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Securities Code: 8248
February 25, 2008

To Those Shareholders with Voting Rights

Toshio Katayama
President and Representative Director
Nissen Holdings Co., Ltd.
18, Hainoborinakamachi, Kisshoin,
Minami-ku, Kyoto

NOTICE OF THE 38th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 38th Ordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by paper ballot or electromagnetic means (over the Internet). Please review the Reference Documents for the General Meeting of Shareholders, and either return the Voting Rights Exercise Form with your selections by mail or vote via the website (<http://www.evotep.jp/>) by no later than 5:30 p.m. of March 17, 2008.

* Be sure to confirm the items stipulated in "Information on Exercising Voting Rights" on pages 47 to 48 when exercising your voting rights electronically (over the Internet).

1. **Date and Time** 10:00 a.m., Tuesday, March 18, 2008
2. **Place** Hyatt Regency Kyoto, 1F, The Ball Room
644-2 Sanjusangendo-mawari, Higashiyama-ku, Kyoto
3. **Agenda of the Meeting:**
Matters to be reported:
 - (1) Business Report, Consolidated Financial Statements for the 38th Fiscal Term (from December 21, 2006 to December 20, 2007) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 - (2) Non-Consolidated Financial Statements for the 38th Fiscal Term (from December 21, 2006 to December 20, 2007)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Seven Directors
- Proposal No. 4:** Election of Two Corporate Auditors
- Proposal No. 5:** Election of Two Substitute Corporate Auditors

4. Other Notice Regarding the Exercise of Voting Rights by Proxy

Please refer to the "Information on Exercising Voting Rights" on pages 47 to 48.

- Notes:
1. If you plan to attend the meeting, please hand in your Voting Rights Exercise Form at the front desk when you arrive at the venue.
 2. Subsequent amendments to the Reference Documents for the General Meeting of Shareholders and the Attached Documents (if any) will be listed on the Company's website (<http://www.nissen.info/ir/governance.htm>).

Attached Documents

BUSINESS REPORT (from December 21, 2006 to December 20, 2007)

1. Current Status of the Company Group

(1) Business Status for the Current Year

1) Business performance and results

The Japanese economy experienced a moderate recovery during the fiscal year under review as a result of increased capital investments due to stronger corporate earnings and improvements in the employment situation. Uncertainty prevailed, however, because of the rising prices for crude oil and raw materials, the disturbances in domestic and overseas financial markets resulting from the sub-prime home loan debacle in the U.S., and general concern over the aggravation of business activities. A full-scale recovery in private consumption has yet to be attained in retailing, the industry in which the Nissen Group operates. With stiffening competition in the industry, difficulties in the business environment remain.

Within this business environment, the Nissen Group upholds its vision “of becoming a corporate group that proposes lifestyle suggestions to meet the ideals of individual customers,” based on a strategy of promoting group management with database marketing at its core. Various measures are taken to achieve “Nissen Vision 2009,” the medium-term business plan terminating in 2009 (consolidated net income target of ¥5.2 billion). As a specific measure, the Company has started to renew brand image for the Nissen Group under a new branding strategy developed from April 2007 onward, in an effort to acquire new customers and enhance the loyalty of existing customers. Further, the Company converted itself into a pure holding company system in June 2007 towards the development of full-scale group management.

As for the business performance, business conditions in direct marketing, a mainstay business for Nissen that relies on both catalog and Internet as sales channels, are showing the effects little by little of the improvements achieved by the various action plans started from the fiscal year under review. On the other hand, the direct sales business and financial business were heavily impacted by rapid changes in consumption trends and new amendments in laws and regulations, and other factors.

As a result, net sales for the current fiscal year decreased 1.2% year-over-year to 152,997 million yen (-1,873 million yen), operating income decreased 2.7% year-over-year to 4,508 million yen (-123 million yen), ordinary income decreased to -2,022 million yen (-7,251 million yen), and net income decreased to -3,144 million yen (-3,922 million yen).

2) Results by business segment

Sales, operating income, and ordinary income for each business segment were as follows.

Direct marketing business

The number of customers to whom catalogs were issued at the beginning of the term in the direct marketing business decreased sharply as a result of the decrease in the number of active customers caused by the pricing policy of the previous year. The Company responded to this decrease by reviewing the pricing policy for the spring issue of the catalog in pursuit of an enhanced line-up of reasonably priced products, and increasing the number of active customers by aggressively strengthening direct marketing through the Internet. Through these measures, the cumulative number of active customers after May recovered to a level exceeding that of the previous year, and net sales rose above the level recorded in the previous fiscal year. On the cost front, the change in the pricing policy pushed up the cost percentage and fulfillment expenses ratio somewhat year on year, though the promotion of low-cost management helped to reduce the effects of the fixed cost of sales (cost of catalog) which are beginning to become apparent. Ultimately, operating income also exceeded that of the previous fiscal year.

On the other hand, GE Nissen Credit Co., Ltd., an equity-method affiliate involved in the consumer credit business in the direct marketing business segment of the Group, incurred a large net loss as a result of an increase in the amount transferred to allowance for doubtful receivables, an increase in uncollectible loans receivable, the booking of an additional allowance for reserves for losses on the return of excess interest payments, and reversed deferred tax assets in the current fiscal year. As a result, losses in equity-method investments were generated during the current fiscal year under the category of non-operating expenses of the Company. In the direct marketing business, long-term forward foreign exchange contracts were concluded to prevent the risk of foreign exchange fluctuations relevant to the settlement of imports, and valuation losses were assumed as non-operating expenses.

As a result, segment sales in the current fiscal year increased 2.7% year-over-year to 130,482 million yen (+3,418 million yen), operating income increased 21.2% to 8,353 million yen (+1,463 million yen), and ordinary income declined 72.1% to 2,182 million yen (-5,650 million yen).

Direct sales business

The direct sales business performed poorly, worse even than the forecasts at the beginning of the term, as sales continued to flag under the strains of the contracting market of kimono, and the implementation of new policies for strengthened voluntary restrictions in the Company. To respond to this difficult situation, the Company eliminated and consolidated over half of the marketing centers, optimized the workforce size, and reformed the profit structure to reduce fixed expenses, in an effort to ensure the appropriate scale of business during the current fiscal year.

As a result, segment sales for the current fiscal year decreased 19.0% year-over-year to 22,515 million yen (-5,291 million yen), operating income decreased to -1,012 million yen (-1,618 million yen), and ordinary income declined to -1,296 million yen (-1,598 million yen).

3) Status of capital investments

Total capital investments of the corporate group during the fiscal year under review amounted to 2,310 million yen as a result of investments in software and new construction work due to the aging of office buildings.

4) Status of funding

The Company raised a total of 7,105 million yen by the issuance of 9,110,000 new shares (780 yen paid per 1 share) through a third-party allocation on the paid-in-date of February 20, 2007.

The Company and its consolidated subsidiaries have signed overdraft and commitment line agreements with twelve correspondent financial institutions to ensure efficient procurement of working capital. The balance of unused credit lines under these agreements as of the end of the fiscal year was as follows:

Current account of overdraft and commitment line	31,250 million yen
Credit used	5,000 million yen
Credit available	26,250 million yen

5) Assignment, absorption-type demerger and consolidation-type demerger of business

The Company changed its company name to Nissen Holdings Co., Ltd. and converted itself into a pure holding company on June 21, 2007. The Company also succeeded the direct marketing business and direct sales

business in which it has been involved to Nissen Co., Ltd., its new wholly-owned subsidiary established through corporate divestiture.

6) Acceptance of business of other company by assignment

All the business of the former oriental diamond inc. (hereinafter “Former ODI”), a 100% subsidiary of Sumitomo Corporation, was transferred to oriental diamond inc. (hereinafter “New ODI”), Nissen’s 100% subsidiary, on April 1, 2007, pursuant to the resolution of Nissen’s Board of Directors’ meeting held on February 26, 2007.

(2) Business Results and Summary of Assets for the three immediately preceding fiscal terms

		Fiscal term ended December 20, 2004 (35th Term)	Fiscal term ended December 20, 2005 (36th Term)	Fiscal term ended December 20, 2006 (37th Term)	Fiscal term ended December 20, 2007, (38th Term)
Net sales	(millions of yen)	164,304	166,423	154,871	152,997
Ordinary income (loss)	(millions of yen)	9,650	8,414	5,228	(2,022)
Net income (loss)	(millions of yen)	6,219	5,749	777	(3,144)
Net income (loss) per share	(yen)	116.29	108.12	14.87	(53.03)
Total assets	(millions of yen)	79,483	83,863	77,038	72,371
Net assets	(millions of yen)	30,261	34,697	33,847	35,186
Net assets per share	(yen)	576.24	660.31	653.70	578.23

Notes: 1. From the 37th fiscal term, the Company adopted the “Accounting Standard for the Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan, Corporate Accounting Standard No.5, December 9, 2005) and the “Guidelines for the Application of the Accounting Standard for the Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan, Corporate Accounting Standard Guideline No. 8, December 9, 2005).

2. The Company conducted a capital increase by allotting new shares to a third party with a stock payment date set for February 20, 2007 and increased the number of shares outstanding by 9,110,000 shares as of the same date.

(3) Major parent company and subsidiaries

1) Relationship with the parent company
Not applicable

2) Major subsidiaries

Name of Company	Capital	Percentage of Voting Rights	Major Activities
Nissen Co., Ltd.	100 million yen	100.0%	Direct marketing business through catalogs and the Internet, and direct sales business through exhibition sales
Spark Ace Limited	2,500 thousand HK dollars	100.0%	Export to Nissen of products procured in Hong Kong and neighboring countries
Advance Progress Limited	1,700 thousand HK dollars	82.3%	Inspection of products imported by Nissen
Navibird, Inc.	80 million yen	74.2%	Japan-based Internet mail-order business for overseas residents
BUDOU Labo Co., Ltd.	63 million yen	66.5%	Development and sales of cosmetics using materials derived from grapes, and quasi-drugs
oriental diamond inc.	100 million yen	100.0%	Import of diamonds for jewelry, and development and sales of diamond jewelry
TRECENTI Co., Ltd.	200 million yen	100.0%	Sales of precious metals and jewelry
Nissen Evers Oita Co., Ltd.	10 million yen	100.0%	Rental of wedding clothes, etc.

Nissen Shape Founde Co., Ltd.	50 million yen	100.0%	Sales of women's body-shaping undergarments and other apparel, and cosmetics, dietary supplements, and other services
Nissen Youbist Tomonokai Co., Ltd.	20 million yen	100.0%	Prepayment-based retail in accordance with the Installment Sales Law

Note: All shares in Advance Progress Limited are held indirectly.

3) Other major affiliated companies

Name of Company	Capital	Percentage of Voting Rights	Major Activities
GE Nissen Credit Co., Ltd.	4,050 million yen	50.0%	Consumer credit card business, funding business, information provision services, insurance agency business
Mail & eBusiness Logistics Service Co., Ltd.	980 million yen	49.5%	Storage, shipments, and inspections
SharedWIN Co., Ltd.	100 million yen	49.0%	Commissioning of shared service center business through Chinese BPO
ALBERT Inc.	272 million yen	26.7%	Development and provision of product recommendation engines, operation of recommendation media
InfoDeliver Corporation	491 million yen	19.3%	Backoffice BPO services using centers in China

(4) Key issues

The Nissen Group will aggressively enhance business development by implementing dynamic reforms of its business structure and profit structure, by pursuing M&As based on a strategy to promote group management with database marketing at its core, and by steadily strengthening the growth strategy for the overall Group. Nissen will also endeavor to recover and expand customer support by carrying out the following tasks in the business segments.

Direct marketing business

In direct marketing, Nissen will steadily implement measures to enhance “good buy” products through a collective catalog (comprehensive catalog), develop internet sites for specialized product categories, develop distinct products for sale via the internet sites, and reduce the fixed costs of sales (catalog cost) in an effort to put the following three basic principles for the following fiscal year into practice: 1. further increase active customers, 2. expand direct marketing through internet sales, 3. implement thoroughgoing low-cost management.

As a trial for a highly profitable business in the future, Nissen will continue to expand direct marketing through the internet and mobile phone platforms, as well as to actively implement direct marketing of beauty-related products and promote internet advertisement related to BtoB.

GE Nissen Credit Co., Ltd., a company involved in the consumer credit business as part of the Group's direct marketing business, recalculated the total claims for the return of excess interest payments that may arise in the future and additionally booked the reserves. As a result, the Company believes it was able to put an end, to a certain degree, to the problem of responding to the risk against claims for the return of excess interest payment.

From January 2008 onward, the Company reduced the maximum interest rate on loans for cash services to new customers to the interest rate provided under the “Interest Limitation Law.” Therefore, claims for the return of excess interest payment regarding loans for new customers will not occur in the future.

The Company will work to enhance corporate value by properly responding to changes in the business environment in the future, including amendments in the relevant laws.

Direct sales business

The direct sales business faces an extremely difficult situation, as stated in the foregoing paragraph. To cope, Nissen will carry forward its efforts commenced in the previous fiscal term to reform its profit structure by reducing fixed expenses, etc. It will also maintain its efforts to recover customer support by working to enhance the quality of products, services and exhibition sales in ways that reflect the voices of Nissen's customers, and will aim to recover profitability.

Further, the Company will enhance its compliance training system, conduct reviews to uphold the marketing stance of the Company based on the customers' point of view, and make various efforts to allow customers to

purchase the Company's products without worry.

