

June 4, 2009

## To Our Shareholders

671 Nijohanjiki-cho, Bukkoji-agaru, Karasuma-dori,  
Shimogyo-ku, Kyoto-shi, Kyoto  
**WATABE WEDDING CORPORATION**  
President & Representative Director: Hidetoshi Watabe

### NOTICE OF THE 45<sup>th</sup> ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders,

Notice is hereby given that the 45<sup>th</sup> Annual Meeting of the Shareholders of the Company will be held as specified below. You are cordially invited to attend the Meeting.

If you are unable to attend the Meeting, you may exercise your voting rights in writing. In order to exercise your voting rights in writing, please refer the documents for the Meeting as mentioned below, indicate your approval or disapproval for the items on the agenda on the enclosed Exercise of Voting Rights Form, and then return it to the Company by 5 p.m. on Thursday, June 25, 2009.

#### Notice of Meeting

1. Date: Friday, June 26, 2009 at 10 a.m.
2. Place: Mielparque-Kyoto: Conference Room C on the 6th Floor  
676-13, Higashi-shiokoji-cho, Nanajo-sagaru, Higashino-toin-dori,  
Shimogyo-ku, Kyoto-shi, Kyoto  
(Note that the venue is different from the last meeting. Please see the “Map to Venue of General Meeting of Shareholders” at the end to confirm the location.)
3. Objectives of the meeting:  
Reporting:
  1. Report on the Business Report, Consolidated Financial Statements and audit reports from the accounting auditor and the Board of Corporate Auditors on the Consolidated Financial Statements for the 45<sup>th</sup> fiscal year (from April 1, 2008 to March 31, 2009)
  2. Report on the non-consolidated Financial Statements for the 45<sup>th</sup> fiscal year (from April 1, 2008 to March 31, 2009)

#### Agenda:

- |             |   |
|-------------|---|
| Proposal 1: | Appropriation of Retained Earnings              |
| Proposal 2: | Partial Amendments to Articles of Incorporation |
| Proposal 3: | Election of 3 Corporate Auditors                |

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- If you plan to attend the meeting, please submit the enclosed Exercise of Voting Rights form to the receptionist at the meeting.
  - In case of any change in the reference documents, business report, non-consolidated financial statements and consolidated financial statements for the Meeting, the changes will be posted on the Company's website located at  
<http://www.watabe-wedding.co.jp/watabe/ir/stockholder/4696.html>

## Business Report (April 1, 2008 to March 31, 2009)

### 1. Present Status of the Group

#### (1) Operational Conditions in the Current Consolidated Fiscal Year

##### [1] Progress and Results of Operations

After summer of the current consolidated fiscal year, Japan's economic conditions rapidly worsened against a backdrop of the financial crisis triggered by the United States. Business earnings were deteriorated by the soaring crude oil and raw material prices in the first half and by the decreased export due to the appreciation of the yen in the second half. Meanwhile, sluggish consumer spending was brought about by the slumping stock prices and apparent employment adjustments mainly in the manufacturing industry. Domestic economy is facing a serious crisis ever experienced.

As the pertinent data for the bridal industry, the number of marriage registrations was 731,000 in 2008, slightly increasing from the previous year (720,000). In the long run, however, the number of couples getting married remains on a downward trend due to the low birthrate in Japan. In response to this business environment, the Watabe Group properly addressed personalized and diversified customer needs through realization of the total bridal solution and global development. Moreover, business development based on the "Watabe Vision 2010" was carried out to increase its corporate value.

In regard to our domestic wedding business, in October 2008, we took over the Mielparque business from Yu-Cho Foundation and started the operation of 11 Mielparque facilities throughout Japan to expand the domestic hotel business. In the same month, we also started the operation of bridal service at "Allamanda Chapel" in "Nansei Rakuen Shigira Bayside Suite Allamanda" located in Miyakojima-shi, Okinawa, which is the first resort wedding chapel in the Miyakojima Island.

With regard to the overseas wedding business, we renewed and reopened in November 2008 "Aquaveil Frais Marina Ko Olina Le Plage" in Oahu, Hawaii and "San Vitores Bayside Chapel" in Guam for the purposes of improving the service for attendees, further reinforcing the overseas wedding business and revitalizing the market.

In terms of branch development, aiming to reinforce profitability through the improvement of the branch functionality and customer convenience, we took the following actions: reopening of the studio in "Chiba Branch" in Chiba-shi, Chiba in June 2008, opening of an additional studio in "Sendai Branch" in Sendai-shi, Miyagi in October 2008, and full makeover of "Tokyo Grand Plaza" in Chuo-ku, Tokyo in February 2009. Furthermore, we decided to designate "Ginza Salon" as a branch specializing in wedding, and merged two neighboring branches into a single unit in the urban center to allow customers to more easily choose branches according to their purposes and to improve their convenience. Also, in collaboration with Primo Japan Inc., we developed and started the operation of the "General Bridal Building", where "Kanazawa Branch" moved into, in Kanazawa-shi, Ishikawa, in March 2009.

As for product development, in order to improve product quality and customer satisfaction, we established the Okinawa DVD Center in Naha-shi, Okinawa in April 2008 to seek cost reduction in video products by internally editing video. In the dress business, partnering with JUNKO KOSHINO in January 2009, we developed and started selling a new brand "JUNKO KOSHINO" based on the concept of resort wedding offered by the Group. Another new brand called "Shukugasai" launched in Meguro Gajoen in February 2009, as a service to hold a celebration with family and close friends on the commemoration day for the threshold of life, is well received.

During the current consolidated fiscal year, in response to the application of the internal control reporting system under the Financial Instruments and Exchange Act, we made efforts to win the trust of society and improve the corporate value of the Group by being committed to thorough compliance and by enhancing global risk control.

As a result of the above, the operating performance for the current fiscal year of the Watabe Group constituted net sales of 46,406 million yen (31.5% up year-on-year), ordinary income of 2,790 million yen (18.8% up year-on-year), and net income of 1,165 million yen (16.0% up year-on-year), which was resulted from the Loss on liquidation of facilities and stores posted due to the withdrawal of some unprofitable facilities and premises.

Net sales by service are as follows:

(Unit : Millions of yen)

Service	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)		Current consolidated fiscal year (April 1, 2008 to March 31, 2009)		Change from previous year
	Amount	Composition ratio	Amount	Composition ratio	
Sales related to wedding	26,779	75.9%	37,086	79.9%	138.5%
Sales of products and goods	4,895	13.8	4,787	10.3	97.8
Income from rental costumes	3,099	8.8	3,797	8.2	122.5
Other	526	1.5	734	1.6	139.6
Total	35,301	100.0	46,406	100.0	131.5

#### [2] Capital Investment

We made capital investments of 1,764 million yen in total during the current consolidated fiscal year.

In Japan, we remodeled the wedding facilities of "Sapporo Hitsujigaoka Wedding Palace" (Sapporo-shi, Hokkaido), "Meguro Gajoen" and "Mielparque-Okayama" and the operation branch of Tokyo Grand Plaza, and relocated Okayama Branch.

In foreign operations, remodeling of some facilities including "Aquaveil Frais Marina Ko Olina Le Plage," in Hawaii of the United States was carried out.

#### [3] Fund Raising

The Company has entered into loan commitment agreements with its business financial institutions to efficiently raise operating funds. The used loan commitments under these agreements amounted to 800 million yen in the current consolidated fiscal year.

In addition to the above, we financed 100 million yen through bank loans in the current consolidated fiscal year. Our own funds were allocated for the necessary funds for the capital investments, etc. made during the current consolidated fiscal year.

#### [4] Acquisition of business from any other company

In accordance with the resolution of its annual meeting of shareholders held on September 19, 2008, Mielparque Corporation, a subsidiary of the Company, entered into a business transfer agreement with Yu-Cho Foundation in regard to the business succession of 11 Mielparque facilities, the operation of which had been entrusted by Japan Post Holdings Co., Ltd. to Yu-Cho Foundation, and took over the operation of the facilities on October 1, 2008.

## (2) Changes in Assets and Operating Income of the Company

(Unit: Millions of yen)

Item	42 <sup>nd</sup> fiscal year ended March 31, 2006	43 <sup>rd</sup> fiscal year ended March 31, 2007	44 <sup>th</sup> fiscal year ended March 31, 2008	45 <sup>th</sup> fiscal year (current consolidated fiscal year) ended March 31, 2009
Net sales	31,177	33,940	35,301	46,406
Ordinary profit	1,732	2,625	2,348	2,790
Net profit	1,105	909	1,004	1,165
Net profit per share	111.40 yen	92.18 yen	101.42 yen	117.64 yen
Gross assets	22,164	23,485	22,512	25,663
Net assets	12,984	13,783	13,992	14,544
Net assets per share	1,316.70 yen	1,394.27 yen	1,411.99 yen	1,467.76 yen

Note: The "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5 issued on December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No.8 issued on December 9, 2005) are applied from the 43<sup>rd</sup> fiscal year.

