(Securities code: 4696)
June 7, 2012

To Our Shareholders

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

NOTICE OF THE 48th ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Notice is hereby given that the 48th Annual Meeting of Shareholders 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 do so, please refer to the documents below, indicate your approval or disapproval for the items on the agenda using the enclosed Exercise of Voting Rights Form, and return it to the Company by 5 p.m. on Wednesday, June 27, 2012.

Notice of Meeting

1. **Date:** Thursday, June 28, 2012, at 10 a.m.
2. **Place:** 676-13 Higashi-shiokoji-cho, Nanajo-sagaru, Higashino-toin-dori, Shimogyo-ku, Kyoto-shi, Kyoto
   Mielparque-Kyoto: Conference Room C on the Sixth Floor
3. **Purposes**
   Items to Be Reported:
   1. Report on the contents of the business report and consolidated financial statements, and on the results of the accounting auditor and Board of Corporate Auditors' audit of the consolidated financial statements, for the 48th fiscal year (from April 1, 2011 to March 31, 2012)
   2. Report on the contents of the non-consolidated financial statements for the 48th fiscal year (from April 1, 2011 to March 31, 2012)

   Items to Be Resolved:
   Proposal 1: Appropriation of Retained Earnings
   Proposal 2: Election of Five Directors
   Proposal 3: Election of One Corporate Auditor

- If you attend, please submit the enclosed Exercise of Voting Rights Form to the receptionist at the Conference Room on the day of the Meeting.
- In case of any alterations in the reference documents, business report, non-consolidated financial statements, or consolidated financial statements for the Meeting, the changes will be posted on the Company's website (http://www.watabe-wedding.co.jp/corporate/ir/stockholder/info/).

Business Report

(April 1, 2011 to March 31, 2012)

1. Present Status of the Group

(1) Operational Conditions in the Consolidated Fiscal Year under Review

[1] Progress and Accomplishments of Operations

During the fiscal year ended March 31, 2012, Japan’s economy remained uncertain affected by such negative phenomena as sluggish stock prices and the financial crisis in Europe although there were several signs of a gradual recovery from the economic downturn due to the adverse effects of the Great East Japan Earthquake.

In the bridal industry, the number of marriage registrations in the fiscal year under review decreased 4.3% year on year to 670,000 couples (compared with 700,000 couples in the previous fiscal year), reflecting the trend of the declining birthrate and the physical and economic impact of the aforementioned earthquake.

Given these circumstances, the Watabe Wedding Group (the “Group”) aggressively addressed its business development by helping people truly feel the “Family ties, creating precious memory” through the provision of products and services in response to diversifying customer needs and its proposal-based consulting service to grasp personalized needs.

In the “resort weddings” business segment, we worked to create added value with a new wedding style called “Rizo-Kon (resort wedding),” in which the Japanese level of quality in hospitality is combined with one of the best Hawaiian locations, the Honu Kai Lani at Ko Olina Place of Welina wedding resort. In addition, we relocated and refurbished the former Omiya store as the OMIYA Sonic City store under the concept of “Making your wedding preparations while enjoying a resort atmosphere” in an effort to improve customer satisfaction so as to ensure customized hospitality for every customer. Furthermore, as a new development in the rapidly growing Asian markets, we started a new wedding service for local couples at the CHIJMES Hall, a cultural heritage in Singapore. Aggressive expansion of the Asian business led to our handling of more than 1,000 weddings throughout Asia.

In the “hotels and domestic weddings” business segment, we opened Villa di Grazia, the first independent chapel at the Meguro Gajoen wedding facility. With a main theme of “life-long ties,” we propose a new wedding style that offers a variety of dramatizing effects so as to communicate the sentiment of the deep gratitude of the couples getting married toward their guests. We also focused on the provision of locally based services, which included the reopening of the Mielparque-Sendai wedding facility that had been forced to temporarily suspend operations after the earthquake.

As a result of the above, net sales of the Group amounted to ¥48,929 million (down 3.2% year on year) because of a decrease in the number of weddings, whereas operating income stood at ¥1,241 million (down 10.4% year on year) and ordinary income was ¥1,423 million (up 5.8% year on year). Net income surged to ¥423 million (up 140.0% year on year).

Net sales by business segments are as follows.

(Unit: Millions of yen)

Business segment	Previous fiscal year (From April 1, 2010 to March 31, 2011)		Fiscal year under review (From April 1, 2011 to March 31, 2012)		Year-on-year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
Resort weddings	21,667	42.9	20,338	41.6	93.9
Hotels and domestic weddings	28,888	57.1	28,590	58.4	99.0
Total	50,555	100.0	48,929	100.0	96.8

[2] Capital Investment

During the fiscal year under review, the Company invested a total of ¥1,403 million.

In Japan, with regard to wedding facilities, we renovated Mielparque-Sendai and Mielparque-Yokohama and opened the first independent chapel at Meguro Gajoen, whereas for sales stores, we relocated and refurbished the former Omiya shop as the OMIYA Sonic City shop.

Overseas, we renovated Blue Aster, a wedding facility in Guam.

[3] Fund Raising

During the fiscal year under review, we procured ¥200 million in funds required by the Group, through borrowings from financial institutions. Also, to efficiently raise operating funds, the Company concluded loan commitment agreements with financial institutions with which it has transactions. Furthermore, the Company has signed term loan agreements with commitment periods with five banks with which it has transactions, based on loan syndication, with a view to steadily raising long-term investment funds. As of the end of the fiscal year under review, the amount of loans executed under the term loan agreements with commitment periods stood at ¥1,000 million.

(2) Changes in Assets and Operating Income over the Last Three Fiscal Years

(Unit: Millions of yen)

Item	The 45th business period Fiscal year ended	The 46th business period Fiscal year ended	The 47th business period Fiscal year ended	The 48th business period Fiscal year ended
Net sales	46,406	52,082	50,555	48,929
Ordinary income	2,790	1,892	1,345	1,423
Net income	1,165	773	176	423
Net income per share (yen)	117.64	78.03	17.83	42.79
Gross assets	25,663	25,864	25,075	25,575
Net assets	14,544	14,976	14,523	14,630
Net assets per share (yen)	1,467.76	1,510.94	1,465.17	1,472.16

(3) Principal Parent Company and Subsidiaries

[1] Relationship with the Parent Company

Not applicable.

[2] Principal Subsidiaries

Name	Capital Stock	Ownership percentage	Main Business
Watabe U.S.A., Inc.	US$ 2,234,000	100%	Operation of weddings, garment rental services
Watabe Guam, Inc.	US$ 700,000	100% (100%)	Operation of weddings, garment rental services
Watabe Wedding Vietnam Co., Ltd.	US$ 3,100,000	100%	Production and sale of wedding dresses
Watabe Wedding Article (Shanghai) Co., Ltd.	¥ 478 million	100%	Production of photo albums, etc.
Okinawa Watabe Wedding Corporation	¥ 50 million	100%	Operation of weddings, garment rental services
K.K. Meguro Gajoen	¥ 378 million	100%	Operation of weddings and accommodations
Mielparque Corporation	¥ 350 million	100%	Operation of weddings and accommodations

Note: The figure in the parentheses in the column of ownership percentage is indirect ownership percentage and is included in the figure above.

(4) Issues to be Addressed

In the bridal industry, customers have increasingly shifted to purpose-oriented weddings from those that have been often under the restraints of conventional culture, customs and/or tradition, thereby diversifying their needs for bridal events. In addition, some of our competitors have begun proposing innovative wedding styles. The bridal industry therefore is now in a time of change.

Given such operating circumstances, so as to become a corporate group that continues further growth, we will focus on promoting proposals on the “Family ties, creating precious memory.” Toward this goal, we intend to reinforce our mainstay resort wedding business and operate locally based wedding facilities in the hotel business to ensure the provision of excellent goods and services to quickly satisfy customer needs.

Meanwhile, we will improve profitability through a review of selling, general and administrative expenses centering on reducing fixed costs and converting them into variable costs, as well as by leveraging the original strengths of each Group company.

