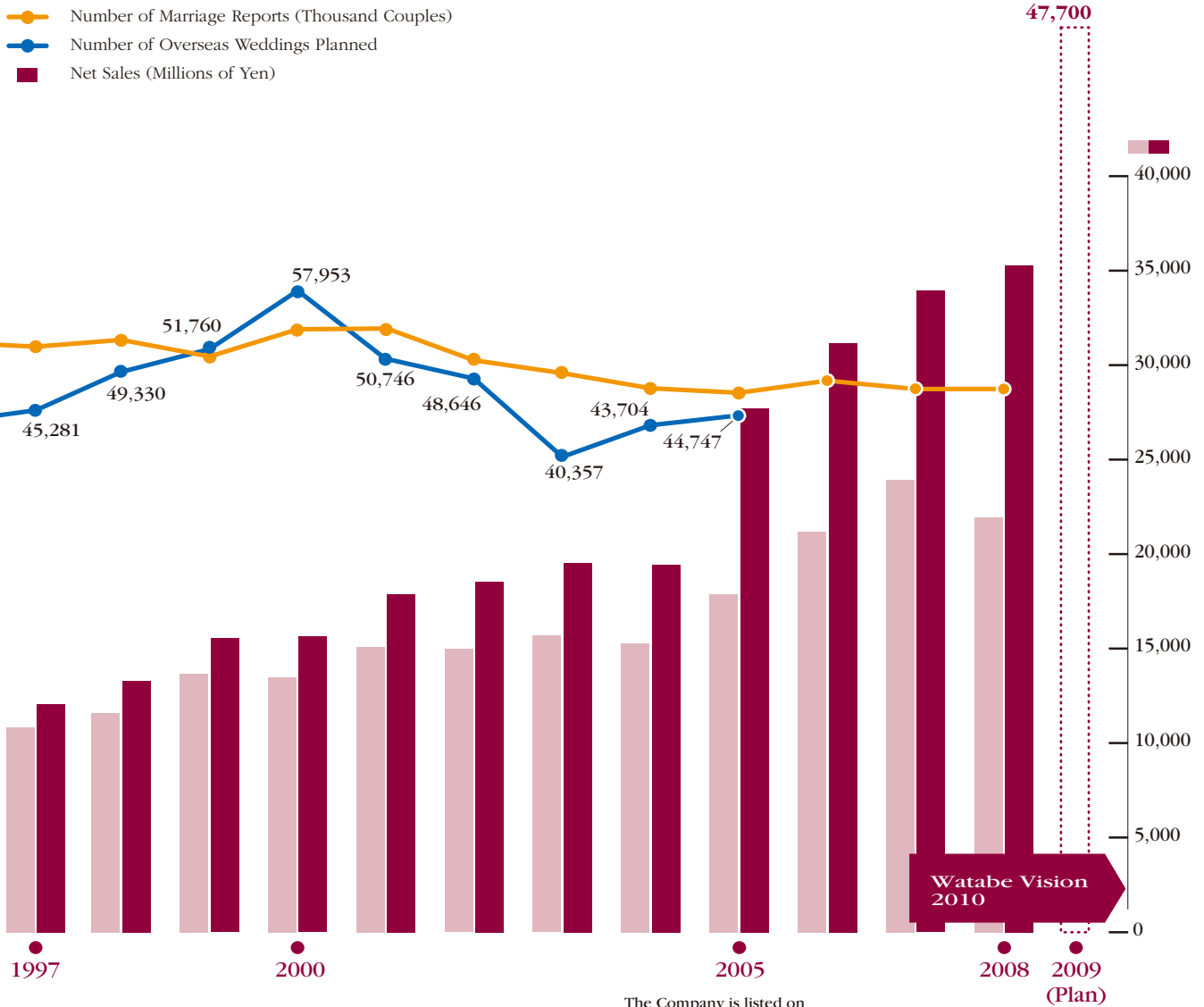
Domestic network expansion period

## World Trends

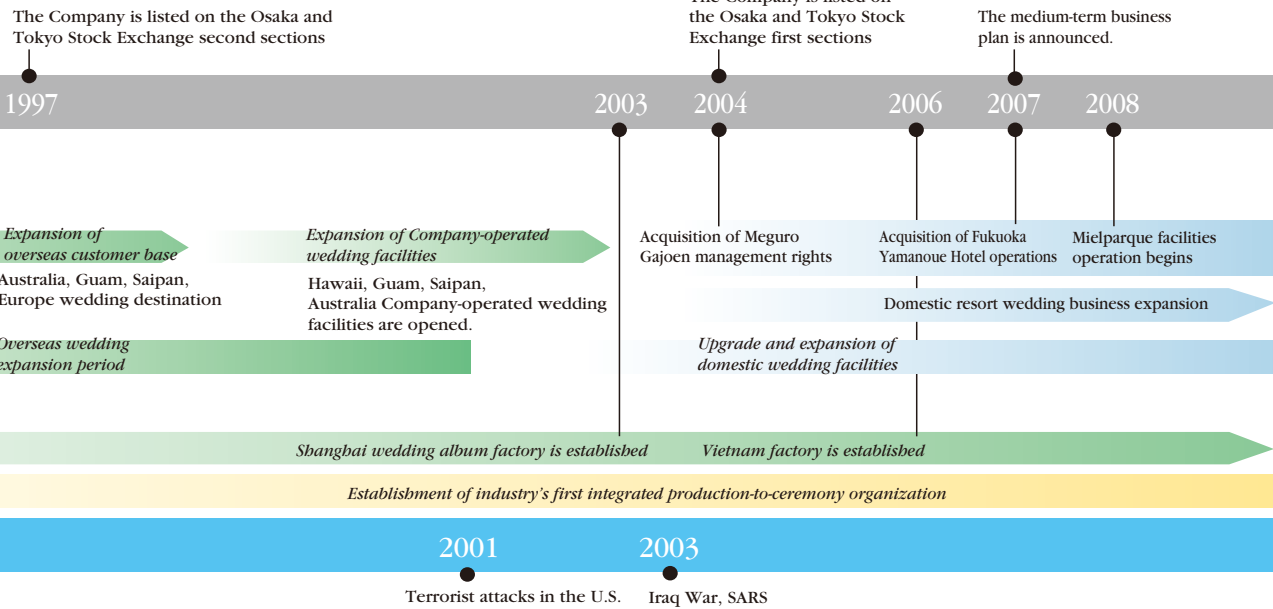


## Transition in Weddings

Flashy weddings



Watabe Vision 2010



Simple weddings

Discriminating weddings



# SPREADING OUR WONDERFUL WEDDING CONCEPT TO THE WORLD



## THE RECENT BRIDAL INDUSTRY OPERATING ENVIRONMENT

Given the low birthrate, an aging population and an accelerating trend toward marrying later in life, there is no denying that the current level of weddings in Japan of approximately 700,000 couples a year may sooner or later decline to

500,000 or 400,000 couples a year.

In addition, given that a wedding ceremony depends on how each couple conceives of an ideal wedding, there are many variations in wedding styles.

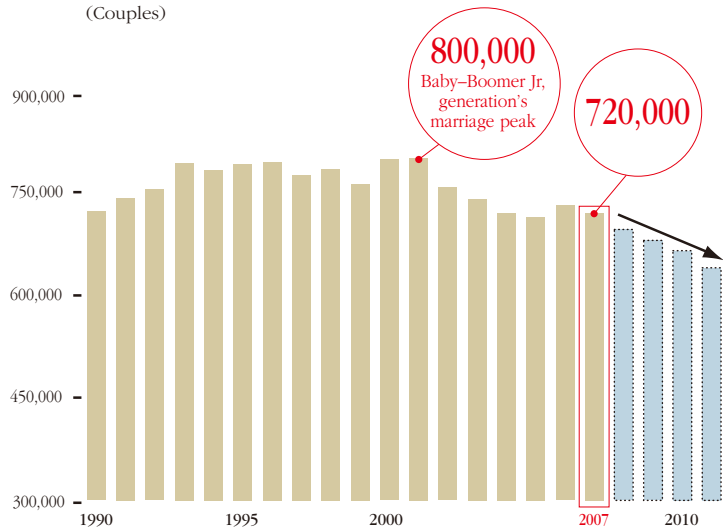
While most weddings in Japan are typically formal affairs attended by far-away relatives rarely met and one's superiors at the office, couples are increasingly opting for warm weddings attended by close friends and immediate family.

