

Consolidated Financial Results for the Year Ended March 31, 2010
Watabe Wedding Corporation

May 7, 2010

Stock code: 4696
 Shares listed: Tokyo Stock Exchange and Osaka Securities Exchange
 Representative: Hidetoshi Watabe, President & CEO
 Contact: Yasushi Yoshizawa, Director of Administration Division
 TEL: +81-75-352-4111

Scheduled date of Ordinary General Meeting of Shareholders: June 29, 2010
 Scheduled date of start of dividend payment: June 30, 2010
 Scheduled date of filing of securities report: June 29, 2010

FINANCIAL HIGHLIGHTS

(As of and for the years ended March 31, 2009 and 2010)

1. Consolidated Performance

	2009	2010	2010 / 2009
	(millions of yen)		(percentage change)
(1) Consolidated financial results:			
Net sales	¥46,406	¥52,082	12.2%
Operating income	2,775	1,772	-36.1%
Ordinary income	2,790	1,892	-32.2%
Net income	1,165	773	-33.7%
Net income, basic per share (yen)	117.64	78.03	
Net income, diluted per share (yen)	-	-	
Return on equity (ROE)	8.2%	5.2%	
Return on assets (ROA)	11.6%	7.3%	
Operating income to sales	6.0%	3.4%	
(2) Consolidated financial position:			
Total assets	25,663	25,864	
Net assets	14,544	14,976	
Shareholders' equity ratio	56.7%	57.9%	
Net assets per share (yen)	1,467.76	1,510.94	
(3) Consolidated cash flows:			
Net cash provided by (used in) operating activities	3,940	2,067	
Net cash provided by (used in) investing activities	(2,154)	(3,106)	
Net cash provided by (used in) financing activities	(135)	326	
Cash and cash equivalents at end of year	¥4,940	¥4,237	

(Reference)

Equity in earnings € 2 millions of yen as of March 31, 2010
 - millions of yen as of March 31, 2009
 Shareholders' equity 14,972 millions of yen as of March 31, 2010
 14,544 millions of yen as of March 31, 2009

2. Dividends

	Dividends per Share					Total Dividends (Total)	Payout Ratio (Consolidated)	Dividend on Net Assets Ratio (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year End	Total			
	(yen)					(millions of yen)	(%)	(%)
2009	-	¥15.00	-	¥15.00	¥30.00	¥297	25.5%	2.1%
2010	-	15.00	-	15.00	30.00	¥297	38.4%	2.0%
2011 (Forecast)	-	¥15.00	-	¥15.00	¥30.00	-	37.2%	-

3. Consolidated Results Forecast for Year Ending March 31, 2011

	2011	
	Six Months	Full Year
	(millions of yen)	
Net sales	¥24,300	¥53,100
Operating income	100	2,000
Ordinary income	140	2,100
Net income	(100)	800
Net income, basic per share (yen)	(¥10.09)	¥80.73

4. Other

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in accounting policies, procedures and disclosures for consolidated financial statements (which should be stated in changes of Significant Items for Preparation of Consolidated Financial Statements)

- (i) Changes pursuant to revision of accounting policies: Yes
- (ii) Other changes: No

(3) Number of shares issued (common stock)

(i) Number of shares issued at fiscal year-end (including treasury stock)

9,909,400 shares as of March 31, 2010

9,909,400 shares as of March 31, 2009

(ii) Number of shares of treasury stock at fiscal year-end

177 share as of March 31, 2010

177 share as of March 31, 2009

(Reference)

Non-consolidated Performance

	2009	2010	2010 / 2009
	(millions of yen)		(percentage change)
(1) Non-consolidated financial results:			
Net sales	¥20,988	¥20,069	-4.4%
Operating income	1,418	461	-67.5%
Ordinary income	1,645	606	-63.1%
Net income	733	83	-88.6%
Net income, basic per share (yen)	74.04	8.44	
Net income, diluted per share (yen)	-	-	
(2) Non-consolidated financial position:			
Total assets	18,531	19,259	
Net assets	12,235	12,027	
Shareholders' equity ratio	66.0%	62.4%	
Net assets per share (yen)	¥1,234.76	¥1,213.74	