## (3) Principal Parent Company and Subsidiaries

## [1] Relationship with the Parent Company

Not applicable.

## [2] Significant Subsidiaries

Company Name	Capital Stock	Investment Ratio	Principal Business
Watabe U.S.A., Inc.	US\$ 2,234,000	100%	Operation of wedding and costume rental
Watabe Guam, Inc.	US\$ 700,000	100% (100%)	Operation of wedding and costume rental
Watabe Wedding (Shanghai) Co., Ltd.	US\$ 2,300,000	100%	Production and sales of wedding dress
Watabe Wedding Article (Shanghai) Co., Ltd.	385,000,000 yen	100%	Production of photographic album
Watabe Wedding Creative Co., Ltd.	270,000,000 yen	100%	Editing of photographic album
Okinawa Watabe Wedding Corporation	50,000,000 yen	100%	Operation of wedding and costume rental
K.K. Meguro Gajoen	378,000,000 yen	100%	Operation of wedding and lodging facilities
Mielparque Corporation	350,000,000 yen	100%	Operation of wedding and lodging facilities

Note: The figure in parentheses in the Investment Ratio section indicates the indirect holding ratio, which is included in the total value of ratio.

## [3] Results of Business Combinations

As indicated in " (1) Operational Conditions in the Current Consolidated Fiscal Year [1] Progress and Results of Operations" above.

#### (4) Issues to be Addressed

The Watabe Group recognizes the following management issues.

##### [1] Reinforced and Improved Compliance System

Aiming to become a company that complies with social norms and laws, has a high level of sense of ethics and will be continuously needed by society, we will make efforts to further reinforce and improve the compliance system by sharing the basic management philosophy as well as based on the “Ethics Charter” action guidelines of the Group.

##### [2] Enhanced and Improved Risk Control System

In global business development, we will enhance and improve the Group’s risk control system to minimize loss risk from international conflicts or natural disasters and so on with which it is difficult to deal in business strategies, and to ensure the business continuity.

##### [3] Responding to Diversifying Customer Needs

In order to become a company that further continue growing with the domestic birth rate declining and customer needs personalizing and diversifying, we will further offer the wedding services which create customer values, and focus on the “commemoration day business” including wedding anniversary and Coming-of-Age Day celebration in domestic wedding facilities.

##### [4] Improvement in Profit Margins

After taking over the Mielparque business in October 2008, the domestic wedding business became the largest among the Group, accounting for a majority of its sales. We will link the growing number of wedding couples to the production function including wedding dresses and photo albums, and improve the profit margin by taking advantage of the Group’s synergy effect.

##### [5] Fostering of Human Resources

The Group’s provision of the total bridal solution requires expertise and substantial experience. We will develop and ensure highly skilled human resources through personnel exchange within the Group, further improved training programs and others.

Recognizing these items listed above as our issues to be addressed in the new fiscal year, we will exert efforts for improvement.

#### (5) Description of Principal Businesses (as of March 31, 2009)

[1] Overseas wedding services and travel services intended for wedding participants

[2] Domestic wedding services including operation of wedding facilities

[3] Production and sales of wedding dress, wedding-related items etc.

[4] Renting wedding-related costumes and formal costumes for coming-of-age ceremony, various parties, etc.

[5] Integrated service of costumes and photographs by combining beauty care, dressing and studio portraits

[6] Wedding-related services, including consultation for wedding halls in Japan, producing wedding ceremonies, planning and directing of wedding receptions, and offer of bridal goods such as jewelry and gem

## (6) Primary Business Sites (as of March 31, 2009)

## [1] The Company

WATABE WEDDING CORPORATION	Head office	Kyoto
	Branch office	Hawaii (United States of America), Australia
	Business office	Kyoto, Tokyo, Yokohama, Osaka, Shiga, Nagoya, Kobe, Shinjuku, Hiroshima, Sapporo, Fukuoka

## [2] Subsidiaries

Company Name	Location
Okinawa Watabe Wedding Corporation	Okinawa
K.K. Meguro Gajoen	Tokyo
Mielparque Corporation	Tokyo
Watabe Enterprise Corporation	Fukuoka
Watabe Family Club K.K.	Kyoto
K.K. H•R•S•S	Kyoto
Watabe Human Support K.K.	Kyoto
Watabe U.S.A., Inc.	United States of America
Watabe Guam, Inc.	Guam (United States of America)
Watabe Saipan, Inc.	Saipan (Northern Mariana Islands)
Watabe Wedding Canada, Inc.	Canada
Watabe Australia Pty. Ltd.	Australia
Watabe Europe S.A.R.L.	France
Watabe U.K., Ltd.	UK
Watabe Wedding Vietnam Co., Ltd.	Vietnam
Watabe Wedding Service (Shanghai) Co., Ltd.	China
Watabe Wedding (Shanghai) Co., Ltd.	China
Watabe Wedding Creative (Shanghai) Co., Ltd.	China
Shanghai Saison Des Brides Trade Co., Ltd.	China
Watabe Wedding Article (Shanghai) Co., Ltd.	China
Shanghai Saison Tuxedo Co., Ltd.	China
Watabe Wedding HK Limited	China
Watabe Wedding Taiwan Limited	Taiwan (Republic of China)
P.T. Watabe Bali	Bali (Republic of Indonesia)

(7) Employees (as of March 31, 2009)

[1] Employees of the Watabe Group

Number of employees	Change from the previous consolidated fiscal year
2,366	578 employees increased

Notes: 1. The number of employees refers solely to full-time employees and does not include the 744 temporary employees (yearly average number of persons employed).

2. The increase of 578 employees from the previous consolidated fiscal year is mainly due to the new hiring by Mielparque Corporation for the operation of the 11 Mielparque facilities.

[2] Employees of the Company

Number of employees	Change from the previous fiscal year	Average age	Average length of service
533	68 employees increased	34.7	6.5 years

Note: The number of employees refers solely to full-time employees and does not include the 321 temporary employees (yearly average number of persons employed).

(8) Primary Creditors (as of March 31, 2009)

Creditor	Balance of borrowings
The Bank of Tokyo-Mitsubishi UFJ, Ltd	657 (million yen)
Bank of Kyoto, Ltd.	440
Mitsubishi UFJ Trust and Banking Corporation	220
Shiga Bank, Ltd.	140
Mizuho Bank, Ltd.	140
Sumitomo Mitsui Banking Corporation	100
Meiji Yasuda Life Insurance Company	40
Nippon Life Insurance Company	40
The Dai-ichi Mutual Life Insurance Company	10

## 2. Present Status of the Company

### (1) Shares (as of March 31, 2009)

- [1] Number of shares authorized to be issued: 22,000,000  
 [2] Number of shares issued: 9,909,400  
 [3] Number of shareholders: 4,328  
 [4] Shareholder who owns a tenth or more of the number of shares issued

Name of shareholder	Capital contribution to the Company	
	Share ownership	% of total issued shares
K.K. Jusen	2,005,400	20.23%
Japan Trustee Services Bank Ltd.	1,092,900	11.02

Note: For calculation of the percentage of total issued shares, treasury stock (177 shares) is excluded.

### (2) Stock Acquisition Rights

Stock acquisition rights issued in return for performance of duties, which are owned by the Company's directors and corporate auditors (as of March 31, 2009)

Outlines of stock acquisition rights based on the resolution in the Ordinary General Meeting of Shareholders held on June 29, 2004 pursuant to provisions of the former Commercial Code

- Class and number of shares to be issued upon exercise of the stock acquisition rights  
42,000 shares of common stock
- Amount to be paid per share upon exercise of the stock acquisition rights  
2,703 yen per share
- Exercisable period of stock acquisition rights  
From August 1, 2006 to July 31, 2009
- Conditions for exercise of stock acquisition rights  
Required to be a Director, Corporate Auditor or employee of the Company at the execution of the right.
- Situations of holding by Directors and Corporate Auditors

	Number of shares to be issued	Number of holders
Directors (Excluding Outside Directors)	12,000	3
Corporate Auditors	12,000	3

### (3) Company Directors

#### [1] Directors and Corporate Auditors (as of March 31, 2009)

Title	Name	Duty or Principal Occupation
President & Representative Director	Hidetoshi Watabe	
Director	Hiroshi Kawaguchi	Director of Executive Office
Director	Hiroya Yamamoto	Division Director, Administration Division
Director	Yoshiharu Onaga	Division Director, Sales Division
Director	Toshio Ochiai	
Director	Yukihiro Matsunaga	Kyoto Audit Corporation, Managing Partner
Full-Time Corporate Auditor	Hisashi Iwasaki	
Corporate Auditor	Toshio Fujimoto	
Corporate Auditor	Hisao Shimizu	Certified Tax Accountant
Corporate Auditor	Masashi Kudo	Attorney

- Notes:
1. Directors Toshio Ochiai and Yukihiro Matsunaga are outside directors.
  2. Three Corporate Auditors, Hisashi Iwasaki, Hisao Shimizu and Masashi Kudo are outside corporate auditors.
  3. The following officers of the Company concurrently have other significant posts in the current fiscal year as indicated below.
    - Director Yoshiharu Onaga doubles as Representative Director of two other companies including Okinawa Watabe Wedding Corporation.
  4. Hisao Shimizu, Corporate Auditor, is a certified tax accountant and has knowledge of finance and accounting.