For a wedding to really be the major event in one's life that it should be, it needs to be an event that meets the arrangement and hospitality aspirations of the couple that is marrying.

Amidst a shrinking market, only those companies that can accurately capture the needs of the two main players in the ceremony, that is, the couple marrying, and that can properly meet these needs with accumulated know-how will survive and thrive.

As the leading company in terms of the number of married couples in the industry, we believe we are well positioned even among the top three leading companies, and will be the one surviving company in Japan.

**Our View of the Domestic Operating Environment:  
Trend and Forecast in the Number of Marriages**  
(Couples)



Source: Ministry of Health, Labour and Welfare statistics on demographic changes, the economy and society.

Amounts to 2007 are actual. Amounts from 2008 represent company forecasts.

## TURNING TO ASIA AND THE WORLD

From a global perspective, the world's population is growing by approximately 80 million people a year. In particular, the population in China, India and elsewhere in Asia accounts for more than half of this growth.

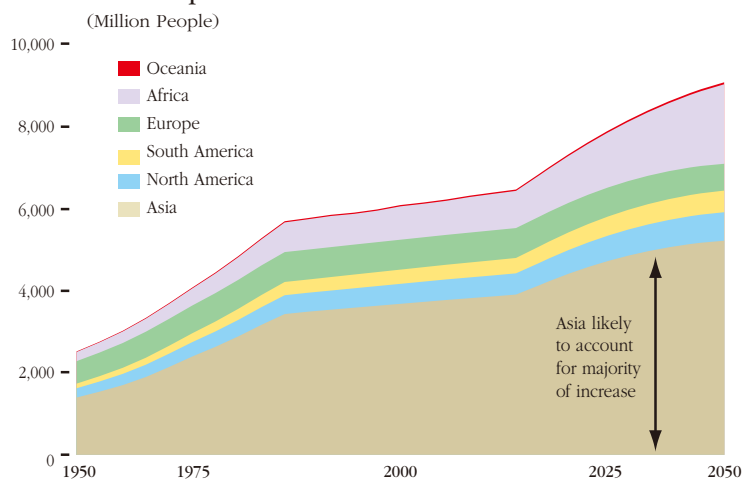
The number of couples marrying in China, which has a population 10 times that of Japan, has already exceeded 8.2 million couples per year. Given China's economic growth and expansion, we forecast that this marriage rush will further accelerate going forward, resulting in 5%–10% growth per annum.

Watabe Wedding Group was early in establishing and continues to maintain a superior position in the China market. Conversely, other companies in this market are struggling.

Going forward, we will continue to leverage our strengths and utilize our global network that has heretofore focused on Japanese couples to

offer overseas wedding services to non-Japanese couples, particularly in Asia.

### Our View of the Overseas Operating Environment: World Population Trend



Source: World Statistics 2007, Statistics Bureau, Ministry of Internal Affairs and Communications

## WATABE VISION 2010 TARGETS AND GOALS

In order to solidify the Watabe Wedding Group's position in Japan's bridal industry as "The Celebration Company," we have created the WATABE VISION 2010 medium-term management plan. The targets of this plan are to achieve net sales of ¥50 billion by the fiscal year ending March 31, 2010 and an ROE of 15%. In addition, this plan is the first step in the next phase, which is achieving net sales of ¥100 billion and establishing channels for a global brand.

In order to achieve our targets and goals, we have implemented four initiatives: (1) improving profitability, (2) implementing "Asset-Less" management, (3) utilizing non-core assets, and (4) emphasizing IT and personnel training.

The first initiative, which is improving profitability, began with structural reforms implemented in the fiscal year ended March 2007,

in which we focused on lowering costs, revising unit prices and package products while controlling selling, general and administrative expenses. As a result of this initiative, we achieved a 1.8 percentage point improvement in our gross profit ratio in the fiscal year ended March 2008, and are planning for a 1.0 percentage point improvement in the fiscal year ending March 2009.

The second initiative, Asset-Less management, refers to our approach to investment in new business domains. Recognizing that the domestic market is shrinking and competition is intensifying, we are refraining from investments other than for markets where there is net growth. In our medium-term business plan, we intend to fund investment within the confines of internal cash flow in pursuing our growth strategy.

Under the third initiative, non-core asset

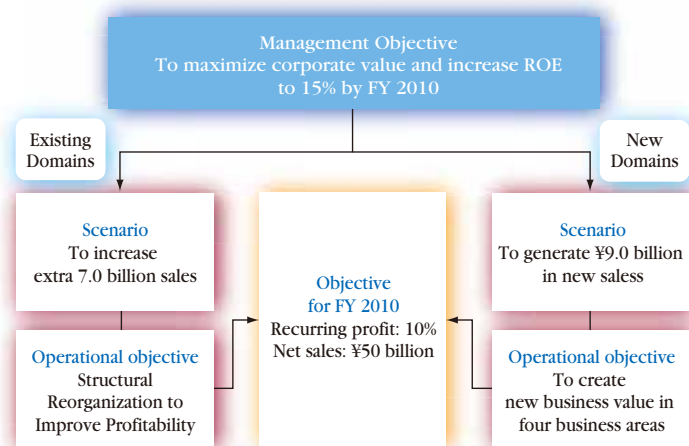
utilization, we accelerated structural reforms last fiscal year, consolidating unprofitable branches and facilities as well as recording asset impairment losses in an all-out effort to strengthen our profitability under the medium-term business plan.

The fourth initiative, emphasizing IT and personnel training, includes personnel evaluation system improvements, invigorating personnel intellectual

property and improving operations where there is face-to-face interaction with customers. The Watabe Wedding Group's strength is the passion and commitment each and every one of our employees has for the quality of our services. In terms of employee communications, our emphasis is on direct interaction. We are also promoting web-based customer communications and are implementing an Internet advertising strategy.

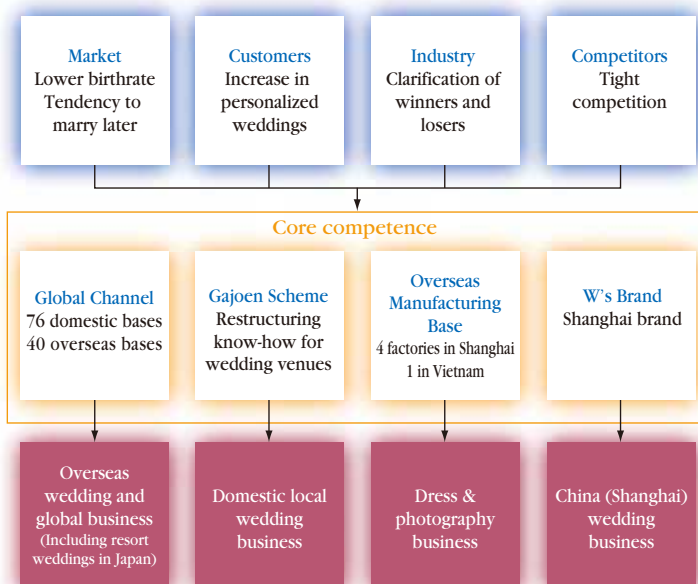
## FOUR CORE BUSINESSES AS THE DRIVERS

### Management Targets



In order to achieve our WATABE VISION 2010 plan, we have divided our businesses into “existing domains” and “new domains.” In existing domains, we aim to generate ¥7.0 billion in new sales, and improve earnings through structural reforms and restructuring. In new domains, we aim to generate ¥9.0 billion in new sales, and to enhance profitability through the following four areas to create new business value. We plan to invest ¥10.0 billion in these four areas over the next three years.

