

This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation. The Independent Auditors' Reports contained in this document have also been translated by the Company. KPMG AZSA LLC, the Accounting Auditor, has never been involved in this translation and therefore assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities Code: 8248
February 24, 2015

To Those Shareholders with Voting Rights

Nobuyuki Ichiba
President and Representative Director
Nissen Holdings Co., Ltd.
26 NishiKujoinmachi,
Minami-ku, Kyoto

NOTICE OF THE 45th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 45th 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.evot.jp/>) by no later than 5:30 p.m., Tuesday, March 17, 2015.

* Please refer to the items stipulated in "Information on Exercising Voting Rights" on pages 58 to 59 when exercising your voting rights electronically (over the Internet).

1. **Date and Time** 10:00 a.m., Wednesday, March 18, 2015
2. **Place** Kiratto Plaza Kyoto Sangyo Kaikan, 8F, Silk Hall
80 Hakoyahoko-machi, Muromachi Higashiiru, Shijo-Dori, Shimogyo-ku, Kyoto
(As the venue has been changed from last year, please refer to the "Access Map to the Venue" at the end of this notice.)

We would appreciate it if you could respect our decision to refrain from offering souvenirs to shareholders present at this General Meeting of Shareholders.

3. **Agenda of the Meeting:**
 - Matters to be reported:** (1) Business Report, Consolidated Financial Statements for the 45th Fiscal Term (from December 21, 2013 to December 20, 2014) 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 45th Fiscal Term (from December 21, 2013 to December 20, 2014)

Proposals to be resolved:

- Proposal No. 1:** Election of Nine Directors
- Proposal No. 2:** Election of One Corporate Auditor
- Proposal No. 3:** Election of Two Substitute Corporate Auditors

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

- (1) If you plan to exercise your voting rights by proxy, the proxy can only be another shareholder with voting rights of the Company. In this case, please hand in your letter of proxy together with your Voting Rights Exercise Form at the front desk.
- (2) If you plan to diversely exercise your voting rights, please send the Company a written notice of this plan and your reasons for it by no later than three days prior to the date of this General Meeting of Shareholders.

- 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. In addition, please bring this Notice of the General Meeting of Shareholders.
 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, 2013 to December 20, 2014)

1. Current Status of the Company Group

(1) Business Status for the Current Year

1) Business performance and results

In the current fiscal year, the economy followed a mild recovery trend due to factors including the government's economic measures. However, with regard to personal spending, there are concerns about the reaction to the rush demand associated with the increase in the consumption tax rate and higher prices resulting from yen depreciation and other factors, and therefore the economic outlook remains uncertain.

Nissen Holdings Co., Ltd. (hereinafter, the "Company") concluded a capital and business alliance agreement with Seven & i Group on December 2, 2013, and became a subsidiary of Seven & i Netmedia Co., Ltd. and a consolidated subsidiary of Seven & i Holdings Co., Ltd. on January 29, 2014. Through this cooperation with the Seven & i Group, the Nissen Group seeks to create new corporate value, and by promoting the group-wide Omni Channel Strategy of the Seven & i Group, the Group will be able to realize the provision of products and services that are differentiated from those of competing companies to grow and strengthen its business.

As for the consolidated business results of the Nissen Group in the current fiscal year, sales increased year on year due to factors such as the impact of the changes in the fiscal year-end of some consolidated subsidiaries such as the three SHADDY-related consolidated companies (SHADDY CO., LTD. and its wholly owned subsidiaries Enicil Co., Ltd., and Three Heart Corporation Co., Ltd. are collectively referred to as "the three SHADDY-related consolidated companies"). In spite of this increase, profitability fell considerably year on year due to the significant impact of decreased sales and profits at Nissen Co., Ltd. in the commerce business.

As a result, net sales for the current fiscal year increased by 6.1% year on year to 208,370 million yen, operating loss was 6,628 million yen (operating loss for the same period of the previous year was 3,353 million yen), ordinary loss was 7,725 million yen (ordinary loss for the same period of the previous year was 2,943 million yen), net loss was 8,510 million yen (net loss for the same period of the previous year was 2,877 million yen).

With regard to the Company's non-consolidated results, impairment loss was recognized because of a significant decline in the actual value of shares of Nissen Co., Ltd., the Company's consolidated subsidiary, due to its deteriorating business performance and financial position; and an extraordinary loss of 8,736 million yen was recorded as loss on write-down of affiliates stock. Nevertheless, this has no impact on consolidated business results because of eliminations in the consolidated financial statements.

With regard to year-end dividends, upon comprehensively taking into account our business results and financial condition, we have regrettably decided to suspend dividend payment. It is much to our regret that we may have disappointed our shareholders but we are committed to recovering our business performance through the united efforts of officers and employees in order to resume dividend payment at the earliest possible date.

2) Results by business segment of the corporate group

Segment sales and segment income/loss for each reporting segment were as follows. The segment income/loss figures for the reporting segments are based on ordinary loss.

Commerce business segment

In the commerce business segment, segment sales in the current fiscal year increased by 5.6% year on year to 201,676 million yen and segment loss was 6,214 million yen (segment loss for the same period of the previous year was 2,787 million yen).

Amid the structural shift to a business model focused on the Internet, Nissen Co., Ltd. strived to achieve a recovery in sales by initiatives such as strengthening the product lineup, developing products of value, and increasing the number of catalogue issues since the second half of the fiscal year. However, as a result of a deterioration in business sentiment after the consumption tax increase and catalogue issues during the slow season, net sales were substantially lower than planned level and also lower than the results of the same period of the previous year. As for operating income, the degree of deficit widened because of higher fixed cost of sales reflecting an increase in the number of catalogue issues, in addition to decreased profits from a decline in sales. Operating income therefore was down considerably compared to the results of the same period of the previous year.

As for the three SHADDY-related consolidated companies, while the market for midsummer and year-end

gifts remained stable, the formal gift market related to ceremonial occasions continued to decline. In the principal store business, although net sales continued to trend downward, profitability recovered due to improved gross profit and cost reductions, thereby securing operating income for the full year. Also, partly owing to the impact of the changes in the fiscal year-end, net sales and operating income were up compared to the results of the same period of the previous year.

Finance business segment

In the finance business segment, segment sales in the current fiscal year decreased by 22.5% year on year to 1,254 million yen, and segment loss was 889 million yen (segment income for the same period of the previous year was 362 million yen).

In the insurance business, net sales of Nissen Life Co., Ltd. were down compared to the results of the same period of the previous year due to the downsizing of unprofitable channels and a decrease in sales promotion support by insurance companies amid a rise in the contract premium per policy for persons who request information by phone or the Internet as a result of stepped-up face-to-face sales and sales utilizing the website.

In the credit business, at GE Nissen Credit Co., Ltd., an equity method affiliate of the Company, the shift to and new issue of “Magical Club T Card JCB,” which allows the holder to earn T-points, started in April 2014; and the unit amount used by customers rose. Based on recent trends in requests for the refunds of excess interest payments, equity in loss of affiliates based on the Company’s interest was recorded due to accrual of allowance for loss on interest refunds. As a result, segment income/loss for the finance business segment decreased compared to the same period of the previous year.

Other business segment

In the other business segment, segment sales in the current fiscal year increased by 38.4% year on year to 5,528 million yen, and segment income increased by 159.7% year on year to 63 million yen.

In the jewelry business, although rush demand associated with the consumption tax increase and the reactionary fall to such demand were observed, the impact of such reaction was within expectations. In addition, the business saw positive effect of the changes in the fiscal year-end; as a result, both segment sales and segment income were up compared to the results of the same period of the previous year.

3) Status of capital investments

The total capital investments of the corporate group during the fiscal year under review amounted to 3,550 million yen, mainly as a result of investment in photovoltaic generation-related equipment, systems-related software and logistics facilities.

4) Status of funding

The Company acquired 1,310 million yen in January 2014, through the third-party allocation of shares with Seven & i Netmedia Co., Ltd. being its allottee.

The Company and its consolidated subsidiaries (Nissen Co., Ltd., SHADDY CO., LTD., Enicil Co., Ltd., Mail & e Business Logistics Service Co., Ltd., Three Heart Corporation Co., Ltd., n Beauty Science Co., Ltd., and oriental diamond inc.) have signed overdraft agreements with ten 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	30,250 million yen
Credit used	12,000 million yen
Credit available	18,250 million yen

5) Status of transfer of business, absorption-type company split and incorporation-type company split

Notes are omitted because it is insignificant.

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

		Fiscal term ended December 20, 2011 (42nd Term)	Fiscal term ended December 20, 2012 (43rd Term)	Fiscal term ended December 20, 2013 (44th Term)	Fiscal term ended December 20, 2014 (45th Term)
Net sales	(Millions of yen)	140,715	176,613	196,467	208,370
Ordinary income (loss)	(Millions of yen)	2,882	988	(2,943)	(7,725)
Net income (loss)	(Millions of yen)	2,377	239	(2,877)	(8,510)
Net income (loss) per share	(Yen)	46.81	4.00	(47.42)	(133.96)
Total assets	(Millions of yen)	76,019	105,866	95,403	106,788
Net assets	(Millions of yen)	25,843	29,434	26,451	20,329
Net assets per share	(Yen)	508.75	484.60	435.68	318.29

(3) Major parent company and subsidiaries

1) Parent company

Name of Company	Location	Major Business	Date of Establishment	Capital (Millions of yen)	Percentage of Voting Rights of the Company Held by the Parent Company (%)
Seven & i Holdings Co., Ltd.	Chiyoda-ku, Tokyo	Pure holding company	September 1, 2005	50,000	50.74 (50.74)
Seven & i Netmedia Co., Ltd.	Chiyoda-ku, Tokyo	IT-related business	July 11, 2008	7,665	50.74

Notes: 1. Seven & i Holdings Co., Ltd. and Seven & i Netmedia Co., Ltd. have become parent companies of the Company on January 29, 2014.

2. Parenthesis in the column of percentage of voting rights indicates percentage of indirect ownership.

3. Two officers have been seconded to the Company from the parent companies.

2) Major subsidiaries

Name of Company	Capital	Percentage of Voting Rights of Subsidiaries, etc. Held by the Company	Major Activities
Nissen Co., Ltd.	100 million yen	100.0%	Mail-order business, store retailing business plus sales representation business
SHADDY CO., LTD.	3,445 million yen	100.0%	Gift-related business
Enicil Co., Ltd.	100 million yen	100.0%	Gift-related business
Mail & e Business Logistics Service Co., Ltd.	980 million yen	100.0%	Logistics business
Three Heart Corporation Co., Ltd.	300 million yen	100.0%	Logistics business
Kurashino Design, Inc.	300 million yen	100.0%	Advertising business and publishing/sales business
n Beauty Science Co., Ltd.	63 million yen	100.0%	Planning, development, sales and wholesale of cosmetics and quasi-drugs
Nissen Life Co., Ltd.	100 million yen	100.0%	Life insurance solicitation business and non-life insurance agency business
oriental diamond inc.	100 million yen	100.0%	Import/sales of precious metals and jewelry
TRECENTI Co., Ltd.	200 million yen	100.0%	Sales of precious metals and jewelry

Note: Shares of Enicil Co., Ltd. and Three Heart Corporation Co., Ltd. are held indirectly by the Company through SHADDY CO., LTD.

3) Other major affiliated companies

Name of Company	Capital	Percentage of Voting Rights of Affiliated Companies Held by the Company	Major Activities
GE Nissen Credit Co., Ltd.	4,050 million yen	50.0%	Consumer credit card business, finance business, non-life insurance agency business, etc.

(4) Key issues

At the Nissen Group, the active customer base for catalogue issue is weakening in the Nissen business, and net sales will decline due to management reforms focused on improving profitability. Although we expect net sales of the three SHADDY-related consolidated companies to increase, we forecast a challenging situation in terms of consolidated net sales for the next fiscal year. In terms of profitability, on the other hand, we forecast a significant reduction in the degree of deficit in the second half of fiscal 2015 and thereafter due to reductions in fixed cost of sales through initiatives such as reviewing the number of catalogue issues and cost reductions without exceptions.

Through the capital and business alliance with the Seven & i Group, the Company seeks to create new added value by combining the strengths of each company of the Seven & i Group and the Nissen Group, as well as to improve the Nissen Group's corporate value by also contributing to the promotion of the Omni Channel Strategy of the Seven & i Group.

Commerce business

In the Nissen business, the principal business of the Nissen Group, the impact in the previous fiscal year persists, and various factors are expected to drive up costs, such as the cost of goods due to the yen depreciation and delivery-related expenses. Towards the second half of fiscal 2015, the Company is striving to reduce the degree of deficit by boosting profitability, aiming to start generating profit as early as possible, by the profitability-enhancing measures such as improvements in cost ratio and fulfillment expense ratio through revision of suggested retail prices of the goods that are required to maintain profitability as well as enhancement of order accuracy, and substantial reduction of fixed cost of sales through decreasing the number of copies of catalogues for acquiring new customers, along with reduction in the number of pages of catalogues for distribution as well as issues of catalogues (from three issues to two in the second half).