To carry out the above measures and win support from customers, hospitality-minded human resources that serve as the central pillar of each business are vital. While enhancing the capabilities of our human resources to provide employees with the abilities and expertise required of professional providers, we aim to establish a system capable of producing hospitality-minded human resources that support the further development of the Group, while taking into consideration the working environments for employees.

We look forward to the continued support of our shareholders.

(5) Principal Business Activities (as of March 31, 2012)

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

[2] Domestic wedding services, including operation of wedding facilities

[3] Production and sale of wedding dresses, wedding-related goods, etc.

[4] Rental services for wedding-related garment and formal wear for coming-of-age ceremonies, various kinds of parties, etc.

[5] Integrated garment and photography services combining beauty care, dressing, and studio portraits with garment

[6] Wedding-related services, including consultations for wedding halls in Japan, arranging wedding ceremonies, planning and directing wedding receptions, and bridal goods such as jewelry and gems

(6) Primary Business Sites (as of March 31, 2012)

[1] The Company

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

[2] Subsidiaries

Name	Location
Okinawa Watabe Wedding Corporation	Okinawa prefecture, Japan
K.K. Meguro Gajoen	Tokyo, Japan
Mielparque Corporation	Tokyo, Japan
Watabe Enterprise Corporation	Fukuoka prefecture, Japan
Watabe Family Club K.K.	Kyoto prefecture, Japan
Tsudoie Corporation	Gunma prefecture, Japan
Watabe U.S.A., Inc.	United States of America
Watabe Guam, Inc.	Guam (territory of the United States)
Watabe Saipan, Inc.	Saipan (Northern Mariana Islands)
Watabe Australia Pty. Ltd.	Australia
Watabe Europe S.A.R.L.	France
Watabe Wedding Vietnam Co., Ltd.	Vietnam
Watabe Wedding (Shanghai) Co., Ltd.	China
Watabe Wedding Article (Shanghai) Co., Ltd.	China
Shanghai Saison Tuxedo Co., Ltd.	China
Watabe Wedding HK Limited	Hong Kong
Watabe Wedding Taiwan Limited	Taiwan
GRACE WEDDING Taiwan, Inc.	Taiwan
PT. Watabe Bali	Indonesia
Watabe Singapore Pte. Ltd.	Singapore

(7) Employees (as of March 31, 2012)

[1] Employees of the Group

Number of employees	Change from the end of the previous fiscal year
2,446	Down 32

Note: The number of employees comprises employees at work, and does not include 890 temporary employees (annual average number).

[2] Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average length of service
553	Up 12	34.8	6.9 years

Note: The number of employees comprises employees at work, and does not include 351 temporary employees (annual average number).

(8) Primary Creditors (as of March 31, 2012)

Creditors	Balance of borrowings (Millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd	700
The Bank of Kyoto, Ltd	600
Mitsubishi UFJ Trust and Banking Corporation	300
Shiga Bank, Ltd.	300
Mizuho Bank, Ltd.	100
Sumitomo Mitsui Banking Corporation	100

2. Present Status

(1) Present Status of Stock (as of March 31, 2012)

[1] Number of authorized shares: 22,000,000
[2] Number of shares issued: 9,909,400
[3] Number of shareholders: 5,045
[4] Major shareholders (top ten)

Name of Shareholders	Number of shares owned (Shares)	Shareholding Ratio (%)
K.K. Jusen	2,105,400	21.24
Japan Trustee Services Bank, Ltd.	799,600	8.06
The Master Trust Bank of Japan, Ltd.	368,500	3.71
Watabe Wedding Employee Shareholder Association	336,400	3.39
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	300,000	3.02
The Bank of Kyoto, Ltd.	300,000	3.02
Trust & Custody Services Bank, Ltd.	290,000	2.92
The Chase Manhattan Bank N.A. London S.L. Omnibus Account	236,800	2.38
Shu Inc.	220,000	2.22
Watabe Wedding Customer Shareholder Association	215,200	2.17

Note: Shareholding ratios are calculated after subtracting the number of shares of treasury stock (309 shares) from the total number of shares.

(2) Company Directors

[1] Directors and Corporate Auditors (as of March 31, 2012)

Position	Name	Responsibility and major positions concurrently held
President & CEO	Hidetoshi Watabe	
Director	Hiroya Yamamoto	General Manager of Sales Division and General Manager of Costumes & Video Sales Division
Director	Yoshiharu Onaga	General Manager of Asian Operations Division
Director	Toshio Ochiai	
Director	Koichi Ikeda	Advisor to the Board, Asahi Group Holdings, Ltd. Outside Director of Komatsu Ltd. Outside Auditor of Sumitomo Chemical Company, Ltd.
Full-time Corporate Auditor	Hisashi Iwasaki	
Full-time Corporate Auditor	Masahito Fukui	
Corporate Auditor	Kenji Shiraishi	Professor, Doshisha Business School

Notes:

1. Director Toshio Ochiai and Director Koichi Ikeda are Outside Directors.
2. Corporate Auditors Hisashi Iwasaki and Kenji Shiraishi are Outside Corporate Auditors.
3. The Company has designated Director Toshio Ochiai, Director Koichi Ikeda and Corporate Auditor Kenji Shiraishi as Independent Director/Auditor pursuant to the provisions of Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd., respectively, and submitted notifications to the two stock exchanges.
4. Corporate Auditor Kenji Shiraishi has engaged in accounting business for a long time, and has considerable knowledge of finance and accounting.
5. Corporate auditors who retired during the fiscal year under review

Name	Date of retirement	Cause for retirement	Post, responsibility and positions concurrently held at retirement
Toshio Fujimoto	June 29, 2011	Resignation	Corporate Auditor of the Company
Hisao Shimizu	March 6, 2012	Resignation	Outside Corporate Auditor of the Company Representative Partner, Kyoto Shimei Zeirishi Houjin

Corporate Auditor Hisao Shimizu is a licensed tax accountant and has considerable knowledge of finance and accounting.

6. As of June 1, 2011, responsibilities of Directors were changed as follows.

Name	New position and responsibility	Former position and responsibility
Hiroya Yamamoto	Director, General Manager of Sales Division / General Manager of Dress & Video Sales Division	Director, General Manager of Planning and Operations Division

[2] Remuneration paid to Directors and Corporate Auditors

Total remuneration for the fiscal year under review

Classification	Number of recipients of remuneration	Amount of remuneration paid (Millions of yen)
Directors	5	60
Corporate Auditors	5	34
Total	10	95

Notes: 1. It was resolved at the 32nd Annual Meeting of Shareholders, held on June 27, 1996, that the ceiling for remuneration paid to Directors is ¥300 million a year (not including his salary as an employee who concurrently serves as an employee and a Director).

2. It was resolved at the 47th Annual Meeting of Shareholders, held on June 29, 2011, that the ceiling for remuneration paid to Corporate Auditors is ¥50 million a year.

3. The amount of remuneration paid to Directors does not include the salary for employee paid to those who concurrently serve as employee and Director.

4. The Company has five Directors and three Corporate Auditors at the end of the fiscal year under review. The number of recipients mentioned above includes two Corporate Auditors who resigned from their office.

[3] Matters related to Outside Directors

a. Status of important positions concurrently held as business executives of other companies and entities, and relationship between the Company and the relevant companies

• Corporate Auditor Hisao Shimizu concurrently serves as Representative Partner of Kyoto Shimei Tax Consulting Corporation. The Company has concluded a tax advisory agreement with Kyoto Shimei Zeirishi Houjin.

b. Major activities in the fiscal year under review

• Attendance of meetings of the Board of Directors and the Board of Corporate Auditors

	Board of Directors (18 meetings)		Board of Corporate Auditors (14 meetings)	
	Number of attendance (Times)	Rate of attendance (%)	Number of attendance (Times)	Rate of attendance (%)
Toshio Ochiai, Director	18	100	—	—
Koichi Ikeda, Director	10	Note	—	—
Hisashi Iwasaki, Corporate Auditor	18	100	14	100
Hisao Shimizu, Corporate Auditor	4	Note	4	Note
Kenji Shiraishi Corporate Auditor	18	100	14	100

Note: Director Koichi Ikeda's attendance of meetings of the Board of Directors represents his attendance at those meetings held on and after June 29, 2011, and his rate of attendance was 77%. Corporate Auditor Hisao Shimizu's attendance of meetings of the Board of Directors and the Board of Corporate Auditors represents his attendance at those meetings held before his resignation on March 6, 2012, and his rate of attendance was 24% and 31%, respectively.