### Business Domains



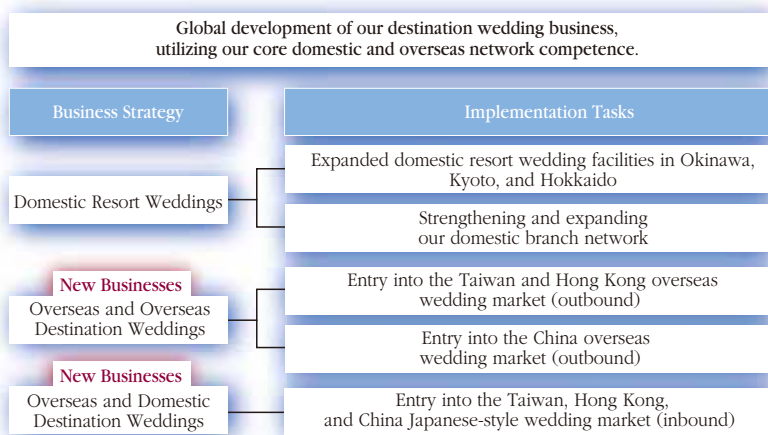
## (1) OVERSEAS WEDDINGS/GLOBAL BUSINESS

### Domestic and Overseas Destination Weddings for Japanese and Development of Global Bridal Markets Centering on Asia

Leveraging our network of 76 domestic branches for mainly overseas and domestic destination (weddings and travel, or at locations outside the area where the couple reside) weddings and 40 overseas offices worldwide, we are promoting overseas and domestic destination weddings for Japanese and non-Japanese couples primarily in Hong Kong, Taiwan and other Asian nations.

For Japanese couples, we are applying the experience gained in overseas weddings to domestic destination weddings in such places as Okinawa and Kyoto, to provide wonderful weddings with travel.

For non-Japanese couples, we are promoting overseas-to-overseas and overseas-to-Japan overseas-style weddings, and following our entry



into Asia centering on Hong Kong and Taiwan, plan to expand into the China market, where there is an accelerating trend toward free travel.

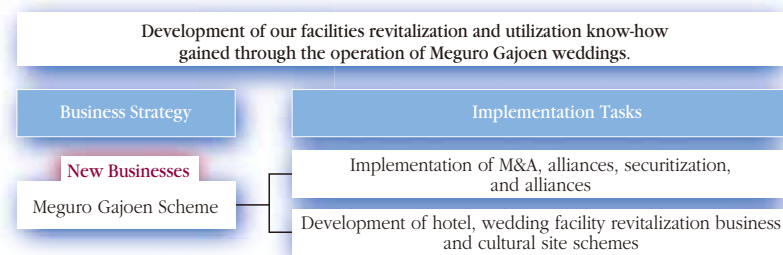
## (2) DOMESTIC/LOCAL WEDDING BUSINESS

### Fully Utilizing Our Cumulative Know-How with Meguro Gajoen

Meguro Gajoen in Tokyo is well known as Japan's largest comprehensive wedding facility. Using the know-how we have gained through the renewal of the facilities centering on weddings (the Gajoen scheme), we are diversifying into hotel and facilities renovation as well as utilizing historical buildings and cultural assets.

For weddings centering on ceremonies and receptions in locations nationwide, we intend to concentrate our management resources in the experience we have accumulated through Meguro Gajoen to generate synergies between facilities. By sharing expertise and working to improve the efficiency of facilities managed, we are aiming for further business expansion based on enhanced customer satisfaction.

In our first application of the Gajoen scheme, we acquired the management rights for the Fukuoka Yamanoue Hotel in August 2007. We also signed an agreement to assume management of the 11 nationwide Mielparque hotels owned by



Japan Post Co., Ltd. in July 2008, and are working to enhance the profitability of these facilities by increasing synergies with our existing businesses.

As made clear with Mielparque, the fee levels established by the Watabe Wedding Group to ensure profitability mainly for hotels, wedding facilities and buildings that are cultural assets can be applied in the future to promote M&A, alliances, and business tie-ups on the one hand, and using asset securitization on the other. With these as a driver, we believe we can expand our share of couples married based on our Asset-Less management strategy.



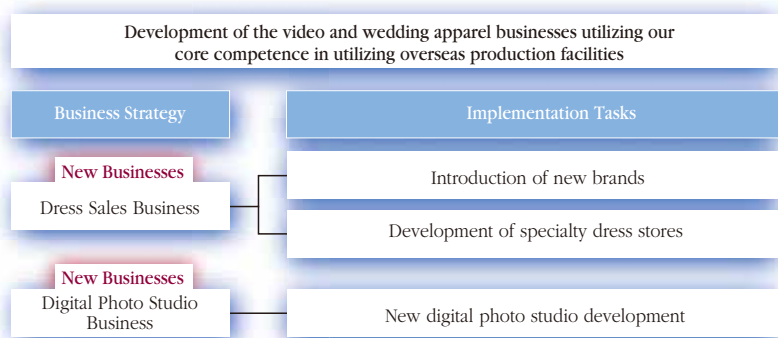
### (3) DRESSES AND PHOTOGRAPHY BUSINESS

#### Pursuing Differentiation through Strengthened Product Capabilities Based on a Manufacturing Backbone

With a backbone of wedding dress, album and other product production in Shanghai and Bien Hoa City in Vietnam we are strengthening production and sales of essential wedding apparel and photo albums.

In 2008, we established a DVD Center in Okinawa, and initiated full-scale video editing operations in an effort to further expand our in-house production capabilities and improve profitability.

We also completely converted to digital photography in all of our domestic photo studios (approximately 20) in 2006, allowing for sales of internally produced albums for weddings in overseas as well as domestic locations. Here again, we are moving to develop an integrated digital photo studio brand through new products and enhanced operations. Further, in wedding apparel, photos, video products and other content businesses, we are now able to develop these businesses as independent entities through Group branches or on an OEM basis even if there is a pronounced drop-off in the number of couples married.



### (4) CHINA (SHANGHAI) WEDDING BUSINESS

#### Business Expansion Based on an Established Track Record of Services Developed in China

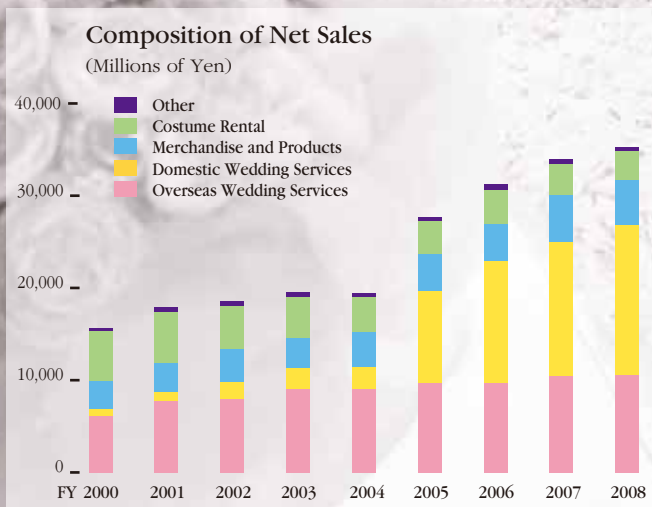
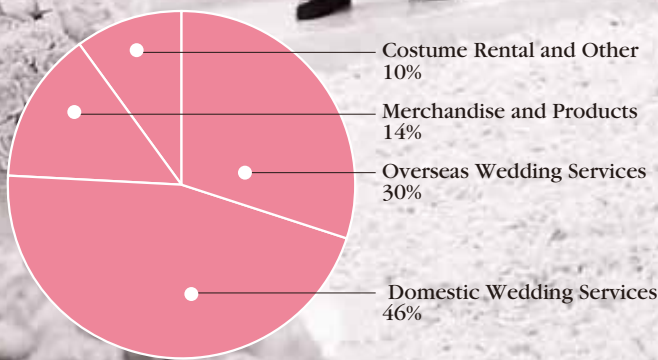
Based on our success in profitable operations under the W'S brand in Shanghai, we intend to develop the China (Shanghai) wedding business in the Shanghai market. In addition to our manufacturing operations, we are developing a services business.

Using our accumulated sales record and know-how in the photo services branches begun in 1997, we shifted our targeted customers to high net worth individuals when we moved our branch into the five-star Okura Garden Hotel Shanghai in November 2004, and are developing China's first integrated bridal shop under the W'S brand. Presently, we are enjoying solid customer support and growth with a recognized luxury brand.

In June 2008, we opened the W'S Shanghai Bay branch, aimed at the much larger middle income market, and are developing the business primarily through wedding picture services. While many other firms that entered the China bridal business have been forced to withdraw, we are playing a leading role in developing services for the China wedding market mainly through the wedding production and purely local wedding businesses in Shanghai, thereby building a solid track record in the China bridal business.