(Reference)

Shareholders' equity: 12,027 millions of yen as of March 31, 2010
12,235 millions of yen as of March 31, 2009

* Explanations about the appropriate use of the consolidated results forecast and other noteworthy points:

The forecasts given above are based on data available at the time of the release of this document and assumptions that are deemed reasonable. Actual results may differ from forecasts due to various uncertain factors. See "Outlook for the next fiscal period" of "(1) Analysis of Operating Results" in "1. Operating Results" for assumptions underlying the above forecasts and precautions regarding their use.

1. Operating Results

(1) Analysis of Operating Results

While a trend toward partial recovery in Japan's economy, due to the effects of government policy regarding consumer durables and export-related businesses, emerged during the consolidated fiscal year under review, uncertainty remained strong as self-supporting recovery struggled to make much headway.

In the bridal industry, the number of marriage registrations reached 714,000 couples in 2009, compared with 726,000 in the previous year, with the number of couples getting married remaining on a downward trend due to the declining birth rate in Japan. In response to this business environment and so as to address the trend towards customer needs becoming more personal and diverse, the Watabe Wedding Group (the "Group") has aggressively striven to improve customer satisfaction and optimize their delight through uniting all bridal-related services in and outside Japan and realizing a total bridal solution with a global perspective.

With regard to our domestic wedding business, in April 2009, we opened a bridal service in Sapporo—"Sapporo Blanc Birch Chapel"—so as to strengthen our resort wedding business in Hokkaido.

With regard to the overseas wedding business, in June 2009, we established Watabe Wedding Taiwan Limited and launched Watabe Wedding Taiwan in Taipei, Taiwan as our first overseas total wedding service base for the Taiwan market as part of our overseas wedding global enterprise aimed at the wedding market for non-Japanese people. Further, in March 2010, having entered into a business capital tie-up, we made GRACE WEDDING Taiwan Inc., a local bridal service company in Taipei, Taiwan into a consolidated subsidiary.

In terms of branch development, we moved our Okayama branch in Okayama City in April 2009 and refurbished 'Kobe Grand Plaza' in Kobe City in September 2009, having relocated the operation to The Former Foreign Settlement of Kobe as part of plans to improve convenience for our customers and area intimacy. Further, in order to create a product and service enhancing customer delight and to strengthen cooperation within the Group, we moved 'Fukuoka Grand Plaza' in the Chuo ward of Fukuoka city to 'Fukuoka Yamanoue Hotel' in May 2009 and refurbished our Hiroshima branch, having relocated the operation to 'Mielparque Hiroshima,' in August 2009. Moreover, in an effort to improve customer satisfaction, we opened "Shinjuku dress salon & wedding photo studio," a large integrated photography studio and dressing facility, in the Shinjuku ward of Tokyo in December 2009, in order to meet the diversified needs of customers.

Regarding product development, we targeted market expansion through the cooperation of major travel agencies, launching our "Resort Wedding Fairs" around the country aimed at stimulating demand for 'resort weddings.' Moreover, in response to increased customer demand for wedding album photos that customers can select on their own, we launched an original service in April 2009 known as "photo select web service," whereby the customer can make a selection from a range of photo album plans available on the Internet, in our aim to boost total album sales.

As a result of the above, operating performance for the year ended March 31, 2010 saw net sales for the Group grow 12.2% year on year, to ¥52,082 million. It was not possible to maintain the sales targets set at the beginning of the term, and despite efforts to reduce selling, general and administrative expenses, operating income saw a 36.1% year-on-year decrease, to ¥1,772 million yen, with a 32.2% year-on-year decrease in ordinary income, to ¥1,892 million, as net income for the period under review amounted to ¥773 million, down 33.7% from the same period a year earlier.

Operating performance by geographical segment is as follows:

1) Japan

While the number of wedding couples increased and net sales reached ¥50,148 million, up 13.3% from the same period a year earlier, as a result of a full-year's Mielparque operations started in the previous consolidated fiscal year, operating income amounted to ¥1,258 million yen, a 46.2% decline from the same period a year earlier, due to a decrease in the existing business of overseas weddings and receptions held by domestic facilities.