• Statements made at meetings of the Board of Directors and the Board of Corporate Auditors
Director Toshio Ochiai made statements mainly based on his extensive experience and deep insights as a corporate manager at meetings of the Board of Directors.
Director Koichi Ikeda made statements mainly based on his extensive experience and deep insights as a corporate manager at meetings of the Board of Directors
Corporate Auditor Hisashi Iwasaki made statements mainly based on his extensive experience and deep insights as a corporate manager.
Corporate Auditor Hisao Shimizu made statements mainly based on his perspective and extensive experience as an expert in tax affairs.
Corporate Auditor Kenji Shiraishi made statements mainly based on his extensive experience and deep insights as an expert in accounting.

c. Outline of Liability Limitation Agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with each Outside Directors and Outside Corporate Auditors to limit their liability for damages stipulated in Article 423, Paragraph 1 of the said act. Under the agreement, the maximum liability shall be the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

d. Total amount of remuneration, etc.

The total amount of remuneration, etc., paid to five Outside Directors in the fiscal year under review was ¥32 million.

(3) Accounting Auditor

[1] Name: Deloitte Touche Tohmatsu LLC

[2] Remuneration

	Amount Paid (Millions of yen)
Amount of remuneration for the Accounting Auditor pertaining to the fiscal year under review	56
Total amount of cash and other property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	77

Notes: 1. Audits (only those pursuant to the Companies Act or the Financial Instruments and Exchange Act (including laws of foreign countries equivalent to these acts)) are performed on overseas subsidiaries of the Company by certified public accountants or auditing firms (including those who have qualifications equivalent to thereto outside the Company) other than the Accounting Auditor of the Company.

2. The amount of remuneration pertaining to the fiscal year under review is the sum of the amount of remuneration for auditing services in accordance with the Companies Act and the amount of remuneration for auditing work in accordance with the Financial Instruments and Exchange Act. Since the two categories of remuneration are not clearly divided under the audit agreement concluded between the Company and the Accounting Auditor, they cannot be split in practice.

[3] Non-audit services

Some of the Company's subsidiaries have entrusted the Accounting Auditor with tax declaration related operations, which are services other than those set forth in Article 2, Paragraph 1, of the Certified Public Accountants Act (non-audit service).

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

In case appropriate performance of duties on the part of the Accounting Auditor is deemed difficult, in principle, as well as if it is deemed that the Accounting Auditor falls under any of the provisions of each item in Article 340, Paragraph 1 of the Companies Act, the Company shall introduce a bill to dismiss or not reappoint the Accounting Auditor in the agenda of an Annual Meeting of Shareholders, after obtaining the consent of or at the request of the Board of Corporate Auditors.

(4) Systems to ensure the appropriateness of operations

At the meeting of the Board of Directors held on March 19, 2012, the Company reviewed the system to ensure that the performance of duties by Directors complies with the law and the Articles of Incorporation and other systems to ensure the appropriateness of operations of the Company, and resolved as follows.

[1] System to ensure that the performance of duties by Directors and employees complies with the law and the Company's Articles of Incorporation

- To have Directors and employees of the Group comply with laws and the Company's Articles of Incorporation and perform their duties with high sense of ethics, the Company shall establish "Watabe Wedding Ethics Charter" and "Compliance Regulations" and make them known to all those concerned.
- "The Group Audit Office," which is under the direct control of President, shall monitor the status of establishment and operation of internal control system.
- Under a whistle-blowing system, the Company shall receive reports on acts that violate or could violate compliance, and appropriately handle such reports.

[2] System for storage and management of information related to Directors' performance of their duties

The Company shall retain and manage minutes of the meetings of the Board of Directors, documents regarding decision making by Directors and documents related to reports to Directors, in accordance with the "Documentation Management Regulations" and the "IT Security Regulations."

[3] Regulations and other systems for managing risk of loss

- The Company shall establish a Risk Management Committee, chaired by President, as a structure to identify management risks of the Group and review the evaluation of such risks, policy on how to respond to them, and other matters.
- The Company established basic matters, etc., of risk management in "Risk Management Regulations" and applied them to the Group.

[4] System to ensure that the performance of duties by Directors is carried out in an efficient manner

- To promptly respond to changes in the management environment, Directors who perform duties and Executive Officers shall hold meetings of the "Management Council" and make decisions based on authority of President.
- The Company shall adopt an executive officer system, aimed at more efficiently executing business.
- The Company shall enhance corporate governance by establishing a "Personnel Advisory Committee" as an advisory organ to the "Board of Directors," which will discuss the appropriateness and propriety of matters regarding the election of Directors and Executive Officers and their remuneration, as well as matters regarding the election of Corporate Auditors.

[5] System to ensure that the appropriateness of operations of the Corporate Group composed of the Company and its subsidiaries

- The Company shall ensure that its basic management policy is shared within the Group and make "Watabe Wedding Ethics Charter" and regulations on compliance and risk management known to all those concerned.
- The Company shall stipulate, in "Affiliated Companies Management Regulations," matters that should be decided and reported between the Company and affiliated companies, and appropriately manage operations within the Group.

[6] Matters relating to employees assisting with the duties of Corporate Auditors upon request from Corporate Auditors and those concerning such employees' independence from Directors

- The Company shall assign the necessary personnel as employees to assist Corporate Auditors when Corporate Auditors request such employees to be assigned, although the Company does not have employees assisting Corporate Auditors with their duties at present.
- Personnel changes, performance evaluation, disciplinary punishments, etc., of the said employees shall be subject to the prior consent of Corporate Auditors.

[7] System for reporting from Directors and employees to Corporate Auditors and for other reporting to Corporate Auditors

Directors and employees shall report each of the following items to Corporate Auditors.

- Facts that may cause significant damage to the Company
- Material facts that constitute an act of dishonesty or breach of laws and regulations or the Company's Articles of Incorporation concerning the performance of duties by Directors
- Facts reported under the whistle-blowing system
- Results of inspections by the authorities and those of external audits
- Punishments levied by the authorities
- Details of important items of disclosure

[8] Other systems to ensure that audits are effectively conducted by Corporate Auditors

Effectiveness of audits by Corporate Auditors shall be ensured by each of the following:

- Holding informal meetings between President and Corporate Auditors on a regular basis
- Implementing periodic interviews involving Directors and key employees
- Assigning staff for Corporate Auditors and using experts upon Corporate Auditors' request
- Attending various meetings, submitting perusal materials, and reporting necessary matters
- Exchanging information with Accounting Auditor

Consolidated Balance Sheets

(As of March 31, 2012)

(Unit: Millions of yen)

Accounts	Amount	Accounts	Amount
(Assets)		**(Liabilities)**	
Current assets	**10,208**	**Current liabilities**	**8,235**
Cash and deposits	6,336	Accounts payable-trade	2,044
Accounts receivable-trade	1,812	Short-term loans payable	400
Merchandise and finished goods	168	Current portion of long-term loans payable	500
Work-in-process	33	Accounts payable-other	1,267
Raw materials and supplies	545	Income taxes payable	307
Deferred tax assets	371	Advances received	2,172
Others	973	Provision for bonuses	456
Allowance for doubtful accounts	(32)	Others	1,087
		Noncurrent liabilities	**2,708**
Noncurrent assets	**15,366**	Long-term loans payable	1,200
Property, plant and equipment	**10,090**	Provision for retirement benefits	416
		Asset retirement obligations	567
Rental garment	233	Others	524
Buildings and structures	5,732	**Total liabilities**	**10,944**
Furniture and fixtures	1,272		
Land	2,603	**(Net assets)**	
Construction-in-progress	4	**Shareholders' equity**	**16,098**
Others	243	**Capital stock**	**4,176**
Intangible assets	**901**	**Capital surplus**	**4,038**
Investments and other assets	**4,374**	**Retained earnings**	**7,884**
Investment securities	186	**Treasury stock**	**(0)**
Deferred tax assets	862	**Valuation and transaction adjustments**	**(1,510)**
Guarantee deposits	3,278		
Others	85	**Valuation difference on available-for-sale securities**	**22**
Allowance for doubtful accounts	(39)		
		Deferred gains or losses on hedges	**22**
		Revaluation reserve for land	**(903)**
		Foreign currency translation adjustment	**(652)**
		Minority interests	**43**
		Total net assets	**14,630**
Total assets	**25,575**	**Total liabilities and net assets**	**25,575**