At the three SHADDY-related consolidated companies, in an effort to stem the decrease in sales of the store business, infrastructure will be developed to integrate stores with the Internet, products and services will be digitized through the introduction of gift cards, the store visit frequency and repeat rate will be improved through common points and periodical sales, development of private label products that only SHADDY can provide will be strengthened, and the sales system will be reinforced. In addition, for the purpose of further strengthening growth business areas, income sources will be diversified by stepping up sales and marketing in bridal and corporate-related businesses, and expanding MoMA* and EC business, etc.

*A select shop that carries products selected from the world's latest good design items by the curators of the Museum of Modern Art, New York.

Finance business

Nissen Life Co., Ltd. will strive to improve profitability by enhancing face-to-face sales and consultation capability via telephone without depending on sales promotion support by insurance companies and raising the closing rate.

Meanwhile, GE Nissen Credit Co., Ltd. will endeavor to improve profitability by acquiring new customers using the T-point system and promoting the utilization of cards.

Other business

While the business environment is improving for the Group companies oriental diamond inc. and TRECENTI Co., Ltd., we will strive to stabilize revenues by continuing to pursue business structure reforms.

(5) Significant business activities (as of December 20, 2014)

- 1) Mail-order business, store retailing business, sales representation business and gift-related business
- 2) Life insurance solicitation business, non-life insurance agency business, credit card business and finance and loan business
- 3) Sales of precious metals and jewelry

(6) Main Offices (as of December 20, 2014)

Offices		Location
Nissen Holdings Co., Ltd.	Head office	Kyoto
	Information Center	Kyoto
Nissen Co., Ltd.	Head office	Kyoto
	Domestic centers	Kyoto, Osaka, Tokyo, others
	Overseas centers	Shanghai, Beijing, Ho Chi Minh, others
	Directly managed stores	Ageo, Saitama Prefecture; Shibuya, Tokyo; Funabashi, Chiba Prefecture; Amagasaki, Hyogo Prefecture; Hirakata, Osaka Prefecture; Sendai, Miyagi Prefecture
Mail & e Business Logistics Service Co., Ltd.	Head office	Awara, Fukui Prefecture
	Domestic centers	Awara, Fukui Prefecture; Inabe, Mie Prefecture; Muko, Kyoto Prefecture
SHADDY CO., LTD.	Head office	Minato, Tokyo
	Domestic centers	Matsubara, Osaka Prefecture; Iwafune-machi, Shimotsugagun, Tochigi Prefecture; Higashioumi, Shiga Prefecture; Eniwa, Hokkaido; Asakura, Fukuoka Prefecture

(7) Employees (as of December 20, 2014)

1) Number of employees of Nissen Group

Number of employees	Increase/decrease from end of previous fiscal year
1,422	21 (Decrease)

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

2) Number of employees of the Company

Number of employees	Increase/decrease from end of previous fiscal year	Average age	Average length of employment
80	27 (Increase)	44 years, 5 months	16 years, 4 months

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

(8) Principal lenders (as of December 20, 2014)

Lenders	Outstanding amount of loan (Millions of yen)
Resona Bank, Limited	8,706
Bank of Kyoto, Ltd.	6,611
Mizuho Bank, Ltd.	2,520
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,260
Sumitomo Mitsui Banking Corporation	2,050

(9) Other significant matters related to the corporate group

Proceedings are continuing regarding the lawsuit filed on November 28, 2012, by Nissen Life Co., Ltd. against Zurich Life Insurance Company Ltd, seeking payment of surplus funds (unsettled money) from the transfer of the mutual aid contract portfolio and Nissen Co., Ltd. succeeds the position of plaintiff in this lawsuit due to the organizational restructuring within the Group on September 21, 2013 (succession of the mutual aid activities of Nissen Life Co., Ltd. by Nissen Co., Ltd. by means of a absorption-type company split).

2. Status of the Company

(1) Information on shares to be issued by the Company (as of December 20, 2014)

- | | | |
|---|---------------|--------------------|
| 1) Number of shares authorized to be issued | | 140,000,000 shares |
| 2) Number of shares issued | Common shares | 66,669,432 shares |
| 3) Number of shareholders | | 13,545 persons |
| 4) Ten largest shareholders of the Company | | |

Name of shareholder	Investment in the Company	
	Number of shares held (Thousand shares)	Percentage of voting rights (%)
Seven & i Netmedia Co., Ltd.	32,387	50.71
Nihon Unisys, Ltd.	1,501	2.35
Tetsuo Kawashima	1,331	2.09
Nissen Kyoeikai	1,327	2.08
Brastsheave Co., Ltd.	1,155	1.81
Nissen Group Employee Shareholding Association	1,060	1.66
Dai Nippon Printing Co., Ltd.	1,020	1.60
Yumiko Nakata	825	1.29
Japan Trustee Services Bank, Ltd. (Trust account)	684	1.07
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account, Re-trustee Trust & Custody Services Bank, Ltd.	649	1.02

Notes: 1. The Company holds 2,798 thousand shares of treasury stocks and is excluded from the major shareholders list above.

2. The percentage of voting rights is computed after deducting the number of treasury stocks.

3. The 649 thousand shares held by Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account, Re-trustee Trust & Custody Services Bank, Ltd. is the trust asset of retirement benefit trust entrusted to the bank by Mizuho Bank, Ltd., and the authority to give instruction concerning the exercise of voting rights thereof is reserved by Mizuho Bank, Ltd.

(2) Stock acquisition rights, etc. of the Company (as of December 20, 2014)

- 1) Stock acquisition rights allotted in consideration of the performance of duties and held by the Directors and Corporate Auditors of the Company
Not applicable
- 2) Stock acquisition rights allotted to employees in consideration of the performance of duties during the fiscal year under review
Not applicable

(3) Status of shares held by the Company (as of December 20, 2014)

1) Number of stock names and total value recorded in the balance sheet regarding shares held by the Company for other than pure investment purposes.

Number of stock names	14
Total value recorded in the balance sheet	1,284 million yen

2) Investment in listed shares held by the Company for purposes other than pure investment.

Stock Name	Number of shares (Shares)	Value in balance sheet (Millions of yen)	Purpose of holding
Nihon Unisys, Ltd.	657,000	681	For maintenance and reinforcement of business relationship, etc.
Dai Nippon Printing Co., Ltd.	47,000	51	For maintenance and reinforcement of business relationship, etc.
OHSHO FOOD SERVICE CORP.	10,000	43	For maintenance of favorable relationship with local companies
YAGI & CO.,LTD.	9,597	15	For maintenance and reinforcement of business relationship, etc.
Nomura Holdings, Inc.	10,300	7	For maintenance and reinforcement of business relationship, etc.

Note: Value in balance sheet in the first stock name above is exceeding 1/100 of the common stock of the Company.

3) Investment in shares held for pure investment purposes

(Millions of yen)

	Current fiscal year			
	Total value in balance sheet	Total dividend received	Total gain or loss on sale	Total valuation gain or loss
Unlisted shares	0	-	-	-
Shares other than the above	5	0	-	2

Note: Total valuation gain or loss is stated at a net value combining valuation gain and loss.

(4) Corporate officers

1) Directors and Corporate Auditors (as of December 20, 2014)

Position	Name	Responsibility or representation in other corporations
Chairman and Representative Director	Toshio Katayama	-
President and Representative Director	Shinya Samura	President and Representative Director, Nissen Co., Ltd.
Senior Vice President and Representative Director	Fumihiko Nagamatsu	Director and Senior Vice President, Nissen Co., Ltd.
Director	Nobuyuki Ichiba	Managing Executive Officer, Corporate Control of the Company Director, Nissen Co., Ltd. Chairman and Representative Director, SHADDY CO., LTD.
Director	Toshiya Tsukushi	Managing Executive Officer, serving concurrently as Chief Financial Officer and General Manager, Group Financial Department of the Company Director, Nissen Co., Ltd. Vice President and Representative Director, SHADDY CO., LTD. Director, Nissen Life Co., Ltd. Director, GE Nissen Credit Co., Ltd.
Director	Tamaki Wakita	Executive Officer, serving concurrently as General Manager, Corporate Planning Department of the Company Director, Nissen Co., Ltd.
Director	Toshio Komada	Chairman of the Board of Directors of the Company
Director	Toshiaki Yamaguchi	Outside Director, DAITO TRUST CONSTRUCTION CO., LTD. Director, Japan Corporate Governance Network (a non profit organization)
Director	Tsuyoshi Kobayashi	Director, Seven & i Holdings Co., Ltd.
Director	Yasuhiro Suzuki	Executive Officer, serving concurrently as Chief Information Officer of Seven & i Holdings Co., Ltd. President and Representative Director, Seven & i Netmedia Co., Ltd.
Director	Michiko Fujii (maiden name: Hirono)	President, 21LADY Co., Ltd. Chairman and Representative Director and President, HIROTA Co, Ltd. President and Representative Director, ILLUMS Japan Co., Ltd. Outside Director, Japan Post Co., Ltd.
Full-time Corporate Auditor	Yasoji Mori	Corporate Auditor, SHADDY CO., LTD.
Corporate Auditor	Scott Trevor Davis	Professor, College of Business, Rikkyo University Outside Director, Seven & i Holdings Co., Ltd. Outside Director, BRIDGESTONE CORPORATION Outside Director, Sompo Japan Nipponkoa Holdings, Inc.
Corporate Auditor	Osamu Yamada	-

Notes: 1. The Directors Toshio Komada, Toshiaki Yamaguchi, Tsuyoshi Kobayashi, Yasuhiro Suzuki and Michiko Fujii are Outside Directors, as prescribed by Article 2 Item 15 of the Corporation Act. Incidentally, Toshio Komada, Toshiaki Yamaguchi and Michiko Fujii are designated as the independent directors/corporate auditors who have no potential conflict of interests with general shareholders as mandated by Tokyo Stock Exchange, Inc.

2. The Corporate Auditors Scott Trevor Davis and Osamu Yamada are Outside Corporate Auditors, as prescribed by Article 2 Item 16 of the Corporation Act. Incidentally, they are designated as the independent directors/corporate auditors who have no potential conflict of interests with general shareholders as mandated by Tokyo Stock Exchange, Inc.
3. The Corporate Auditor Osamu Yamada has accounting experience acquired in a large listed company and considerable knowledge concerning finance and accounting.
4. Mr. Fumihiko Nagamatsu, Mr. Tsuyoshi Kobayashi, Mr. Yasuhiro Suzuki and Ms. Michiko Fujii were newly appointed and assumed the office of Directors at the 44th Ordinary General Meeting of Shareholders held on March 18, 2014.
5. Ms. Kaori Sasaki and Mr. Shigeo Minatodani retired as Directors due to the expiration of their term of office at the close of the 44th Ordinary General Meeting of Shareholders held on March 18, 2014.
6. Changes in the positions of Directors during the fiscal year under review are as follows:

Name	Title(s) after change	Title(s) before change
Fumihiko Nagamatsu	Senior Vice President and Representative Director	Director
Tamaki Wakita	Director and Executive Officer, serving concurrently as General Manger, Corporate Planning Department	Director and Executive Officer, Corporate Marketing Control

7. Director Toshio Katayama resigned as Chairman and Representative Director on December 21, 2014.
8. Director Shinya Samura resigned as President and Representative Director on December 21, 2014.
9. Nobuyuki Ichiba was newly appointed as President and Representative Director at the Board of Directors' meeting held on October 3, 2014, and assumed the office on December 21, 2014.

2) Total remuneration for Directors and Corporate Auditors

A. Outline of the Company's executive remuneration system

In the Company's executive remuneration system, objectivity and reasonableness of the remuneration payment standards and decision-making process are ensured by the arrangement in which all authority to make final decisions concerning executive remuneration is held by the Nominating and Compensation Committee chaired by an independent outside director with the majority of committee members being also independent outside directors. Under this system, executive remuneration (basic remuneration) consists of the three items namely fixed remuneration, performance-linked remuneration and stock-based remuneration, and the items and amounts to be paid are determined by the Nominating and Compensation Committee, according to the nature of work and role involved in each position. For fixed remuneration, fixed amount is paid based on the remuneration table as determined by the Nominating and Compensation Committee, according to the provisions of the Directors' compensation rules. Performance-linked remuneration is determined under the wholly performance-linked principle, payable based on the actual performance of the profit projection for the current fiscal year, but not payable at all given the performance below a certain level. Stock-based remuneration is paid in fixed sum of money in order for the concerned executives to share common corporate goals with shareholders, on the premise that it will eventually be exercised into shares in the Company through the executive shareholding association.