2) Hawaii

While there was a recovery in the number of wedding couples to the same level as in the previous year, net sales showed a 12.6% year-on-year decrease, to ¥3,880 million, with operating income amounting to ¥201 million, a 44.2% decrease from the same period a year earlier due to a reduction in the unit price.

3) China

As a result of an increase in the number of dress manufacturers near our Vietnam facility, net sales amounted to ¥1,566 million, a 9.9% year-on-year decrease, while operating income reached ¥140 million, compared with an operating loss of ¥134 million over the same period a year earlier.

4) Oceania

A reduction in the number of wedding couples saw net sales of ¥448 million, a 43.2% year-on-year decrease, and an operating loss of ¥35 million, compared with a loss of ¥54 million for the same period a year earlier.

5) Micronesia

A reduction in the number of wedding couples saw net sales of ¥1,566 million, a 26.7% year-on-year decrease and an operating income of ¥93 million, a 44.9% decrease compared with the same period a year earlier.

6) Other

Due to a rise in the operating capacity of the plant in Vietnam and a favorable shift of wedding ceremonies in Bali, there was an increase in the number of wedding couples, with net sales showing a 5.2% year-on-year increase, to ¥1,336 million, and operating income of ¥66 million, a 134.9% increase from the same period a year earlier.

Outlook for the next fiscal period

Amid decrease in the number of couples getting married due to the low birthrate in Japan and the trend toward the customer's needs becoming more personal and diverse, the Group is striving to consolidate a foothold in the market, aiming to expand our market share by strengthening our core competence of domestic and overseas networks and personnel, and utilizing our advantage in producing bridal contents in-house.

In order to expand our market share, we aim to look beyond our customers in Japan and take a global perspective and work to create a new feeling of delight for customers overseas. We plan to open 'Honu Kai Lani at Ko Olina Place of Welina,' a wedding resort in Oahu, Hawaii, in November, in a bid to actively promote the cultivation of a new market, targeting a horizon for which customers yearn or give up getting away to experience a resort wedding. In addition, as for the development of Asian market, we will go into full operation of "Grace Hill," a house wedding site managed by GRACE WEDDING Taiwan Inc., a Taiwan local bridal service company with which we entered into a business tie-up with in March 2010.

With regard to the consolidated forecast for the period ending March 31, 2011, we foresee the above measures resulting in net sales of ¥53,100 million, a 2% year-on-year increase, operating income of ¥2,000 million, a 12.8% year-on-year increase, with ordinary income of ¥2,100 million, an 11.1% year-on-year increase, and net income of ¥800 million, up 3.5% from the previous year.

(2) Analysis of the Financial Position

1) Assets, Liabilities and Net Assets

With regard to assets for the consolidated fiscal year under review, a ¥729 million decrease in cash and deposits, an ¥842 million increase in property, plant and equipment, and a ¥134 million increase in guarantee deposits meant that total assets increased by ¥200 million over the previous consolidated fiscal year, to ¥25,864 million.

With regard to liabilities, as a result of a ¥1,459 million decrease in current liabilities, owing to a decrease in accounts payable and others, and a ¥1,228 million increase in noncurrent liabilities, due to an increase in long-term loans payable, total liabilities amounted to ¥10,887 million, a decrease of ¥230 million from the previous consolidated fiscal year.

With regard to net assets, net income of ¥773 million, dividends from surplus of ¥297 million and a ¥53 million decrease in foreign currency translation adjustments meant that total net assets rose by ¥431 million over the previous consolidated fiscal year, to ¥14,976 million.

2) Consolidated Cash Flows

With regard to cash flows for the consolidated fiscal year under review, net cash provided by operating activities amounted to ¥2,067 million, net cash used in investing activities amounted to ¥3,106 million and net

cash provided by financing activities amounted to ¥326 million. Consequently, cash and cash equivalents (hereinafter referred to as “funds”) at the end of the consolidated fiscal year under review showed a decrease of ¥702 million from the beginning of the period and amounted to ¥4,237 million, down 14.2% from the same period a year earlier.