Consolidated Statement of Income

(April 1, 2011 to March 31, 2012)

(Unit: Millions of yen)

Accounts	Amount	
Net sales		**48,929**
Cost of sales		**16,108**
Gross profit		**32,820**
Selling, general, and administrative expenses		**31,579**
Operating income		**1,241**
Non-operating income		
Interest and dividends income	16	
Other	249	265
Non-operating expenses		
Interest expenses	24	
Other	58	83
Ordinary income		**1,423**
Extraordinary income		
Gain on sales of investment securities	70	
Other	16	86
Extraordinary loss		
Loss on liquidation of facilities and stores	44	
Loss on disaster	148	
Loss on abolishment of tax qualified pension plan	142	
Restructuring loss	88	
Other	35	459
Income before income taxes		**1,051**
Income taxes-current	668	
Income taxes-deferred	(58)	609
Income before minority interests		**441**
Minority interests in income		17
Net income		**423**

Consolidated Statement of Changes in Net Assets

(April 1, 2011 to March 31, 2012)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2011	4,176	4,038	7,757	(0)	15,971
Changes during the consolidated fiscal year under review					
Dividends from surplus			(297)		(297)
Net income			423		423
Net changes of items other than shareholders' equity during the consolidated fiscal year under review (net amount)					
Total changes of items during the consolidated fiscal year under review	—	—	126	—	126
Balance as of March 31, 2012	4,176	4,038	7,884	(0)	16,098

	Valuation and transaction adjustments					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total valuation and transaction adjustments		
Balance as of April 1, 2011	13	4	(906)	(565)	(1,453)	4	14,523
Changes during the consolidated fiscal year under review							
Dividends from surplus							(297)
Net income							423
Net changes of items other than shareholders' equity during the consolidated fiscal year under review (net amount)	9	17	3	(87)	(57)	38	(18)
Total changes of items during the consolidated fiscal year under review	9	17	3	(87)	(57)	38	107
Balance as of March 31, 2012	22	22	(903)	(652)	(1,510)	43	14,630

Notes to Consolidated Financial Statements

1. Notes to significant basis in preparation of Consolidated Financial Statements

(1) Scope of consolidation

[1] Number of consolidated subsidiaries: 23

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

[3] Change in the scope of consolidation

Watabe Creative Studio Corporation and one other company, both of which were established during the fiscal year under review, were included in the scope of consolidation effective from the fiscal year under review.

(2) Application of equity method

[1] Affiliated company to which the equity method was applied: 1

[2] Principal companies: TRANS QUALITY, INC.

(3) Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, 16 companies including Watabe U.S.A., Inc. settle accounts on March 31, while five other companies including Watabe Wedding Vietnam Co., Ltd. settle accounts on December 31.

When preparing the consolidated financial statements, the Company uses financial statements of subsidiaries as of their respective fiscal year end, and makes the necessary adjustments for consolidation regarding significant transactions that occurred between the consolidated fiscal year end and the fiscal year end of each consolidated subsidiary.

(4) Accounting policies

[1] Valuation basis and method for major assets

a. Other securities:

- With market value: Stated at market value based on the quoted market price and other factors at the consolidated balance sheet date (Valuation difference is reported as a component of net assets, and the cost of securities sold is calculated primarily using the moving-average method).
- Without market value: Stated at cost determined by the moving-average method.

b. Derivative instruments: Stated at market value.

c. Inventories:

- Merchandise, finished goods and work-in-process: Primarily stated at cost determined by the periodic average method (Amounts in the Balance Sheet are calculated after book value is written down based on a decrease in profitability).
- Raw materials and supplies: Primarily stated at cost determined by the moving-average method (Amounts in the balance sheet are calculated after book value is written down based on a decrease in profitability).

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

a. Property, plant and equipment (excluding lease assets)

• Domestic assets:	Rental garment:	Straight-line method
	Buildings and structures:	Declining-balance method
	However, as for buildings (excluding building fixtures) acquired on or after April 1, 1998, the straight-line method is adopted.	
	Furniture and fixtures:	Straight-line method
	Other:	Declining-balance method
• Foreign assets:		Straight-line method
Useful lives are mainly as follows:		
	Rental garment:	2-3 years
	Buildings and Structures	5-47 years
	Furniture and fixtures	2-20 years

b. Intangible assets: Straight-line method

Depreciation of software for internal use is calculated on the basis of estimated useful lives (5 years) determined by the company.

c. Lease assets: Depreciation of lease assets is calculated by the straight-line method, with lease periods of such assets being useful lives, and residual value being zero. Finance lease transactions that were commenced on or before March 31, 2008, excluding those for which ownership of the lease asset is transferred to the lessee upon expiration of the lease, are accounted for in the same manner as ordinary lease transactions.

d. Long-term prepaid expenses: Equal amortization

[3] Accounting for major allowances and provisions

a. Allowance for doubtful accounts: To provide for possible losses on accounts receivable, the Company and its consolidated subsidiaries set aside an amount that is expected to be irrecoverable, after they consider the possibility of the recoverability of: (a) general accounts receivable, by actual default ratio, and (b) specific accounts receivable where recoverability is in doubt, on a case-by-case basis.

b. Provision for bonuses: To provide for employees' bonuses, the Company and its consolidated subsidiaries set aside an estimated amount in accordance with the period subject to payment.

c. Provision for retirement benefits: To provide for employees' retirement benefits, the Company and its consolidated subsidiaries set aside an amount on the basis of estimated retirement benefit obligations and plan assets as of the end of the fiscal year under review.

Actuarial gains or losses are amortized using the straight-line method over a fixed number of years (5 years) within the average remaining service period of the employees and reported as expenses, commencing from the next fiscal year of incurrence.

Past service liability is amortized by the straight-line method over a certain period within the average remaining service years for employees (10 years) at the time of recognition.

(Additional information)

Pursuant to the abolition of the tax-qualified pension plan by the Company, the "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Implementation Guideline on Accounting Standard No. 1, January 31, 2002) has been applied and a ¥142 million extraordinary loss was reported as the impact of the abolition.

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

a. Standard for translating major foreign-currency-denominated assets and liabilities into Japanese yen

Foreign-currency-denominated monetary receivables and payables are translated into Japanese yen at spot exchange rates at the last day of consolidated fiscal year, and the translation differences are posted as profits/losses. Assets and liabilities of consolidated foreign subsidiaries are translated into Japanese yen at the spot exchange rates in effect on the last day of fiscal year of each subsidiary, while revenue and expenses are translated into Japanese yen at the average exchange rate during the period. Resultant gains and losses from such translation are included in foreign currency translation adjustment and minority interests under net assets.

b. Accounting for major hedging

Deferral hedge accounting is applied. For hedging foreign exchange fluctuation risk, designation (Furiate-shori), in which foreign monetary claims or obligations are translated at the rate as of the settlement date fixed by hedging foreign exchange forward or other contracts, is applied to forward exchange contracts that satisfy the requirements for such treatment.

c. Accounting for consumption taxes

Consumption and local consumption taxes are not included in listed amounts.

(5) Amortization of goodwill

Goodwill is primarily amortized over five years using the straight-line method.

(6) Changes to presentation

(Consolidated Statement of Income)

“Gain on sales of noncurrent assets” (¥4 million for the year under review), which was separately posted under extraordinary income for the previous fiscal year, has been included in “Other” under extraordinary income due to the lack of monetary importance effective from the fiscal year under review.

