



Watabe Wedding Corporation

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ANNUAL REVIEW

2009

YEAR ENDED MARCH 31, 2009



GLOBAL NETWORK AND CEREMONY FACILITIES

(As of June 30, 2009)

Since its founding in 1953, the Watabe Wedding Group has striven to become the leading bridal corporation in the world. Based on its philosophy of creating wonderful lifestyles, the Group has continued to provide its customers with valuable information, services, networks and systems. Currently, the Group is expanding into the rapidly growing East Asian wedding markets as a globally active company that can provide specialized wedding services both in Japan and around the world.

- WATABE WEDDING SERVICE (SHANGHAI) CO., LTD.
 - Iris's Room
- WATABE WEDDING (SHANGHAI) CO., LTD.
- WATABE WEDDING CREATIVE CO., LTD.
- SHANGHAI SAISON DES BRIDES TRADE CO., LTD.
- WATABE WEDDING ARTICLE (SHANGHAI) CO., LTD.
- SHANGHAI SAISON TUXEDO CO., LTD.



St. Angelo Chapel

- WATABE SAIPAN, INC.
 - St. Angelo Chapel

WATABE EUROPE S.A.R.L.

- WATABE WEDDING HK LIMITED
- WATABE WEDDING VIETNAM CO., LTD.

- WATABE GUAM, INC.
 - St. Probus Holy Chapel
 - San Vitores Bayside Chapel
 - St. Leo Chapel
 - Del'Anello Chapel
 - Blue Aster
 - Te quiero



Blue Aster



Sanctuary Cove Chapel

WATABE WEDDING TAIWAN LIMITED

PT. WATABE BALI

■ WATABE WEDDING CORPORATION

- K.K. Meguro Gajoen
 - Meguro Gajoen
 - Afite Meguro
 - Lumiamore
 - Afite Hayama
 - Okakuen
 - Kobe Kitano Sassoontei
 - Calm Side Nara

■ Okinawa Watabe Wedding Corporation

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

■ Watabe Enterprise Corporation
Fukuoka Yamanoue Hotel

■ Watabe Family Club K.K.

■ Watabe Human Support K.K.

■ WATABE AUSTRALIA PTY. LTD.

- AUSTRALIAN BRANCH OFFICE
 - Sanctuary Cove Chapel
 - Barrier Reef Church

Expanding Our Customers' Coverage

- Japanese couples
- ↓
- **Our Customers**
- ↑
- East Asian couples

Choose Where:

Watabe Wedding Group Global Network

Locations

- Domestic Resorts
- Overseas Resorts
- Hometown or nearby
- Only photography



Meguro Gajoen

- Sapporo Blanc Birch Chapel
- Afite Hakodate
- Felice Garden Hibiya
- Crystal Grace Chapel



Afite Hakodate



Mielparque - Nagano



Aquagrace Chapel

● WATABE WEDDING CANADA, INC.

● WATABE U.S.A., INC.

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
- Hôão



Ko Olina Chapel Place of Joy



Aquaveil Frais Marina Ko Olina Le Plage

■ MIELPARQUE CORPORATION

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

* From October 2008, joined the Watabe Wedding Group

● 84 DOMESTIC LOCATIONS

- 31 wedding facilities
- 49 directly operated stores
- 4 headquarters, centers, etc.

● 37 OVERSEAS LOCATIONS

- 15 wedding facilities
- 17 directly operated stores
- 5 factories

Identifying Customers' Unmet Needs

Choose Which:

Services

- Wedding facility selection
- Wedding reception arrangement
- Local attendance
- Dress selection
- Makeup and hairstyling
- Post-wedding parties
- Ceremony planning
- Photography and video
- Travel arrangements

ABOUT WATABE WEDDING

■Founded in 1953

Began with the voluntary lending of wedding attire, then moved into the wedding costume rental business.

■In 1973, became the first domestic company in the industry to open an office in Honolulu, Hawaii.

Has a 35-year track record of providing overseas wedding services to over 400,000 couples.

■Annual weddings performed have reached 27,000, representing the industry's largest market share.

■Provides wedding services to customers in Japan as well as customers in East Asia.

Is developing in the expanding East Asian wedding markets, beginning in Hong Kong and Taiwan networks and systems.

■Provides one-stop, comprehensive wedding services.

■Has established the industry's first integrated production and sales structure.

Manufactures, sells and rents approximately 20,000 wedding dresses a year.



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CONSOLIDATED FINANCIAL HIGHLIGHTS

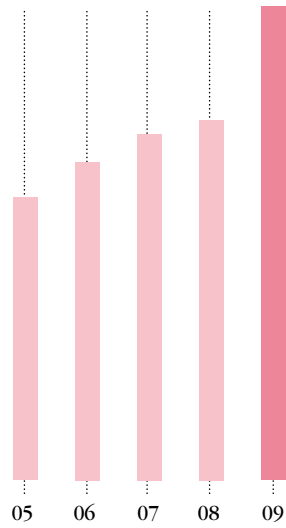
WATABE WEDDING CORPORATION AND SUBSIDIARIES
FOR THE YEARS ENDED MARCH 31, 2005 THROUGH 2009

	Millions of yen					Thousands of U.S. dollars ¹	
	2005	2006	2007	2008	2009	2009	
FOR THE YEAR:							
Net sales	¥27,718	¥31,177	¥33,940	¥35,301	¥46,406	\$472,425	
Domestic Wedding Services	9,961	13,196	14,484	16,198	27,615	281,125	
Overseas Wedding Services	9,685	9,688	10,501	10,581	9,471	9,641	
Merchandise and Products	3,989	3,989	5,022	4,895	4,787	4,875	
Costume Rental and Others	4,082	4,302	3,931	3,625	4,532	4,614	
Costs and expenses	26,094	29,470	31,380	33,015	43,630	444,172	
Operating income	1,622	1,706	2,559	2,285	2,775	28,253	
EBITDA ²	2,656	2,942	3,935	3,591	4,307	43,846	
Net income	1,476	1,105	909	1,004	1,165	11,866	
Capital expenditures	2,460	2,922	2,778	2,539	1,764	17,957	
Depreciation	1,032	1,235	1,375	1,306	1,532	15,596	
CASH FLOWS:							
Net cash provided by operating activities	¥1,844	¥2,280	¥3,569	¥1,733	¥3,940	\$40,112	
Net cash used in investing activities	(2,649)	(2,893)	(2,447)	(2,200)	(2,154)	(21,930)	
Net cash provided by (used in) financing activities	2,733	(16)	(1,034)	(859)	(135)	(1,375)	
Cash and cash equivalents at the end of the year	5,242	4,729	4,849	3,429	4,940	50,295	
AT YEAR-END:							
Total assets	¥20,318	¥22,164	¥23,485	¥22,512	¥25,663	\$261,257	
Equity	12,043	12,984	13,783	13,992	14,544	148,067	
Interest-bearing debt	2,820	3,045	2,245	1,646	1,901	19,352	
PER SHARE DATA (YEN/U.S. DOLLARS):							
Basic net income	¥ 169.25	¥ 111.40	¥ 92.18	¥ 101.42	¥ 117.64	\$ 1.19	
Diluted net income	167.24	110.71	91.85	101.28	-	-	
Cash dividends	24.0	24.0	26.0	30.0	30.0	0.30	
Equity ³	1,226.83	1,316.70	1,394.27	1,411.99	1,467.76	14.94	
FINANCIAL RATIOS (%):							
Return on assets (ROA)	9.2	8.2	11.5	10.2	11.6		
Return on equity (ROE)	15.3	8.8	6.8	7.2	8.2		
Equity ratio	59.3	58.6	58.7	62.2	56.7		
Payout ratio	14.2	21.5	28.2	29.6	25.5		
Notes: 1. The United States dollars represent translations of Japanese yen at the rate of ¥98.23=\$1. 2. EBITDA = Operating income + Depreciation 3. 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 fiscal 2007.							

Net Sales

(Millions of Yen)

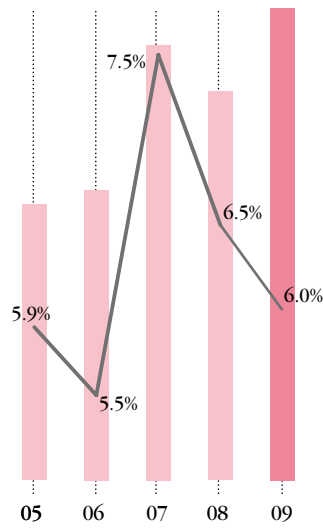
27,718 31,177 33,940 35,301 46,406



Operating Income and Operating Income Ratio

(Millions of Yen)

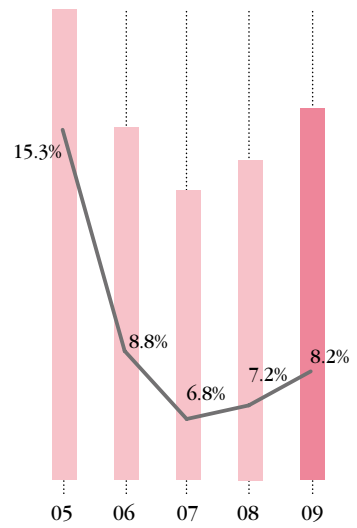
1,622 1,706 2,559 2,285 2,775



Net Income and ROE

(Millions of Yen)

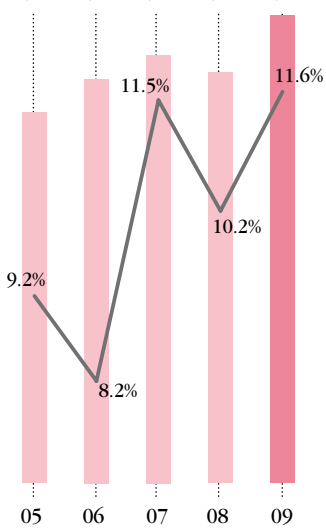
1,476 1,105 909 1,004 1,165



Total Assets and ROA

(Millions of Yen)

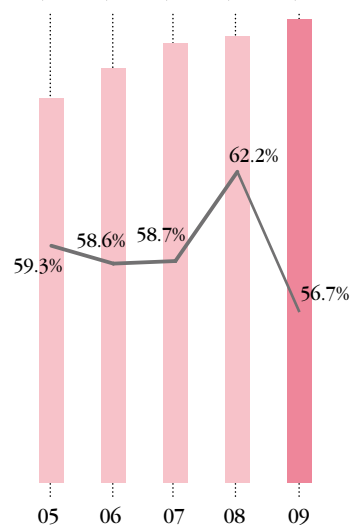
20,318 22,164 23,485 22,512 25,663



Equity and Equity Ratio

(Millions of Yen)

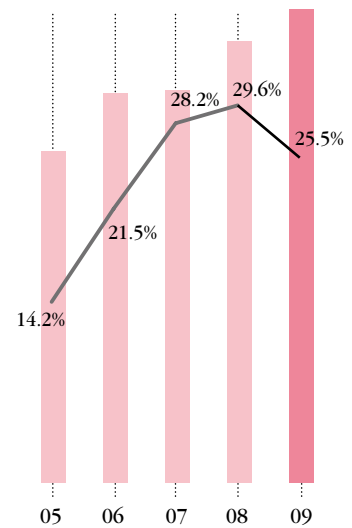
12,043 12,984 13,783 13,992 14,544



Dividends and Payout Ratio

(Millions of Yen)

208 244 246 277 297



TO OUR SHAREHOLDERS

EMPHASIS ON
EAST ASIAN
MARKETS FOR
FURTHER GROWTH

Hidetoshi Watabe
PRESIDENT & REPRESENTATIVE
DIRECTOR



Q1: THERE IS CURRENTLY MUCH CONCERN ABOUT THE ECONOMY. HOW WAS YOUR PERFORMANCE FOR THE FISCAL YEAR ENDED MARCH 2009?