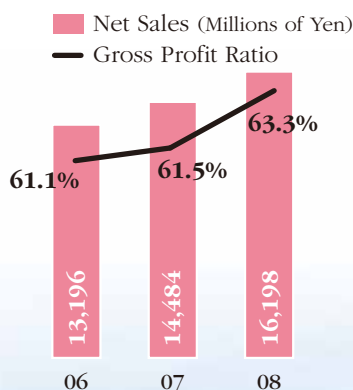


AT A GLANCE



# Domestic Wedding Services

DOMESTIC WEDDINGS AND WEDDING ARRANGEMENT SERVICES PROVIDED MAINLY THROUGH DIRECTLY MANAGED FACILITIES



The Watabe Wedding Group provides bridal services to meet the various and diversified needs for house wedding, restaurant wedding and other wedding variations including domestic resort wedding services primarily through 20 directly managed domestic facilities. For the fiscal year ended March 2008, net sales grew 11.8% over the previous year to ¥16,198 million, while gross profit rose 15.2% year on year to ¥10,259 million.

While the number of weddings performed declined 8.4% due to the closure of some facilities that do not serve food and beverages and a decline in users of small and simple chapel weddings, unit prices increased supported by a rise in the number of wedding attendees per couple because of the name value of Meguro Gajoen, and an increase in brides wearing more expensive kimonos.

The beginning of operations for the renovated Fukuoka Yamanoue Hotel and two chapels in Okinawa also contributed to the sales increase.

The closure of four facilities that did not serve food and beverages and two chapels contributed to an overall improvement in profitability.

Photo courtesy of KAMIGAMO SHRINE



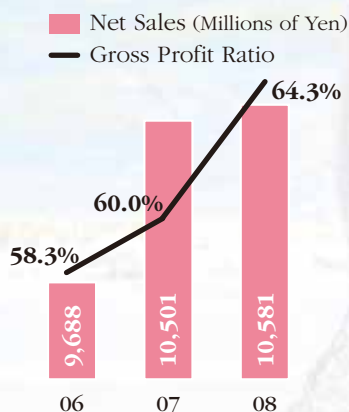


# Overseas Wedding Services

CONSULTATION AND ARRANGEMENT SERVICES FOR OVERSEAS DESTINATION WEDDINGS

The Watabe Wedding Group provides consultation and arrangement services to Japanese couples and their wedding attendees for overseas destination weddings through 53 domestic branches, 18 directly owned branches in 11 overseas locations, 17 directly owned facilities and more than 150 overseas cooperating wedding facilities. In the fiscal year ended March 2008, these sales grew 0.8% over the previous year to ¥10,581 million, while gross profit rose 8.1% year on year to ¥6,804 million.

While the total number of overseas weddings performed declined because of the weak yen when orders were received as well as airline fuel surcharges due to high crude oil costs, an improvement of wedding products and services provided, the introduction of high-value-added products, and higher utilization of directly managed facilities contributed to higher unit prices, which led to an increase in the gross profit margin.

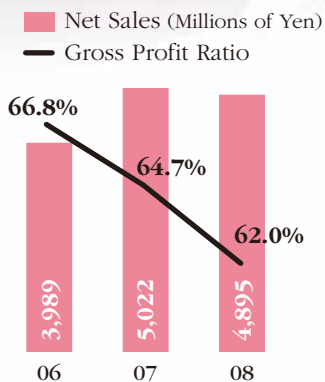






# Merchandise and Products

## PRODUCTION AND SALES OF WEDDING DRESSES AND OTHER PRODUCTS



The Watabe Wedding Group has built an integrated production-to-sales business model whereby wedding dresses, tuxedos and other wedding products are manufactured at its Shanghai (ISO9001-certified) and Vietnam factories, and sold through Group branches and facilities.

In particular, high quality and value added has been achieved through the Group's *Avica* original brand dresses that are made according to customer specifications.

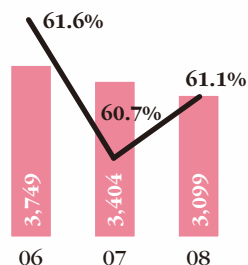
In the fiscal year ended March 2008, net sales for this segment declined 2.5% over the previous year to ¥4,895 million, while gross profit declined 6.6% to ¥3,035 million. While packaged dress prices were revised, sales and profit were negatively affected by a decline in the number of couples wedded.

# Costume Rental and Other

## COSTUME RENTAL SERVICES AND STUDIO PHOTO SERVICES

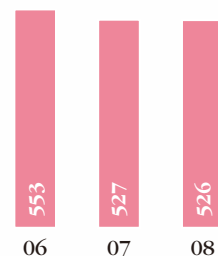
### Costume Rental

■ Net Sales (Millions of Yen)  
— Gross Profit Ratio



### Other

■ Net Sales (Millions of Yen)



\*Seven-Five-Three celebrations: Festivals for children aged seven, five and three to celebrate their growth and to pray for their future well being

The Watabe Wedding Group provides costume rental services for apparel worn at weddings, and coming-of-age and graduation ceremonies.

In addition, the Group provides pre- and post-wedding photography shoots at studios in 20 directly managed branches in Japan, as well as photo shoots for coming-of-age and Seven-Five-Three\* celebrations.

In the fiscal year ended March 2008, net sales for costume rental declined 9.0% from the previous year to ¥3,099 million, while gross profit declined 8.3% to ¥1,893 million.

A decline in the number of photo sessions and a shift from the rental of costumes to outright sales overseas were the main factors affecting segment sales and earnings.

## DIRECTORS AND STATUTORY AUDITORS

(AS OF JUNE 27, 2008)



From left: Yukihiro Matsunaga, Hisao Shimizu, Hiroshi Kawaguchi, Yoshiharu Onaga, Masashi Kudo, Hidetoshi Watabe, Toshio Ochiai, Toshio Fujimoto, Hiroya Yamamoto, Hisashi Iwasaki

### DIRECTORS:

**Hidetoshi Watabe**

*President & Representative Director*

**Hiroshi Kawaguchi**

*Director*

**Hiroya Yamamoto**

*Director*

**Yoshiharu Onaga**

*Director*

**Toshio Ochiai**

*Outside Director*

**Yukihiro Matsunaga**

*Outside Director*

### STATUTORY AUDITORS:

**Hisashi Iwasaki**

*Outside Statutory Auditor (Full-time)*

**Toshio Fujimoto**

*Statutory Auditor*

**Hisao Shimizu**

*Outside Statutory Auditor*

**Masashi Kudo**

*Outside Statutory Auditor*

## CORPORATE GOVERNANCE

In fulfilling its social responsibilities and maintaining the trust of our shareholders as well as all of our stakeholders, we believe we must continually seek to maximize corporate value. We therefore recognize enhanced internal controls such as the maintenance of transparent and efficient management, proactive and timely information disclosure, strengthened accountability, and enforcement of compliance system and risk management to be priority management issues.

The Group's Board of Directors makes decisions on important management issues. It comprises six directors, two of which are outside directors. The meeting of the Board of Directors is held once a month and is attended by all directors. At these meetings, agenda items are presented, debated and decided upon. Further, in order to quickly respond to changes in the operating environment, we have initiated a Management Committee consisting of executive officers in charge of operations that will make decisions regarding matters relating to our business operations.