Over the medium- to long-term, Nissen will develop not only "PUSH-type" exhibition sales using mail-order customer lists, as in the past, but also "PULL-type" brand brick-and-mortar shop marketing to transform the business portfolio, and make aggressive efforts to reform the business structure.

(5) Significant business activities (as of December 20, 2007)

- 1) Direct marketing business and sales representation business for apparel, home interior goods, miscellaneous daily goods, electric machinery and apparatuses, food stuff, and beverages and other services business and non-life insurance agency business.
- 2) Sales at exhibitions and door-to-door sales of jewelry, precious metal, apparel, electric machinery apparatuses, and other related services business.

(6) Main Offices (as of December 20, 2007)

Offices		Location
Nissen Holdings Co., Ltd.	Head office	Kyoto
	Headquarters	Kyoto
	Information Center	Kyoto
Nissen Co., Ltd.	Head office	Kyoto
	Direct marketing centers	Kyoto, Tokyo, others
	Direct sales centers	Kyoto, Tokyo, Osaka, others
	Overseas centers	Hong Kong, Shanghai, Beijing, others

(7) Employees (as of December 20, 2007)

- 1) Number of employees of Nissen Group

Number of employees	Increase/decrease from end of previous fiscal year
1,075	227 (Decrease)

Notes: 1. Contract employees and temporary employees (non-regular employees) are excluded.

2. The number of employees decreased by 227 from the previous fiscal year, mainly due to voluntary resignation.

- 2) Number of employees of the Company

Number of employees	Increase/decrease from end of previous fiscal year	Average age	Average length of employment
24	1,221 (decrease)	40 years, 2 months	8 years, 10 months

Notes: 1. Contract employees and temporary employees (non-regular employees) are excluded.

2. The number of employees decreased by 1,221 from the end of the previous fiscal year. This was mainly because the Company placed the direct marketing business and direct sales business under its new wholly owned subsidiary, Nissen Co., Ltd., through a corporate divestiture effective as of June 21, 2007.

(8) Principal lenders (as of December 20, 2007)

Lenders	Outstanding amount of loan (millions of yen)
Resona Bank, Limited	834
Bank of Kyoto, Ltd.	834
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	417
Mizuho Bank, Ltd.	417
Nippon Life Insurance Company	417

(9) Other significant matters related to the corporate group

Not applicable

2. Status of the Company (as of December 20, 2007)

(1) Stock Information

- 1) Number of shares authorized to be issued 140,000,000 shares
- 2) Number of shares issued Common shares 63,416,332 shares
- 3) Number of shareholders 11,140 persons
- 4) Large shareholders (shareholders possessing one-tenth or more of the number of shares issued, excluding treasury stocks)
Not applicable.

10 largest shareholders of the Company are as follows:

Name of shareholder	Investment in the Company	
	Number of shares held (thousand shares)	Percentage of voting rights (%)
Japan Trustee Services Bank, Ltd. (Trust account)	5,590	9.19
THN, LLC (Standing proxy: Strategic Scenario)	5,560	9.15
HSBC Fund Services SPARX Asset Management Incorporated (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	5,428	8.93
THN Cayman, Inc. (Standing proxy: Strategic Scenario)	3,550	5.84
Belluna Co., Ltd.	2,470	4.06
UOB-Kay Hian PRIVATE LIMITED ACCOUNT CLIENTS (Standing proxy: Mizuho Corporate Bank, Ltd. Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division)	2,059	3.38
Nihon Unisys, Ltd.	1,501	2.47
UBS Securities LLC Customer Segregated Account (Standing proxy: Citibank Japan Ltd.)	1,280	2.10
Brast Sheave Co., Ltd.	1,155	1.90
Tetsuo Kawashima	1,140	1.87

Notes: 1. The Company holds 2,593 thousand shares of treasury stocks and is excluded from the major shareholders list above.

2. The Company received a copy of a large shareholdings report from Brandes Investment Partners, L.P. dated July 6, 2007, indicating that the said company holds the following number of shares as of June 29, 2007. However, as the Company was not able to confirm the number of shares actually held by the said company at the end of the fiscal year under review, the said company is not included in the major shareholders list above.

Name of shareholder	Number of shares held (thousand shares)	Percentage of shares held (%)
Brandes Investment Partners, L.P	3,301	5.21

3. The Company received a copy of a jointly endorsed large shareholdings report (amendment report) from SPARX Asset Management Co., Ltd. and SPARX International (Hong Kong) Limited, dated September 3, 2007, indicating that the said companies respectively hold the following numbers of shares as of August 28, 2007. However, as the Company was not able to confirm the number of shares actually held by these two companies at the end of the fiscal year under review, the two companies are not included in the major shareholders list above.

Name of shareholder	Number of shares held (thousand shares)	Percentage of shares held (%)
SPARX International (Hong Kong) Limited	5,107	8.05
SPARX Asset Management Co., Ltd.	4,523	7.13

(2) Stock acquisition rights, etc.

- 1) Stock acquisition rights allotted in consideration of the performance of duties and held by the Directors and Corporate Auditors of the Company

(As of December 20, 2007)

Date of resolution of Ordinary General Meeting of Shareholders	March 18, 2003	March 18, 2004	March 16, 2005
Number of rights holders and number of rights allotted			
Director of the Company	6 persons 2,220 rights	6 persons 3,000 rights	6 persons 6,000 rights
Corporate Auditor of the Company	1 person 115 rights	2 persons 325 rights	1 person 600 rights
Class of shares to be issued or transferred upon exercise of the stock acquisition rights	Common shares	Common shares	Common shares
Number of shares to be issued or transferred upon exercise of the stock acquisition rights	500,400 shares	914,500 shares	1,200,000 shares
Amount paid in upon the exercise of the stock acquisition rights	1,090 yen	2,205 yen	1,534 yen
Exercise period for the stock acquisition rights	From April 1, 2005 to March 15, 2013	From April 1, 2006 to March 15, 2009	From April 1, 2008 to March 15, 2010

- 2) Stock acquisition rights allotted to employees in consideration of the performance of duties during the fiscal year under review.

Not applicable

- 3) Other significant matters related to stock acquisition rights

Not applicable

(3) Corporate officers

- 1) Directors and Corporate Auditors (as of December 20, 2007)

Position	Name	Responsibility or representation in other corporations
Representative Director	Toshio Katayama	Representative Director of Nissen Co., Ltd.
Director	Shinya Samura	Senior Managing Executive Officer, Director of Catalog Sales, President of Spark Ace Limited President of Advance Progress Limited
Director	Hiroshi Fujii	Managing Executive Officer, Director of Direct Sales
Director	Nobuyuki Ichiba	Managing Executive Officer, Director of Corporate Control
Director	Tetsuo Kawashima	Executive Officer, Manager of Branding Promotion Office
Director	Fumikazu Morimoto	-
Director	Takeshi Isokawa	Partner, Global law office
Director	Akira Iwamoto	Managing Director, Advantage Partners LLP
Full-time Corporate Auditor	Yasoji Mori	-
Corporate Auditor	Yoshiharu Takahashi	Representative Director, Y's Stage Co., Ltd.
Corporate Auditor	Scott Trevor Davis	Outside Director, Seven & i Holdings Co., Ltd.

Notes: 1. The Directors Takeshi Isokawa and Akira Iwamoto are Outside Directors, as prescribed by Article 2 Paragraph 15 of the Corporation Law.

2. The Corporate Auditors Yoshiharu Takahashi and Scott Trevor Davis are Outside Corporate Auditors, as prescribed by Article 2 Paragraph 16 of the Corporation Law.
3. Changes in the positions of Directors during the fiscal year under review are as follows:

Name	Title(s) after change	Title(s) before change
Shinya Samura	Director, Senior Managing Executive Officer, Director of Catalog Sales	Director, Senior Managing Executive Officer, Director of Direct Marketing Business
Hiroshi Fujii	Director, Managing Executive Officer, Director of Direct Sales	Director, Managing Executive Officer in charge of Corporate Consulting
Nobuyuki Ichiba	Director, Managing Executive Officer, Director of Corporate Control	Director, Managing Executive Officer in charge of Corporate Control

2) Concurrent positions of corporate officers during the fiscal year under review

Name	Other corporations in which corporate officers hold positions concurrently	Position
Shinya Samura	Nissen Co., Ltd.	Director
	BUDOU Labo Co., Ltd.	Director
	GE Nissen Credit Co., Ltd.	Director
	Mail & e Business Logistics Service Co., Ltd.	Director
	ALBERT Inc.	Director
Hiroshi Fujii	Nissen Co., Ltd.	Director
	Spark Ace Limited	Director
	Advance Progress Limited	Director
	oriental diamond inc.	Director
	TRECENTI Co., Ltd.	Director
	Nissen Evers Oita Co., Ltd.	Director
Nobuyuki Ichiba	Nissen Shape Founde Co., Ltd.	Director
	Nissen Co., Ltd.	Director
	Spark Ace Limited	Director
	Nissen Shape Founde Co., Ltd.	Director
	SharedWIN Co., Ltd.	Director
	ALBERT Inc.	Director
	InfoDeliver Corporation	Director
	GE Nissen Credit Co., Ltd.	Corporate Auditor
Mail & e Business Logistics Service Co., Ltd.	Corporate Auditor	
Tetsuo Kawashima	Advance Progress Limited	Director
	Nissen Co., Ltd.	Corporate Auditor
Yasoji Mori	Nissen Co., ltd.	Corporate Auditor

3) Total remuneration paid to Directors and Corporate Auditors

Title	Number of persons	Amount paid
Directors (Outside Directors)	10 (4)	276 million yen (11 million yen)
Corporate Auditors (Outside Corporate Auditors)	3 (2)	46 million yen (18 million yen)
Total (Outside Officers)	13 (6)	323 million yen (29 million yen)

Notes: 1. In addition to the above, the following remuneration is paid to Officers who are concurrently employed as employees:

- Number of officers who are concurrently employed as employees: 3 87 million yen
2. It was resolved at the 33rd Ordinary General Meeting of Shareholders held on March 18, 2003 that the remuneration for Directors should be within the limit of 350 million yen per year (excluding remuneration for employees).
 3. It was resolved at the 37th Ordinary General Meeting of Shareholders held on March 14, 2007 that the remuneration for Corporate Auditors should be within the limit of 50 million yen per year.
 4. The numbers of Directors and Corporate Auditors as of the end of the fiscal year were 8 and 3,

respectively, and 2 Directors, Akio Sato and Hideo Aomatsu, resigned during the fiscal year under review.

4) Matters related to Outside Officers

i) Significant positions concurrently held by Outside Officers (if executive officers or outside officers of other companies) and the relationships of their companies with the Company.

Title	Name	Name of company in which an Outside Director concurrently holds a position	Concurrent position	Relationship
Director	Takeshi Isokawa	Global law office	Partner	-
Director	Akira Iwamoto	Advantage Partners LLP	Managing Director	Advantage Partners LLP is a company that offers services to the fund to which the Company carried out a third-party allocation in February 2007.
Corporate Auditor	Yoshiharu Takahashi	Y's Stage Co., Ltd.	Representative Director	-
Corporate Auditor	Scott Trevor Davis	Seven & i Holdings Co., Ltd.	Outside Director	-

ii) Major activities during the fiscal year under review

Title	Name	Major Activities
Director	Takeshi Isokawa	He has participated in all 21 Board of Directors' meetings (including 12 special Board of Directors' meetings) held since his appointment on March 14, 2007. During these meetings, he has commented on the agenda for discussion as necessary, mainly from his viewpoint as an expert as attorney.
Director	Akira Iwamoto	He has participated in 18 out of 21 Board of Directors' meetings (including 12 special Board of Directors' meetings) held since his appointment on March 14, 2007. In doing so, he has commented on the agenda for discussion as necessary, mainly from his viewpoint as an expert on corporate revitalization.
Corporate Auditor	Yoshiharu Takahashi	He has participated in 26 out of 32 Board of Directors' meetings (including 20 special Board of Directors' meetings) and all 15 Auditors Committees held during the fiscal year under review. In doing so, he has commented on the agenda for discussion as necessary, mainly from his viewpoint as an expert on personnel systems.
Corporate Auditor	Scott Trevor Davis	He has participated in 20 out of 32 Board of Directors' meetings (including 20 special Board of Directors' meetings) and all 15 Auditors Committees held during the fiscal year under review. In doing so, he has commented on the agenda for discussion as necessary, mainly from his viewpoint as an expert on CSR.

iii) Outline of agreement on limitation of liability

The Company changed the Articles of Incorporation at the 37th Ordinary General Meeting of Shareholders held on March 14, 2007 and established provisions for an agreement on the limitation of liability of Outside Directors and Outside Corporate Auditors.

Following is an outline of the agreement on the limitation of liability concluded by the Company with

the Outside Directors, Takeshi Isokawa and Akira Iwamoto, and Outside Corporate Auditors, Yoshiharu Takahashi and Scott Trevor Davis, in accordance with these Articles of Incorporation:

A) Agreement on limitation of liability with Outside Directors

The liability of the Outside Director for damages owed to the Company under Article 423 Paragraph 1 of the Corporation Law shall be limited to the minimum amount specified in Article 427 Paragraph 1 of the Corporation Law, provided that the Outside Director has performed his duties in good faith and without gross negligence.