Net cash provided by (used in) operating activities

Funds obtained as a result of operating activities amounted to ¥2,067 million, a decrease of ¥1,872 million from the same period a year earlier, representing a 47.5% year-on-year decrease. This was mainly due to factors such as depreciation and amortization (¥1,829 million) and income taxes paid (¥732 million) as well as the fact that income before income taxes amounted to ¥1,553 million.

Net cash provided by (used in) investing activities

Funds used in investing activities amounted to ¥3,106 million, a 44.2% increase over the same period a year earlier. This is due to purchase of property, plant and equipment amounting to ¥2,752 million, purchase of intangible assets such as software amounting to ¥300 million and payments for guarantee deposits amounting to ¥311 million.

Net cash provided by (used in) financing activities

Funds provided by financing activities reached ¥326 million, compared with ¥135 million used in financing activities over the same period a year earlier. This is a result of a net decrease in short-term loans payable of ¥480 million, proceeds from long-term loans payable reaching ¥1,136 million, cash dividend payments of ¥297 million and other factors.

The trends in the Group’s cash flow indicators are shown below.

	44th fiscal year ended March 31, 2008	45th fiscal year ended March 31, 2009	46th fiscal year ended March 31, 2010
Equity ratio (%)	62.2	56.7	57.9
Market value equity ratio (%)	39.4	60.7	39.7
Cash flows/interest-bearing debt ratio (years)	0.9	0.5	1.2
Interest coverage ratio (times)	57.4	129.8	84.8

* Equity ratio = Equity capital/Total assets

Market value equity ratio = Aggregate market value of shares/Total assets

Cash flows/Interest-bearing debt ratio = Interest-bearing debt/Operating cash flow

Interest coverage ratio = Operating cash flow/Interest payment

Notes:

1. Each indicator is calculated based on the consolidated financial values.
2. Aggregate market value of shares is calculated as follows: (term-end closing stock price) × (term-end number of shares issued)
3. Operating cash flow represents the “Cash flows from operating activities” in the consolidated statements of cash flows. Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in the consolidated balance sheets. Interest payment corresponds to the amount of “Interest paid” in the consolidated statements of cash flows.

(3) Basic policy on profit distribution to shareholders and dividends for the current period under review and subsequent years

Our company recognizes profit distribution to shareholders as the most important matter, and in consideration of the consolidated results for each business year, plans to further our financial strength and our future business strategies, we aim to achieve a payout ratio of 20% of consolidated net income and distribute profits within a range we consider feasible for our company.

With regard to dividends for the current period under review, in order to meet the expectations of our shareholders for stable dividends we intend to follow our forecast at the beginning of the current period and pay ¥30 per share, with an interim dividend of ¥15 per share.

With regard to dividends for the subsequent year, we envisage payment of ¥30 per share throughout the year.

2. Status of the Group

Disclosure has been omitted in light of the fact that there have been no substantial changes regarding the business contents of the integrated business network plan or the situation regarding affiliates announced in the recent Securities Report issued on June 26, 2009.

3. Management Policy

(1) Basic Company Management Policy

Based on our “everything for our customer” policy, the Group operates under a basic management philosophy: “to create a fine lifestyle and contribute to the realization of a caring society through providing cordial service and creative proposals.” In other words, by working to develop a unique and high-value-added superior range of products, information services and network system, and provide our customers with an overwhelming sense of delight and realizing our basic management philosophy, we strive to secure the confidence of our customers and shareholders and company management making a contribution to society.

(2) Financial Targets

Traditionally, the Group recognizes ROE (Return of net income over shareholders’ equity), Ordinary Income Ratio and Net Sales as important management benchmarks for stable, continued growth. With a goal of improving these indices we are striving to improve management efficiency and corporate value.

(3) Group Management Strategy for the Medium-to-long term

The Group regards our four business areas; “overseas wedding global services (including operation of domestic resort weddings),” “domestic ‘local’ wedding services (including operation of wedding facilities),” “dress and video services” and “weddings in Shanghai, China” as our key business competence areas and while striving to expand our business.