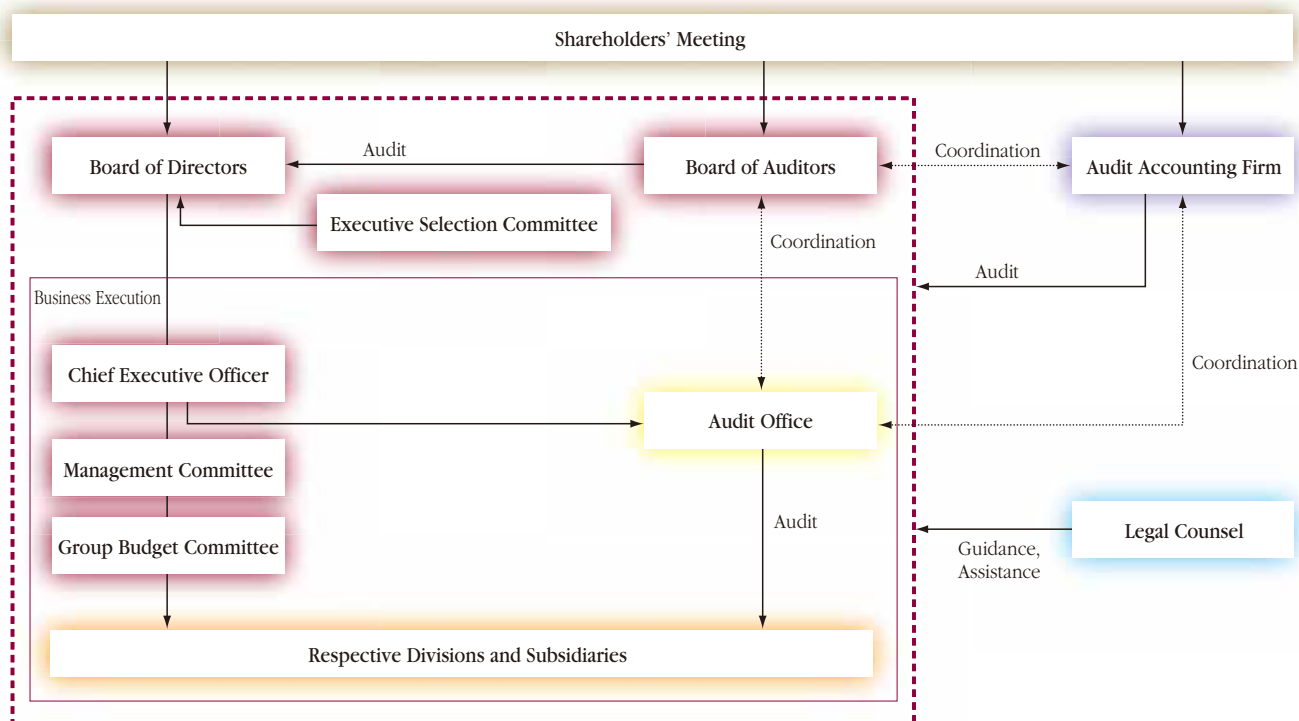
Further, in order to ensure more timely and efficient decision-making, we have adopted an executive officer system. These

executive officers also form the Group Budget Committee, which meets once a month to discuss, debate and ensure prompt responses related to the achievement of Group management plans.

The Board of Statutory Auditors has also been established to monitor and supervise management functions, and is composed of four auditors including one corporate auditor as well as three outside auditors. These auditors attend all important meetings including the Board of Director meetings and have implemented a fair management supervision system. In addition, the Board of Statutory Auditors works, in close conjunction with our accounting auditors to prepare regular accounting audit reports, and works to strengthen the Group's audit function.

In maintaining the Board of Statutory Auditors system and in the interest of improving management transparency and objective decision-making, a Personnel Advisory Committee that is chaired by an outside director has been created as an advisory body to the Board of Directors. This committee considers the adequacy and validity of matters concerning the election of directors and statutory auditors, thereby enhancing corporate governance.

Corporate Governance and Internal Control System





# CORPORATE SOCIAL RESPONSIBILITY

The Group's approach to CSR activities involves CSR related to existing business domains that is focused on contributing to a richer society mainly through bridal business-related activities, and CSR related to international agreements, the environment and other social contribution activities that also contribute to a richer society but are outside our existing business domains.

These CSR activities contribute to a strengthened internal controls system and make our Company stronger, as they aim to build fair, economical, environmental and socially enduring relationships and to promote mutual development with all of our stakeholders.



## Supplying Water for Daily Use in Myanmar

Through a joint venture with the nonprofit organization Bridge Asia Japan (BAJ), Watabe Wedding is helping to provide well-drilling and construction to improve the health and living conditions of people in drought-stricken Myanmar. The first milestone of this project was the "Watabe Go" well-drilling machine that we donated. As of March 2008, this machine has completed drilling for seven wells.



Photograph courtesy of BAJ

## Regional Contribution through Our Branch in Hawaii

In Honolulu, our Hawaii branch supports the annual Cherry Blossom Festival held by the Japanese Junior Chamber of Commerce by providing the formal kimono and fitting services free of charge for the festival queen, whose selection is the highlight of the festival. As a result, the Company is annually recognized as a "Diamond Sponsor" of the event.



The 56th Cherry Blossom Queen and Court

## FINANCIAL SECTION

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26	Consolidated Balance Sheets
28	Consolidated Statements of Income
29	Consolidated Statements of Changes in Equity
30	Consolidated Statements of Cash Flows

# MANAGEMENT'S DISCUSSION & ANALYSIS

(Note: All amounts represent the consolidated totals of the Watabe Wedding Corporation and Subsidiaries, unless otherwise noted)

## Japan's Economy

Japan's economy for the fiscal year under review continued to be supported by growth in external demand and maintained what has become the longest post war expansion. In the second half, however, growing concern regarding a slowdown in the U.S. economy and the expanding subprime loan problem created turbulence in global financial markets, which created downside risk for the global economy. In Japan, the earnings environment deteriorated because of surging raw material prices and rapid appreciation of the yen, which weighed heavily on corporate business sentiment. In addition, employment conditions, which had been expanding favorably on improving personal consumption expenditures, began to weaken toward the end of the year.

## The Bridal Industry

There were 720,000 couples wed in Japan in 2007, compared to 730,000 in the previous year. The number of marriages in Japan continues to decline due to continued aging of the population. In response to this environment, the Watabe Wedding Group has been pursuing total bridal solutions and global diversification in order to adequately respond to increasingly personalized and diversified customer needs, and proactively working to develop its business through increased customer satisfaction and maximum customer joy.

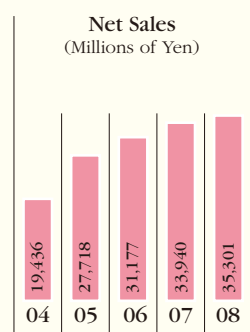
## Net Sales

Net sales increased 4.0% year on year to ¥35,301 million. In the domestic wedding business, we acquired management rights for Fukuoka Yamanoue Hotel in August 2007, and in addition to strengthening our management capabilities in the wedding and reception business, strengthened our domestic resort wedding operations with the establishment of two wedding facilities in Okinawa.

In the overseas wedding business, we opened the Hong Kong Branch in October 2007 in order to pursue wedding planning services for overseas weddings aimed at non-Japanese couples, which is the first entry into the Hong Kong market by the Japanese bridal industry.

## Cost of Sales

Efforts to promote in-house production helped limit the cost of sales, which declined 0.9% year on year to ¥12,782 million. As a result, the gross profit ratio improved 1.8 percentage points over the previous year to 63.8%.



### Selling, General and Administrative (SG&A) Expenses

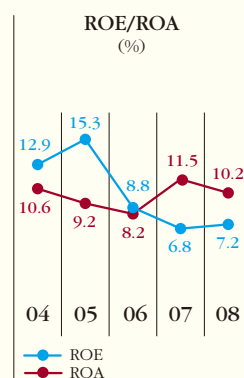
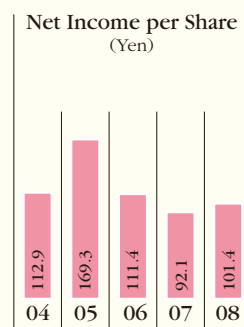
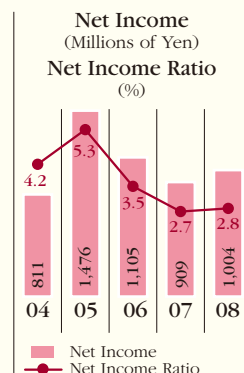
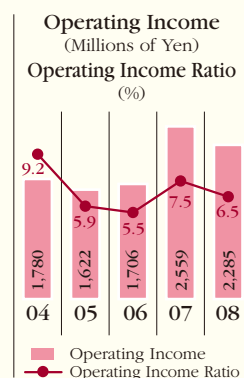
Advertising/promotion and personnel expenses were higher as a result of the start-up of new businesses, and resulted in a 9.5% year-on-year increase in SG&A expenses to ¥20,233 million. The ratio of SG&A expenses to net sales was 57.3%, which represented a 2.8 percentage point increase over the previous year.

### Operating Income

Operating income declined 10.7% year on year to ¥2,285 million. As a result, the operating margin was 6.5%, or 1.0 percentage point lower than the previous year.

### Net Income

With regard to the central system that we had been promoting as strategic IT infrastructure, a change in development policy necessitated a redesign of the SG&A management system, which resulted in design expenses of ¥560 million that were recorded as an impairment loss. This notwithstanding, net income increased 10.4% year on year to ¥1,004 million.