“Loss on disaster,” which was included in “Other” under extraordinary loss for the previous fiscal year, has been separately posted effective from the fiscal year under review due to the increased monetary importance. The corresponding amount of the loss on disaster for the previous fiscal year was ¥44 million.

2. Notes to Consolidated Balance Sheets

(1) Accumulated depreciation of property, plant and equipment: ¥11,133 million

Accumulated depreciation includes accumulated impairment loss.

(2) The Company and its consolidated subsidiaries revalue its business-use land pursuant to the "Act on Land Revaluation" (Act No. 34 promulgated on March 31, 1998) and post a revaluation reserve for land under net assets.

Revaluation method: Based on the value used for calculation of land value tax as specified by Article 2, Item 4 of the "Order for Enforcement of the Act on Revaluation of Land" (Government Ordinance No. 119 promulgated on March 31, 1998)

Date of revaluation: March 31, 2002

Difference between book value after revaluation and market value at the end of the fiscal year under review: ¥24 million

3. Notes to Consolidated Statements of Changes in Net Assets

(1) Types and total number of shares issued

(Unit: Shares)

Type of share	Number of shares at the beggining of the fiscal year under review	Increase in the number of shares in the fiscal year under review	Decrease in the number of shares in the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock	9,909,400	—	—	9,909,400

(2) Type and number of shares of treasury stock

(Unit: Shares)

Type of share	Number of shares at the beggining of the fiscal year	Increase in the number of shares in the fiscal year under review	Decrease in the number of shares in the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock	309	—	—	309

(3) Dividends distributed from retained earnings

[1] Amount and other information on dividends paid

a. Matters related to dividends resolved at the 47th Annual Meeting of Shareholders held on June 29, 2011

- Total amount of dividends: ¥148 million
- Dividend per share: ¥15
- Record date: March 31, 2011
- Effective date: June 30, 2011

b. Matters related to dividends resolved at the meeting of the Board of Directors held on October 31, 2011

- Total amount of dividends: ¥148 million
- Dividend per share: ¥15
- Record date: September 30, 2011
- Effective date: December 1, 2011

[2] Regarding dividends for which the record date belongs to the consolidated fiscal year under review, but the effective date is in the following consolidated fiscal year

The Company will discuss the following at the 48th Annual Meeting of the Shareholders to be held on June 28, 2012.

- Total amount of dividends: ¥148 million
- Dividend per share: ¥15
- Record date: March 31, 2012
- Effective date: June 29, 2012

Dividends payment is planned to be funded by retained earnings.

4. Notes regarding financial instruments

(1) Matters related to the status of financial instruments

[1] Policy on activities with regard to financial instruments

The Group procures necessary funds mainly through borrowings from banks based on its capital investment plan. The temporary surplus is primarily invested in financial assets with high liquidity.

[2] Content of financial instruments, risk, and risk management systems

Accounts receivable-trade, which is operating receivables, are exposed to credit risk of customers. The Group attempts to reduce the said risk by managing terms and balances for each customer.

Guarantee deposits are mainly attendant on lease contracts on shops and wedding facilities, and exposed to credit risk of depositees.

Payment of most of accounts payable-trade, which are operating debt, and accounts payable-other are due within three months. Although some of such accounts denominated in foreign currencies are exposed to risk of exchange rate fluctuations, the Group attempts to reduce the said risk using forward exchange contracts.

Long-term loans payable are mainly procured to fund capital investments. Loans payable with variable interest rates are exposed to the risk of interest rate fluctuations. The Group attempts to reduce the said risk using interest rate swaps.

(2) Matters related to the market value of financial instruments

Amount in the Consolidated Balance Sheets, market value and differences between these figures as of March 31, 2012 are as follow.

(Unit: Millions of yen)

	Amount in the Consolidated Balance	Market value (*)	Difference
(1) Cash and deposits	6,336	6,336	—
(2) Accounts receivable-trade	1,812	1,812	—
(3) Guarantee deposits	1,532	1,423	(108)
(4) Accounts payable-trade	(2,044)	(2,044)	—
(5) Short-term loans payable	(400)	(400)	—
(6) Current portion of long-term loans payable	(500)	(500)	—
(7) Accounts payable-other	(1,267)	(1,267)	—
(8) Income taxes payable	(307)	(307)	—
(9) Long-term loans payable	(1,200)	(1,200)	—

(*) Amounts posted under liabilities are presented in bracket.

Note 1: Calculation methods of market values of financial instruments

(1) Cash and deposits and (2) Accounts receivable-trade

Because these are settled in a short period and their market values approximate book values, we deem their book values to be market values.

(3) Guarantee deposits

Repayment dates are finalized for these guarantee deposits. We calculate their market values using risk-free rates.

(4) Accounts payable-trade, (5) Short-term loans payable, (6) Current portion of long-term loans payable, (7) Accounts payable-other and (8) Income taxes payable

Because these are settled in a short period and their market values approximate book values, we deem their book values to be market values.

(9) Long-term loans payable

We calculate the market values of long-term loans payable by discounting the total amount of principal and interest of the relevant long-term loans payable by the interest rates considered to be applicable to similar loans. However, we deem book values of long-term loans payable with variable interest rates to be their market values because their market values approximate book values due to the condition attached to such loans that their interest rates should be renewed at certain intervals.

Note 2: Guarantee deposits for which repayment dates are not finalized (amount in the Consolidated Balance Sheets: ¥1,745 million) are not included in the table above because it is deemed to be difficult to establish their market values as they have no market prices and future cash flows cannot be estimated.

5. Notes to Retirement and Pension Plans

(1) Outline of Retirement and Pension Plans

The Company and some domestic consolidated subsidiaries previously provided tax-qualified pension plans and lump-sum severance payment plans for employees hired in Japan. The Company abolished the tax-qualified pension plan on September 1, 2011. Pursuant to the abolition of the tax-qualified pension plan above, the “Accounting for Transfer between Retirement Benefit Plans” (ASBJ Implementation Guideline on Accounting Standard No. 1, January 31, 2002) has been adopted and a ¥142 million extraordinary loss was reported as the impact of the abolition. The Company also provides the defined-contribution pension plan for employees hired at overseas branches. Further, some overseas consolidated subsidiaries have defined-benefit pension plans.

(2) Projected retirement benefit obligation

Projected retirement benefit obligation	(¥782 million)
Fair value of Plan assets	¥97 million
Net	(¥684 million)
Unrecognized actuarial gain/loss	¥29 million
Unrecognized past service liability	¥238 million
Provision for retirement benefit at the end of the fiscal year	(¥416 million)

(3) Retirement benefit expenses

Service cost	¥173 million
Interest cost	¥7 million
Expected return on plan assets	(¥0 million)
Recognized actuarial gain/loss as expenses	¥28 million
Retirement benefit expenses	¥208 million
Pension premiums for defined contribution pension plan	¥8 million
Total	¥217 million

(4) Basis and assumption

[1] Method of attributing projected benefits to periods of service	Fixed amount for applicable term
[2] Discount rate	1.5%
[3] Expected rate of return on plan assets	0.1%
[4] Recognition period of actuarial gain/loss	5 years from the following fiscal year
[5] Recognition period of past service liability	10 years

6. Notes to Per-share Information

(1) Net assets per share	¥1,472.16
(2) Net income per share	¥42.79

7. Amounts are rounded down to the nearest million.

Non-consolidated Balance Sheet

(As of March 31, 2012)

(Unit: Millions of yen)