[2] Remuneration paid to Directors and Corporate Auditors

a. Total remuneration for current fiscal year

Title	No. of person	Amount paid
Directors	9	127,170 thousand yen
Corporate Auditors	4	25,800
Total	13	152,970

Notes: 1. The 32<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 27, 1996 resolved that the maximum annual amount for remuneration of Directors would be up to 300,000 thousand yen (excluding the salary for the employee status of Directors, who have duties in their capacity as employee.).

2. The 32<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 27, 1996 resolved that the maximum annual amount for remuneration of Corporate Auditors would be up to 30,000 thousand yen.

3. The numbers of directors and corporate auditors as of the end of the current fiscal year is 6 and 4, respectively.

b. Retirement benefits paid to officers in the current fiscal year

Retirement benefits paid to the officers who resigned at the close of the 44<sup>th</sup> annual meeting of shareholders on June 27, 2008:

- 209,538 thousand yen paid to two directors

(The above amount includes the payment of 161,460 thousand yen for the discontinuation of retirement benefits to officers, which was resolved at the 41<sup>st</sup> annual meeting of shareholders on June 29, 2005.)

[3] Matters related to outside directors

a. Positions in other companies (in the case of operating officers in other companies) and any relationship between the Company and the relevant companies.

- Director Yukihiko Matsunaga doubles as Managing Partner of Kyoto Audit Corporation.
- Hisao Shimizu, Corporate Auditor, doubles as Representative Partner of Kyoto Shimei Tax Consulting Corporation. Please note that the Company has entered into a tax advisory contract with Kyoto Shimei Tax Consulting Corporation.

b. Position as outside directors in other companies

- Masashi Kudo, Corporate Auditor, doubles as Outside Corporate Auditor in FUJIX, Ltd.

c. Principal activities in the current fiscal year

- Attendance in meetings of the Board of Directors and the Board of Corporate Auditors

	Board of Directors (20 meetings held)		Board of Corporate Auditors (12 meetings held)	
	No. of meetings attended	Attendance rate (%)	No. of meetings attended	Attendance rate (%)
Toshio Ochiai, Director	15	(See Note)	—	—
Yukihiko Matsunaga, Director	14	(See Note)	—	—
Hisashi Iwasaki, Corporate Auditor	20	100	12	100
Hisao Shimizu, Corporate Auditor	19	95	12	100
Masashi Kudo, Corporate Auditor	20	100	12	100

Note: The attendance in meetings of the Board of Directors by Directors Toshio Ochiai and Yukihiko Matsunaga is based on the 15 meetings of the Board of Directors held after their assumption of office on June 27, 2008. Ochiai's and Matsunaga's attendance rates are 100% and 93%, respectively.

- Statements in meetings of the Board of Directors

Director Toshio Ochiai has made statements mainly based on his considerable experience and deep insight as a business manager.

Director Yukihiro Matsunaga has made statements mainly based on his considerable experience and deep insight as an accounting expert.

Corporate Auditor Hisashi Iwasaki has made statements mainly based on his considerable experience and deep insight as a business manager.

Corporate Auditor Hisao Shimizu has made statements mainly based on his considerable experience and deep insight as a tax expert.

Corporate Auditor Masashi Kudo has made statements mainly based on his considerable experience and deep insight as a legal expert.

d. Outlines of the limited liability agreement

Pursuant to the provision of Paragraph 1 of Article 427 in the Companies Act, the Company has entered into a limited liability agreement, which limits their liability for damages stipulated in Paragraph 1 of Article 423 in the company law, with each of outside directors and each of the outside corporate auditors. The maximum liability for damages under such agreement is the amount stipulated in Paragraph 1 of Article 425 in the Companies Act.

e. Outlines of the limited liability agreement

The total amount of remuneration for 5 outside officers in the fiscal year is 28,800,000 yen.

(4) Accounting Auditor

[1] Name: Deloitte Touche Tohmatsu

[2] Remuneration

	Amount Paid
Remuneration for the accounting auditor in the current fiscal year	67 million yen
Total amount of profits in cash and other property payable by the Company and its subsidiaries to the accounting auditor	68 million yen

Notes: 1. The Company's overseas subsidiaries are subject to audits (only those pursuant to the Companies Act or Financial Instruments and Exchange Act, or the foreign laws equivalent thereto) by certified public accountants or auditing firms (including those who have foreign certifications equivalent thereto) other than the Company's accounting auditor.

2. In the audit contract between the Company and the accounting auditor, there is no distinct division in remuneration amounts for the audit under the Companies Act and for the one pursuant to the Financial Instruments and Exchange Act, and in practice it is not possible to divide such remuneration. Accordingly the remuneration in the current fiscal year represents the total amount for these audits.

[3] Non-audit services

The Company has entrusted to the accounting auditor the consultations on accounting and business operation related to foreign operations and other services, which are categorized as the services other than those set forth in Paragraph 1, Article 2 of the Certified Public Accountants Act (non-audit services).

[4] Policies to determine dismissal or non-reappointment of the accounting auditor

If it is deemed difficult for the accounting auditor to properly perform their duties, or if the accounting auditor comes under any of the circumstances set forth in Paragraph 1 of Article 340 in the Companies Act, the Company will, in principle, bring up a proposal on dismissal or non-reappointment of the accounting auditor for discussion in a general meeting of shareholders upon agreement or request of the Board of Corporate Auditors.

(5) Systems to ensure adequacy of duties

In the meeting of the Board of Directors held on March 16, 2009, the Company reviewed systems to ensure that Directors' performance of their duties conforms to laws and the Articles of Incorporation and on any other systems to secure adequacy of operations in the Company, and adopted the following resolutions.

- [1] Systems to ensure that directors' and employees' performance of their duties conforms to the law and the Articles of Incorporation
- Establish, and familiarize everyone with, the “Watabe Wedding Ethics Charter” and “Compliance Regulations” to ensure that the Group’s directors and employees will comply with laws and the Articles of Incorporation, and perform their duties with a high standard of ethics.
  - Monitor the development and operation of the internal control system through “Audit Office” directly controlled by President.
  - Utilize a whistle-blowing system to receive and properly respond to reports about actual or possible noncompliance.
- [2] System for storage and management of information related to directors' performance of their duties
- Store and control documents related to decision making by directors and reporting to directors, including the minutes of the meetings of the Board of Directors, in accordance with the “Documentation Control Regulations” and the “IT Security Regulations.”
- [3] System for procedures to control risk of loss and others
- Establish the “Risk Control Committee” chaired by President & Representative Director as a system to understand the Group’s management risk, evaluation thereof and policies to deal therewith.
  - Stipulate basic matters on risk control set forth in the “Risk Control Regulations” applied to the Group.
- [4] System to ensure that the directors' duties are efficiently performed
- Ensure the decision-making based on President’s authority through the “management meeting” held by directors executing their duties, in order to quickly respond to the changing management climate.
  - Establish the “Group Budget Meeting” to manage the budgeting and the progress in implementing measures based on the Group’s strategies.
  - Adopt the operating officer system for more efficient execution of duties.
  - Establish the “Personnel Advisory Committee” as an advisory organ to the “Board of Directors,” in which the appropriateness and adequacy of matters on the election of directors and remuneration for officers will be deliberated for the purpose of enhancing corporate governance.
- [5] System to secure adequacy of operations in the Company and the Group consisting of the parent company and its subsidiaries
- Ensure that the basic management philosophy is shared in the Group and that everyone is familiarized and complies with the Watabe Wedding Ethics Charter and regulations on the compliance and risk control.
  - Stipulate matters on approval and reporting between the Company and affiliated companies in the “Affiliated Companies Management Regulations” to properly manage business activities within the Group.

- [6] Systems relating to the employment of assistants for the corporate auditors as requested for fulfillment of their duties and matters concerning such staff's independence from directors
- Upon request of corporate auditors, personnel will be staffed as assistants to corporate auditors although the Company does not have such assistants at present.
  - Prior consent of corporate auditors will be obtained with respect to personnel changes, personnel evaluation, and disciplinary actions toward such assistants.
- [7] System for reporting from directors and employees to corporate auditors and for other reporting to corporate auditors  
Directors and employees will report the following matters to corporate auditors.
- Facts that may cause any significant damage to the Company.
  - Facts that constitute an act of dishonesty or breach of law or the Articles of Incorporation in terms of the directors' performance of their duties.
  - Facts reported based on the whistle-blowing system.
  - Results of inspections by concerned authorities and of external audits.
  - Punishments by the authorities.
  - The nature of important items of disclosure.
- [8] Other systems to ensure that audits are effectively conducted by corporate auditors  
The effectiveness of audits by corporate auditors is secured through the following initiatives.
- Hold a meeting between the President and corporate auditors on a regular basis.
  - Conduct a periodical hearing for directors and important employees.
  - Provide staff for corporate auditors and utilize experts by request of the corporate auditors.
  - Attendance of various meetings, submission of materials for inspection, reporting of necessary issues.
  - Information exchange with the accounting auditor.