Watabe: The Watabe Wedding Group recorded growth in both sales and earnings, with net sales up 31.5% from the previous fiscal year to ¥46,406 million, and net income grew 16.0% to ¥1,165 million. While the number of overseas weddings we performed declined for the year because of airline fuel surcharges resulting from soaring fuel costs, operations for 11 Mielparque facilities throughout Japan (that we took over from the Yu-Cho Foundation in October 2008) contributed to both sales and earnings. In addition, the strong yen/weak U.S. dollar trend from the middle of the year reduced overseas procurement costs. As a result, the global recession that began in the United States had minimal negative impact on our business.

	(Millions of yen)	
	2009	2008
Net sales	¥46,406	¥35,301
Operating income	2,775	2,285
Net income	1,165	1,004

Q2: WHAT WERE YOUR MAJOR NEW INITIATIVES DURING THE YEAR?

Watabe: In 2008, approximately 730,000 couples were married compared to 720,000 the previous year.

The Watabe Wedding Group assisted in 27,018 of these wedding ceremonies (10,851 domestic weddings, and 16,167 overseas weddings). In addition, we sold 17,556 wedding dresses and rented out another 2,481 during the year.

In the domestic wedding business, we began operating 11 Mielparque facilities through Japan in October 2008, which expanded our domestic market share. In the same month, we also started operating wedding services at Allamanda

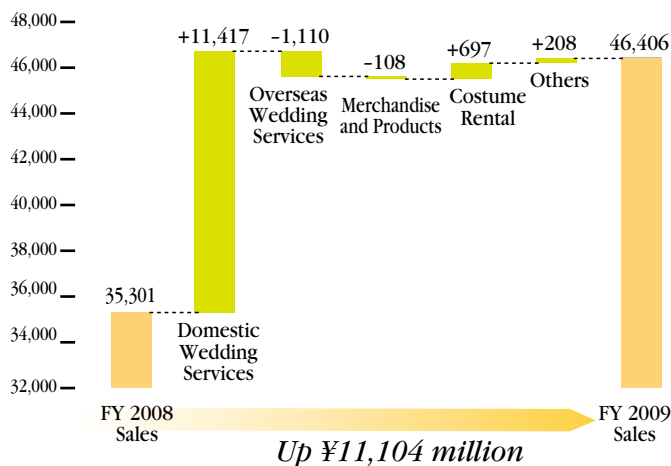
Chapel in Nansei Rakuen Shigira Bayside Suite Allamanda in Miyako, Okinawa.

In the overseas wedding business, we renewed and reopened Aquaveil Frais Marina Ko Olina Le Plage in Oahu, Hawaii, and the San Vitores Bayside Chapel in Guam in November 2008.

In terms of branch development, we worked to reinforce profitability by improving branch functionality and customer convenience. We renewed and expanded photo studios and refurbishing stores mainly in the metropolitan Tokyo area. As for product development, in order to improve product quality and customer satisfaction in the photo video field, we established the Okinawa DVD center in Naha, Okinawa in April 2008 to seek cost reduction in video products by internally editing videos. In the dress business, partnering with Junko Koshino⁽¹⁾ in January 2009, we developed and started selling a new brand, “JUNKO KOSHINO,” based on the concept of resort weddings offered by the Group.

⁽¹⁾ Junko Koshino: A leading Japanese fashion designer that opened her first Colette brand boutique in Aoyama, Tokyo in 1966. Ms. Koshino first participated in the Paris Collection in 1978, held China’s largest fashion show in Beijing, and continues to hold fashion shows around the world. She is also well known as a wedding dress designer.

Factor Analysis of Consolidated Net Sales
(Millions of Yen)



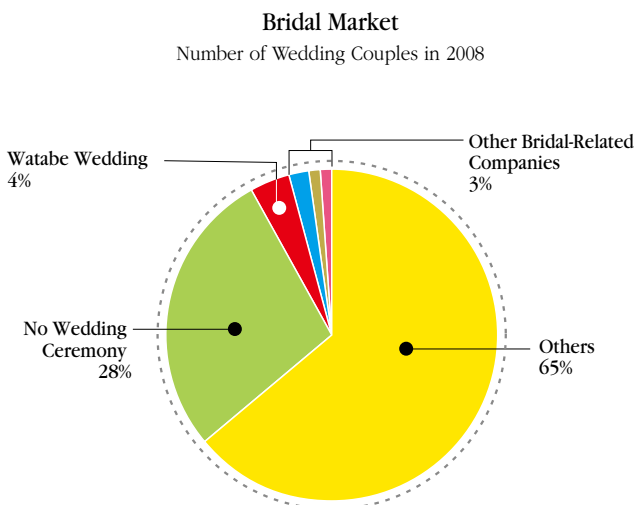
Q3: WHAT ARE THE NEWEST TRENDS IN JAPAN'S BRIDAL MARKET?

Watabe: In the past few years, the number of couples marrying in Japan continues to trend at the 700,000-plus level annually. However, over the long term, declining birth rates in Japan mean that the number of weddings per year will decline in the future. While the Watabe Wedding Group continues to maintain the leading market share in weddings performed, the market share in weddings performed of the top four companies in the industry is only around 10%. In other words, the wedding business in Japan is quite fragmented, with hotels, integrated wedding palaces and regional hospitality firms each performing several hundred weddings a year. However, we believe the industry will consolidate going forward as it matures. Like many other industries that have tended to become oligopolistic as they mature, we believe Japan's bridal industry will also see a great deal of consolidation over the next 10 years, with several leading firms dominating the industry thereafter.

Our emphasis is on the 30% or so of "no-ceremony" marrying couples that do not hold formal ceremonies or receptions. The

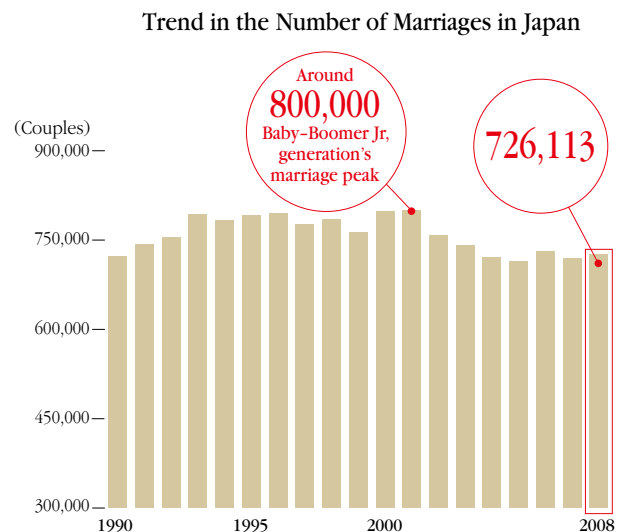


majority of businesses in Japan's bridal industry continue to offer outdated conventional weddings, and are unable to meet the needs of such customers. We believe we can capture the values and needs of potential customers including the "no-ceremony" group, thereby broadening our target market by providing new, valuable services.



The top four bridal-related companies account for only around 7% of total wedding couples (and only 10% of total wedding ceremonies held).

Source: Market; based on each Company's briefing papers.
Number of wedding couples; Ministry of Health, Labour and Welfare statistics on demographic changes, the economy and society.



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

Q4: WHAT IS YOUR VIEW OF THE WATABE WEDDING GROUP'S GROWTH POTENTIAL?

Watabe: Our strength is the accumulated expertise and our global network enables us to provide destination weddings from Japan to overseas locations, and our emphasis going forward will be on overseas weddings/global businesses, particularly in East Asian markets. In August 2007, we established Watabe Wedding HK Limited, a 100%-owned subsidiary, in preparation for our entry into the production of overseas weddings for non-Japanese couples. In October of the same year, we were the first Japanese wedding firm to open a store in Hong Kong. In March 2009, we established a 100%-owned subsidiary in Taiwan, and opened a store in Taiwan in June of this year. Going forward, we will be working to gain customers in China, Hong Kong and Taiwan for overseas destination weddings in Hawaii, Guam, Bali and Australia, and for domestic wedding destinations in Okinawa and Hokkaido. From July 2009, high-net-worth Chinese are now able to obtain individual tourist visas to visit Japan, and we believe this will greatly stimulate East Asian demand for overseas weddings. Besides, developing the East Asian market will not require new investment other than in local offices, as we have the merit of being able to effectively utilize the overseas and domestic facilities we already developed.

Q5: DO YOU HAVE ANY OTHER MESSAGES FOR YOUR SHAREHOLDERS AND INVESTORS REGARDING THE OUTLOOK FOR YOUR BUSINESS?

Watabe: The coming fiscal year will be the last one for our Watabe Vision 2010 medium-term management plan. This plan focused on the medium-term direction and targets for the Group, and contained four key policies: (1) improving profitability, (2) implementing "asset-less" management⁽²⁾, (3) utilizing non-core assets⁽³⁾, and (4) emphasizing IT and personnel training. We remain steadfastly committed to these four policies.

In terms of specific goals, we had targeted net sales of ¥50,000 million, ordinary income of ¥5,000 million and ROE of 15%. However, given the unforeseen dramatic changes such as soaring oil prices and the outbreak of an H1N1 influenza

strain in the past year alone, achieving these numbers will be difficult. However, we believe we have the ¥50,000 million sales goal in sight.

In the 56 years since our founding in 1953, the Watabe Wedding Group has consistently pursued a forward-looking, expansionary management style. As a result, we now have 84 locations in Japan and 37 overseas locations. Going forward, we intend to utilize the network of facilities already developed and our personnel resources to share and standardize our bridal wedding content to pursue structural reforms that will make our corporate group more robust. Based on these efforts, we are forecasting net sales of ¥57,000 million (up 22.8% year on year), operating income of ¥3,300 million (up 18.9% year on year) and net income of ¥1,460 million (up 25.2% year on year) for the fiscal year to March 2010.

In addition, we work to maintain stable dividends and a dividend payout ratio of over 20% as a means of gaining the unwavering support of our shareholders. We intend to do our best to generate profits and maximize corporate value by effectively utilizing the shareholder funds. We solicit your understanding and support as we pursue these goals.