Accounts	Amount	Accounts	Amount
(Assets)		**(Liabilities)**	
Current assets	**3,111**	**Current liabilities**	**4,778**
Cash and deposits	805	Accounts payable-trade	898
Accounts receivable-trade	818	Short-term bank loans	1,000
Merchandise and finished goods	82	Current portion of long-term loans payable	500
Raw materials and supplies	30	Accounts payable-other	287
Prepaid expenses	267	Accrued expenses	116
Deferred tax assets	114	Income taxes payable	116
Short-term loans receivable	565	Advances received	1,528
Accounts receivable-other	216	Deposits received	18
Other	256	Provision for bonuses	285
Allowance for doubtful accounts	(46)	Asset retirement obligations	14
Noncurrent assets	**15,230**	Other	11
Property, plant and equipment	**6,841**	**Noncurrent liabilities**	**1,883**
Rental garment	139	Long-term loans payable	1,200
Buildings	3,889	Provision for retirement benefits	175
Structure	64	Deferred tax liabilities for revaluation	22
Vehicles	14	Asset retirement obligations	390
Furniture and fixtures	402	Other	95
Land	2,325	**Total liabilities**	**6,661**
Construction-in-progress	4	**(Net assets)**	
Intangible assets	**441**	**Shareholders' equity**	**12,538**
Software	412	**Capital stock**	**4,176**
Other	29	**Capital surplus**	**4,038**
Investments and other assets	**7,947**	Legal capital surplus	4,038
Investment securities	154	**Retained earnings**	**4,324**
Stocks of subsidiaries and affiliates	1,537	Other retained earnings	4,324
Investments in capital of subsidiaries and affiliates	1,605	Reserve for dividend equalization	750
Long-term loans receivable	1,777	General reserve	1,910
Long-term prepaid expenses	27	Retained earnings brought forward	1,664
Deferred tax assets	799	**Treasury stock**	**(0)**
Guarantee deposits	3,049	**Valuation and translation adjustments**	**(857)**
Other	37	**Valuation difference on available-for-sale securities**	**22**
Allowance for doubtful accounts	(1,042)	**Deferred gains or losses on hedges**	**23**
		Revaluation reserve for land	**(903)**
		Total net assets	**11,681**
Total assets	**18,342**	**Total liabilities and net assets**	**18,342**

Non-consolidated Statement of Income

(April 1, 2011 to March 31, 2012)

(Unit: Millions of yen)

Accounts	Amount	
Net sales		**18,282**
Cost of sales		**8,607**
Gross profit		**9,674**
Selling, general, and administrative expenses		**9,087**
Operating income		**586**
Non-operating income		
Interest and dividends income	198	
Other	69	268
Non-operating expenses		
Interest expenses	31	
Other	61	92
Ordinary income		**761**
Extraordinary income		
Gain on sales of investment securities	70	
Other	3	73
Extraordinary loss		
Provision of allowance for doubtful accounts	229	
Loss on abolishment of tax qualified pension plan	142	
Other	31	403
Income before income taxes		**431**
Income taxes-current	352	
Income taxes-deferred	(128)	223
Net income		**207**

Non-consolidated Statement of Changes in Net Assets

(April 1, 2011 to March 31, 2012)

(Unit: Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other retained earnings			Total retained earnings		
			Reserve for dividend equalization	General reserve	Retained earnings brought forward			
Balance as of April 1, 2011	4,176	4,038	750	1,910	1,753	4,413	(0)	12,627
Changes during the fiscal year under review								
Dividends from surplus					(297)	(297)		(297)
Net income					207	207		207
Net changes of items other than shareholders' equity during the fiscal year under review (net amount)								
Total changes of items during the fiscal year	—	—	—	—	(89)	(89)	—	(89)
Balance as of March 31, 2012	4,176	4,038	750	1,910	1,664	4,324	(0)	12,538

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance as of April 1, 2011	13	7	(906)	(885)	11,742
Changes during the fiscal year					
Dividends from surplus					(297)
Net income					207
Net changes of items other than shareholders' equity during the fiscal year under review (net amount)	9	16	3	28	28
Total changes during the fiscal year	9	16	3	28	(60)
Balance as of March 31, 2012	22	23	(903)	(857)	11,681

Notes to Non-consolidated Financial Statements

1. Notes to principal accounting policies

(1) Valuation basis and method for assets

[1] Stocks of subsidiaries and affiliates: Stated at cost determined by the moving-average method

[2] Other securities:

• With market value:	Stated at market value based on the quoted market price and other factors at the last day of the fiscal year (Valuation difference is reported as a component of net assets, and the cost of securities sold is calculated primarily using the moving-average method).
• Without market value:	Stated at cost determined by the moving-average method.

[3] Derivative instruments: Stated at market value.

[4] Inventories:

• Merchandise and finished goods:	Stated at cost determined by the periodic average method (Amounts in the Balance Sheet are calculated after book value is written down based on a decrease in profitability).

(2) Depreciation/amortization method for noncurrent assets

[1] Property, plant and equipment (excluding lease assets)

• Domestic assets:	Rental garment:	Straight-line method
	Buildings:	Declining-balance method
	However, as for buildings (excluding building fixtures) acquired on or after April 1, 1998, the straight-line method is adopted.	
	Furniture and fixtures:	Straight-line method
	Structures:	Declining-balance method
	Vehicles:	Declining-balance method
• Foreign assets:		Straight-line method

Useful lives are mainly as follows:

Rental garment	2 years
Buildings	5-47 years
Furniture and fixtures	2-20 years

[2] Intangible assets: Straight-line method

Depreciation of software for internal use is calculated on the basis of estimated useful lives (5 years) determined by the company.

[3] Lease assets: Depreciation of lease assets is calculated by the straight-line method, with lease periods of such assets being useful lives, and residual values being zero. Finance lease transactions that were commenced on or before March 31, 2008, excluding those for which ownership of the lease asset is transferred to the lessee upon expiration of the lease, are accounted for in the same manner as ordinary lease transactions.

[4] Long-term prepaid expenses: Equal amortization

(3) Accounting for allowances and provisions

[1] Allowance for doubtful accounts: To provide for possible losses on accounts receivable, the Company sets aside an amount that is expected to be irrecoverable, after it considers the possibility of recoverability of: (a) general accounts receivable, by actual default ratio, and (b) specific accounts receivable where recoverability is in doubt, on a case-by-case basis.

[2] Provision for bonuses: To provide for employees’ bonuses, the Company sets aside an estimated amount in accordance with the period subject to payment.

[3] Provision for retirement benefits: To provide for employees' retirement benefits, the Company sets aside an amount calculated on the basis of estimated retirement benefit obligations and plan assets as of the end of the fiscal year under review.

Actuarial gains or losses are amortized using the straight-line method over a fixed number of years (5 years) within the average remaining service period of the employees and reported as expenses, commencing from the next fiscal year of incurrence.

Past service liability is amortized by the straight-line method over a certain period within the average remaining service years for employees (10 years) at the time of recognition.

(Additional information)

Pursuant to the abolition of the tax-qualified pension plan by the Company, the "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Implementation Guideline on Accounting Standard No. 1, January 31, 2002) has been applied and a ¥142 million extraordinary loss was reported as the impact of the abolition.

(4) Accounting for hedging

Deferral hedge accounting is applied. For hedging foreign exchange fluctuation risk, designation (Furiate-shori), in which foreign monetary claims or obligations are translated at the rate as of the settlement date fixed by hedging foreign exchange forward or other contracts, is applied to forward exchange contracts that satisfy the requirements for such treatment.

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

Accounting for consumption taxes: Consumption and local consumption taxes are not included in listed amounts.

(6) Changes to presentation

(Statements of Income)

"Loss on liquidation of facilities and stores " (¥15 million for the year under review), which was separately posted under extraordinary loss for the previous fiscal year, has been included in "Other" under extraordinary loss due to the lack of monetary importance effective from the fiscal year under review.

2. Notes to Non-consolidated Balance Sheets

(1) Accumulated depreciation of property, plant and equipment: ¥6,151 million

Accumulated depreciation includes accumulated impairment loss.

(2) The Company revalues its business-use land pursuant to the "Act on Land Revaluation" (Act No. 34 promulgated on March 31, 1998) and posts revaluation reserve for land under net assets.