(Millions of Yen)

	2008	2007
--	------	------

#### Japan

Total sales	¥33,036	¥31,268
Operating income	1,627	1,649

#### Hawaii

Total sales	¥5,314	¥5,669
Operating income	460	570

#### China

Total sales	¥1,924	¥1,999
Operating income (loss)	156	177

#### Oceania

Total sales	¥1,341	¥1,444
Operating income (loss)	(129)	34

#### Micronesia

Total Sales	¥2,581	¥2,685
Operating income	217	186

#### Other Overseas

Total sales	¥1,072	¥765
Operating income (loss)	(24)	(71)

## Results by Geographical Segment

### • Japan

Total sales increased 5.7% to ¥33,036 million, supported by an increase in domestic resort weddings and a full year of operations for facilities opened in the previous year. Operating income, however, declined 1.3% year on year to ¥1,627 million.

### • Hawaii

While unit prices increased aided by stronger support for customers referred by sales agents, a decline in the number of wedding couples and a strong yen resulted in a 6.3% year-on-year decline in total sales, while operating income declined 19.3% year on year to ¥460 million.

### • China

Dress sales declined in line with a lower number of wedding couples, which resulted in a 3.7% year-on-year decline in total sales to ¥1,924 million, and operating income declined 11.9% year on year to ¥156 million.

### • Oceania

A decrease in the number of wedding couples resulted in a 7.1% year-on-year decline in total sales to ¥1,341 million, while an operating loss of ¥129 million was recorded, versus operating income of ¥34 million the previous year.

### • Micronesia

A decrease in the number of wedding couples and a stronger yen resulted in a 3.9% year on year decline in total sales to ¥2,581 million, while operating income increased 16.6% year on year to ¥217 million.

### • Other Overseas

Increased dress production at the Vietnam factory supported a 40.0% year-on-year rise in total sales to ¥1,072 million, and an operating loss of ¥24 million was recorded, compared to an operating loss of ¥71 million the previous year.



## Financial Position

### Assets

Total assets at the end of the fiscal year were ¥22,512 million, which represented a decrease of ¥972 million from the end of the previous year. Acquisitions of tangible assets and repayment of long-term debt resulted in a ¥1,612 million decline in cash and cash equivalents, while intangible assets increased ¥363 million due to the acquisition of property for a photo-album factory in China, and software acquired mainly for the new central IT system.

### Liabilities

A decline in accounts payable and accrued expenses resulted in a ¥531 million drop in current liabilities, while long-term debt decreased by ¥650 million due to repayment of long-term debt. As a result, total liabilities declined by ¥1,181 million compared to the end of the previous year.

### Total Equity

While net income for the period was ¥1,004 million and dividends paid totaled ¥277 million, a write-down of deferred tax assets resulted in a higher land revaluation difference. Total equity increased by ¥208 million over the end of the previous year, to ¥13,992 million.

### Cash Flows

For the fiscal year ended March 2008, net cash provided by operating activities was ¥1,733 million, net cash used in investing activities was ¥2,200 million, and net cash used in financing activities was ¥859 million. As a result, cash and cash equivalents (hereafter, funds) at the end of the year were ¥1,420 million (29.3%) lower than the previous year, at ¥3,429 million.

#### • Cash Flow from Operating Activities

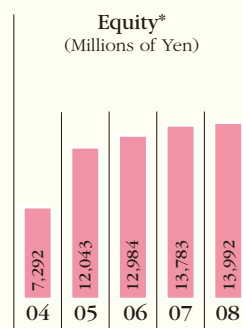
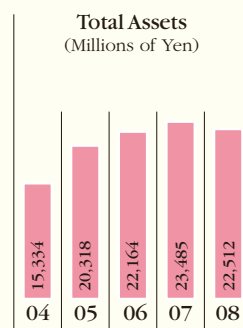
Net cash provided by operating activities was ¥1,733 million, or ¥1,835 million (51.4%) less than the previous year. While income before income taxes and minority interests provided a cash inflow of ¥1,777 million and depreciation and amortization provided ¥1,306 million, trade accounts payable were ¥794 million lower.

#### • Cash Flow from Investing Activities

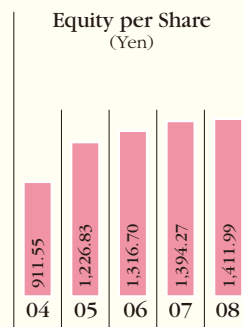
Net cash used in investing activities was ¥2,200 million (10.1%) less than the previous year. While the sale of tangible assets provided a cash inflow of ¥225 million, payments for domestic and overseas wedding facilities, new branches and other tangible assets used ¥1,583 million of cash, while ¥955 million of cash was used to purchase software and other intangible assets.

#### • Cash Flow from Financing Activities

Net cash used in financing activities was ¥859 million (16.9%) less than the previous year. This cash outflow largely reflected a ¥792 million repayment of long-term debt.



\* 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.



# CONSOLIDATED BALANCE SHEETS

WATABE WEDDING CORPORATION AND SUBSIDIARIES  
MARCH 31, 2008 AND 2007

	Millions of yen		Thousands of U.S. dollars*
	2008	2007	2008
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	¥ 3,429	¥ 4,849	\$ 34,228
Receivables:			
Trade accounts	1,266	1,159	12,642
Other	24	48	246
Allowance for doubtful receivables	(27)	(24)	(275)
Inventories	930	857	9,286
Deferred tax assets	295	347	2,954
Prepaid expenses and other	738	930	7,367
Total current assets	<u>6,657</u>	<u>8,169</u>	<u>66,449</u>
Property, Plant and Equipment:			
Costumes for rent	825	747	8,244
Land	1,685	1,730	16,825
Buildings and structures	10,555	10,537	105,350
Machinery and equipment	426	398	4,258
Furniture and fixtures	3,945	3,514	39,377
Construction in progress	168	19	1,678
Total	<u>17,606</u>	<u>16,948</u>	<u>175,734</u>
Accumulated depreciation	<u>(7,247)</u>	<u>(6,835)</u>	<u>(72,341)</u>
Net property, plant and equipment	<u>10,358</u>	<u>10,112</u>	<u>103,393</u>
Investments and Other Assets:			
Investment securities	285	337	2,851
Intangibles	1,160	797	11,585
Long-term prepaid expenses	173	249	1,732
Guarantee deposits	2,852	2,810	28,468
Deferred tax assets	730	402	7,287
Deferred tax assets for land revaluation	—	364	—
Long-term receivables and other	293	241	2,928
Total investments and other assets	<u>5,495</u>	<u>5,203</u>	<u>54,854</u>
Total	<u>¥22,512</u>	<u>¥23,485</u>	<u>\$224,696</u>

\*The United States dollars represent translations of Japanese yen at the rate of ¥100.19=\$1.

	Millions of yen		Thousands of U.S. dollars*
	2008	2007	2008
<b>Liabilities and Equity</b>			
Current Liabilities:			
Short-term bank loans	¥ 336	¥ 136	\$ 3,360
Current portion of long-term debt	636	810	6,352
Payables:			
Trade accounts	1,397	1,745	13,952
Other	1,566	1,881	15,636
Income taxes payable	408	580	4,082
Advances received	2,046	1,839	20,427
Accrued payroll and bonuses	489	417	4,881
Accrued expenses and other	365	367	3,652
Total current liabilities	7,248	7,779	72,345
Long-Term Liabilities:			
Long-term debt	673	1,298	6,724
Liability for employees' retirement benefits	119	127	1,192
Negative goodwill	62	95	624
Other	416	401	4,154
Total long-term liabilities	1,271	1,922	12,695
Commitments and Contingent Liabilities			
Equity:			
Common stock, authorized, 22,000,000 shares; issued, 9,909,400 shares in 2008 and 9,884,900 shares in 2007	4,176	4,159	41,684
Capital surplus	4,038	4,021	40,305
Retained earnings	6,537	5,809	65,247
Unrealized gain on available-for-sale securities	69	100	696
Deferred gain (loss) on derivatives under hedge accounting	(33)	8	(338)
Land revaluation difference	(913)	(524)	(9,121)
Foreign currency translation adjustments	118	207	1,182
Treasury stock – at cost: 124 shares in 2008 and 97 shares in 2007	0	0	(3)
Total	13,991	13,782	139,653
Minority interests	0	1	2
Total equity	13,992	13,783	139,655
Total	¥22,512	¥23,485	\$224,696

\*The United States dollars represent translations of Japanese yen at the rate of ¥100.19=\$1.