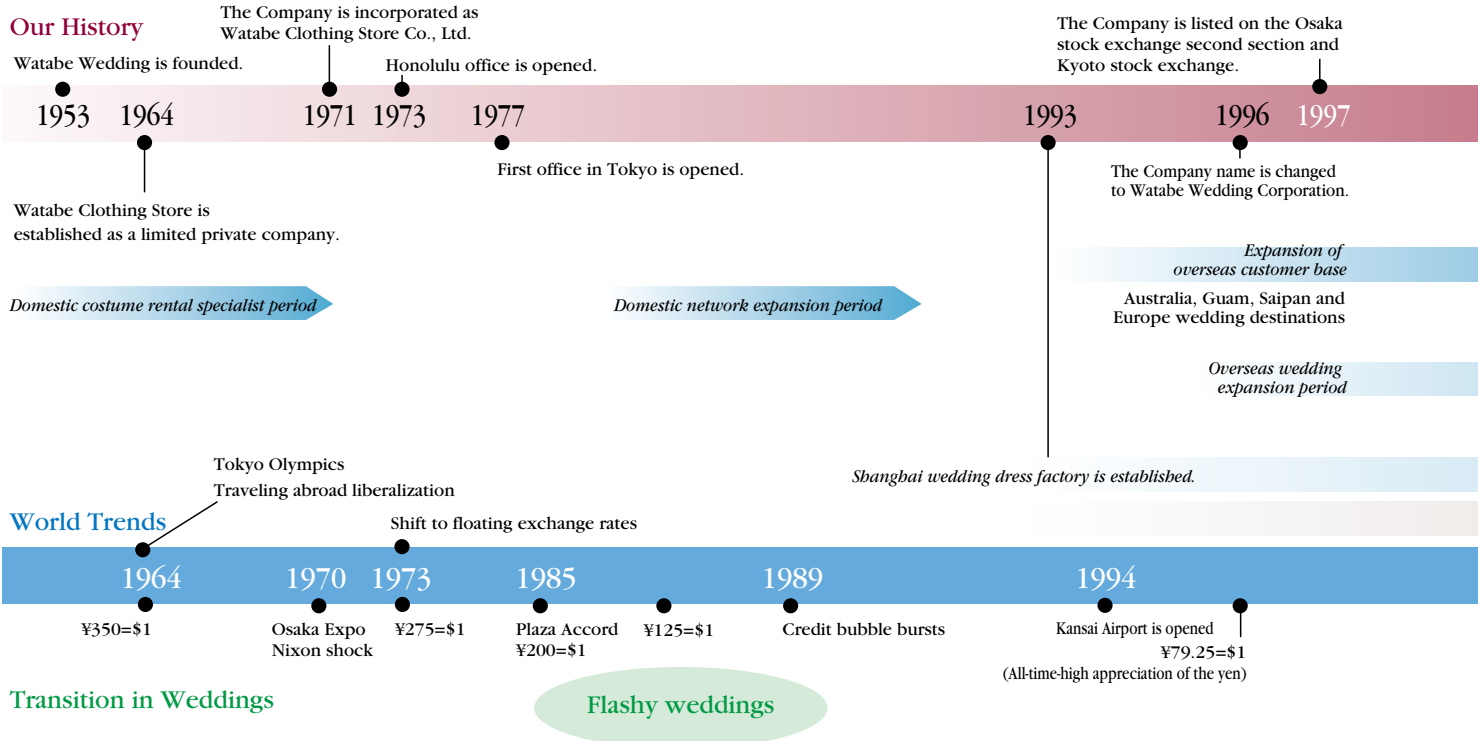
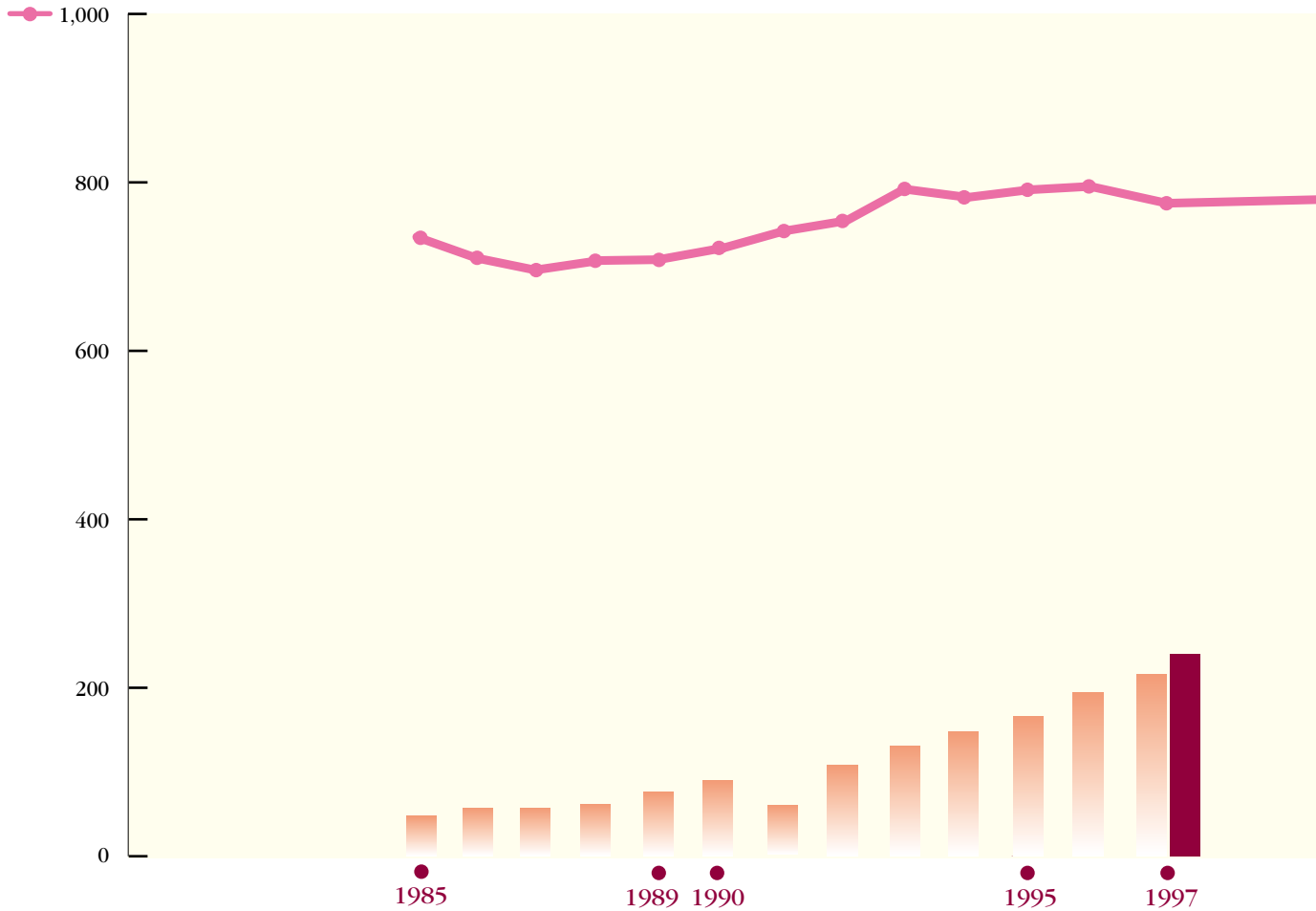
⁽²⁾ Asset-Less Management: Our policy for investments in new business areas, under which we save on capital expenditures and generate greater returns by renting or leasing facilities and hotels rather than purchasing these assets outright, in addition to in-house conversion benefits.

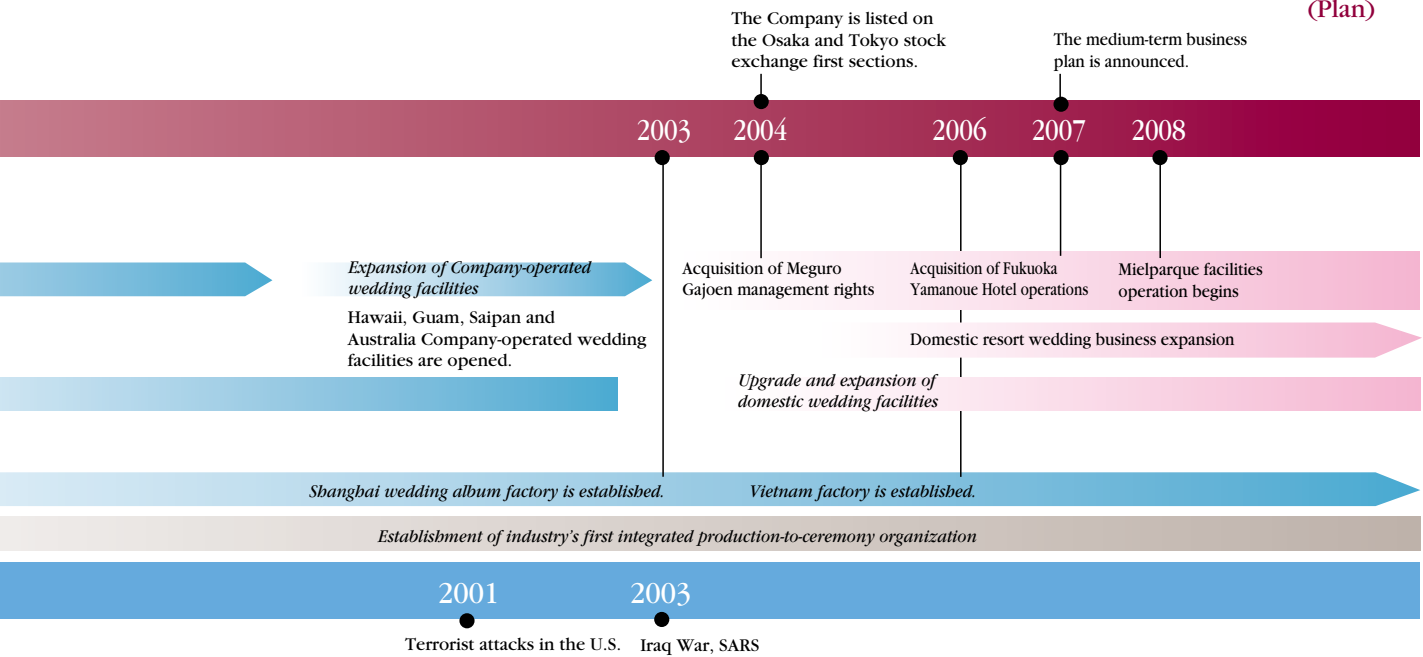
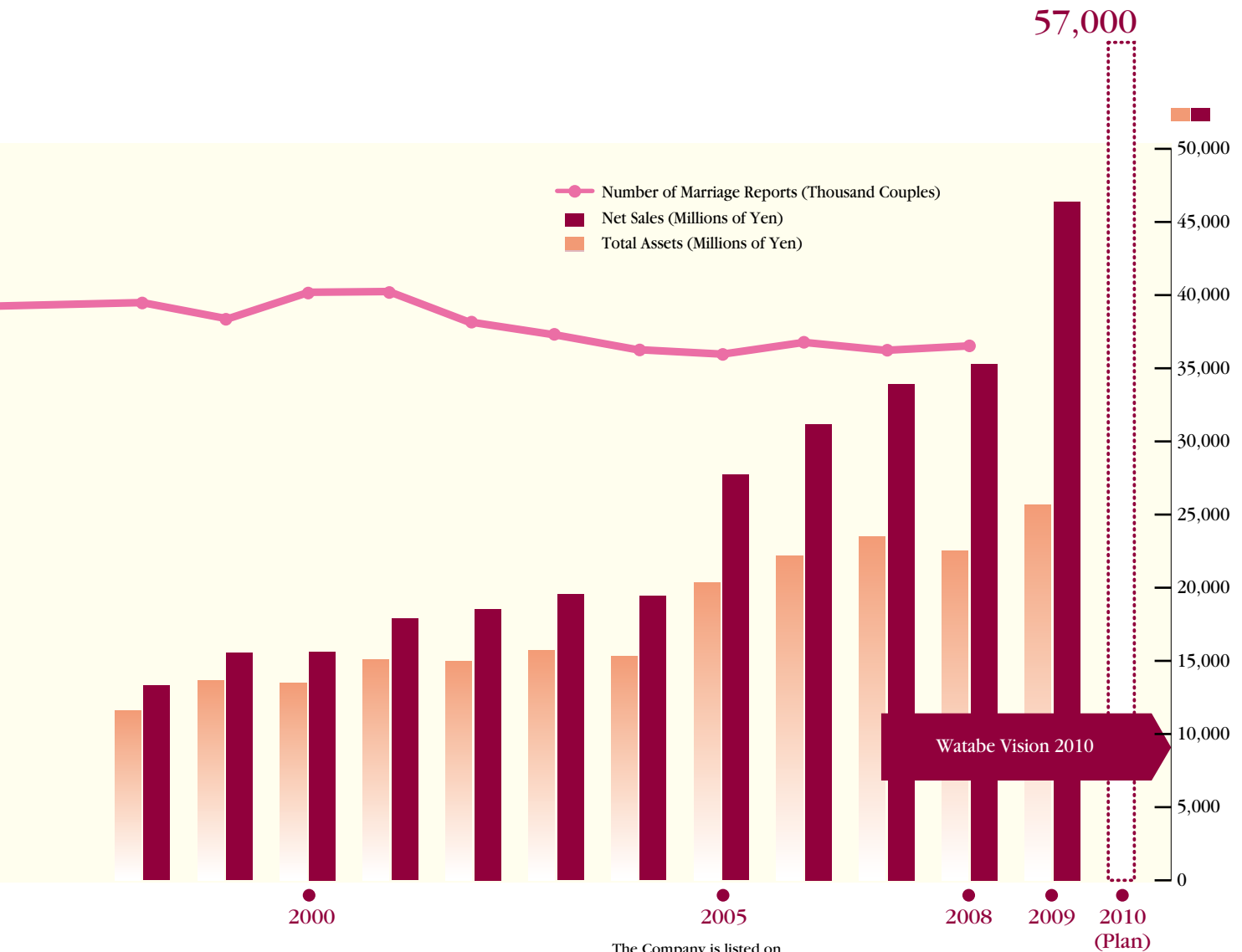
⁽³⁾ Non-Core Asset Utilization: Refers to front-loaded structural reforms in existing businesses, including the closure and consolidation of unprofitable outlets under our medium-term business plan as a means of improving profitability.