B. Total remuneration for Directors and Corporate Auditors for the fiscal year under review and total amount by remuneration type

Title	Total remuneration	Total amount by remuneration type
		Basic remuneration
Directors (10)	122 million yen	122 million yen
Of which, Outside Directors (4)	28 million yen	28 million yen
Corporate Auditors (3)	39 million yen	39 million yen
Of which, Outside Corporate Auditors (2)	19 million yen	19 million yen
Total	161 million yen	161 million yen

Notes: 1. Total remuneration for Directors does not include remuneration for employees paid to the Directors who are concurrently employed as employees.

2. In addition to the above, 43 million yen was paid as executive remuneration to the Outside Officers by the Company's parent company, or subsidiaries of such parent company.
3. 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).
4. 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.

3) Matters related to Outside Officers

A. Positions concurrently held by Outside Officers as executive officers or outside officers of other legal entities, and the relationships of their legal entities with the Company.

Title	Name	Name of legal entity in which an Outside Director concurrently holds a position	Concurrent position	Relationship
Director	Toshio Komada	-	-	-
Director	Toshiaki Yamaguchi	DAITO TRUST CONSTRUCTION CO., LTD.	Outside Director	-
		Japan Corporate Governance Network (a non profit organization)	Director	-

Title	Name	Name of legal entity in which an Outside Director concurrently holds a position	Concurrent position	Relationship
Director	Tsuyoshi Kobayashi	Seven & i Holdings Co., Ltd.	Director	Seven & i Holdings Co., Ltd. is the Company's parent company through indirect shareholding of the Company's shares.
Director	Yasuhiro Suzuki	Seven & i Holdings Co., Ltd.	Executive Officer Chief Information Officer	Seven & i Holdings Co., Ltd. is the Company's parent company through indirect shareholding of the Company's shares.
		Seven & i Netmedia Co., Ltd.	Representative Director	Seven & i Netmedia Co., Ltd. is the Company's parent company through direct shareholding of the Company's shares.
Director	Michiko Fujii (maiden name: Hirono)	21LADY Co., Ltd.	Representative Director	-
		HIROTA Co., Ltd.	Representative Director	-
		ILLUMS Japan Co., Ltd.	Representative Director	-
		Japan Post Co., Ltd.	Outside Director	-
Corporate Auditor	Scott Trevor Davis	Seven & i Holdings Co., Ltd.	Outside Director	Seven & i Holdings Co., Ltd. is the Company's parent company through indirect shareholding of the Company's shares.
		BRIDGESTONE CORPORATION	Outside Director	-
		Sompo Japan Nipponkoa Holdings, Inc.	Outside Director	-
Corporate Auditor	Osamu Yamada	-	-	-

B. Major activities during the fiscal year under review

(Outside Directors)

Of all 20 Board of Directors' meetings held during the fiscal year under review, Mr. Toshio Komada and Mr. Toshiaki Yamaguchi participated in 19 and 20 meetings, respectively. Meanwhile, of the 16 Board of Directors' meetings held after the appointment of Mr. Tsuyoshi Kobayashi, Mr. Yasuhiro Suzuki and Ms. Michiko Fujii as Directors, Mr. Kobayashi, Mr. Suzuki and Ms. Fujii participated in 16, 13 and 16 meetings, respectively. During those meetings, these Outside Directors offered advices and recommendations for ensuring appropriateness and adequacy of the decision-making at the Board of Directors' meetings, from the experts' point of view in each area of specialty, namely global management by Mr. Komada, corporate legal affairs and compliance by Mr. Yamaguchi, management of a pure holding company by Mr. Kobayashi, IT strategies by Mr. Suzuki and lifestyle industries by Ms. Fujii.

Mr. Komada also served as Chairman of the Board of Directors, Chairman of the Nominating and Compensation Committee and a member of the Corporate Governance Committee, while Mr. Yamaguchi served as a member of the Corporate Governance Committee and the Nominating and Compensation Committee, and Ms. Fujii served as a member of the Nominating and Compensation Committee, respectively.

(Outside Corporate Auditors)

Of the 20 Board of Directors' meetings and the 12 Auditors' Committees held during the fiscal year under review, Mr. Scott Trevor Davis participated in 18 Board of Directors' meetings and 12 Auditors' Committees, while Mr. Osamu Yamada participated in 20 Board of Directors' meetings and 12 Auditors' Committees, respectively. During those meetings, Mr. Davis raised questions and stated opinions as appropriate mainly from CSR point of view, while Mr. Yamada did the same mainly from finance and accounting point of view.

Mr. Yamada also served as Chairman of the Corporate Governance Committee.

C. Outline of agreement on limitation of liability

The Company has concluded an agreement to limit liability for damages set forth in Article 423 Paragraph 1 of the Corporation Act with each of the Outside Officers pursuant to the provision of Article 427 Paragraph 1 of the Corporation Act. However, under the agreement, the liability for damages shall be limited to the amount specified in Article 425 Paragraph 1 of the Corporation Act.

(5) Accounting Auditor

1) Name of Accounting Auditor: KPMG AZSA LLC

Note: The Company's previous Accounting Auditor, Ernst & Young ShinNihon LLC, retired due to expiration of its term of office at the closing of the 44th Ordinary General Meeting of Shareholders held on March 18, 2014.

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	37 million yen
2. Total amount of remuneration and property benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	78 million yen

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

3) Non-auditing services

Not applicable

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) Audits of financial statements of the Company's subsidiaries as conducted by certified public accountants

or audit corporations that are not the Company's Accounting Auditor
Not applicable

(6) Systems and Policies of the Company

1) Systems to ensure appropriate execution of duties

The Company has resolved as follows at the Board of Directors, concerning the "development of systems to ensure that the execution of duties by the Directors conforms to laws and the Articles of Incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a stock company" as stipulated by the Corporation Act.

A. Systems to ensure that the execution of duties by the Directors and employees will conform to the laws and Articles of Incorporation

- i) The Company and its subsidiaries declare in our "corporate motto" and "corporate action principles," etc. that we will fulfill our corporate social responsibility as required by society, through ensuring corporate action geared to business ethics and in compliance with laws, rules and social norms, in order to sustain our status as a trustful and honest enterprise; and on this basis, will ensure further enforcement of compliance through the operation of the helpline and promotion of fair transactions as well as thorough instruction of corporate action principles and entity-level guidelines across the Group, under the framework developed, maintained and operated primarily by the CSR Committee as its core body.
- ii) The Company and its subsidiaries declare that we will cut off all relationships with the so-called anti-social forces. Thus, we will resolutely reject any unjustified demands by anti-social forces, while promptly taking legal measures on civil as well as criminal basis, in cooperation with the external expert organizations such as police agencies and attorneys.
- iii) The internal audit section that is independent of the business execution section will conduct internal audits on, and verify the development and implementation of, the compliance system in the Company and its subsidiaries.
- iv) Corporate Auditors will verify that execution of duties by Directors complies with laws and Articles of Incorporation, and will strive to enhance the effectiveness of the monitoring function.

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

- i) The Company and its subsidiaries will, according to the relevant laws and rules concerning information control, appropriately prepare, store and manage minutes of General Meeting of Shareholders and those of the Board of Directors' meetings, and other documents (including electromagnetic records; hereinafter the same shall apply) statutorily required to be prepared and stored, as well as requests for managerial decisions and other documents and information necessary for ensuring adequate business execution.
- ii) In respect of important information concerning the Company and its subsidiaries, the principal section responsible for disclosure will promptly and exhaustively collect such information, and accurately disclose such information in a timely manner.
- iii) To ensure integrated information control that covers appropriate preparation, storage and management of important business documents plus timely and accurate information disclosure, let alone security control over important information such as business secrets and personal information for the Company and its subsidiaries, the information control system will be established, developed and implemented primarily by the Information Control Committee as its core body, while development and implementation of such system shall be examined in a continuous effort for further improvement. Meanwhile, implementation status of information control shall be reported to the Board of Directors as well as Corporate Auditors on a regular basis.

C. Systems and rules related to loss danger management

- i) In order to adequately analyze, assess and address the risks involved in each business, in light of changes in the business environment and associated risk factors for the Company and its subsidiaries, the integrated risk management system will be established, developed and implemented primarily by the Risk Management Committee as its core body based on the risk management basic rules.
- ii) System for reporting regularly to the Board of Directors and Corporate Auditors on the status of risk management shall be established, developed and implemented, while the Board of Directors, Directors and responsible persons in charge of the business execution section will conduct adequate analysis and assessment over the risks associated with business execution, and take remedial actions promptly.
- iii) In the event of significant business disruption, severe incidents/accidents or major disasters,

emergency headquarters shall be established for promptly taking business continuity measures, in an effort to minimize the loss of, or damage to, the Company and its subsidiaries as a whole.

D. System to ensure the efficient execution of the Directors' duties

- i) The Company and its subsidiaries, by clearly and appropriately prescribing the detail of decision-making authority of Directors and Executive Officers as well as the section in charge to be involved in each operation in rules, etc. concerning decision-making authority, avoid overlap of work while ensuring flexible decision-making and business execution.
- ii) The Board of Directors, with an aim to ensure sustainable growth of the Company, will decide on the priority management objectives and budget allocations of the Company and its subsidiaries, while conducting verification and appropriate review over the efficiency and soundness of the business execution, through regularly receiving reports, etc. from Directors and responsible persons of the business execution section.
- iii) The Board of Directors will promptly make decisions and promote efficient business execution by holding the Board of Directors' meetings at a regular interval on a monthly basis in principle, or otherwise by organizing resolutions at special Board of Directors' meetings or written resolutions as appropriate.

E. System to ensure adequacy of financial reporting

- i) With an aim to provide timely and reliable financial reporting to shareholders, investors, creditors and other stakeholders in accordance with laws and regulations, the Company and its subsidiaries will construct, develop and appropriately implement the internal control system which ensures appropriate accounting treatment and financial reporting based on the internal control rules concerning financial reporting.
- ii) The internal audit section that is independent of the business execution section will conduct evaluation and verification over the effectiveness of the development and implementation of the internal controls concerning financial reporting in the Company and its subsidiaries.
- iii) Directors, Corporate Auditors and Accounting Auditor will appropriately share information among them over the matters deemed likely to have significant impact on our financial conditions.

F. Systems to ensure the propriety of duties in the corporate group comprising the Company, its parent company and subsidiaries

- i) Control systems shall be established, developed and implemented in all of the above five areas, in which policy outlines shall be thoroughly communicated to each subsidiary enabling them to develop their own specific policies, while support and guidance for internal control activities shall be provided to subsidiaries as appropriate.
- ii) In the Company and its subsidiaries, each business division will conduct its activities in cooperation with each other, while sharing information with each section of the Company.
- iii) The internal audit section of the Company will conduct audits on the Company and its subsidiaries.
- iv) The Company will exercise its voting right legitimately and appropriately, in order to ensure adequacy of business at subsidiaries.
- v) Directors will, even if they concurrently serve as Directors or employees of the parent company, fulfill their fiduciary duty to the Company at all times, while participating in resolutions and executing their business legitimately and appropriately.

G. Matters related to the employees when the Corporate Auditor requests the appointment of employees for assistance

If a Corporate Auditor requests the appointment of employees for assistance, such request will be complied.

H. Matters related to the independence from Directors of the employees serving as assistants to Corporate Auditors

Personnel affairs arrangements and changes thereof regarding the employees serving as dedicated assistants to Corporate Auditors shall be subject to approval by the Corporate Auditors concerned.

I. System for reporting to the Corporate Auditors by the Directors or employees, and other systems regarding reports to Corporate Auditors

A Director or an employee will immediately report to the Corporate Auditors in the event they discovered any fact that may cause material damage to the Company, misconducts and violations of laws and Articles of Incorporation by Directors or employees, whereby the Director or employee making such report shall not be penalized by any means. Meanwhile, an officer responsible for consultation office will report regularly to the President and Representative Director and Corporate Auditors, on the implementation status of the helpline which is also supposed to assist whistleblowers.

J. Other systems to ensure that auditing by Corporate Auditors is carried out effectively

- i) Corporate Auditors will hold meetings with the President and Representative Director on a regular

basis, to exchange opinions on the important agendas concerning audits.