B) Agreement on limitation of liability with Outside Corporate Auditors

The liability of the Outside Corporate Auditor for damages owed to the Company under Article 423 Paragraph 1 of the Corporation Law shall be limited to the minimum amount specified in Article 427 Paragraph 1 of the Corporation Law, provided that the Outside Corporate Auditor has performed such duties in good faith and without gross negligence.

(4) Accounting Auditor

1) Name of Accounting Auditor: Ernst & Young ShinNihon

2) Amount of remuneration paid to the Accounting Auditor

	Amount paid
1. Amount of remuneration paid to the Accounting Auditor in the fiscal year under review	32 million yen
2. Total amount of remuneration and property benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	52million yen

Notes: 1. As the audit agreement between the Company and its Accounting Auditor does not differentiate the amount of remuneration for audit under the Corporation Law from the amount of remuneration for audit under the Financial Instruments and Exchange Law, the amount under I above shows the total remuneration for both audits.

2. Spark Ace Limited, one of the Company's major subsidiaries, is audited by an Accounting Auditor other than the Company's Accounting Auditor.

3) Non-auditing services

The Company asked the Accounting Auditor to perform consulting services on due diligence and internal control systems, and the services so requested did not constitute auditing services (non-auditing services) provided under Article 2 Paragraph 1 of the Certified Public Accountants Law.

4) Policies for decisions on dismissal or non re-appointment of an Accounting Auditor

The Company does not provide any special policies for decisions on the dismissal or non re-appointment of the Accounting Auditor.

(5) Systems and Policies of the Company

1) Systems to ensure appropriate execution of duties

The Company, as a pure holding company controlling the group companies, aims for appropriate and legitimate conduct of corporate activities of the group companies, in compliance with the Corporation Law and the enforcement regulations. The following is an outline of the decisions made regarding the systems to ensure that the execution of duties by the Directors conforms to laws and the Articles of Incorporation, and to ensure the propriety of other operations:

A. Systems for the storage and management of information related to the execution of duties by Directors

- i) Information related to the execution of duties by Directors and other information will be recorded in documents (documents, printed matters, any and all other records (including microfilm, floppy discs, etc.)) and stored in accordance with the document management rules.
- ii) Documents related to the execution of duties by Directors must be stored in a manner that ensures that Directors or Corporate Auditors who request to browse them will have full access to them at the head office within 2 days of making their request.

B. Systems and rules related to loss danger management

- i) The Company will create risk management rules to provide for the systematic management of risk of the Company and the affiliated companies, designate a section in charge of risk management by risk categories, and establish a Risk Management Committee that will serve as a Company-wide headquarters to control the risk management activities of the Company and the affiliated

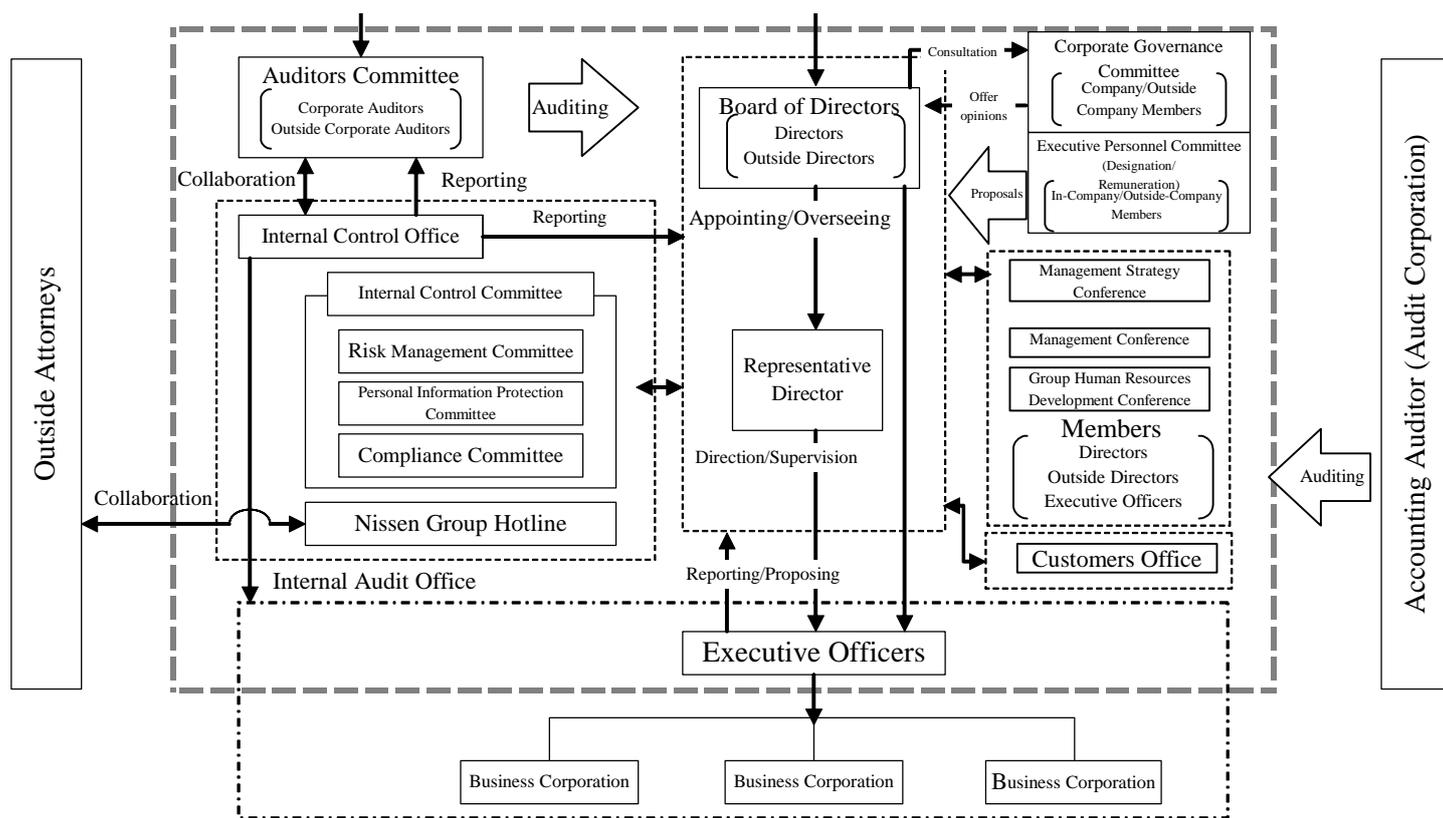
- companies. The Board of Directors will appoint a chairman of the Risk Management Committee from among the Directors as Director in Charge of Risk Management.
- ii) The Risk Management Committee will regularly receive reports on the state of risks from the section in charge of dealing with risks, and review, report, and make decisions on matters related to the risk management of the Company and affiliated companies in general. The Director in Charge of Risk Management will report the information on risk management to the Internal Control Committee and make proposals as necessary.
 - iii) The Director in Charge of Risk Management will formulate a risk management activity plan each term and present the Internal Control Committee with a report on the plan and the state of risk management activities of the previous term.
 - iv) The Risk Management Committee will check the performance of risk management systems and review the systems in accordance with the occurrence of new risks.
- C. System to ensure the efficient execution of the Directors' duties
- i) Clarify the role of the Board of Directors, Management Strategy Conference, Management Conference, Executive Personnel Committee, Group Human Resources Development Conference and each section in charge through rules on the segregation of duties, rules on job authority, rules on document approval, and other rules, to enhance the efficiency of operations.
 - ii) Adopt an executive officer system, simplify the procedures and systems for transferring the authority for the execution of duties, and endeavor to realize speedier and fairer decision-making by management.
- D. Systems to ensure that the execution of duties by the Directors and employees will conform to the laws and Articles of Incorporation
- i) Establish a Code of Conduct to ensure that Officers and employees will act in compliance with the laws and the various regulations.
 - ii) Establish compliance rules, properly understand how the system of compliance is implemented in the Company and affiliated companies, and establish a Compliance Committee that will control compliance enforcement efforts at all-Company levels. The Board of Directors will appoint a chairman of the Compliance Committee from among the Directors, as a Director in Charge of Compliance.
 - iii) The Director in Charge of Compliance will report on the actual state of compliance enforcement to the Internal Control Committee, and make proposals as necessary. The section in charge of internal audits will supervise the state of compliance enforcement in collaboration with the Compliance Committee.
 - iv) As a means for the Company's officers and employees to directly provide information on acts in violation of law, fraudulent acts, and any questionable acts that may be in violation of laws, an in-company consultation office will be established within the Company and a consultation office with an external expert as a contact person will be established outside the Company. The section in charge of internal audits will be charged with the in-company consultation office. Upon receipt of a report, the in-company consultation office will investigate the details of the report and take measures to prevent recurrence.
 - v) The Compliance Committee will provide education on compliance to the officers and employees.
- E. Systems to ensure the propriety of duties in the corporate group comprising the Company and the subsidiaries
- i) Efforts for the proper management of affiliated companies by the Company will be made by applying the Affiliated Companies Management Rules, and the Corporate Control section in the Company will be in charge of management services of the affiliated companies.
 - ii) Before conducting certain material matters, the affiliated companies will be required to report to the Head of the Corporate Control section.
 - iii) The Internal Audit section will conduct internal audits of the affiliated companies.
 - iv) Shareholders' rights will be exercised in accordance with the group strategies to ensure the proper execution of duties.
- F. System for employees when the Corporate Auditor requests the appointment of employees for assistance, and matters related to the independence of such employees from Directors
- Establish rules for the employees to observe when assisting with the duties of the Corporate Auditor, ensure a system for such employees, and ensure the independence of such employees from Directors.
- i) Staff of the internal audit section will assist with the duties of the Corporate Auditor.
 - ii) The Auditors Committee will approve matters on the transfer, employee evaluation, and disciplinary measures applicable to the persons assisting.
- G. System for reporting to the Corporate Auditors by the Directors or employees, and other systems regarding reports to Corporate Auditors

- i) The Directors will report the following matters to the Corporate Auditor in accordance with the rules on reporting to Corporate Auditors
 - a. Matters resolved at management conferences
 - b. Matters that may cause material damage to the Company
 - c. Significant matters on monthly management
 - d. Significant matters on the state of internal auditing and risk management
 - e. Material violations of laws or the Articles of Incorporation
 - f. State of reporting related to the Whistleblower system and related details
 - g. Other significant matters on compliance enforcement
 - ii) If an employee becomes aware of any matter stated in b, e, or g, he or she will report the matter to the Corporate Auditor in accordance with the rules on reporting to Corporate Auditors.
- H. Other systems to ensure that auditing by Corporate Auditors is carried out effectively
- Corporate Auditors will maintain ongoing communication with the Directors and employees, while the Corporate Auditors and Auditors Committee will hold meetings regularly with the Representative Director and Accounting Auditor.
- 2) The Company's basic policies on the Corporate Governance of the Company
- The Company understands that strengthened corporate governance is an important issue for the enhancement of a healthy and transparent management and corporate values.
- In order to become "a corporation that will continue to develop", the Company will strengthen the business management of each group company from the viewpoint of enhancement of group management, and aggressively implement measures to pursue corporate profit and fulfill social responsibility through the reinforcement of its auditing system.
- The Company implemented the following two measures as policies for the fiscal term ended December 2007.
- A. Establishment of the Corporate Governance Committee
- (i) Purpose/Function

Formulate advices on issues related to corporate governance and make proposals to the Board of Directors in order to strengthen the management supervisory functions of the whole Company Group.
 - (ii) Members

Outside Directors account for the majority of members of the Committee, and the Chairman will be decided by mutual election.
- B. Establishment of a standard for the appointment of Outside Directors and Outside Corporate Auditors
- (i) Standards for the election of Outside Directors
 - a. The following standard shall be applied to the election: an Outside Director should possess the wide knowledge required for discussing the agenda of the Directors of a pure holding company and actual experience as business manager, or possess actual experience and insight in a specialized area required to realize supervisory functions of business management.
 - b. Try to select multiple Outside Directors from diverse backgrounds, in order to include the perspectives of a variety of stakeholders in the supervision of business.
 - c. In order to serve the primary purpose of selecting Outside Directors as spokesman representing the interests of a variety of shareholders, take heed to ensure the independence of the Directors in the selection of new Outside Directors.
 - d. When selecting Outside Directors as business managers of the Company involved in wide business areas, conflicts of interest may arise in the transactions with the original companies of such Directors. In individual cases of conflict of interest, proper measures will be taken according to the procedures provided by the Board of Directors.
 - (ii) Standards for the election of Outside Corporate Auditors
 - a. Outside Corporate Auditors shall be selected from among those possessing wide knowledge and experience in a variety of areas, to enable auditing from a neutral and objective viewpoint and ensure a healthy and transparent management.
 - b. In order to serve the primary purpose of selecting Outside Corporate Auditors, take heed to ensure the independence of the Corporate Auditors in the selection of new Outside Corporate Auditors.

(Reference) Governance Organization Chart



3) Basic principles in connection with the control of *Kabushiki Kaisha*

“Introduction of Policy regarding Large Acquisition of Nissen Shares” (hereinafter the “Policy”) approved by the shareholders at the 37th General Meeting of Shareholders held on March 14, 2007 will expire at the close of the Ordinary General Meeting of Shareholders for the fiscal term ended December 2007.