OUR PATH: THE HISTORY OF WATABE WEDDING

The Watabe Wedding Group recorded increased sales and earnings, with net sales growing 31.5% over the previous fiscal year to ¥46,406 million, while net income grew 16.0% to ¥1,165 million.





Simple weddings

Discriminating weddings

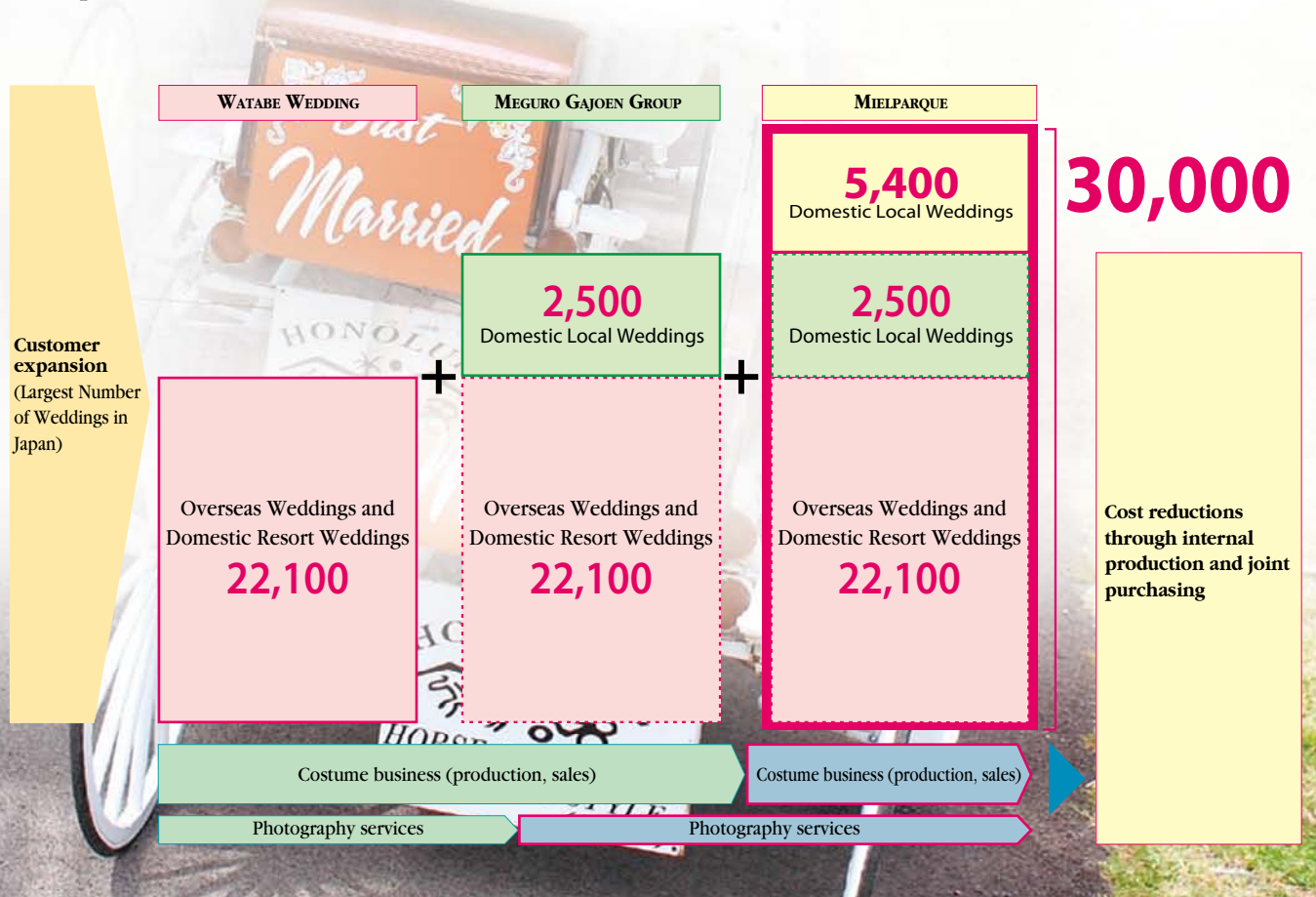
THE DRIVING FORCES OF OUR GROWTH

Pursuing Group synergies in the domestic local wedding business while emphasizing overseas weddings and global businesses for future growth

In the fiscal year to March 2010, the Watabe Wedding Group aims to produce around 30,000 wedding ceremonies in domestic and overseas wedding services.

Despite declining birth rates and concerns regarding future growth potential of the wedding business, the Group has maintained sales growth for five consecutive years.

Moreover, we are confident that the wedding business can continue growing. In this special feature, we highlight two key strategies that are driving the Group's growth: (1) synergies driven by in-house production and growth in domestic local weddings and (2) a strategy to develop overseas weddings in global markets with a special focus on the expansion of East Asian wedding markets.



ADVANTAGES OF SCALE

COST-COMPETTIVENESS BASED ON SCALE MERITS THAT MAXIMIZE IN-HOUSE PRODUCTION MERITS

Capturing Steady Demand with In-House Production to Strengthen Profitability

For the fiscal year to March 2009, the Watabe Wedding Group sold or rented approximately 20,000 wedding dresses. Given the ongoing diversification of customer needs, there is continued high demand for wedding dresses and other wedding-related costumes as well as for commemorative photos and video recordings. However, while demand for such services is strong, there are very few wedding service providers that can offer a total solution. For example, in the case of weddings at hotels, while the hotel handles the wedding ceremony and the banquet, separate arrangements must be made for commemorative photos or wedding attire either through in-hotel concessions that are operated as independent businesses or through outside sources.

Believing that services such as wedding costumes and photography previously provided separately could be produced in-house, Watabe Wedding has pursued in-house production to achieve a unique business model as a wedding services company with an integrated production and sales capability.

Synergy Effects That Can Only Be Realized by the Wedding Industry's Largest Player

The key to improved earnings and early recovery of invested capital (for investments to convert wedding dress sewing production, DVD editing centers and other functions to in-house production) is how much production facility operating ratios can be improved and how much savings can be derived through expanded production and sales volumes. This fiscal year, the Group expects to produce approximately 30,000

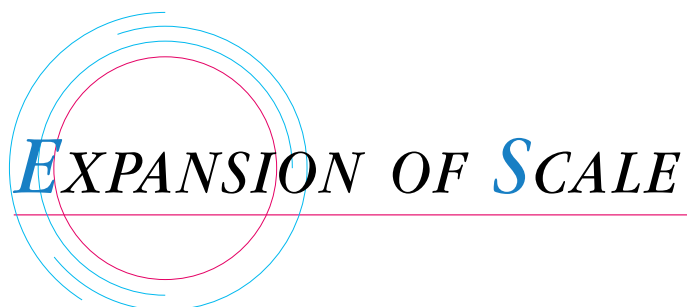
weddings, through the incorporation of 2,500 weddings at the Meguro Gajoen group facilities, 5,400 weddings at the Mielparque facilities, and the 22,100 domestic and overseas weddings we already produce under the Watabe branded facilities. Moreover, this growth, plus the synergies generated from successively bringing in-house the wedding attire and photo/video businesses heretofore provided by separate companies, results in sales volume growth and lower procurement costs.

Strength in Product Trends and Localized Services

In April 2009, Watabe Wedding took over management of all photo studios at 10 Mielparque facilities previously managed by separate companies. Photography, videos and wedding dresses are influenced by fashion trends, and product popularity differs by region. In bringing the Mielparque facilities in-house, we introduced photography products developed specially for the Mielparque brand. Going forward, based on on-site communication with customers, we intend to identify consumer needs unique to each facility and region and to work with designers and other apparel firms to reflect these needs in our products as a wedding dress trend-setter.

History of Watabe Wedding Group In-House Conversion

1993	Wedding dress sewing factory established in Shanghai, China.
2003	Album factory established in Shanghai, China.
2006	Wedding dress sewing factory established in Vietnam. Completed full digital conversion of domestic photo studio.
2008	DVD editing center established in Okinawa.



EXPANSION OF SCALE

Business Portfolio Optimization through a Strengthening of the Domestic Local Wedding Business

Since we opened our Hawaii branch in 1973, the Watabe Wedding Group has grown supported by overseas weddings as its core business. However, external events such as the terrorist attacks in the United States on September 11, 2001, the outbreak of the SARS virus and surging oil prices have triggered a decline in the number of Japanese travelers overseas. As a result, we have been reviewing and optimizing our business portfolio. In order to create a better revenue balance between our overseas and domestic businesses, we have reemphasized domestic weddings, adding Japan's largest integrated wedding facility, Meguro Gajoen, to our business portfolio in May 2004 and the 11 Mielparque facilities nationwide that we took over from the Yu-Cho Foundation in October 2008. Supported by these initiatives, domestic wedding sales for the fiscal year ended March 2009 accounted for 59.5% of net sales and have become our major business line.

Integration of the Mielparque Business and Strengthening the Pre-Post Wedding Anniversary Business

During the fiscal year to March 2010, the 11 Mielparque facilities will contribute a full year of operations. As a result, we are forecasting a 19.8% increase in domestic weddings performed to 13,000. The Mielparque facilities were already attractive with ideal locations, a solid revenue base in weddings and a track record of over 40 years of accumulated experience. Going forward, we will be renovating these facilities, working to further strengthen their management, and enhancing

STRENGTHENING OUR POSITION IN THE LOCAL MARKET

profitability through sharing and standardizing of management resources, such as bringing related photo studio operations completely in-house and supplying our own dresses.

Further, we are developing “anniversary” products and services including pre- and post-wedding ceremonies such as coming-of-age ceremonies and wedding anniversaries for the Meguro Gajoen and Mielparque facilities. We believe these efforts will enhance Group facility operating ratios as well as improve the efficiency of our in-house production facilities.

Envisioning a Consolidation in the Still-Fragmented Domestic Wedding Market

As we have previously explained, volume expansion in the domestic wedding and anniversaries businesses is critical to realizing synergies from in-house production facilities. At the same time, there is another reason to strengthen the domestic wedding business despite the declining birth rate in Japan. The reason is that the top four firms in terms of weddings performed in Japan only hold around a 10% share of the total market, meaning that the consolidation often seen in maturing markets has yet to occur.