## Consolidated Balance Sheets

(As of March 31, 2009)

(Unit : Thousands of Yen)

Accounts	Amount	Accounts	Amount
(Assets)		(Liabilities)	
Current assets	9,184,216	Current liabilities	10,261,872
Cash and deposits	4,971,517	Trade accounts payable	1,984,761
Trade accounts receivable	1,768,715	Short-term bank loans	1,037,686
Products and goods	227,372	Current portion of long-term bank loans	363,200
Work in progress	17,279	Accounts payable - other	2,142,073
Raw materials and supplies	578,893	Income tax payable	580,218
Deferred tax assets	641,725	Advances received	2,287,805
Others	1,009,470	Accrued bonus	839,106
Allowance for doubtful accounts	△30,758	Others	1,027,020
Fixed assets	16,479,062	Fixed liabilities	856,728
Tangible fixed assets	10,720,327	Long-term bank loans	386,800
Rental costume	202,856	Allowance for retirement benefits	129,119
Buildings and structures	6,185,347	Others	340,809
Furniture and fixtures	2,021,026		
Land	1,999,751	<b>Total Liabilities</b>	<b>11,118,601</b>
Construction in progress	77,711	(Net assets)	
Others	233,634	Shareholders' equity	15,616,741
Intangible fixed assets	1,399,335	Capital stock	4,176,372
Investments and other assets	4,359,399	Capital surplus	4,038,172
Investment securities	216,844	Retained earnings	7,402,561
Deferred tax assets	373,257	Treasury stock	△364
Guarantee deposits	3,557,928	Revaluation and translation adjustments	△1,072,364
Others	243,371	Unrealized gain on available-for-sale securities	14,691
Allowance for doubtful accounts	△32,001	Deferred gain on hedge	28,977
		Land revaluation difference	△906,139
		Foreign currency translation adjustments	△209,894
		Minority interests	301
		<b>Total net assets</b>	<b>14,544,677</b>
<b>Total assets</b>	<b>25,663,279</b>	<b>Total liabilities and net assets</b>	<b>25,663,279</b>

## Consolidated Statements of Income

(April 1, 2008 to March 31, 2009)

(Unit : Thousands of Yen)

Accounts	Amount	
Net sales		46,406,381
Cost of Sales		16,548,053
Gross profit		29,858,328
Selling, general & administrative expenses		27,082,998
Operating income		2,775,330
Non-operating income		
Interest and dividends received	22,246	
Other income	140,724	162,971
Non-operating expenses		
Interest paid	30,589	
Other expenses	117,475	148,065
Ordinary income		2,790,236
Extraordinary losses		
Loss on sale and disposal of fixed assets	179,720	
Loss on liquidation of facilities and stores	353,517	
Legal settlement	174,334	707,572
Income before income taxes and minority interests		2,082,663
Income taxes - current	909,224	
Income taxes - deferred	7,712	916,937
Minority loss		42
Net income		1,165,684

## Consolidated Statements of Changes in Net Assets

(April 1, 2008 to March 31, 2009)

(Unit : Thousands of Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	4,176,372	4,038,172	6,537,191	△308	14,751,427
Change associated with accounting change in overseas subsidiaries			4,751		4,751
Changes during the consolidated fiscal year					
Dividends			△297,278		△297,278
Net income			1,165,684		1,165,684
Repurchase of stock				△56	△56
Reversal of land revaluation difference			△7,788		△7,788
Net changes in accounts other than shareholders' equity during the consolidated fiscal year					
Total changes during the consolidated fiscal year	—	—	860,618	△56	860,562
Balance as of March 31, 2009	4,176,372	4,038,172	7,402,561	△364	15,616,741

	Revaluation and translation adjustments					Minority interest	Total net assets
	Unrealized gain on available-for-sale securities	Deferred gain on hedge	Land revaluation difference	Foreign currency translation adjustments	Total revaluation and translation adjustments		
Balance as of March 31, 2008	69,817	△33,918	△913,927	118,439	△759,589	265	13,992,103
Change associated with accounting change in overseas subsidiaries							4,751
Changes during the consolidated fiscal year							
Dividends							△297,278
Net income							1,165,684
Repurchase of stock							△56
Reversal of land revaluation difference							△7,788
Net changes in non-shareholders' equity items during the consolidated fiscal year	△55,125	62,896	7,788	△328,334	△312,775	36	△312,739
Total changes during the consolidated fiscal year	△55,125	62,896	7,788	△328,334	△312,775	36	547,822
Balance as of March 31, 2009	14,691	28,977	△906,139	△209,894	△1,072,364	301	14,544,677

## Notes to Consolidated Financial Statements

### 1. Significant basis in preparation of Consolidated Financial Statements

#### (1) Scope of consolidation

[1] Number of consolidated subsidiaries:	25
[2] Principal consolidated subsidiaries:	Watabe U.S.A., Inc. Watabe Guam, Inc. Watabe Wedding (Shanghai) Co., Ltd. Watabe Wedding Article (Shanghai) Co., Ltd. Watabe Wedding Creative (Shanghai) Co. Okinawa Watabe Wedding Corporation K.K. Meguro Gajoen Mielparque Corporation

#### [3] Change in the scope of consolidation

Mielparque Corporation and Watabe Wedding Taiwan Limited, both of which were founded during the current consolidated fiscal year, are included in the scope of consolidation for the year. Watabe Italy S.R.L which was a consolidated subsidiary in the previous consolidated fiscal year is no longer the scope of consolidation as its liquidation was completed.

#### (2) Application of equity method

Not applicable.

#### (3) Fiscal year of consolidated subsidiaries

Watabe U.S.A., Inc. and other 17 consolidated subsidiaries have fiscal years ending on March 31. Watabe Wedding (Shanghai) Co., Ltd. and other 6 consolidated subsidiaries have fiscal years ending on December 31.

The consolidated financial statements as of the above date are used for presentation. Necessary adjustments are made for significant inter-company transactions during the period between their respective fiscal year ends and the last day of consolidated fiscal year.

#### (4) Accounting policies

##### [1] Valuation basis and method for important assets

###### a. Other securities:

- With market value: Market value method based on the market price or otherwise on the last day of consolidated fiscal year (Unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets. The cost of securities sold is computed primarily based on the moving average method)

- Without market value: Cost method based on the moving average method

###### b. Derivative instruments:

Market value method

###### c. Inventories:

- Products and goods, work in progress: Cost method primarily based on the gross average method (The amount for the balance sheets was calculated by write-down due to decreased profitability)
- Raw materials and supplies: Cost method primarily based on the moving average method (The amount for the balance sheets was calculated by write-down due to decreased profitability)



[2] Depreciation/amortization method for major depreciable/amortizable assets

a. Tangible fixed assets (except lease assets)

- Domestic assets:
    - Rental costume: Straight-line method
    - Buildings and structures: Declining-balance method
    - However, for the buildings (except for annexed facilities) obtained after April 1, 1998, straight-line method is adopted.
    - Furniture and fixtures: Straight-line method
    - Other: Declining-balance method
  - Foreign assets:
    - Straight-line method
- The principal estimated useful lives are:
- |                          |            |
|--------------------------|------------|
| Rental Costume           | 2-3 years  |
| Buildings and Structures | 5-47 years |
| Furniture and fixtures   | 2-20 years |

b. Intangible fixed assets: Straight-line method

Capitalized software for internal use is amortized over the estimated useful life in the company (5 years).

c. Lease assets

The Company adopted the straight-line method where the lease term and residual value are useful life and zero, respectively. The non-ownership transfer finance lease transactions whose lease transaction start date is before March 31, 2008 are subject to the accounting conforming to the method for ordinary lease transactions.

d. Long-term prepaid expenses: Equal amortization

[3] Accounting for major allowances and accruals

- a. Allowance for doubtful accounts: Allowances for doubtful accounts are estimated based on the actual past ratio of losses on bad debts. Certain allowances are provided based on estimates of uncollectible amounts based on analysis of certain individual receivables.
- b. Accrued bonuses: Accrued bonuses are provided based upon amounts expected to be paid in accordance with the subjected term.
- c. Allowance for retirement benefits: Allowance for retirement benefits are recognized based on projected retirement benefits obligations and plan assets at the balance sheets date. Actuarial gains or losses are amortized over the term (5 years) which is within estimated average remaining service period of employees using the straight-line method following the year incurred.