The Policy were introduced in accordance with the Company’s judgment that the Measures make up an indispensable framework to enable the Company to secure the information and time required by the shareholders in advance and to negotiate with the prospective purchaser or actual purchaser (hereinafter the “Prospective Purchaser”) for the benefit of the shareholders, by demanding the Prospective Purchaser to provide necessary information, when a proposal for purchase or an act of purchase that may materially impact the shareholder value (hereinafter the “Material Proposal”) is made.

However, under the Financial Instruments and Exchange Law established and enforced by stages more or less during the period when the Company deliberated the Policy, a Prospective Purchaser is obliged to submit an “Offer to Purchase” when making a Material Proposal, and a “request to prolong the purchase period” and the “execution of the right to questions” are also made possible. These newly established provisions in the law at least partially furnish the means to secure for shareholders the information and time they need to judge the propriety of a Purchase, a matter of special concern at such event.

Taking these changes in circumstances in consideration, the Company sounds out third-party opinions from the Corporate Governance Committee, a body made up mostly of Outside Officers, and further deliberates the propriety of the continuation of the Policy at the Board of Directors’ meeting, in accordance with the basic principles that the company is owned by its shareholders and that the decision as to whether to accept the proposal should ultimately be left up to the shareholders when a Material Proposal is made. As a result, it was decided that the agenda for the continuation of the Policy would not be taken up at this General Meeting of Shareholders.

Of course, the Company does not believe that the rights of shareholders can be sufficiently protected solely through this system. If a Material Proposal is made, the Company aggressively demands the

Prospective Purchaser, as before, to disclose a certain range of information, including the management policy to be taken after the completion of the purchase, in order to secure the common interests of the shareholders. In addition, after collecting the information within the scope possible by the Company, the Company will endeavor to provide timely and proper information disclosure, including the provision of the judgment or the opinion of the Company's Board of Directors on the Material Proposal, to enable the shareholders to make a final investment judgment based on more precise information.

The Policy will expire at the close of the Ordinary General Meeting of Shareholders for the fiscal year ending December 2007. However, the belief of the Company that the enhancement of medium- to long-term corporate values is the best policy to secure the common interests of the shareholders will never change.

Notes: Fractional units of monetary amounts and numbers of shares indicated in this Business Report are rounded down.
Percentages are rounded to the nearest digit indicated.

Consolidated Balance Sheet

(As of December 20, 2007)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	56,391	Current liabilities	34,543
Cash and deposits	6,939	Notes and accounts payable-trade	20,402
Notes and accounts receivable-trade	10,955	Short-term bank loans	1,661
Securities	61	Accounts payable-other	8,507
Inventories	15,821	Allowance for returned goods unsold	585
Accounts receivable-other	13,602	Allowance for returned goods damaged	84
Prepaid expenses	5,315	Allowance for interest repayment compensation	213
Deferred tax assets	2,270	Others	3,088
Forward foreign exchange contracts	1,137	Long-term liabilities	2,641
Others	568	Long-term loans from banks	2,512
Allowance for doubtful receivables	(279)	Accrued retirement benefits for employees	81
Fixed assets	15,979	Others	47
Property, plant and equipment	5,279	Total liabilities	37,184
Buildings and structures	1,254	Net assets	
Machinery equipment and vehicles	58	Shareholders' equity	35,686
Tools, furniture, and fixtures	853	Common stock	11,218
Land	1,768	Capital surplus	11,240
Construction in progress	1,344	Retained earnings	16,510
Intangible assets	910	Treasury stock	(3,282)
Goodwill	178	Valuation and translation adjustments	(517)
Others	732	Net unrealized holding gain (loss) on other securities	226
Investments and other assets	9,789	Deferred hedge gain (loss)	(748)
Investment in securities	6,788	Translation adjustments	4
Deferred tax assets	1,173	Minority interests	16
Others	2,347		
Allowance for doubtful receivables	(519)	Total net assets	35,186
Total assets	72,371	Total liabilities and net assets	72,371

Consolidated Statement of Income
(From December 21, 2006 to December 20, 2007)

(Millions of yen)

Item	Amount	
Net sales		152,997
Cost of sales		69,597
Gross profit		83,399
Provision of allowance for returned goods unsold		585
Reversal of allowance for returned goods unsold		(556)
Gross profit-net		83,370
Selling, general and administrative expenses		78,861
Operating income		4,508
Non-operating income		
Interest and dividend income	88	
Commission income	209	
Reversal of allowance for returned goods damaged	37	
Miscellaneous income	263	598
Non-operating expenses		
Interest expenses	55	
Stock issue expenses	37	
Loss on write-off of merchandise	2,981	
Loss on valuation of forward exchange contracts	1,424	
Foreign exchange loss	20	
Loss on equity in earnings of affiliates	2,365	
Provision of allowance for interest repayment compensation	30	
Miscellaneous expenses	214	7,130
Ordinary loss		2,022
Extraordinary income		
Gain on sales of fixed assets	0	
Gain on sales of investments in securities	103	
Reversal of un-requested obligations	205	
Gain on changes in equity	81	390
Extraordinary loss		
Loss on sale or disposal of fixed assets	307	
Loss on write-down of investments in securities	79	
Loss on sale of investments in securities	9	
Loss on business restructuring	1,205	
Others	160	1,762
Loss before income taxes and minority interest		3,395
Current income taxes		931
Deferred income taxes		(1,159)
Minority interest in loss of consolidated subsidiaries		22
Net loss		3,144

Consolidated Statement of Changes in Shareholders' Equity, etc.

(From December 21, 2006 to December 20, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 20, 2006	7,665	7,687	20,784	(3,290)	32,846
Change in the fiscal year					
Issuance of new stocks	3,552	3,552	—	—	7,105
Dividend of surplus	—	—	(1,125)	—	(1,125)
Net loss	—	—	(3,144)	—	(3,144)
Purchase of treasury stocks	—	—	—	(1)	(1)
Disposal of treasury stocks	—	—	(4)	9	5
Changes (net) in items other than shareholders' equity	—	—	—	—	—
Total changes in the fiscal year	3,552	3,552	(4,274)	8	2,840
Balance as of Dec. 20, 2007	11,218	11,240	16,510	(3,282)	35,686

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gain (loss) on other securities	Deferred hedge gain (loss)	Translation adjustment	Total of valuation and translation adjustments		
Balance as of Dec. 20, 2006	448	507	(1)	954	47	33,847
Change in the fiscal year						
Issuance of new stock	—	—	—	—	—	7,105
Dividend of surplus	—	—	—	—	—	(1,125)
Net loss	—	—	—	—	—	(3,144)
Purchase of treasury stocks	—	—	—	—	—	(1)
Disposal of treasury stocks	—	—	—	—	—	5
Changes (net) in items other than shareholders' equity	(221)	(1,255)	5	(1,471)	(30)	(1,501)
Total changes in the fiscal year	(221)	(1,255)	5	(1,471)	(30)	1,338
Balance as of Dec. 20, 2007	226	(748)	4	(517)	16	35,186

Notes to Consolidated Financial Statements

1. Basis of preparation of consolidated financial statements

(1) Basis of Consolidation

1) Consolidated subsidiaries

Consolidated subsidiaries: 10

Consolidated subsidiaries

Nissen Co., Ltd.

Spark Ace Limited.

Advance Progress Limited.

Navibird, Inc.

BUDOU Labo Co., Ltd.

oriental diamond inc.

TRECENTI Co., Ltd.

Nissen Evers Oita Co., Ltd.

Nissen Shape Founde Co., Ltd.

Nissen Youbist Tomonokai Co., Ltd.

Only the interim income statement for ALBERT Inc. is included in the consolidated figures, as this company changed from a consolidated subsidiary in the previous fiscal year to an equity method affiliate this fiscal year because of a decrease in the shareholding ratio.

Effective from the current fiscal year, Nissen Co., Ltd., BUDOU Labo Co., Ltd., oriental diamond inc., and TRECENTI Co., Ltd. are included in the consolidation because these companies have newly become majority-owned subsidiaries.

2) Non-consolidated subsidiaries

Major non-consolidated subsidiaries

Shanghai Nissen Garments & Inspection Co., Ltd.

(Reason for exclusion from the consolidation)

The consolidated financial statements do not include the accounts of six non-consolidated subsidiaries, because these entities are small-scale businesses whose combined total assets, net sales, net income/loss (equity in earnings/loss), and retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.

(2) Application of the equity method of accounting

1) Affiliates accounted for under the equity method of accounting: 5

The company name:

GE Nissen Credit Co., Ltd.

Mail & e Business Logistics Service Co., Ltd.

SharedWIN Co., Ltd.

ALBERT Inc.

InfoDeliver Corporation

Effective from the current fiscal year, InfoDeliver Corporation is included among the equity method affiliates because the Company newly acquired its shares.

Effective from the current fiscal year, SharedWIN Co., Ltd. is included among the equity method affiliates because it was newly incorporated by capital investment jointly with InfoDeliver Corporation.

2) Major non-consolidated subsidiaries and affiliates not accounted for under the equity method of accounting

Shanghai Nissen Garments & Inspection Co., Ltd.

(Reason for exclusion from application of the equity method of accounting)

The aforementioned equity is not accounted for under the equity method, because it has a very minor effect on consolidated net income/loss and consolidated retained earnings and is relatively insignificant in the context of consolidated financial statements.

(3) Fiscal years of consolidated subsidiaries

The balance sheet dates of the consolidated subsidiaries are as follows:

Subsidiaries	Year-end Balance sheet dates
Nissen Co., Ltd.	Dec. 20
Spark Ace Limited.	Oct. 31

Advance Progress Limited	Oct. 31
Navibird, Inc.	Sep. 20
BUDOU Labo Co., Ltd.	Dec. 31
oriental diamond inc.	Sep. 30
TRECENTI Co., Ltd.	Sep. 30
Nissen Evers Oita Co., Ltd.	Dec. 20
Nissen Shape Founde Co., Ltd.	Dec. 20
Nissen Youbist Tomonokai Co., Ltd.	Dec. 20

The Company has assumed a provisional closing of September 30 for BUDOU Labo Co., Ltd. in preparing consolidated financial statements. The Company has used the actual closings for the subsidiaries Spark Ace Limited, Advance Progress Limited, Navibird, Inc., oriental diamond inc., and TRECENTI Co., Ltd. because their closing periods are within three months of the closing period of the Company. Appropriate adjustments were made for significant transactions during the year from their respective balance sheet dates to the balance sheet date of the consolidated financial statements.

(4) Accounting principles

1) Valuation criteria and methods for principal assets

A. Securities

Held-to-maturity debt securities Amortized cost method (straight-line method)

Other securities

Securities with market quotations

Other securities that have market value are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included directly in net assets. The cost of securities sold is determined primarily by the moving-average method.)

Securities without market quotations

Securities without market quotations are stated at cost, cost being determined by the moving-average method.

B. Derivatives

Market value method

C. Inventories

Merchandise:

Inventories are stated at cost, cost being determined by the first-in first-out method.

2) Depreciation and amortization method for principal depreciable assets

A. Property, plant and equipment

Buildings (excluding fixtures):

Depreciation on buildings acquired on or before March 31, 2007 is computed by the former straight-line method.

Depreciation on buildings acquired on or after April 1, 2007 is computed by the straight-line method.

Others:

Depreciation on others acquired on or before March 31, 2007 is computed by the former declining-balance method.

Depreciation on others acquired on or after April 1, 2007 is computed by the declining-balance method.

Useful life of principal assets is as follows:

Buildings and structures: 2-49 years

Machinery equipment and vehicles: 5-7 years

Tools, furniture, and fixtures: 2-20 years

B. Intangible assets

Amortization is computed by the straight-line method.

The development costs for software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method.

3) Recognition of significant allowances

A. Allowance for doubtful receivables

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio and for bad receivables based on a case-by-case determination of collectibility.

B. Allowance for returned goods unsold

To prepare for losses from returned goods unsold, the Company booked an allowance for returned

goods unsold at the end of the fiscal year based on the historical rate of returned goods.

C. Allowance for returned goods damaged

To prepare for losses from returned goods damaged/discarded, the Company booked an allowance for returned goods damaged at the end of the fiscal year based on the historical rate of returned goods damaged.

D. Allowance for interest repayment compensation

To prepare for interest repayment compensation, the Company booked an allowance for interest repayment compensation at the end of the fiscal year. This relates to the Company's contractual obligation to provide compensation for interest repayments on loans transferred along with the sale of its credit services division to GE Nissen Credit Co., Ltd. on July 14, 2000.

E. Accrued retirement benefit for employees

To provide for accrued employees' retirement benefits (female sales force called "Nissen Lady"), Nissen provides an allowance in the amount deemed to have accrued at the end of the consolidated fiscal year based on future estimated retirement benefit obligations.

4) Translation of principal currency-dominated assets and liabilities

Foreign currency-dominated monetary assets and liabilities are exchanged into yen at the spot exchange rate in effect on the consolidated balance sheet date. Transaction-gain or loss is accounted for as profit or loss. The balance sheet accounts of overseas consolidated subsidiaries are also translated at the spot exchange rate in effect on the balance sheet date. The revenue and expense accounts of foreign consolidated subsidiaries are translated into yen at the average exchange rate for the year. Adjustments are stated as a component of net assets.

5) Accounting for leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that applicable to ordinary operating leases.

6) Significant accounting policies for hedges

A. Hedge accounting method

With respect to forward foreign exchange contracts, a hedge is accounted for by the short-cut method since the hedging relationship meets certain criteria.