As there is still abundant potential for consolidation among both large and small players in the domestic wedding market, we will also consider various strategic alliances as well as M&A in our pursuit of growth in the domestic market. In this regard, we will proactively consider strategic alliances and M&A opportunities for facilities with revenue-enhancing potential based on the expertise we have developed from successful wedding-focused restructuring schemes at the well-known and regarded Meguro Gajoen.

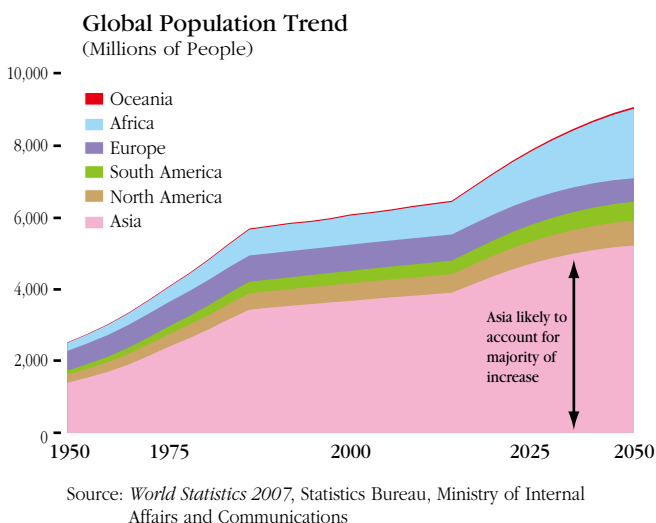
GOING INTERNATIONAL

East Asian Wedding Market Trends

While the domestic wedding market over the longer term is shrinking because of low birth rates and a trend toward later marriages, the global wedding market continues to expand supported by population growth. We are particularly focusing our efforts to develop overseas weddings for non-Japanese in the East Asian region, where growth in the number of couples marrying is relatively high. In October 2007, we opened our first branch in Hong Kong, and followed this in June 2009 with a branch in Taiwan.

High Overseas Wedding Potential in the East Asian Wedding Market

As our first branch in East Asia for overseas weddings, we chose Hong Kong, which was believed to be a difficult market



DEVELOPING OVERSEAS DEMAND IN NEW EAST ASIAN MARKETS

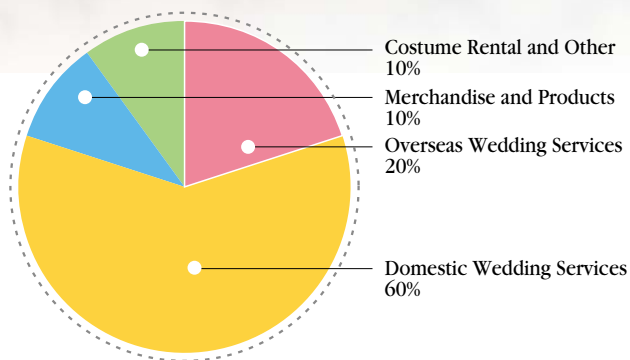
due to differing wedding cultures and the lower number of weddings compared to Japan. However, our market research showed that there was a relatively high 60% recognition rate regarding the overseas weddings that are commonplace in the United States and Europe. In addition, we found that the average budgeted expenditure for weddings was actually higher than the average for Japan. Consequently, we intend to offer a new wedding style leveraging our accumulated expertise in domestic weddings and the world's largest network of locations to develop what we see as latent demand for overseas weddings. In particular, we have located our stores in upscale shopping areas and are heavily promoting our product and services to increase brand recognition and establish this new style among potential customers.

Enhancing Okinawa and Hokkaido Domestic Resort Wedding Services

Going forward, in addition to offering potential customers from Hong Kong and Taiwan destination weddings in Hawaii, Guam, Bali and Australia, we are heavily promoting domestic destination weddings at our facilities in Okinawa and Hokkaido. In particular, the preferred destination for over half of Hong Kong couples is Okinawa. As many Taiwanese tourists visit Hokkaido, Taiwan couples prefer Hokkaido resort weddings. In order to further strengthen our ability to receive couples from East Asia, we have expanded our capacity to provide original wedding proposals by assuming management of the city-operated wedding facility in beautiful Sapporo. At the same time, respecting regional diversity, we are offering the same level of detailed services for non-Japanese weddings as we provide for Japanese weddings, emphasizing wedding, photo and video packages and offering translation services to Hong Kong and Taiwan couples.

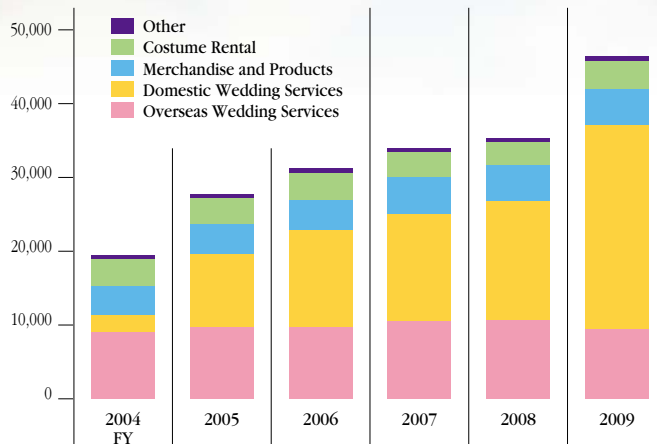
REVIEW OF OPERATIONS

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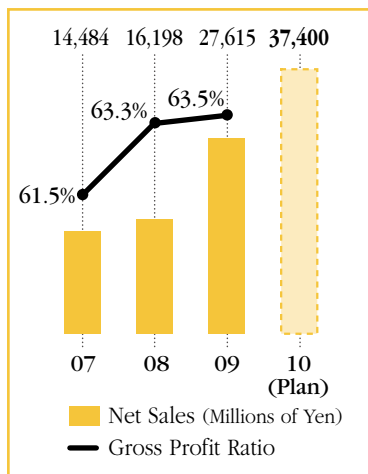
Composition of Net Sales

(Millions of Yen)



Domestic Wedding Services

Domestic Weddings and Wedding Arrangement Services through Directly Managed Facilities



Business

We provide bridal services through 31 directly managed domestic facilities. Resort weddings are provided in resort locations such as Okinawa and Hokkaido, while local weddings are provided through Meguro Gajoen, Mielparque and other local wedding facilities.

Business Results

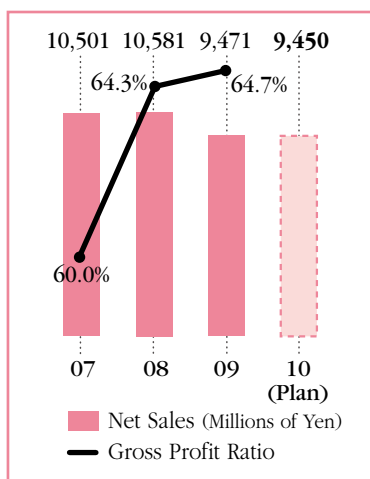
Net sales for the domestic wedding business rose 70.5% over the previous year to ¥27,615 million and gross profit rose 70.9% year on year to ¥17,538 million. The number of wedding couples at new facilities such as at Mielparque and in Okinawa recorded solid growth and contributed to the overall increase in sales and earnings. As a result, the total number of weddings performed in the segment rose 42.7% for the year to 10,851 couples.

Outlook for the Coming Year

Given a full-year contribution from the Mielparque facilities, we expect strong growth in the number of domestic local weddings performed. In addition, given a full year of operations at the Okinawa facility and the new opening of facilities in Sapporo, Hokkaido in April 2009, the volume of domestic marriages performed is expected to rise 19.8% over the previous year to 13,000 couples. We are also emphasizing anniversary services, that is, celebrations or parties to commemorate special occasions with family and close friends, including wedding anniversaries and coming-of-age ceremonies.

Overseas Wedding Services

Consulting and Arrangement Services for Overseas Weddings



Business

We provide consulting and arrangement services for overseas destination weddings for Japanese couples and their wedding participants through 49 directly operated stores nationwide and domestic partner travel companies, for weddings at 17 directly operated overseas stores and directly owned wedding facilities in 15 overseas locations.

Business Results

Net sales in the overseas wedding business were 10.5% lower than the previous year at ¥9,471 million, while gross profit declined 9.9% year on year to ¥6,132 million. The lower sales were mainly due to a decline in the number of couples marrying overseas, which were 990 fewer than in the comparable period a year earlier, a jump in airline fuel oil surcharges in the first half of the year, and a weaker yen on average during the period. From the second half of the year, however, we took advantage of a stronger average exchange rate for the yen to reduce prices on overseas weddings to stimulate demand, which resulted in year-on-year growth in the number of overseas weddings in Hawaii and Micronesia. In November 2008, we renovated Aquaveil Frais Marina Ko Olina Le Plage in Oahu, Hawaii and San Vitores Bayside Chapel in Guam, and aggressively promoted overseas weddings at this and other locations through directly operated domestic stores as well as major travel companies in an effort to strengthen and revitalize our overseas wedding business.

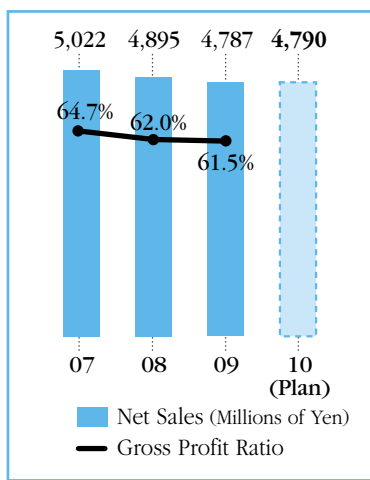
Outlook for the Coming Year

While the number of overseas visitors from Japan continues to decline, we will be working to expand our overseas wedding business by renovating our directly owned overseas wedding facilities to increase their appeal to marrying Japanese couples. In addition, given the expected population growth in East Asian markets and as part of our overseas wedding/global business strategy, we will continue to actively develop the non-Japanese wedding market through our Hong Kong operations as well as our new branch in Taiwan that was opened in June 2009.

Merchandise and Products



Production and Sales of Wedding Dresses and Other Products



Business

We produce wedding dresses and tuxedos at directly owned factories in Shanghai and Vietnam and sell them through our Group stores and facilities. We are uniquely positioned in the industry to provide such integrated manufacturing and supply.

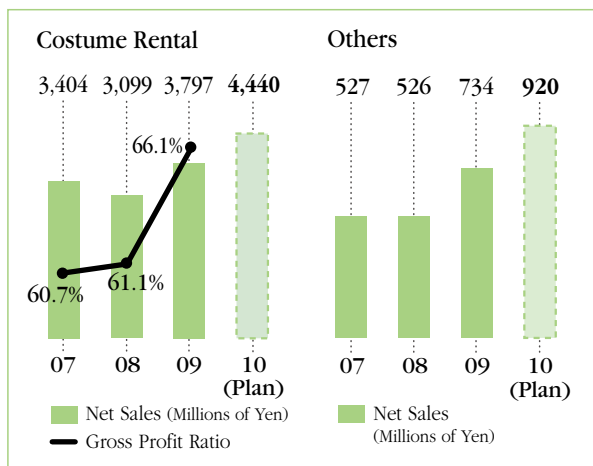
Business Results

Net sales declined 2.2% over the previous year to ¥4,787 million, while the gross profit on these sales decreased 3.0% year on year to ¥2,943 million. Wedding dress sales declined in keeping with the drop in the number of overseas weddings performed, while the decline in total net sales was limited by sales of tuxedos that were supported by new products, and increased OEM sales.

Outlook

We will continue to pursue revenue growth by means of initiatives such as the sale of original dresses through 10 Mielparque facilities while working to reduce costs, by shifting production to our Vietnam factory.

Costume Rental and Others



Business

We provide apparel costume rental services for weddings, coming-of-age and graduation ceremonies. In addition, our directly operated photo studios provide photography services for weddings and other commemorative occasions, by offering package plans including costume rental and beauty care services.