With regard to our efforts for the consolidated fiscal period under review, in our “overseas wedding global services” and “domestic ‘local’ wedding services” we have been working to further expand our “resort wedding” business centering on our wedding facilities overseas and in Okinawa with a keyword of “rizo-kon (resort wedding).”

Moreover, with regard to our “dress and video service,” while aiming to increase the number of wedding couples, we established “Shinjuku dress salon & wedding photo studio” so as to expand our dress and video content business. The “weddings in Shanghai, China” business is not limited to Shanghai are but encompasses the market in Asia including South East Asia, and we intend to strengthen our Asian business section to substantially expand our business. Through developing a variety of measures, we intend to enhance our competitive edge and construct an enterprise with further growth and increased profits.

(4) Issues to be Addressed

The 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 sharing the basic management philosophy as well as based on the “Ethics Charter” action guidelines of the Group, we will make efforts to further reinforce and improve the compliance system by enhancing the function of compliance committee, setting up preventive measures and monitoring them.

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 by reinforcing the function of risk control committee, setting up prevision measures and monitoring them.

3) Responding to Diversifying Customer Needs

In order to become a company that further continues growing with the domestic birth rate declining and customer needs personalizing and diversifying, we will offer the wedding services which create customer values as well as proposing customers “family bonding and memories to treasure” through developing a range of products in connection with the wedding ceremony.

4) Improvement of Profit Margins and Stabilization of Revenue

By making our existing business more efficient, we will lower the break-even point and improve our constitution which gives rise to profit. Moreover, by clarifying each company’s unique brand value, we will obtain the support of the customer and stabilize revenue.

5) Fostering Human Resources

The Group, aiming at further growth, requires personnel as central pillars supporting each growing business. As well as making efforts to further strengthen personnel to display competence as business people and to provide specific skills, we aim to provide a structure enabling the nurturing of personnel to support the further development of our business in consideration of the working environment of our personnel.

We recognize these challenges facing us over the coming fiscal year and intend to meet them.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)
ASSETS		
Current assets		
Cash and deposits	4,971	4,241
Accounts receivable—trade	1,768	1,748
Merchandise and finished goods	227	200
Work in process	17	27
Raw materials and supplies	578	615
Deferred tax assets	641	537
Other	1,009	1,058
Allowance for doubtful accounts	(30)	(27)
Total current assets	9,184	8,401
Noncurrent assets		
Property, plant and equipment		
Costume rental	706	803
Accumulated depreciation	(503)	(539)
Costume rental, net	202	263
Buildings and structures	10,319	10,938
Accumulated depreciation	(4,134)	(4,834)
Buildings and structures, net	6,185	6,104
Tools, furniture and fixtures	4,314	4,669
Accumulated depreciation	(2,293)	(2,740)
Tools, furniture and fixtures, net	2,021	1,928
Land	1,999	2,207
Construction in progress	77	791
Other	438	500
Accumulated depreciation	(204)	(231)
Other, net	233	268
Total property, plant and equipment	10,720	11,562
Intangible assets	1,399	1,436
Investments and other assets		
Investment securities	216	197
Deferred tax assets	373	393
Guarantee deposits	3,557	3,692
Other	243	212
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	4,359	4,463
Total Noncurrent assets	16,479	17,462
Total assets	25,663	25,864

(Millions of yen)

	FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)
LIABILITIES		
Current liabilities		
Accounts payable—trade	1,984	1,874
Short-term loans payable	1,037	556
Current portion of long-term loans payable	363	353
Accounts payable—other	2,142	1,354
Income taxes payable	580	517
Advances received	2,287	2,317
Provision for bonuses	839	670
Other	1,027	1,157
Total current liabilities	10,261	8,802
Noncurrent liabilities		
Long-term loans payable	386	1,533
Deferred tax liabilities for land revaluation	25	25
Provision for retirement benefits	129	159
Other	315	367
Total noncurrent liabilities	856	2,085
Total liabilities	11,118	10,887
NET ASSETS		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	7,402	7,878
Treasury stock	(0)	(0)
Total shareholders' equity	15,616	16,092
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	14	17
Deferred gains or losses on hedges	28	31
Revaluation reserve for land	(906)	(906)
Foreign currency translation adjustment	(209)	(263)
Total valuation and translation adjustments	(1,072)	(1,120)
Minority interests	0	4
Total net assets	14,544	14,976
Total liabilities and net assets	25,663	25,864