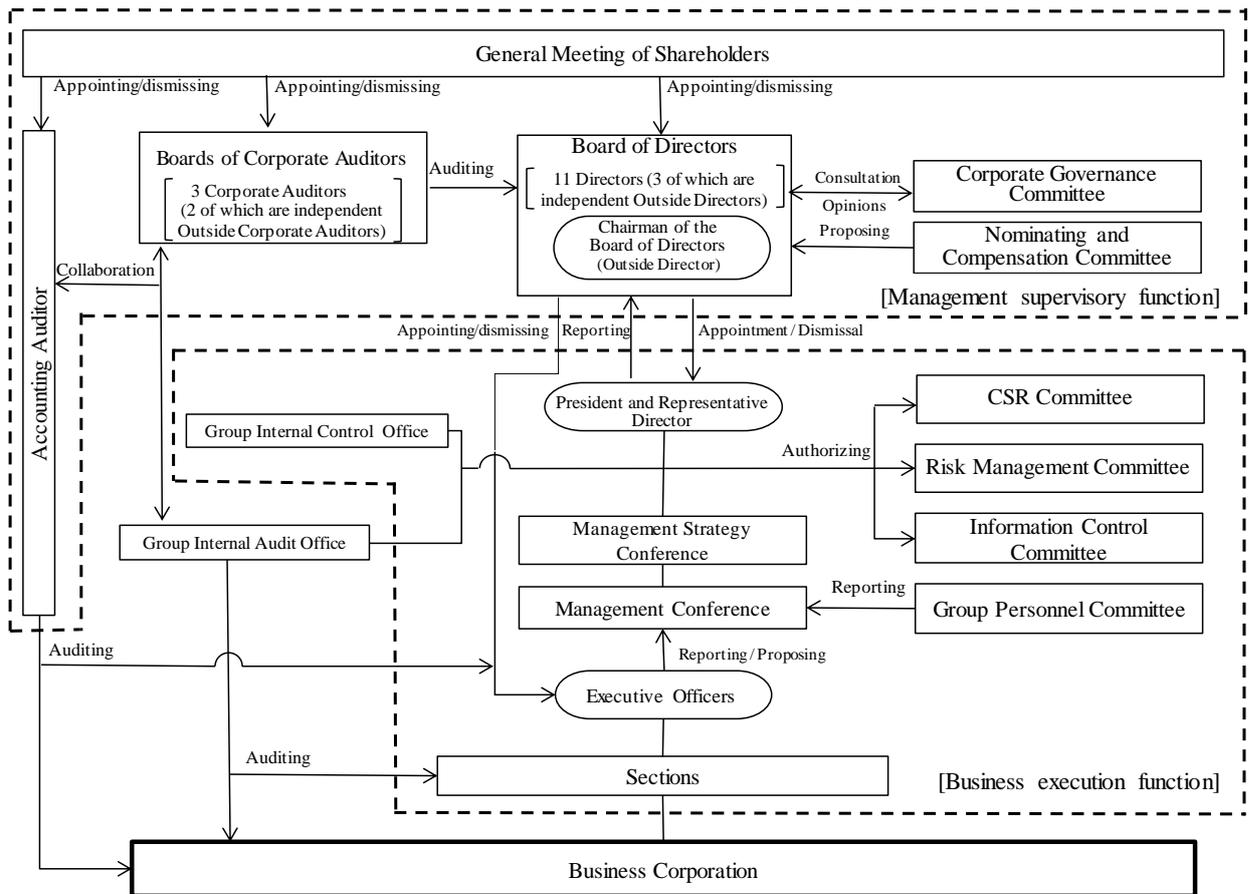
- ii) Corporate Auditors will stay in close liaison with the internal audit section of the Company, and will be entitled to request the section to carry out an investigation as appropriate.
- iii) Corporate Auditors will hold meetings with subsidiaries' Corporate Auditors on a regular basis, and otherwise cooperate with them as appropriate in carrying out adequate audits in the corporate group.
- iv) Corporate Auditors may consult with Accounting Auditor and/or attorneys as necessary, and the costs incurred therein shall be borne by the Company.

2) The Company's basic policies on the Corporate Governance of the Company

The Company has been making continued efforts to enhance its corporate governance in order to improve the Group's corporate values over the medium and long term, while enhancing the soundness and transparency of management. Looking ahead to the future, the Company believes that, in addition to implementation of appropriate business action plans such as improvements in growth potential and profitability primarily in its commerce business, optimization of its business portfolio through the selection and concentration of management resources, and formation of strategic alliances in a proactive manner, the enhancement of a group management foundation to sustain stable and ongoing improvements in corporate values over the long term is essential for the Company's survival in the intense competition in the retail market in which the Company operates, and to become "a company group that will develop through all eternity" as envisioned by the Company since its foundation.

Under the primary policies that aim to ensure "improvements in management transparency and objectivity," "separation of management and execution roles," and "proper delegation of authority with clearly defined responsibilities," the Company will actively continue with its corporate governance reforms.

(Reference) Governance Organization Chart



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

A. Basic policies regarding persons who control the Company's decisions on financial and business matters

The Company believes that when the Company receives a Material Proposal with respect to control of the Company, the decision as to whether to accept the Proposal should ultimately be left up to the shareholders.

B. Special efforts to achieve the basic policies

The Company has been committed to strengthening its corporate governance system including "ensuring three or more independent outside directors serving as board members at a pure holding company," "establishing the Corporate Governance Committee and the Nominating and Compensation Committee, each chaired by independent directors/corporate auditors and made up of a majority of independent directors/corporate auditors," and "establishing chairman of the Board of Directors requiring outside directors as its qualification, aiming at clearly separating management supervisory function from business execution function." With a view to enhancing corporate values on a medium-to-long term, the Company will aim to strengthen its growth potential, profitability and stability through pushing ahead with structural reform of existing businesses, creation of new businesses, fostering and securing of managerial human resources and reinforcement of financial base, along with continuous efforts to strengthen its management infrastructure.

C. Measures to prevent inappropriate parties from controlling the financial and operational policies of the Company under the basic policy

Although the Company has not implemented the so-called anti-takeover measures, we will keep considering this strategy carefully in view of the trends in legislation and court precedents as well as general social trends, while moving ahead with the above measures.

D. Decision of the Company's Board of Directors for taking each of the above measures, and the reasons therefore

The Company believes that the above efforts are measures to be taken to enhance the medium-to-long term corporate values of the Company and the common interests of the shareholders, and that these efforts will contribute to the common interests of shareholders.

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, 2014)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	67,955	Current liabilities	69,737
Cash and deposits	4,513	Notes and accounts payable-trade	35,091
Notes and accounts receivable-trade	21,633	Short-term bank loans	15,900
Inventories	22,485	Lease obligations	1,635
Prepaid expenses	7,027	Accounts payable-other	9,929
Deferred tax assets	262	Income taxes payable	399
Accounts receivable-other	8,991	Allowance for returned goods unsold	175
Forward exchange contracts	2,638	Allowance for returned goods damaged	23
Others	990	Allowance for sales promotion expenses	240
Allowance for doubtful receivables	(587)	Allowance for loss on business liquidation	51
Fixed assets	38,833	Others	6,290
Property, plant and equipment	24,120	Long-term liabilities	16,721
Buildings and structures	12,825	Long-term loans from banks	8,048
Machinery equipment and vehicles	1,569	Lease obligations	5,288
Tools, furniture, and fixtures	453	Deferred tax liabilities	125
Land	6,117	Net defined benefit liability	1,881
Lease assets	3,146	Asset retirement obligations	306
Construction in progress	7	Others	1,071
Intangible assets	7,689	Total liabilities	86,459
Goodwill	610	Net assets	
Lease assets	4,499	Shareholders' equity	18,445
Software	2,269	Common stock	11,873
Others	310	Capital surplus	11,895
Investments and other assets	7,023	Retained earnings	(4,400)
Investment in securities	4,618	Treasury stock	(923)
Others	3,100	Accumulated other comprehensive income	1,884
Allowance for doubtful receivables	(695)	Net unrealized holding gain (loss) on other securities	320
		Deferred hedge gain (loss)	1,659
		Remeasurements of defined benefit plans	(95)
		Total net assets	20,329
Total assets	106,788	Total liabilities and net assets	106,788

Consolidated Statement of Income
(From December 21, 2013 to December 20, 2014)

(Millions of yen)

Item	Amount	
Net sales		208,370
Cost of sales		131,420
Gross profit		76,949
Provision of allowance for returned goods unsold		175
Reversal of allowance for returned goods unsold		196
Gross profit-net		76,970
Selling, general and administrative expenses		83,598
Operating loss		6,628
Non-operating income		
Interest and dividend income	28	
Commission income	78	
Foreign exchange gain	39	
Miscellaneous income	239	386
Non-operating expenses		
Interest expenses	307	
Equity in losses of affiliates	1,030	
Miscellaneous expenses	144	1,482
Ordinary loss		7,725
Extraordinary income		
Gain on sales of fixed assets	9	
Gain on sales of investments in securities	248	
Gain on reversal of stock acquisition rights	22	281
Extraordinary loss		
Loss on sale or disposal of fixed assets	96	
Impairment loss	90	
Loss on write-down of investments in securities	80	
Compensation for loss	24	
Provision of allowance for doubtful receivables	110	
Provision for loss on business of affiliates	48	
Others	0	450
Loss before income taxes and minority interest		7,893
Current income taxes	847	
Deferred income taxes	(230)	616
Loss before minority interests		8,510
Net loss		8,510

Consolidated Statement of Changes in Shareholders' Equity, etc.

(From December 21, 2013 to December 20, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 21, 2013	11,218	11,240	4,069	(922)	25,604
Change in the fiscal year					
Issuance of new shares	655	655	—	—	1,310
Net loss	—	—	(8,510)	—	(8,510)
Purchase of treasury stocks	—	—	—	(0)	(0)
Increase or decrease due to merger of consolidated and non-consolidated subsidiaries	—	—	40	—	40
Changes (net) in items other than shareholders' equity	—	—	—	—	—
Total changes in the fiscal year	655	655	(8,469)	(0)	(7,159)
Balance as of Dec. 20, 2014	11,873	11,895	(4,400)	(923)	18,445

	Accumulated other comprehensive income				Stock acquisition rights	Total net assets
	Net unrealized holding gain (loss) on other securities	Deferred hedge gain (loss)	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of Dec. 21, 2013	307	522	—	830	16	26,451
Change in the fiscal year						
Issuance of new shares	—	—	—	—	—	1,310
Net loss	—	—	—	—	—	(8,510)
Purchase of treasury stocks	—	—	—	—	—	(0)
Increase or decrease due to merger of consolidated and non-consolidated subsidiaries	—	—	—	—	—	40
Changes (net) in items other than shareholders' equity	12	1,136	(95)	1,053	(16)	1,037
Total changes in the fiscal year	12	1,136	(95)	1,053	(16)	(6,122)
Balance as of Dec. 20, 2014	320	1,659	(95)	1,884	—	20,329

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.

SHADDY CO., LTD.

Enicil Co., Ltd.

Mail & e Business Logistics Service Co., Ltd.

Three Heart Corporation Co., Ltd.

Kurashino Design, Inc.

n Beauty Science Co., Ltd.

Nissen Life Co., Ltd.

oriental diamond inc.

TRECENTI Co., Ltd.

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 12 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: 1

The company name:

GE Nissen Credit Co., Ltd.

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 entity is excluded from the scope of application of the equity method of accounting, because its exclusion has a very minor effect on consolidated financial statements in terms of net income/loss (equity in earnings/loss) and retained earnings (equity in earnings) and it is also relatively insignificant as a whole.

(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
SHADDY CO., LTD.	Dec. 31
Enicil Co., Ltd.	Dec. 31
Mail & e Business Logistics Service Co., Ltd.	Dec. 20
Three Heart Corporation Co., Ltd.	Dec. 31
Kurashino Design, Inc.	Dec. 20
n Beauty Science Co., Ltd.	Dec. 20
Nissen Life Co., Ltd.	Dec. 20
oriental diamond inc.	Dec. 31
TRECENTI Co., Ltd.	Dec. 31

In preparation of the consolidated financial statements, the Company consolidated the financial statements for SHADDY CO., LTD., Enicil Co., Ltd., Three Heart Corporation Co., Ltd., oriental diamond inc. and TRECENTI Co., Ltd., each of which was prepared based on their closing date. Appropriate adjustments were made for significant transactions during the period from their respective closing dates to the balance sheet date of the consolidated financial statements.

In the current fiscal year, SHADDY CO., LTD., Enicil Co., Ltd. and Three Heart Corporation Co., Ltd. have changed their closing dates from March 31 to December 31. Oriental diamond inc. and TRECENTI Co., Ltd. have also changed their closing dates from September 30 to December 31.

These changes were made to match the closing month of fiscal years of the consolidated subsidiaries subject to changes in closing dates with that of the consolidated fiscal year of the Company that starts on December 21 and closes on December 20 of the next year. The aim is to improve the efficiency of management and business operation including budgeting and performance management of the Seven & i Group and the Group of the Company.

Consequently, the Company consolidated the financial statements of these five consolidated subsidiaries for the accounting period of 15 months from October 1, 2013 to December 31, 2014. As a result of this change of period, net sales increased by 24,608 million yen and operating loss, ordinary loss and loss before income taxes and minority interest decreased by 665 million yen, 668 million yen and 669 million yen, respectively.

(4) Accounting principles

1) Valuation criteria and methods for principal assets

A. Securities

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

Inventories are stated at cost (determined by the write-down method due to a decrease in profitability.)