Revaluation method: Based on the value used for calculating land value tax as specified by Article 2, Item 4 of the "Order for Enforcement of the Act on Revaluation of Land" (Government Ordinance No. 119 promulgated on March 31, 1998)

Date of revaluation: March 31, 2002

Difference between book value after revaluation and market value at the end of the fiscal year under review: ¥24 million

(3) Monetary receivables from and payables to affiliates

[1] Short-term monetary receivables: ¥1,019 million
[2] Long-term monetary receivables: ¥1,775 million
[3] Short-term monetary payables: ¥1,041 million

3. Notes to Non-consolidated Statements of Income

Transactions with affiliates

[1]	Net sales:	¥697 million
[2]	Purchase of goods:	¥5,216 million
[3]	Selling, general and administrative expenses:	¥218 million
[4]	Non-operating income and expenses:	¥95 million

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

Type and number of shares of treasury stock

(Unit: Shares)

Type of shares	Number of shares at the beginning of the fiscal year under review	Increase in the number of shares in the fiscal year under review	Decrease in the number of shares in the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock	309	—	—	309

5. Tax Effect Accounting

(1) Deferred tax assets and deferred tax liabilities

Current assets and liabilities

Inventories	¥11 million
Accrued expenses	¥16 million
Provision for bonuses	¥108 million
Other	¥14 million
Total deferred tax assets	¥151 million
Total deferred tax liabilities	(¥37 million)
Net deferred tax assets	¥114 million

Noncurrent assets and liabilities

Property, plant and equipment	¥310 million
Intangible assets	¥16 million
Stocks and investments in capital of subsidiaries and affiliates	¥153 million
Allowance for doubtful accounts	¥409 million
Provision for retirement benefits	¥63 million
Other	¥32 million
Total deferred tax assets	¥985 million
Valuation allowance	(¥153 million)
Total deferred tax assets	¥831 million
Valuation difference on available-for-sale securities	(¥12 million)
Other	(¥19 million)
Total deferred tax liabilities	(¥31 million)
Net deferred tax assets	¥799 million

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

Statutory effective tax rate	41.0%
(Reconciliation)	
Dividends income and others that are permanently excluded from taxable income	(17.9 %)
Per capita portion of inhabitant tax	10.7 %
Lower income tax rates applicable to overseas branches	(4.3 %)
Other	(0.4 %)
Downward revision of the year-end deferred tax assets due to income tax rate changes	22.7 %
Actual effective income tax rate after adoption of tax-effect accounting	51.8 %

(3) Revisions to deferred tax assets and liabilities pursuant to corporate income tax rate changes

Following the promulgation on December 2, 2011, of the "Act for Partial Amendment of the Income Tax Act, etc., for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures (Act No. 114, 2011)" and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Act No. 117, 2011)," effective from the fiscal year beginning on and after April 1, 2012, the corporate tax rate will be reduced and a special reconstruction corporate tax will be imposed.

In accordance with this reform, the effective statutory tax rate, which is used to measure deferred tax assets and deferred tax liabilities, will be reduced to 38.0% from 41.0% for temporary differences that are expected to be eliminated during the period from the fiscal year beginning on April 1, 2012, to the fiscal year beginning on April 1, 2014, and to 36.0% from 41.0% for temporary differences that are expected to be eliminated during and after the fiscal year beginning on April 1, 2015.

Taking into account the anticipated changes in the effective statutory tax rate above, net deferred tax assets (the amount after deducting deferred tax liabilities) decreased by ¥94 million, whereas income taxes—deferred increased by ¥97 million for the fiscal year under review from the corresponding figures with the previous calculation method. In addition, deferred tax liabilities for land revaluation decreased by ¥3 million, whereas revaluation reserve for land increased by the same amount.

6. Notes to Fixed Assets Used by Lease

(1) The acquisition cost equivalent, accumulated depreciation equivalent, and balance at the end of the fiscal year equivalent as of the end of the fiscal year under review

(Unit: Millions of yen)

	Acquisition cost equivalent	Accumulated depreciation equivalent	Balance at the endof the fiscal year equivalent
Buildings	541	193	347
Total	541	193	347

(2) Future lease payments obligation at the end of the fiscal year under review

Within one year:	¥27 million
Over one year:	¥320 million
Total	¥347 million

(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	Names of companies and others	Percentage of voting rights and others	Relationship with related parties		Details of transactions	Transaction amount (Millions of yen)	Account	Balance at the end of the fiscal year (Millions of yen)
			Interlocking directorship	Relation on business				
Company in which Directors and their near relatives possess a majority of voting rights	K.K. Jusen (Note 1)	Direct 21.24	–	Lease of office	Lease of building (Note 2)	82	–	–
					Deposit of guarantee	–	Guarantee deposits	51

Notes: 1. Representative Director of the Company and his relatives directly own 100% of the voting rights of the company.

2. The building is used as the head office, and its rent is based on the appraisal of a real estate appraiser and with reference to market prices of transactions in the neighborhood.

3. The amounts given above do not include consumption taxes, etc.

(2) Subsidiaries, etc.

<table>
<tr><th rowspan="2">Type</th><th rowspan="2">Names of companies and others</th><th rowspan="2">Percentage of voting rights and others</th><th colspan="2">Description of relationship</th><th rowspan="2">Description of transaction</th><th rowspan="2">Transaction amount (Millions of yen)</th><th rowspan="2">Accounts</th><th rowspan="2">Balance at end of the fiscal year under review (Millions of yen)</th></tr>
<tr><th>Concurrent positions of officers, etc.</th><th>Business relationship</th></tr>
<tr><td rowspan="6">Subsidiaries</td><td>K.K. Meguro Gajoen</td><td>100.0</td><td>Officers concurrently serving as officers: 2</td><td>Sale of domestic wedding packages of the subsidiary</td><td>Borrowing of funds</td><td>—</td><td>Short-term loans payable</td><td>600</td></tr>
<tr><td>Watabe Enterprise Corporation</td><td>100.0</td><td>Officers concurrently serving as officers: 2</td><td>Sale of domestic wedding packages of the subsidiary</td><td>Lending of funds</td><td>250</td><td>Long-term loans receivable</td><td>965</td></tr>
<tr><td rowspan="2">Mielparque Corporation</td><td rowspan="2">100.0</td><td rowspan="2">Officers concurrently serving as officers: 3</td><td rowspan="2">Sale of domestic wedding packages of the subsidiary</td><td rowspan="2">Lending of funds</td><td rowspan="2">400</td><td>Short-term loans receivable</td><td>400</td></tr>
<tr><td>Long-term loans receivable</td><td>500</td></tr>
<tr><td rowspan="2">Watabe Wedding Vietnam Co., Ltd.</td><td rowspan="2">100.0</td><td rowspan="2">Officers concurrently serving as officers: 2</td><td rowspan="2">Purchase of wedding dresses</td><td rowspan="2">Lending of funds</td><td rowspan="2">—</td><td>Short-term loans receivable</td><td>49</td></tr>
<tr><td>Long-term loans receivable</td><td>107</td></tr>
</table>

Notes: 1. Interest rates on loans payable and loans receivable are decided rationally considering market interest rates.
2. The Company sets aside ¥965 million in allowance for doubtful accounts for the aforementioned loans receivable.

8. Notes to Per-share Information
(1) Net assets per share ¥1,178.82
(2) Net income per share ¥20.96

9. Amounts are rounded down to the nearest million.

Reference Material for the Annual Meeting of Shareholders

Proposal 1: Appropriation of Retained Earnings

The Company proposes to appropriate retained earnings as indicated below.

Details of the year-end dividend

Recognizing that distribution of profits to shareholders is a major business management issue, the Company's basic dividend policy is to continuously ensure stable dividends within the amount available by taking into account such factors as consolidated business performance, improvement of financial strength and business strategies.

Based on the above policy, the Company proposes that dividends for the current fiscal year be as originally planned, considering elements such as business performance for the year and the maintenance of stable dividends. From a long-term perspective, the Company intends to utilize its internal reserve for investment in business fields that show high potential for growth and profitability, and investment to streamline and invigorate existing business categories.

(1) Type of asset to be distributed as dividends
Cash

(2) Allocation of dividends and total amount
Fifteen (15) yen per share common stock; ¥148,636,365 total
Please note that annual dividends amount to ¥30 per share, including ¥15 per share for the interim dividend, which has already been paid.

(3) Effective date for dividend distribution from retained earnings
June 29, 2012

Proposal 2: Election of Five Directors

The term of office of all five Directors will expire at the close of the Meeting. Accordingly, the Company proposes the election of five Directors including one Outside Director.