Business Results

Net sales increased 22.5% over the previous year to ¥3,797 million owing to the increase in costume rentals at the Mielparque facilities and 18.0% year-on-year growth in highly profitable studio photo plans. As a result, gross profit increased 32.5% to ¥2,508 million.

DIRECTORS AND AUDITORS

(AS OF JUNE 27, 2009)



From left:

Yukihiro Matsunaga, Toshio Ochiai,
Hiroya Yamamoto, Yoshiharu Onaga,
Hidetoshi Watabe, Hisashi Iwasaki,
Hiroshi Kawaguchi, Toshio Fujimoto,
Kenji Shiraishi and Hisao Shimizu

DIRECTORS:

Hidetoshi Watabe
President & Representative Director

Hiroshi Kawaguchi
Director

Hiroya Yamamoto
Director

Yoshiharu Onaga
Director

Toshio Ochiai
Outside Director

Yukihiro Matsunaga
Outside Director

AUDITORS:

Hisashi Iwasaki
*Outside Statutory Auditor
(Full-time)*

Toshio Fujimoto
Statutory Auditor

Hisao Shimizu
Outside Statutory Auditor

Kenji Shiraishi
Outside Statutory Auditor

CORPORATE GOVERNANCE

The Watabe Wedding Group believes that the three following factors are essential to establish and maintain stable and strong management: (1) continuous corporate effort to maximize corporate value, (2) fulfilling our social responsibilities and (3) maintaining the trust of our shareholders and all stakeholders. We therefore recognize that ensuring enhanced management transparency and effectiveness, proactive and timely information disclosure, strengthened accountability and thorough compliance as well as risk management are priority management issues.

CORPORATE GOVERNANCE STRUCTURE

Board of Directors/Outside Directors

The Group's Board of Directors is positioned to make decisions on important management issues, and comprises six directors, two of which are independent outside directors. The Board in principle meets once a month and extraordinary meetings are to be held when necessary.

Management Committee

In order to rapidly respond to changes in the operating environment, a Management Committee consisting of executive officers meets regularly to make decisions regarding matters related to our business operations.

Executive Officer System

We have adopted an executive officer system in order to separate the management and operational execution functions to ensure more timely and efficient operational execution.

Board of Auditors

We have also established the Board of Auditors to monitor and supervise management functions. This Board is composed of four members, including one corporate auditor and three outside auditors.

These auditors attend all important meetings beginning with the Board of Directors' meetings in order to ensure a fair management supervision system. In addition, the Board of Auditors works closely with our accounting auditors, receiving regular accounting audit reports and working to strengthen the Group's audit function.

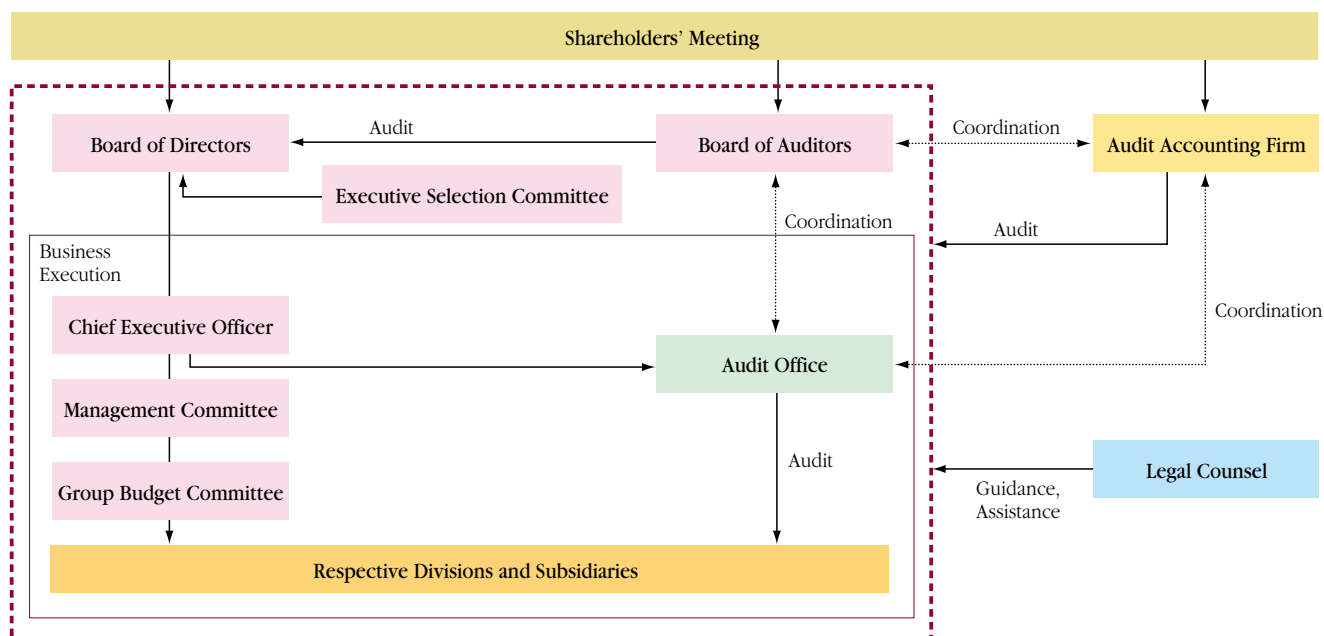
Audit Office

The Audit Office is an independent internal function that directly reports to the president and representative director. This Office regularly audits the status of all the Group's operations and works to assure these operations are being appropriately executed. Further, in order to ensure operational effectiveness and efficiency, the Office consistently works to promote continuous improvement and stronger internal controls.

Executive Selection Committee

While maintaining our statutory auditor system, we have also established an Executive Selection Committee that is chaired by an outside director to enhance the objectivity and transparency of decision-making. This Committee advises the Board of Directors on the appropriateness of the selection and compensation of directors, auditors and executive officers, thereby further strengthening our corporate governance structure.

Corporate Governance and Internal Control System



OUTSIDE DIRECTOR MESSAGES

Toshio Ochiai

The essence of corporate governance is the enhancement of corporate value, that is to say, the maintenance and expansion of sustainable operational profitability over the long term in a manner appreciated by society. While stakeholder and public expectations and demands on corporations continue to diversify on the one hand, corporations must evolve to respond to changes in business conditions amid a rapidly changing competitive environment. Despite my limited experience, I believe our mission is to illuminate this experience in challenging reforms that anticipate future change, while at the same time practicing management that emphasizes shareholders as well as other stakeholders. It is from this perspective that I provide Watabe Wedding management with independent advice and supervision. Going forward, I intend to fulfill my mission as an outside director from the standpoint of enhancing corporate value.

Yukihiro Matsunaga

One aspect of corporate governance is the supervision of management from an external perspective. I believe that the functions of outside directors and auditors are effectively utilized at Watabe Wedding, as these individuals can frankly express their views at the Board of Directors' meetings. While learning specific industry knowledge about the wedding industry from executive officers and related personnel, I can utilize my own career experiences to provide views that are different from other directors, which I believe is my role as an outside director. While the rapid growth of Watabe Wedding needs further internal controls, I believe the important issue is to always seek to maintain the essence of high transparency in the organization regardless of the circumstances.

CORPORATE SOCIAL RESPONSIBILITY

The Group's approach to CSR activities is based on our management philosophy, to contribute to a richer society through (1) CSR in existing business domains centering on our bridal business-related activities, and (2) CSR in non-business domains through social contribution activities such as overseas cooperation and environmental activities. These CSR activities strengthen our corporate governance, compliance, disclosure and other internal controls and make our company stronger, as they aim to build fair, economical, environmental and socially enduring relationships and promote mutual development with all of our stakeholders.

Supplying Water for Daily Use in Myanmar

In cooperation with the nonprofit organization Bridge Asia Japan (BAJ), Watabe Wedding is helping to provide well-drilling and construction operations to improve health conditions and provide a more stable source of water for people in drought-stricken

Myanmar. The first milestone of this project was the "Watabe Go" well-drilling machine we donated, which as of February 2009 had completed drilling its 100th well. Going forward, we intend to continue with this work.



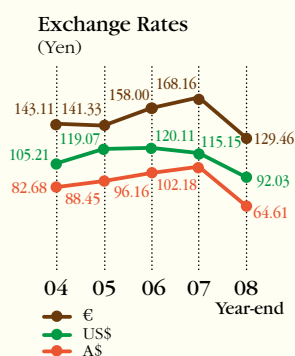
Children in Myanmar

FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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



Market Environment

Japan's Economy

Japan's economy for the fiscal year under review deteriorated rapidly from the summer, against the backdrop of a financial crisis triggered in the United States. Corporate profits deteriorated on soaring crude oil and raw material prices in the first half of the year, and continued deteriorating in the second half on declining exports due to an appreciation in the yen. Meanwhile, slumping stock prices and employment adjustments mainly in the manufacturing sector further weighed on sluggish consumer spending, resulting in the most serious crisis the domestic economy has ever experienced.

Major Trends in the Wedding Industry

Despite depressed personal consumption caused by the recession, business conditions in the wedding industry remained fairly stable as the worsening economy had minimal negative impact, as the trend in wedding unit prices and the number of couples marrying remained fairly robust. While the total number of wedding couples in 2008 increased slightly from 720,000 in the previous year to 730,000, the long-term trend in marriages in Japan remains downward because of a secular decline in Japan's birth rate. Under such adverse conditions, Japan's wedding industry, which features many small-scale operators such as hotels, integrated wedding centers and regional hospitality firms that hold weddings for several hundred couples a year, faces a struggle for survival and major consolidation over the next 10 years. We believe that this consolidation will result in the top-ranked firms in the industry sharing nearly half of the total market.

Business Overview

The Watabe Wedding Group's wedding business consists mainly of wedding ceremony information, services and products. Our primary products and services are overseas wedding services, domestic wedding services, production and sales of wedding dresses, tuxedos and photo albums, photo and beauty care services, wedding costume rental, and related travel arrangements.

Analysis of Results

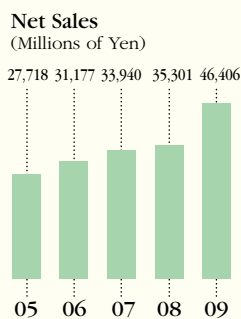
Net Sales

In the period under review, net sales increased 31.5% year on year to ¥46,406 million, compared to ¥35,301 million the previous fiscal year.

Contributing to this increase were a full year of operations for the new Okinawa and Fukuoka wedding facilities opened in the previous year, and sales from the Mielparque facilities that we began operating from October 2008.

Cost of Sales

The largest components of the Group's cost of sales include materials and material procurement costs for weddings and receptions, and product-related costs including personnel costs. The cost of sales for the fiscal year under review increased 29.5% over the previous fiscal year, from ¥12,782 million to ¥16,548 million. The cost of sales ratio was 35.7%, representing



a 0.5 percentage point decline from 36.2% the previous fiscal year. The main contributors to gross profit were an increase in the number of domestic weddings that carry a higher gross margin, and cost savings from a stronger average yen exchange rate. Going forward, we aim to further reduce costs with Group facilities, in-house production and joint purchasing to further lower our cost of sales 0.4 percentage point to 35.3% in the coming fiscal year.

Selling, General and Administrative (SG&A) Expenses

The Group's SG&A expenses consist mainly of personnel wages and bonuses, advertising/promotion and rent.

SG&A for the period under review was ¥27,082 million, up 33.9% from ¥20,233 million the previous fiscal year. In addition, the SG&A ratio rose 1.1 percentage points, from 57.3% the previous fiscal year to 58.4%, primarily because of higher fixed costs and operating expenses related to the initiation of Mielparque operations.