Merchandise:

Cost of merchandise is mainly determined by the first-in first-out method.

In certain consolidated subsidiaries, it is determined by the moving-average method.

2) Depreciation and amortization method for principal depreciable assets

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

Depreciation is computed by the declining-balance method (except for buildings, which are depreciated under the straight-line method)

Useful life of principal assets is as follows:

Buildings and structures: 3-50 years

Machinery equipment and vehicles: 2-17 years

Tools, furniture, and fixtures: 2-20 years

- B. Intangible assets (excluding lease 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 or 10 years by the straight-line method.
- C. Lease assets
 Lease assets concerning capitalized finance leases
 Lease assets are depreciated by the same method applied to the depreciation of proprietary fixed assets.
 Lease assets concerning non-capitalized finance leases
 Lease assets are depreciated by the straight-line method over the lease period without residual value.
- 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 collectability.
- 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 sales promotion expenses
 To prepare for expenses incurred as a result of usage of various discount coupons for the purpose of sales promotion, the Company booked an allowance for the estimated amount of discount coupon usage during and after the following fiscal year based on the historical usage amount.
- E. Allowance for loss on business liquidation
 To prepare for a loss from the business liquidation of consolidated subsidiaries, the Company booked an allowance for an estimated loss to be incurred in the future.
- 4) Accounting method for retirement benefits
 To prepare for the payment of employees' retirement benefits, the Company's consolidated subsidiary SHADDY CO., LTD. booked an allowance for estimated retirement benefits, based on the projected retirement benefit obligations as of the end of the current fiscal year.
 In calculating the amount of retirement benefit obligation, the straight-line basis is applied for attributing expected retirement benefit payments to the period up to the end of the current fiscal year.
 Actuarial differences are charged to expenses evenly from the fiscal year following the fiscal year in which the actuarial gain or loss is recognized, over the determined years (10 years) not longer than the average remaining service years of employees at the time of the difference occurring in each fiscal year.
 For certain employees of Nissen Co., Ltd., the Company's consolidated subsidiary, and Three Heart Corporation Co., Ltd., the simplified method, where retirement benefit obligation is estimated at the amount of retirement benefit payments required for voluntary retirements at the end of fiscal year, is applied to calculate the amount of net defined benefit liability and retirement benefit expense.
- 5) 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.
- 6) Significant accounting policies for hedges
- A. Hedge accounting method
 Deferred hedge accounting is applied. However, with respect to forward foreign exchange contracts which meet the requirements, a hedge is accounted for by the short-cut method. Interest rate swap contracts which meet the requirements are accounted for as exceptional processing.
- B. Hedging instrument and the risk hedged
 Hedging method:
 Forward foreign exchange contracts, interest rate swap contracts
 Risk hedged:
 Foreign currency-denominated monetary liabilities, bank loans
- C. Hedging policy
 Nissen Holdings enters into transactions such as 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. Nissen Holdings enters into interest rate swap contracts in order to reduce the future risk of interest rate fluctuations from bank loans to a certain level.

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.

With regard to interest rate swaps which meet the requirements of exceptional processing, the assessment of effectiveness is omitted.

7) Amortization method and period of goodwill

Amortization of goodwill 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.

8) 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) Changes in Accounting Policies

Effective from the end of the current fiscal year, the Company has applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; the "Retirement Benefits Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; the "Guidance on Retirement Benefits"). (However, provisions stated in Paragraph 35 of the Retirement Benefits Accounting Standard and Paragraph 67 of the Guidance on Retirement Benefits are excluded.) Under the new policies, the amount of retirement benefit obligation was changed to be booked as net defined benefit liability, and unrecognized net actuarial gain or loss was booked in the same liability.

The Retirement Benefits Accounting Standard, etc., are being applied transitionally as determined in Paragraph 37 of the Standard, and the effect of the changes in the accounting policies is added to or deducted from remeasurements of defined benefit plans under accumulated other comprehensive income at the end of the current fiscal year.

As a result of these changes, 1,881 million yen of net defined benefit liability was booked at the end of the current fiscal year, and accumulated other comprehensive income decreased by 95 million yen.

The effect on per-share information is stated in the relevant note.

(6) Change of presentation

Commission fee, which had been separately listed under non-operating expenses for the previous fiscal year, has fallen below one-tenth of total non-operating expenses and is thus included in miscellaneous expenses from the current fiscal year.

2. Notes to consolidated balance sheets

(1) Breakdown of inventories:		
Merchandise and finished goods		22,052 million yen
Raw materials and supplies		433 million yen
(2) Assets pledged as collateral and liabilities regarding the collateral:		
1) Assets pledged as collateral		
Assets in parentheses are temporarily registered as collateral.		
Buildings and structures	535 million yen	(535 million yen)
Land	409 million yen	(409 million yen)
Total	945 million yen	(945 million yen)
2) Liabilities regarding the collateral		
Short-term bank loans		30 million yen
(3) Accumulated depreciation of property, plant and equipment:		27,843 million yen
(4) Loan guarantees:		
Guarantees for loans taken out by Group employees from financial institutions		17 million yen
(5) Liquidation of notes receivable		
The Company transferred part of its notes receivable to liquidate the receivables.		
As a result of the liquidation of notes receivable-trade, the funds reserved for the purpose of credit enhancement were reported as an element of accounts receivable-other.		
The amount of transferred notes receivable-trade for liquidation	1,464 million yen	
The amount of reserved funds for credit enhancement	336 million yen	
(6) Overdraft		
The Company and its consolidated subsidiaries, Nissen Co., Ltd., SHADDY CO., LTD., Enicil Co., Ltd., Mail & e Business Logistics Service Co., Ltd., Three Heart Corporation Co., Ltd., n Beauty Science Co., Ltd. and oriental diamond inc. have signed overdraft agreements with ten 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		30,250 million yen
Credit used		12,000 million yen
Credit available		18,250 million yen

3. Notes to consolidated statement of income

(1) The ending balance of inventories is the amount after writing down book values due to a decrease in profitability and the valuation loss on goods stated below is included in cost of sales.

860 million yen

(2) Impairment loss

1) Assets for which impairment loss was recognized

Purpose of use	Category	Location
Idle property	Buildings and structures Land	Konan-cho, Kokagun, Shiga Prefecture and two others
Leased property	Others (Investments and other assets)	Aizuwakamatsu, Fukushima Prefecture

2) Background to recognition of impairment loss

For idle properties, impairment loss was recognized since their market value fell below their book value. For leased properties, impairment loss was recognized because the initially expected amount of earnings was unlikely to be earned.

3) Breakdown of amount of impairment loss

Buildings and structures	7 million yen
Land	54 million yen
Others (Investments and other assets)	28 million yen
Total	90 million yen

4) Method for grouping the assets

Asset grouping is based on business segments in principle, and idle properties and leased properties are grouped individually.

5) Calculation method of collectable amount

The collectable amount of idle properties is measured by using the net realizable value, which is determined based on appraisal values or other equivalent methods. The collectable amount of leased properties is determined based on an assumption in which there is no value in use.

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

(1) Outstanding shares and treasury stocks

	As of Dec. 21, 2013	Increase	Decrease	As of Dec. 20, 2014
Outstanding shares				
Common shares (Shares)	63,473,832	3,195,600	—	66,669,432
Total	63,473,832	3,195,600	—	66,669,432
Treasury stock				
Common shares (Shares)	2,797,815	670	—	2,798,485
Total	2,797,815	670	—	2,798,485

(Outlines of changes)

Notes: 1. Breakdown of the increase of common shares issued is as follows.

Issuance of new shares through the third-party allocation method: 3,195,600 shares

2. Breakdown of the increase in common shares of treasury stock is as follows.

Purchase of odd-lot shares: 670 shares

(2) Dividend of surplus

1) Dividends payment

Not applicable

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

Not applicable

5. Notes to financial instruments

(1) Status of financial instruments

1) Policy for financial instruments

For asset management purpose, the Group invests in short-term deposits only and raises fund through loans from financial institutions such as banks etc. Derivative instruments are used with the objective of avoiding risks as described later, and not for speculative purposes, within the scope of commercial needs in accordance with the internal rules and regulations.

2) Details of financial instruments, their associated risks and risk management system

Notes and accounts receivable-trade and accounts receivable-other, which are operating receivables, are exposed to credit risk resulting from customers' default of payments. With regard to the management of credit risk, a section in charge of credit management manages the payment dates and outstanding balances of each customer's liabilities as well as maintains and operates a system to cope with credit management issues such as problem claims in accordance with the Group's internal rules.

Investment in securities in large part comprises equity shares in the business partners with which the Group has either business or capital tie-up relationships. Although these equity shares are exposed to the risk associated with market price fluctuations, the Group regularly monitors and obtains the latest information regarding market value trends and issuers' (business partners') financial standings, in order to continuously review their holding situations in consideration of the relationship with business partners.

The payment terms of notes and accounts payable-trade and accounts payable-other, which are operating debt, are mostly within one year. These include foreign-currency denominated liabilities related to imports of merchandise, etc. They are exposed to the exchange rate fluctuation risk, but the Group uses derivative instruments (i.e. forward foreign exchange contracts) to hedge against the risk.

Lease obligations associated with finance leases are mainly for the purpose of raising funds necessary for capital investments. The maximum redemption period of these obligations is 10 years, following the consolidated balance sheet date.

Bank loans are used for the purpose of financing business investments and operating funds. Part of these funds bears floating interest rates and is exposed to the risk of interest rate fluctuations, but the Group uses derivative instruments (i.e. interest rate swap contracts) to hedge against the risk as necessary. These derivative instruments conducted by the Group involve taking market risks attached to the fluctuations in foreign exchange rates and market interest rates. For details on hedging method and the risk hedged, hedging policy and the method for assessing the effectiveness of a hedge concerning hedge accounting, please refer to the aforementioned "Basis of preparation of consolidated financial statements, (4) Accounting principles, 6) Significant accounting policies for hedges."

Execution and management of derivative instruments are subject to the internal rules that stipulate the trading authority, trading limits, etc. and conducted by the section in charge of financial matters upon obtaining the approval by authorized officers. The Group enters into contracts for derivative instruments only with high credit rated financial institutions, in order to reduce the credit risk of counterparty default on these contracts.

Operating debt and bank loans are exposed to liquidity risk, but the Group manages it by assigning a section in charge of financial matters to compile monthly cash-flow projections and other methods.

3) Supplementary information on the market value of financial instruments

The market value of financial instruments is stated at either their prices as quoted in respective markets or, if no market quotations are available, reasonably estimated values. These estimated values incorporate variable factors, therefore they may vary according to differently employed preconditions, etc. Amounts of derivative instruments in themselves do not represent the market risks associated with derivative instruments.

(2) Market value, etc. for financial instruments

Consolidated balance sheet amounts, market values and the difference between the two as of December 20, 2014 are as follows. Financial instruments whose fair values are not readily determinable are excluded (see (Note 2)).

(Millions of yen)

	Consolidated balance sheet amount	Market value	Difference
1) Cash and deposits	4,513	4,513	—
2) Notes and accounts receivable-trade	21,633		
Allowance for doubtful receivables (*1)	(403)		
Notes and accounts receivable-trade (net)	21,230	21,230	—
3) Accounts receivable-other	8,991		
Allowance for doubtful receivables (*1)	(183)		
Accounts receivable-other (net)	8,808	8,808	—
4) Investment in securities	849	849	—
Total assets	35,401	35,401	—
1) Notes and accounts payable-trade	35,091	35,091	—
2) Short-term bank loans	12,090	12,090	—
3) Accounts payable-other	9,929	9,929	—
4) Long-term loans from banks (including those due within one year)	11,858	11,926	67
5) Lease obligations (including those due within one year)	6,924	7,123	199
Total liabilities	75,893	76,160	266
Derivative transactions (*2)	2,637	2,637	—

(*1) Allowance for doubtful receivables provided individually on notes and accounts receivable-trade and accounts receivable-other is deducted.

(*2) Net debts and credits arising from derivative instruments are stated at their net amounts, and items for which the total become net debts are presented in parentheses.

Note: 1. Calculating method of market values for financial instruments, and matters regarding securities and derivative instruments:

[Assets]

1) Cash and deposits, 2) Notes and accounts receivable-trade and 3) Accounts receivable-other

These are recorded using book values as their market values approximate their book values because of their short-term maturities.

4) Investment in securities

Market values of stocks are based on their prices quoted on the concerned stock exchange, while those of debt securities are based on their prices quoted either on the concerned exchange, or by the underwriting financial institutions.

[Liabilities]

1) Notes and accounts payable-trade, 2) Short-term bank loans and 3) Accounts payable-other

These are recorded using book values as their market values approximate their book values because of their short-term maturities. Forward exchange contracts to which designation was applied, were recognized together with hedged accounts payable-trade, and therefore their market values are included in the market values of the relevant notes and accounts payable-trade.

