

Company Registration No. 3477626 (England and Wales)

WATABE UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005



WATABE UK LIMITED

COMPANY INFORMATION

Directors

M Fukui
Y Yoshizawa (Appointed 1 June 2005)
K Masutani (Appointed 1 June 2005)

Secretary

H Kawaguchi

Company number

3477626

Registered office

One Dovedale Studios
465 Battersea Park Road
London
SW11 4LR

Auditors

Greenback Alan
11 Raven Wharf
Lafone Street
London
SE1 2LR

Bankers

The Bank of Tokyo-Mitsubishi Ltd
12-15 Finsbury Circus
London
EC2M 7BT

Barclays Bank Plc
Belgravia and Knightsbridge
30 Sloane Square
London SW3 2AB

Solicitors

Sugiyama & Co

WATABE UK LIMITED

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WATABE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and financial statements for the year ended 31 March 2005.

Principal activities

The company operates by providing wedding facilities and other arrangements primarily for Japanese tourists, in the United Kingdom.

Directors

The following directors have held office since 1 April 2004:

M Fukui	
T Okamoto	(Resigned 12 July 2004)
M Shimazaki	(Resigned 12 July 2004)
K Masutani	(Resigned 12 July 2004)
H Watabe	(Appointed 12 July 2004 and resigned 1 June 2005)
Y Yoshizawa	(Appointed 1 June 2005)
Y Watabe	(Appointed 12 July 2004 and resigned 1 June 2005)
K Masutani	(Appointed 1 June 2005)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2005	1 April 2004
M Fukui	-	-
H Watabe	-	-
Y Watabe	-	-

Auditors

Greenback Alan were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

WATABE UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

Directors' responsibilities

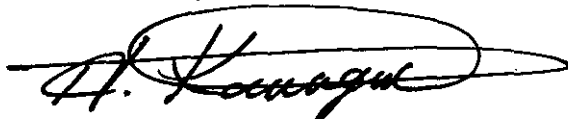
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



H Kawaguchi

Secretary

25 April 2006

WATABE UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WATABE UK LIMITED

We have audited the financial statements of WATABE UK LIMITED on pages 5 to 12 for the year ended 31 March 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

WATABE UK LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF WATABE UK LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Greenback Alan

25 April 2006

Chartered Accountants
Registered Auditor

11 Raven Wharf
Lafone Street
London
SE1 2LR

WATABE UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover		306,426	386,160
Cost of sales		(167,269)	(199,418)
Gross profit		139,157	186,742
Administrative expenses		(142,362)	(160,179)
Operating (loss)/profit	2	(3,205)	26,563
Investment income	3	-	69,548
Other interest receivable and similar income	3	540	320
Interest payable and similar charges	4	(20,959)	(5,220)
(Loss)/profit on ordinary activities before taxation		(23,624)	91,211
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit on ordinary activities after taxation	10	(23,624)	91,211

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

WATABE UK LIMITED

BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	6		8,771		7,860
Current assets					
Debtors	7	39,555		24,086	
Cash at bank and in hand		102,585		102,390	
		<u>142,140</u>		<u>126,476</u>	
Creditors: amounts falling due within one year	8	<u>(461,990)</u>		<u>(421,791)</u>	
Net current liabilities			<u>(319,850)</u>		<u>(295,315)</u>
Total assets less current liabilities			<u>(311,079)</u>		<u>(287,455)</u>
Capital and reserves					
Called up share capital	9	100,000		100,000	
Profit and loss account	10	<u>(411,079)</u>		<u>(387,455)</u>	
Shareholders' funds - equity interests	11	<u>(311,079)</u>		<u>(287,455)</u>	

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 25 April 2006



Y Yoshizawa
Director

WATABE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Turnover is recognised at the date of the provision of wedding services or at the date of the hire of related garments and accessories.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Wedding accessories	33 1/3% per annum
Fixtures, fittings & equipment	20% per annum

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance had not been discounted.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