Other Income and Expenses (Interest and Dividends Received, Interest Paid, Goodwill Amortization, etc.)

Other expenses were ¥692 million, versus ¥508 million in the previous fiscal year, largely due to branch consolidation losses arising from the restructuring and closure of some stores.

Net Income

As a result of the above, net income for the period increased 16.0% to ¥1,165 million, compared to ¥1,004 million the previous fiscal year.

Cash Flows

Cash and cash equivalents at the end of the fiscal year were ¥1,511 million higher than at the beginning of the year, increasing 44.1% year on year to ¥4,940 million. Net cash flows by source were as follows.

• Cash Flow from Operating Activities

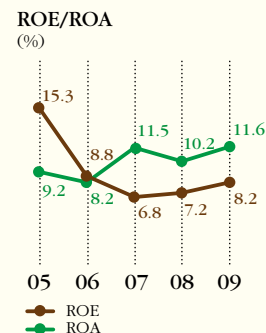
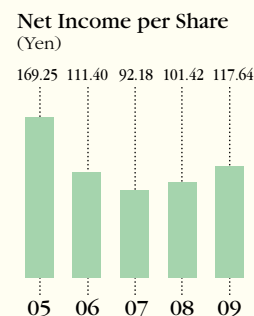
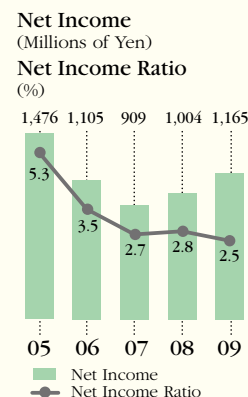
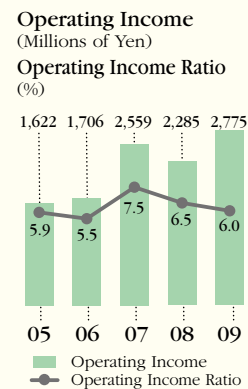
Net cash provided by operating activities for the fiscal year was ¥3,940 million and 127.3% higher than the ¥1,733 million recorded in the previous fiscal year. The increase primarily reflected income before income taxes and minority interests of ¥2,082 million and ¥1,532 million in depreciation and amortization. As a result, the Group's interest coverage ratio improved 72.4 points to 129.8 times.

• Cash Flow from Investing Activities

Net cash used in investing activities was ¥2,154 million and 2.1% lower than the ¥2,200 million recorded in the previous fiscal year. This reflected a cash outflow of ¥1,472 million for new branch construction and other fixed asset investments, a ¥292 million outlay to acquire software and other intangible assets, and a ¥852 million cash outflow for guarantee deposits paid.

• Cash Flow from Financing Activities

Net cash used in financing activities was ¥135 million and 84.3% lower than the ¥859 million of net cash used in the previous fiscal year. This decline in financing cash outflow reflected a net increase of ¥700 million in short-term borrowings and a ¥620 million repayment of long-term debt, as well as dividend payments of ¥297 million.



(Millions of Yen)

	2009	2008
--	------	------

Japan

Total sales	¥44,264	¥33,036
Operating income	2,338	1,627

Hawaii

Total sales	¥4,441	¥5,314
Operating income	361	460

China

Total sales	¥1,737	¥1,924
Operating income (loss)	(134)	156

Oceania

Total sales	¥788	¥1,341
Operating income (loss)	(54)	(129)

Micronesia

Total sales	¥2,136	¥2,581
Operating income	168	217

Other Overseas

Total sales	¥1,270	¥1,072
Operating income (loss)	28	(24)

Note: Total sales include inter-segment sales.

Geographical Segment Information

• Japan

Supported by full-year operations of the Group's Okinawa and Fukuoka wedding facilities and the initiation of Mielparque operations from October 2008, sales in Japan rose 34.0% year on year to ¥44,264 million, while operating income increased 43.7% year on year to ¥2,338 million.

• Hawaii

While a recovery was seen in the number of couples married from the third quarter of the year, the overall decline in couples married for the fiscal year resulted in sales of ¥4,441 million, representing a 16.4% year-on-year decline. Operating income for the segment declined 21.5% year on year to ¥361 million.

• China

Lower dress production due to a shift in production to Vietnam and a decline in the number of wedding couples resulted in lower sales of wedding dresses and photo albums. As a result, sales for the segment were down 9.7% year on year to ¥1,737 million and the segment's operating loss was ¥134 million, versus operating income of ¥156 million the previous fiscal year.

• Oceania

Owing largely to the decline in the number of wedding couples, sales for this segment were ¥788 million, down 41.2% year on year, while the operating loss was ¥54 million, versus an operating loss of ¥129 million the previous fiscal year.

• Micronesia

While utilization of directly operated facilities was relatively high, the decline in the number of wedding couples resulted in segment sales falling 17.2% year on year to ¥2,136 million, and operating income decreasing 22.3% year on year to ¥168 million.

• Other Overseas

The number of wedding couples at the Group's Hong Kong and Bali facilities increased, while operating ratios at the Vietnam factory also increased, resulting in sales for the segment rising 18.6% year on year to ¥1,270 million and operating income of ¥28 million, versus an operating loss of ¥24 million the previous fiscal year.

Financial Position and Liquidity

Assets, Liabilities and Equity

Assets

Total assets for the year in review were ¥25,663 million, which represented an increase of ¥3,150 million owing to an increase in cash and cash equivalents of ¥1,511 million, and a ¥702 million increase in guarantee deposits.

Liabilities

Total liabilities were ¥11,118 million and up ¥2,598 million year on year. This increase was mainly attributable to (1) a rise in current liabilities of ¥3,013 million that reflected an increase in accounts payable and accrued expenses and other related to the transfer of Mielparque operations, and (2) a ¥415 million decline in long-term liabilities due to a decrease in long-term debt.

Interest-bearing debt grew 15.4% over the previous fiscal year to ¥1,901 million. The major factor was a 208.6% increase in short-term bank loans to ¥1,037 million. These funds were needed to ensure an adequate supply of funds for smooth operations and provide a cushion for occasions when temporary additional funds are required. Further, long-term debt declined 29.6% over the previous fiscal year to ¥474 million.

Equity

While net income for the period was ¥1,165 million and dividends paid totaled ¥297 million, foreign currency translation adjustments declined ¥328 million, resulting in a ¥552 million increase in equity for the fiscal year to ¥14,544 million. As a result, the equity ratio declined 5.5 percentage points to 56.7%.

Equity per share totaled ¥1,467.76, versus ¥1,411.99 at the end of the previous fiscal year.

Earnings Return to Shareholders

The Group, in recognizing that return to shareholders is an important management issue, has set a target of paying out over 20% of net income for each period as dividends to shareholders, giving due consideration to earnings results in each period and the need to continue strengthening our financial position.

With regard to internal reserves, we intend to continue utilizing these funds to invest in businesses with high growth and earnings potential, in addition to investing in initiatives to revitalize and increase the efficiency of existing businesses.

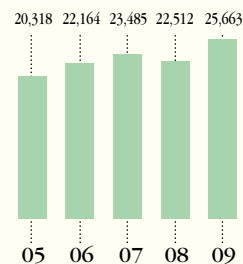
Conditions permitting, we intend to pay an annual dividend of ¥30.0 per share in the coming fiscal year.

Capital Expenditures and Depreciation

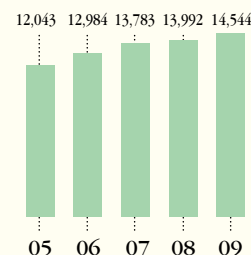
Capital expenditures for the Group in the fiscal year under review were ¥1,764 million, and consisted of facilities maintenance construction for Meguro Gajoen and other domestic facilities, and the refurbishment of directly operated stores.

Depreciation was up 17.3% to ¥1,532 million, versus ¥1,306 million the previous fiscal year.

Total Assets
(Millions of Yen)

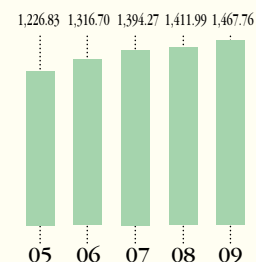


Equity*
(Millions of Yen)



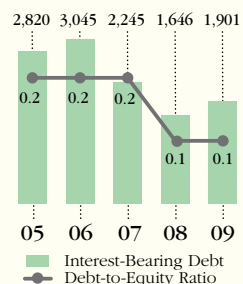
* Presented as Shareholders' Equity until fiscal 2006. Presented as Equity from fiscal 2007 due to a change in accounting standards. The Minority Interests amount is included in fiscal 2007.

Equity per Share
(Yen)



Interest-Bearing Debt
(Millions of Yen)

Debt-to-Equity Ratio
(Times)



CONSOLIDATED BALANCE SHEETS

WATABE WEDDING CORPORATION AND SUBSIDIARIES
MARCH 31, 2009 AND 2008

	Millions of yen		Thousands of U.S. dollars*
	2009	2008	2009
Assets			
Current Assets:			
Cash and cash equivalents	¥ 4,940	¥ 3,429	\$ 50,295
Receivables:			
Trade accounts	1,768	1,266	18,005
Other	41	24	419
Allowance for doubtful receivables	(30)	(27)	(313)
Inventories	823	930	8,383
Deferred tax assets	641	295	6,532
Prepaid expenses and other	999	738	10,172
Total current assets	9,184	6,657	93,497
Property, Plant and Equipment:			
Costumes for rent	706	825	7,190
Land	1,999	1,685	20,357
Buildings and structures	10,319	10,555	105,055
Furniture and fixtures	4,314	3,945	43,927
Construction in progress	77	168	791
Other	438	426	4,464
Total	17,856	17,606	181,787
Accumulated depreciation	(7,136)	(7,247)	(72,652)
Net property, plant and equipment	10,720	10,358	109,134
Investments and Other Assets:			
Investment securities	192	285	1,957
Investments in associated company	24		250
Intangibles	1,399	1,160	14,245
Guarantee deposits	3,554	2,852	36,189
Deferred tax assets	373	730	3,799
Long-term receivables and other	214	466	2,182
Total investments and other assets	5,758	5,495	58,625
Total	¥25,663	¥22,512	\$261,257
*The United States dollars represent translations of Japanese yen at the rate of ¥98.23=\$1.			

	Millions of yen		Thousands of U.S. dollars*
	2009	2008	2009
Liabilities and Equity			
Current Liabilities:			
Short-term bank loans	¥ 1,037	¥ 336	\$ 10,563
Current portion of long-term debt	388	636	3,958
Payables:			
Trade accounts	1,984	1,397	20,205
Other	2,142	1,566	21,806
Income taxes payable	580	408	5,906
Advances received	2,287	2,046	23,290
Accrued bonuses	839	381	8,542
Accrued expenses and other	1,001	473	10,194
Total current liabilities	10,261	7,248	104,467
Long-Term Liabilities:			
Long-term debt	474	673	4,831
Liability for employees' retirement benefits	129	119	1,314
Other	253	478	2,575
Total long-term liabilities	856	1,271	8,721
Commitments and Contingent Liabilities			
Equity:			
Common stock, authorized, 22,000,000 shares; issued, 9,909,400 shares	4,176	4,176	42,516
Capital surplus	4,038	4,038	41,109
Retained earnings	7,402	6,537	75,359
Unrealized gain on available-for-sale securities	14	69	149
Deferred gain (loss) on derivatives under hedge accounting	28	(33)	294
Land revaluation difference	(906)	(913)	(9,224)
Foreign currency translation adjustments	(209)	118	(2,136)
Treasury stock – at cost: 177 shares in 2009 and 124 shares in 2008	0	0	(3)
Total	14,544	13,991	148,064
Minority interests	0	0	3
Total equity	14,544	13,992	148,067
Total	¥25,663	¥22,512	\$261,257
*The United States dollars represent translations of Japanese yen at the rate of ¥98.23=\$1.			