4) Long-term loans from banks and 5) Lease obligations

Market values of these are calculated as present value obtained by discounting the sum of the principals and interests at an assumed interest rate for similar new borrowings or leases. Long-term loans from banks with floating rates are tied to interest rate swap contracts and subject to exceptional processing. Their market values are calculated by discounting the sum of the principals and interests accounted for as

a unit of the interest rate swap contract at an interest rate for similar borrowings.

[Derivative instruments]

Derivative instruments used are foreign currency-related transactions (forward exchange contracts) and interest rate-related transactions (interest rate swap contracts), to all of which a hedge accounting method is applied. Market values are based on their prices quoted by correspondent financial institutions.

1) Currency-related items

(Millions of yen)

Hedge accounting method	Type of derivative instruments	Hedged item	Contract amount	Of contract amount, more than one year	Market value
Principal procedures	Forward foreign exchange contracts Purchased U.S. dollar	Accounts payable-trade	17,689	—	2,637
Short-cut method applied to forward exchange contracts, etc.	Forward foreign exchange contracts Purchased U.S. dollar	Accounts payable-trade	386	—	(*)

(*) Forward exchange contracts to which designation was applied, were recognized together with hedged accounts payable-trade, and therefore their market values are included in the market values of the relevant notes and accounts payable-trade.

2) Interest rate-related items

(Millions of yen)

Hedge accounting method	Type of derivative instruments	Hedged item	Contract amount	Of contract amount, more than one year	Market value
Exceptional processing applied to interest rate swap contracts	Interest rate swap contracts (fixed interest payments / floating interest receivables)	Long-term loans from banks	5,615	3,762	(*)

(*) Interest rate swap contracts to which exceptional processing was applied, were recognized together with hedged long-term loans from banks, and therefore their market values are included in the market values of the relevant long-term loans from banks.

Note: 2. Financial instruments whose fair values are not readily determinable are excluded from the following table:

(Millions of yen)

classification	Consolidated balance sheet amount
Unlisted shares	3,643
Capital investment of Investment LPS	124

(*) The above item is not included in “4) Investment in securities” because there is no market value for unlisted shares and it is very difficult to identify their fair values.

6. Notes to real estate for rent, etc.

Notes are omitted because the total amount of real estate for rent, etc. is insignificant.

7. Notes to per share information

(1) Net asset per share 318.29 yen

(2) Net loss per share 133.96 yen

Note: As stated in “Changes in Accounting Policies,” the Company has applied the Retirement Benefits Accounting Standard, etc., in a transitional way as determined in Paragraph 37 of the Standard.

As a result, net asset per share for the current fiscal year decreased by 1.50 yen.

8. Notes to significant subsequent events

Not applicable

Independent Auditors' Report

February 13, 2015

The Board of Directors
Nissen Holdings Co., Ltd.

KPMG AZSA LLC

Shigeo Kobayashi, CPA (Seal)
Designated Partner,
Engagement Partner

Hisaki Nakajima, CPA (Seal)
Designated Partner,
Engagement Partner

Miho Kawabata, CPA (Seal)
Designated Partner,
Engagement Partner

Pursuant to Article 444, Paragraph 4, of the Corporation Act, 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, 2013 to December 20, 2014.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Conflicts of Interest

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

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 45th fiscal year from December 21, 2013 to December 20, 2014, 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 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 131 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, 2014.

2. Results of Audit

The auditing methods and results of the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

February 17, 2015

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

Yasoji Mori (Seal)
Full-time Corporate Auditor

Scott Trevor Davis (Seal)
Outside Corporate Auditor

Osamu Yamada (Seal)
Outside Corporate Auditor

Non-consolidated Balance Sheet

(As of December 20, 2014)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	8,390	Current liabilities	23,536
Cash and deposits	2,116	Notes payable-trade	2
Short-term loans receivable from affiliates	5,057	Short-term bank loans	18,368
Accounts receivable from affiliates	746	Long-term loans due within one year	3,810
Others	470	Lease obligations	247
Allowance for doubtful receivables	(0)	Accounts payable-other	970
Fixed assets	42,931	Accounts expenses	63
Property, plant and equipment	2,640	Others	74
Buildings	783	Long-term liabilities	9,332
Structures	2	Long-term loans from banks	8,048
Tools, furniture, and fixtures	40	Lease obligations	768
Land	816	Allowance for loss on business of affiliates	224
Lease assets	992	Asset retirement obligations	193
Construction in progress	4	Others	97
Intangible assets	19	Total liabilities	32,869
Investments and other assets	40,271	Net assets	
Investment in securities	1,335	Shareholders' equity	18,132
Affiliates stock	27,153	Common stock	11,873
Long-term loans receivable from affiliates	10,140	Capital surplus	11,915
Deferred tax assets	2,224	Additional paid-in capital	11,915
Guarantee deposits	615	Retained earnings	(4,733)
Others	162	Legal reserves	256
Allowance for doubtful receivables	(1,360)	Other retained earnings	(4,990)
		Special reserves	14,824
		Retained earnings carried forward	(19,814)
		Treasury stock	(923)
		Valuation and translation adjustments	320
		Net unrealized holding gain (loss) on other securities	320
		Total net assets	18,452
Total assets	51,322	Total liabilities and net assets	51,322

Non-consolidated Statement of Income
(From December 21, 2013 to December 20, 2014)

(Millions of yen)

Item	Amount	
Net sales		5,407
Cost of sales		3,630
Gross profit		1,777
Selling, general and administrative expenses		1,602
Operating income		174
Non-operating income		
Interest and dividend income	190	
Commission income	18	
Reversal of allowance for doubtful receivables	333	
Miscellaneous income	19	561
Non-operating expenses		
Interest expenses	231	
Provision for loss on business of affiliates	65	
Miscellaneous expenses	29	326
Ordinary income		410
Extraordinary income		
Gain on sales of fixed assets	2	
Gain on sales of investment in securities	140	
Gain on reversal of stock acquisition rights	22	165
Extraordinary loss		
Loss on disposal of fixed assets	1	
Impairment loss	49	
Loss on write-down of affiliates stock	8,736	
Provision of allowance for doubtful receivables	110	
Provision for loss on business of affiliates	48	
Others	0	8,945
Loss before income taxes		8,369
Current income taxes	47	
Deferred income taxes	32	80
Net loss		8,449

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

(From December 21, 2013 to December 20, 2014)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus		Legal reserves	Retained earnings		
		Additional paid-in capital	Total capital surplus		Other retained earnings		Total retained earnings
				Special reserves	Retained earnings carried forward		
Balance as of Dec. 21, 2013	11,218	11,260	11,260	256	14,824	(11,365)	3,716
Change in the fiscal year							
Issuance of new shares	655	655	655	—	—	—	—
Net loss	—	—	—	—	—	(8,449)	(8,449)
Purchase of treasury stocks	—	—	—	—	—	—	—
Changes (net) in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes in the fiscal year	655	655	655	—	—	(8,449)	(8,449)
Balance as of Dec. 20, 2014	11,873	11,915	11,915	256	14,824	(19,814)	(4,733)

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gain (loss) on other securities	Total valuation and translation adjustments		
Balance as of Dec. 21, 2013	(922)	25,271	303	303	16	25,591
Change in the fiscal year						
Issuance of new shares	—	1,310	—	—	—	1,310
Net loss	—	(8,449)	—	—	—	(8,449)
Purchase of treasury stocks	(0)	(0)	—	—	—	(0)
Changes (net) in items other than shareholders' equity	—	—	17	17	(16)	1
Total changes in the fiscal year	(0)	(7,139)	17	17	(16)	(7,138)
Balance as of Dec. 20, 2014	(923)	18,132	320	320	—	18,452

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) Standards and method of derivative instruments

Derivative instruments are stated at market value.

(3) Depreciation and amortization method for tangible fixed assets

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

Depreciation is computed by the declining-balance method (except for buildings, which are depreciated under the straight-line method)

Useful life of principal assets is as follows

Buildings: 5-49 years

Structures: 10-30 years

Tools, furniture, and fixtures: 3-15 years

2) Intangible assets (excluding lease 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) Lease assets

Lease assets concerning capitalized finance leases

Lease assets are depreciated by the same method applied to the depreciation of proprietary fixed assets.

Lease assets concerning non-capitalized finance leases

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

(4) 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 collectability for doubtful claims.

2) Allowance for loss on business of affiliates

To prepare for loss on business of affiliates, the Company booked an allowance for estimated losses at the end of the current fiscal year, considering the financial position of the affiliates.

(5) Significant accounting policies for hedges

1) Hedge accounting method

Deferred hedge method is applied. However, with respect to interest rate swap contracts which meet the requirements are accounted for as exceptional processing.

2) Hedging instrument and the risk hedged

Hedging method:

Interest rate swap contracts

Risk hedged:

Bank loans

3) Hedging policy

Nissen Holdings enters into interest rate swap contracts in order to reduce future risk of interest rate fluctuation from bank loans to a certain level.

4) 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. When the principal, interest, period, and other terms and conditions of assets or liabilities hedged are identical to the terms and conditions of derivative instruments, the effectiveness of a hedge is significantly high. In these cases, the assessment of effectiveness is omitted.

(6) Accounting for consumption taxes

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

(7) Change of presentation

Guarantee deposits, which had been included in others under investments and other assets, is separately listed from the current fiscal year since they have become significant in terms of amount.

The amount of guarantee deposits for the previous fiscal year was 520 million yen.

2. Notes to non-consolidated balance sheets

(1) Assets pledged as collateral and liabilities regarding the collateral:

1) Assets pledged as collateral

Assets in parentheses are temporarily registered as collateral.

Buildings	535 million yen	(535 million yen)
Land	409 million yen	(409 million yen)
Total	945 million yen	(945 million yen)

2) Liabilities regarding the collateral

Long-term loans due within one year	30 million yen
-------------------------------------	----------------

(2) Accumulated depreciation of property, plant and equipment:

3,609 million yen

(3) Loan guarantees:

Guarantees for loans taken out by Group employees from financial institutions 17 million yen

Guarantee for payment obligation of the following consolidated subsidiaries

Nissen Co., Ltd.	5,627 million yen
SHADDY CO., LTD.	538 million yen

(4) Liquidation of notes receivable

The Company transferred part of the notes receivable acquired from consolidated subsidiaries to liquidate the receivables.

As a result of the liquidation of notes receivable-trade, the funds reserved for the purpose of credit enhancement were reported as an element of others (current assets).

The amount of transferred notes receivable-trade for liquidation 1,464 million yen

The amount of reserved funds for credit enhancement 336 million yen

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

1) Short-term receivables	5,820 million yen
2) Long-term receivables	10,140 million yen
3) Short-term payables	6,826 million yen

(6) Overdraft

The Company has signed overdraft and commitment line agreements with ten 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	24,800 million yen
Credit used	12,000 million yen
Credit available	12,800 million yen

3. Notes to non-consolidated statement of income

Operating transactions with subsidiaries and affiliates:

1) Operating transactions with subsidiaries and affiliates	5,914 million yen
2) Transaction with subsidiaries and affiliates other than operating transactions	235 million yen

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

Number of treasury stocks

Type of shares	As of Dec. 21, 2013	Increase	Decrease	As of Dec. 20, 2014
Common shares (Shares)	2,797,815	670	—	2,798,485
Total	2,797,815	670	—	2,798,485

(Outlines of changes)

Note: Breakdown of the increase in common shares of treasury stock is as follows.