(2) Consolidated Statements of Income

(Millions of yen)

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Net sales	46,406	52,082
Cost of sales	16,548	17,901
Gross profit	29,858	34,180
Selling, general and administrative expenses		
Salaries, allowances and bonuses	9,025	10,866
Provision for bonuses	811	584
Provision for retirement benefits	89	156
Rent expenses	4,795	6,436
Other	12,362	14,363
Total selling, general and administrative expenses	27,082	32,408
Operating income	2,775	1,772
Non-operating income		
Interest income	19	6
Rent income	22	74
Amortization of negative goodwill	40	29
Miscellaneous income	80	132
Total non-operating income	162	243
Non-operating expenses		
Interest expenses	30	28
Foreign exchange losses	38	12
Rent expenses	22	22
Commission fees	25	11
Miscellaneous loss	30	48
Total non-operating expenses	148	123
Ordinary income	2,790	1,892
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	179	—
Impairment loss	—	146
Loss on liquidation of facilities and stores	353	158
Other	174	33
Total extraordinary losses	707	339
Income before income taxes	2,082	1,553
Income taxes-current	909	697
Income taxes-deferred	7	82
Total income taxes	916	779
Minority interests in income	0	0
Net income	1,165	773

(3) Statements of Changes in Net Assets

(Millions of yen)

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	4,176	4,176
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	4,176	4,176
Capital surplus		
Balance at the end of previous period	4,038	4,038
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	4,038	4,038
Retained earnings		
Balance at the end of previous period	6,537	7,402
Effect of changes in accounting policies applied to foreign subsidiaries	4	—
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	1,165	773
Reversal of revaluation reserve for land	(7)	—
Total changes of items during the period	860	475
Balance at the end of current period	7,402	7,878
Treasury stock		
Balance at the end of previous period	(0)	(0)
Changes of items during the period		
Purchase of treasury stock	(0)	—
Total changes of items during the period	(0)	—
Balance at the end of current period	(0)	(0)
Total shareholders' equity		
Balance at the end of previous period	14,751	15,616
Effect of changes in accounting policies applied to foreign subsidiaries	4	—
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	1,165	773
Purchase of treasury stock	(0)	—
Reversal of revaluation reserve for land	(7)	—
Total changes of items during the period	860	475
Balance at the end of current period	15,616	16,092

(Millions of yen)

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	69	14
Changes of items during the period		
Net changes of items other than shareholders' equity	(55)	3
Total changes of items during the period	(55)	3
Balance at the end of current period	14	17
Deferred gains or losses on hedges		
Balance at the end of previous period	(33)	28
Changes of items during the period		
Net changes of items other than shareholders' equity	62	2
Total changes of items during the period	62	2
Balance at the end of current period	28	31
Revaluation reserve for land		
Balance at the end of previous period	(913)	(906)
Changes of items during the period		
Net changes of items other than shareholders' equity	7	—
Total changes of items during the period	7	—
Balance at the end of current period	(906)	(906)
Foreign currency translation adjustment		
Balance at the end of previous period	118	(209)
Changes of items during the period		
Net changes of items other than shareholders' equity	(328)	(53)
Total changes of items during the period	(328)	(53)
Balance at the end of current period	(209)	(263)
Total valuation and translation adjustments		
Balance at the end of previous period	(759)	(1,072)
Changes of items during the period		
Net changes of items other than shareholders' equity	(312)	(48)
Changes of items during the period	(312)	(48)
Balance at the end of current period	(1,072)	(1,120)
Minority interests		
Balance at the end of previous period	0	0
Changes of items during the period		
Net changes of items other than shareholders' equity	0	3
Total changes of items during the period	0	3
Balance at the end of current period	0	4