B. Hedging instrument and the risk hedged

Hedging method:

Forward foreign exchange contracts

Risk hedged:

Foreign currency-denominated monetary liabilities

C. Hedging policy

Nissen Holdings enters into forward foreign exchange contracts under a risk-control policy established by the Company, in order to reduce exposure to risks from fluctuations in foreign currency exchange.

D. Assessing the effectiveness of a hedge

Effectiveness is assessed by rate analysis of the sum total of cash flow fluctuation involving hedged transactions and the sum total of cash flow fluctuation involving the hedge method.

Nissen Holdings considers that its hedges are effective, since there was a high correlation between hedging instruments and the risk hedged at the end of the current fiscal year.

7) Other significant accounting policies in the preparation of consolidated financial statements

Accounting for consumption taxes:

All amounts stated are exclusive of consumption taxes and local taxes.

(5) Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of the consolidated subsidiaries are valued at market.

(6) Amortization of goodwill

Goodwill amortization is estimated for each period in which it is expected to emerge, and equally amortized over the designated amortization period. Relatively small amounts of goodwill are amortized in lump sums in the years in which they are recognized.

(7) Changes in accounting policies

1) Depreciation of property, plant and equipment

Effective from the current fiscal year, pursuant to amendment of the Corporate Tax Law (Law for Partial Amendment of the Income Tax Law, Law No. 6, March 30, 2007 and Cabinet Order for Partial Amendment of Order for Enforcement of the Corporate Tax Law, Cabinet Order No. 83, March 30, 2007), property, plant and equipment acquired on and after April 1, 2007 is depreciated under the depreciation method stipulated in the revised Corporate Tax Law. This change has no significant impact on operating results.

2) Accounting standards for business combinations

Effective from the current fiscal year, the Accounting Standard for Business Combinations (Business Accounting Deliberation Council, October 31, 2003), the Accounting Standard for Business Divestitures (Accounting Standards Board of Japan, Statement No. 7, December 27, 2005), and Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures (Accounting Standards Board of Japan, Guidance No. 10) are applied.

2. Notes to consolidated balance sheets

(1) Accumulated depreciation of property, plant and equipment: 4,415 million yen

(2) Loan guarantees: 61 million yen

Note: Guarantees for loans taken out by Group employees from financial institutions

3. Notes to consolidated statement of changes in shareholders' equity, etc.

(1) Type and number of outstanding shares and treasury stocks

	Number of shares as of Dec. 20, 2006 (Shares)	Increase during the fiscal year (Shares)	Decrease during the fiscal year (Shares)	Number of shares as of Dec. 20, 2007 (Shares)
Outstanding shares				
Common shares	54,306,332	9,110,000	—	63,416,332
Total	54,306,332	9,110,000	—	63,416,332
Treasury stock				
Common shares	2,599,312	1,573	7,500	2,593,385
Total	2,599,312	1,573	7,500	2,593,385

Notes: 1. The increase of 9,110,000 outstanding common shares resulted from the issuance of shares to a third party.

2. The increase of 1,573 common shares of treasury stock resulted from the purchase of odd-lot shares.

3. The decrease of 7,500 common shares of treasury stock resulted from the exercise of stock options.

(2) Dividends of surplus

1) Dividends payment

Resolution	Type of share	Total amount of dividend	Dividend per share	Record date	Effective date
Annual shareholders' meeting on March 14, 2007	Common shares	517 million yen	10.00 yen	Dec. 20, 2006	May 15, 2007
Board meeting on July 27, 2007	Common shares	608 million yen	10.00 yen	June 20, 2007	Sep. 10, 2007

2) Dividends with a record date in the current fiscal year and effective date in the following fiscal year

The Company proposes the appropriation of surplus at the Ordinary General Meeting of Shareholders on March 18, 2008, as follows.

Type of share	Total amount of dividend	Source of funds	Dividends per share	Record date	Effective date
Common shares	790 million yen	Retained earnings	13.00 yen	Dec. 20, 2007	March 19, 2008

(3) Stock Acquisition Rights as of December 20, 2007

Resolution date of the Ordinary General Meeting of Shareholders	March 18, 2003	March 18, 2004	March 16, 2005 (to employees of the Company)
Type of shares	Common shares	Common shares	Common shares
Number of shares	500,400	914,500	321,500

Note: The above figures exclude shares whose exercise period has not yet commenced.

4. Notes to per share information

(1) Net asset per share	578.23 yen
(2) Net loss per share	53.03 yen

Independent Auditors' Report

February 14, 2008

The Board of Directors
Nissen Holdings Co., Ltd.

Ernst & Young ShinNihon

Yutaka Terazawa, CPA (Seal)
Designated Partner,
Engagement Partner

Ikuya Kawashima, CPA (Seal)
Designated Partner,
Engagement Partner

Toshihiro Yoshida, CPA (Seal)
Designated Partner,
Engagement Partner

Pursuant to Article 444, Paragraph 4, of the Corporation Law, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity etc., and notes to the consolidated financial statements of Nissen Holdings Co., Ltd. (the "Company"), for the fiscal year from December 21, 2006 to December 20, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the consolidated financial statements, an assessment of the accounting policies used and significant estimates made by management, and an evaluation of the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the above consolidated financial statements fairly present, in every material aspect, the financial position and results of operations of the consolidated group consisting of the Company and its consolidated subsidiaries for the relevant term of the consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Law.

Audit Report on the Consolidated Financial Statements

The Board of Corporate Auditors, following its review and deliberation of the reports prepared by each Corporate Auditor concerning the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, etc. and notes to consolidated financial statements) for the 38th fiscal year from December 21, 2006 to December 20, 2007, have prepared this Audit Report and hereby submit it as follows:

1. Summary of Auditing Methods by the Corporate Auditors and Board of Corporate Auditors

The Board of Corporate Auditors established the auditing policies and division of duties, received reports and explanations on the status and results of the audits from each Corporate Auditor, received reports and explanations on the status of the execution of duties from the Directors and Accounting Auditor, and requested explanations as necessary.

In accordance with the auditing policies and division of duties determined by the Board of Corporate Auditors, each Corporate Auditor received reports and explanations on the consolidated financial statements from the Directors, employees, etc., and requested explanations as necessary. The Corporate Auditors monitored the Accounting Auditor to verify that the Accounting Auditor maintained independence and conducted the audits appropriately. Each Corporate Auditor also received reports on the status of the execution of duties from the Accounting Auditor and requested explanations as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 159 of the Corporate Calculation Regulations in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Accounting Auditor, and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the consolidated financial statements for the year ended on December 20, 2007.

2. Results of Audit

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon, are fair and reasonable.

February 15, 2008

The Board of Corporate Auditors of Nissen Holdings Co.,
Ltd.

Yasoji Mori (Seal)
Full-time Corporate Auditor

Yoshiharu Takahashi (Seal)
Outside Corporate Auditor

Scott Trevor Davis (Seal)
Outside Corporate Auditor

Non-consolidated Balance Sheet

(As of December 20, 2007)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	3,971	Current liabilities	4,127
Cash and deposits	752	Notes payable-trade	7
Accounts receivable-other	106	Short-term bank loans	633
Short-term loans receivable from affiliates	1,992	Long-term loans due within one year	1,660
Accounts receivable from affiliates	579	Accounts payable-other	1,012
Advance money for affiliates	31	Accounts expenses	39
Deferred tax assets	16	Deposits received	15
Others	744	Accounts payable-equipment	751
Allowance for doubtful receivables	(251)	Others	8
Fixed assets	39,269	Long-term liabilities	2,510
Property, plant and equipment	4,844	Long-term loans from banks	2,510
Buildings	980	Total liabilities	6,637
Structures	12	Net assets	
Automotive equipment and vehicles	19	Shareholders' equity	36,376
Tools, furniture, and fixtures	719	Common stock	11,218
Land	1,768	Capital surplus	11,260
Construction in progress	1,344	Additional paid-in capital	11,260
Intangible assets	270	Retained earnings	17,180
Investments and other assets	34,154	Legal reserves	256
Investment in securities	2,198	Other retained earnings	16,923
Affiliates stock	21,788	Special reserves	17,300
Long-term loans receivable from affiliates	7,362	Retained earnings carried forward	(376)
Claims in bankruptcy	2	Treasury stock	(3,282)
Deferred tax assets	2,525	Valuation and translation adjustments	226
Others	359	Net unrealized holding gain (loss) on other securities	226
Allowance for doubtful receivables	(83)	Total net assets	36,603
Total assets	43,240	Total liabilities and net assets	43,240

Non-consolidated Statement of Income
(From December 21, 2006 to December 20, 2007)

(Thousands of yen)

Item	Amount	
Net sales		79,564
Cost of sales		36,036
Gross profit		43,527
Provision of allowance for returned goods unsold		545
Reversal of allowance for returned goods unsold		(556)
Gross profit-net		43,538
Selling, general and administrative expenses		41,237
Operating income		2,301
Non-operating income		
Interest and dividend income	142	
Commission income	99	
Gain on valuation of forward foreign exchange contracts	1,009	
Miscellaneous income	153	1,404
Non-operating expenses		
Interest expenses	59	
Stock issue expenses	37	
Loss on write-off of merchandise	1,457	
Foreign exchange loss	8	
Provision of allowance for doubtful receivables	328	
Provision of allowance for returned goods damaged	5	
Provision of allowance for interest repayment compensation	3	
Miscellaneous expenses	130	2,031
Ordinary income		1,674
Extraordinary income		
Gain on sales of fixed assets	0	
Gain on sales of investment in securities	103	103
Extraordinary loss		
Loss on sales of fixed assets	7	
Loss on disposal of fixed assets	137	
Loss on sales of investment in securities	9	
Loss on write-down of investment in securities	78	
Loss on write-down of investment in affiliates	90	
Loss on business restructuring	1,509	1,835
Loss before income taxes		56
Current income taxes		842
Deferred income taxes		(824)
Net loss		75

Non-consolidated Statement of Changes in Shareholders' Equity, etc.

(From December 21, 2006 to December 20, 2007)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus		Legal reserves	Retained earnings		Total retained earnings
		Additional paid-in capital	Other capital surplus		Special reserves	Retained earnings carried forward	
Balance as of Dec 20, 2006	7,665	7,707	7,707	256	17,300	828	18,385
Change in the fiscal year							
Issuance of new stocks	3,552	3,552	3,552	—	—	—	—
Dividend of surplus	—	—	—	—	—	(1,125)	(1,125)
Net loss	—	—	—	—	—	(75)	(75)
Purchase of treasury stocks	—	—	—	—	—	—	—
Disposal of treasury stocks	—	—	—	—	—	(4)	(4)
Changes (net) in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes in the fiscal year	3,552	3,552	3,552	—	—	(1,205)	(1,205)
Balance as of Dec. 20, 2007	11,218	11,260	11,260	256	17,300	(376)	17,180

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gain (loss) on other securities	Deferred hedge gain (loss)	Total valuation and translation adjustments	
Balance as of Dec 20, 2006	(3,290)	30,467	448	507	955	31,423
Change in the fiscal year						
Issuance of new stocks	—	7,105	—	—	—	7,105
Dividend of surplus	—	(1,125)	—	—	—	(1,125)
Net loss	—	(75)	—	—	—	(75)
Purchase of treasury stocks	(1)	(1)	—	—	—	(1)
Disposal of treasury stocks	9	5	—	—	—	5
Changes (net) in items other than shareholders' equity	—	—	(221)	(507)	(728)	(728)
Total change in the fiscal year	8	5,908	(221)	(507)	(728)	5,180
Balance as of Dec. 20, 2007	(3,282)	36,376	226	—	226	36,603

Notes to Non-consolidated Financial Statements

1. Significant accounting policies

(1) Valuation standard and method for securities

1) Equity in subsidiaries and affiliated companies

Equity in subsidiaries and affiliated companies is stated at cost, cost being determined by the moving-average method.

2) Other securities

Securities with market quotations

Other securities that have market value are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included directly in net assets. The cost of securities sold is determined primarily by the moving-average method.)

Securities without market quotations

Securities without market quotations are stated at cost, cost being determined by the moving-average method.

(2) Valuation standard and method for derivatives

Market value method

(3) Valuation standard and method for inventories

Merchandise:

Merchandise is stated at cost, cost being determined by the first-in first-out method.

(4) Depreciation and amortization method for tangible fixed assets

1) Property, plant and equipment

Buildings (excluding fixtures):

Depreciation on buildings acquired on or before March 31, 2007 is computed by the former straight-line method.

Depreciation on buildings acquired on or after April 1, 2007 is computed by the straight-line method.

Others:

Depreciation on others acquired on or before March 31, 2007 is computed by the former declining-balance method.

Depreciation on others acquired on or after April 1, 2007 is computed by the declining-balance method.

Useful life of principal assets is as follows

Buildings and structures: 2-49 years

Attached structures: 2-15 years

2) Intangible assets

Amortization is computed by the straight-line method.

The development costs for software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method.

(5) Deferred assets

Stock issue expenses:

All amounts of stock issue expenses are stated at cost upon expenditure.

(6) Recognition of allowances

1) Allowance for doubtful receivables

To prepare for credit losses on accounts receivable, allowances equal to the estimated amounts of uncollectible receivables are provided based on the historical write-off ratio for normal claims and based on a case-by-case determination of collectibility for doubtful claims.