Purchase of odd-lot shares: 670 shares

5. Deferred tax accounting

Significant components of deferred tax assets and liabilities

(Millions of yen)

(Deferred tax assets)	
Loss on write-down of affiliates stock	4,968
Adjustment for stocks of majority-owned subsidiaries upon demerger	2,293
Allowance for doubtful receivables	478
Loss on write-down of investments in securities	224
Allowance for loss on business of affiliates	79
Asset retirement obligations	68
Correction of contribution	52
Amortization of intangible assets in excess of tax allowance maximum	14
Others	37
Deferred tax assets (subtotal)	8,219
Valuation reserve	(5,913)
Total deferred tax assets	<u>2,305</u>
(Deferred tax liabilities)	
Accrued enterprise tax	(3)
Net unrealized holding gain (loss) on other securities	(21)
Asset retirement cost corresponding to the asset retirement obligation	(47)
Total deferred tax liabilities	<u>(72)</u>
Deferred tax assets-net	<u>2,233</u>

6. Notes to fixed assets under lease

Not applicable

7. Notes to transaction with affiliated parties

Type	Name of Company, etc.	Ownership of voting rights, etc. (Ownership percentage)	Relationship with affiliated parties	Details of transaction	Amount of transaction (millions of yen)	Account	Balance as of the end of the fiscal term (millions of yen)
Subsidiary	Nissen Co., Ltd.	Direct ownership 100.0%	Management guidance, borrowing and lending, combination of offices of Directors or Corporate Auditors, guarantee liability, and guaranteed liability	Lending of funds (Note 1)	—	Short-term loans receivable from affiliates	3,467
				Payment of interest (Note 1)	16	—	—
				House rent income	522	Accounts receivable from affiliates-other	48
				Commission income of operation consignment	1,495	Accounts receivable from affiliates-other	134
				Receipt of system fees	2,306	Accounts receivable from affiliates-other	212
				Payment of system fees	444	Accounts payable -other	51
				Commission fee of operation consignment	47	Accounts payable -other	51
				Guarantee liability (Note 4)	5,627	—	—
				Guaranteed liability (Note 6)	19,190	—	—
	SHADDY CO., LTD.	Direct ownership 100.0%	Borrowing and lending, combination of offices of Directors or Corporate Auditors, liquidation of receivables and guarantee liability	Borrowing of funds (Note 1)	—	Short-term bank loans	5,203
				Payment of interest (Note 1)	20	—	—
				Liquidation of receivables (Note 3)	11,972	Accounts payable -other	336
				Commission income (Note 3)	8	—	—
				Guarantee liability (Note 5)	538	—	—
	Enicil Co., Ltd.	In-direct ownership 100.0%	Borrowing and lending	Lending of funds (Note 1)	—	Short-term loans receivable from affiliates	623
				Receipt of interest (Note 1)	3	—	—
	Mail & e Business Logistics Service Co., Ltd.	Direct ownership 100.0%	Borrowing and lending, and combination of offices of Directors or Corporate Auditors	Recovery of funds (Note 2)	680	Short-term loans receivable from affiliates Long-term loans receivable from affiliates	680 6,440
				Receipt of interest (Note 2)	107	Others (current assets)	6
				Lending of funds (Note 1)	—	Short-term loans receivable from affiliates	262
				Receipt of interest (Note 1)	2	—	—
				Commission income of operation consignment	23	Accounts receivable from affiliates-other	2
				Receipt of system fees	656	Accounts receivable from affiliates-other	59
	Three Heart Corporation Co., Ltd.	In-direct ownership 100.0%	Borrowing and lending	Borrowing of funds (Note 1)	—	Short-term bank loans	529
				Payment of interest (Note 1)	2	—	—

Type	Name of Company, etc.	Ownership of voting rights, etc. (Ownership percentage)	Relationship with affiliated parties	Details of transaction	Amount of transaction (millions of yen)	Account	Balance as of the end of the fiscal term (millions of yen)
Subsidiary	n Beauty Science Co., Ltd.	Direct ownership 100.0%	Borrowing and lending	Recovery of funds (Note 2)	50	Long-term loans receivable from affiliates (Note 7)	490
				Receipt of interest (Note 2)	7	—	—
	oriental diamond inc.	Direct ownership 100.0%	Borrowing and lending	Lending of funds (Note 1)	—	Short-term loans receivable from affiliates	25
				Receipt of interest (Note 1)	0	—	—
				Lending of funds (Note 2)	—	Long-term loans receivable from affiliates (Note 7)	2,500
				Receipt of interest (Note 2)	35	Others (current assets)	7

Trade conditions and related policies

- Notes:
1. The Company has introduced the Cash Management System (CMS) to conduct unified management of funds within the Group. However, since it is practically difficult to add up the transaction amounts for each transaction with respect to fund transactions using CMS, only the balance as of the end of the fiscal term is presented. Interest is reasonably determined based on the market rate.
 2. Interest on loans receivables is reasonably determined based on the market rate.
 3. Liquidation of receivables was performed by SHADDY CO., LTD. aiming to transfer notes receivable and collect payment before due date, with its commission rate determined in a similar way with general transaction conditions.
 4. The Company guarantees liability for transactions with financial institutions and the payment obligations of Nissen Co., Ltd. The Company does not receive any guarantee fee for these guarantees.
 5. The Company guarantees liability for the payment obligations of SHADDY CO., LTD. The Company does not receive any guarantee fee for this guarantee.
 6. The Company receives a guarantee from Nissen Co., Ltd. for transactions with financial institutions. The Company does not pay any guarantee fee for this guarantee.
 7. The Company records an allowance for doubtful receivables totaling 1,096 million yen for doubtful accounts from subsidiaries. The Company also records reversal of allowance for doubtful receivables totaling 142 million yen in the current fiscal year.
 8. 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	288.91 yen
(2) Net loss per share	133.00 yen

9. Significant subsequent events

Not applicable

Independent Auditors' Report

February 13, 2015

The Board of Directors
Nissen Holdings Co., Ltd.

KPMG AZSA LLC

Shigeo Kobayashi, CPA (Seal)
Designated Partner,
Engagement Partner

Hisaki Nakajima, CPA (Seal)
Designated Partner,
Engagement Partner

Miho Kawabata, CPA (Seal)
Designated Partner,
Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporation Act, 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 45th fiscal term from December 21, 2013 to December 20, 2014, together with the supplementary schedules of the Company for the same term.

Management's Responsibility for the Non-Consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements and supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to independently express an opinion on the non-consolidated financial statements and 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments we consider internal controls relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes 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 and supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Conflicts of Interest

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

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 45th fiscal term from December 21, 2013 to December 20, 2014, 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 compliance with the auditing standards of Corporate Auditors determined by the Board of Corporate Auditors, and in accordance with the auditing policies 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, which is described in the business reports, 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 Act, each Corporate Auditor periodically received reports from Directors and employees, requested explanations as necessary, and expressed his or her opinions on the contents of the resolutions adopted by the Board of Directors thereon and the status of the establishment and operation of 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 3 (a), Article 118 of the Enforcement Regulations for the Corporation Act and the activities described in the business report as stipulated in Item 3 (b) 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, 2014.

Further, the Corporate Auditors monitored and verified that the Accounting Auditor maintains independence and conducts 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 131 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, 2014, 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 the details stated in the business reports or the execution of duties by Directors relating to such internal control system.
 - 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 3 (b), Article 118 of the Enforcement Regulations for the Corporation Act 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, KPMG AZSA LLC, are fair and reasonable.

February 17, 2015

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

Yasoji Mori (Seal)
Full-time Corporate Auditor

Scott Trevor Davis (Seal)
Outside Corporate Auditor

Osamu Yamada (Seal)
Outside Corporate Auditor

Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal No. 1: Election of Nine Directors

All of the eleven Directors of the Company (Nobuyuki Ichiba, Fumihiko Nagamatsu, Toshiya Tsukushi, Tamaki Wakita, Toshio Katayama, Shinya Samura, Toshio Komada, Toshiaki Yamaguchi, Tsuyoshi Kobayashi, Yasuhiro Suzuki, and Michiko Fujii) will complete their terms of office at the closing of this General Meeting of Shareholders.

Accordingly, the Company proposes the election of a total of nine Directors (of which five are candidates for Outside Director). These nine candidates comprise the re-election of six Directors - Nobuyuki Ichiba, Fumihiko Nagamatsu, Toshiya Tsukushi, Tamaki Wakita, Toshiaki Yamaguchi, and Michiko Fujii and three new candidates for election – Yukio Fujishima, Shigetada Aoki, and Tetsuo Komori to the position of Director for the coming term of office.

Information on the candidates for Directors is provided below.

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
1	Nobuyuki Ichiba (January 25, 1954)	<p>April 1977 Joined Nissen Holdings Co., Ltd. February 2000 Elected Executive Officer, serving concurrently as General Manager, Internet Business Promotion, Direct Marketing Division Headquarters</p> <p>March 2001 Elected Director December 2005 Elected Director and Managing Executive Officer, serving concurrently as Head of Corporate Center</p> <p>December 2010 Elected Director and Managing Executive Officer, Corporate Control</p> <p>December 2010 Elected Director of Nissen Co., Ltd.</p> <p>March 2012 Elected Chairman and Representative Director of SHADDY CO., LTD.</p> <p>March 2012 Elected President and Representative Director of Three Heart Corporation Co., Ltd.</p> <p>December 2014 Elected President and Representative Director (current position)</p> <p>December 2014 Elected President and Representative Director of Nissen Co., Ltd. (current position)</p>	63,600 shares
2	Fumihiko Nagamatsu (January 3, 1957)	<p>March 1980 Joined Seven-Eleven Japan Co., Ltd. May 2004 Elected Executive Officer of Seven-Eleven Japan Co., Ltd. (current position)</p> <p>February 2014 Seconded to Nissen Holdings Co., Ltd. March 2014 Elected Senior Vice President and Representative Director (current position)</p> <p>April 2014 Elected Director and Senior Vice President of Nissen Co., Ltd.</p> <p>December 2014 Elected Senior Vice President and Representative Director of Nissen Co., Ltd. (current position)</p>	0

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held	
3	Toshiya Tsukushi (June 23, 1965)	April 1989	35,400 shares	
		September 1995		Joined Showa Shell Sekiyu K.K. Joined Pricewaterhouse Consulting Co., Ltd. (current IBM Japan, Ltd.)
		July 1999		Joined General Electric Capital Consumer Finance Co., Ltd. (current Shinsei Financial Co., Ltd.)
		December 2005		Elected Executive Officer of General Electric Capital Consumer Finance Co., Ltd.
		September 2006		Joined Nissen Holdings Co., Ltd. and elected Executive Officer, serving concurrently as Group Leader of Business Development Group
		December 2007		Elected Director of n Insurance Service Co., Ltd. (current Nissen Life Co., Ltd.) (current position)
		March 2008		Elected Director and Executive Officer, serving concurrently as Manager, Financial Planning Office
		March 2009		Elected Chairman and Representative Director of GE Nissen Credit Co., Ltd.
		June 2009		Elected Director and Executive Officer, serving concurrently as Chief Financial Officer
		March 2010		Elected Director and Managing Executive Officer, serving concurrently as Chief Financial Officer
		December 2010		Elected Director of Nissen Co., Ltd. (current position)
		March 2012		Elected Director and Managing Executive Officer, Group Strategies and Financial Affairs Control
		March 2012		Elected Vice President and Representative Director of SHADDY CO., LTD. (current position)
		October 2013		Elected Director and Managing Executive Officer, serving concurrently as Chief Financial Officer (current position)
October 2013	Elected Director of GE Nissen Credit Co., Ltd. (current position)			

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
4	Tamaki Wakita (May 12, 1972)	<p>April 1995 Joined Nichimen Corporation (current Sojitz Corporation)</p> <p>February 2002 Joined General Electric International Inc.</p> <p>February 2003 Joined Nissen Holdings Co., Ltd.</p> <p>June 2006 Elected Executive Officer, serving concurrently as Manager, Corporate Planning Office</p> <p>June 2008 Elected Director of Nissen Co., Ltd.</p> <p>December 2010 Elected Executive Officer, serving concurrently as Manager, Public Relations Planning Office</p> <p>March 2012 Elected Director and Executive Officer, Corporate Marketing Control</p> <p>February 2014 Elected Director and Executive Officer, serving concurrently as General Manager, Corporate Planning Department (current position)</p>	50,300 shares
5	Toshiaki Yamaguchi (June 26, 1960)	<p>March 1990 Registered at Osaka Bar Association, Joined Takeuchi and Inoue Law Office</p> <p>April 1995 Set up Yamaguchi Toshiaki Law Office and assumed the representative lawyer (current position)</p> <p>June 2004 Elected Outside Corporate Auditor of FRIENDLY CORPORATION</p> <p>April 2007 Appointed Instructor of the Doshisha University Graduate School of Law</p> <p>April 2008 Elected Member of the Legal Practice Reform Committee, Osaka Bar Association (current position)</p> <p>October 2008 Elected Trustee of the Japan Internal Control Association (current position)</p> <p>July 2010 Elected Director of Association of Certified Fraud Examiners (current position)</p> <p>July 2012 Elected Member of the Legal Practice Reform Committee, Japan Federation of Bar Associations (current position)</p> <p>March 2013 Elected Outside Director of Nissen Holdings Co., Ltd. (current position)</p> <p>June 2013 Elected Outside Director of Daito Trust Construction Co., Ltd. (current position)</p> <p>August 2014 Elected Director of Japan Corporate Governance Network (current position)</p> <p>December 2014 Elected Outside Corporate Auditor of OSAKA University Venture Capital Co., Ltd. (current position)</p>	0