(Millions of yen)

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Total net assets		
Balance at the end of current period	13,992	14,544
Effect of changes in accounting policies applied to foreign subsidiaries	4	—
Changes of items during the period		
Dividends from surplus	(297)	(297)
Net income	1,165	773
Purchase of treasury stock	(0)	—
Reversal of revaluation reserve for land	(7)	—
Net changes of items other than shareholders' equity	(312)	(44)
Total changes of items during the period	547	431
Balance at the end of current period	14,544	14,976

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	2,082	1,553
Depreciation and amortization	1,532	1,829
Increase (decrease) in allowance for doubtful accounts	(23)	(3)
Increase (decrease) in provision for bonuses	460	(168)
Interest and dividends income	(22)	(9)
Interest expenses	30	28
Foreign exchange losses (gains)	163	(30)
Loss (gain) on sales and retirement of property, plant and equipment	179	31
Impairment loss	13	146
Loss on liquidation of facilities and stores	353	158
Decrease (increase) in notes and accounts receivable-trade	(90)	24
Decrease (increase) in inventories	188	(14)
Increase (decrease) in notes and accounts payable-trade	(245)	(140)
Increase (decrease) in accounts payable-other	—	(276)
Increase (decrease) in advances received	(96)	(28)
Other, net	442	(287)
Subtotal	4,969	2,814
Interest and dividends income received	22	9
Interest expenses paid	(30)	(24)
Payments for directors' retirement benefits	(209)	—
Income taxes paid	(811)	(732)
Net cash provided by (used in) operating activities	3,940	2,067
Net cash provided by (used in) investing activities		
Payments into time deposits	(36)	(3)
Proceeds from withdrawal of time deposits	112	31
Purchase of investment securities	(24)	—
Purchase of property, plant and equipment	(1,472)	(2,752)
Proceeds from sales of property, plant and equipment	5	4
Purchase of intangible assets	(292)	(300)
Proceeds from collection of guarantee deposits	145	221
Payments for guarantee deposits	(852)	(311)
Other, net	259	4
Net cash provided by (used in) investing activities	(2,154)	(3,106)

(Millions of yen)

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	700	(480)
Proceeds from long-term loans payable	100	1,500
Repayment of long-term loans payable	(620)	(363)
Cash dividends paid	(297)	(297)
Other, net	(17)	(31)
Net cash provided by (used in) financing activities	(135)	326
Effect of exchange rate change on cash and cash equivalents	(139)	9
Net increase (decrease) in cash and cash equivalents	1,511	(702)
Cash and cash equivalents at beginning of period	3,429	4,940
Cash and cash equivalents at end of period	4,940	4,237

Notes on the Going Concern Assumption

Not applicable

Segment Information

a. Business Segments

The main business of the Watabe Wedding Group is the provision of a comprehensive range of services pertaining to weddings. The above business accounted for more than 90 % of the total net sales, total assets and operating income for all the segments for the years ended March 31, 2009 and 2010. Accordingly, the disclosure of business segments is omitted.

b. Geographic Segments

For the year ended March 31, 2009 (From April 2008 to March 31, 2009)

(Millions of yen)

	Japan	Hawaii	China	Oceania	Micronesia	Other	Total	Eliminations or Corporate	Consolidated
I Net sales and operating income									
Net sales									
(1) Sales to customers	43,803	1,394	478	328	241	160	46,406	-	46,406
(2) Intersegment sales and transfers	461	3,047	1,259	459	1,895	1,110	8,234	(8,234)	-
Total	44,264	4,441	1,737	788	2,136	1,270	54,640	(8,234)	46,406
Operating expenses	41,925	4,080	1,871	843	1,967	1,242	51,932	(8,301)	43,631
Operating income (loss)	2,338	361	(134)	(54)	168	28	2,708	66	2,775
II Assets	19,998	1,265	1,709	1,086	1,195	923	26,178	(515)	25,663

Notes: 1. Classification of countries and areas and countries and areas in the respective classification

(1) Classification of countries and areas: Classified according to the degree of geographical proximity and interrelation of business activities.