# CONSOLIDATED STATEMENTS OF INCOME

WATABE WEDDING CORPORATION AND SUBSIDIARIES  
YEARS ENDED MARCH 31, 2008 AND 2007

	Millions of yen		Thousands of U.S. dollars*
	2008	2007	2008
Net Sales	¥35,301	¥33,940	\$352,346
Cost of Sales	12,782	12,895	127,582
Gross profit	22,519	21,045	224,764
Selling, General and Administrative Expenses	20,233	18,485	201,952
Operating income	2,285	2,559	22,811
Other Income (Expenses):			
Interest income	19	11	199
Interest expense	(29)	(36)	(291)
Exchange gain	(146)	49	(1,458)
Gain on sale of investment securities	—	1	—
Impairment loss	(560)	(194)	(5,595)
Loss on restructuring wedding halls	(42)	(431)	(428)
Loss on compensation of products sold	—	(175)	—
Gain (loss) on sale or disposal of property, plant and equipment	45	(110)	454
Gain on sales of assets	36	—	367
Reversal of accrual	88	—	888
Legal settlements	(13)	—	(129)
Other – net	92	84	919
Other (expenses) income – net	(508)	(802)	(5,074)
Income before Income Taxes and Minority Interests	1,777	1,757	17,737
Income Taxes:			
Current	1,006	1,005	10,048
Deferred	(233)	(157)	(2,327)
Total income taxes	773	847	7,720
Minority Interests	0	0	9
Net Income	¥ 1,004	¥ 909	\$ 10,025
	Yen		U.S. dollars
Per Share of Common Stock:			
Basic net income	¥101.4	¥92.1	\$1.01
Diluted net income	101.2	91.8	1.01
Cash dividends applicable to the year	30.0	26.0	0.30
*The United States dollars represent translations of Japanese yen at the rate of ¥100.19=\$1.			

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

WATABE WEDDING CORPORATION AND SUBSIDIARIES  
YEARS ENDED MARCH 31, 2008 AND 2007

	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 (Loss) on Derivatives under Hedge Accounting	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, April 1, 2006	9,852,203	¥4,137	¥3,999	¥5,159	¥ 97		¥(524)	¥115	¥(0)	¥12,984		¥12,985
Reclassified balance as of March 31, 2006											¥ 1	1
Net income				909						909		909
Cash dividends, ¥26 per share				(246)						(246)		(246)
Bonuses to directors				(12)						(12)		(12)
Exercise of stock option	32,600	21	21							43		43
Net change in the year					2	¥ 8		92		103		103
Balance, March 31, 2007	9,884,803	4,159	4,021	5,809	100	8	(524)	207	(0)	13,782	1	13,783
Reclassified balance as of March 31, 2007												
Net income				1,004						1,004		1,004
Cash dividends, ¥30 per share				(277)						(277)		(277)
Exercise of stock option	24,500	17	17							34		34
Purchase of treasury stocks	(27)											
Net change in the year					(30)	(42)	(389)	(89)		(551)	(0)	(552)
<b>Balance, March 31, 2008</b>	<b>9,909,276</b>	<b>¥4,176</b>	<b>¥4,038</b>	<b>¥6,537</b>	<b>¥ 69</b>	<b>¥(33)</b>	<b>¥(913)</b>	<b>¥118</b>	<b>¥(0)</b>	<b>¥13,991</b>	<b>¥(0)</b>	<b>¥13,992</b>
	Thousands of U.S. dollars*											
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity	
Balance, April 1, 2007	\$41,513	\$40,134	\$57,988	\$1,001	\$ 88	\$(5,234)	\$2,070	\$(2)	\$137,559	\$12	\$137,572	
Reclassified balance as of March 31, 2007												
Net income			10,025						10,025		10,025	
Cash dividends, \$0.29 per share			(2,766)						(2,766)		(2,766)	
Exercise of stock option		171	171						342		342	
Net change in the year				(304)	(426)	(3,887)	(888)	(0)	(5,507)	(9)	(5,517)	
<b>Balance, March 31, 2008</b>	<b>\$41,684</b>	<b>\$40,305</b>	<b>\$65,247</b>	<b>\$ 696</b>	<b>\$(338)</b>	<b>\$(9,121)</b>	<b>\$1,182</b>	<b>\$(3)</b>	<b>\$139,653</b>	<b>\$ 2</b>	<b>\$139,655</b>	
*The United States dollars represent translations of Japanese yen at the rate of ¥100.19=\$1.												



# CONSOLIDATED STATEMENTS OF CASH FLOWS

WATABE WEDDING CORPORATION AND SUBSIDIARIES  
YEARS ENDED MARCH 31, 2008 AND 2007

	Millions of yen		Thousands of U.S. dollars*
	2008	2007	2008
<b>Operating Activities:</b>			
Income before income taxes and minority interests	¥ 1,777	¥ 1,757	\$ 17,737
Adjustments for:			
Income taxes – paid	(1,168)	(893)	(11,658)
Depreciation and amortization	1,306	1,375	13,036
Gain on sale of investment securities	—	(1)	—
Impairment loss	560	194	5,595
Loss on restructuring wedding halls	42	431	428
Loss on sale or disposal of property, plant and equipment	(45)	110	(454)
Exchange gain	138	(15)	1,384
Changes in assets and liabilities:			
Increase in trade receivables	(83)	(155)	(832)
Increase in inventories	(58)	(51)	(587)
(Decrease) increase in trade payables	(357)	436	(3,569)
Decrease (increase) in advances received	210	(163)	2,097
Other – net	(588)	544	(5,876)
Net cash provided by operating activities	1,733	3,569	17,301
<b>Investing Activities:</b>			
Decrease in time deposits	191	8	1,909
Cash balance of acquired business	17	—	177
Proceeds from sale of property, plant and equipment	225	558	2,251
Purchases of property, plant and equipment	(1,583)	(2,422)	(15,806)
Proceeds from sale of investment securities	0	4	—
Purchases of investment securities	0	(30)	(1)
Purchases of intangible assets	(955)	(356)	(9,537)
Proceeds from refunds of guarantee deposits	346	258	3,460
Payments of guarantee deposits	(416)	(318)	(4,155)
Other – net	(25)	(149)	(257)
Net cash used in investing activities	(2,200)	(2,447)	(21,960)
<b>Financing Activities:</b>			
Increase (decrease) in short-term bank loans – net	196	(5)	1,964
Repayments of long-term debt	(792)	(777)	(7,909)
Exercise of stock option	34	43	342
Dividends paid	(277)	(246)	(2,766)
Other	(21)	(48)	(211)
Net cash used in financing activities	(859)	(1,034)	(8,581)
<b>Foreign Currency Translation Adjustments on Cash and Cash Equivalents</b>			
	(94)	33	(938)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,420)	120	(14,179)
Cash and Cash Equivalents, Beginning of Year	4,849	4,729	48,407
Cash and Cash Equivalents, End of Year	¥ 3,429	¥ 4,849	\$ 34,228
*The United States dollars represent translations of Japanese yen at the rate of ¥100.19=\$1.			