2) Allowance for returned goods unsold

To prepare for losses from returned goods unsold, the Company booked an allowance for returned goods unsold at the end of the fiscal year based on the historical rate of returned goods.

3) Allowance for returned goods damaged

To prepare for losses from returned goods damaged/discarded, the Company booked an allowance for

returned goods damaged at the end of the fiscal year based on the historical rate of returned goods damaged.

4) Allowance for interest repayment compensation

To prepare for interest repayment compensation, the Company booked an allowance for interest repayment compensation at the end of the fiscal year.

This relates to the Company's contractual obligation to provide compensation for interest repayments on loans transferred along with the sale of its credit services division to GE Nissen Credit Co., Ltd. on July 14, 2000.

5) Accrued retirement benefits for employees

To provide for accrued employees' retirement benefits (female sales force called "Nissen Lady"), Nissen provides an allowance in the amount deemed to have accrued at the end of the fiscal year based on future estimated retirement benefit obligations.

(7) Accounting for leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are accounted for by a method similar to that applicable to ordinary operating leases.

(8) Accounting policies for hedges

1) Hedge accounting method

With regard to forward foreign exchange contracts, a hedge is accounted for by the short-cut method since the hedging relationship meets certain criteria.

2) Hedging instrument and the risk hedged

Hedging method:

Forward foreign exchange contracts

Risk hedged:

Foreign currency-denominated monetary liabilities.

3) Hedging policy

Nissen Holdings enters into forward foreign exchange contracts under a risk-control policy established by the Company, in order to reduce exposure to risks from fluctuations in foreign currency exchange.

4) Assessing the effectiveness of a hedge

Effectiveness is assessed by ratio analysis of the sum total of cash flow fluctuations involving hedged transactions and the sum total of cash flow fluctuation involving the hedge method.

Nissen Holdings considers that its hedges are effective, since there was a high correlation between hedging instruments and the risk hedged at the end of the current fiscal year.

(9) Accounting for consumption taxes

All amounts stated are exclusive of consumption taxes.

(10) Changes in accounting policies

1) Depreciation of property, plant and equipment

Effective from the current fiscal year, pursuant to amendment of the Corporate Tax Law (Law for Partial Amendment of the Income Tax Law, Law No. 6, March 30, 2007 and Cabinet Order for Partial Amendment of Order for Enforcement of the Corporate Tax Law, Cabinet Order No. 83, March 30, 2007), property, plant and equipment acquired on and after April 1, 2007 is depreciated under the depreciation method stipulated in the revised Corporate Tax Law. This change has no significant impact on operating results.

2) Accounting standards for business combinations

Effective from the current fiscal year, the Accounting Standard for Business Combinations (Business Accounting Deliberation Council, October 31, 2003), the Accounting Standard for Business Divestitures (Accounting Standards Board of Japan, Statement No. 7, December 27, 2005), and Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures (Accounting Standards Board of Japan, Guidance No. 10) are applied.

2. Notes to non-consolidated balance sheets

(1) Accumulated depreciation of property, plant and equipment: 3,536 million yen

(2) Loan guarantees: 61 million yen

Note: Guarantees for loans taken out by Group employees from financial institutions

(3) Receivables from and payables to subsidiaries and affiliates:

1) Short-term receivables	2,612 million yen
2) Long-term receivables	7,363 million yen
3) Short-term payables	1,119 million yen
4) Long-term payables	– million yen

3. Notes to non-consolidated statement of income

- (1) Operating transactions with subsidiaries and affiliates:
- | | |
|---|--------------------|
| 1) Net sales to subsidiaries and affiliates | 3,963 million yen |
| 2) Purchases from subsidiaries and affiliates | 12,333 million yen |
| 3) Transaction with subsidiaries and affiliates other than operating transactions | 95 million yen |
- (2) Because the Company became a pure holding company on June 21, 2007, commission on operation consignment and dividend income from subsidiaries and affiliates, respectively, accrued from this fiscal year. The commission on operation consignment and the dividend income from subsidiaries and affiliates are 2,445 million yen and 41 million yen, respectively. Both are included in Net sales.

4. Notes to statement of changes in shareholders' equity, etc.

(1) Number of treasury stocks

Type of shares	Number of shares as of Dec. 20, 2006 (Shares)	Increase during the fiscal year (Shares)	Decrease during the fiscal year (Shares)	Number of shares as of Dec. 20, 2007 (Shares)
Common shares	2,599,312	1,573	7,500	2,593,385

Notes: 1. The increase of 1,573 common shares of treasury stock resulted from the purchase of odd-lot shares.

2. The decrease of 7,500 common shares of treasury stock resulted from the exercise of stock options.

5. Deferred tax accounting

Significant components of deferred tax assets and liabilities

(Millions of yen)

(Deferred tax assets)

Adjustment for stocks of majority-owned subsidiaries upon demerger	2,615
Loss on write-down of investment in securities	165
Loss on write-off of investment in affiliates	116
Retirement benefits for directors and corporate auditors	79
Allowance for doubtful receivables	66
Amortization of intangible assets in excess of tax allowance maximum	24
Disallowed accrued bonuses	6
Disallowed accrued social insurance premium	4
Others	71
Deferred tax assets (subtotal)	3,149
Valuation reserve	(497)
Total deferred tax assets	2,651

(Deferred tax liabilities)

Accrued enterprise tax	(8)
Net unrealized holding gain (loss) on other securities	(102)
Total deferred tax liabilities	(110)
Deferred tax assets-net	2,541

6. Notes to fixed assets under lease

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees

- (1) The amount equal to acquisition cost, the amount equal to accumulated depreciation, and the amount equal to the carrying amount at the end of the fiscal year
Not applicable
- (2) The amount equal to the carrying amount at the end of fiscal year
Not applicable

- (3) Lease expenses, the amount equal to depreciation expenses, and the amount equal to interest expenses
- | | |
|---------------------------------------|----------------|
| Lease expenses | 35 million yen |
| Amount equal to depreciation expenses | 33 million yen |
| Amount equal to interest expenses | 1 million yen |

- (4) Calculation method for depreciation expenses and interest expenses

Calculation method for depreciation expenses

Fixed assets under lease are depreciated by the straight-line method over the lease period without residual value.

Calculation method for interest expenses

The difference between the total lease expenses and the amount equal to acquisition cost is considered the amount equal to interest. That difference is expensed over the lease period by the interest method.

(Impairment losses)

Details are omitted because there are no impairment losses allocated to fixed assets under lease.

7. Notes to transaction with affiliated parties

Type	Name of Company, etc.	Ownership of voting rights, etc. (Ownership percentage)	Details of relationship		Details of transaction	Amount of transaction (millions of yen)	Account	Balance as of the end the of fiscal term (millions of yen)
			Concurrently serving Directors or Corporate Auditors, etc.	Factual relationship				
Subsidiary	Nissan Co., Ltd.	Direct ownership 100.0%	Number of concurrently serving Directors or Corporate Auditors: 6	Management guidance, borrowing and lending, and combination of offices of Directors or Corporate Auditors	Lending and recovery of funds	10,330	Short-term loans receivable from affiliates	1,660
							Long-term loans receivable from affiliates	4,010
					Receipt of interest	32	—	—
					Advance money of legal welfare expenses	272	Accounts payable-other	272
					Operation consignment	192	Accounts payable-other	192
	Nissen Youbist Tomonokai Co., Ltd.	Direct ownership 100.0%	None	Management guidance, borrowing and lending	Borrowing of funds	—	Short-term bank loans	500
					Payment of interest	3	—	—
	oriental diamond inc.	Direct ownership 100.0%	Number of concurrently serving Directors or Corporate Auditors: 1	Management guidance, borrowing and lending, and combination of offices of Directors or Corporate Auditors	Money lending and recovery	3,890	Long-term loans receivable from affiliates	3,150
Receipt of interest					27	—	—	
Affiliated company	Mail & e Business Logistics Service Co., Ltd.	Direct ownership 49.5%	Number of concurrently serving Directors or Corporate Auditors: 2	Shipment, storage, and inspection of goods, and combination of offices of Directors or Corporate Auditors	Shipment, storage, inspection, and operation consignment of goods	9,561	—	—

Trade conditions and related policies

Notes: 1. Interest on loans receivables is reasonably determined based on the market rate.

2. The amount for shipment, storage, and inspection of goods is determined through negotiations based on prices calculated on the basis of historical performance.

3. The amount for transactions excludes consumption taxes, and the balance as of the end of the fiscal term includes consumption taxes.

8. Notes to per share information

(1) Net asset per share

601.80 yen

(2) Net loss per share

1.27 yen

Independent Auditors' Report

February 14, 2008

The Board of Directors
Nissen Holdings Co., Ltd.

Ernst & Young ShinNihon

Yutaka Terazawa, CPA (Seal)
Designated Partner,
Engagement Partner

Ikuya Kawashima, CPA (Seal)
Designated Partner,
Engagement Partner

Toshihiro Yoshida, CPA (Seal)
Designated Partner,
Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporation Law, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity etc., and notes to the non-consolidated financial statements of Nissen Holdings Co., Ltd. (the "Company"), for the 38th fiscal term from December 21, 2006 to December 20, 2007, together with the supplementary schedules of the Company for the same term. These non-consolidated financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the non-consolidated financial statements and supplementary schedules are free of material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the non-consolidated financial statements and supplementary schedules, an assessment of the accounting policies used and significant estimates made by management, and an evaluation of the overall presentation of the non-consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the above non-consolidated financial statements and supplementary schedules fairly present, in every material aspect, the financial position and results of operations of the Company for the relevant term of the non-consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Law.

Audit Report

The Board of Corporate Auditors, following its review and deliberations on the reports made by each Corporate Auditor concerning the methods and results of the audit of execution of duties by the Directors of the Board for the 38th fiscal term from December 21, 2006 to December 20, 2007, prepared this Audit Report and hereby submits it as follows:

1. Summary of Auditing Methods by the Corporate Auditors and Board of Corporate Auditors

The Board of Corporate Auditors established the auditing policies and the division of duties, received reports and explanations on the status and results of audits from each Corporate Auditor, received reports and explanations on the status of the execution of duties from the Directors and Accounting Auditor, and requested explanations as necessary.

In accordance with the auditing policies determined by the Board of Corporate Auditors and the division of duties, each Corporate Auditor endeavored to collect information and establish auditing circumstances through communication with Directors, internal audit staff, and other employees, attended the Board of Directors' meeting and other important meetings to hear about the status of deliberations on important matters, and opined his or her opinion as necessary. Each Corporate Auditor also received reports on the execution of duties from Directors and employees, requested explanations as necessary, inspected the approved documents and minutes of meetings, etc., and examined the status of operations and conditions of assets at the Company's head office and principal offices.

With respect to the establishment of the system for ensuring that the Directors' duties are performed in conformity with laws, regulations, and the Articles of Incorporation of the Company, and the other system required to ensure the proper business operations of the company set forth in Items 1 and 3 of Article 100 of the Enforcement Regulations of the Corporation Law, Each Corporate Auditor monitored and verified the contents of the resolutions adopted by the Board of Directors thereon and the systems (Internal Control System) to be established in accordance with the resolution of the Board of Directors. Each Corporate Auditor also reviewed the basic policy stipulated in Item 1, Article 127 of the Enforcement Regulations for the Corporation Law and the activities described in the business report as stipulated in Item 2 of the same Article, based on the deliberations at the meetings of the Board of Directors and other meetings. The Corporate Auditors received their business reports from subsidiaries as necessary, through communication and information sharing with the Directors and Corporate Auditors of the subsidiaries. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the year ended on December 20, 2007.

Further, the Corporate Auditors monitored and verified that the Accounting Auditor maintains independence and conduct the audits appropriately. Each Corporate Auditor also received reports on the status of the execution of duties from the Accounting Auditor and requested explanation, as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 159 of the Corporate Calculation Regulations in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Accounting Auditor, and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity etc., and notes to the non-consolidated financial statements, for the year ended on December 20, 2007, together with the supplementary schedules for the same year.

2. Results of Audit

(1) Results of the audit of business reports

1. The business reports and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company;
2. Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation of the Company; and

3. The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding such internal control or the execution of duties by Directors.
4. There are no matters to be pointed out with respect to the basic principles on the parties who are to control the decision of the Company's financial and operational policies described in the business reports. Activities described in the business reports in accordance with Item 2, Article 127 of the Enforcement Regulations for the Corporation Law are in line with such basic principles, do not harm the common interests of the shareholders, and are not undertaken with the intention to maintain the positions of Directors or Corporate Auditors of the Company.

(2) Results of audit of financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon, are fair and reasonable.

February 15, 2008

The Board of Corporate Auditors of Nissen Holdings Co., Ltd.

Yasoji Mori (Seal)
Full-time Corporate Auditor

Yoshiharu Takahashi (Seal)
Outside Corporate Auditor

Scott Trevor Davis (Seal)
Outside Corporate Auditor

Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

1. The Company proposes to appropriate surplus as follows.

Matters pertaining to the fiscal year-end dividend

The Company proposes to pay the following year-end dividend for the 38th Business Period, based on the operating results for the business period and future business development.

(1) Dividend asset classification

The dividend will be paid in cash.

(2) Matters pertaining to the allocation of dividend assets and total amount

The Company will pay a dividend of ¥13.00 per share of Nissen Holdings common stock.

In this case the total amount to be paid out in the form of dividends comes to ¥790,698,311.