[4] Other significant matters for preparation of consolidated financial statements

a. Exchange method of foreign currency transaction and financial statements

Foreign currency denominated receivables and payables are converted into Japanese yen at the spot exchange rates on the last day of consolidated fiscal year. Resultant gains and losses on such translation are recognized in the statements of income. In this connection, assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rates on the last day of fiscal year of each subsidiary while revenue and expense accounts are converted into Japanese yen at the average exchange rates during period. Resultant gains and losses on such translation are included in the accounts of foreign currency translation adjustments and minority interests in net assets.

b. Accounting for hedging

Deferral hedge accounting is applied. For the purpose of hedging foreign-exchange risk, the Company adopted “furiate-shori” i.e. appropriation, in which, in the case of foreign currency forward contracts, the hedged items are translated at contracted forward rates if certain conditions are met.

c. Accounting for consumption taxes

Consumption tax and similar taxes are excluded from all items in the consolidated statements of income.

(5) Valuation method of assets and liabilities of overseas subsidiaries

All assets and liabilities of overseas subsidiaries are reported at fair value.

(6) Amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized over five years using the straight-line method.

(7) Changes in the Basis for Preparation of Consolidated Financial Statements

a. Application of “Financial Accounting Standard for Inventory Valuation”

The “Financial Accounting Standard for Inventory Valuation” (announced in ASBJ Statement No. 9 issued on July 5, 2006) is applied in the current consolidated fiscal year.

As a result, operating income and ordinary income decreased 101,252 thousand yen each while net income before income taxes and minority interests decreased 142,525 thousand yen.

b. Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

The “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18 issued on May 17, 2006) is applied in the current consolidated fiscal year, and necessary adjustments for consolidated accounting are made.

In this connection, the resultant impact on net assets, gains and losses is minor.

c. Application of “Accounting Standard for Lease Transactions”

The “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 issued on June 17 1993, First Subcommittee of the Business Accounting Council, and revised on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 issued on January 18, 1994, Accounting System Committee at JICPA, and revised on March 30, 2007) are applied in the current consolidated fiscal year. As a result, non-ownership transfer finance lease transactions, which were traditionally subject to the accounting conforming to the method for lease transactions, are now subject to the accounting conforming to the method for ordinary sales transactions.

The non-ownership transfer finance lease transactions whose lease transaction start date is before the commencement of the first year of the application remain subject to the accounting conforming to the method for ordinary lease transactions.

There is no resultant impact on gains and losses.

## (8) Changes in indication of consolidated balance sheets

The “inventories” account used in the previous consolidated fiscal year is divided into “merchandise and finished goods,” “work in progress” and “raw materials and supplies” in the current consolidated fiscal year. For reference, “merchandise and finished goods,” “work in progress” and “raw materials and supplies” contained in the “inventories” account of the previous consolidated fiscal year were 346,383 thousand yen, 23,347 thousand yen, and 560,668 thousand yen, respectively.

With respect to the accounts of “prepaid expenses,” “accounts receivable – other,” “long-term prepaid expenses,” “insurance reserve fund,” “bad debts,” “accrued expenses,” “deferred tax liabilities on revaluation” and “negative goodwill,” which were individually indicated in the preceding consolidated fiscal years, their monetary values became insignificant, and therefore they are included in the relevant “others” accounts. For reference, these “others” accounts for this current consolidated fiscal year contain the following amounts: “prepaid expenses” of 679,139 thousand yen, “accounts receivable – other” of 41,255 thousand yen, “long-term prepaid expenses” of 119,832 thousand yen, “insurance reserve fund” of 18,596 thousand yen, “bad debts” of 651 thousand yen, “accrued expenses” of 854,879 thousand yen, “deferred tax liabilities on revaluation” of 25,072 thousand yen, and “negative goodwill” of 30,164 thousand yen.

## 2. Notes to Consolidated Balance Sheets

### (1) Pledged assets

Buildings and structures:	63,353 thousand yen
Land:	636,872 thousand yen
<hr/>	
Total:	700,226 thousand yen

The above property is pledged for the long-term bank loans (including the current portion) of 400,000 thousand yen.

### (2) Accumulated depreciation of tangible fixed assets: 7,136,631 thousand yen

This accumulated depreciation includes impairment loss.

### (3) The Company revaluates its business-use land in accordance with the “Act on Land Revaluation” (Act No. 34 published on March 31, 1998) and revaluation difference, net of income tax, is presented as a component of net assets.

Revaluation method: Based on the appraisal value used for calculation of land price taxes as specified by Article 2, Item 4 of the “Enforcement Regulations of the Act on Land Revaluation” (Ordinance No. 119 published on March 31, 1998)

Date of revaluation: March 31, 2002

Difference between fair value at the end of the current consolidated fiscal year and book value after revaluation: 14,403 thousand yen

## 3. Notes to Consolidated Statements of Changes in Net Assets

### (1) The number of shares issued

Class of shares	Shares at the end of the previous consolidated fiscal year	Increase in shares during the current consolidated fiscal year	Decrease in shares during the current consolidated fiscal year	Shares at the end of the current consolidated fiscal year
Common stock	9,909,400	-	-	9,909,400

Note: Increase in the number of shares issued is due to issue of new shares upon exercise of stock acquisition rights.

### (2) The number of shares of treasury stock

Class of shares	Shares at the end of the previous consolidated fiscal year	Increase in shares during the current consolidated fiscal year	Decrease in shares during the current consolidated fiscal year	Shares at the end of the current consolidated fiscal year
Common stock	124	53	-	177

(3) Dividends distributed from retained earnings

[1] Amount and other information on dividends paid

a. Dividend information resolved in the 44<sup>th</sup> Ordinary General Meeting of Shareholders held on June 27, 2008

- Total amount of the dividend: 148,639 thousand yen
- Dividend amount per share: 15 yen
- Record date: March 31, 2008
- Effective date: June 30, 2008

b. Dividend resolved at the meeting of the Board of Directors held on November 7, 2008

- Total amount of the dividend: 148,639 thousand yen
- Dividend amount per share: 15 yen
- Record date: September 30, 2008
- Effective date: December 2, 2008

[2] Dividend for which the record date belongs to the current consolidated fiscal year but the effective date is in the following year

The following issues are on the agenda in the 45<sup>th</sup> Ordinary General Meeting of Shareholders held on June 26, 2009.

- Total amount of the dividend: 148,638 thousand yen
- Dividend amount per share: 15 yen
- Record date: March 31, 2009
- Effective date: June 29, 2009

Please note that retained earnings is expected to be used as dividend resource.

(4) Matters on stock acquisition rights as of the end of the current consolidated fiscal year

	Resolution in the Ordinary General Meeting of Shareholders on June 29, 2004
Class of shares	Common stock
Number of shares	250,000
Amount to be paid per share upon exercise of the rights	2,703 yen
Exercise period of stock acquisition rights	August 1, 2006 to July 31, 2009

#### 4. Notes to Retirement and Pension Plans

##### (1) Outline of Retirement and Pension Plans

The Company and certain domestic subsidiaries have non-contributory funded and unfunded defined benefit retirement plans for domestic employees. For employees of the Company's overseas branches, the Company provides defined contribution retirement plans. Certain overseas subsidiaries also have employees' defined benefit retirement plans.

##### (2) Projected benefit obligation

Projected benefit obligation	△836,550 thousand yen
Fair value of Plan assets	<u>537,876 thousand yen</u>
Net	△298,674 thousand yen
Unrecognized actuarial loss	<u>218,903 thousand yen</u>
Net amount in the consolidated balance sheets	△79,771 thousand yen
Prepaid pension cost	<u>49,347 thousand yen</u>
Benefit obligation at the end of year	<u>△129,119 thousand yen</u>

(Note) Prepaid pension cost is included in the "Other" account under investments and other assets.

##### (3) Benefit costs

Service cost	88,033 thousand yen
Interest cost	9,203 thousand yen
Expected return on plan assets	△11,717 thousand yen
Recognized actuarial loss	<u>△460 thousand yen</u>
Retirement benefit expense	85,058 thousand yen
Pension premiums for defined contribution pension plan	<u>3,995 thousand yen</u>
Net periodic benefit costs	<u>89,054 thousand yen</u>

##### (4) Basis and assumption

[1] Method of the periodical allocation of the cost of the estimated payment amount of the retirement benefit	Fixed amount for the applicable term
[2] Discount rate	1.5%
[3] Expected rate of return on plan assets	2.0%
[4] Recognition period of actuarial gain/loss fiscal year of the occurrence	5 years following the consolidated

#### 5. Notes to Per-share Information

(1) Net assets per share	1,467.76 yen
(2) Net income per share	117.64 yen

6. Amounts are rounded down to the nearest thousand.

## Non-consolidated Balance Sheets

(As of March 31, 2009)

(Unit : Thousands of Yen)