# WATABE WEDDING GROUP

(AS OF MARCH 31, 2008)

Country	Company	Location	Capital	Holdings	Main Business
Japan	K.K. Meguro Gajoen	Tokyo	¥378 million	100	Domestic Wedding Ceremony Services
	Okinawa Watabe Wedding Corporation	Okinawa	¥50 million	100	Domestic Wedding Ceremony Services
	Watabe Enterprize Corporation	Fukuoka	¥175 million	100	Domestic Wedding Ceremony Services
	Watabe Family Club K.K.	Kyoto	¥20 million	100	Costume Rentals
	K.K. H·R·S·S	Kyoto	¥20 million	100	Uniform Sales for Hotels
	Watabe Human Support K.K.	Kyoto	¥20 million	100	Wedding Education Services
	APXH Corporation	Kyoto	¥60 million	65	
U.S.A.	Watabe U.S.A., Inc.	Las Vegas	US \$2,234 thousand	100	Overseas Wedding Ceremony Services
	Watabe Guam, Inc.	Guam	\$700 thousand	100	Overseas Wedding Ceremony Services
C.N.M.I.	Watabe Saipan, Inc.	Saipan	\$150 thousand	100	Overseas Wedding Ceremony Services
Canada	Watabe Wedding Canada, Inc.	Whitehorse	CA \$350 thousand	100	Overseas Wedding Ceremony Services
Australia	Watabe Australia Pty. Ltd.	Merrimac	AU \$2,500 thousand	100	Overseas Wedding Ceremony Services
France	Watabe Europe S.A.R.L.	Paris	€240 thousand	100	Overseas Wedding Ceremony Services
Italy	Watabe Italy S.R.L.*	Firenze	€77 thousand	100	Overseas Wedding Ceremony Services
U.K.	Watabe U.K., Ltd.	London	£100 thousand	100	Overseas Wedding Ceremony Services
Vietnam	Watabe Wedding Vietnam Co., Ltd.	Ho Chi Minh	US \$1,800 thousand	100	Wedding Dress Manufacturer
China	Watabe Wedding (Shanghai) Co., Ltd.	Shanghai	US\$2,300 thousand	100	Wedding Dress Manufacturer
	Watabe Wedding Service (Shanghai) Co., Ltd.	Shanghai	US\$900 thousand	100	Overseas Wedding Ceremony Services
	Watabe Wedding Creative (Shanghai) Co., Ltd.	Shanghai	¥270 million	100	Photo Album Manufacturer
	Shanghai Saison Des Brides Trade Co., Ltd.	Shanghai	US \$200 thousand	100	Merchandise Procurement, Exports
	Watabe Wedding Article (Shanghai) Co., Ltd.	Shanghai	¥385 million	100	Wedding Goods Manufacturer
	Shanghai Saison Tuxedo Co., Ltd.	Shanghai	¥56 million	100	Wedding Tuxedo Manufacturer
	Watabe Wedding HK Limited	Hongkong	HK \$6,875 thousand	100	Overseas Wedding Ceremony Services
Indonesia	P.T. Watabe Bali	Bali	\$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.

## DOMESTIC BASE NETWORK

Area	Branch	
<b>Watabe Wedding Corporation</b>		
Hokkaido area	Sapporo Grand Plaza	
	Hakodate Branch	
Tohoku area	Akita Akita Branch	
	Miyagi Sendai Branch	
	Sendai Higashi-guchi Branch	
Kanto area	Tokyo Tokyo Grand Plaza	
	Ginza Salon	
	Shinjuku Grand Plaza	
	Ko-jimachi Branch	
	Takeshiba Branch	
	Tachikawa Branch	
	Aoyama Salon	
	Kanagawa Yokohama Grand Plaza	
	Yokohama Sky	
	Chiba	Chiba Branch
		Chiba Minato Branch
	Yukari gaoka Branch	
	Saitama	Omiya Branch
		SaitamaShintoshin Branch
Gunma Takasaki Branch		
Tochigi Utsunomiya Branch		
Koshinetsu, Hokuriku area	Ishikawa Kanazawa Branch	
	Niigata Niigata Branch	
Tokai area	Aichi Nagoya Grand Plaza	
	Nagoya Sakae Branch	
	Meieki Branch	
	Shizuoka Shizuoka Branch	
	Hamamatsu Branch	

Area	Branch
<b>Watabe Wedding Corporation</b>	
Kansai area	Kyoto Kyoto Grand Plaza
	Sanjyo Branch
	Shijo-Kawaramachi Branch
Osaka	Osaka Grand Plaza
	Moriguchi Branch
	Shinsaibashi Branch
Hyogo	Kobe Grand Plaza
	Sannomiya Branch
Nara Nara Branch	
Shiga	Shiga Grand Branch
	Otsu Branch
	Moriyama Branch
	Hachiman Branch
Chugoku area	Hiroshima Hiroshima Grand Plaza
	Hiroshima Kitaguchi Branch
	Okayama Okayama Branch
	Ehime Matsuyama Branch
Kyushu, Okinawa area	Fukuoka Fukuoka Grand Plaza
	Kumamoto Kumamoto Branch
	Kagoshima Kagoshima Branch
<b>Hawaii Branch Office</b>	Hawaii Honolulu Branch
	Maui Branch
	Kona Branch
<b>Australian Branch Office</b>	

# INVESTOR INFORMATION

(AS OF MARCH 31, 2008)

## NUMBER OF SHARES AUTHORIZED:

22,000,000

## NUMBER OF SHARES ISSUED:

9,909,400

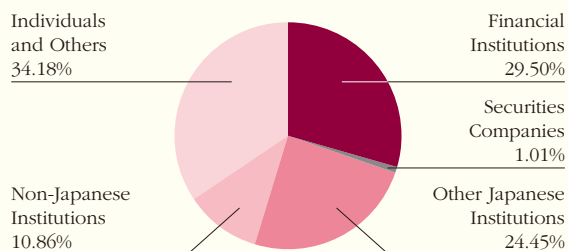
## NUMBER OF SHAREHOLDERS:

5,231

## STOCK EXCHANGE LISTING:

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

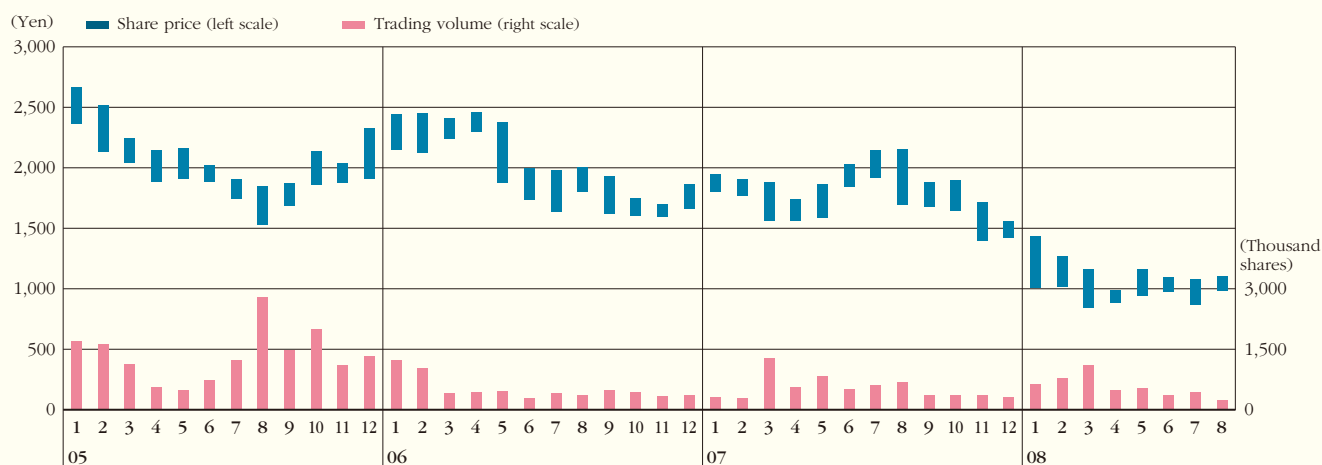
## TYPES OF SHAREHOLDERS:



## PRINCIPAL SHAREHOLDERS:

Name	Number of shares	Percentage of total equity (%)
K.K. Jusen	2,005,400	20.23
The Master Trust Bank of Japan, Ltd.	650,100	6.56
Nikkociti Trust and Banking Corporation	442,200	4.46
Japan Trustee Services Bank, Ltd.	367,700	3.71
Takao Watabe	304,100	3.06
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	300,000	3.02
Watabe Wedding Employee Shareholder Association	246,300	2.48
The Bank of Kyoto, Ltd.	224,000	2.26
Shu Inc.	200,000	2.01
Yoshio Watabe	183,300	1.84

## STOCK PRICE CHART:



## CORPORATE DATA

(AS OF MARCH 31, 2008)

### CORPORATE NAME:

Watabe Wedding Corporation

URL: <http://www.watabe-wedding.co.jp>

### FOUNDATION:

October 3, 1964

### HEADQUARTERS:

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

### CAPITAL:

¥4,176 million

### NUMBER OF EMPLOYEES:

Watabe Wedding Corporation: 465

Watabe Wedding Group: 1,788

### CONSOLIDATED SUBSIDIARIES:

24

### INQUIRIES:

Watabe Wedding Corporation

Investor Relations

Please address any inquiries to the following  
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