(3) Effective Date for payment of dividend of surplus

March 19, 2008

2. Appropriation of surplus

(1) Items to be decreased and amount of decrease

Special reserves	790,698,311 yen
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(2) Items to be increased and amount of increase

Retained earnings carried forward	790,698,311 yen
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Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reason for the amendments

- (1) The Company proposes concise and general rearrangements and amendments of the expressions of the overall business purposes of the Company and its subsidiaries. In addition, the Company proposes the addition or deletion of business purposes in accordance with the business operations of the Group (Article 2 (Purpose)).
- (2) In order to clarify the rights of shares constituting less than one unit, the Company proposes the establishment of new provisions to limit the rights of shares constituting less than one unit (Article 10 of the Proposed Amendment (Rights with respect to Shares Constituting Less Than One Unit)).
- (3) For the convenience of shareholders, the Company proposes the establishment of provisions for requests for sale of shares constituting less than one unit (Article 11 of the Proposed Amendment (Requests for Sale of Shares Constituting Less Than One Unit)).

2. Contents of the Amendments

The details of the proposed amendments to the Articles of Incorporation are as follows.

(In case that change in original Japanese text does not effect a substantial change in the meaning, no change is made in the English translation.)

(Note: Underlined parts are amended.)

Existing Articles of Incorporation	Proposed Amendments
Article 1. (Omitted)	Article 1. (Unchanged)
(Purpose)	(Purpose)
Article 2. (Omitted)	Article 2. (Unchanged)
(1) <u>Sale of textile goods, clothing and personal accessories</u>	(1) <u>Sale of clothing, jewelry and precious metal goods, food products, non-alcoholic beverages, furniture, fittings, fixtures, household articles, daily miscellaneous goods, business supplies, electronic appliances, amusement supplies, sporting goods, toys, books, cosmetics, animals and plants, various media content and other commodities, and the manufacture, processing, wholesaling, conciliation, import, export, and leasing of goods related to these products</u>
(2) <u>Sale of jewelry and precious metals goods</u>	(2) <u>Sale of alcoholic beverages, salt, cigarettes, and rice</u>
(3) <u>Sale of food products, non-alcoholic beverages and alcoholic beverages</u>	(3) <u>Sale of fine arts, and arts and crafts</u>
(4) <u>Sale of pharmaceutical products</u>	(4) <u>Sale of postal stamps and revenue stamps</u>
(5) <u>Manufacture and sale of medical equipment, over-the-counter drugs and cosmetics</u>	(5) <u>Sale of pharmaceutical products, over-the-counter drugs, medical equipment, and fertilizers</u>
(6) <u>Sale of chemical products</u>	(6) <u>Sale of automobiles, automobile parts, and automobile accessories</u>
(7) <u>Sale of furniture, fittings, fixtures, building materials, daily miscellaneous goods, business supplies, office equipment and goods related to these products, and sale and publishing of books and magazines</u>	(7) <u>Advertising business, publishing of books and magazines, and printing business</u>
(8) <u>Sale of automobiles, automobile parts, automobile accessories, sporting goods, toys, amusement articles and musical instruments</u>	(8) <u>Advertising agency business</u>
(9) <u>Sale of household appliances, image and sound equipment and software</u>	(9) <u>Planning, design, development, sale and maintenance, and related consulting for computer networks, software, and information systems</u>
(10) <u>Sale of pets, pet supplies, garden supplies, flowers and seedlings</u>	(10) <u>Telephone signal transmission and receiving administrative businesses</u>
(11) <u>Importing and exporting business related to sales under each of the above paragraphs</u>	(11) <u>Various secretarial businesses</u>
(12) <u>Financial businesses related to sales under each of the above paragraphs</u>	(12) <u>Various information provision and process service businesses</u>
(13) <u>Sale of revenue stamps and postal stamps</u>	(13) <u>Management of various facilities, including aesthetic salons and culture schools</u>
(14) <u>Money lending</u>	(14) <u>Planning and operation business for various events, and any services incidental thereto</u>
(15) <u>Businesses concerning solicitation for life insurance and brokerage of non-life insurance</u>	(15) <u>Translation and interpretation business in foreign languages</u>
(16) <u>Purchase, sale, mediation, leasing and renting and management of real estate</u>	(16) <u>Consignment agency business for ticket sales</u>
(17) <u>General leasing business and commodity renting business</u>	(17) <u>Management consulting business</u>

Existing Articles of Incorporation	Proposed Amendments
(18) <u>Information dissemination service businesses</u>	(18) <u>General worker dispatch business, specific worker dispatch business, and charged employment placement business</u>
<p>(19) <u>Management of clothing fitting classrooms, travel industry and travel agency business, sponsorship and ticket sales for movies, plays, music, sports and other events, mediation of flowers, food, gifts for coming of age ceremonies, marriage ceremonies, funerals and ancestral worship occasions, integrated wedding halls and halls for other events</u></p> <p>(20) <u>Application agency business for telephone services provided by Type 1 Telecommunications Carriers</u></p> <p>(21) <u>Telephone signal transmission and receiving administrative business, information processing business using computers and related equipment</u></p> <p>(22) <u>Multimodal land, sea and air transport business and agency of these services, warehousing business, package business</u></p> <p>(23) <u>Import and export agency business</u></p> <p>(24) <u>Management consulting business</u></p> <p>(25) <u>Mail order businesses and agency business for receipt of orders, customer management, merchandise management and product shipments for mail order sales</u></p> <p>(26) <u>Restaurant business</u></p> <p>(27) <u>Worker dispatch business</u></p> <p>(28) <u>Securities brokerage business</u></p> <p>(29) <u>Advertising business</u></p> <p>(30) <u>Life insurance business</u></p> <p>(31) <u>Non-life insurance business</u></p> <p>(32) <u>Secretary business of accounting, human resources and general affairs of companies</u></p> <p>(33) <u>All businesses incidental to any of the above businesses</u></p>	<p>(19) <u>Life insurance business</u></p> <p>(20) <u>Non-life insurance business</u></p> <p>(21) <u>Businesses concerning solicitation for life insurance and brokerage of non-life insurance</u></p> <p>(22) <u>Purchase and sale business for antiques</u></p> <p>(23) <u>Purchase, sale, leasing and rental of real estate, agency or mediation therefor, and management</u></p> <p>(24) <u>Multimodal land, sea, and air transport business and agency for these services, warehousing business, inspection business, package business</u></p> <p>(25) <u>Travel industry and travel agency business</u></p> <p>(26) <u>Restaurant business</u></p> <p>(27) <u>Money lending</u></p> <p>(28) <u>Prepaid trading business under the Installment Sales Law and installment sales business</u></p> <p>(29) <u>All businesses incidental to any of the above businesses</u></p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>
2. (Omitted)	2. (Unchanged)
Article 3. to Article 9. (Omitted)	Article 3. to Article 9. (Unchanged)
(New)	<p><u>(Rights with respect to Shares Constituting Less Than One Unit)</u></p> <p><u>Article 10. A shareholder (including a beneficial shareholder; hereinafter, the same interpretation shall apply) may not exercise rights with respect to shares constituting less than one unit other than those specified in the following sections:</u></p> <p><u>(1) Right specified in the items of Article 189, Section 2 of the Corporation Law;</u></p>

Existing Articles of Incorporation	Proposed Amendments
	<u>(2) Right to make requests to the Company provided for in Article 166, Paragraph 1 of the Corporation Law;</u>
(New)	<u>(3) Right to receive share subscription or to receive allotment of stock acquisition rights in accordance with the number of shares held by the shareholder;</u> <u>and</u> <u>(4) Right to make a request to the Company provided for in the following article.</u> <u>(Requests for Sale of Shares Constituting Less Than One Unit)</u> <u>Article 11. A shareholder holding shares constituting less than one unit may, in accordance with the provisions of the Share Handling Regulations, request the Company to sell to him/her such amount of shares which, when added together with his/her currently held shares constituting less than one unit, will constitute one unit of stock, except when the Company does not own any treasury stock to be sold.</u>
Article <u>10.</u> to Article <u>14.</u> (Omitted)	Article <u>12.</u> to Article <u>43.</u> (Unchanged)

Proposal No. 3: Election of Seven Directors

All of the eight Directors of the Company (Toshio Katayama, Shinya Samura, Hiroshi Fujii, Nobuyuki Ichiba, Tetsuo Kawashima, Fumikazu Morimoto, Takeshi Isokawa, and Akira Iwamoto) will complete their terms of office at the closing of this General Meeting of Shareholders.

Consequently, in order to further segregate management and execution and enhance the supervising functions of the Board of Directors from the standpoint of enhancement of corporate governance for the improvement of corporate value, the Company reduces the number of Directors from eight, the current number, to seven, and hereby proposes the election of seven Directors, including four candidates for Outside Directors.

Information on the candidates for Directors is provided below.

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment and Representation of Other Companies	Number of Shares of the Company Held
1	Toshio Katayama (January 6, 1950)	<p>August 1973 Joined Nissen Holdings Co., Ltd.</p> <p>December 1981 Elected Director</p> <p>March 1986 Elected Managing Director</p> <p>November 1999 Elected Representative Executive Director</p> <p>December 2000 Elected President and Representative Director (current position)</p> <p>June 2007 Elected President and Representative Director of Nissen Co., Ltd. (current position)</p>	81,100 shares
2	Nobuyuki Ichiba (January 25, 1954)	<p>April 1977 Joined Nissen Holdings Co., Ltd.</p> <p>March 1987 Elected Director</p> <p>January 2000 Resigned as Director</p> <p>February 2000 Appointed Executive Officer, serving concurrently as General Manager, Internet Business Promotion, Direct Marketing Division Headquarters</p> <p>March 2001 Elected Director</p> <p>December 2005 Elected Director and Managing Executive Officer (current position)</p> <p>June 2007 Elected Director and Managing Executive Officer of Nissen Co., Ltd. (current position)</p>	27,568 shares
3	Toshiya Tsukushi (June 23, 1965)	<p>April 1989 Joined Showa Shell Sekiyu K.K.</p> <p>September 1995 Joined Pricewaterhouse Consulting Co., Ltd. (current IBM Business Consulting Co., Ltd.)</p> <p>July 1999 Joined General Electric Capital Consumer Finance Co., Ltd. (current GE Consumer Finance Co., Ltd.)</p> <p>December 2005 Appointed Executive Officer of General Electric Capital Consumer Finance Co., Ltd. (current GE Consumer Finance Co., Ltd.)</p> <p>September 2006 Joined Nissen Holdings Co., Ltd. and appointed Executive Officer, serving concurrently as Group Leader of Business Development Group</p> <p>June 2007 Appointed Executive Officer, serving concurrently as Manager, Financial Planning Office (current position)</p>	0

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment and Representation of Other Companies	Number of Shares of the Company Held
4	Takeshi Isokawa (February 6, 1973)	<p>April 1999 Registered attorney (Osaka Bar Association), joined Kitahama Partners</p> <p>April 2003 Joined Global Law Office</p> <p>September 2004 Worked at the offices of Allen & Gledhill Advocates & Solicitors (Singapore)</p> <p>June 2005 Registered, New York State Bar Association</p> <p>September 2005 Returned to Global Law Office (current position)</p> <p>March 2007 Elected Director of Nissen Holdings Co., Ltd. (current position)</p> <p>December 2007 Elected Corporate Auditor of Nissen Co., Ltd. (current position)</p>	100 shares
5	Akira Iwamoto (October 15, 1962)	<p>April 1986 Joined The Long-term Credit Bank of Japan (current Shisei Bank Ltd.)</p> <p>August 1998 Joined A.T. Kearney, Inc.</p> <p>August 2001 Joined Advantage Partners Inc. (now LLP) (current position)</p> <p>March 2003 Elected Director of Seiden Co., Ltd.</p> <p>May 2005 Elected Director of Daiei, Inc., elected Director of OMC Card, Inc.</p> <p>March 2007 Elected Director of Nissen Holdings Co., Ltd. (current position)</p>	0
6	Toshio Komada (March 18, 1937)	<p>April 1959 Joined ITOCHU Corporation</p> <p>June 1990 Elected Director of ITOCHU Corporation</p> <p>June 1992 Elected Representative Managing Director of ITOCHU Corporation</p> <p>April 1995 Elected Senior Managing Director of ITOCHU Corporation</p> <p>June 1996 Elected Senior Vice President and Representative Director of Takiron Co., Ltd.</p> <p>June 2001 Elected Chairman and Representative Director of Takiron Co., Ltd.</p> <p>June 2003 Appointed Adviser of Takiron Co., Ltd. (current position)</p>	0
7	Kaori Sasaki (May 12, 1959)	<p>July 1987 Elected President and Representative Director of UNICUL International Inc. (current position)</p> <p>March 2000 Elected President and Representative Director of ewoman, Inc. (current position)</p> <p>October 2004 Appointed Member of the Price Stability Council, Cabinet Office (current position)</p> <p>January 2005 Appointed Member of the Financial System Council, Financial Services Agency (current position)</p> <p>June 2005 Appointed Guest Professor of Tama University (current position)</p> <p>July 2005 Appointed Member of the Social Policy Council, Cabinet Office (current position)</p>	0

Notes: 1. There are no special interests between the candidates and the Company.