Accounts	Amount	Accounts	Amount
(Assets)		(Liabilities)	
Current assets	4,013,870	Current liabilities	5,822,174
Cash and deposits	1,134,773	Trade accounts payable	1,120,119
Trade accounts receivable	1,040,785	Short-term bank loans	1,316,991
Products and goods	172,855	Current portion of long-term bank loans	363,200
Raw materials and supplies	57,107	Lease obligations	13,257
Prepaid expenses	228,020	Accounts payable - other	623,845
Deferred tax assets	377,920	Accrued expenses	201,290
Short-term loans receivable	557,163	Income tax payable	39,125
Accounts receivable - other	214,569	Advances received	1,729,049
Other	421,317	Deposits received	18,347
Allowance for doubtful accounts	△190,644	Accrued bonus	370,902
Fixed assets	14,517,817	Others	26,045
Tangible fixed assets	7,068,566	Fixed liabilities	473,984
Rental costume	91,079	Long-term bank loans	386,800
Buildings	4,280,622	Lease obligations	41,912
Structures	94,240	Long-term accounts payable	25,072
Vehicles and delivery equipment	23,343	Allowance for retirement benefits	20,200
Furniture and fixtures	757,066		
Land	1,750,451	<b>Total liabilities</b>	<b>6,296,158</b>
Construction in progress	71,763	(Net assets)	
Intangible fixed assets	453,701	Shareholders' equity	13,097,999
Telephone rights	26,927	Capital stock	4,176,372
Utility rights	207	Capital surplus	4,038,172
Software	426,567	Capital reserve	4,038,172
Investments and other assets	6,995,550	Retained earnings	4,883,819
Investment securities	192,287	Other retained earnings	4,883,819
Affiliated companies' stocks	1,323,497	Reserve for dividends	750,000
Investments in equity of affiliated companies	1,423,216	General reserve	1,910,000
Long-term loans receivable	511,316	Retained earnings carried forward	2,223,819
Long-term prepaid expenses	71,266	Treasury stock	△364
Deferred tax assets	363,050	Revaluation and translation adjustments	△862,469
Guarantee deposits	3,198,911	Unrealized gain on available-for-sale securities	14,691
Insurance reserve fund	18,596	Deferred gain on hedge	28,977
Bad debts	651	Land revaluation difference	△906,139
Other	85,425		
Allowance for doubtful accounts	△192,669	<b>Total net assets</b>	<b>12,235,529</b>
<b>Total assets</b>	<b>18,531,688</b>	<b>Total liabilities and net assets</b>	<b>18,531,688</b>

## Non-consolidated Statements of Income

(April 1, 2008 to March 31, 2009)

(Unit : Thousands of Yen)

Accounts	Amount	
Net sales		20,988,785
Cost of Sales		10,619,610
Gross profit		10,369,174
Selling, general & administrative expenses		8,950,421
Operating income		1,418,753
Non-operating income		
Interest and dividends received	259,175	
Other income	50,370	309,545
Non-operating expenses		
Interest paid	27,476	
Other expenses	55,205	82,682
Ordinary income		1,645,616
Extraordinary losses		
Loss on sale and disposal of fixed assets	87,549	
Transfer to allowance for doubtful accounts	130,943	
Loss on valuation of investments in stocks of affiliated companies	139,329	
Loss on liquidation of facilities and stores	84,668	
Others	71,713	514,204
Income before income taxes and minority interests		1,131,411
Income taxes - current	143,428	
Income taxes - deferred	254,317	397,745
Net income		733,665

**Non-consolidated Statements of Changes in Net Assets**  
(April 1, 2008 to March 31, 2009)

(Unit : Thousands of Yen)

	Shareholder's equity							Treasury stock	Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings				Total retained earnings		
		Capital reserve	Other retained earnings						
			Reserve for dividends	General reserve	Retained earnings carried forward				
Balance as of March 31, 2008	4,176,372	4,038,172	750,000	1,910,000	1,795,220	4,455,220	△308	12,669,455	
Changes during the fiscal year									
Dividends					△297,278	△297,278		△297,278	
Net income					733,665	733,665		733,665	
Repurchase of stock							△56	△56	
Reversal of land revaluation difference					△7,788	△7,788		△7,788	
Net changes in accounts other than shareholders' equity during the fiscal year									
Total changes during the fiscal year	-	-	-	-	428,599	428,599	△56	428,543	
Balance as of March 31, 2009	4,176,372	4,038,172	750,000	1,910,000	2,223,819	4,883,819	△364	13,097,999	

	Revaluation and translations adjustments				Total net assets
	Unrealized gain on available-for-sale securities	Deferred gain on hedge	Land revaluation difference	Total revaluation and translation adjustments	
Balance as of March 31, 2008	69,817	△33,918	△913,927	△878,028	11,791,427
Changes during the fiscal year					
Dividends					△297,278
Net income					733,665
Repurchase of stock					△56
Reversal of land revaluation difference					△7,788
Net changes in accounts other than shareholders' equity during the fiscal year	△55,125	62,896	7,788	15,558	15,558
Total changes during the fiscal year	△55,125	62,896	7,788	15,558	444,101
Balance as of March 31, 2009	14,691	28,977	△906,139	△862,469	12,235,529



## Notes to Non-consolidated Financial Statements

### 1. Principal Accounting Policies

#### (1) Valuation basis and method for assets

[1] Investment in affiliates            Cost method based on the moving-average method

[2] Other securities:

- With market value:            Market value method based on the market price, etc. at the balance sheet date. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets. The cost of other securities sold is computed based on the moving average method.

- Without market value:        Cost method based on the moving average method.

[3] Derivative instruments:        Market value method.

[4] Inventories:

- Merchandise and finished goods

Cost method based on the gross average method (The amount for the balance sheets was calculated by write-down due to decreased profitability)

- Raw materials and supplies

Last purchase method

#### (2) Depreciation/amortization method for fixed assets

[1] Tangible fixed assets (except lease assets)

- Domestic assets:

Rental costume:

Straight-line method

Buildings:

Declining-balance method

However, for the buildings (except for annexed facilities) obtained after April 1, 1998, straight-line method is adopted.

Furniture and fixtures:

Straight-line method

Structures:

Declining-balance method

Vehicles and delivery equipment:

Declining-balance method

- Foreign assets:

Straight-line method

The principal estimated useful lives are:

Rental Costume	2 years
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Buildings	5-47 years
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Furniture and fixtures	2-20 years
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[2] Intangible fixed assets:        Straight-line method

Capitalized software for internal use is amortized over the estimated useful life in the company (5 years).

[3] Lease assets

The Company adopted the straight-line method where the lease term and residual value are useful life and zero, respectively. The non-ownership transfer finance lease transactions whose lease transaction start date is before March 31, 2008 are subject to the accounting conforming to the method for ordinary lease transactions.

[4] Long-term prepaid expenses:    Equal amortization

#### (3) Accounting for allowances and accruals

[1] Allowance for doubtful accounts:

Allowances for doubtful accounts are estimated based on the actual past ratio of losses on bad debts.

Certain allowances are provided based on estimates of uncollectible amounts based on analysis of certain individual receivables.

[2] Accrued bonuses:

Accrued bonuses are provided based upon amounts expected to be paid in accordance with the subjected term.

[3] Allowance for retirement benefits: The allowance for retirement benefits is recognized based on projected retirement benefit obligations and plan assets at the balance sheets date.  
Actuarial gains or losses are amortized over the term (5 years) which is within estimated average remaining service period of employees using the straight-line method following the year incurred.

(4) Accounting for hedging

Deferral hedge accounting is applied. For the purpose of hedging foreign-exchange risk, the Company adopted “furiate-shori” i.e. appropriation, in which, in the case of foreign currency forward contracts, the hedged items are translated at contracted forward rates if certain conditions are met.

(5) Other basic matters for preparation of non-consolidated financial statements

Consumption tax and similar taxes: Consumption tax and similar taxes are excluded from all items in the non-consolidated statements of income.

(6) Changes in accounting policies

a. Application of “Financial Accounting Standard for Inventory Valuation”

The “Financial Accounting Standard for Inventory Valuation” (announced in ASBJ Statement No. 9 issued on July 5, 2006) is applied in the current fiscal year.

The resultant impact on gains and losses is minor.

b. Application of “Accounting Standard for Lease Transactions”

The “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 issued on June 17 1993, First Subcommittee of the Business Accounting Council, and revised on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 issued on January 18, 1994, Accounting System Committee at JICPA, and revised on March 30, 2007) are applied in the current fiscal year. As a result, non-ownership transfer finance lease transactions, which were traditionally subject to the accounting conforming to the method for lease transactions, are now subject to the accounting conforming to the method for ordinary sales transactions.

The non-ownership transfer finance lease transactions whose lease transaction start date is before the commencement of the first year of the application remain subject to the accounting conforming to the method for ordinary lease transactions.

There is no resultant impact on gains and losses

(7) Changes in indication of balance sheets

In the current fiscal year, the “merchandise” and “supplies” accounts used in the previous fiscal year are changed to “merchandise and finished goods” and “raw materials and supplies,” respectively.

2. Notes to Non-consolidated Balance Sheets

(1) Pledged assets

Buildings:	63,353 thousand yen
Land:	636,872 thousand yen
<hr/>	
Total:	700,226 thousand yen

The above property is pledged for the long-term bank loans payable (including the current portion) of 400,000 thousand yen.