The nominees are as follows.

Nominee number	Name (Date of birth)	Profile, position and duties at the Company, and primary concurrent positions		Number of the Company's shares held by nominees
1	Hidetoshi Watabe (October 25, 1966)	June 2008 March 2008 June 2006 June 2005 December 2002 October 1992 April 1989	President & Representative Director (present) Director, Sales Administration Manager and Destination Wedding Operations Division Director Director, Overseas Wedding Operations Division Director Executive Officer, Sales and Planning Division Director Hawaii Branch President Joined the Company Joined DDI/Daini Denden Inc. (now KDDI CORPORATION)	21,500 shares
2	Yoshiharu Onaga (April 10, 1961)	April 2012 November 2010 December 2009 June 2008 March 2008 January 2007 February 2006 February 2005 March 2001 November 1983	Director, Asian Operations Promotion Department Director (present) Director, Asian Operations Division Director Director, Asian Operations Department Director Director, Sales Division Director Sales Division Director and Destination Wedding Operations Division Deputy Division Director Destination Wedding Operations Division Deputy Division Director Domestic Wedding Operations Division Deputy Division Director Wedding Operations Division Wedding Operations Department 1 Director International Operations Division International Sales Director Joined the Company	15,000 shares
* 3	Akihiko Kaji (March 25, 1945)	June 2009 June 2003 June 2001 June 1997 July 1969	Executive Officer in charge of Domestic Wedding Business and President of K.K. Meguro Gajoen (present) Joined the Company Managing Director in charge of Passenger Business of Japan Airlines Corporation President of JALPAK CO., LTD. Director in charge of Kyushu Area and General Manager of Fukuoka Branch, Japan Airlines Corporation Joined Japan Airlines Co., Ltd.	—
* 4	Nobuaki Hanafusa (March 2, 1955)	May 2012 June 2011 November 2010 June 2009 April 2006 October 2005 February 2005 July 2002 March 1988	Executive Officer and General Manager of Administration Division and Chairman of MIELPARQUE CORPORATION (present) Executive Officer in charge of Domestic Wedding Business and President of MIELPARQUE CORPORATION Executive Officer and General Manager of Administration Division Executive Officer in charge of Domestic Wedding Business Joined the Company General Manager of Finance and Accounting Division, ISHIN HOTELS GROUP Co., Ltd. Joined ISHIN HOTELS GROUP Co., Ltd. Division of ANA ENTERPRISES, LTD. Director of Performance Management Department, Performance Management Joined ANA ENTERPRISES, LTD. (currently IHG ANA Hotels Group Japan LLC)	—
5	Koichi Ikeda (April 21, 1940)	June 2011 March 2010 March 2006 January 2002 March 2001 March 2000 March 1999 March 1997 March 1996 April 1963	Director of WATABE WEDDING CORPORATION. (present) Senior Advisor of ASAHI BREWERIES, LTD. Representative Director, Chairman and CEO of ASAHI BREWERIES, LTD. Representative Director, President and COO of ASAHI BREWERIES, LTD. Senior Managing Director of ASAHI BREWERIES, LTD. Senior Managing Director and Executive Officer of ASAHI BREWERIES, LTD. Senior Managing Director of ASAHI BREWERIES, LTD. Managing Director of ASAHI BREWERIES, LTD. Director of ASAHI BREWERIES, LTD. Joined Asahi Breweries Co., Ltd. (currently Asahi Group Holdings, Ltd.) Primary positions concurrently held at other companies: Outside Director of Komatsu Ltd. Outside Auditor of Sumitomo Chemical Company, Ltd.	—

Notes: 1. The nominees hold no special financial interests in the Company.
2. Those marked with an asterisk (*) are new candidates.

3. Koichi Ikeda is a nominee for Outside Director. As he satisfies the requirements of Independent Director as set forth in the regulations of the Tokyo Stock Exchange and Osaka Securities Exchange, the Company has notified his status as an Independent Director to these stock exchanges.
4. Special remarks regarding the nominee for Outside Director are as follows.
   1) Reason for Election as an Outside Director
      The Company has designated Koichi Ikeda as a nominee for Outside Director because it is expected that he will work from an independent perspective based on his abundant experience and high level of insight as a representative director of a listed company, applying these to the Company's management processes.
   2) Length of the nominee's service following appointment as an Outside Director
      Koichi Ikeda's term of office as an Outside Director will have been one year at the close of the Meeting.
   3) Regarding the agreement for limitation of liability entered into with Outside Directors
      In order to secure competent human resources as Outside Directors, the Company's current Articles of Incorporation state that the Company may enter into an agreement with Outside Directors to limit their liability for damages to the Company within a certain range. Pursuant to this provision, the nominee for Outside Director, Koichi Ikeda, has entered into such an agreement for limitation of liability with the Company. If his reappointment is approved by the Meeting, the agreement will be renewed.

[The outline of the agreement is as follows.]

If Outside Directors become 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 425 of the Companies Act.

Proposal 3: Election of One Corporate Auditor

As Corporate Auditor Hisao Shimizu (Outside Corporate Auditor) left the Company for personal reasons as of March 6, 2012, the Company proposes to newly elect one Outside Corporate Auditor to enhance the efficiency of the auditing system.

The Board of Corporate Auditors has agreed to this proposal.

The nominee is as follows.

Name (Date of birth)	Profile, position and duties at the Company, and primary concurrent positions		Number of the Company's shares held by nominee
Terumichi Saeki (December 28, 1942)	April 2006	Primary positions concurrently held at other companies: Outside Corporate Auditor of FUJITEC CO., Ltd. Director of Seikosha Outside Director of IwaiCosmo Holdings, Inc.	—
	October 2005	Director of Osaka Regional Office, Japan Legal Support Center	
	April 2005	President of Construction Dispute Committee of Osaka Committee Chairman of Osaka Prefecture, Bid Monitoring Committee	
	April 2004	Vice Chairman of Japan Legal Aid Association	
	April 2002	Vice-President of Japan Federation of Bar Associations Chairman of Kinki Federation of Bar Associations Auditor of National University Corporation, Kyoto University	
	April 1973	Established Yashiro, Saeki & Nishigaki Law Firm (currently Kitahama Partners L.P.C.), Partner and Lawyer (present) President of Osaka Bar Association	
	April 1968	Registered as lawyer (Osaka Bar Association)	

Notes:
1. The nominee holds no special financial interests in the Company.
2. Terumichi Saeki is a nominee for new Corporate Auditor.
3. Terumichi Saeki is a nominee for Outside Corporate Auditor. As he satisfies the requirements of Independent Director as set forth in the regulations of the Tokyo Stock Exchange and the Osaka Securities Exchange, the Company intends to notify his status as an Independent Director to these stock exchanges.
4. Special remarks regarding the nominee for Outside Corporate Auditor are as follows.
   1) Reason for Election as an Outside Corporate Auditor
      The Company has designated Terumichi Saeki as a nominee for Outside Corporate Auditor because it is expected that he will work from a perspective based on his abundant experience, expertise and high-level insight as a lawyer, applying these attributes to his audits for the Company.
      Although he has never been involved in any company's corporate management except as an outside director or an outside corporate auditor, the Company judges him capable of properly executing duties as Outside Corporate Auditor for the above reasons including his conversance with corporate legal affairs.

   2) Regarding the agreement for limitation of liability entered into with Outside Corporate Auditors
      In order to secure competent human resources as Outside Corporate Auditors, the Company's current articles of incorporation state that the Company may enter into an agreement with Outside Corporate Auditors to limit their liability for damages to the Company within a certain range. Pursuant to this provision, if the selection of the nominee for Outside Corporate Auditor, Terumichi Saeki, is approved by the Meeting, the Company intends to enter into such an agreement for limitation of liability with him.

[The outline of the agreement is as follows.]

If Outside Corporate Auditors become liable to the Company for any damage attributable to their failure of duties, their liability shall be limited to the minimum amount set forth in Paragraph 1, Article 425 of the Companies Act.