2. Takashi Isokawa, Akira Iwamoto, Toshio Komada, and Kaori Sasaki are candidates for Outside Directors.
3. The reasons for the election of candidates for Outside Directors are as follows.
 - (1) The election of candidates for Outside Directors meets the requirements set forth in 3. Standards for the Election of Outside Directors and Outside Corporate Auditors, as stated in the Notice of Measures for the Improvement of Corporate Governance issued on October 23, 2007.

Standards for the Election of Outside Directors

 - 1) The standards for the election of Outside Directors require that elected Outside Director have wide-ranging knowledge and business experience as a corporate manager, as necessary for discussion of proposals at the Board of Directors of a pure holdings company, or have actual experience and a wide variety of knowledge in a specified field necessary for supervision of management.
 - 2) In order to introduce the standpoints of various stakeholders into management, the Company pays attention to the diversification of background upon the election of multiple Outside Directors.
 - 3) In order to meet the original purposes of the election of Outside Directors as spokespersons on behalf of various Shareholder interests, the Company pays attention to the assurance of their independency upon the election of new Outside Directors.
 - 4) When the Company, an enterprise active in a wide range of business fields, elects any business manager as an Outside Director, there is a possibility that conflicts of interest will arise in transactions between the Company and that business manager. The Company responds to conflicts of interest in individual cases through the procedures of the Board of Directors.
 - (2) Because Takeshi Isokawa has detailed knowledge of corporate legal work as a lawyer, the Company would like him to make use of his wide-ranging experience and knowledge as an expert in law and compliance, for the governance and management of the Company. Accordingly, the Company proposes his re-election as an Outside Director. His term of office as an Outside Director will have been one year at the end of this General Meeting of Shareholders.
 - (3) The Company would like Akira Iwamoto to use the actual experience and knowledge he has garnered in the restructuring of companies as an expert in business reorganization, for the maximization of the corporate value and the enhancement of management bases of the Company. Accordingly, the Company proposes his re-election as an Outside Director. His term of office as an Outside Director will have been one year at the end of this General Meeting of Shareholders.
 - (4) The Company would like Toshio Komada to take advantage of his considerable experience as a corporate manager, wide-ranging knowledge, and the global perspective garnered through his long career in international business, for the Company's management. Consequently, the Company proposes his election as an Outside Director.
 - (5) The Company would like Kaori Sasaki to tap into her experience and knowledge as a woman corporate manager, and her perspective pertaining to everyday life as a consumer with a career as an administrative committee member, for the Company's management. Accordingly, the Company proposes her election as an Outside Director.
4. The Company has entered into a Liability Limitation Agreement with each of the Outside Directors, as follows. Upon the election of new candidates for Outside Directors, the Company will enter into the same agreement with each newly elected Outside Director.

In the event that any Outside Director bears liability with Company for damages under Article 423, Paragraph 1 of the Corporation Law, the minimum liability amount stipulated in Article 427, Paragraph 1 of the Corporation Law shall be the maximum amount of the said liability for damages, provided that the said Outside Director has performed his/her duties without gross negligence or knowledge of misconduct.

Proposal No. 4: Election of Two Corporate Auditors

The term of office of two Corporate Auditors (Yasoji Mori and Scott Trevor Davis) will terminate at the conclusion of the ordinary general meeting of shareholders. Consequently, the Company proposes the election of two Corporate Auditors. The Board of Corporate Auditors has previously given its approval to this proposal.

Information on the candidates for Corporate Auditors is provided below.

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Representation of Other Companies	Number of Shares of the Company Held
1	Yasoji Mori (October 19, 1947)	<p>October 1974 Joined Nissen Holdings Co., Ltd.</p> <p>April 1987 Appointed Administrative Manager, Direct Sales Division</p> <p>December 2000 Appointed Executive Officer, serving concurrently as Administrative Manager</p> <p>December 2005 Appointed Executive Officer in charge of Legal and Compliance, Corporate Center</p> <p>March 2006 Elected Full-time Corporate Auditor (current position)</p> <p>June 2007 Elected Full-time Corporate Auditor of Nissen Co., Ltd. (current position)</p>	32,708 shares
2	Scott Trevor Davis (December 26, 1960)	<p>April 2001 Appointed Professor of International Business Administration Department, The International School of Economics and Business Administration, Reitaku University (current position)</p> <p>May 2004 Elected Director of Ito-Yokado Co., Ltd.</p> <p>June 2004 Appointed Management Advisory Member of Integrex Inc. (current position)</p> <p>September 2005 Elected Director of Seven & i Holdings Co., Ltd. (current position)</p> <p>March 2006 Elected Corporate Auditor of Nissen Holdings Co., Ltd. (current position)</p> <p>April 2006 Appointed Professor of College of Business, Rikko University (current position)</p>	0

Notes: 1. There are no special interests between the candidates and the Company.

2. Scott Trevor Davis is a candidate for Outside Corporate Auditor.

3. The reasons for the election of candidates for Outside Corporate Auditors are as follows.

(1) The election of candidates for Outside Corporate Auditors meets the requirements set forth in 3. Standards for the Election of Outside Directors and Outside Corporate Auditors, as stated in the Notice of Measures for the Improvement of Corporate Governance issued on October 23, 2007.

Standards for the Election of Outside Corporate Auditors

1) Outside Corporate Auditors are selected from among persons with considerable knowledge and experience in various areas. The health and transparency of management is assured by audits conducted from neutral and objective viewpoints.

2) Upon the election of new Outside Corporate Auditors, the Company pays attention to the assurance of its independency, in order to meet the original purposes of the election of Outside Corporate Auditors.

(2) The Company proposes the re-election of Scott Trevor Davis as an Outside Corporate Auditor in order to make use of his standpoint as an expert in CSR for the Company's audit and to strive to further enhance corporate governance. His term of office as an Outside Corporate Auditor will have been two years at the end of this General Meeting of Shareholders.

4. The Company has entered into a Liability Limitation Agreement with each Outside Corporate Auditor, as follows.

In the event that any Outside Corporate Auditor bears liability with the Company for damages under Article 423, Paragraph 1 of the Corporation Law, the minimum liability amount stipulated in Article

427, Paragraph 1 of the Corporation Law shall be the maximum amount of the said liability for damages, provided that the said Outside Corporate Auditor has performed his/her duties without gross negligence or knowledge of misconduct.

Proposal No. 5: Election of Two Substitute Corporate Auditors

The Company proposes the election of the following two Substitute Corporate Auditors in preparation for cases where the number of Corporate Auditors falls short of the capacity stipulated in laws and regulations. This proposal shall take effect if Proposal No. 4 “Election of Two Corporate Auditors” is approved. The Company proposes the election of Hidekazu Tamada as a candidate Substitute Corporate Auditor to substitute for Yasoji Mori, and Junji Honda as a candidate Substitute Corporate Auditor to substitute for both Outside Corporate Auditors.

The Board of Corporate Auditors has previously given its approval.

Information on the candidate for Substitute Corporate Auditors is provided below.

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Representation of Other Companies	Number of Shares of the Company Held
1	Hidekazu Tamada (July 10, 1952)	<p>April 1976 Joined The Daiwa Bank, Limited (current Resona Bank, Limited)</p> <p>January 1998 Appointed Manager, Roppongi Branch of The Daiwa Bank, Limited</p> <p>December 2000 Appointed Manager, General Risk Office of The Daiwa Bank, Limited</p> <p>August 2004 Joined Nissen Holdings Co., Ltd.</p> <p>June 2007 Financial Planning Office in charge of Financial Strategy (current position)</p> <p>June 2007 Appointed Group Leader of Finance Group of Nissen Co., Ltd. (current position)</p>	0
2	Junji Honda (January 2, 1944)	<p>April 1966 Joined The Fuji Bank, Limited (current Mizuho Corporate Bank, Ltd.)</p> <p>June 1994 Elected Director of The Fuji Bank, Limited</p> <p>May 1995 Elected Senior Vice President of Iwataya Company Limited</p> <p>April 2002 Elected Senior Vice President of Mizuho Credit Guarantee Co., Ltd.</p> <p>December 2004 Elected Corporate Auditor of Mizuho Research Institute, Ltd.</p> <p>June 2006 Elected Corporate Auditor of KYORIN Co., Ltd. (current position)</p> <p>June 2006 Elected Corporate Auditor of KYORIN Pharmaceutical Co., Ltd. (current position)</p> <p>June 2006 Elected Corporate Auditor of Fuji Asset Management Co., Ltd. (current Mizuho Asset Management Co., Ltd.) (current position)</p>	0

Notes: 1. There are no special interests between the candidates and the Company.

2. Junji Honda is a candidate for Substitute Outside Corporate Auditor.

3. The reasons for the election of candidates for Substitute Outside Corporate Auditors are as follows.

(1) Candidates for Substitute Outside Corporate Auditors are elected in accordance with the same standards as the “Standards for the Election applied for candidate Outside Corporate Auditors.”

(2) The Company proposes the election of Junji Honda as a Substitute Outside Corporate Auditor in order to make use his experience and knowledge in finance and management and experience as a Corporate Auditor of other companies.

4. The Company has entered into a Liability Limitation Agreement with each of the Outside Corporate Auditors, as follows. Upon the election of new candidates for Substitute Outside Corporate Auditors, the Company will enter into the same agreement with each newly elected candidate.

In the event that any Outside Corporate Auditor shares liability with the Company for damages under Article 423, Paragraph 1 of the Corporation Law, the minimum liability amount stipulated in Article 427, Paragraph 1 of the Corporation Law shall be the maximum amount of the said liability for damages, provided that the said Outside Corporate Auditor has performed his/her duties without gross negligence or knowledge of misconduct.

END

Information on Exercising Voting Rights

1. How votes will be handled if shareholders exercise voting rights more than once by paper ballot and the Internet

In the event a shareholder exercises voting rights twice using the paper ballot and the Internet, and the contents of the votes differ, the Company will consider the voting rights exercised using the Internet to be the effective voting rights.

2. How votes will be handled if shareholders exercise voting rights more than once using the Internet

In the event a shareholder exercises voting rights more than once using the Internet, and the contents of the votes differ, the Company will consider the most recently exercised voting rights to be the effective voting rights.

3. Procedure for exercising voting rights using the Internet

If you will exercise your voting rights using the Internet, please exercise your rights after confirming the following items.

If you will attend the Ordinary General Meeting of Shareholders on the scheduled date, you do not need to use either of the procedures for exercising your voting rights by mail (Voting Rights Exercise Form) or the Internet.

- (1) Website for exercising voting rights

- 1) You can exercise your voting rights using the Internet only by accessing the voting rights exercise site (<http://www.evotep.jp/>) specified by Nissen Holdings Co., Ltd. from a personal computer or cellular phone (i-mode, EZweb or Yahoo!-Keitai)*. (Please note, however, the site cannot be accessed between the hours of 2:00AM-5:00AM daily.)

* “i-mode” is a registered trademark of NTT DoCoMo, Inc. “EZweb” is a registered trademark of KDDI Corporation. “Yahoo” is a registered trademark of Yahoo! Inc. in the United States.

- 2) Depending on your Internet use environment, in some cases you might be unable to exercise your voting rights using a personal computer. This includes when you are using a firewall or other measure for your Internet connection, when you have anti-virus software installed, and when you are using a proxy server.
- 3) To exercise your voting rights using a cellular phone, please use the services of i-mode, EZweb or Yahoo!-Keitai. To ensure security, cellular telephone models that cannot handle encrypted transmissions (SSL transmissions) and cellular phone information transmission cannot be utilized.
- 4) Voting rights exercised using the Internet will be accepted until 5:30PM on Monday, March 17, 2008. We encourage you to exercise your votes early, however, and to inquire at the help desk shown on the following page when you have any questions.

- (2) Procedure for exercising voting rights using the Internet

- 1) Use the “Login ID” and “provisional password” shown on your Voting Rights Exercise Form to enter the voting rights exercise site (<http://www.evotep.jp/>), and input your affirmative or negative votes by following the instructions on the voting screen.
- 2) To prevent unlawful (“disguised”) computer access and falsification of the voting rights exercise contents by individuals other than shareholders, shareholders using the voting rights exercise site will be requested to revise the “provisional password” on the voting rights exercise site. Please follow the requested procedure.
- 3) Shareholders will be notified of a new “Login ID” and “provisional password” with each notification for the Ordinary General Meeting of Shareholders.

- (3) Costs incurred when accessing the voting rights exercise site

Shareholders are responsible for all charges (dial-up connection fees, telephone charges, etc.) incurred when accessing the voting rights exercise site. In addition, shareholders are also responsible for all costs required for packet transmission charges and other cellular phone usage fees when using a cellular telephone to access the voting rights exercise site.

- (4) Procedure for receiving future notices of shareholder meetings

Shareholders wishing to receive future notices of shareholder meetings automatically by e-mail beginning from the next General Meeting of the Shareholders can do so by using a personal computer and following the procedure on the voting rights exercise site.

(This procedure cannot be completed using a cellular phone. Shareholders also cannot designate a

cellular telephone mail address for receiving future notices. Your understanding is appreciated.)

Inquiries concerning the voting system etc. Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Department (Help Desk) TEL: 0120-173-027 (Hours: 9:00 – 21:00 Free-dial)

4. Platform for exercise of voting rights by institutional investors

Institutional investors that have applied beforehand to use the platform managed by ICJ, Inc. for electronic exercise of voting rights may use that platform as the method to exercise their voting rights by electronic means at the Ordinary General Meeting of Shareholders of Nissen Holdings Co., Ltd.

END