(2) Accumulated depreciation of tangible fixed assets: 4,855,297 thousand yen

This accumulated depreciation includes impairment loss.

(3) The Company revaluates its business-use land in accordance with the “Act on Land Revaluation” (Act No. 34 published on March 31, 1998) and revaluation difference, net of income tax, is presented as a component of net assets.

Revaluation method: Based on the appraisal value used for calculation of land price taxes as specified by Article 2, Item 4 of the “Enforcement Regulations of the Act on Land Revaluation” (Ordinance No. 119 published on March 31, 1998)

Date of revaluation: March 31, 2002

Difference between fair value at the end of the fiscal year and book value after revaluation: 14,403 thousand yen

(4) Guarantee liabilities

Debt guarantee is made for affiliated company loans payable to financial institutions.

Watabe Wedding (Shanghai) Co., Ltd.: 116,640 thousand yen

(5) Monetary receivables from and payables with affiliated companies

[1] Short-term receivables: 1,167,002 thousand yen  
 [2] Long-term receivables: 496,155 thousand yen  
 [3] Short-term payables: 987,431 thousand yen

3. Notes on the Non-consolidated Statements of Income

Transactions with affiliated companies

[1] Sales: 731,380 thousand yen  
 [2] Purchase: 6,294,749 thousand yen  
 [3] Selling, general & administrative expenses: 138,505 thousand yen  
 [4] Non-operating income and expenses: 53,079 thousand yen

4. Notes to Non-consolidated Statements of Changes in Net Assets

The number of shares of treasury stock

Class of shares	Shares at the end of the previous fiscal year	Increase in shares during the current fiscal year	Decrease in shares during the current fiscal year	Shares at the end of the current fiscal year
Common stock	124	53	-	177

5. Tax Effect Accounting

(1) Deferred tax assets and deferred tax liabilities

<u>Current assets and liabilities</u>	(Thousands of yen)	<u>Fixed assets and liabilities</u>	(Thousands of yen)
Inventories	30,681	Tangible fixed assets	165,077
Allowance for doubtful accounts	76,198	Intangible fixed assets	10,960
Accounts payable – other	44,817	Investment in securities	9,903
Accrued expenses	35,914	Affiliated companies' stocks and investments in equity	189,689
Accrued enterprise tax	1,964	Allowance for doubtful accounts	37,092
Allowance for bonus	152,069	Other	2,547
Foreign tax credit carried forward	60,532	Total deferred tax assets	415,270
Other	<u>27,171</u>	Unrealized gain on available-for-sale securities	10,209
Subtotal deferred tax assets	429,349	Prepaid pension cost	20,232
Valuation allowance	<u>△12,300</u>	Other	<u>21,778</u>
Total deferred tax assets	417,049	Total deferred tax liabilities	<u>52,220</u>
Total deferred tax liabilities	<u>39,129</u>	Net deferred tax assets	<u>363,050</u>
Net deferred tax assets	<u>377,920</u>		

(2) Reconciliation between the statutory effective tax rate and the company's actual effective tax rate

Statutory effective tax rate	41.0%
(Reconciliation)	
Expense not deductible for income tax purpose	△4.2%
Per capita portion of inhabitant tax	4.0%
Lower income tax rates applicable to overseas branches	△1.6%
Foreign tax credit	△3.1%
Other	△0.9%
Actual effective tax rate	<u>35.2%</u>

6. Notes to Fixed Assets Used by Lease

(1) As of the end of the current fiscal year, the acquisition cost equivalent, accumulated depreciation equivalent and balance at term end

(Unit : Thousands of Yen)

	Acquisition cost equivalent	Accumulated depreciation equivalent	Balance at the end of current fiscal year
Buildings	541,200	112,750	428,450
Vehicles and delivery equipment	7,188	6,349	838
Total	548,388	119,099	429,288

(2) Prepaid lease payment as of the end of the current fiscal year

One year or less:	27,898 thousand yen
<u>Over one year:</u>	<u>401,390 thousand yen</u>
Total	429,288 thousand yen

(3) Other significant matters associated with the relevant leased property

Not applicable.

7. Notes to Transactions with Related Parties

(1) Officers and principal individual shareholders

Attribute	Company name	Percentage of owned voting rights (%)	Description of the relationship		Description of transaction	Transaction amount (Thousand yen)	Account	Balance at the end of current fiscal year (Thousand yen)
			Concurrent offices of officers	Business relationship				
Company (including its subsidiary), a majority of whose voting rights are owned by a officer or his/her close relative	K.K. Jusen (Note 1)	Direct 20.23	-	Office lease	Building lease (Note 2)	78,760	-	-
					Deposit a guarantee	6,500	Guarantee deposits	51,500

- Notes:
1. The Company's Representative Director and Director directly own 100% of its voting rights.
  2. It is used as the head office and its rent is determined based on the appraisal by real-estate appraiser by considering prevailing transactions in the neighborhood.
  3. Consumption taxes are not included in the values indicated above

## (2) Subsidiaries

Attribute	Company name	Percentage of owning voting rights (%)	Description of the relationship		Description of transaction	Transaction amount (Thousand yen)	Account	Balance at the end of current fiscal year (Thousand yen)
			Concurrent offices of officers	Business relationship				
Subsidiary	K.K. Meguro Gajoen	100.0	2 officers holding concurrent offices	Sales of the subsidiary's domestic wedding packages	Bank loan	250,000	Short-term bank loans	250,000
	Watabe Enterprise Corporation	100.0	3 officers holding concurrent offices	Sales of the subsidiary's domestic wedding packages	Loan receivable	250,000	Short-term loan receivable	250,000
	Watabe Wedding Vietnam Co., Ltd.	100.0	2 officers holding concurrent offices	Purchase of wedding dresses	Loan receivable	-	Short-term loan receivable	63,469
							Long-term loan receivable	276,026

- Notes: 1. Interest rates are reasonably determined in view of market interest rates.  
2. For the loans receivable indicated above, the Company set aside the allowance for doubtful accounts of 95,500 thousand yen and recorded the same amount as transfer to allowance for doubtful accounts.

## 8. Notes to Per-share Information

(1) Net assets per share	1,234.76 yen
(2) Net income per share	74.04 yen

9. Amounts are rounded down to the nearest thousand.

## Reference Material on the General Meeting of Shareholders

### Proposal No.1: Appropriation of Retained Earnings

The Company wishes to appropriate retained earnings as indicated below.

#### Details of the year-end dividend

Recognizing the fact that distribution of profits to shareholders is a major business management issue, the Company's basic policy is distribution of profits within the amount available for distribution, for which the target payout ratio is set at 20% to consolidated net income of current fiscal year. Factors such as the consolidated business performance for each fiscal year, improvement in financial strength and the Group's future business strategies are taken into account here.

The Company proposes that the year-end dividend for the current fiscal year be as originally planned, considering some elements including the business performance of the year and the maintenance of stable dividend. In a long-term perspective, the Company intends to utilize internal reserve for investment in business fields that show growth potential and profitability as well as in streamlining and revitalization of existing business categories.

(1) Type of asset distributed as dividend:

Cash

(2) Allocation of the asset distributed as dividend and the total amount thereof:

15 yen per share of the Company's common stock, and 148,638,345 yen in total

Please note that the annual dividends amount to 30 yen per share including 15 yen per share for the interim dividend, which is already paid.

(3) Effective date of dividend distribution from retained earnings:

June 29, 2009

Proposal No.2: Partial Amendments to Articles of Incorporation

1. Reason of Amendments

- (1) With the implementation of the “Act Revising Part of the Act on Transfer of Bonds and Other Securities for the Purpose of Rationalization of Settlement Procedures in Stocks and Other Securities Transactions” (Act No. 88, 2004; hereinafter referred to as “Settlement Rationalization Act”) on January 5, 2009, shares of listed companies became subject to general transfer to the book-entry system for stocks (so-called dematerialization of share certificates).  
 In response, the Company will make necessary amendments such as removal of the unnecessary provisions related to share certificates, beneficial owners and the beneficial owner list in the Articles of Incorporation. As the registry of lost share certificates shall be created and maintained before one-year lapses from the day after the date of implementation of the Settlement Rationalization Act, the Company will establish necessary clauses in the Supplementary Provisions.  
 With respect to Article 7 (Issuance of Share Certificates), the Company is deemed to have adopted a resolution of the amendment to the Articles of Incorporation to eliminate the provisions on the date of implementation of the Settlement Rationalization Act or January 5, 2009 pursuant to Paragraph 1, Article 6 of the Supplementary Provisions to the said act.
- (2) The Company will add business purposes to Article 2 of the current Articles of Incorporation in order to clearly indicate its businesses according to present conditions of the Company and respond to the diversified businesses.
- (3) In consideration of the diffusion of the Internet, and for the purposes of improving convenience and rationalize the procedures for public notice, the Company will change its current public notice method through The Nihon Keizai Shimbun to electronic public notice and also will stipulate a measure for the case where the electronic public notice is not available for an unavoidable reason.