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

WATABE WEDDING CORPORATION AND SUBSIDIARIES
YEARS ENDED MARCH 31, 2009 AND 2008

	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, 2007	9,884,803	¥4,159	¥4,021	¥5,809	¥100	¥8	¥(524)	¥207	¥(0)	¥13,782	¥1	¥13,783
Net income				1,004						1,004		1,004
Cash dividends, ¥28 per share				(277)						(277)		(277)
Exercise of stock options	24,500	17	17							34		34
Purchase of treasury stock	(27)								(0)	(0)		(0)
Net change in the year					(30)	(42)	(389)	(89)		(551)	(0)	(552)
Balance, March 31, 2008	9,909,276	4,176	4,038	6,537	69	(33)	(913)	118	(0)	13,991	0	13,992
Adjustment of retained earnings due to an adoption of PITF No. 18				4						4		4
Net income				1,165						1,165		1,165
Cash dividends, ¥30 per share				(297)						(297)		(297)
Purchase of treasury stock	(53)								(0)	(0)		(0)
Reversal of land revaluation difference				(7)						(7)		(7)
Net change in the year					(55)	62	7	(328)		(312)	0	(312)
Balance, March 31, 2009	9,909,223	¥4,176	¥4,038	¥7,402	¥14	¥28	¥(906)	¥(209)	¥(0)	¥14,544	¥0	¥14,544
	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, March 31, 2008	\$42,516	\$41,109	\$66,549	\$ 710	\$(345)	\$(9,303)	\$ 1,205	\$(3)	\$142,439	\$2	\$142,442	
Adjustment of retained earnings due to an adoption of PITF No.18			48						48		48	
Net income			11,866						11,866		11,866	
Cash dividends, ¥30 per share			(3,026)						(3,026)		(3,026)	
Purchase of treasury stock								(0)	(0)		(0)	
Reversal of land revaluation difference			(79)						(79)		(79)	
Net change in the year				(561)	640	79	(3,342)		(3,184)	0	(3,183)	
Balance, March 31, 2009	\$42,516	\$41,109	\$75,359	\$ 149	\$ 294	\$(9,224)	\$(2,136)	\$(3)	\$148,064	\$3	\$148,067	
*The United States dollars represent translations of Japanese yen at the rate of ¥98.23=\$1.												

CONSOLIDATED STATEMENTS OF CASH FLOWS

WATABE WEDDING CORPORATION AND SUBSIDIARIES
YEARS ENDED MARCH 31, 2009 AND 2008

	Millions of yen		Thousands of U.S. dollars*
	2009	2008	2009
Operating Activities:			
Income before income taxes and minority interests	¥ 2,082	¥ 1,777	\$ 21,201
Adjustments for:			
Income taxes – paid	(811)	(1,168)	(8,258)
Depreciation and amortization	1,532	1,306	15,596
Impairment loss	13	560	139
Loss on restructuring wedding halls and branches	353	42	3,598
Loss (gain) on sale or disposal of property, plant and equipment	179	(45)	1,829
Exchange loss	163	138	1,668
Changes in assets and liabilities:			
Increase in trade receivables	(90)	(83)	(922)
(Decrease) increase in inventories	188	(58)	1,923
Decrease in trade payables	(245)	(357)	(2,499)
(Decrease) increase in advances received	(96)	210	(978)
Increase in accrued bonuses	460	45	4,687
Other – net	208	(633)	2,125
Net cash provided by operating activities	3,940	1,733	40,112
Investing Activities:			
Decrease in time deposit	76	191	781
Cash balance of acquired business		17	
Proceeds from sale of property, plant and equipment	5	225	55
Purchases of property, plant and equipment	(1,472)	(1,583)	(14,985)
Purchases of investment securities	(24)	(0)	(250)
Purchases of intangible assets	(292)	(955)	(2,978)
Proceeds from refunds of guarantee deposits	145	346	1,478
Payments of guarantee deposits	(852)	(416)	(8,677)
Other – net	259	(25)	2,646
Net cash used in investing activities	(2,154)	(2,200)	(21,930)
Financing Activities:			
Increase in short-term bank loans – net	700	196	7,126
Proceeds from long-term debt	100		1,018
Repayments of long-term debt	(620)	(792)	(6,311)
Exercise of stock option		34	
Dividends paid	(297)	(277)	(3,026)
Other	(17)	(21)	(181)
Net cash used in financing activities	(135)	(859)	(1,375)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(139)	(94)	(1,422)
Net Increase (Decrease) in Cash and Cash Equivalents	1,511	(1,420)	15,384
Cash and Cash Equivalents, Beginning of Year	3,429	4,849	34,911
Cash and Cash Equivalents, End of Year	¥ 4,940	¥ 3,429	\$ 50,295
*The United States dollars represent translations of Japanese yen at the rate of ¥98.23=\$1.			

THE WATABE WEDDING GROUP

(AS OF JUNE 30, 2009)

Country	Company	Location	Capital	Holdings	Main business
Japan	Okinawa Watabe Wedding Corporation	Okinawa	¥50 million	100	Domestic Wedding Ceremony Services
	K.K. Meguro Gajoen	Tokyo	¥378 million	100	Domestic Wedding Ceremony Services
	Mielparque Corporation	Tokyo	¥350 million	100	Domestic Wedding Ceremony Services
	Watabe Enterprise Corporation	Fukuoka	¥175 million	100	Domestic Wedding Ceremony Services
	Watabe Family Club K.K.	Kyoto	¥20 million	100	Costume Rentals
U.S.A.	Watabe U.S.A., Inc.	Las Vegas	US\$2,234 thousand	100	Overseas Wedding Ceremony Services
	Watabe Guam, Inc.	Guam	US\$700 thousand	100	Overseas Wedding Ceremony Services
C.N.M.I.	Watabe Saipan, Inc.	Saipan	US\$850 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
Vietnam	Watabe Wedding Vietnam Co., Ltd.	Ho Chi Minh City	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\$1,630 thousand	100	Overseas Wedding Ceremony Services
	Watabe Wedding Creative 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	Hong Kong	HK\$6,875 thousand	100	Overseas Wedding Ceremony Services
Indonesia	PT. Watabe Bali	Bali	US\$500 thousand	95	Overseas Wedding Ceremony Services

DOMESTIC NETWORK

Area	Directly operated stores (49)	Wedding facilities		
		Watabe Wedding Corporation (12 locations)*	K.K. Meguro Gajoen (7 locations)	Mielparque Corporation (12 locations)
Hokkaido	2	2		
Tohoku	3			1
Kanto	14	2	4	2
Koshinetsu, Hokuriku	2			2
Tokai	5			1
Kansai	15		3	2
Chugoku	4			3
Kyushu, Okinawa	4	8		1
Total	49	12	7	12

*Including Okinawa Watabe Wedding Corporation/Watabe Enterprise Corporation

OVERSEAS NETWORK

Area	Directly operated stores (17)	Locations	Wedding facilities (15 locations)
Hawaii	2	Honolulu Kona	5
North America	2	Las Vegas (U.S.A.) Vancouver (Canada)	—
Micronesia	2	Guam Saipan	6 1
Oceania	5	Gold Coast/Sydney/Cairns (Australia) Christchurch (New Zealand) Tahiti	2 —
Europe	2	Paris (France) Florence (Italy)	—
East Asia	4	Bali (Indonesia) Shanghai/Hong Kong (China) Taipei (Taiwan)	— 1 —

PRODUCTION FACILITIES

	Area	Equipment outline
Factories	China	Wedding Dress Sewing Factory
		Tuxedo Sewing Factory
		Bridal Goods Manufacturing Facility
		Album Factory
	Vietnam	Wedding Dress Sewing Factory
Service center	Kyoto	Costume Center/Cleaning Center
	Okinawa	DVD Editing Center

INVESTOR INFORMATION

(AS OF MARCH 31, 2009)

NUMBER OF SHARES AUTHORIZED:

22,000,000

NUMBER OF SHARES ISSUED:

9,909,400

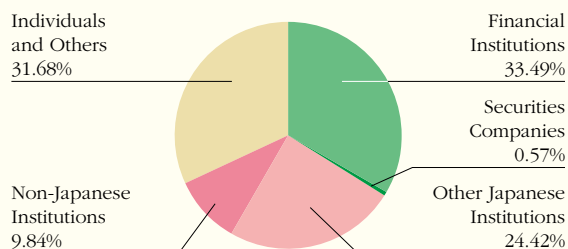
NUMBER OF SHAREHOLDERS:

4,328

STOCK EXCHANGE LISTING:

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

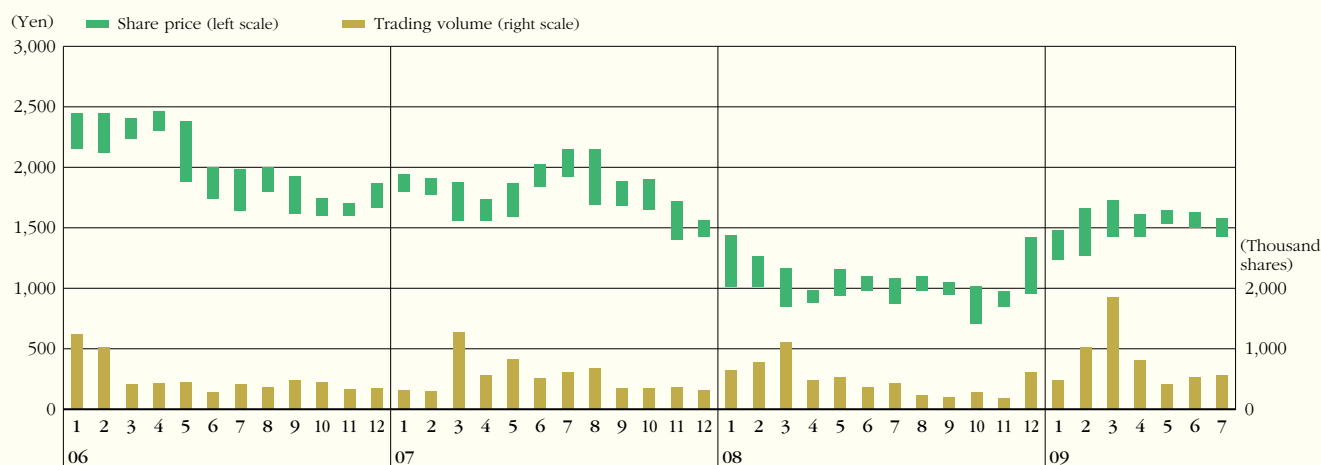
TYPES OF SHAREHOLDERS:



PRINCIPAL SHAREHOLDERS:

Name	Number of shares owned (Thousands)	Percentage of total shares issued (%)
K.K. Jusen	2,005	20.23
Japan Trustee Services Bank, Ltd.	1,092	11.02
The Master Trust Bank of Japan, Ltd.	487	4.92
Nikkociti Trust and Banking Corporation	380	3.84
Takao Watabe	306	3.09
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	300	3.02
The Bank of Kyoto, Ltd.	300	3.02
Watabe Wedding Employee Shareholder Association	266	2.69
Shu Inc.	200	2.01
Yoshio Watabe	183	1.84

STOCK PRICE CHART:



CORPORATE DATA

(AS OF MARCH 31, 2009)

CORPORATE NAME:

Watabe Wedding Corporation

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

DATE OF ESTABLISHMENT:

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: 533

Watabe Wedding Group: 2,366

INQUIRIES:

Watabe Wedding Corporation

Investor Relations

Please address any inquiries to the following
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