WATABE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

2	Operating (loss)/profit	2005	2004
		£	£
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	4,991	4,419
	Loss on foreign exchange transactions	-	20
	Operating lease rentals		
	- Plant and machinery	-	616
	- Other assets	18,381	17,339
	Auditors' remuneration	7,000	6,500
		<u> </u>	<u> </u>
3	Investment income	2005	2004
		£	£
	Income from fixed asset investments	-	69,548
	Bank interest	540	320
		<u> </u>	<u> </u>
		540	69,868
		<u> </u>	<u> </u>
4	Interest payable	2005	2004
		£	£
	Included in interest payable is the following amount:		
	On amounts payable to group companies	20,959	5,144
		<u> </u>	<u> </u>

WATABE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

5	Taxation	2005	2004
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(23,624)	91,211
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	(7,087)	27,363
	Effects of:		
	Non deductible expenses	157	(20,733)
	Depreciation add back	1,497	-
	Capital allowances	-	1,325
	Tax losses utilised	-	(4,328)
	Other tax adjustments	5,433	(3,627)
		7,087	(27,363)
	Current tax charge	-	-

The company has estimated losses of £ 397,016 (2004: £ 378,907) available for carry forward against future trading profits.

There is no deferred taxation provided in the financial statements at 31 March 2005 (2004: £nil).

A deferred tax asset has not been recognised in respect of timing differences relating to capital allowances in excess of the depreciation and losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £133,048 (2004:£131,461).

WATABE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

6 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 April 2004	80,602
Additions	5,902
	<hr/>
At 31 March 2005	86,504
	<hr/>
Depreciation	
At 1 April 2004	72,742
Charge for the year	4,991
	<hr/>
At 31 March 2005	77,733
	<hr/>
Net book value	
At 31 March 2005	8,771
	<hr/>
At 31 March 2004	7,860
	<hr/>

7 Debtors

	2005 £	2004 £
Trade debtors	23,304	3,825
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	101
Other debtors	16,251	20,160
	<hr/>	<hr/>
	39,555	24,086
	<hr/>	<hr/>

WATABE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

8	Creditors: amounts falling due within one year	2005 £	2004 £
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	419,096	380,055
	Taxation and social security	3,887	13,769
	Payments received on account	7,023	1,498
	Other creditors	31,984	26,469
		<u>461,990</u>	<u>421,791</u>

The company's parent company has confirmed its intention to continue its financial support of the company to ensure that it is able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

9	Share capital	2005 £	2004 £
	Authorised		
	500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
	Allotted, called up and fully paid		
	100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

10	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 April 2004	(387,455)
	Retained loss for the year	<u>(23,624)</u>
	Balance at 31 March 2005	<u>(411,079)</u>

11	Reconciliation of movements in shareholders' funds	2005 £	2004 £
	(Loss)/Profit for the financial year	(23,624)	91,211
	Opening shareholders' funds	<u>(287,455)</u>	<u>(378,666)</u>
	Closing shareholders' funds	<u>(311,079)</u>	<u>(287,455)</u>

WATABE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

12 Financial commitments

At 31 March 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2006:

	Land and buildings	
	2005	2004
	£	£
Operating leases which expire:		
Between two and five years	18,250	18,250

13 Control

The company's ultimate parent company, immediate parent and controlling party is Watabe Wedding Corporation, a company incorporated in Japan.

The parent company of the largest and smallest groups which prepare consolidated financial statements incorporating the results of Watabe UK Limited is Watabe Wedding Corporation.

Group financial statements for Watabe Wedding Corporation are available from 361 Sakura Tsura En Machi, Idemizuagaru, Karasuma-Douri, Kamigyo-ku, Kyoto City, Kyoto Japan.

14 Related party transactions

The company has taken advantage of the exemption granted, under Financial Reporting Standard 8 "Related Party Disclosures", not to disclose transactions with entities that are part of Watabe Wedding Corporation as the consolidated financial statements, in which the company is included, are publicly available.