2. Details of Amendments

Details of the amendments are as follows.

(Changes are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Purpose)                      Article 2 The purpose of the Company shall be to run the following businesses:                      Paragraphs (1) to (20) (Text omitted)                      (Newly established)                      (21) Any business incidental or related to the preceding paragraphs</p>	<p>(Purpose)                      Article 2 The purpose of the Company shall be to run the following businesses:                      Paragraphs (1) to (20) (Unchanged)  <u>(21) Lease of real estate</u>                      (22) Any business incidental or related to the preceding paragraphs</p>
<p>(Method of Public Notice)                      Article 5 The Company’s public notice shall be <u>given</u> through The Nihon Keizai Shimbun.</p>	<p>(Method of Public Notice)                      Article 5 The Company’s <u>method of public notice shall be electronic public notice, provided, however, that if public notice is not available for an accident or any other unavoidable reason, shall be the method</u> through The Nihon Keizai Shimbun.</p>
<p><u>(Issuance of Share Certificates)</u>  <u>Article 7 The Company shall issue certificates for shares.</u></p>	<p><u>(Removed)</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Stock Trade Unit <u>and No Issuance of Certificates for Shares Less than One Stock Trade Unit</u>)  Article <u>8</u> The Company’s stock trade unit shall be 100 shares.  <u>2. Notwithstanding the preceding article, the Company shall not issue certificates for shares less than one stock trade unit unless otherwise stipulated in the Share Handling Regulations.</u></p>	<p>(Stock Trade Unit)  Article <u>7</u> The Company’s stock trade unit shall be 100 shares.  (Removed)</p>
<p>(Share Repurchase)  Article <u>9</u> The Company may repurchase its own shares by a resolution of the Board of Directors through market transactions pursuant to Paragraph 2, Article 165 of the Companies Act.</p>	<p>(Share Repurchase)  Article <u>8</u> (Text unchanged)</p>
<p>(Rights Associated with Shares Less than One Stock Trade Unit)  Article <u>10</u> In regard to their owned shares less than one stock trade unit, shareholders of the Company <u>(here and hereinafter, including beneficial owners)</u> are not entitled to exercise any rights other than those listed below.  (1) Rights set forth in the subparagraphs of Paragraph 2, Article 189, Companies Act.  (2) Claim right pursuant to Paragraph 1, Article 166, Companies Act.  (3) Right to the offered shares and stock acquisition rights allotted according to the number of shares owned by the relevant shareholder.</p>	<p>(Rights Associated with Shares Less than One Stock Trade Unit)  Article <u>9</u> In regard to their owned shares less than one stock trade unit, shareholders of the Company are not entitled to exercise any rights other than those listed below.  (1) Rights set forth in the subparagraphs of Paragraph 2, Article 189, Companies Act.  (2) Claim right pursuant to Paragraph 1, Article 166, Companies Act.  (3) Right to the offered shares and stock acquisition rights allotted according to the number of shares owned by the relevant shareholder.</p>
<p>(Share Handling Regulations)  Article <u>11</u> The handling services and fees related to the Company’s shares shall be governed by laws and the Articles of Incorporation as well as by the Share Handling Regulations established by the Board of Directors.</p>	<p>(Share Handling Regulations)  Article <u>10</u> (Text unchanged)</p>
<p>(Manager of Shareholder List)  Article <u>12</u> The Company shall have a manager of the shareholder list.  2. The manager of the shareholder list and its administrative office shall be assigned by a resolution of the Board of Directors and the public notice thereof shall be given.  3. The Company shall delegate to the manager of the shareholder list the preparation and maintenance of the shareholder list <u>(here and hereinafter, including the beneficial owner list)</u>, registry of stock acquisition rights <u>and registry of lost share certificates</u> as well as other administrative work related to the shareholder list, registry of stock acquisition rights <u>and registry of lost share certificates</u>, and shall not be engaged in such work on its own.</p>	<p>(Manager of Shareholder List)  Article <u>11</u> The Company shall have a manager of the shareholder list.  2. The manager of the shareholder list and its administrative office shall be assigned by a resolution of the Board of Directors and the public notice thereof shall be given.  3. The Company shall delegate to the manager of the shareholder list the preparation and maintenance of the shareholder list <u>and</u> registry of stock acquisition rights as well as other administrative work related to the shareholder list <u>and</u> registry of stock acquisition rights, and shall not be engaged in such work on its own.</p>



Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p data-bbox="807 192 1445 248">(The following article numbers are brought forward)</p> <p data-bbox="807 293 1107 327"><u>Supplementary Provisions</u></p> <p data-bbox="807 360 1445 573"><u>Article 1</u> <u>The Company shall delegate to the manager of the shareholder list the preparation, maintenance of the registry of lost share certificates as well as other administrative work related to the registry of lost share certificates, and shall not be engaged in such work on its own.</u></p> <p data-bbox="807 584 1445 707"><u>Article 2</u> <u>Articles 1 and 2 of the Supplementary Provisions shall be effective until January 5, 2010, and as of January 6, 2010, these articles shall be removed.</u></p>

Proposal No.3: Election of 3 Corporate Auditors

Term of office of three Corporate Auditors, Hisashi Iwasaki, Toshio Fujimoto and Masashi Kudo expires at the closure of this annual meeting. Accordingly, the Company proposes election of three Corporate Auditors including two Outside Corporate Auditors.

The Board of Corporate Auditors has agreed to this proposal.

The nominees are as follows.

Nominee No.	Name (Date of Birth)	Primary Position and Profile (Current Title at Other Companies)	Shares of the Company Held by the Candidate
1	Hisashi Iwasaki (July 30, 1942)	<p>June 2005-present <u>Watabe Wedding Corporation</u> Corporate Auditor of the Company</p> <p>June 2003 Chairman &amp; Representative Director, Kyoto Guaranty Service Co., Ltd.</p> <p>October 1999 Managing Director, Bank of Kyoto</p> <p>June 1996 General Manager, Administration Division &amp; Director, Bank of Kyoto</p> <p>June 1994 General Manager, Sanjo Branch &amp; Director, Bank of Kyoto.</p> <p>April 1961 Joined Bank of Kyoto, Ltd.</p>	500 shares
2	Toshio Fujimoto (August 16, 1942)	<p>June 2005-present <u>Watabe Wedding Corporation</u> Corporate Auditor of the Company</p> <p>June 2004 Director, Director of Executive Office</p> <p>June 2002 Deputy Division Director, Administration Division &amp; Director</p> <p>March 2001 Deputy Division Director, Administration Division &amp; Executive Officer</p> <p>June 2000 General Manager, Human Resources and General Affairs Department &amp; Executive Officer</p> <p>November 1999 Joined the Company</p>	7,200 shares
*3	Kenji Shiraishi (May 11, 1942)	<p>April 2004-present Professor of Doshisha Business School</p> <p>April 2002 Professor of School of Business Administration, Kansei Gakuin</p> <p>March 2002 Corporate Auditor of Matsushita-Kotobuki Electronics Industries Ltd. (now Panasonic Shikoku Electronics Co., Ltd.)</p> <p>November 1994 General Manager of Audit Office, Matsushita</p> <p>April 1966 Joined Matsushita Electric Industrial Co., Ltd (now Panasonic Corporation)</p>	0

- (Notes)
1. These nominees have no particular interest in the Company.
  2. Nominees with an asterisk are potential new Directors.
  3. Hisashi Iwasaki and Kenji Shiraishi are nominees for Outside Corporate Auditors.
  4. Special remarks on nominees for Outside Corporate Auditors are as follows:
    - (1) Reason of selection

Hisashi Iwasaki is selected as Outside Corporate Auditor because he is expected to carry out audits to ensure lawful and appropriate execution in the general business of the Company by taking advantage of his years of experience as a business manager.

Kenji Shiraishi is selected as Outside Corporate Auditor because he, well-versed in corporate governance and corporate accounting, is expected to reflect his broad knowledge and considerable experience in the audit of the Company.
    - (2) Length of the nominee's service from his first assumption of office as an Outside Corporate Auditor

The term of office of Hisashi Iwasaki will be 4 years at the close of this annual meeting of shareholders.
    - (3) Limited Liability Agreement Entered into with Outside Corporate Auditors

In order to secure competent human resources as Outside Corporate Auditors, the Company's Articles of Incorporation set forth that the Company may enter into an agreement with Outside Corporate Auditors to limit their liability for damages to the Company to a certain range. Pursuant to this provision, the nominee, Hisashi Iwasaki, has entered into such a limited liability agreement with the Company. If his reappointment is approved, such limited liability agreement will be renewed. And the Company intends to enter into such limited liability agreement with Kenji Shiraishi if his appointment is approved.

[The outline of the agreement is as follows.]

If Outside Corporate Auditors are liable to the Company for any damage attributable to their failure of duties, their liability will be limited to the minimum amount set forth in Paragraph 1, Article 427 of the Companies Act.