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
6	Michiko Fujii (maiden name: Hirono) (March 18, 1961)	<p>February 1989 Joined Venture Link Co., Ltd.</p> <p>July 1993 Joined PLAZA CREATE CO., LTD.</p> <p>May 1997 Elected Senior Managing Director of PokkaCreate Co., Ltd.</p> <p>July 1998 Elected Senior Vice President of MVC Corporation</p> <p>July 1998 Elected Vice President and Director of Tully's Coffee Japan Co., Ltd.</p> <p>March 2000 Founded 21LADY Co., Ltd. Elected President of 21LADY Co., Ltd. (current position)</p> <p>June 2002 Elected Representative Director of HIROTA Co, Ltd.</p> <p>March 2010 Elected Representative Director of ILLUMS Japan Co., Ltd. (current position)</p> <p>November 2011 Elected Chairman and Representative Director and President of HIROTA Co, Ltd. (current position)</p> <p>March 2014 Elected Outside Director of Nissen Holdings Co., Ltd. (current position)</p> <p>June 2014 Elected Outside Director of Japan Post Co., Ltd. (current position)</p>	0
7	Yukio Fujishima (February 22, 1953)	<p>April 1975 Joined The Seibu Department Stores, Ltd. (current Sogo & Seibu Co., Ltd.)</p> <p>March 1987 Elected Chief of Women's Clothing Section 2, Women's Clothing Department, Ikebukuro Store of The Seibu Department Stores, Ltd.</p> <p>September 1989 Elected General Manager, Women's Clothing Department, Ikebukuro Store of The Seibu Department Stores, Ltd.</p> <p>November 2008 Elected Director and Manager, Ikebukuro Main Store of The Seibu Department Stores, Ltd.</p> <p>May 2013 Elected Director of Oshman's Japan Co., Ltd. (current position)</p> <p>September 2014 Elected Director and Managing Executive Officer, in charge of Store Operations Department, Own Brand Goods Department, Merchandise Department, and Marketing & Sales Planning Department of Sogo & Seibu Co., Ltd. (current position)</p>	0

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
8	Shigetada Aoki (February 26, 1954)	<p>March 1977 Joined Ito-Yokado Co., Ltd.</p> <p>February 1993 Elected Manager, Corporate Communication Department of Ito-Yokado Co., Ltd.</p> <p>May 2003 Elected Director and Executive Officer, serving concurrently as General Manager, Sales Promotion Department of Ito-Yokado Co., Ltd.</p> <p>March 2011 Elected Director and Managing Executive Officer, serving concurrently as General Manager, Sales Promotion Department of Ito-Yokado Co., Ltd.</p> <p>May 2011 Elected President and Representative Director of Seven & i Publishing Co., Ltd. (current position)</p> <p>May 2014 Elected Director and Managing Executive Officer, serving concurrently as General Manager, Home Furnishing Business Department of Ito-Yokado Co., Ltd. (current position)</p>	0
9	Tetsuo Komori (December 1, 1958)	<p>April 1984 Joined McKinsey & Company, Inc.</p> <p>December 1993 Elected Principal (Partner) of McKinsey & Company, Inc.</p> <p>April 2002 Elected Director of Unison Media Partners, Inc.</p> <p>June 2002 Elected President and Representative Director, serving concurrently as Chief Executive Officer of ASCII Corporation</p> <p>November 2003 Elected Chairman and Representative Director of MediaLeaves, Inc.</p> <p>June 2004 Elected Corporate Auditor of TOMOEGAWA CO., LTD.</p> <p>June 2005 Elected Outside Director of TOMOEGAWA CO., LTD. (current position)</p> <p>February 2006 Elected Director, serving concurrently as President and Representative Executive Officer, Chief Executive Officer of Kanebo, Ltd.</p> <p>May 2006 Elected Representative Director and Chief Executive Officer of Kanebo Trinity Holdings, Ltd.</p> <p>July 2007 Elected Representative Director and Chief Executive Officer, serving concurrently as President and Executive Officer of Kracie Holdings, Ltd.</p> <p>August 2009 Elected Management Adviser of Unison Capital, Inc. (current position)</p> <p>June 2012 Elected Outside Director of ASahi TEC CORPORATION (current position)</p>	0

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

2. Toshiaki Yamaguchi, Michiko Fujii, Yukio Fujishima, Shigetada Aoki, and Tetsuo Komori are candidates for Outside Directors.

3. The Company has submitted Independent Directors/Corporate Auditors Notification Forms to register Toshiaki Yamaguchi, Michiko Fujii, and Tetsuo Komori as Independent Director at Tokyo Stock Exchange, Inc.
4. 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) Toshiaki Yamaguchi is a lawyer familiar with corporate legal work. The Company believes that, based on his advanced expertise and knowledge, he will actively contribute to the sustainability and development of the Company's compliance management and internal controls. He has also served as a member of the Corporate Governance Committee and the Nominating and Compensation Committee. His term of office as an Outside Director will have been two years at the end of this General Meeting of Shareholders.
 - (3) Michiko Fujii is experienced as a corporate director in the life-style industry. The Company believes that she will actively express valuable opinions and proposals on the Company's medium- to long-term business strategies. She has also served as a member of the Nominating and Compensation Committee. Her term of office as an Outside Director will have been one year at the end of this General Meeting of Shareholders.
 - (4) Yukio Fujishima established his management career in the retail and distribution business. The Company believes that he will actively express valuable opinions and proposals on realization of synergy between groups, based on his expert knowledge and experience.
 - (5) Shigetada Aoki is experienced as corporate management in the field of generating lifestyle information. The Company believes that he will actively express valuable opinions and proposals on realization of synergy between groups, based on his extensive experience and knowledge.
 - (6) Tetsuo Komori has held numerous posts as corporate management. The Company believes that he will actively express valuable opinions and proposals on the Company's medium- to long-term business strategies, based on his extensive experience and knowledge in business restructuring.
5. Upon the election of candidates for Outside Directors, the Company will continue the agreement on limitation of liability or enter into one with each of the candidates for Outside Directors. The outline of the agreement on limitation of liability is as described on page 14.
6. The process of selecting candidates for Directors is based on the process determined by the Nominating and Compensation Committee chaired by an independent outside director with the majority of committee members also being independent outside directors. The transparency and objectivity of the selection process is ensured by the arrangement in which the Nominating and Compensation Committee has been established as an advisory body regarding the determination of candidates for the Company's Directors.

Proposal No. 2: Election of One Corporate Auditor

Corporate Auditor of the Company, Osamu Yamada, will complete his term of office at the closing of this General Meeting of Shareholders.

Accordingly, the Company proposes the re-election of Osamu Yamada to the position of Corporate Auditor for the coming term of office. The Board of Corporate Auditors has previously given its approval.

Information on the candidate for Corporate Auditor is provided below.

Name (Date of Birth)	Career summary, Position, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
Osamu Yamada (March 12, 1946)	April 1969 Joined Citizen Watch Co., Ltd. (current Citizen Holdings Co., Ltd.)	0
	October 1987 Elected Manager, Planning Office and China Office, Special Sales Division of Citizen Watch Co., Ltd.	
	May 2001 Elected General Manager, Accounting Division of Citizen Watch Co., Ltd.	
	June 2001 Elected Director of Citizen Watch Co., Ltd.	
	March 2002 Elected President and Representative Director of Citizen Financial Service Co., Ltd.	
	June 2002 Elected Director, serving concurrently as General Manager, General Affairs Division of Citizen Watch Co., Ltd. (current Citizen Holdings Co., Ltd.)	
	May 2003 Elected Outside Corporate Auditor of STAR MICRONICS CO., LTD.	
	December 2003 Elected President of Aquablue Insurance Co., Inc.	
	June 2004 Elected Managing Director, serving concurrently as General Manager of Administration Center, General Manager of Tokyo Works, in charge of Investor Relations Department and Environmental Management Department of Citizen Watch Co., Ltd. (current Citizen Holdings Co., Ltd.)	
	April 2007 Elected President and CEO of Citizen Business Expert Co., Ltd.	
	April 2007 Elected Managing Director, in charge of SR & IR Department of Citizen Holdings Co., Ltd.	
	June 2008 Elected Managing Director, in charge of Public Relations Department of Citizen Holdings Co., Ltd.	
	April 2009 Elected Managing Director, in charge of IR & Public Relations Department of Citizen Holdings Co., Ltd.	
	June 2010 Elected Advisor of Citizen Holdings Co., Ltd.	
March 2011 Elected Outside Corporate Auditor of Nissen Holdings Co., Ltd. (current position)		

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

2. Osamu Yamada is a candidate for Outside Corporate Auditor.

3. The Company has submitted an Independent Directors/Corporate Auditors Notification Form to register him as Independent Corporate Auditor at Tokyo Stock Exchange, Inc.

4. The reasons for the election of candidate for Outside Corporate Auditor are as follows.
 - (1) The election of candidate for Outside Corporate Auditor 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) Osamu Yamada established his management career at a large listed company and a holding company and has previously served as an Outside Corporate Auditor at a listed company. The Company believes that he will actively express valuable opinions and proposals, based on his extensive experience and considerable knowledge concerning finance and accounting. He has served as Chairman of the Corporate Governance Committee. His term of office as an Outside Corporate Auditor will have been four years at the end of this General Meeting of Shareholders.
5. Upon his election, the Company will continue the agreement on limitation of liability with him. The outline of the agreement on limitation of liability is as described on page 14.

Proposal No. 3: Election of Two Substitute Corporate Auditors

Hidekazu Tamada and Masakatsu Takita were elected as Substitute Corporate Auditors of the Company at the previous Ordinary General Meeting of Shareholders. The election will be effective until the beginning of this General Meeting of Shareholders.

In order to prepare for cases where the number of Corporate Auditors falls short of the capacity stipulated in laws and regulations, the Company proposes the election of two Substitute Corporate Auditors detailed as follows: Re-election of Hidekazu Tamada as a Substitute Corporate Auditor to substitute for Yasoji Mori, Corporate Auditor, and Masakatsu Takita as a Substitute Corporate Auditor to substitute for Outside Corporate Auditors Scott Trevor Davis and Osamu Yamada, who is scheduled to become Outside Corporate Auditor if Proposal No. 2 is approved as originally proposed. The Board of Corporate Auditors has previously given its approval.

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

Candidate Number	Name (Date of Birth)	Career summary, Position, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
1	Hidekazu Tamada (July 10, 1952)	April 1976 Joined The Daiwa Bank, Limited (current Resona Bank, Limited) January 1998 Elected Manager, Roppongi Branch of The Daiwa Bank, Limited April 2003 Elected Manager, General Risk Office of Resona Bank, Limited August 2004 Joined Nissen Holdings Co., Ltd. June 2007 Financial Planning Office in charge of Financial Strategy June 2008 Elected Vice General Manager, Finance Department December 2010 Elected Manager, Internal Audit Office February 2012 Elected Corporate Auditor of Nissen Co., Ltd. (current position) February 2014 Elected Corporate Auditor of n Beauty Science Co., Ltd. (current position) December 2014 Elected Corporate Auditor of GE Nissen Credit Co., Ltd. (current position) February 2015 Elected Corporate Auditor of Mail & e Business Logistics Service Co., Ltd. (current position)	0

Candidate Number	Name (Date of Birth)	Career summary, Position, and Major Concurrent Positions of Other Companies	Number of Shares of the Company Held
2	Masakatsu Takita (July 18, 1945)	<p>April 1969 Joined Marubeni-Iida Co., Ltd. (current Marubeni Corporation)</p> <p>June 2001 Elected Director and Chief Operating Officer for Textile Division of Marubeni Corporation</p> <p>April 2003 Elected Corporate Vice President and Chief Representative in Indonesia of Marubeni Corporation</p> <p>April 2004 Elected Corporate Vice President and General Manager for South ASEAN of Marubeni Corporation</p> <p>May 2005 Elected Senior Vice President and Director of The Maruetsu, Inc.</p> <p>July 2008 Elected Advisor of Marubeni FOODS CORPORATION</p> <p>March 2009 Joined Pasona Career Inc. (current Pasona Inc.)</p> <p>May 2011 Elected Chairman of the Auditor Sub-Committee, DIRECTFORCE</p> <p>May 2011 Elected General Manager, Search Business Division of DF Management Co., Ltd</p> <p>May 2012 Elected Director, Search Business Division of DF Management Co., Ltd</p>	0

- Notes: 1. There are no special interests between the candidates and the Company.
2. Masakatsu Takita is a candidate for Substitute Outside Corporate Auditor.
3. The reasons for the election of candidate for Substitute Outside Corporate Auditor are as follows.
- (1) The election of candidate for Substitute Outside Corporate Auditor 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) Masakatsu Takita established his management career at a large listed company and possesses extensive career experience of international business. The Company believes that he will make use of his experience for the Company's audit.
4. The Company has entered into an agreement on limitation of liability with each of the Outside Corporate Auditors. Upon the election of new candidates for Substitute Outside Corporate Auditors, the Company will enter into the same agreement with each newly appointed candidate as described on page 14.

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.evote.jp/>) specified by Nissen Holdings Co., Ltd. from a personal computer, smartphone or cellular phone (i-mode, EZweb or Yahoo!-Keitai)*. (Please note, however, the site cannot be accessed between the hours of 2:00 a.m. -5:00 a.m. 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 or smartphone. 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 5:30 p.m. on Tuesday, March 17, 2015. 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.evote.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 or smartphone 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 a.m. – 9:00 p.m. 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