(2) Countries and areas in the respective classification:

“Hawaii” represents Hawaii of the United States, not belonging to other states of the United States and Canada. “Oceania” refers to Australia, New Zealand and Tahiti, and “Micronesia” refers to Guam and Saipan.

2. There are no unallocatable operating expenses included in “Eliminations or Corporate.”

3. Corporate assets included in “Eliminations or Corporate” are mainly long-term investment funds (investment securities), amounting to ¥192 million.

4. Change in accounting policy

Watabe Wedding Corporation and its domestic consolidated subsidiaries have applied ASBJ Statement No. 9 Accounting Standard for Measurement of Inventories, issued July 5, 2006, from the consolidated fiscal year under review. Consequently, compared to the amounts that would have been reported under the previous accounting method, the operating expenses of China increased by ¥97 million and operating income of China decreased by the same amount. Impact of this change on the profit and loss of Japan is immaterial.

For the year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(Millions of yen)

	Japan	Hawaii	China	Oceania	Micronesia	Other	Total	Eliminations or Corporate	Consolidated
I Net sales and operating income									
Net sales									
(1) Sales to customers	50,117	1,162	424	82	152	143	52,082	-	52,082
(2) Intersegment sales and transfers	31	2,718	1,141	365	1,414	1,193	6,864	(6,864)	-
Total	50,148	3,880	1,566	448	1,566	1,336	58,947	(6,864)	52,082
Operating expenses	48,889	3,679	1,425	483	1,473	1,270	57,222	(6,912)	50,310
Operating income (loss)	1,258	201	140	(35)	93	66	1,725	47	1,772
II Assets	20,026	1,298	1,603	1,056	1,113	1,236	26,334	(470)	25,864

Notes: 1. Classification of countries and areas and countries and areas in the respective classification

(1) Classification of countries and area: Classified according to the degree of geographical proximity and interrelation of business activities.

(2) Countries and areas in the respective classification:

“Hawaii” represents Hawaii of the United States, not belonging to other states of the United States and Canada. Oceania refers to Australia, New Zealand and Tahiti, and Micronesia refers to Guam and Saipan.

2. There are no unallocatable operating expenses included in “Eliminations or Corporate.”

3. Corporate assets included in “Eliminations or Corporate” are mainly long-term investment funds (investment securities), amounting to ¥ 197 million.

C. Overseas Sales

Overseas sales for the last two consolidated fiscal years are as follows:

For the year ended March 31, 2009 (From April 2008 to March 31, 2009) (Millions of yen)

	Hawaii	Micronesia	Other	Total
I Overseas sales	5,728	2,925	2,599	11,253
II Consolidated net sales				46,406
III Overseas sales to consolidated net sales (%)	12.3	6.3	5.7	24.3

Notes: 1. Classification of countries and areas and countries and areas in the respective classification

(1) Classification of countries and areas: Classified according to the degree of geographical proximity and interrelation of business activities.

(2) Countries and areas in the respective classification:

“Hawaii” represents Hawaii of the United States, not belonging to other states of the United States and Canada. “Micronesia” refers to Guam and Saipan.

2. Overseas sales consist of sales earned outside Japan based on the orders received in Japan and sales of overseas branches and overseas consolidated subsidiaries.

For the year ended March 31, 2010 (From April 1, 2009 to March 31, 2010) (Millions of yen)

	Hawaii	Micronesia	Other	Total
I Overseas sales	5,222	2,744	1,898	9,865
II Consolidated net sales				52,082
III Overseas sales to consolidated net sales (%)	10.0	5.3	3.6	18.9

Notes: 1. Classification of countries and areas and countries and areas in the respective classification

(1) Classification of countries and areas: Classified according to the degree of geographical proximity and interrelation of business activities.

(2) Countries and areas in the respective classification:

“Hawaii” represents Hawaii of the United States, not belonging to other states of the United States and Canada. “Micronesia” refers to Guam and Saipan.

2. Overseas sales consist of sales earned outside Japan based on the orders received in Japan and sales of overseas branches and overseas consolidated subsidiaries.